

Study Snapshot:

In Health Care Spending, Americans Who Make the Least Contribute the Greatest Share of Income

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The Question:

How Much of Rising Health Care Costs Are Assumed by Individuals?

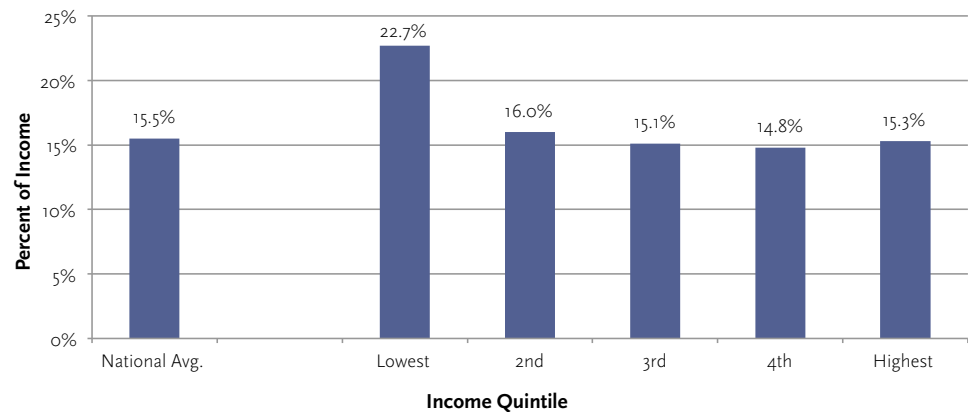
Health care costs consume a growing percent of the U.S. gross domestic product (17.6 percent in 2010), and individuals pay all costs, either through taxes, reduced wages, or direct out-of-pocket and premium payments. In a recent HCFO-funded study,¹ Patricia Ketsche, Ph.D., associate professor at the Institute of Health Administration at Georgia State University, E. Kathleen Adams, Ph.D., professor at Emory University's Rollins School of Public Health, and colleagues explored the distribution of the individual family's financial burden from the combination of public and private health care spending.

The Evidence:

Costs Fall Disproportionately on Low-Income Individuals

Ketsche and colleagues found that the current mix of public and private health care spending inequitably burdens low-income individuals. Families in the lowest income quintile contribute a greater proportion of their total income to health care spending (22.7 percent) than do families at any other income level.

Percent of Family Income Contributed to National Health Care Spending



The researchers also found that while federal spending for health care relieves the burden on low-income individuals, state spending, which is often funded through regressive taxes, is financed disproportionately by low-income families. Private spending also disproportionately burdens low-income families. The full study results are available in Ketsche and colleagues' *article* in *Health Affairs*. An overview and summary of the key findings is also available in the related [HCFO Findings Brief](#).

The Implications:

Current Strategies May Not Be Sufficient to Address Inequalities

The Affordable Care Act includes provisions to reduce some of the financial burden on low- and moderate-income families associated with premiums and out-of-pocket spending that could constrain their access to care. However, the expansion relies, in part, upon increased state spending, and the distributional effects of all new taxes and fees are not yet completely understood. Therefore, the ACA is not likely to fully eliminate the current inequitable distribution of the burden of health care spending.

Contact Us

For more information on the results from this grant, please contact the principal investigator Dr. Patricia Ketsche at pketsche@gsu.edu or 404.413.7635.

¹ The Robert Wood Johnson Foundation Changes in Health Care Financing and Organization (HCFO) Initiative supports timely and policy relevant health services research on health care policy, financing, and organizational issues.

If you would like to learn more about other HCFO-funded work, please contact:
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