

What's Driving the High Cost of Health Care? Why Most of the Analysts Are Wrong — and What's Right

(Track Session 4.04, 2:00-3:00 pm, Thursday, Sept. 14, 2006)

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1. **What most analysts *think* are driving health care costs**
 - **New technology**
 - **Prescription drugs**
 - **Too much supply**
 - **Lack of preventive care**
 - **Insurance company profits, sales commissions, marketing, admin. costs**

2. **What's really driving costs:**
 - **Decline in out-of-pocket spending (1970: 40% OOP; 2005: 17% OOP)**
 - **State mandates (1843, CAHI)**
 - **Guaranteed issue and community rating**
 - **Lack of competition**

The dirty little secret: States play a huge role in driving up costs

3. **Employers and the insurance industry are transforming the system by moving to a consumer driven system.**
 - **The failure of managed care**
 - **“Churn”**
 - **New products**
 - **Bush administration**

4. **Meanwhile, many groups and state legislators are trying to push a government solution, especially at the state level.**
 - **Medicaid expansion**
 - **Dirigo Health**
 - **Massachusetts Plan**
 - **Wal-Mart bills**
 - **TennCare**

We have learned nothing from the single-payer systems

5. **The coming battle over the future of health care.**
 - **Who pays?**
 - **Who is responsible?**
 - **Who decides?**