

TORN FROM THE HEADLINES: The Skyrocketing Costs of Hospital Care

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

“Hospital prices specifically jumped 7.7% last month from a year ago, the highest increase in any month since October 2010”

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

“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.”

“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.”

“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 prices are on the upswing, pressuring patients and slowing progress on efforts to trim overall inflation.”

“In April, prices for medical care rose 2.7% year-over-year, the Labor Department reported last week. Prices specifically for hospital services, meanwhile, rose 7.7%.”

“Since 2020, prices for medical care have increased 119.2%, compared with an increase of 85% for all goods and services.”

THE WALL STREET JOURNAL.

Surging Hospital Prices Are Helping Keep Inflation High

May 16, 2024

Modern Healthcare

Here’s how much hospital prices are rising – and why

May 23, 2024

“Roughly one in every three healthcare dollars the U.S. spends goes to hospitals. That is by far the largest cost category in American healthcare.”

“Rising costs don’t just lead to alarmingly high medical bills—they also make all of us worse off by increasing premiums, the bulk of which are paid by the nation’s employers.”

“Hospitals keep getting bigger while promising more access and affordability for patients. Instead, prices keep going higher.”

THE WALL STREET JOURNAL.

As Hospitals Grow, So Does Your Bill

June 6, 2024

Modern Healthcare

Hospitals charged private insurers 254% of Medicare in 2022: Rand

May 12, 2024

“Commercial insurers’ payments to hospitals amounted to, on average, 254% of Medicare rates in 2022, up from 243% in 2021 and 241% in 2020”

“A significant reason why one hospital costs more than another is higher market share and more pricing power, not necessarily because the hospital costs more to run or delivers higher quality services”

– Researcher Brian Biscombe

Los Angeles Times

Leaked SoCal hospital records reveal huge, automated markups for healthcare

December 10, 2021

“Ridiculous, seemingly arbitrary price markups are a defining characteristic of the \$4-trillion U.S. healthcare system — and a key reason Americans pay more for treatment than anyone else in the world.”

“But to see price hikes of as much as 675% being imposed in real time, automatically, by a hospital’s computer system still takes your breath away.”

“The eye-popping increases are so routine, apparently, the software even displays the formula it uses to convert reasonable medical costs to billed amounts that are much, much higher.”

“Call it institutionalized price gouging. And it’s apparently widespread because the same or similar software is used by other hospitals nationwide, including UCLA, and around the world.”

“Healthcare providers routinely ignore the actual cost of treatment when calculating bills and instead cook up nonsensical figures to push reimbursement from insurers higher.”

“But one common aspect of all U.S. hospitals is a desire to keep their pricing under wraps, to prevent patients from knowing how badly they and their insurers are being fleeced.”