*Osher Lifelong Learning Institute, Winter 2022*

# Contemporary Economic Policy

S. Maine University
January-February, 2022

Jon Haveman, Ph.D.
National Economic Education Delegation



1

## Available NEED Topics Include:

- Coronavirus Economics
- US Economy
- Climate Change
- Economic Inequality
- Economic Mobility
- Trade and Globalization
- Minimum Wages
- Immigration Economics
- Housing Policy
- Federal Budgets
- Federal Debt
- Black-White Wealth Gap
- Autonomous Vehicles
- US Social Policy



2

# Course Outline

- **Contemporary Economic Policy**
  - Week 1 (1/11): US Economy & Coronavirus Economics
  - Week 2 (1/18): Federal Debt (Ryan Herzog, Gonzaga University)
  - Week 3 (1/25): Economics of Immigration (Jennifer Alix-Garcia, Oregon St.)
  - **Week 4 (2/1): Health Economics (Me)**
  - Week 5 (2/8): Minimum Wage (Me)
  - Week 6 (2/15): Cryptocurrencies (Geoffrey Woglom, Amherst College)



3


# Health(care) Economics

**OLLI – University of Southern Maine**
**February 1, 2022**

**Jon Haveman, Ph.D.**
*NEED*



4

# Credits and Disclaimer

- **This slide deck was authored by:**
  - Veronika Dolar, SUNY Old Westbury
  - Jon Haveman, NEED
- **Disclaimer**
  - NEED presentations are designed to be nonpartisan.
  - It is, however, inevitable that the presenter will be asked for and will provide their own views.
  - Such views are those of the presenter and not necessarily those of the National Economic Education Delegation (NEED).



5

# Outline

- What is Health(care) Economics?
- Health Insurance and Outcomes
- Health Care Systems and Institutions
- Health Insurance and Reform
- Time permitting: Big Pharma



6

## What is Health(care) Economics?

- Health Economics is a field of **MICRO**economics that focuses on the health care industry.
- Examples of other subfields of microeconomics include:
  - labor economics, industrial organization, economics of education, public economics, and urban economics.

NATIONAL ECONOMIC EDUCATION DELEGATION

7

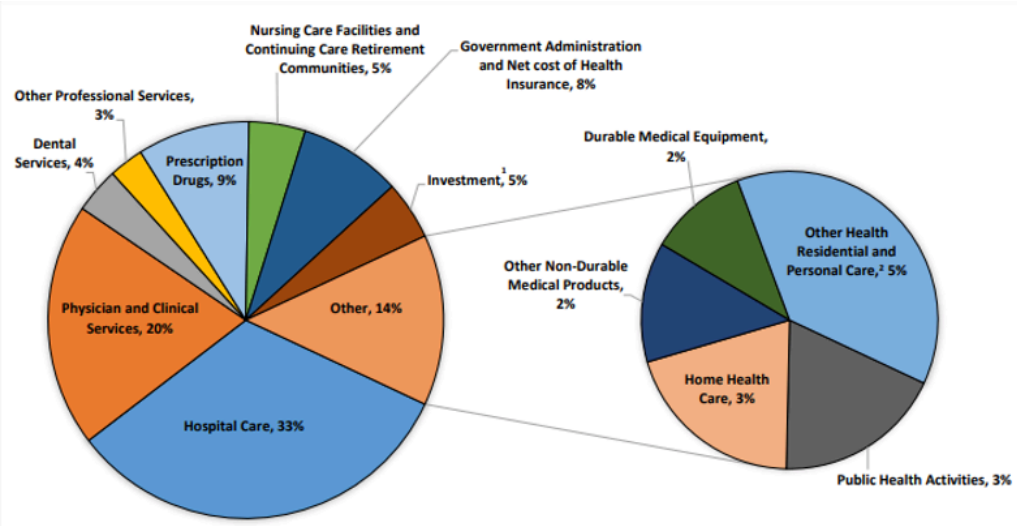
## Health Economics is part of Microeconomics

- Although health economics is part of "micro-" economics, it is actually very big:
  - In 2019, U.S. national health expenditures were **17.7% of GDP**, which is equivalent to around **$3.8 trillion**.
  - U.S. Healthcare is the 5th largest economy in the world.
- For comparison, GDP in each country in 2019:
  - Germany: $3,845 trillion (4th largest economy)
  - UK: $2,827 trillion (6th largest economy)
  - France : $2,715 trillion (7th largest economy)

NATIONAL ECONOMIC EDUCATION DELEGATION

8

# Where the money goes?




NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group.

9

# What is Health Economics?

- Health economics studies health care resource **markets** and **health insurance**.
- Healthcare is the biggest industry and the largest employer in the US.

NATIONAL ECONOMIC EDUCATION DELEGATION

10

## What is a Market?

- A market is a group of buyers and sellers of a particular product in the area or region under consideration. The area may be the earth, or countries, regions, states, or cities.
- The concept of a market is any structure that allows buyers and sellers to exchange any type of goods, services, and information.
- Markets can be physical and non-physical.
- There are many different types of markets and depending on the type, different rules should be set up to achieve the best results for society.

NATIONAL ECONOMIC EDUCATION DELEGATION

11

## Markets Studied in Health Economics

- **Markets for:**
  - Physicians
  - Nurses
  - Hospital facilities
  - Nursing homes
  - Pharmaceuticals
  - Medical supplies (such as diagnostic and therapeutic equipment)
  - **Health Insurance**

NATIONAL ECONOMIC EDUCATION DELEGATION

12

# Why Are We Talking About the Market for Health Insurance?



13

## The Three Legs of the Healthcare Stool

- **The market for Health Insurance is where they all come together.**
  - Access
  - Quality
  - Cost
- **We will discuss metrics of performance for each.**



14

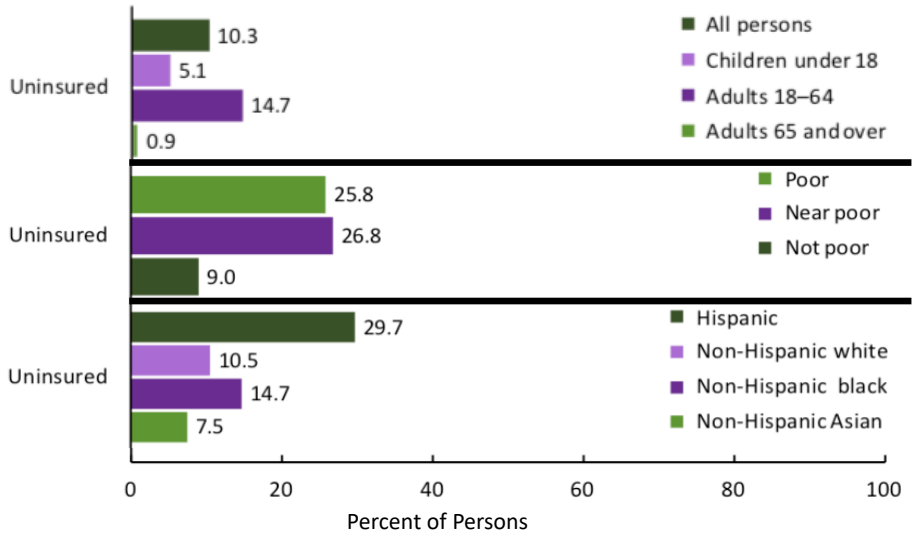
# Access

NATIONAL ECONOMIC EDUCATION DELEGATION



15

# Health Insurance Coverage, 2019




NATIONAL ECONOMIC EDUCATION DELEGATION

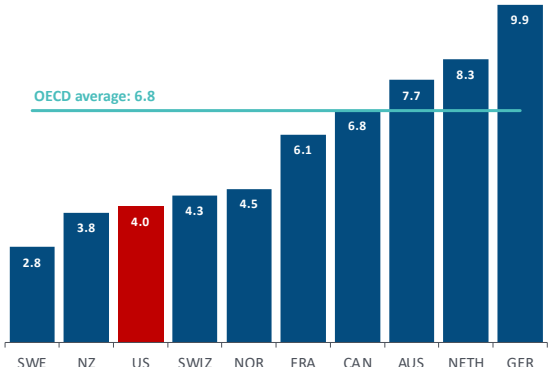


Source: National Center for Health Statistics

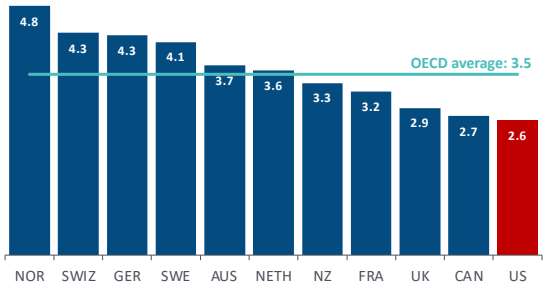
16

# Physician Visits and Physician Supply

*Average physician visits per capita, 2017*




*Practicing physicians per 1,000 population, 2018*




NATIONAL ECONOMIC EDUCATION DELEGATION

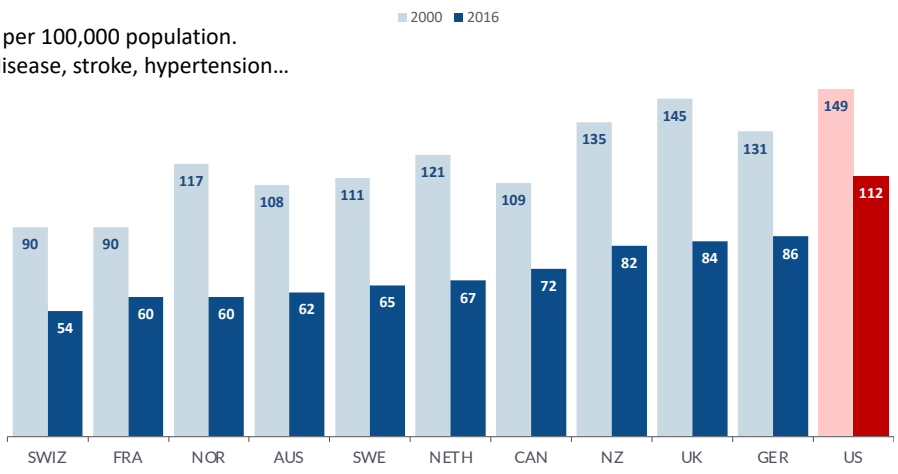
Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).

17

17

# Avoidable Deaths

Deaths per 100,000 population.
Heart disease, stroke, hypertension…




NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).

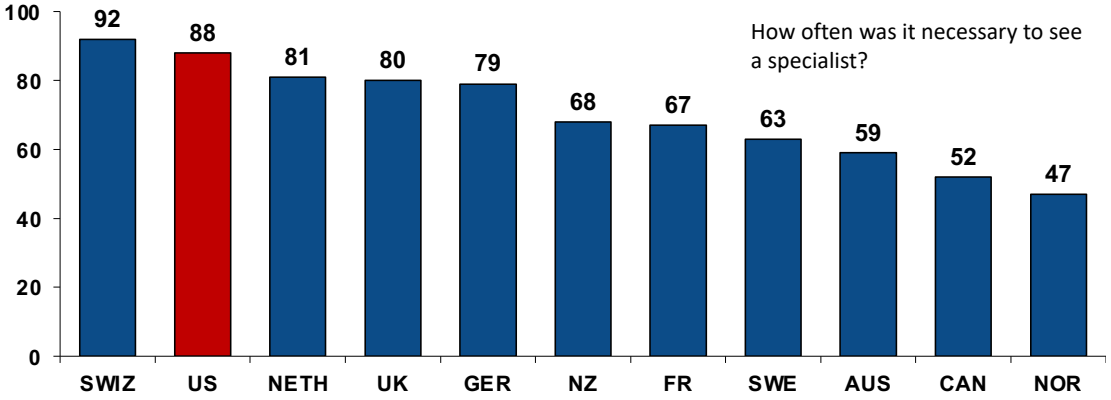
18

18

## Waited Less Than a Month to See A Specialist

But how much time did they spend with the specialist?

How often was it necessary to see a specialist?



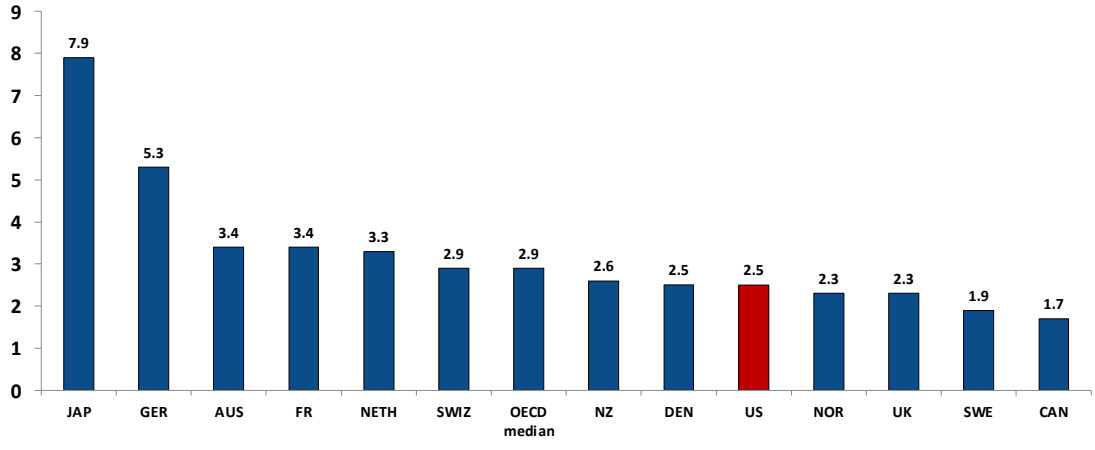

NATIONAL ECONOMIC EDUCATION DELEGATION

Source: 2011 Commonwealth Fund International Health Policy Survey of Sicker Adults in Eleven Countries.

19

19

## Acute Care Hospital Beds per 1,000 Population



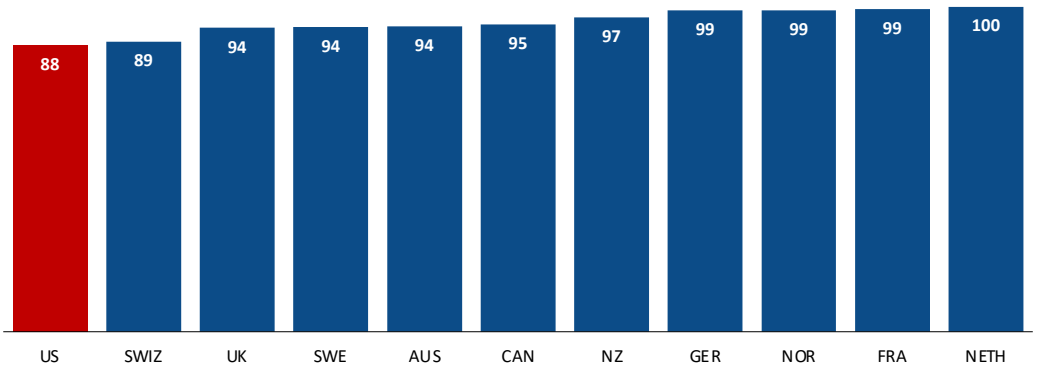

NATIONAL ECONOMIC EDUCATION DELEGATION

Source: OECD Health Data 2015.

20

20

## Percent of Women Ages 18–64 Who Reported Having A Regular Doctor/Regular Place of Care



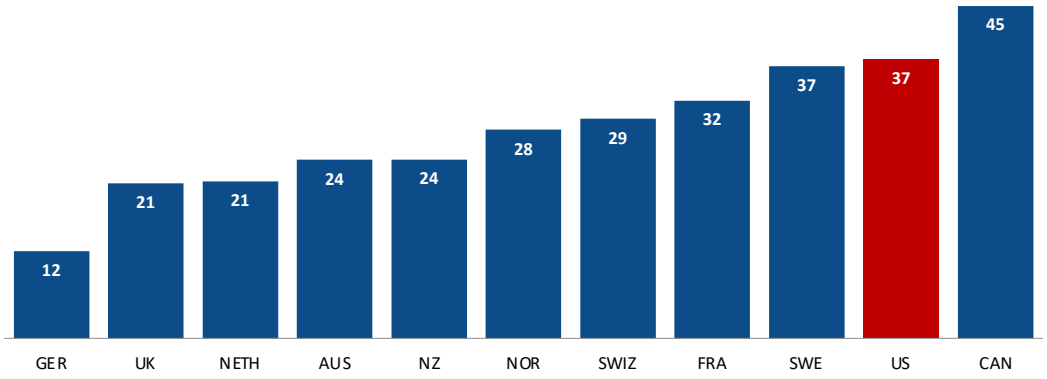

NATIONAL ECONOMIC EDUCATION DELEGATION

21

Source: Munira Z. Gunja et al., *What Is the Status of Women's Health and Health Care in the U.S. Compared to Ten Other Countries?* (Commonwealth Fund, Dec. 2018).

21

## Percent of Women Ages 18–64 Who Reported Going to the Emergency Room in the Past Two Years




NATIONAL ECONOMIC EDUCATION DELEGATION

22

Source: Munira Z. Gunja et al., *What Is the Status of Women's Health and Health Care in the U.S. Compared to Ten Other Countries?* (Commonwealth Fund, Dec. 2018).

22

## Access Notes

- Insurance coverage in the U.S. is not universal.
- Supply of medical personnel and equipment may be lower than elsewhere.
- Avoidable (amenable) deaths are higher, perhaps indicating less access to care.
- Emergency room use is higher in the U.S. than elsewhere.
- Specialized medicine is more accessible.



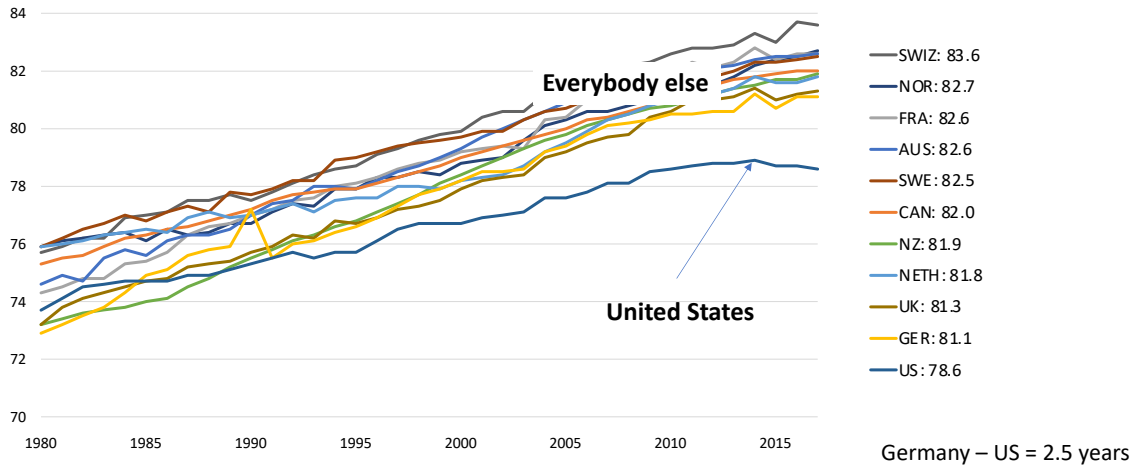
23

## Quality



24

# Life Expectancy: How Does the US Compare?




Germany – US = 2.5 years

NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).



25

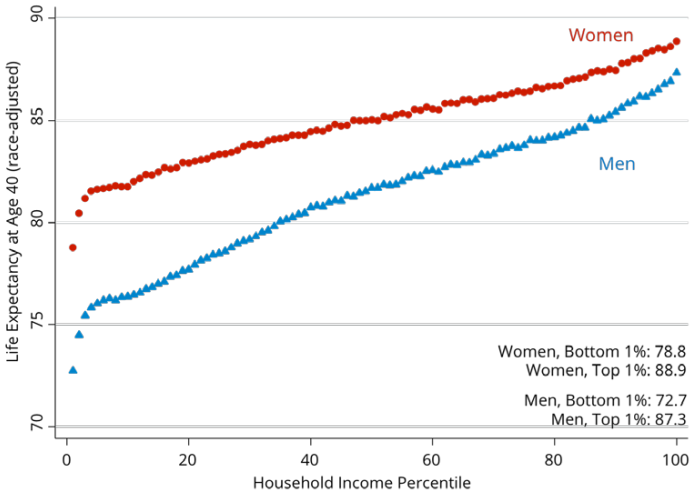
# Life Expectancy at Birth by Race, 2017

| Race/Ethnicity | Life Expectancy (Years) |
|---|---|
| All Races | 78.6 |
| White | 78.8 |
| Black | 75.3 |
| Hispanic | 81.8 |

NATIONAL ECONOMIC EDUCATION DELEGATION

26

# Income Also Matters – Reflecting Access?



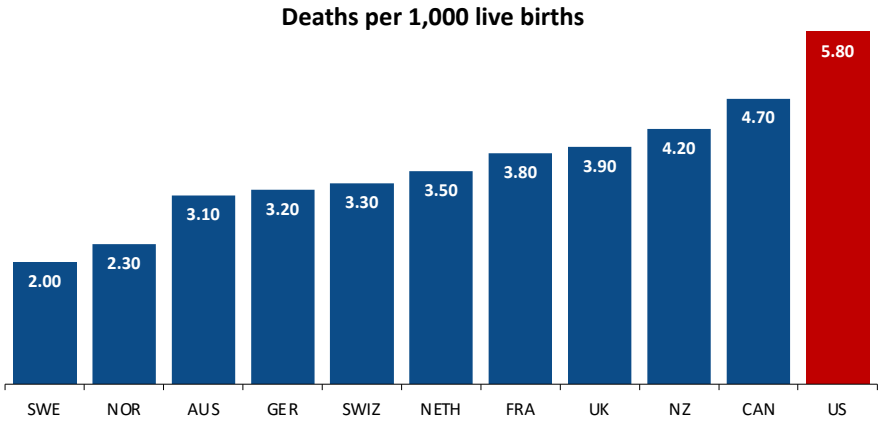

NATIONAL ECONOMIC EDUCATION DELEGATION

27

Source: https://healthinequality.org/documents/paper/healthineq_summary.pdf

27

# Infant Mortality International Comparison



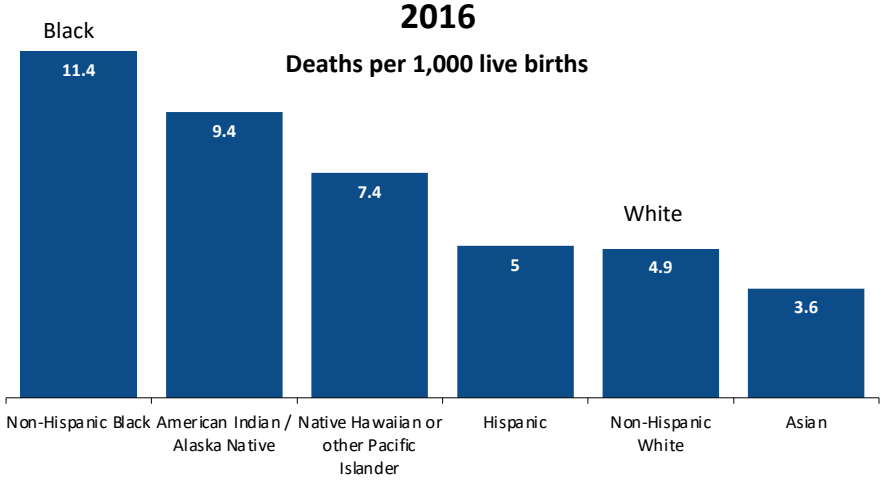

NATIONAL ECONOMIC EDUCATION DELEGATION

28

Source: NEED from OECD Data

28

# Infant Mortality by Race/Ethnicity



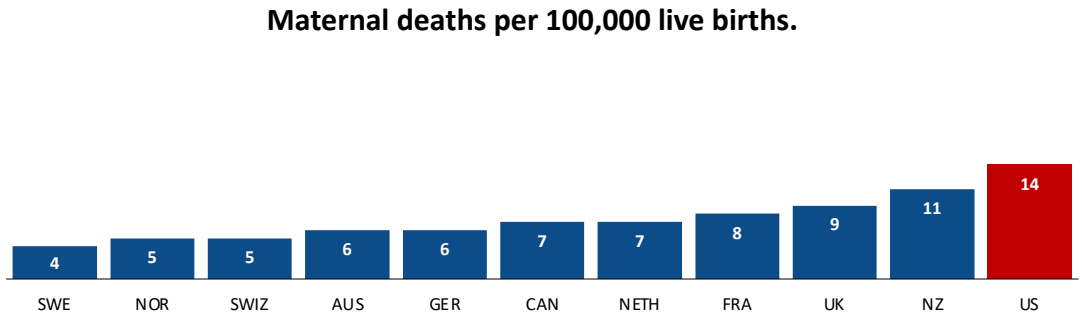

NATIONAL ECONOMIC EDUCATION DELEGATION

Source: NEED from CDC.gov

29

29

# Maternal Mortality Rate




NATIONAL ECONOMIC EDUCATION DELEGATION

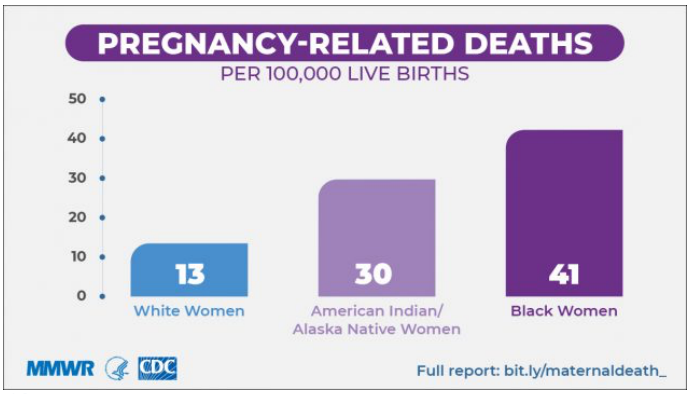
Source: Munira Z. Gunja et al., *What Is the Status of Women's Health and Health Care in the U.S. Compared to Ten Other Countries?* (Commonwealth Fund, Dec. 2018).

30

30

# Maternal Mortality Rate by Race

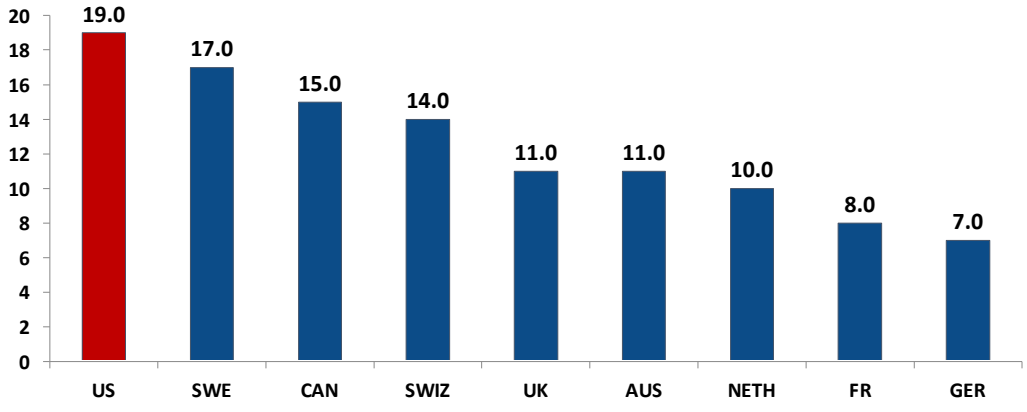
- American Indian/Alaska Native and Black women are 2 to 3 times as likely to die from a pregnancy-related cause than white women.




NATIONAL ECONOMIC EDUCATION DELEGATION

31

# Percent of adults who have experienced medical, medication, or lab errors or delays




NATIONAL ECONOMIC EDUCATION DELEGATION

Source: 2016 Commonwealth Fund International Health Policy Survey.

32

32

# Prevention and Screening

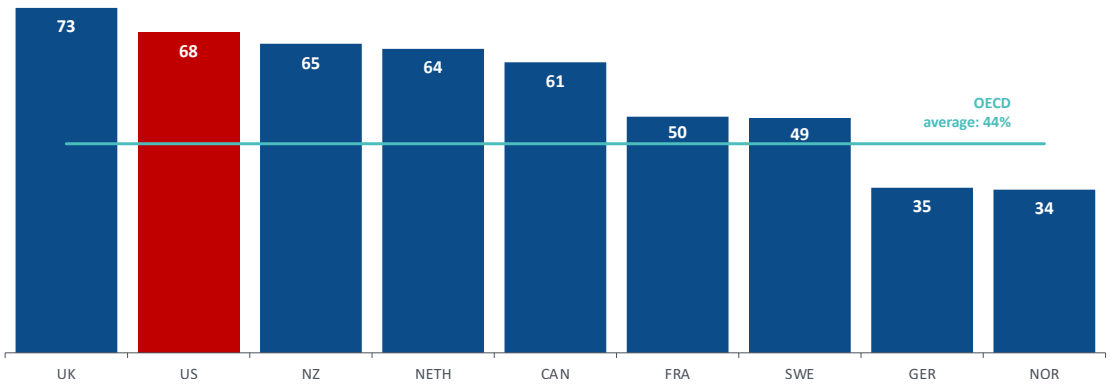
- The U.S. excels in **some** prevention measures, including flu vaccinations and breast cancer screenings.
- The U.S. has the highest average five-year survival rate for breast cancer, but the Lowest for cervical cancer.

NATIONAL ECONOMIC EDUCATION DELEGATION

33

# Flu Immunization

Percent of adults age 65 and older immunized (%).



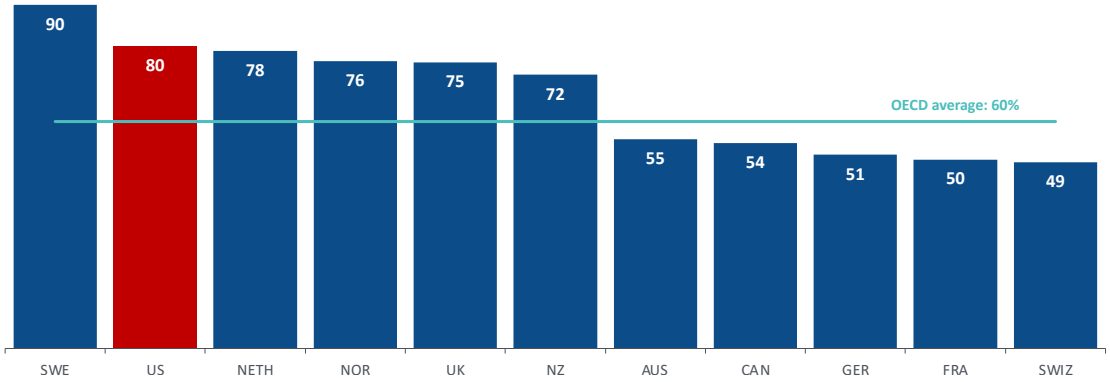

NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).

34

# Breast Cancer Screening

Percent of females ages 50–69 screened (%).



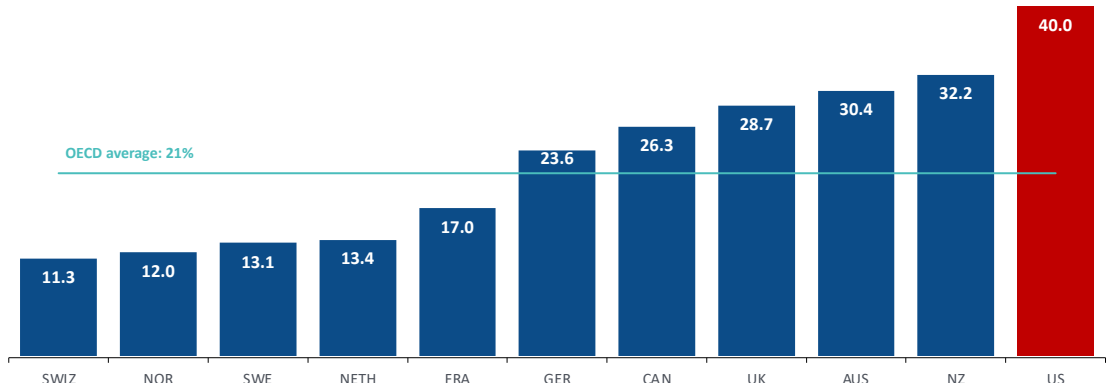

NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).

35

# Obesity Rate, 2017

Percent (%)



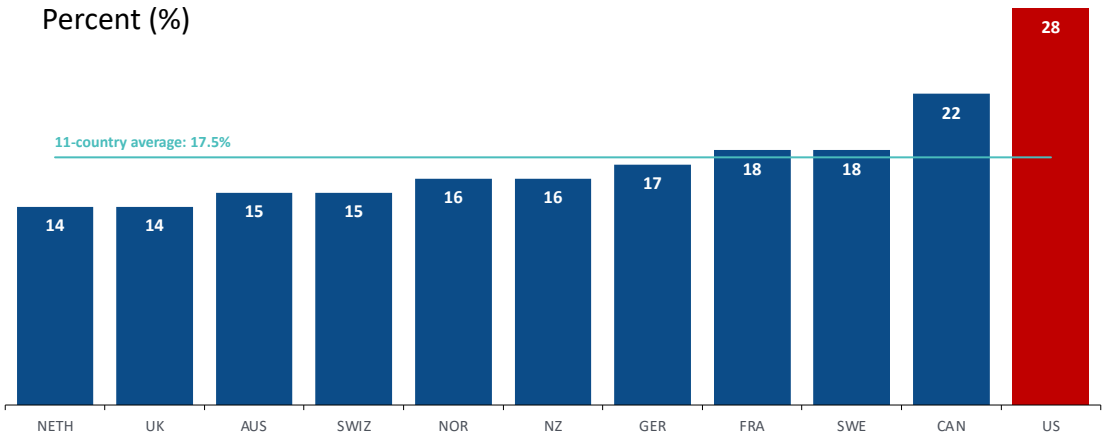

NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).

36

36

# Adults with Multiple Chronic Conditions, 2016




NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).



37

# The World Health Report 2000, *Health Systems: Improving Performance*

| | Overall Ranking |
|---|---|
| 1. | France |
| 2. | Italy |
| 3. | San Marino |
| 4. | Andorra |
| 5. | Malta |
| 6. | Singapore |
| 7. | Spain |
| 8. | Oman |
| 9. | Austria |
| 10. | Japan |

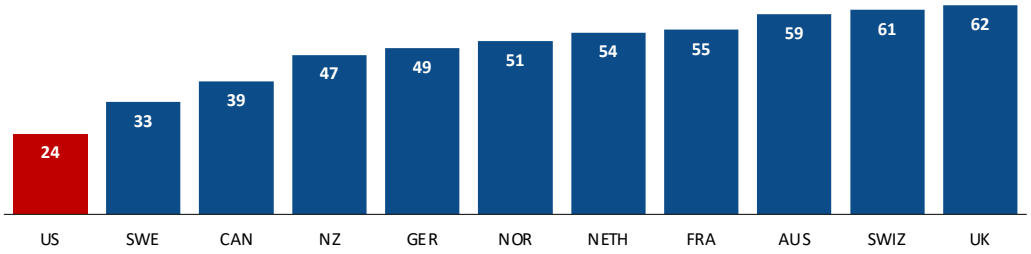
| | Overall Ranking |
|---|---|
| 30. | Canada |
| 31. | Finland |
| 32. | Australia |
| 33. | Chile |
| 34. | Denmark |
| 35. | Dominica |
| 36. | Costa Rica |
| 37. | United States |
| 38. | Slovenia |
| 39. | Cuba |

NATIONAL ECONOMIC EDUCATION DELEGATION

38

# Perception of Quality of Medical Care

*Percent of women ages 18–64 who rated their quality of medical care as **excellent or very good**.*




NATIONAL ECONOMIC EDUCATION DELEGATION

39

Source: Munira Z. Gunja et al., *What Is the Status of Women's Health and Health Care in the U.S. Compared to Ten Other Countries?* (Commonwealth Fund, Dec. 2018).

39

# Quality of Care Notes

- **Metrics of quality in the U.S. are not very good.**
- **Quality of care is not considered very good in the U.S.**
- **The system has challenges: obesity/lifestyle.**
- **The system has bright spots!**

NATIONAL ECONOMIC EDUCATION DELEGATION

40

40

## A Bit About Quality

- The U.S. has the **highest chronic disease burden.**
  - and an obesity rate that is two times higher than the OECD average.
- Americans had **fewer physician visits** than peers in most countries.
  - which may be related to a low supply of physicians in the U.S.
- The U.S. has among the highest # of **hospitalizations from preventable causes.**
  - and the highest rate of avoidable deaths.
- Americans use some **expensive technologies more often than our peers.**
  - MRIs, and specialized procedures, such as hip replacements.
- The U.S. outperforms its peers in terms of **preventive measures.**
  - One of the highest rates of breast cancer screening among women ages 50 to 69.
  - Second-highest rate (after the U.K.) of flu vaccinations among people age 65 and older.

NATIONAL ECONOMIC EDUCATION DELEGATION

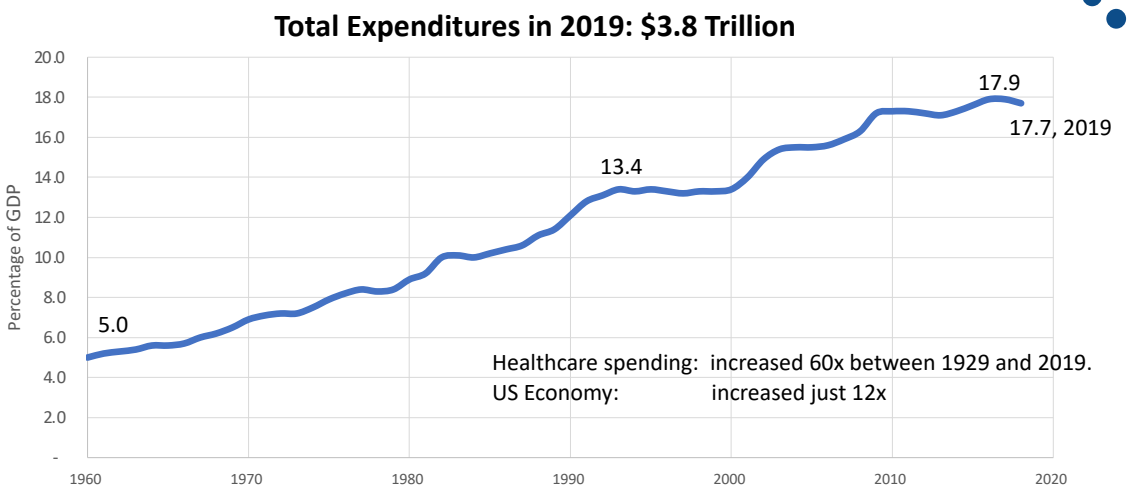
41

## Costs



42

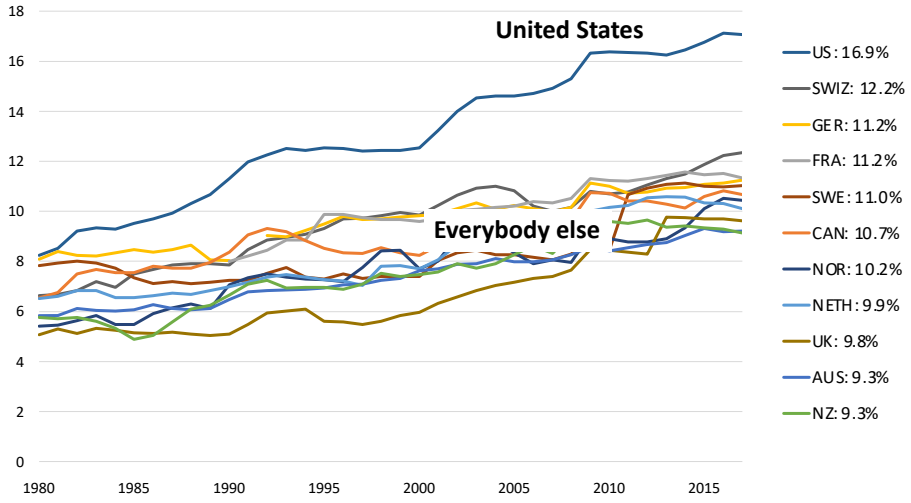
# National Health Expenditure as Percent of GDP




NATIONAL ECONOMIC EDUCATION DELEGATION

43

# Health Care Spending as % of GDP, 1980–2018




NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).

44

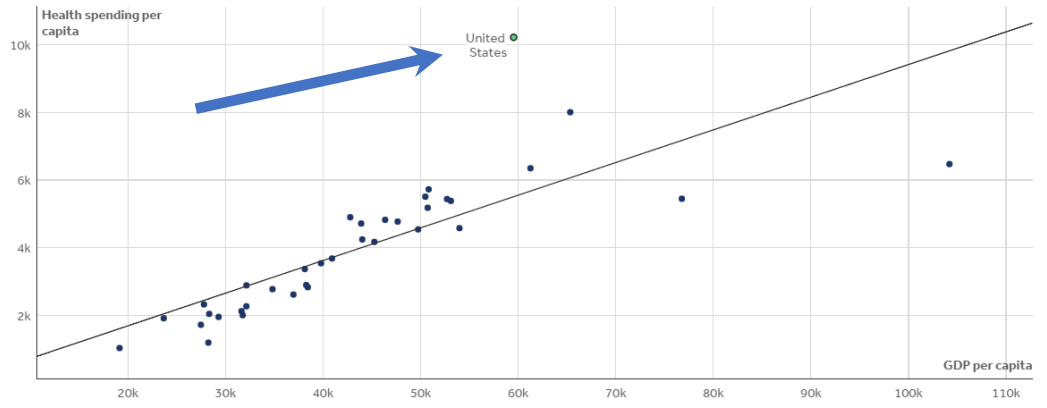
# Why is Healthcare Spending Increasing?

- Costs in the United States, and elsewhere are increasing rapidly.
- The share of economic spending on health care has been steadily increasing for all countries because:
  - Health spending growth has outpaced economic growth.
  - Richer countries demand more services, like attention to health.
- Also because of
  - Advances in medical technologies.
  - Increased demand for services.
  - Rising prices in the health sector – why?

NATIONAL ECONOMIC EDUCATION DELEGATION

45

# GDP per Capita and Health Spending per Capita, 2017




Notes: U.S. value obtained from National Health Expenditure data. Health consumption does not include investments in structures, equipment, or research.

Source: KFF analysis of OECD and National Health Expenditure (NHE) data • Get the data • PNG

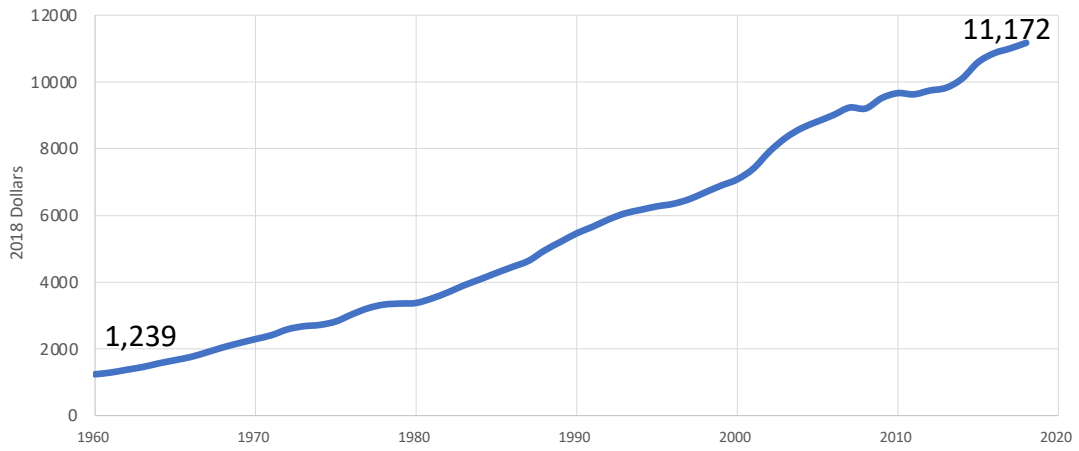
Peterson-KFF Health System Tracker

NATIONAL ECONOMIC EDUCATION DELEGATION

46

46

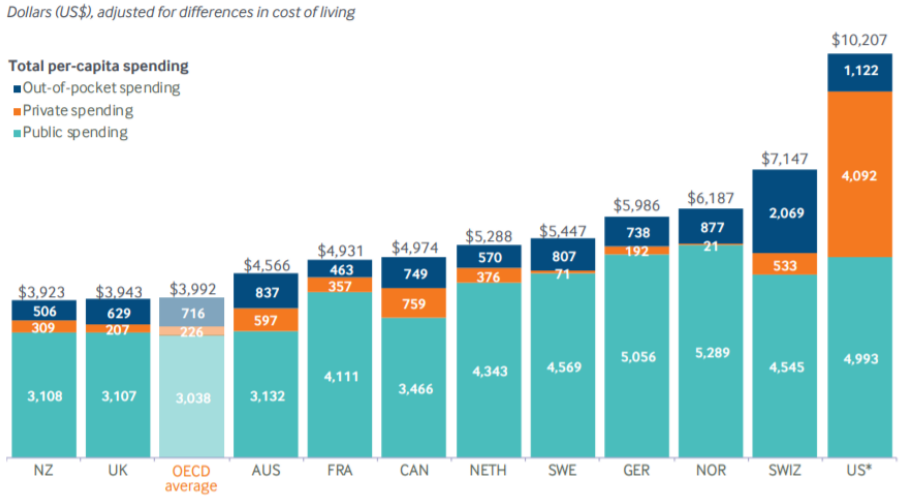
# National Healthcare Expenditure Per Capita




NATIONAL ECONOMIC EDUCATION DELEGATION

47

# International Per Capita Healthcare Spending




NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).

48

# Why Are Costs so High in the US?

**One Reason:**

**The United States is the only profit-motivated healthcare system in the world.**

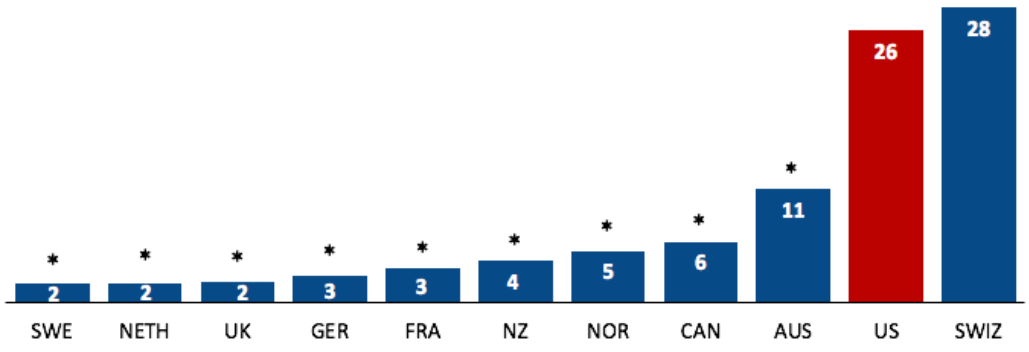
NATIONAL ECONOMIC EDUCATION DELEGATION



49

# Out-of-Pocket Costs

*Percent of women ages 18–64 with out-of-pocket costs of $2,000 or more.*




NATIONAL ECONOMIC EDUCATION DELEGATION



Source: Munira Z. Gunja et al., *What Is the Status of Women's Health and Health Care in the U.S. Compared to Ten Other Countries?* (Commonwealth Fund, Dec. 2018).

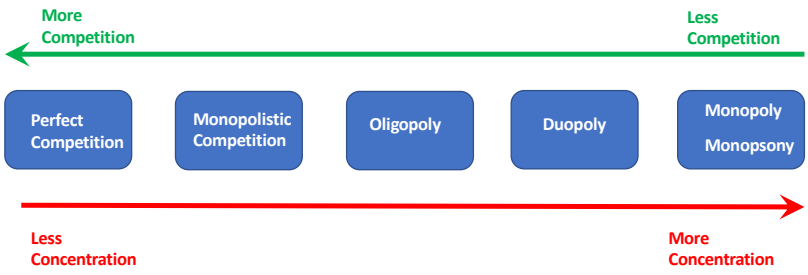
50

# Markets Matter for Costs



51

## What types of markets are there?






52

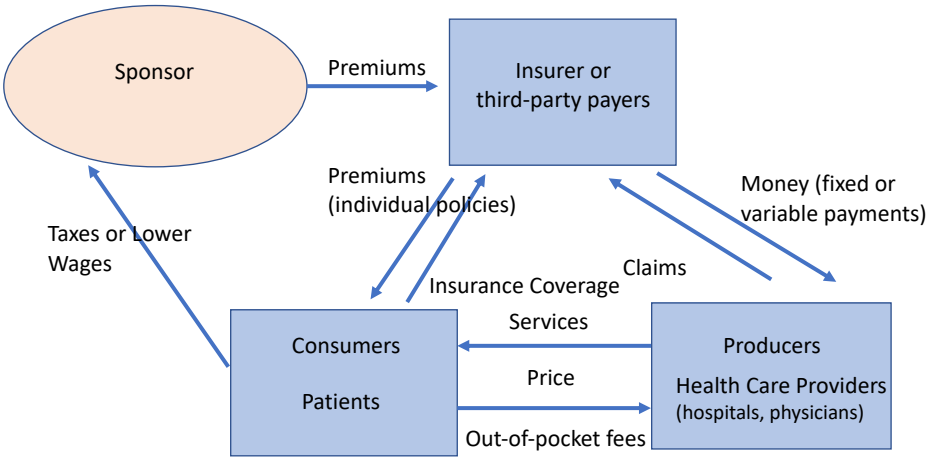
# Are Health Care Markets Special?

- Market Structure
- Type of products and services
- Principal-Agent Problem
- Asymmetric Information
- Moral Hazard
- Moral Imperative (?)



53

# Health Care Markets are Different






54

# Policy Matters for Costs



55

## Hospital Monopolization Across the Nation

- Most of the top 100 most expensive hospitals are located in states in the west and south.
  - Florida had the highest number, with 40 hospitals.
  - Other top states included Texas with 14 hospitals, Alabama with eight, Nevada with seven, and California with six.
- Hospitals Charge Patients More Than Four Times the Cost of Care
- The most expensive hospitals cost of care range from 1,808 % at the high end to 1,129 % at the low end.



56

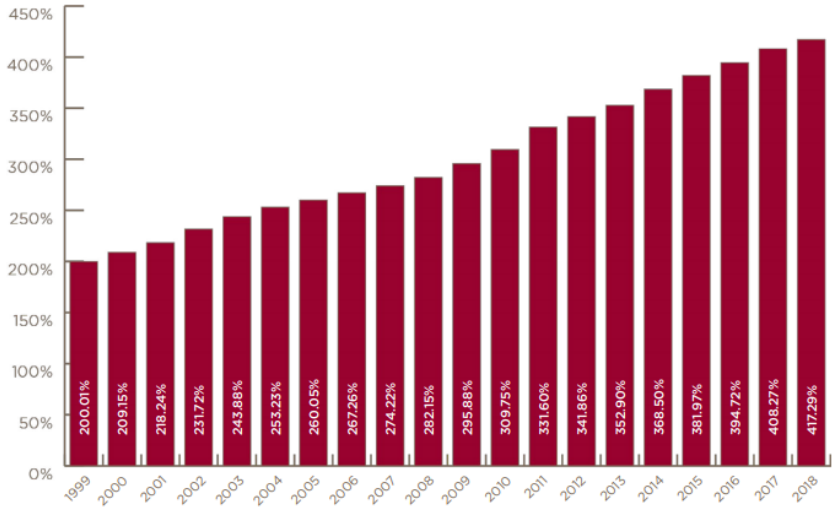
# Hospital Monopolization

- Market consolidation among and between health systems, hospitals, medical groups, and health insurers has surged over the last decade.
- Over an 18-month period between July 2016 and January 2018:
  - Hospitals acquired 8,000 more medical practices.
  - 14,000 more physicians left independent practice to become hospital employees.



57

Figure 10. **U.S. Hospitals' Average Charge-to-Cost Ratio, 1999 – 2018**






58

# Drug Price Comparisons

**Drug Prices for 30 Most Commonly Prescribed Brand-Name and Generic Drugs, 2006–07**
US is set at 1.00

| | AUS | CAN | FR | GER | NETH | NZ | SWITZ | UK | US |
|---|---|---|---|---|---|---|---|---|---|
| Brand-name drugs | 0.40 | 0.64 | 0.32 | 0.43 | 0.39 | 0.33 | 0.51 | 0.46 | 1.00 |
| Generic drugs | 2.57 | 1.78 | 2.85 | 3.99 | 1.96 | 0.90 | 3.11 | 1.75 | 1.00 |



Source: IMS Health; analysis by Gerard Anderson, Johns Hopkins University.



# Medicare Modernization Act

- Prescription Drug Component
- Medicare Part D, **by law**, can**not** negotiate drug prices like other governments do.
- In 2017, Medicare spent nearly $8 billion on insulin.
  - The researchers said that if Medicare were allowed to **negotiate** drug prices like the U.S. Department of Veterans Affairs (VA) can, Medicare could **save about $4.4 billion *just* on insulin**.

# Prescription Drug Savings in Build Back Better

**CBO's Estimates of Prescription Drug Policies in the Build Back Better Act**

| Policy | Ten-Year Savings |
|---|---|
| Medicare Drug Price Negotiations | $76 billion |
| Part B and D Inflation Rebates (Medicare and Medicaid) | $49 billion |
| Commercial Drug Inflation Rebates | $34 billion |
| Part D Benefit Formula Redesign | $2 billion* |
| Medicare Insulin and Cost Sharing Cap | -$1 billion |
| Repeal of Rebate Rule | $143 billion |
| **Total Savings of Prescription Drug Proposals** | **$303 billion** |

Sources: Congressional Budget Office and Committee for a Responsible Federal Budget.
*Includes payments for biosimilar biological products



61

# Concentration in Pharmaceutical Companies

- The number of mergers and acquisitions involving one of the top 25 firms more than doubled:
  - 29 in 2006 to 61 in 2015
- Between 1995 and 2015, 60 drug companies merged into 10.



62

# Monopolization of Health Insurance Market

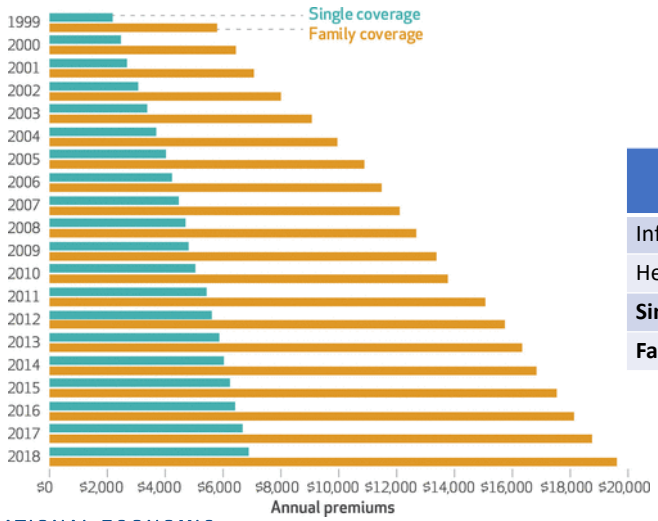
- As of 2011, there were close to **100 insurers** in **Switzerland** competing for consumer health care dollars, **forcing firms to compete** by setting prices to just cover costs.
- In the United States, **markets are state specific** and consumers may choose from plans available in the state in which they reside.
- In 2014, of the 50 states and the District of Columbia:
  - 11 had only 1 or 2 insurers
  - 21 had 3 or 4, and
  - only 19 states had 5 or more. (CA has 11)
- As of July 2019, the number of states with only 1 or 2 insurers had increased from 11 to 20.

NATIONAL ECONOMIC EDUCATION DELEGATION

63

# Average Annual Insurance Premiums, 1999-2018

Employer provided, Not Adjusted for Inflation




Single: ~$2,000 to ~$7,000
Family: ~$5,900 to ~$19,500

| | Average Annual Rate of Change |
|---|---|
| Inflation | 2.19 |
| Health Care CPI | 3.68 |
| **Single coverage** | **6.51** |
| **Family coverage** | **6.52** |

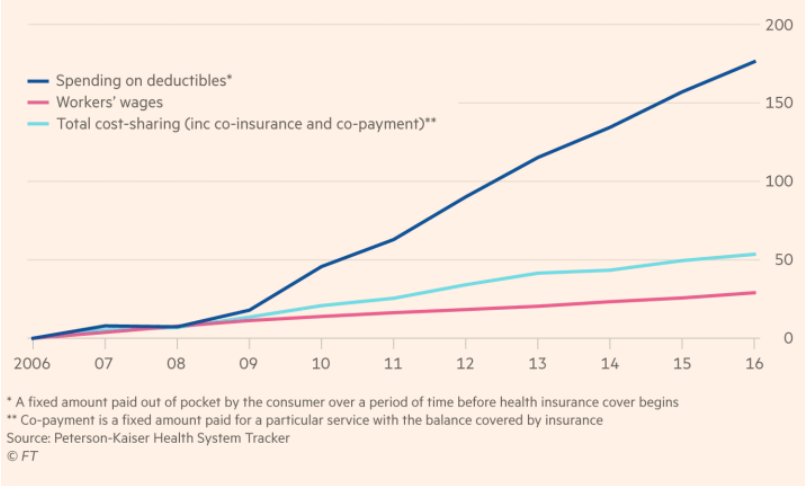
NATIONAL ECONOMIC EDUCATION DELEGATION

64

Source: The Commonwealth Fund

64

# Spending on Deductibles




NATIONAL ECONOMIC EDUCATION DELEGATION

65

# Reason for Higher Health Insurance Rates

- Rising prices in the health sector
- Advances in medical technologies
- Increased demand for services
- Concentration of insurance companies!

NATIONAL ECONOMIC EDUCATION DELEGATION

66

# Health Care Systems and Institutions



67

## Health System Classification

- **Developed countries of the world have each taken a different approach for their health care delivery systems.**
- **5 basic models:**
  - National health insurance (Canada)
  - Bismarck (France, Germany, Japan, Switzerland)
  - Beveridge – socialized medicine (United Kingdom, Spain, New Zealand)
  - Out of pocket model – self insurance
  - Mixed (United States)



68

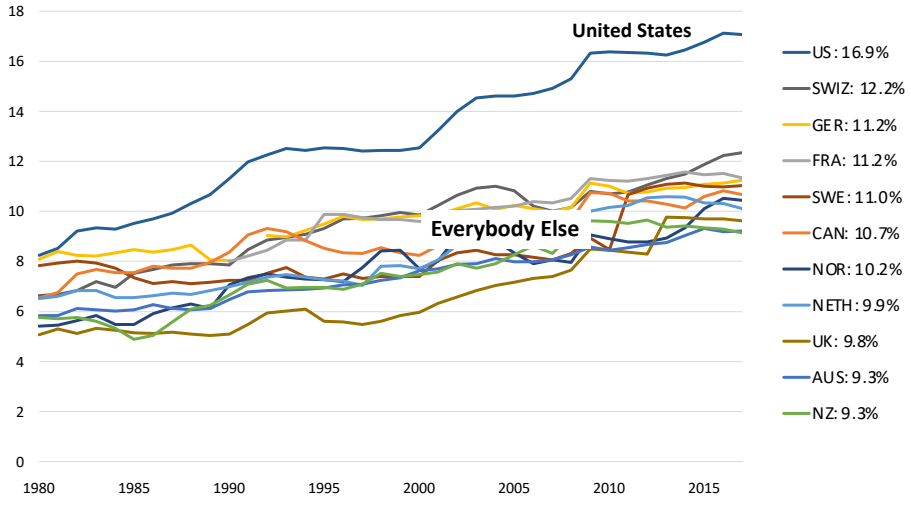
# US Health Care System

- **Medicare – National Health Insurance**
- **Military Veteran Care – Beveridge model (socialized medicine)**
- **Employer-sponsored insurance – Bismarck model**
- **Individual market health plans - Bismarck model**
- **Uninsured - Out of pocket model**



69

# Health Care Spending as % of GDP, 1980–2018

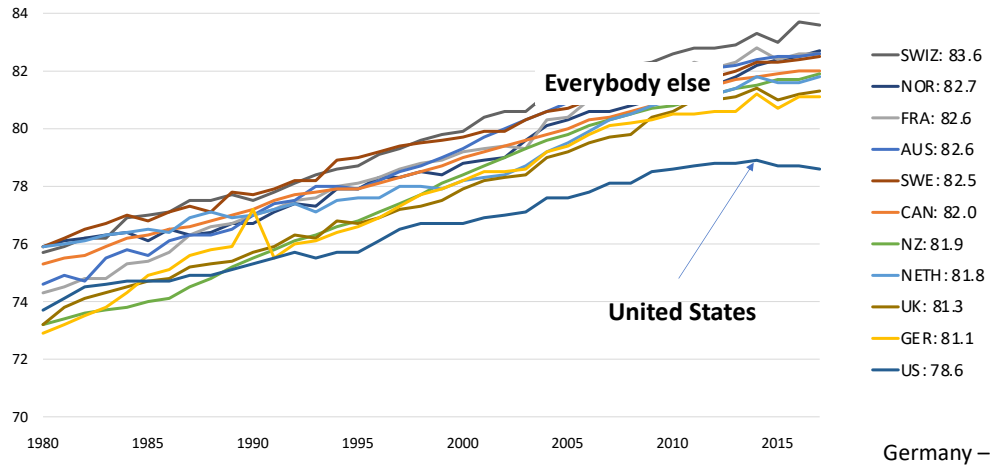





Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).

70

# Life Expectancy: How Does the US Compare?




Germany – US = 2.5 years

NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).

71

71

# Health Insurance and Reform

NATIONAL ECONOMIC EDUCATION DELEGATION

72

72

# Definition: Universal Coverage

- **Universal coverage –** refers to health care systems in which all individuals have insurance coverage.
- Generally, this coverage includes:
  - Access to all needed services and benefits.
  - Protects individuals from excessive financial hardships.
    - Medical indebtedness is the #1 cause of bankruptcies in the United States.
- Canada has universal coverage, the United States does not.



# Definition: Single-Payer

- **Single-payer** - refers to financing a health care system by making one entity solely and exclusively responsible for paying for medical goods and services.
- It is only the financing component that is socialized.
  - The money for the payment can be either collected by:
    - Taxes collected by the government
    - Premiums collected by National or Public Health Insurance
- **Single-payer systems: 17 countries**
  - Norway, Japan, United Kingdom, Kuwait, Sweden, Bahrain, Brunei, Canada, United Arab Emirates, Denmark, Finland, Slovenia, Italy, Portugal, Cyprus, Spain, and Iceland.

## Definition: Socialized Medicine

- **Socialized medicine** – this model actually takes the single-payer system one step further.
  - Government not only pays for heath care but operates the hospitals and employs the medical staff.
- This is NOT part of the current debate in the United States.



75

## Definition: Third-Party Payer

- A **third-party payer** is an entity that pays medical claims on behalf of the insured. Examples of third-party payers include government agencies, insurance companies, health maintenance organizations (HMOs), and employers.
  - Employer-sponsored health plans
  - Individual market health plans
  - National health insurance



76

## Tradeoffs

Tradeoffs take place among the three legs:

- Increasing quality in health care may lead to higher health care costs.
  - This means a compromise in access (affordability).
- I.e., with increasing quality, access may suffer.
- By increasing access, quality may suffer.
- By decreasing costs, quality may suffer.

NATIONAL ECONOMIC EDUCATION DELEGATION

77

## Summary

- US HealthCare system is not preforming well.
  - Very expensive with low quality and access.
- One of the main reasons for very high costs is the monopolization of healthcare markets.
  - Hospitals, health insurance, big pharma, physicians, etc.
- A few simple solutions could drastically reduce costs:
  - Enforcement of antitrust laws in this sector.
  - Introduction of a public option in the health insurance market.
  - Ability for the US government to negotiate drug prices like most every other nation.
- Universal health insurance would increase access and perhaps also reduce costs.
- But there are always tradeoffs: you can pick two, but the third may suffer.

NATIONAL ECONOMIC EDUCATION DELEGATION

78

78

# Big Pharma

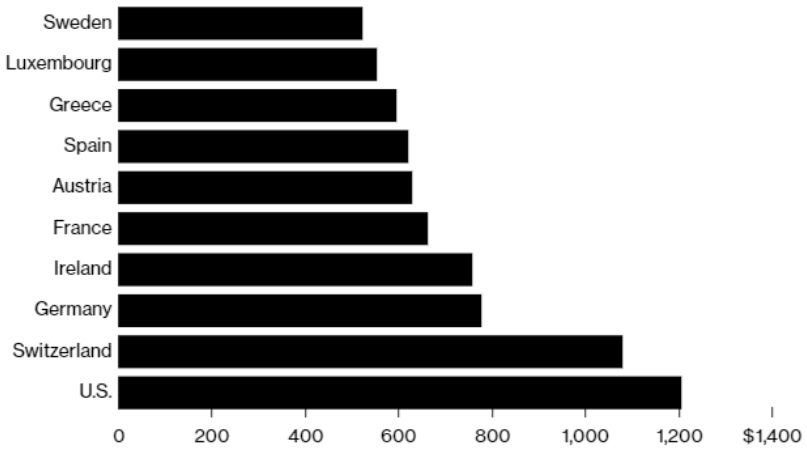
NATIONAL ECONOMIC EDUCATION DELEGATION



79

# Spending on Pharmaceuticals

Top spenders per capita on drugs in 2016, in U.S. dollars

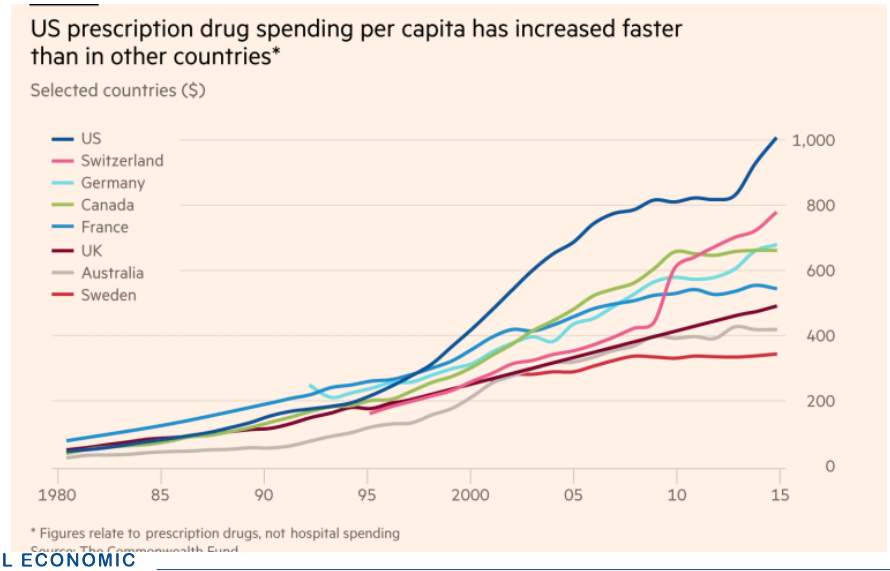



Source: Organisation for Economic Co-operation and Development

NATIONAL ECONOMIC EDUCATION DELEGATION

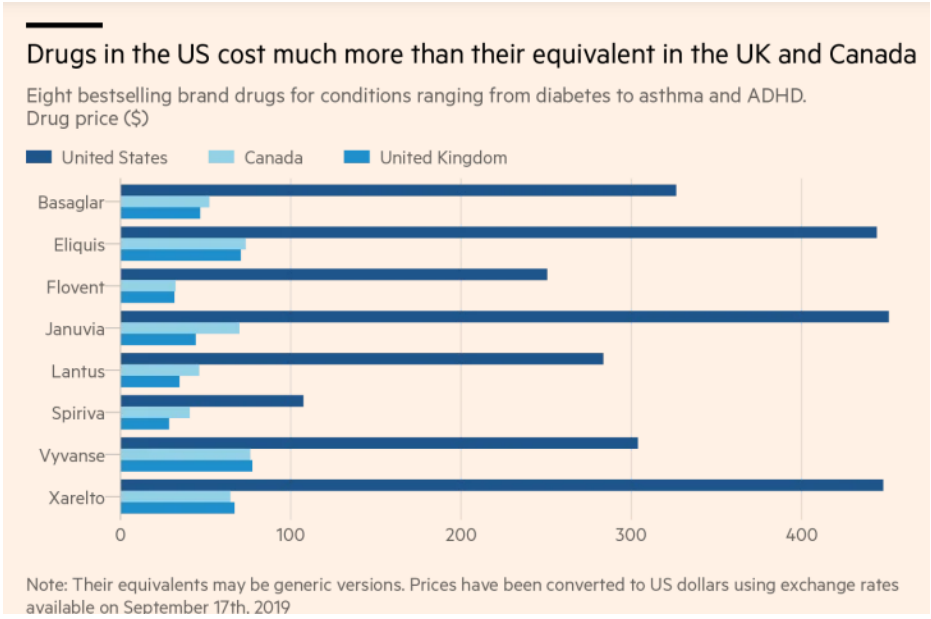
80

# Drug Prices: Trends Over Time




NATIONAL ECONOMIC EDUCATION DELEGATION

81




NATIONAL ECONOMIC EDUCATION DELEGATION

82

## Price Hikes

- **Turing Pharmaceuticals' 5,555% price increase of Daraprim in 2015 and Mylan's 500% increase of EpiPen prices…**
- **More than 3,400 drugs boosted their prices in the first six months of 2019, an increase of 17% in the number of drug hikes from a year earlier.**
  - The average price hike is 10.5%, or 5 times the rate of inflation.
- **About 41 drugs boosted their prices by more than 100% in 2019.**
- **Over 10 years, the net cost of prescription drugs in the United States rose more than THREE TIMES FASTER than the rate of inflation.**



83

## Reasons for higher drug prices

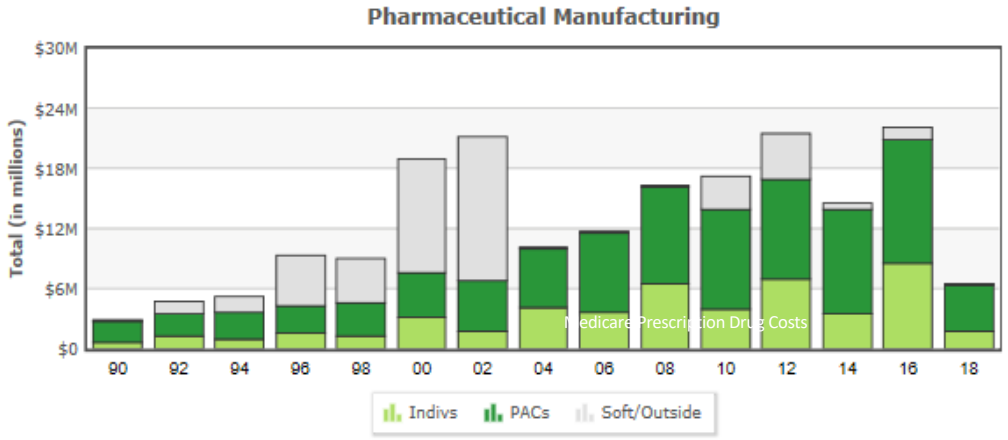
- The Medicare Prescription Drug, Improvement, and Modernization Act, also called the **Medicare Modernization Act** or MMA, is a federal law of the United States, enacted in 2003.
  - Prohibits government negotiation of lower prices.
- Growing concentration of pharmaceutical companies.



84

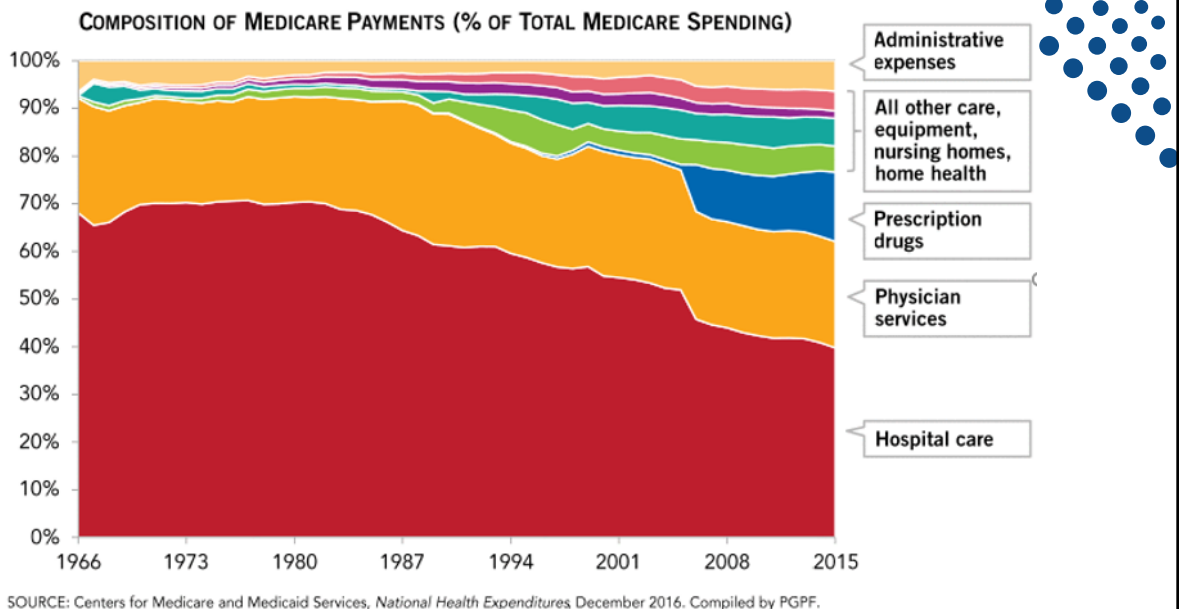
## Lobbying

### Contribution Trends, 1990-2018




NATIONAL ECONOMIC EDUCATION DELEGATION

85



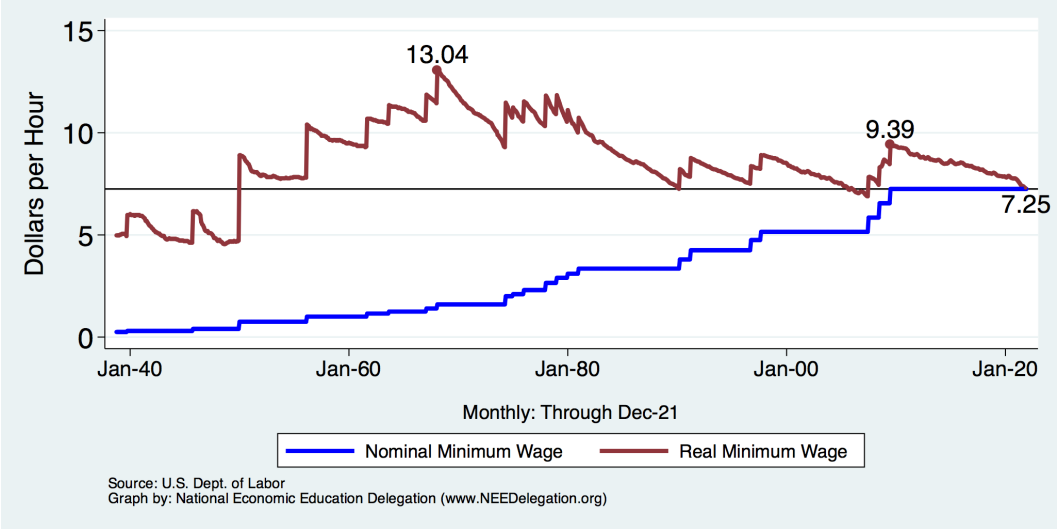

SOURCE: Centers for Medicare and Medicaid Services, *National Health Expenditures* December 2016. Compiled by PGPF.

NATIONAL ECONOMIC EDUCATION DELEGATION

86

86

## Next Week: Minimum Wages




NATIONAL ECONOMIC EDUCATION DELEGATION

87

87

## Thank you!

# Any Questions?

www.NEEDelegation.org
Jon D. Haveman, Ph.D.
Jon@NEEDelegation.org

Contact NEED: info@needelegation.org

Submit a testimonial: www.NEEDelegation.org/testimonials.php

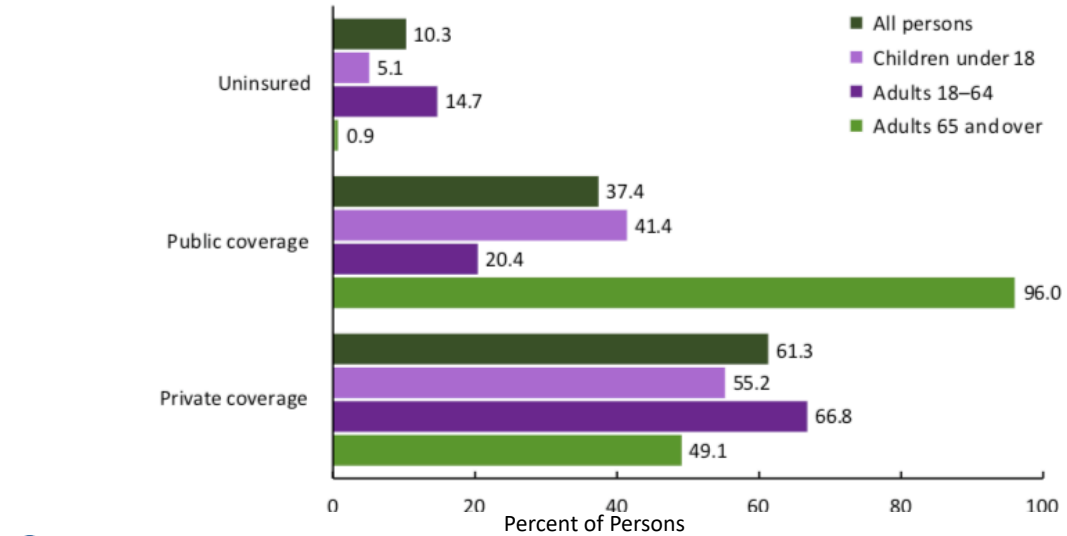
Become a Friend of NEED: www.NEEDelegation.org/friend.php

NATIONAL ECONOMIC EDUCATION DELEGATION

88

88

## Health Insurance Coverage, 2019



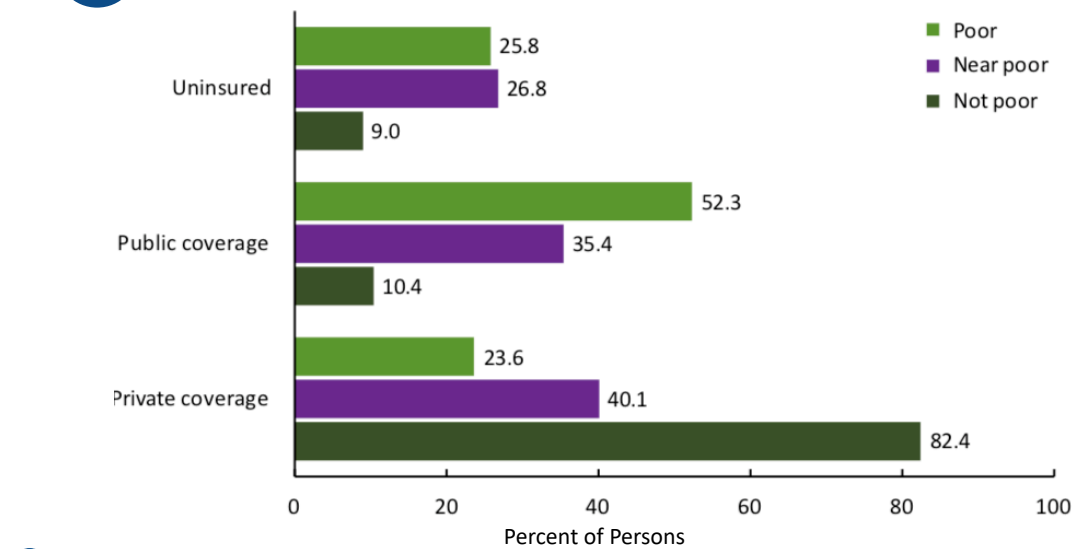

NATIONAL ECONOMIC EDUCATION DELEGATION

89

Source: National Center for Health Statistics

89

## Health Insurance Coverage, 2019



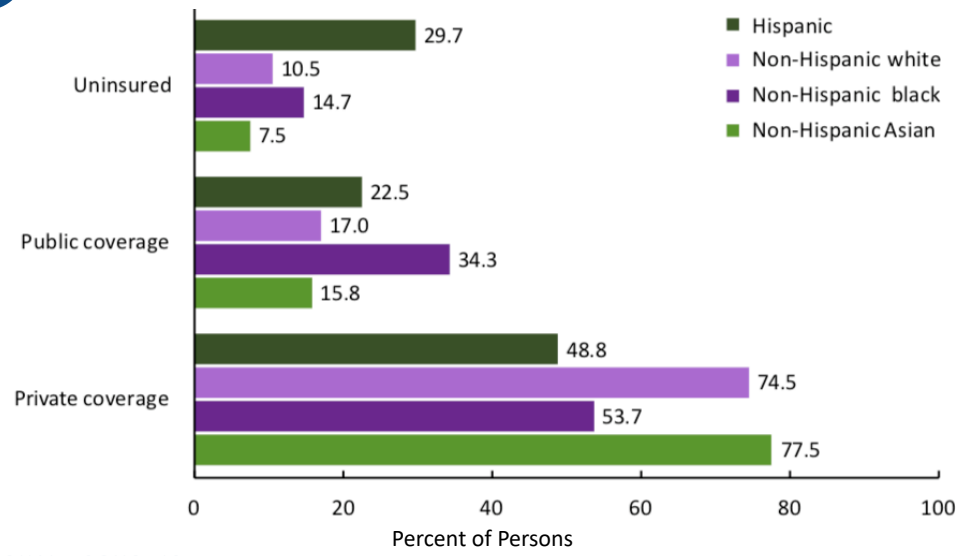

NATIONAL ECONOMIC EDUCATION DELEGATION

90

Source: National Center for Health Statistics

90

# Health Insurance Coverage, 2019




NATIONAL ECONOMIC EDUCATION DELEGATION

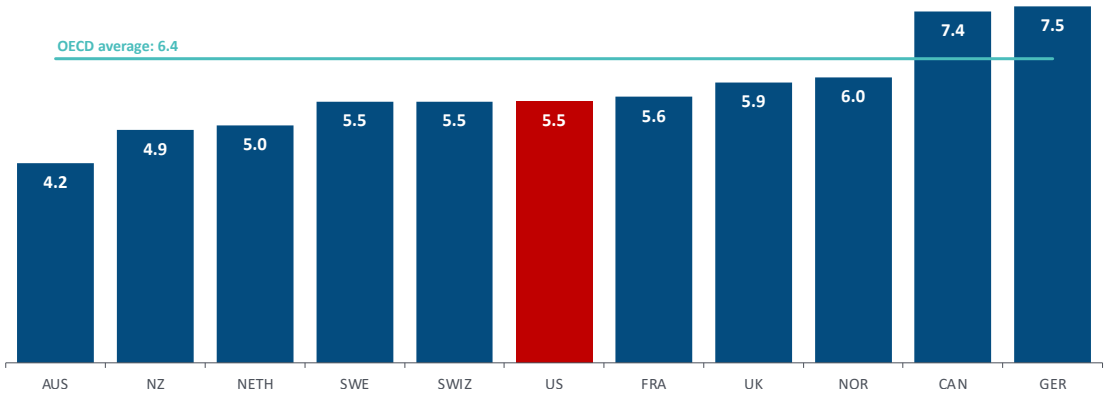
91

Source: National Center for Health Statistics

91

# Hospital Acute Care Average Length of Stay

*Average length of stay for acute care (days)*



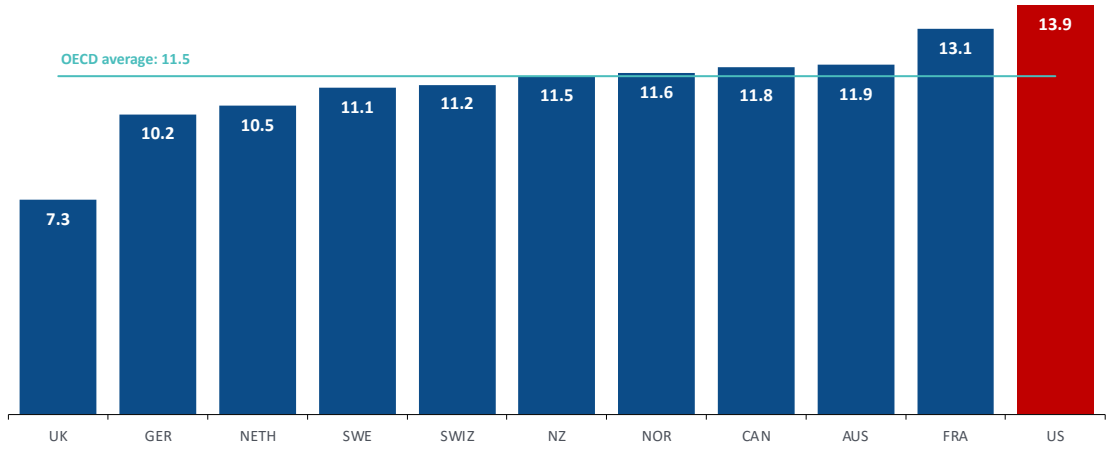

NATIONAL ECONOMIC EDUCATION DELEGATION

92

92

# Suicides, 2016

Deaths per 100,000 population




NATIONAL ECONOMIC EDUCATION DELEGATION

Source: Roosa Tikkanen and Melinda K. Abrams, *U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes* (Commonwealth Fund, Jan. 2020).

93

93