

# Medicines account for just 1% of the growth in US hospital spending

Between 2015 and 2020, hospital spending grew by over \$280 billion in the United States. Of this total, spending on medicines accounted for **just 1%**.

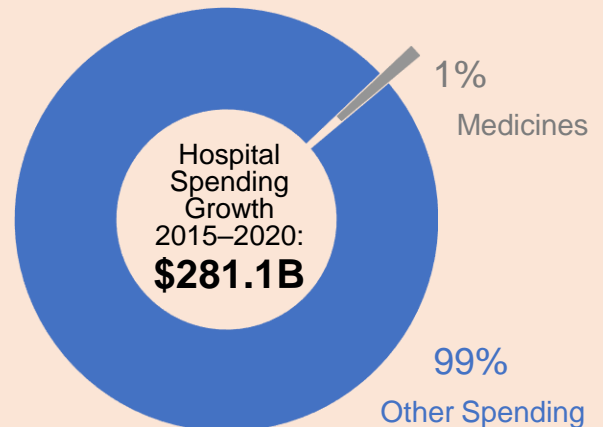
## WHAT HOSPITALS CLAIMED



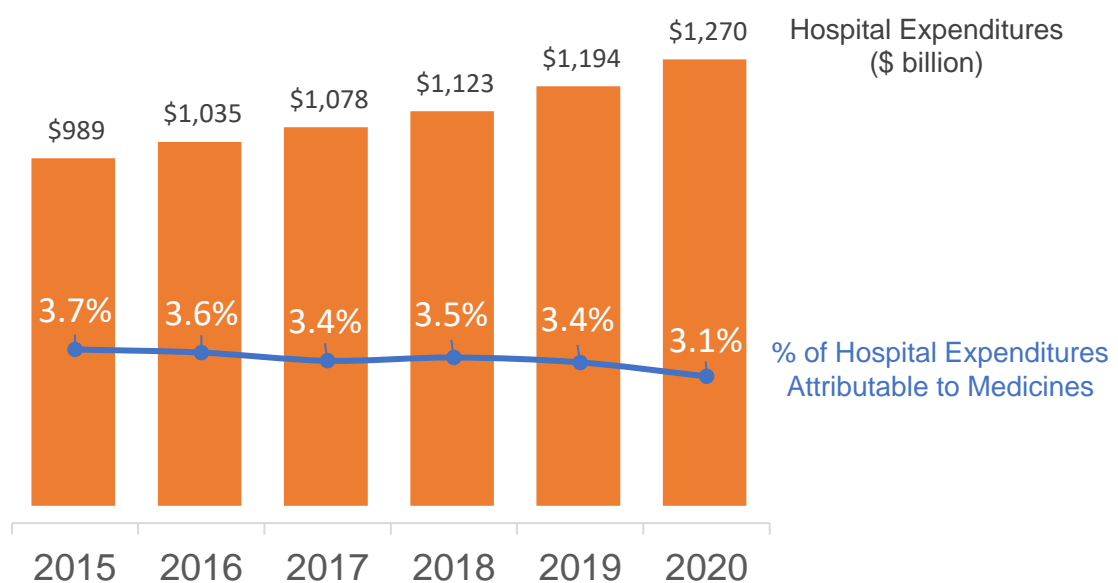
“... drug companies’ decisions to raise the prices of their drugs are simply an unsustainable practice.”

- American Hospital Association<sup>1</sup>

## WHAT ACTUALLY HAPPENED



Between 2015-2020, the proportion of hospital expenditures attributable to medicines decreased from 3.7% to 3.1%



## RESULTS

- In 2020, the US spent \$1,270.1 billion on hospital care – \$281.1 billion more than in 2015.<sup>2</sup>
- In 2020, hospitals spent \$39.2 billion on inpatient and outpatient drugs – a growth of \$3.1 billion compared to 2015.<sup>3</sup>

## METHODS

- Annual drug expenses were obtained from IQVIA and included federal and non-federal hospital drug spending.<sup>3</sup>
- Annual hospital expenditures were based on data from CMS.<sup>2</sup>
- The proportion of the total hospital expenditures attributable to medicines was calculated by dividing the total spent on drugs by total hospital expenditures.
- The proportion of the increase attributable to drugs was calculated by dividing the increase in drug spending at hospitals (\$3.1 billion) by the total increase in overall hospital expenditures (\$281 billion).

## REFERENCES

1. Massive Growth in Expenses and Rising Inflation Fuel Continued Financial Challenges for America’s Hospitals and Health Systems. <https://www.aha.org/system/files/media/file/2022/04/2022-Hospital-Expenses-Increase-Report-Final-Final.pdf>. Published April 2022.
2. National Health Expenditure Data. Centers for Medicare & Medicaid Services <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical>. Accessed: 08/22/2022.
3. Unpublished analysis of IQVIA data. Accessed: 6/21/2022.