

What's Driving Healthcare Costs in Georgia?

Georgia ranks 45th out of the 50 states for the number of uninsured. Nineteen percent of our population is uninsured. The rate of uninsured heavily contributes to poor health outcomes in Georgia. The United Health Foundation publishes the *American Health Rankings* each year and reports that Georgia is ranked 42nd overall for health outcomes in 2006.

Why are so many people uninsured? The rising cost of care and shifting employment patterns drive the trend. In 1980, health expenditures per person in the U.S. were \$2,535 (in 2004 dollars, accounting for inflation); compared to \$6,280 in 2004. While costs are climbing, businesses are downsizing and outsourcing work to smaller firms that do not pay health insurance, forcing employees to seek jobs in industries or firms that do not offer health benefits. In 2005, nearly 17% (19 million) of all employees were uninsured nationwide.

The uninsured are more likely to postpone seeking care for health problems because of cost. This leads to serious and preventable health problems and premature death. More than one in three uninsured people who needed care in the previous year were not able to receive it. Likewise, the Institute of Medicine reports at least 18,000 Americans die prematurely each year because they lack health coverage. Nationwide, capital forgone due to loss of work hours and increased costs of chronic disease that could have been prevented are estimated to be between \$65 and \$130 billion annually.

Increasing prevalence of chronic disease and our improved ability to treat these diseases are responsible for rising costs. Chronic diseases, such as heart disease, stroke, and cancer, are responsible for more than 75% of the increase in healthcare spending in Georgia; yet chronically ill patients only receive two-thirds of the clinically recommended treatments. Obesity alone accounted for 30% of this growth in spending in the past 20 years. The current obesity rate in Georgia is 25.5%, making it the 12th heaviest state in the nation.

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Premiums for individual insurance are not affordable for uninsured persons. The average annual cost for a family seeking insurance in the individual market is about \$3,300 and the amount an employee pays out of pocket toward group coverage annually per family is \$2,700. Higher deductibles and cost-sharing requirements are common in individual plans. These costs prove unreasonable for the low-income uninsured. In addition, the level of uninsured is growing among middle income households. One in ten working adults (23 to 64 years old) with an annual income above the median household income (\$44,430 in 2004) are uninsured.

Addressing the cost of care, while increasing the availability of coverage, is the only surefire way to contain indigent care costs. Chronic disease is Georgia's largest cost center. Preventing chronic disease depends on providing health care to the section of the population most at risk, the uninsured. Encouraging preventive strategies to chronic disease and providing health education is a good first step in driving down the cost of treatment. Only by looking at this issue as a whole will we be able to come to a solution.

SOURCES: Thorpe, K.E. GBPI Vision 2007 Policy Conference; United Health Care Foundation-America's Health Rankings: www.unitedhealthfoundation.org/ahr2006/pdf/Georgia.pdf; Georgia State Medicaid Fact Sheet: www2.gsu.edu/~wwwghp/publications/ltc/Statewide.pdf; Georgia Health Coverage Project: State of Georgia. Georgia Health and Policy Center; Swartz, K. Reinsuring Health: Why More Middle-Class People Are Uninsured and What Government Can Do. New York: Russel Sage Foundation, 2006; Kaiser Family Foundation and Mathematica Policy Research, "Medicare Advantage and Medicare Beneficiaries," *Medicare Advantage Monthly Tracking Report* (October, 2004); see: www.kff.org/medicare/upload/Medicare-Advantage-Monthly-Tracking-Report-September-2004.pdf; Kaiser Family Foundation. 2006 online: <http://www.kff.org/mfs/medicaid.jsp?r1=GA&r2=US> and www.kff.org/uninsured/upload/7570.pdf; Myths about the Uninsured: www.kff.org/uninsured/upload/Myths-about-the-Uninsured-Fact-Sheet.pdf; National Coalition on Healthcare: <http://www.nchc.org/facts/coverage.shtml>; Hidden Costs, Value Lost: Uninsurance in America. *Institute of Medicine*: www.iom.edu/Object.File/Master/12/327/Uninsured5FINAL.pdf.

The Women's Policy Group (WPG) is a Georgia-based organization established in 1988 to engage in education and advocacy which benefits the lives of women, their families and their communities.

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