How Health Care Costs Harm American Consumers

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June 16, 2021

Dedicated to creating a nation where the best health and health care are equally accessible and affordable to all
Families USA, a leading nonpartisan, national voice for health care consumers, is dedicated to the achievement of high-quality, affordable health care and improved health for all. We advance our mission through public policy analysis, advocacy, and collaboration with partners to promote a patient-and community centered health system.

Working at the national, state and community level for over 35 years.
The Cost of Health Care in the United States and Why our System is Failing Us

Current Key Issues
The Cost of Health Care in the United States and Why Our System is Failing Us
The U.S. Spends More on Health Care Than Any Other Country

The U.S. Has the Lowest Life Expectancy


The Direct Damage Done by Health Care Costs:

- 44 percent of public didn’t go see a doctor when they needed to because of cost.
- 30 percent report medical care interferes with their basic needs (food, housing, heat, etc.)
- 29% of Americans forgo or ration medications to afford other basic needs

SHADAC analysis of 2017 (most recent available) National Health Interview Survey data for people aged 19-64, at statehealthcompare.shadac.org. Estimates were created using the NHIS.
Medical bills are the largest cause of personal bankruptcy

A post-recession study found that more than half of US bankruptcies were related to medical issues. Business Insider/Andy Kiersz, data from American Journal of Public Health

Cumulative Premium Increases for Covered Workers with Family Coverage, 2002-2017

- **Premium Increases**
- **Overall Inflation**
- **Workers’ Earnings**

<table>
<thead>
<tr>
<th>Period</th>
<th>Premium Increases</th>
<th>Overall Inflation</th>
<th>Workers’ Earnings</th>
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<tbody>
<tr>
<td>2002 - 2007</td>
<td>51%</td>
<td>15%</td>
<td>16%</td>
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<tr>
<td>2007 - 2012</td>
<td>30%</td>
<td>11%</td>
<td>14%</td>
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<tr>
<td>2012 - 2017</td>
<td>19%</td>
<td>6%</td>
<td>12%</td>
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The Indirect Damage Done by Health Care Costs:

- Average Family Health Insurance Premiums Cost 25% of Median Household Income. Every coverage debate revolves around the fundamental unaffordability of those premiums.
- Health care delivery has changed from community, charitable organizations into large revenue-maximizing corporations.

SHADAC analysis of 2017 (most recent available) National Health Interview Survey data for people aged 19-64, at statehealthcompare.shadac.org. Estimates were created using the NHIS.
The Facts About Health Equity

Health is not a Level-playing Field in the United States:

- Women of color are much more likely to die in childbirth or have their children die in childbirth compared to white moms.
- African Americans are 50 percent more likely to die prematurely from cardiovascular disease.
- People of color are 20 to 50 percent more likely to experience poorer health outcomes.

Demographic and Moral Imperative:

- Today, a majority of kids 18 and under are children of color.
- By 2045, our nation will be a majority nation of color.
- Health Disparities result in 3.5 million lost life years.

Sources: https://www.census.gov/library/publications/2013/acs/acsbr11-17.html#:~:text=By%20race%2C%20the%20highest%20national,poverty%20rate%20of%2017.6%20percent.
https://www.americanprogress.org/issues/women/reports/2020/08/03/488536/basic-facts-women-poverty/
Alzheimer’s Drug Is Bonanza for Biogen, Most Likely at Taxpayer Expense

Despite scant evidence that it works, the drug, Aduhelm, is predicted to generate billions of dollars in revenue, much of it from Medicare.
Maternal mortality ratio, rate per 100,000 live births, 1990-2017

Source: https://www.healthsystemtracker.org/indicator/health-well-being/mortality-rate/
Health Care Spending by Sector

HEALTH CARE SPENDING BY SECTOR
(Percentages are rounded)

Sources:
Prices for inpatient hospital care have grown rapidly for privately insured patients

Producer price index for hospital inpatient care, by payer, 2014-2018

- Private insurance and all other patients
- Medicare patients
- Medicaid patients
- GDP deflator

Source: Federal Reserve Data • Get the data • PNG
Decades of Research Support High Prices and Health Industry Consolidation as Major Driver of U.S. Cost Crisis

High Prices Drive High Health Care Costs

• Nearly 20 years ago, Uwe Reinhardt and colleagues, “It’s the Prices, Stupid”
• Irene Papanicolas, Ashish K. Jha and colleagues, 2018, “Health Care Spending in the United States and Other High-Income Countries.”

Health Industry Consolidation Major Driver of High and Variable Health Care Prices

• Then-Attorney General of MA, Martha Coakley, 2010 Landmark Report. “Examination of Health Care Costs Trends and Cost Drivers.”
• Chapin White and colleagues, 2013, “High and Varying Prices for Privately Insured Patients Underscore Hospital Market Power.”
• New York State Health Foundation, 2016, “Why are Hospital Prices Different? An Examination of New York Hospital Reimbursement.”
• Michael F. Furukawa and colleagues, 2020, “Consolidation of Providers into Health Systems Increased Substantially, 2016-18.
• Christopher M. Whaley, Rand Corporation, 2020 “Nationwide Evaluation of Health Care Prices Paid by Private Health Plans.”
Current Key Issues
How do you make money in American health care?

<table>
<thead>
<tr>
<th>Current State</th>
<th>Ideal State</th>
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<tr>
<td>Competition based on:</td>
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<tr>
<td>• Market power</td>
<td>• Individual and population health and well-being</td>
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<tr>
<td>• Billing maximization</td>
<td>• Equitable outcomes</td>
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<tr>
<td>• Intellectual property maximization</td>
<td>• Prevention</td>
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<tr>
<td>• Monopolistic pricing</td>
<td>• Well-regulated prices, Affordability</td>
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<td>• High-margin procedures.</td>
<td>• Genuine innovation</td>
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<td>• Quality</td>
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A multi-pronged approach is needed to address consolidation and increase market competition across and within U.S. health care markets:

- **Prohibiting Anticompetitive Contracting** in provider and insurer contracts that limit access to higher quality, lower cost care.
- **Expanding Site-Neutral Payments** to ensure Medicare and Medicaid pay the same rates across hospital outpatient departments, ambulatory surgery centers, freestanding/non-freestanding EDs, and off-campus offices.
- **Increasing Price and Quality Transparency** to unveil underlying prices (negotiated rates) and quality data, including the establishment of a national All-Payer Claims Database to analyze where high value and low value care occurs to make informed policy decisions.
- **Establishing National Data Sharing and Interoperability Standards** including mandatory real-time data exchange across all payers, providers and public health agencies.
- **Ensure Payment and Delivery System Reform Models** safeguard against inadvertently creating incentives that could further catalyze vertical or horizontal integration.
Beyond Market-Based Solutions: Regulatory Pathways to Reducing System Costs

• **2021 Developments and Questions**
  • Second reconciliation package
    • Prescription Drug Pricing Reform?
    • Moving toward more automatic coverage?

• **Beyond 2021:**
  • Will Biden administration prioritize health equity and changes to care delivery?
  • Will Biden administration prioritize expansions of public coverage or other tools to regulate health care prices?

• **Pathways to Progress: Payment and Delivery Reforms**
  • Regionalizing Care and putting people at the center:
    • Oregon: Coordinated Care Organizations
    • CMS: Advanced Primary Care Medical Home Models (Primary Care First, Direct Contracting) Accountable Health Communities, Accountable Care Organizations
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