RAND CORPORATION

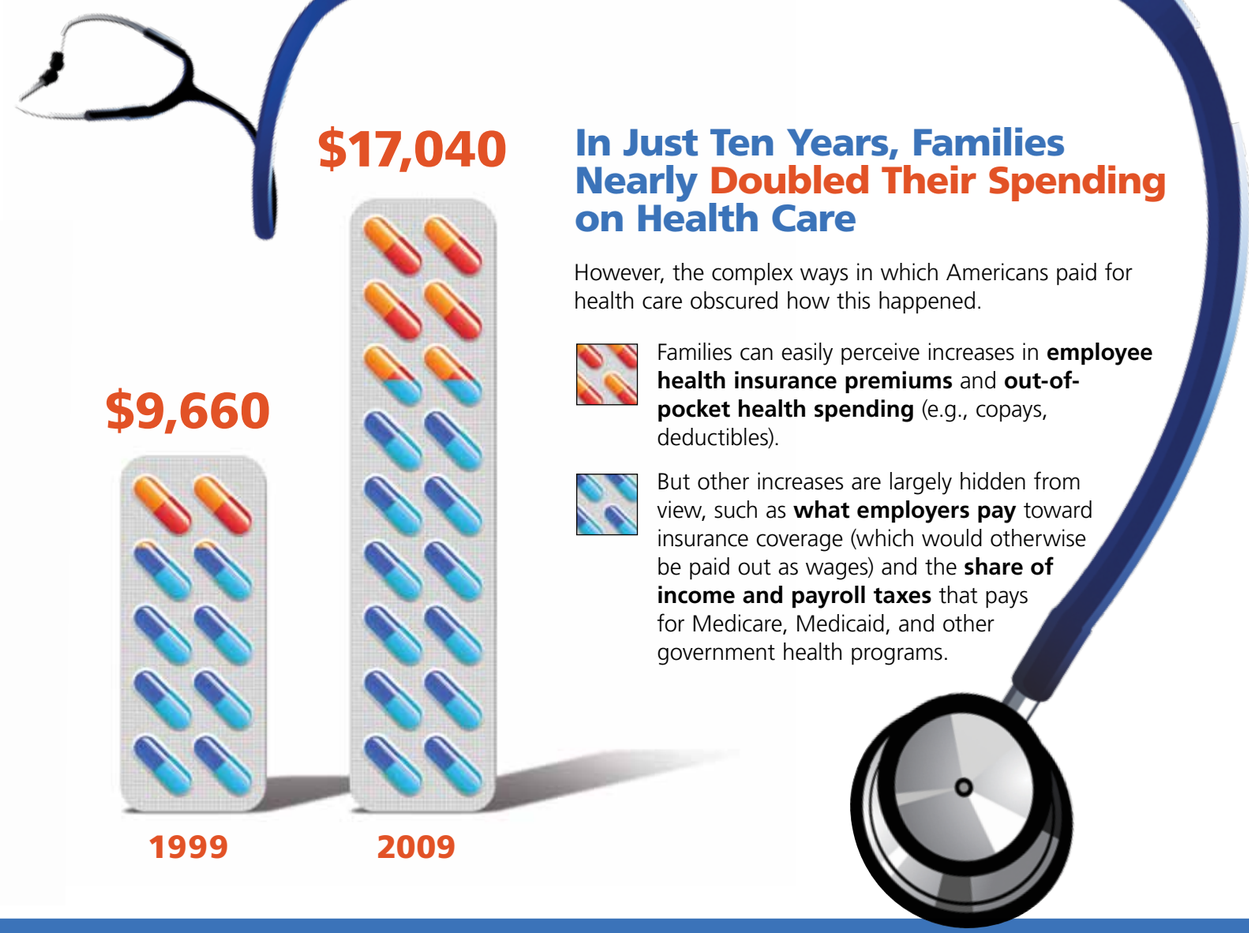
Centerpiece

A Bitter Pill

Soaring Health Care Spending and the American Family

Between 1999 and 2009, U.S. health care spending nearly doubled, climbing from $1.3 trillion to $2.5 trillion. The figures are striking, but what have they meant for individual Americans? RAND research published in the journal *Health Affairs* depicts how rising health care spending affects an average American family—in this case, a median-income married couple with two children, all covered by employer-sponsored health insurance.

This infographic is based on RAND research published as D. I. Auerbach and A. L. Kellermann, "A Decade of Health Care Cost Growth Has Wiped Out Real Income Gains for an Average US Family," *Health Affairs*, Vol. 30, No. 9, September 2011. The RAND research brief is available at www.rand.org/t/RB9605. Other data are from *The Baltimore Sun*, the College Board, the National Association of Child Care Resource & Referral Agencies, and CreditCards.com.



In Just Ten Years, Families Nearly Doubled Their Spending on Health Care

However, the complex ways in which Americans paid for health care obscured how this happened.

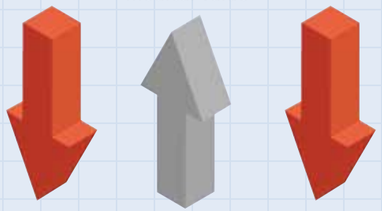
Families can easily perceive increases in **employee health insurance premiums** and **out-of-pocket health spending** (e.g., copays, deductibles).

But other increases are largely hidden from view, such as **what employers pay** toward insurance coverage (which would otherwise be paid out as wages) and the **share of income and payroll taxes** that pays for Medicare, Medicaid, and other government health programs.

Infographic by Erin-Elizabeth Johnson (concept and data storytelling) and Pete Soriano (design)

What Families Got for Spending Nearly Twice as Much

MORE-FREQUENT USE OF COSTLY HEALTH CARE TECHNOLOGY
including imaging tests of questionable medical value



A SMALLER INCREASE IN LIFE EXPECTANCY
compared with other developed countries

LESS-EFFECTIVE TREATMENT OF CURABLE AILMENTS
with the U.S. dropping from 14th to last among 16 developed countries in preventing death from treatable conditions

What Families Were Left with

Total annual income, including employer-paid contributions to family health insurance premiums, grew from $76,200 in 1999 to $99,120 in 2009—an increase of nearly $23,000. However, price and tax increases, together with the jump in health care spending, left families with just $1,140 in additional available income.

TRANSACTION DESCRIPTION	PAYMENT AMOUNT	✓	DEPOSIT AMOUNT	$ BALANCE
Net gain in total income, 1999–2009			+$22,920	
Increases in non-health care prices, 1999–2009	-$10,440			$12,480
Increases in non-health care taxes, 1999–2009	-$3,960			$8,520
Increases in health care spending, 1999–2009	-$7,380			$1,140

What Families Could Have Been Left with

$1,140 — Additional available income in 2009, given the 1999–2009 health care spending growth rate

$2,880 more — If spending had grown at the rate of GDP + 1%

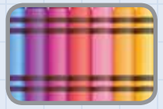
$5,400 more — If spending had tracked inflation

What Families Could Have Done with the Extra Money

During the 1990s, U.S. health care spending grew at the rate of GDP + 1%. If spending had continued growing at that rate instead of accelerating, families would have had an extra $2,880 in 2009. They could have . . .

Made two extra mortgage payments

Enrolled for a year of full-time community college classes



Paid for four-and-a-half months of child care for a 4-year-old

Paid down 18% of credit card debt