

# The Health Care Cost in the United States

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**Abstract:** With the development of economy, the medical and health expenditure has expanded rapidly. the United States is the largest country in the world in medical and health expenditure, and its medical cost control measures have some unique features. On the basis of introducing the causes of the excessive growth of medical expenses in the United States, this paper analyzes the successful experience of the managed competition, which is a measure of controlling medical expenses in the United States.

**Keywords:** American medical treatment; Expense expenditure; Measures

## 1. Introduction

American medical insurance is more expensive than other countries. But there are many other reasons that can be improved: Medicare in the U.S. includes many items that should not be included; too little self-responsibility leads to an excessive tendency for insured people; and malpractice insurance is so expensive that doctors often do a lot of unnecessary tests to avoid possible liability (and People blame illegal immigrants for the burden of medical treatment in the United States, and even the exchange rate changes and so on. Fortunately, despite complaints from Americans, the cost of health care in the United States is within the real affordability of the population in terms of productivity.

## 2. American Medical Situation

It is well known that the United States has the most expensive health care system in the world. Each year, a large amount of money, more than 16.6% of the nationwide economy, is being spent towards health care in U.S.[1]. However, whether we like it or not, the health care cost continues to rise each year. The soaring cost of health care, to a certain degree, has negatively influenced upon people's lives as well as the government.

There are many reasons behind the rising health care cost[2]. There is consensus among experts that using new technologies and treatments is the most important driver of healthcare spending increases over time. Keeping up with the latest and greatest advances in medical technology is extremely expensive. These new technologies such as electronic patient record and verify system, robotic surgery, and CT may improve the efficiency, diagnosis, treatment outcomes, and the quality of care. At the same time, these new procedures can push up health care costs tremendously for consumers.

Another reason for increasing health care cost is due to higher prices for medical services. Firstly, people nowadays are living longer than ever. Elderly people need more medical service to maintain health, which greatly

increases the overall health cost. Secondly, more people are having chronic diseases such as, COPD, diabetes, and high blood pressure due to insufficient physical activity, poor eating habits, and excessive alcohol and tobacco use. These diseases require consistent medicine in their whole life. People with three or more chronic disease conditions generally fall into the costliest one percent of patients who account for 20 percent of all health care spending in the U.S [3]

High administrative costs is also a major reason for the expensive health care system in U.S. The percentage of health care dollars spent on administration is estimated to be 20 to 30%. Unfortunately, most administrative costs are generated by private insurance, and most of those costs are generated by marketing and underwriting, processes that do not improve medical care [4]

## 3. Cost Control Measures

Under these circumstances, it is extremely important and necessary to deal with the issue of rising health care bills even though finding solutions is not easy. One solution is that hospitals should improve the transparency of health care expense to patients. To be more specific, customers should be aware of the value and the price of medical service. Based on sufficient information, they can judge whether they need these services or choose some appropriate treatments for them to avoid unnecessary costs in health care. In other words, having the necessary knowledge of what the patients need allowing them to shop for the best services at the best prices, thus the health care costs could be significantly reduced[5]

As stated before, medical services cost for chronic diseases due to unhealthy life styles account for a huge portion of the health care spending in U.S. This suggests that successful efforts to induce healthy life styles can prevent diseases, lead to better population health and may lower health care costs dramatically.

Finally, the Affordable Care Act (ACA) has been enacted to increase the quality and affordability of health insurance, limit the amount that private insurance can spend

on administrative costs, lower the uninsured rate by expanding public and private insurance coverage, hold insurance companies accountable, and reduce the costs of healthcare for individuals and the government. It introduced mechanisms like mandates, subsidies, and insurance exchanges. It was projected that the ACA would lower both Medicare spending and future deficits [6]

#### **4. Concluding Remarks**

In summary, health care cost in the United States has grown substantially for decades. New medical technologies, high administrative costs, aging population, etc.... are the reasons behind the rising health care costs. Measures and acts must be taken to bring down the health care costs. Increasing the transparency of information on price and quality, encouraging healthy life styles, careful structural reforms should be able to reduce the health care costs dramatically.

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