

March 20, 2024

## With January GDP decline, health spending grew faster than GDP

### HIGHLIGHTS

- ▲ In January 2024, national health spending grew by 6.0% since January 2023 and represented 17.4% of GDP.
- ▲ Nominal GDP in January 2024 was 5.1% higher than in January 2023, growing more than 0.8 percentage points more slowly than health spending.
- ▲ Personal health care spending growth in January was 7.0%, year over year. As in past months, utilization growth contributed more than growth in prices to this rate, but the relative contribution of prices increased noticeably in January.
- ▲ Among major spending categories, year-over-year spending on physician and clinical services grew fastest in January, at 8.5%. Spending on dental services increased the least, at 4.0%.

### National Health Spending and GDP\*

	Jan 2022	Jan 2023	Dec 2023	Jan 2024
<b>GDP</b>	24.86	26.74	28.19	28.11
<b>National Health Spending (HS)</b>	4.36	4.62	4.89	4.90
<b>HS Share of GDP</b>	17.5%	17.3%	17.3%	17.4%
<b>HS Share of PGDP</b>	17.6%	17.3%	17.6%	17.5%
<b>Growth from Prior 12 Months</b>				
<b>HS</b>	2.5%	6.0%	6.5%	6.0%
<b>GDP</b>	10.3%	7.5%	6.5%	5.1%
<b>HS minus GDP</b>	-7.9%	-1.5%	0.0%	0.8%
<b>HS minus PGDP</b>	-6.2%	-2.0%	1.5%	1.3%

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 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 Corwin Rhyan at [corwin.rhyan@altarum.org](mailto: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](mailto:press@altarum.org). For more information, visit <http://altarum.org/solution/health-sector-spending>.

## DISCUSSION

In January 2024, national health spending grew by 6.0%, year over year, reaching a seasonally adjusted annual rate of \$4.90 trillion. Over the same period, nominal GDP grew by 5.1%. Health spending in January accounted for 17.4% of GDP and has remained below 17.5% since February 2022.

Nominal GDP fell slightly between December 2023 and January 2024, resulting in a drop in the year-over-year growth rate from 6.5% in December to 5.1% in January. The year-over-year growth rate in national health spending fell in January to a lesser extent, from 6.5% in December to 6.0% in January, resulting in a 0.1 percentage point increase in health spending as a percent of GDP and a growth rate in health spending that exceeded GDP growth by more than 0.8 percentage points. Similarly, the year-over-year growth rate in personal health care spending (spending on health care goods and services) fell from 7.9% in December to 7.0% in January, also resulting in a 0.1 percentage point increase in personal health care spending as a percent of GDP, which now stands at 14.7% (Exhibit 1).

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

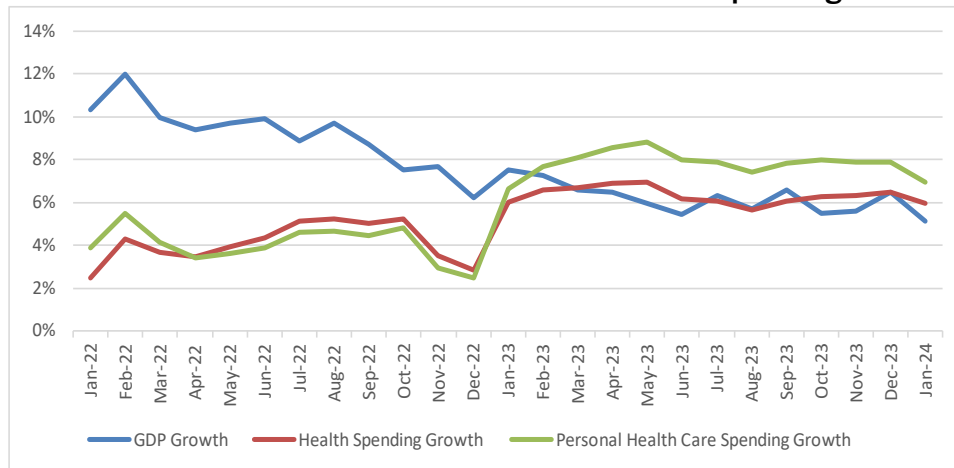


Exhibit 2 illustrates how health spending in January was distributed among spending categories. Personal health care constituted 84% of national health spending, while slightly more than half of total expenditures was attributed to hospital care and physician and clinical services.

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

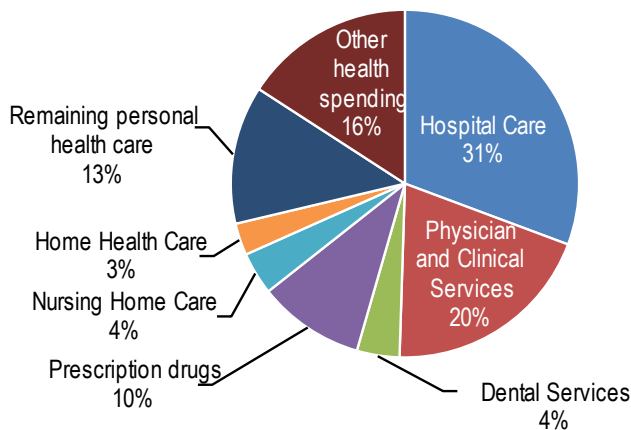


Exhibit 3 displays the growth in spending by major categories within personal health care since January 2023. At 8.5%, spending on physician and clinical services was the fastest-growing contributor to the 7.0% year-over-year growth in personal health care spending, with retail sales of prescription drugs close behind at 8.1%. Spending on dental services grew the slowest, at 4.0%.

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

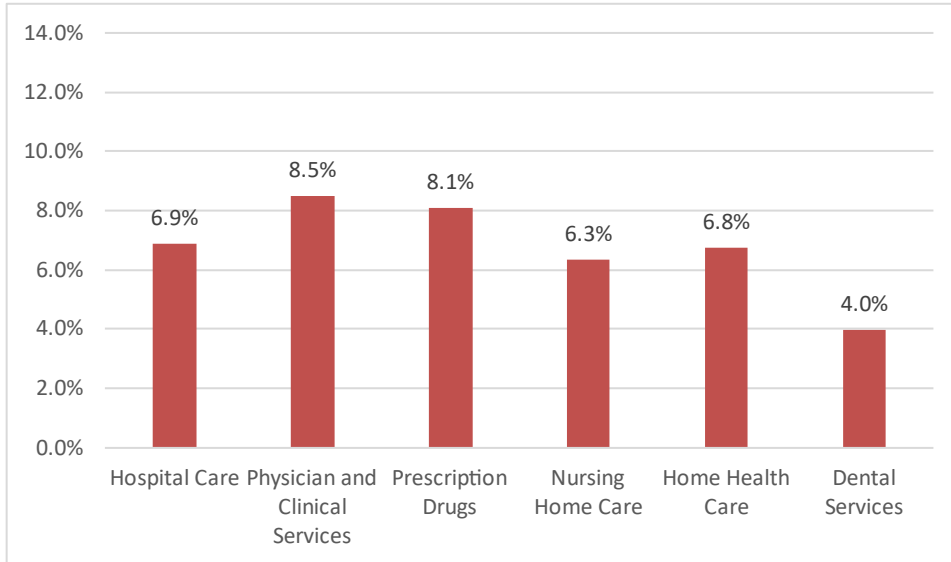
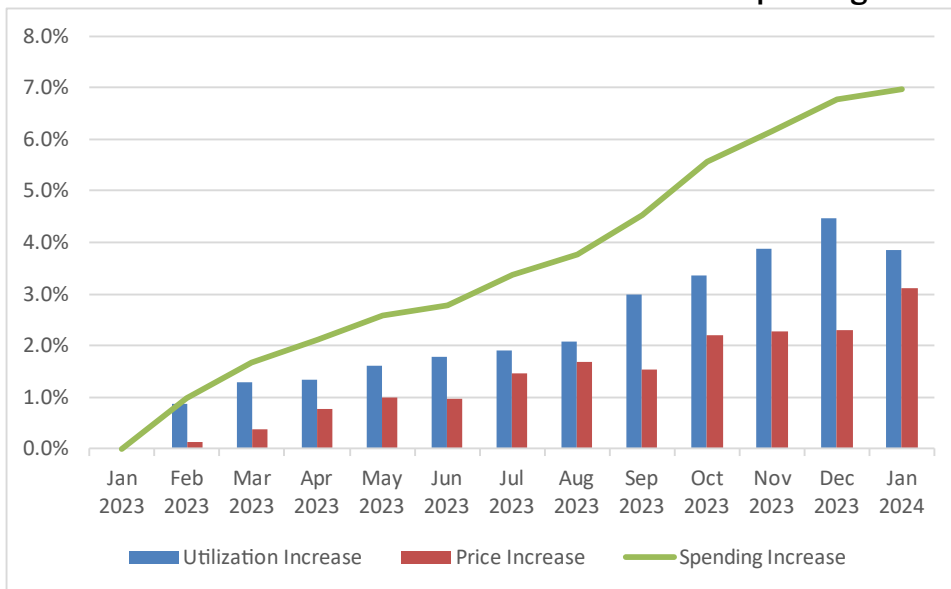


Exhibit 4 shows how spending on personal health care has grown over the past year (since January 2023) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through January 2024 has continued to be driven more by utilization growth than by price increases: Of the 7.0% growth in personal health care spending during this period, 3.1 percentage points can be attributed to price growth, while the remaining 3.9 percentage point growth was associated with increases in utilization. However, a January drop in utilization growth and a jump in price growth have resulted in a narrowing of that gap from recent months.

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



All spending values shown in this brief include COVID-related subsidies from the federal government. With the exception of federal government support to public health activities, these subsidies have been very small since the start of 2022.

## DETAILED HEALTH SPENDING

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

Levels (in billions of dollars)	Jan 2021	Jan 2022	Jan 2023	Jan 2024
<b>GDP</b>	\$22,534.2	\$24,862.8	\$26,735.8	\$28,107.3
<b>National Health Spending</b>	\$4,257.7	\$4,362.5	\$4,624.2	\$4,900.5
<b>Personal health care</b>	\$3,490.3	\$3,626.0	\$3,867.0	\$4,136.4
Hospital care	\$1,297.6	\$1,334.9	\$1,412.9	\$1,510.1
Physician and clinical services	\$845.8	\$874.4	\$916.6	\$994.4
Other professional services	\$135.6	\$139.1	\$147.8	\$161.0
Dental services	\$157.6	\$160.0	\$173.5	\$180.4
Other personal health care	\$220.4	\$237.2	\$253.4	\$262.3
Home health care	\$128.8	\$127.5	\$143.4	\$153.0
Nursing home care	\$180.2	\$182.7	\$203.7	\$216.6
Prescription Drugs	\$361.3	\$393.7	\$425.3	\$459.6
Durable medical equipment	\$60.9	\$64.0	\$70.3	\$73.3
Nondurable medical products	\$102.1	\$112.4	\$120.1	\$125.7
Program administration and net cost of private health insurance	\$329.6	\$313.8	\$350.8	\$372.7
Government public health activities	\$237.3	\$209.3	\$182.1	\$153.6
Research	\$61.2	\$63.3	\$66.7	\$70.2
Structures and equipment	\$139.4	\$150.1	\$157.6	\$167.5
<b>HS Share of GDP</b>	18.9%	17.5%	17.3%	17.4%
<b>HS Share of PGDP</b>	18.7%	17.6%	17.3%	17.5%

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**

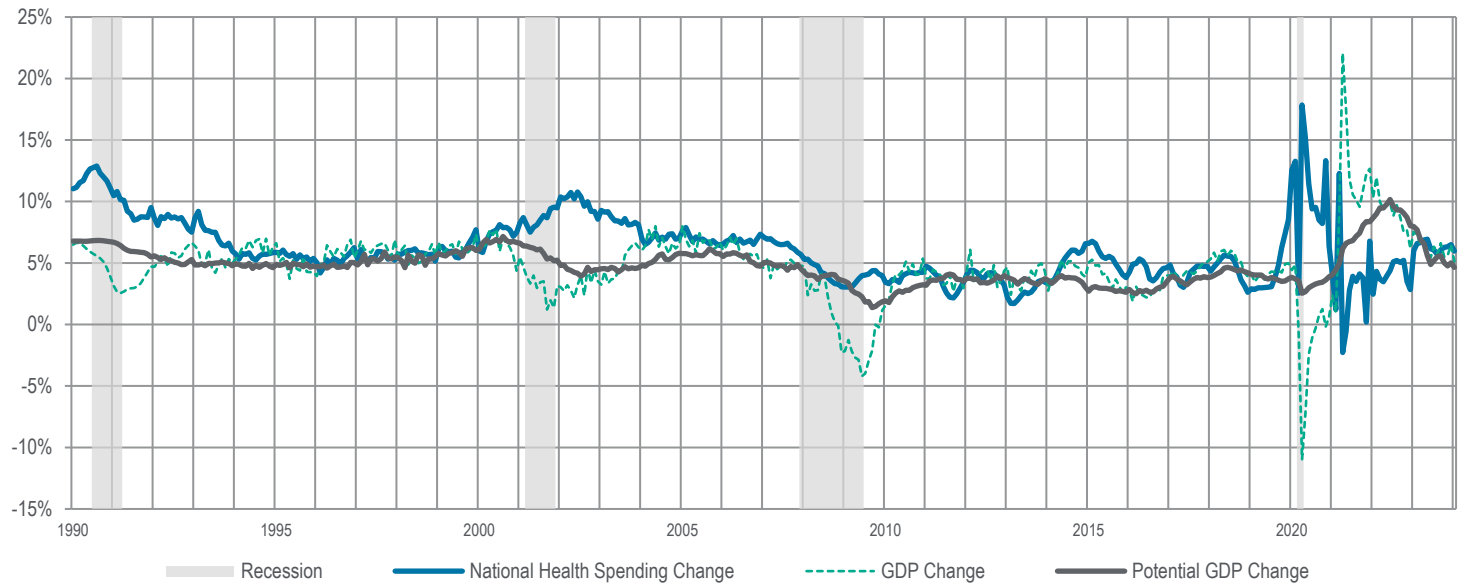
Growth Rates	Jan 2022	Jan 2023	Jan 2024
<b>GDP</b>	10.3%	7.5%	5.1%
<b>National Health Spending</b>	2.5%	6.0%	6.0%
<b>Personal health care</b>	3.9%	6.6%	7.0%
Hospital care	2.9%	5.8%	6.9%
Physician and clinical services	3.4%	4.8%	8.5%
Other professional services	2.6%	6.2%	8.9%
Dental services	1.5%	8.4%	4.0%
Other personal health care	7.6%	6.8%	3.5%
Home health care	-1.0%	12.5%	6.8%
Nursing home care	1.4%	11.5%	6.3%
Prescription Drugs	9.0%	8.0%	8.1%
Durable medical equipment	5.2%	9.8%	4.3%
Nondurable medical products	10.2%	6.8%	4.7%
Program administration and net cost of private health insurance	-4.8%	11.8%	6.3%
Government public health activities	-11.8%	-13.0%	-15.7%
Research	3.5%	5.3%	5.3%
Structures and equipment	7.7%	5.0%	6.3%
<b>HS Minus GDP</b>	-7.9%	-1.5%	0.8%
<b>HS Minus PGDP</b>	-6.2%	-2.0%	1.3%

Source: Computed from Exhibit 5.

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

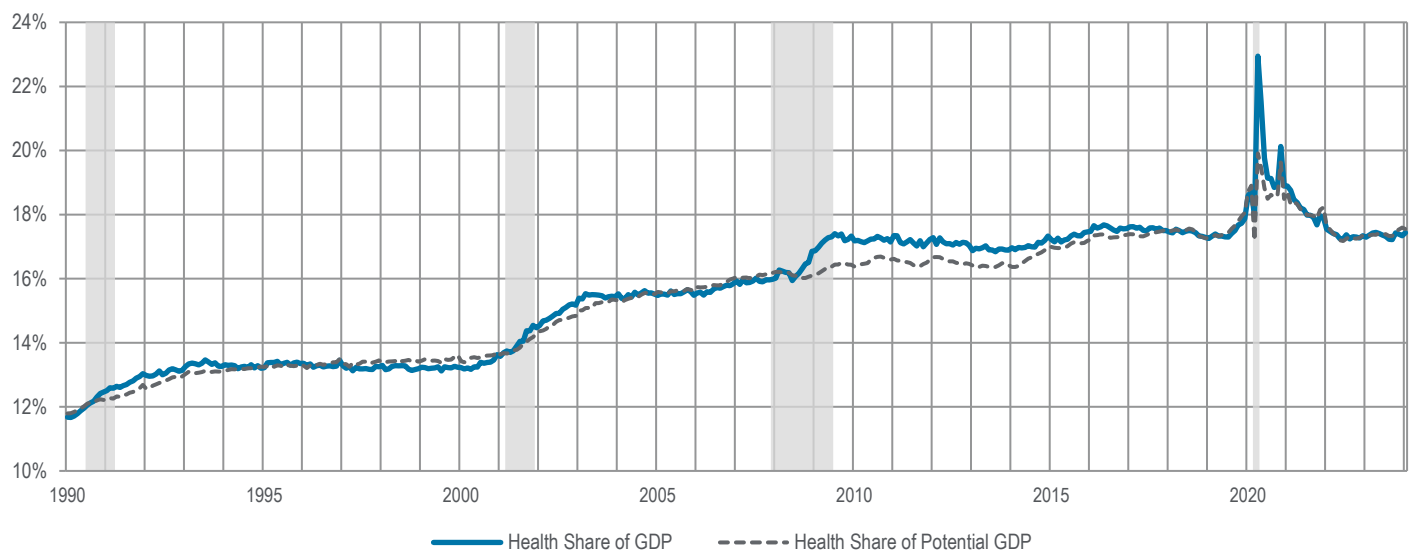
## TIME SERIES TRACKER

**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.