The High Cost of Health Care

Larry Levitt, Executive Vice President
Kaiser Family Foundation

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Figure 1

Distribution of $3.6 Trillion in National Health Spending (2018)

- Hospitals, 33%
- Physicians & Clinics, 20%
- Nursing Care Facilities, 5%
- Prescription Drugs, 9%
- Home Health Care, 3%
- Insurance Overhead and Profit, 7%
- Other Health, 23%

SOURCE: KFF analysis of CMS data
Figure 2
National Health Spending Growth Has Slowed Over Time

SOURCE: KFF analysis of National Health Expenditure (NHE) data
Health Spending Growth Has Accelerated in Recent Years

Year over year growth in health services spending by quarter, 2010 - 2019

Source: Kaiser Family Foundation analysis of Quarterly Services Survey

Peterson-KFF Health System Tracker
Figure 4

Health Insurance Premiums are Somewhat Higher in California Than the Rest of the Country (2018)

Employer Contribution

CA: $15,730
US: $14,069

Worker Contribution

CA: $5,101
US: $5,547

SOURCE: KFF Employer Health Benefits Survey; California Employer Health Benefits Survey
Figure 5

Average Total Health Spending Under Large Employer Coverage Tops $22,000

NOTE: Out-of-pocket costs are inflated from 2017 to 2018 because data are not yet available. Large firms have one thousand or more employees.

Family Premiums and Deductibles Have Outpaced Inflation, and Worker Earnings

Figure 7

Deductibles in Employer Plans are Less Common in California and Somewhat Lower

Source: Kaiser Family Foundation and California Healthcare Foundation employer surveys.
Figure 8

Premiums Vary Tremendously Throughout the State

Lowest-Cost Bronze Plan Premiums in Covered California For a 40 Year-Old, 2020

- Eureka: $4,974 per year
- Sacramento: $4,305 per year
- San Francisco: $4,758 per year
- Los Angeles: $3,267 per year

SOURCE: KFF Health Insurance Marketplace Calculator
Figure 9

Prices for Inpatient Hospital Care Have Grown Rapidly for Privately Insured Patients

Producer price index for hospital inpatient care

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

Source: Federal Reserve Data
Average Price of a Knee Replacement Has Increased Much Faster Than Inflation

Source: Kaiser Family Foundation analysis of Truven MarketScan data, 2016
Share of Health Spending for Health Insurance Administrative Expenses Has Risen Over Time

Source: Kaiser Family Foundation analysis of National Health Expenditure (NHE) data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group
Half of Californians Have Postponed or Skipped Care Due to Cost, and Many Say This Made Their Health Condition Worse

Asked of the 51% who postponed or skipped care due to cost: Did any of the steps you took because of cost make your condition worse?

- Made condition worse: 42%
- Did not make condition worse: 54%
- Don’t know/refused: 4%

SOURCE: CHCF California Health Policy Survey (November 18 – December 30, 2019).
Four in Ten People with Employer Coverage Report Difficulty Affording Some Type of Health Care or Insurance Cost

Percent who say they or a family member experienced each of the following in the past 12 months:

- Problems paying/inability to pay medical bills: 27%
- Difficulty affording...
  - ...medical bills before meeting deductible: 25%
  - ...unexpected medical bills*: 20%
  - ...co-pays for prescription drugs: 14%
  - ...co-pays for doctor visits: 13%
  - ...monthly health insurance premium: 9%
- Yes to any affordability problem: 40%

NOTE: *Unexpected medical bills include bills people thought would be covered, but the insurance company did not pay or paid less than expected.
Those with Employer Coverage Who Have Problems Affording Health Care Report Many Sacrifices to Pay Bills

Percent who report doing each in the past 12 months in order to pay for health care or insurance costs:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage among the 40% who report affordability problems</th>
<th>Percentage among all adults with ESI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Put off vacations or major purchases</td>
<td>66%</td>
<td>26%</td>
</tr>
<tr>
<td>Cut spending on food, clothes, household items</td>
<td>65%</td>
<td>26%</td>
</tr>
<tr>
<td>Increased their credit card debt</td>
<td>50%</td>
<td>20%</td>
</tr>
<tr>
<td>Used up all or most of their savings</td>
<td>46%</td>
<td>19%</td>
</tr>
<tr>
<td>Taken an extra job or worked more hours</td>
<td>34%</td>
<td>14%</td>
</tr>
<tr>
<td>Borrowed money from friends or family</td>
<td>25%</td>
<td>10%</td>
</tr>
<tr>
<td>Taken money out of long-term savings</td>
<td>24%</td>
<td>10%</td>
</tr>
<tr>
<td>Taken out a loan</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>Sought aid of a charity or non-profit</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td>Changed their living situation</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td>Used the internet to raise funds</td>
<td>5%</td>
<td>2%</td>
</tr>
</tbody>
</table>