Cost of Healthcare is Skyrocketing in the USA: A Broken Medicare Must be Reformed

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Abstract
This short report discusses the current cost of the healthcare system in the United States. The affordability problems in the United States stem directly from insufficient competition of drug prices from the Medicare system. This report provided evidence about how the proposed Medicare reforms are skewed and would unlikely end the blank-check approach to pricing of Medicare that drives our healthcare spending and affordability problems.

Keywords: Health Insurance, Inflation, Affordability

Introduction
American’s healthcare expenses have reached the point where it’s very expensive to afford (Kaiser Family Foundation, 2019) and can be financially devastating (Himmelstein, Lawless, Thorne, Foohey, & Woolhandler, 2019).

Methods
Dusetzina and colleagues (Dusetzina, Muluneh, Keating, & Huskamp, 2020) draw attention to current drug prices from Medicare Part D, which aim to provide critical financial relief for patients and current and future taxpayers.

Results
According to their findings, current law failed to deliver promised savings, which is exact reason to restructure the Medicare Part D’s benefits under the new Biden Administration. Unfortunately, current proposals (i.e., US senator proposal or congress proposal) (Dusetzina, Keating, & Huskamp, 2019) are skewed and could yield the opposite result. Specifically, proposed reforms would have similar effects on out-of-pocket spending for 90% of Part D patients (Dusetzina, Keating, & Huskamp, 2019). As a result of cost sharing, ironically, reforms could at first drive premiums drastically higher, which to the detriment of the vast majority.

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FIGURE 1. The Healthcare Annual Increase in U.S. City Average, All Urban Consumers. The medical care services index comprises the professional services, hospital and related services, and health insurance categories of the Consumer Price Index (CPI). Bubble size represents relative importance among all CPI components. Data were retrieved from U.S. Bureau of Labor Statistics monthly CPI reports.
Discussion

The cost of health insurance is outpacing inflation, increasing 18.6% from August 2018 to August 2019 (Figure 1) and this trend has been steady to date (U.S. Bureau of Labor Statistics, 2021). Any policy redesign should target at a reasonable price control mechanism to address the notable healthcare expenses resulting from top 5% population (Figure 2) (Mitchell, 2019) whilst offer a betterment of affordable healthcare price of many. Otherwise, these reform efforts are at a risk of pooling healthcare expenses to individual patients and non-Medicare taxpayers that increases more financial burdens for American citizens.

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Conflict of Interest

The authors declare that there is no conflict of interest.

References


