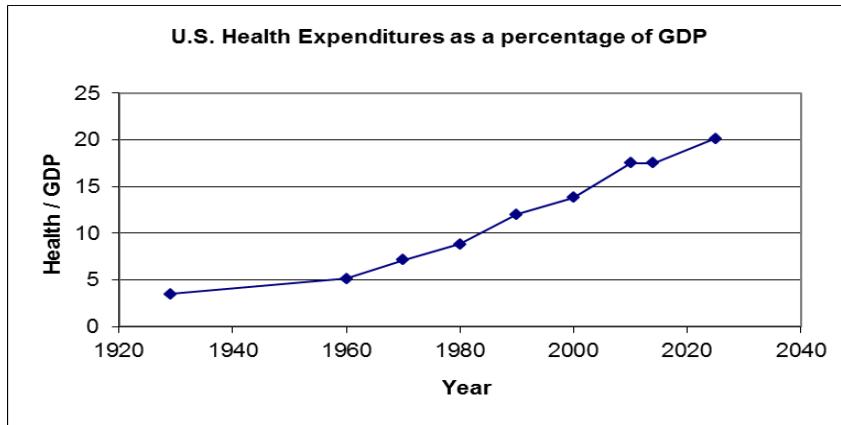


A.1 U.S. Health Care Expenditures, Uses and Sources

A.1.1 Total expenditures in 2014 [https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData]

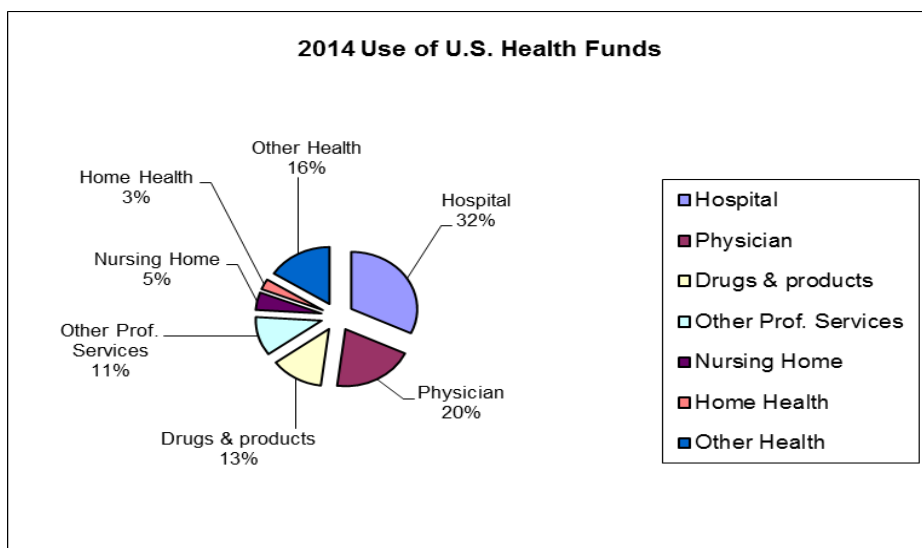
- \$3,030 billion
- \$9,500 per capita (Based on population of 318 million)
- 17.5% of GDP (Based on GDP of \$17,300 billion).

Total Expenditures have risen dramatically and continuously this century.



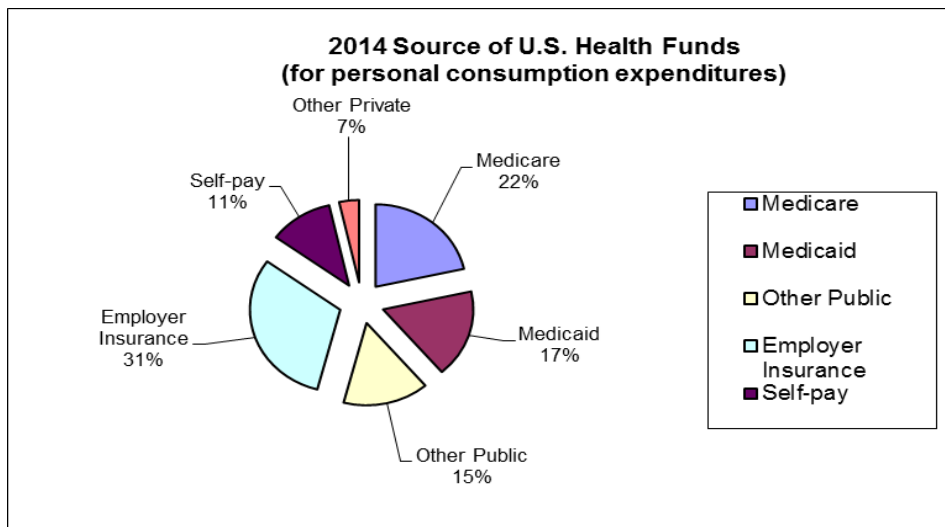
A.1.2 Use of Funds in 2014

- 65% of funds are used in hospital care, physician services, and drugs & products.
- Other health is government administration, net cost of private insurance, public health and research. Other professional services includes dental services.
- 800,000+ physicians, 2,800,000+ registered nurses, 400,000+ other health professionals, 10,000,000+ other health care workers.



A.1.3 Source of Funds in 2014

- Approximately 50% public (Medicare/Medicaid) and 50% private.
- Only 11% is out-of-pocket (self-pay including coinsurance and deductibles).
- These figures understate government role as they ignore the tax deductibility of health insurance premiums. (Also health insurance of govt. employees is treated as a private source).



A.2 Trends in U.S. Health Care

- Expenditures rose dramatically and continuously over the past 100 years.
U.S. has the largest expenditures in the world, due to higher base and higher growth rates.
- Utilization:
More physician visits.
Little change in hospital days but much more labor-intensive.
- Expenditures:
Switch from physician (36% of total in 1929), drugs (18% in 1929) and dental (12%).
Switch to hospital (18% of total in 1929) and nursing home.
- Sources:
Huge switch away from out-of-pocket (81% of total in 1929).
Huge switch to insurance, both private and government.
Insurance is central and recently changed from fee-for-service to managed care.
- Prices:
Medical care annual inflation rate 1950-on is about 2.0% above all items CPI.
- Quality:
Viewed as high, though sometimes too high (technology) and others not high enough (hospital infection/errors).
- Access:
In 2015 32 million (10% of population) lack health insurance.
Obama reforms implemented 2014 – major change – reduced uninsurance.