Hospital Price Increases for Inpatient Services Will Cost Consumers and Employers $250 Billion over the Next Decade

The annual cost of hospital inpatient services for privately insured individuals exceeded $200 billion in 2018 and is projected to exceed $350 billion in 2029.1 Hospital inpatient spending growth is influenced by several factors, including prices charged by hospital facilities (hospital prices), prices charged by physicians practicing within these hospitals (physician prices), and patients’ utilization of inpatient services.

**Hospital Prices are the Biggest Driver of Inpatient Spending**

Between 2013 and 2017:

- Hospital prices for inpatient services increased 19 percent, about 4.5 percent per year.
- Physician prices for inpatient services increased 10 percent, about 2.5 percent per year.
- Utilization of inpatient services delivered by hospitals and physicians each declined 5 percent.

**Savings Opportunity**

If hospital price increases for all inpatient services were moderated by just two percentage points per year between 2020 and 2029, hospital inpatient spending for privately insured individuals would be reduced by over $50 billion in 2029 and $250 billion over the decade.3
Price Increases for Common Hospital Inpatient Services

While overall growth in hospital prices exceeded growth in physician prices by an annual average of two percentage points between 2013 and 2017, the differences were greater for many common types of hospital inpatient services.

Average Annual Increase in Prices for Common Hospital Inpatient Services, 2013-2017

- **Hypertension**: Hospital Prices - 6.5%, Physician Prices - 1.0%
- **Childbirth, Vaginal Delivery**: Hospital Prices - 6.0%, Physician Prices - 2.0%
- **Childbirth, Cesarean Section**: Hospital Prices - 5.5%, Physician Prices - 2.0%
- **Coronary Bypass**: Hospital Prices - 6.0%, Physician Prices - 1.5%
- **Appendectomy**: Hospital Prices - 7.5%, Physician Prices - 0%

**Slowing the growth of hospital inpatient costs** – by reducing hospital price increases to the level of physician price increases – would make health care more affordable for consumers and employers.

Methodology and sources for citations are available at: www.unitedhealthgroup.com/affordability.