



## Health literacy and Increased Health Care Costs

### National health care spending

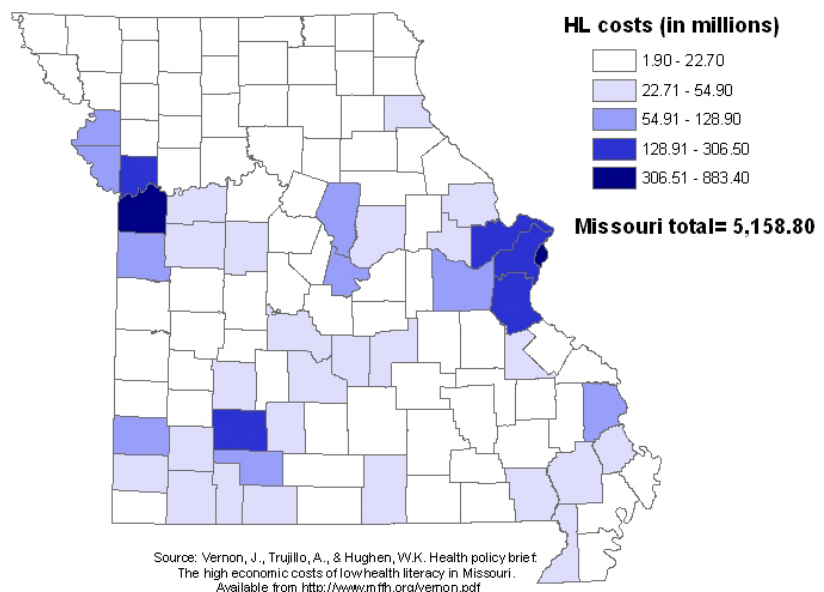
- In 2007, total health care spending was \$2.3 trillion or \$7600 per person and represented 16% of the gross domestic product (GDP) <sup>1</sup>
- The annual premium for an employer health plan covering a family of four averaged nearly \$12,100. The annual premium for single coverage averaged over \$4,400 <sup>2</sup>
- Despite 47 million uninsured Americans, the U.S. spends more on health care than other industrialized nations providing some type of universal coverage <sup>3</sup>
- Ten percent of people account for 60% of health care spending <sup>4</sup>

### Factors driving health care costs

- Hospital care
- Physician services
- Outpatient prescription and over-the-counter drugs
- Nursing home and home health services
- Technology advances
- Increase of chronic conditions, particularly obesity-related conditions

### Health literacy costs in Missouri

- 1.6 million adults in Missouri have Basic or Below Basic health literacy
- The annual cost of low health literacy to the state of Missouri is between \$3.3 billion and \$7.5 billion <sup>6</sup>
- Improving health literacy could save St. Louis County \$880 million and Jackson County \$586 million each year <sup>6</sup>





## **Elevated levels of health literacy affect costs and quality of life**

- Persons with inadequate health literacy incur higher medical costs and use an inefficient mix of services<sup>3</sup>
- In-patient spending increased by approximately \$993 for patients with limited health literacy<sup>3</sup>
- Lower health literacy scores were associated with higher mortality rates within a Medicare managed care setting<sup>8</sup>
- Individuals with low levels of health literacy were more likely to be hospitalized and have bad disease outcomes<sup>7</sup>

## **References**

1. Poisal, J.A., et al, Health Spending Projections Through 2016: Modest Changes Obscure Part D's Impact. *Health Affairs* (21 February 2007): W242-253.
2. The Henry J. Kaiser Family Foundation. Employee Health Benefits: 2007 Annual Survey. Information retrieved October 8, 2008.
3. Howard, DH. 2005. The impact of low health literacy on the medical costs of Medicare managed care enrollees. *The American Journal of Medicine*. 118(4).
4. Information accessed via Kaiser Family Foundation website on October 8, 2008.
5. The Henry J. Kaiser Family Foundation. The Uninsured: A Primer, Key Facts About Americans without Health Insurance. 2004.
6. Vernon J. Trujillo A., Rosenbaum S., and DeBuono, B. 2007. Low Health Literacy: Implications for National Policy: Available online at George Washington University: [http://www.gwumc.edu/sphhs/departments/healthpolicy/chsrp/downloads/LowHealthLiteracyReport10\\_4\\_07.pdf](http://www.gwumc.edu/sphhs/departments/healthpolicy/chsrp/downloads/LowHealthLiteracyReport10_4_07.pdf)
7. Baker DW, Parker RM, Williams MV, Clark WS. 1998. Health Literacy and the risk of hospital admission. *Journal of General Internal Medicine*. 13(12): 791-798.
8. Baker, D., Wolf, M., Feinglass et al. 2007. Health Literacy and Mortality Among Elderly Persons. *Achieves of Internal Medicine*. July 23, 2007 p 1503-1509.
9. Baker DW, Gazmararian JA, Williams MV, Scott T, Parker RM, Green D, Ren J, Peel J. 2002. Functional health literacy and the risk of hospital admission among Medicare managed care enrollees. *American Journal of Public Health* 92(8): 1278-1283.