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HEALTH • HEALTHCARE

# Why the U.S. Spends So Much on Healthcare

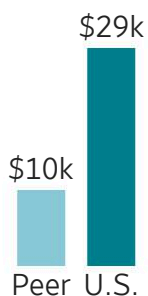
## A big reason is the high prices Americans pay for surgeries and drugs

By Andrew Mollica [Follow](#) and Anna Wilde Mathews [Follow](#)

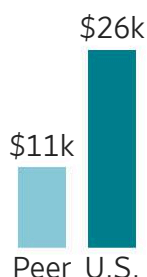
April 6, 2026 5:30 am ET

### Cost of inpatient procedures

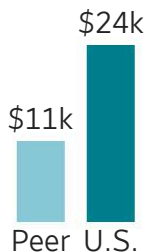
TOTAL HIP REPLACEMENT



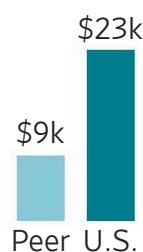
TOTAL KNEE REPLACEMENT



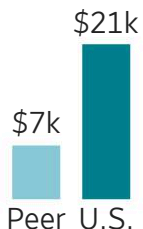
PROSTATECTOMY (ROBOTIC)



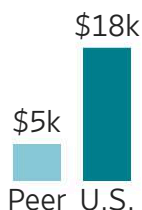
SLEEVE GASTRECTOMY



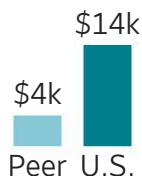
SPINAL DECOMPRESSION



CHOLECYSTECTOMY



CHILDBIRTH (C-SECTION)



APPENDECTOMY



Note: Median claims paid by private insurers as of 2022 in U.S. dollars. Peer nation is the median of the 8 other nations in the dataset.

Sources: International Federation of Health Plans; Health Care Cost Institute

Americans spend more on healthcare than anyone else in the world. Just insuring a family here costs nearly \$27,000 a year, enough to buy a car.

The main cause: Prices are far higher in the U.S. for the same medical products and services, from surgeries to drugs.

American patients have also been using more care recently, including costly hospital treatment and expensive new drugs for weight loss. That has pushed up spending as well.

Here are some of the factors that make U.S. healthcare the most expensive.

# Prescription drugs cost a lot more in the U.S.

Most other nations force drugmakers to accept lower rates, while the U.S. government generally doesn't.

## Median cost of select drugs, 2022

**Herceptin** (For cancer; 450mg injection)



**Enbrel** (For arthritis; 50mg/ml - 4 syringes)



**Eliquis** (For stroke and blood clots; 5mg - 60 pills)



Note: Point-of-sale price paid for privately insured individuals. Does not include all rebates.

Sources: International Federation of Health Plans; Health Care Cost Institute

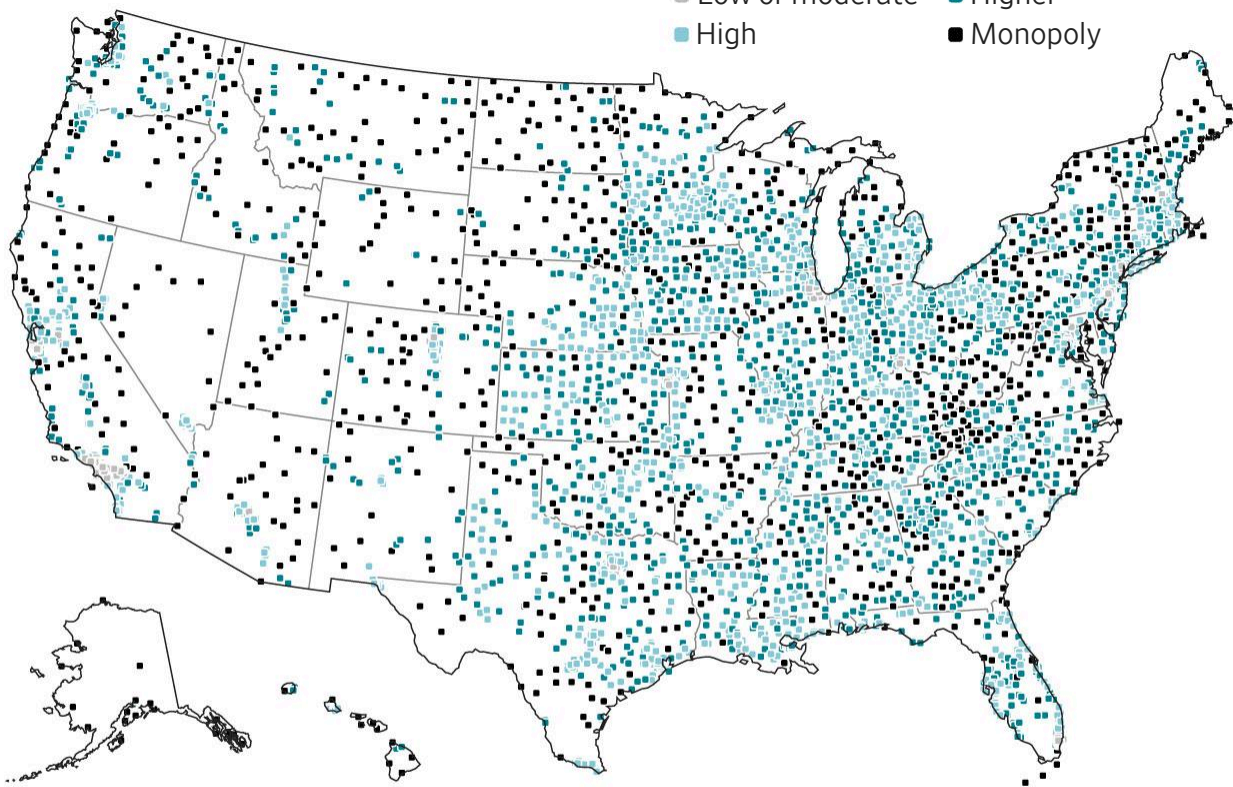
## Big hospitals can charge higher rates because of consolidation

One reason for higher surgery and other prices: Many cities and communities are now dominated by a single hospital system, partly because hospitals have been merging in recent years.

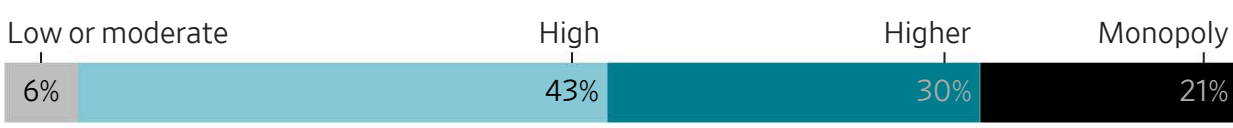
The consolidation has given hospital systems leverage to command higher rates during negotiations with health insurers. The insurers would lose business if powerful hospitals shut them out.

### Hospitals\*, by market concentration, 2025

- Low or moderate
- High
- Higher
- Monopoly



### Share of hospitals by concentration level



\*General, acute-care hospitals  
Source: Health Care Affordability Lab at Yale

## The U.S. spends far more than other countries on administration

The costs include functions like billing, claims processing and customer service.

## U.S. healthcare spending

### Administrative spending

Activities in support of delivery of care, like payment transactions, back-office corporate and customer service.

25%

### Medical spending

Direct delivery of care by providers such as doctors and nurses.

75

39%

Industry-agnostic corporate functions

21

Financial transactions ecosystem

14

Industry-specific operational functions

11

Administrative clinical support functions

9

Customer and patient services

6

Other

Note: Estimates based on 2019 spending. Researcher David Cutler says percentages are likely similar today.

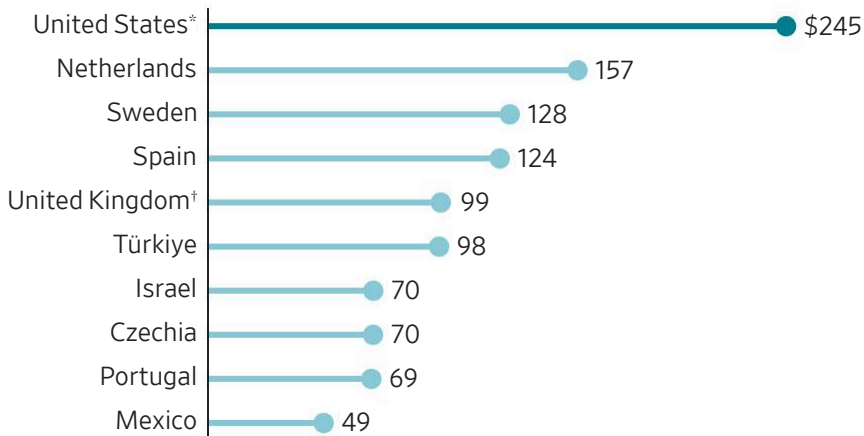
Source: McKinsey & Company

## Labor costs are higher

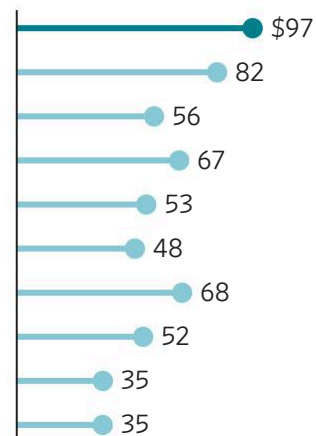
American doctors and nurses generally make more than their counterparts in other countries, another factor that can drive up the cost of care.

### Mean annual income for select countries, in thousands, 2023

#### GENERALIST PHYSICIANS



#### HOSPITAL NURSES



\* U.S. physician salaries are for general internal medicine physicians. Salaries for other countries' physicians are for general practitioners.

† U.K. data for physicians are from 2022.

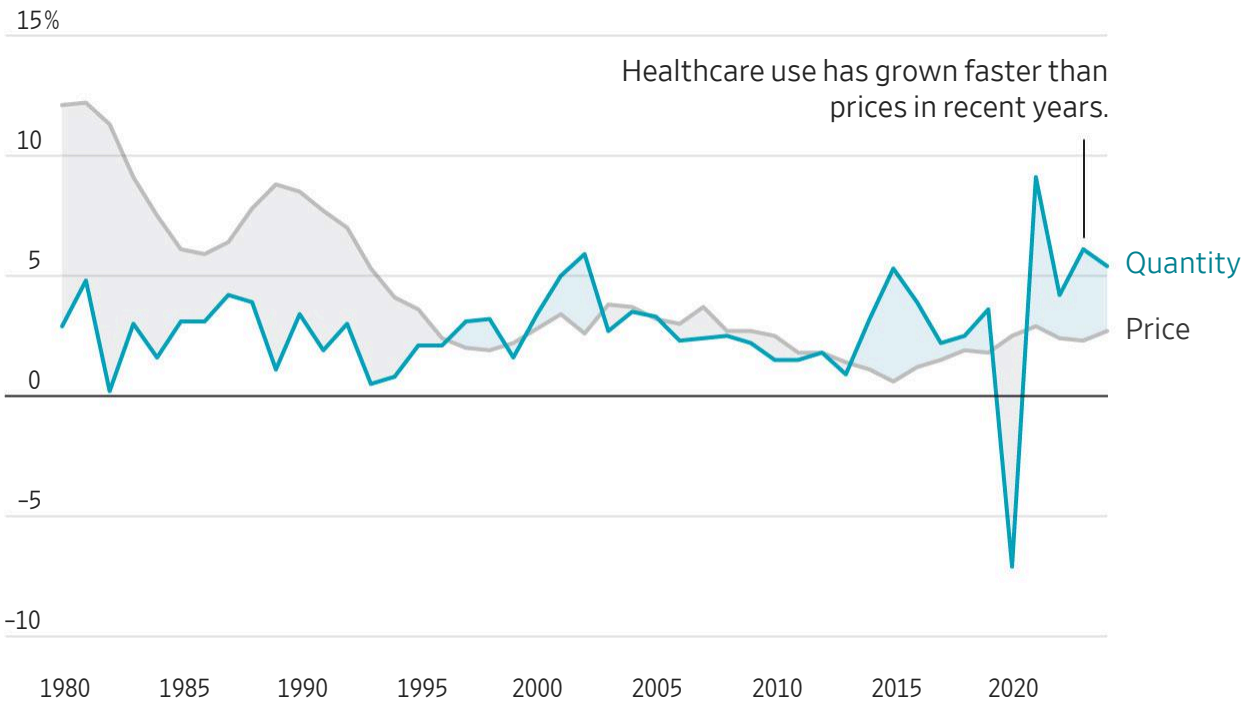
Note: Estimates were made as comparable as possible. Any discrepancies in definition are a limitation of the data. Incomes were converted into U.S. dollars using a purchasing power parity conversion factor.

Sources: Labor Department (U.S. physician income); OECD (all others)

# Americans are using more healthcare

Healthcare utilization has grown faster than prices in the most recent years.

## Price and quantity indexes of health services, annual change



Source: KFF analysis of Bureau of Economic Analysis data

*This explanatory article may be periodically updated.*

Andrew Mollica is a graphics reporter at The Wall Street Journal. Before joining the the Journal, he was an economist at the Bureau of Labor Statistics in Washington, D.C., and a data and graphics journalist at the Milwaukee Journal Sentinel.



Anna Wilde Mathews covers health insurance for The Wall Street Journal's Health and Science team. Her stories often involve the business aspects of healthcare and how financial realities shape patients' experiences. Anna has worked for the Journal since 1996 and has covered beats that span nearly every aspect of the health industry, including a consumer column, pharmacy-benefit...



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