



The Number One Concern - Affordability

While most people have some form of health coverage, voters cite affordability as their number one health concern. The main problem is that health costs and sickness are increasing, driving up premiums and out-of-pocket costs. Government policies, waste, and red tape make things more difficult and more expensive for just about everyone.

Coverage

Most people – 93 percent of Americans – have coverage and want to keep it because it helps them stay – or get – healthy and protects them from financial disaster.

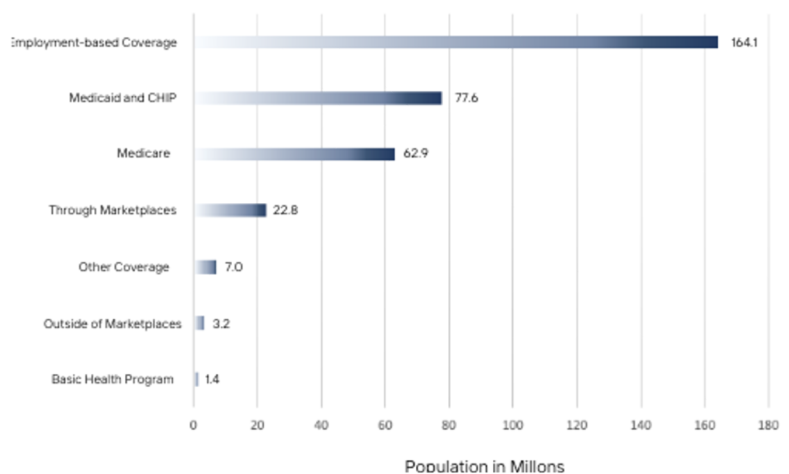
- Employers are the largest source of coverage, representing more than half of all covered lives in the US.¹
- The smaller the company, however, the less likely they are to offer health insurance. For companies with less than 50 employees, the offer rate is just 31 percent.
- More than half (55%) of small business leaders cite high costs of health insurance as a barrier to offering health coverage.
- Most small business employees get coverage through Medicaid or ACA exchange plans, where access to care is difficult, or out-of-pocket costs are far more.
- Public plans like Medicare, CHIP, Medicaid, and ACA Exchange policies, represent about half of covered lives, but their enrollment has increased as government policies increasingly discourage private coverage.

Coverage Forecast 2025

Most people have coverage, and most get it through a private plan offered by their employer. Even so, more people have moved into government-run programs – Medicare, Medicaid, and ACA Exchange plans – primarily as policy incentives encourage employers to drop coverage.

Where Do Americans Get Coverage?

CBO'S Projections for Health Insurance Coverage in 2025, by Source



The Affordability Gap

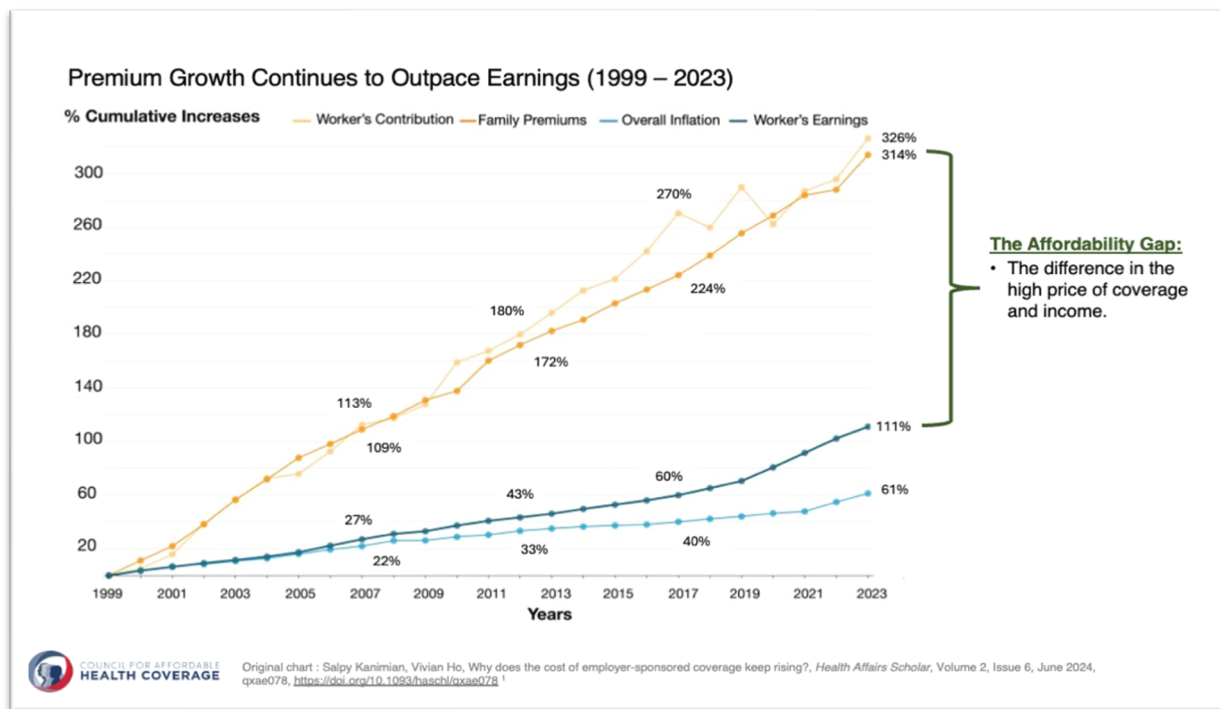
Over the last decade, the cost of employer plans increased nearly 50 percent, twice as fast as wages, which reduced the affordability of coverage.

- Average annual premiums for employer-sponsored health insurance totaled \$8,951 for single coverage and \$25,572 for family coverage (2024) and are about equal to the annual cost of a four-year, in-state college tuition, including room, board, and fees.²

¹ [According to our polling](#), all voters would choose an employer plan if they lost their current coverage. Employees love their health benefits, and want Congress to strengthen their health coverage

² [Average Cost of College \[2024\]: Yearly Tuition + Expenses](#)

- Over the last five years, the average premium for family coverage has increased by 24%.
- Right now, the typical American with employer-sponsored insurance spends 40 percent of their income on health care premiums alone.³
- Health costs for working families have and are projected to grow dramatically faster than pay.
- At the same time, deductibles and other out-of-pocket costs have increased significantly, and mostly in government programs like Part C and D, and Obamacare, which has deductibles that are almost three times more than the average HSA plan.⁴



What's Driving Unaffordable Coverage?

Health coverage is expensive because health care is expensive. Premiums buy coverage that pays for medical services and drugs. The increase in health care costs is largely driven by higher prices and use of hospitals, providers, and drugs, but also government mandates and taxes, and uncompetitive health markets. There are many reasons for this trend, including:

1. **We are sicker and need more care.** According to the CDC, six out of ten U.S. adults have at least one chronic disease, while 7 in 10 are classified as obese. 90 percent of all health spending is on chronic illnesses.
2. **Health markets are uncompetitive.** As of 2024, about 55 percent of doctors are employed by hospitals, reflecting the decline of independent medicine. 97 percent of hospital markets, and 95 percent of insurance markets are highly concentrated. Studies have shown that prices in highly concentrated hospital markets can be up to 20% higher than in more competitive markets.⁵

³According to BLS, the median wage for workers in the first quarter of 2024 was \$59,228. ESI premiums now consume about 40% of the median worker's annual wage, a significant health care cost burden, even when costs are shared with employers.

⁴[VnDuyne-HSA-Mod-Act-Endorsement-Letter-FIN.pdf](#)

⁵[Why is Health Care So Expensive? Market Power and Competition – Economics for the Greater Good](#)

3. **Prices Times Use Equals Cost.**

Since 2000, if other prices grew as quickly as medical costs, a gallon of milk would cost \$10.28, a gallon of gas \$5.78, and median monthly rent would skyrocket to \$2,225.55. Hospital prices are increasing the fastest (above general inflation) while prescription drugs are growing slowest (less than general inflation). Consumer demand for services and drugs is significant, continuing a post-COVID trend.⁶

4. **Government Policies.**

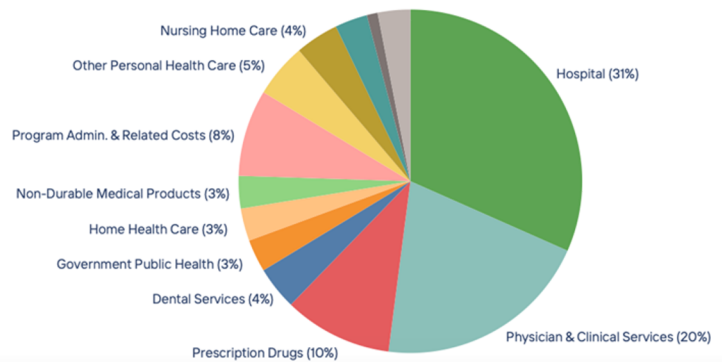
Government policies that produce uncompetitive markets or that stoke demand or that make people less healthy all contribute to higher costs.

5. **We Want More.** As government mandates more “free stuff” and expands “free” government care like mandating lower cost sharing, consumers demand more care.

6. **Pay Attention to the Base.** The US spends – by far - more on hospitals and doctors than on prescription drugs. Government policies encourage both higher prices and more utilization for services. As these costs grow, premiums increase faster.

National Health Expenditure Break Down

Category	National Health Spending, \$ Billions
Hospitals	\$1,479
Physician & Clinical Services	\$970
Prescription Drugs	\$469
Dental Services	\$180
Government Public Health	\$150
Home Health Care	\$153
Non-Durable Products	\$125
Program Admin. & Insurance Costs	\$367
Nursing Home Care	\$212
Other Personal Health Care	\$260
Other Services	\$153
Research	\$69
Structures and Equipment	\$165



What Can We Do?

CAHC has developed solutions across many different problems impacting affordability.

1. **Keep Medicare Drug Benefits Affordable.**
2. **Increase Private Coverage Where It Counts — Small Businesses.**
3. **Protect Employee Benefits from Tax Increases.**
4. **Expand Eligibility for Health Savings Accounts.**
5. **Oppose Government-run Health Care.**
6. **Reduce Medical Costs and Drive Out Waste that Harms Patients.**

Learn more about CAHC and our vision here:



⁶ [January 2025 Health Sector Economic Indicators Briefs | Altarum](#)