

# Why is the cost of health care going up?

There are many different factors that contribute to the cost of health care and, ultimately, the premiums people pay. Here are some of the reasons why the cost of health care is going up:

- **Aging population**

As people reach middle age they tend to require more medical care. Nearly one in three Kansans is age 45 or older, including the large generation of Baby Boomers.

- **Technology**

Medical technology encompasses all aspects of medicine: equipment, drugs, surgeries and more. These state-of-the-art advances give us early diagnoses, less intrusive procedures and better outcomes, but come with a huge price tag.

- **Prescription drugs**

Technology to create new drugs, along with expensive advertising campaigns, are two reasons why drug costs are rising. Advertising keeps consumers from asking about generic drugs, those unadvertised drugs that provide the same effectiveness at a fraction of the cost.

- **Patient demand for services**

Kansans are demanding more and more medical services. Some of the increase can be tied to our aging population, but not all of it. Our insatiable desire for the latest test or the newest drug is part of the reason health care costs are going up.

- **Government mandates and regulations**

When federal or state legislation requires that specific benefits or services, known as mandated benefits, be added to all health insurance plans, premiums will go up for everyone.

- **Treating the uninsured**

Doctors and hospitals understand that they often treat patients who don't have the ability to pay their bills. They shift those uncollectable costs to those who can pay: people with insurance.

- **Treating the underinsured**

Medicare and Medicaid generally pay much less than private insurance for medical services. Again, health care providers who are not paid enough to cover the cost of these services shift more cost to those who have private insurance.

- **Economic pressures on providers**

Doctors and hospitals are under economic pressures that force them to find ways to lower their expenses or increase revenue by providing more services. They face higher costs for malpractice insurance, investing in technology, and recruiting and retaining nurses.

- **Lifestyle choices**

Poor food choices and little or no physical exercise is a dangerous combination for many people. Smokers and those who abuse alcohol dramatically increase their chances for many serious ailments.

- **Consumer is not the direct payer for health care**

Deductibles and copayments have not kept up with medical cost inflation. For example, if the amount of deductibles kept pace with medical inflation, a \$200 deductible in 1990 would be the same as a \$1,000 deductible today.