

## Health Care Day of Action

February 26, 2007

Dear

The 2007 study by the McKinsey Global Institute, **Accounting for the Cost of Health Care in the United States**, concludes that *U.S. health care spending is nearly double the average of other industrialized nations, with same or worse outcomes.*

Among findings: U.S. health care spending is *\$477 billion/year more than health care spending pattern of 13 other advanced countries*, an amount that accounts for 3.6% of the entire U.S. economic output (\$1,645 per capita annually).

U.S. health care excess spending includes:

- Physician Costs - \$58 billion/year more than other countries due to higher volumes of procedures ordered for greater numbers of patients
- Hospital Services - \$224 billion annually - \$1,666 higher cost/day (4X the average of all other industrial countries)
- Drugs - \$57 billion/year more than other developed countries
- Private Insurance - \$84 billion/year in excessive administrative costs; \$30 billion/year in after-tax profits; \$32 billion/year for marketing and premium adjustments

Concluded a reviewer: *...any effort to reduce these excess costs faces determined opposition from well-financed lobbies, which is why many reformers prefer to focus on the goal of extending coverage to the 47 million Americans who don't have health insurance. But doing the one without the other, the McKinsey researchers warn, would be economic folly. Offering universal coverage without reining in costs would add another \$77 billion each year in unnecessary and unproductive health spending.* ("Adding Up the Reasons for Expensive Health Care," WashingtonPost.com, Steven Pearlstein, 2/14/07)

The message is clear—the U.S. needs systemic health care reform in order to arrest continued inflationary health costs that result in cost-shifting to consumers and taxpayers. As your constituent, I urge you to consider the *big picture* for health care reform.

Sincerely,

(over)