

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.
5. 1974: Federal law (ERISA) allows firms that self-insure to ignore minimum coverage requirements in state regulations. Large firms do so, shrinking insurance pools for small 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.
9. 2005: 60% of firms offer health insurance to their employees; it was 69% in 2000. Fewer offer health benefits to *retired* employees.

10. 2006: national health expenditures (including research, construction, ...) at 16% of GDP. They were 4.1% in 1948, 6% in 1966, and 7.3% in 1970.
11. 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. 40-7 million people lack health insurance.
12. Today: Medicare covers 43 million people and costs 3.1% of GDP (\$400 billion). With Medicaid it accounts for 22.9% of the Federal budget. In 1966, Medicare covered 19 million and cost 0.4% of GDP. By 2030, it is projected to cover 20% of the population, 79 million, and cost 6.5% of GDP and chew up a huge portion of federal and state budgets.