

January 31, 2025

Spending growth for home health care significantly exceeds overall growth in personal health care spending for past 18 months

HIGHLIGHTS

- ▲ In November 2024, national health spending grew by 7.2%, year over year. October's growth of 7.6% represented 18.1% of October GDP. (November GDP is not available.)
- ▲ Personal health care spending growth in November was 7.4%, 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 10.1%, year over year, while spending growth for prescription drugs grew the slowest, at 5.5%. Growth in home health care spending since June 2023 (24.8%) has greatly exceeded growth in spending for other categories of personal health care spending.

National Health Spending and GDP*

	November 2022	November 2023	October 2024	November 2024
GDP	26.79	28.24	29.52	**
National Health Spending (HS)	4.64	5.00	5.35	5.36
HS Share of GDP	17.3%	17.7%	18.1%	**
HS Share of PGDP	17.5%	18.0%	18.5%	**
Growth from Prior 12 Months				
HS	4.0%	7.7%	7.6%	7.2%
GDP	8.4%	5.4%	5.1%	**
HS minus GDP	-4.4%	2.2%	2.5%	**
HS minus PGDP	-4.7%	3.0%	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).

** Data not available.

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 Rhyan for their previous contributions to this work. Media Contact: press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.

DISCUSSION

In November 2024, national health spending reached a seasonally adjusted annual rate of \$5.36 trillion. November’s spending corresponds to a year-over-year growth rate of 7.2%.

Year-over-year GDP growth was 5.1% in October, and national health spending in October grew 2.5 percentage points faster than GDP. (November GDP data are not currently available.) National health spending in October represented 18.1% of GDP.

The year-over-year growth rate in personal health care spending (spending on health care goods and services) was 7.4% in November.

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

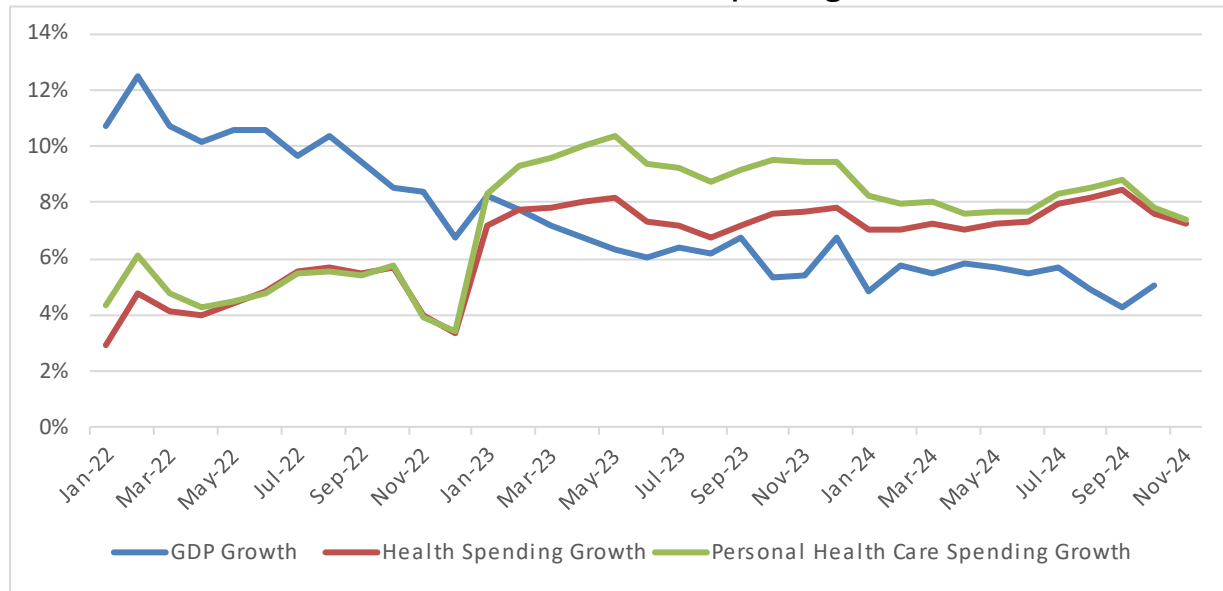


Exhibit 2 illustrates how health spending in November was distributed among spending categories. Personal health care constituted 85% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services. (Components do not add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

Exhibit 2. Health Spending by Category, November 2024

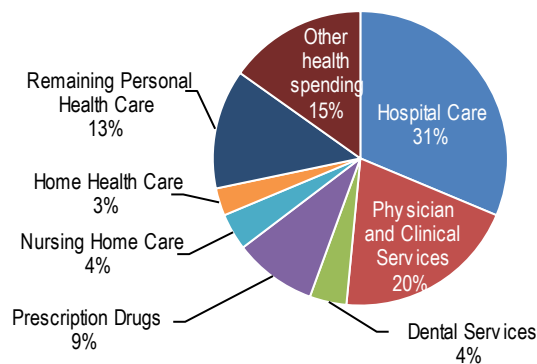


Exhibit 3 displays the growth in spending for personal health care and its major component categories for the 12 month periods ending November 2024 and November 2023. Spending on all categories except physician services and dental services showed slower growth this year compared with last. Annual growth in November 2024 was again greatest for home health care at 10.1%. The slowest growth occurred in spending on prescription drugs, at 5.5%. Since June of 2023, spending on home health care has grown by 24.8%, more than double the growth of personal health care spending overall (11.4%) over the same period and exceeding the growth in the second fastest growing of the major categories – nursing home care, at 13.4% – by 11.4 percentage points.

Exhibit 3. Health Care Spending 12-Month Growth

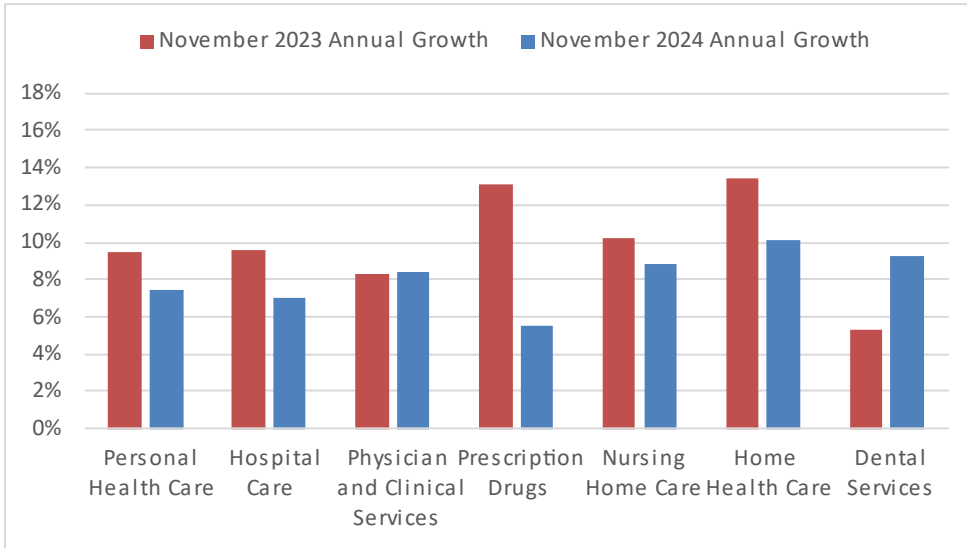
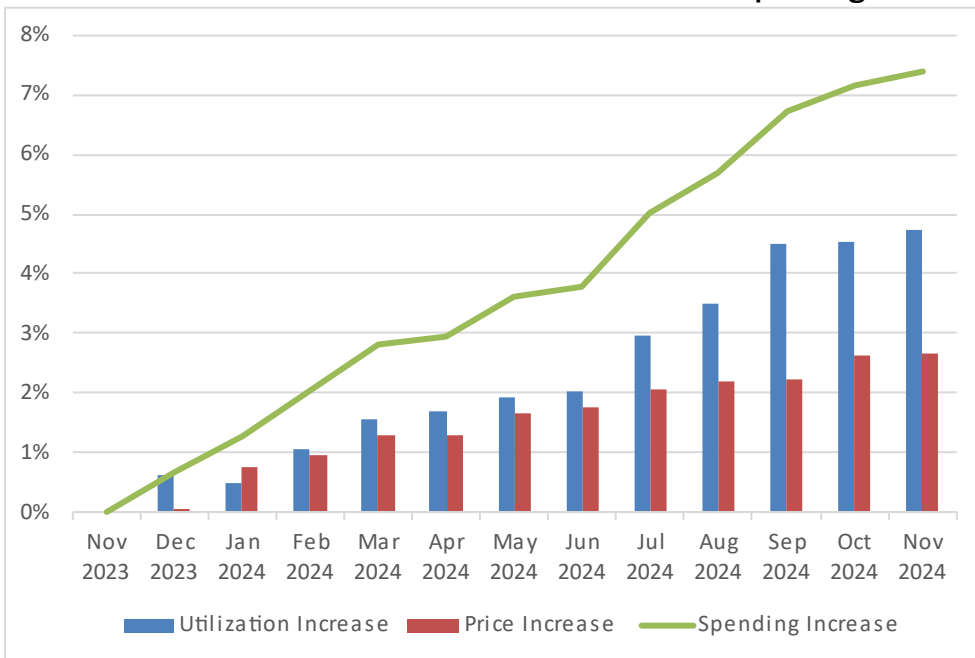


Exhibit 4 shows how spending on personal health care has grown over the past year (since November 2023) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through November 2024 has continued to be driven more by utilization growth than by price increases: of the 7.4% growth in personal health care spending during this period, 2.7 percentage points can be attributed to price growth, while the remaining 4.7 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)	November 2021	November 2022	November 2023	November 2024
GDP	\$24,708.4	\$26,786.3	\$28,237.5	**
National Health Spending	\$4,463.0	\$4,642.4	\$4,998.2	\$5,360.1
Personal health care	\$3,723.8	\$3,869.1	\$4,234.6	\$4,548.0
Hospital care	\$1,381.0	\$1,425.6	\$1,562.3	\$1,671.6
Physician and clinical services	\$910.6	\$929.7	\$1,006.8	\$1,091.0
Other professional services	\$143.4	\$148.2	\$164.7	\$180.0
Dental services	\$177.5	\$167.5	\$176.5	\$192.8
Other personal health care	\$234.2	\$256.5	\$277.3	\$294.6
Home health care	\$129.0	\$137.4	\$155.9	\$171.7
Nursing home care	\$187.5	\$198.6	\$218.9	\$238.2
Prescription Drugs	\$383.5	\$417.0	\$471.5	\$497.5
Durable medical equipment	\$66.6	\$70.3	\$74.4	\$78.7
Nondurable medical products	\$110.5	\$118.2	\$126.4	\$131.8
Program administration and net cost of private health insurance	\$313.0	\$347.8	\$368.2	\$393.2
Government public health activities	\$202.6	\$194.9	\$151.8	\$163.3
Research	\$64.2	\$69.9	\$73.5	\$77.0
Structures and equipment	\$159.4	\$160.7	\$170.0	\$178.7
HS Share of GDP	18.1%	17.3%	17.7%	**
HS Share of PGDP	18.3%	17.5%	18.0%	**

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

Growth Rates	November 2022	November 2023	November 2024
GDP	8.4%	5.4%	**
National Health Spending	4.0%	7.7%	7.2%
Personal health care	3.9%	9.4%	7.4%
Hospital care	3.2%	9.6%	7.0%
Physician and clinical services	2.1%	8.3%	8.4%
Other professional services	3.3%	11.2%	9.3%
Dental services	-5.6%	5.3%	9.3%
Other personal health care	9.5%	8.1%	6.2%
Home health care	6.5%	13.5%	10.1%
Nursing home care	5.9%	10.2%	8.8%
Prescription Drugs	8.7%	13.1%	5.5%
Durable medical equipment	5.5%	5.8%	5.8%
Nondurable medical products	7.0%	6.9%	4.3%
Program administration and net cost of private health insurance	11.1%	5.9%	6.8%
Government public health activities	-3.8%	-22.1%	7.6%
Research	8.8%	5.1%	4.8%
Structures and equipment	0.8%	5.8%	5.1%
HS Minus GDP	-4.4%	2.2%	**
HS Minus PGDP	-4.7%	3.0%	**

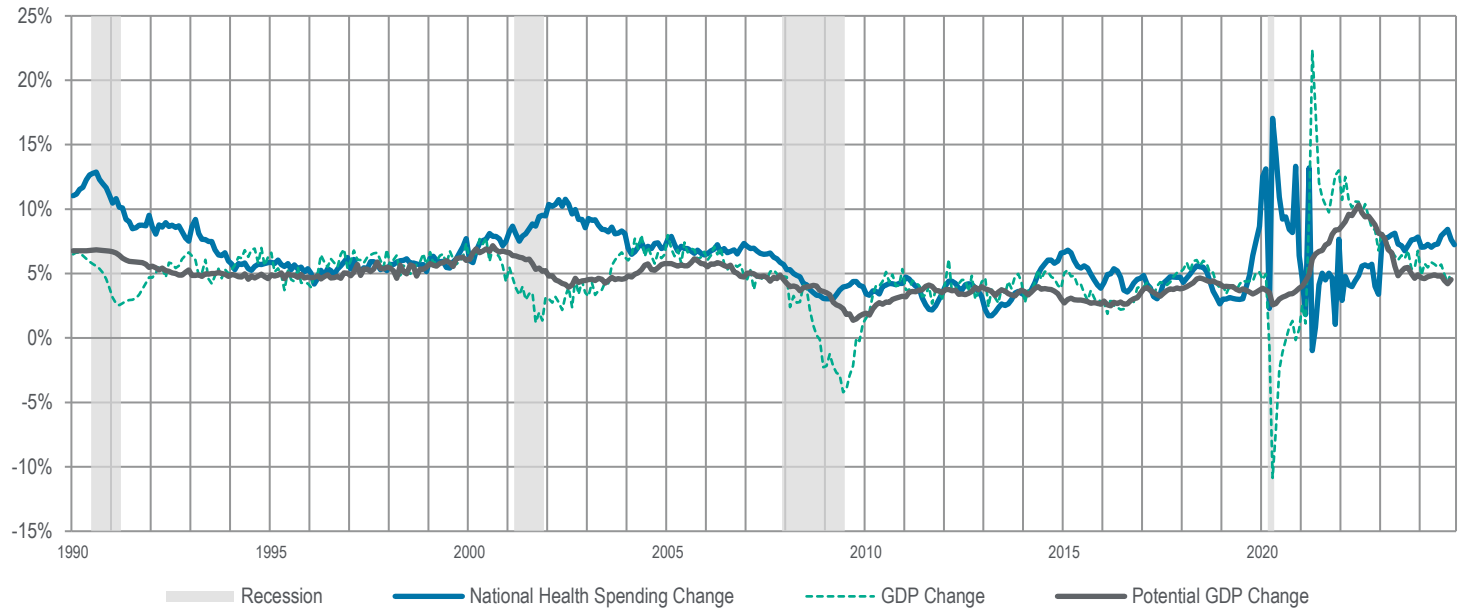
Source: Computed from Exhibit 5.

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

** Data not available.

TIME SERIES TRACKER

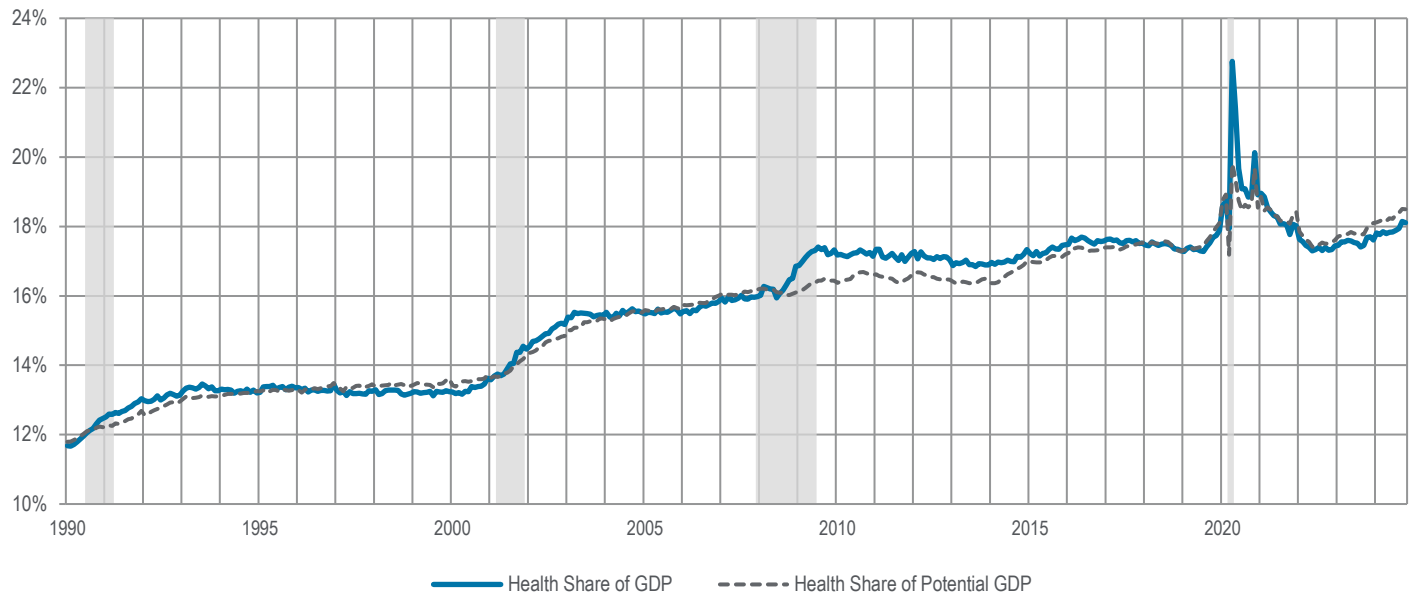
Exhibit 7. Year-over-Year Percentage Change in Spending and GDP



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 \(1990–2023\) 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.