Paying for Health

Health Care Costs in America

- National health care costs increased by nearly $1 trillion from 2006 ($2T) to 2013 ($2.9 T)
- Largest healthcare expense is health insurance premiums
- Health care costs per person increased nearly $3000 from 2004 ($6,100) to 2014 ($9,146)
- Health care is more expensive in the U.S. than in the rest of the world

Funding Medicare and Medicaid

2015 Federal Budget: $924 billion of $3.4 trillion went to Medicare and Medicaid

- Medicare and Medicaid: 27%
- Social Security: 26%
- Defense: 16%
- Interest on Debt: 6%
- Other: 25%

**Medicare**: Current $597 billion cost expected to rise to $858 billion in 2024
- Part A: funded with tax money; covers hospitalization, nursing homes, hospice
- Part B: funded with individual premiums; covers outpatient services
- Part C: broader services through private insurance companies for a fee
- Part D: funded with tax money and individual premiums; covers prescription drugs

**Medicaid**: Jointly financed between federal government and each state government
- States set capitation rates for MCO (managed care organization)
- Affordable Care Act expanded eligibility for low-income population

Source: