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Protecting Health, Saving Lives—*Millions at a Time*

The US Solidifies Its Standing As The
Most Expensive Health Care System!

USA



WE'RE #1!

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Percent of GDP Spent on Health Top 5 Countries in 2016

- 17.2% US
- 12.4% Switzerland
- 11.3% Germany
- 11.0% France
- 11.0% Sweden

If we had spent the same percentage of GDP on health as Switzerland the US would have spent \$630 billion less on health care

US Used Fewer Real Inputs in 2016

| | <u>US</u> | <u>OECD Median</u> |
|-----------------------|------------------|---------------------------|
| • Hospital beds | 3.0 | 4.4 |
| • Occupancy rate (%) | 63 | 75 |
| • Avg. Length Stay | 5.8 | 6.2 |
| • MDs per 1000 | 2.3 | 2.8 |
| • MD grads per 100000 | 7.5 | 12.1 |
| • Nurses per 1000 | 7.9 | 9.9 |


Possible Explanations

- **Defensive medicine/malpractice**
 - But average payment per settlement is lower in US than Canada and UK
- **Higher educational costs for MDs**
 - \$190,000 debt amortized over 30 years at 6% interest does not explain the higher MD salaries
- **Aging** - But US is younger than most OECD countries
- **Administrative burden is indeed higher**
 - US - \$737; Switzerland - \$280; OECD median -\$94
 - And this does not include the additional cost to providers
 - However, it does not explain most of the difference
- **Less spent on social care**
 - US spends much less on social services
- **Americans are sicker** – harder to demonstrate




Responsibility

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;">Top 5 OECD Countries in Percent Private Spending</p> <ul style="list-style-type: none">• 51% - US• 48% - Mexico• 44% - Korea• 44% - Latvia• 42% - Greece | <p style="text-align: center;">Who pays the Highest Prices in US?</p> <ul style="list-style-type: none">• Private insurers pay on average 50% higher prices than public insurers • 10 years ago the differential was <10% |
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Whose to Blame

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;">Public Insurers Pay Too Little</p> <ul style="list-style-type: none">• Public insurers pay close to international rates for most goods and services | <p style="text-align: center;">Private Insurers Pay Too Much</p> <ul style="list-style-type: none">• Private insurers pay much higher than international rates |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



Cost Shifting Is Responsible

- Providers will spend all the money that they receive
- If public insurers pay \$100 and private insurers pay \$150 and the provider has 50% public and 50% private then the costs will be \$125
- In that case the public insurer is not paying the cost, but the real reason is that the private insurer is paying more than the costs

Solution

- Working with CEOs of large corporations to help them lower the prices that they pay
- They self insure so they determine the rates