

# Fact Sheet

Published by Applied | Economic | Strategies, LLC

August 29, 2012

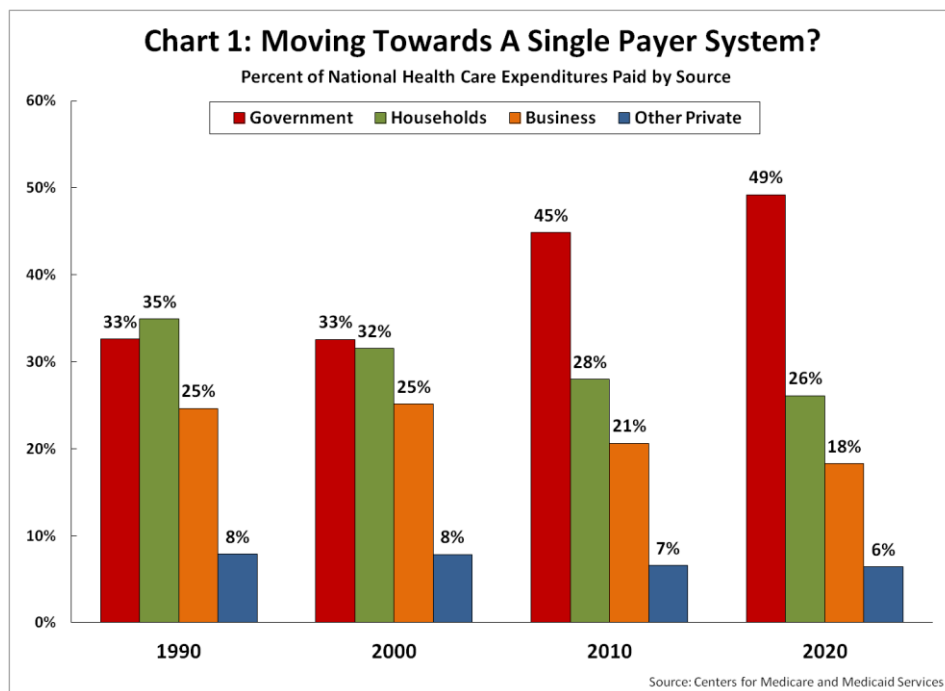
Fact Sheet No. 2012-5

## Are We Moving Towards A Single Payer Health Care System?

*Under PPACA By 2020 Government Will Account For Almost 50 Percent Of Health Care Spending*

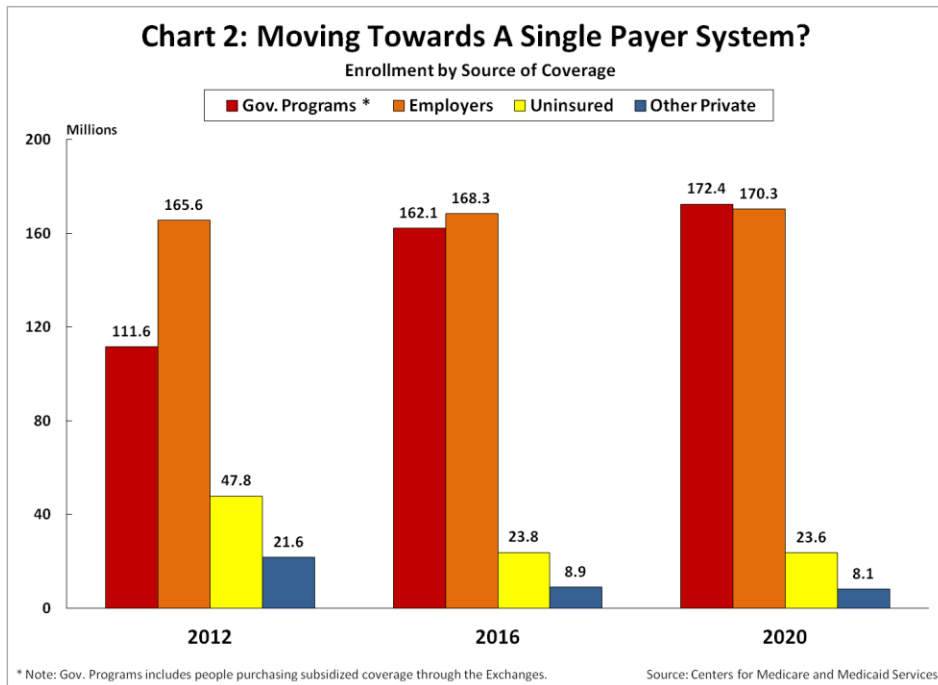
By D. Mark Wilson

From 1990 to 2010, the government's share of national health care expenditures increased from 33 percent to 45 percent, and with the passage of the Patient Protection and Affordable Care Act (PPACA) it is projected to increase to 49 percent in 2020 (see Chart 1).<sup>1</sup> On the other hand, employers have been getting out of the business of providing health care benefits. Their share of national health care expenditures decreased from 25 percent in 1990 to 21 percent in 2010, and it is projected to decrease to 18 percent in 2020 despite an expected 14 percent *increase* in the number of employees.<sup>2</sup> Household expenditures have fallen too; dropping from 35 percent in 1990 to 28 percent in 2010.<sup>3</sup>



Another indicator of our movement towards a single payer system is enrollment in employer-provided health care plans peaked in 2000 at 181.9 million and has fallen by 6.9 percent to 169.3 million in 2010 (see Chart 2).<sup>4</sup> On the other hand, enrollment in government health insurance jumped by 39.3 percent from 68.2 million in 2000, to 95.0 million in 2010.<sup>5</sup>

Moreover, under PPACA, enrollment in employer-provided health care is expected to increase by just 1 million from 2010 to 2020 even though the total number of employees is projected to increase by 20.5 million.<sup>6</sup>



Further, according to the Congressional Budget Office (CBO), "there is clearly a tremendous amount of uncertainty about how employers and employees will respond to the set of opportunities and incentives under [PPACA]."<sup>7</sup> The CBO has estimated that under PPACA, employer provided coverage could be 7 million to 14 million less in 2019 than the numbers shown in Chart 2, while government programs could cover 6 million to 11 million more people.<sup>8</sup> CBO has also noted some analysts believe that employers' decisions about whether to offer health insurance coverage under PPACA will not be based on an assessment of the costs and benefits. Instead, they believe that firms may choose not to offer coverage because their workers will be able to purchase subsidized coverage through the new exchanges and not offering insurance allows firms to simply get out of the business of providing health care benefits and avoid some of the complexity and uncertainty surrounding their compensation systems. One thing is certain, however, only time will tell if PPACA accelerates the movement we've seen over the past 20 years towards a single payer system sometime in the future.

<sup>1</sup> Centers for Medicare and Medicaid Services, Historical National Health Expenditure data, Table 5 and 17.

<sup>2</sup> Centers for Medicare and Medicaid Services, Historical National Health Expenditure data, Table 5 and 17; and Bureau of Labor Statistics, Employment Projections 2010 - 2020, Table 2.

<sup>3</sup> Centers for Medicare and Medicaid Services, Historical National Health Expenditure data, Table 5 and 17.

<sup>4</sup> U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2010, Table C-1.

<sup>5</sup> *Id.*

<sup>6</sup> Centers for Medicare and Medicaid Services, Historical National Health Expenditure data, Table 5 and 17; and Bureau of Labor Statistics, Employment Projections 2010 - 2020, Table 2.

<sup>7</sup> Congressional Budget Office, CBO and JCT's Estimates of the Effects of the Affordable Care Act on the Number of People Obtaining Employment-Based Health Insurance, March 2012.

<sup>8</sup> *Id.*, Table 4. As noted in Chart 2, government programs includes people who purchase government subsidized coverage through the Exchanges.