

# New study explains why US health care spending increased \$1 trillion

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A new study finds that the cost of health care in the United States increased nearly \$1 trillion from 1996 to 2013 and measures the causes behind this immense growth.

The study, published today in *JAMA*, reveals that price and "intensity"

(variety and complexity) of services accounted for 50% of the increase.

"Part of the reason we spend more on health care each year is the nation's growing and aging population," said Dr. Joseph Dieleman of the Institute for Health Metrics and Evaluation at the University of Washington and lead author of the study. "But factors relating to the health system, such as increased price, intensity, and utilization, are driving most of the [spending](#) increase."

Five factors contribute to the rise in [health care costs](#) in the US: (1) more people; (2) an aging population; (3) changes in disease prevalence or incidence; (4) increases in how often people use [health care services](#); and (5) increases in the price and intensity of services. This research measures the impact of these different drivers on the total increase in health care spending and for the increases caused by specific health conditions and types of care.

An in-depth data visualization is available at:

<https://vizhub.healthdata.org/dex/>

The study covers health care spending for individuals and includes spending on inpatient care, outpatient care, nursing facilities, emergency departments, dental care, and prescribed pharmaceuticals. It also includes funding from all payers, such as private insurance, Medicare, Medicaid, and households' own spending.

"When we added up all the health conditions, increasing population size led to a 23% increase in [health care spending](#)," Dr. Dieleman said.

"People getting older led to a 12% increase in spending, and increases in price and service intensity, that is the variety and complexity of services, led to a 50% increase in spending."

Most importantly, increases in spending also vary dramatically

depending on people's conditions and types of care, such as inpatient, outpatient, pharmaceuticals, and others, he said. Health care spending on [outpatient care](#) increased a dramatic 85% between 1996 and 2013, largely due to increasing use of services. Spending on inpatient care grew 59% because of price increases and service intensity.

"These findings offer insight into why the US spends so much on [health care](#)," said Dr. Jay Want, executive director of the Peterson Center on Healthcare, which funded the study. "Increased [health care](#) spending is driven more by how care is priced and delivered to patients than by the population's size or age. The research suggests the need for more efforts to address those forces that control pricing."

Provided by Institute for Health Metrics and Evaluation

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