

New National Academy of Sciences, Institute of Medicine Report; Substantial proportion of health care expenditures is wasted

In addition to unsustainable cost growth, there is evidence that a substantial proportion of health care expenditures is wasted, leading to little improvement in health or in quality of care. Estimates vary on waste and excess health care costs, but they are large. This 367 page report from the Institutes of Medicine state in part that unnecessary services such as overuse-beyond evidence-established levels, discretionary use beyond benchmarks and unnecessary choice of higher-cost services cost an estimated **\$210 billion** per year. Inefficiently delivered services such as, mistakes-errors, preventable complications, care fragmentation, unnecessary use of higher-cost providers, operational inefficiencies at care delivery sites cost an additional **\$130 billion** per year. Prices that are too high for medical services and devices, prices beyond competitive benchmarks and produce prices beyond competitive benchmarks add an additional cost **\$105 billion** per year to our health care system.

Best Care at Lower Cost: The Path to Continuously Learning Health Care in America

Committee on the Learning health Care System in America

Institute of Medicine of the National Academies

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