'Hidden Health Tax' Comes to $43 Billion in U.S.

BY DENISE NAPOLI

WASHINGTON — The average U.S. family spent an extra $1,017 on health care last year to help cover uncompensated care provided to the uninsured, according to report from Families USA.

Privately insured individuals spent an extra $368 last year for the same thing.

"That is the hidden health tax," said the group's executive director, Ron Pollack. "Everybody …probably knows that there is such a hidden health tax, but they don't know how significant it is."

According to the report, created with the help of Milliman Inc., an independent actuarial consulting firm, $116 billion of care from hospitals, doctors, and other health care professionals was provided to the uninsured last year. Of this, 37% was paid for out-of-pocket by the patients themselves. A further 26% of this was paid for by third-party sources, such as charities or community centers.

The remainder—amounting to $42.7 billion—was unpaid.

"Providers attempt to recover these uncompensated care dollars primarily by increasing charges for those with private insurance," according to the report. "This cost shift is borne almost exclusively by private insurance programs because the federal Medicare program's rules do not allow Medicare provider payments to easily adjust upward in response to this pressure."

At a press conference to release the report, Ron Williams, the chairman and chief executive officer of Aetna Inc., said that the report answers a question many consumers have, "which is, 'Why does my premium go up?' "

He added, "For every person who has private health insurance, there is a tax . . . that these community hospitals and other hospitals have to collect in order to be there as a safety net."

Mr. Pollack stressed that the data in this report are from 2008, and that the huge amount of job loss still occurring in 2009 likely will mean that the amount borne by each U.S. family will grow to $1,100 this year. A similar study conducted in 2005 found that the average family paid an extra $922 to cover uncompensated care and the average individual paid an extra $341.

In a statement accompanying the release of the report, Sen. Max Baucus (D-Mont.), chairman of the Senate Finance committee and a leader on health care reform, said that, "As this report shows, that hidden tax will only continue to grow unless we do something about it. That's why I'm committed to passing comprehensive health care reform this year. We must repeal this hidden tax and lift the burden from American families and businesses by ensuring quality, affordable health care for all Americans." ■

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