

The Real Cost of Healthcare

Thinking about HDC patients and the big picture

Our focus at HDC is dental health and HIV/AIDS as a chronic disease. A major focus nationwide is healthcare reform. Costs are skyrocketing plus increasing numbers of people are not covered by health insurance and cannot afford care. The connection between the two is cost.



While thinking about the issues that face most of our patients (e.g. how to pay for life-saving medications that can cost over \$15,000 per year), the inefficiency of our system became obvious. Costs can be minimized by maintaining one's health. Whether you are in good health or managing a chronic disease, it stands to reason that preventive care is more cost effective. Economists consider health to be a human capital investment. So why not invest in it? Our healthcare system doesn't operate that way. Rather, we pay more at the back end because we can't afford to take preventive measures at the front. Think about the following statistics...

In 2004, there were 44 million Americans without health insurance; **in 2008, there were 77 million** according to the Kaiser Family Foundation. The Centers for Disease Control and Prevention (CDC) stated in a recent study that the growing number of people without coverage means more people with chronic illnesses such as diabetes and asthma (not to mention HIV) were skipping or postponing care or medications, *increasing the likelihood of costly complications*. According to the report, 40% of Americans have one or more chronic illnesses. (Interestingly, while most associate the uninsured with low income, new statistics from the CDC revealed that half of the uninsured were *above* the poverty level).

The costs to individuals, families, and communities are enormous when the consequences of forgoing unaffordable health care are fully tallied. Lost health, decreased workforce productivity, developmental and educational losses among children, and shorter life spans have all been linked to being uninsured. These indirect costs are steep; with an estimated annual cost to the U.S. economy of between \$100 and \$200 billion in 2006.



To break it down into understandable numbers (if billions of dollars are understandable), following are the key findings of the Kaiser Family Foundation's 2008 report on people who are uninsured for a minimum of one year:

- People who are uninsured will receive about \$56 billion in *uncompensated* care while they are uninsured in that year. Uncompensated care is health care that is not fully paid for, either directly out of pocket by individuals or by an insurance payer.
- Combining federal, state, and local funding streams, \$43 billion dollars (the bulk comes from the government programs Medicare and Medicaid) will be used for uncompensated care for the uninsured. Nonprofits cover the rest.
- If all the uninsured were to gain health coverage, their costs for health services would increase to just under \$300 billion in 2008. However, this is *less than*:

- Medicare spending of \$454 billion *and*
 - Medicaid spending of \$365 billion.
- If all the uninsured were to gain health coverage, their costs for health services would increase by \$123 billion. This would be *less than*:
 - The annual increase in national health spending, which has averaged \$147 billion (in 2008 dollars) over the last several years, *and*
 - Current tax subsidies for private insurance each year of about \$200 billion.

If statistics make your eyes glaze over, consider this: Most people over age 64 have "universal coverage," through Medicare, but older adults who skip doctor's visits because they lack insurance are sicker when they reach 65. This further taxes Medicare. Some argue that healthcare is a right, not a privilege; others disagree. No matter your belief, it is a *need*. Therefore, basic healthcare should not be based on a philosophy – capitalist or socialist. How do we, as a society eliminate barriers to healthcare for a healthier population?

The conclusion is this: the uninsured (and underinsured) tend to be less healthy and cost all of us in the long run. As tax payers, we pay now or we pay later.

References:

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