

How much are the costs? Why the urgency to do something?

The average annual cost of employer-provided family health insurance in the U.S.A. in 2022 is \$22,221. Since 2011, when it cost \$15,073, premiums have spiked by 150%.¹ Since 2011, across the entire US health care systems, average individual spending on health care has spiked from \$8,600 to \$12,894 (2021) – an increase of 150%.² This is almost the same percentage increase in the cost of a postage stamp during the same period – but a 66-cent stamp is a whole lot less than \$22,221 in premium.

That premium number, however, does not include the actual amount of money it costs each of us to have access to health care services. To the premium cost we must add out-of-pocket spending.

Out-of-pocket spending includes your deductible – what you pay before insurance pays anything (excluding various primary care costs that are covered at 100%) – plus any co-insurance costs you pay before insurance pays 100% of your covered benefits.

Maximum out-of-pocket spending is set by the federal government in a range from \$0-\$9,100 for individuals, and \$0-18,200 for family coverage [2023] depending on your health insurance plan design.³ These limits do not include premiums or other non-covered medical expenses some people incur.

A small percentage of individuals spend the maximum out-of-pocket. A 2017 report showed that, “...in 2017, one in 100 [1%] Americans under age 65 spent \$5,000 or more out of pocket for medical services, and about 1 in 20 [5%] spent more than \$1,700.”⁴ The World Health Organization reported that in 2020, the average for all Americans was \$685.⁵

Other reports show the average out-of-pocket expenses (this is cost over and above premiums) of those covered by private health insurance in 2022 totaled \$5,802.⁶ This suggests that, for families that receive their health insurance from an employer, if they use it enough, they will be responsible for more than \$28,000 (premium and out-of-pocket) in spending in 2022. A family of four could see their premium and out-of-pocket spending exceed \$32,000 or more.

¹ Kaiser Family Foundation in their annual report on Health Care, published since 1998.

² Centers for Medicare and Medicaid services. National Health Expenditures, Historical.

<https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/nationalhealthaccountshistorical>

³ Silva, D. “Deductible vs out-of-pocket maximum.” Policygenious. 1/19/2023.

<https://www.policygenious.com/health-insurance/deductible-vs-out-of-pocket-maximum/> Accessed 7/25/2023.

⁴<https://www.commonwealthfund.org/publications/issue-briefs/2020/apr/catastrophic-out-of-pocket-costs-problem-middle-income>

⁵[https://www.who.int/data/gho/data/indicators/indicator-details/GHO/out-of-pocket-expenditure-\(oop\)-per-capita-in-us](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/out-of-pocket-expenditure-(oop)-per-capita-in-us)

⁶ The author admits that trying to find true average costs is nearly futile due to the individual nature of health care and insurance. Some have estimated the average out-of-pocket cost as nearly \$13,000 or more.

A family could buy a new car with \$32,000 or pay tuition for two children in a private K-12 school in Minnesota. How would you spend \$32,000 if you were in control of it? Would you spend it on health insurance and medical care? Or should there be some other way to pay for health care that reduces your costs?

Would you support a government-run plan to reduce your cost of health care – and, would government-run health care cost less, and if it did, would you get less?