



## **The High Cost of American Health Care: It's a Combination of High Prices and a Significant Amount of Waste**

### **How expensive is American health care?**

American health care is the most expensive in the world:

- In 2016, the United States spent [17.8 percent of its GDP on health care](#). Switzerland, in second place, spent [12.4 percent of its GDP](#) on health care.
- In 2016, the United States spent [more than \\$10,000 per person per year](#) on health care, the equivalent of \$5 per hour for a full time worker

### **When did American health care become so expensive?**

Since the 1970s, costs have steadily risen as a [percent of GDP the U.S. spent on health care](#):

- 1970: 7.4 percent
- 1980: 9.3 percent
- 1989: 11.8 percent, far higher than any comparably developed country.

### **How responsible is waste for the excessive cost?**

Waste in U.S. health care added up to a median of [\\$910 billion in 2010](#), and it continues to grow. At [6% of GDP](#), this is more than total spending on the military, and about as much as Social Security and Medicare taxes combined.

### **What are the sources of waste in American health care?**

The [four main areas of waste](#) in U.S. health care dollars per year are estimated as follows:

1. Inpatient and outpatient complications and poor care coordination leading to unnecessary ER visits or hospital admissions: \$127 to \$199 billion;
2. Overtreatment, specifically overuse of non-evidence based care: \$158 billion to \$226 billion;
3. Administrative complexity: \$107 billion to \$389 billion;
4. Fraud and abuse: \$82 billion to \$272 billion.

### **How responsible are high prices for the excessive cost?**

The unit cost of every health service (each hospital stay; each doctor visit; pharmaceuticals etc) of U.S. health care is higher than in any other country in the world. The OECD (an international organization) estimates that this adds several hundred billion dollars to the high cost.