

Key Findings

- Administrative costs accounted for 25 percent of hospital spending in the United States, more than twice the proportion seen in Canada and Scotland, which spent the least on administration. Administrative costs were notably higher in the Netherlands (20%) than in other European nation.
- In the U.S., the share of costs devoted to administration were higher in for-profit hospitals (27%) than in nonprofit (25%) or public (23%) hospitals. Teaching hospitals had lower-than-average administrative costs (24%), as did rural facilities
- U.S. hospital administrative costs rose from 23.5 percent of total hospital costs (\$97.8 billion) in 2000 to 25.3 percent (\$215.4 billion) in 2011. During that period, the hospital administration share of national gross domestic product (GDP) rose from 0.98 percent to 1.43 percent
- Reducing U.S. spending on a per capita basis to Canada's level would have saved \$158 billion in 2011
- There was no apparent link between higher administrative costs and better-quality care.