

Healthcare Policy: A Professional and Personal Perspective

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Escalating Health Care Costs

- Employer-sponsored health insurance premiums have more than doubled in the last 9 years, a rate 3 times faster than cumulative wage increases.
- The United States spent approximately \$2.2 trillion on health care in 2007, or \$7,421 per person. This comes to 16.2% of GDP, nearly twice the average of other developed nations.
- Health care costs doubled from 1996 to 2006, and are projected to rise to 25% of GDP in 2025 and 49% in 2082.
- The proportion of spending attributable to Medicare and Medicaid in the health system is expected to rise from 4 percent of GDP in 2007 to 19 percent of GDP in 2082, making it the principle driving force behind rising federal spending in the decades to come.
- Health care costs add \$1,525 to the price of every General Motors vehicle. The company spent \$4.6 billion on health care in 2007, more than the cost of steel.
- The average cost of an employer-based family insurance policy in 2008 was \$12,680, which was nearly the annual earnings of a full-time minimum wage job.
- From 2000 to 2008, the percentage of employees with an annual deductible greater than \$1000 increased from 1% to 18%. Among small businesses, more than one in three workers must spend at least \$1000 out of pocket before their health benefits kick in.
- Half of all personal bankruptcies are at least partly the result of medical expenses
- The typical elderly couple may have to save nearly \$300,000 to pay for health costs not covered by Medicare alone
- Eight in ten Americans are dissatisfied with the total cost of health care, and over half report paying for the cost of a major illness as a major problem

Health Care Access

- An estimated 87 million people - one in every three Americans under the age of 65 - were uninsured at some point in 2007 and 2008.
- More than 80% of the uninsured are in working families.
- Children without insurance have decreased access to well-child care, immunizations, basic dental services, and prescription medication. Uninsured adults similarly have less access to needed preventive care, and when sick, they are more likely to experience poorer health outcomes.
- This in turn leads to lost workplace productivity and greater risk of illness and death, at a cost of \$65 to \$135 billion per year.

- In the past 4 years, the number of people above 200% of the poverty line who spend more than 10% of their income on health care has more than tripled. About half of them report difficulty paying bills.
- Across 37 performance indicators, the United States achieved an overall score of 65 out of a possible 100.
- If all states improved diabetes control to the level of the top four best performing states, at least 39,000 fewer patients would have been admitted for uncontrolled diabetes in 2004, potentially saving \$216.7 million.
- Up to 98,000 Americans die each year as a result of medical errors, more than motor vehicle accidents, breast cancer, and AIDS.
- The United States also lags behind other nations in the use of error-reducing techniques, such as health information technology.

Disparities in Care Among Different Subpopulations.

- Ethnic and racial minorities are often less likely to receive recommended care, as are people with lower income or lower educational status
- They are also more likely to be uninsured, more likely to leave the emergency room without being seen, and more likely to experience poor communication with their physicians.

Changes with the Affordable Care Act

- Eliminates deductibles, copayments, and other cost-sharing for preventive care in Medicare, and provides free annual wellness check-ups starting in 2011.
- Creates a voluntary long-term care insurance program, which will provide a cash benefit to help seniors and people with disabilities.
- Invests in innovations that improve the quality of care that seniors receive such as medical homes and care coordination and improve the delivery of care for beneficiaries with one or more chronic conditions.
- Links payments between hospitals and other care facilities to promote more effective transitional care following discharge from the hospital and encourage investments in hospital discharge planning.
- Invests in developing and reporting quality of care measures across all providers to help beneficiaries make more informed choices among providers for the care they may need.
- Creates incentives to reward providers that meet quality goals or show significant progress in improving patient outcomes.
- This year, eliminates all lifetime limits on how much insurance companies cover if beneficiaries get sick and bans insurance companies from dropping people from coverage when they get sick.
- The Act also restricts the use of annual limits in all new plans and existing employer plans this year, until 2014 when all annual limits for these plans are prohibited.
- Going forward, plans in the new Health Insurance Exchanges and all new plans will have a cap on what insurance companies can require

beneficiaries to pay in out-of-pocket expenses, such as co-pays and deductibles.

- Creates state-based health insurance Exchanges.
- This year, prohibits insurance companies from denying children coverage based on preexisting conditions.
- This year, provides access to affordable insurance or uninsured Americans with pre-existing conditions through a temporary subsidized high-risk pool, which will help protect them from medical bankruptcy. This high risk pool is a stop-gap measure that will serve as a bridge to a reformed health insurance marketplace.