

January 8, 2025

## New CMS data indicate national health spending grew by 7.5% in 2023

### HIGHLIGHTS

- ▲ The Centers for Medicare and Medicaid Services (CMS) released the official estimates of national health spending for 2023 on December 18, indicating that health spending grew by 7.5% in 2023. We have incorporated these estimates into this spending brief.
- ▲ In October 2024, national health spending grew by 7.6%, year over year, and represents 18.1% of GDP.
- ▲ Nominal GDP in October 2024 was 5.1% higher than in October 2023, growing 2.5 percentage points more slowly than health spending.
- ▲ Personal health care spending growth in October was 7.8%, year over year, with utilization growth continuing to outpace price growth.
- ▲ Growth among major spending categories continued to be highest for home health care, at 11.1%, year over year. Spending growth for hospital care grew the slowest, at 6.8%.

### National Health Spending and GDP\*

	October 2022	October 2023	September 2024	October 2024
<b>GDP</b>	26.67	28.09	29.34	29.52
<b>National Health Spending (HS)</b>	4.62	4.97	5.32	5.34
<b>HS Share of GDP</b>	17.3%	17.7%	18.1%	18.1%
<b>HS Share of PGDP</b>	17.5%	18.0%	18.5%	18.5%
<b>Growth from Prior 12 Months</b>				
<b>HS</b>	5.7%	7.6%	8.4%	7.6%
<b>GDP</b>	8.5%	5.3%	4.3%	5.1%
<b>HS minus GDP</b>	-2.8%	2.3%	4.1%	2.5%
<b>HS minus PGDP</b>	-3.4%	2.6%	4.2%	3.1%

Source: Altarum monthly health spending estimates (see Methods box below). Monthly GDP is from S&P Global Market Intelligence. PGDP, defined as what GDP would be at full employment, is from the quarterly Congressional Budget Office estimates, converted to monthly by Altarum.

Note: Discrepancies in differences are due to rounding.

\* Spending is in trillions of dollars at a seasonally adjusted annual rate (SAAR).

Altarum is a nonprofit research and consulting organization that creates and implements solutions to advance health among at-risk and disenfranchised populations. Since 2011, Altarum has researched cost growth trends and key drivers of U.S. health spending and formulated policy strategies to help bend the cost growth curve. This work was made possible through generous support from the Robert Wood Johnson Foundation.

*The Health Sector Economic Indicators<sup>SM</sup>* reports are a monthly publication of Altarum and provide an analysis of health spending, employment, and prices. For more information, contact George Miller at [george.miller@altarum.org](mailto:george.miller@altarum.org). George Miller, PhD (principal author) and Matt Daly, PhD, contributed to this brief. We thank Corwin Rhyan and Stephen McCall for their previous leadership of this work. Media Contact: [press@altarum.org](mailto:press@altarum.org). For more information, visit <http://altarum.org/solution/health-sector-spending>.

## DISCUSSION

This month’s spending brief incorporates adjustments to our 2023 estimates to match new CMS [National Health Expenditure Accounts results for 2023](#) that were released on December 18, 2024. Because our results for 2024 are based on applying spending growth rates to the previous year’s levels, our results for 2024 also differ from our previous estimates. Our previous estimate of a national health spending growth rate in 2023 of 7.3% has now been adjusted to match the CMS value of 7.5%.

After adopting the new CMS data, we estimate that national health spending reached a seasonally adjusted annual rate of \$5.34 trillion. October’s spending corresponds to a year-over-year growth rate of 7.6%.

Year-over-year GDP growth increased from 4.3% in September to 5.1% in October, and national health spending in October grew 2.5 percentage points faster than GDP, down significantly from 4.1 percentage points in September (Exhibit 1). National health spending in October represented 18.1% of GDP, equalling its September share.

The year-over-year growth rate in personal health care spending (spending on health care goods and services) was 7.8% in October, resulting in personal health care spending as a percent of GDP equaling 15.4% (data not shown).

**Exhibit 1. Year-over-Year Growth in GDP and Health Spending**

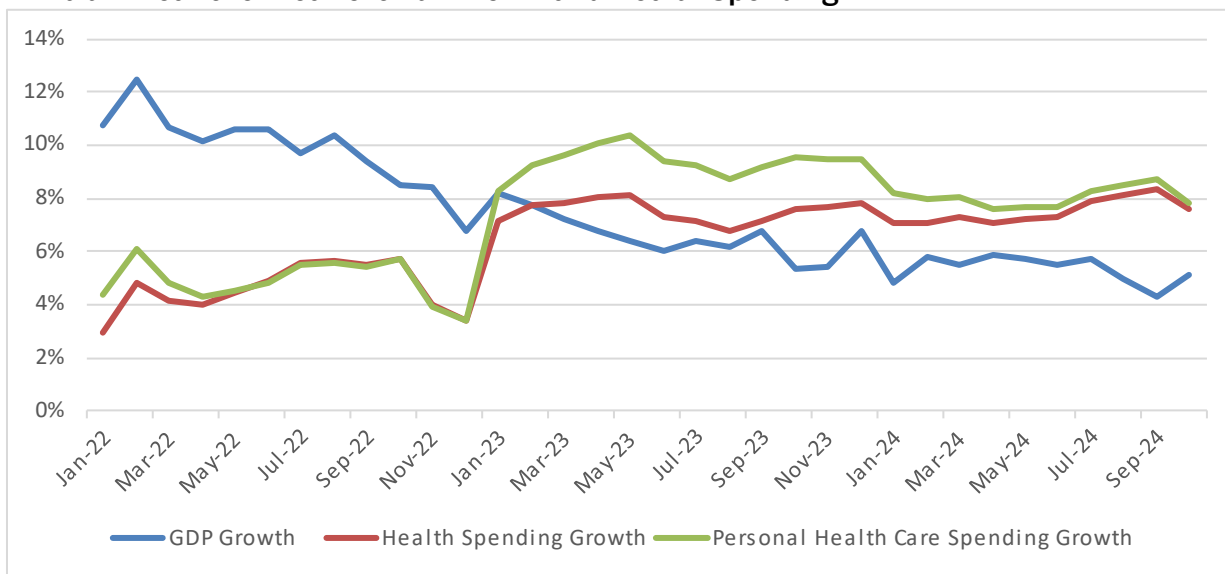


Exhibit 2 illustrates how health spending in October was distributed among spending categories. Personal health care constituted 85% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services. (Components do not add to 100% due to rounding.)

**Exhibit 2. Health Spending by Category, October 2024**

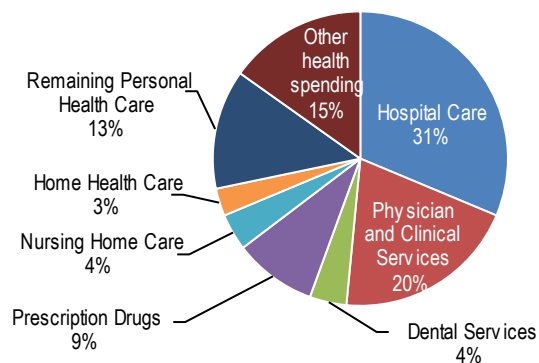


Exhibit 3 displays the growth in spending for personal health care and its major component categories for the 12 month periods ending October 2024 and October 2023. Spending on all categories except physician services and

dental services showed slower growth this year compared with last. Annual growth in October 2024 was again greatest for home health care at 11.1%. The slowest growth occurred in spending on hospital care, at 6.8%.

### Exhibit 3. Health Care Spending 12-Month Growth

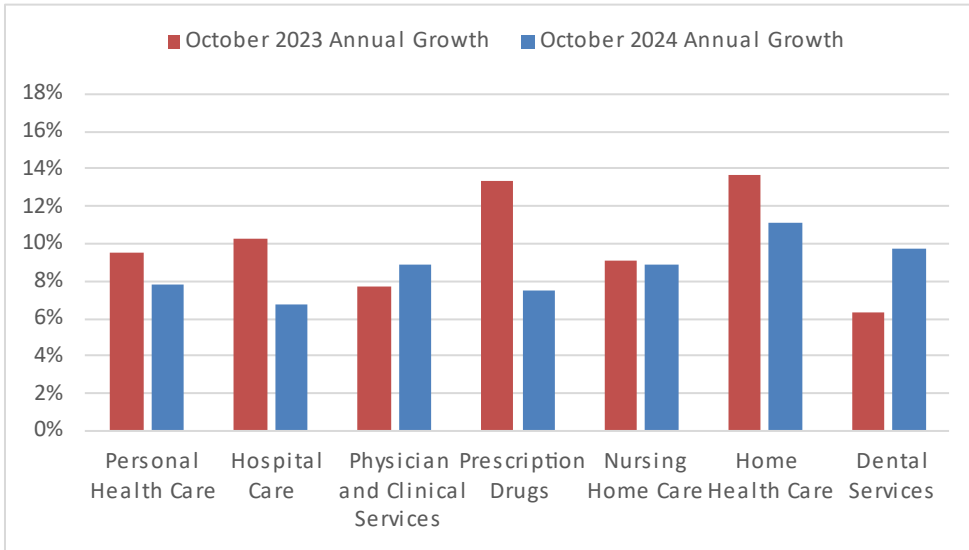
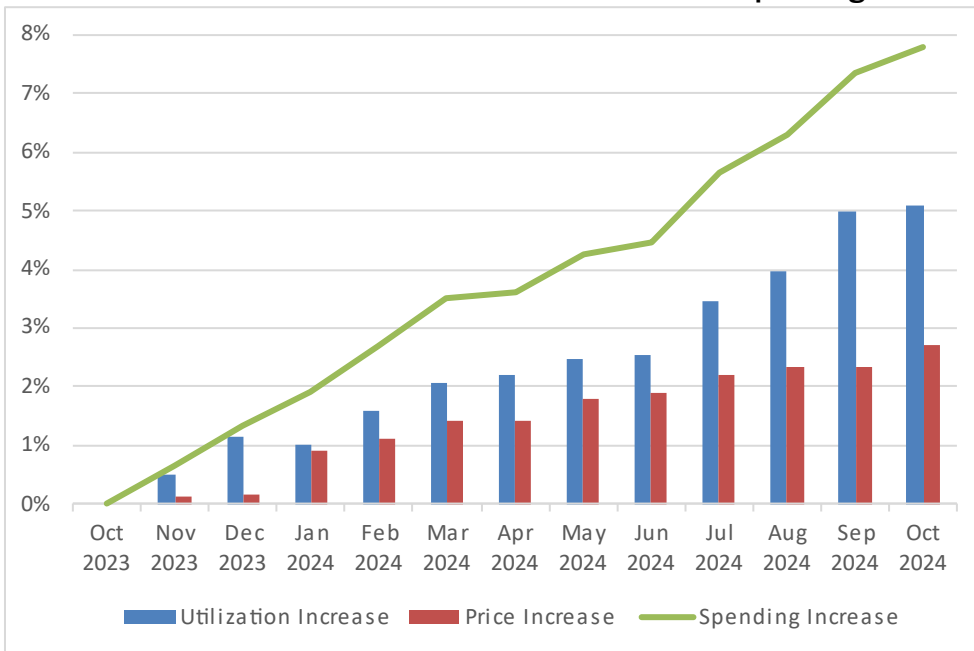


Exhibit 4 shows how spending on personal health care has grown over the past year (since October 2023) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through October 2024 has continued to be driven more by utilization growth than by price increases: Of the 7.8% growth in personal health care spending during this period, 2.7 percentage points can be attributed to price growth, while the remaining 5.1 percentage point growth was associated with increases in utilization.

### Exhibit 4. Cumulative Growth in Personal Health Care Spending



## DETAILED HEALTH SPENDING

**Exhibit 5. Monthly National Spending Estimates by Detailed Category**

Levels (in billions of dollars)	October 2021	October 2022	October 2023	October 2024
<b>GDP</b>	\$24,574.8	\$26,667.8	\$28,093.4	\$29,523.7
<b>National Health Spending</b>	\$4,366.8	\$4,616.4	\$4,967.4	\$5,344.3
<b>Personal health care</b>	\$3,631.6	\$3,840.5	\$4,207.4	\$4,535.2
Hospital care	\$1,348.2	\$1,411.8	\$1,556.3	\$1,662.1
Physician and clinical services	\$889.8	\$926.0	\$997.6	\$1,086.2
Other professional services	\$135.9	\$145.8	\$162.5	\$181.3
Dental services	\$163.0	\$165.9	\$176.3	\$193.5
Other personal health care	\$229.6	\$254.5	\$275.9	\$293.0
Home health care	\$124.8	\$136.5	\$155.1	\$172.3
Nursing home care	\$182.9	\$197.7	\$215.8	\$234.9
Prescription Drugs	\$382.1	\$413.5	\$468.6	\$503.6
Durable medical equipment	\$65.9	\$70.6	\$73.1	\$77.3
Nondurable medical products	\$109.5	\$118.3	\$126.2	\$131.0
Program administration and net cost of private health insurance	\$310.9	\$345.9	\$366.3	\$391.0
Government public health activities	\$201.2	\$200.3	\$151.3	\$163.5
Research	\$63.7	\$69.5	\$73.2	\$76.7
Structures and equipment	\$159.4	\$160.1	\$169.3	\$177.9
<b>HS Share of GDP</b>	17.8%	17.3%	17.7%	18.1%
<b>HS Share of PGDP</b>	18.1%	17.5%	18.0%	18.5%

Source: Altarum monthly national health spending estimates. The monthly GDP is from S&P Global Market Intelligence.  
Notes: Spending is expressed in billions of dollars at a SAAR.

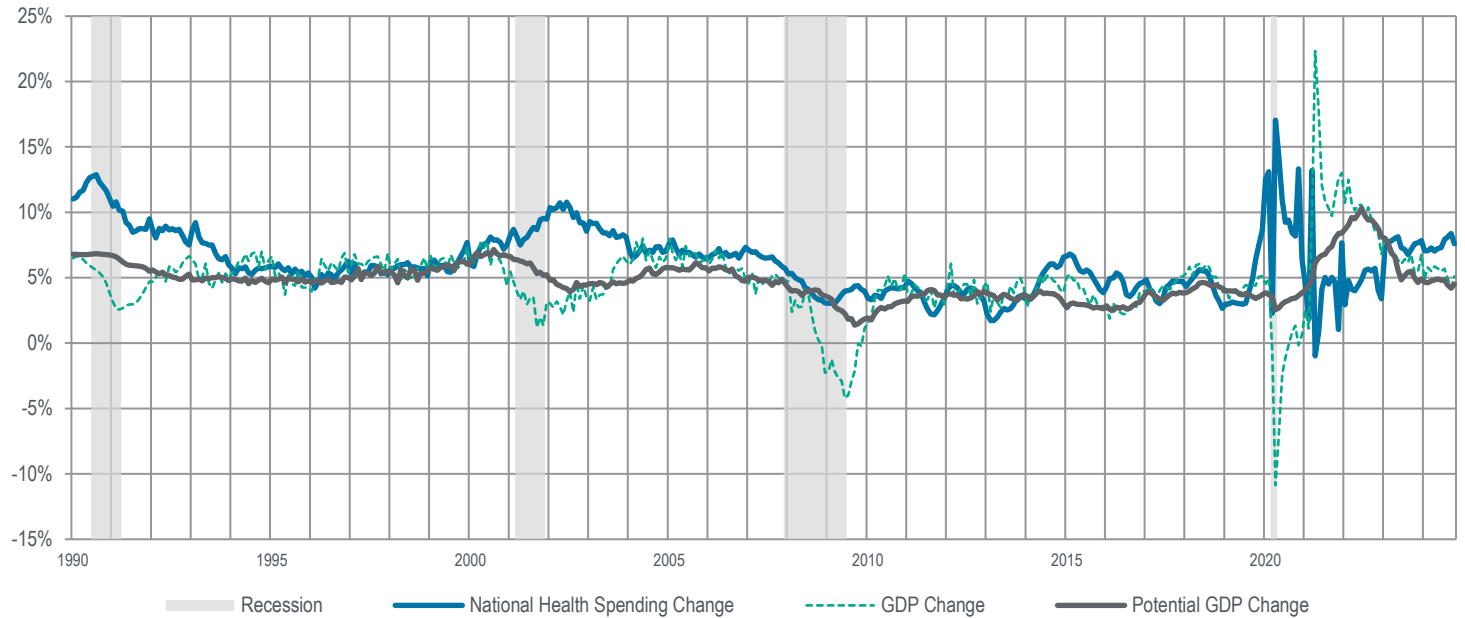
**Exhibit 6. National Health Spending 12-Month Growth Rates by Detailed Category**

Growth Rates	October 2022	October 2023	October 2024
<b>GDP</b>	8.5%	5.3%	5.1%
<b>National Health Spending</b>	5.7%	7.6%	7.6%
<b>Personal health care</b>	5.8%	9.6%	7.8%
Hospital care	4.7%	10.2%	6.8%
Physician and clinical services	4.1%	7.7%	8.9%
Other professional services	7.3%	11.5%	11.6%
Dental services	1.8%	6.3%	9.7%
Other personal health care	10.9%	8.4%	6.2%
Home health care	9.4%	13.6%	11.1%
Nursing home care	8.1%	9.1%	8.9%
Prescription Drugs	8.2%	13.3%	7.5%
Durable medical equipment	7.1%	3.6%	5.7%
Nondurable medical products	8.0%	6.6%	3.9%
Program administration and net cost of private health insurance	11.3%	5.9%	6.7%
Government public health activities	-0.5%	-24.5%	8.1%
Research	9.2%	5.2%	4.8%
Structures and equipment	0.4%	5.8%	5.1%
<b>HS Minus GDP</b>	-2.8%	2.3%	2.5%
<b>HS Minus PGDP</b>	-3.4%	2.6%	3.1%

Source: Computed from Exhibit 5.  
Note: This exhibit compares monthly national health spending to that of the same month from the previous year.

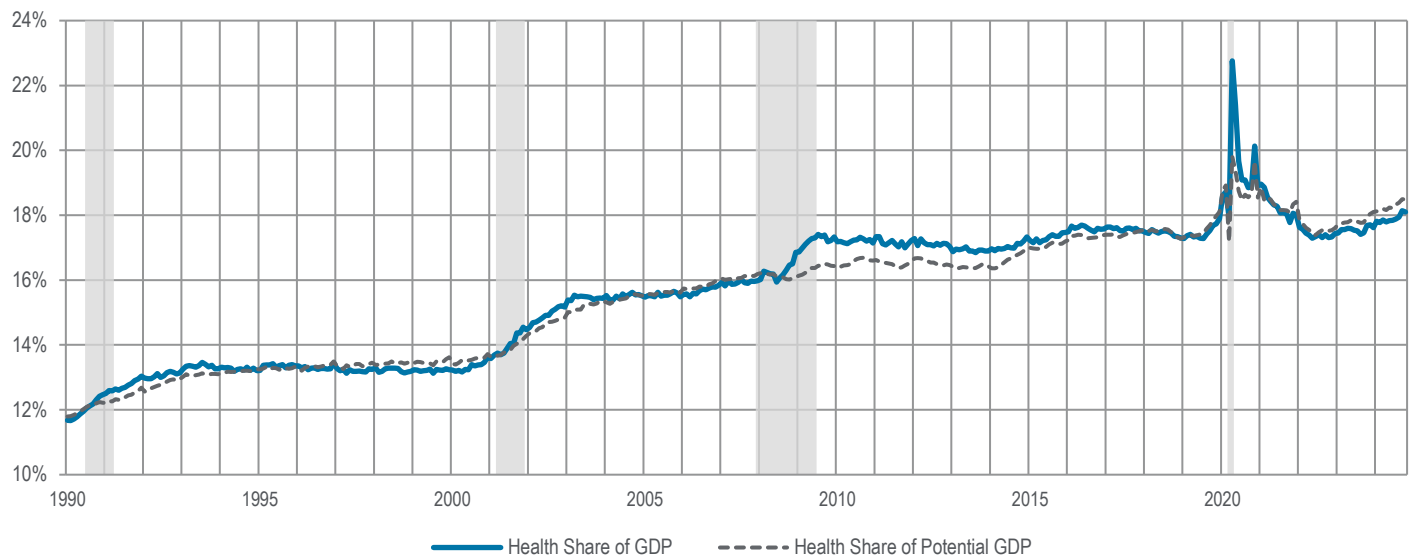
## TIME SERIES TRACKER

**Exhibit 7. Year-over-Year Percentage Change in Spending and GDP**



**Source:** Altarum monthly national health spending estimates. The monthly GDP is from S&P Global Market Intelligence.  
**Note:** Lightly shaded bars denote recession periods.

**Exhibit 8. Monthly Health Spending as a Percentage of Monthly GDP**



**Source:** Altarum monthly national health spending estimates. Monthly GDP is from S&P Global Market Intelligence. PGDP is from the U.S. Congressional Budget Office and has been converted to monthly estimates. **Note:** Lightly shaded bars denote recession periods.

**Methods.** Altarum’s estimates are based on [BEA monthly health spending](#) and [CMS annual NHE estimates \(1990–2022\) and projections \(2023 and 2024\)](#). BEA spending categories are matched to NHEA components by using information presented in the [following](#): Hartman, M. B., Kornfeld, R. J., & Catlin, A. C. (2010, September). A reconciliation of health care expenditures in the National Health Expenditures Accounts and in gross domestic product. *Survey of Current Business*, 90(9), 42–52. For all NHEA personal health care categories except “other health, residential, and personal care,” monthly estimates are based on BEA spending adjusted to NHEA by using annual ratios. For the remaining categories, national health spending estimates and projections are allocated across months by using a simple trend. Annual ratio adjustments through 2023 are based on NHEA actuals and ensure that monthly estimates sum exactly to NHEA annual amounts. The 2023 ratios are used to adjust BEA spending for months in 2024.