

November 21, 2024

## Monthly GDP decline causes increase in health spending vs GDP growth gap

### HIGHLIGHTS

- ▲ In September 2024, national health spending was 7.5% higher than in September 2023 and represented 17.7% of GDP.
- ▲ Nominal GDP in September 2024 declined from the previous month and was 4.3% higher than in September 2023, growing 3.2 percentage points more slowly than health spending.
- ▲ Personal health care spending growth in September was 7.8%, 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 10.7%, year over year. Spending growth for hospital care grew the slowest, at 6.2%.

### National Health Spending and GDP\*

|                                      | September 2022 | September 2023 | August 2024 | September 2024 |
|--------------------------------------|----------------|----------------|-------------|----------------|
| <b>GDP</b>                           | 26.35          | 28.14          | 29.39       | 29.34          |
| <b>National Health Spending (HS)</b> | 4.52           | 4.83           | 5.16        | 5.20           |
| <b>HS Share of GDP</b>               | 17.2%          | 17.2%          | 17.6%       | 17.7%          |
| <b>HS Share of PGDP</b>              | 17.3%          | 17.5%          | 18.0%       | 18.1%          |
| <b>Growth from Prior 12 Months</b>   |                |                |             |                |
| <b>HS</b>                            | 5.2%           | 6.8%           | 7.5%        | 7.5%           |
| <b>GDP</b>                           | 9.4%           | 6.8%           | 4.9%        | 4.3%           |
| <b>HS minus GDP</b>                  | -4.3%          | 0.1%           | 2.6%        | 3.2%           |
| <b>HS minus PGDP</b>                 | -4.3%          | 1.4%           | 3.1%        | 3.3%           |

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 George Miller at [george.miller@altarum.org](mailto:george.miller@altarum.org). George Miller, PhD (principal author), Stephen McCall, and Matt Daly, PhD, contributed to this brief. We thank Corwin Rhyhan for his previous 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 September 2024, national health spending reached a seasonally adjusted annual rate of \$5.20 trillion. September’s spending corresponds to a year-over-year growth rate of 7.5%.

Monthly GDP declined in September 2024, partly because of the recent [Boeing strike](#). As a result, year-over-year GDP growth dropped from 4.9% in August to 4.3% in September, and national health spending in September grew 3.2 percentage points faster than GDP, up from 2.6 percentage points in August (Exhibit 1).

The year-over-year growth rate in personal health care spending (spending on health care goods and services) was 7.8% in September, resulting in personal health care spending as a percent of GDP equaling 15.0% (data not shown).

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

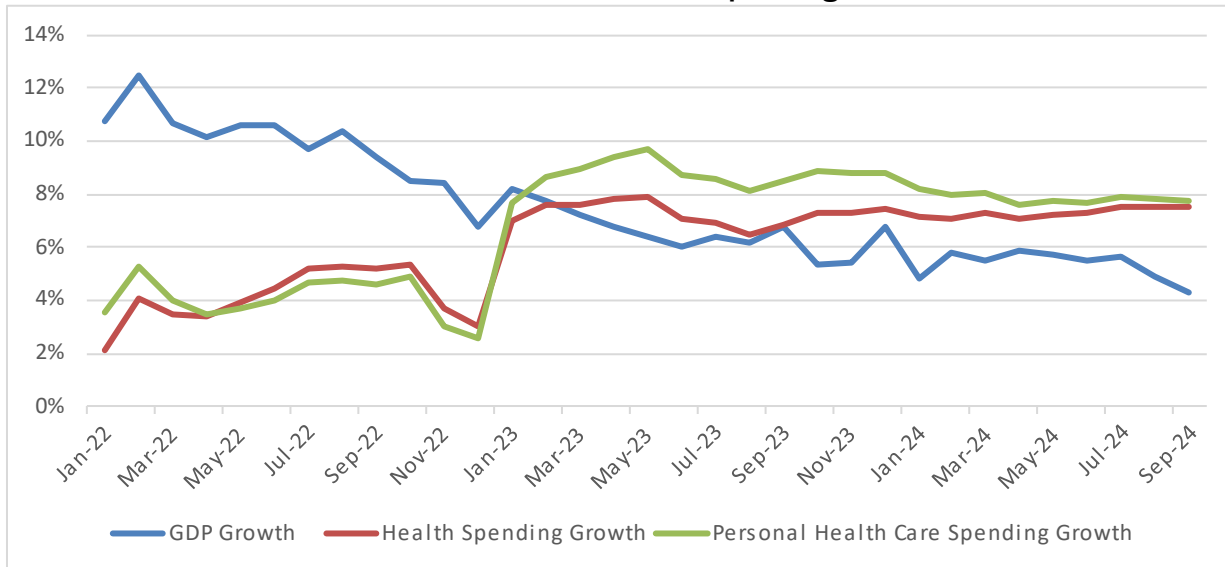


Exhibit 2 illustrates how health spending in September was distributed among spending categories. Personal health care constituted 85% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services. (Components do not add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

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

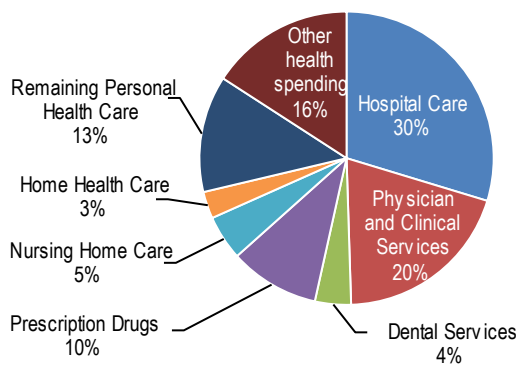


Exhibit 3 displays the growth in spending for personal health care and its major component categories for the 12-month periods ending September 2024 and September 2023. Spending on prescription drugs and home health care showed slower growth this year compared with last, while growth in dental services expenditures exceeded the September 2023 rate in September 2024. Other categories showed similar growth rates from the previous year. Annual growth in September 2024 was greatest for home health care at 10.7%. Home health care has now led year-over-year spending growth for each month starting in August 2023. The slowest growth occurred in spending on hospital care, at 6.2%.

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

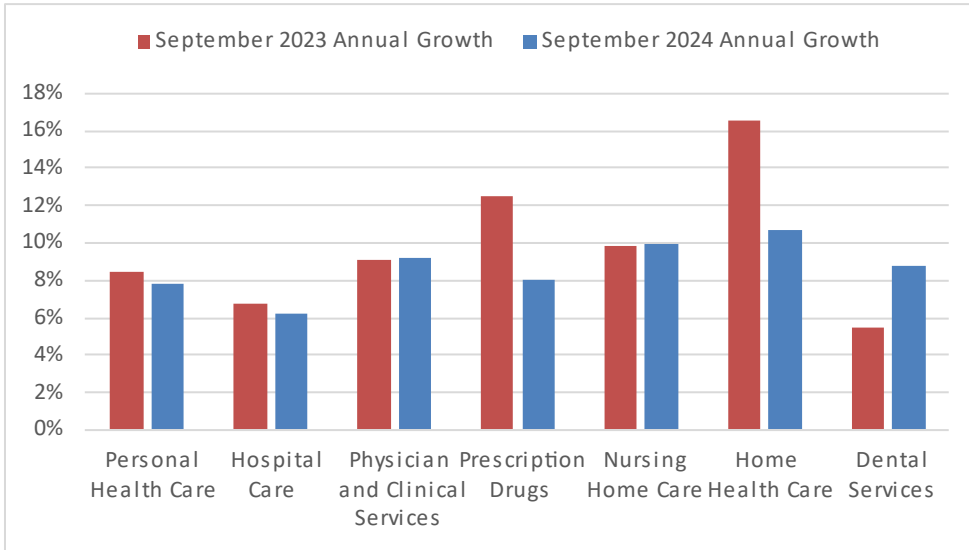
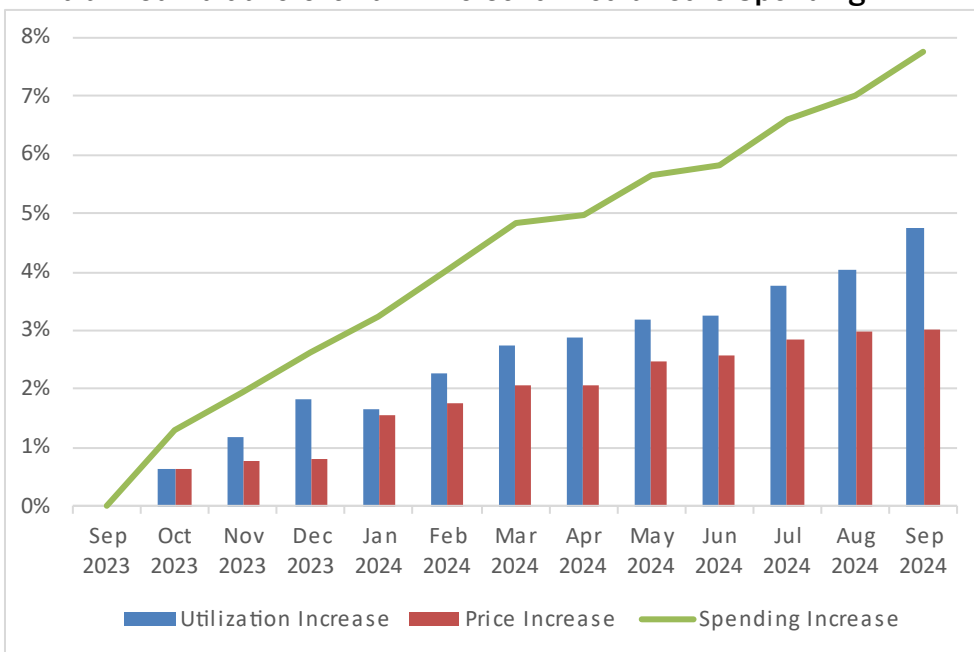


Exhibit 4 shows how spending on personal health care has grown over the past year (since September 2023) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through September 2024 has continued to be driven more by utilization growth than by price increases: Of the 7.8% growth in personal health care spending during this period, 3.0 percentage points can be attributed to price growth, while the remaining 4.7 percentage point growth was associated with increases in utilization. (Percentages do not add to total due to rounding.)

### 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)                                 | September 2021 | September 2022 | September 2023 | September 2024 |
|---|----------------|----------------|----------------|----------------|
| <b>GDP</b>  | \$24,078.6     | \$26,348.8     | \$28,137.9     | \$29,343.9     |
| <b>National Health Spending</b>                                 | \$4,302.5      | \$4,524.4      | \$4,834.0      | \$5,196.7      |
| <b>Personal health care</b>                                     | \$3,590.3      | \$3,754.6      | \$4,072.9      | \$4,389.4      |
| Hospital care   | \$1,339.2      | \$1,372.8      | \$1,465.3      | \$1,556.1      |
| Physician and clinical services                                 | \$874.4        | \$892.7        | \$974.3        | \$1,064.0      |
| Other professional services                                     | \$133.7        | \$142.5        | \$155.2        | \$173.0        |
| Dental services   | \$159.7        | \$168.1        | \$177.2        | \$192.7        |
| Other personal health care                                      | \$226.4        | \$251.3        | \$270.5        | \$287.7        |
| Home health care  | \$125.5        | \$133.8        | \$156.0        | \$172.7        |
| Nursing home care   | \$179.5        | \$194.8        | \$213.9        | \$235.1        |
| Prescription Drugs  | \$379.6        | \$411.7        | \$463.0        | \$500.0        |
| Durable medical equipment                                       | \$64.5         | \$69.1         | \$72.1         | \$77.2         |
| Nondurable medical products                                     | \$107.8        | \$117.9        | \$125.4        | \$130.8        |
| Program administration and net cost of private health insurance | \$301.8        | \$342.5        | \$367.6        | \$391.4        |
| Government public health activities                             | \$199.9        | \$207.1        | \$156.0        | \$167.5        |
| Research  | \$62.3         | \$65.5         | \$68.7         | \$72.0         |
| Structures and equipment  | \$148.1        | \$154.7        | \$168.8        | \$176.4        |
| <b>HS Share of GDP</b>  | 17.9%          | 17.2%          | 17.2%          | 17.7%          |
| <b>HS Share of PGDP</b>   | 18.0%          | 17.3%          | 17.5%          | 18.1%          |

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**

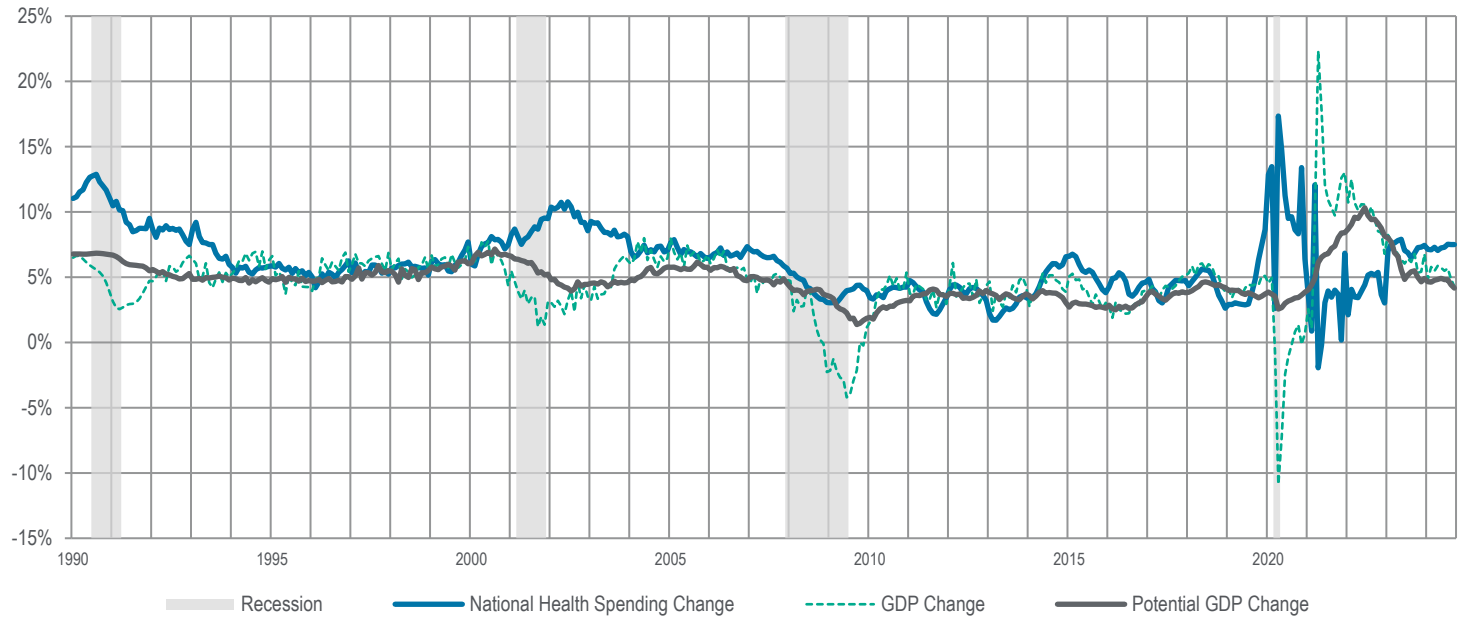
| Growth Rates  | September 2022 | September 2023 | September 2024 |
|---|----------------|----------------|----------------|
| <b>GDP</b>  | 9.4%           | 6.8%           | 4.3%           |
| <b>National Health Spending</b>                                 | 5.2%           | 6.8%           | 7.5%           |
| <b>Personal health care</b>                                     | 4.6%           | 8.5%           | 7.8%           |
| Hospital care   | 2.5%           | 6.7%           | 6.2%           |
| Physician and clinical services                                 | 2.1%           | 9.1%           | 9.2%           |
| Other professional services                                     | 6.6%           | 9.0%           | 11.4%          |
| Dental services   | 5.2%           | 5.4%           | 8.7%           |
| Other personal health care                                      | 11.0%          | 7.6%           | 6.4%           |
| Home health care  | 6.6%           | 16.6%          | 10.7%          |
| Nursing home care   | 8.5%           | 9.8%           | 9.9%           |
| Prescription Drugs  | 8.4%           | 12.5%          | 8.0%           |
| Durable medical equipment                                       | 7.1%           | 4.4%           | 7.1%           |
| Nondurable medical products                                     | 9.5%           | 6.3%           | 4.3%           |
| Program administration and net cost of private health insurance | 13.5%          | 7.3%           | 6.5%           |
| Government public health activities                             | 3.6%           | -24.7%         | 7.4%           |
| Research  | 5.1%           | 4.8%           | 4.8%           |
| Structures and equipment  | 4.4%           | 9.1%           | 4.5%           |
| <b>HS Minus GDP</b>   | -4.3%          | 0.1%           | 3.2%           |
| <b>HS Minus PGDP</b>  | -4.3%          | 1.4%           | 3.3%           |

Source: Computed from Exhibit 5.

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

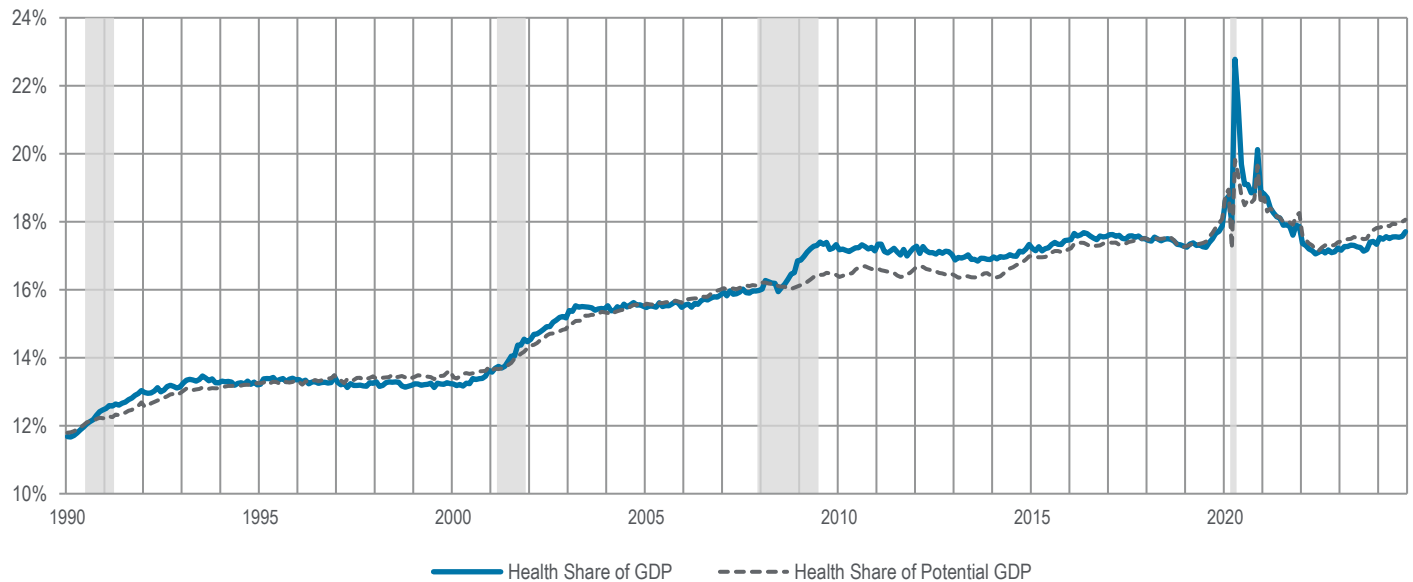
## TIME SERIES TRACKER

**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.