In the past few decades, spending on healthcare in the U.S. has increased exponentially, far outpacing the growth in healthcare spending in comparable, industrialized countries, as well as the growth of overall U.S. gross domestic product (GDP). The amount the U.S. spent on healthcare in 2011 accounted for over 17% of the national GDP, or approximately $8,680 per capita. Despite the significant amount of money spent on healthcare in the U.S., the U.S. is consistently ranked average or slightly below average on many “quality of care indicators” compared to other, industrialized countries. These health outcomes rankings demonstrate that the U.S. may not be receiving sufficient “value per dollar” spent on the population’s healthcare.

The high cost of healthcare in the U.S. has not resulted in better health outcomes; rather, despite high costs, quality in the U.S. healthcare system is variable and does not necessarily result in better health outcomes than those countries with less expensive systems. For example, in 2006, the U.S. spent more on healthcare than any other country, but ranked 39th for infant mortality, 43rd for adult female mortality, 42nd for adult male mortality, and 36th for life expectancy, as compared to 190 World Health Organization member states. Additionally, in a recent Bloomberg publication which ranked 48 countries with advanced economies for “efficiency” in healthcare, the U.S. ranked close to the bottom, coming in at 46 overall. The U.S. obtained an “efficiency score” of 30.8, based on measures of life expectancy and healthcare cost per capita, compared to Hong Kong, which ranked number 1, with an efficiency score of 92.6. These figures appear to demonstrate that the U.S.’s monetary investment in healthcare has not yielded correspondingly high marks in healthcare quality.

Spending statistics from the Centers for Medicare and Medicaid Services (CMS) indicate that increases in healthcare spending have recently slowed. In 2012, U.S. healthcare spending increased by just 3.7%, marking the fourth straight year of historically low spending increases. For comparison, the rate of increase in healthcare spending peaked from 2001 to 2003, increasing at a rate of 8.8% each year. However, it is not apparent that this recent trend in healthcare spending is attributable to more efficient spending and better health outcomes.

For example, a recent study conducted by the Kaiser Family Foundation and Altarum Institute attributes 77% of the recent slowdown in healthcare spending to the effects of the economic downturn. The study ascribes the other 23% of the slowdown in healthcare spending to changes in the healthcare system, including increased consumer cost-sharing, tighter managed care, and modifications in payment and delivery. As such, to the extent that the slowdown in healthcare spending is derived from a temporary phenomenon initiated by the Great Recession, health spending can be expected to rebound as the domestic economy recovers. As a result, the recent decrease in healthcare spending is not necessarily evidence of an increase in the “value per dollar” spent on healthcare in the U.S.

The subsequent articles in this three-part Health Capital Topics series will examine waste which contributes to unnecessary expense and inefficiency in the healthcare system, as well as possible solutions aimed at reducing inefficiencies and increasing the “value per dollar” spent on healthcare.

4 Squires, May 2012, p. 9.
7 Ibid.

11 Altman, March 5, 2014; The Henry J. Kaiser Family Foundation, April 22, 2013.


13 Ibid.
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