

October 22, 2026

Low drug spending growth leads gradual decline in rate of national health spending growth

HIGHLIGHTS

- ▲ In August 2026, national health spending grew by 6.5% year over year, down slightly from the revised July 2026 growth rate of 6.6%.
- ▲ GDP grew by 5.9% in August, year over year. As a result, national health spending in August constituted 18.4% of GDP, equal to the July value. National health spending was most recently below 18% of GDP in July 2024.
- ▲ Year-over-year growth in personal health care spending was 6.2% in August, year over year, slightly down from the revised July value of 6.3% and significantly lower than the 7.5% rate in August 2025. Utilization growth contributed nearly two-thirds of the increase, with price increases contributing one-third.
- ▲ Growth among major spending categories was highest in August for hospital care, at 8.0%, year over year, while spending for prescription drugs grew the slowest, at 1.3%. Drug spending growth has slowed significantly this year due primarily to a decline in drug prices; it stood at 7.8% in August 2025.

National Health Spending and GDP*

	August 2024	August 2025	July 2026	August 2026
GDP	29.57	31.18	32.87	33.02
National Health Spending (HS)	5.33	5.71	6.05	6.08
HS Share of GDP	18.0%	18.3%	18.4%	18.4%
HS Share of PGDP	18.3%	18.7%	18.7%	18.7%
Growth from Prior 12 Months				
HS	7.8%	7.3%	6.6%	6.5%
GDP	5.4%	5.5%	6.0%	5.9%
HS minus GDP	2.4%	1.8%	0.5%	0.6%
HS minus PGDP	2.7%	2.0%	0.5%	0.5%

Source: Altarum monthly health spending estimates (see Methods box below). Monthly GDP is from [BD Economics](#). 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 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 August 2026, national health spending reached a seasonally adjusted annual rate of \$6.08 trillion, up from the revised July level of \$6.05 trillion. August's spending corresponds to a year-over-year growth rate of 6.5% and represents the third straight month of gradual decline in health spending growth.

Year-over-year GDP growth was 5.9% in August, and national health spending in August grew 0.6 percentage points more than GDP. National health spending in August represented 18.4% of GDP.

The year-over-year growth rate in personal health care spending was 6.2% in August, also exceeding the GDP growth rate. (See Exhibit 1.)

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

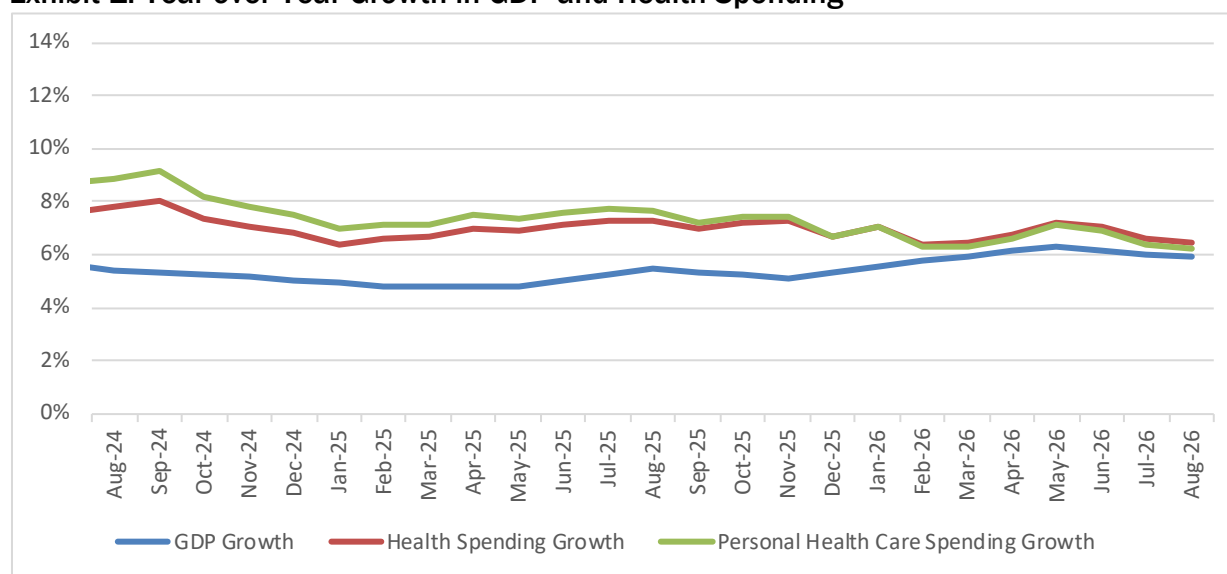


Exhibit 2 illustrates how health spending in August was distributed among spending categories. Personal health care constituted 85.6% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services. (Percentages do not add to 100% due to rounding.)

Exhibit 2. Health Spending by Category, August 2026

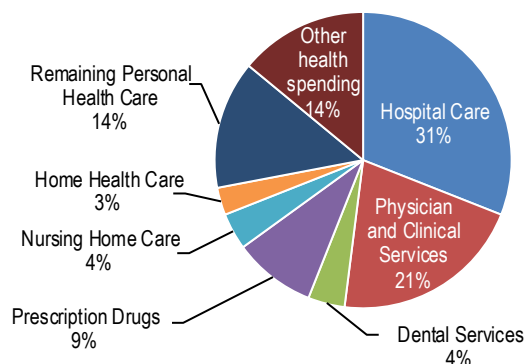


Exhibit 3 displays the growth in spending for personal health care and its major component categories for the 12-month periods ending August 2026 and August 2025. Spending on all categories except hospital care showed slower growth this year compared with last. Annual growth in August 2026 was greatest for hospital care, at 8.0%. Spending on home health care showed the second fastest growth, at 7.8%, but its growth in August 2025 was significantly higher, at 17.8%. The slowest growth occurred in spending on prescription drugs, at 1.3%, largely due to a decrease in prescription drug prices, which declined by 2.9% in August, year over year. (Drug prices continued their decline in September, dropping by 4.5%, as noted in this month's price brief.)

Exhibit 3. Health Care Spending 12-Month Growth

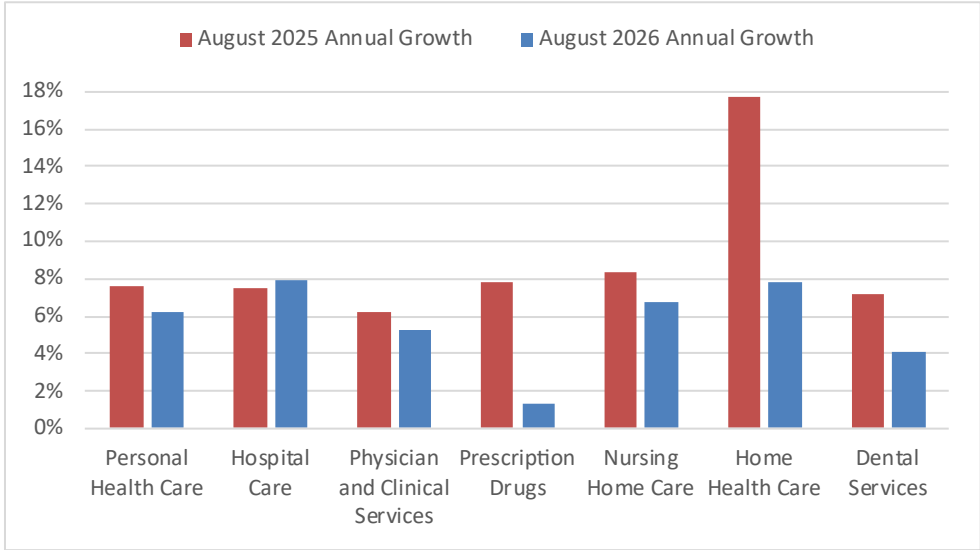
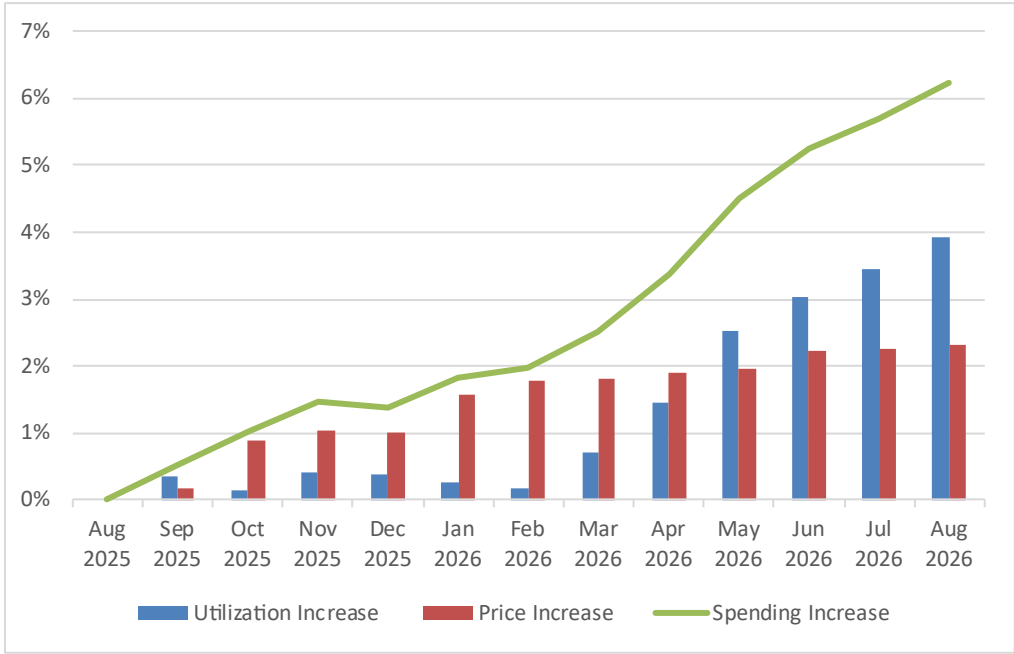


Exhibit 4 shows how spending on personal health care has grown over the past year (beginning in August 2025) and illustrates the relative contribution of utilization and prices to this growth. It indicates that utilization growth has contributed more than price increases through August 2026, with year-to-date utilization growth dominating price increases starting in May. Of the 6.2% growth in personal health care spending during this period, 2.3 percentage points can be attributed to price growth, while the remaining 3.9 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)	August 2023	August 2024	August 2025	August 2026
GDP	\$28,064.0	\$29,568.3	\$31,180.5	\$33,016.3
National Health Spending	\$4,943.0	\$5,328.0	\$5,714.3	\$6,083.8
Personal health care	\$4,185.3	\$4,557.3	\$4,904.3	\$5,210.5
Hospital care	\$1,505.3	\$1,647.2	\$1,770.4	\$1,911.4
Physician and clinical services	\$1,030.3	\$1,124.3	\$1,194.6	\$1,257.5
Other professional services	\$167.0	\$186.8	\$202.1	\$217.5
Dental services	\$178.6	\$191.2	\$205.0	\$213.2
Other personal health care	\$296.9	\$323.9	\$352.2	\$377.9
Home health care	\$159.0	\$170.2	\$200.4	\$216.1
Nursing home care	\$204.7	\$220.7	\$239.2	\$255.4
Prescription Drugs	\$436.9	\$476.7	\$513.9	\$520.7
Durable medical equipment	\$82.3	\$87.1	\$89.6	\$96.5
Nondurable medical products	\$124.4	\$129.3	\$136.9	\$144.1
Program administration and net cost of private health insurance	\$373.1	\$371.8	\$404.4	\$456.4
Government public health activities	\$149.8	\$159.7	\$157.1	\$158.7
Research	\$72.3	\$70.1	\$70.4	\$71.7
Structures and equipment	\$162.6	\$169.1	\$178.1	\$186.6
HS Share of GDP	17.6%	18.0%	18.3%	18.4%
HS Share of PGDP	17.8%	18.3%	18.7%	18.7%

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

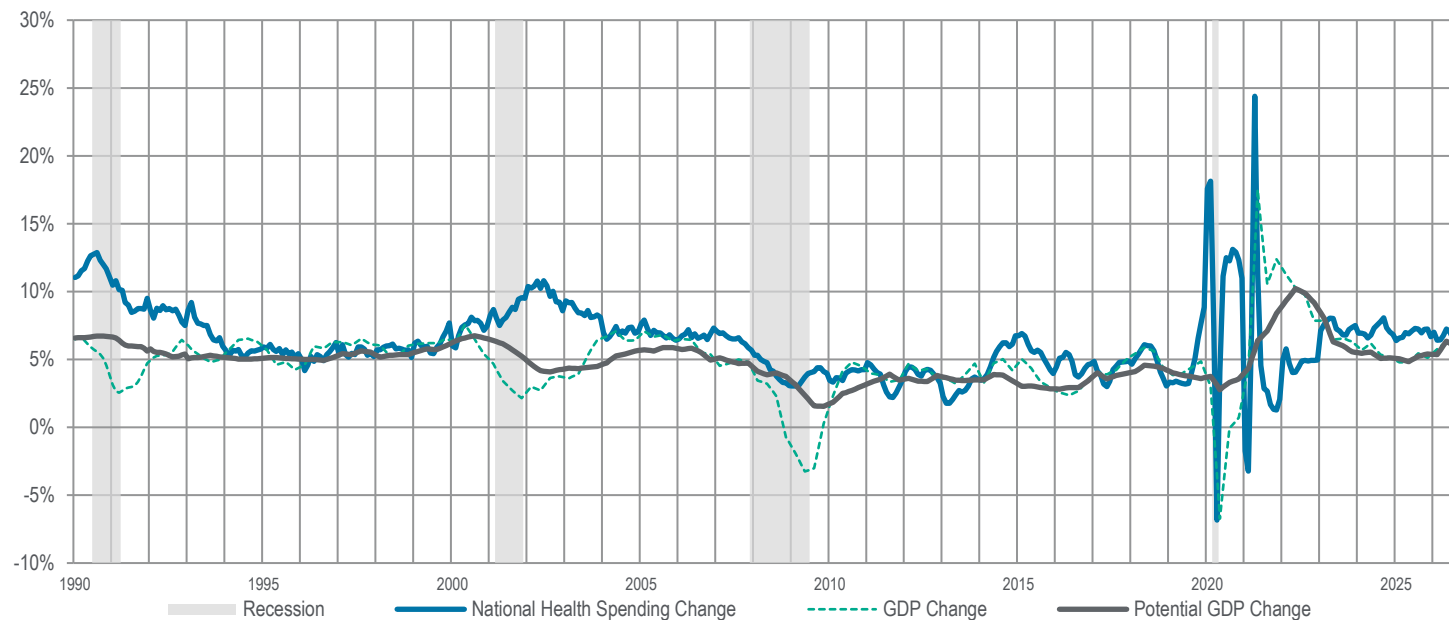
Growth Rates	August 2024	August 2025	August 2026
GDP	5.4%	5.5%	5.9%
National Health Spending	7.8%	7.3%	6.5%
Personal health care	8.9%	7.6%	6.2%
Hospital care	9.4%	7.5%	8.0%
Physician and clinical services	9.1%	6.3%	5.3%
Other professional services	11.9%	8.2%	7.6%
Dental services	7.1%	7.2%	4.0%
Other personal health care	9.1%	8.8%	7.3%
Home health care	7.1%	17.7%	7.8%
Nursing home care	7.9%	8.4%	6.8%
Prescription Drugs	9.1%	7.8%	1.3%
Durable medical equipment	5.8%	3.0%	7.6%
Nondurable medical products	4.0%	5.9%	5.3%
Program administration and net cost of private health insurance	-0.3%	8.8%	12.9%
Government public health activities	6.6%	-1.6%	1.0%
Research	-3.1%	0.5%	1.8%
Structures and equipment	4.0%	5.3%	4.8%
HS Minus GDP	2.4%	1.8%	0.6%
HS Minus PGDP	2.7%	2.0%	0.5%

Source: Computed from Exhibit 5.

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

TIME SERIES TRACKER

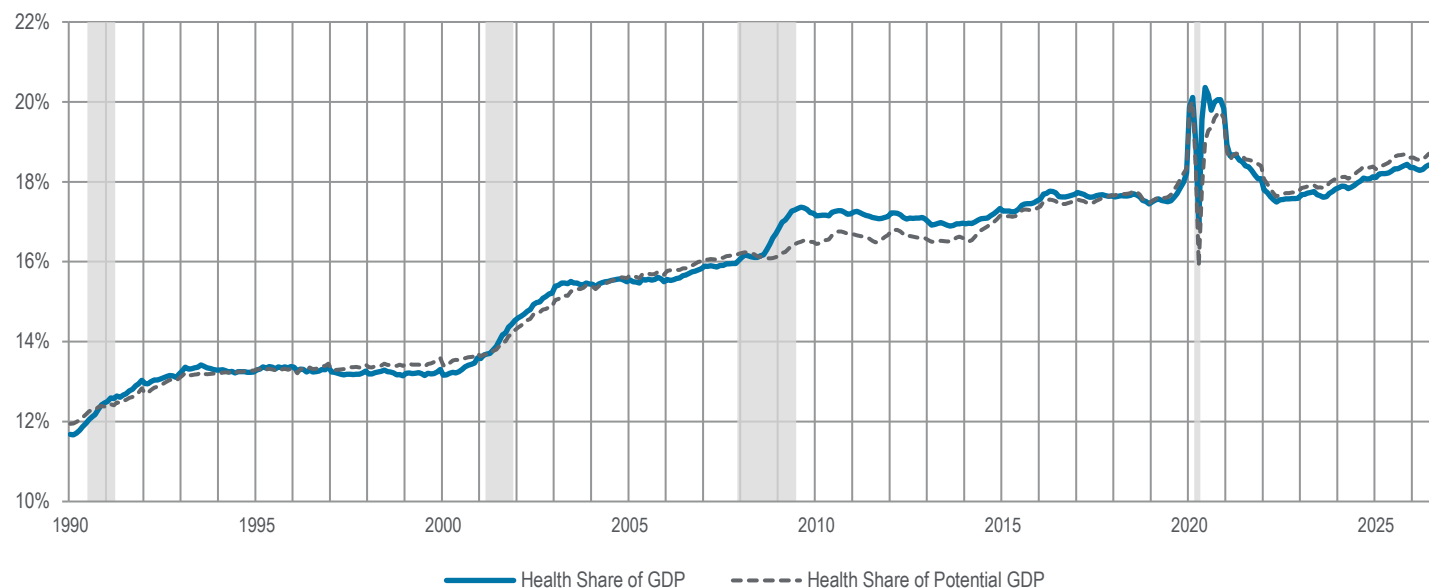
Exhibit 7. Year-over-Year Percentage Change in Spending and GDP



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 \(1990–2024\) 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.