The Key Drivers of Rising Healthcare Spending in the USA

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Healthcare in the United States of America is the most expensive in the world. Despite this, Americans had poorer health outcomes compared to other high-income countries. This study aimed to identify the key drivers of rising healthcare spending in the US and better understand these drivers’ interrelationships. The researchers conducted a thematic content analysis of high-quality content on Quora, a question-and-answer website. The content analysis revealed many different drivers of the rise in spending. The top five drivers identified were regulatory capture, profit-focus of the system, the health insurance industry, misaligned incentives, and greed. Regulatory capture was the root driver of most of the identified drivers. The health sector and the insurance industry have been consistently among the top financial contributors to lobbyists and political campaigns in the United States. Fixing the American healthcare system requires setting the foundation for a legislative environment free from the influence of political money.

Key words: Healthcare Spending, USA

INTRODUCTION AND BACKGROUND

Spending on healthcare in the United States (US) has been rising faster than inflation, incomes, and the economy since the 1960s (Kamal & Cox, 2018). This long term trend has led to the current situation, where the US healthcare system is the most expensive in the world. In 2017, the US spent a staggering $10,739 per capita on healthcare, a figure that is more than double the average of OECD nations (Centers for Medicare and Medicaid Services, 2017; Papanicolas, Woskie & Jha, 2018; Sawyer and Cox, 2018). Despite the high spending on healthcare, Americans had poor health outcomes, including shorter life expectancy and a greater prevalence of obesity and other chronic conditions (Squires & Anderson, 1819; Papanicolas, Woskie & Jha, 2018).
Between 1965 and 2017, national spending on healthcare per person per year had risen from $209 to $10,739, about fifty-one folds (Centers for Medicare and Medicaid Services, 2017). In comparison, the 2017 consumer price index (CPI) increased from 31.5 in 1965 to 245.1 in 2017, about seven-fold (Bureau of Labor Statistics, 2019).

In continuation of this long-term trend, US healthcare spending grew 3.9% in 2017, reaching $3.5 trillion or $10,739 per person. As a share of the nation's GDP, this spending accounted for 17.9% (Kamal & Cox, 2018). A trend to continue, the Centers for Medicare & Medicaid Services (CMS) projects that national health spending will grow an average of 5.5% annually for 2018-2027 and will reach nearly $6.0 trillion by 2027. In 2027, the national expenditure on healthcare is projected to amount to 19.4% of GDP (Sisko et al., 2019). Further, in the future, the congressional budget office projects that federal spending on healthcare will steadily grow faster than the economy until 2049, keeping up with the trend that prevailed over the past five decades (Topoleski, 2019).

This situation, in which healthcare spending is persistently rising faster than economic growth is unsustainable. As consumers’ incomes, employers’ expenses, governments’ budgets, and the economy's competitiveness get increasingly squeezed, something will have to give. There is an opportunity cost to this overspending, in the sense that the society could use the excess spending more productively elsewhere. For example, if healthcare expenditures as a share of GDP in the US were similar to the OECD average, the savings would be $700 billion - $1.5 trillion annually, which could boost output by $8 trillion over 30 years by reducing deadweight losses and redirecting resources to more productive uses (Blazheski & Karp, 2018).

Wu, Shen, Yun & Melnick (2014) had reported that little is known about what is explicitly contributing to the spending growth. They stated that “various factors, including population aging, disease prevalence, cost of care, and technology, have been implicated as factors that can increase health spending. Yet there is little consensus in the existing literature about which of these factors is most responsible for increased healthcare spending and even less information about how the effect of these factors varies by health condition or type of care”. Their research concluded that the commonly believed factors to drive costs do not seem to explain much of the price growth. They recommended that future research is needed to understand the emerging drivers of spending growth caused by new changes in healthcare markets (Wu, Shen, Yun & Melnick, 2014).

Policy discussions in the US are often focused on “bending the healthcare cost” rather than identifying the real drivers of spending growth. Devising policy to contain the unsustainable high healthcare spending in the US and to enhance the efficiency of the healthcare system requires a clear identification of the factors that drive these increases in healthcare spending and understanding these drivers' interrelationships. This study aims to identify the key drivers of rising healthcare spending in the US and better understand these drivers' interrelationships.
STUDY DATA AND METHODS

SOURCE OF DATA

The data needed for the study were extracted from Quora.com, a US-based question-and-answer website. Quora.com is a social media website that enables users to ask questions, answer questions, follow questions, upvote answers, downvote answers and share answers. Usually, informants with firsthand experience or knowledge of the subject matter volunteer to answer a question. In doing so, the informants share their knowledge, perspective and opinions regarding the question’s subject. Subsequently, the readers of the answer have the option to upvote or downvote the answer. The number of upvotes for any given answer reflects the quality of that answer perceived by the readers’ community.

Thus, Quora is a tool for sharing knowledge, information, perspective and opinion in a way that allows the community of readers to rate the quality of the shared knowledge collectively. We used this shared knowledge and its community-derived quality ratings to identify the drivers of the rise in healthcare spending.

The “Wisdom of Crowds” effect provided the framework for this research. The "wisdom of crowds" effect, an approach that began with Galton (1907), means that combining responses across many individuals leads to an aggregate estimation that is as good as or better than the best estimate by individuals in the group. The logic behind using opinions to derive quality data is that the noise in individual judgments gets cancelled out in aggregate (Surowiecki, 2006). The aggregating of individual answers approach is effective, and that these aggregated answers "outperform the majority of individual solutions" (Yi, Steyvers, Lee & Dry, 2012).

IDENTIFYING RELEVANT QUORA QUESTIONS

To find the required data, the researchers started by conducting a thorough and comprehensive search of the Quora website to identify all relevant questions. A relevant question is one that had the potential to lead to an answer that addresses the drivers of high healthcare spending in the US. To find the relevant questions, researchers searched the website for the following phrases: "high cost of healthcare", "healthcare expenditures", "healthcare spending", "healthcare prices", "causes of the high cost of healthcare", "high prices of healthcare", and "expensive healthcare". The investigators identified the relevant Quora questions in October of 2018.

As a result of the search, relevant questions were identified and recorded. For each of these questions, the following data was recorded: text of the question, the link to its web location, the number of answers, and the number of answers with at least three upvotes. The researchers removed relevant questions with no answers with at least three upvotes from any further
consideration. As a result, 18 relevant questions were used in the subsequent analysis (see Table 1).

SCREENING HIGH-QUALITY ANSWERS

For the 18 relevant questions, the researchers identified a total of 852 answers and reviewed them to identify high-quality answers. A high-quality answer is one that satisfied three conditions. First, the answer must have received at least three upvotes. Second, the number of upvotes was 1% or higher of total views for that answer. Third, the answer was judged by both investigators to be relevant to the research aim.

Of the 852 total answers, 230 answers were of high-quality. For each of the 230 high-quality answers, the researchers recorded the following details: the question, the author, the number of views, the number of upvotes, and the date of the answer.

The researchers read the 230 high-quality answers in-depth to identify text segments addressing at least one cause of the high healthcare spending. The reiterative process of reading, abstracting, analysing and coding the 230 high-quality answers resulted in 1073 text segments that addressed one single cause of high healthcare spending. The content analysis included these 1073 text segments. For each of the 1073 text segments, the researchers recorded the following details in a spreadsheet: the question, answer code, the text, the author, the number of answer upvotes, and the number of views (see Table 1).

In summary, the total number of identified relevant questions was 18 questions. The total number of answers for the 18 questions was 852 answers. The total number of relevant and high-quality answers was 230 answers. The reiterative thematic content analysis resulted in 1073 text segments, each addressing one cause of high healthcare spending.

THEMATIC CONTENT ANALYSIS

The researchers used thematic content analysis methodology to categorise, organise and analyse the text of all 230 high-quality answers. Content analysis is defined as "a summarising, quantitative analysis of messages that relies on the scientific method" (Neuendorf, 2001) and as “a strict and systematic set of procedures for the rigorous analysis, examination, and verification of the contents of written data”. (Cohen, Manion & Morrison, 2017, p. 563) Clarke & Barun devised this six-phase process of thematic analysis (Encyclopedia of Quality of Life and Well-Being Research, 2014). This study used this process as the guiding framework for conducting the thematic analysis.

The researchers coded the answers independently. The coders analysed each high-quality answer thematically to identify any text segments that addressed at least one cause of high healthcare spending. The researchers read the answers in the order of recording. The
researchers then recorded the text segments that addressed at least one cause of high spending and assigned each an initial code. Subsequently, the researchers validated each other's codes. When disagreement regarding a code arose, the researchers discussed the text segment until they reached a consensus on the initial codes. After completing the initial coding, the researchers examined the codes to identify the broader, higher-level themes. After multiple examinations, interpretations and categorisations of the initial codes and subsequent themes, the researchers identified high spending causes.

RESULTS AND DISCUSSION

The thematic content analysis of the 230 high-quality answers resulted in 1073 text segments, which yielded 72 distinct drivers of high healthcare spending. The researcher identified the most significant drivers for reporting by establishing a lower bound of at least ten text segments per driver, which yielded the 30 most important drivers (see Table 2).

Driver 1: Regulatory capture

Eighty-four text segments, 37% of answers, attributed high spending on healthcare in the US to regulatory capture. Regulatory capture, the elephant in the room, is seldom mentioned in discussing the healthcare spending crisis. The construct of regulatory capture was not addressed or mentioned by any studies in the healthcare services literature that the authors are aware of, despite its prominence in other fields such as economics (Dal Bo, 2006). This study may be among the first to report regulatory capture as a primary driver of high healthcare spending in the US.

Stigler (1971) and Peltzman (1976) developed a theory to explain regulatory capture. The theory established that legislators’ behaviours and resource-allocation decisions are motivated by their desire to remain in office; they tend to design legislation to maximise political support from interest groups. In doing so, legislators become captured by these interest groups. The Michigan State Medical Society defined regulatory capture as “a form of government failure that occurs when a regulatory agency, created to act in the public interest, instead advances the commercial or political concerns of special interest groups that dominate the industry or sector it is charged with regulating” (Szocik, 2017). The society went on to state in its resolution # 65-17 that when regulatory capture occurs, the interests of firms or political groups are prioritised over the public’s interests, leading to a net loss to society as a whole.

The following exemplars of informants’ responses reflect the impact of regulatory capture on high spending.

"...hyper-profitable health care providers are making such high profits that they are able to buy political influence."
"US citizens... have often allowed corporations to have more influence on their representatives and the legislation they pass than they themselves have."

"...because those who profit from it can afford to buy Congressmen..."

Driver 2: Profit-focus of the healthcare system

Eighty text segments, 35% of answers, attributed high healthcare spending to the healthcare system’s profit focus. Currently, the US healthcare system is a for-profit ecosystem. The health industrial complex, including health insurance companies, pharmaceutical companies, other suppliers of healthcare goods and technology, and healthcare delivery facilities exist to maximise profit. The following exemplars of informants’ responses reflect the impact of profit-focus on high spending.

“The primary reason I see for healthcare in the US being so expensive is that it is now a for profit industry.”

“We have a system that puts profits over and above the health and well-being of US citizens.”

Driver 3: The health insurance industry

Seventy-seven text segments, 33% of answers, attributed high healthcare spending to the health insurance industry. The US is the only industrialised nation where private for-profit health insurance plays a significant role in financing healthcare. In 2017, about two-thirds of the US population had health coverage through private for-profit health insurance plans (Berchick, Hood & Barnett, 2018). Below are exemplars of respondents’ comments that demonstrate the health insurance industry’s impact on high healthcare spending.

"Insurance companies have their own costs and profit margins that get added on top of the actual healthcare costs."

"Third-party payers. The more insurance companies have to pay, the more they get to charge for premiums. They lack incentive to keep costs down."

“We've had 70 years of most health expenditures being paid for by insurance companies... For that entire time, there had been no incentive to develop cost-effective treatments or inexpensive diagnostic tools.”
Driver 4: Misaligned incentives and moral hazard

Fifty-three text segments (23%) attributed the high spending on healthcare in the US to misaligned incentives. The healthcare industry has been slow to embrace effective cost reduction practices due to barriers that include misaligned or conflicting incentives (McKone-Sweet, Hamilton & Willis, 2005). Each healthcare constituent strives to maximise its profits in a system where incentives are traditionally structured to encourage overutilisation. The following exemplars of informants’ responses demonstrate the impact of misaligned incentives and moral hazard on high spending.

"For that entire time, there had been no incentive to develop cost-effective treatments or inexpensive diagnostic tools."

"Consumers insulated from the costs of their decisions by third party payees…"

"…the patients are spending someone else's money (insurance), and thus have no incentive to comparison shop for better prices."

"The incentives in healthcare are often perverse, compensating medical providers based on volume... potentially leading to a mis- or over-treatment..."

Driver 5: Greed

Forty-six text segments (20%) attributed the high spending on healthcare in the US to greed. These segments stressed the impact of corporate greed, health insurance companies’ greed, lawyers’ greed, and big pharma and providers’ greed on spending. Merriam-Webster (2019) defines greed as a “selfish and excessive desire for more of something than is needed”. In a system where healthcare corporations can increase their profits from denying care and governments cannot negotiate prices with pharmaceutical companies, greed would matter much. Greed is rarely being named in the literature addressing the healthcare spending crisis. Waldman (2013) stressed that the US’s healthcare system suffers from a cancer of greed, stealing resources that patients need. The following exemplars of informants’ responses reflect the impact of greed on high spending.

"...health insurance companies... are only for-exorbitant-profit... But they are not alone in their greed. Pharmaceutical companies are right up there with them, overcharging Americans because they can."

"Unreasonable markup by providers."

“...each hospital jacking up prices on different things so they can afford to feed the beast.”
Driver 6: Litigation and malpractice insurance

Thirty-seven text segments (16%) attributed high spending on healthcare to the high costs of malpractice insurance and the high litigation costs. This category does not include the cost of defensive medicine, which is discussed separately. The American Medical Association reported that more than 50 percent of general surgeons and obstetricians/gynaecologists would face legal suits before they reached 55 (Guardado, 2017). The following exemplars of informants’ responses reflect the impact of litigation and malpractice insurance on high spending.

"...The other reason is that we are a very litigious society."

"... medical malpractice insurance plays a part in high costs. Lawyers sue for deep pockets and that is all passed on to the customer."

"Lawsuits force doctors to carry ruinously expensive malpractice insurance, especially in risky specializations like obstetrics."

Driver 7: Excessive regulation

Thirty-seven text segments (16%) attributed high spending on healthcare to excessive regulation. Compliance with the governmental regulations governing health workforce education and practice, provision of services, financing of healthcare, and production of drugs, supplies and devices significantly impact total spending. The following exemplars of informants’ responses reflect the impact of excessive regulation on high spending.

“...compliance with regulation is jaw droppingly expensive in America because it has so many sets of regulations, registrations, laws etc.”

“...Market competition is thwarted in highly regulated industries. This is why all highly regulated industries are dominated by a handful of cartel players who face little in the way of market or legal corrective activity.”

Driver 8: Power asymmetry between corporations and patients

Thirty-seven text segments (16%) attributed high spending on healthcare to the power asymmetry between corporations and patients. The primary transaction in healthcare is usually between an individual patient and a powerful corporate supplier or provider. Patients typically have no choice but to accept what the second party is offering them. The following exemplars of informants’ responses reflect the impact of power asymmetry on high spending.
"...there is no consumer protection entity were the patient can appeal against these extortions"

"...Hospitals are the most powerful players in a health care system that has little or no price regulation..."

"...the consumer has no buying power. They cannot just shop around... They are at the mercy of the insurance companies."

Driver 9: Excessive administrative costs

Thirty-six text segments (16%) attributed high spending on healthcare to excessive administrative costs. The US spends about twice as much as necessary on billing and insurance-related expenses (Olsen et al., 2010). The overall administrative costs in 1999 were estimated to be 31% of total healthcare spending (Woolhandler, Campbell & Himmelstein, 2003). Woolhandler & Himmelstein (2017) revised this estimate to $1.1 trillion based on 2017 spending levels, and that half of this spending is excess and unnecessary. The following exemplars of informants’ responses reflect the impact of administrative costs on high spending.

“Think of all the people employed to process insurance, billing and payments at the hospital, claims adjusting, lawyers for contracts, etc.”

“Administrative overhead dealing with thousands of different plans with thousands of different complicated incompatible provisions...”

Driver 10: Inefficiency and bureaucracy

Thirty-six text segments (16%) attributed high spending on healthcare to the cost of inefficiency, bureaucracy and waste. Inefficiency in healthcare is referred to as the wasteful utilisation of resources for no or little value to care provided (Severens, 2003). Garber & Skinner (2008) have estimated that 20-30% of US health spending is related to inefficiency. A more recent study estimates that the cost of waste in the US healthcare system ranged from $760 billion to $935 billion, accounting for about 25% of total spending (Shrank, Rogstad & Parekh, 2019). Below are exemplars of respondents’ comments that demonstrate inefficiency and bureaucracy’s impact on high healthcare spending.

"The US healthcare system is incredibly inefficient."

"The primary reason for US over-spending on healthcare is... the amount of money NOT going to pay for care."
Driver 11: Lack of price controls

Thirty text segments (13%) attributed high spending to a lack of price controls. Regulating or controlling healthcare prices, which is the norm for most other developed nations, has not been considered in the US (Altman & Mechanic, 2018). Below are exemplars of respondents’ comments that demonstrate the impact of the lack of price controls on high healthcare spending.

“...healthcare is so expensive in the US because... there are NO pricing controls...”

“...drug companies are allowed to charge as much as the market can bear.”

“It’s simply because unlike EVERY other industrialised country, the US doesn’t have the guts to regulate the prices.”

Driver 12: Price opacity

Twenty-nine text segments (13%) attributed high spending to price opacity. A distinguishing characteristic of the US healthcare sector is price opacity, meaning, and the lack of transparency in healthcare products’ prices. Patients are left in the dark when it comes to the prices of the purchased services. Usually, patients become aware of the costs when they receive the bill. The following exemplars of informants’ responses reflect the impact of price opacity on high spending.

"...healthcare with transparency would cost a lot less."

"Many Americans have no clue how much medical care costs..."

"When the patient/consumer doesn't know or understand pricing - it has a corrosive effect on the system overall."

Driver 13: Dysfunctional market forces

Twenty-eight text segments (12%) attributed high spending to dysfunctional market forces. Markets do not function well when constrained by regulations written by captured legislators or by their associated corporate lobbyists. These regulations are not there to grease the wheels of the market, but rather to funnel excessive profits to the big corporations participating in the market by: (1) minimising competition (e.g., certificate of need regulation, the ever-greening of nearly-expired patents, limiting the supply of doctors and restraining substitute providers); (2) shifting power to the side of the suppliers (e.g., preventing the government from negotiating drug prices); and (3) creating an increased demand for private-for-profit health insurance (e.g., subsidies for marketplace health insurance). Below are exemplars of respondents’ comments that demonstrate dysfunctional market forces’ impact on high healthcare spending.
"Of all the industries in the US, the healthcare industry is arguably the only one where free market mechanisms have been completely destroyed..."

"Simply put, the healthcare market isn't a free market. Free enterprise only works in the absence of controlling factors interfering with that industry, and the healthcare industry has more controlling factors than almost any other industry in America.

Driver 14: Lack of competition

Twenty-seven text segments (12%) attributed high spending to a lack of competition. Competition, the key force to keeping prices under control, seems to be dwindling in the healthcare sector. Below are exemplars of respondents’ comments that demonstrate the impact of lack of competition on high healthcare spending.

“There isn’t really any market competition for medical services in the USA.”

“A lot of states are monopolies for one HMO or another...”

“There is almost no competition between hospitals...”

Driver 15: Overutilisation of resources

Twenty-seven text segments (12%) attributed high spending to the overutilisation of resources. In 2010, the Institute of Medicine (IOM) suggested that unnecessary services are the largest contributor to waste in US healthcare, accounting for approximately $210 billion of the estimated $750 billion in excess spending each year (Smith et al., 2012). In 2014, unnecessary expenditures on overuse were estimated to range from 10 to 30 percent of total healthcare spending (Brownlee, Saini & Cassel, 2014). The following exemplars of informants’ responses reflect the impact of overutilisation on high spending.

“...as a result they over-prescribe tests and medications.”

“A third cause is overtreatment.”

“Most doctors are fine, but some will use costly tests and procedures when simpler, less expensive ones would work.”

Drivers 16 through 30

The preceding sections presented a discussion of the top 15 drivers. Other identified drivers of high spending include the following: (16) fragmentation and complexity of the healthcare
system; (17) high monetary compensation of senior executives; (18) doctors and other health professionals; (19) cost-shifting; (20) lack of rationing and patient’s unrestricted expectations; (21) pricing practices; (22) high drug prices; (23) high cost of education; (24) population apathy and lack of awareness; (25) advertising; defensive medicine; (26) lifestyle; (27) the high cost of being the world leader; (28) capitalism; (29) lack of preventive care focus; and (30) ever-greening patent-expired drugs. Table 2 presents each of these driver’s frequency and proportion.

POLICY IMPLICATIONS: REGULATORY CAPTURE AS THE ROOT DRIVER OF HIGH SPENDING

By identifying the key drivers of high healthcare spending and illuminating the root driver of the problem, the study provides important policy implications. The study identified seventy-two drivers of high spending on healthcare in the US, a number that may seem daunting when considering what it would take to deal with each of those drivers. It might even seem like an invitation to yet more regulation in what many perceive as an over-regulated sector. Nevertheless, an overarching theme emerged from the content analysis suggesting a root driver, which does have to do with regulation, but in a more straightforward way than dozens of different factors might suggest. This root driver is regulatory capture.

Based on the strong evidence for this root driver that emerged from the content analysis, the researchers argue that regulatory capture has strongly influenced the US’s current healthcare system’s regulatory foundation. Captured legislation has turned the US system of healthcare delivery and insurance into something like a hydra. Any attempt to fix one issue complexifies a fundamentally flawed system even more, leading to more severe problems and additional costs. Alternatively, regulation enacted for the right reasons and motivated by serving society could effectively address the healthcare system’s challenges. However, captured regulation (spending drivers 1 and 7) has led to a healthcare system that favoured and subsidised the profit-driven production of healthcare goods and services (spending driver 2) (Maynard & Bloor, 2015). It also favoured and subsidised a distorted form of profit-driven financing and insurance mechanisms (spending driver 3) and nurtured a distorted and perverse incentive scheme (spending driver 4) (Abraham, 2002). This study’s results reinforce Heled, Rutschman & Vertinsky’s (2020) assertion that the US’s healthcare system has excessive regulations.

The “profit-focus” of the US healthcare system (spending driver 2) exists because there has been no political will to regulate and structure the system in a different way, unlike most of the world's developed nations. Healthcare systems in other developed nations, by design, have little or no profit motive built into it, and yet patients get the healthcare they need, with better outcomes and at a cost far below that of the US (Ridic, Gleason & Ridic, 2012; Heled, Rutschman & Vertinsky, 2020).
Furthermore, and in contrast to all other developed nations, the US’s health insurance industry (driver 3), as a natural result of all the regulations that shaped its evolution, is primarily privately-owned and profit-driven. Not-for-profit mechanisms for providing healthcare coverage in other developed nations, like the systems of Germany, Canada, the United Kingdom and Japan, do exist, by design, and are cost-effective, as judged both by these nations’ spending levels and health outcomes (Branning & Vater, 2016).

Heled, Rutschman & Vertinsky (2020) asserted that the structure of healthcare markets in the US limits competition. This study supports their assertion that the lack of competition in healthcare markets drives the high spending on healthcare. This lack of competition (spending driver 14) for not-for-profit options for insurance coverage, health services and health products and technologies in the US market provides the privately-owned for-profit players with an environment free of meaningful competition. Not having to contend with competitive pressures, these players are free to manipulate pricing and prices (spending drivers 11, 12, 20, 21), maximise profits (spending driver 2), and maximise power (spending driver 8). Legislators’ strong resistance to restraining the profit orientation (spending driver 2) in the US healthcare system results from their long-term capture by interest groups (spending drivers 1 and 7).

Post-WWII, many forces, including a steady flow of regulations, had greatly fragmented and complexified the US healthcare system (spending driver 16). These forces had also established a distorted reimbursement and payment system that contributed to a healthcare system operating under the influence of misaligned incentives (driver 4) for providers, insurers, suppliers and patients. This distorted and perverse incentive scheme (driver 4) has abetted: corporate greed (driver 5); the high cost of litigation and malpractice insurance (driver 6); administrative waste (driver 9); inefficiency and bureaucracy (driver 10); price opacity (driver 12); dysfunctional market forces (driver 13); overutilisation of resources (driver 15); fragmentation and complexity of the system (driver 16); cost-shifting (driver 18); extortive pricing practices (driver 20); high drug prices (driver 21); defensive medicine (driver 25); lack of preventive focus (driver 29); and ever-greening patent-expired drugs (driver 30) (Babcock, 2019; Barlas, 2019; Evans, 2013; Field, 2008; Kavic, 2004; McDonough, 2017; Stange, 2009; Teutsch, 2005; and Vento, Cainelli & Vallone, 2018).

CONCLUSION

Despite having comparatively lower health outcomes by the standards of developed countries, American healthcare is by far the most expensive in the world. This high spending is forecast to continue to rise every year for the foreseeable future. This trend is costly to patients, employers, governments and the economy, and it is ultimately unsustainable. Our study aimed to identify the drivers of crisis-level healthcare spending in the US. Identifying these drivers is necessary and essential to identify effective cost-containment efforts.
Most of the identified drivers of rising healthcare spending exist because of the current legal environment regulating and governing US healthcare markets. This environment has been shaped by decades of laws and regulations enacted by legislators relying on campaign contributions to get elected and re-elected. It is no coincidence that the health sector has been the number 1 contributor to lobbyists, followed by the finance/insurance/real estate sector (“Ranked Sectors”, 2020). These two sectors were also the top campaign contributors through political action committees (PACs), with the health sector being consistently second on the list of top contributors to PACs (“PACs by Industry | OpenSecrets”, 2020).

Containing the ever-rising spending on healthcare requires a clear understanding of its causes. This study identified regulatory capture as the root driver and found that most of the other drivers can be traced to regulatory capture effects. Arguably, regulatory capture is a political factor outside the scope of healthcare scholarship. We beg to differ. Any solution meant to contain the healthcare spending crisis - a crisis that increasingly resembles a catastrophe - can only be Sisyphean; it is likely to be of minimal effectiveness, so long as the system’s guardians are protecting corporate profits rather than their citizens’ health. It is time that the people guard the guardians by setting the foundation for a legislative environment free from the influence of political money.
REFERENCES


Topoleski, J. (2019). The 2019 Long-Term Budget Outlook, Congressional Budget Office.


Table 1. Quora Questions

<table>
<thead>
<tr>
<th>Question Statement</th>
<th>Number of Answers</th>
<th>Number of High Quality Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Are insurance companies responsible for the high cost of healthcare in America?</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>2. Is excessive regulation responsible for high US healthcare costs?</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>3. Is the healthcare in the US so expensive because a US research is driving most of the new medical advances, or is that just an excuse?</td>
<td>33</td>
<td>9</td>
</tr>
<tr>
<td>4. The predominant question on healthcare in the USA is who will pay the high cost. Why are the costs are so high, and what can we do about it?</td>
<td>13</td>
<td>8</td>
</tr>
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<td>5. What are some of the primary drivers of healthcare costs?</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>6. What are the ways to contain medical costs in the US without a single-payer system?</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>7. What can be done to make medicine and prescription drugs less expensive?</td>
<td>46</td>
<td>11</td>
</tr>
<tr>
<td>8. What is the biggest problem with the US healthcare? Is it the high cost?</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>9. What makes the US healthcare system so expensive? Why is the US so expensive compared to Canada?</td>
<td>362</td>
<td>91</td>
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<tr>
<td>10. Why are healthcare costs in the US so much higher than in the rest of the world?</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>11. Why are prescription drug prices so high in the U.S. compared to the rest of the world?</td>
<td>38</td>
<td>14</td>
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<tr>
<td>12. Why does the U.S. spend so much on healthcare?</td>
<td>17</td>
<td>6</td>
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<td>13. Why doesn't free-market competition drive down the cost of healthcare services in US hospitals?</td>
<td>23</td>
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<td>14. Why doesn't market competition lead to cheaper medical prices in the USA?</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td>15. Why is getting treatments in U.S hospitals very expensive without insurance?</td>
<td>29</td>
<td>10</td>
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<tr>
<td>16. Why is healthcare in the U.S. so expensive?</td>
<td>141</td>
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<tr>
<td>17. Will mandating price transparency for surgeries actually lower prices to consumers?</td>
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<tr>
<td>18. Without getting political why is healthcare in the USA so expensive?</td>
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<td>12</td>
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<td><strong>Total</strong></td>
<td><strong>852</strong></td>
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Table 2. Causes of High healthcare Spending.

<table>
<thead>
<tr>
<th>Causes of high spending</th>
<th>Frequency Count</th>
<th>Proportion of Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Regulatory capture</td>
<td>84</td>
<td>37%</td>
</tr>
<tr>
<td>2. Profit-focus</td>
<td>80</td>
<td>35%</td>
</tr>
<tr>
<td>3. Health insurance industry</td>
<td>77</td>
<td>33%</td>
</tr>
<tr>
<td>4. Misaligned incentives and moral hazard</td>
<td>53</td>
<td>23%</td>
</tr>
<tr>
<td>5. Greed</td>
<td>46</td>
<td>20%</td>
</tr>
<tr>
<td>6. Litigation and malpractice insurance</td>
<td>37</td>
<td>16%</td>
</tr>
<tr>
<td>7. Excessive regulation</td>
<td>37</td>
<td>16%</td>
</tr>
<tr>
<td>8. Power asymmetry: corporations vs. patients</td>
<td>37</td>
<td>16%</td>
</tr>
<tr>
<td>9. Administrative costs</td>
<td>36</td>
<td>16%</td>
</tr>
<tr>
<td>10. Inefficiency and bureaucracy</td>
<td>36</td>
<td>16%</td>
</tr>
<tr>
<td>11. Lack of price controls</td>
<td>30</td>
<td>13%</td>
</tr>
<tr>
<td>12. Price opacity</td>
<td>29</td>
<td>13%</td>
</tr>
<tr>
<td>13. Dysfunctional market forces</td>
<td>28</td>
<td>12%</td>
</tr>
<tr>
<td>14. Lack of competition</td>
<td>27</td>
<td>12%</td>
</tr>
<tr>
<td>15. Overutilization of resources</td>
<td>27</td>
<td>12%</td>
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<tr>
<td>16. Fragmentation and complexity</td>
<td>26</td>
<td>11%</td>
</tr>
<tr>
<td>17. Compensation of executives and health professionals</td>
<td>23</td>
<td>10%</td>
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<tr>
<td>18. Cost shifting</td>
<td>22</td>
<td>10%</td>
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<tr>
<td>19. Patient expectations and lack of rationing</td>
<td>22</td>
<td>10%</td>
</tr>
<tr>
<td>20. Pricing practices</td>
<td>22</td>
<td>10%</td>
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<tr>
<td>21. High drug prices</td>
<td>20</td>
<td>9%</td>
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<tr>
<td>22. High cost of education</td>
<td>19</td>
<td>8%</td>
</tr>
<tr>
<td>23. Population apathy and lack of awareness</td>
<td>18</td>
<td>8%</td>
</tr>
<tr>
<td>24. Advertising</td>
<td>17</td>
<td>7%</td>
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<tr>
<td>25. Defensive medicine</td>
<td>15</td>
<td>7%</td>
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<tr>
<td>26. Lifestyle</td>
<td>14</td>
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<tr>
<td>27. High cost of being the world leader</td>
<td>12</td>
<td>5%</td>
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<tr>
<td>28. Capitalism</td>
<td>11</td>
<td>5%</td>
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<tr>
<td>29. Lack of preventive care focus</td>
<td>11</td>
<td>5%</td>
</tr>
<tr>
<td>30. Evergreening patent-expired drugs</td>
<td>10</td>
<td>4%</td>
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</tbody>
</table>