

Medicines are not the major driver of hospital spending increases

Increased spending on medicines accounted for **just 10%** of total hospital spending growth between 2015 and 2017

“... [W]e are in the midst of a prescription drug spending crisis that threatens patient access to care and hospitals’ and health systems’ ability to provide the highest quality of care.”

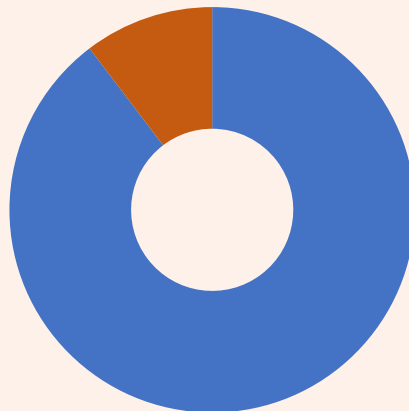
- Rick Pollack, American Hospital Association President and CEO¹

WHAT ACTUALLY HAPPENS

- In 2017, the US spent \$108.1 billion more on hospital care than in 2015.²
- In 2017, hospitals spent \$11.1 billion more on inpatient and outpatient drugs than in 2015.

Increased drug expenses explain at most 10% of the growth in hospital spending observed between 2015 and 2017

Medicine expenses (10%)



Other expenses (90%)

The annual spending for the average US hospital grew by \$17.6 million between 2015 and 2017, with drug expenses increasing by \$1.8 million³



Other expenses
(\$15.8 million)

Medicine expenses
(\$1.8 million)

METHODS

- Total drug expenses was calculated by multiplying the number of US hospitals in 2017 (6,120)⁴ and the average increase in drug spending per hospital (\$1.8 million).¹ \$11.1 billion is approximately 10% of the \$108.1 billion increase in hospital care spending.²
- Total hospital spending calculated by dividing the total increase in hospital care spending between 2015 and 2017 (\$108.1 billion) by the number of US hospitals in 2017 (6,120).⁴

REFERENCES

1. New Report Shows Impact of Rising Drug Prices and Drug Shortages on Patients and Hospitals. American Hospital Association. <https://www.aha.org/press-releases/2019-01-15-new-report-shows-impact-rising-drug-prices-and-drug-shortages-patients>. Published January 15, 2019.
2. Martin AB et al. National Health Care Spending In 2017: Growth Slows To Post-Great Recession Rates; Share Of GDP Stabilizes. *Health Affairs*. 2019;38(1):10.1377. Exhibit 5, Hospital Care - \$1,034.5 billion (2015) to \$1,142.6 billion (2017).
3. Recent Trends in Hospital Drug Spending and Manufacturer Shortages. American Hospital Association. <https://www.aha.org/2019-01-15-recent-trends-hospital-drug-spending-and-manufacturer-shortages>. Published January 15, 2019.
4. American Hospital Association. *AHA Hospital Statistics: A Comprehensive Reference for Analysis and Comparison of Hospital Trends*. Chicago, Illinois: AHA - Health Forum; 2019.