Growth in Health Consumption and Its Implications for Financing OASDI

An International Perspective

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August 2, 2012
Employer Contributions for Health Insurance as a Percent of Compensation, 1950-2010

Percent of employee compensation

1980-2010
3.3 pctg. pts.
Health Spending per Person in Twenty-one OECD Countries, 2010

USA – Netherlands difference

- Health spending per person (2005 $)
  - 8,000
  - 7,000
  - 6,000
  - 5,000
  - 4,000
  - 3,000
  - 2,000
  - 1,000
  - 0

- Countries: Port, Gre, Ira, NZ, Spa, Fin, Jap, UK, Swe, Ire, Bel, Aus, Fra, Den, Get, Aut, Can, Switz, Nor, Neth, USA

- USA – Netherlands difference: $2,980
Health Care Spending in 12 High-income OECD Countries: 1960

Health care spending per capita (2005$ at PPP Exchange Rates)
Health Care Spending in 12 High-income OECD Countries: 1960

Health care spending per capita (2005$ at PPP Exchange Rates)
Health Care Spending in 12 High-income OECD Countries: 1975

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

- Countries
- With US
- Without US

GDP per capita (2005 $)
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)

- Countries
- With US
- Without US

USA

GDP per capita (2005 $)

Countries:
- USA
- Aus
- Fin
- Spa
- Jap
- Ire
- UK
- Ost
- Swi
- Cap
- Nor
- Fin
(Based on estimates from 12 OECD countries)

Estimated excess U.S. health spending
(% of predicted U.S. spending)
(Based on estimates from 12 OECD countries)

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

- Excluding US from estimation
- Including US
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)

<table>
<thead>
<tr>
<th>Function</th>
<th>USA</th>
<th>Other countries*</th>
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</thead>
<tbody>
<tr>
<td>Pers. health care services</td>
<td>12.7</td>
<td>11.9</td>
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<tr>
<td>Drugs and med. devices</td>
<td>7.4</td>
<td></td>
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<tr>
<td>Administration</td>
<td>2.1</td>
<td></td>
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<tr>
<td>Capital formation</td>
<td>1.7</td>
<td></td>
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<tr>
<td>Total expenditures</td>
<td>1.2</td>
<td>0.4</td>
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</table>

Percent of GDP
Comparative Price Levels for Selected Hospital Services and GDP, 2007
Based on estimates for 12 OECD countries*"

<table>
<thead>
<tr>
<th>Country</th>
<th>Inpatient Medical Services</th>
<th>Inpatient Surgical Services</th>
<th>Total Inpatient Hospital Services</th>
<th>Price of GDP</th>
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<tbody>
<tr>
<td>Australia</td>
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<tr>
<td>United States</td>
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<td>164</td>
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<tr>
<td>All 11 countries</td>
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