

# THE COSTS OF INACTION

the Urgent Need for Health Reform

## Introduction

Americans across the country are demanding comprehensive health reform and cannot afford to wait any longer for Washington to act. Businesses and families are struggling as costs continue to skyrocket. More and more Americans find themselves uninsured. Those Americans fortunate enough to have health insurance often don't get the quality care they need and deserve. The Costs of Inaction highlights the flaws in the health care system and demonstrates the cost of maintaining the status quo. Organized into three sections – Escalating Health Care Costs, Diminishing Access to Care and Persistent Gaps in Quality – the report shows how the current system has failed millions of Americans and why we must enact comprehensive health reform this year.

## Escalating Health Care Costs

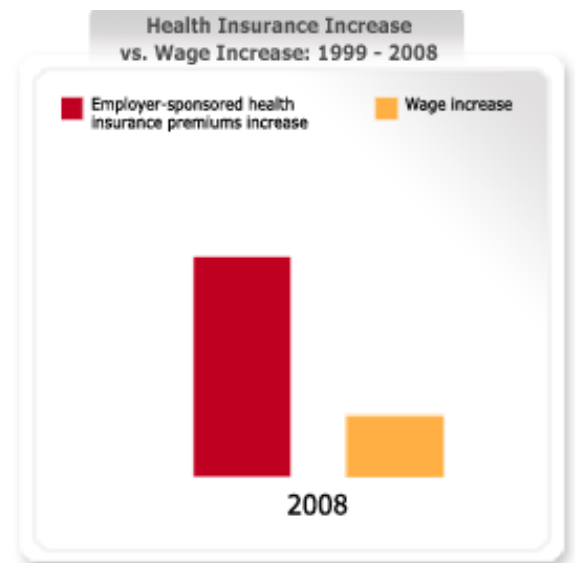
**Families, business, and state and federal budgets are straining under skyrocketing health care costs.**

Employer-sponsored health insurance premiums have more than doubled in the last 9 years, a rate 3 times faster than cumulative wage increases.<sup>1</sup>

The United States spent approximately \$2.2 trillion on health care in 2007, or \$7,421 per person.<sup>2</sup> This comes to 16.2% of GDP, nearly twice the average of other developed nations.<sup>3</sup>

Health care costs doubled from 1996 to 2006, and are projected to rise to 25% of GDP in 2025 and 49% in 2082.<sup>4</sup>

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.<sup>5</sup>



Source<sup>1</sup>

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.<sup>6</sup>

As a result of these crushing health care costs, American businesses are losing their ability to compete in the global marketplace. Health care at General Motors puts the company at a \$5 billion disadvantage against Toyota, which spends \$1,400 less on health care per vehicle.<sup>7,8</sup>

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.<sup>9</sup>

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.<sup>10</sup>

Half of all personal bankruptcies are at least partly the result of medical expenses.<sup>11</sup>

The typical elderly couple may have to save nearly \$300,000 to pay for health costs not covered by Medicare alone.<sup>12</sup>

Eight in ten Americans are dissatisfied with the total cost of health care,<sup>13</sup> and over half report paying for the cost of a major illness as a major problem.<sup>14</sup>

### ***Diminishing Access to Care***

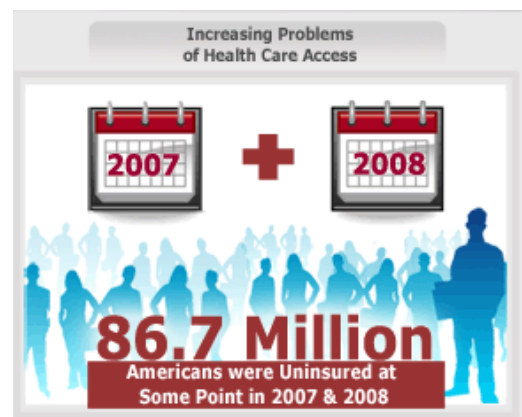
**Millions of Americans do not have health coverage, or have inadequate coverage. As our economic challenges multiply, the problem of health care access grows.**

From 2000 to 2007, the proportion of non-elderly Americans covered by employer-based health insurance fell from 66% to 61%.<sup>15</sup>

An estimated 87 million people – one in every three Americans under the age of 65 – were uninsured at some point in 2007 and 2008.<sup>16</sup>



Source<sup>6</sup>



Source<sup>16</sup>

More than 80% of the uninsured are in working families.<sup>17,18</sup>

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.<sup>19</sup>

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.<sup>20,21,22</sup>

However, when the uninsured do obtain health care coverage, access to effective clinical services and health outcomes improve.<sup>23</sup>

In the current economic crisis, even people with insurance are forgoing needed medical care, including prescription medications and doctor visits, because of inability to pay copayments and deductibles.<sup>24</sup>

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.<sup>25</sup>

People with insurance also report difficulty accessing care when they live in areas with high uninsurance rates, and physicians in these regions believe that they cannot make medical decisions in the best interest of their patients.<sup>26</sup>

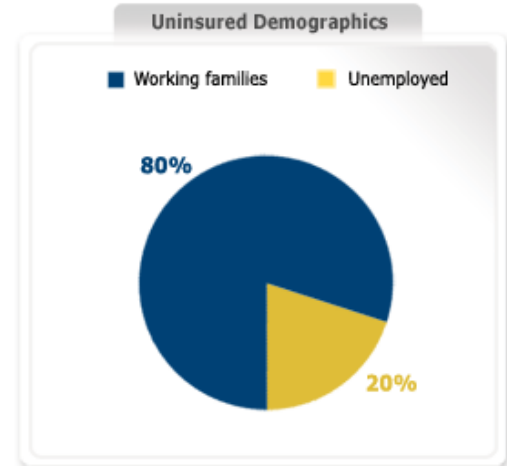
## ***Persistent Gaps in Quality***

**In spite of the vast resources invested, the health care system has not yet reached the goal of high-quality care.**

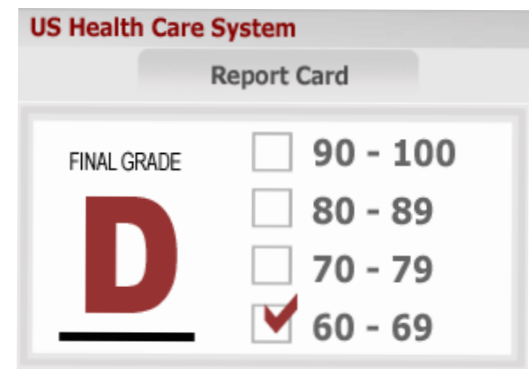
Across 37 performance indicators, the United States achieved an overall score of 65 out of a possible 100.<sup>27</sup>

Only 60% of obese adults were given advice on exercise, and just over half of children received advice on healthy eating.<sup>28</sup>

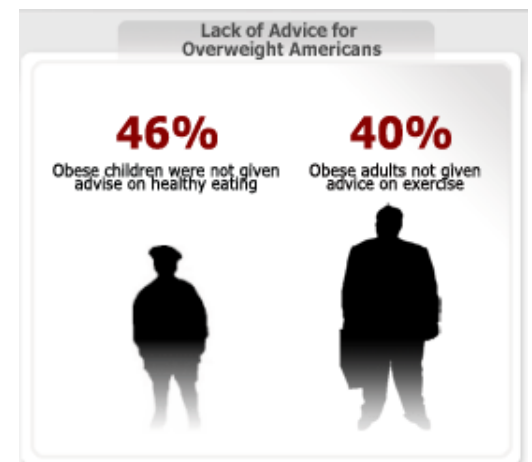
Hospitals on average have still not met recommended targets for treating heart attacks in a timely manner.<sup>29</sup>



Source<sup>17,18</sup>



Source<sup>27</sup>



Source<sup>28</sup>

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.<sup>30</sup>

**Patient safety initiatives have the potential to save thousands of lives.**

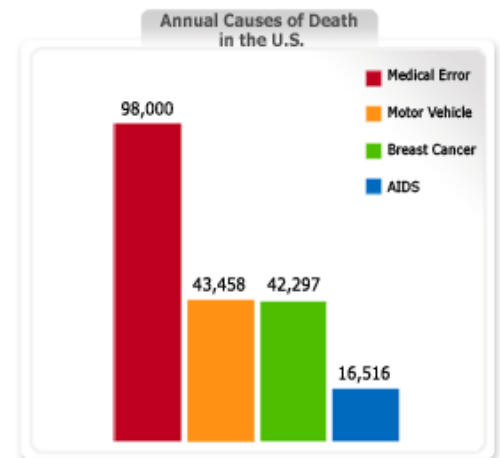
Up to 98,000 Americans die each year as a result of medical errors, more than motor vehicle accidents, breast cancer, and AIDS.<sup>31</sup>

The United States also lags behind other nations in the use of error-reducing techniques, such as health information technology.<sup>32</sup>

**Disparities in care among different subpopulations must be addressed.**

Ethnic and racial minorities are often less likely to receive recommended care, as are people with lower income or lower educational status.<sup>33</sup>

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.<sup>34</sup>



Source<sup>31</sup>

## Sources

### Report Prepared By

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