

Jonathan Gruber

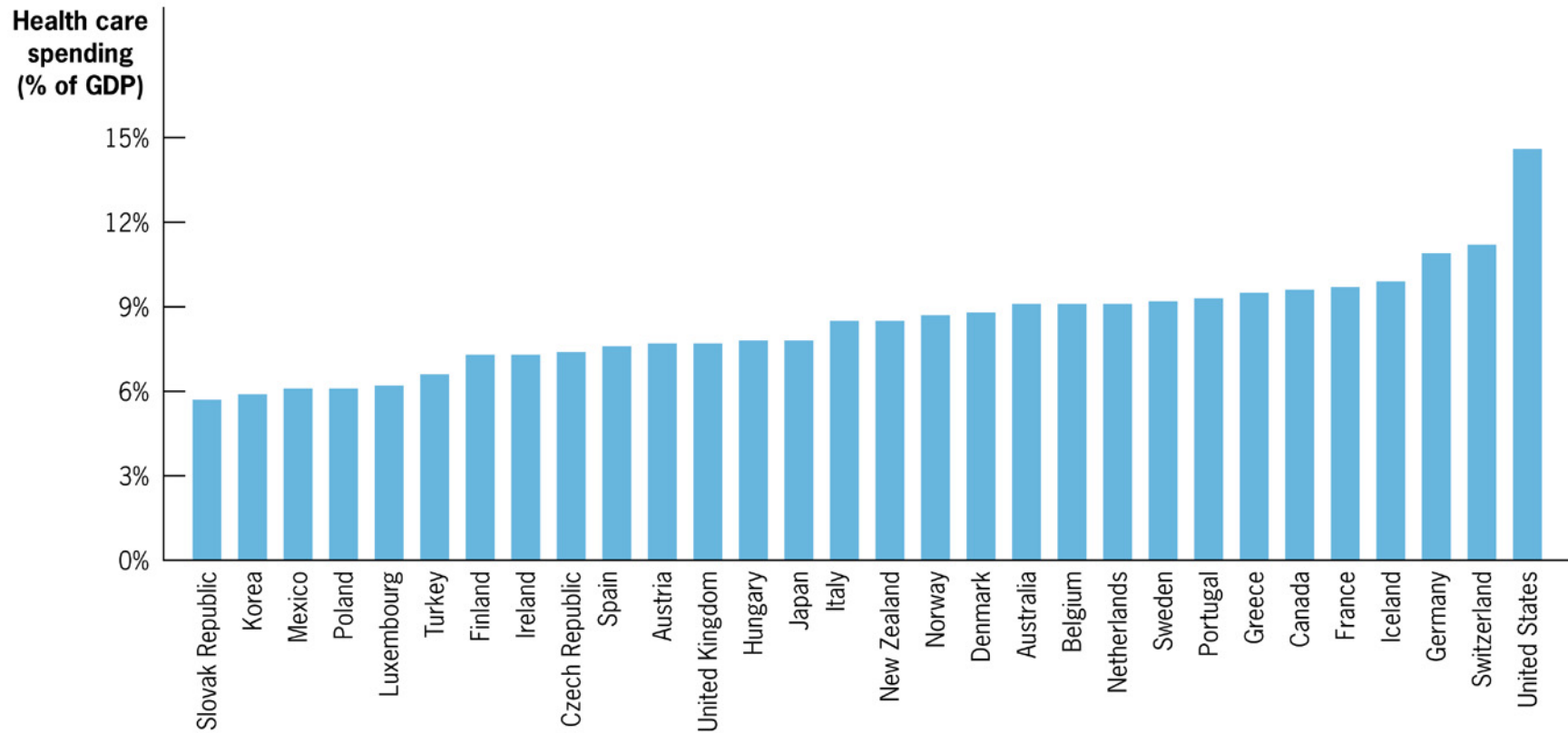
# **Public Finance and Public Policy**

**First Edition**

## **Chapter 15:**

Health Insurance I: Health Economics  
and Private Health Insurance

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**Figure 15.1** Health Care Spending in OECD Nations in 2002  
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■ **TABLE 15-1**

**Americans' Source of Health Insurance Coverage, 2002**

	People (millions)	Percentage of population
Total population	288.6	100.0%
Private	177.8	61.6%
Employment-based	161.0	55.8%
Individually purchased	16.8	5.8%
Public	83.0	28.8%
Medicare	40.5	14.0%
Medicaid	42.8	14.8%
TRICARE/CHAMPVA	6.9	2.4%
Uninsured	43.3	15.0%

Source: Statistics for private health insurance, TRICARE/CHAMPVA, and the uninsured are for the nonelderly and come from Fronstin (2003), Figure 1. Statistics for Medicare and Medicaid include the elderly and come from Social Security Administration (2004), Tables 8.B3a, 8.B3b, and 8.E2. The public total is the sum of the three subcategories, minus the 7.2 million Medicare/Medicaid dual eligibles. Details do not add to totals because some individuals receive coverage from multiple sources.

**Table 15.1**

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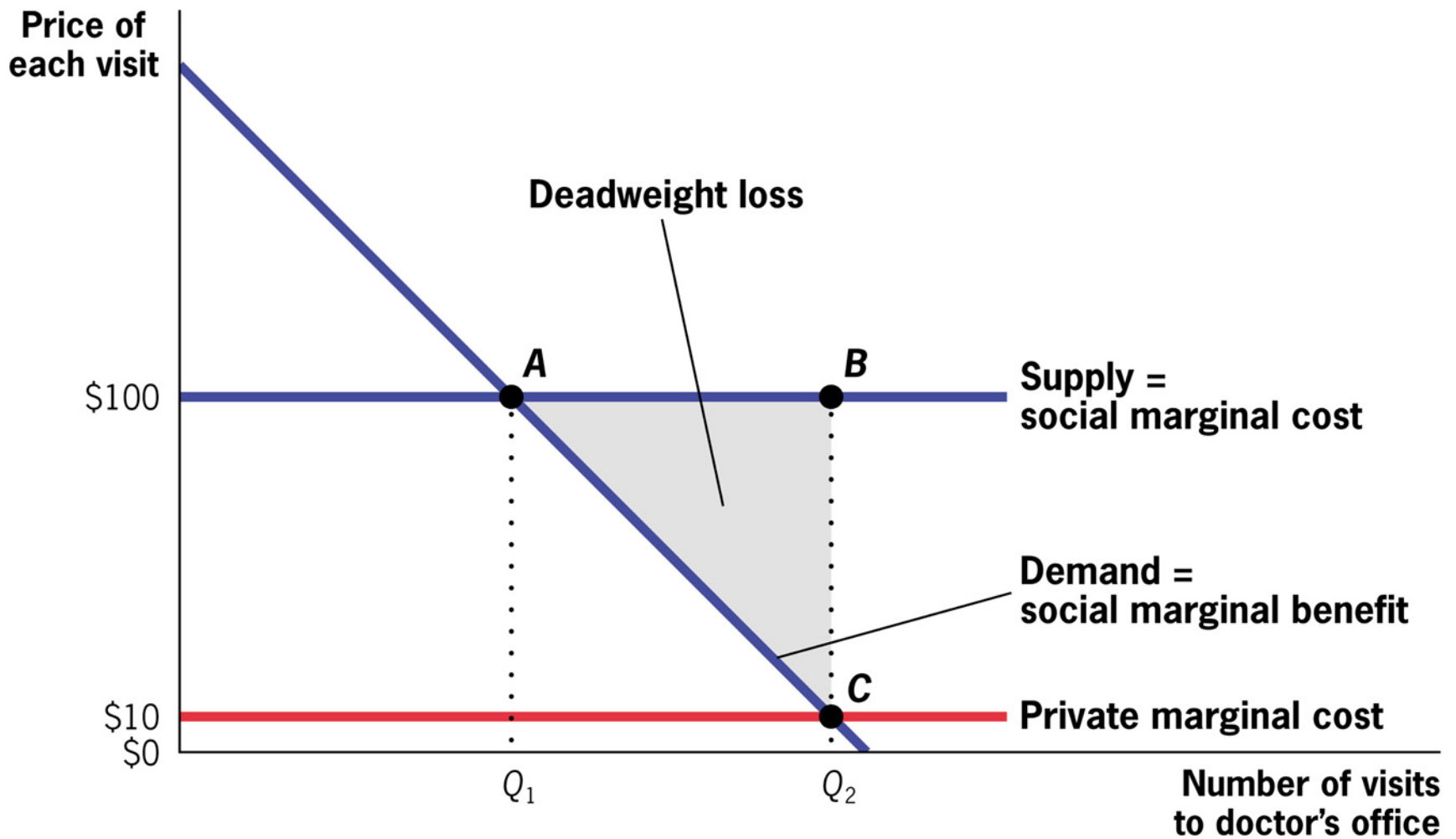
■ TABLE 15-2

**Illustrating the Tax Subsidy to Employer-Provided Insurance**

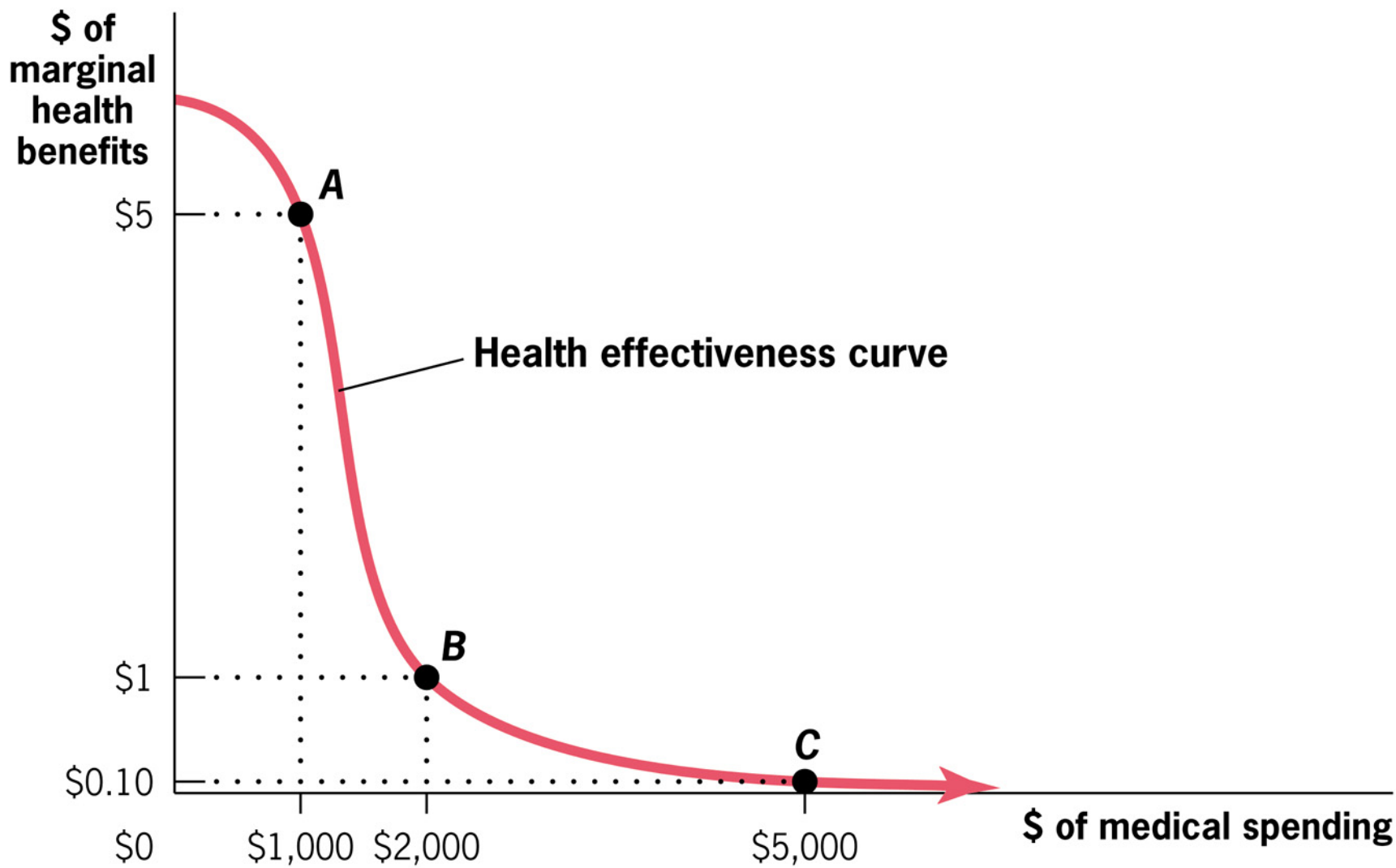
	Marginal product, wage	Employer health insurance spending	Pre-tax wage	After-tax wage	Personal health insurance spending	After-tax, after-health insurance income
Jim	\$30,000	0	\$30,000	\$25,500	\$4,500	\$21,000
Peter	\$30,000	\$5,000	\$25,000	\$21,250	0	\$21,250

**Table 15.2**

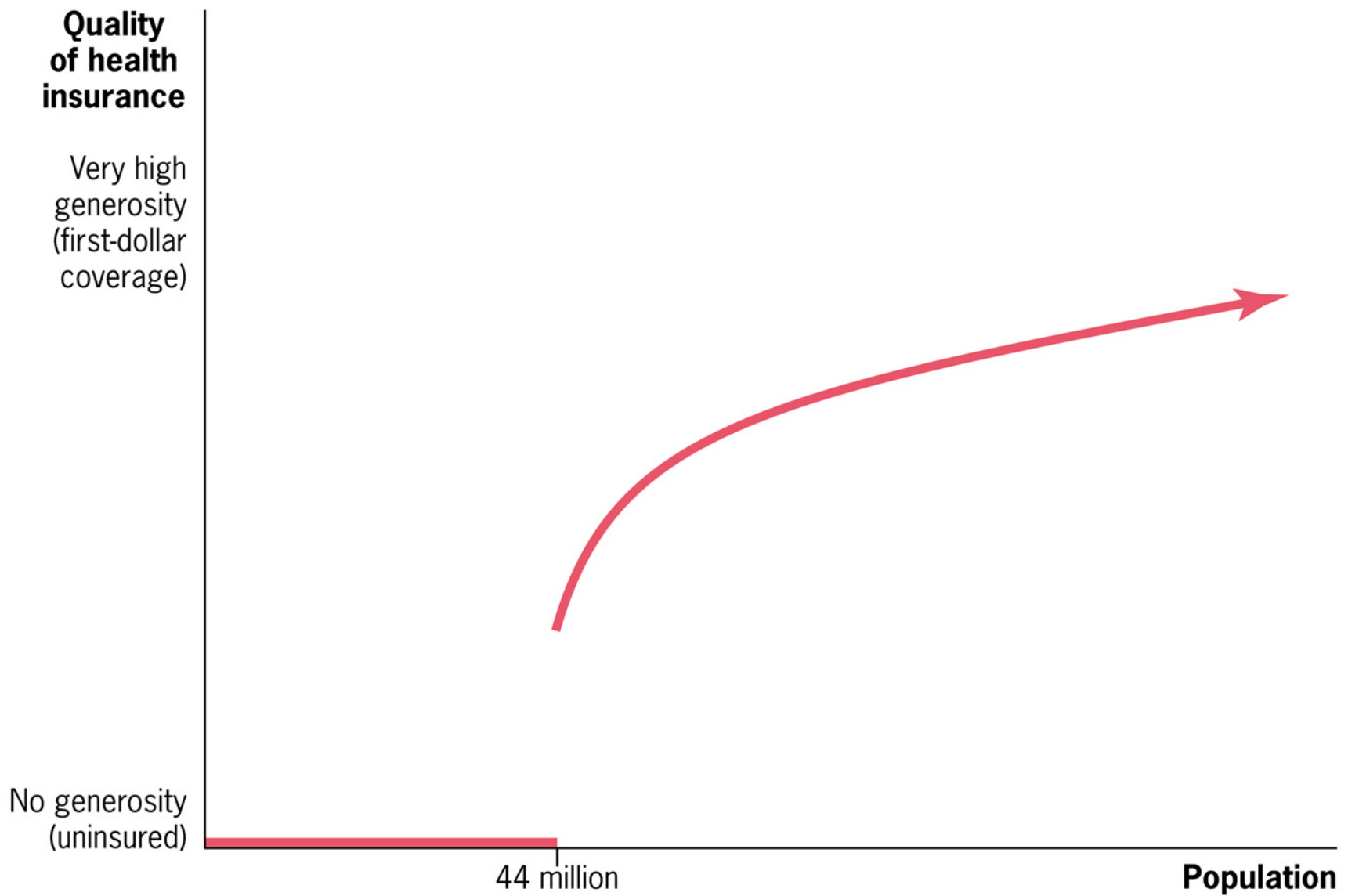
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**Figure 15.2** Patient-Side Moral Hazard  
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**Figure 15.3** The “Flat of the Curve”  
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**Figure 15.4** The Generosity of Health Insurance in the United States  
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