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# **Growth in Health Consumption and Its Implications for Financing OASDI**

*An International Perspective*

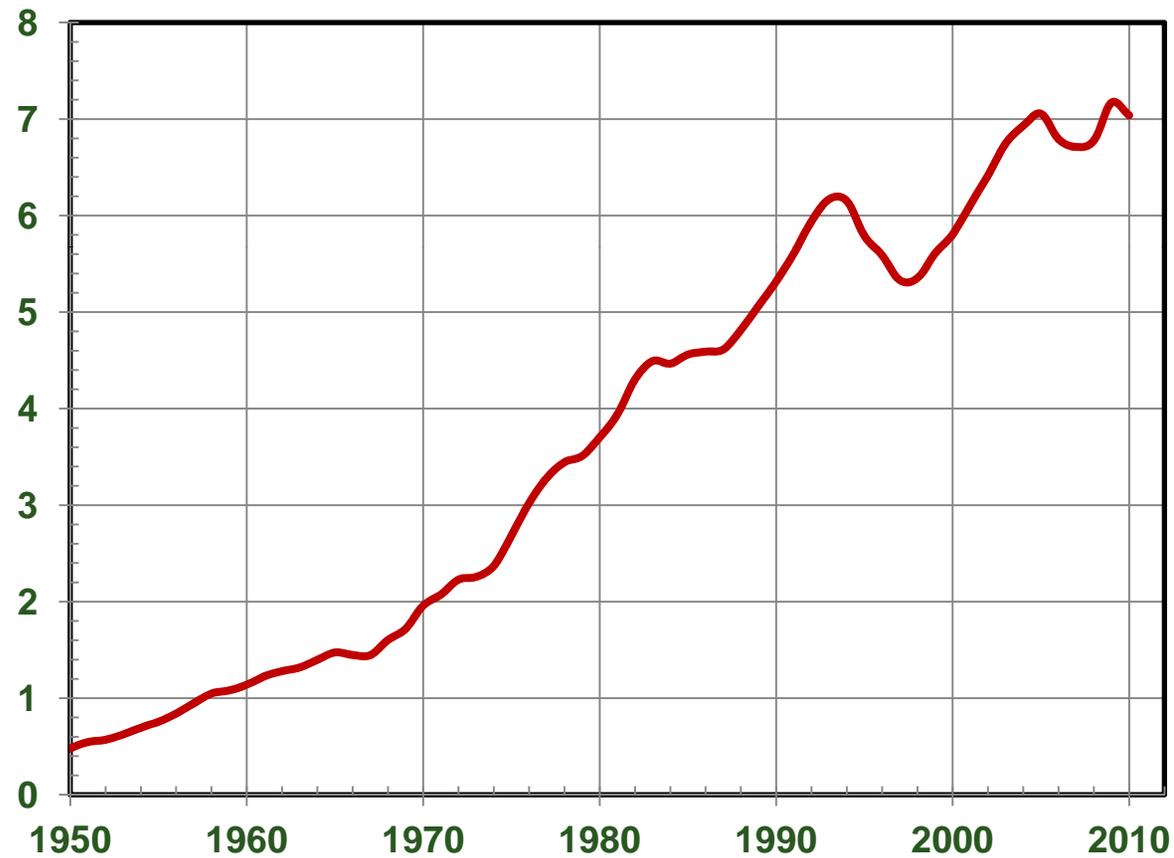
*by* **Barry Bosworth** *and* **Gary Burtless**  
The Brookings Institution

**August 2, 2012**

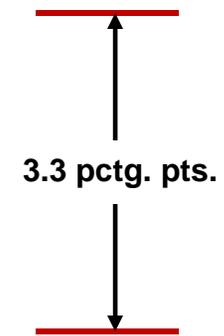
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## Employer Contributions for Health Insurance as a Percent of Compensation, 1950-2010

Percent of employee compensation

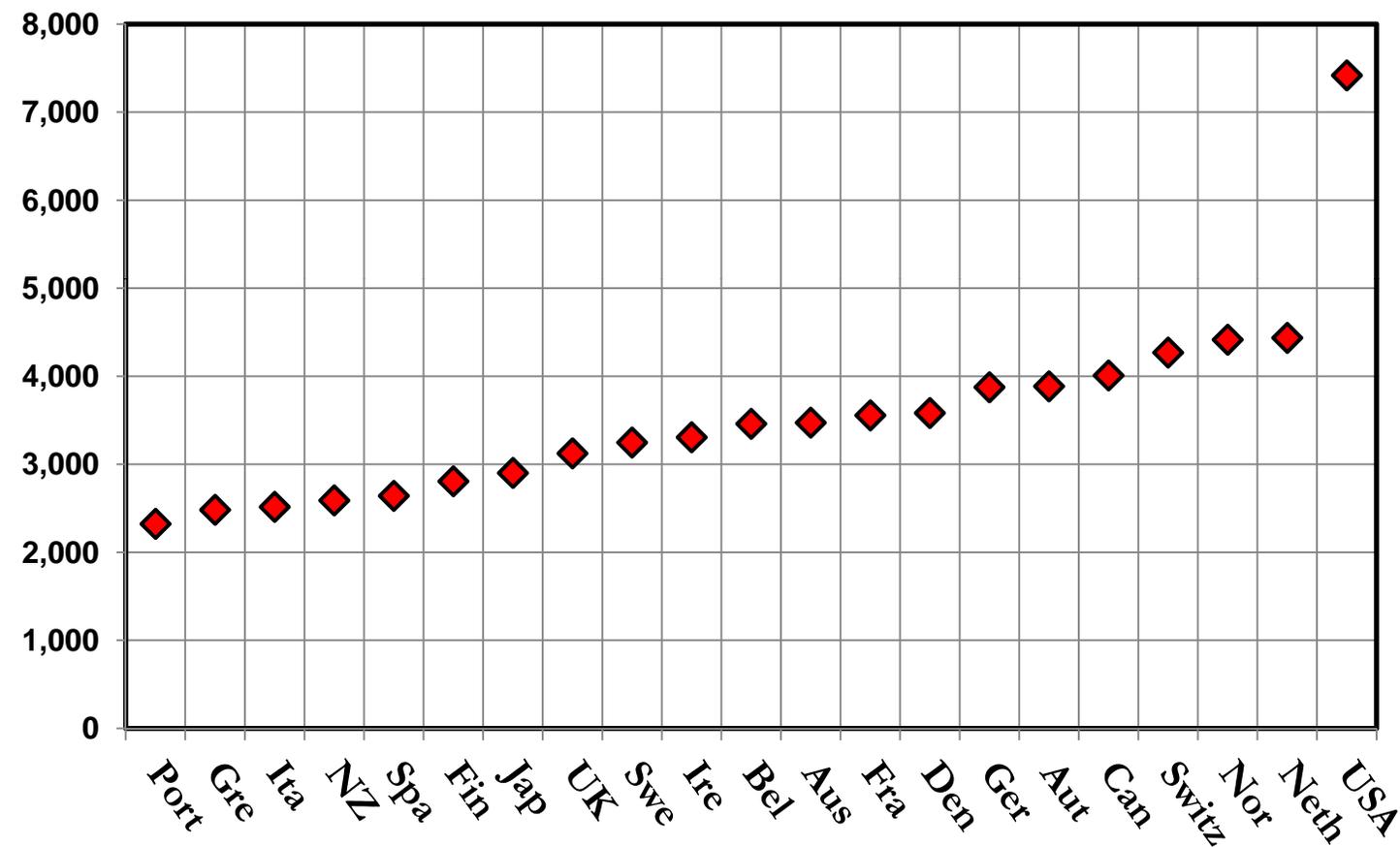


1980-2010



# Health Spending per Person in Twenty-one OECD Countries, 2010

## Health spending per person (2005 \$)

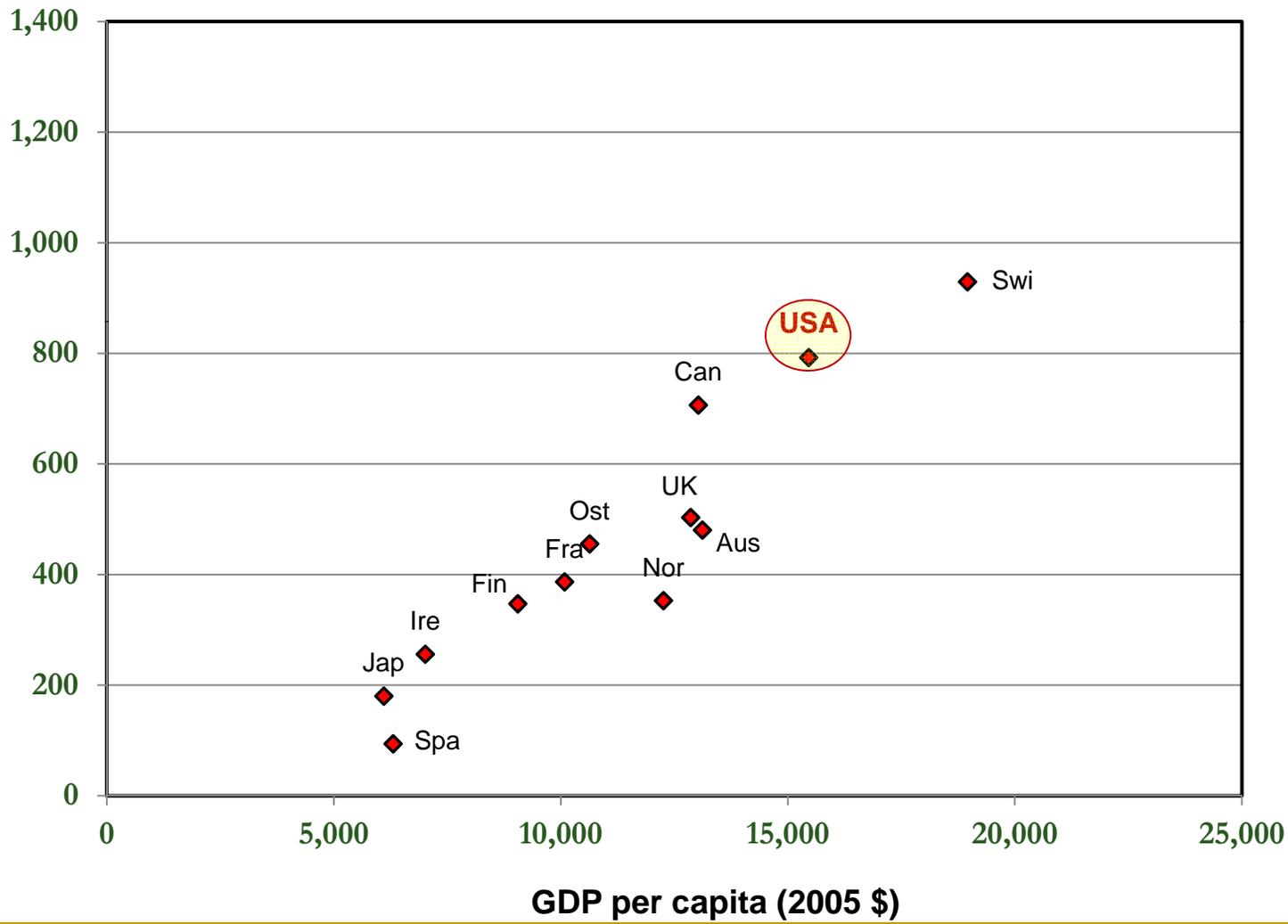


**USA –  
Netherlands  
difference**



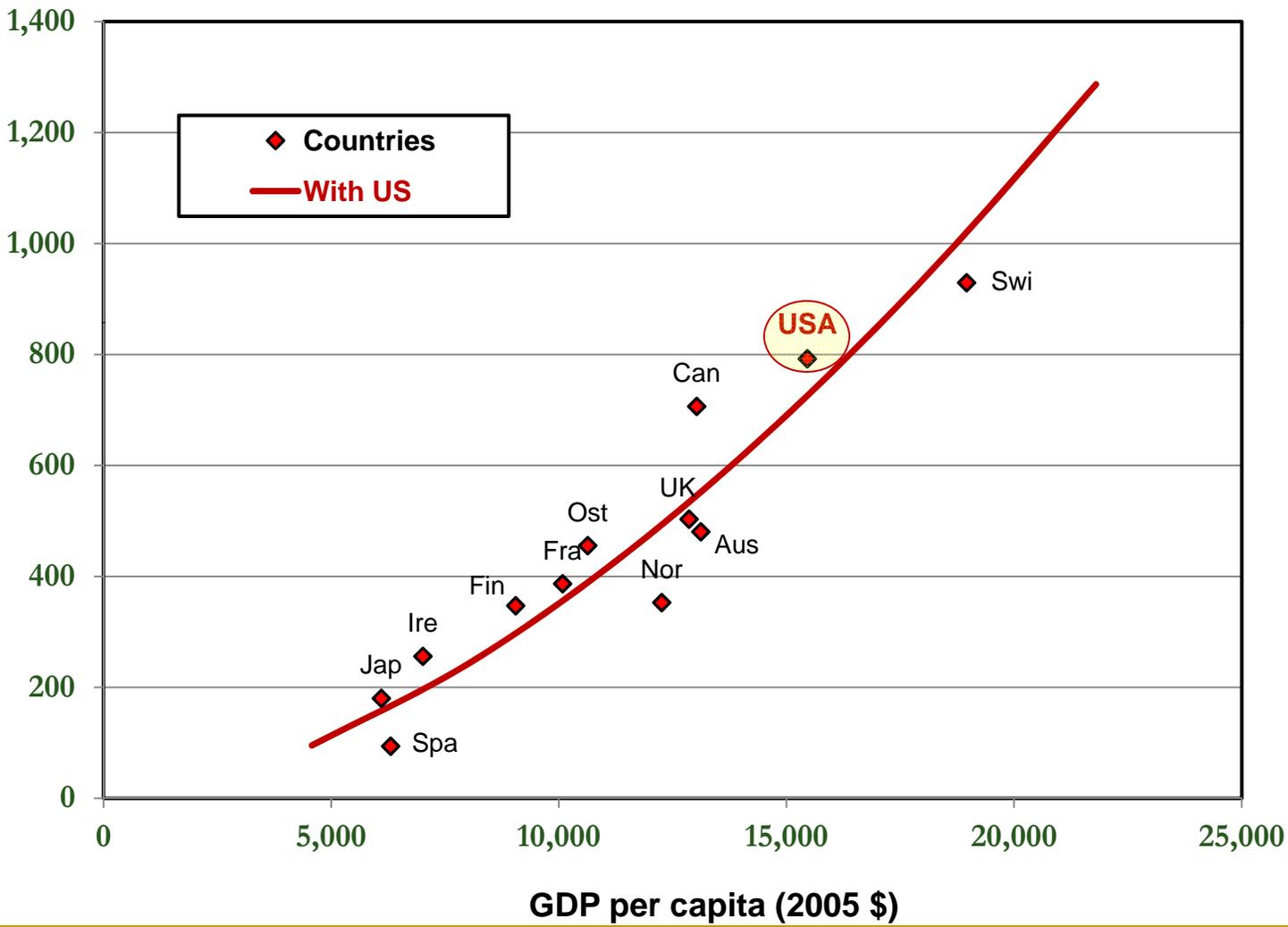
## Health Care Spending in 12 High-income OECD Countries: 1960

Health care spending per capita (2005\$ at PPP Exchange Rates)



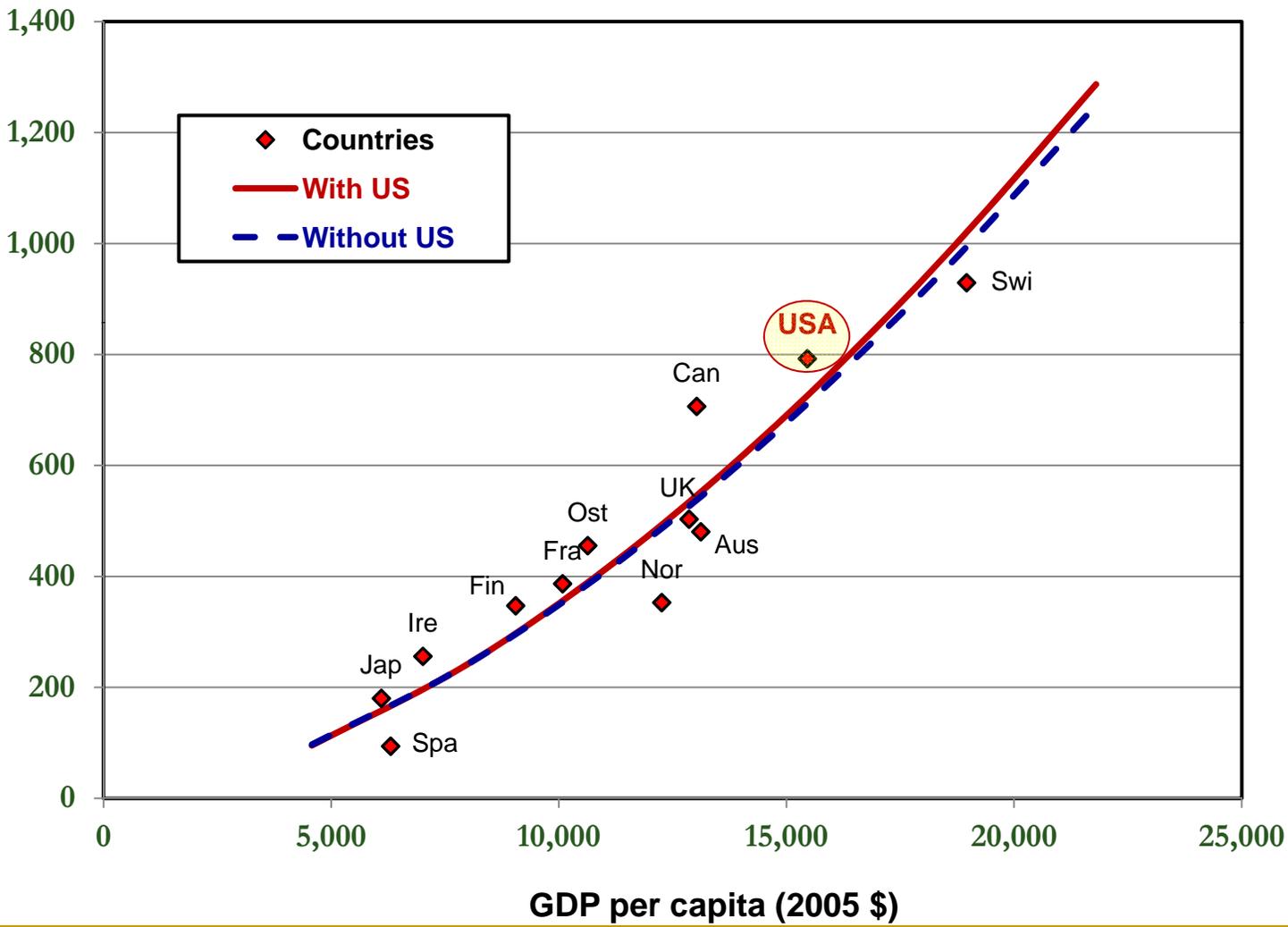
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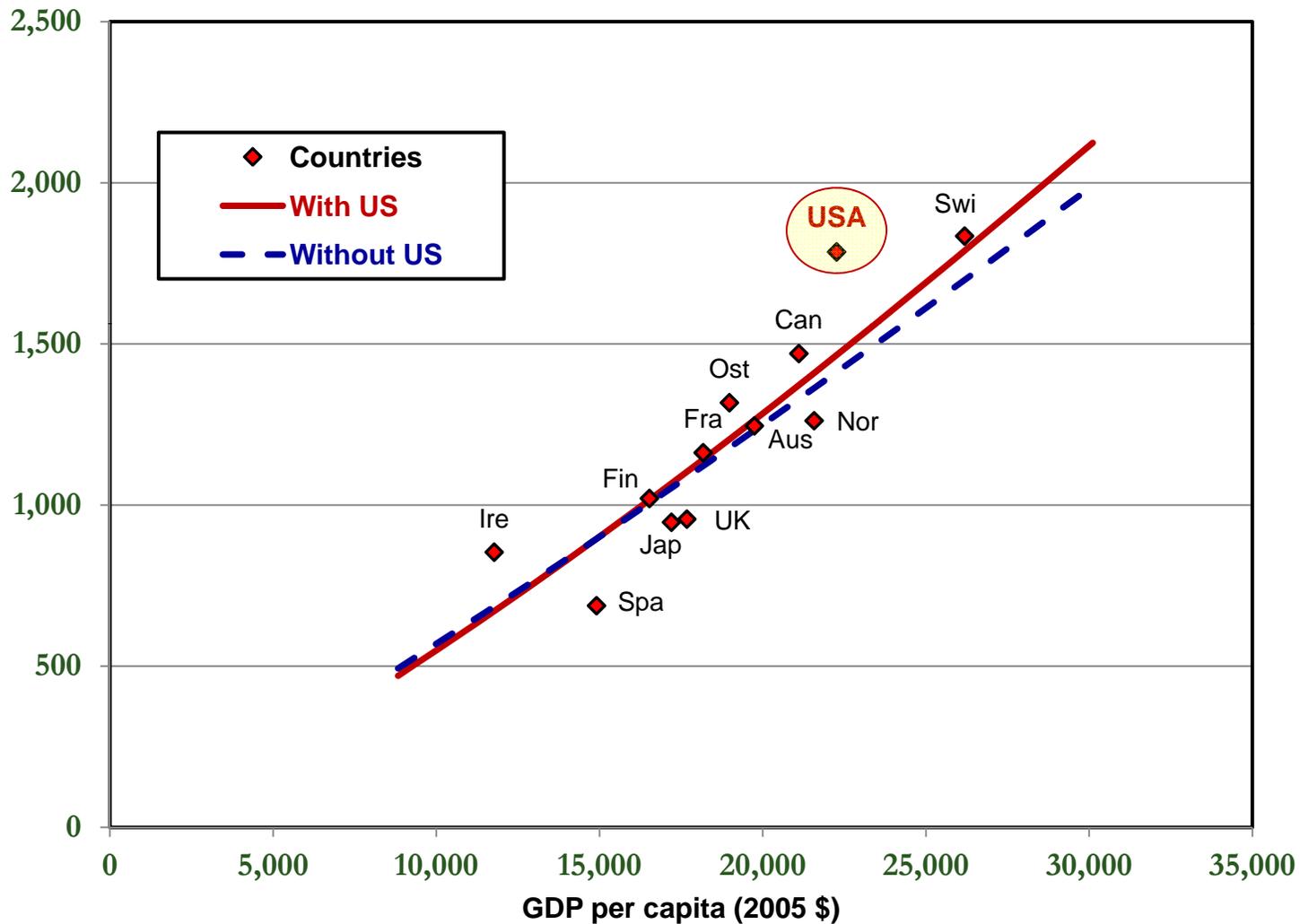
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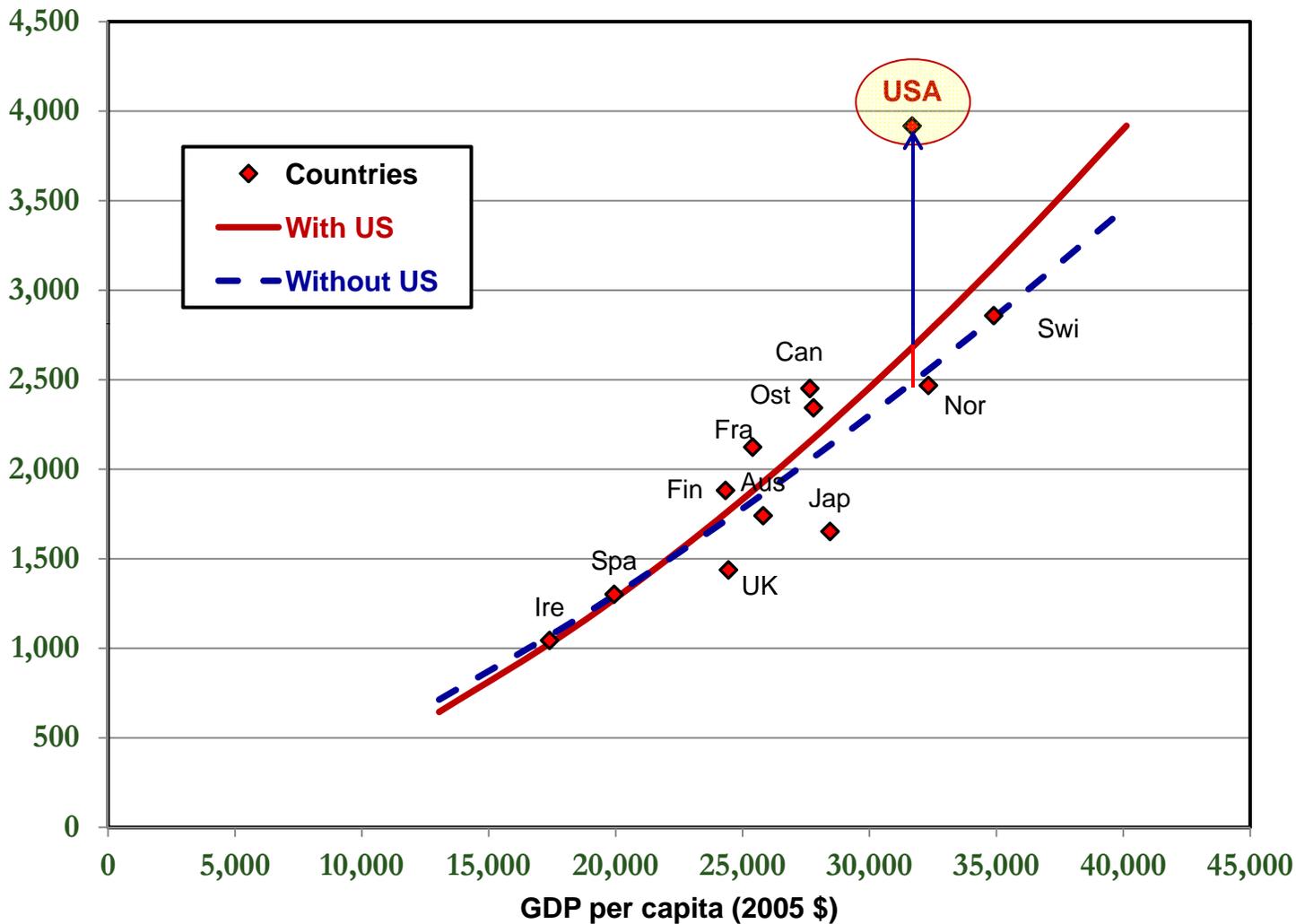
## Health Care Spending in 12 High-income OECD Countries: 1975

Health care spending per capita (2005 \$ at PPP Exchange Rates)



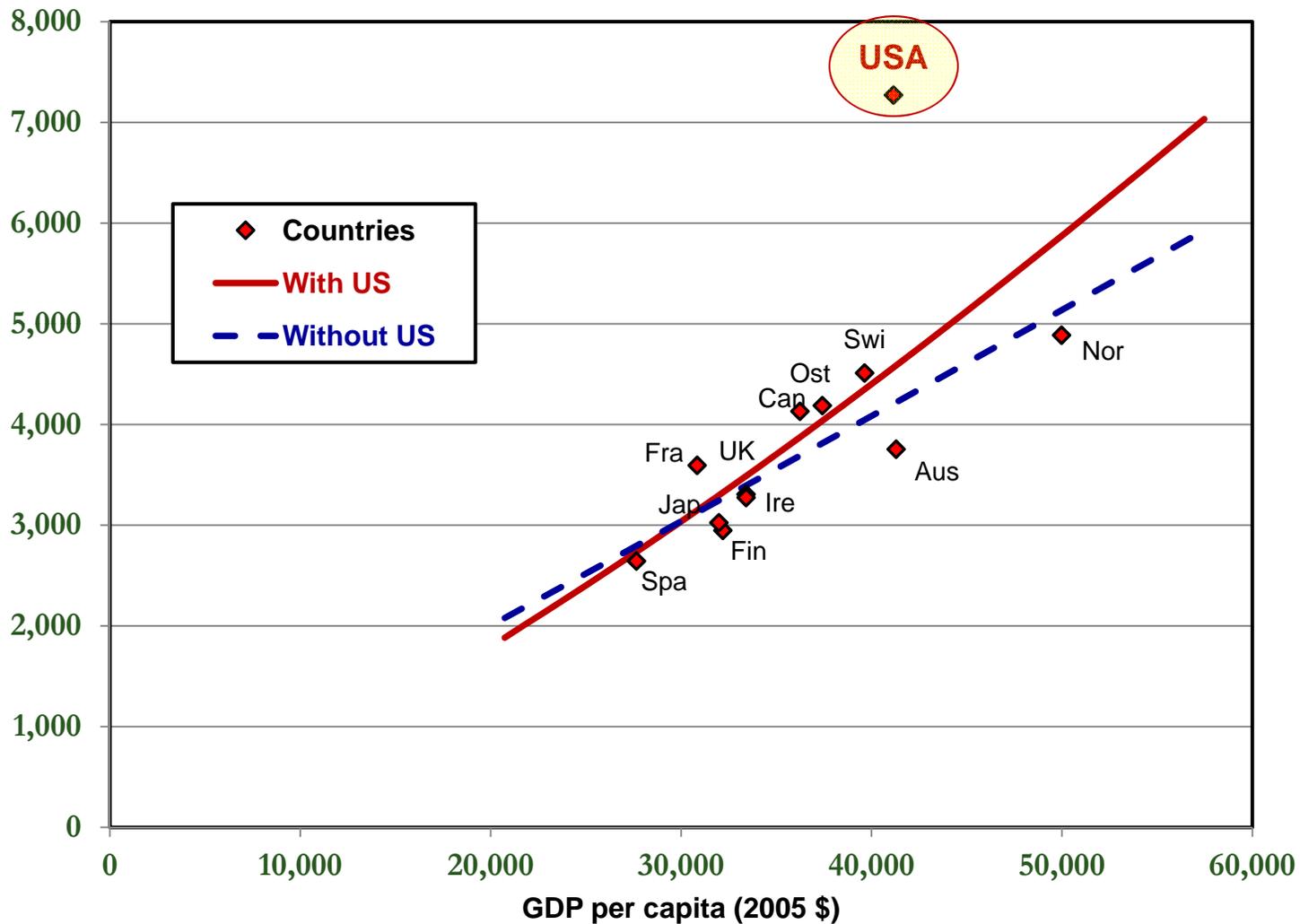
# Health Care Spending in 12 High-income OECD Countries: 1990

Health Care Spending Per Capita (2005 \$ at PPP Exchange Rates)



# Health Care Spending in 12 High-income OECD Countries: 2009

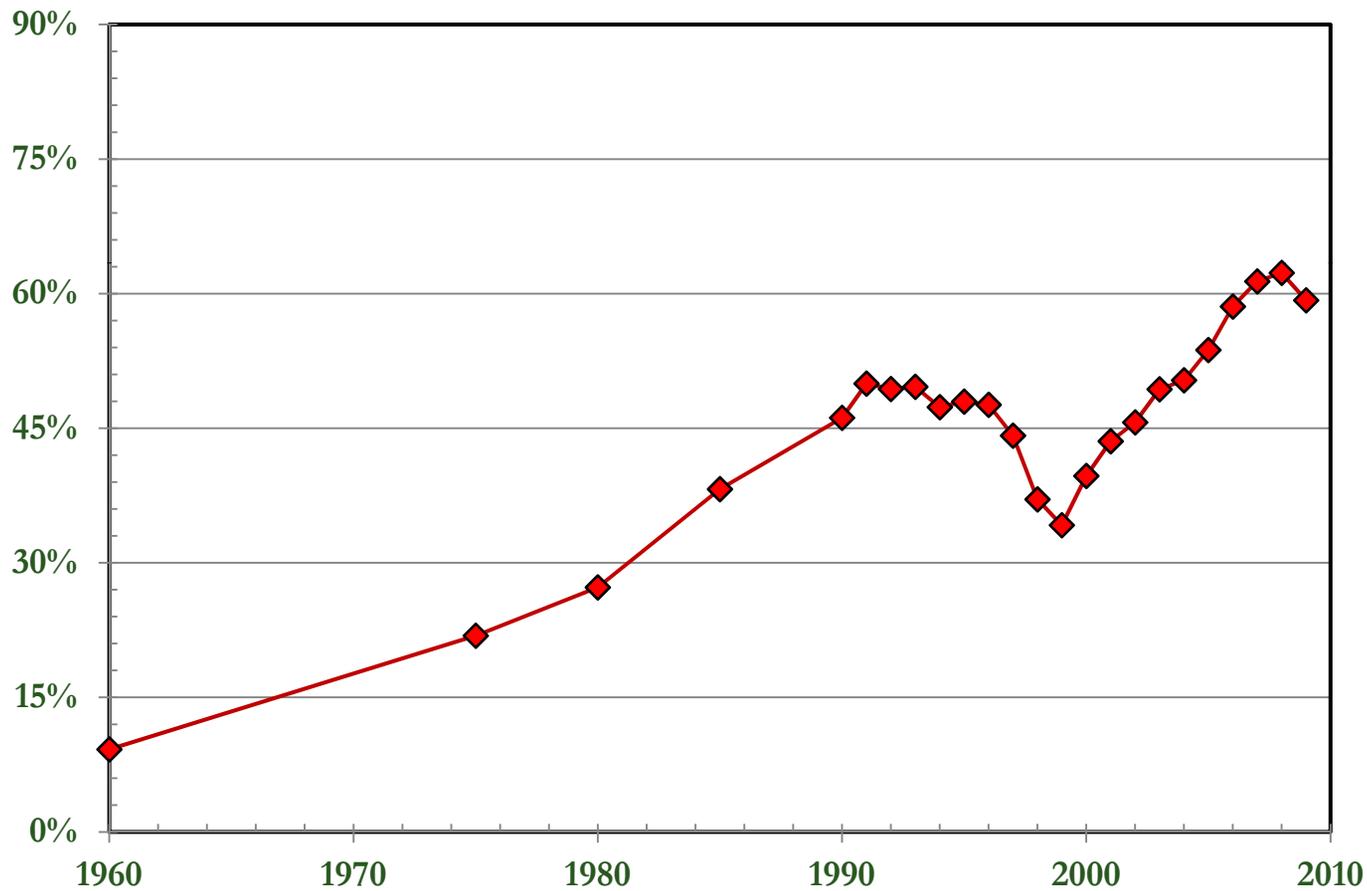
Health care spending per capita (2005 \$ at PPP Exchange Rates)



## Estimates of Excess U.S. Health Spending: 1960-2009

(Based on estimates from 12 OECD countries)

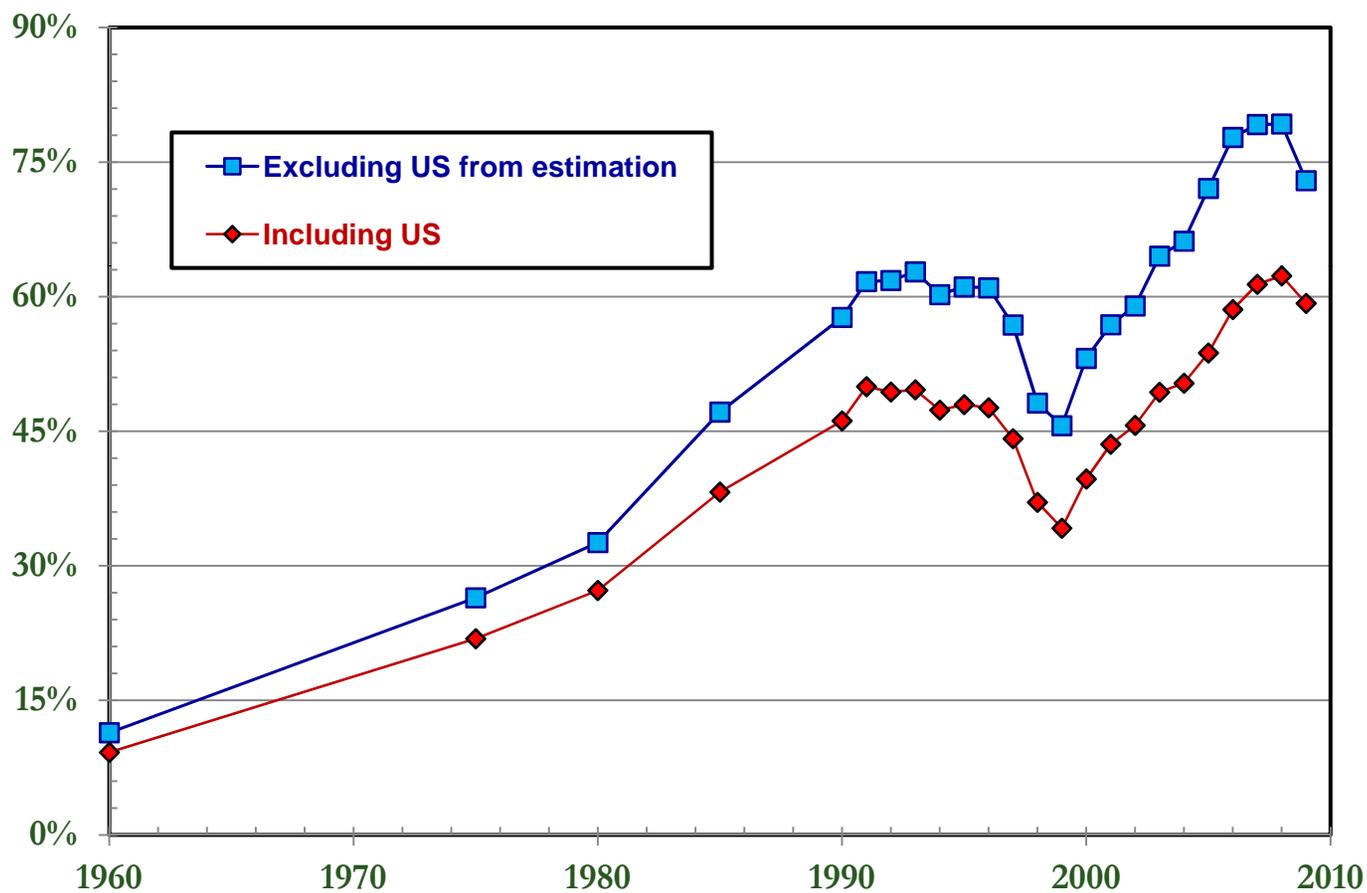
**Estimated excess U.S. health spending**  
(% of predicted U.S. spending)



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(Based on estimates from 12 OECD countries)

**Estimated excess U.S. health spending**  
(% of predicted U.S. spending)



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## Estimates of Excess U.S. Health Spending: 1960-2010

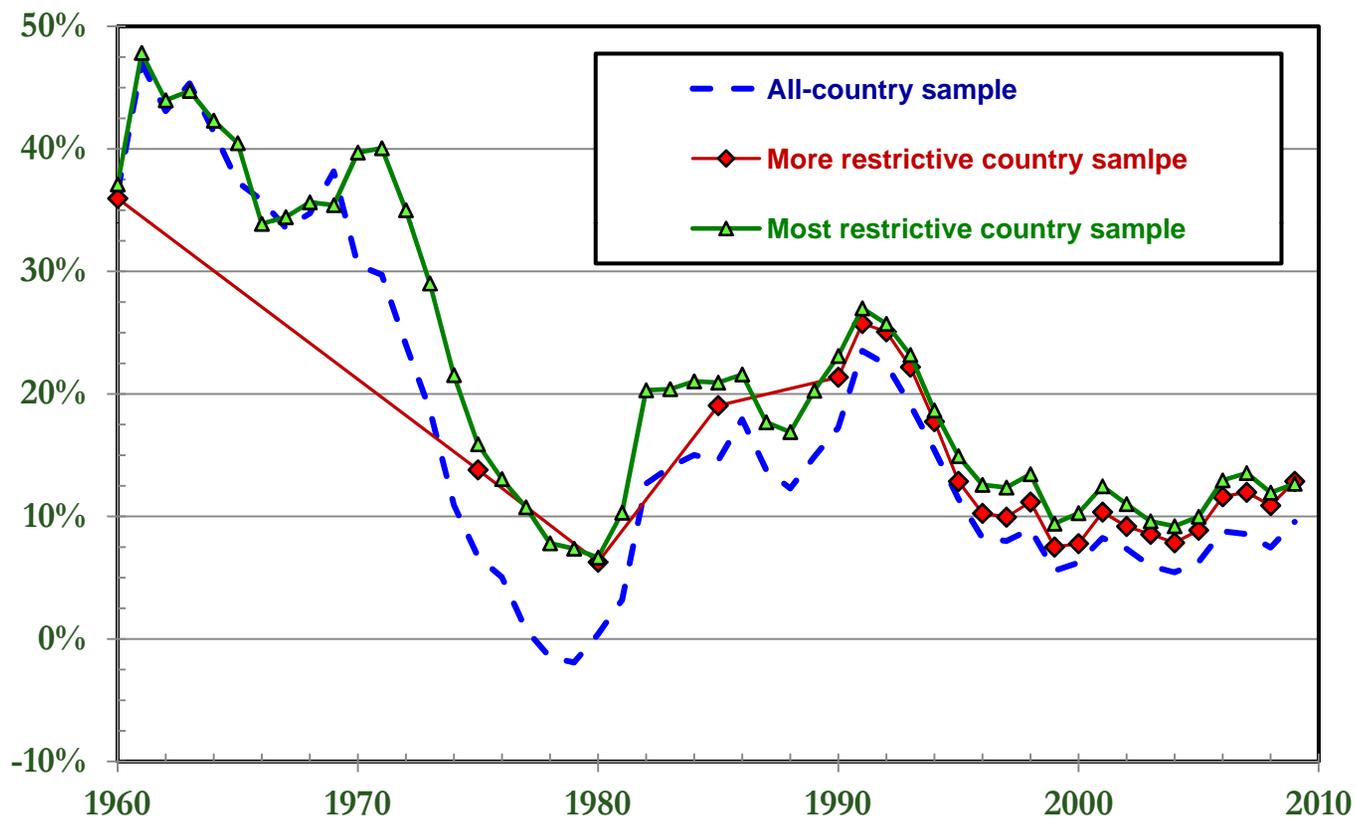
### Findings -

- ❑ Excess U.S. spending in early 1960s was modest: **10% - 20%**
- ❑ Rapid growth in excess spending from 1979-1991: **60% - 65%**
- ❑ Temporary decline in excess spending in 1994-1999
- ❑ Resumption of growth 2000-2008
- ❑ New peak attained around 2008: **75%**

## Estimates of Excess Canadian Health Spending: 1960-2009

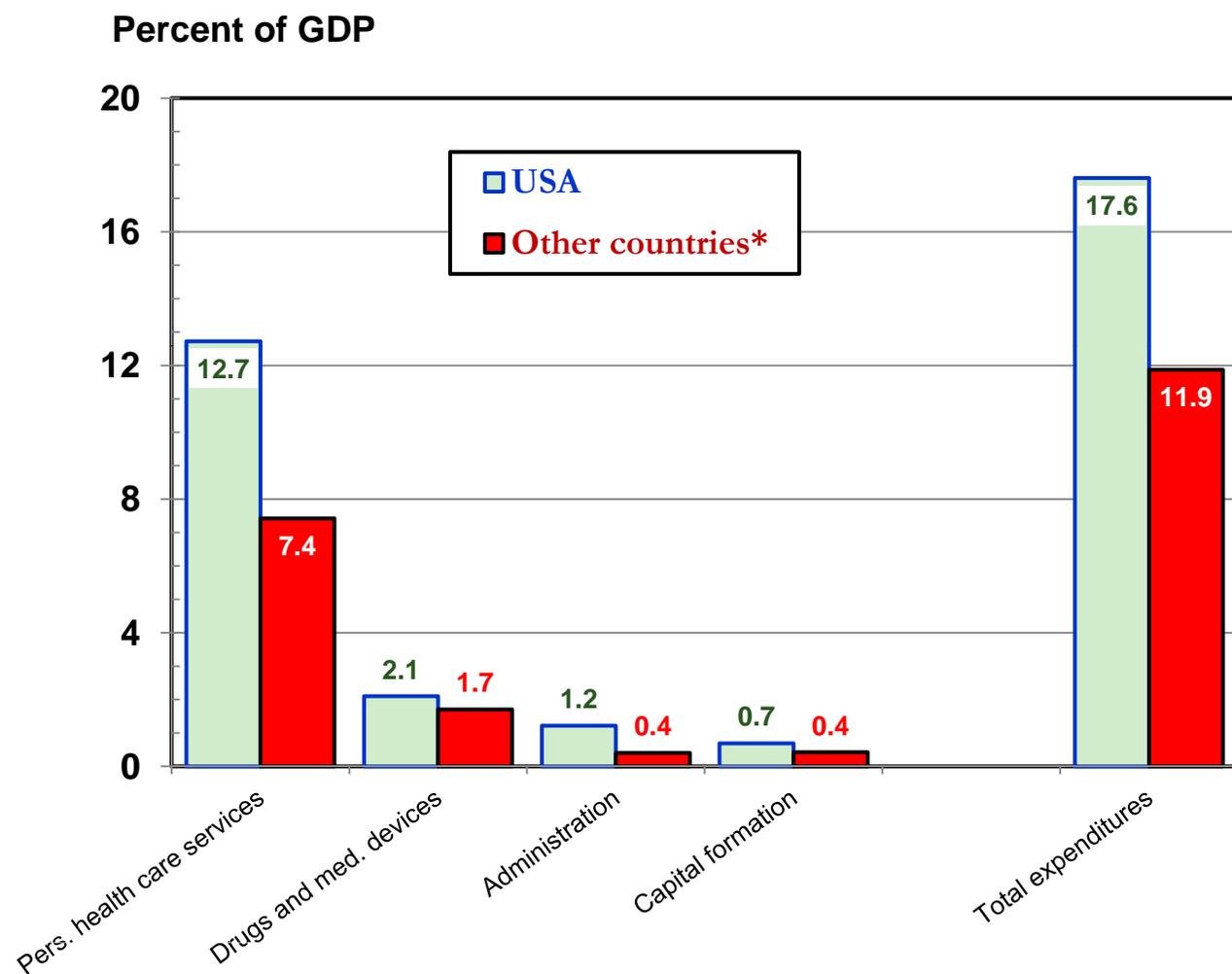
(Based on estimates from up to 20 OECD countries)

**Estimated excess Canadian spending**  
(% of predicted Canadian spending)



## Health Expenditures by Function : 2009-2010

(Based on estimates from OECD countries)



## Comparative Price Levels for Selected Hospital Services and GDP, 2007

Based on estimates for 12 OECD countries\*)

	Inpatient Medical Services	Inpatient Surgical Services	Total Inpatient Hospital Services	Price of GDP
Australia	122	124	123	104
<b>Canada</b>	<b>125</b>	<b>113</b>	<b>113</b>	<b>101</b>
Finland	91	99	98	118
<b>France</b>	<b>140</b>	<b>114</b>	<b>121</b>	<b>112</b>
Italy	158	132	140	103
<b>Israel</b>	<b>60</b>	<b>65</b>	<b>62</b>	<b>120</b>
Korea	37	66	57	73
<b>Portugal</b>	<b>90</b>	<b>81</b>	<b>85</b>	<b>83</b>
Slovenia	65	56	59	79
<b>Sweden</b>	<b>112</b>	<b>116</b>	<b>114</b>	<b>121</b>
<b>United States</b>	<b>173</b>	<b>163</b>	<b>164</b>	<b>90</b>
<b>All 11 countries</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>