

July 30, 2026

Health spending growth rate has slowed gradually in recent months

HIGHLIGHTS

- ▲ In May 2026, national health spending grew by 6.0%, year over year, equal to its April 2026 growth rate and somewhat lower than its growth rate over the previous two years.
- ▲ GDP grew by 6.1% in May, year over year, but its level fell slightly from its April value. As a result, national health spending in May rose to 18.4% from 18.2% in April. National health spending was last below 18% of GDP in July 2024.
- ▲ Year-over-year growth in personal health care spending was 5.8% in May, year over year, down from 7.4% in May 2025.
- ▲ Growth among major spending categories was highest for dental services, at 9.9%, year over year, while spending for prescription drugs grew the slowest, at 3.6%.

National Health Spending and GDP*

	May 2024	May 2025	April 2026	May 2026
GDP	29.18	30.35	32.24	32.21
National Health Spending (HS)	5.22	5.58	5.88	5.92
HS Share of GDP	17.9%	18.4%	18.2%	18.4%
HS Share of PGDP	18.2%	18.5%	18.4%	18.5%
Growth from Prior 12 Months				
HS	6.7%	6.9%	6.0%	6.0%
GDP	6.1%	4.0%	6.1%	6.1%
HS minus GDP	0.6%	2.9%	-0.2%	-0.1%
HS minus PGDP	1.3%	1.9%	-0.2%	-0.1%

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: 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.

The Health Sector Economic IndicatorsSM reports are a monthly publication of Altarum and provide an analysis of health spending, employment, and prices. The reports were published through March 2025; starting in July 2026, Altarum has relaunched publication of the series. For more information, contact George Miller at george.miller@altarum.org. George Miller, PhD (principal author) and Matt Daly, PhD, contributed to this brief. Media Contact: press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.

DISCUSSION

In May 2026, national health spending reached a seasonally adjusted annual rate of \$5.92 trillion, up from the April level of \$5.88 trillion. May's spending corresponds to a year-over-year growth rate of 6.0%.

Year-over-year GDP growth was 6.1% in May, and national health spending in May grew 0.1 percentage points slower than GDP. National health spending in May represented 18.4% of GDP. In the past few months, an increasing growth rate in GDP and a decline in the growth rate of health spending resulted in GDP growth exceeding health spending growth beginning in March 2026 for the first time in more than two years.

The year-over-year growth rate in personal health care spending was 5.8% in May and also fell below the GDP growth rate beginning in March. (See Exhibit 1.)

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

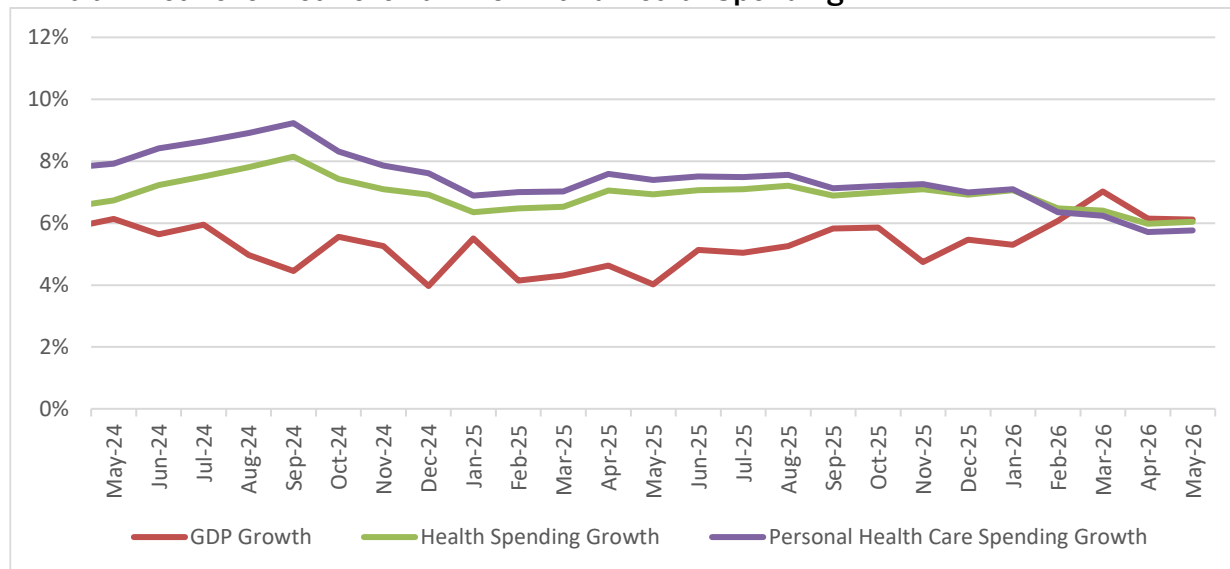


Exhibit 2 illustrates how health spending in May was distributed among spending categories. Personal health care constituted 84.5% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services.

Exhibit 2. Health Spending by Category, May 2026

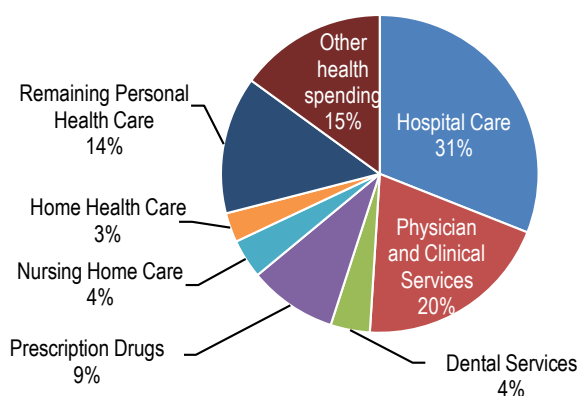


Exhibit 3 displays the growth in spending for personal health care and its major component categories for the 12 month periods ending May 2026 and May 2025. Spending on all categories except dental services showed slower growth this year compared with last. Annual growth in May 2026 was greatest for dental services, at 9.9%. The slowest growth occurred in spending on prescription drugs, at 3.6%.

Exhibit 3. Health Care Spending 12-Month Growth

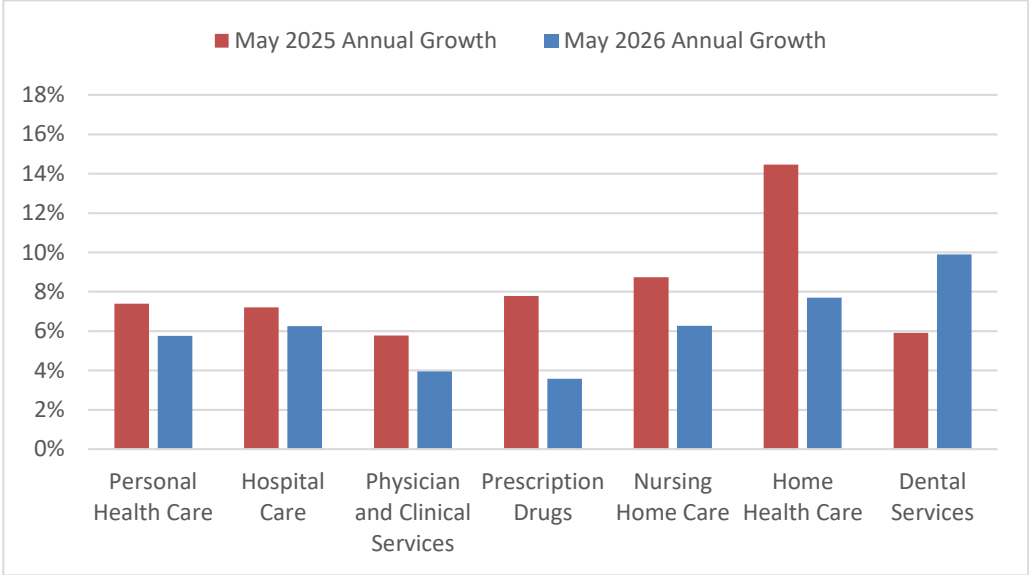
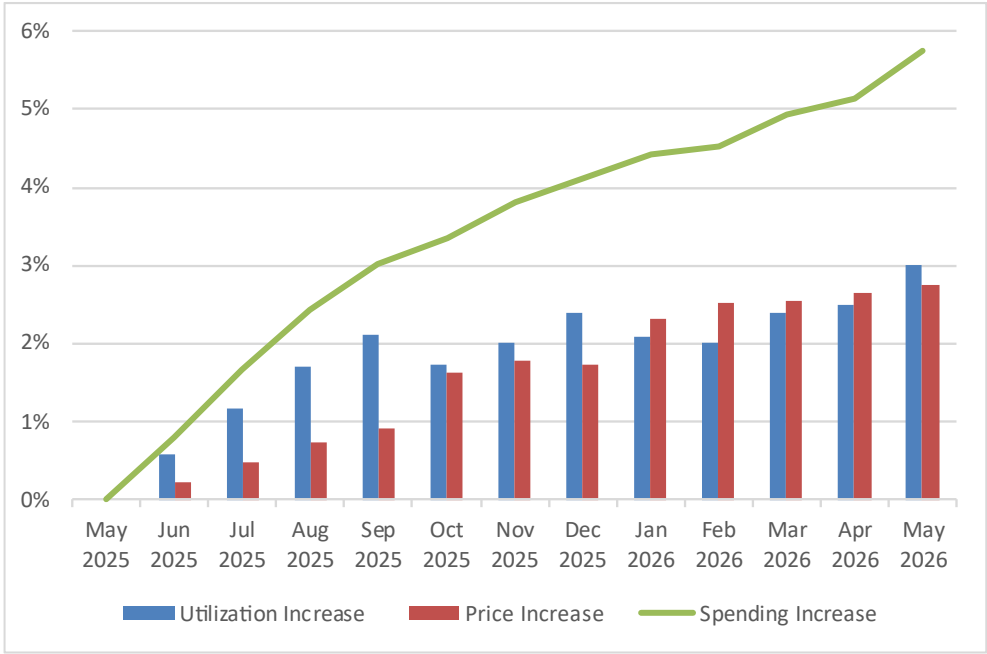


Exhibit 4 shows how spending on personal health care has grown over the past year (beginning in May 2025) and illustrates the relative contribution of utilization and prices to this growth. It indicates that utilization growth and price increases have contributed nearly equally to spending growth through May 2026, with utilization growth dominating early in the year and price increases exceeding utilization growth in most of the more recent months. Of the 5.8% growth in personal health care spending during this period, 2.8 percentage points can be attributed to price growth, while the remaining 3.0 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)	May 2023	May 2024	May 2025	May 2026
GDP	\$27,488.5	\$29,176.4	\$30,348.1	\$32,205.4
National Health Spending	\$4,891.1	\$5,220.2	\$5,581.8	\$5,919.2
Personal health care	\$4,128.4	\$4,455.5	\$4,784.8	\$5,060.4
Hospital care	\$1,493.9	\$1,611.6	\$1,727.8	\$1,835.9
Physician and clinical services	\$1,022.3	\$1,099.4	\$1,162.8	\$1,208.7
Other professional services	\$166.3	\$180.4	\$200.9	\$214.7
Dental services	\$175.6	\$188.8	\$200.0	\$219.8
Other personal health care	\$290.4	\$316.9	\$345.2	\$372.2
Home health care	\$144.4	\$165.1	\$189.0	\$203.6
Nursing home care	\$204.5	\$217.3	\$236.3	\$251.1
Prescription Drugs	\$427.0	\$462.6	\$498.7	\$516.6
Durable medical equipment	\$81.4	\$86.1	\$89.4	\$94.6
Nondurable medical products	\$122.5	\$127.1	\$134.8	\$143.2
Program administration and net cost of private health insurance	\$371.5	\$369.6	\$393.3	\$444.8
Government public health activities	\$158.4	\$157.5	\$157.6	\$158.2
Research	\$71.6	\$70.5	\$70.2	\$71.3
Structures and equipment	\$161.3	\$167.2	\$175.8	\$184.5
HS Share of GDP	17.8%	17.9%	18.4%	18.4%
HS Share of PGDP	17.9%	18.2%	18.5%	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 6. National Health Spending 12-Month Growth Rates by Detailed Category

Growth Rates	May 2024	May 2025	May 2026
GDP	6.1%	4.0%	6.1%
National Health Spending	6.7%	6.9%	6.0%
Personal health care	7.9%	7.4%	5.8%
Hospital care	7.9%	7.2%	6.3%
Physician and clinical services	7.5%	5.8%	3.9%
Other professional services	8.4%	11.4%	6.9%
Dental services	7.5%	5.9%	9.9%
Other personal health care	9.1%	8.9%	7.8%
Home health care	14.4%	14.5%	7.7%
Nursing home care	6.3%	8.7%	6.3%
Prescription Drugs	8.3%	7.8%	3.6%
Durable medical equipment	5.8%	3.8%	5.9%
Nondurable medical products	3.8%	6.0%	6.3%
Program administration and net cost of private health insurance	-0.5%	6.4%	13.1%
Government public health activities	-0.6%	0.1%	0.4%
Research	-1.5%	-0.5%	1.6%
Structures and equipment	3.7%	5.2%	4.9%
HS Minus GDP	0.6%	2.9%	-0.1%
HS Minus PGDP	1.3%	1.9%	-0.1%

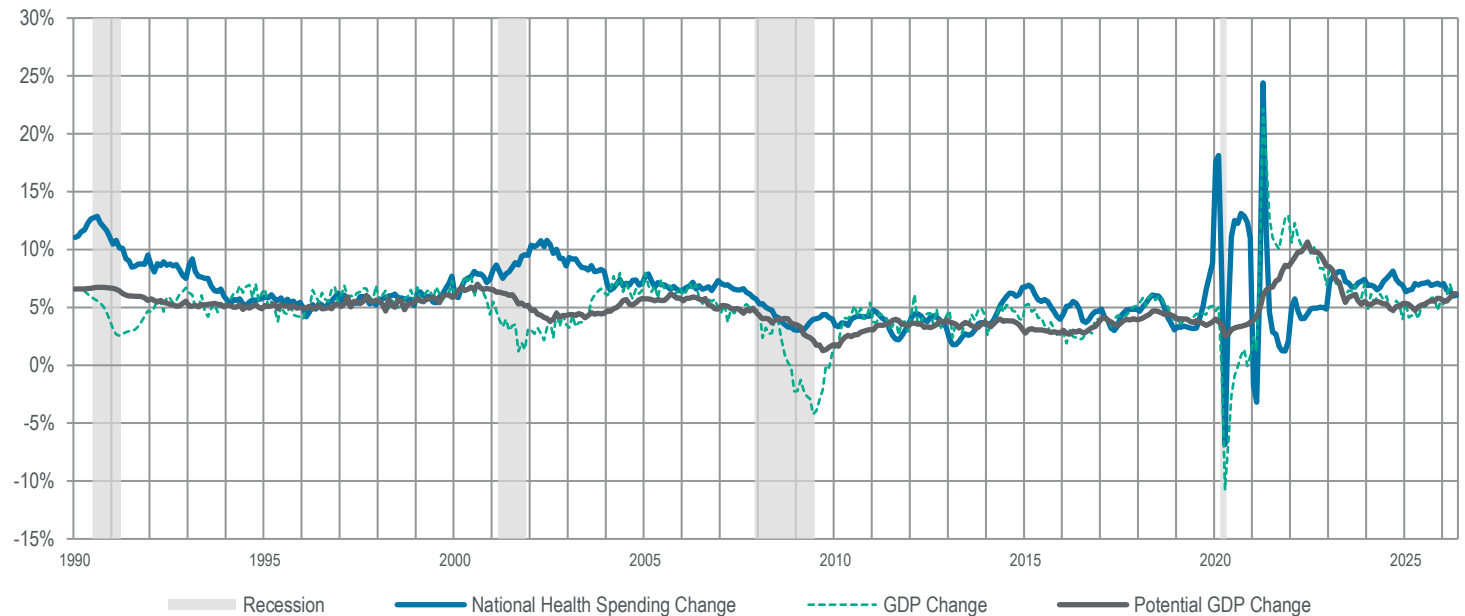
Source: Computed from Exhibit 5.

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

** Data not available.

TIME SERIES TRACKER

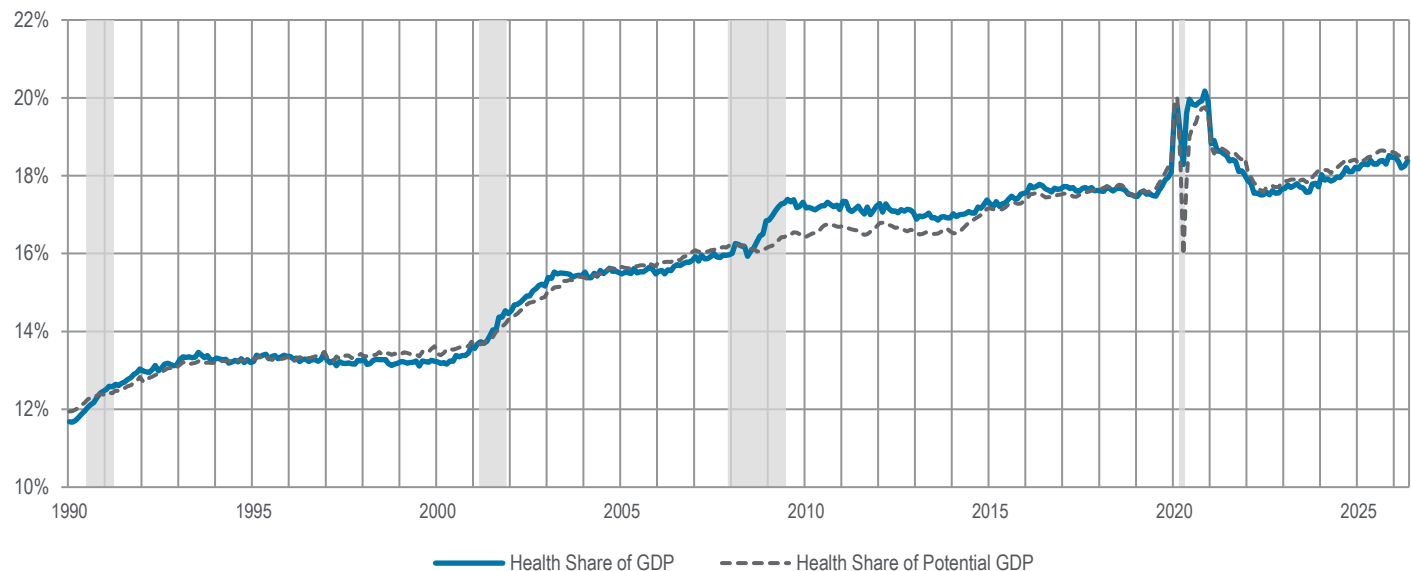
Exhibit 7. Year-over-Year Percentage Change in Spending and GDP



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 \(1990–2024\) and projections \(2025–2026\)](#). 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 2024 are based on NHEA actuals and ensure that monthly estimates sum exactly to NHEA annual amounts. The 2024 ratios are used to adjust BEA spending for months in 2025 and 2026.