

Updated: **January, 2024**



# Health Care

## Summary and Key Talking Points

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### Policy Proposals

1. Roll back the expansion of government involvement in health care.
2. Overhaul the public health bureaucracy.
3. Offer patients the ability to use their health care dollars as they deem appropriate.
4. Require more transparency in health care pricing.

### Quick Facts

1. Three hundred insurers offered coverage in the Obamacare exchange in 2023— down from 395 in the individual market in 2013, before Obamacare was in full effect. Government intervention has led to consolidation and the limitation of options in the health insurance industry.
2. Premiums in the individual market increased from \$244 per member per month in 2013 to \$558 per member per month in 2019, a 129 percent increase.
3. By 2040, Medicare's current system of price controls will result in one-third of hospitals, and roughly half of nursing homes and home health agencies, operating in the red, threatening seniors' access to quality care.
4. Transparency initiatives, if accompanied by a robust set of policies to allow patients to compare and act on price differences, could save as much as \$80.7 billion annually (7 percent) in medical spending for Americans.

### Power Phrases

#### Empower Patients

- Empowering individuals to control their health care dollars and decisions is a far better approach to health care reform than government control.
- Americans should have the freedom to choose the plan and doctors that best suit their needs, not a one-size-fits-all plan that the government creates.

#### Stop Government Overreach

- During the worst public health crisis of the century, centralized, top-down, government-run health care utterly failed Americans.
- Government policies have led to market consolidation among hospitals, insurers, and health care providers, leaving patients with fewer choices and higher costs while the government health care industrial complex continues to grow.

## The Issue

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America has some of the world's best medical care. However, excessive and ill-conceived government interventions in health care financing and delivery have fueled a health care system that is overly costly, complex, confusing, and inefficient.

Nearly every American, regardless of income or medical condition, has access to health insurance coverage, but too many Americans lack access to affordable, high-quality, patient-centered care. Due in part to government policies, market consolidation among hospitals, insurers, and health care providers has left patients with fewer choices and higher costs while the government and the health care industrial complex continues to grow.

The Biden Administration's policies are failing Americans. Despite the promises, middle-class families face higher premiums and fewer choices than when Obamacare was enacted, low-income Americans are trapped in a ballooning safety-net program that rations care and access, and seniors on Medicare face an uncertain future with access and care at risk without needed reforms.

Aimed at expanding government control over health care dollars and decisions, the Biden Administration's policies disregard the root causes of higher costs and are making matters worse, not better. Action by liberals in Congress have led to more government subsidies and more government price controls that exacerbate the underlying problems in health care and only further government involvement in personal health care decisions.

Federal government overreach and the failures of federal planning and faulty interventions became acute and most visible in the flawed responses to the COVID-19 pandemic. Notably, officials overreacted with comprehensive lockdowns, resulting in catastrophic social and economic damage; officials recommended unnecessary closure of schools in the face of the mounting evidence that children were not at severe risk from the coronavirus and were not a source of community transmission; officials created mass social conflict over their mixed messaging on the effectiveness or the ineffectiveness of masks and mask mandates; officials overreached their authority by imposing vaccine mandates on millions of Americans without the statutory authority to do so; officials ignored or downplayed the reality of natural immunity from viral infection; officials ignored or overlooked the frontline clinical experience of physicians who were combatting the virus on the ground and suppressed legitimate scientific dissent seeking to marginalize experts with differing views; and, finally, officials at the U.S. Department of Health and Human Services (HHS) and other agencies, to this day, have continued to block the full disclosure of information to Congress about the origins of the coronavirus in Wuhan, China.

During the worst public health crisis of the century, centralized, top-down, government-run health care failed Americans. The solution is to reverse course on this broken system and give patients direct control of their health care dollars and decisions. Americans should be able to choose the care and coverage that is best for them, have access to more affordable coverage options, and receive the tools and incentive to make those choices; low-income families must be able to receive the private care they need; seniors must have a sound Medicare program; and Americans should be able to hold public health officials accountable for the failed federal response to the COVID-19 pandemic by reforming public health agencies, especially the Centers for Disease Control and Prevention (CDC), and ensuring that funding is primarily focused on the control of infectious disease. Giving Americans greater control over their own health care is the most powerful guarantor of higher-quality care at lower costs.

## Recommendations

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In order to give all Americans access to the health care they deserve, Congress should:

**Roll back the expansion of government involvement in health care.** Since the major provisions of the misnamed 2010 Patient Protection and Affordable Care Act (ACA), known as Obamacare, were implemented in 2014, liberals have continued their mission to have the government take over America's health care. During the pandemic, millions of Americans were added to the government health care rolls due in part to congressional actions. Congress must reverse course and remove ineligible people from Medicaid, scale back ACA subsidy expansions, and stop harmful administrative actions that stifle innovation, increase costs, and reduce choices for patients, including the imposition of government price controls.

**Give states the flexibility to make coverage more affordable.** States are better suited and equipped to oversee health insurance markets than the federal government. Rather than centralizing decisions at the federal level, Congress should give states greater flexibility to offer a broader menu of affordable health plans both in and outside federal exchanges to help to bring down costs and expand coverage options for their residents.

**Offer patients the ability to use their health care dollars as they want.** Patients want greater flexibility in choosing the health care coverage and services that best fit their needs and save for future health needs. To do that, Congress should expand access to patient-owned and patient-directed account-based coverage options, such as health savings accounts, as well as other non-government coverage and care arrangements, such as association health plans, health care-sharing ministries, and individual reimbursement accounts.

**Require more transparency in health care pricing.** Americans spend more on health care than any other people in the world. Yet, most have no idea of the actual cost even of the most common medical treatments or procedures. Lack of transparency partially explains the rising costs of health care, and price transparency can help to resolve this problem. Congress should require consumer-friendly information about hospital, insurance, and prescription-drug pricing and allow patients to share in savings from choosing lower-cost options. Furthermore, Congress should reform the way in which it supports health care providers that provide indigent care so that it is more transparent and accountable.

**Offer low-income individuals and families private coverage options.** Medicaid, the health care safety-net program for low-income individuals and families, locks them into an overstretched, rationed government-run health care program. Instead, Congress should give Medicaid enrollees the option of applying the Medicaid funds to the private health plan of their choice, including employer-based coverage.

**Eliminate all taxpayer subsidies for, or funding of, abortion.** Abortion is not health care. And post-*Roe*, it is, in fact, illegal in many states. The federal government has no business using taxpayer money to fund abortion. Aborted-fetal-tissue research organizations that perform or advocate abortions, like Planned Parenthood, should not receive any federal funding. Nor should the IRS allow tax breaks for abortion-related expenses.

**Reform and expand private coverage options in Medicare.** Medicare Advantage, the program that gives seniors access to private coverage options, is the fastest growing part of Medicare, because it is superior to traditional Medicare. To stabilize the Medicare program as a whole, Congress should reform the Medicare Advantage payment system to make it more market-based, expand the benefits that health care plans are allowed to offer seniors, allow seniors to share in savings for making less expensive choices, and make the Medicare Advantage program the default option for seniors in the future.

**Overhaul the public health bureaucracy.** The federal public health bureaucracy failed the American people during the coronavirus pandemic. Congress must use its oversight powers to hold these agencies accountable and make meaningful policy changes to ensure that such failures are never repeated. This entails separating

the CDC's research and policymaking functions and restoring it to its core mission of responding to infectious diseases; reforming the grant-making process at the National Institutes of Health based on merit; and realigning the Food and Drug Administration toward more efficient and effective review and oversight.

## Facts + Figures

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### FACT: Government coverage is squeezing out private coverage options.

- During the [eight-year period from 2014 through 2021](#), individual-market enrollment (mainly subsidized coverage through the government exchange) was, on average, about 30 percent higher than before the implementation of the ACA, and the average Medicaid enrollment was about 20 percent higher.
- Average enrollment in employer-based group coverage is 2 percent lower than before the ACA.

### FACT: Americans have fewer health care options and face higher premiums than before Obamacare.

- According to Heritage Foundation analysis, 300 insurers offered coverage in the Obamacare exchange in 2023, compared to 395 in the individual market in 2013, before Obamacare was in full effect.
- Premiums in the individual market increased from \$244 per member per month in 2013 to \$558 per member per month in 2019, a 129 percent increase.

### FACT: Medicaid enrollment and spending is exploding.

- According to the Centers for Medicare and Medicaid Services, since the COVID-19 pandemic began, Medicaid (and Children's Health Insurance Program) enrollment increased by 23 million, making total enrollment in these programs 95 million in March 2023.
- Combined, federal and state Medicaid spending reached [an estimated](#) \$824 billion in fiscal year 2022.

### FACT: Medicare faces short-term and long-term challenges that put the future of the program at risk.

- According to the Medicare Board of Trustees, enrollment in Medicare will jump from 65 million in 2022 to 83.4 million in 2040 while spending is projected to jump from roughly \$1 trillion in 2023 to nearly \$2 trillion in 2033.
- By 2031, the hospital insurance (HI) trust fund is projected to become insolvent, and the total Medicare program faces \$53.1 trillion in long-term unfunded obligations.
- By 2040, Medicare's current system of price controls will result in one-third of hospitals, and roughly half of nursing homes and home health agencies, operating in the red, threatening seniors' access to quality care.

### FACT: Overall health care spending continues to grow at excessive rates.

- According to the Centers for Medicare and Medicaid Services, in 2022, national health care expenditures grew to \$4.5 trillion and are expected to reach \$6.8 trillion by 2030.
- Transparency initiatives, if accompanied by a robust set of policies to allow patients to compare and act on price differences, could [save as much as \\$80.7 billion annually](#). This would translate into a 6.9 percent reduction in medical spending for all Americans in private coverage and 7.4 percent for those with incomes below 100 percent of the federal poverty level.

**FACT: The botched government response to the COVID-19 pandemic cost millions of lives and millions of livelihoods.**

- More than 1.1 million deaths in the U.S. are associated with COVID-19.
- The economic costs related to the pandemic are estimated to reach [\\$14 trillion](#) by the end of 2023.

## Resources

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Robert E. Moffit, [Health Care Price Transparency: A Patient's Right to Know](#), Heritage Foundation *Testimony*, May 17, 2023.

Robert. E. Moffit, [Preparing Medicare Advantage for Comprehensive Medicare Reform](#), Heritage Foundation *Special Report* No. 267, February 23, 2023.

Edmund F. Haislmaier, [Obamacare Exchanges: Stable for 2023, But with an Uncertain Future](#), Heritage Foundation *Issue Brief* No. 5304, February 13, 2023.

Edmund F. Haislmaier, [Health Insurance Enrollment in 2021 and Its Implications for 2023](#), Heritage Foundation *Issue Brief* No. 5303, February 13, 2023.

Robert E. Moffit and Doug Badger, [Forging a Post-Pandemic Policy Agenda: A Road Map for Covid-19 Congressional Oversight](#), Heritage Foundation *Special Report* No. 265, January 30, 2023.

Rachel Greszler and Nina Owcharenko Schaefer, [As Administration Cracks Down on Taxpayers, Government's Own Improper Payments Go Unchecked](#), Heritage Foundation *Background* No. 3733, November 29, 2022.

Nina Owcharenko Schaefer, [Health Care: Time to Go on Offense](#), Heritage Foundation *Issue Brief* No. 5271, May 31, 2022.

Edmund F. Haislmaier and Abigail Slagle, [Premiums, Choices, Deductibles, Care Access, and Government Dependence Under the Affordable Care Act: 2021 State-by-State Review](#), Heritage Foundation *Background* No. 3668, November 2, 2021.

Nina Owcharenko Schaefer, [Medicaid at 55: Understanding the Design, Trends, and Reforms Needed to Improve the Health Care Safety Net](#), Heritage Foundation *Background* No. 3604, April 14, 2021.

Edmund F. Haislmaier, [Ensuring Americans' Access to Pharmaceuticals: A Primer and Road Map for Policymakers](#), Heritage Foundation *Background* No. 3545, October 20, 2020.