Few Public Services Despite the Highest Health Care Taxes

- The United States health system is a hybrid, with 60% of health care publicly-financed, but most care delivered privately.\(^1\) While the U.S. system is often thought of as being privately financed through employers, this is not the case. Private employers cover fewer than half of all Americans—43%—and pay less than one-fifth of total health care spending.\(^2\) In contrast, about 60% of the U.S. health system is publicly (taxpayer) financed. Taxes fund coverage for more than 20 million government employees, and for more than 70 million persons including the elderly (Medicare), the permanently disabled, the very poor (Medicaid), people with end-stage renal disease, and veterans.\(^3\) In all, 34% of Americans have government-paid insurance. The rest buy their own coverage (7%) or are uninsured (16%). **Despite having the smallest percentage of the population with government assured coverage of any developed nation (34% versus 100% in most developed countries), Americans pay the highest health care taxes in the world.**\(^4\)

- Among Organisation for Economic Cooperation and Development (OECD) countries, there are three main types of health care programs.\(^5\)
  - A **National Health Service**, where medical services are delivered via government-salaried physicians in hospitals and clinics that are publicly owned and operated. The U.K. and Spain are examples of such a system.
  - A **National Health Insurance System**, or single-payer system in which a single entity, such as a government-run organization, acts as the administrator to collect all health care fees, and pay out all health care costs. Medical services are publicly financed but not publicly provided. Examples include Canada, Denmark, Norway, and Sweden.
  - A universal **Multi-payer Health Insurance System**, or all-payer system, as in Germany and France. These systems provide universal health insurance via sickness funds, which are used to pay physicians and hospitals at uniform rates. These rates are negotiated annually.

High Prices, High Private Administrative Costs

- The U.S. spends considerably more on health care than any other OECD country, averaging $5,440 per capita in 2002, and climbing to $6,714 in 2006.\(^6\) Canada spends 55% that of the U.S., Sweden spends 48%, and the U.K. spends just 41% as much as the U.S. on health care.\(^7\)

- In 2004, private insurance accounted for 37% of all U.S. health care spending.\(^8\)

- The U.S. also spends the highest proportion of Gross Domestic Product (GDP) on health care: 15.3% in 2006, compared to the 8.9% OECD median rate.\(^9\) This is an increase from 14.6% in 2002.\(^10\)

- The U.S. spends more per capita: U.S. health care spending per capita was nearly 2.5 times greater than the OECD median in 2006.\(^11\)

- **Economic cost:** The Institute of Medicine estimated the lost economic value due to the lack of insurance between $65 and $130 billion per year.\(^12\)
• **Americans pay higher prices for health care-related services** than citizens of other countries. For instance, the average cost of a one-day hospital stay in the U.S. was $2,434 in 2002, compared with $870 in Canada and even less in other OECD countries.\(^n\)\(^{13}\) Prices for pharmaceuticals and physician visits are higher, as well. Even adjusting for per capita GDP, the supply of health care resources, and the added cost of malpractice litigation, a study in *Health Affairs* finds that Americans pay more for the same- or lower-quality care.\(^n\)\(^{14}\)

**Administrative Costs in the U.S.**

• According to The Commonwealth Fund Commission on a High Performance Health System, in 2007, **30% of total health expenditure went to administrative costs.**\(^n\)\(^{15}\) If the U.S. were to reduce health insurance administrative costs to the average level of countries with mixed private/public insurance systems (Germany, the Netherlands, and Switzerland) it could save up to $51 billion, and if the U.S. reduced costs further, reaching average administrative costs of the most efficient countries, it could save an estimated $102 billion per year.\(^n\)\(^{16}\)

• Medicare and Medicaid have much lower administrative costs of 2–5%.\(^n\)\(^{17}\)

• Private insurers spent 8% of their premiums on billing, marketing and other financial activities, physician offices spent 14% of revenues, and hospitals spent 7–11% of revenues on these activities.\(^n\)\(^{18}\)

• Despite the large investment in administration, the system is inefficient. In 2007, U.S. patients were three to four times more likely to report having duplicate tests or that medical records or test results were not available at the time of their appointment than in other industrialized countries.\(^n\)\(^{19}\)

• In 2005, *Health Affairs* released a study of health insurance costs in California. It found that $230 billion of health spending was devoted to insurance administration and only 66% of health spending went to medical care. Twenty-one percent of private health spending went to billing-related tasks, and an additional 13% of spending went to non-billing administrative functions.\(^n\)\(^{20}\)

• Recent studies show that if California were to implement single-payer health care, total spending on health care could be reduced by about $8 billion.\(^n\)\(^{21}\)

**Health Insurance: Rising Premiums, Falling Coverage**

• In 2006, 47 million Americans, 15.8% of the population, were uninsured, up from 44.8 million (15.3%) in 2005.\(^n\)\(^{22}\) This is the sixth straight annual increase in the number of people without health insurance.\(^n\)

• **It’s getting worse:** In 2006, the population of the U.S. rose by about three million people, while the number of uninsured rose by 2.2 million, 73% of population growth.\(^n\)\(^{23}\)

• **One in three Americans under the age of 65, nearly 90 million people, lacked health insurance at some point between 2006 and 2007.** This is 17 million more than between 1999 and 2000.\(^n\)\(^{24}\)

• **Health insurance premiums in the U.S. are rising fast.** In 2007, health insurance premiums rose 6.1%. Growth rates in insurance premiums are far greater than both inflation and wage increases (2.6% and 3.7%, respectively).\(^n\)\(^{25}\)

• In 2006, employer premiums for medical care plans averaged over $1,000 a month per participant for family coverage. Workers pay an average of $3,281 per year out of their paychecks for their share of premiums. This marks a $1,500 increase over the past six years.\(^n\)\(^{26}\)

**High Costs Drive Americans into Debt – or Bankruptcy**

• In 2001, a study found that **about half those filing for bankruptcy cited medical causes,** indicating between 1.9 and 2.2 million Americans (filer plus dependents) experienced medical
bankruptcy. Among those whose illness led to bankruptcy, the average out-of-pocket expenses were nearly $12,000 since the start of the illness. Nearly 76% had insurance at the start of the illness.

- A lapse in health insurance coverage during the two years before filing was a strong predictor of a medical bankruptcy. In 2001, 38.4% of debtors who had a “major medical bankruptcy” had experienced a lapse in coverage. Sixty percent of debtors initially had private coverage, but one-third of them lost coverage during the course of their illness.

- Those covered under government programs were less likely to have experienced coverage interruptions. Only 5.7% of debtors had Medicare, 8.4% had Medicaid, and 1.6% had veterans or military coverage.

- In 2001, 15% of all homeowners who had taken out a second or third mortgage cited medical expenses as a reason.

- By 2007, two of five adults (41%) reported they had medical debt or problems with medical bills, up from 34% in 2005. Uninsured debtors and dependents represent 32.6% of people who filed for medical bankruptcies and 33.1% of those who filed for other bankruptcies.

- Almost 40% of medical bankruptcies came from people who experienced a gap in their coverage over the past two years.

- People aged 19 to 64 who lacked coverage (35%) had significantly more problems with medical bills and medical debt than those with regular health insurance coverage (60%). In order to cope with medical debt, 28% had to significantly change their way of life.

Who Are the Uninsured in America?

- **Hard working Americans:** Over eight in ten of the uninsured come from working families with 70% from families with one or more full-time workers and 11% from families with part-time workers. Forty-seven percent of the uninsured (22 million people) worked full-time in 2006. Fifty-nine percent (27.6 million) worked at least part-time.

- **Union Difference:** In 2006, 80% of union workers had jobs with employer health coverage, compared to 49% of nonunion workers.

- Eighty percent of the uninsured are adults.

- Fifty-two to 59% come from low-income families.

- Thirty-three to 38% are not college-educated; more than 25% did not graduate from high school.

- Surveys show that the nonelderly uninsured are racially and ethnically split: about half are white and half are minorities.

Small Firms, Part-Time Workers, and Younger Workers Have Less Coverage

- Between 2001 and 2005, rates of self-employment, part-time work, temporary or contract work, and employees in smaller businesses went up. While 2.2 million more workers joined the workforce, 1.8 million have incomes below the Federal Poverty Level.

- **Smaller firms are significantly less likely to provide health benefits.** In 2007, while 99% of firms with 200 or more workers offered health insurance, only 59% of firms with up to 199 workers provided benefits. Forty-five percent of the smallest firms (less than 10 employees) offered health benefits, down from 54% in 2001.
Uninsured workers are found in every industry: agriculture, service, wholesale and retail trade, manufacturing, and the public sector each have a sizeable portion of uninsured employees.44

Firms that employ union workers are much more likely to provide health benefits: 96% of firms with union workers offered benefits, versus 61% of firms without union workers.45 In addition, union workers paid an average flat monthly contribution for medical insurance of $174.60 for family coverage in 2003 and $196.60 in 2006; nonunion workers paid $234.35 in 2003 and now pay $308.88.46

In 2006, the number of full-time workers without health insurance rose to 17.9%, up from 17.2% in 2005.47

Only 23% of all firms offer benefits to part-time workers. Moreover, firms with a large number of part-time employees, with high employee turnover rates, and with lower overall wage levels, are less likely to offer benefits to any of their employees. Only four percent of all workplaces offered health insurance to temporary employees.48

More than three out of five Americans of working age rely on employment-related health insurance for themselves and their families,49 but the number of jobs providing health coverage is decreasing. The percentage of firms that provide employees with health benefits has decreased from 69% in 2000 to 60% in 2007.50 Only 5% of people under 65 purchased health insurance on their own in 2005, down from 6.6% in 2002.51 The rise in uninsured people shows a decline in both employer-sponsored health and private insurance.

Eighteen to 24 year-olds are most likely to be uninsured: 29.3% were uninsured in 2006.52 A Commonwealth Fund Study found that nearly 60% of employers who offer coverage do not insure dependent children over the age of 18 or 19 if they do not attend college.53 Twenty-five to 34 year-olds were the second most likely age group to be uninsured: 26.9% were without insurance in 2006.54

Minorities and Children Have Less Access to Health Insurance

Racial and ethnic minorities are disproportionately likely to be uninsured: 10.8% of whites, 20.5% of African Americans, 15.5% of Asian Americans, and 34.1% of Hispanics are uninsured.55

Such inequities can be deadly. The World Health Organization found that in the U.S., 886,202 deaths would have been averted between 1991 and 2000 if mortality rates between white and African Americans were equalized.56

African American adults are more likely (35%) to use the emergency room for conditions that could have been treated by a primary care doctor.57

In the past year, 27% of uninsured Hispanic adults with health problems did not have a medical visit in the past year, versus 17% of white and African American adults with health problems.58

The percentage of uninsured children increased again from 10.9% (8 million) in 2005 to 11.7% (8.7 million) in 2006. As a result, 700,000 more children are uninsured.59

Less Coverage Means Fewer Healthy Americans

In 2002, 1,930 people between the ages of 25 and 34 died due to lack of insurance. From ages 35 to 44, there were 3,431 deaths due to lack of insurance, and from 45 to 54, there were 4,734. While a greater number of young people are uninsured, it appears that larger numbers of older adults without insurance may die because they lack it.60

The Institute of Medicine (IOM) reports that uninsured people receive too little medical care, too late. As a result, among 25 to 64 year olds, some 18,000 unnecessary deaths each year
are attributable to a lack of health insurance coverage. This is 4,000 more deaths than HIV/AIDS.  

- In 2003, 43% of adults without health insurance did not seek medical help for health problems, compared with 10% who were insured. Uninsured individuals with diabetes, HIV, cardiovascular disease, and mental illness have been consistently shown to have less access to preventative care and worse clinical outcomes. Uninsured car crash victims have been found to have a mortality rate 37% higher than people with insurance, and uninsured women with breast cancer have a 30–50% higher risk of dying.  

- The uninsured are twice as likely to have an unmet medical need because of cost and four times more likely to have an unmet need for prescription drugs.  

- Health care costs preclude care for those with and without insurance. In 2007, The Commonwealth Fund Commission on a High Performance Health System found that only half of adults received all recommended preventive care and more than one-third (37%) of all U.S. adults reported going without needed care because of costs.  

Quality of U.S. Health Care in an International Context  

- The U.S. ranked 37th out of 191 member states in terms of “overall health system performance” in the World Health Organization’s (WHO) 2000 World Health Report. The rankings were based on measures of the health of the population, the level and distribution of respect and attention shown to patients, and the fairness of financial contribution, all in relation to overall health system expenditures. A ranking of 37th places the U.S. below such countries as Colombia, Saudi Arabia, and Portugal.  

- The U.S. has the sixth highest infant mortality rate of the 30 OECD member countries. The countries with higher infant mortality than the U.S. are Hungary, Mexico, Poland, Turkey, and the Slovak Republic.  

- The U.S. also has the eighth lowest life expectancy of the OECD member countries, tied with Denmark and Ireland.  

- In 2006, the U.S. ranked lower than the OECD median in the categories of physicians and hospital beds per capita, despite its high level of spending. The U.S. ranked only slightly higher than the OECD median in nurses. Low nurse-to-patient ratios have been linked to higher instances of medical errors and patient complications, including death.  

- There were 17,011 AIDS-related deaths in the U.S. in 2005—more than in Russia (9,000), Canada (1,500), France (<1,000), Germany (<1,000), Italy (<1,000), and the U.K. (<500) combined.  

- A recent study in Health Affairs compared the quality of care in five countries: the U.S., the U.K., New Zealand, Canada, and Australia. No country scored consistently best or worst, and each country had at least one best and one worst rating. The U.S. had the best five-year survival rate for breast cancer, for instance, but the worst survival rate for kidney transplants, and an increasing rate of mortality among asthmatics.  

- In 2008, The Commonwealth Fund Commission on High Performance Health Systems published its National Scorecard on U.S. Health Performance which found that despite spending more on health care than any other industrialized nation, the U.S. continues to fall far short on key indicators of health outcomes and quality, with particularly low scores on efficiency. The U.S. scored just 65 out of 100 on key indicators; its access to health care score fell furthest, with 42% (75 million) of working age Americans uninsured or underinsured, up from 35% in 2003.
• According to the Commission, **the U.S. ranked last out of 19 industrialized countries in the number of premature deaths that could have been prevented with timely access to healthcare.**[^74] Up to 101,000 fewer people would die prematurely each year from causes amenable to health care if the U.S. achieved the lower mortality rates of leading countries.[^75]

• In 2007, less than half of U.S. adults with health problems were able to get a rapid appointment with a physician when they were sick and **73%** experienced difficulty obtaining health care after hours without going to the emergency room.[^76]

• The following chart provides a few key statistics from single-payer nations and the United States.

<table>
<thead>
<tr>
<th></th>
<th>Canada</th>
<th>Denmark</th>
<th>Sweden</th>
<th>United States</th>
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<tbody>
<tr>
<td><strong>Total Health Expenditure, Per Capita (2006)</strong>[^77]</td>
<td>$3,678</td>
<td>$3,349</td>
<td>$3,202</td>
<td>$6,714</td>
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<tr>
<td><strong>Annual Growth Rate of Total Health Expend., Per Capita (2005–2006)</strong>[^78]</td>
<td>2.8</td>
<td>NA</td>
<td>4.1</td>
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<td><strong>Life Expectancy At Birth (2008)</strong>[^79]</td>
<td>81.2</td>
<td>78.1</td>
<td>80.7</td>
<td>78.1</td>
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<tr>
<td><strong>Infant Mortality (per 1,000 births, 2008)</strong>[^80]</td>
<td>5.1</td>
<td>4.4</td>
<td>2.8</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Maternal Mortality (per 100,000 births, 2005)</strong>[^81]</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>11</td>
</tr>
</tbody>
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[^75]: Ibid.
[^76]: Ibid.
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For further information on professional workers, check out DPE’s Web site:  www.dpeaflcio.org

The Department for Professional Employees, AFL-CIO (DPE) comprises 24 AFL-CIO unions representing over four million people working in professional, technical and administrative support occupations. DPE-affiliated unions represent: teachers, college professors and school administrators; library workers; nurses, doctors and other health care professionals; engineers, scientists and IT workers; journalists and writers, broadcast technicians and communications specialists; performing and visual artists; professional athletes; professional firefighters; psychologists, social workers and many others. DPE was chartered by the AFL-CIO in 1977 in recognition of the rapidly-growing professional and technical occupations.

Source: DPE Research Department
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September 2008