

## A quick history of health care in the US

1. 1935: President Roosevelt drops universal health care from Social Security Act, perhaps under pressure from the American Medical Association (AMA).
2. World War II: firms skirt wage controls by offering health insurance.
3. 1954: the Internal Revenue Service (IRS) declares health benefits aren't taxable income. The cost of this subsidy was \$188.5 billion in 2004.
4. 1965: two public health insurance programs start. These are federal but administered by the states.
  - a. Medicare, for those over 65, disabled, or kidney disease.
  - b. Medicaid, for the poor. Funding much worse, one-third of costs.<sup>1</sup>
5. 1974: Federal law (ERISA) allows firms that self-insure to ignore minimum coverage requirements in state regulations. Benefits large firms.
6. 1990: change in accounting standards requires firms to include retirement benefits on their balance sheets. Many firms drop health care for retirees as a result.
7. 1997: State Children's Health Insurance Program (SCHIP) started; health insurance for low income children.
8. 2004: health care costs about 16% of Gross Domestic Product (GDP); it was 5.1% in 1960.

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<sup>1</sup> Conrad, p. 110.

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9. 2005: 60% of firms offer health insurance to their employees; it was 69% in 2000. Fewer offer health benefits to *retired* employees.
10. Today: 62% of the non-elderly population has health insurance through their employers. Peak was 2000, when it was about 67% of the non-elderly population. 40 million people lack health insurance.