

# Health Coverage Cost Per Covered Life: Government vs. Employment- Sponsored Programs

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In summary, the study found:

- On average, all U.S. employers spent \$3,430 per covered life on health care in 2012, up 13.6 percent from 2003 after adjusting for inflation.<sup>4</sup>
- On average, large U.S. employers (1,000 or more employees) spent \$4,990 per covered life on health care in 2013.<sup>5</sup>
- In 2012, government (federal and state) spent \$1.1 trillion on health care, or an average \$9,130 per covered life, up from \$8,010 in 2003, or 14.0 percent, after adjusting for inflation;
- Government spent over \$6,900 per covered life on health care for military and veterans health programs in 2012, up 10.6 percent from 2003 after adjusting for inflation;<sup>6</sup>
- Medicaid spent almost \$7,540 per covered life in 2012, down 2.8 percent from 2003 after adjusting for inflation;<sup>7</sup>
- Medicare spent \$10,830 per covered life in 2012, up 28.2 percent from 2003 after adjusting for inflation;<sup>8</sup>
- The average cost of government health care spending per covered life has risen almost 30 percent since 1995 after adjusting for inflation, from \$7,040 to \$9,130; and
- Households spent an additional \$2,570 per person on health care, up 11.6 percent from 2003 after adjusting for inflation.<sup>9</sup>

Taxpayer pays ~60%  
~\$6,000 Yearly Cost  
Business contracts policy

Taxpayer pays ~50%  
~\$5,000 Yearly Cost  
Business contracts policy

Taxpayer pays 100%  
~\$9,000 Yearly Cost  
Government decides

Taxpayer pays ~70%  
~\$7,000 Yearly Cost  
Government decides

Taxpayer pays 100%  
~\$8,000 Yearly Cost  
Government decides

Taxpayer Pays  
Extra benefits  
Government decides

Taxpayer pays 100%  
~\$9,000 Yearly Cost  
Government decides

Out-of-Pocket  
~3,000/Year

These data demonstrate that for a variety of reasons employers pay significantly lower health care costs per covered life than government programs, and the trends in health care costs are significantly different between employers, Medicare, and Medicaid.

EST TOTAL  
INS COSTS  
(adds + \$2,600)

\$6000

\$7560

\$9130

\$9470

out of pocket?

\$7540

\$10830

\$11700

