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Dig deep:

Uncovering the hidden costs of health care

Total health care spending is greater than officially reported. Health care spending in the United States consists of that reported in the National Health Expenditure Accounts (NHEA) and the "hidden costs of health care" — spending that occurs outside of the NHEA that is not routinely or completely captured.

By taking a broad view of direct and indirect costs, as well as specific items such as alternative medicines, functional foods, and the imputed cost of providing supervisory care to a family member or friend, Deloitte has developed a more comprehensive estimate of U.S. spending on all health-related goods and services.

Total health care expenditure: NHEA spending + non-NHEA spending =



81%

expenditure in the United States is reported in the NHEA (\$2,793B)

But there are hidden costs that make up of total health care spending (\$672B)

Distribution of NHEA spending¹



26% **Professional** services

Physician and clinical services, other professional services, dental services, and other personal health care



25% Hospital care

Services provided to patients



12% **Government and** other admin costs

Government administration and public health activity, the net cost of private insurance (premiums) and investment in research, structures, and equipment



Prescription drugs

dosage-form drugs, biologicals, and diagnostic products



Long-term care

Home health care and nursing home care



Retail products and services

Durable medical equipment and other nondurable medical products



Deloitte's estimate of the imputed value of unpaid care at home provided by a family member or friend to someone with limited capacity to self care

Other non-NHEA spending

Spending (excluding supervisory care) that is not conventionally reported in the NHEA

Nutrition and



and other specialty supplements

Complementary and alternative medicine (CAM) services and products 5



Naturopathy, yoga, acupuncture, spinal manipulation and massage, and other

the elderly



Community care homes for the elderly



Ambulatory care, weight-reducing centers, and health publications

Note: Numbers are rounded; Estimates for 2012



Deloitte Center for Health Solutions

> To read more about these findings, the methodology, and the impact and implications of rising out-of-pocket health care costs, visit www.deloitte.com/us/healthcarehiddencosts

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- 1. Center for Medicare and Medicaid Services, "National Health Expenditures 2012 Highlights"
- 3. 2009 National Alliance for Caregiving (NAC) Caregiver Survey