



Why Is U.S. Health Care So Expensive?

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A new report comparing the United States to other industrialized countries has a depressing list of all the ways that America outstrips other countries in money spent but lags behind in health quality results. For example:

* Per person, the U.S. spends twice as much on health care as on food, and much more than the average Chinese person spends on EVERYTHING. (See slide #1 of the interactive graphic of the McKinsey Global Institute report [here](#).)

* "Branded" prescription drugs are 77 percent more expensive in the U.S., and because we use a more expensive mix of drugs than other countries (being quicker to adopt new and expensive drugs),

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the average spending on drugs per person is more than double other industrialized countries. (Slide #8.)

* We lag behind 22 other advanced countries in life expectancy but spend around \$650 billion more per year than our population's mix of health conditions would predict. (Slide #4)

* Administration costs -- paperwork, claims processing, etc. -- are on average five times more expensive in the United States. (Slide #9.)

* The care in the U.S. is much more **intense** than elsewhere -- more expensive surgical procedures, more diagnostic tests, but we spend less on prevention than elsewhere.

* We also are shifting more to outpatient care instead of care with overnight stays in hospitals, but that has not cut costs. The outpatient care is much more profitable for providers than inpatient care, and it tends to be more intense.

The New York Times did some arresting graphics on the McKinsey report. [Click here](#) to see them. Note that the U.S. appears as a red dot, "peer" European economies like Germany and the UK are yellow dots, and other industrialized countries are gray dots.

The red dot never wins on these graphs -- except on expense.

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