Health Care in Crisis

The Economic Imperative for Health Care Reform

James Kvaal and Ben Furnas  February 19, 2009
U.S. spends twice as much per capita on health care as most other industrialized nations

2006 or most recent

Source: OECD
U.S. spends over $650 billion per year for treatments that may not improve care

Source: Based on estimates from Dartmouth Institute For Health Policy and Clinical Practice, CMS
Rising Medicare and Medicaid costs are the nation's "central fiscal challenge" due to our expensive health system.

Source: CBO
Public Medicare costs rise and fall with private costs

Slowing Public Health Expenditures Requires Systemic Reform

(% change from previous year)

Source: CBO, CMS
Household expenditure on health care climbing

Source: BLS
Premiums costs projected to grow much faster than inflation

Source: CBO
When Premiums Rise 20%...

3.5 Million Workers Will Lose Their Jobs

3-4 Million Workers Will Get Shifted To Part-Time Work

Insured Workers’ Incomes Will Drop $1,700

Source: Katherine Baicker and Amitabh Chandra, Harvard University
American companies spend far more on health care benefits than employers in most other countries

Source: New America Foundation

* Also finances cash sickness, cash maternity, disability, and survivor benefits.

Percent of payroll spent on health benefits (manufacturing sector)
Employer-based coverage erodes as health insurance costs rise

Source: BLS, MEPS
More and more Americans have no or insufficient insurance

Source: Commonwealth Fund, Census Bureau
Job and health insurance losses accelerating

14,000 People Became Uninsured Every Day in December and January

Source: Based on Urban Institute, Bureau of Labor Statistics, Census Bureau
The young and uninsured are mostly poor or near-poor
Little Evidence That They Can Afford Insurance

Percentage of Uninsured 18-34 Year Olds Who Are...

- Neither: 34%
- Poor: 26%
- Near Poor: 40%

Source: Census Bureau
Note: Poor means income is <100% of the Federal Poverty Line, Near-Poor is <250%
Having 46 million Americans without health insurance in 2007 cost...

$104 billion in lost productivity from shorter life-spans

An additional $103 billion in lost productivity from poor health

A total of $4,500 in lost productivity for every uninsured person

Source: New America Foundation
Almost half of all personal bankruptcies have a major medical cause

53.8% Other bankruptcies
46.2% Bankruptcies with a "major medical cause"

Source: David U. Himmelstein, Elizabeth Warren, Deborah Thorne, and Steffie Woolhandler of Harvard University and Ohio University
More people die each year from complications related to being uninsured than die from Parkinson’s, homicides, or HIV/AIDS.

Source: Institute of Medicine, Urban Institute, Center for Disease Control