

Why Americans Spend So Much on Health Care—In 12 Charts

THE WALL STREET JOURNAL.

Timeline: How health expenditures grew as a percentage of GDP

1971-74

Medicare expands, and new laws spur growth in employer health coverage.

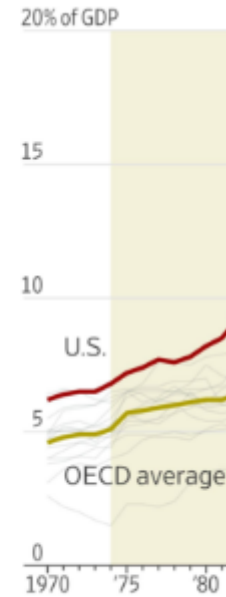
Note: Average is of 15 major Organization for Economic Cooperation and Development nations with the largest per capita GDP for which data were available in all years.



Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

1974-82

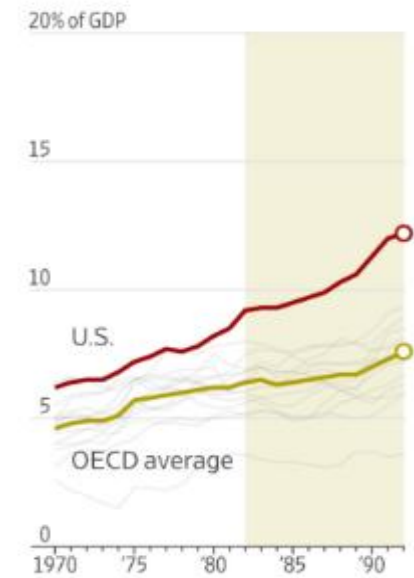
Nixon-era controls on medical prices expire, worsened by high inflation across economy.



Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

1982-92

COBRA lets laid-off workers keep coverage; Medicaid eligibility widened for pregnant women and children; hospitals required to treat all emergency cases.

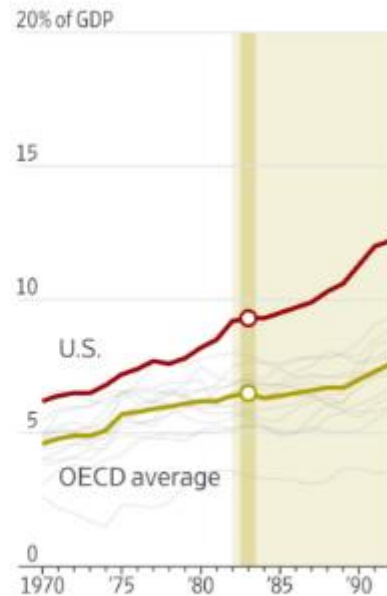


Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

Timeline: How health expenditures grew as a percentage of GDP

1983

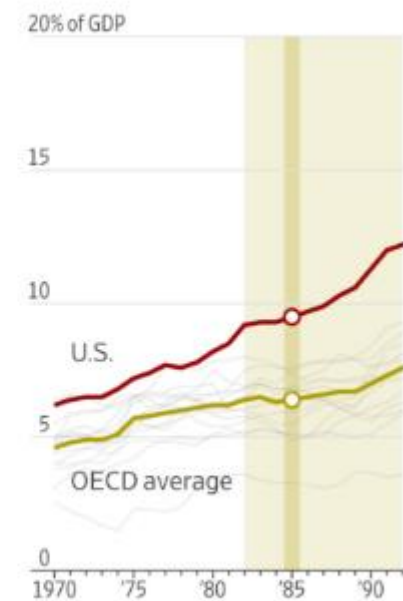
Medicare begins paying predetermined prices based on diagnoses instead of amount charged by hospital.



Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

1985

HMOs begin administering benefits for some Medicare beneficiaries.

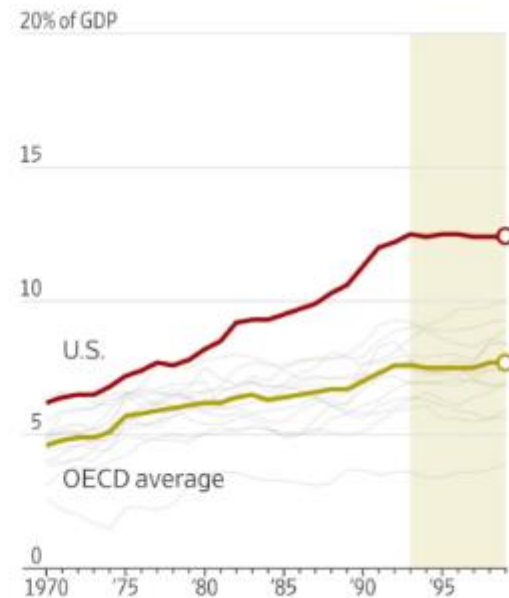


Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

Timeline: How health expenditures grew as a percentage of GDP

1993-99

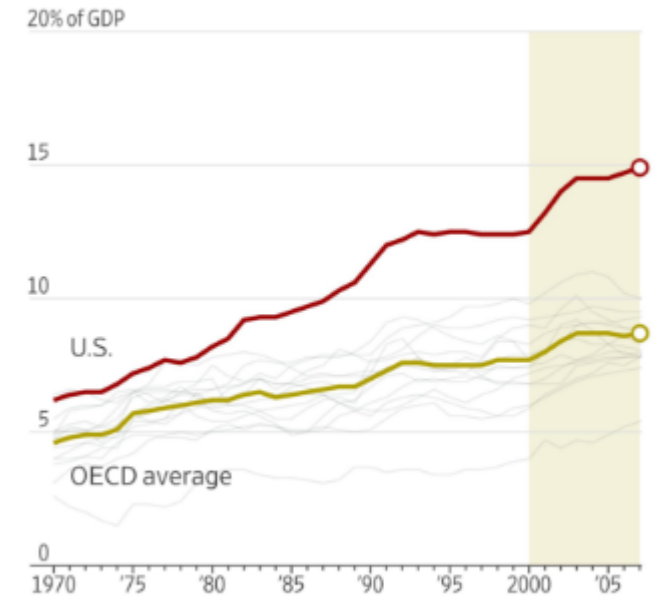
HMOs negotiate lower prices partly by limiting choices.



Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

2000-07

Employers and consumers turn away from HMOs for more permissive plans; state laws restrict some cost containment; wave of hospital mergers gives providers more power over insurers to set prices.



Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

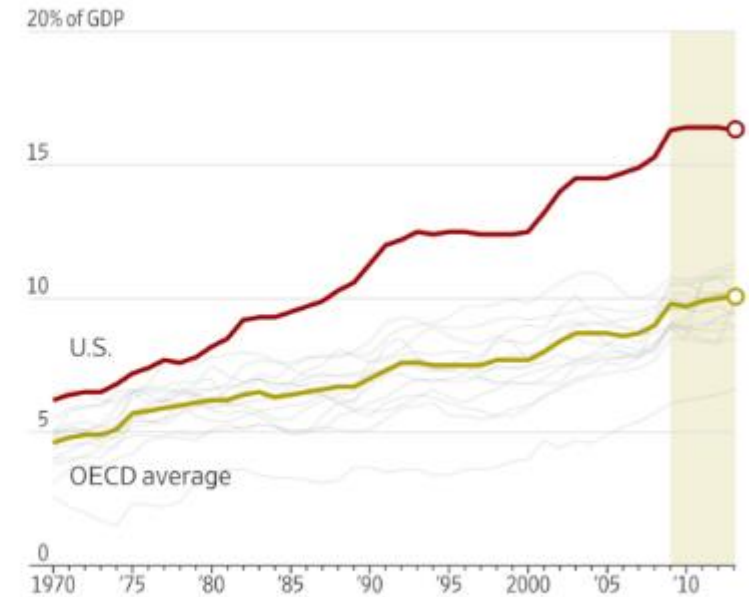
Timeline: How health expenditures grew as a percentage of GDP

2006
Medicare adds a prescription drug benefit, leading to a surge in drug spending in its first year.



Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

2009-13
Financial crisis and layoffs mean fewer people have employer health insurance or funds for health spending.

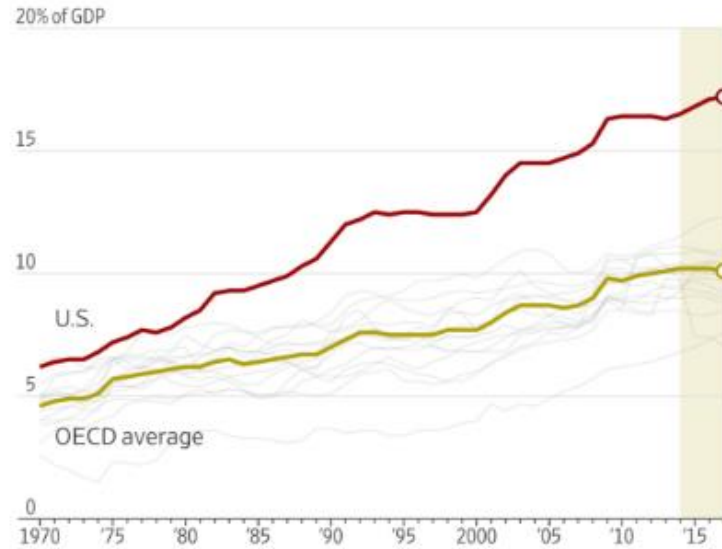


Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

Timeline: How health expenditures grew as a percentage of GDP

2014-17

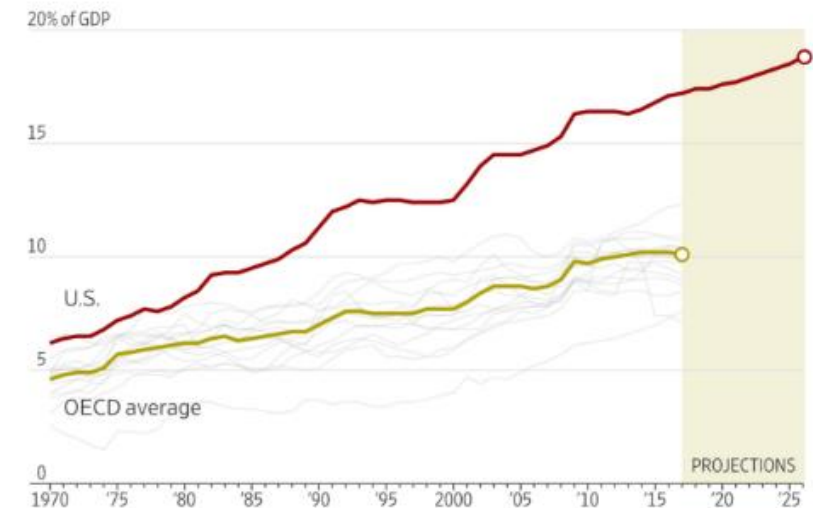
More are insured under the Affordable Care Act, raising level of health insurance in the U.S. to 91% of the population; expensive new drugs launched; companies like Valeant aggressively raise prices on some older drugs.



Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

Projections

Spending is expected to continue to climb because of rising prices, the aging population and greater use of health services.

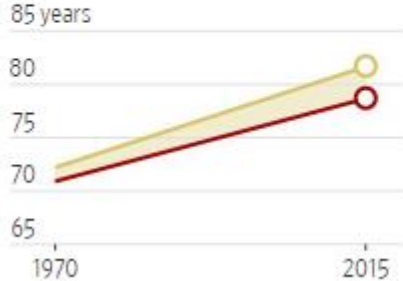


Source: OECD; Centers for Medicare & Medicaid Services (U.S.)

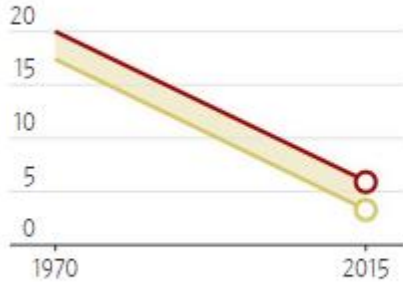
U.S. vs. OECD Average

○ U.S. ○ OECD average

Life expectancy at birth

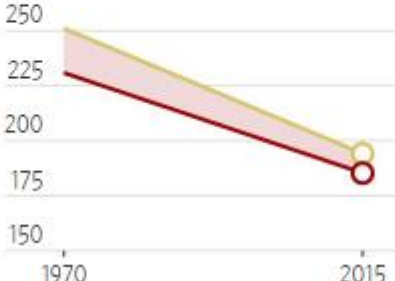


Infant mortality per 1,000 live births

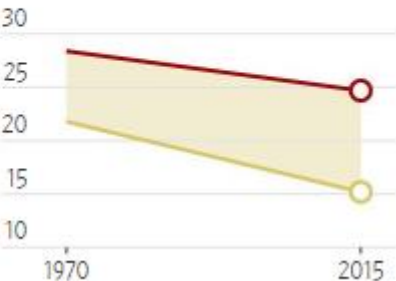


Deaths per 100,000 population

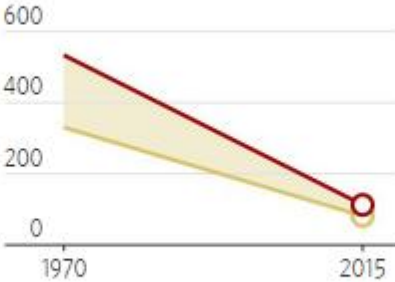
CANCER



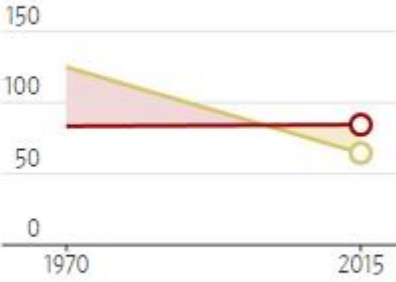
DIABETES



CORONARY HEART DISEASE



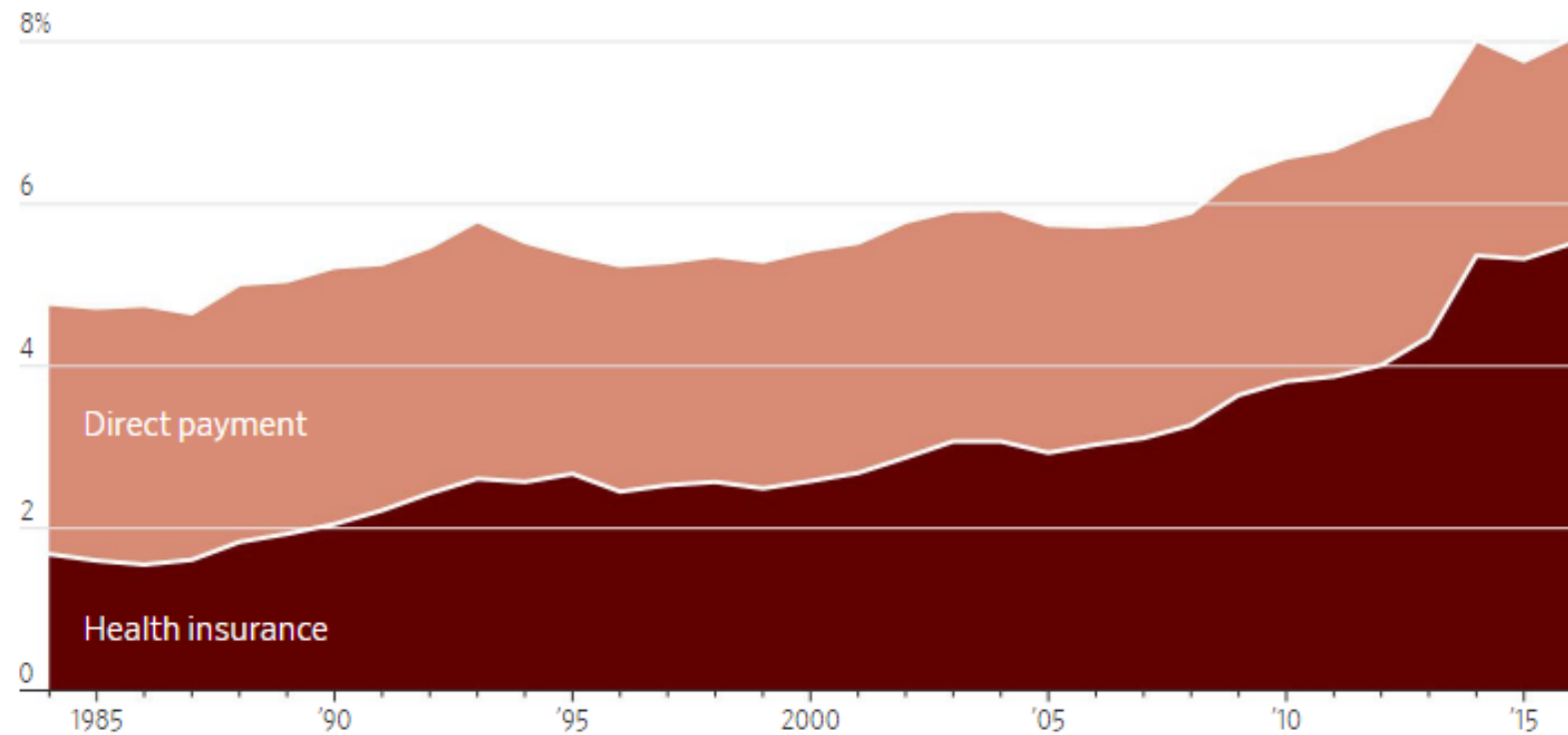
RESPIRATORY DISEASE



Note: Average is of 15 OECD nations with the largest per capita GDP for which data were available in all years.

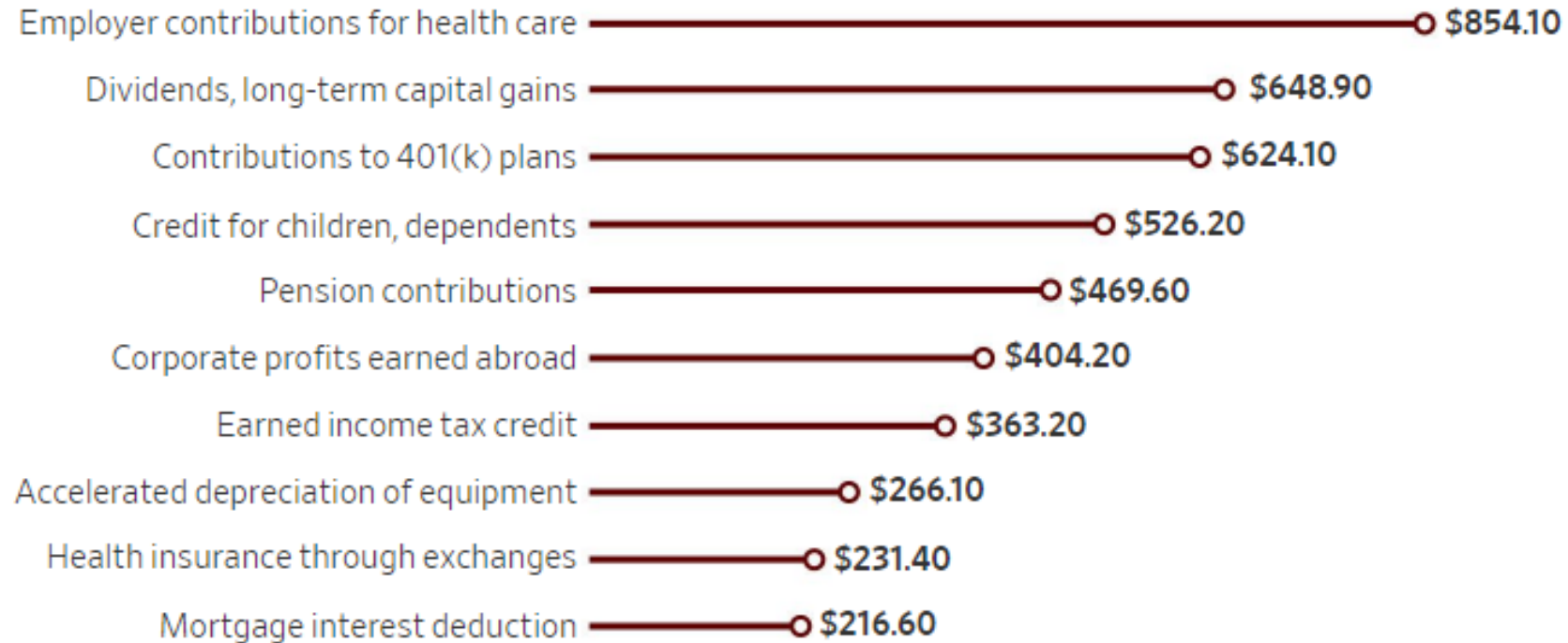
Source: OECD

Percentage of consumer expenditures devoted to health care



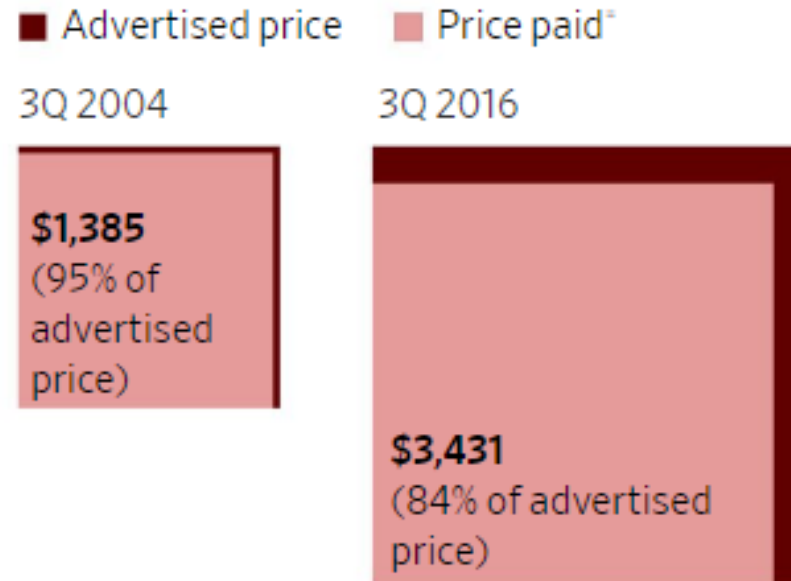
Source: Labor Department

Projected revenue losses due to federal income-tax breaks, top 10 categories, in billions, 2017-21



Source: Joint Committee on Taxation

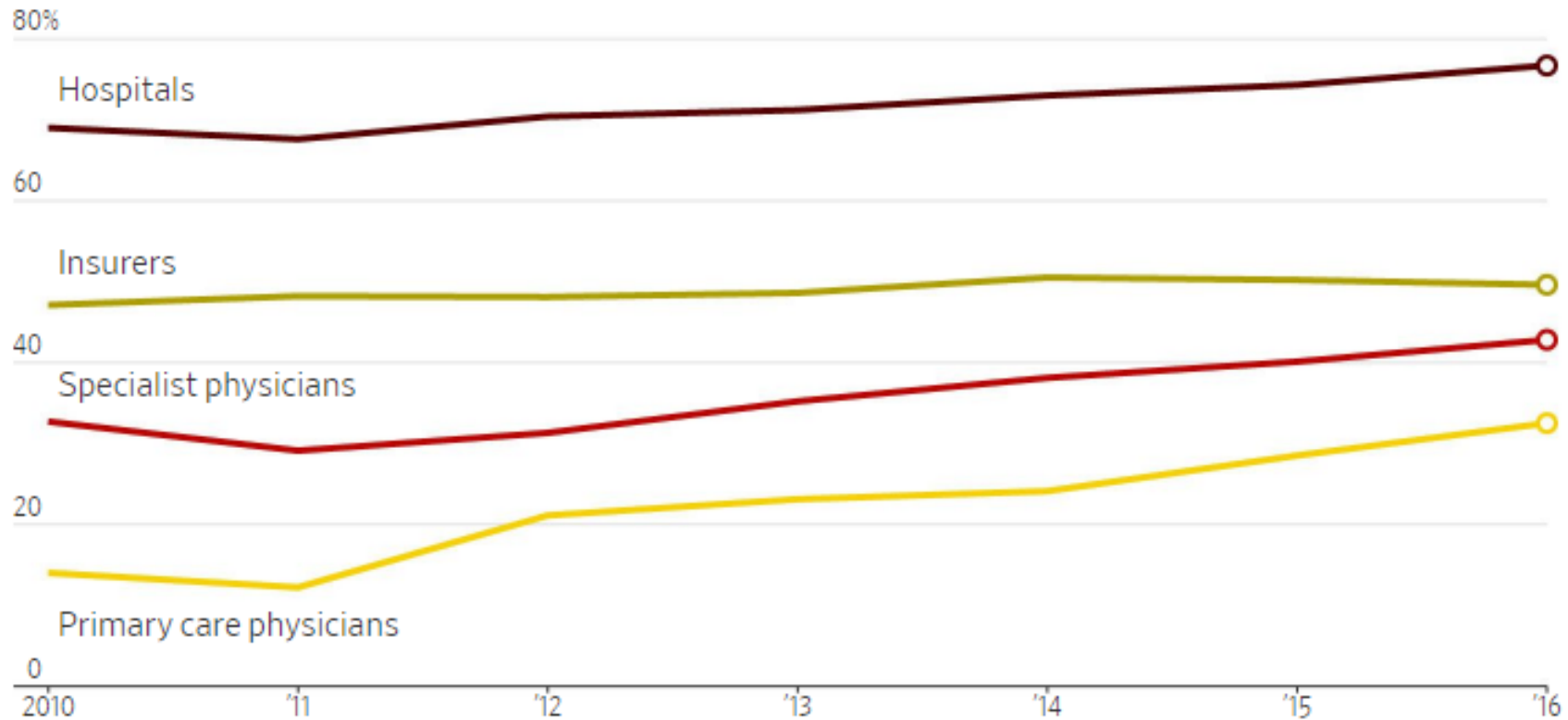
Price for monthly Humira treatment



*Doesn't include the impact of Medicaid rebates. Note: Data are adjusted for inflation; for Humira 40mg/0.8ml Kit

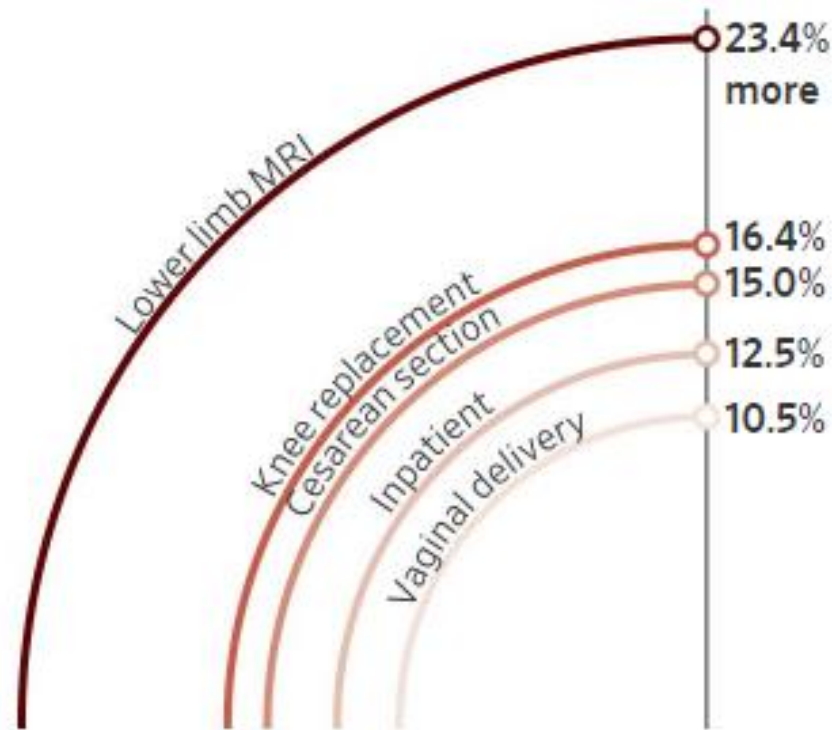
Sources: Centers for Medicare & Medicaid Services; Truven Health Analytics/IBM Watson Health

Percentage of population in metropolitan areas* with high market concentrations



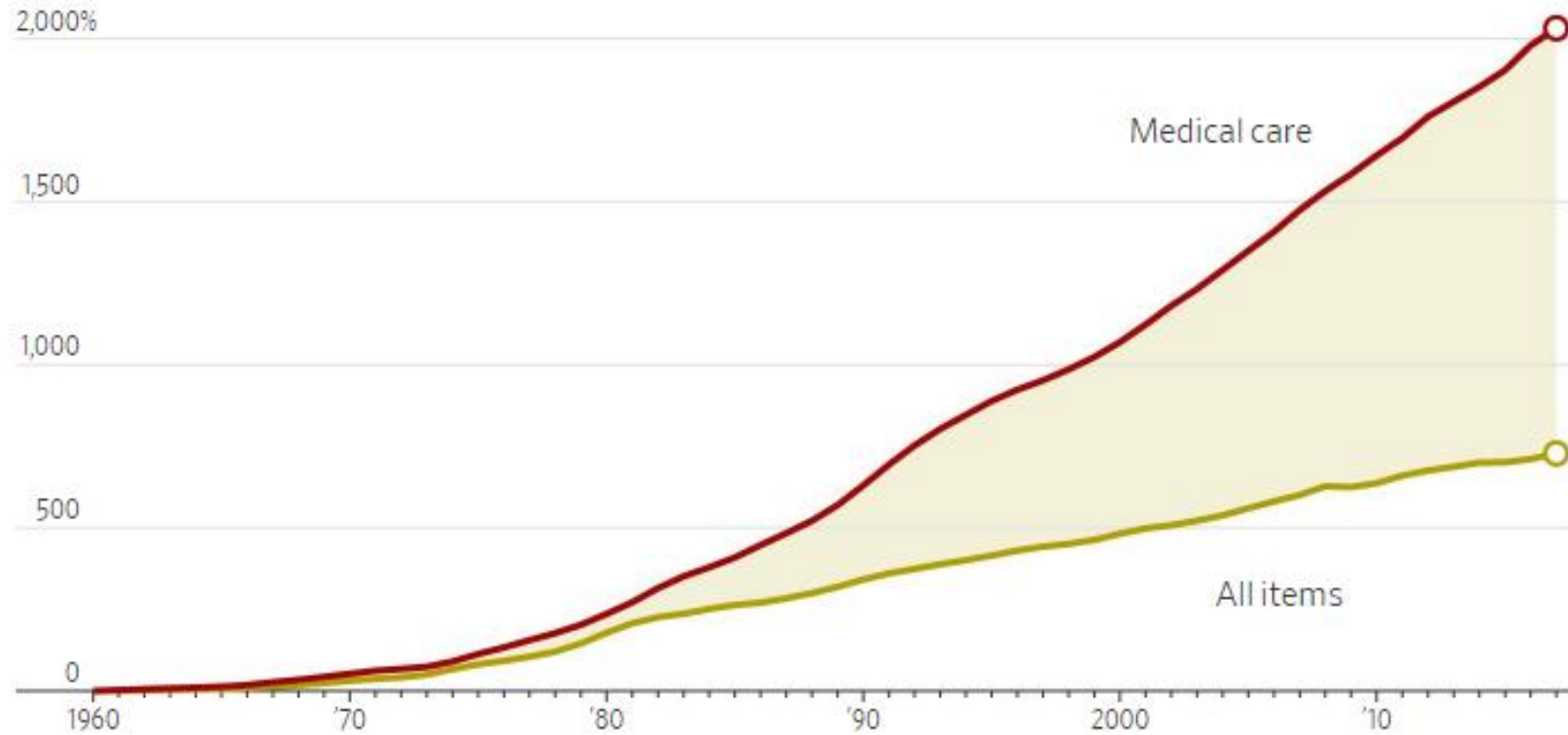
Source: Nicholas C. Petris Center on Health Care Markets and Consumer Welfare, School of Public Health, University of California, Berkeley* With fewer than three million people

How much more people pay at monopoly hospitals vs. in markets with at least four hospitals



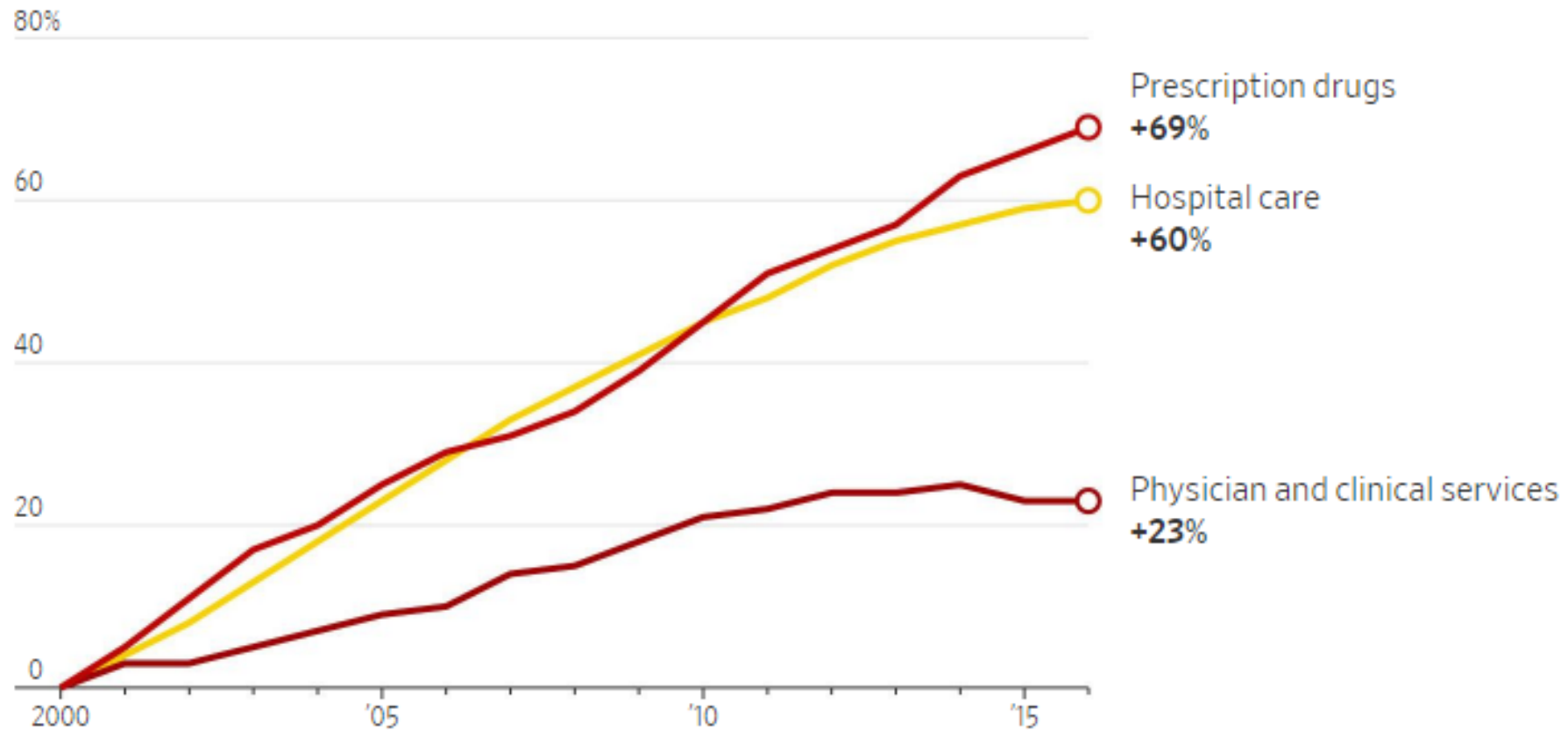
Source: Forthcoming paper by Zack Cooper, Stuart Craig, Martin Gaynor, and John Van Reenen in the Quarterly Journal of Economics

Consumer-price index, percentage change since 1960



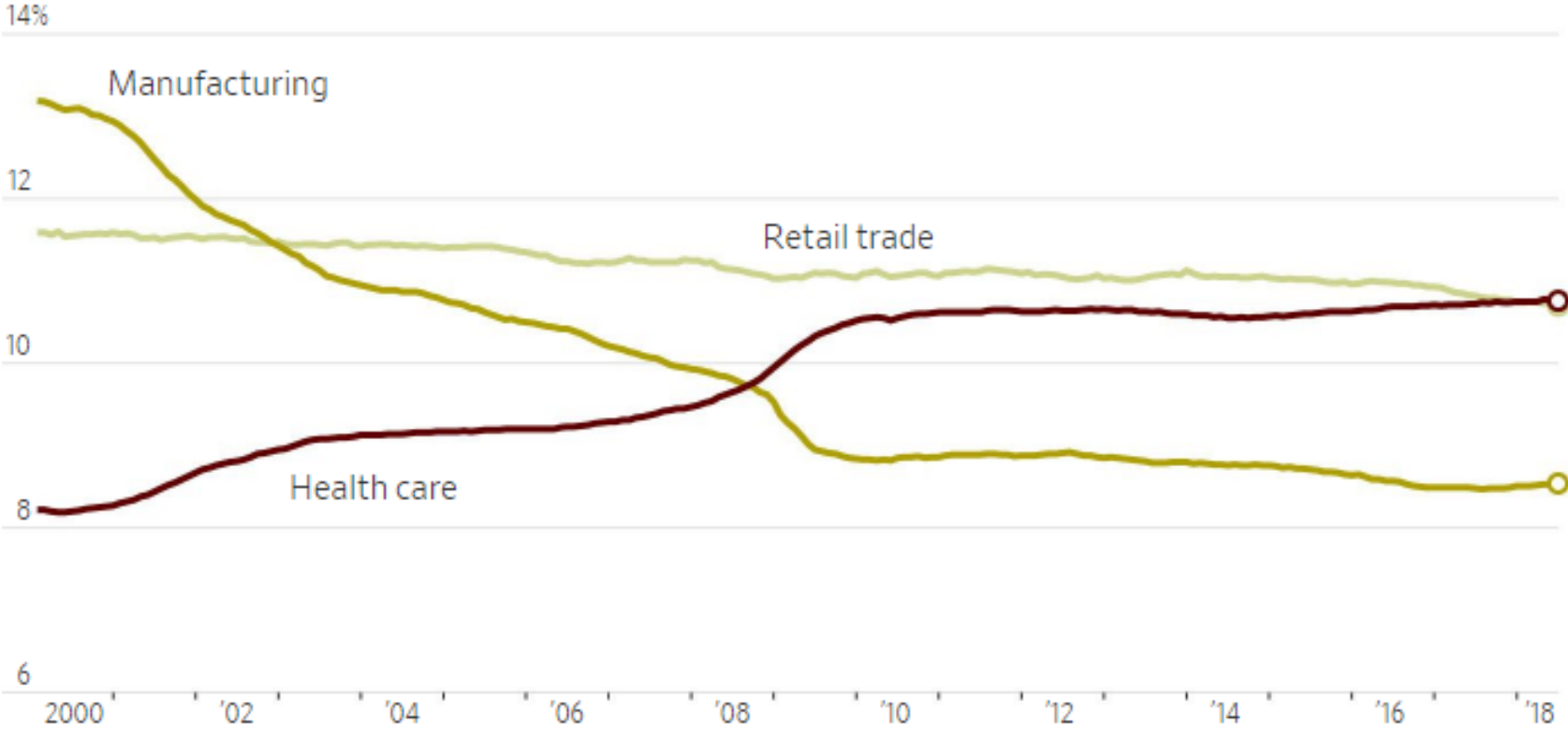
Source: Labor Department

Price growth since 2000



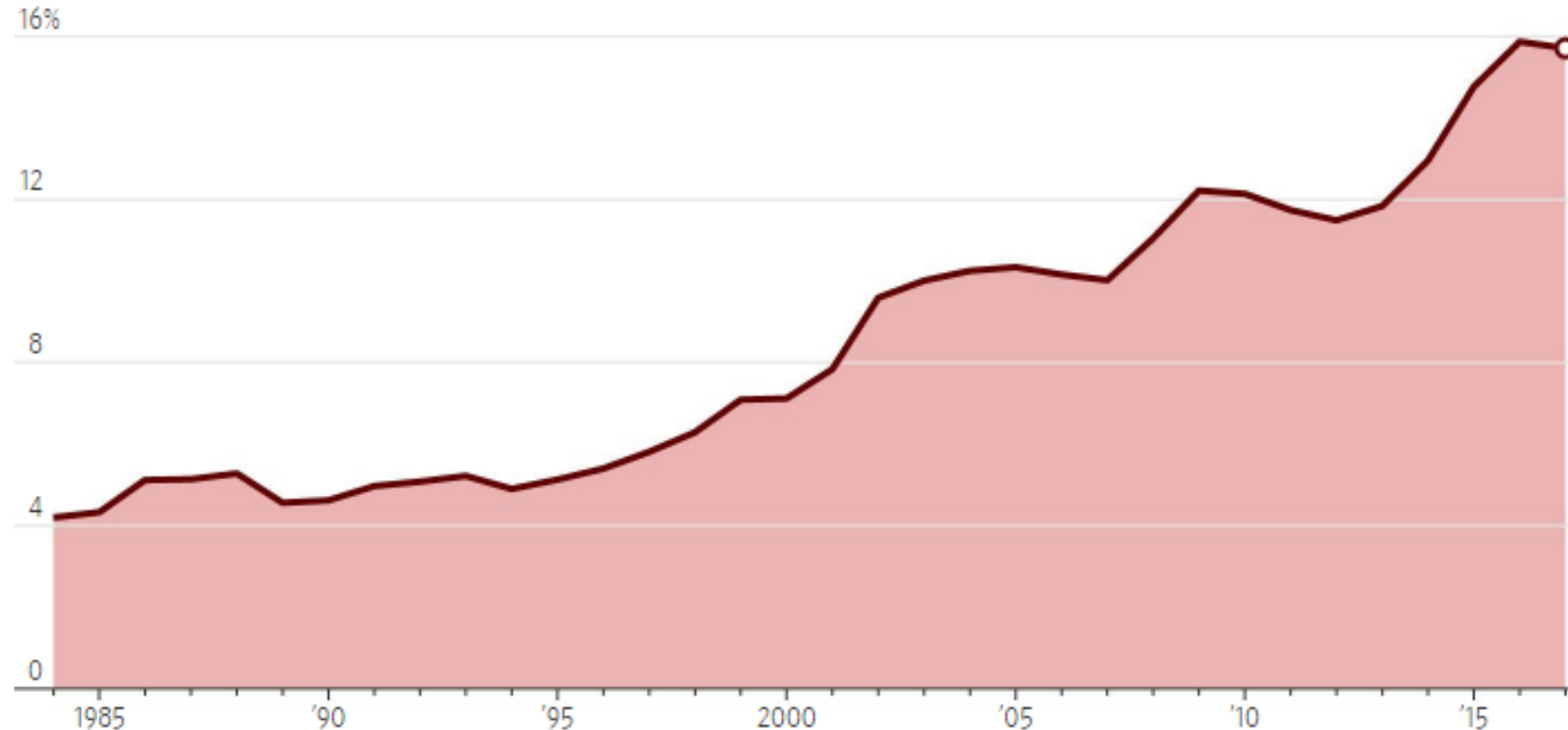
Source: Centers for Medicare & Medicaid Services

Percentage of total employment, by industry



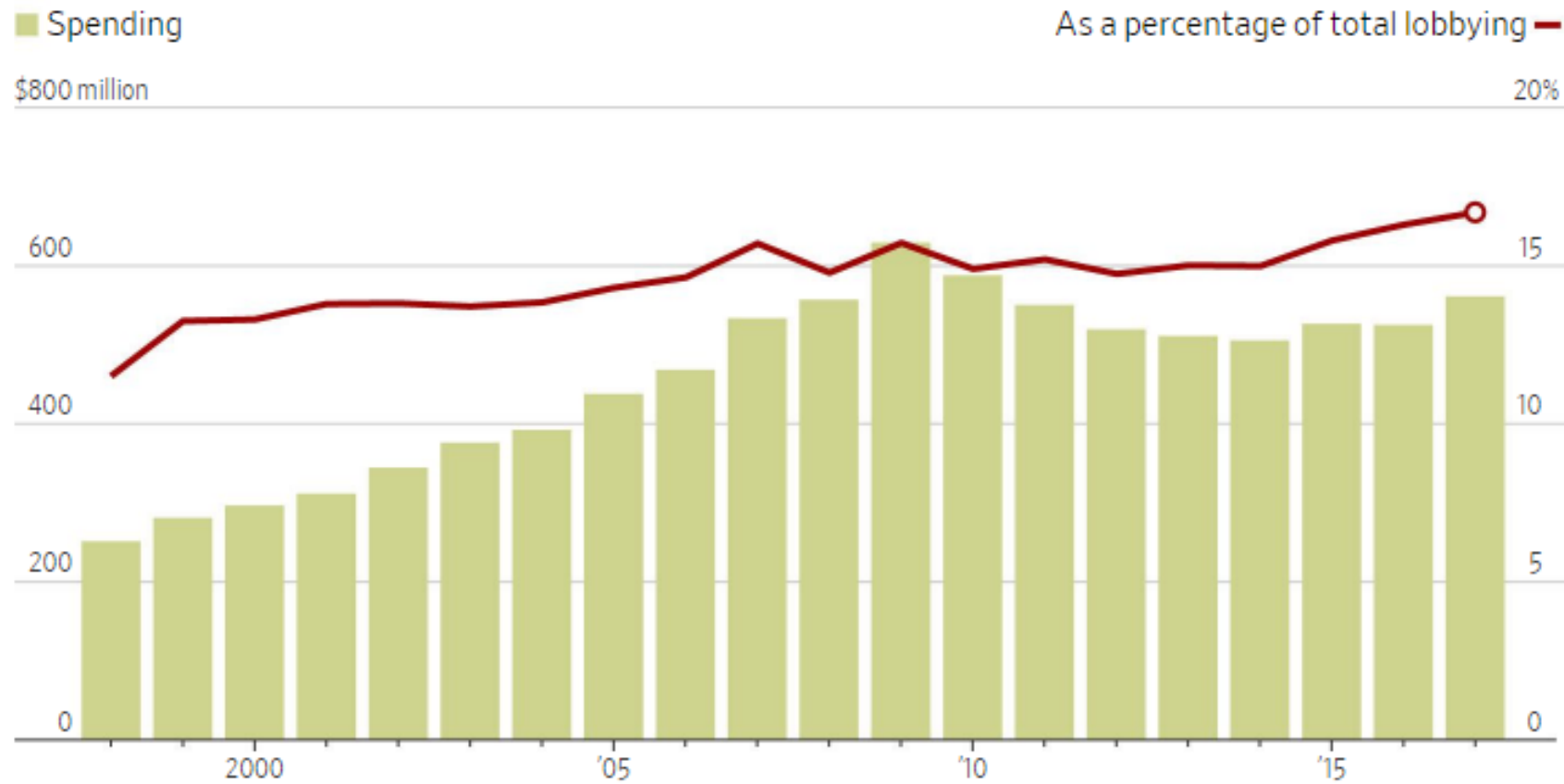
Source: Labor Department

Percentage of S&P 500 revenues reported by health-care companies



Source: WSJ analysis of S&P Global Market Intelligence data

Lobbying spending by health-care industry



Note: adjusted for inflation to 2017 dollars

Source: Center for Responsive Politics