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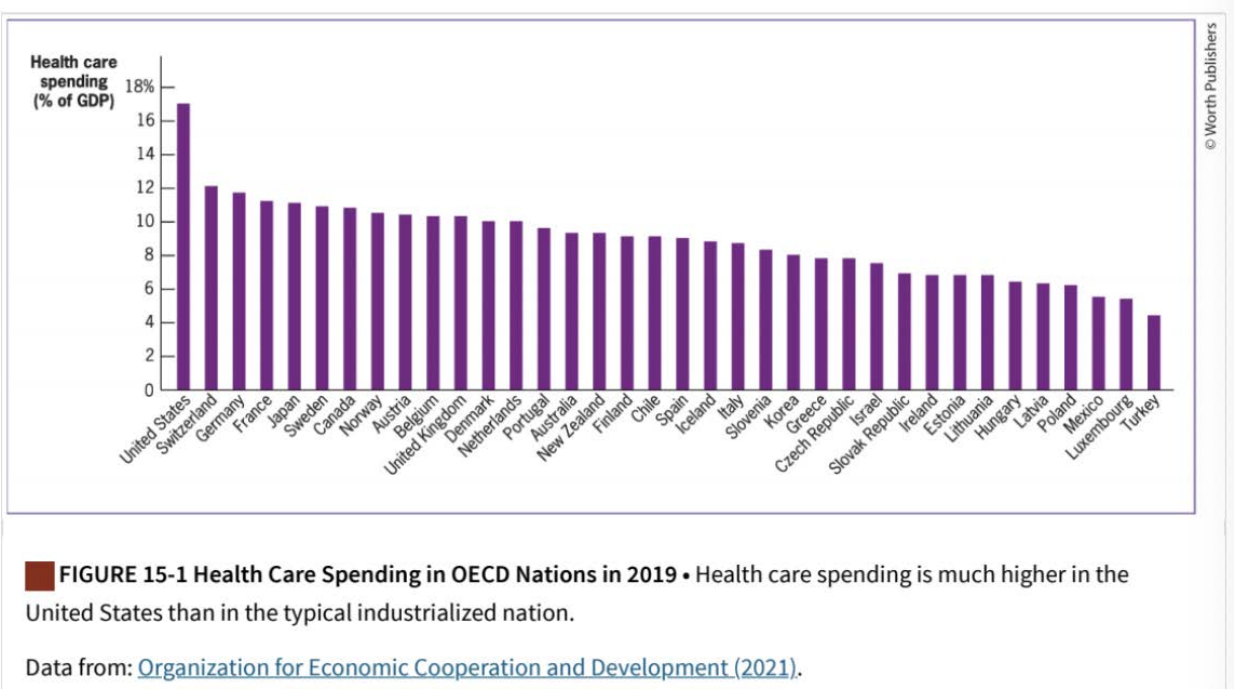

FIGURE 15-1 Health Care Spending in OECD Nations in 2019 • Health care spending is much higher in the United States than in the typical industrialized nation.

Data from: Organization for Economic Cooperation and Development (2021).

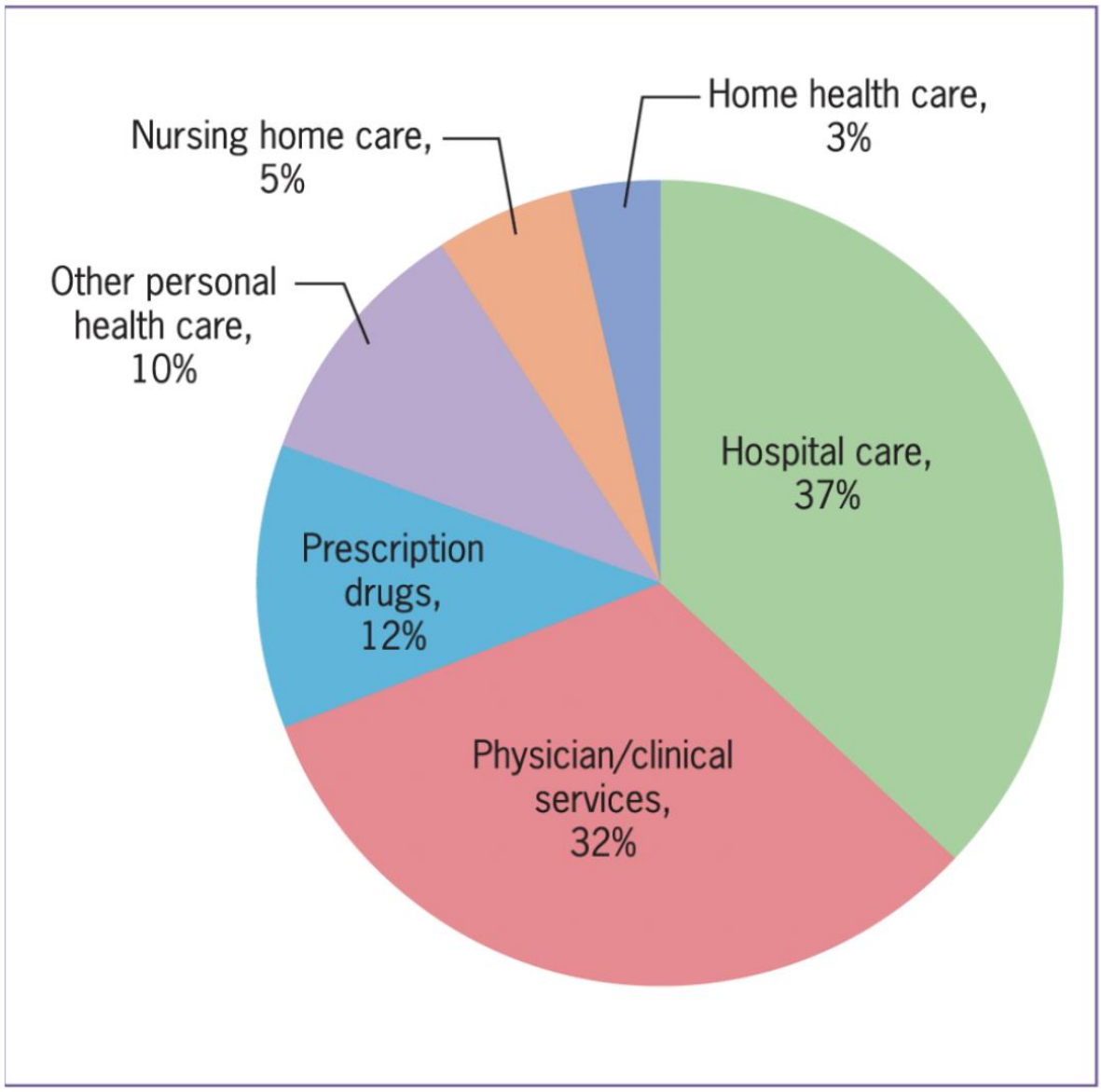

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FIGURE 15-2 Distribution of National Health Expenditures, 2019 • The largest single category of health care spending in the United States in 2019 was hospital care. Together hospital and physician spending accounted for over two-thirds of all health care spending.

Data from: Centers for Medicare and Medicaid Services (2020), Table 2.

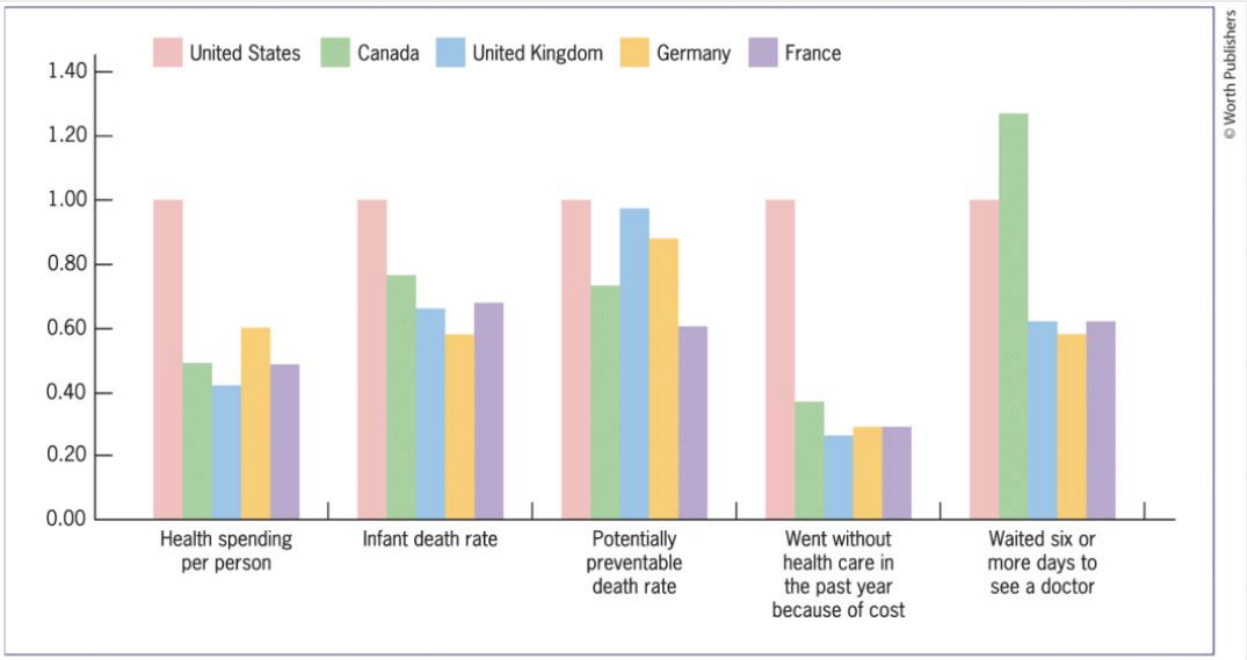

FIGURE 15-3 U.S. Rankings in Health System Outcomes • This figure shows the ranking of the United States relative to other developed nations along a number of indicators of health system outcomes. The United States spends twice as much as most other developed countries on health care, yet it is outperformed in almost every other indicator.

Data from: The Common Wealth Fund at www.commonwealthfund.org.

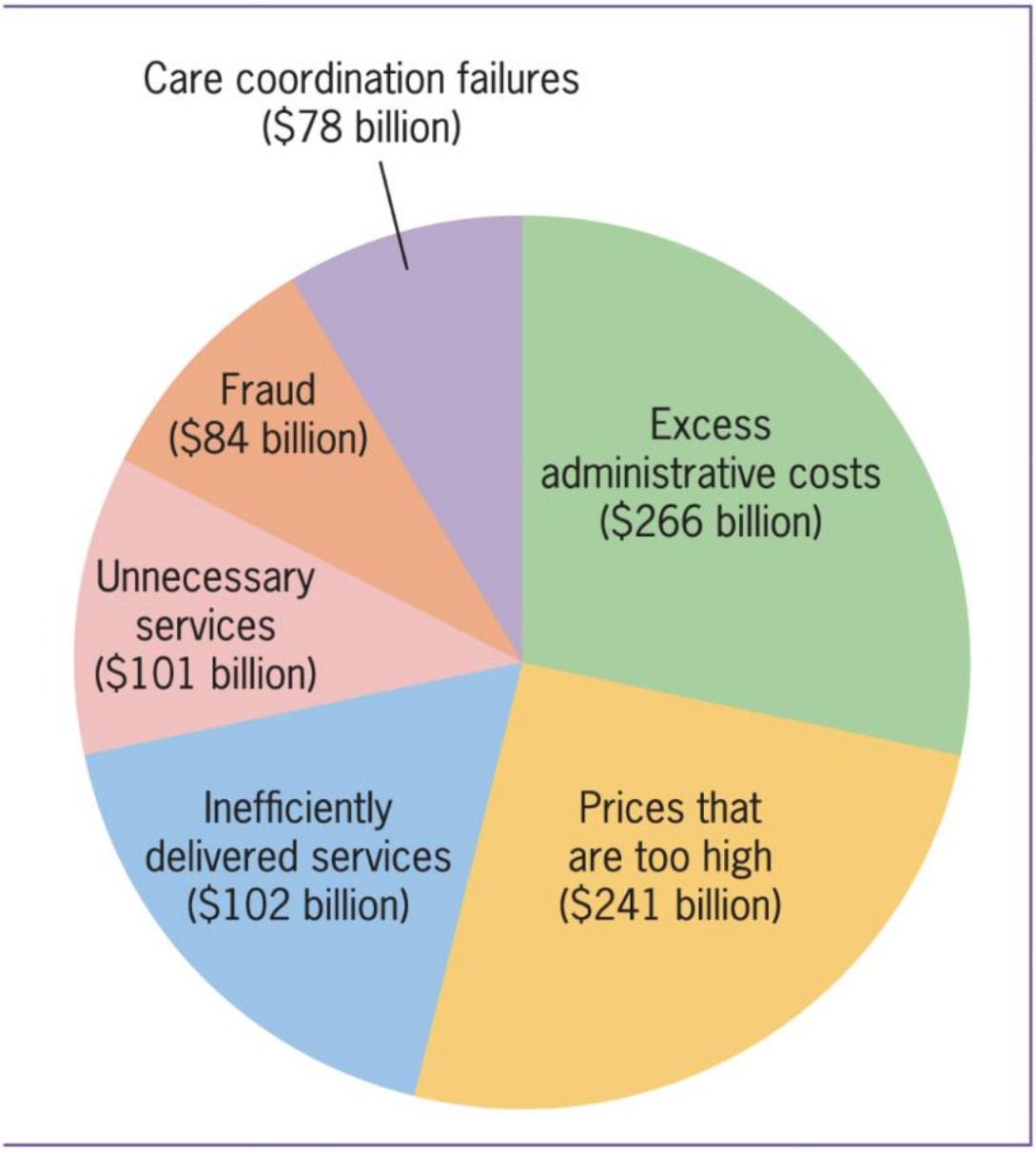

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FIGURE 15-4 Breakdown of Health Care Overspending • The United States spent $935 billion in health-related spending that did not contribute to patient care in 2019. This chart shows where it went. The three largest sources of wasteful spending are high prices, excess administrative costs, and unnecessary or inefficiently delivered services.

Data from: Shrank, Rogstad, and Parekh (2019).

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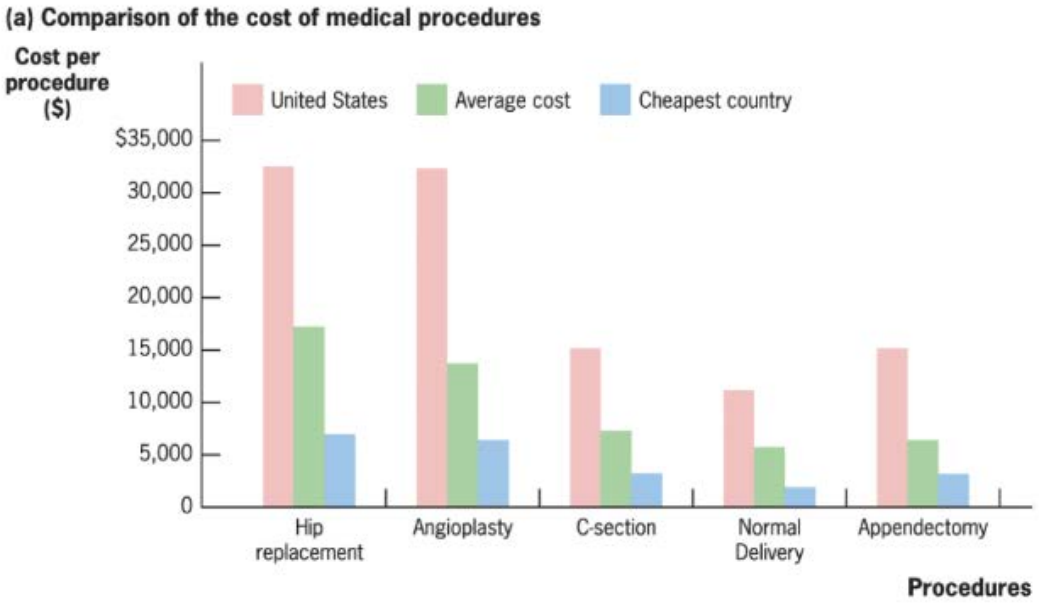

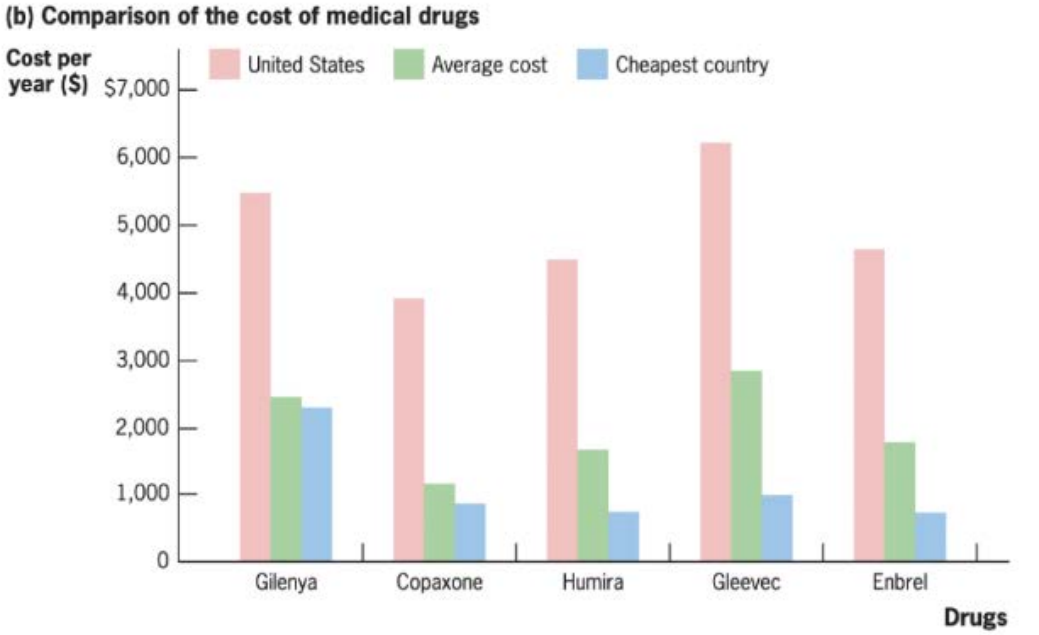

FIGURE 15-5 Comparison of the Cost of Medical Procedures and Drugs Relative to Other Nations • The United States pays higher prices on average for every single one of these services [panel (a)] and drugs [panel (b)] than those paid in other nations, and many multiples of the lowest cost comparison.

Data from: International Federation of Health Plans at www.ifhp.com.

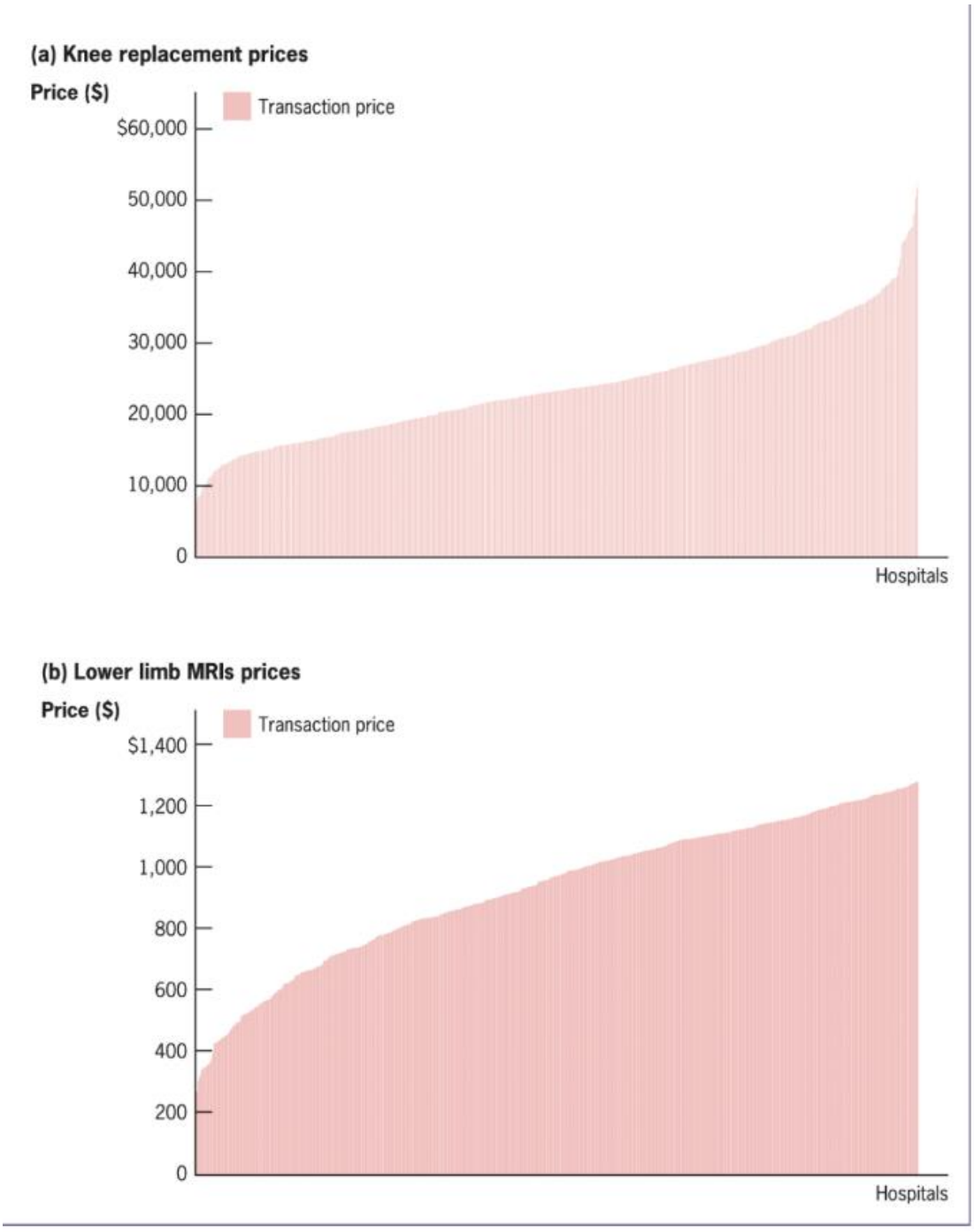

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FIGURE 15-6 Variation in the Costs of Medical Services • The red bars in the graphs above show how much the cost of medical services varies from hospital to hospital, even for the same service.

Data from: Cooper et al. (2018).

TABLE 15-1 Type of Health Insurance, 2019

	People (millions)
Total population	**324.6**
Private	220.8
Employment based	183.0
Direct purchase	33.2
Public	110.7
Medicare	58.8
Medicaid	55.9
Tricare/CHAMPVA	3.2
The uninsured	26.1

Data from: Keisler-Starkey and Bunch (2020), Table 1.

More than two-thirds of insured Americans have private health insurance, largely through employers, while the remaining have public health insurance. Roughly 8% of Americans are uninsured. Note that estimates by type of coverage are not mutually exclusive; people can be covered by more than one type of health insurance during the year.

TABLE 15-2 Illustrating the Tax Subsidy to Employer-Provided Insurance

	Marginal Product, Wage	Employer Health Insurance Spending	Pre-Tax Wage	After-Tax Wage	Personal Health Insurance Spending	After-Tax, After-Health Insurance Income
Nigel	$30,000	0	$30,000	$20,000	$4,000	$16,000
Khadija	30,000	$5,000	25,000	16,666	0	16,666

Nigel and Khadija both have the same marginal product of labor, but Khadija chooses to take insurance through her employer, accepting a $5,000 reduction in wages as a result, while Nigel purchases it on his own for $4,000. Even though Nigel's insurance is cheaper, Khadija ends up with $666 more income after taxes than Nigel due to the subsidy to employer-provided insurance.

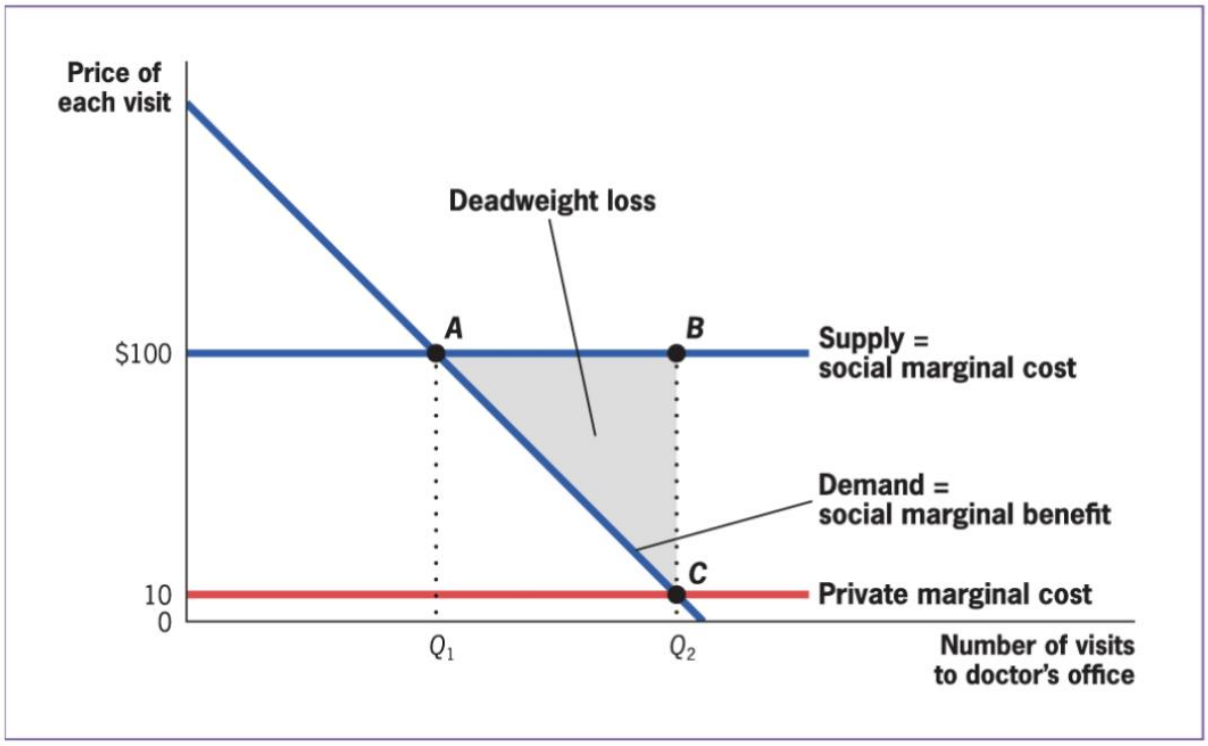

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FIGURE 15-7 Patient-Side Moral Hazard • With no insurance, and a cost of $100 per visit, individuals would consume Q_1 doctor's office visits, where marginal costs and benefits are equal. With only a $10 copayment, however, individuals consume Q_2 worth of visits, where private marginal costs equal social marginal benefit; this overconsumption of health care leads to a deadweight loss of *ABC*.

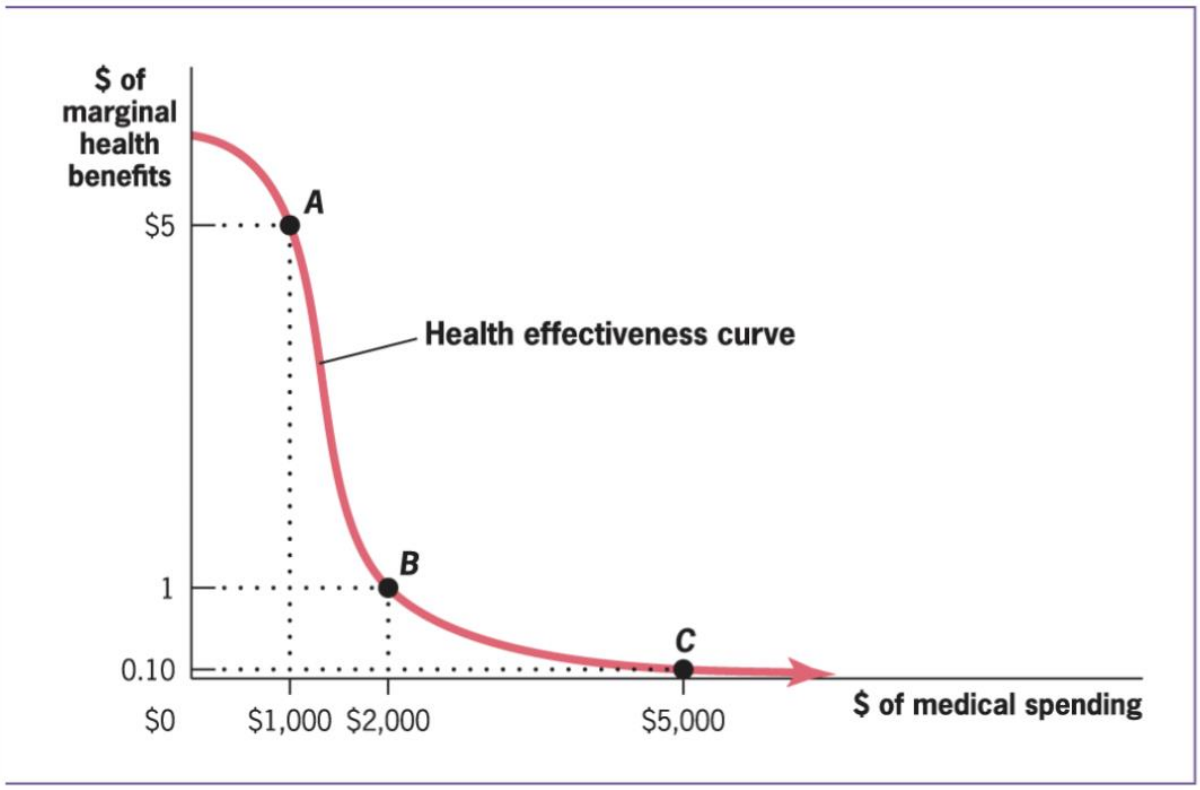

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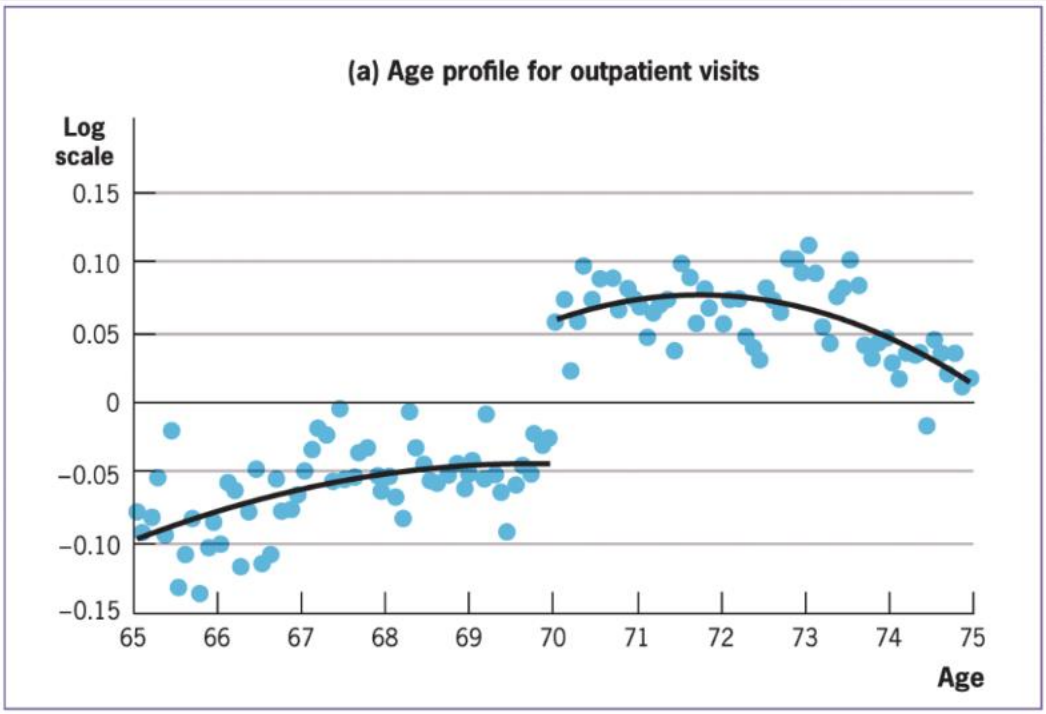
FIGURE 15-8 The "Flat of the Curve" • Spending on health care is assumed to initially be very productive in terms of improved health care outcomes, but that productivity dwindles as spending rises. The curve shows the value of improved health for each dollar in medical spending. At point *A,* when individuals are spending $1,000 on health care, each dollar of medical spending buys $5 worth of improved health; at point *B,* when individuals are spending $2,000 on health care, each dollar of medical spending buys $1 worth of improved health. Beyond point *B,* however, there is much less than $1 in improved health for each $1 in medical spending.



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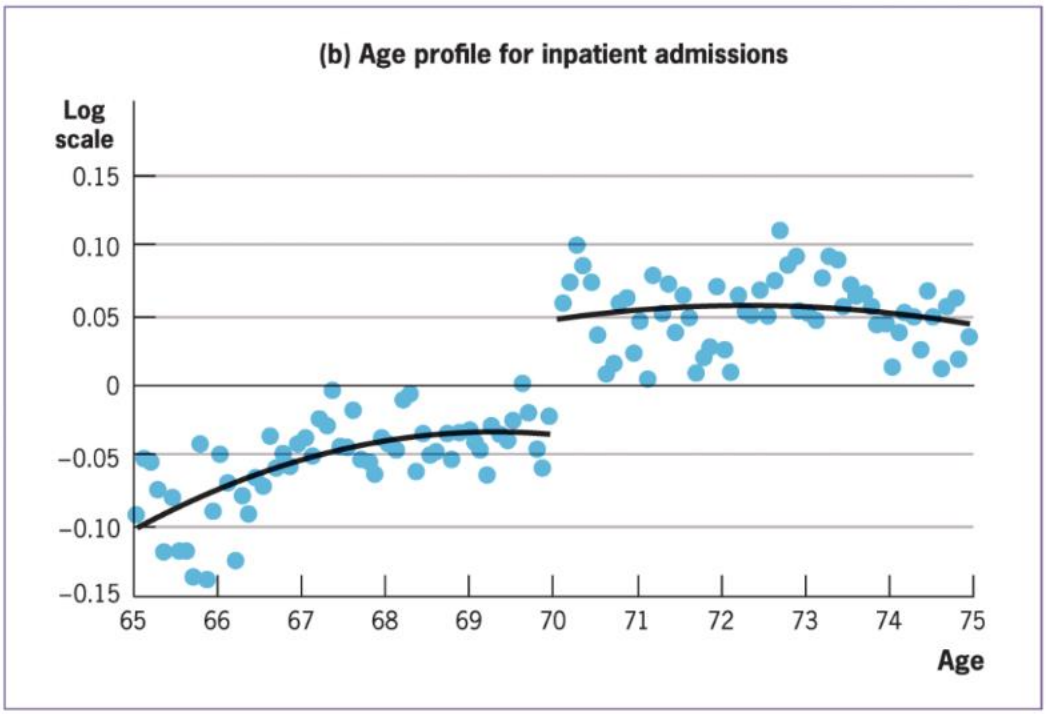

FIGURE 15-9 Age Profiles for Outpatient Visits and Inpatient Admissions Panels (Log Scale) • (a) (outpatient visits) and (b) (inpatient hospital admissions) show that both increase with age, which is consistent with a growing need for medical care as we get older. Age 70 marks a huge drop in cost sharing for the elderly and a corresponding jump in visits to the doctor and hospital admissions.

Data from: Shigeoka (2014), Figures 2A and 4A.

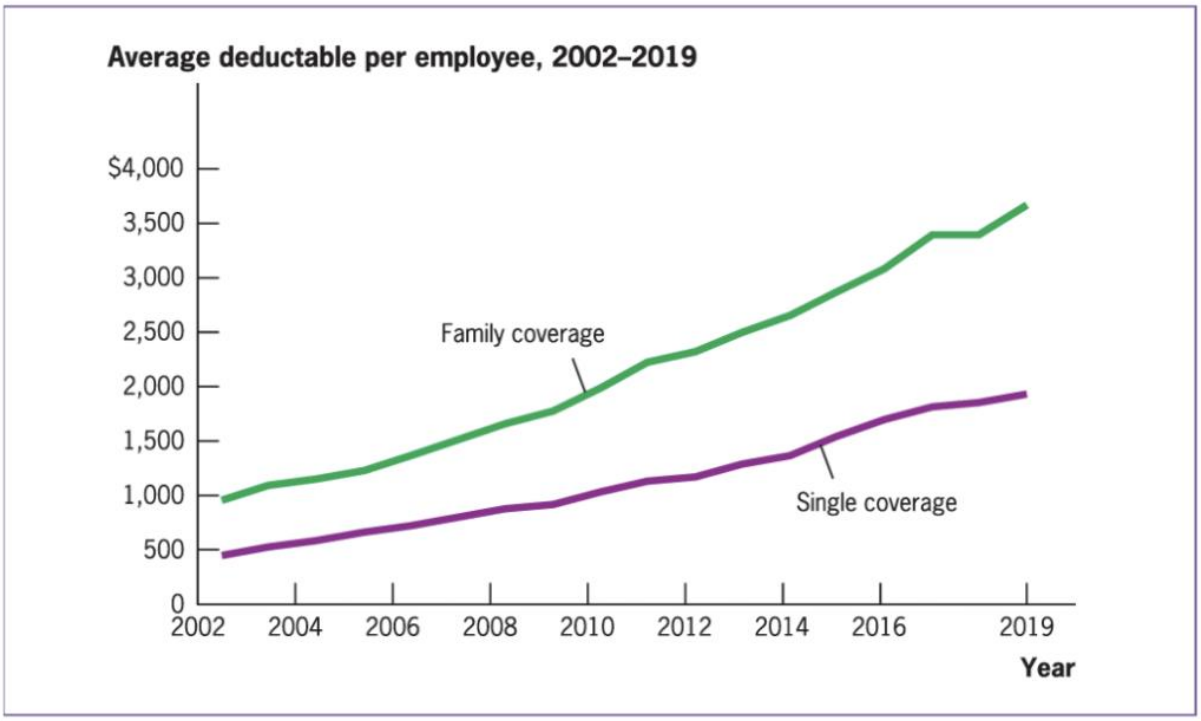

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FIGURE 15-10 Average Deductibles for Employer-Sponsored Health Insurance • The average health insurance deductible has risen steadily from 2002 to now.

Data from: Agency for Healthcare Research and Quality (2021).

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