

**Abstract**— In this brief, we examine the details of the American healthcare system, focusing on its mixed nature of private and public healthcare and the policies that have been implemented. We also compare the American healthcare system to others across the world.

**Keywords**— universal healthcare, privatized healthcare, Medicare, Medicaid, CHIP, Affordable Care Act

## I. EXECUTIVE SUMMARY

The United States has a mixed healthcare system with mostly private health insurers and a public healthcare option. The U.S. is one of several countries across the world with such a system, while some other countries provide a single-payer, fully public healthcare system, and others rely on solely private healthcare. In this brief, we examine the logistics of each healthcare system, as well as their benefits and drawbacks.

## II. OVERVIEW

Unlike most countries, the United States does not offer free or universal healthcare for its citizens. Instead, our healthcare system is made up of public and private insurers and healthcare providers, some of which support our welfare programs, namely Medicare and Medicaid. These programs aim to support the elderly, disabled, and poor, and thus the vast majority of Americans get their health insurance [elsewhere](#) - usually through their employers. This system has been under [scrutiny](#) since its creation, as many believe this system has led to increasing disparities in health outcomes for low-income and minority groups.

### A. Pointed Summary

- The health-care system in the United States is a mix of public and private insurers, as

well as for-profit and nonprofit health-care providers.

- The Social Security Act of 1965 established the first public insurance systems, Medicare and Medicaid, and others followed.
- Medicare ensures that all people over the age of 65 have access to health care. Medicaid was the first program to give states the option of receiving federal matching funds for providing health care to low-income families, the blind, and people with disabilities.
- The Children's Health Insurance Program (CHIP) is a government-run health insurance program, established in 1997 as a public, state-run program for low-income children whose families earn too much to qualify for Medicaid yet are unlikely to be able to afford private insurance.
- The Patient Protection and Affordable Care Act, or ACA, was passed in 2010, marking the most significant increase of the government's role in financing and regulating health care to date.
- Healthcare systems vary across the world, with some countries implementing a fully public universal healthcare system and others implementing a fully private healthcare system. There are also several other countries with a mixed system similar to the US.

### B. Medicaid + CHIP

[Medicaid](#) was signed into law in 1965 alongside Medicare, and has been insuring low income Americans ever since. Although the federal

government establishes certain parameters for Medicaid, administration is largely up to states - many of which have chosen to participate in [Medicaid expansions](#) over the years. In order to receive federal funding, states must cover [certain “mandatory” populations](#):

- children under 18 in families with income at or below 138% (1.38x the federal poverty income threshold) of the [federal poverty line](#)
- pregnant individuals who have an income at or below 138% of the poverty line;
- low-income parents or caretakers
- seniors and disabled individuals who receive cash assistance through the Supplemental Security Income (SSI) program.

States also have the option to expand their programs to include additional vulnerable populations.

Medicaid is a counter-cyclical program, meaning its enrollment expands during recessions to insure those who lose their employer sponsored healthcare. Anyone who meets the requirements for Medicaid is entitled to apply for benefits.

The Children’s Health Insurance Program ([CHIP](#)) is a program that was signed into law in 1997 with the purpose of insuring children of low-income families whose income is above the 138% requirement, but too low to afford private care. This is a separate program in some states, and an expansion of Medicaid in others.

#### *A. Medicare*

[Medicare](#) is another federal insurance program offered by the U.S. for individuals 65 and over and certain younger disabled individuals. Medicare is made up of [four parts](#): A, B, C and D.

Part A covers hospital stays, hospice care, and in some cases, skilled nursing outpatient care. Part B covers most doctor and outpatient services - diagnostic screenings, doctors visits, etc. Individuals will have some coinsurance payments under part B. Medicare part C is Medicare Advantage, a mixed public/private option that will be discussed later. Lastly, part D covers prescription drugs, but can only be purchased through a private provider (or through Medicare Advantage).

There are two main ways to get Medicare coverage:

- [Original Medicare](#): Includes both Part A (hospital insurance) and Part B (medical insurance). Individuals have a deductible, paid at the beginning of the year, and some coinsurance for certain procedures.
- [Medicare Advantage](#): Medicare Advantage is a Medicare-approved plan from a private insurance company. These insurance plans have yearly contracts with Medicare and must follow certain coverage rules, but may offer additional benefits such as vision, dental, and hearing services. These plans usually include Medicare Part D - which offers coverage for prescription drugs.

#### *B. Healthcare Disparities*

In the current US health system, there exists disparities in individuals who receive the treatment that they need. Oftentimes, some individuals do not get the health treatment that they require due to their inability to pay for health insurance or because of inequities based on location. The [US Office of Disease Prevention and Health Promotion](#) suggests that efforts like lowering costs, improving insurance coverage, and increasing the use of telehealth services can reduce current inequities in the American healthcare system.

### III. POLICY PROBLEM

#### *A. Tried Policy*

As our healthcare system is complex and deeply connected to our economy, it has proven difficult to instigate structural change to address its issues. Thus, attempts at meaningful change are often suggestions or campaigns by nonprofits and NGOs.

A partnership between the CDC, the CDC foundation, the Office of Disease Prevention and Health Promotion (ODPHP), and the Robert Wood Johnson Foundation (RWJF) has resulted in the [Law and Policy Project](#). This project aims to increase the health of our nation’s communities by sharing information about law and policy interventions - and through this work hopes to show how law and policy can be useful tools to increase healthcare access.

In addition, the Association of American Medical Colleges ([AAMC](#)) declared their [2021 policy priorities](#), which are aimed at providing quality care

for the nation's most vulnerable populations, and ensuring the well-being of their communities. These policy priorities include driving new discoveries and workforce training and education programs.

#### *B. Nonpartisan Reasoning*

Opinions vary in the U.S. populace regarding the current mixed healthcare system. [Two-thirds](#) of Americans would prefer a Canadian-style, single-payer healthcare system with universal coverage, and [three-fifths](#) of doctors support the same. The Canadian healthcare system is a decentralized, universal, publicly funded system known as [Canadian Medicare](#). Rather than delegating all logistics to the federal government, each Canadian province has its own insurance plan, and each province receives federal cash assistance depending on provincial population. Additionally, a majority (two-thirds) of Canadians still have private health insurance.

Under a primarily privatized healthcare system like the US, one [advantage](#) is that patients are able to choose their own doctor and preferred medical facility, providing more flexibility for patients. There are also often shorter wait times for patients because the medical facility is less busy, especially for surgeries that are not life-threatening. Additionally, the medical facilities are often of higher quality because private facilities are often better maintained and better funded.

On the other hand, privatized healthcare also has its fair share of [drawbacks](#), especially in cost. American citizens pay much more money for private healthcare coverage than what would be required in a public healthcare system. In the U.S., most citizens pay around \$200 monthly premiums on top of a copay and deductible, whereas the average monthly cost for citizens in a public healthcare system is \$100 with no copay or deductibles. Another criticism of private healthcare is the inequity that it can create. Power lies with the insurance companies to decide who insurance covers; whereas in a public system, all citizens are treated equally, regardless of their ability to pay. Finally, private health insurance rarely covers all medical services, as patients must choose the health insurance quote that best suits their needs. This can

result in gaps in access that force patients into exorbitant treatment costs or to waive treatment.

#### IV. POLICY OPTIONS

While the United States implements a combination of public and private healthcare with no universal healthcare option, other countries like Norway, Japan, the United Kingdom, Kuwait, Sweden, Canada, Bahrain, Denmark, and others implement a single-payer healthcare system. Other countries like Israel, Liechtenstein, the Netherlands, and Switzerland have a universal private health insurance system, in which private insurance is mandatory for citizens. There also exists a fair share of countries with a healthcare system similar to the US with non-universal insurance, in which some citizens have private health insurance, some are eligible for public insurance, and some are uninsured. These countries include Bangladesh, Burundi, Congo, Egypt, Ethiopia, Indonesia, Jordan, Kenya, Nigeria, and Paraguay.

#### V. CONCLUSIONS

In the U.S., healthcare is often a heated topic of discussion. The current system incorporates aspects of both a system reliant solely on private health insurance companies and a public system similar to that of Canada and the Scandinavian countries. There exists advantages on both sides of the spectrum, with the advantages of a private healthcare system lying in its increased flexibility for patients and improved facilities and advantages of a public healthcare system lying in its lower costs and improved equity. Ultimately, the diversity of global healthcare systems is a testament to the nuance of the subject.

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