HEALTH-COST CROSSROAD:

Why American Businesses Urgently Need Health System Reform

Better Health Care Together

A Common Sense Approach to Health Care

Arkansas Regional Forum

The William J. Clinton Presidential Library

January 11, 2008

Better Health Care Together is a coalition of concerned leaders from the business, labor, and public policy sectors who share the conviction that broad-based health care reform is among the most pressing economic and moral imperatives facing our nation.

Health-Cost Crossroad: Executive Summary

This issue brief describes how the problems in the health system affect U.S. businesses; how this situation affects workers and families; and why reform is needed by 2012. It also includes a Spotlight on Arkansas, highlighting the State's unique strengths and challenges. Highlights include:

Rising Health Costs Stress Businesses: Businesses provide health insurance for 61 percent of all non-elderly Americans and finance a quarter of our $2 trillion health system. Yet, job-based health insurance premiums have risen by 98 percent between 2000 and 2007, nearly five times faster than the rate of inflation. This affects all companies in different ways:

- **New challenges in a changing economy:** The volatility of the booming service industry makes it expensive for these businesses to provide workers with health insurance. In 2007, 59 percent of the companies in the service industry offered health benefits, compared to 78 percent of manufacturing firms. The rapidly changing nature of work calls into question the employer-based insurance model for an increasing portion of the workforce.

- **Perennial challenges for small businesses:** Health benefit costs tend to be higher for businesses that have fewer workers to bear the administrative costs and risk. Because of this, only 45 percent of businesses with fewer than 10 workers provided health insurance in 2007 – down from 57 percent in 2000.

- **Diminished global competitiveness:** Health care costs continue to rise rapidly, which impedes American companies' viability in the global marketplace. Although it has since rebounded, the United States fell to sixth place in the World Economic Forum's global competitiveness ranking in 2006, in part due to health costs.

- **Burgeoning cost of covering retirees:** Rising health care costs are preventing employers from covering their retirees. By 2007, only 33 percent of large firms offered retiree health benefits. The costs have become so great that, in 2006, 46 percent of large employers capped spending on retiree health benefits.

Few Options for Businesses: Businesses have few options to ease the burden of high health costs. While many have pioneered cost-control strategies, others' actions have resulted in:

- **Less coverage:** The proportion of firms offering health benefits fell from 69 to 60 percent between 2000 and 2007. About 80 percent of the uninsured are in working families.

- **A "hidden tax":** Reduced coverage does not eliminate health costs; costs often get shifted to those who can pay, adding as much $500 to $1,500 to premiums.

Unsustainable Trends: By 2012, if trends persist: the number of uninsured will climb by 7 million (to 54 million), health costs will top $10,000 per capita, and business costs will rise by 55 percent.

Impact on Arkansas: While it ranks 9th among states in its prospects for economic development, Arkansas ranks last in the percent of businesses offering health insurance. Only one in four small businesses in the State offers coverage. Health costs in Arkansas are growing faster than average.

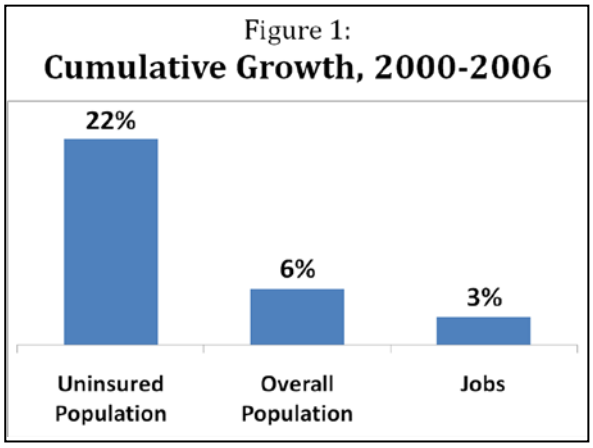
Solution: The solution for businesses and the nation is system-wide reform that covers all, improves value, promotes wellness, and shares responsibility for managing and financing a new American health care system. Better Health Care Together is a coalition aiming to achieve this reform by 2012.

I. IMPACT OF THE HEALTH CRISIS ON BUSINESSES

The Effects of Health Care Costs on the U.S Economy

"So long as health-care costs continue to grow faster than the economy as a whole, as seems likely, federal spending … would rise at a rate that risks placing the budget on an unsustainable trajectory." Alan Greenspan[1]

The United States is currently faced with an alarming contradiction: the number of uninsured Americans increased despite recent economic growth and low unemployment. The ranks of the uninsured rose by about 2 million between 2005 and 2006 alone. Between 2000 and 2006, the number of uninsured grew seven times faster than job growth and nearly four times faster than population growth (see Figure 1).[2] Over that same period, the number of Americans with employer-based coverage fell.



This is primarily due to costs: health costs are high and rising, making health coverage increasingly unaffordable for business and workers alike. Many American businesses and individuals are feeling the pressure of insurance premiums outpacing their earnings. Increasing health costs could:[3]

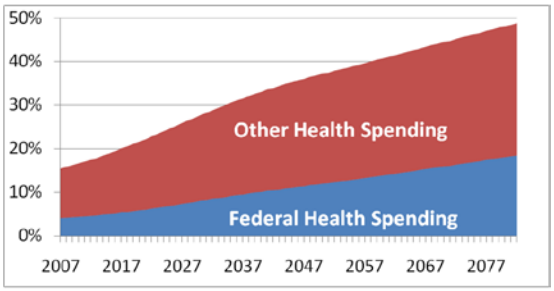
- Limit the ability of businesses and individuals to invest in new opportunities;
- Increase the costs of American goods and services;
- Decrease competitiveness in international markets;
- Decrease inflation-adjusted employee earnings;
- Reduce economic growth and rates of employment; and
- Reduce productivity, since uninsured workers have more absenteeism and "presenteeism," i.e., sub-par performance at work due to impaired health.

Sixteen percent of our economy is dedicated to health care – double the share in 1975. In the past six years alone, national health spending increased by over 55 percent, while the economy as a whole grew by only 35 percent.[4] This has been accompanied by some gains in health; for example, deaths from heart disease have dropped and life expectancy has increased over the last quarter century. However, the gains are not nearly of the scale of increased costs and are not equally shared, especially among the uninsured. This has a health and economic impact. The Institute of Medicine estimated that the lost productivity of uninsured Americans costs our economy from $65 to $130 billion.[5]

The U.S. Comptroller General David Walker, the nation's top accountant, predicts that health costs will hurt the economy and budget: "We don't face an immediate heart attack, but we have been diagnosed with fiscal cancer and we need to start treating it."[6]

The trends are sobering. If the costs of health care continue to rise at their current rate, spending on health care will increase to 37 percent of the gross domestic product (GDP) by 2050 (see Figure 2).[7] To put that figure into perspective, present-day spending on *all* federal government programs constitutes 20 percent of the GDP. National health spending is expected to double by 2016, surpassing $4 trillion.

Figure 2:
Projected Health Spending as Percent of Gross Domestic Product, 2007-82



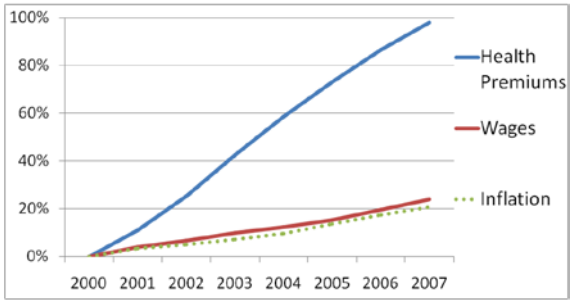
Source: Congressional Budget Office, November 2007

Health Costs Strain Businesses

Businesses play an integral role in the U.S. health care system. They are the primary source of health insurance for 61 percent of all non-elderly Americans.[8] Employment has, to date, provided the only viable means of pooling risk for workers and their dependents. Businesses also finance about one-quarter of the entire $2 trillion health system. Their role is, in part, based on our unique history. During World War II, fringe benefits soared as a way to attract workers during wage freezes. Since then, health coverage has been demanded by workers and provided by employers in a competitive marketplace for the highest-quality workers.

Yet, job-based health insurance premiums are increasingly expensive. The typical firm paid, in total, $11,160 per year for a family's and $4,479 for a single worker's premium in 2007. This cost is 98 percent higher than it was in 2000, growing nearly five times faster than the rate of inflation and four times faster than cumulative wage increases (see Figure 3).[9] The share of an average employer's total payroll dedicated to health benefits rose by more than one-third between 1996 and 2005.[10] Each year, businesses are forced to apportion a larger amount of their available revenue and compensation dollars toward maintaining their current commitment to employee health insurance. If trends continue, health benefit costs will exceed profits in *Fortune 500* companies in 2008.[11]

Figure 3:
Cumulative Growth in Health Premiums, Wages, & Inflation 2000-07



Source: Kaiser / HRET Health Benefits Survey 2007

Clearly, health costs are a large and growing factor in business planning and operations. However, different types of firms are affected in different ways in our diverse and ever-changing economy. Some of these differential effects are described below.

Greater Challenges in the New Economy

Within the span of 100 years, the U.S. economy has changed dramatically. In 1900, 38 percent of the labor force worked on farms; this fell to three percent in 1999. Goods-producing industries like manufacturing and mining started the century at 31 percent of the workforce and climbed through the mid-part of the century. But, by 1999, these industries accounted for only 19 percent of the workforce. Jobs have shifted to service industries, whose share of employment climbed from 31 percent in 1900 to 78 percent in 1999.[12] These trends are expected to persist. Service-providing industries are projected to generate approximately 15.7 million new jobs over the 2006 to 2016 period, while goods-producing industries are expected to experience overall job loss.[13]

In the new economy, technology coupled with a growing service sector makes work and workers less place-dependent than ever before. Further, more specific job categories are becoming obsolete more quickly than at any time in our history. Non-traditional workers now comprise 20 to 30 percent of the U.S. workforce. They are temporary employees, independent contractors, free lancers, independent professionals, and consultants. Compared to traditional employees, they are at a significant disadvantage with respect to health insurance both in terms of price and public policy, which favors employer coverage.

The booming service industry, compared to manufacturing, has shorter job tenure, higher turn-over rates, and more part-time, temporary, and seasonal employment. It is increasingly difficult for employers with transient workforces to offer consistent coverage or to justify the high costs of providing health benefits at all.

In 2007, 59 percent of the firms in service industries offered health benefits to their employees, compared to 78 percent of manufacturing firms.[14] This is reflected in the distribution of the uninsured: the proportion of uninsured workers in the service and related industries (39 percent) is over twice that of manufacturing (17 percent) (see Figure 4). To be successful in the long term, health reform must also take into account the needs of this growing segment of the workforce.

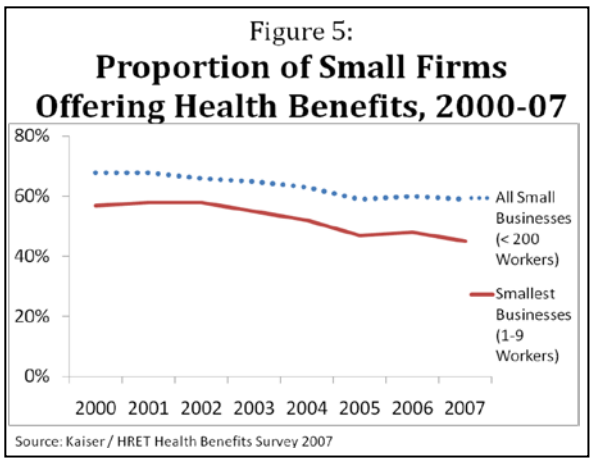
Figure 4:
Uninsured Workers by Firm Type, 2007

	Number of Workers (Millions)	Percent Uninsured	Distribution of Uninsured
TOTAL	**146.9**	**19%**	**100%**
Service, Wholesale, Information, Communications, and Education	56.9	21%	39%
Finance, Health and Social Services, Professionals, Public Administration	50.3	14%	34%
Manufacturing, Construction, Utilities and Transportation	25.3	15%	17%
Agriculture and Mining	14.4	36%	10%

Source: Current Population Survey 2007, as analyzed by Kaiser Family Foundation

Health Costs and Small Businesses

Health benefit costs are higher for small than large businesses. Few small employers have the specialized staff or resources to shop for and negotiate affordable premiums for their workers. In small firms, the cost of one illness or injury must be shared across a small number of workers. For these reasons, fewer small businesses offer coverage in the first place. And often, when health care costs encroach on profits needed for sustainability, small businesses curb or cut those expenses. So not surprisingly, fewer than half (45 percent) of small businesses with fewer than 10 workers provided health insurance in 2007.



This dropped sharply from 57 percent in 2000, and 55 percent in 2003 (see Figure 5).[15] In a recent survey of small businesses conducted, 74 percent of those responding stated that increasing costs were the single most serious issue facing our health care system.[16]

Fewer small businesses offering health insurance means fewer workers with health coverage. In the past five years, declines in employer-sponsored health insurance were the highest among workers in small firms, who are poor or near-poor, and under the age of 35.[17] Of all workers in the United States, the greatest number of uninsured is in firms with 25 or fewer employees (33 percent) (not including the 27.6 percent of the uninsured workforce that is self-employed). Firms that employ 99 or fewer people account for nearly 50 percent of the uninsured workforce, but only about one-third of the entire workforce.[18]

Diminished Global Competitiveness

Health costs have dulled America's once-sharp competitive edge. Costs continue to rise more quickly than the rate of inflation, which impedes American companies' viability in the global marketplace. This reality weighs heavily on the minds of America's business leaders. As summarized by Safeway Chief Executive Steve Burd in a warning to 45 other CEOs, "You are going to find the American worker not competitive in the global marketplace, and you could put our economy into gridlock."[19]

The auto industry is a prime example. General Motors (GM) spent $1,635 per vehicle to cover the health care cost of their employees, while Toyota, a company now challenging GM as the world's largest auto maker, spent a mere $215.[20] In September of 2005, Starbucks announced that it was now forced to spend more on health insurance coverage in America than it does on coffee beans worldwide. CEO Howard Schultz explained that the company's health costs, which had been growing at double-digit rates for the past four years, were "completely non-sustainable".[21] Other large, multi-national corporations such as Intel and other members of the Better Health Care Together coalition have echoed this sentiment.

Although it rebounded in 2007, the United States fell to sixth place in the World Economic Forum's global competitiveness ranking in 2006. This happened despite the fact that large corporations have been outsourcing American jobs in an effort to remain competitive on a global scale. The drop was credited in part to America's health care system, and the large budget and trade deficits that flow in part from the health system's defects.[22]

Growing health care costs unquestionably contribute to Princeton economist Alan Blinder's prediction: that America is now experiencing only the initial stages of what could become a mass exodus of U.S. jobs and companies. He estimates that as many as 28 million to 42 million more jobs are now susceptible to outsourcing.[23]

Burgeoning Cost of Covering Retirees

Some large firms that historically offered health benefits to retirees as well as workers face a different set of challenges today. Many can no longer afford to offer or sustain coverage of retired workers due to rising health care costs. In 1998, 66 percent of large firms offered retiree health benefits. By 2007, that figure dwindled to 33 percent. [24]

Not only are fewer retirees covered, but those with coverage are paying more out-of-pocket for their coverage and care. Firms that offer retiree benefits anticipate making changes such as raising retiree contributions to premiums (64 percent); increasing cost-sharing requirements (26 percent); and raising out-of-pocket limits (18 percent).[25]

Other firms are offloading their retiree health obligations into trusts known as voluntary employee beneficiary associations (VEBAs). VEBAs allow firms to contribute tax-free, defined contributions toward the estimated future costs of health care for retirees. The cornerstone of the recent deal between the United Auto Workers union and General Motors involved the auto-manufacturer shifting $29.9 billion into a VEBA. Similar deals were struck by Chrysler and Ford. However, after the VEBA is funded, there is no guarantee that it will remain solvent. Therefore, if health care costs outpace forecasts, VEBAs may run dry faster than expected, leaving retirees to cover the full cost of their health care.

II. FEW OPTIONS FOR BUSINESSES

Some firms have succeeded in keeping their health costs and growth low. Their innovation and experience provide vital guidance for public policy and private practice. However, even "low" growth in health benefit costs has typically been faster than wage and economic growth. As such, to keep premiums low, some employers "buy down" benefits through higher cost sharing and / or lower benefits. Some eliminate coverage altogether. As explained below, these decisions are not cost-free.

Scaled-Back Benefits

Employers that provide health insurance for their workers typically pay most of the premium, although the amount of that contribution varies between and within firm types. On average, the amount that employers contribute for premiums has been relatively stable. The percent of health insurance premiums paid by covered workers has gone up only two percentage points from 2000 to 2007. However, given the unrelenting increase in premium costs, this increase did not offset the rise in employer cost inflation. Employer payments for single and family coverage increased by about two-thirds between 2000 and 2007: from $2,088 to $3,785 for single coverage, and from $4,692 to $8,824 for a family of four.

Workers have faced not only rapidly growing premiums, but rapidly increasing cost sharing as well. For instance, in 2000, only 15 percent of single workers with a preferred provider organization plan paid more than $499 in deductibles. In 2006, this increased to 38 percent.[26] One way to assess cost sharing is its size relative to income. In 2007, those with employer-sponsored health insurance paid from 3.1 to 5.5 percent of their income on out-

of-pocket cost sharing. Adding the amount that employers pay (because employers generally take their health benefit contributions out of cash wages), then the typical person or family pays 12.3 to 15.1 percent of income on health care costs.[27] This is similar to the percentage of total economic production spent on health care – and, by most standards, is large.

Diminished Coverage

Because employers are paying more in absolute terms and as a share of labor costs to provide health coverage, employer coverage in the U.S. has been declining. In 2000, 69 percent of employers offered some sort of health coverage to their workers. By 2007, that figure dropped to 60 percent.[28] The number of non-elderly people covered by employer-based health insurance also fell, from 66 to 61 percent between 2000 and 2006.[29] A five percentage-point drop over six years is enormous. This translates into about 5 million fewer people with employer-based health insurance – accounting for most of the increase in the uninsured count during this six-year period.

America's middle class is especially sensitive to this decline. Nearly half of the uninsured population growth between 2005 and 2006 occurred among middle-income families.[30] Almost 80 percent of people who were uninsured in 2006 were from working families; over 70 percent of the uninsured were from families with one or more people employed full-time.[31] The size of this population represents a country within a country of working Americans who did not – and probably were not able – to purchase health insurance.

Impact of Rising Costs on Families & Individuals

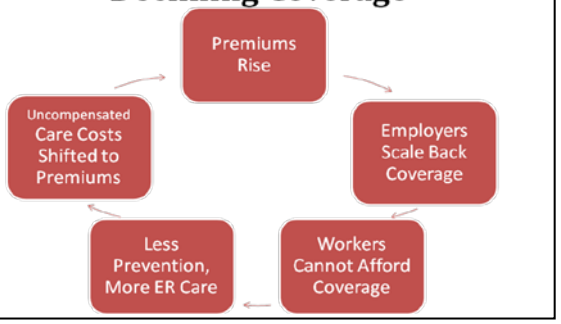
In addition to 47 million Americans who have no health insurance, nearly 16 million more are underinsured. These people are typically senior citizens and/or lower income workers who have health insurance but are almost as likely as the uninsured to go without needed medical attention and acquire medical debts due to the high out-of-pocket costs of health care.[32]

Increasing premiums, deductibles, and co-pays make it difficult for many people to obtain the quality care and coverage they need. One-third of people insured in a high-deductible health plan reported delaying or avoiding needed care due to costs, compared to 19 percent in traditional plans.[33] Paying out-of-pocket medical expenses (e.g., high deductibles or co-payments for emergency room visits) can severely cut into a household's monthly budget, jeopardizing the ability to pay for other necessities such as food, utilities, or housing. If medical bills are ongoing, as they are for people with chronic diseases such as cancer or AIDS, the financial burdens can become overwhelming. According to a Harvard University study, 50 percent of all bankruptcies in 2001 were caused, at least in part, by medical debts, which averaged nearly $12,000. Seventy-five percent of those bankrupted by medical debt had health insurance at the start of their illness or injury.[34]

The Hidden Costs Within the U.S. Health Care System

The erosion of employer-based health insurance has contributed to the record-high number of uninsured Americans. Uninsured people pay about one-third of the cost of their health care out-of-pocket; the remaining cost is shifted to tax-payer funded government programs and higher premiums for insured people. This means that everyone who pays insurance premiums, whether they know it or not, contributes to covering the medical costs of the uninsured (see Figure 6).

Figure 6:
Cycle of Rising Health Costs and Declining Coverage



One analysis predicts that by 2010, more than $43 billion of the $60.4 billion in uncompensated care will be financed by higher premiums for privately insured patients. This translates into an increase of $1,502 in the average family premium (projected to be $17,273 for that year), and $532 more for the average individual premium ($6,115) and demonstrates the urgent need for reform.[35]

California Governor Arnold Schwarzenegger has labeled this as a "hidden tax" within the health care system. Releasing an analysis quantifying this hidden tax, he stated, "What we are trying to show is that everyone in California is already paying for the uninsured. It would be better to have a universal health care system where everyone gets coverage that is more affordable."[36]

However, the uninsured are not the only source of hidden costs. Unnecessary administrative overhead is also built into the system. A study conducted by the McKinsey Global Institute illustrates many factors that contribute to the gross overspending associated with health care in the United States. Controlling for wealth and compared to peer nations, the United States spends more than $477 billion per year above what similar countries would pay.[37] Of the $477 billion that the United States overspends on health care, $281 billion is associated with input costs, which are doctors' and nurses' salaries, prescription drugs, technological devices, medical supplies, and profits of private participants within the system; $147 billion is associated with the inefficiencies and complexities of the system's operational processes; and $98 billion is associated with administrative costs. Sixty-four percent of the administrative burden is directly attributed to the cost of avoiding health risks, sales and marketing in our complicated and fragmented health system. As the report states, "Moreover, the system incurs a range of costs not borne in other countries, which are unique to the United States' system with its significant for-profit element and its multiple-state and multiple-payer administrative structure." Stated simply, health system complexity is costly in financial and health terms, hindering performance and diminishing outcomes.

Unrelenting and Unsustainable Trends

If unchecked, the disturbing cost trends in the U.S. will result in a system break-down. Looking four years out, if trends persist, the U.S. health system will be in disarray. If health care costs continue to rise at their current rate, individual and family premiums would increase by nearly $1,500 and $4,000 respectively (see Figure 7). These projected increases do not include out-of-pocket expenses such as deductibles and co-pays, which themselves have been increasing steadily for years. The uninsured population would grow by 7 million, exposing even more people to health and financial risk. And, businesses' spending on health benefits would climb by nearly 55 percent. Thus, tackling this cost and coverage problem must be a top priority for the nation's business and political leaders.

Figure 7:
2012: If Trends Persist

IMPACT	Current	2012
Uninsured	47 million in 2006	54 million
Premiums		
Single	$4,479 in 2007	$5,960
Family	$12,105 in 2007	$16,110
National Health Spending		
Total	$2.1 trillion in 2007	$3.0 trillion
Per Capita	$7,498 in 2007	$10,110
Percent of GDP	16.2% in 2007	17.9%
Business Spending	$478 billion in 2005	$742 billion

Sources: See Methodology in "Notes"

III. SOLUTION

Health care cost growth threatens businesses, workers, and the overall health of the American economy. Comprehensive, structural health reform is essential to ensure that the United States maintains its prominent position in global economic and political leadership.

Better Health Care Together is a coalition of presidents and CEOs of leading companies, labor organizations, and civil society organizations that believes that strong, organized, and diverse leadership is necessary to repair America's broken health care system. Through the use of our collective resources and efforts, the coalition aims to achieve universal awareness of the need for health care reform and to encourage public leaders to realize our four common sense reform principles by 2012. These four principles are:

1. We believe every person in America must have quality, affordable health insurance coverage.
2. We believe individuals have a responsibility to maintain and protect their health.
3. We believe that America must dramatically improve the value it receives for every health care dollar.
4. We believe that businesses, governments, and individuals all should contribute to managing and financing a new American health care system.

Better Health Care Together will work to achieve quality, affordable coverage for all Americans that meets these principles. For more information, see the website: www.betterhealthcaretogether.org

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Better Health Care Together: Spotlight on Arkansas

Arkansas currently enjoys a resurgent and dynamic business environment. Home to the corporate headquarters of Wal-Mart Stores, Inc., Alltel, J.B. Hunt, Tyson Foods, and Dillard's Department Stores, the State is as proud of the small business development and investment it engenders. Of the 66,000 businesses offering jobs in Arkansas, an estimated 97.2 percent are small businesses.[38] According to *Forbes* magazine, the State currently ranks 9th in the nation in its future prospects for economic development, an indicator measured by the State's projected job and income growth, as well as predicted job openings and increased venture capital investment.[39]

In health care too, Arkansas has found some success in fighting nationally and regionally declining health trends. In the past year alone, the rate of obesity dropped by four percent, and immunization coverage increased by 11 percent.[40]

However, in spite of these improvements and a promising economic outlook, the State's overall health condition continues to decline. According to the United Health Foundation's rankings of the healthiest states, Arkansas fell two spots from 46th to 48th between 2006 and 2007, ahead only of Mississippi and Louisiana. It is clear that daunting problems remain, and challenges facing employer-funded health care are rising.

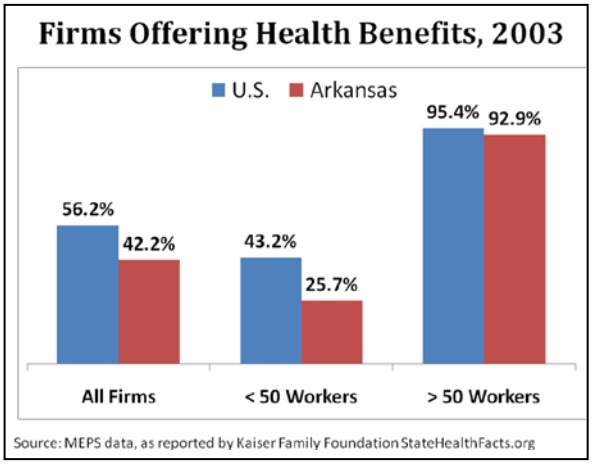
Employer-Based Health Care is Eroding

Nationwide, 54 percent of Americans can still claim they obtain their health care coverage through an employer. The same cannot be said in Arkansas. In 2006, only 46 percent of the State's 2.8 million people were insured through work. About one out of five lacked health care coverage altogether.[41]

The fundamental reason for Arkansas' poor health care coverage is that it has the lowest rate of employer-sponsored health insurance in the country. Only 42.2 percent of Arkansas' firms offered health insurance in 2003. This is 14 percentage points less than the national average.[42] No other state has a lower percentage.

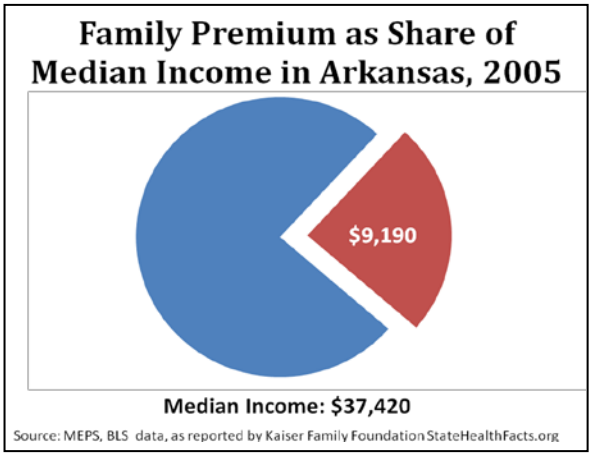
Small Businesses Are Disproportionately Affected

Arkansas' small private businesses are particularly struggling to provide health care. Only one in four small businesses provides health insurance to its employees, ranking Arkansas last in nation among small businesses offering health benefits.[43] This is 17 percentage points below the national average. Since the mid-1980s, health insurance costs have been widely recognized as the single most important small business problem.[44]



Health Costs and Premiums Are Climbing

Rates of uninsurance and underinsurance are growing in Arkansas as businesses struggle to carry the growing financial burden of health benefits. As employers cut back or discontinue coverage for their employees, health care costs shift to individuals and families. In the six years between 2000 and 2007, employment-based health insurance premiums for families rose over four times faster than workers' wage growth.[45] Arkansas' median annual household income of $37,420 is currently the third lowest in the nation, and $8,651 below the national average.[46] In 2005, the average total premium for a single worker was $3,590 and for families was $9,190 in Arkansas.[47] Counting the employer contribution, this represents roughly 10 to 25 percent of the State's median income. While health costs tend to be lower in Arkansas, the average annual growth rate between 1991 and 2004 was higher than the national average.[48]



The Uninsured Is Increasing

The net effect is a growing number of uninsured Arkansans as employers are forced to drop health care plans and private insurance becomes less affordable. As of 2006, over half a million Arkansans went without health insurance. At 21 percent of the non-elderly population, the rate of uninsured in Arkansas is three percentage points greater than the national average. About 82 percent of uninsured Arkansans are in working families. Because the State has worked hard to cover children through the ARKids Programs, fewer of its uninsured are children (16 percent versus 20 percent nationally).[49]

Rising Burden on State Government

The State of Arkansas is ill prepared to plug the gap. Its State spending on health care as a percent of its economy is higher than the national average, despite its lower-than-average health spending. Yet, Arkansas ranks second to last among states in terms of per capita spending on public health expenditures. The State spends a mere $64 per person annually on health expenditures, $100 less than the national average.[50] These limited funds are used to provide a wide range of services, including public health, community-based services, immunizations, infectious disease control, and food safety.

Conclusion

Arkansas's health challenges, as with other states', cannot be solved without broad support from business, government, health providers, and individuals. Arkansas has been able to achieve some results, but many of the obstacles to providing affordable, quality health insurance are national in scope. Only through shared responsibility will lasting solutions to America's declining health trends and growing health costs become a reality.

NOTES:

Methodology for Figure 7. Data in first column from: U.S. Census Bureau 2007; Kaiser Family Foundation / HRET 2007; and National Health Accounts 2007. Uninsured in 2012 from Congressional Budget Office's estimated uninsured for 2012 (51 million; see *Analysis of the President's Budgetary Proposals for Fiscal Year 2008*) increased by the average annual growth in the uninsured between 2006 and 2010. Premium projections for 2012 calculated by increasing the 2007 premiums by the national health expenditure private health insurance spending growth per capita. National health expenditures in 2012 from National Health Accounts 2007. Business spending on health calculated by increasing 2006 spending by the national health expenditure private health insurance spending growth.

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