

March 4, 2025

National health spending grew by 7.4% in 2024

HIGHLIGHTS

- ▲ Initial data for all of 2024 suggest that national health spending, for the year, grew by 7.4% over 2023, while personal health care spending grew by 7.9%.
- ▲ In December 2024, national health spending grew by 6.9%, year over year, and represented 18.1% of GDP.
- ▲ Personal health care spending growth in December was 7.1%, 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 9.4%, year over year, while spending growth for prescription drugs grew the slowest, at 4.7%.

National Health Spending and GDP*

	December 2022	December 2023	November 2024	December 2024
GDP	26.75	28.56	29.77	29.69
National Health Spending (HS)	4.67	5.03	5.36	5.38
HS Share of GDP	17.4%	17.6%	18.0%	18.1%
HS Share of PGDP	17.6%	18.1%	18.5%	18.5%
Growth from Prior 12 Months				
HS	3.4%	7.8%	7.3%	6.9%
GDP	6.8%	6.8%	5.4%	3.9%
HS minus GDP	-3.4%	1.1%	1.9%	3.0%
HS minus PGDP	-4.7%	2.9%	2.6%	2.2%

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: Any discrepancies in differences are due to rounding.

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

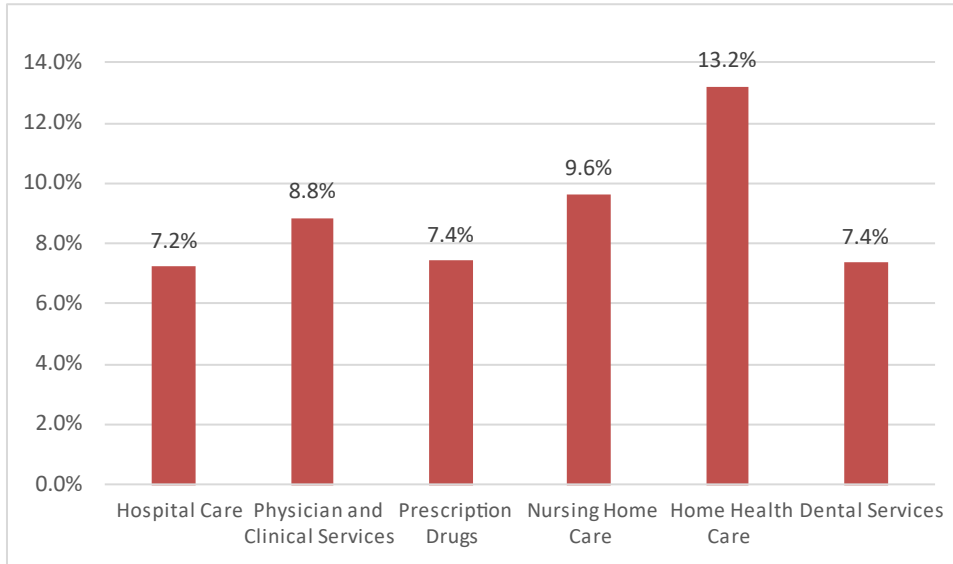
Altarum is a nonprofit research and consulting organization that creates and implements solutions to advance health among at-risk and disenfranchised populations. Since 2011, Altarum has researched cost growth trends and key drivers of U.S. health spending and formulated policy strategies to help bend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

The Health Sector Economic IndicatorsSM 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. George Miller, PhD (principal author) and Matt Daly, PhD, contributed to this brief. We thank Stephen McCall and Corwin Rhyon for their previous contributions to this work. Media Contact: press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.

DISCUSSION

This month’s spending brief provides a first look at health spending for the entire year of 2024. For the year, health spending grew by 7.4%, significantly greater than the 5.3% growth in GDP. Annual growth in personal health care spending (spending on health care goods and services, i.e., excluding spending on program administration and the net cost of insurance, government public health activities, and investment) was 7.9%. Exhibit 1 shows growth for the year for personal health care spending and its major components. In 2024, home health care grew the fastest, at 13.2%, while spending on hospital care grew the least, at 7.2%.

Exhibit 1. Increase in Health Care Spending for All of 2024



In December 2024, national health spending reached a seasonally adjusted annual rate of \$5.38 trillion. December’s spending corresponds to a year-over-year growth rate of 6.9%.

Year-over-year GDP growth was 3.9% in December, and national health spending in December grew 3.0 percentage points faster than GDP. National health spending in December represented 18.1% of GDP.

The year-over-year growth rate in personal health care spending was 7.1% in December. (See Exhibit 2.)

Exhibit 2. Year-over-Year Growth in GDP and Health Spending

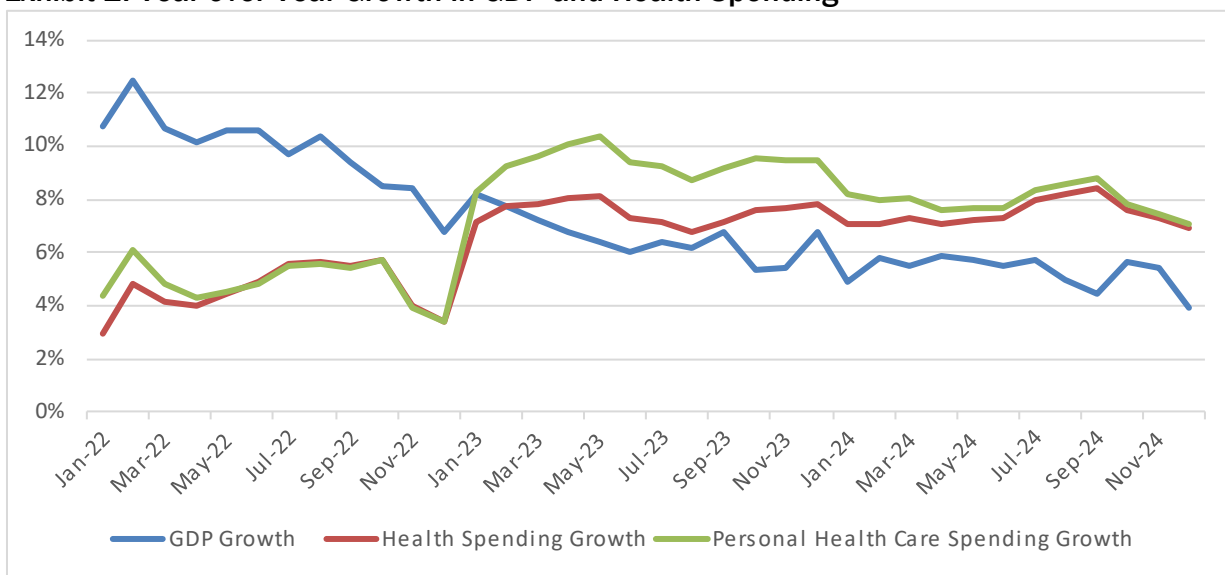


Exhibit 3 illustrates how health spending in December was distributed among spending categories. Personal health care constituted 85% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services. (Components do not add to 100% due to rounding.)

Exhibit 3. Health Spending by Category, December 2024

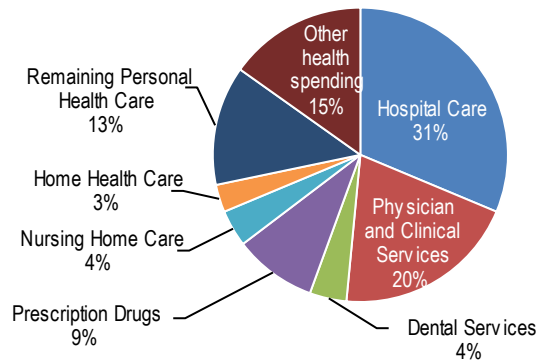


Exhibit 4 displays the growth in spending for personal health care and its major component categories for the 12 month periods ending December 2024 and December 2023. Spending on all categories except dental services showed slower growth this year compared with last. Annual growth in December 2024 was again greatest for home health care at 9.4%. The slowest growth occurred in spending on prescription drugs, at 4.7%.

Exhibit 4. Health Care Spending 12-Month Growth

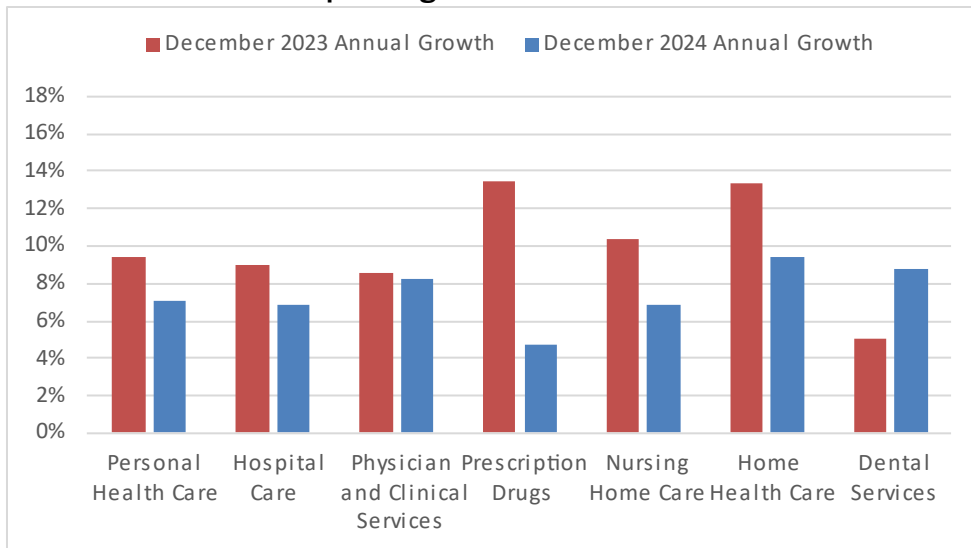
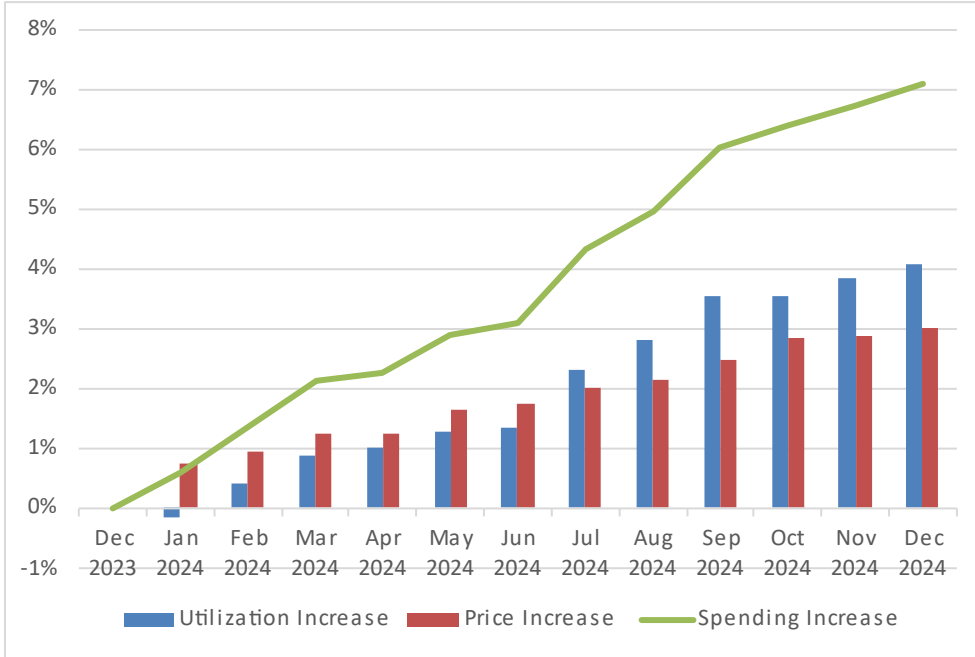


Exhibit 5 shows how spending on personal health care has grown over the past year (since December 2023) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through December 2024 has continued to be driven more by utilization growth than by price increases: of the 7.1% growth in personal health care spending during this period, 3.0 percentage points can be attributed to price growth, while the remaining 4.1 percentage point growth was associated with increases in utilization.

Exhibit 5. Cumulative Growth in Personal Health Care Spending



DETAILED HEALTH SPENDING

Exhibit 6. Monthly National Spending Estimates by Detailed Category

Levels (in billions of dollars)	December 2021	December 2022	December 2023	December 2024
GDP	\$25,047.8	\$26,748.7	\$28,561.2	\$29,686.0
National Health Spending	\$4,512.5	\$4,665.3	\$5,030.7	\$5,380.0
Personal health care	\$3,767.4	\$3,895.5	\$4,262.9	\$4,565.1
Hospital care	\$1,398.4	\$1,437.7	\$1,566.1	\$1,674.2
Physician and clinical services	\$921.1	\$934.4	\$1,014.8	\$1,098.3
Other professional services	\$146.6	\$148.8	\$168.0	\$183.4
Dental services	\$182.7	\$168.4	\$176.9	\$192.5
Other personal health care	\$236.7	\$258.5	\$278.7	\$296.2
Home health care	\$130.6	\$138.8	\$157.3	\$172.1
Nursing home care	\$189.5	\$202.5	\$223.5	\$238.8
Prescription Drugs	\$386.9	\$418.8	\$475.3	\$497.6
Durable medical equipment	\$64.8	\$69.7	\$75.5	\$79.9
Nondurable medical products	\$110.1	\$117.9	\$126.9	\$132.0
Program administration and net cost of private health insurance	\$315.9	\$349.5	\$370.2	\$395.4
Government public health activities	\$205.1	\$188.6	\$153.1	\$162.9
Research	\$64.8	\$70.2	\$73.7	\$77.3
Structures and equipment	\$159.3	\$161.4	\$170.7	\$179.5
HS Share of GDP	18.0%	17.4%	17.6%	18.1%
HS Share of PGDP	18.4%	17.6%	18.1%	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.
** Data not available.

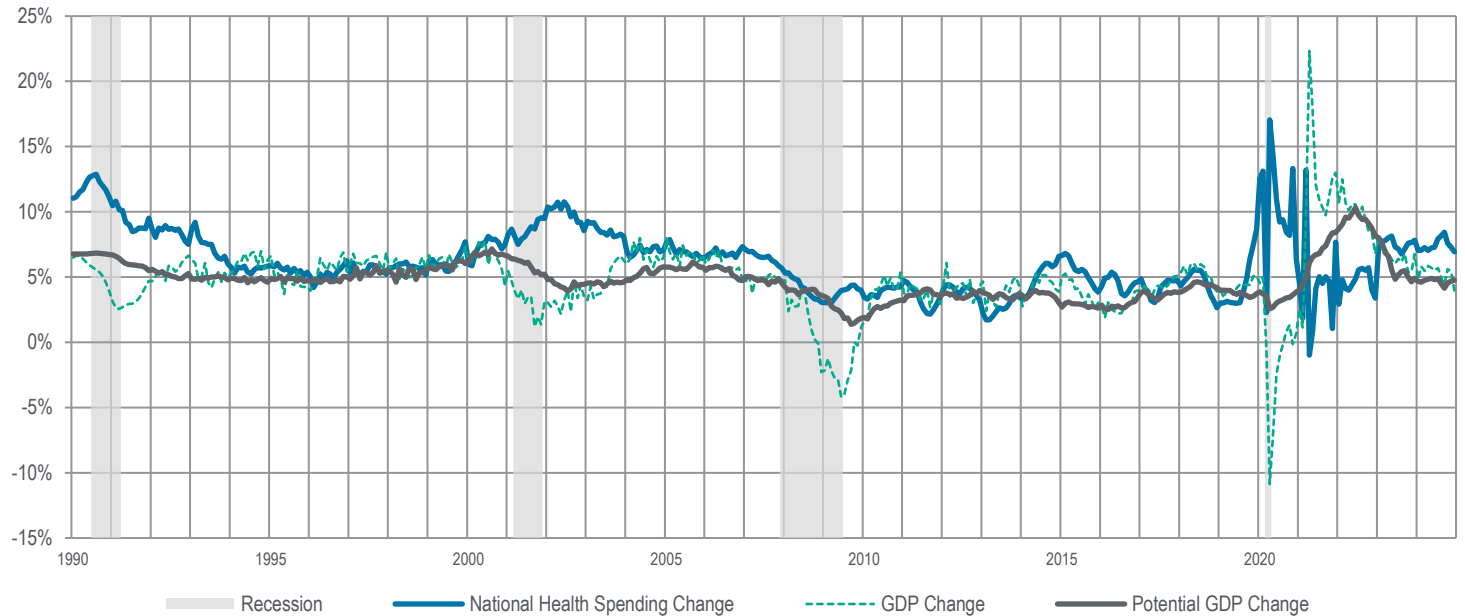
Exhibit 7. National Health Spending 12-Month Growth Rates by Detailed Category

Growth Rates	December 2022	December 2023	December 2024
GDP	6.8%	6.8%	3.9%
National Health Spending	3.4%	7.8%	6.9%
Personal health care	3.4%	9.4%	7.1%
Hospital care	2.8%	8.9%	6.9%
Physician and clinical services	1.4%	8.6%	8.2%
Other professional services	1.5%	12.8%	9.2%
Dental services	-7.8%	5.0%	8.8%
Other personal health care	9.2%	7.8%	6.3%
Home health care	6.3%	13.4%	9.4%
Nursing home care	6.9%	10.4%	6.9%
Prescription Drugs	8.3%	13.5%	4.7%
Durable medical equipment	7.4%	8.4%	5.8%
Nondurable medical products	7.1%	7.7%	4.0%
Program administration and net cost of private health insurance	10.6%	5.9%	6.8%
Government public health activities	-8.0%	-18.8%	6.4%
Research	8.4%	5.0%	4.8%
Structures and equipment	1.4%	5.8%	5.1%
HS Minus GDP	-3.4%	1.1%	3.0%
HS Minus PGDP	-4.7%	2.9%	2.2%

Source: Computed from Exhibit 5.
Note: This exhibit compares monthly national health spending to that of the same month from the previous year.
** Data not available.

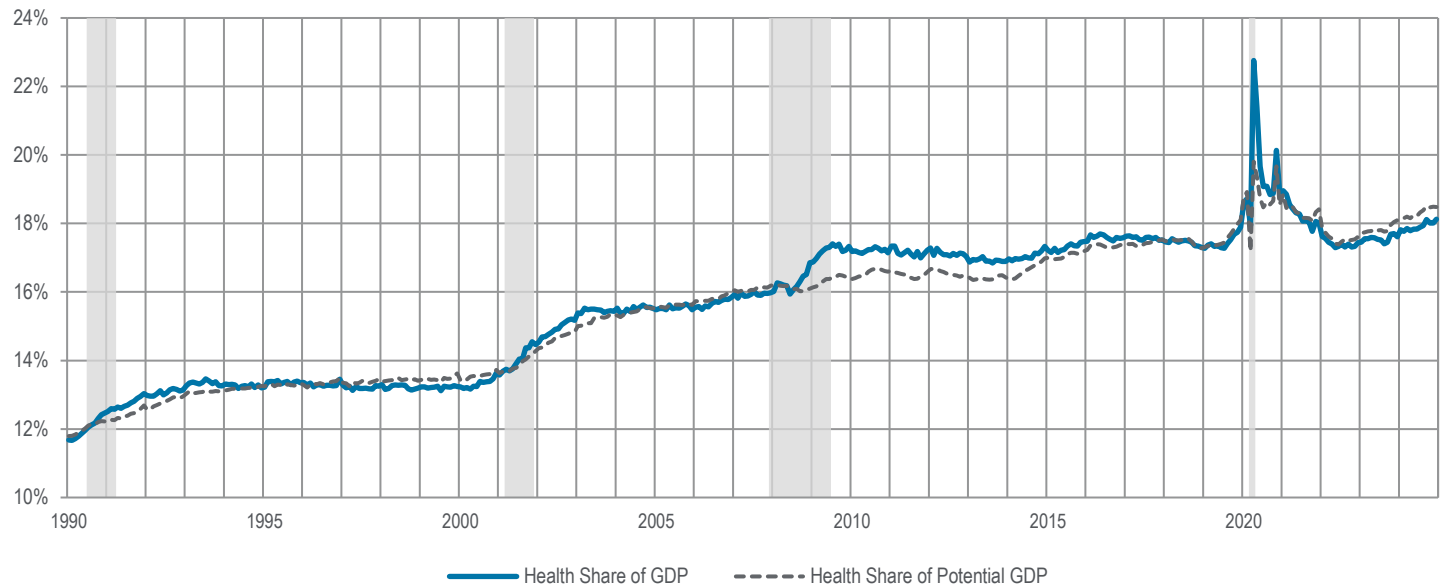
TIME SERIES TRACKER

Exhibit 8. 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 9. 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 \(1990–2023\) and projections \(2024\)](#). 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.