



ISSUE BRIEF

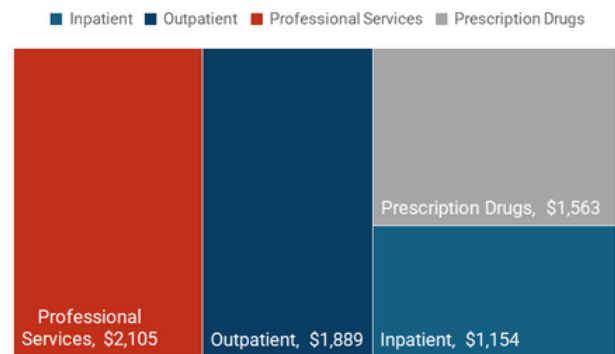
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System-Affiliated Hospitals Associated with Higher Prices

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Of every health care dollar spent, nearly half goes to hospitals. In 2022, [45% of per-person health spending among people with employer-sponsored insurance was spent on inpatient or outpatient services](#). Per-person spending on hospital care among the ESI population grew by 13.5% from 2018 to 2022, driven by increasing prices. This brief highlights inpatient and outpatient prices over time to better understand what is driving hospital spending growth. [Inpatient per-person spending in 2022 was \\$1,154](#), making up 17% of medical spending. Outpatient per-person spending in 2022 was \$1,889 (28% of spending per person).

Figure 1: Per-Person Health Care Spending in 2022

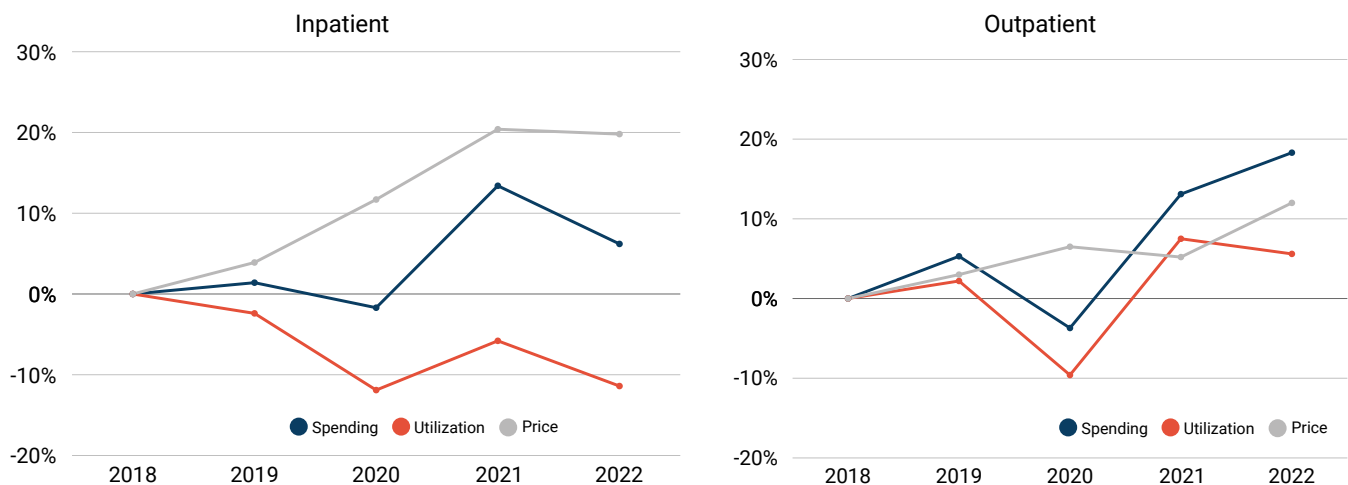


Source: HCCI commercial claims data

Inpatient and outpatient per-person spending is driven by prices.

Inpatient spending increased 6% from 2018 to 2022 as a result of a 20% increase in prices and 11% decrease in utilization [Figure 2]. Outpatient spending increased 18% during the same time period driven by a 12% increase in prices and 6% increase in use.

Figure 2: Cumulative Change in Per-Person Hospital Spending Growth



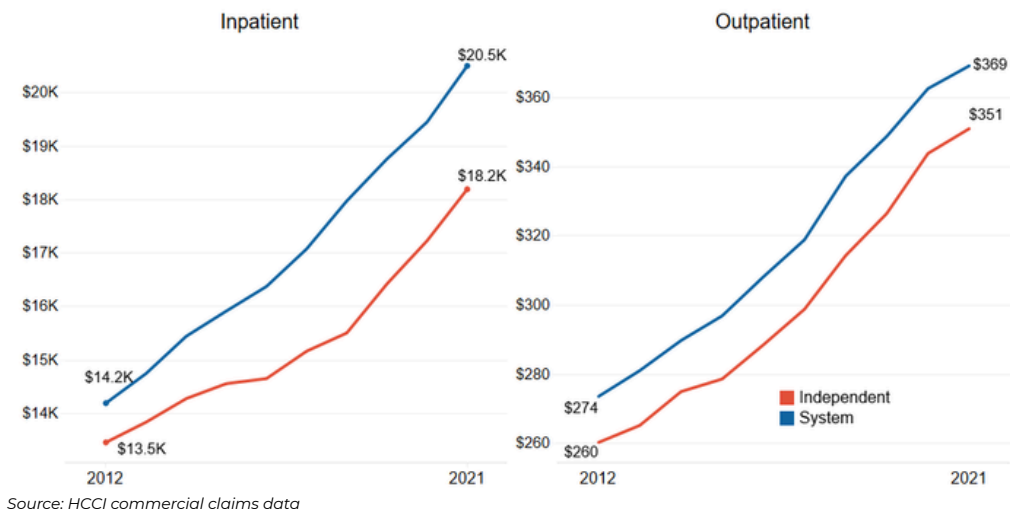
Source: HCCI commercial claims data

System-affiliated hospitals are associated with higher prices

As seen in Figure 3, system-affiliated hospitals were associated with higher inpatient and outpatient prices compared to independent hospitals in every year from 2012 to 2021.

System-affiliated hospitals experienced faster growth of inpatient prices (44% from 2012 to 2021) than independent hospitals (35% from 2012 to 2021). Outpatient prices, in contrast, grew at the same rate among system-affiliated and independent hospitals.

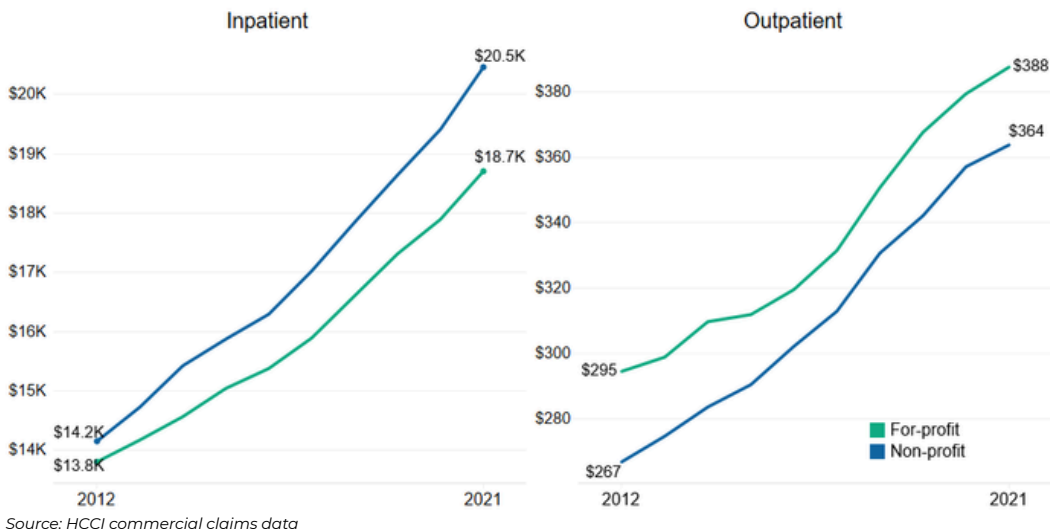
Figure 3: Prices Among System-Affiliated vs. Independent Hospitals



Non-profit hospitals had higher inpatient prices while for-profit hospitals had higher outpatient prices

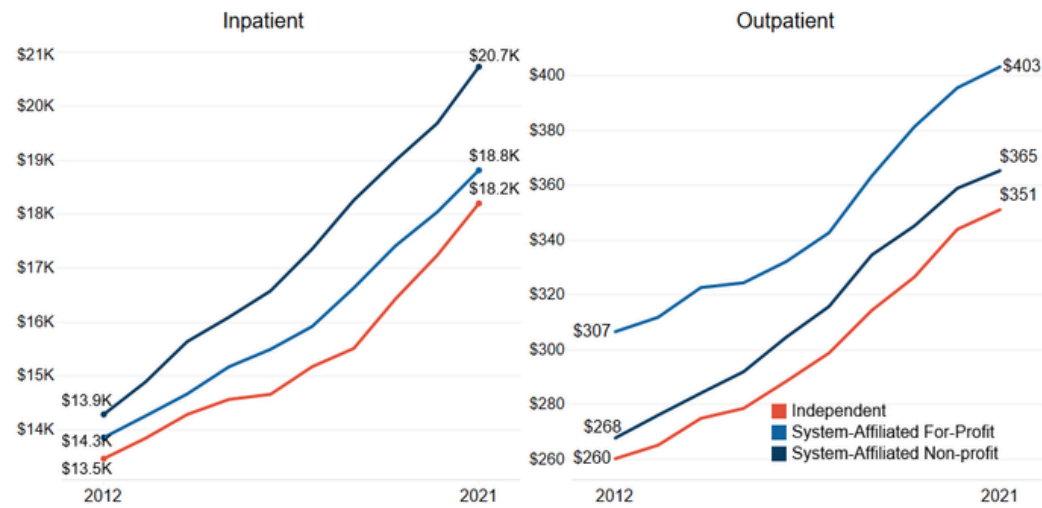
From 2012-2021, inpatient prices among non-profit hospitals were higher than for-profit hospitals [Figure 4]. At the same time, outpatient prices were higher among for-profit hospitals compared to non-profit hospitals. Non-profit hospital inpatient and outpatient prices grew faster (45% and 36%, respectively, from 2012 to 2021) than for-profit hospital prices (35% and 32%, respectively, from 2012 to 2021).

Figure 4: Prices Among For-Profit vs. Non-Profit Hospitals



Inpatient prices are highest among system-affiliated non-profit hospitals while outpatient prices are highest among system-affiliated for-profit hospitals

Figure 5: Prices Among System-affiliated for-profit, System-affiliated non-profit, and independent hospitals



Source: HCCL commercial claims data

Among system-affiliated hospitals, non-profit hospitals had higher inpatient prices while for-profit hospitals had higher outpatient prices [Figure 5]. Inpatient prices grew faster at non-profit system-affiliated hospitals between 2012 and 2021 (45%) than their for-profit (36%) and independent hospital counterparts (35%). System-affiliated non-profit hospital outpatient prices grew at a similar rate to independent hospitals (36% and 35%, respectively), slightly faster than system-affiliated for-profit hospital outpatient prices (32%).

Conclusion

Data indicate system-affiliated hospitals have higher prices at a time when fewer hospitals are staying independent. Between 2012 and 2021, the share of independent general acute care hospitals decreased from 31.5% of short-term general acute care hospitals in 2012 to 22.3% in 2021 suggesting the need for policy surrounding hospital consolidation.

Higher inpatient prices at non-profit hospitals but higher outpatient prices at for-profit hospitals suggest that ownership status may not be a meaningful differentiator in spending trends and price growth, especially as non-profit hospitals now account for the majority of short-term general acute care hospitals.

Understanding how hospital prices vary by type of service and key hospital characteristics enable state and federal policymakers to prioritize and shape their legislative and regulatory interventions. Greater understanding of outpatient hospital prices and trends can be informative in formulating policy options related to facility fees and site neutral payments.



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ABOUT HCCI

The Health Care Cost Institute is an independent, non-profit research institute. HCCI's mission is to get to the heart of the key issues impacting the U.S. health care system by using the best data to get the best answers. HCCI stands for truth and consensus around the most important trends in health care, particularly those economic issues that are critical to a sustainable, high- performing health system. Our values are simple: health care claims data should be accessible to all those who have important questions to ask of it. Health care information should be transparent and easy to understand. All stakeholders in the health care system can drive improvements in quality and value with robust analytics.

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