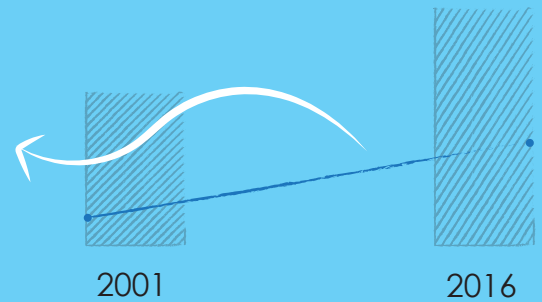


# Why do we need to examine productivity in healthcare?

**Healthcare delivery** is a major component of the US economy

**9%**  
of \$8.1 trillion  
growth in the  
US economy

**29%**  
of 14.4  
million net  
new jobs



**Excess spending adjusting for wealth<sup>1</sup> is concentrated in 3 categories:**

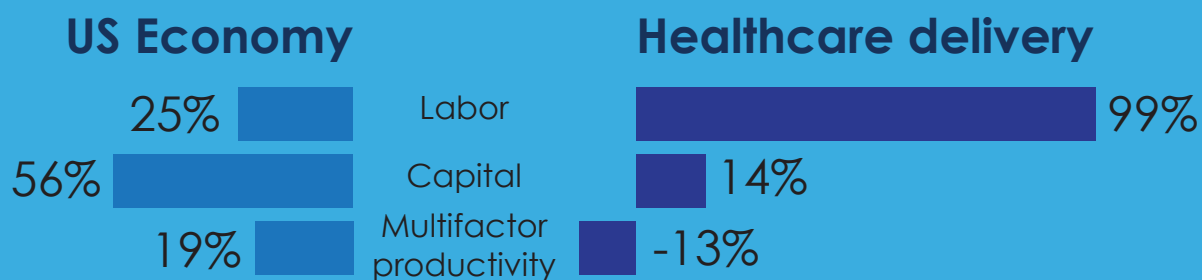
- Outpatient
- Retail drugs
- Health insurance administration

Experts estimate 30-50% of healthcare spending is wasteful



**Historically we have examined** this spending by focusing on “waste”

**What has driven growth**

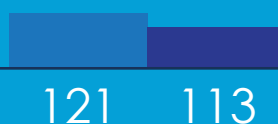


Growth driven by innovation and changes in technology

**Multifactor productivity**  
(basis points per annum)



**Labor productivity**  
(basis points per annum)



**What has productivity growth in healthcare delivery been** (2001-2016)

<sup>1</sup> Bradford JW et al. Accounting for the cost of US healthcare: Pre-reform trends and the impact of the recession. McKinsey white paper, December 2011.

To learn more, visit [mckinsey.com](http://mckinsey.com) to read  
*The Productivity Imperative for Healthcare Delivery in the United States*