

# U.S. Spends Much More on Health Care than Other Developed Nations

August 1, 2017

**MarketWatch Blog** by Alicia H. Munnell



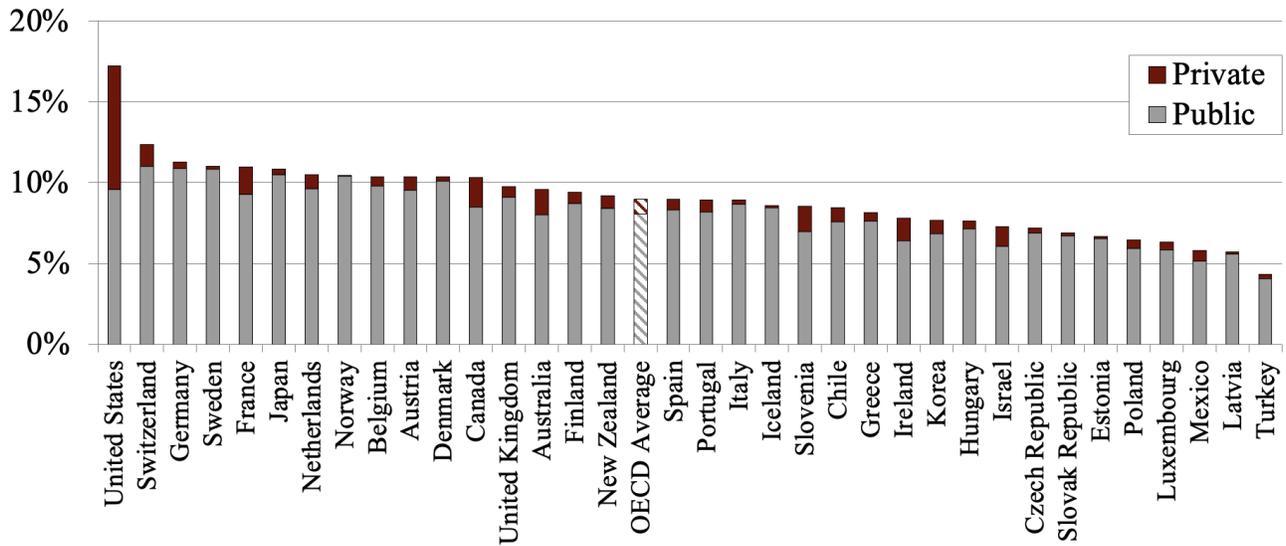
Alicia H. Munnell is a columnist for *MarketWatch* and director of the Center for Retirement Research at Boston College.

*Per capita spending is growing more rapidly than OECD average.*

I am so delighted that I'm not a health care expert. It allows me to opine without being constrained by complications. Recently, I suggested that the time may have come to consider a single payer system, similar to those in many other countries. In passing, I asserted that the United States already spends substantially more, as a share of Gross Domestic Product (GDP), than other developed countries on health care. I knew it was true, but checking never hurts. And the actual facts are dramatic.

As shown in Figure 1, the United States spends 17.2 percent of its GDP on health care. That percentage is more than one third greater than its nearest competitor – Switzerland. And U.S. spending on health care is almost twice the average for all countries included in the Organisation for Economic Co-operation and Development (OECD). (The OECD is a group of 35 developed countries that discusses economic and social policy and provides an extensive array of comparative statistics.)

Figure 1. *Health Spending as a Percentage of GDP, 2016*

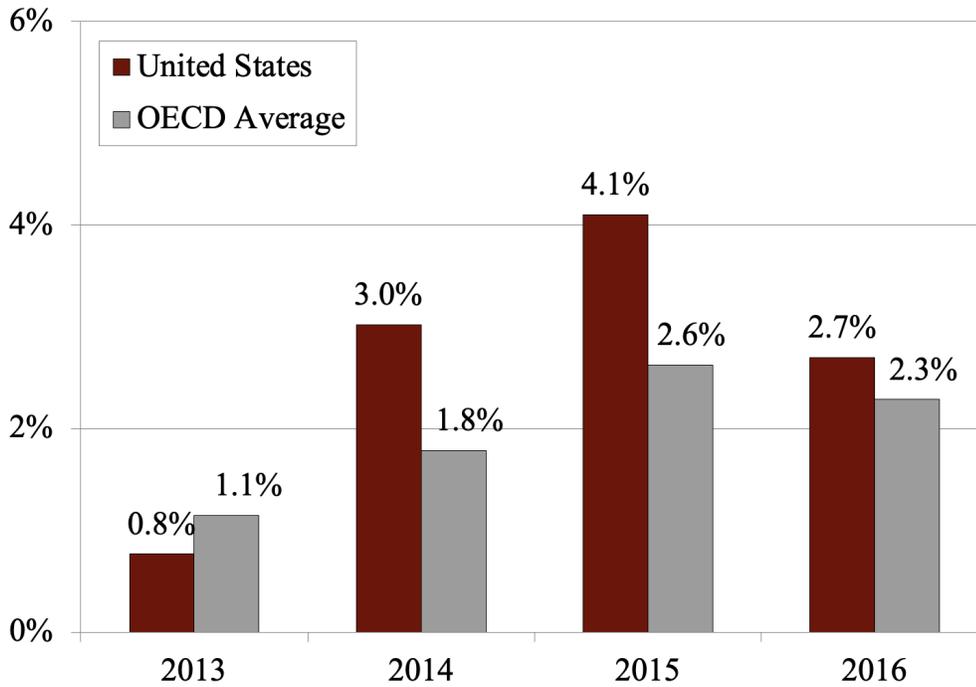


Note: Excludes capital expenditures.

Source: Calculations from OECD Health Statistics (2017) and (2015).

Not only is the United States currently spending more than other developed nations, but our rate of increase in spending per capita has been exceeding that of the OECD as a whole (see Figure 2). That pattern means that our spending relative to the rest of the world is going to diverge increasingly over time.

Figure 2. Annual Health Spending Growth, 2012-2016



Note: Per capita spending in real terms.  
Source: OECD Health Statistics (2017).

In short, we have a real problem. I personally believe that everyone should be covered. It's hard enough when a loved one gets seriously ill; paying for care should not be an added burden. But I defer to the experts on how we should achieve that goal. We cannot continue to bicker. Let's get on with it.