

# Healthcare is good, right?

Mouhcine Guettabi, PhD

Associate Professor of Economics  
University of Alaska Anchorage  
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# Outline

- 1 Overview
  - Let's start with the basics
- 2 Health Spending over the years
- 3 Private sector
- 4 public sector

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- During this recession, it was the only sector that experienced continual job growth.
- Access to care has improved over the last two decades as the number of physicians increased substantially.

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# Who should care about health-care cost and why?

- Individuals should care because the high cost of health care is partially responsible for **wage stagnation**. Also, high health-care costs are associated with **high out of pocket costs and bankruptcies**.
- Businesses should care because a significant portion of employee compensation goes towards health premiums.
- Government should care because a significant portion of the tax dollars are allocated towards health-care services.
- They all should care simply because of **opportunity cost**. In other words, every dollar allocated to health-care is not being spent on education, food, rent, etc..

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# How does health-care affect the state's economic activity and its fiscal condition?

- In 2014, health-care spending accounted for **14% -or about one-seventh- of Alaska's economy**, a slightly smaller share than the national average.
- Health-care spending in Alaska increased by **more than 5 times** over the past 23 years.
- Between 2003 and 2014, average annual deductibles for family coverage in Alaska **more than doubled** as a percentage of median income.
- At 33.33%, the Health and Social Services budget was the **largest single** portion of the agency operating budget in FY 2018.

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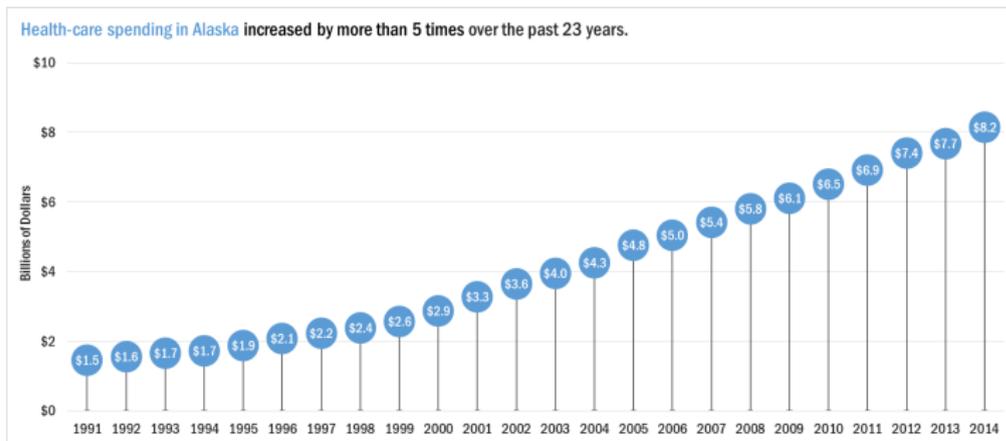
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# Alaska versus U.S. spending

- Alaska's health-care spending has grown at a much faster than the U.S. average.

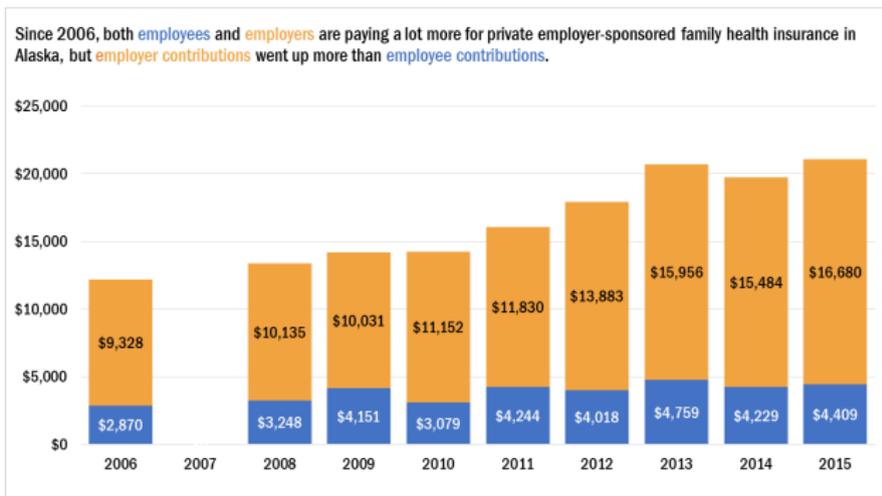


- Alaska's health-care spending increased by more than 5 times between 1991 and 2014.

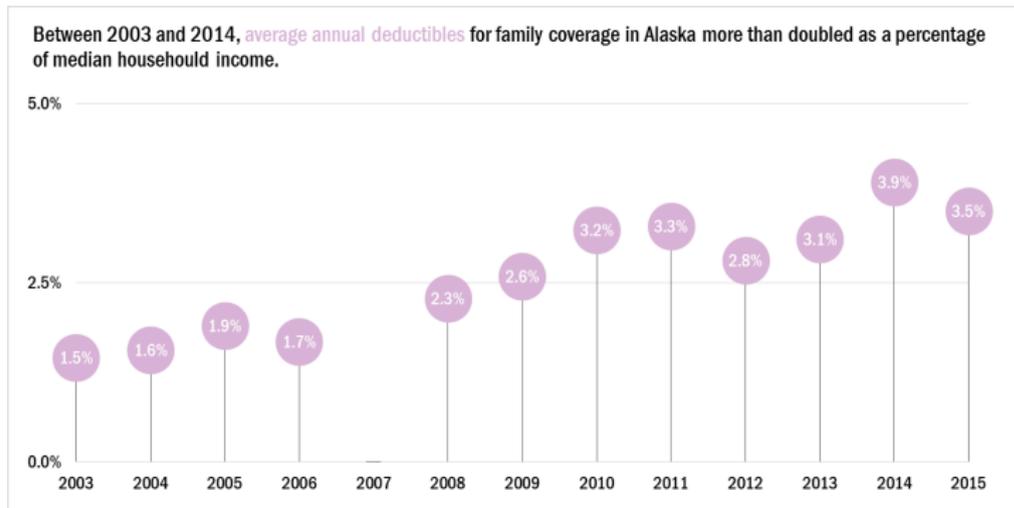


## How much are family insurance premiums in Alaska?

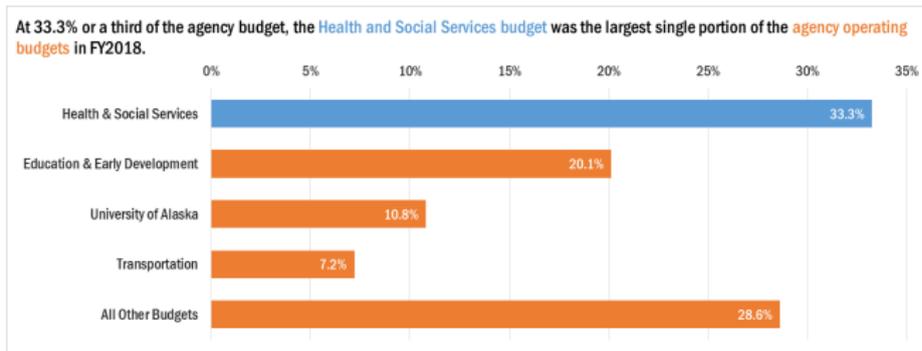
- As of 2015, a family premium cost 21,089 dollars with 79.1% of it paid by the employer.



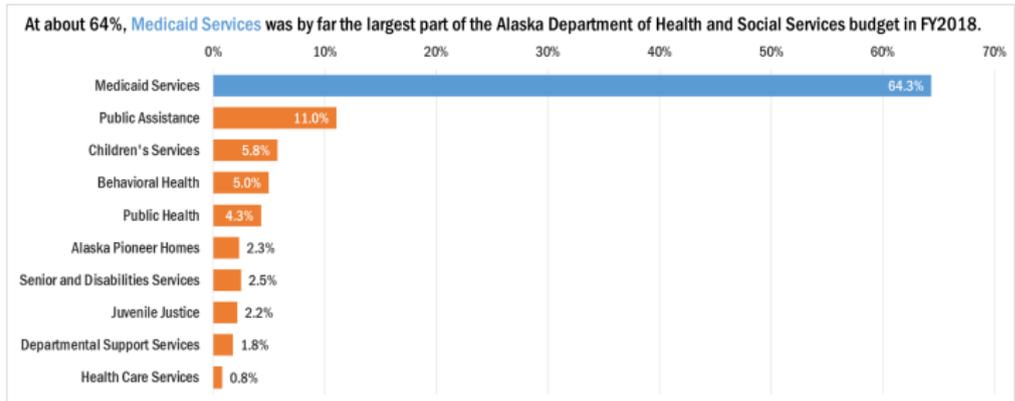
- Deductibles have more than doubled as a share of median income.



- Health and Social assistance is 33.3% of agency operating budget.



- Medicaid services is 64.3% of the Alaska Department of Health and Social Services.



## Medicaid spending and enrollment

- Medicaid enrollment is extremely sensitive to economic conditions. As a result of the long recession, enrollment over the last few years has grown considerably.

In 2014, [Alaska](#) spent nearly twice as much per Medicaid enrollee than the [United States](#).

	Alaska	United States
<b>Total Population</b>	737,000	318,563,000
<b>Total Medicaid Enrollment</b>	113,241*	65,548,000
<b>Percent of Population Enrolled in Medicaid</b>	15%	21%
<b>Total Medicaid Spending (State and Federal FY2014)</b>	\$1,359,000,000	\$446,703,000,000
<b>Per Enrollee Medicaid Spending</b>	\$ 12,001	\$ 6,815
<b>Per Capita Medicaid Spending</b>	\$ 1,844	\$ 1,402

## final thoughts

- Health-care spending growth is putting pressure on individuals, businesses, and the state government.
- There is no silver bullet but it does not mean we should wait for the perfect solution.
- All fiscal solutions should account carefully for the role of health-care.

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Mouhcine Guettabi

Phone Number : 907-786-5496  
email : [mguettabi@alaska.edu](mailto:mguettabi@alaska.edu)