

October 23, 2024

This month's health spending data reflect BEA annual revisions

## HIGHLIGHTS

- ▲ In August 2024, national health spending was 7.2% higher than in August 2023 and represented 17.5% of GDP.
- ▲ Nominal GDP in August 2024 was 4.7% higher than in August 2023, growing 2.5 percentage points more slowly than health spending.
- ▲ Personal health care spending growth in August was 7.4%, year over year, with utilization growth continuing to outpace price growth.
- ▲ Growth among major spending categories was highest for home health care, at 11.6%, year over year. Spending growth for hospital care grew the slowest, at 6.0%.
- ▲ This month's spending brief incorporates annual revisions from the Bureau of Economic Analysis National Economic Accounts, with revisions beginning in January 2019.

## National Health Spending and GDP\*

	August 2022	August 2023	July 2024	August 2024
<b>GDP</b>	26.40	28.03	29.30	29.33
<b>National Health Spending (HS)</b>	4.51	4.80	5.13	5.15
<b>HS Share of GDP</b>	17.1%	17.1%	17.5%	17.5%
<b>HS Share of PGDP</b>	17.3%	17.5%	17.9%	17.9%
<b>Growth from Prior 12 Months</b>				
<b>HS</b>	5.3%	6.5%	7.3%	7.2%
<b>GDP</b>	10.4%	6.2%	5.6%	4.7%
<b>HS minus GDP</b>	-5.1%	0.3%	1.6%	2.5%
<b>HS minus PGDP</b>	-4.1%	1.1%	2.5%	2.8%

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 Rhyan 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 August 2024, national health spending reached a seasonally adjusted annual rate of \$5.15 trillion. August’s spending corresponds to a year-over-year growth rate of 7.2%.

Since August 2023, nominal GDP grew by 4.7%, a significant reduction from the year-over-year growth rate in July. Health spending in August accounted for 17.5% of GDP, the same as in July.

The 7.2% year-over-year growth rate in national health spending was 2.5 percentage points above GDP growth (Exhibit 1). The year-over-year growth rate in personal health care spending (spending on health care goods and services) was 7.4% in August, resulting in personal health care spending as a percent of GDP equaling 14.8% (data not shown).

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

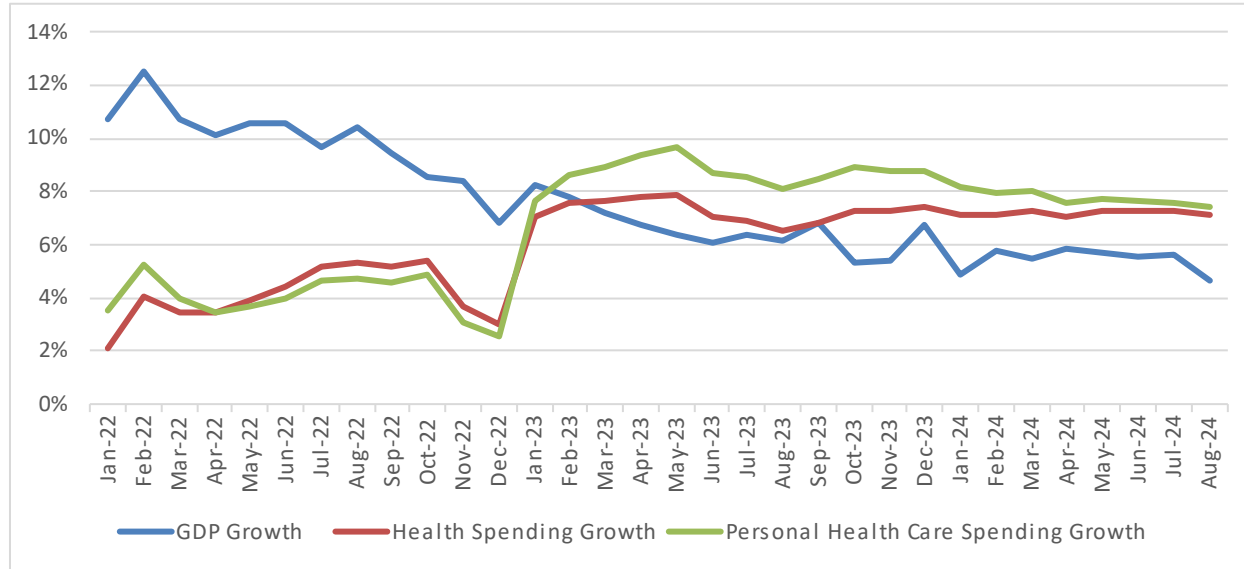
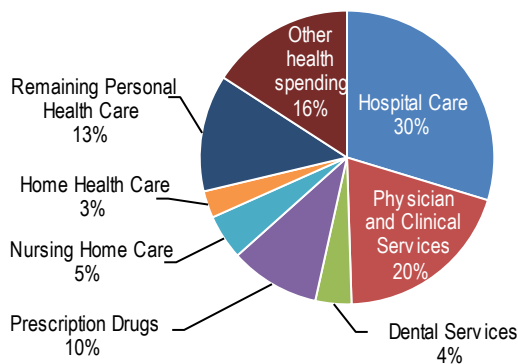


Exhibit 2 illustrates how health spending in August was distributed among spending categories. Personal health care constituted 85% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services. (Components do not add to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

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



This month’s spending brief incorporates results from BEA’s annual update of the National Economic Accounts – a major source for our spending data. The revisions begin with January 2019, but the most significant changes occurred for personal health care spending growth in 2023 (see Exhibit 3). Major increases for all of 2023 occurred for physician and clinical services (from 8.2% to 9.2% year-over-year growth), nursing home care (10.6% to 12.1%, and home health care (11.1% to 13.3%). The growth rate for dental services was revised downward from 7.8% to 6.6%. The National Economic Accounts update also resulted in an increase in the GDP growth estimate for 2023, from 6.3% to 6.6%. The revisions had little impact on 2024 personal health care spending growth.

### Exhibit 3. Revised Personal Health Care Spending Growth Rates

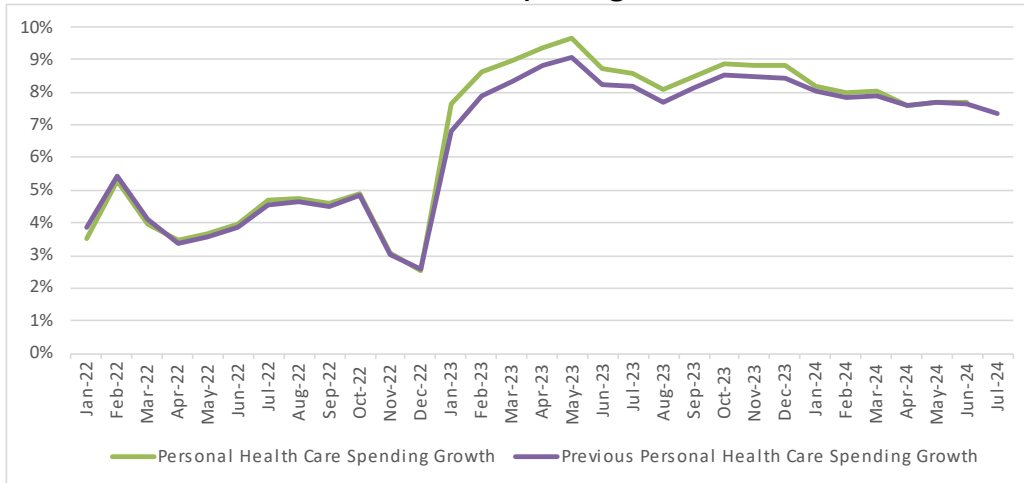


Exhibit 4 displays the growth in spending for personal health care and its major categories for the 12 month periods ending August 2024 and August 2023. We have added the previous year’s growth rates to this exhibit to allow comparison with current rates. With the exception of dental services, all categories showed lower growth in August 2024 than in the same month of the previous year. Spending on home health care showed the fastest growth in August 2024, though somewhat lower than in recent months, at 11.6%. The slowest growth occurred in spending on hospital care, at 6.0%.

### Exhibit 4. Health Care Spending 12-Month Growth

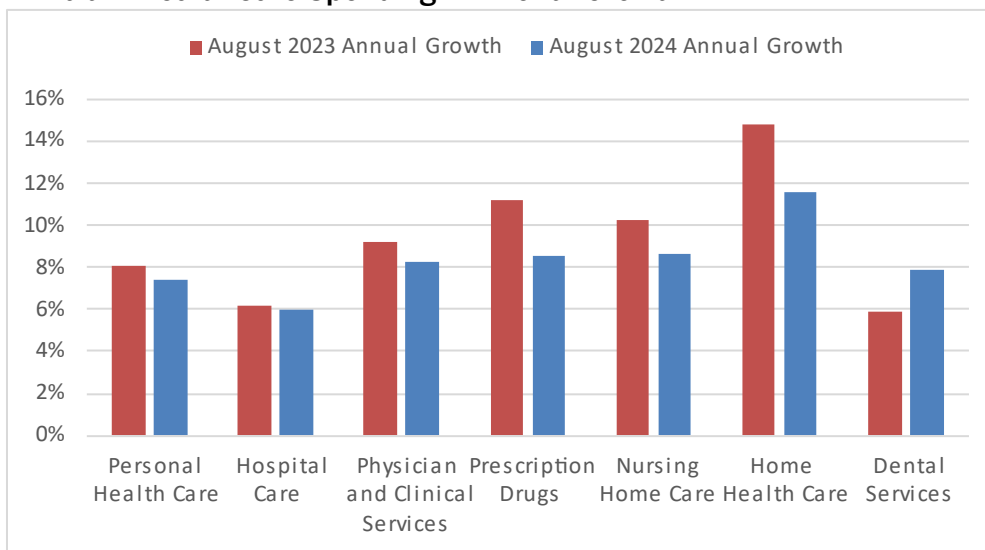
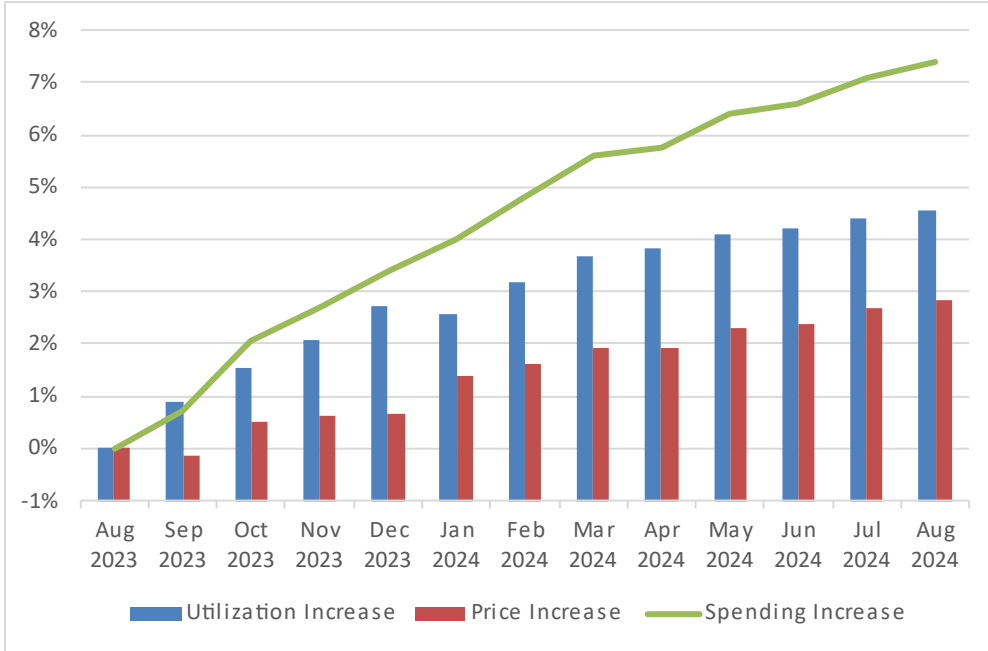


Exhibit 5 shows how spending on personal health care has grown over the past year (since August 2023) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through August 2024 has continued to be driven more by utilization growth than by price increases: Of the 7.4% growth in personal health care spending during this period, 2.8 percentage points can be attributed to price growth, while the remaining 4.5 percentage point growth was associated with increases in utilization. (Percentages do not add to total due to rounding.)

### Exhibit 5. Cumulative Growth in Personal Health Care Spending



## DETAILED HEALTH SPENDING

**Exhibit 6. Monthly National Spending Estimates by Detailed Category**

Levels (in billions of dollars)	August 2021	August 2022	August 2023	August 2024
<b>GDP</b>	\$23,914.6	\$26,398.9	\$28,025.7	\$29,330.2
<b>National Health Spending</b>	\$4,283.0	\$4,509.6	\$4,802.2	\$5,146.0
<b>Personal health care</b>	\$3,571.3	\$3,740.6	\$4,043.2	\$4,342.0
Hospital care	\$1,329.9	\$1,371.4	\$1,456.5	\$1,544.2
Physician and clinical services	\$866.8	\$887.0	\$968.6	\$1,048.3
Other professional services	\$133.4	\$141.8	\$153.0	\$169.0
Dental services	\$161.6	\$167.3	\$177.2	\$191.2
Other personal health care	\$224.9	\$249.5	\$269.0	\$286.2
Home health care	\$124.3	\$133.6	\$153.4	\$171.2
Nursing home care	\$180.0	\$194.0	\$213.9	\$232.3
Prescription Drugs	\$378.2	\$409.5	\$455.4	\$494.4
Durable medical equipment	\$64.3	\$69.2	\$71.5	\$75.6
Nondurable medical products	\$107.9	\$117.3	\$124.7	\$129.6
Program administration and net cost of private health insurance	\$301.5	\$339.6	\$365.7	\$389.2
Government public health activities	\$200.6	\$210.5	\$157.0	\$167.3
Research	\$62.1	\$65.2	\$68.4	\$71.7
Structures and equipment	\$147.5	\$153.6	\$167.9	\$175.7
<b>HS Share of GDP</b>	17.9%	17.1%	17.1%	17.5%
<b>HS Share of PGDP</b>	18.0%	17.3%	17.5%	17.9%

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.

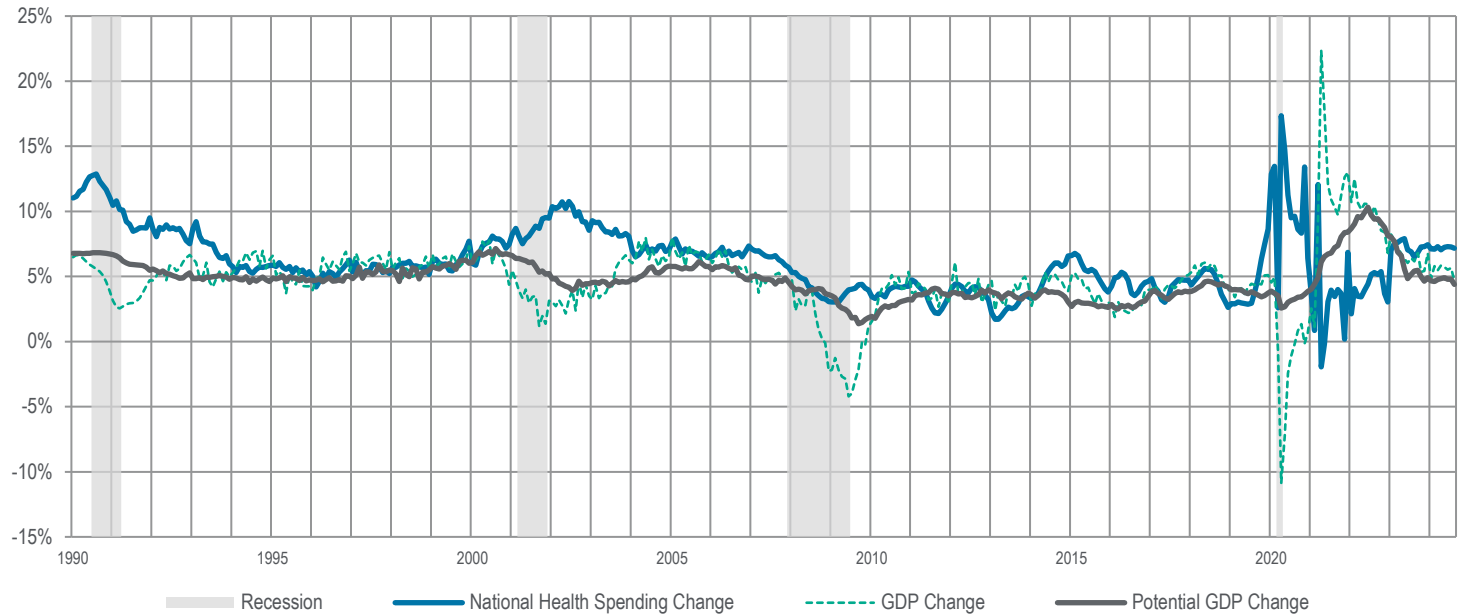
**Exhibit 7. National Health Spending 12-Month Growth Rates by Detailed Category**

Growth Rates	August 2022	August 2023	August 2024
<b>GDP</b>	10.4%	6.2%	4.7%
<b>National Health Spending</b>	5.3%	6.5%	7.2%
<b>Personal health care</b>	4.7%	8.1%	7.4%
Hospital care	3.1%	6.2%	6.0%
Physician and clinical services	2.3%	9.2%	8.2%
Other professional services	6.4%	7.9%	10.4%
Dental services	3.5%	5.9%	7.9%
Other personal health care	10.9%	7.8%	6.4%
Home health care	7.5%	14.8%	11.6%
Nursing home care	7.8%	10.3%	8.6%
Prescription Drugs	8.3%	11.2%	8.6%
Durable medical equipment	7.6%	3.2%	5.7%
Nondurable medical products	8.7%	6.3%	4.0%
Program administration and net cost of private health insurance	12.6%	7.7%	6.4%
Government public health activities	4.9%	-25.4%	6.5%
Research	5.0%	4.8%	4.9%
Structures and equipment	4.2%	9.3%	4.6%
<b>HS Minus GDP</b>	-5.1%	0.3%	2.5%
<b>HS Minus PGDP</b>	-4.1%	1.1%	2.8%

Source: Computed from Exhibit 5.  
Note: This exhibit compares monthly national health spending to that of the same month from the previous year.

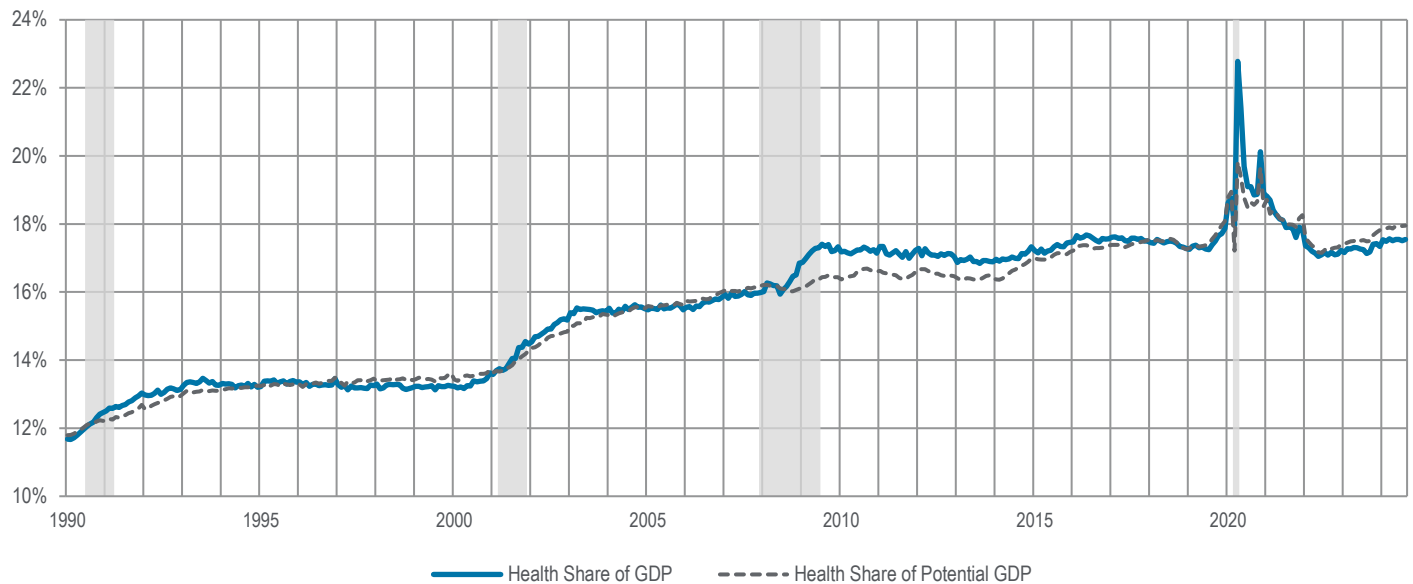
## TIME SERIES TRACKER

**Exhibit 8. 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 9. 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.