The Hidden Costs of U.S. Health Care for Consumers: A Comprehensive Analysis

Executive summary

The official National Health Expenditure Accounts (NHEA) do not capture all health-related spending. Deloitte’s study, developed in collaboration with Oxford Economics, aims to provide a more comprehensive estimate of U.S. spending on all health-related goods and services.

Building upon the NHEA data, this study adopted a broad view of health care expenditures which includes both direct and indirect costs, as well as items such as functional foods and nutritional supplements, complementary and alternative medicine (CAM) goods and services, and the imputed value of unpaid supervisory care provided to sick people by family and friends.

Detailed estimates in this study are based on 2009 figures. The study is given further depth with data from a phone survey of 1,008 adult U.S. consumers conducted by Harris Interactive in September-October 2010.

Study Highlights

- Total U.S. health care expenditures in 2009 were an estimated $2.83 trillion—a 26 percent increase from $2.25 trillion in 2005.
- U.S. health care spending is dominated by big ticket, “necessary expenditure” items of hospital care ($760 billion, or 27 percent of total expenditures), professional care ($832 billion, or 29 percent), and prescription drugs ($246.3 billion, or 9 percent).
- Total discretionary costs for health care (direct and indirect) totaled $1,892 per capita in 2009.
- Over half of the additional costs for health goods or services identified additional to the NHEA (55 percent) were in one key area: the imputed value of providing supervisory care to another. Almost all supervisory care was provided to people living in families with lower incomes.
- Individuals living in families earning less than $10,000 per year accounted for 11 percent of all health care costs in 2009. The shares for families earning $10,000-$25,000, $25,000-$50,000, and $50,000-$100,000 were 21 percent, 25 percent, and 26 percent, respectively.
- One-person family units comprised 24 percent of total health care expenditures, with two-person families accounting for 37 percent.
- Health care costs for people 65+ made up 36 percent of the total ($1.01 trillion). Senior health care use concentrates...
on hospitals, long-term care, supervisory care, and physicians/clinical services.