

Hospital Price Increases for Inpatient Services Will Cost Consumers and Employers \$250 Billion over the Next Decade: Methodology and Citations

Methodology

UnitedHealthcare hospital inpatient claims were analyzed for individuals with employer coverage from 2013 through 2017. Annual growth rates in utilization, prices, and intensity of service use were calculated for the allowed cost of facility-based and physician-based inpatient services. Then, the differential in average annual price growth, adjusted for changes in intensity, between facility-based and physician-based inpatient services was calculated and applied to projections of annual spending on facility-based inpatient services in the U.S. commercial insurance market to estimate potential system-wide cost reductions. In order to ensure an apples-to-apples comparison, the price increases shown in this brief reflect unit prices that have been adjusted for changes in intensity. Between 2013 and 2017 the intensity of facility-based hospital inpatient services increased 9 percent and the intensity of physician-based hospital inpatient services declined 2 percent. Price increases (adjusted for changes in intensity) are shown as illustrative examples for the following Diagnostic Related Groups (DRGs): Hypertension without major complication or comorbidity (DRG 305), Vaginal delivery without complicating diagnoses (DRG 775), Cesarean section without complication or comorbidity (DRG 766), Coronary bypass without cardiac catheterization without major complication or comorbidity (DRG 236), and Appendectomy without complicated principal diagnosis without complication or comorbidity (DRG 343).

Citations

- ¹ UnitedHealth Group analysis conducted in 2019 of U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services, National Health Expenditures Data and UnitedHealthcare (UHC) analysis of U.S. commercial claims from 2018.
www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/nationalhealthaccountshistorical.html
- ² UHC analysis conducted in 2019 of U.S. commercial claims from 2013 through 2017.
- ³ UnitedHealth Group projections based on Centers for Medicare & Medicaid Services and UHC data.

The brief is available at: www.unitedhealthgroup.com/affordability.