

Human and pet health-cost trends are strikingly similar

- 1 WHY do Americans spend so much on health care? Two common explanations are government meddling and tangled incentives, but a new study by economists Liran Einav, Amy Finklestein and Atul Gupta finds that reality may be more complicated.
- 2 Digging through household survey data, the authors discovered that between 1996 and 2012 spending on pet health care actually rose faster than it did for humans, by over 60% compared to 49%. With the caveat that their sample size is very small, spending on health care in the last months of life seems to tick up for pets as well as humans.
- 3 The puzzle is this: contrary to the human health care situation, regulation in the pet health care market is light, and fewer than 1% of the critters are insured. It looks like something else is driving the trends for pets. Might that something else be driving human health care trends too? Traditional explanations for the rise of health care spending may have just a bit more bark than bite.



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