

June 26, 2024

National health spending exceeds \$5 trillion

HIGHLIGHTS

- ▲ In April 2024, national health spending was 7.1% higher than in April 2023 and represented 17.7% of GDP.
- ▲ Nominal GDP in April 2024 was 5.9% higher than in April 2023, growing 1.2 percentage points more slowly than health spending.
- ▲ Personal health care spending growth in April was 7.6%, year over year, with utilization growth continuing to outpace price growth.
- ▲ Growth among major spending categories was highest for home health care, at 14.2%, year over year, while spending on prescription drugs grew the slowest, at 6.8%
- ▲ Data from CMS' recently released National Health Expenditure Projections have been incorporated into this month's spending brief.

National Health Spending and GDP*

	Apr 2022	Apr 2023	Mar 2024	Apr 2024
GDP	25.30	26.94	28.39	28.51
National Health Spending (HS)	4.39	4.71	5.02	5.05
HS Share of GDP	17.4%	17.5%	17.7%	17.7%
HS Share of PGDP	17.3%	17.4%	17.8%	17.8%
Growth from Prior 12 Months				
HS	3.4%	7.3%	7.0%	7.1%
GDP	9.4%	6.5%	5.6%	5.9%
HS minus GDP	-6.0%	0.9%	1.3%	1.2%
HS minus PGDP	-6.1%	0.8%	2.2%	2.3%

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 IndicatorsSM reports are a monthly publication of Altarum and provide an analysis of health spending, employment, and prices. For more information, contact Corwin Rhyan at corwin.rhyan@altarum.org. George Miller, PhD (principal author), Corwin Rhyan, Stephen McCall, and Matt Daly, PhD, contributed to this brief. We thank Ani Turner for her years of leadership of this work. Media Contact: press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.

DISCUSSION

On June 12, CMS released their latest [National Health Expenditure Projections](#), covering the years 2023 through 2032. While most of our spending data for 2023 and 2024 are based on data provided by the U.S. Bureau of Economic Analysis, we use the projections for spending categories that are not included in the BEA data. (These categories primarily capture spending other than for personal health care.) We have incorporated the new projection data for these categories into this month’s spending brief, and the most significant change was an increase in estimated spending on public health activities in 2023. The projected annual growth for national health expenditures in 2024 is 5.2%, which is well below our estimated growth rate of 7.0% for the first 4 months of the year, largely because projected spending in 2023 is 0.6% higher than our current estimate of 2023 spending.

With these updates to our data, we now estimate that national health spending exceeded \$5 trillion for the first time in March 2024. In April 2024, national health spending reached a seasonally adjusted annual rate of \$5.05 trillion, corresponding to a year-over-year growth rate of 7.1%. (The revised CMS projections resulted in a small increase in estimated April spending, from \$5.02 trillion to \$5.05 trillion.) Since April 2023, nominal GDP grew by 5.9%. Health spending in April accounted for 17.7% of GDP, the same value as in March.

The year-over-year growth rate in national health spending increased slightly in April 2024, from 7.0% in March to 7.1% in April, resulting in a growth rate in health spending that was 1.2 percentage points above GDP growth. The year-over-year growth rate in personal health care spending (spending on health care goods and services) fell slightly from 7.7% to 7.6% from March to April, resulting in personal health care spending as a percent of GDP equaling 14.9%, a value that has remained the same since February of this year (Exhibit 1).

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

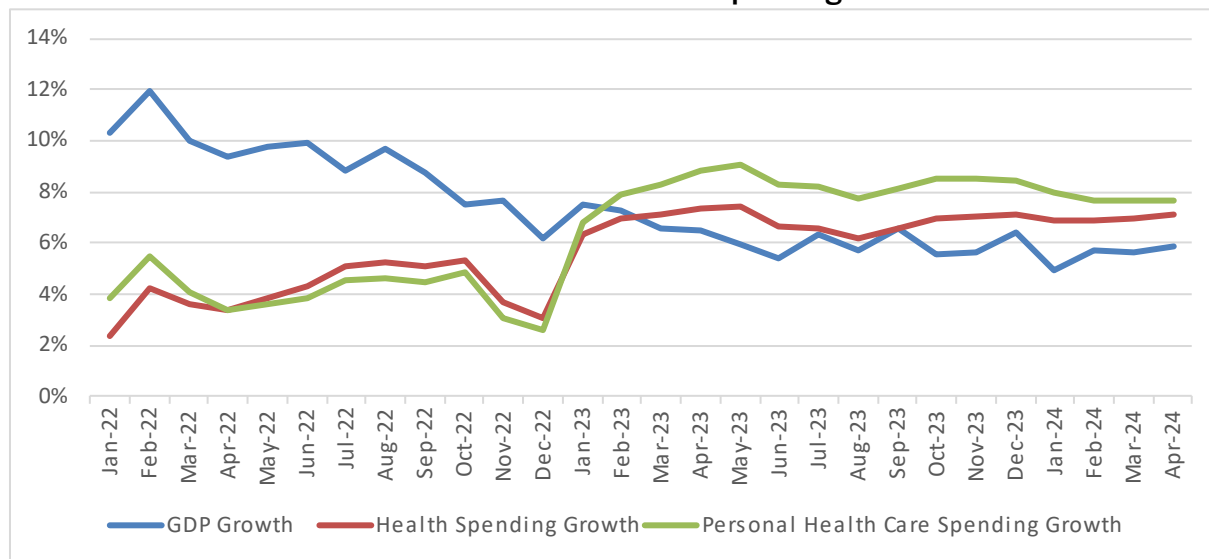


Exhibit 2 illustrates how health spending in April was distributed among spending categories. Personal health care constituted 84% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services. (The sum of the components exceeds 100% due to rounding.)

Exhibit 2. Health Spending by Category, April 2024

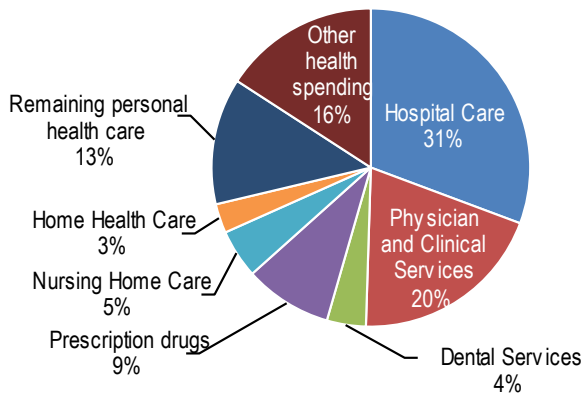


Exhibit 3 displays the growth in spending by major categories within personal health care since April 2023. Spending on home health care showed the fastest growth by far, at 14.2%, while the slowest growth occurred in retail spending on prescription drugs, at 6.8%. This month’s HSEI [Price Brief](#) indicates that the growth in home health care spending is primarily attributed to utilization growth rather than price increases, with 11.7 percentage points of the 14.2% growth resulting from an increase in utilization.

Exhibit 3. Health Care Spending 12-Month Growth

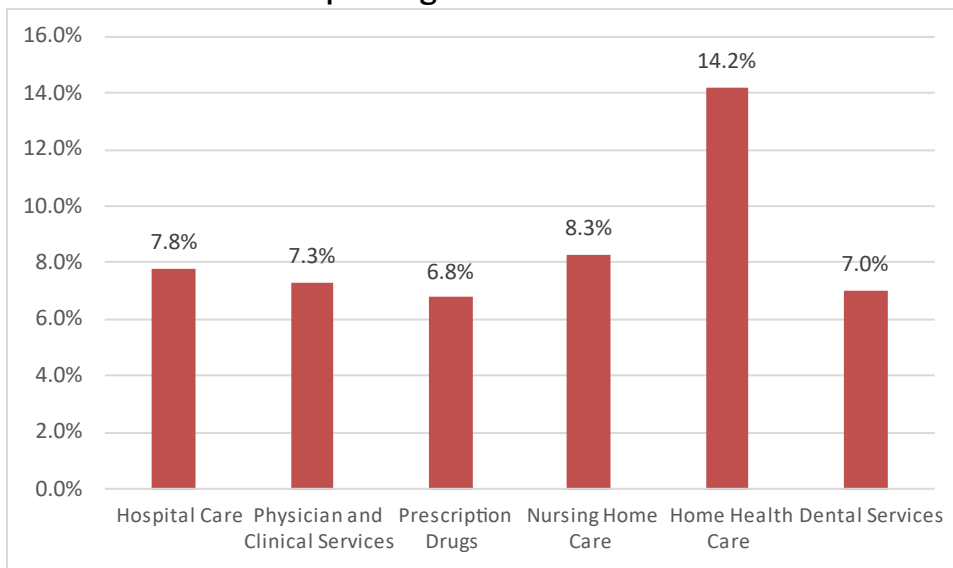
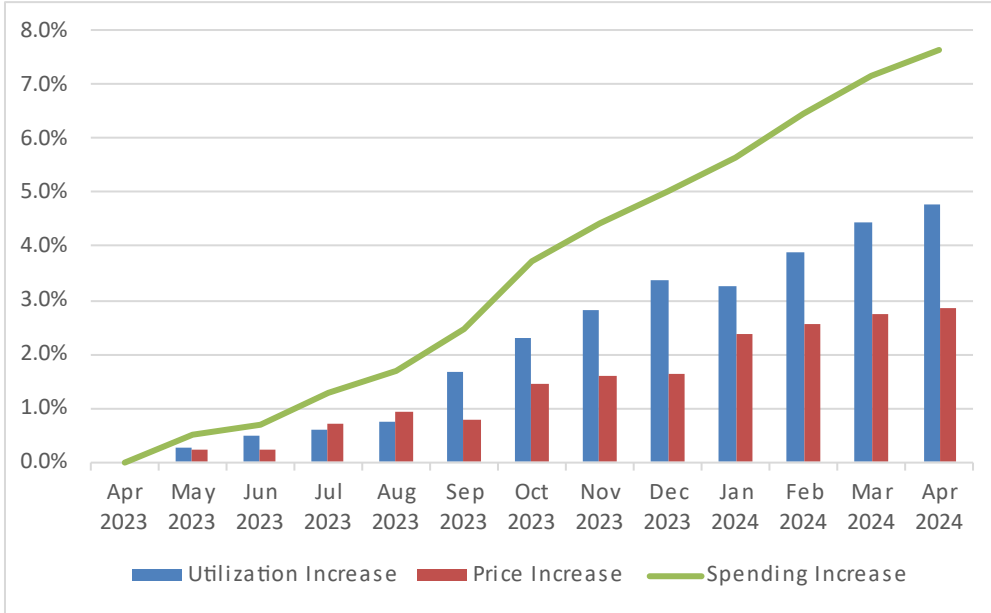


Exhibit 4 shows how spending on personal health care has grown over the past year (since April 2023) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through April 2024 has continued to be driven more by utilization growth than by price increases: Of the 7.6% growth in personal health care spending during this period, 2.9 percentage points can be attributed to price growth, while the remaining 4.8 percentage point growth was associated with increases in utilization. (The components do not add up to the total due to rounding.) While spending data for May are not yet available, this month’s HSEI [Price Brief](#) indicates a significant jump in year-over-year May prices of 3.4%, suggesting that the contribution of prices to spending growth might be on the rise.

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)	Apr 2021	Apr 2022	Apr 2023	Apr 2024
GDP	\$23,135.2	\$25,303.1	\$26,935.6	\$28,511.5
National Health Spending	\$4,248.0	\$4,391.3	\$4,713.7	\$5,047.5
Personal health care	\$3,516.9	\$3,635.8	\$3,956.3	\$4,258.6
Hospital care	\$1,307.4	\$1,317.5	\$1,437.7	\$1,549.5
Physician and clinical services	\$850.4	\$879.8	\$947.7	\$1,016.9
Other professional services	\$129.8	\$137.7	\$147.2	\$164.1
Dental services	\$163.7	\$162.5	\$175.7	\$188.1
Other personal health care	\$220.7	\$242.1	\$262.9	\$280.3
Home health care	\$123.1	\$130.6	\$143.0	\$163.2
Nursing home care	\$178.8	\$187.7	\$210.2	\$227.7
Prescription Drugs	\$372.2	\$398.0	\$440.0	\$469.8
Durable medical equipment	\$64.2	\$66.5	\$70.1	\$73.6
Nondurable medical products	\$106.7	\$113.4	\$121.7	\$125.3
Program administration and net cost of private health insurance	\$311.2	\$326.0	\$357.9	\$381.0
Government public health activities	\$214.8	\$214.8	\$168.4	\$164.1
Research	\$61.5	\$64.2	\$67.3	\$70.6
Structures and equipment	\$143.7	\$150.6	\$163.8	\$173.1
HS Share of GDP	18.4%	17.4%	17.5%	17.7%
HS Share of PGDP	18.3%	17.3%	17.4%	17.8%

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

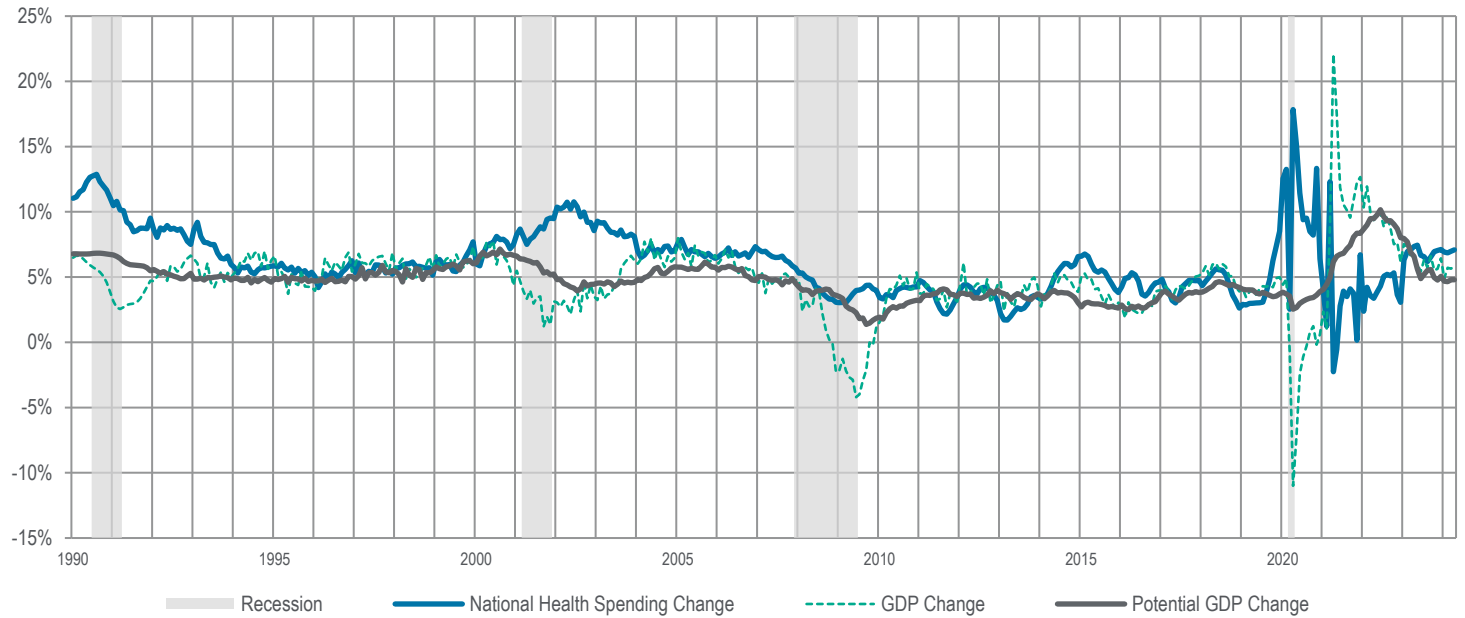
Growth Rates	Apr 2022	Apr 2023	Apr 2024
GDP	9.4%	6.5%	5.9%
National Health Spending	3.4%	7.3%	7.1%
Personal health care	3.4%	8.8%	7.6%
Hospital care	0.8%	9.1%	7.8%
Physician and clinical services	3.5%	7.7%	7.3%
Other professional services	6.1%	7.0%	11.5%
Dental services	-0.7%	8.2%	7.0%
Other personal health care	9.7%	8.6%	6.6%
Home health care	6.1%	9.5%	14.2%
Nursing home care	5.0%	12.0%	8.3%
Prescription Drugs	6.9%	10.5%	6.8%
Durable medical equipment	3.6%	5.4%	5.1%
Nondurable medical products	6.3%	7.3%	3.0%
Program administration and net cost of private health insurance	4.8%	9.8%	6.5%
Government public health activities	0.0%	-21.6%	-2.5%
Research	4.4%	4.9%	4.9%
Structures and equipment	4.8%	8.8%	5.7%
HS Minus GDP	-6.0%	0.9%	1.2%
HS Minus PGDP	-6.1%	0.8%	2.3%

Source: Computed from Exhibit 5.

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

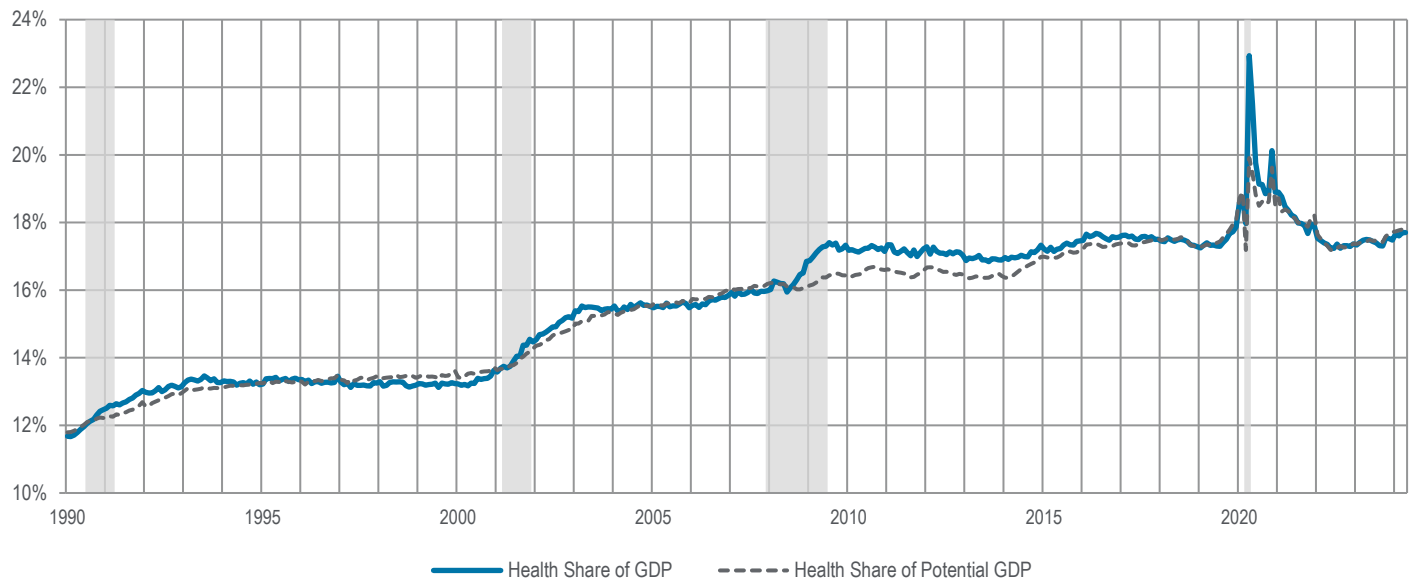
TIME SERIES TRACKER

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 2022 are based on NHEA actuals and ensure that monthly estimates sum exactly to NHEA annual amounts. The 2022 ratios are used to adjust BEA spending for months in 2023 and 2024.