

EC 483/597 Health Care Economics

Health Outcomes within the U.S.

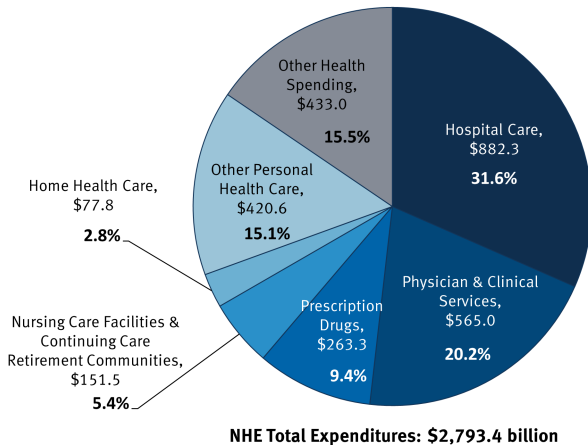
University of Alabama

August 23, 2016

Today's Class

1. **How does health spending in the U.S. compare with that of the world?**
2. **What health outcomes do we care about?**
3. **How are these health outcomes evolving across time?**
4. **Intermediate Micro review**

Distribution of National Health Expenditures, by Type of Service (in Billions), 2012



NOTE: Other Personal Health Care includes, for example, dental and other professional health services, durable medical equipment, etc. Other Health Spending includes, for example, administration and net cost of private health insurance, public health activity, research, and structures and equipment, etc.

SOURCE: Kaiser Family Foundation calculations using NHE data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at <http://www.cms.hhs.gov/NationalHealthExpendData/> (see Historical; National Health Expenditures by type of service and source of funds, CY 1960-2012; file nhe2012.zip).

Per Capita Total Current Health Care Expenditures, U.S. and Selected Countries, 2009



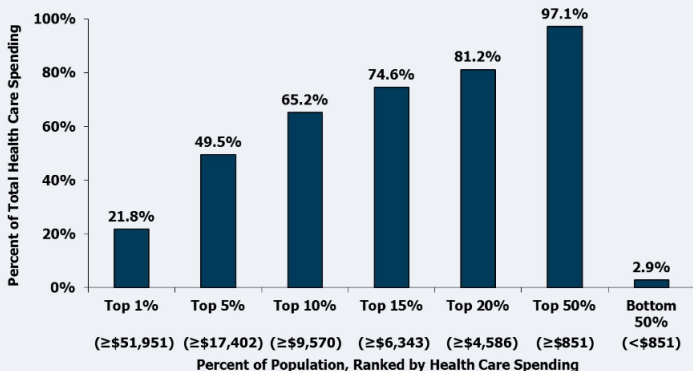
[^]OECD estimate.

*Break in series.

Notes: Amounts in U.S.\$ Purchasing Power Parity, see <http://www.oecd.org/std/ppp>; includes only countries over \$2,500. OECD defines Total Current Expenditures on Health as the sum of expenditures on personal health care, preventive and public health services, and health administration and health insurance; it excludes investment.

Source: Organisation for Economic Co-operation and Development. "OECD Health Data: Health Expenditures and Financing", OECD Health Statistics Data from internet subscription database. <http://www.oecd-ilibrary.org>, data accessed on 01/10/12.

Concentration of Health Care Spending in the U.S. Population, 2009



Note: Dollar amounts in parentheses are the annual expenses per person in each percentile. Population is the civilian noninstitutionalized population, including those without any health care spending. Health care spending is total payments from all sources (including direct payments from individuals and families, private insurance, Medicare, Medicaid, and miscellaneous other sources) to hospitals, physicians, other providers (including dental care), and pharmacies; health insurance premiums are not included.

Source: Kaiser Family Foundation calculations using data from U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey (MEPS), Household Component, 2009.

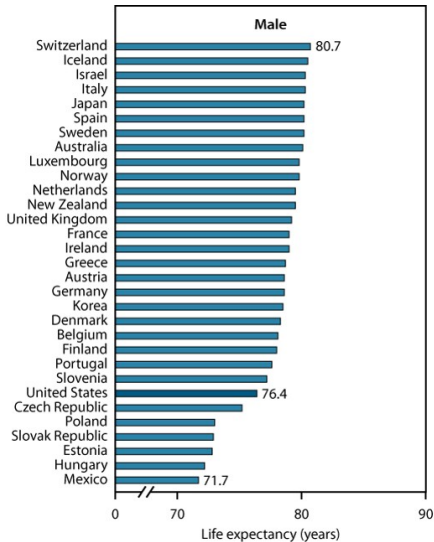
Distribution of Average Spending Per Person, 2009

	Average Spending Per Person
<i>Age (in years)</i>	
<5	\$2,468
5-17	1,695
18-24	1,834
25-44	2,739
45-64	5,511
65 or Older	9,744
<i>Sex</i>	
Male	\$3,559
Female	4,635

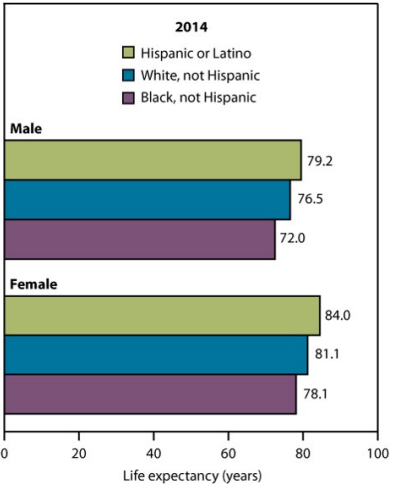
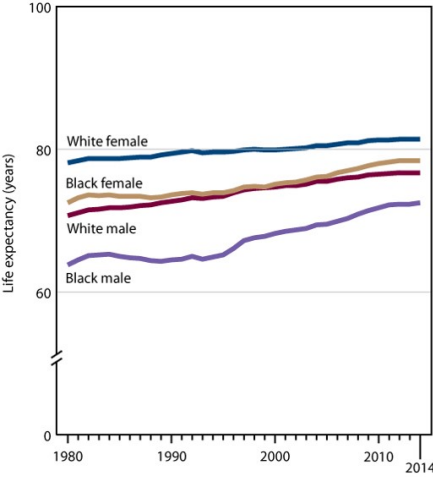
Note: Population is the civilian noninstitutionalized population, including those without any health care spending. Health care spending is total payments from all sources (including direct payments from individuals and families, private insurance, Medicare, Medicaid, and miscellaneous other sources) to hospitals, physicians, other providers (including dental care), and pharmacies; health insurance premiums are not included.

Source: Kaiser Family Foundation calculations using data from U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey (MEPS), 2009.

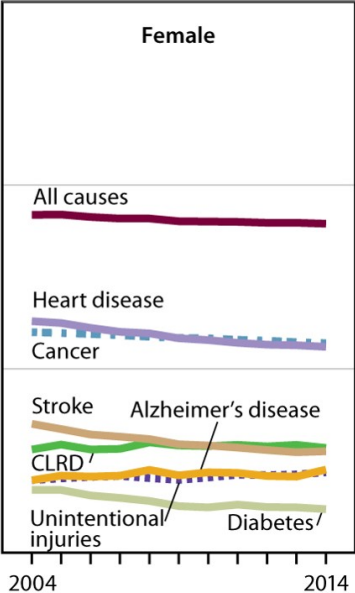
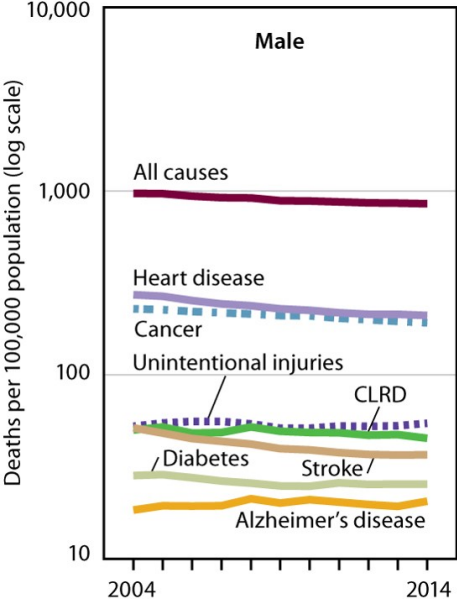
Life Expectancy Across the Globe, 2013



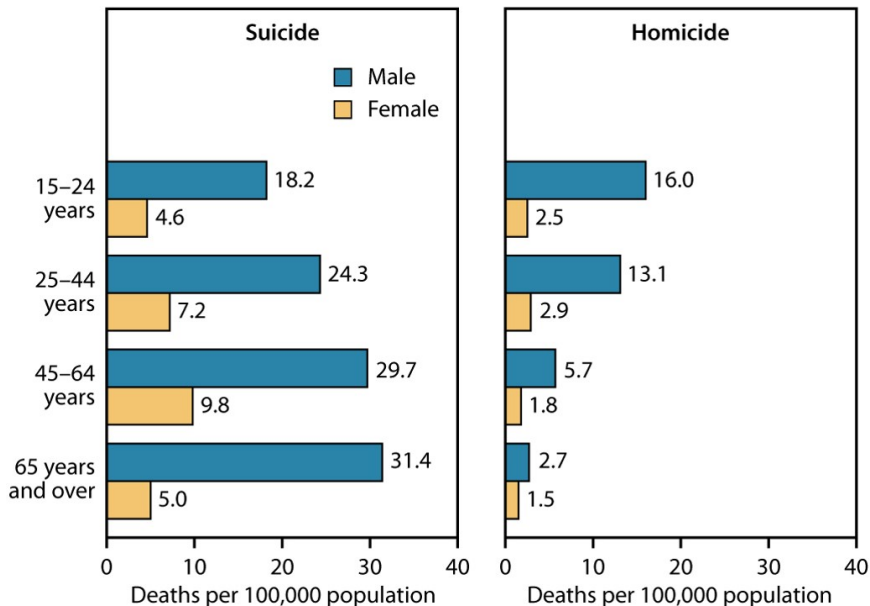
Life Expectancy by Race in the U.S.



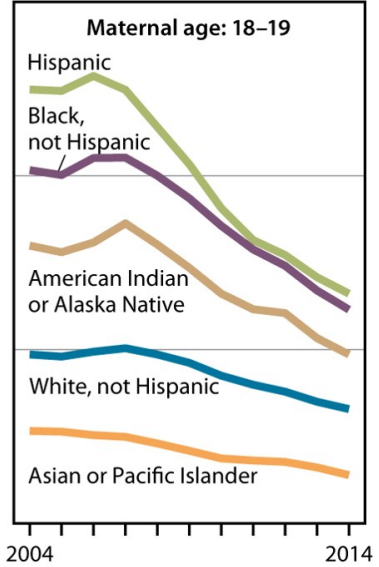
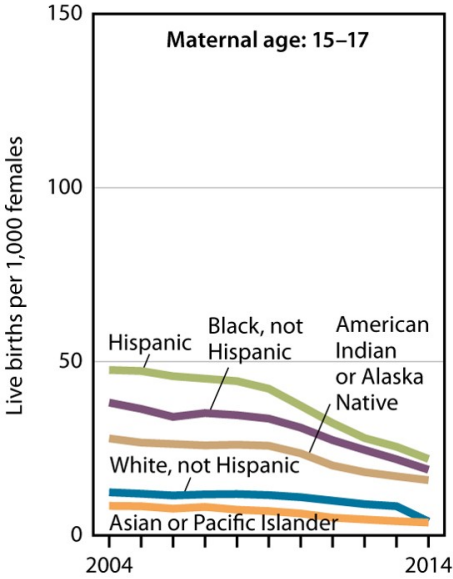
Leading Causes of Death



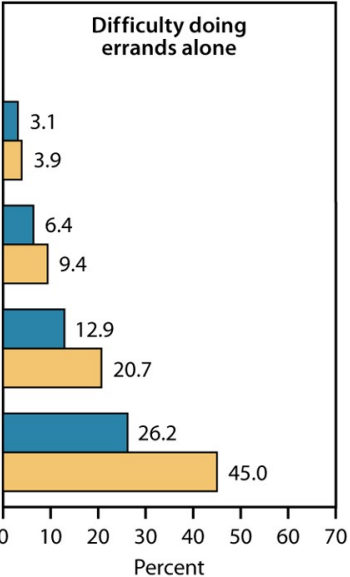
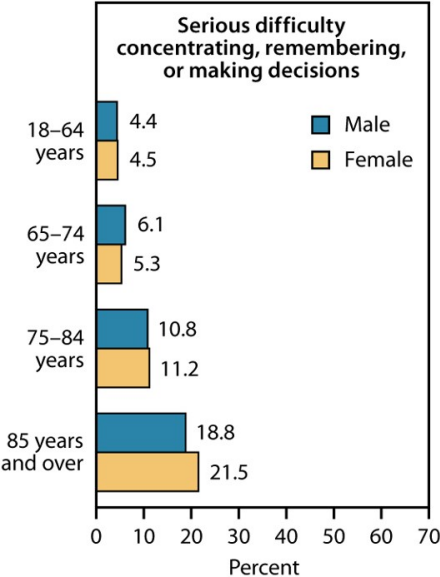
Suicide/Homicide Deaths in the U.S.



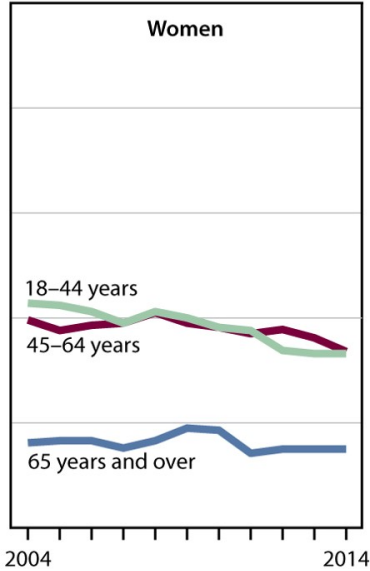
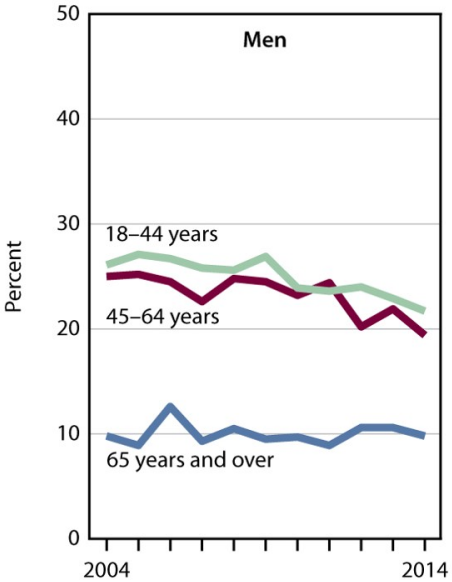
Teen Pregnancy



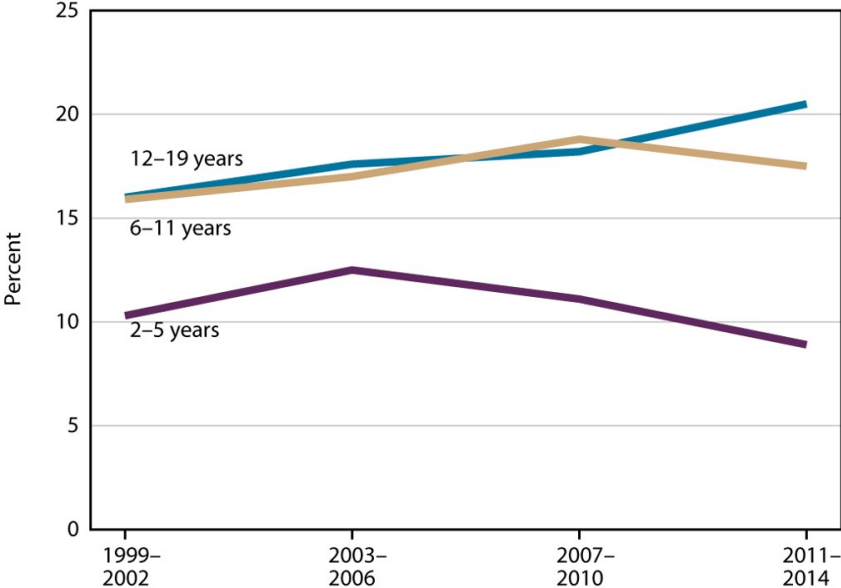
Functional Limitations: 2014



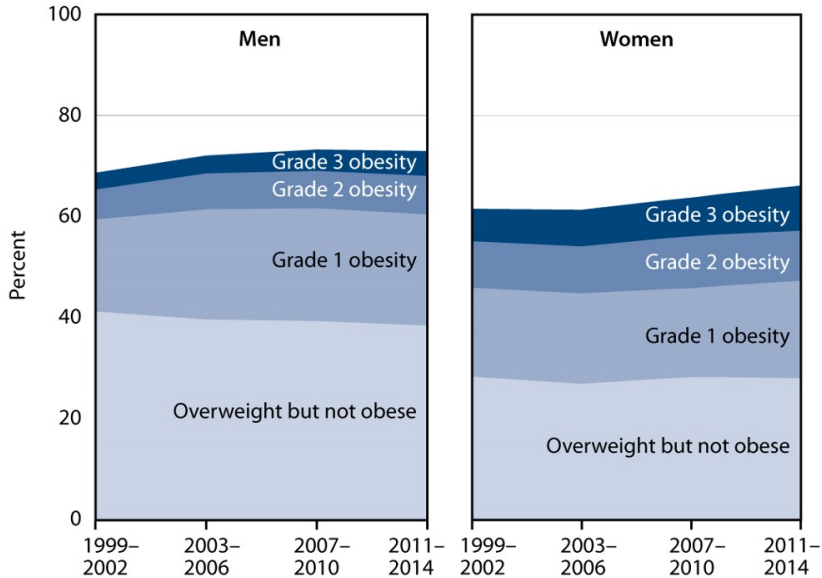
Cigarette Smoking



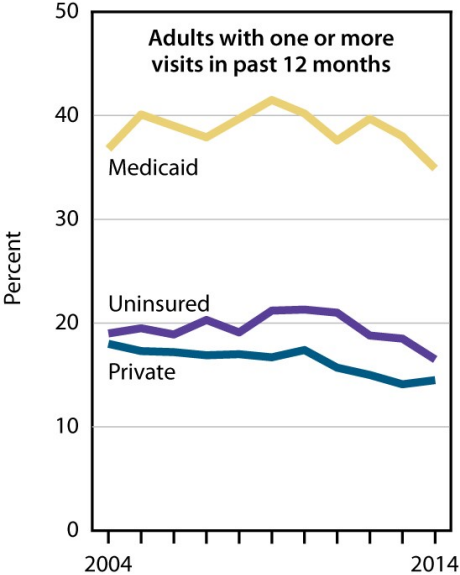
Childhood Obesity



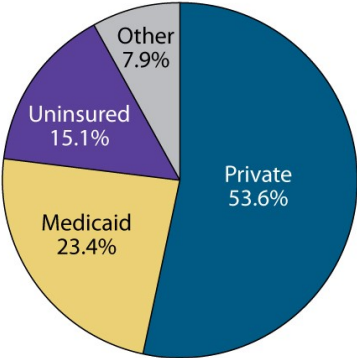
Adult Obesity



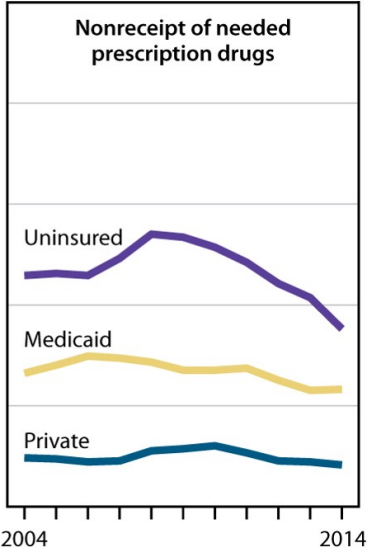
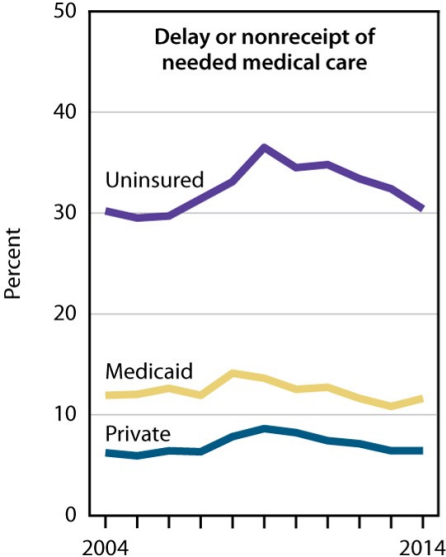
Emergency Department Utilization



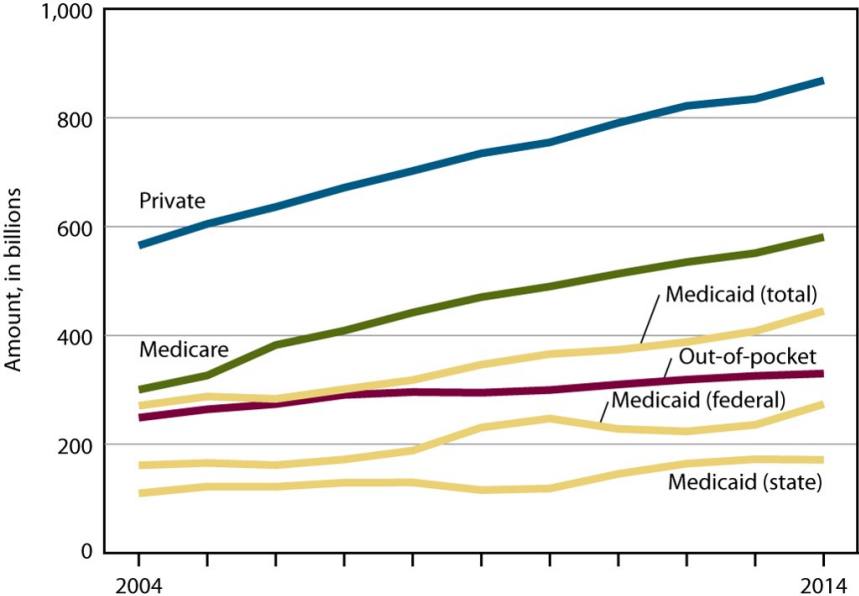
Distribution of emergency department visits for adults aged 18–64, 2014



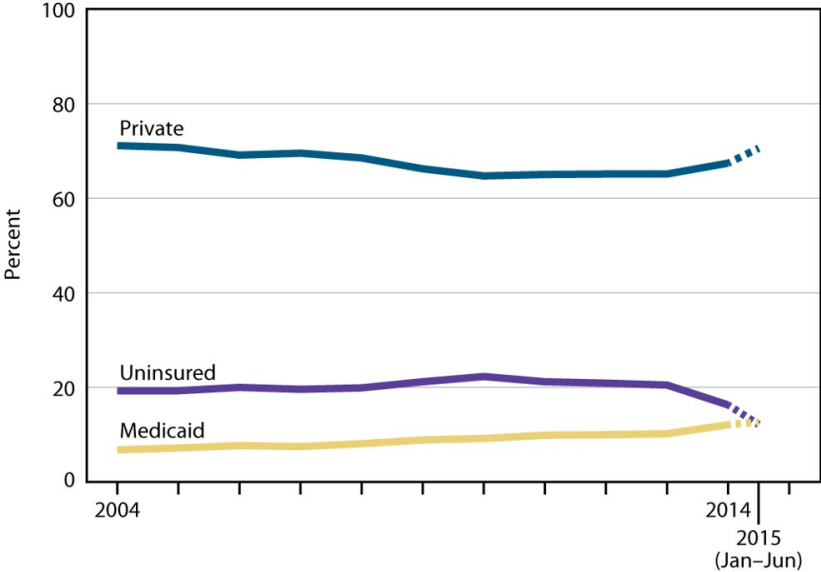
Difficulty Accessing Health Care due to Cost



Health Expenditures by Source



Health Insurance Coverage: ages 18-64



Coverage by Medicaid Expansion State

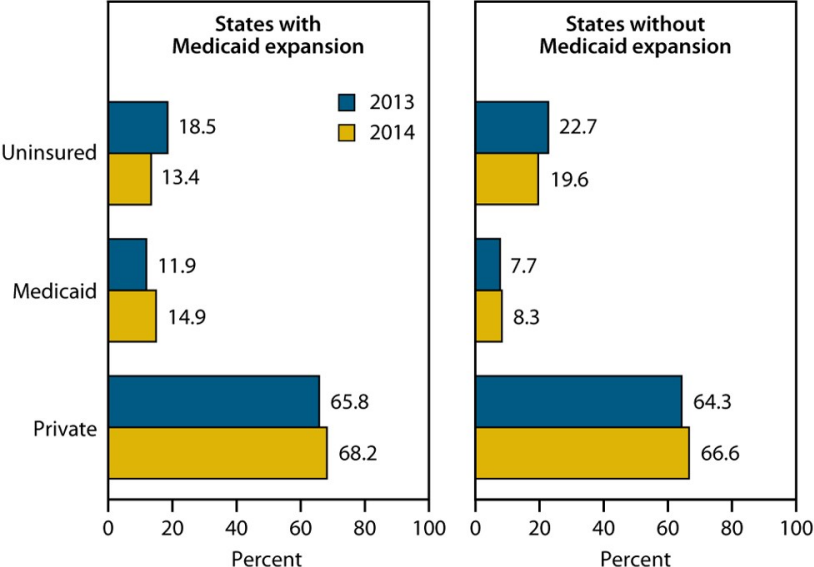
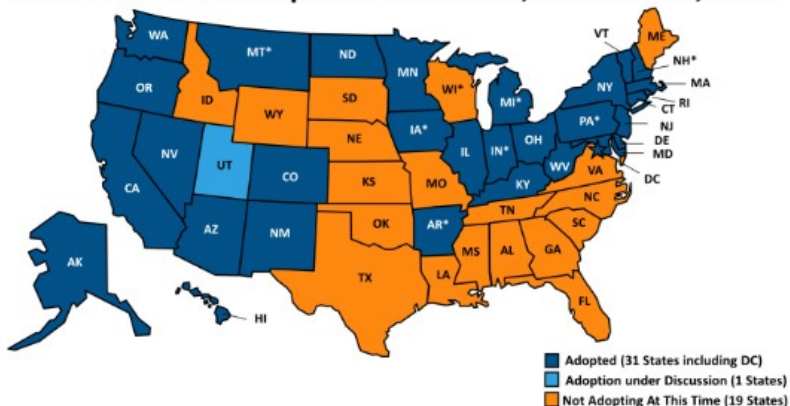


Figure 6

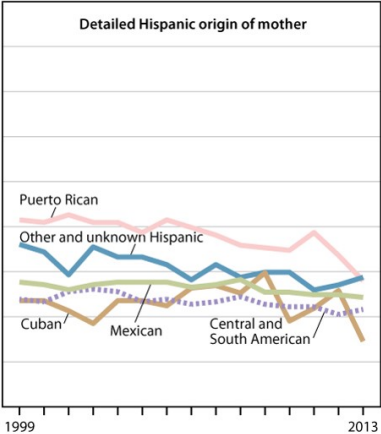
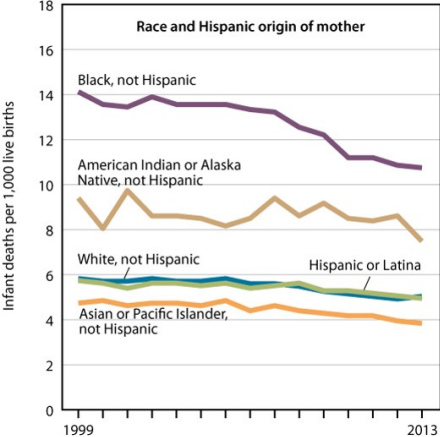
Status of Medicaid Expansion Decisions, November 2, 2015



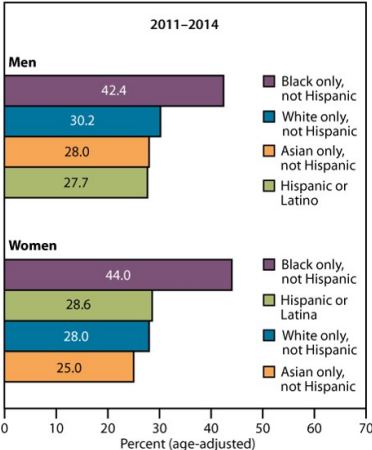
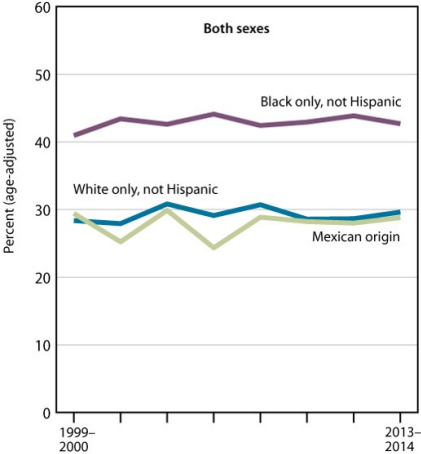
NOTES: Current status for each state is based on KCMU tracking and analysis of state executive activity. *AR, IA, IN, MI, MT, NH and PA have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it has transitioned coverage to a state plan amendment. Coverage under the MT waiver will be effective January 1, 2016. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.

SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated November 2, 2015. <http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>

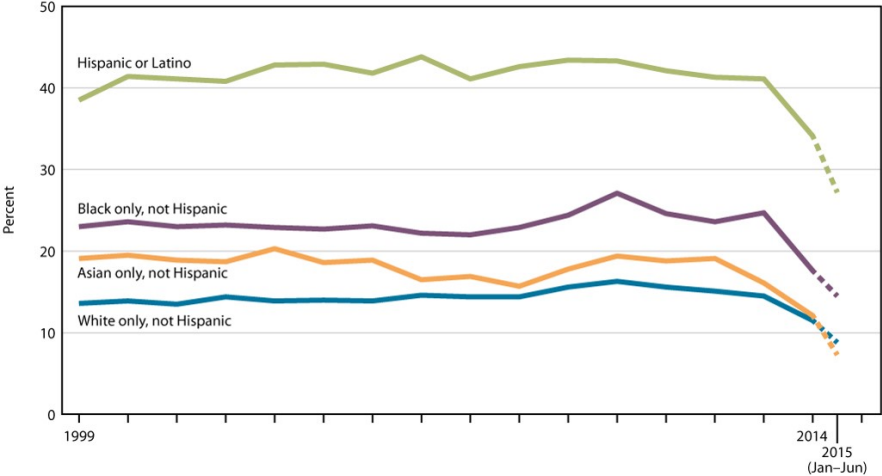
Infant Mortality Rates by Race



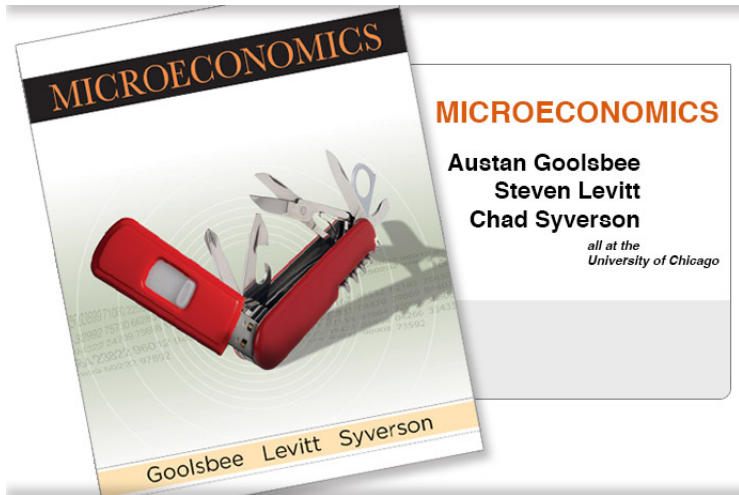
Hypertension among Adults 20 and Over



Percent Uninsured



Review of Intermediate Microeconomics

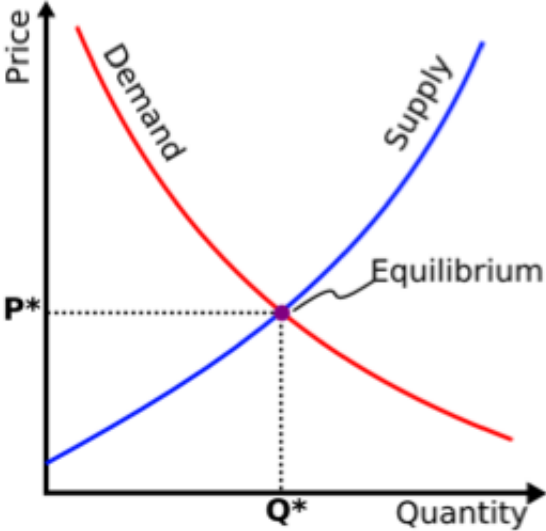


MICROECONOMICS

Austan Goolsbee
Steven Levitt
Chad Syverson

*all at the
University of Chicago*

Modelling Supply and Demand



The Consumer's Utility Maximization Problem

Maximize Utility (happiness) subject to some Budget Constraint

$$\text{Maximize}_{\{x,y\}} U(x,y)$$

$$\text{subject to } m = P_x * x + P_y * y$$

where x and y represent two consumption goods, m represents a consumer's income, and P_x and P_y represent the prices of goods x and y , respectively

The Producer's Cost Minimization Problem

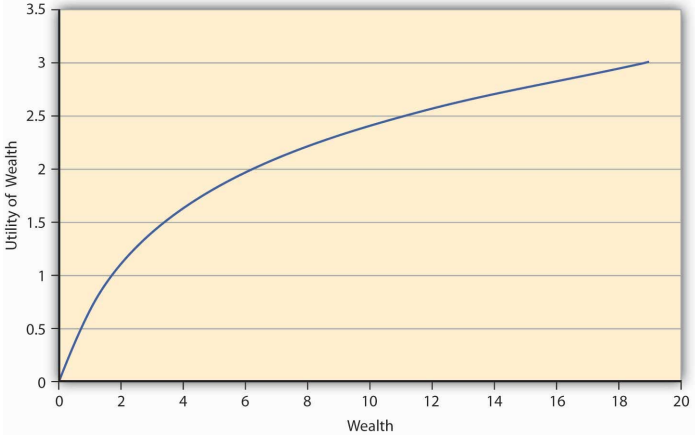
Minimize Costs subject to some fixed level of Production

$$\text{Minimize}_{\{K,L\}} \quad \text{Costs} = r * K + w * L$$

$$\text{subject to} \quad \bar{Q} = f(K, L)$$

where K and L represent capital and labor employed by the firm, r and w represent the price of production inputs, \bar{Q} represents some fixed level of production, and $f(K,L)$ represents the firm's production function

Utility/Production Functions



Next Class

Overview of Welfare Economics (Chapter 18)

Arrow (1963)

“Uncertainty and the Welfare Economics of Medical Care”