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THE POLICY CIRCLE

HEALTH CARE

WHAT IS HEALTHCARE?

HEALTH CARE IS GENERALLY DEFINED AS THE ORGANIZED PROVISION OF MEDICAL CARE. DISCUSSIONS REGARDING HOW TO PROVIDE HEALTH CARE CENTER ON HEALTH CARE SYSTEMS, “THE ORGANIZATION OF PEOPLE, INSTITUTIONS, AND RESOURCES THAT DELIVER HEALTH CARE SERVICES TO MEET THE HEALTH NEEDS OF TARGET POPULATIONS.”

HEALTH INSURANCE IS A TYPE OF INSURANCE COVERAGE THAT TYPICALLY PAYS FOR MEDICAL, SURGICAL, PRESCRIPTION DRUG AND SOMETIMES DENTAL EXPENSES INCURRED BY THE INSURED, EITHER BY REIMBURSING THE INSURED FOR EXPENSES, OR PAYING THE CARE PROVIDER DIRECTLY. HEALTH INSURANCE CAN BE PRIVATELY PROVIDED BY A HEALTH INSURANCE COMPANY OR PUBLICLY PROVIDED BY THE GOVERNMENT. IT IS OFTEN INCLUDED IN EMPLOYER BENEFIT PACKAGES, OR CAN BE PURCHASED INDIVIDUALLY.

FACTS TO KNOW

IN 2020, AMERICANS SPENT $4.1 TRILLION ON HEALTH CARE, $12,530 PER PERSON AND 19.7% OF GDP. ADJUSTED FOR INFLATION, PER CAPITA MEDICAL COSTS ARE OVER 30 TIMES HIGHER THAN THEY WERE 90 YEARS AGO.

IN 2020, THE GOVERNMENT, CONSUMERS, AND INSURERS SPENT ALMOST $350 BILLION ON PRESCRIPTION DRUGS. INSURANCE PLANS HANDLE NEGOTIATIONS FOR DRUG PRICING IN THE U.S., BUT THIS DOES LITTLE TO LOWER COSTS. ONE STUDY FOUND ABOUT $2.5 BILLION IN REVENUE IS REQUIRED TO "SUPPORT THE INVENTION OF ONE NEW CHEMICAL ENTITY."

IN 2021, THE AVERAGE TOTAL COST OF EMPLOYER-PROVIDED HEALTH COVERAGE ROSE BY 4% TO OVER $22,000 FOR A FAMILY PLAN, AND ROSE BY 4% TO ABOUT $7,700 FOR INDIVIDUAL PLANS. ON AVERAGE, EMPLOYERS BORE 71% OF THOSE COSTS.

ABOUT 35.5% OF AMERICANS HAVE PUBLIC INSURANCE (GOVERNMENT COVERAGE) THROUGH MEDICARE, MEDICAID, OR THE DEPARTMENT OF VETERANS AFFAIRS. ROUGHLY 55% OF AMERICANS HAVE PRIVATE INSURANCE THROUGH EMPLOYER-PAID INSURANCE; THROUGH A CURRENT OR FORMER EMPLOYER OR UNION; OR NON-GROUP INSURANCE, POLICIES PURCHASED DIRECTLY FROM A PRIVATE INSURANCE COMPANY. ABOUT 10% OF AMERICANS ARE UNINSURED.

GOVERNMENT SPENDING

THE FEDERAL GOVERNMENT ACCOUNTED FOR 36% OF ALL HEALTH CARE SPENDING IN 2020, AND STATE AND LOCAL GOVERNMENTS ACCOUNTED FOR 14%, CONTRIBUTING TOGETHER OVER $2 TRILLION.

STATE BUDGETS HAVE BEEN IN TROUBLE FOR AT LEAST A DECADE DUE TO EXPENDITURES LIKE MEDICAID AND RETIREE BENEFITS. STATES PAY FOR A PORTION OF HEALTH CARE BILLS FOR RETIRED PUBLIC WORKERS, WHICH HAS RESULTED IN A NATION-WIDE $600 BILLION GAP.

FEDERAL RESOURCES DEDICATED TO HEALTHCARE AMOUNT TO 8% OF THE ECONOMY AND HAVE GROWN 230% SINCE 2000. MOST OF THIS COMES FROM MEDICARE ($830 BILLION IN 2020), AND MEDICAID AND CHILDREN'S HEALTH INSURANCE PROGRAM ($670 BILLION IN 2020).

ESTIMATED COSTS OF THE MOST WIDELY-CITED MEDICARE FOR ALL PLAN WOULD ADD ABOUT $30-34 TRILLION TO THE FEDERAL BUDGET OVER THE NEXT DECADE. THAT IS ON TOP OF THE ESTIMATED $17 TRILLION IN HEALTHCARE SPENDING ESTIMATED OVER THE NEXT DECADE, AND DOES NOT INCLUDE RUNAWAY COSTS THAT ARE FREQUENTLY A PROBLEM.

FRAMING THE ISSUE

THE U.S. HEALTH CARE SYSTEM WAS ORIGINALLY DESIGNED AROUND TEMPORARY TREATMENT HOSPITALS. TODAY'S NEW NORMAL OF CHRONIC DISEASE CHALLENGES THE SYSTEM TO ADAPT. CURRENT BARRIERS INCLUDE HIGH COSTS, LACK OF COVERAGE, AND UNEVEN DISTRIBUTION OF SERVICES.

HEALTH CARE COSTS VARY WIDELY ACROSS STATES. EXPERTS SPECULATE PRICE DIFFERENCES RESULT FROM DIFFERENCES IN DEMAND FOR SERVICES, SUPPLY OF PROVIDERS, INSURANCE MARKET POWER, AND POPULATION HEALTH CHARACTERISTICS. THESE DIFFERENCES AND THE FACT THAT HEALTH INSURANCE IS REGULATED DIFFERENTLY IN EACH STATE LIMITS COMPETITION IN THE INSURANCE MARKET.

ONE PROPOSED SOLUTION IS TO EXPAND PUBLIC INSURANCE BY IMPLEMENTING MEDICARE FOR ALL, BUT THIS WOULD COST AN ADDITIONAL $34 TRILLION IN FEDERAL SPENDING, AND INTERNATIONAL MODELS SUGGEST QUALITY OF CARE MAY DECREASE UNDER AN EXPANDED PUBLIC OPTION.

A SECOND SOLUTION IS TO ENCOURAGE COMPETITION IN THE PRIVATE INSURANCE MARKET TO MAKE INSURANCE MORE AFFORDABLE, BUT PRICE TRANSPARENCY IS AN ISSUE: HEALTH PLAN CONTRACTS FREQUENTLY PROHIBIT PARTIES WITHIN THE NETWORK FROM DISCLOSING WHAT PRICES ARE, LIMITING THE ABILITY TO SHOP FOR THE BEST PRICE.

SOLUTIONS

ONE POLICY PRESCRIPTION THAT HAS ATTRACTED BIPARTISAN SUPPORT IS THAT OF COST TRANSPARENCY SO INDIVIDUALS CAN KNOW THE PRICE OF MEDICAL SERVICES, AND POSSIBLY BE ABLE TO PRICE-COMPARE TO FIND THE BEST INSURANCE FOR THEM.

TELEHEALTH IS AN AREA FOR THE OPPORTUNITY THAT COULD HELP IMPROVE HEALTHCARE DELIVERY AND REDUCE COSTS BY ALLOWING PATIENTS TO MORE QUICKLY AND EASILY ACCESS SERVICES. THIS HAS BEEN HIGHLIGHTED DURING THE CORONAVIRUS PANDEMIC.

TELEHEALTH ENABLES INDIVIDUALS TO TAKE MORE CONTROL OF THEIR HEALTH, SUCH AS THROUGH MEDICAL DEVICES THAT CAN HELP THEM MONITOR SYMPTOMS AT HOME, ACCESS CARE INSTRUCTURES, AND MAKE SAME-DAY APPOINTMENTS AT CARE FACILITIES.

WHAT YOU CAN DO

MEASURE -
WHAT ARE YOUR STATE'S LAWS? WHAT STATE OR LOCAL ASSOCIATIONS AND HEALTHCARE ORGANIZATIONS ARE THERE?DO MOST CITIZENS IN YOUR DISTRICT HAVE HEALTH INSURANCE? IF SO, WHAT TYPE?

IDENTIFY -
WHAT ARE YOUR LOCAL AND STATE LEVEL ELECTED OFFICIALS POSITIONS ON PRIVATE AND PUBLIC HEALTH INSURANCE? SPECIFICALLY,THE AFFORDABLE CARE ACT AND MEDICARE FOR ALL.

PLAN -
SET MILESTONES BASED ON YOUR STATE'S LEGISLATIVE CALENDAR OR LOCAL COMMUNITY CALENDAR.

REACH OUT -
FOSTER COLLABORATIVE RELATIONSHIPS WITH HEALTHCARE PROFESSIONALS, YOUR LOCAL AND STATE LEVEL REPRESENTATIVES AND LOCAL ORGANIZATIONS.

EXECUTE -
TALK TO HEALTHCARE PROFESSIONALS TO UNDERSTAND HOW PATIENTS WITHOUT HEALTH INSURANCE ARE IMPACTED. SHARE RELEVANT RESOURCES WITH LOCAL ELECTED OFFICIALS. COMMUNICATE WITH LOCAL ORGANIZATIONS. INVESTIGATE THE PERCENTAGE OF UNINSURED CITIZENS IN YOUR AREA.