

September 25, 2024

National health spending growth moderates; home health care growth remains high

HIGHLIGHTS

- ▲ In July 2024, national health spending was 7.1% higher than in July 2023 and represented 17.6% of GDP.
- ▲ Nominal GDP in July 2024 was 5.6% higher than in July 2023, growing 1.5 percentage points more slowly than health spending.
- ▲ Personal health care spending growth in July was 7.3%, year over year, with utilization growth continuing to outpace price growth.
- ▲ Growth among major spending categories was highest by far for home health care, at 18.2%, year over year. Spending growth on each of the other major categories was below 10%, with spending on hospital care growing the slowest, at 5.7%.

National Health Spending and GDP*

	July 2022	July 2023	June 2024	July 2024
GDP	25.76	27.39	28.72	28.91
National Health Spending (HS)	4.47	4.77	5.08	5.10
HS Share of GDP	17.4%	17.4%	17.7%	17.6%
HS Share of PGDP	17.2%	17.5%	17.9%	17.8%
Growth from Prior 12 Months				
HS	5.1%	6.6%	7.3%	7.1%
GDP	8.9%	6.3%	5.6%	5.6%
HS minus GDP	-3.8%	0.3%	1.6%	1.5%
HS minus PGDP	-4.5%	1.3%	2.4%	2.2%

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 George Miller at 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 personal leadership of this work. Media Contact: press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.

DISCUSSION

In July 2024, national health spending reached a seasonally adjusted annual rate of \$5.10 trillion, after a downward revision to June expenditures to \$5.08 trillion. July’s spending corresponds to a year-over-year growth rate of 7.1%, while June’s growth rate has been reduced to 7.3%.

Since July 2023, nominal GDP grew by 5.6%, the same year-over-year growth rate as in June. Health spending in July accounted for 17.6% of GDP, down from the revised share for June of 17.7%.

The 7.1% year-over-year growth rate in national health spending represented a growth rate that was 1.5 percentage points above GDP growth. The year-over-year growth rate in personal health care spending (spending on health care goods and services) decreased from 7.6% in June to 7.3% in July, resulting in personal health care spending as a percent of GDP equaling 14.9%, the same share as in June (Exhibit 1).

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

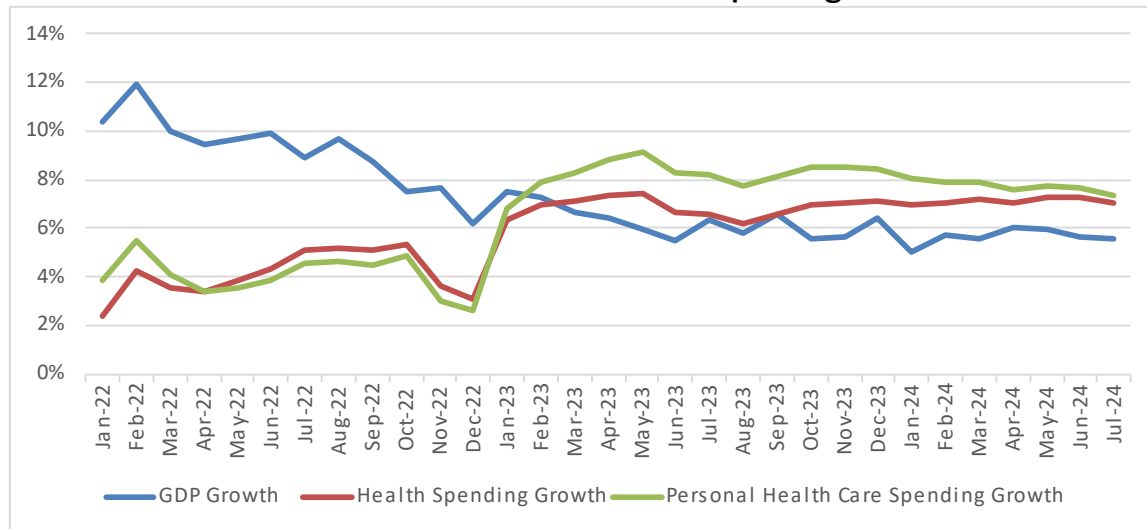


Exhibit 2 illustrates how health spending in July was distributed among spending categories. Personal health care constituted 84% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services.

Exhibit 2. Health Spending by Category, July 2024

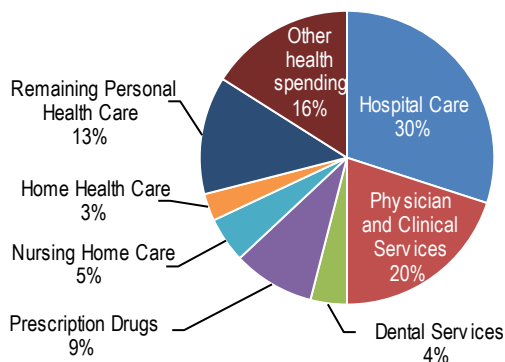


Exhibit 3 displays the growth in spending by major categories within personal health care since July 2023. Spending on home health care showed the fastest growth by far, at 18.2%. The slowest growth occurred in spending on hospital care, at 5.7%. This is the fourth successive month in which growth in spending on home health care exceeded 16%; the year-over-year growth for this four-month period (April through July) stands at 19.7%. This rapid growth is partly attributable to a drop in spending from April through June of 2023 (Exhibit 4). As in previous months, July’s growth in home health care spending is almost entirely due to utilization growth rather than price increases, with 15.9 percentage points of the 18.2% growth resulting from an increase in utilization, as indicated in this month’s HSEI [Price Brief](#). As we have noted previously, this recent growth in home health care spending was the largest since the spring of 2020, when government subsidies to combat the pandemic caused a major jump in

spending. Our [recent blog](#) unpacks longer-term spending patterns in home health care and compares them with growth in spending for nursing home care.

Exhibit 3. Health Care Spending 12-Month Growth

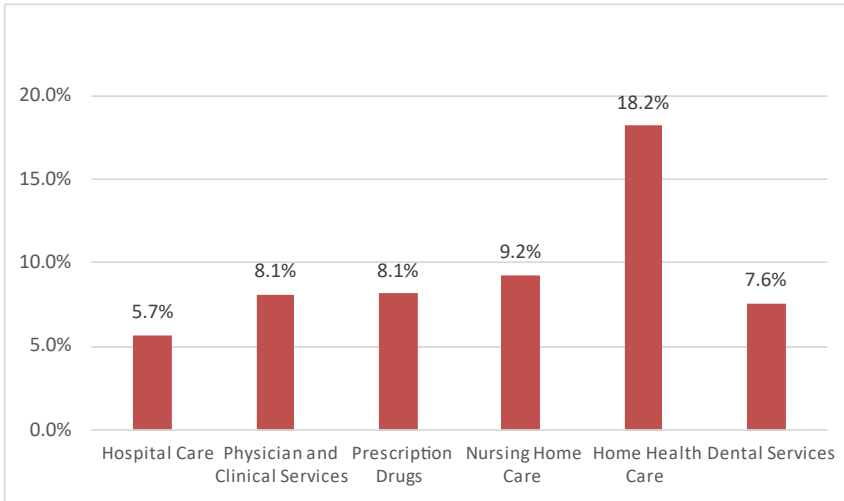


Exhibit 4. Home Health Care Spending Since January 2023 (annual rate in thousands of dollars)

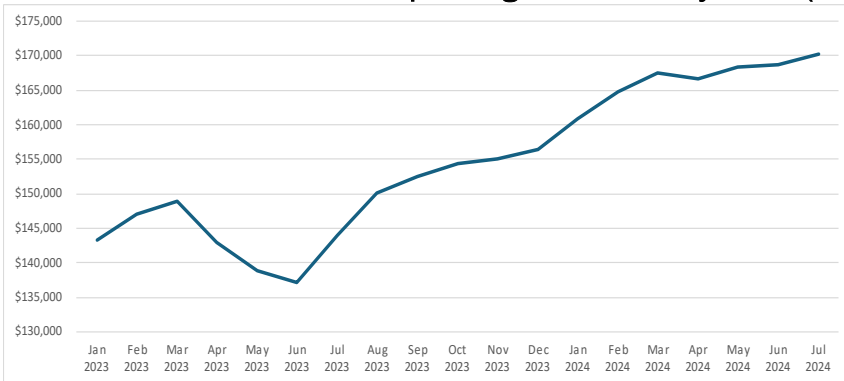
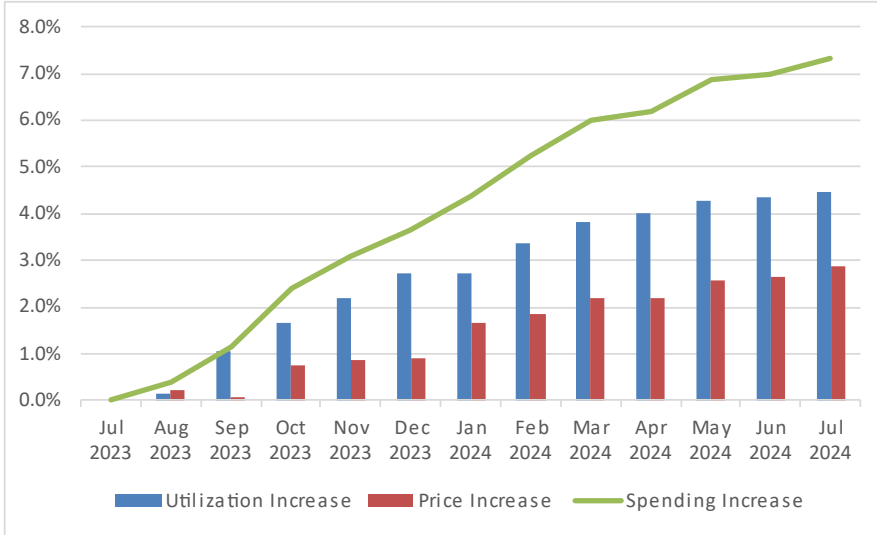


Exhibit 5 shows how spending on personal health care has grown over the past year (since July 2023) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through July 2024 has continued to be driven more by utilization growth than by price increases: Of the 7.3% growth in personal health care spending during this period, 2.9 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)	July 2021	July 2022	July 2023	July 2024
GDP	\$23,662.5	\$25,763.1	\$27,387.1	\$28,909.9
National Health Spending	\$4,256.0	\$4,471.7	\$4,765.3	\$5,102.0
Personal health care	\$3,542.6	\$3,704.6	\$4,007.6	\$4,301.6
Hospital care	\$1,318.5	\$1,354.1	\$1,453.5	\$1,536.4
Physician and clinical services	\$852.4	\$882.0	\$958.1	\$1,035.4
Other professional services	\$133.3	\$140.1	\$152.5	\$165.9
Dental services	\$164.9	\$164.3	\$178.1	\$191.6
Other personal health care	\$223.2	\$247.6	\$267.5	\$284.7
Home health care	\$124.5	\$133.9	\$144.0	\$170.2
Nursing home care	\$180.0	\$192.5	\$210.8	\$230.2
Prescription Drugs	\$376.4	\$406.1	\$447.1	\$483.6
Durable medical equipment	\$64.1	\$67.9	\$71.5	\$75.7
Nondurable medical products	\$105.3	\$116.2	\$124.5	\$128.0
Program administration and net cost of private health insurance	\$302.3	\$336.5	\$363.8	\$387.1
Government public health activities	\$202.5	\$212.9	\$158.7	\$166.8
Research	\$61.9	\$65.0	\$68.1	\$71.5
Structures and equipment	\$146.7	\$152.7	\$167.0	\$175.0
HS Share of GDP	18.0%	17.4%	17.4%	17.6%
HS Share of PGDP	18.0%	17.2%	17.5%	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.

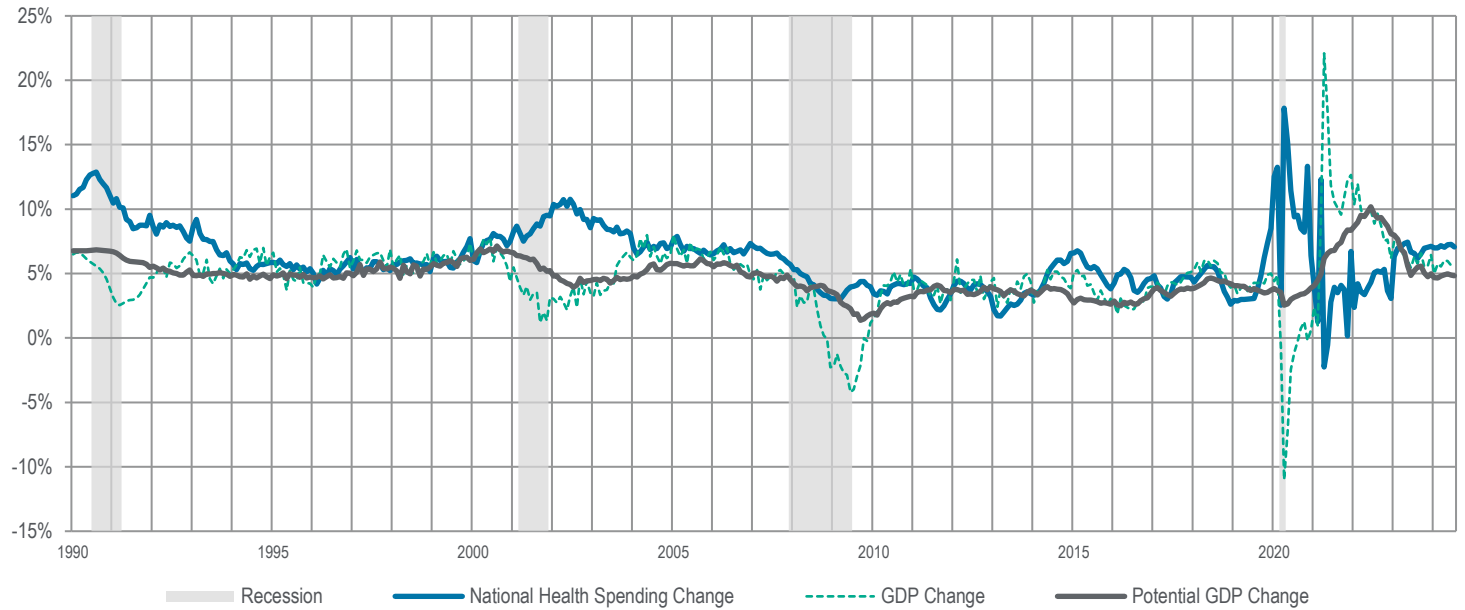
Exhibit 7. National Health Spending 12-Month Growth Rates by Detailed Category

Growth Rates	July 2022	July 2023	July 2024
GDP	8.9%	6.3%	5.6%
National Health Spending	5.1%	6.6%	7.1%
Personal health care	4.6%	8.2%	7.3%
Hospital care	2.7%	7.3%	5.7%
Physician and clinical services	3.5%	8.6%	8.1%
Other professional services	5.1%	8.9%	8.7%
Dental services	-0.3%	8.4%	7.6%
Other personal health care	10.9%	8.0%	6.4%
Home health care	7.5%	7.6%	18.2%
Nursing home care	6.9%	9.5%	9.2%
Prescription Drugs	7.9%	10.1%	8.1%
Durable medical equipment	5.9%	5.3%	5.9%
Nondurable medical products	10.4%	7.1%	2.8%
Program administration and net cost of private health insurance	11.3%	8.1%	6.4%
Government public health activities	5.2%	-25.5%	5.1%
Research	4.9%	4.9%	4.9%
Structures and equipment	4.1%	9.4%	4.8%
HS Minus GDP	-3.8%	0.3%	1.5%
HS Minus PGDP	-4.5%	1.3%	2.2%

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

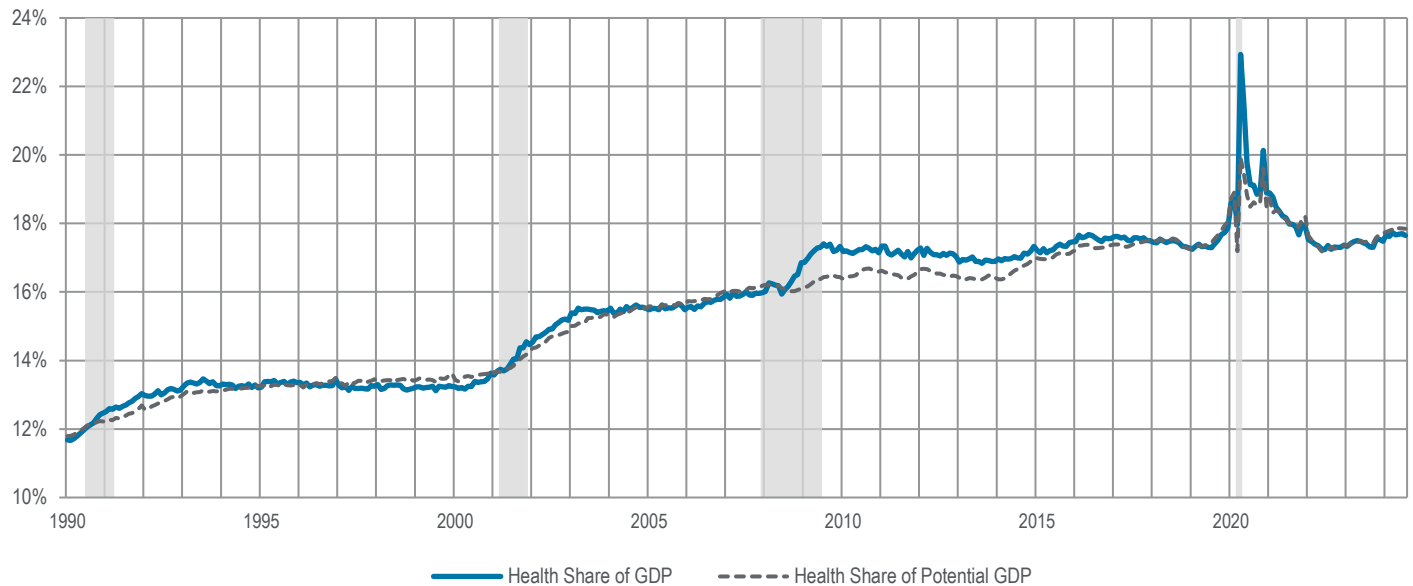
Exhibit 8. Year-over-Year Percentage Change in Spending and GDP



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.