

Short Report

Cost of Healthcare is Skyrocketing in the USA: A Broken Medicare Must be Reformed

Te Bu¹, Bojan Masanovic^{2,3}, Huiqing Huang¹, Tao Fu⁴

¹Hunan Normal University, College of Sport and Physical Education, Changsha, P.R. China, ²University of Montenegro, Faculty for Sport and Physical Education, Niksic, Montenegro, ³Montenegrin Sports Academy, Podgorica, Montenegro, ⁴College of Health and Exercise Science, Tianjin University of Sport, Tianjin, P.R. China

Abstract

This short report discusses the current cost of the healthcare system in the United States. The affordability problems in the United States stem directly from insufficient competition of drug prices from the Medicare system. This report provided evidence about how the proposed Medicare reforms are skewed and would unlikely end the blank-check approach to pricing of Medicare that drives our healthcare spending and affordability problems.

Keywords: Health Insurance, Inflation, Affordability

Introduction

American's healthcare expenses have reached the point where it's very expensive to afford (Kaiser Family Foundation, 2019) and can be financially devastating (Himmelstein, Lawless, Thorne, Foohey, & Woolhandler, 2019).

Methods

Dusetzina and colleagues (Dusetzina, Muluneh, Keating, & Huskamp, 2020) draw attention to current drug prices from Medicare Part D, which aim to provide critical financial relief for patients and current and future taxpayers.

Results

According to their findings, current law failed to deliver promised savings, which is exact reason to restructure the Medicare Part D's benefits under the new Biden Administration. Unfortunately, current proposals (i.e., US senator proposal or congress proposal) (Dusetzina, Keating, & Huskamp, 2019) are skewed and could yield the opposite result. Specifically, proposed reforms would have similar effects on out-of-pocket spending for 90% of Part D patients (Dusetzina, Keating, & Huskamp, 2019). As a result of cost sharing, ironically, reforms could at first drive premiums drastically higher, which to the detriment of the vast majority.

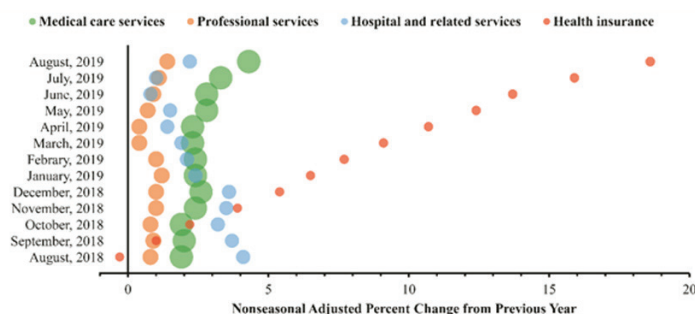


FIGURE 1. The Healthcare Annual Increase in U.S. City Average, All Urban Consumers. The medical care services index comprises the professional services, hospital and related services, and health insurance categories of the Consume Price Index (CPI). Bubble size represents relative importance among all CPI components. Data were retrieved from U.S. Bureau of Labor Statistics monthly CPI reports.

Correspondence:

Montenegro Sport

T. Bu
Hunan Normal University, College of Sport and Physical Education, 36 Lushan Rd., Yuelu District, Post code: 410081 Changsha, P.R. China
e-mail: 616387696@qq.com

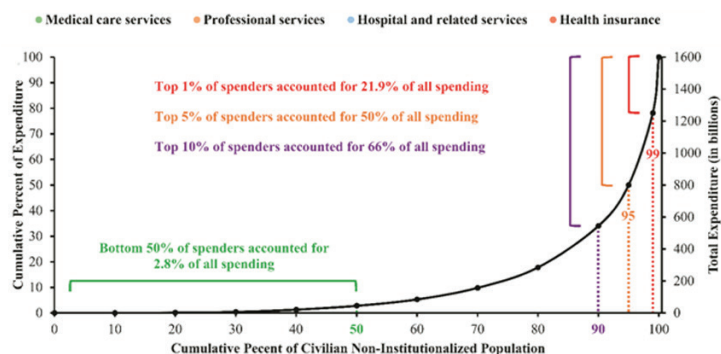


FIGURE 2. Distribution of U.S. Healthcare Spending by Intensity of Use. Healthcare expenditures include all sources of payment for medical care, including private insurance payments, Medicare, Medicaid, out-of-pocket spending, and other sources. Data were retrieved from Medical Expenditure Panel Survey, 2016.

Discussion

The cost of health insurance is outpacing inflation, increasing 18.6% from August 2018 to August 2019 (Figure 1) and this trend has been steady to date (U.S. Bureau of Labor Statistics, 2021). Any policy redesign should target at a reasonable price control mechanism to address the notable healthcare expenses resulting from top 5% population (Figure 2) (Mitchell, 2019) whilst offer a betterment of affordable healthcare price of many. Otherwise, these reform efforts are at a risk of pooling healthcare expenses to individual patients and non-Medicare taxpayers that increases more financial burdens for American citizens.

Acknowledgements

There are no acknowledgements.

Conflict of Interest

The authors declare that there is no conflict of interest.

Received: 4 February 2020 | **Accepted:** 4 May 2021 | **Published:** 16 July 2021

References

Kaiser Family Foundation. (2019). *Employer Health Benefits Survey: 2019 Summary of Findings*. Retrieved from: <http://files.kff.org/attachment/Summary-of-Findings-Employer-Health-Benefits-2019>

Himmelstein, D.U., Lawless, R.M., Thorne, D., Foohey, P., & Woolhandler, S. (2019). Medical Bankruptcy: Still Common Despite the Affordable Care Act. *American Journal of Public Health, 109*(3), 431-433.

Dusetzina, S.B., Muluneh, B., Keating, N.L., & Huskamp, H.A. (2020). Broken Promises-How Medicare Part D Has Failed to Deliver Savings to Older Adults. *New England Journal of Medicine, 383*(24), 2299-2301.

Dusetzina, S.B., Keating, N.L., & Huskamp, H.A. (2019). Proposals to redesign Medicare Part D—easing the burden of rising drug prices. *New England Journal of Medicine, 381*(15), 1401-1404.

U.S. Bureau of Labor Statistics. (2021). *Consumer Price Index for All Urban Consumers: Medical Care in U.S. City Average [CPIMEDNS]*. Retrieved from FRED, Federal Reserve Bank of St. Louis website: <https://fred.stlouisfed.org/series/CPIMEDNS>

Mitchell, E. (2019). *Concentration of Health Expenditures and Selected Characteristics of High Spenders, U.S. Civilian Noninstitutionalized Population, 2016*. Rockville, MD: Agency for Healthcare Research and Quality.