Can the U.S. tackle runaway health care costs and increase life expectancy at the same time?

Takeaways:

- In the United States, more than $2.6 trillion is spent on health care every year. More than three quarters is spent on medicine and treatment for preventable chronic conditions.
- Bringing health spending more in line with what other nations spend would allow for funding to be used for other priorities such as education, housing, and family support. These priorities improve quality of life and have also been associated with superior health outcomes.
- Changing how America invests in its health can prevent illness and control future costs.

Overview

In most developed countries, there is a direct correlation between health care spending and life expectancy. Yet the United States, one of the wealthiest and most industrialized countries in the world, defies this norm. Per capita spending on health care is higher in the U.S. than anywhere in the world, yet the return on this investment is poor—we rank 26th out of the 34 member countries of the Organisation for Economic Cooperation and Development in life expectancy, 25th in maternal mortality, and 30th in infant mortality.

UNRELENTING HEALTH CARE COSTS

To acquaint you with the most commonly used formats used in our documents, the next few pages present samples of styles. Body text variations include bulleted and numbered lists.

Overall, more than $2.6 trillion is spent on health care in the U.S. While more than three quarters of this is spent addressing the medical impacts of non-communicable, preventable chronic conditions, only 3 percent is spent preventing these conditions. The indirect costs of these conditions are estimated at more than $1 trillion annually to our economy.

For example, an estimated 80 percent of heart disease and type-2 diabetes incidence and 40 percent of cancer incidence could be prevented by exercising more, eating better, and not smoking.

Simply put, the health system’s failure to develop and deliver effective preventive strategies continues to take a growing toll on the economy and society.

REFOCUS ON PREVENTION NEEDED

The Institute of Medicine (IOM), part of the National Academy of Sciences, suggests that all public health departments should have the capacity and resources to offer standard health protection and promotion services to every American no matter where they live. Such services should include traditional offerings, like tobacco prevention and maternal and child health programs, as well as other important capacities, like monitoring the health of the
Health Spending and Life Expectancy

Health care spending in the United States lies outside the typical projections for life expectancy and other health indicators.

The results of tobacco prevention programming and policies illustrate the importance of—and continuing need for—a strong public health capacity. Tobacco control efforts such as excise taxes, smoke-free laws, and public education efforts have decreased smoking and thus reduced the incidence of smoking-related disease.

Estimates for rate of return on investment (ROI) for these programs have ranged from $5 saved in healthcare costs to every $1 spent on public health programming in Washington to a ratio of 50-to-1 return in California. The level of state funding has a direct correlation with the results.

However, most states do not meet the minimum levels of funding that the CDC established for success in this field, and over the past decade many of these programs have been cut in the face of unrelenting budget pressures.

SUSTAINABLE, FLEXIBLE FUNDING

The IOM looks to the federal government to take charge of a national effort to improve both the organization and performance of our health system. A critical first step would be for the Secretary of Health and Human Services to set national targets for both life expectancy and per-capita health expenditures—and then work with state and local partners to meet these targets.

At a minimum, federal spending on public health should start at $24 billion, slightly more than twice its current level. This infusion of support represents a small fraction of the more than $2.5 trillion the nation currently spends on health, most of which goes toward medical care and treatment.

Currently public health funding is a complex patchwork of funding streams, purposes, and funding mechanisms at three levels of government with different reporting requirements and accountability provisions. According to the IOM, this funding must be flexible to ensure coordination with state and local funding sources in order to maximize the impact of policies and programs.

CONCLUSION

Overall, the continued escalation of health care costs in the United States represents a preventable drain on our economy and well-being. Investments in public health and prevention would have deep and long-lasting benefit and enable investments in other social services.

WANT TO KNOW MORE?

- Institute of Medicine Report: For the Public’s Health
- Investments in Prevention and Public Health Saves Lives and Money
- Healthier Americans for a Healthier Economy