Government funds nearly two-thirds of US health care, study reports

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Tax-funded expenditures accounted for 64.3 percent of U.S. health spending - about $1.9 trillion - in 2013, according to new data published today [Thursday, Jan. 21] in the *American Journal of Public Health*. The Affordable Care Act will push that figure even higher by 2024, when government's share of U.S. health spending is expected to rise to 67.3 percent.

At $5,960 per capita, government spending in on health care costs in the U.S. was the highest of any nation in 2013, including countries with universal health programs such as Canada, Sweden and the United Kingdom. (Estimated total U.S. health spending for 2013 was $9,267 per capita, with government's share being $5,960.) Indeed, government health spending in the United States exceeded total health spending (government plus private) in every other country except Switzerland.

The finding that Americans pay the world's highest health-related taxes conflicts with popular perceptions that the U.S. health care financing system is predominantly private, write Drs. David U. Himmelstein and Steffie Woolhandler, the authors of the study. Himmelstein and Woolhandler are professors at the City University of New York School of Public Health and lecturers in medicine at Harvard Medical School.

Direct government payments for such programs as Medicare, Medicaid and the Veterans Administration accounted for 47.8 percent of overall health spending. The analysis also identified two commonly overlooked tax-funded health expenditures - government outlays for public

employees' private health insurance coverage ($188 billion, or 6.4 percent of total spending) and tax subsidies to health care ($294.9 billion, or 10.1 percent of the total). Together, these public expenditures put the U.S. in first place for health care taxes.

Using another yardstick, the researchers note that tax-funded health expenditures in the U.S. accounted for a larger share of the gross domestic product (11.2 percent in 2013) than did the total health expenditures of any other nation.

The researchers drew upon data from the Centers for Medicare and Medicaid Services, the Office of Management and Budget, the U.S. Census Bureau and the Internal Revenue Service to analyze government outlays for health care costs. They utilized data from the Organization for Economic Co-operation and Development to compare the U.S. data with that of other nations.

"We pay the world's highest health care taxes. But patients are still saddled with unaffordable premiums and deductibles," said Dr. Steffie Woolhandler. "Meanwhile, billions are squandered on paperwork, and insurers and drug companies pocket huge profits at taxpayer expense."

Dr. David Himmelstein commented: "Our study shows that universal coverage is affordable - without a big tax increase. In fact, we already pay for national health insurance, but we don't get it. It's an outrage that the American people pay sky-high health care taxes, but 33 million are still uninsured."

In addition to their academic posts and clinical work as internists, Himmelstein and Woolhandler are co-founders and leaders of Physicians for a National Health Program, a nonprofit organization that advocates for a single-payer health system. PNHP had no role in funding their study.

More information: "The current and projected taxpayer shares of U.S. health costs." David U. Himmelstein, M.D., and Steffie Woolhandler, M.D., M.P.H. *American Journal of Public Health*, online ahead of print, Jan. 21, 2016.

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