



America's Health Care System Is Broken

Americans worry about being able to afford the health care they need

- A November 2007 Consumer Reports Health survey found Americans are pessimistic about health care costs:¹
 - 53% report paying more for health care than they paid a year ago.
 - 77% expect costs to rise over the next five years.
 - 81% are concerned about being able to afford health care in retirement.
 - 68% worry about being bankrupted by medical bills following a serious illness or accident.
 - 65% fear losing their job-related health coverage.
 - 35% say they skipped or postponed medical care to control expenses over the previous 12 months.
- A recent Robert Wood Johnson Foundation study found that fewer businesses now offer coverage. About 56% of businesses offer insurance coverage to employees, and the number of businesses providing this benefit is shrinking. Nationwide, the number of businesses that offered coverage fell by 30,000 from 2001 to 2005.²
- A recent Deloitte survey found that only 7% of Americans are financially prepared for future health care needs.³
- Deloitte also found that 79% of people agreed health care will be an important issue in the 2008 election, 46% said it will be one of the top three issues affecting their vote.⁴

Health care costs too much for too little

- The U.S. spends \$5,283 per capita on health care.⁵
- We spend more on health care than other developed countries, and we have one of the highest growth rates in per capita health care spending among higher income countries.⁶
- Yet the average U.S. life expectancy ranks 47th in the world.⁷ Many countries achieve higher life expectancy rates with significantly lower spending.⁸
- Hospital acquired infections add as much as \$27.5 billion annually in extra hospital costs.⁹ Many infections could be prevented if hospitals did a better job of protecting patients like making sure strict hand washing practices were followed.¹⁰
- The Institute of Medicine has estimated that preventable medical errors in general cost us \$17 billion to \$29 billion per year.¹¹

Health care costs keep rising while corporations earn big profits

- From 2000 to 2007 the cost to employers of providing employment based health benefits doubled.¹²
- A recent Robert Wood Johnson study found the cost of family coverage (the combined cost for employers and employees) has increased 10 times faster than income. Specifically, the total cost for family coverage nationwide has increased by 30% from

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\$8,281 in 2001 to \$10,728 in 2005, while incomes have only increased by 3%. The cost to workers rose even faster. In 2001, employees alone paid an average of \$1,921 for family premiums and \$2,585 in 2005, an increase of 35%.¹³

- Since 2000, about five million families have filed for bankruptcy in the aftermath of serious medical problems.¹⁴ A recent Harvard study found an estimated 50% of all bankruptcy filings in the U.S. were partly the result of medical debt. Three-fourths of these debtors were insured at the onset of the bankrupting illness. The average out-of-pocket medical debt for those who filed bankruptcy was nearly \$12,000 since the start of their illness.¹⁵
- Because of the way health insurance works, insurers haven't been paying much of a penalty for failing to contain costs. Insurers typically keep around 15% to 25% of the premiums they collect. The nation's six biggest private health insurers collectively earned nearly \$11 billion in profits in 2006.¹⁶
- The New England Journal of Medicine reported that total spending on pharmaceutical promotion grew from \$11.4 billion in 1996 to \$29.9 billion in 2005. Drug companies spent \$4.2 billion on direct-to-consumer advertising in 2005.¹⁷
- Drug companies are making huge profits. Wyeth, for example, profited \$4.6 billion last year,¹⁸ while Merck reported \$3.2 billion.¹⁹

Many Americans are uninsured

- According to the U.S. Census Bureau, 47 million Americans had no health insurance in 2006, an increase of 2.2 million from the year before.²⁰
- More than 4 out of 5 of the uninsured are in working families (71% in households with at least one full-time worker and 11% with a part-time worker).²¹
- Low-wage workers are at great risk of being uninsured, as are those employed in small businesses, service industries, and blue collar jobs.²²
- Over 50% of uninsured adults have no regular source of health care, and coupled with a fear of high medical bills, many delay or forgo needed care.²³
- The uninsured are three times as likely as those with coverage to cut back on basic needs to pay for care.²⁴
- The Institute of Medicine estimates that \$65 billion to \$130 billion per year is lost from poor health and shorter life spans because so many are uninsured.²⁵

Consumer Reports found that many people with insurance have inadequate coverage:²⁶

- 24% of Americans' insurance barely covers their medical needs and leaves them unprepared to pay for major medical expenses.
- When added to the population of uninsured, a total of 40% of Americans ages 18-64 have, at best, inadequate access to health care.
- 49% of people overall, and 43% of people with insurance said they were "somewhat" to "completely" unprepared to cope with a costly medical emergency over the coming year.
- 43% of the underinsured said they postponed going to the doctor because they couldn't afford it.
- 28% of the underinsured said they put off filling prescriptions.
- 33% of the underinsured said they dug deep into savings to pay medical bills.
- 27% of the underinsured said they were still in debt to doctors and hospitals.

Too many Americans are harmed by unsafe medical care

- More than 2.6 million hospital patients are the victims of infections and preventable medical errors each year,²⁷ and almost 200,000 of them die.²⁸ This makes medically-induced harm – errors and hospital-acquired infections – the third leading cause of death in America, behind heart disease and cancer.²⁹
- On average, a hospital patient can expect to be subjected to more than one medication error each day.³⁰

¹ <http://www.consumerreports.org/health/doctors-hospitals/health-care-security/overview/health-care-security-ov.htm>

² <http://www.statehealthfacts.org/comparemaptable.jsp?cat=3&ind=175>;

<http://www.rwjf.org/newsroom/newsreleasesdetail.jsp?productid=28698&typeid=160>

³ http://www.deloitte.com/dtt/cda/doc/content/us_chs_ConsumerSurveyExecutiveSummary_200208.pdf

⁴ <http://www.deloitte.com/dtt/article/0%2C1002%2Ccid%25253D192717%2C00.html>

⁵ <http://www.statehealthfacts.org/profileind.jsp?ind=596&cat=5&rgn=45>

⁶ <http://www.kff.org/insurance/snapshot/chcm010307oth.cfm>

⁷ <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2102rank.html>

⁸ <http://dll.umaine.edu/ble/U.S.%20HCweb.pdf>

⁹ Plexus Institute, “Invasion of the Killer Bacteria,” *Emerging*, Winter 2006, pp.4.

¹⁰ CDC, Morbidity and Mortality Weekly, 25 October 2002, Vol. 51, pp.5-6.

¹¹ <http://www.iom.edu/Object.File/Master/4/117/ToErr-8pager.pdf> Costs include additional care, lost income, productivity, and disability.

¹² Fronstin, Paul and Stephen Blakely, “Is the Tipping Point in Health Benefits Near?” EBRI

http://online.wsj.com/ad/employeebenefits-tipping_point_health_benefits.html

¹³ <http://www.rwjf.org/files/research/042508ctuwfinalembargoed.pdf> 30 percent is the growth of total cost of family premium for both employers and employees; In 2005, the average total cost for family premiums (combined cost for both employers and employees) was \$10,728 <http://www.statehealthfacts.org/profileind.jsp?cat=5&sub=67&rgn=1> ; 35 percent is the growth in average cost of family premium to employee: Karash, Julius A. “Missouri health insurance premium jump outpaces U.S. average, study says.” *The Kansas City Star*. 29 April 2008.

¹⁴ Warren, Elizabeth, Medical Bankruptcy: Middle Class Families at Risk, Testimony before the House Judiciary Committee, July 17, 2007.

¹⁵ <http://content.healthaffairs.org/cgi/content/full/hlthaff.w5.63/DC1>; Himmelstein, David et al. Illness and Injury as Contributors to Bankruptcy, *Health Affairs*, Web Exclusives, January--June 2005, 5-63.

¹⁶ http://www.consumerreports.org/cro/cu-press-room/pressroom/archive/2007/09/0709_eng0709ins.htm

¹⁷ <http://content.nejm.org/cgi/content/full/357/7/673#T1>

¹⁸ <http://news.moneycentral.msn.com/ticker/article.aspx?Feed=AP&Date=20080131&ID=8120004&Symbol=WYE>

¹⁹ Merck & Co., Inc. 10K 28 February 2008

<http://www.sec.gov/Archives/edgar/data/64978/000095012308002272/y44547e10vk.htm>

²⁰ <http://www.census.gov/prod/2007pubs/p60-233.pdf>

²¹ http://www.kff.org/uninsured/upload/1420_09.pdf

²² Ibid 21.

²³ Ibid 21.

²⁴ Ibid 21.

²⁵

http://www.commonwealthfund.org/usr_doc/1112_Davis_hlt_and_wealth_measuring_sys_performance_testimony_03-12-2008.pdf?section=4039 Aggregate, annualized cost of uninsured people’s lost capital and earnings.

²⁶ http://www.consumerreports.org/cro/cu-press-room/pressroom/archive/2007/09/0709_eng0709ins.htm

²⁷ Klevens, Edwards, Richards, Hora, Gaynes, Pollock, Cardo, “Estimating Health Care-Associated Infections and Deaths in U.S. Hospitals, 2002,” *Public Health Reports*, March-April 2007, Vol. 122, pp.165;

<http://www.cdc.gov/ncidod/dhqp/hai.html>; Institute of Medicine, *To Err is Human*, Kohn, Linda, Corrigan and Donaldson, 2000. pp.26.

²⁸ Klevens, Edwards, Richards, Hora, Gaynes, Pollock, Cardo, “Estimating Health Care-Associated Infections and Deaths in U.S. Hospitals, 2002,” *Public Health Reports*, March-April 2007, Vol. 122, pp.160; Institute of Medicine, *To Err is Human*, Kohn, Linda, Corrigan and Donaldson, 2000. pp.26. Nearly 100,000 patients die each year from hospital-acquired infections and an estimated 98,000 patients die each year from medical errors.

²⁹ <http://www.cdc.gov/nchs/fastats/deaths.htm>

³⁰ Committee on Identifying and Preventing Medication Errors, Philip Aspden, Julie Wolcott, J. Lyle Bootman, Linda R. Cronenwett, Editors, “Preventing Medication Errors,” July 2006, <http://www.iom.edu/Object.File/Master/35/943/medication%20errors%20new.pdf>