

2023 Performance Against the Benchmark: Executive Summary

In response to rising health care costs, Washington State's Legislature established the Health Care Cost Transparency Board (Cost Board) in 2020. As part of our efforts to make health care more affordable, the Cost Board set a growth rate that carriers and providers should aim to stay below. We call this growth rate the **health care cost growth benchmark** or the benchmark. We set the benchmark based on indicators of wage and overall economic growth. For 2023, the benchmark was 3.2%.

This year, we collected spending data from the state's largest payers for health care for 2022 and 2023. We use this data to report on their spending growth and compare cost growth with the benchmark.

Total spending on health care is high. We estimate that 2023's total health care costs in Washington reached \$56.9 billion — approximately \$8,000 per person per year. Health care costs represent approximately 7% of Washington's 2023 gross state product¹ and 28% of median annual income per person for a four-person household.² The rising costs detailed in this report trickle down to the consumer in the form of higher premiums, deductibles, and out-of-pocket expenses. Many residents already struggle to pay for care. Nearly six out of 10 Washington residents report at least one affordability burden in the last year, and nearly nine out of 10 worry about affording health care in the future.³

This summary shares our **key takeaways**. The pending benchmark report will provide more detailed findings.

2023 cost growth performance against the benchmark

According to the data, statewide spending growth **markedly exceeded the 3.2% benchmark**. The per-member total health care expenditure (THCE) grew year over year by 6.2% in 2023. This growth is a rapid increase from the 3.4% growth observed in 2022. Other findings from 2022–2023 include:

- Spending growth in all markets exceeded the benchmark. Per-member total medical expenses (TME) grew 7.2% in the commercial and Medicare markets and 5.2% in the Medicaid market.
- **Nine out of 11 insurance carriers** in the commercial market exceeded the benchmark.
- **Twelve out of 19 large provider entities** in the commercial market exceeded the benchmark.
- Washington's overall cost growth was in line with other states that report performance against a benchmark.
- Per-member total health care expenditures grew by 29.4% between 2017 and 2023.

Contributors to growth

In previous years, contributors to growth concentrated in a few categories. In contrast, 2023 saw sizeable increases across several categories. Findings include:

- In the commercial market, the lead contributor to spending growth was **hospital outpatient spending**. Professional services, hospital inpatient, and prescription drug spending also made sizeable contributions.
- The lead contributor to growth in the Medicare market was **prescription drug spending**. Non-claims spending, hospital outpatient, professional services, and other claims spending made balanced contributions. Increases in capitation and bundled payments drove increases in non-claims spending.
- Following a period of slower growth, the Medicaid market grew substantially in 2023. The lead contributors were **professional services** and **prescription drug spending**.

¹ Gross state product was approximately \$800 billion in 2023. [Gross Domestic Product](#). Federal Reserve Bank of St. Louis.

² Median annual income for a four-person household in Washington was \$113,436 in 2023. [State median income chart](#). Washington State Department of Social and Health Services.

³ [2024 Washington State Health Care Affordability Survey](#). Digital Research, Inc.