*•* A recent report published in Health Affairs on national health expenditures finds that the burden of rising health costs is shifting to local governments, employers and families. This shift is primarily due to lower federal government expenditures following a spike in 2020 as a response to COVID-19. (See [Health Affairs 42, NO. 1 (2023): 6–17](https://r20.rs6.net/tn.jsp?f=001kIz7rhOaUKp1lnbTb0bHNuOGBTDmwkS5spuuPhkkhHBLQgSAdwjreA7L0EqMJR5phD0gAp1aqtMSLzKDxDJHn7BNcz4IkvGt7qiBMKoMaO8ULVyEa0fHSWmGZCAoQTXEdvvHv5leHWh-Py33HQ7dgABmoVB6M_osUioY2XRX7abx5FsH_8c0s1s6kqu3SyA98HxyxvdrBvV5tEorWE9oAg==&c=mMac4NXpxS0ei3CmnFeJ3eUpWgyafWRFufX5zj2k2b5ERYmhQOpM4A==&ch=13RgDzAm1LkaVVYHyOMloUeT2gG4f7gULYOoWrvOsHV6MXCT-ANRqw==))

► Health care expenditures financed by state and local governments **increased 5.8%** in 2021, after a decline of 1.9 percent in 2020.

►Private businesses’ health care spending **increased 6.5%** in 2021, increasing from a growth rate of 2.9 percent 2020.

►Health care spending by households **increased 6.1%** in 2021, increasing from a growth rate of 1.2 percent in 2020.

►The largest share of household health spending was out-of-pocket spending, which **increased 10.4%** in 2021 to a total of 38%

• All countries that have guaranteed universal coverage – even those with small populations – have developed policies that not only result in lower per capita spending but also produce better health outcomes than the United States.

• Moreover, private, independent medical practices are alive and well in these countries, and there is also a strong supplemental market for private insurance.

**5 key policies that will lead to lower costs**

**(which will help move Health Security forward)**

Cost Drivers Possible Policy Solutions

|  |  |  |
| --- | --- | --- |
| 1 | Rising hospital costs | Global budgets, which provide a stable revenue source for health facilities and ensure no surprise bills for patients |
| 2 | Complex health professional payment and costly administrative systems, creating stress and burnout | Standardization of health professional payment systems and simplification of administrative requirements |
| 3 | Out-of-control drug prices | Create an authority that will negotiate lower drug prices that requires transparent drug pricing information, including research and development costs |
| 4 | IT systems that don’t talk to each other | A workable IT system that enables providers – including health facilities – to have the medical information they need about their patients – regardless of who provides the insurance coverage |
| 5 | Different insurance policies offering different services and using different rules | A standardized, comprehensive list of services and rules that apply to all insurers – public or private |

“No other country among the developed economies spends nearly as much on administrative overhead as does the United States” **–** Uwe Reinhardt,*Priced Out: The Economic and Ethical Costs of American Health Care* (2019), p. 25

“*Imagine if you paid for an airplane ticket and then got separate and inscrutable bills from the airline, the pilot, the copilot, and the flight attendants.* That’s how the healthcare market works. In no other industry do prices for a product vary by a factor of ten depending on where it is purchased.”– Elizabeth Rosenthal, MD, *An American Sickness: How Healthcare Became Big Business and How You Can Take It Back* (2017), p. 2