

The US Health Care System Wastes \$800 Billion Annually

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January 04, 2025

STORY AT-A-GLANCE

- › The U.S. health care system wastes approximately \$800 billion annually, which is nearly 30% of its total expenditure, primarily due to unnecessary services and administrative inefficiencies
- › Americans pay almost twice as much for health care compared to other developed countries, yet experience worse health outcomes like lower life expectancy
- › Unnecessary medical services, misaligned financial incentives and profit-driven practices contribute significantly to waste, often prioritizing procedures over patient well-being and effective treatment
- › Overtreatment, excessive end-of-life care and unnecessary diagnostic procedures like cardiac stents and mammograms are major sources of medical resource overutilization
- › Proposed reforms include promoting evidence-based medicine, restructuring payment models, improving palliative care, reducing overdiagnosis and shifting focus from quantity of care to quality of patient outcomes

The United States health care system is renowned for its cutting-edge technology and innovative medical achievements. However, it is also riddled with inefficiencies, which result in a staggering \$800 billion of annual waste, accounting for nearly 30% of spending. Much of this financial burden stems from unnecessary services, administrative bloat and misaligned incentives.

Worst of all, this waste misses the original point all along, which is treating patients, undercutting the very goal of medicine. Therefore, addressing these systemic flaws is not just an economic imperative, it's essential to ensuring the survival for people who request these services.

The Scale of Economic Waste in US Health Care

The documentary titled "\$800 Billion Wasted: What Is the TRUE Cost of Health Care?" goes on a deep dive into the systemic rot that has permeated the health care sector of America. This film shows that despite spending more per capita on health care than any other developed nation, America lags in key health metrics, such as life expectancy and maternal mortality rates.

Americans pay nearly twice more than their European counterparts for care but often see worse outcomes. A closer look reveals that this discrepancy stems from overdiagnosis and overtreatment. Many tests and procedures add little or no value to patient health. As supported in a 2024 report by Health System Tracker:¹

"In 2021, the U.S. spent nearly twice as much on health per person as comparable countries (\$12,197 compared to \$6,514 per person, on average).

The largest category of health spending in both the U.S. and comparable countries is spending on inpatient and outpatient care, which includes payments to hospitals, clinics and physicians for services and fees such as primary care or specialist visits, surgical care, provider-administered medications and facility fees ...

Similarly, many retail prescription drugs cost more in the U.S. than the same drugs do in other comparable nations. In 2021, the U.S. spent \$1,635 per capita on prescription drugs and other medical goods (including retail pharmaceuticals, over-the counter drugs, as well as durable and non-durable medical equipment) while comparable countries spent \$944 per capita on average, a difference of \$691 per person.

Spending on health administration is similarly much higher in the U.S. than in comparable countries: \$925 compared to \$245 per person, respectively, a difference of \$680 per person. Administrative costs include spending on running governmental health programs and overhead from insurers, but exclude administrative expenditures from health care providers."

For example, stents are widely used diagnostic tools. However, half of the stents placed in U.S. patients are unnecessary. Similarly, mammograms performed in women under 50 frequently lead to false positives, unnecessary interventions and anxiety, often without improving mortality rates.

As these examples show, more "care" does not always mean better health. In fact, it often exacerbates risks. And what is the reason for this? The pursuit of profit. Big Pharma is incentivizing health care professionals to push drugs, products and other services to squeeze out every dime from unsuspecting patients.

The Different Health Care Services Contributing to Economic Waste

Economic waste in the U.S. health care system manifests in several forms, each with profound implications:

- **Unnecessary services** — Overtreatment is pervasive. For instance, the documentary highlights a case where a cardiac patient halted a stent procedure after realizing it would require lifelong blood thinners, despite minimal clinical benefit. Such practices, driven by fee-for-service models, unnecessarily inflate costs.

In another example shown in the documentary, certain women will be treated for breast cancer even if they don't have it. In the end, they'll undergo a mastectomy simply because their doctor deemed it necessary.

- **End-of-life care** — Patients nearing death often receive aggressive treatments, such as extended ICU (intensive care unit) stays and invasive procedures that prolong

suffering without meaningful improvement in quality of life. Families are rarely equipped to make these decisions due to a lack of advanced care planning.

- **Misaligned incentives** — Physicians are paid more to perform procedures, not necessarily to provide better care. This system incentivizes volume of procedures completed over value, leading to interventions that could be harmful or redundant.

The Consequences of Health Care Waste

The human cost of health care waste is immense. Medical errors, unnecessary surgeries, and overexposure to radiation from diagnostic tests like CT (computerized tomography) scans rank among the leading causes of patient harm.

Moreover, the financial toll on public programs like Medicare and Medicaid is unsustainable. By 2050, these programs, combined with interest on the national debt, could consume over 70% of the federal budget. Left unchecked, escalating health care costs threaten to bankrupt the nation.

This waste also erodes trust in the system. Families struggling to navigate complex medical decisions often find themselves at odds with health care providers, particularly in high-stakes scenarios like ICU care. The lack of clarity and consistency in medical advice amplifies confusion and fear.

Consequently, the health care industry could learn much from the "less is more" approach, as well as returning the decision-making process to the patient. As noted in the documentary:

"There's this wonderful study that just came out that looked at cancer patients who had standard treatment — fairly aggressive treatment — versus palliative care. So, palliative care simply meant that nobody was going for cures and comfort was paramount, and the question was, 'what happened to those patients?'

Lo and behold, the palliative care patients lived longer. Now, some patients will want that aggressive approach and if they ask for it, they will get it ..."

Health Care in America Is Surrounded with Challenges, but There Is Hope

While the documentary sheds light on the problems plaguing health care in America, not all systems operate inefficiently. Intermountain Healthcare, a Utah-based organization, demonstrates how data-driven decision-making and team-based care reduce costs without compromising quality:²

"A team of specialists at Intermountain identified that elective labor induction was one source of waste and resource overutilization was elective labor induction.⁶ After targeting this area of inefficiency, Intermountain developed a new clinical protocol to reduce inappropriate care and resource utilization.

This resulted in a reduction of labor induction from 28% to less than 2%, in addition to a decrease in deliveries by cesarean section to 21% to 13% under the national rate. Intermountain has saved about \$50 million annually, and if this protocol is to be applied nationally, it can save up to \$3.5 billion annually."

While other organizations could certainly learn from the efficiency improvements of more capable groups, changing the entire industry is easier said than done. Providers often feel pressured by malpractice concerns and patient expectations to offer more care, even when evidence suggests otherwise. Additionally, educating patients about the risks of unnecessary tests or treatments remains a significant hurdle.

The current payment structure compounds these issues. Fee-for-service models reward quantity over quality, perpetuating wasteful practices. Transitioning to value-based care, where providers are compensated for positive patient outcomes, is essential but, again, requires significant systemic overhaul.

A Call to Action to Reform the Health Care Industry

Wasted money on health care services is a serious matter. The collective \$800 billion that patients needlessly spend could have been used for other important matters, such as furthering their family's well-being, which includes nutrition education. That said, here are four ways that will help turn things around for the better:

- **Promoting evidence-based medicine** — Comparing the effectiveness of treatments is the ideal guide for making decisions. Patients must also be made aware of new evidence that comes to light regarding standard treatments, such as chemotherapy.

Speaking from my own experience, I've seen the damage of chemotherapy to the human body. Essentially, it's one of the worst choices you can make when it comes to choosing a cancer treatment plan — it damages the immune system and gut microbiome to the point where the body's natural healing abilities are hindered.

Why? Again, the answer is profit.

Chemotherapy is a billion-dollar industry, and there's a big incentive for oncologists to put patients on this so-called treatment at the expense of their lives. So, before considering chemotherapy, I urge you to exhaust all other alternative options.

- **Reforming payment models** — Campaign and persuade health care industry leaders to transition to payment systems that align incentives that result in better patient outcomes. Such models prioritize preventive care, which is better than taking a reactive approach.
- **Improving palliative care** — Open discussions about death and end-of-life care must become the norm, not the exception. Encouraging advance directives and involving trusted primary care providers will help families make informed choices.
- **Reducing overdiagnosis** — Create and spread public awareness campaigns to educate patients about the risks of false positives and unnecessary treatments. Reevaluating cancer screening guidelines is a critical step in this direction.

For more information about this topic, read my article "[50% of Women Had a False-Positive Mammogram After 10 Years](#)." There, I discuss the failure of mammograms

to deliver an accurate diagnosis, as well as the radiation risk of this procedure. Health care waste is not just a number that analysts invent out of thin air – it's a crisis that affects every American, whether through higher premiums or taxes. The stakes are high, that much is true, but the road to better health care for all is clear.

Reducing waste will not only save hundreds of billions for the economy but also improve patient outcomes and even restore trust in the system. Now is the time to act, before the cost of inaction becomes insurmountable.

Sources and References

- ¹ [Health System Tracker, August 2, 2024](#)
- ² [Economist Impact, Intermountain Healthcare: Towards an integrated, value-based model](#)