



# The Economic Burden Of Health Inequalities in the United States

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Many people of color suffer higher rates of morbidity, premature death and face inadequate access to quality health care. Racial and ethnic inequities in health and health care can impose significant costs on various segments of society, including individuals, families, communities, health care organizations, employers, health plans, and government programs, including, Medicare and Medicaid. These costs can include direct expenses associated with the provision of care to a sicker and more disadvantaged population, as well as indirect cost such as lost productivity, lost wages, absenteeism, family leave to deal with avoidable illnesses, and lower quality of life. Premature mortality imposes considerable cost on society in the form of lower wages, lost tax revenues, additional services and benefits for families of the deceased, and lower quality of life for survivors.

At the request of the Joint Center for Political and Economic Studies, LaVeist, Gaskin, and Richard estimated the economic burden of health disparities in the United States using three measures: (1) direct medical costs of health inequalities, (2) indirect costs of health inequalities, and (3) costs of premature death. Data from the Medical Expenditure Panel Survey (MEPS) for the years 2002-2006 was used to estimate the potential cost savings of eliminating health disparities for racial and ethnic minorities. Data from the MEPS for the years 2002-2006 was used to estimate productivity loss associated with health inequalities for racial/ethnic minorities. Data from the National Vital Statistics Reports was used to obtain the number of deaths and crude death rates by age and race for 2003 to 2006.

## Key study findings:

- Between 2003 and 2006, 30.6% of direct medical care expenditures for African Americans, Asians, and Hispanics were excess costs due to health inequalities;
- Eliminating health disparities for minorities would have reduced direct medical care expenditures by \$229.4 billion for the years 2003-2006;
- Eliminating health inequalities for minorities would have reduced indirect costs associated with illness and premature death by more than one trillion dollars between 2003 and 2006.
- Between 2003 and 2006 the combined costs of health inequalities and premature death in the United States were \$1.24 trillion;

The combined \$1.24 trillion direct and indirect cost of health inequalities in the United States is more than the gross domestic product of India, the world's 12th-largest economy in 2008, and equates to \$309.3 billion annually lost to the economy. The large number of premature deaths represents a substantial loss of human potential, a loss of talent and productivity that might otherwise have contributed to the betterment of society. By exacting a substantial burden on the economy, health inequalities visit further suffering on society.

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**The Joint Center's Health Policy Institute (HPI)** was launched eight years ago to play a leadership role in reframing debates on health and refocusing attention on dangerous health disparities. Our research and analysis is helping generate new policy recommendations and provide solutions for longstanding health concerns.