



The U.S. Healthcare Cost Crisis

Public perceptions of the U.S. healthcare system, the institutions that support it, and the burden and fear that it creates for the American people

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Executive Summary

The high cost of healthcare in the United States is a significant source of apprehension and fear for millions of Americans, according to a new national survey by West Health and Gallup.

Relative to the quality of the care they receive, Americans overwhelmingly agree they pay too much, and receive too little, and few have confidence that elected officials can solve the problem.

Americans in large numbers are borrowing money, skipping treatments and cutting back on household expenses because of high costs, and a large percentage fear a major health event could bankrupt them. More than three-quarters of Americans are also concerned that high healthcare costs could cause significant and lasting damage to the U.S. economy.

Despite the financial burden and fears caused by high healthcare costs, partisan filters lead to divergent views of the healthcare system at large: By a wide margin, more Republicans than Democrats consider the quality of care in the U.S. to be the best or among the best in the world — all while the U.S. significantly outspends other advanced economies on healthcare with dismal outcomes on basic health indicators such as infant mortality and heart attack mortality.

Republicans and Democrats are about as likely to resort to drastic measures, from deferring care to cutting back on other expenses including groceries, clothing, and gas and electricity. And many do not see the situation improving. In fact, most believe costs will only increase. When given the choice between a freeze in healthcare costs for the next five years or a 10% increase in household income, 61% of Americans report that their preference is a freeze in costs.

West Health and Gallup's major study included interviews with members of [Gallup's National Panel of Households](#) and healthcare industry experts as well as a nationally representative survey of more than 3,537 randomly selected adults.

KEY FINDINGS:

- 1 Americans express great concern about the individual and collective impact of healthcare costs.**
 - + 45% of Americans are concerned a major health event will leave them bankrupt.
 - + 77% are concerned rising healthcare costs will cause significant and lasting damage to the U.S. economy.
- 2 Healthcare costs lack transparency.**
 - + 47% of Americans never know what a visit to the emergency room will cost before receiving care.
 - + 41% report forgoing a visit to an emergency room due to cost in the past 12 months.
- 3 Despite poor outcomes, many Americans insist on the supremacy of U.S. healthcare.**
 - + 48% of Americans believe the quality of care found in the U.S. is either the “best in the world” or “among the best.”
 - + The U.S. ranks 31st out of 36 other developed nations in infant mortality.
- 4 Americans’ perceptions of quality diverge along partisan lines, but individual experiences and pessimism around bipartisan solutions are aligned.**
 - + 67% of Republicans consider the quality of care in the U.S. to be the best or among the best in the world; just 38% of Democrats share this sentiment.
 - + 27% of Democrats and 21% of Republicans deferred care due to cost in the past 12 months.
 - + More than two-thirds of Republicans and Democrats are not at all confident that elected Republicans and Democrats will be able to achieve bipartisan legislation to reduce costs.
- 5 Americans can’t afford to make good health a priority.**
 - + Americans borrowed an estimated \$88 billion in the past 12 months to pay for healthcare.
 - + 65 million adults had a health issue but did not seek treatment due to costs in the past 12 months.

Given the serious implications of these findings, West Health and Gallup have committed to measuring public opinion around the cost of healthcare and its impact on the U.S. for the next few years. The research, launched in this report, aims to elevate a wide array of issues relevant to stakeholders and policymakers and will track opinion over time on several key metrics to determine if progress is being made to lower the high costs of healthcare.

The U.S. Healthcare Cost Crisis

Public perceptions of the U.S. healthcare system, the institutions that support it, and the burden and fear that it creates for the American people

The cost of healthcare in the United States is a significant source of apprehension and fear for millions of Americans. With over \$3.5 trillion — nearly one-fifth of the nation's gross domestic product — spent in 2017 alone, a new national poll indicates this financial burden causes a multitude of worries and anxieties for a large segment of American adults. Relative to the quality of the care they receive, Americans overwhelmingly agree they pay too much, and receive too little, and most have little confidence that elected officials can solve the problem.

While there are distinct political and socioeconomic divides in terms of the U.S. healthcare system in general, these divisions mostly disappear when it comes to the impact on Americans' health and personal finances as a result of the high cost of care and lack of price transparency.

These realities become glaringly apparent when examined in the context of per person expenditures in relation to population health outcomes, where the U.S. consistently **ranks near the bottom** of major health indices compared with the 36 nations of the Organization for Economic Cooperation and Development (OECD).

AMONG 36 OECD NATIONS, THE UNITED STATES RANKS:

- ✓ 28th in the life expectancy of its residents,
- ✓ 31st in infant mortality and
- ✓ 16th in heart attack mortality, but is
- ✓ 1st in the highest healthcare costs per person.

KEY DISCOVERIES:

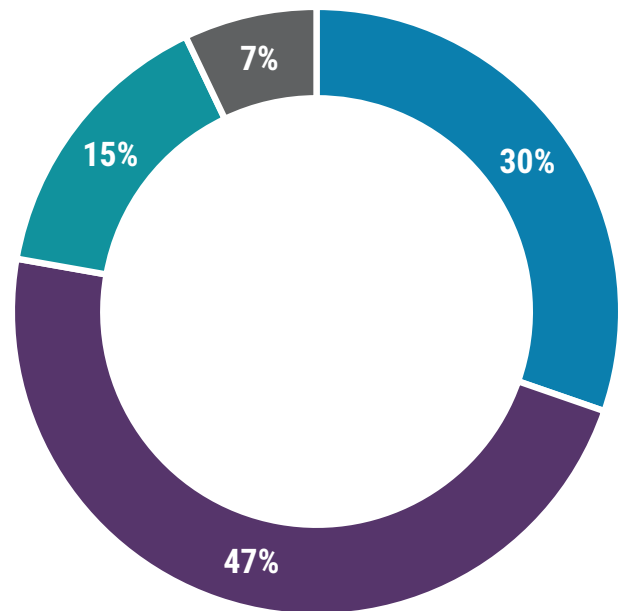
- 1) 77% of Americans fear rising healthcare costs will damage the U.S. economy, and 45% fear a major health event will lead to bankruptcy.
- 2) 47% of Americans never know what a visit to the emergency room will cost, and 41% report forgoing care in an emergency department due to cost in the past 12 months.
- 3) Close to half (48%) of Americans believe the quality of care found in the U.S. is either the “best in the world” or “among the best” even though the U.S. ranks below most other developed nations in the world for life expectancy and infant mortality.
- 4) Republicans have a much more favorable outlook than Democrats on the quality and cost of care in the U.S. But Americans of both parties are about as likely to defer care due to costs (21% for Republicans, 27% for Democrats), and 69% are not at all confident that elected Republicans and Democrats will be able to achieve bipartisan legislation to reduce costs.
- 5) Americans borrowed an estimated \$88 billion to pay for healthcare, and 65 million adults report having a health issue but not seeking treatment due to cost in the past 12 months.

To investigate these issues and more, West Health and Gallup have embarked on a major study of American opinion to provide leaders and policymakers with answers to some of our nation's most pressing questions related to the state of healthcare today, what healthcare is and what it means to our society. To this end, in-depth interviews were conducted with members of [Gallup's National Panel of Households](#) and an array of healthcare industry experts. These interviews directly informed a nationwide survey of over 3,537 randomly selected U.S. adults on topics ranging from general perceptions and satisfaction with care, the costs of care and the concerns these costs create, the extent to which care is deferred or forgone due to the expense, knowledge and transparency in care options and costs, and how institutions are managing the crisis itself — or not.

The American Public's Shared Concerns About High Healthcare Costs and Its Pessimism for the Future

Concerns about the impact of rising healthcare costs on the U.S. economy are both highly significant and largely impervious to socioeconomic factors such as education level and income. Overall, 77% of respondents report they are "concerned" or "extremely concerned" that rising healthcare costs "will result in significant and lasting damage," compared with just 7% who are "not at all concerned."

"How concerned are you that rising healthcare costs in the U.S. will result in significant and lasting damage to the U.S. economy?"



- Extremely Concerned
- Concerned
- Not Very Concerned
- Not at All Concerned

“While healthcare costs are too high, the costs of inaction are even higher. It’s time to deliver on the longstanding promise to turn back this significant and growing crisis in healthcare once and for all. Millions of lives hang in the balance.”

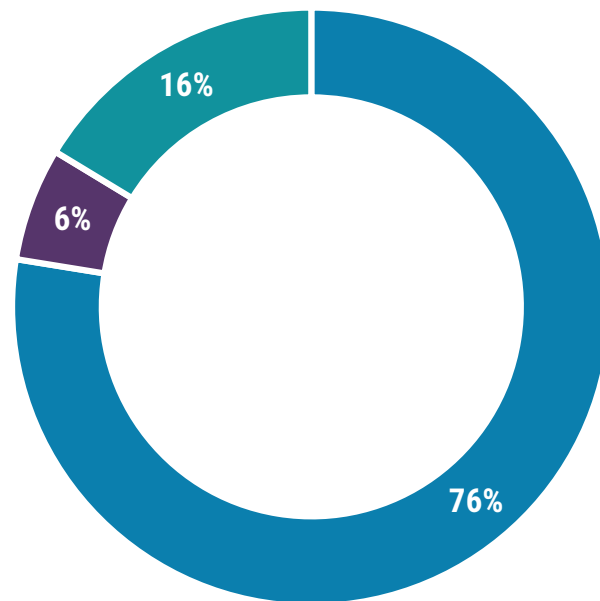
— **SHELLEY LYFORD**,
President and CEO, West Health

THE U.S. HEALTHCARE COST CRISIS

Amid these fears, Americans hold out little hope that rising healthcare costs will get better in the years ahead, with three-quarters (76%) expecting prices to rise still further in the next two years compared with just 6% who anticipate a decrease.

The concern for higher costs in the future is well placed, as health spending is projected to rise to \$5.7 trillion in 2026, according to the U.S. Centers for Medicare & Medicaid Services (CMS).

“Do you think that healthcare costs will increase, decrease, or stay about the same over the next two years?”



■ Increase ■ Decrease ■ Stay the Same



The United States spends a whopping two times as much money per person on healthcare as comparable countries like Germany, France or Britain, and their citizens live longer than Americans.

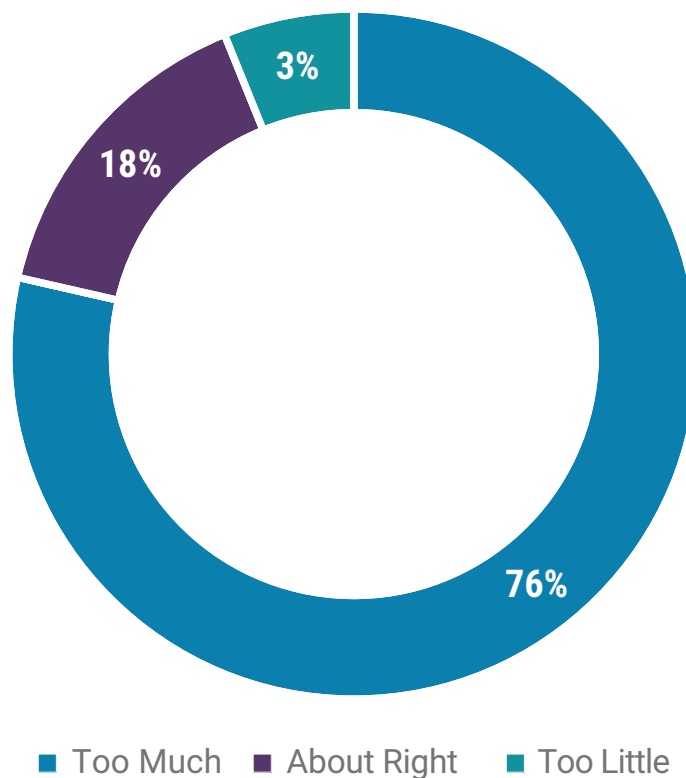
Where does that money go?

— JIM CLIFTON,
President and CEO, Gallup



These results dovetail substantially with current assessments of the cost of healthcare relative to the quality of care received, with three-quarters of respondents reporting that they are paying “too much.” As with the previous metrics, this sentiment largely holds across age, race and ethnicity, income, education, gender and political boundaries. When it comes to the cost of healthcare as a function of its quality, Americans agree they are receiving an inadequate return on their healthcare investment and that the cost of the investment will continue to rise into the future.

“Relative to the quality of care, do you think Americans generally are paying too much, too little, or the right amount for most of the care that they receive from the U.S. healthcare system?”

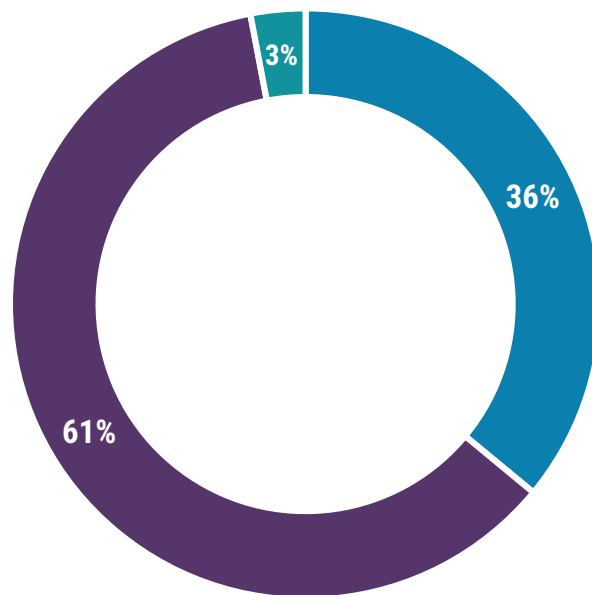


*“Which of the following scenarios would you prefer:
A 10% increase in your household income or a guarantee that
your household’s cost of healthcare and medicine will not
increase in the next five years?”*

Indeed, when given the choice between a freeze in healthcare costs for the next five years and a 10% increase in household income, 61% of Americans report their preference is a freeze in costs. This sentiment runs inversely to income: Among those low-earners with annual household incomes under \$24,000 per year, two-thirds would prefer the rising cost of healthcare be fully curtailed for five years over a pay raise. Even among high-earning households with annual incomes of \$180,000 or more, there is majority support for frozen costs over increased wages, which would represent at least another \$18,000 per year.

Against this backdrop of fears of the rising cost of care and the risk that it poses to the U.S. economy is the issue of transparency of pricing.

A significant percentage of the time, Americans report little foreknowledge of the cost of care in advance of receiving it.



- 10% Increase in Income
- No Increase in Healthcare Costs for Five Years
- Equal/Don't Know

**PREFERS NO CHANGE IN HEALTHCARE COSTS:
ANNUAL HOUSEHOLD INCOME**

<\$24,000	67%
\$24,000-<\$90,000	62%
\$90,000-<\$180,000	56%
\$180,000+	53%

47%

of U.S. adults never know their out-of-pocket costs before receiving care in the emergency department.

41%

report having forgone emergency care in the past 12 months.

For example, just 19% report that they “always” know their out-of-pocket costs before receiving care when visiting the emergency department of a hospital, compared with 47% who report that they “never” know the cost. Similar percentages are reported regarding outpatient surgery, with only modestly better perspectives for physical therapy or chiropractic care. This lack of transparency may be leading to risky and unhealthy behavior, as 41% of respondents report forgoing visiting the emergency room in the past year due to cost.

Transparency of Costs in U.S. Healthcare

HOW OFTEN DO YOU KNOW WHAT EACH OF THE FOLLOWING WILL COST YOU OUT-OF-POCKET BEFORE RECEIVING YOUR CARE?				
	Emergency Room	Outpatient Surgery	Physical Therapist or Chiropractor	Check-up or Physical
Always	19%	17%	23%	39%
Most of the time	11%	12%	13%	18%
Sometimes/ Occasionally	20%	21%	21%	20%
Never	47%	44%	38%	21%

West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019

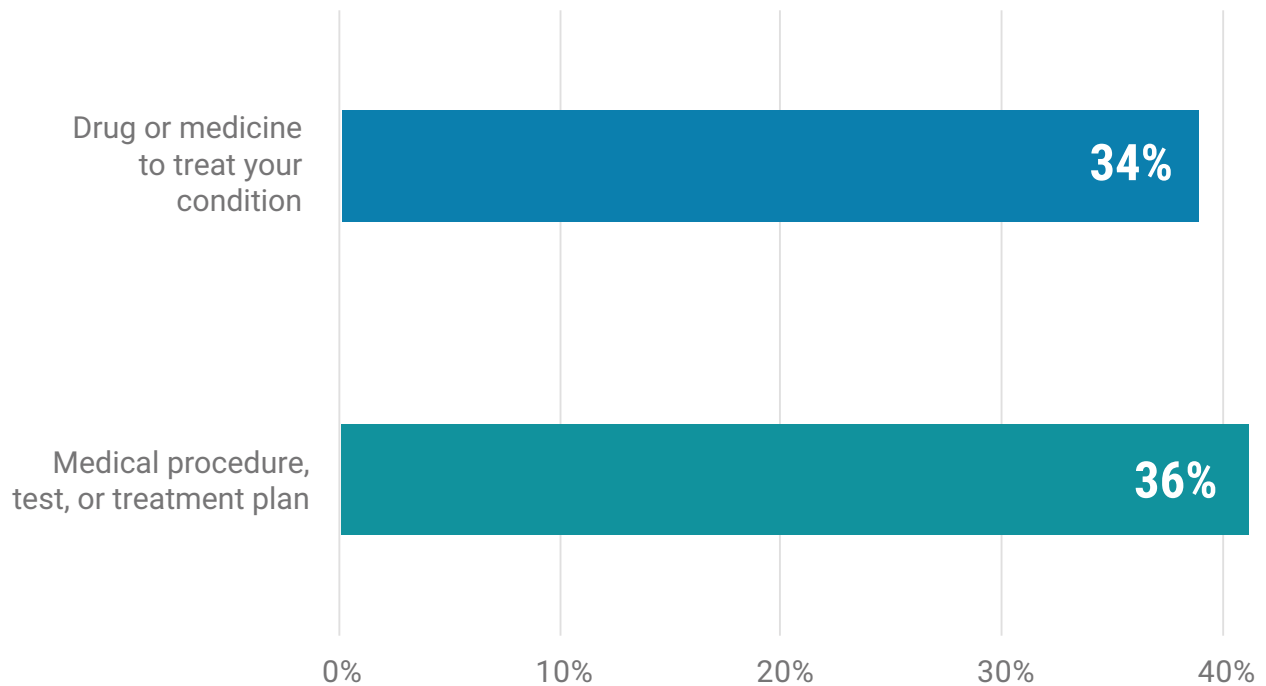
I'm a 61-year-old male married 40 years, no children. Both my wife and I are heavily considering our retirement and one of the biggest hurdles is our healthcare. We're hoping something positive will happen in our healthcare system, so we can enjoy our retirement.

— GALLUP PANEL MEMBER

ONLY ONE-THIRD OF U.S. ADULTS REPORT THAT THEIR DOCTOR DISCUSSES THE COSTS OF RECOMMENDED PROCEDURES OR MEDICINE.

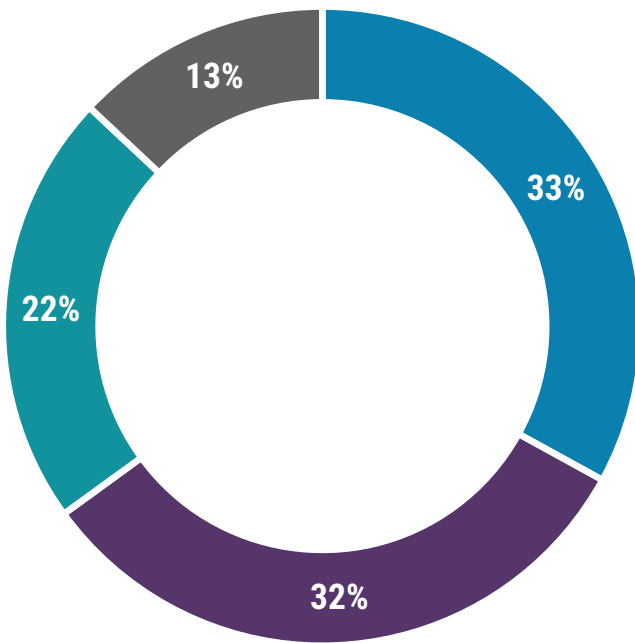
Americans also report tepid discussions with their doctors regarding the cost of recommended care. Only about a third of U.S. adults report that costs are discussed for either medical procedures, tests or treatment plans, or for medicine that is needed to treat their condition.

"Thinking about the last time a doctor recommended to you a _____, did your doctor discuss its cost with you or a family member?" (% Yes)



The absence of physician-patient dialogue concerning cost is not insignificant. Only one in eight Americans report that cost is not at all important when considering whether to follow a doctor’s recommendation. And while the importance of cost declines with increasing household income, even among the highest earners (\$180,000 or more) cost is considered “extremely important” by 17% of respondents when deciding on whether to proceed with a treatment, procedure or medicine.

“When considering a recommended procedure or medicine from your doctor, how important is the cost in determining if you follow the recommendation?”



- Extremely Important ■ Important
- Somewhat Important ■ Not at All Important

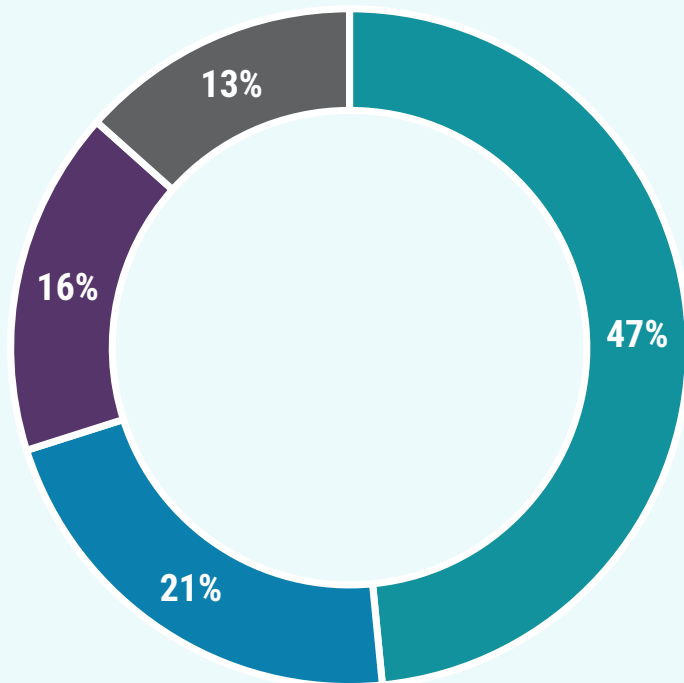
"EXTREMELY IMPORTANT":

ANNUAL HOUSEHOLD INCOME

<\$24,000	45%
\$24,000-<\$48,000	40%
\$48,000-<\$90,000	37%
\$90,000-<\$120,000	28%
\$120,000-<\$180,000	22%
\$180,000+	17%

Some of this lack of transparency may be associated with perspectives regarding insurance rates themselves. Nearly half of Americans believe that increases in insurance premiums reflect greater profit for insurance companies more than any other factor, a sentiment that steadily rises with level of education.

"In general, do you consider increases in healthcare insurance premiums to be reflective of...?"



- Greater Profit for Insurance Companies
- Better Care
- Higher Prices for Care
- Broader Coverage

Our system is focused more on sick care than on promoting health. Yet our country is probably the place to go ... if you have a dire diagnosis and need high-end, specialized care – you don't want to be anywhere primarily but the United States.

— HEALTHCARE INDUSTRY EXPERT

"GREATER PROFIT FOR INSURANCE COMPANIES":
EDUCATION LEVEL

High school or less	39%
Associate/Technical/Some college	50%
Four-year college degree	51%
Postgraduate degree	55%

Across groups, Americans largely agree that costs are high and expected to rise. They experience little transparency in pricing and discuss the cost of recommended care too little with their doctors. They prefer a freeze in healthcare costs over a pay raise, and they are suspicious of the motives of rising insurance premiums. But what about their experiences with the healthcare system itself?

The Disconnect and Political Divide Hindering Our Progress to Address Costs – and the Consequences for Real People

A significant political divide exists in how Americans evaluate the U.S. healthcare system, which almost certainly contributes to legislative inertia among policymakers. For example, two-thirds (67%) of self-identified Republicans consider the quality of care in the U.S. to be the best or among the best in the world, compared with just 38% of Democrats and 46% of independents. Even in relation to cost, nearly three times as many Republicans consider the system to be the best or among the best (51%) as consider it to be the worst or among the worst (17%). Self-identified Democrats, in contrast, hold a substantially different view, with nearly double the percentage believing the U.S. system is the worst or among the worst (44%) as think it is the best or among the best (24%) relative to cost.

REPUBLICANS ARE FAR MORE LIKELY TO CONSIDER THE QUALITY OF CARE IN THE U.S. TO BE “THE BEST” OR “AMONG THE BEST” IN THE WORLD THAN ARE DEMOCRATS OR INDEPENDENTS.

I had a problem with my knee and **literally had to see 10 doctors**. I had two MRIs, three X-rays and several ultrasounds. I went to three or four doctors in Florida; the rest of the docs were in Minnesota.

Finally, I found an orthopedic surgeon who diagnosed the problem, did knee surgery on me, and it highlighted other problems. But I had to have the perseverance, and more importantly the insurance, that would allow me to continue.

I cannot imagine how much money was spent. It took literally **eight months** to find a solution to my problem, which is unconscionable.

– GALLUP PANEL MEMBER

Political Divide in Evaluation of U.S. Healthcare System

HOW WOULD YOU COMPARE THE U.S. HEALTHCARE SYSTEM WITH OTHER DEVELOPED NATIONS IN TERMS OF...?

	U.S. Total	Republican	Democrat	Independent
U.S. Compared With Other Nations in Quality of Care:				
Among the best or the best in the world	48%	67%	38%	46%
Among the worst or the worst in the world	18%	9%	27%	19%
U.S. Compared With Other Nations in Quality of Care Relative to Cost:				
Among the best or the best in the world	34%	51%	24%	32%
Among the worst of the worst in the world	31%	17%	44%	33%
Personal/Household Satisfaction With U.S. Healthcare System:				
Mostly or completely satisfied	64%	72%	61%	60%
Mostly or completely dissatisfied	19%	13%	21%	22%
General Satisfaction With U.S. Healthcare System:				
Mostly or completely satisfied	39%	48%	29%	38%
Mostly or completely dissatisfied	38%	24%	53%	37%
<i>West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019</i>				

There is a further disconnect found between evaluations of quality of care and quality relative to costs for Americans overall. Close to half (48%) of Americans believe that the quality of care found in the U.S. healthcare system is either “the best in the world” or “among the best” when compared with that of other economically developed nations. This is two and a half times the 18% who report that the quality of care is either “the worst in the world” or “among the worst.”

Public sentiments, however, become substantially more divided when the quality of care is posed in relation to cost, moving from a pure assessment of quality to a broader one of value. From this broader perspective, about one-third still consider the U.S. to be among the best in the world (34%) against roughly another third who rate it among the worst (31%).

U.S. Healthcare System in Comparison With Other Developed Nations

HOW WOULD YOU COMPARE THE U.S. HEALTHCARE SYSTEM WITH OTHER DEVELOPED NATIONS IN TERMS OF...?

	Quality of Care	Quality of Care Relative to Costs
The best or among the best in the world	48%	34%
The best in the world	13%	9%
Among the very best	36%	25%
About like most others	26%	27%
Among the worst	16%	25%
The worst in the world	3%	5%
The worst or among the worst in the world	18%	31%
* Summed percentages may not visually match due to rounding		
West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019		

The cost of pharmaceuticals is absolutely out of control and, in my opinion, it's because there's a lot of lobbying being done by pharmaceutical companies. It's ludicrous to me that Congress approved Medicare to go to Canada to buy U.S.-made drugs to save money. I can hardly believe that that was true. But it is. Because they're too afraid to try and regulate the pharmaceutical business.

— GALLUP PANEL MEMBER

The perceptions held by significant numbers of Americans that the U.S. is at or near the best in the world in terms of quality of care are not aligned with prime aspects of measuring the effectiveness of a health system. According to the OECD, for example, the U.S. ranks 28th among 36 member nations in life expectancy, 31st in infant mortality and 16th in heart attack mortality – all major health outcomes that directly inform the quality of care administered within any country.

LARGE MAJORITIES OF DEMOCRATS, REPUBLICANS AND INDEPENDENTS SHARE CONCERNS ABOUT RISING HEALTHCARE COSTS CAUSING DAMAGE TO THE U.S. ECONOMY.

The partisan divide, however, gets decidedly smaller when it comes to concerns regarding the rising costs of healthcare and potential damage to the U.S. economy. Although Democrats are more likely to report that they are “extremely concerned” (40%) than are independents (30%) or Republicans (21%), large majorities of all three groups – including 69% of Republicans – report some concern, while 10% or less of all three groups are “not at all concerned.”

My brother died because he didn't have access to healthcare. He didn't go to the doctor because he couldn't afford it and he had prostate cancer. I think he got Medicare, but then when he went to the doctor, it was too late.

– GALLUP
PANEL MEMBER

Concerns About the Impact of Healthcare Costs on U.S. Economy, by Political Identity

HOW CONCERNED ARE YOU THAT RISING HEALTHCARE COSTS IN THE U.S. WILL RESULT IN SIGNIFICANT AND LASTING DAMAGE TO THE U.S. ECONOMY?				
	U.S. Total	Republican	Democrat	Independent
Extremely concerned	30%	21%	40%	30%
Concerned	47%	48%	47%	48%
Not very concerned	15%	20%	9%	15%
Not at all concerned	7%	10%	4%	7%

West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019

REGARDLESS OF POLITICAL IDENTITY, AMERICANS DEFER CARE, BORROW MONEY OR CUT BACK ON SPENDING DUE TO HEALTHCARE COSTS SIMILARLY.

The ways in which Americans of differing political identities suffer the effects of healthcare costs also expose a diminishing divide. When looking at behaviors such as deferring treatment or the purchase of medicine, borrowing money for care or cutting back on household spending, self-identified Republicans are doing so at only modestly lower rates than Democrats or Independents. Millions of people from each of the three groups — including an estimated 14.8 million self-identified Republicans — have deferred care due to its cost in the past 12 months, punctuating a shared crisis for our nation.

We're spending billions of dollars for pharmacy for our members and we're hard pressed to even understand the methodologies used for pricing. I call it a black box. I'm not a big fan of big pharma in terms of the pricing schemes.

— HEALTHCARE
INDUSTRY EXPERT

Healthcare Costs' Impact on Healthcare Utilization and Home Economics, by Political Identity

PERCENT WHO REPORT HAVING DONE EACH OF THE FOLLOWING IN THE PAST 12 MONTHS DUE TO COST OF CARE

	U.S. Total	Republican	Democrat	Independent
Deferred treatment	26%	21%	27%	30%
Deferred purchase of medicine	19%	15%	21%	20%
Borrowed money for care	12%	8%	12%	16%
Cut back on household spending	23%	18%	25%	25%

West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019

PERSPECTIVES REGARDING QUALITY OF CARE IMPROVE WITH AGE, BUT ONLY TO A CERTAIN EXTENT.

Perspectives regarding the quality and value of care in the U.S. vary based on age. For those over the age of 50 — and for seniors in particular — small majorities consider the quality of healthcare to be either among the best or the best in the world, about 10 percentage points higher than for those aged 18 to 49. Similar differences exist in reverse for those who believe the system to be among the worst. Still, strong net positives nevertheless exist across all four age groups.

The differences found across age groups are more pronounced when considering quality in relation to cost. In this context, perspectives on the value of care are a net negative for those under the age of 50, with higher percentages reporting that they think the U.S. healthcare system is the worst or among the worst.

It's a problem that the United States pharmaceutical industry subsidizes the rest of the world. And, by definition then, the cost for drugs in the United States is much higher than it should be or has to be and that's because of the imbalance and subsidization of Europe and other countries and other regions of the world.

— HEALTHCARE INDUSTRY EXPERT

U.S. Healthcare System in Comparison to Other Developed Nations, by Age

HOW WOULD YOU COMPARE THE U.S. HEALTHCARE SYSTEM WITH OTHER DEVELOPED NATIONS IN TERMS OF...?					
	U.S. Total	18-34	35-49	50-64	65+
Quality of Care:					
Among the best or the best in the world	48%	44%	44%	52%	56%
Among the worst or the worst in the world	18%	24%	19%	16%	13%
Net difference (pct. pts.)	+30	+19	+25	+36	+43
Quality of Care Relative to Costs:					
Among the best or the best in the world	34%	30%	30%	38%	44%
Among the worst or the worst in the world	31%	36%	38%	27%	20%
Net difference (pct. pts.)	+4	-7	-8	+11	+23

* Summed percentages may not visually match due to rounding

West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019

But despite their generally more favorable opinions about the healthcare system, seniors are not insulated from suffering anxiety due to the costs of healthcare.

ONE OUT OF EVERY SEVEN U.S. SENIORS – ABOUT 7 MILLION PEOPLE AGED 65 OR OLDER – WERE UNABLE TO PAY FOR PRESCRIBED MEDICINE IN THE PAST 12 MONTHS. THIS JUMPS TO 20% AMONG SENIORS LIVING IN HOUSEHOLDS WITH ANNUAL INCOMES UNDER \$60,000.

For example, those aged 65 or older from households with annual incomes of less than \$60,000 report substantially elevated levels of concern over being unable to pay for basic healthcare needs in the next 12 months and are far more likely to fear that a major health event could lead to bankruptcy than are seniors generally.

These concerns are grounded in shared experiences. One out of 10 seniors did not seek needed treatment in the past 12 months due to the cost of care, and another 14% report being unable to pay for prescribed medications – numbers that swell to 13% and 20%, respectively, among those in households earning less than \$60,000.

One of the hallmarks of a monopoly situation, the reason why monopolies are considered market failures, is that the way a monopolist maximizes profits is by restraining supply. Because then you find out just how desperate people are for what you have. And we found, of the 190 drugs that were in and out of shortage, the vast majority of those markets had one or two producers with a dominant position in the market.

— HEALTHCARE INDUSTRY EXPERT

Lower-Income Seniors Suffer Greater Effects of Healthcare Costs

THINKING GENERALLY, HOW BIG OF A FINANCIAL BURDEN DO PRESCRIPTION DRUGS PLACE ON YOU OR YOUR HOUSEHOLD?

	All Seniors (65+)	Annual Household Income <\$60,000	Annual Household Income \$60,000+
% “Extremely concerned” or “Concerned” that:			
You will be unable to pay for basic healthcare in the next 12 months	31%	41%	15%
You will be unable to pay for needed medicine in the next 12 months	29%	42%	11%
A major health event could lead to bankruptcy	38%	45%	25%
At least one time in the last 12 months (% “Yes”):			
You did not seek needed treatment due to cost	10%	13%	5%
You were unable to pay for prescribed medication due to cost	14%	20%	6%
You chose not to have a needed procedure or test due to cost	7%	10%	4%
<i>West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019</i>			

As with the disconnect found in quality of care alone versus quality relative to cost, there are distinct differences among U.S. adults regarding general satisfaction with the healthcare system.

AMERICANS ARE MORE SATISFIED WITH THEIR OWN PERSONAL HEALTHCARE THAN WITH THE HEALTHCARE SYSTEM GENERALLY.

For example, while nearly two-thirds (64%) are “completely” or “mostly” satisfied with the healthcare system for themselves personally or their own household, this satisfaction level drops to just 39% when considering whether the healthcare system meets the needs of Americans generally. Dissatisfaction, in turn, doubles from the 19% who are “completely” or “mostly” dissatisfied with the U.S. healthcare system relative to their own households to 38% when considering the needs of all Americans.

Public Satisfaction With U.S. Healthcare System

HOW SATISFIED ARE YOU OVERALL WITH THE U.S. HEALTHCARE SYSTEM AT IT PERTAINS TO THE NEEDS OF...?

	Yourself and Members of Your Household	Americans Generally
Mostly or Completely Satisfied	64%	39%
Completely satisfied	19%	8%
Mostly satisfied	44%	30%
Neither satisfied nor dissatisfied	17%	22%
Mostly dissatisfied	13%	27%
Completely dissatisfied	6%	11%
Mostly or Completely Dissatisfied	19%	38%
* Summed percentages may not visually match due to rounding		
<i>West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019</i>		

So about 90% of all prescription volume in the U.S. is for off-patent, generic drugs. And those drugs, in general, are very, very inexpensive. And the U.S. actually leads the world in the market share of unbranded generic drugs relative to patented branded drugs. And this goes to the point about utilization. When it comes to utilization of inexpensive pharmaceutical options, the U.S. is actually better than every other country in the world. The problem is for that 10% of drugs that are on patent, our prices are extremely high, much higher than they are elsewhere.

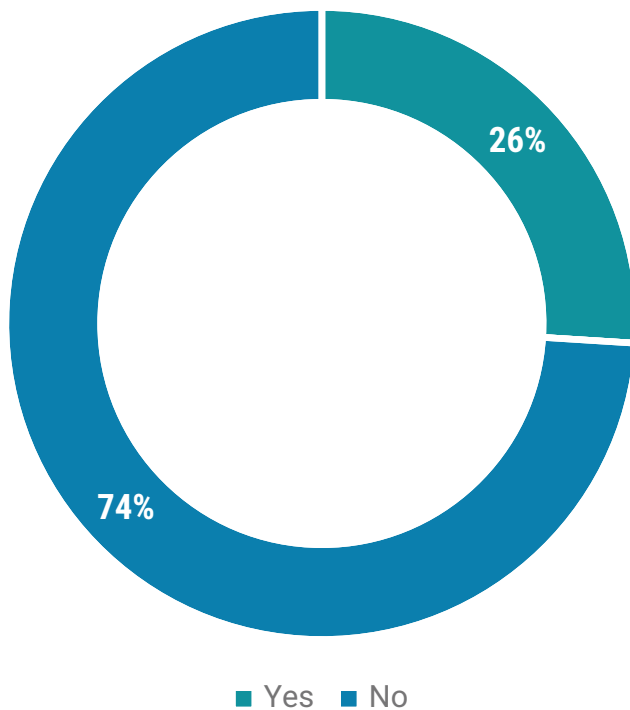
Despite generally high levels of satisfaction with their personal experiences with the healthcare system, one-quarter (26%) of Americans (see table on page 22) nevertheless report forgoing needed care due to its expense in the past 12 months, a number that swells to 41% among the uninsured.

EVERY 12 MONTHS, 26% OF U.S. ADULTS DO NOT SEEK NEEDED TREATMENT DUE TO THE COST OF CARE.

And while this level is understandably higher (31%) among those with annual household incomes under \$90,000, one-eighth (13%) of those from high-income households (\$180,000 or higher) have similarly deferred care, demonstrating that millions of Americans have not escaped the ill effects of the healthcare crisis.

— HEALTHCARE
INDUSTRY EXPERT

"Has there been a time in the last 12 months when you or a member of your household had a health problem but you did not seek treatment due to the cost of care?"



"YES":

ANNUAL HOUSEHOLD INCOME

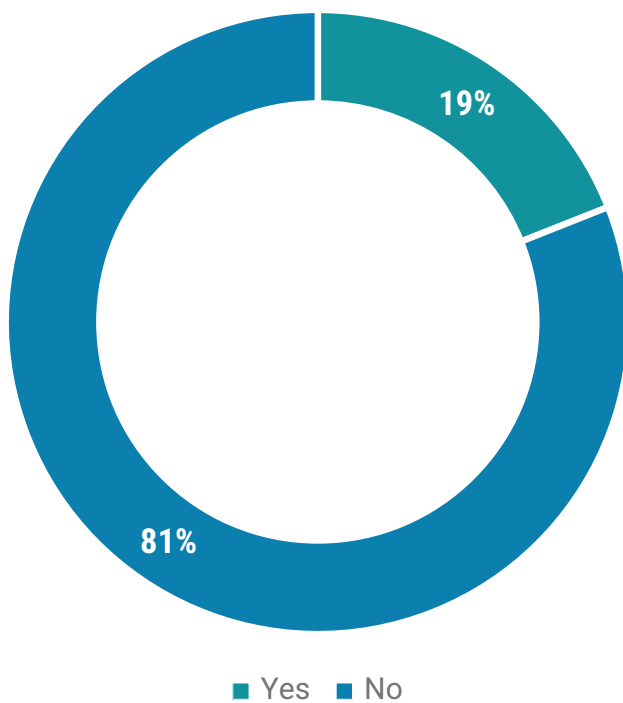
<\$90,000	31%
\$90,000-<\$120,000	24%
\$120,000-<\$180,000	19%
\$180,000+	13%

The cost of prescription drugs, too, is prohibitive for millions of Americans. One-fifth (19%) of respondents report that they have deferred purchasing prescription drugs due to costs in the past 12 months, and one-third of these report failing to inform their doctor and characterized their condition as "very serious."

15 MILLION AMERICANS FORGO MEDICINE FOR SERIOUS HEALTH CONDITIONS EACH YEAR DUE TO COST.

These estimates translate to about 15 million adults each year forgoing prescription drugs for serious medical conditions due to the cost.

"Has there been a time in the last 12 months when your household has been unable to pay for medicine or drugs that a doctor had prescribed for you because you didn't have enough money to pay for them?"



"YES":

Failed to inform their doctor	32%
Reported that their condition was "very serious"	32%

56% OF AMERICANS PURCHASE PRESCRIPTION DRUGS EACH MONTH, A NUMBER THAT CLIMBS TO 81% AMONG THOSE WITH A HEALTH HISTORY THAT INCLUDES AT LEAST THREE CHRONIC CONDITIONS.

The total number of American adults who rely on prescription drugs is also substantial. For example, 56% of Americans purchase prescription drugs of any kind each month, and the usage climbs steadily as the number of major disease states (high blood pressure, high cholesterol, diabetes, depression, heart disease, cancer and asthma) rise. Among Americans who have been diagnosed in their lifetimes with at least three of these diseases, four out of every five (81%) are purchasing prescription drugs monthly.

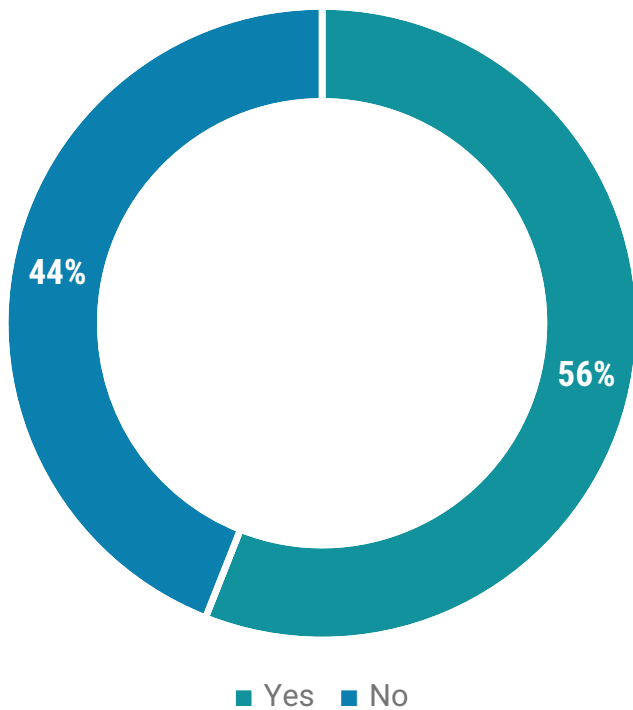
15 million

Americans forgo
medicine for serious
health conditions
each year due to cost.

The U.S. is alone among other high-income countries in not exercising some kind of government leverage over drug prices.

— HEALTHCARE INDUSTRY EXPERT

"In the last month, have you purchased any prescription medication for your personal use?"



"YES":

BY NUMBER OF DISEASE STATES

0	37%
1	64%
2	75%
3+	81%

ONE-THIRD OF U.S. ADULTS REPORT THAT PRESCRIPTION DRUGS PLACE A "SIGNIFICANT" OR "EXTREMELY SIGNIFICANT" FINANCIAL BURDEN ON THEIR HOUSEHOLDS.

The financial burden created by the cost of prescription drugs is profound. One-third (33%) of respondents report that this burden is either "significant" or "extremely significant," a level that climbs to close to half among those with a health history involving three or more disease states.

Financial Burden of Prescription Drugs, by Number of Disease States

THINKING GENERALLY, HOW BIG OF A FINANCIAL BURDEN DO PRESCRIPTION DRUGS PLACE ON YOU OR YOUR HOUSEHOLD?					
	U.S. Total	0 Conditions	1 Condition	2 Conditions	3+ Conditions
Extremely significant	10%	8%	7%	12%	19%
Significant	23%	19%	23%	27%	27%
Not very significant	33%	33%	36%	32%	27%
Not at all significant	34%	39%	33%	29%	26%

* Disease states determined by question: "Has a doctor or nurse ever told you that...?" They include high blood pressure, high cholesterol, diabetes, depression, heart disease, cancer and asthma.

West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019

The drug industry spends enormous amounts of money lobbying for reimbursement for their drugs. To try to go against their influence is politically very difficult for congressmen and senators, and so the pushback through regulation or price controls or negotiation is minimal. Medicare is, by law, prohibited from negotiating drug prices for Part B medications. And that's really weird that we would actually prohibit a large purchaser from negotiating prices, but that's the result of lobbying.

— HEALTHCARE INDUSTRY EXPERT

Fears and Reality: Americans Have Authentic Reasons to Be Concerned

Concerns over healthcare cost span from personal worry to broader fears around the national economy. Nearly half (45%) of U.S. adults are “concerned” or “extremely concerned” that a major health event could lead to bankruptcy.

NEARLY HALF OF U.S. ADULTS REPORT SIGNIFICANT CONCERN THAT A MAJOR HEALTH EVENT WILL RESULT IN PERSONAL BANKRUPTCY.

Although levels of concern are alleviated with rising income, this concern remains at one-third (32%) among those with annual household incomes of \$180,000 or greater and is over half among those with incomes under \$48,000 per year. In turn, just 30% of Americans overall report being “not at all concerned.”

Concerns Over Healthcare-Related Bankruptcy, by Annual Household Income

HOW CONCERNED ARE YOU THAT A MAJOR HEALTH EVENT IN YOUR HOUSEHOLD COULD LEAD TO BANKRUPTCY?

	U.S. Total	<\$24k	\$24k- <\$48k	\$48k- <\$90k	\$90k- <\$120k	\$120k- <\$180k	\$180k+
Extremely concerned	19%	27%	24%	20%	13%	10%	11%
Concerned	26%	28%	26%	25%	30%	23%	21%
Not very concerned	25%	20%	21%	25%	29%	33%	27%
Not at all concerned	30%	24%	28%	30%	27%	34%	40%

West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019

These apprehensions are well founded. The costs of healthcare and medicine impact American consumers in many practical ways, including influencing their routine household spending. Nearly one-quarter (23%) of respondents, for example, report that they have reduced such spending because of healthcare-related expenditures.

NEARLY ONE-QUARTER OF U.S. ADULTS HAVE CUT BACK ON HOUSEHOLD SPENDING IN THE PAST 12 MONTHS TO PAY FOR HEALTHCARE OR MEDICINE.

This includes an estimated 15.6% of U.S. adults who have cut back on spending on groceries to pay for healthcare or medicine, a percentage that represents 39.4 million people over a 12-month period who have done so at least once. Another 42.9 million are estimated to have cut back on clothing purchases, and 21 million have had to reduce spending on utilities such as gas or electricity.

Borrowing money to pay for care is also common for many Americans. About one out of eight (12%) report that they have done so in the past 12 months, including 11% of those with health insurance. Among those without health insurance, the percentage nearly doubles to 21%.

Reduction in Routine Household Spending Due to Healthcare or Medicine Expenditures

	% WHO HAVE REDUCED SPENDING	ESTIMATED NUMBER OF ADULTS
Groceries	15.6%	39.4 million
Clothing	16.9%	42.9 million
Over-the-Counter Drugs	11.2%	28.3 million
Utilities Such as Gas or Electricity	8.3%	21.0 million
Recreational or Leisure Activities	19.3%	48.8 million

West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019

The reason the prohibition on negotiation of drug prices continues is the political power of pharmas combined with discomfort among Americans in giving the government that much control over the market.

— HEALTHCARE INDUSTRY EXPERT

OVER 4 MILLION AMERICANS BORROWED AT LEAST \$5,000 LAST YEAR TO PAY FOR NEEDED HEALTHCARE. OVERALL, AN ESTIMATED \$88 BILLION WAS BORROWED TO PAY FOR CARE.

The consequences of this borrowing are substantial. About 1.1% of respondents report borrowing at least \$10,000 over the prior 12 months to pay for care, representing an estimated 2.7 million Americans. Another 1.6 million have borrowed between \$5,000 and \$10,000. In other words, this means that a random gathering of 115 people in the U.S. would include two persons who have borrowed at least \$5,000 in the past 12 months to pay for care.

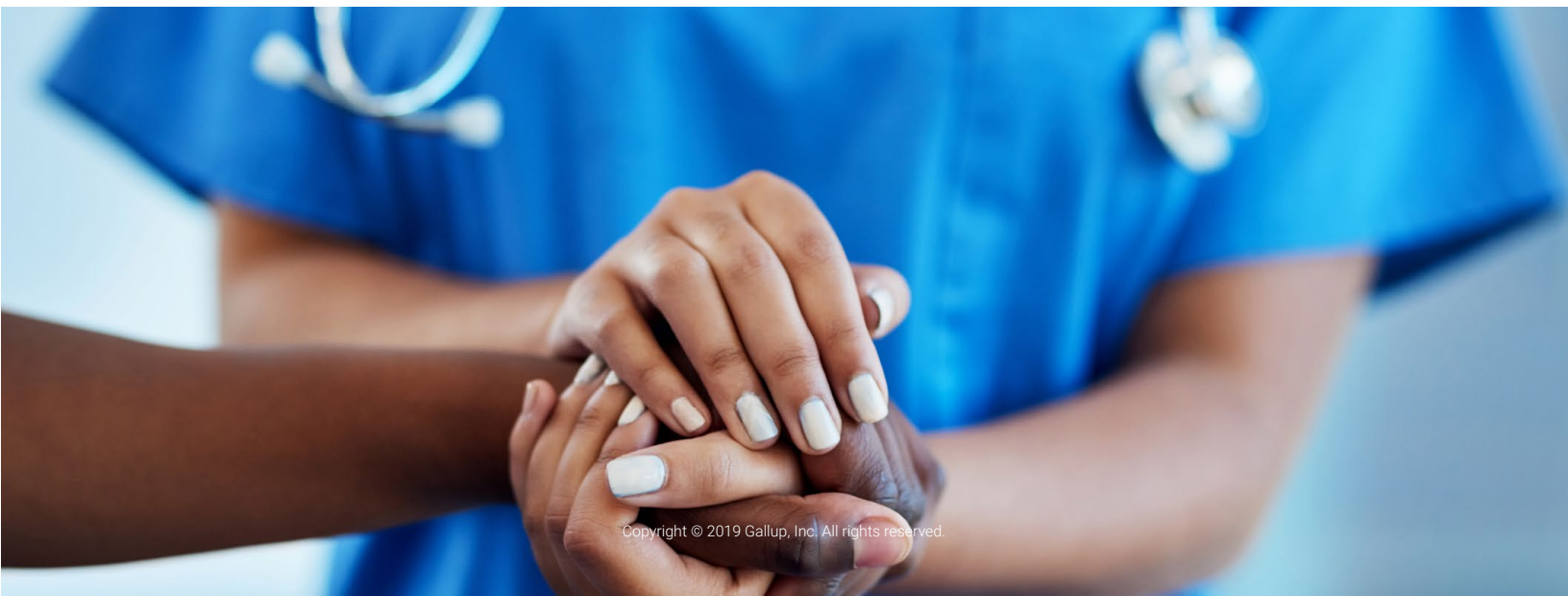
Overall, Americans borrowed an estimated \$88 billion last year to pay for needed healthcare.

CONCERNS OVER THE INABILITY TO PAY FOR HEALTHCARE DOUBLE AMONG THE UNINSURED.

These realities manifest themselves in very real ways, including in the anxieties that Americans have over their inability to pay for healthcare and medicine – worries which compound significantly for the uninsured. Overall, similar levels of worry exist over the inability to pay for both nonmedicine healthcare as well as for prescription drugs, with 37% and 35% of Americans, respectively, reporting that they are "concerned" or "extremely concerned" about each. Among the uninsured, these levels climb above 50%. Conversely, just one-third of respondents report that they are "not at all concerned" with their ability to pay for either facet of potential health expenses.

Also, antitrust policy, which, in theory, should be a counter to hospital consolidation but isn't because most of these mergers are local and the federal government, that is to say the Federal Trade Commission and the Department of Justice, which normally litigate antitrust, they don't have the bandwidth to fight local or regional mergers. If it's two local hospitals in Toledo, you know, they might be concerned about it, but they just don't have enough people on staff to fight that. So antitrust power of the government is weak relative to the incentives that hospitals have to consolidate because by doing so, they can charge higher prices to local insurers.

– HEALTHCARE
INDUSTRY EXPERT



Concern Levels Over Inability to Pay for Healthcare and Medicine, by Insurance Status

HOW CONCERNED ARE YOU THAT YOUR HOUSEHOLD WILL BE UNABLE TO PAY FOR [BASIC HEALTHCARE NOT INCLUDING PRESCRIPTION DRUGS]/ [NEEDED PRESCRIPTION DRUGS] IN THE NEXT 12 MONTHS?

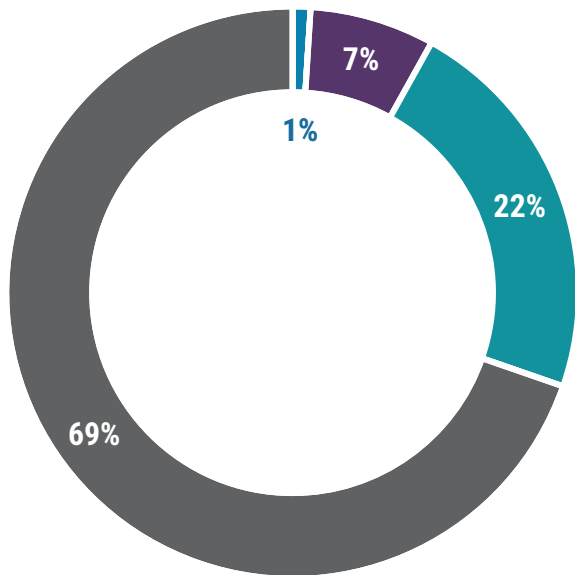
	U.S. Total	Insured	Not Insured
Concern over inability to pay for healthcare:			
Extremely concerned	12%	11%	27%
Concerned	25%	24%	36%
Not very concerned	29%	29%	24%
Not at all concerned	33%	36%	12%
Concern over inability to pay for medicine:			
Extremely concerned	12%	10%	24%
Concerned	23%	22%	32%
Not very concerned	29%	29%	26%
Not at all concerned	36%	39%	17%

West Health-Gallup U.S. Healthcare Cost Crisis Report, 2019

AMERICANS HAVE LITTLE FAITH THE GOVERNMENT WILL FIND A BIPARTISAN SOLUTION TO RISING HEALTHCARE COSTS, AND JUST 10% HAVE CONTACTED AN ELECTED OFFICIAL REGARDING THE COST OF HEALTHCARE IN THE PAST 12 MONTHS.

Practical effects such as reducing household spending or borrowing money to pay for care may play a role in the significant pessimism that Americans have for bipartisan solutions from government. Two-thirds of respondents report that they are “not at all confident” that such legislative achievement is possible, a percentage that holds regardless of political identity.

“How confident are you that elected Republicans and Democrats will be able to achieve bipartisan legislation to reduce healthcare costs – extremely confident, confident, somewhat confident, or not at all confident?”



- Extremely Confident
- Confident
- Somewhat Confident
- Not at All Confident

"NOT AT ALL CONFIDENT": POLITICAL AFFILIATION

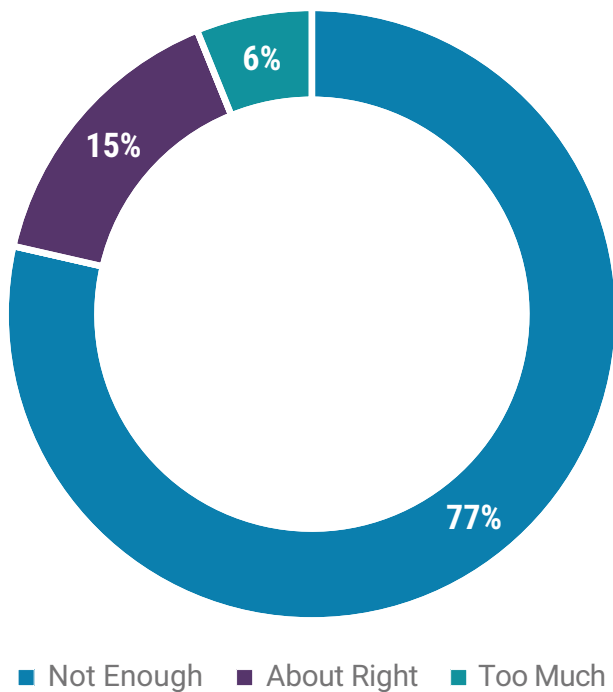
Democrats	67%
Independents	72%
Republicans	70%

Quality healthcare is more preemptive care rather than reactive care. So, taking care of small problems before they become emergencies. I'm at the end stage of renal failure right now and I am fully employed.

— GALLUP PANEL MEMBER

Among these challenges is the role the American public believes the government ought to play in addressing the healthcare cost crisis. Overall, three-quarters of respondents — including 67% of Republicans — report the government is not doing enough.

"In your opinion, is government doing too much, about the right amount, or not enough to ensure that prescription drugs are affordable?"

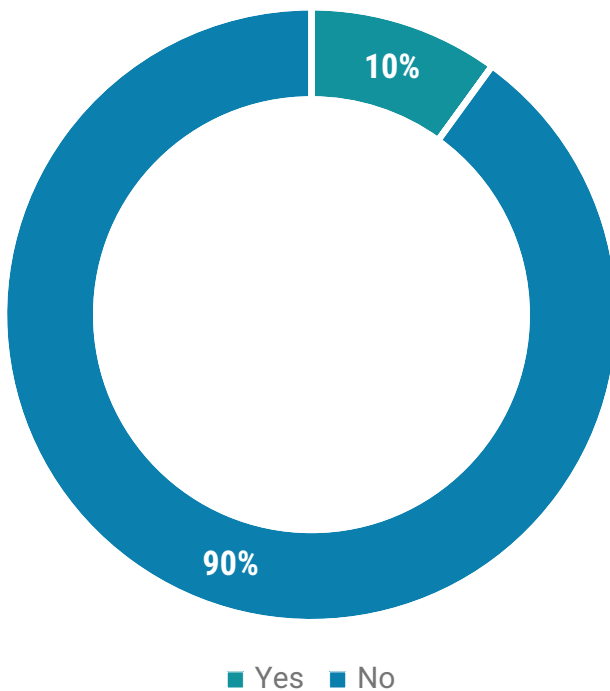


**"NOT ENOUGH":
POLITICAL AFFILIATION**

Democrats	89%
Independents	76%
Republicans	67%

Despite widespread agreement that government should be doing more, however, just 10% of Americans have contacted an elected official regarding the cost of healthcare in the past 12 months, including only 15% of Democrats. Of Americans who contacted an elected official, 57% report that their opinion has “not at all” been represented by their elected official because of their contact.

“In the last 12 months, have you contacted an elected official regarding the cost of healthcare?”



"YES":

POLITICAL AFFILIATION

Democrats	15%
Independents	11%
Republicans	6%

Healthcare in America: Our Shared Commonwealth and Responsibility

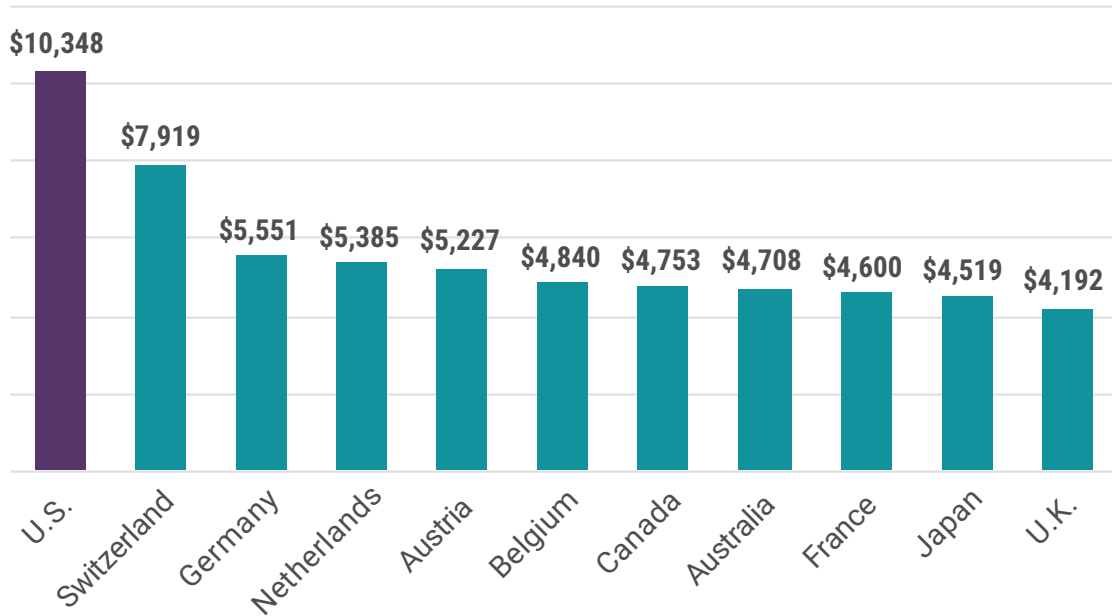
The U.S. spent an estimated **\$3.5 trillion** on healthcare in 2017, accounting for 17.9% of gross domestic product according to the Centers for Medicare & Medicaid Services (CMS). That's 17.9 cents out of every dollar spent anywhere for any reason. In 2016, expenditure on healthcare was about **\$10,348** per person, roughly double most peer nations. Although the rate of increase in healthcare costs has slowed over the past five years to around 4% annually, it continues to climb. **Current projections** by CMS have total health expenditures increasing an average of 5.5% per year through 2027, increasing to nearly \$6 trillion and a stunning 19.4% of total GDP by that time.

Americans' health outcomes, however, do not reflect the higher cost of services in comparison with other developed countries. As noted earlier, the U.S. ranks near the bottom of all OECD nations in life expectancy, infant mortality and heart attack mortality (among other major health indicators). As such, it is simply not true that the U.S. healthcare system is among the best in the world if major, full population health outcomes are the yardsticks of measuring it.

Healthcare economists have increasingly called for alternatives to the system's dominant fee-for-service payment model, which rewards providers for the quantity, rather than the quality or efficiency, of the services they deliver. The result is a lack of alignment between provider incentives and strategies for reducing total healthcare costs by avoiding unnecessary tests and procedures and putting more focus on outcomes and preventative care. However, recent years have seen a concerted effort by the CMS and other major healthcare payers to transform the system to one based on value rather than volume.

The key advantage of value-based payment models, in particular those that have two-sided risk-sharing, is that they are based on health outcomes rather than service inputs. That is, providers are compensated based on the overall effectiveness of the service they deliver over an entire care cycle, rather than simply reimbursed for each procedure they carry out. This changes the system's entire incentive structure to become more patient-focused and cost-effective.

Total Health Expenditures per Capita, U.S. Dollars, PPP Adjusted, 2016



The significance of the role of institutions in influencing our system is substantial. From pharmaceutical companies and the insurance industry to hospitals and clinics, from doctors and nurses to elected officials, a broad network of major influencers exists that impacts the quality and value — both real and perceived — of the U.S. healthcare system. Woven into this is a need for accountability in the eyes of the system's constituents — the taxpayers who support it and the patients who rely on it.

A great divide in public opinion exists — both ideologically and between perceptions and outcomes — that is bridged by shared concerns over the cost of care and the practical ways Americans suffer its effects. The health of our nation and how we address paying for care begins with acknowledging we are largely united in recognizing the impact of its costs and our obligation to address it. Given this, West Health and Gallup have committed to measuring public opinion on a wide array of issues relevant to providing stakeholders and policymakers the information they need to gauge whether progress is being made on these most critical issues of our time.

The U.S. Healthcare Cost Crisis

Methodology

Results are based on telephone interviews conducted Jan. 14-Feb. 20, 2019, with a random sample of 3,537 adults, aged 18 and older, living in all 50 U.S. states and the District of Columbia. For results based on the total sample of national adults, the margin of sampling error will range from +1.2 percentage points for response percentages near 10% to +2.1 percentage points for response percentages near 50%. All reported margins of sampling error include computed design effects due to weighting. The margin of error for subgroups such as gender, education level, income or political identity will be larger, typically ranging from around +3 to +5 percentage points.

The national sample included a quota of 80% cellphone respondents and 20% landline respondents, with additional minimum quotas within each U.S. subregion. Landline and cellular telephone numbers were selected using random-digit-dial methods. Interviews were conducted in both English and Spanish.

The U.S. OECD ranks for life expectancy, infant mortality and heart attack mortality are based on the most recently available statistics and were retrieved from [OECD.Stat](https://data.oecd.org/) on March 17, 2019.

About West Health

Solely funded by philanthropists Gary and Mary West, West Health is a family of nonprofit and nonpartisan organizations including the Gary and Mary West Foundation and Gary and Mary West Health Institute in San Diego, and the Gary and Mary West Health Policy Center in Washington, D.C. West Health is dedicated to lowering healthcare costs to enable seniors to successfully age in place with access to high-quality, affordable health and support services that preserve and protect their dignity, quality of life and independence. Learn more at westhealth.org and follow @westhealth.

About Gallup

Gallup delivers analytics and advice to help leaders and organizations solve their most pressing problems. Combining more than 80 years of experience with its global reach, Gallup knows more about the attitudes and behaviors of employees, customers, students and citizens than any other organization in the world.





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