



## IN CASE YOU MISSED IT

### Wall Street Journal: Surging Hospital Prices Helping Keep Inflation High

**June 18, 2024** – The Wall Street Journal recently published a [report](#) highlighting the fact that surging hospital prices have contributed to stubbornly high inflation in the United States. The article notes that the U.S. Labor Department found that hospital prices specifically jumped 7.7% in April from a year ago, the highest increase in any month since October 2010.

# THE WALL STREET JOURNAL.

## Surging Hospital Prices Are Helping Keep Inflation High

A 7.7% increase in prices at hospitals last month was the highest in 13 years

By [Melanie Evans](#)  
May 16, 2024 5:34 am ET

One reason U.S. inflation [is still high](#): Increases in prices for procedures to prop open clogged arteries, provide intensive care for newborns and biopsy breasts.

Hospitals didn't raise prices as early in the pandemic as supermarkets, retailers and restaurants. But they have been making up ground since then. Their increases have contributed to stubbornly high inflation readings from the consumer-price index, which in April increased 3.4% from a year ago.

Hospital prices specifically jumped 7.7% last month from a year ago, the highest increase in any month since October 2010, the Labor Department said Wednesday.

Among the procedures with hefty recent price increases are angioplasties placing stents in arteries to improve blood flow, which grew \$670, or 4.5%, to \$15,640 in the first three months of the year from the same period a year ago, according to Turquoise Health.

Intensive care of newborns rose

commercial health insurers. Prices are an average, weighted for hospital size.

Prices for biopsies of the breast using a needle increased \$220 during the period, or 4.6%, to \$5,027, the Turquoise analysis found.

For patients and their employers, the increases have meant higher health-insurance premiums, as well as limiting wage hikes.

Hospitals didn't raise prices as early in the pandemic as supermarkets, retailers and restaurants. But they have been making up ground since then. Their increases have contributed to stubbornly high inflation readings from the consumer-price index, which in April increased 3.4% from a year ago.

costs across the U.S. economy, was the lowest since April 2021. That heartened investors who had been concerned that inflation was climbing too much and would require raising interest rates.

A 7.7% increase in prices at hospitals last month was the highest in 13 years

Yet inflation remains elevated, and the month's slowdown probably wasn't enough to trigger interest-rate cuts.

Rent increases are the [biggest driver](#) of inflation, according to economists, but rising hospital prices have also contributed. "It's the one big thing that's obviously not helping out here," Moody's Analytics chief economist Mark Zandi said.

Hospitals sat out the first waves of inflation that swept through the economy in recent years, though not by choice. Their prices were locked in under contracts with health insurers, for more than a year in some cases. As hospitals have renegotiated prices, inflation has taken hold.

during the same period by roughly \$200 to \$400, or more than 5%, to as much as \$7,939 a day, depending on the specific kind of care, according to Turquoise, which analyzed for The Wall Street Journal prices charged by more than 300 hospitals as published by major

---

The CPI for hospitals is largely a measure of prices for privately insured and cash-paying patients. It also includes Medicare outpatient prices. Overall, last month's increase in the core CPI, a gauge for goods and service

That is because hospitals have demanded higher prices from commercial health insurers to pay for soaring wages for nurses and other workers. Hiring and openings in healthcare have remained strong even as employment in other industries has slowed.

\*\*\*

Wrangling over the prices has turned contentious in some cases, with hospitals and insurers taking fights public by threatening to cancel contracts. Some have broken off agreements, leaving patients to scramble for new hospitals and doctors that will accept their insurance.

---

**For patients and their employers, the increases have meant higher health-insurance premiums, as well as limiting wage hikes.**

Economists said they expect higher hospital inflation to persist as recent years' labor-market disruption continues to ripple through wages and health-insurance contracts.

"We're not expecting much slowing," said Alan Detmeister, an economist for UBS. "This was a very large shock that we saw in the healthcare industry over Covid, and it takes years for those to pass through to the prices."

Hospital price increases are responsible for about 23% of the growth in U.S. health spending each year, on average, according to an analysis by federal actuaries for the Journal. Health-insurance premiums last year shot up at the fastest rate in a decade.

Premiums rise with health spending. Public employees in California saw premiums increase 11% this year, largely because of rising prices, which alone raised their premiums by 8%, said the California Public Employees' Retirement System.

---

**Hospital price increases are responsible for about 23% of the growth in U.S. health spending each year, on average, according to an analysis by federal actuaries for the Journal.**

---

Businesses owners in some cases are seeking to pass those costs on to their customers, which could add to pricing pressure economywide.

---

**Premiums rise with health spending. Public employees in California saw premiums increase 11% this year, largely because of rising prices, which alone raised their premiums by 8%, said the California Public Employees' Retirement System.**

---

Customers may balk at another price increase, leaving companies to find ways to absorb higher healthcare costs. "It's more likely that will eat into their margin and make it more difficult for them to expand, to hire, to invest," Zandi said. "That's clearly what the Fed's counting on."

###

CAHP is a statewide association representing 42 full-service health plans. Through legislative advocacy, education and collaboration with other member organizations,

CAHP works to sustain a strong environment in which our member plans can provide access to products that offer choice and flexibility to the more than 28 million members they serve. For more information, please visit

<http://www.calhealthplans.org/> or call (916) 552-2910.