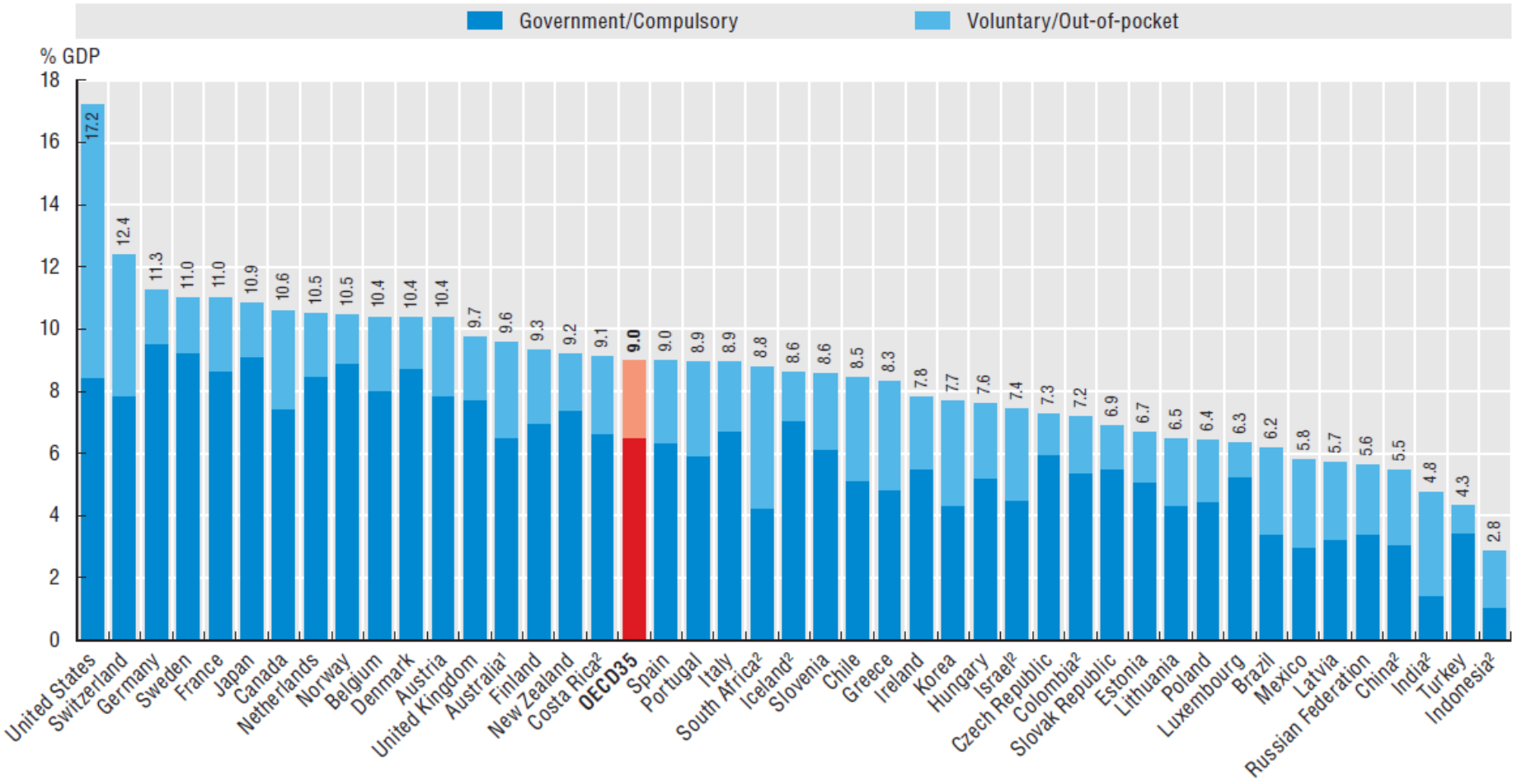
Health spending was 9% of GDP on average in the OECD, ranging from 4.3% in Turkey to 17.2% in the United States

Health expenditure as a share of GDP, 2016 (or nearest year)



Note: Expenditure excludes investments, unless otherwise stated.
1. Australian expenditure estimates exclude all expenditure for residential aged care facilities in welfare (social) services.
2. Includes investments.

***Source*: Health at a Glance 2017.**

15.1

Distribution of National Health Expenditures in the United States, 2010

Category	Share of Spending
Hospital care	31%
Physician, clinical care	20
Prescription drugs	10
Nursing home care	6
Other personal health care	15
Other health spending	16

15.1

Americans' Source of Health Insurance Coverage, 2010

	People (millions)	Population %
Private	201.0	64.0
Employment-based	176.3	55.3
Direct purchase	26.8	9.8%
Public	87.4	31.0
Medicare	43	14.5
Medicaid	42.6	15.9
TRICARE/CHAMPVA	11.6	4.2
Uninsured	46.2	16.3

15.1

Illustrating the Tax Subsidy

	Jim	Peter
Wage	30	30
Employer health insurance spending	0	5
Pre-tax wage	30	25
After-tax wage	20	16.67
Personal health spending	4	0
After-tax, after-health spending income	16	16.67

Why Employers Provide Private Insurance, Part II: The Tax Subsidy

The subsidy to employer-provided health insurance is generally not well understood.

- Subsidy to *employees* not *employers.*
- Employer is indifferent between payments in wages and in health insurance (both are tax deductible).
- Worker prefers to be paid in health insurance rather than wages, the worker reduces her tax payments.
- To end the tax subsidy, don't increase the corporate tax paid by the firm; instead, include employer spending on health insurance as part of an employee's taxable income.

16.3

The Medicare Program

The largest public health insurance program in the United States is Medicare.

■ TABLE 16-2

Medicaid and Medicare

	Medicaid	Medicare
Eligibles	Families on welfare Low-income children, pregnant women Low-income elderly, disabled	Retirees and spouses 65 and older Certain disabled individuals under 65 People with kidney failure (requiring dialysis or transplant)
Premiums	None	Hospital coverage: none Physician coverage: $66.60 per month Prescription drug coverage: Variable
Deductibles/copayments	None (or very small)	Hospital coverage: $1,068 deductible for first 60 days Physician coverage: $135 deductible, 20% coinsurance Prescription drug coverage: Variable
Services excluded	None (or very minor)	Prescription drugs (until 2006) Routine checkups, dental care, nursing home care, eyeglasses, hearing aids, immunization shots
Provider reimbursement	Very low	Moderate (but falling)

Medicaid provides health insurance for low-income individuals, covering a wide range of health services at little cost to those individuals. Medicare provides health insurance for those age 65 and over, covering many, though not all, health services at some cost to those individuals.

15.1

An Overview of Health Care in the United States

EMPIRICAL EVIDENCE

HEALTH INSURANCE AND MOBILITY

Is job lock an important problem in reality?

Initially, a large literature compared the mobility rate of those who have and do not have health insurance.

A more sophisticated literature in the 1990s surmounted this problem in two different ways:

- Studies used a difference-in-difference strategy that compared a treatment group of those who valued health insurance particularly highly with a control group of those who did not.
- Studies examined the impact of state laws that allowed workers to continue to purchase their employer-provided health insurance for some period of time after leaving their jobs.

The results from these studies support the notion that job lock is quantitatively important.

15.2

Moral Hazard Costs of Health Insurance for Patients

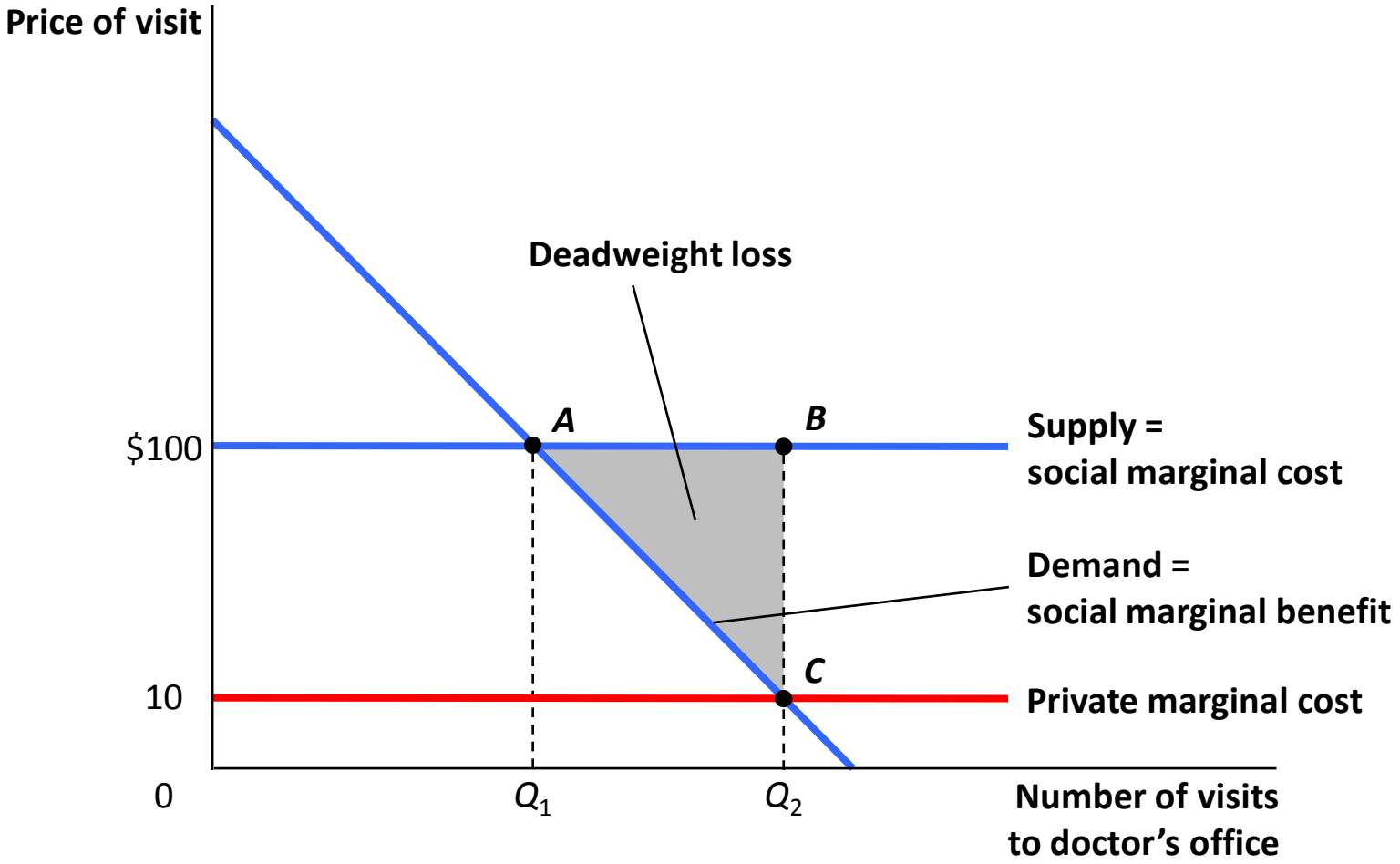


Table V: Health Care Utilization (Survey Data)

	Extensive Margin (Any)				Total Utilization (Number)			
	Control Mean	ITT	LATE	p-values	Control Mean	ITT	LATE	p-values
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Prescription drugs currently	0.637	0.025	0.088	[0.002]	2.318	0.100	0.347	[0.049]
	(0.481)	(0.0083)	(0.029)	{0.005}	(2.878)	(0.051)	(0.176)	{0.137}
Outpatient visits last six months	0.574	0.062	0.212	[<0.0001]	1.914	0.314	1.083	[<0.0001]
	(0.494)	(0.0074)	(0.025)	{<0.0001}	(3.087)	(0.054)	(0.182)	{<0.0001}
ER visits last six months	0.261	0.0065	0.022	[0.335]	0.47	0.0074	0.026	[0.645]
	(0.439)	(0.0067)	(0.023)	{0.547}	(1.037)	(0.016)	(0.056)	{0.643}
Inpatient Hospital admissions last six months	0.072	0.0022	0.0077	[0.572]	0.097	0.0062	0.021	[0.311]
	(0.259)	(0.0040)	(0.014)	{0.570}	(0.4)	(0.0062)	(0.021)	{0.510}
Standardized treatment effect		0.050	0.173	[<0.0001]		0.040	0.137	[0.0003]
		(0.011)	(0.036)			(0.011)	(0.038)	
Annual spending [a]					3,156	226	778	[0.037]
						(108)	(371)	

Source: Finkelstein et al. 2012

Table VIII: Financial Strain (Survey Data)

	Control Mean	ITT	LATE	p-values
	(1)	(2)	(3)	(4)
Any out of pocket medical expenses, last six months	0.555	-0.058	-0.200	[<0.0001]
	(0.497)	(0.0077)	(0.026)	{<0.0001}
Owe money for medical expenses currently	0.597	-0.052	-0.180	[<0.0001]
	(0.491)	(0.0076)	(0.026)	{<0.0001}
Borrowed money or skipped other bills to pay medical bills, last six	0.364	-0.045	-0.154	[<0.0001]
	(0.481)	(0.0073)	(0.025)	{<0.0001}
Refused treatment bc of medical debt, last six months	0.081	-0.011	-0.036	[0.01]
	(0.273)	(0.0041)	(0.014)	{0.01}
Standardized treatment effect		-0.089	-0.305	[<0.0001]
		(0.010)	(0.035)	

Source: Finkelstein et al. 2012

Table IX: Health

	Control Mean	ITT	LATE	p-values
	(1)	(2)	(3)	(4)
Panel A: Administrative data				
Alive	0.992	0.00032	0.0013	[0.638]
	(0.092)	(0.00068)	(0.0027)	
Panel B: Survey Data				
Self reported health good / very good / excellent (not fair or poor)	0.548	0.039	0.133	[<0.0001]
	(0.498)	(0.0076)	(0.026)	{<0.0001}
Self reported health not poor (fair, good, very good, or excellent)	0.86	0.029	0.099	[<0.0001]
	(0.347)	(0.0051)	(0.018)	{<0.0001}
Health about the same or gotten better over last six months	0.714	0.033	0.113	[<0.0001]
	(0.452)	(0.0067)	(0.023)	{<0.0001}
# of days physical health good, past 30 days*	21.862	0.381	1.317	[0.019]
	(10.384)	(0.162)	(0.563)	{0.018}
# days poor physical or mental health did not impair usual activity, past 30 days*	20.329	0.459	1.585	[0.009]
	(10.939)	(0.175)	(0.606)	{0.015}
# of days mental health good, past 30 days*	18.738	0.603	2.082	[0.001]
	(11.445)	(0.184)	(0.64)	{0.003}
Did not screen positive for depression, last two weeks	0.671	0.023	0.078	[0.001]
	(0.470)	(0.0071)	(0.025)	{0.003}
Standardized treatment effect		0.059	0.203	[<0.0001]
		(0.011)	(0.039)	

Source: Finkelstein et al. 2012

Table X: Potential Mechanisms for Improved Health (Survey Data)

	Control Mean	ITT	LATE	p-values
	(1)	(2)	(3)	(4)
Panel A: Access to care				
Have usual place of clinic-based care	0.499	0.099	0.339	[<0.0001]
	(0.500)	(0.0080)	(0.027)	{<0.0001}
Have personal doctor	0.490	0.081	0.280	[<0.0001]
	(0.500)	(0.0077)	(0.026)	{<0.0001}
Got all needed medical care, last six months	0.684	0.069	0.239	[<0.0001]
	(0.465)	(0.0063)	(0.022)	{<0.0001}
Got all needed drugs, last six months	0.765	0.056	0.195	[<0.0001]
	(0.424)	(0.0055)	(0.019)	{<0.0001}
Didn't use ER for non-emergency, last six months	0.916	-0.0011	-0.0037	[0.804]
	(0.278)	(0.0043)	(0.015)	{0.804}
Standardized treatment effect		0.128	0.440	[<0.0001]
		(0.0084)	(0.029)	

Source: Finkelstein et al. 2012

16.2

EVIDENCE: Using State Medicaid Expansions to Estimate Program Effects

Eligibility for all Children, by State		
Year	Missouri Eligibility	Michigan Eligibility
1982	12%	20%
2000	76%	34%
Eligibility for Children by age in Washington, D.C.		
Year	Age 13	Age 0
1982	18%	48%
2000	59%	56%

Costs Per Life Saved of Various Regulations

Regulation concerning …	Year	Agency	Cost per life saved ($ millions)
Childproof lighters	1993	CPSC	$0.1
Food labeling	1993	FDA	0.4
Reflective devices for heavy trucks	1999	NHTSA	0.9
Medicaid pregnancy expansions	1996	Currie & Gruber	1.0
Children's sleepware flammability	1973	CPSC	2.2
Rear/up/should seatbelts in cars	1989	NHTSA	4.4
Asbestos	1972	OSHA	5.5
Value of statistical life			**7.0**
Benezene	1987	OSHA	22
Asbestos ban	1989	EPA	78
Cattle feed	1979	FDA	170
Solid waste disposal facilities	1991	EPA	100,000

Source: Chetty Undergraudate Slide

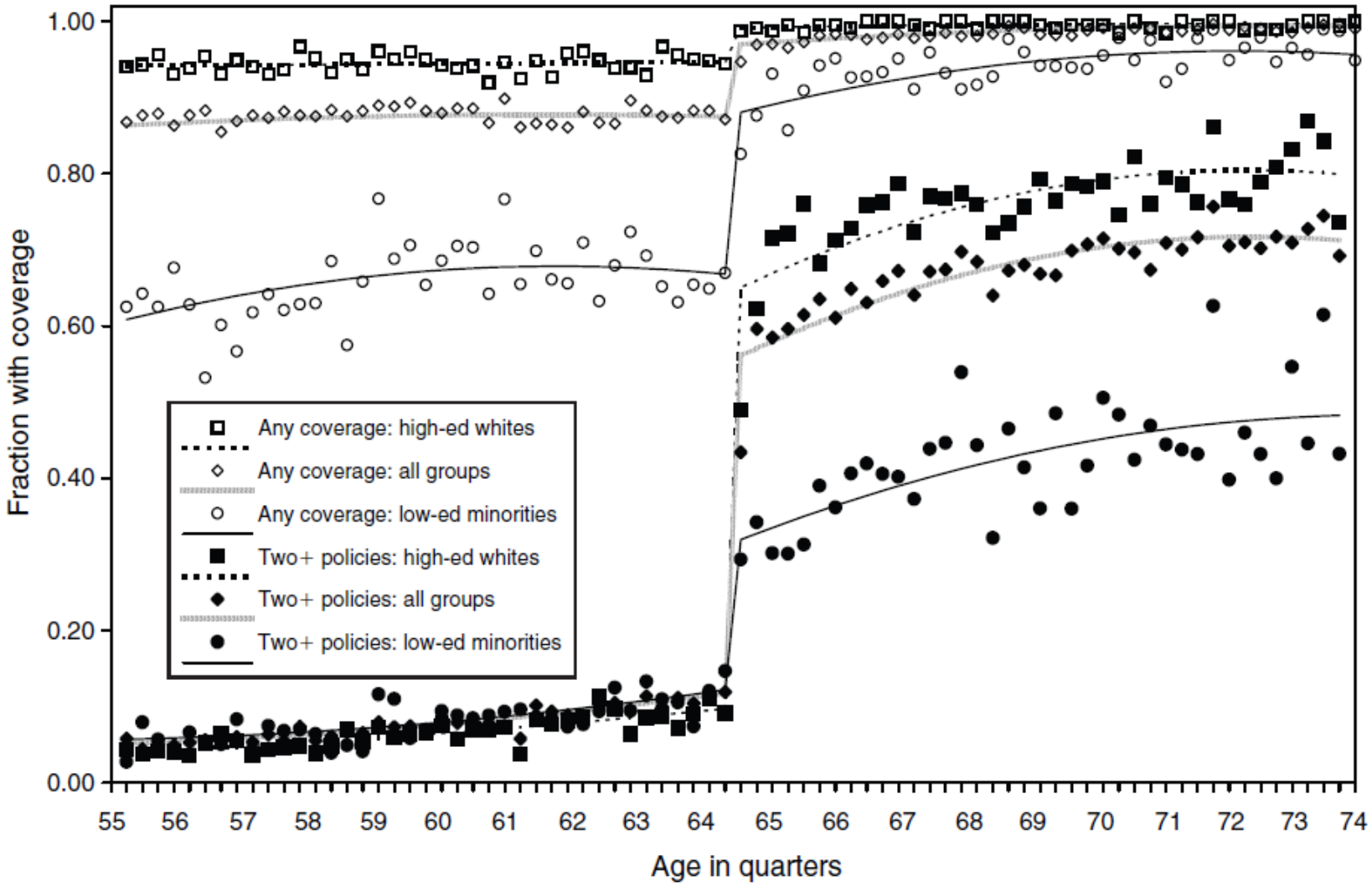


FIGURE 1. COVERAGE BY ANY INSURANCE AND BY TWO OR MORE POLICIES, BY AGE AND DEMOGRAPHIC GROUP

First stage: sharp increase in coverage; more for disadvantaged
(From NHIS; age measured in quarters) FIGURE 1

Source: David Card et al (2008)

Hospital discharge data (CA, FL, NY 1992-2002), ages 60-70

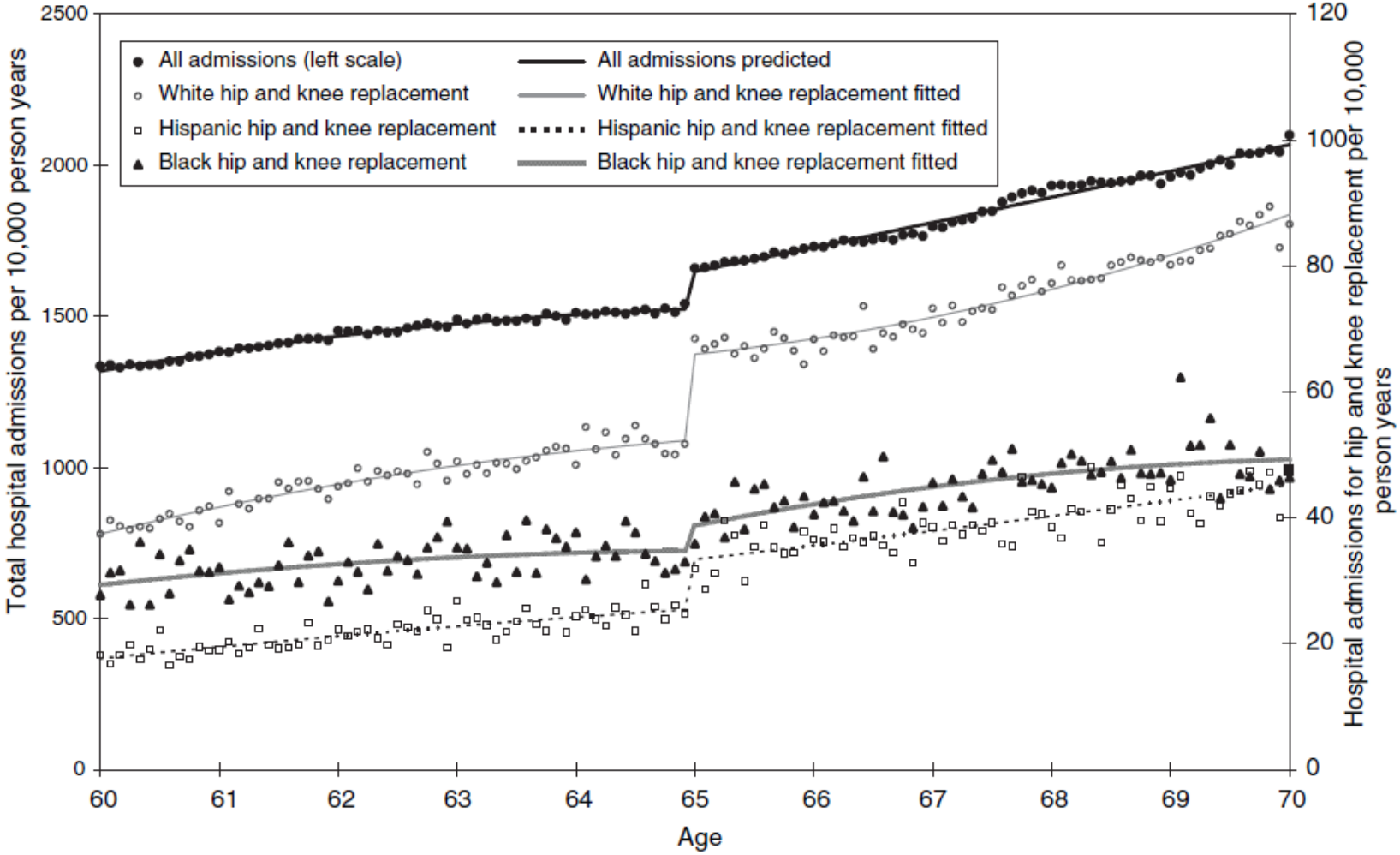


FIGURE 3. HOSPITAL ADMISSION RATES BY RACE/ETHNICITY

Increase is driven by discretionary medical care, diagnostic heart treatments.

Source: David Card et al (2008)

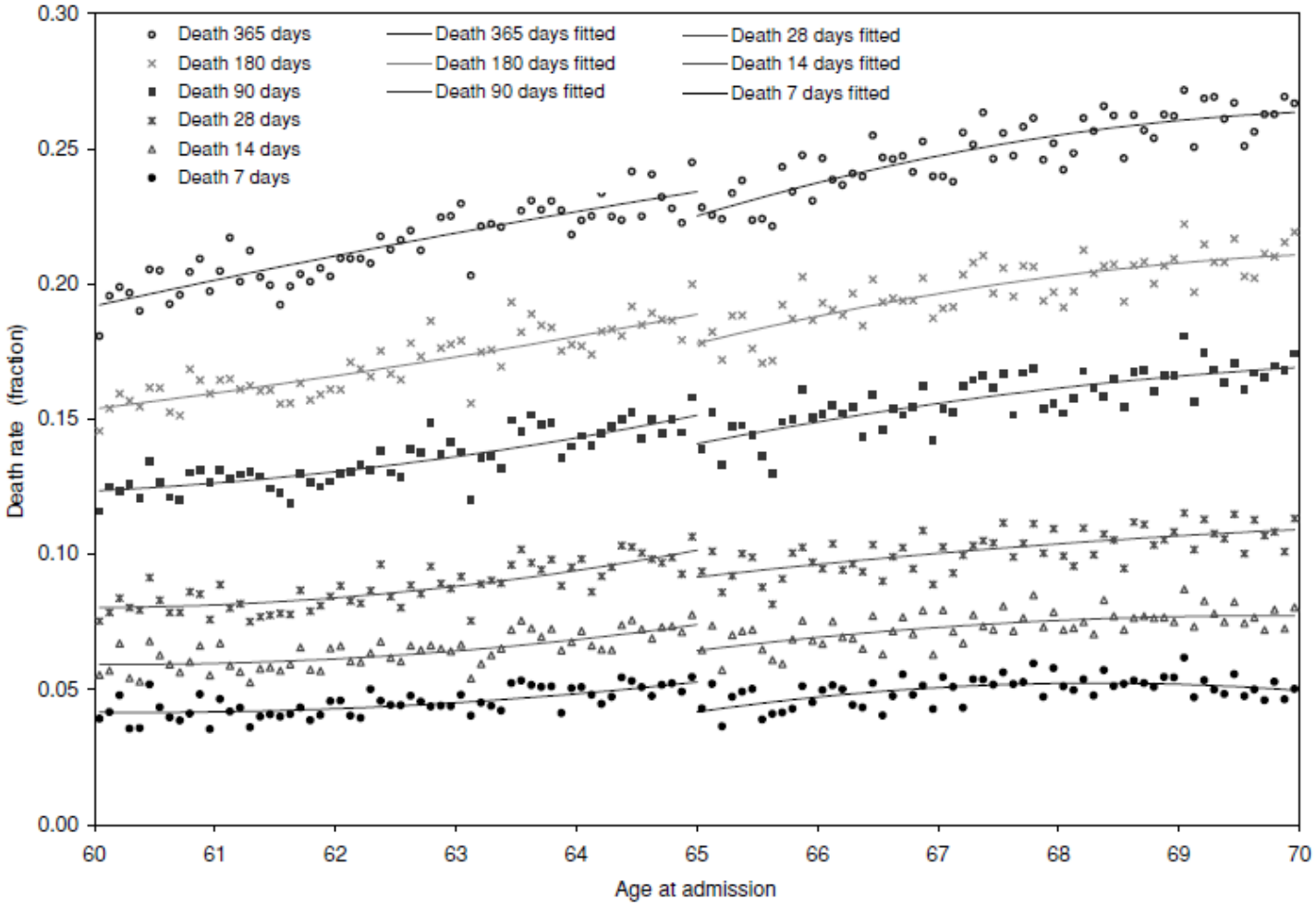


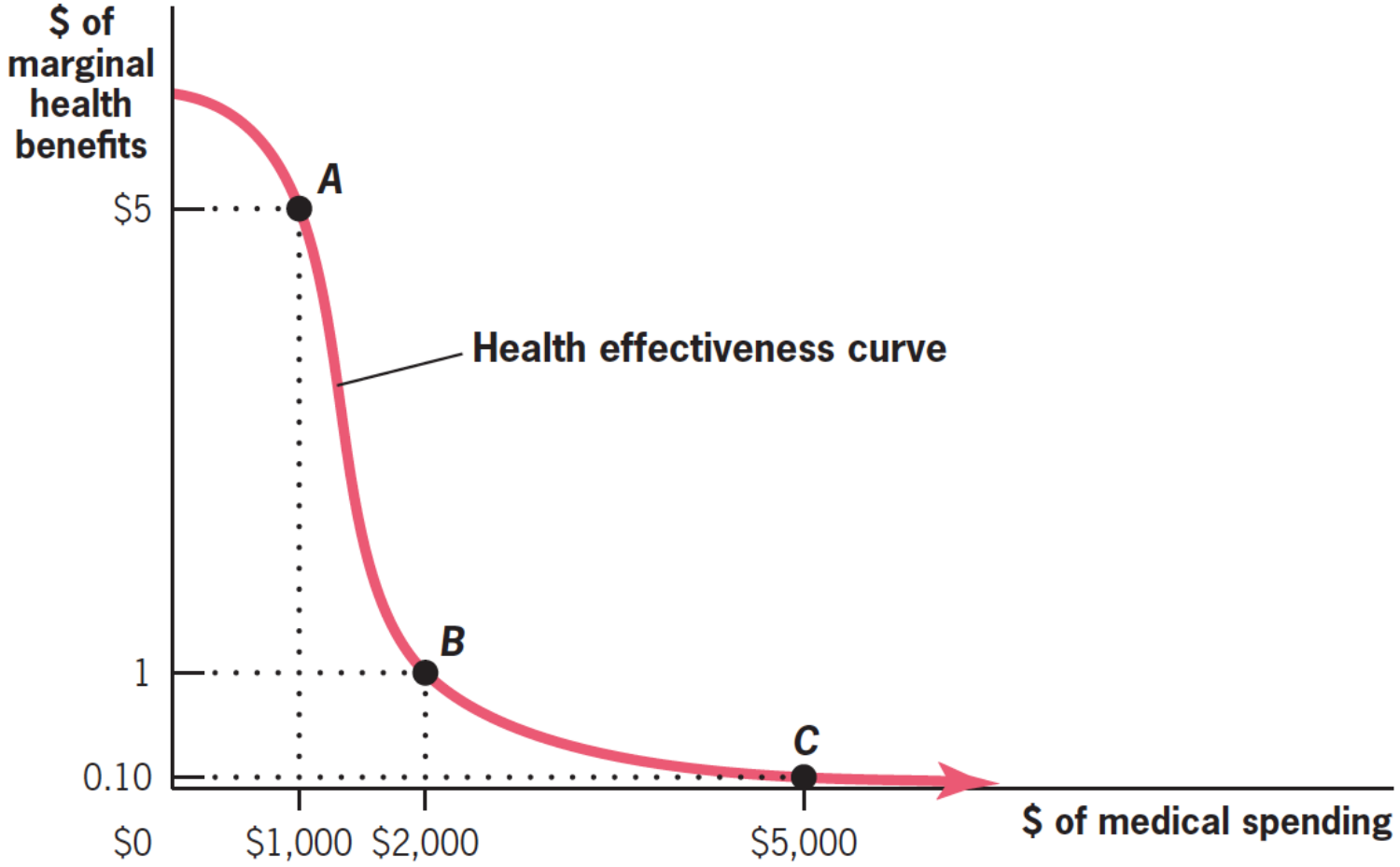
FIGURE VI
Patient Mortality Rates over Different Follow-Up Intervals

Nontrivial decrease in mortality.

Source: David Card et al (2008)

15.2

The "Flat of the Curve"



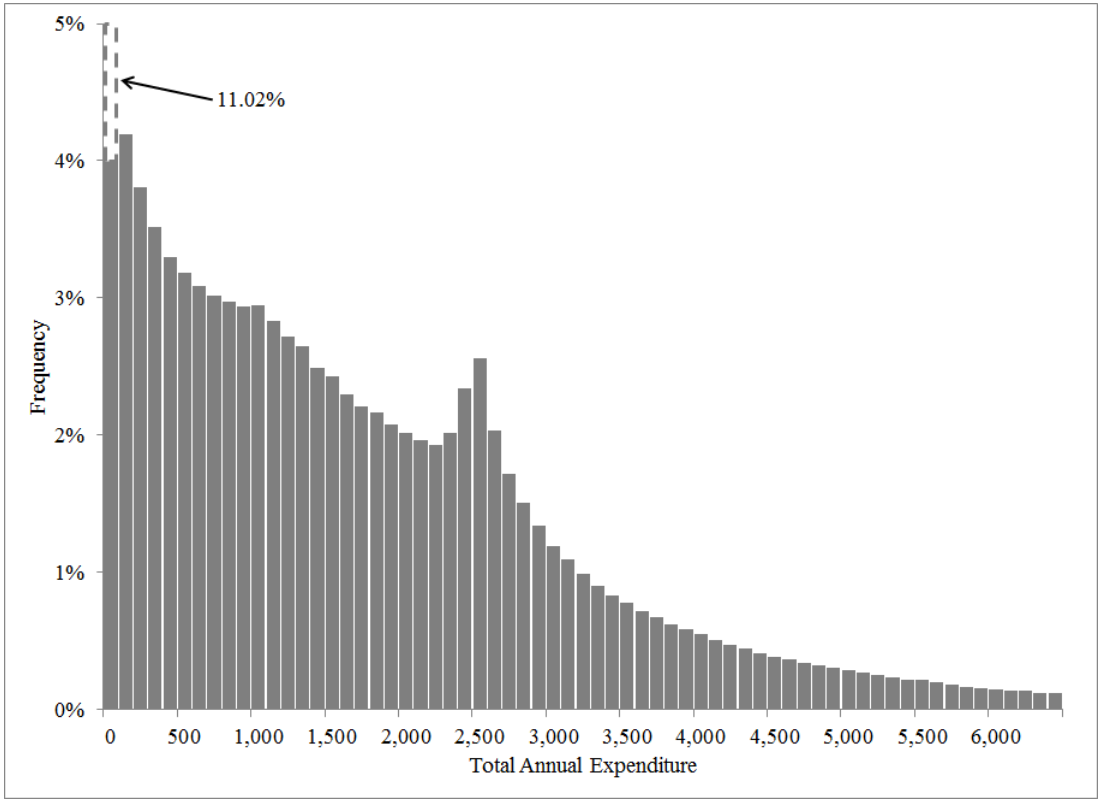
The Massachusetts Experiment with Incremental Universalism

- In 2006, Massachusetts pushed to cover remaining 8% without insurance.
- "Three-legged stool" approach:
  - Ban pre-existing conditions exclusion, health-based pricing.
  - Individual mandate, avoiding adverse selection.
    - **Mandate:** A legal requirement for employers to offer insurance for individuals to obtain some type of insurance coverage.
  - Subsidized/free insurance for low-income families.

The Massachusetts Experiment with Incremental Universalism

- Striking results:
  - MA uninsurance rate 3%, compared to 18% nationally.
  - Half of the increase in coverage from Medicaid or government subsidized plans.
  - Premiums in the non-group market have fallen by half relative national trends.
  - Costs of the reform roughly consistent with projections.

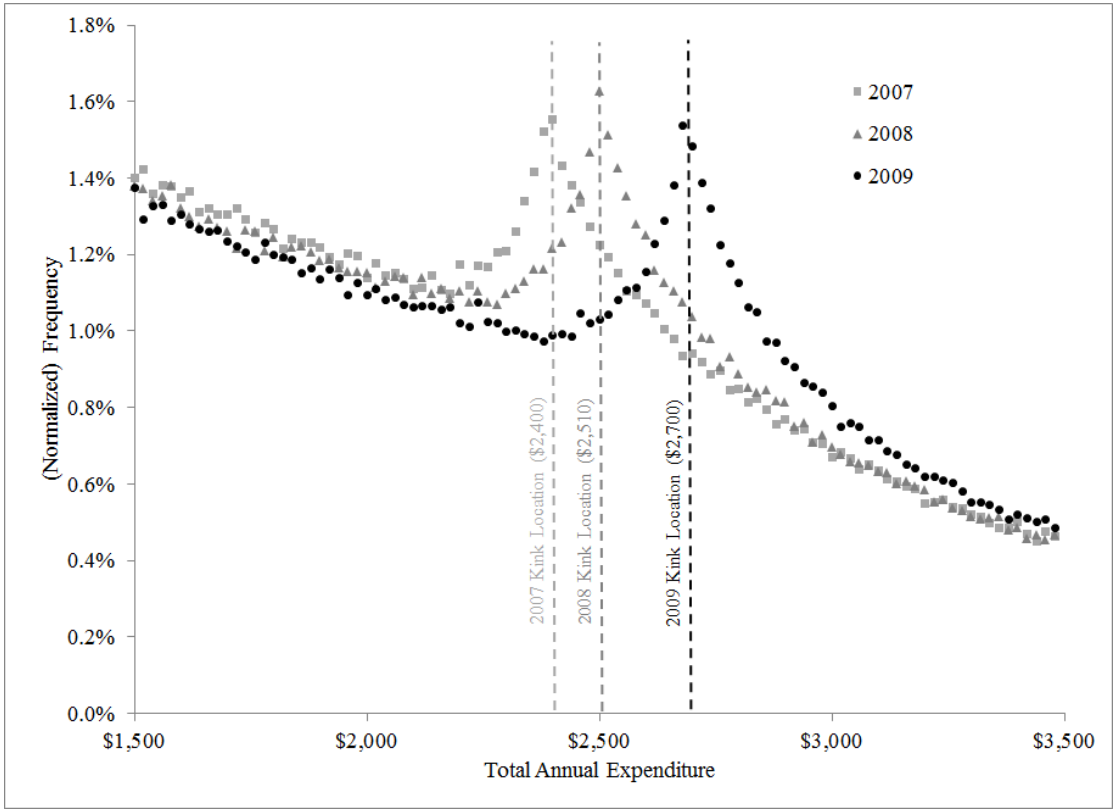
Figure 2: Annual spending distribution (in 2008)



The figure displays the distribution of total annual prescription drug spending in 2008 for our baseline sample. Each bar represents the set of people that spent up to $100 above the value that is on the x-axis, so that the first bar represents individuals who spent less than $100 during the year, the second bar represents $100-200 spending, and so on. For visual clarity, we omit from the graph the 3% of the sample whose spending exceeds $6,500. The kink location (in 2008) is at $2,510. N =1,251,969.

Source: Einav, Finkelstein, Schrimpf (2013)

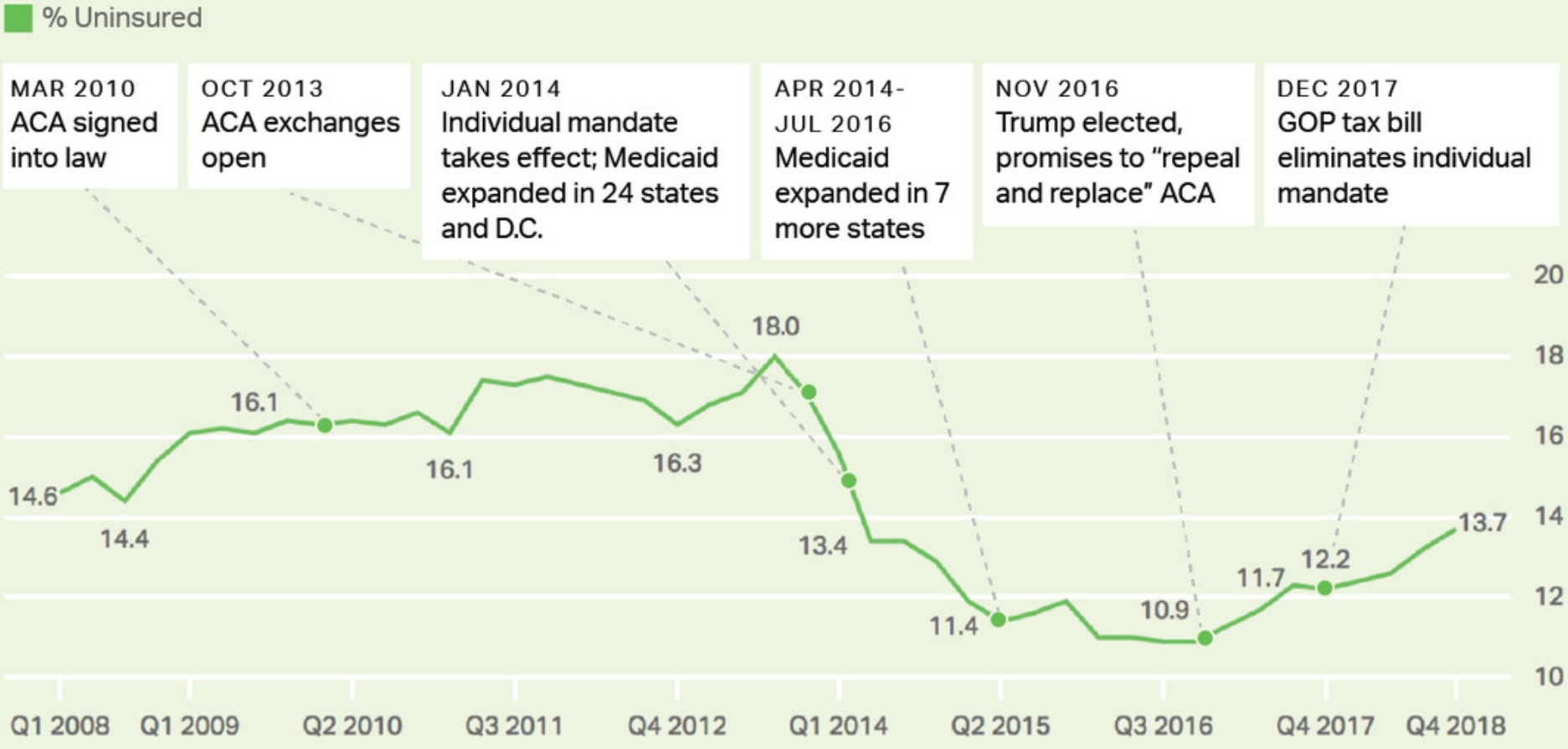
Figure 3: Distribution of spending around the kink, by year



The figure displays the distribution of total annual prescription drug spending, separately by year, for individuals in our baseline sample whose annual spending in a given year was between $1,500 and $3,500 (N=1,332,733 overall; by year it is 447,006 (2007), 442,317 (2008), and 442,410 (2009)). Each point in the graph represents the set of people that spent up to $20 above the value that is on the x-axis, so that the first point represents individuals who spent between $1,500 and $1,520, the second bar represents $1,520-1,540 spending, and so on. We normalize the frequencies so that they add up to one for each series (year) shown.

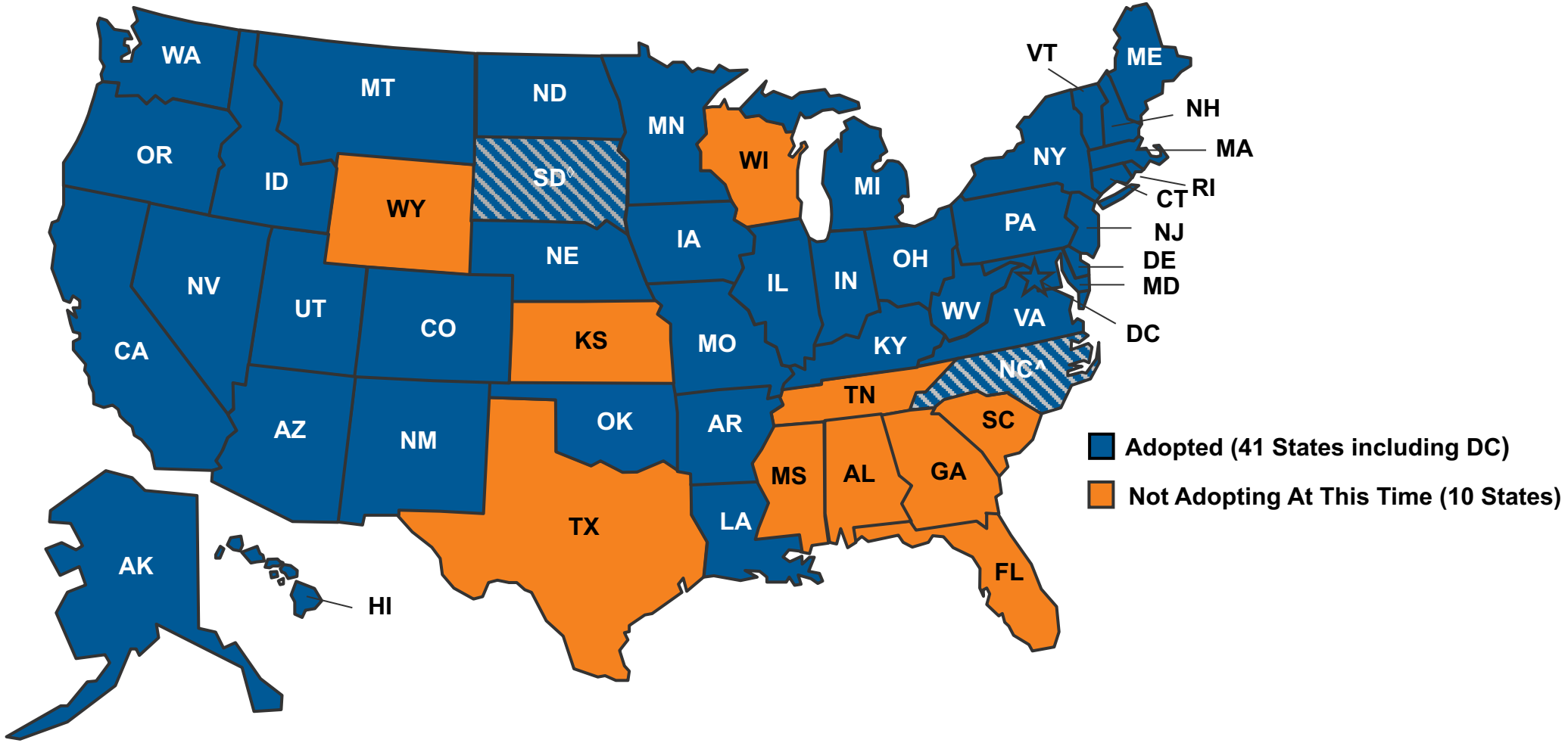
Source: Einav, Finkelstein, Schrimpf (2013)

Percentage of U.S. Adults Without Health Insurance, 2008-2018



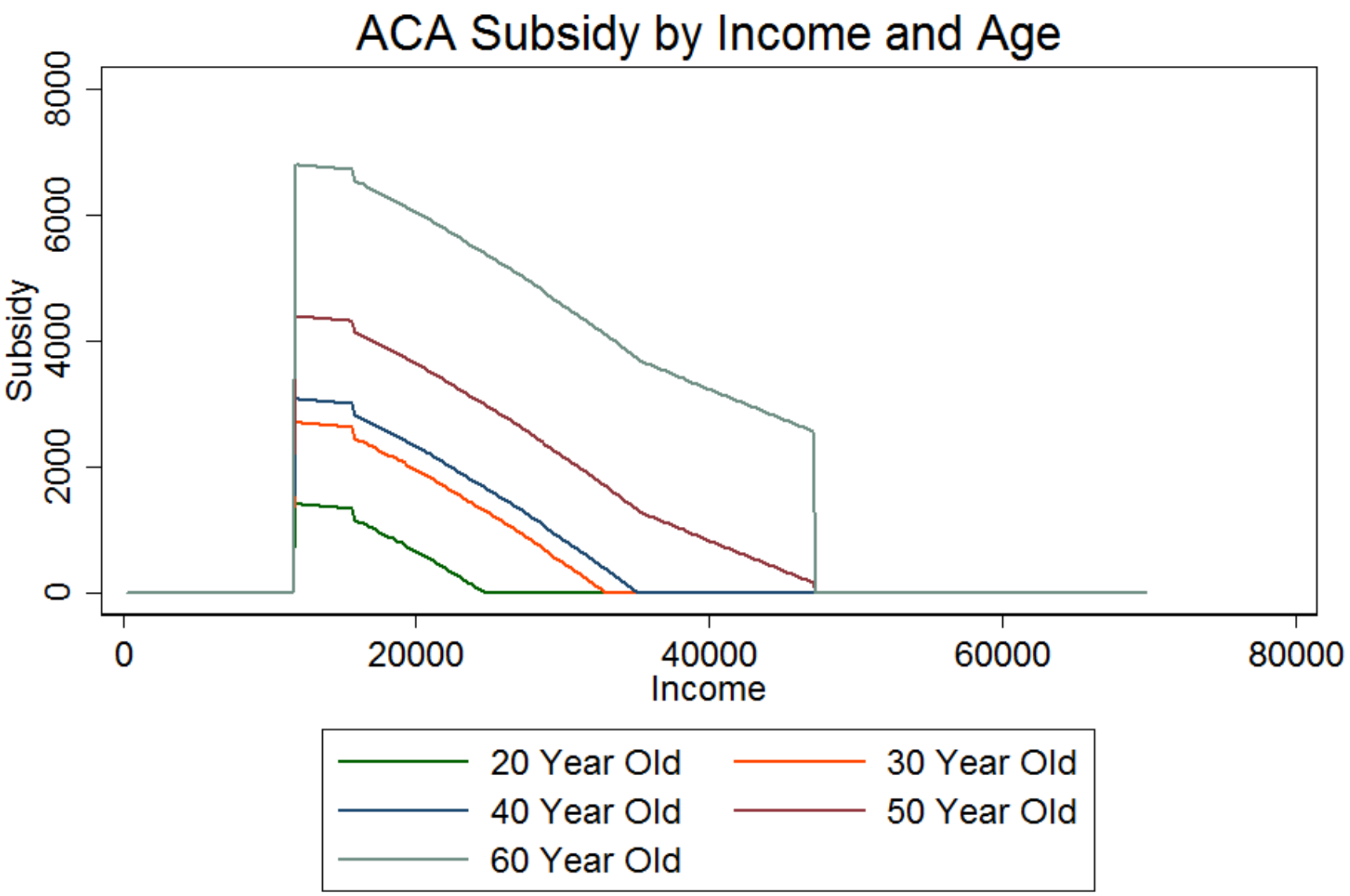
GALLUP NATIONAL HEALTH AND WELL-BEING INDEX

Status of State Medicaid Expansion Decisions



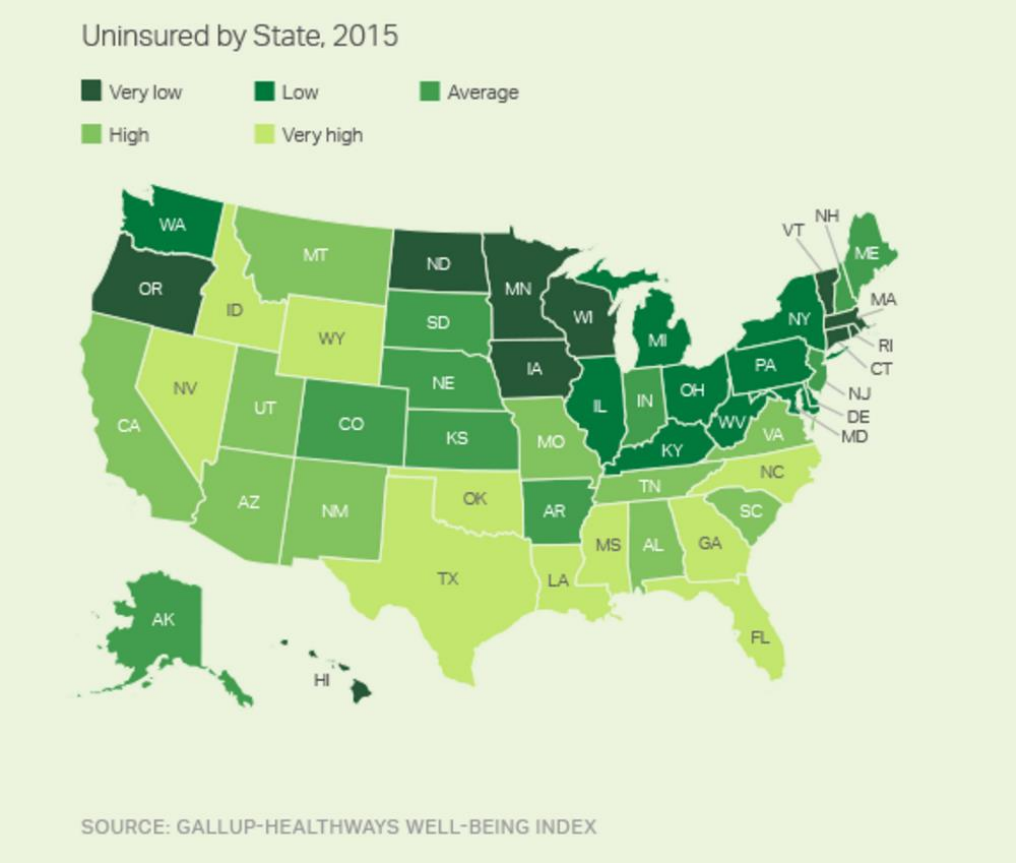
NOTES: Current status for each state is based on KFF tracking and analysis of state activity. ◊Expansion is adopted but not yet implemented in SD. ^Implementation of Medicaid Expansion is contingent on appropriations in the SFY 2023-2024 biennial budget in NC. See link below for additional state-specific notes.

SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated March 27, 2023. https://www.kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/



Note: Subsidy calculated for single person in 2015 for all scenarios.

Coverage Gains Vary by State



State	% Uninsured 2013	% Uninsured 2015	Expanded Medicaid
California	21.6	11.8	Yes
Colorado	17.0	10.3	Yes
Florida	22.1	15.7	No
Illinois	15.5	8.7	Yes
Kentucky	20.4	7.5	Yes
Massachusetts	4.9	3.5	Yes
New York	12.6	8.6	Yes
Oregon	19.4	7.3	Yes
Texas	27.0	22.3	No
Virginia	13.3	12.6	No

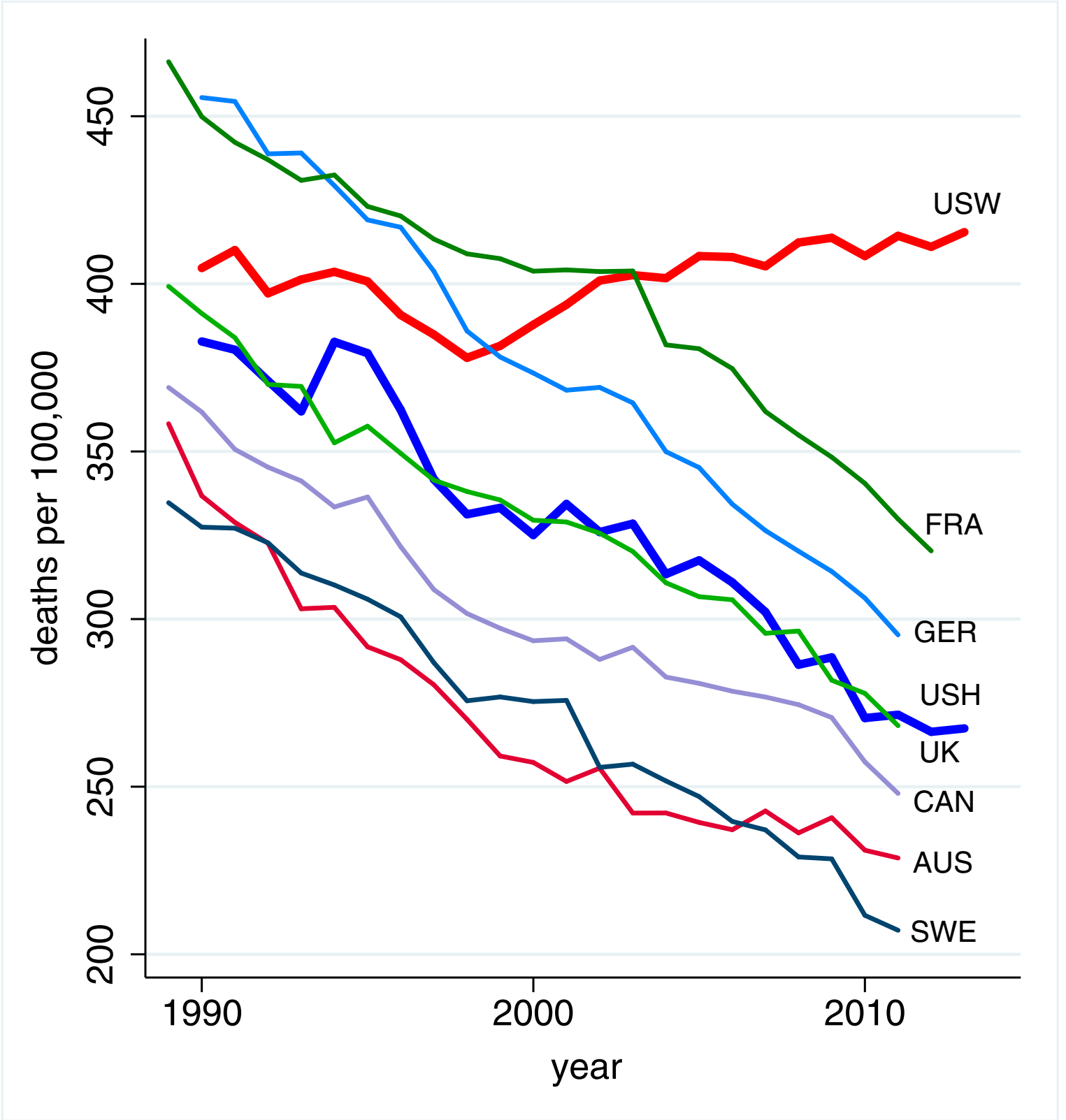
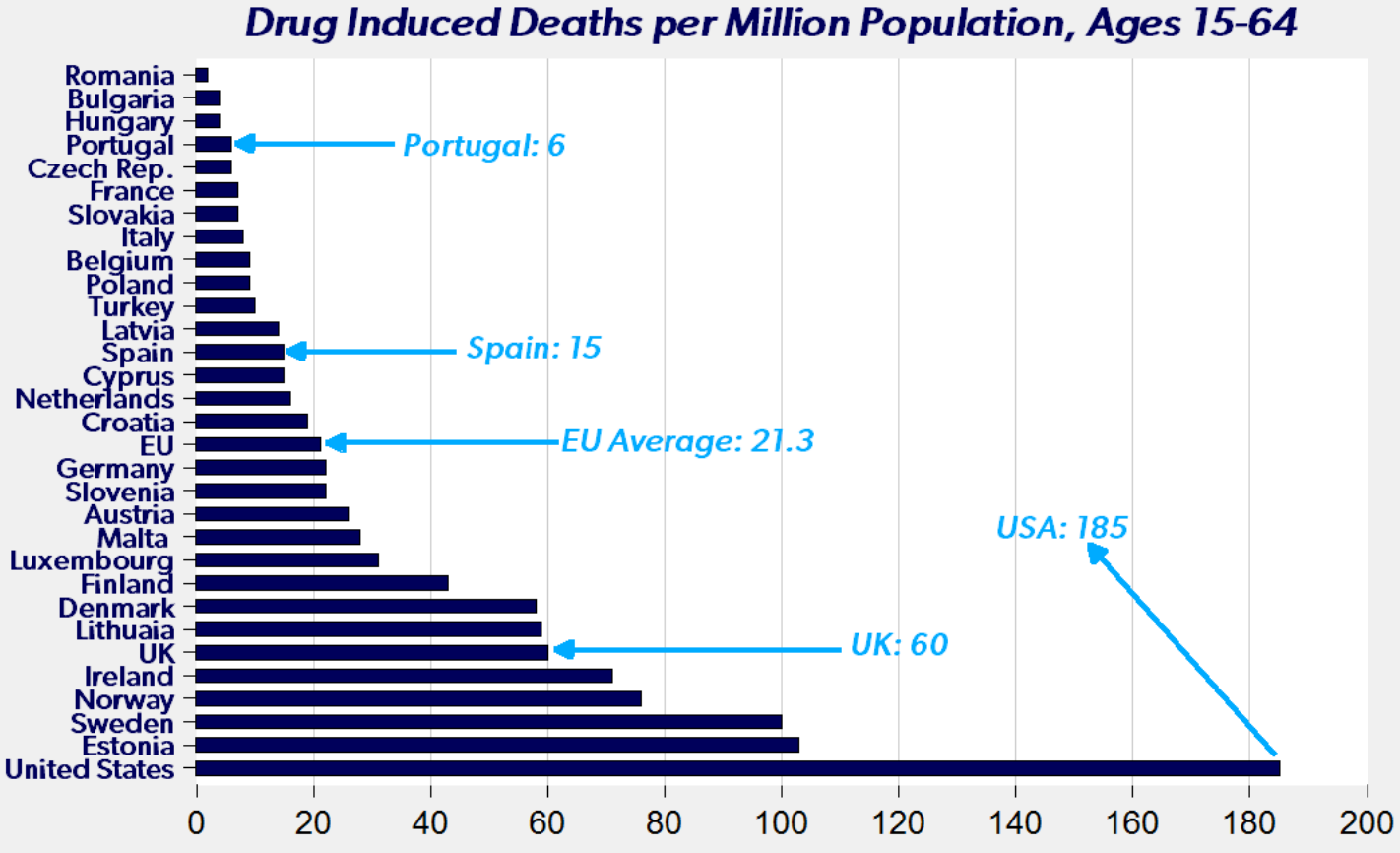
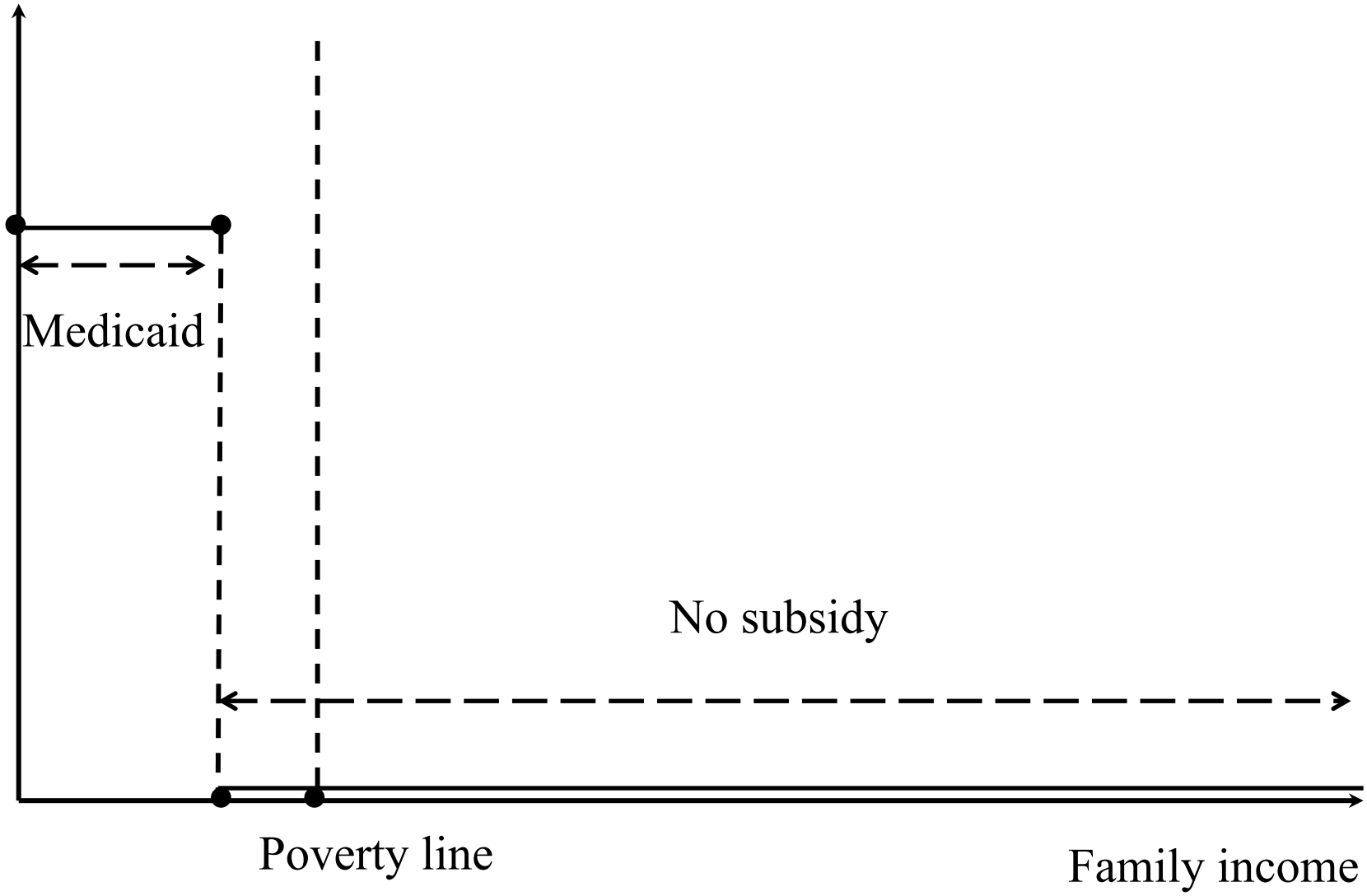


Fig. 1. All-cause mortality, ages 45–54 for US White non-Hispanics (USW), US Hispanics (USH), and six comparison countries: France (FRA), Germany (GER), the United Kingdom (UK), Canada (CAN), Australia (AUS), and Sweden (SWE).

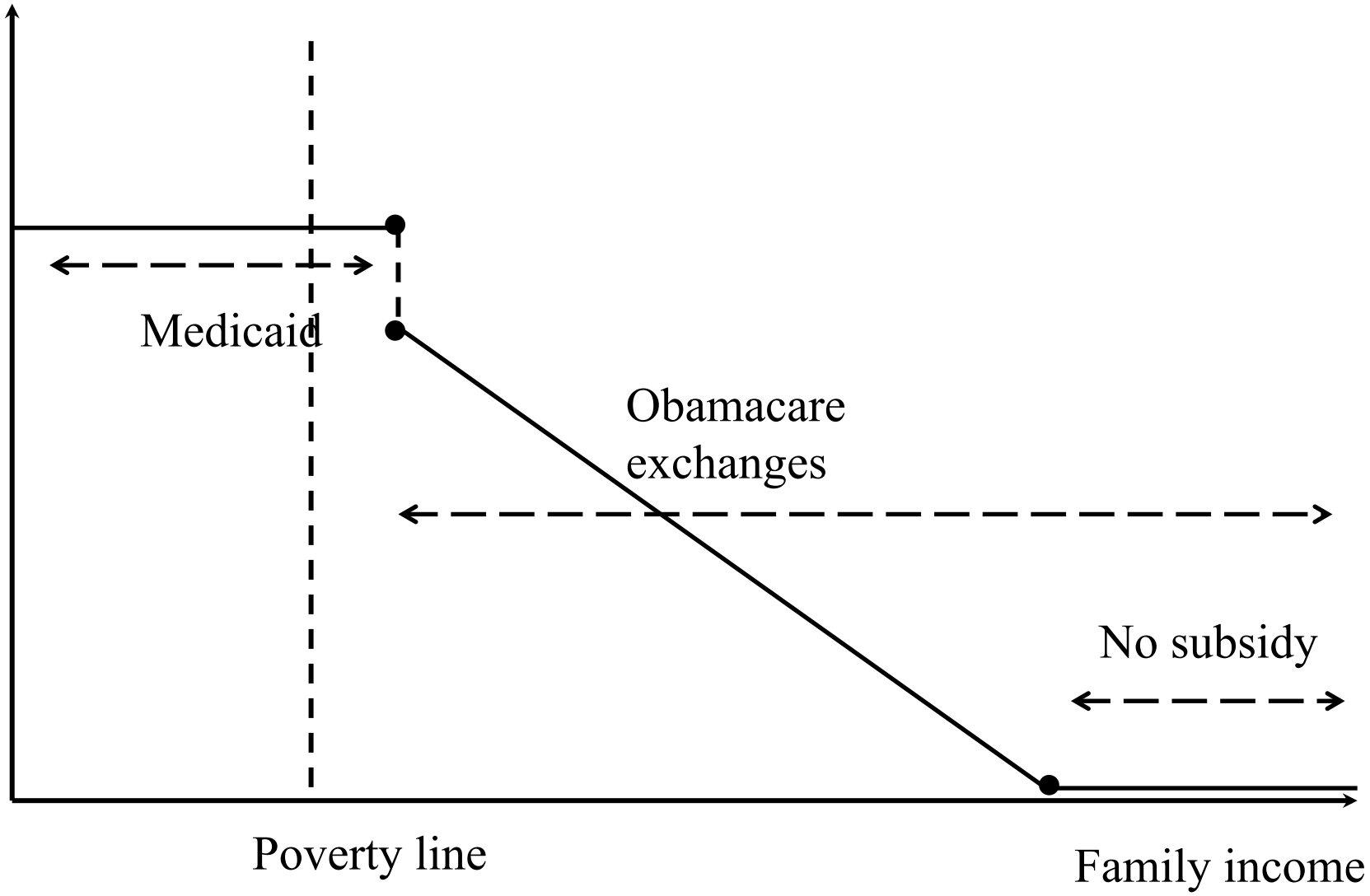
Source: Case and Deaton (2015)


Drug Induced Deaths per Million Population, Ages 15-64
Romania
Bulgaria
Hungary
Portugal
Czech Rep.
France
Slovakia
Italy
Belgium
Poland
Turkey
Latvia
Spain
Cyprus
Netherlands
Croatia
EU
Germany
Slovenia
Austria
Malta
Luxembourg
Finland
Denmark
Lithuaia
UK
Ireland
Norway
Sweden
Estonia
United States
Portugal: 6
Spain: 15
EU Average: 21.3
USA: 185
UK: 60
0
20
40
60
80
100
120
140
160
180
200
Sources: European Drug Report 2017 and New York Times
Carpe Diem
AEI

Health subsidy BEFORE Obamacare



Health subsidy after Obamacare in Medicaid Expansion States



Health subsidy after Obamacare in non-expansion States

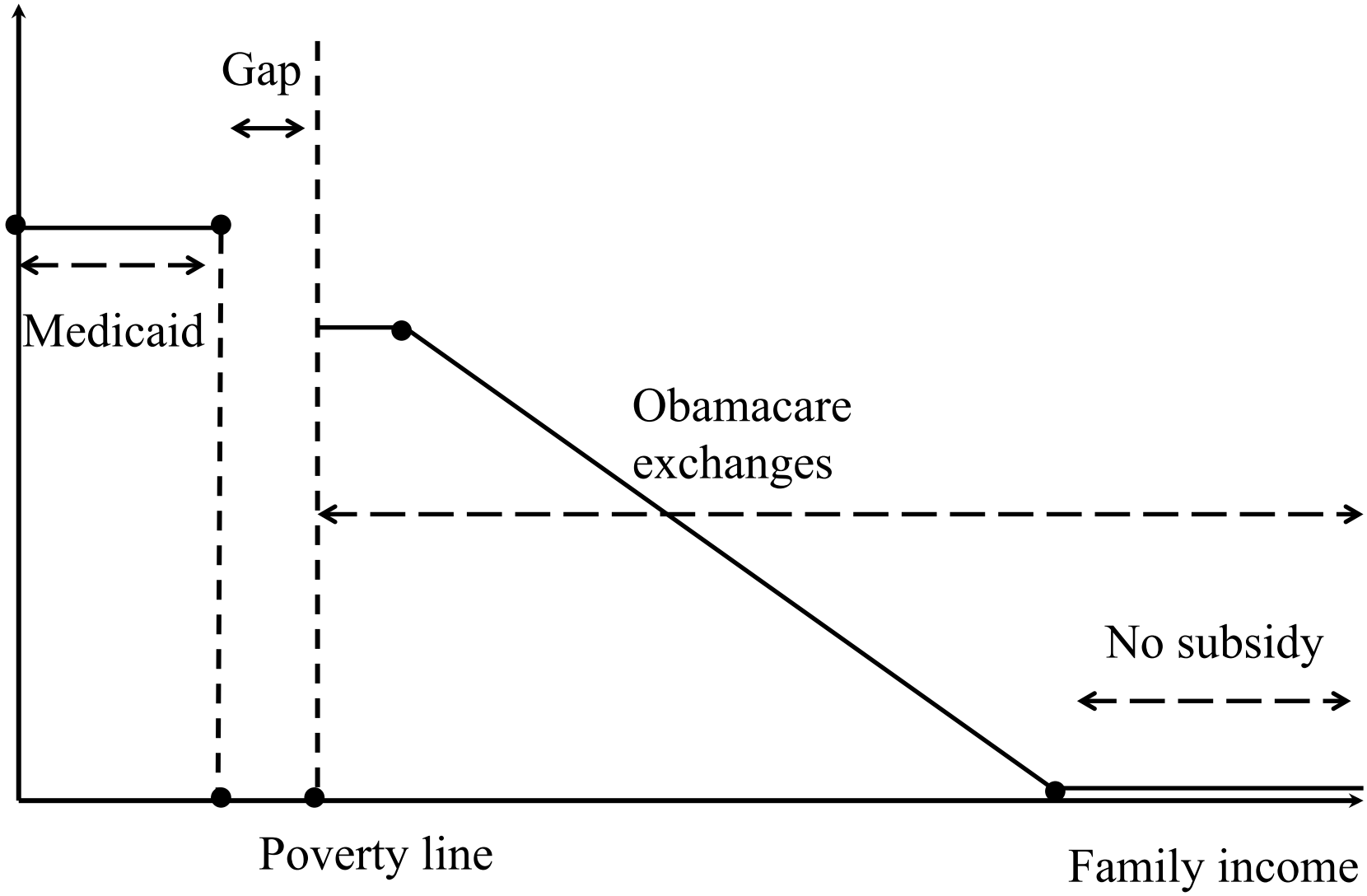
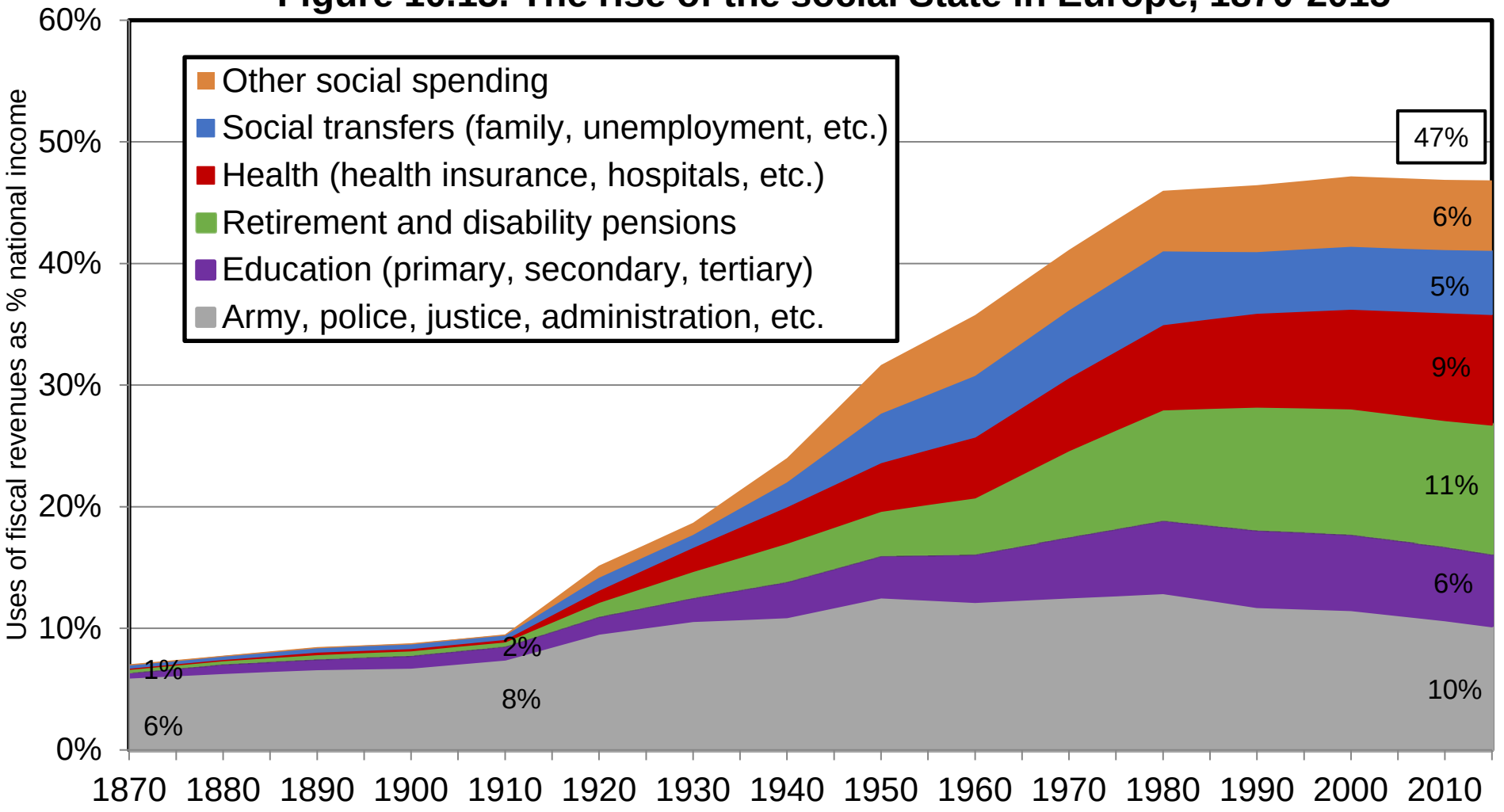


Figure 10.15. The rise of the social State in Europe, 1870-2015



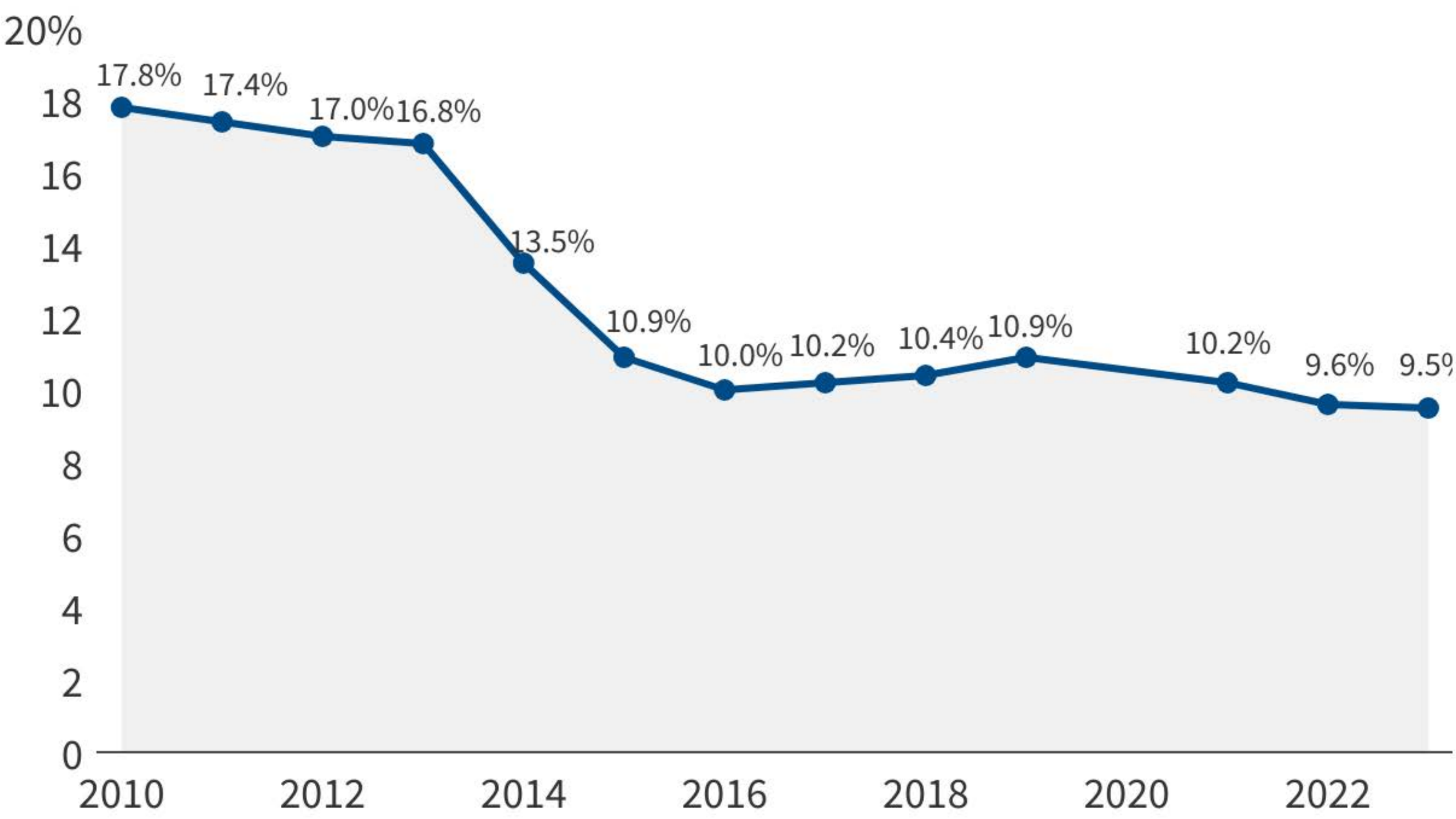
Interpretation. In 2015, fiscal revenues represented 47% of national income on average in Western Europe et were used as follows: 10% of national income for regalian expenditure (army, police, justice, general administration, basic infrastructure: roads, etc.); 6% for education; 11% for pensions; 9% for health; 5% for social transfers (other than pensions); 6% for other social spending (housing, etc.). Before 1914, regalian expenditure absorbed almost all fiscal revenues. **Note.** The evolution depicted here is the average of Germany, France, Britain and Sweden (see figure 10.14). Sources and séries: see piketty.pse.ens.fr/ideology.

Figure 1

Uninsured Rate for the Population Ages 0-64, 2010-2023

Select an option:

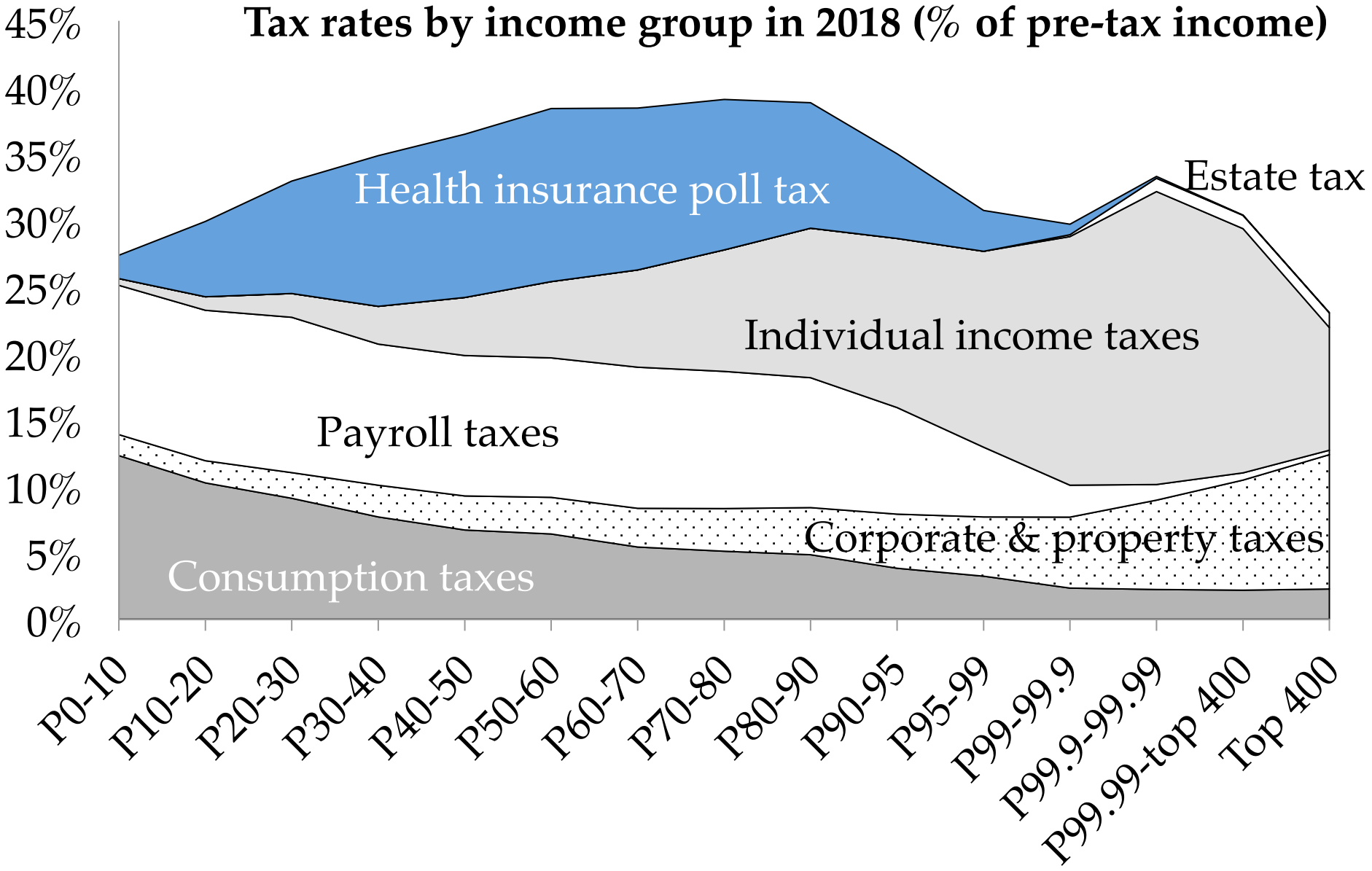
Number of Uninsured | **Uninsured Rate**



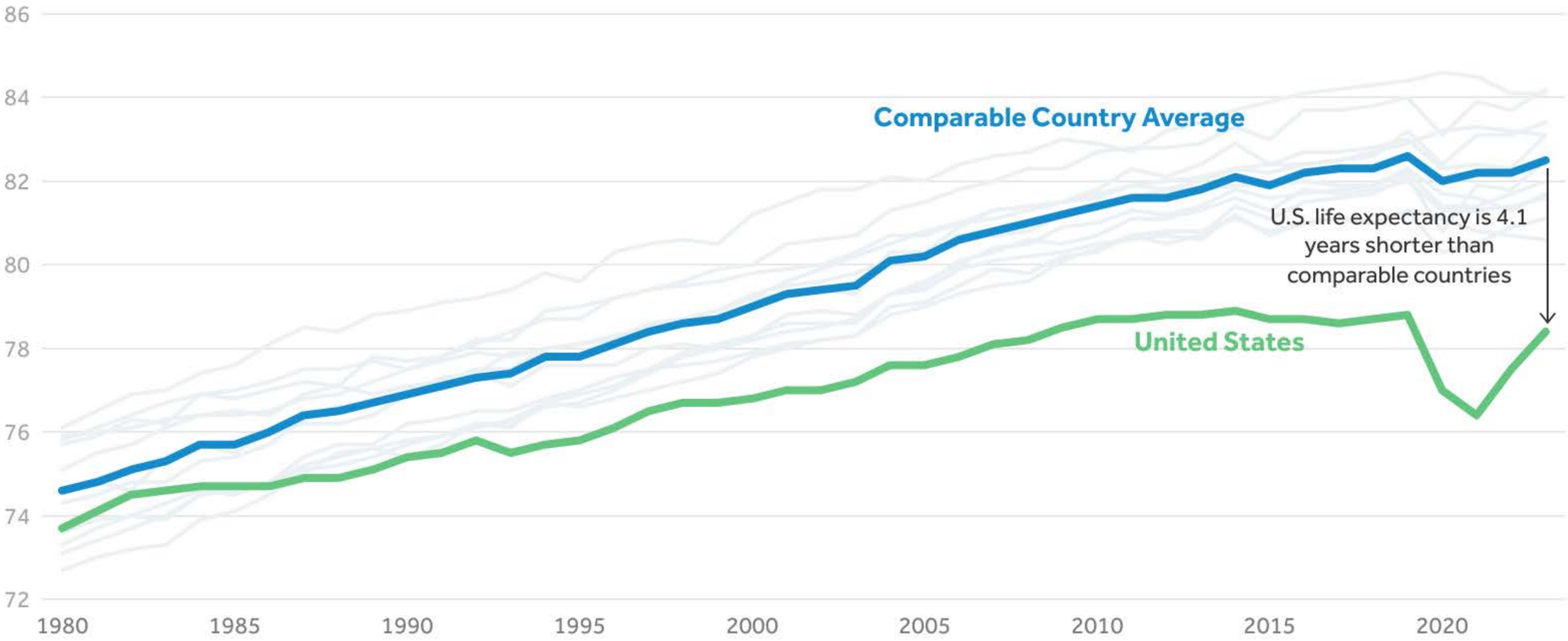
Note: Due to disruptions in data collection during the first year of the pandemic, the Census Bureau did not release ACS 1-year estimates in 2020. Includes individuals ages 0 to 64

Source: KFF analysis of 2010-2023 American Community Survey, 1-Year Estimates

KFF


Tax rates by income group in 2018 (% of pre-tax income)
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
Health insurance poll tax
Estate tax
Individual income taxes
Payroll taxes
Corporate & property taxes
Consumption taxes
P0-10
P10-20
P20-30
P30-40
P40-50
P50-60
P60-70
P70-80
P80-90
P90-95
P95-99
P99-99.9
P99.9-99.99
P99.99-top 400
Top 400

Life expectancy at birth, in years, 1980-2023



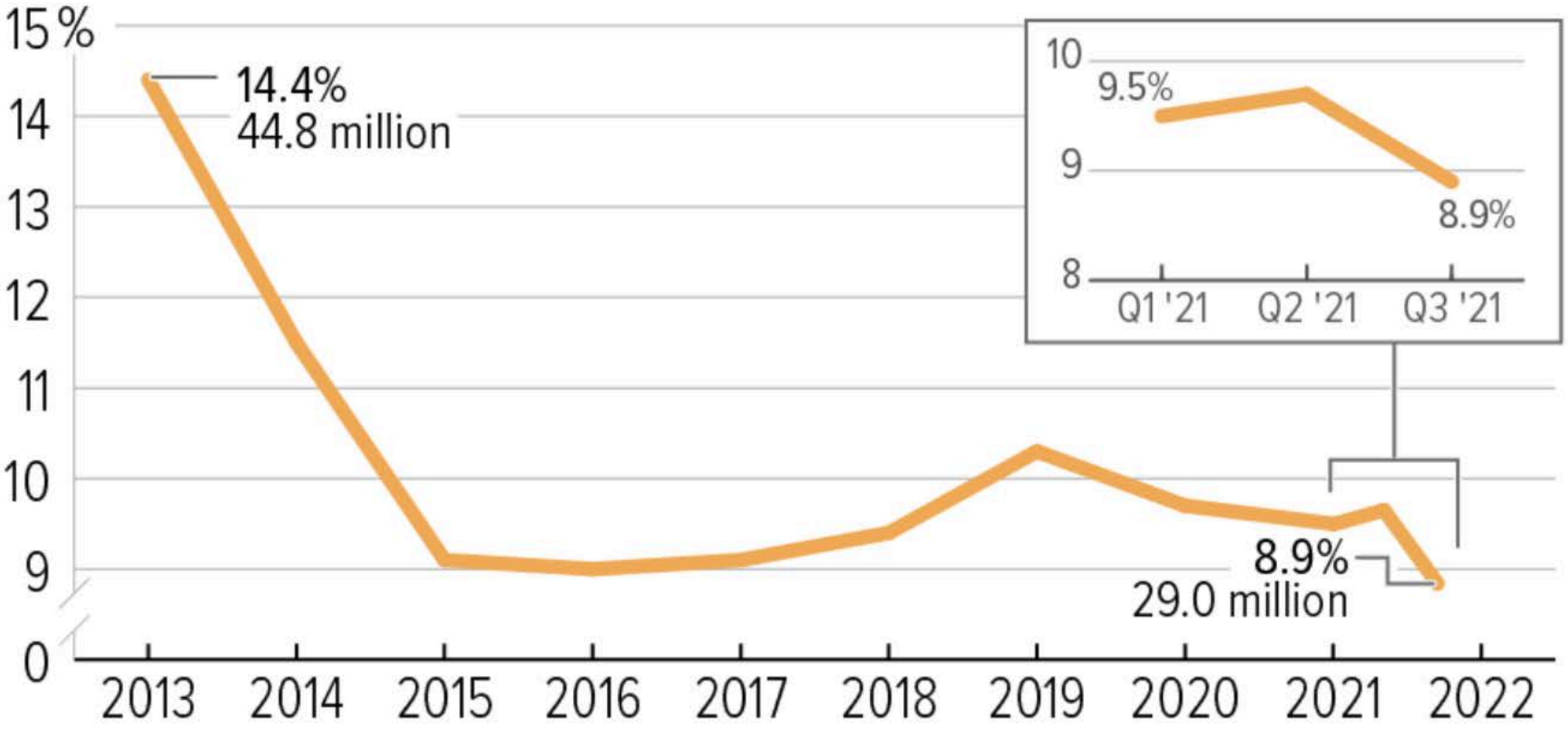
Notes: Comparable countries include Australia, Austria, Belgium, Canada, France, Germany, Japan, the Netherlands, Sweden, Switzerland, and the U.K. 2023 U.K. life expectancy data is only for England and Wales. See Methods section of "How does U.S. life expectancy compare to other countries?"

Source: KFF analysis of CDC, OECD, Australian Bureau of Statistics, German Federal Statistical Office, Japanese Ministry of Health, Labour, and Welfare, Statistics Canada, and U.K. Office for National Statistics data

Peterson-KFF
Health System Tracker

Uninsured Rate Stabilized During Pandemic and Data Suggest Recent Declines in 2021

Uninsured rate by year, all ages



Note: Estimates of uninsured rates in 2021 reflect quarterly data through Quarter 3 of 2021. All other years are annual data.

Source: National Health Interview Survey's Health Insurance Coverage Reports, 2013-2020; Health Insurance Coverage: Early Release of Quarterly Estimates From the National Health Interview Survey, July 2020–September 2021.

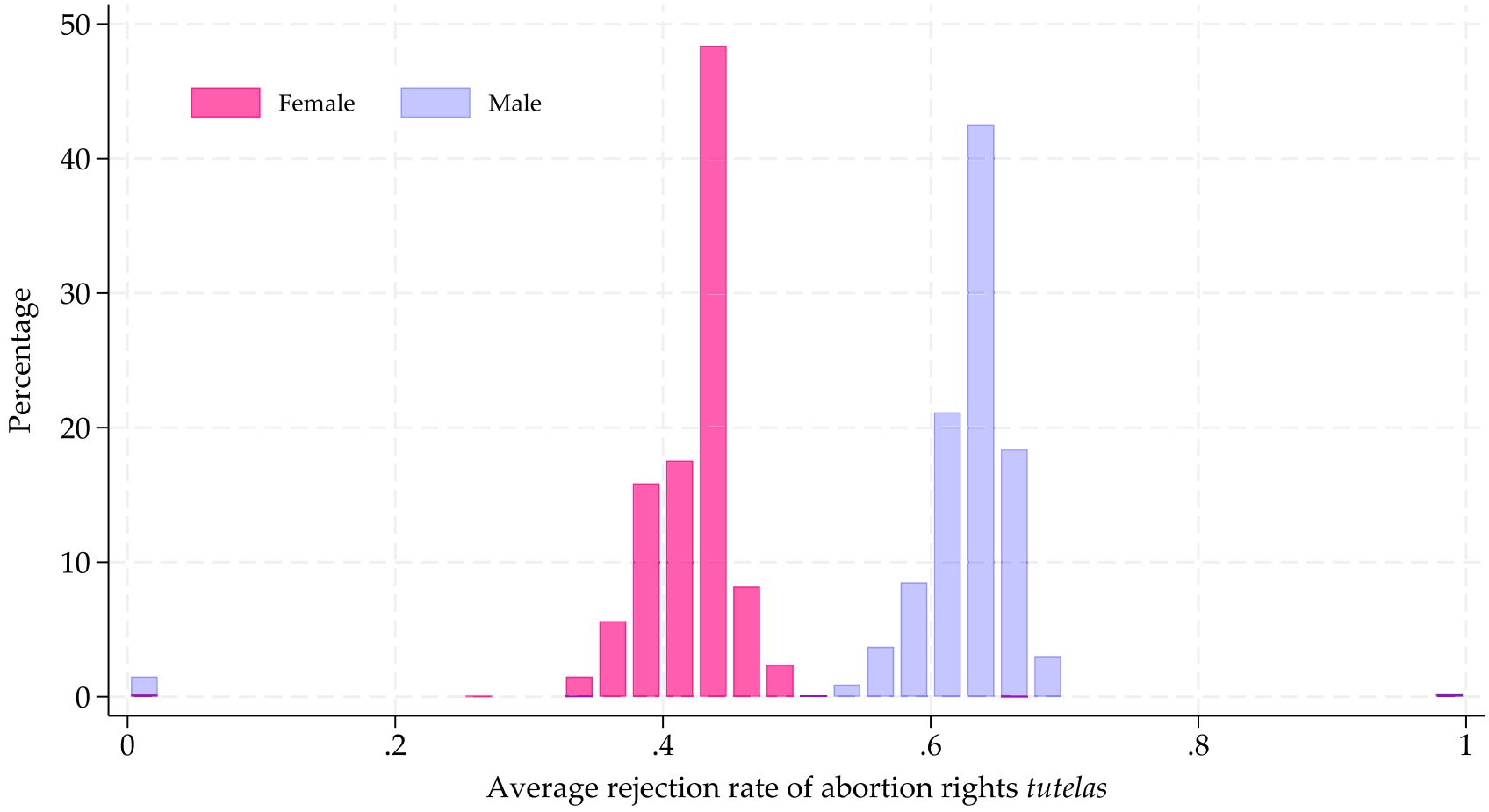


FIGURE I

Female Judges Are 20 Percentage Points Less Likely to Deny Women a Wanted Abortion

TABLE V

EFFECTS OF BEING DENIED A WANTED ABORTION ON CHILDBEARING AND MORTALITY

	Non-denied mean (1)	IV (2)
Panel A: Current pregnancy (within 9 months from filing)		
Live birth	0.290	0.307
		(0.032)
Death	0.016	0.025
		(0.009)
Septicemia and infections	0.003	0.034
		(0.005)
Obstetric causes	0.001	−0.001
		(0.003)
Other health causes	0.010	−0.010
		(0.007)
External causes	0.002	0.001
		(0.003)
Live birth and death	0.002	−0.003
		(0.003)

TABLE VIII

EFFECTS ON WOMEN'S EDUCATIONAL ATTAINMENT AND LABOR FORCE PARTICIPATION

	Non-denied mean (1)	IV (2)
Panel A: Educational attainment		
No education	0.093	0.049
		(0.028)
Elementary	0.447	0.014
		(0.040)
Middle school	0.148	−0.005
		(0.035)
High school	0.227	−0.098
		(0.042)
Postsecondary	0.081	0.040
		(0.029)
Panel B: Labor force participation		
Employed	0.194	−0.106
		(0.036)

TABLE X

THE EFFECT OF BEING DENIED A WANTED ABORTION ON A WOMAN'S EXISTING CHILDREN

	Non-denied mean (1)	IV (2)
Panel A: School attendance and work		
Attends preschool, school, or college	0.780	−0.342
		(0.102)
Truancy	0.104	0.090
		(0.077)
Grade retention	0.487	0.179
		(0.120)
Working	0.024	0.102
		(0.041)