

# Introduction to Healthcare

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The US is one of just three highly developed countries without universal or near-universal healthcare coverage. In 2018, 28 million American were uninsured and many more had limited access to care due to out-of-pocket expenses, with estimates as high as [91 million](#). However, the U.S. also spends the most on healthcare of all developed countries. In 2018, 16.9% of the U.S. national GDP was spent on healthcare—almost twice that of New Zealand, Australia, or the UK.

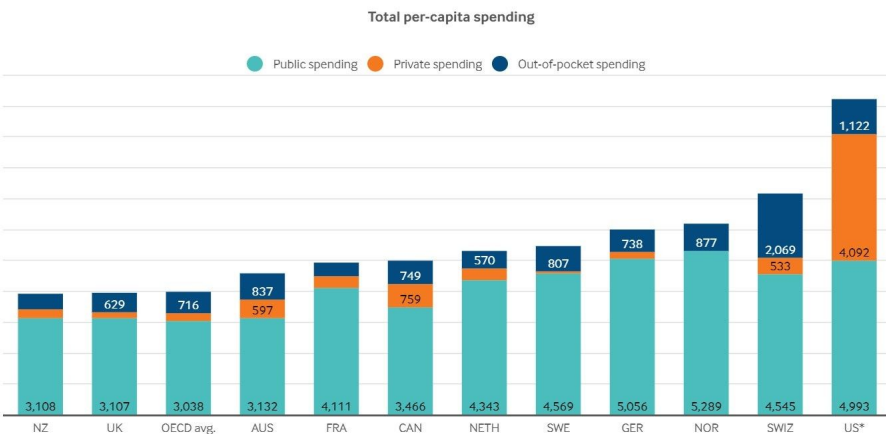
Healthcare services are provided through a patchwork of public and private insurance plans—federal, state, and local governments; and institutional and individual providers, rather than a single-payer system.

- **Medicare** covers the elderly and disabled population through federal funding and payroll taxes.
- **Medicaid** covers children, pregnant women, seniors, and low-income parents, through federal and state funding. Medicare and Medicaid cover 34.4% of the insured population.
- Private health insurance, including employer-provided, covers 67.3% of the insured population.

High unemployment during recessions heavily impacts the healthcare system because many lose their coverage when they lose their jobs, and fewer people contribute to Medicare through payroll taxes. Many do not have access to affordable employer or individual health insurance plans, leaving 9% of the population uninsured.

## Why does healthcare in the United States cost more than in other developed countries?

The fragmentation of coverage leaves no organization with the negotiating power to drive down hospital or pharmaceutical drug costs. Americans spent 30%-190% more on pharmaceuticals than other high-income countries in 2015. Americans are also more likely to bear this financial burden with out-of-pocket expenses because of the large uninsured population, copays and deductibles. One justification for higher drug prices is increased innovation. The US leads the world in medical and drug research, because of the incentives from high profit margins for pharmaceutical companies.



## Reforming the Healthcare Insurance System

The **Affordable Care Act** (2010) increased Medicaid and private coverage to include 20 million Americans by (1) expanding Medicaid to people making under 138% of the federal poverty level in states which opt in, (2) providing tax credits to subsidize health insurance for low income families, (3) preventing private insurance companies from denying coverage/charging higher rates to people with pre-existing health conditions. Potential reforms include:

- Eliminating the ACA
- Expand Medicaid by requiring all states to adopt ACA minimums(see states which have not opted in on the map in orange).
- Expand Medicaid eligibility above 138% of federal poverty level
- Making a national **public option**, which would compete with private plans
- Creating a national healthcare system (**Medicare for All**), similar to other developed countries

