

Out-Of-Pocket Spending Surges Under Obamacare

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The growth in health care spending has slowed down and President Obama wants America to know his health care law gets the credit. Or maybe the blame, because one reason for that slowdown is that people are spending more out of their own pockets.

Health care actuaries say that when people have to spend more out of pocket for health care, they tend to spend less elsewhere. And when a third party—employers, health insurers or the government—insulates consumers from the cost of care they tend to spend more.

Out-of-pocket spending on health care declined for decades—until the Affordable Care Act kicked in:

- In 1961, Americans forked over 43 cents out of their own pocket for every dollar spent on health care. That [out-of-pocket spending steadily declined](#) over the years so that by 2010 consumers were only spending about 12 cents out of pocket. Conversely, third-party payers went from spending 57 cents out of every dollar in 1961 to 88 cents.
- Enter Obamacare in 2010. By 2012, out-of-pocket spending had risen to 14.8 percent of total health care spending, and by 2013, it was up to 15.2 percent, according to [the Health Care Cost Institute](#).

Here is the irony: Obama never intended any of this. He thought Obamacare would reduce out-of-pocket spending. Yet under Obamacare deductibles have never been so high.

The fact is that moving to higher deductibles, especially when accompanied by a tax-free health care spending account for smaller and routine expenditures, is good policy. But the high deductible advocates usually recommended something in the range of \$3,000, not the \$5,000 to \$6,000 deductibles so many are facing under Obamacare. And a \$12,000 family deductible provides very little health insurance help for most middle-income families.

Source: Merrill Matthews, "[Health Care Costs Are Declining Because You Are Paying More](#)," Institute for Policy Innovation, May 8, 2015.