

Cost of waste in U.S. health system estimated

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(HealthDay)—The estimated cost of waste in the U.S. health care system varies from \$760 to \$935 billion, according to a special communication published online Oct. 7 in the *Journal of the American Medical*

Association.

William H. Shrank, M.D., from Humana Inc. in Louisville, Kentucky, and colleagues estimated current levels of [waste](#) in the U.S. [health](#) care system and reported estimates of potential savings from interventions shown to reduce waste-related [costs](#).

The researchers found that the estimated ranges of total annual cost of waste were \$102.4 to \$165.7 billion for failure of care delivery; \$27.2 to \$78.2 billion for failure of care coordination; \$75.7 to \$101.2 billion for overtreatment or low-value care; \$230.7 to \$240.5 billion for pricing failure; \$58.5 to \$83.9 billion for fraud and abuse; and \$265.6 billion for administrative complexity. Measures to eliminate waste resulted in estimated annual savings of \$44.4 to \$93.3 billion for failure of care delivery; \$29.6 to \$32.8 billion for failure of care coordination; \$12.8 to \$28.6 billion for overtreatment or low-value care; \$81.4 to \$91.2 billion for pricing failure; and \$22.8 to \$30.8 billion from fraud and abuse. The estimated total annual costs of waste ranged from \$760 to \$935 billion, while estimated savings from interventions ranged from \$191 to \$282 billion.

"The best available evidence about the cost savings of interventions targeting waste, when scaled nationally, [shows that these savings] account for only approximately 25 percent of total wasteful spending," the authors write.

Two authors received support from Humana Inc.; one was employed by UPMC Health Plan.

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