

What It Costs to Have a Baby in America: A State-by-State Analysis

Hospitals are essential to the U.S. health care system and to the communities they serve, providing lifesaving care. Yet many hospitals have changed over the last 60 years from local charitable institutions focused on improving our health to large corporate entities typically focused on improving their bottom line. Fundamentally, the business interests of the hospital sector are not aligned with the interests of the patients hospitals serve. That lack of alignment has become a major driver of the U.S. health care affordability crisis.¹

High and rising health care prices are hurting America's families. Prices have increased significantly in recent years because of health care industry consolidation — particularly among hospitals — which has eliminated healthy competition and led to monopolistic pricing,² and has taken place without meaningful regulatory oversight or effective intervention.³

These higher prices result in more than \$240 billion of wasteful spending annually and ultimately come out of workers' paychecks (typically as annual increases in employer-sponsored health insurance premiums and cost sharing).⁴ Furthermore, these prices are responsible for forcing more

than 100 million people across the nation into health care debt, with 63% having to cut spending on food, clothing and other basic necessities because of this debt.⁵ It should be no surprise that 75% of Americans give our health care system a grade of D/F when it comes to cost of care.⁶

American health care is not only unaffordable but often of poor quality, with some of the worst health outcomes, lowest levels of access to care and greatest inequities compared with other industrialized countries.⁷ This combination of high cost and low quality is particularly true for the cost of childbirth services and maternal and infant health outcomes.

The high cost of childbirth for individuals with employer-sponsored insurance exemplifies the impact of high health care costs on American families. More than 3.6 million children were born in the United States in 2021, and more than 98% of them were born in a hospital.⁸ Indeed, childbirth is the most common reason for hospital admission in the United States.⁹ Yet, as common as childbirth is, in America the high cost of childbirth is driving families into debt. More than 1 in 5 Americans ages 18-30 who have medical debt say pregnancy and childbirth played a role in causing this debt.¹⁰ Despite these high costs, poor health outcomes for moms* and babies persist. American moms are more than twice as likely to die of a pregnancy-related complication than moms in other developed countries, and Black moms in the U.S. are more than four times as likely to die than moms in other developed countries.¹¹ Although the high cost of childbirth in the United States is well known, the impact of these high costs on families' earnings is less understood.

This paper examines the high cost of childbirth in America to understand the scale of unaffordable labor and delivery hospital care and highlights the impact that irrational hospital prices have on the financial security of our nation's families.

The average cost of childbirth for individuals with employer-sponsored insurance is nearly one-quarter of the average person's income. In three states, the average cost of childbirth is greater than 30% of per capita income. For high-cost births — those at the 90th percentile of costs — having a baby costs more than one-third of individuals' income. In 11 states, high-cost births are more than 40% of the average income.

These costs are not justified and not sustainable.



Cost of Childbirth

People with private, employer-sponsored insurance, annual per capita income, 2020

AVERAGE-COST BIRTHS



account for **nearly 1/4** of people's income.

HIGHEST-COST BIRTHS



account for **more than 1/3** of people's income.

*We, at Families USA, recognize and respect the diversity of gender identities and use inclusive gender-neutral terms such as “people,” “pregnant people,” “birthing persons” and “parenting people.” When citing studies, the gendered language of the researchers is used.

Methodology

Families USA conducted a state-by-state* analysis comparing the average cost of childbirth for individuals with employer-sponsored insurance to average per capita income to highlight the economic impact of high and rising health care prices for commonly used health care services.

This analysis compared both the average cost of childbirth in a hospital and childbirth costs at the 90th percentile — that is, high-cost childbirths due to high provider prices or complexity in delivered services — to average per capita income. To examine average childbirth cost and childbirth costs at the 90th percentile, Families USA analyzed a data set from the Health Care Cost Institute (HCCI) that represents the cost of labor and delivery services for inpatient and physician services for both vaginal and cesarean deliveries. This data set is based on HCCI's claims databases that cover more than one-third of all individuals with employer-sponsored private insurance and reflects the “allowed amounts” based on claims data for commercially insured patients in 2020.¹² HCCI defines “allowed amounts” as the negotiated amount paid by the insurer to the provider for the service and indicates that allowed amounts are the most direct measure of the price of a service.¹³ Notably, these figures do not account for any prenatal or newborn care; they reflect only the cost of being hospitalized for labor and delivery. Families USA analyzed data from the U.S. Department of Commerce's Bureau of Economic Analysis to obtain state and national per capita income data.¹⁴

This analysis marks the first in a series that will highlight how irrational hospital prices have become and their impact on the health and financial security of our nation's families.

Results: The cost of having a baby accounts for nearly one-quarter of people's income

Across the country, the average cost of childbirth for people with private, employer-sponsored insurance in 2020 was \$13,393, accounting for nearly one-quarter (22%) of annual per capita income. This means that, on average, one individual childbirth incurs a cost greater than two and a half months' worth of income for the average person, before accounting for any other prenatal or newborn costs. For the highest-cost births — those in the 90th percentile — childbirth accounts for an even larger portion of people's income — an average of \$21,680 nationally, or more than one-third (36%) of people's income. For these families, the cost of childbirth represents more than they are advised to spend on housing for an entire year.¹⁵

*The Health Care Cost Institute does not report these data for Alabama, Hawaii, North Dakota, Vermont and Wyoming. As a result, Families USA did not include these states in this analysis.

When looking at individual states, the costs of childbirth can account for an even larger percentage of a parent's income. The average cost of having a child in Alaska, Oregon or West Virginia exceeds 30% of annual income.


The ten states where average costs of delivery for privately insured individuals are highest relative to per capita income are:

- | | | |
|--------------------------|-----------------------|---|
| 1. West Virginia (34.7%) | 5. Georgia (27.5%) | 9. Florida (26.7%) |
| 2. Oregon (30.9%) | 6. Delaware (27.3%) | 10. New York and Wisconsin (tie, 26.2%) |
| 3. Alaska (30.4%) | 7. California (27.2%) | |
| 4. Maine (27.7%) | 8. Idaho (26.9%) | |

High-cost births — those at the 90th percentile of costs for individuals with employer-sponsored coverage — cost more than 40% of annual income in 11 states. In West Virginia, the 90th percentile of deliveries account for **more than half** of a person's average annual income. That 1 in 10 births cost between 40% and 50% of a parent's annual income is simply unsustainable for our country.

The 10 states where the 90th percentile of private insurance childbirth costs are the highest percentage of income are:

- | | | |
|--------------------------|-----------------------|---------------------|
| 1. West Virginia (52.3%) | 5. California (45.2%) | 9. Georgia (41.0%) |
| 2. Oregon (47.8%) | 6. New York (43.7%) | 10. Florida (40.5%) |
| 3. Alaska (47.1%) | 7. Idaho (43.5%) | |
| 4. Maine (45.3%) | 8. Wisconsin (42.0%) | |



In West Virginia, the 90th percentile of deliveries account for more than half of a person's average annual income.

See the table below for childbirth costs and percentage of per capita income in each state. Cells in brightest red are the highest in their respective column.

| | Average private insurance cost of delivery | Percentage per capita income | 90th percentile cost of delivery | Percentage per capita income |
|-----------------------------|--|------------------------------|----------------------------------|------------------------------|
| United States | \$13,393 | 22.4% | \$21,680 | 36.3% |
| Alaska | \$19,050 | 30.4% | \$29,531 | 47.1% |
| Arizona | \$10,813 | 20.7% | \$17,727 | 33.9% |
| Arkansas | \$7,883 | 16.7% | \$11,242 | 23.8% |
| California | \$19,230 | 27.2% | \$31,907 | 45.2% |
| Colorado | \$14,148 | 21.6% | \$22,907 | 35.0% |
| Connecticut | \$17,584 | 22.4% | \$25,287 | 32.2% |
| Delaware | \$15,350 | 27.3% | \$21,399 | 38.0% |
| District of Columbia | \$15,106 | 16.8% | \$21,051 | 23.5% |
| Florida | \$15,294 | 26.7% | \$23,221 | 40.5% |
| Georgia | \$14,299 | 27.5% | \$21,332 | 41.0% |
| Idaho | \$13,330 | 26.9% | \$21,507 | 43.5% |
| Illinois | \$11,793 | 19.0% | \$18,422 | 29.6% |
| Indiana | \$12,991 | 24.9% | \$19,858 | 38.0% |
| Iowa | \$10,066 | 18.9% | \$15,039 | 28.2% |
| Kansas | \$9,867 | 17.6% | \$15,175 | 27.1% |
| Kentucky | \$9,910 | 20.9% | \$14,492 | 30.5% |
| Louisiana | \$9,883 | 19.5% | \$15,573 | 30.6% |
| Maine | \$15,212 | 27.7% | \$24,879 | 45.3% |
| Maryland | \$14,744 | 22.4% | \$20,962 | 31.9% |
| Massachusetts | \$15,879 | 20.3% | \$23,412 | 29.9% |
| Michigan | \$10,858 | 20.3% | \$16,287 | 30.5% |
| Minnesota | \$13,825 | 22.2% | \$21,313 | 34.2% |
| Mississippi | \$7,639 | 17.9% | \$12,073 | 28.3% |

| | Average private insurance cost of delivery | Percentage per capita income | 90th percentile cost of delivery | Percentage per capita income |
|----------------|--|------------------------------|----------------------------------|------------------------------|
| Missouri | \$9,495 | 18.2% | \$14,737 | 28.3% |
| Montana | \$13,838 | 25.6% | \$21,762 | 40.2% |
| Nebraska | \$11,028 | 19.2% | \$17,002 | 29.6% |
| Nevada | \$11,880 | 21.4% | \$19,384 | 35.0% |
| New Hampshire | \$14,481 | 21.1% | \$21,278 | 31.0% |
| New Jersey | \$16,748 | 23.4% | \$23,867 | 33.4% |
| New Mexico | \$10,921 | 23.4% | \$17,482 | 37.4% |
| New York | \$18,732 | 26.2% | \$31,310 | 43.7% |
| North Carolina | \$11,050 | 21.3% | \$17,298 | 33.3% |
| Ohio | \$11,012 | 20.6% | \$15,696 | 29.3% |
| Oklahoma | \$9,111 | 18.0% | \$14,254 | 28.2% |
| Oregon | \$17,586 | 30.9% | \$27,229 | 47.8% |
| Pennsylvania | \$13,472 | 22.2% | \$20,261 | 33.4% |
| Rhode Island | \$14,642 | 24.4% | \$20,368 | 34.0% |
| South Carolina | \$12,313 | 25.1% | \$18,782 | 38.2% |
| South Dakota | \$11,443 | 18.9% | \$17,344 | 28.7% |
| Tennessee | \$12,126 | 23.2% | \$18,927 | 36.2% |
| Texas | \$10,478 | 18.8% | \$15,863 | 28.5% |
| Utah | \$10,833 | 20.7% | \$16,763 | 32.1% |
| Virginia | \$13,388 | 21.5% | \$19,793 | 31.8% |
| Washington | \$16,053 | 23.5% | \$25,020 | 36.6% |
| West Virginia | \$15,694 | 34.7% | \$23,664 | 52.3% |
| Wisconsin | \$14,670 | 26.2% | \$23,520 | 42.0% |



Hospital prices have become completely irrational and dissociated from the interests and financial security of our nation's families.

The fact that childbirth — a fundamental life event that takes place millions of times a year in the United States — incurs costs that are more than 20% of an average person's income is a clear indication that hospital prices have become completely irrational and dissociated from the interests and financial security of our nation's families. It is past time for policymakers to enact meaningful reforms to rein in predatory hospital pricing practices.

Conclusion

Policymakers must work to enact solutions to these extraordinarily high prices. In the short term, policymakers should focus on:

- » **Increasing price transparency** to further unveil how irrational hospital prices have become;
- » **Leveraging state government tools** such as insurance rate regulation and health care affordability boards; and
- » **Increasing competition** in U.S. health care markets.

In the long term, policymakers should work to transform the hospital business model to ensure hospitals are held accountable for the health and financial security of the families and people they serve.

Given the entrenched interests of hospital corporations in maintaining the status quo, it will take a powerful consumer-driven movement to make needed policy changes. We cannot keep letting basic health care services cost months' worth of the average income. It is time to act if we are truly going to ensure the health care system serves the needs of our nation's families.

Endnotes

- ¹ Sophia Tripoli, Frederick Isasi, and Eliot Fishman, *Bleeding Americans Dry: The Role of Big Hospital Corporations in Driving Our Nation's Health Care Affordability and Quality Crisis* (Washington, DC: Families USA, September 2022), <https://familiesusa.org/resources/bleeding-americans-dry-the-role-of-big-hospital-corporations-in-driving-our-nations-health-care-affordability-and-quality-crisis/>.
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- ¹¹ Roosa Tikkanen et al., "Maternal Mortality and Maternity Care in the United States Compared to 10 Other Developed Countries," The Commonwealth Fund, November 18, 2020, <https://www.commonwealthfund.org/publications/issue-briefs/2020/nov/maternal-mortality-maternity-care-us-compared-10-countries>.
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Our health care system has become so focused on dollars that it undermines the best interest of patients. We need to dramatically rethink how we deliver care so that the focus is on positive health outcomes for patients rather than an endless flow of bills.

People First Care is a series of publications that addresses the systemic problems in health care payment and delivery that drive unaffordable, low-quality care and poor health, and lays a blueprint for reorienting the health care system to deliver health and affordable, high-quality care for all.

People First Care Series

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