

September 28, 2026

Growth in personal health care spending for the past year was dominated by utilization growth rather than price increases

HIGHLIGHTS

- ▲ In July 2026, national health spending grew by 6.8% year over year, down from the revised June 2026 growth rate of 7.1%.
- ▲ GDP grew by 6.0% in July, year over year. As a result, national health spending in July equaled 18.4% of GDP. National health spending was most recently below 18% of GDP in July 2024.
- ▲ Year-over-year growth in personal health care spending was 6.6% in July, year over year, down from 7.0% in June and 7.5% in July 2025. Utilization growth contributed approximately two-thirds of the increase, with price increases contributing one-third.
- ▲ Growth among major spending categories was highest for hospital care, at 8.5%, year over year, while spending for prescription drugs grew the slowest, at 1.3%. Drug spending growth has slowed significantly this year; it stood at 8.0% in July 2025.

National Health Spending and GDP*

	July 2024	July 2025	June 2026	July 2026
GDP	29.50	30.98	32.60	32.85
National Health Spending (HS)	5.29	5.67	6.02	6.06
HS Share of GDP	17.9%	18.3%	18.5%	18.4%
HS Share of PGDP	18.3%	18.6%	18.6%	18.7%
Growth from Prior 12 Months				
HS	7.5%	7.1%	7.1%	6.8%
GDP	6.0%	5.0%	6.1%	6.0%
HS minus GDP	1.5%	2.1%	1.0%	0.8%
HS minus PGDP	2.2%	1.8%	0.6%	0.6%

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: 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 has 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 July 2026, national health spending reached a seasonally adjusted annual rate of \$6.06 trillion, up from the revised June level of \$6.02 trillion. July's spending corresponds to a year-over-year growth rate of 6.8%.

Year-over-year GDP growth was 6.0% in July, and national health spending in July grew 0.8 percentage points more than GDP. National health spending in July represented 18.4% of GDP. A recent drop in the GDP growth rate has resulted in health spending growth exceeding GDP growth, as has been the case for most of the past months since February 2023.

The year-over-year growth rate in personal health care spending was 6.6% in July, also exceeding the GDP growth rate. (See Exhibit 1.)

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

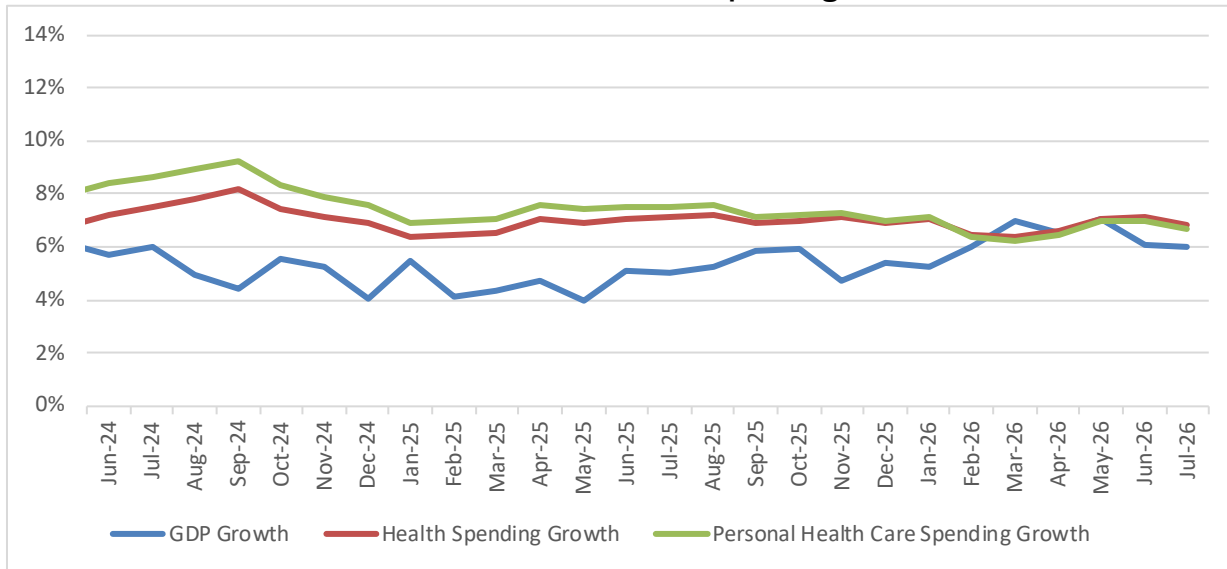


Exhibit 2 illustrates how health spending in July was distributed among spending categories. Personal health care constituted 85.7% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services, with the latter category's share increasing slightly from June's level.

Exhibit 2. Health Spending by Category, July 2026

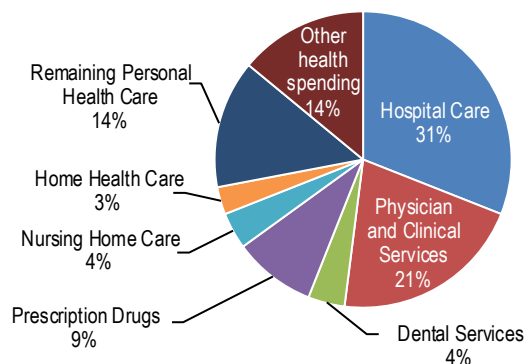


Exhibit 3 displays the growth in spending for personal health care and its major component categories for the 12-month periods ending July 2026 and July 2025. Spending on all categories except hospital care and physician services showed slower growth this year compared with last. Annual growth in July 2026 was greatest for hospital care, at 8.5%. The slowest growth occurred in spending on prescription drugs, at 1.3%, largely due to a decrease in prescription drug prices, which declined by 3.1% in July, year over year.

Exhibit 3. Health Care Spending 12-Month Growth

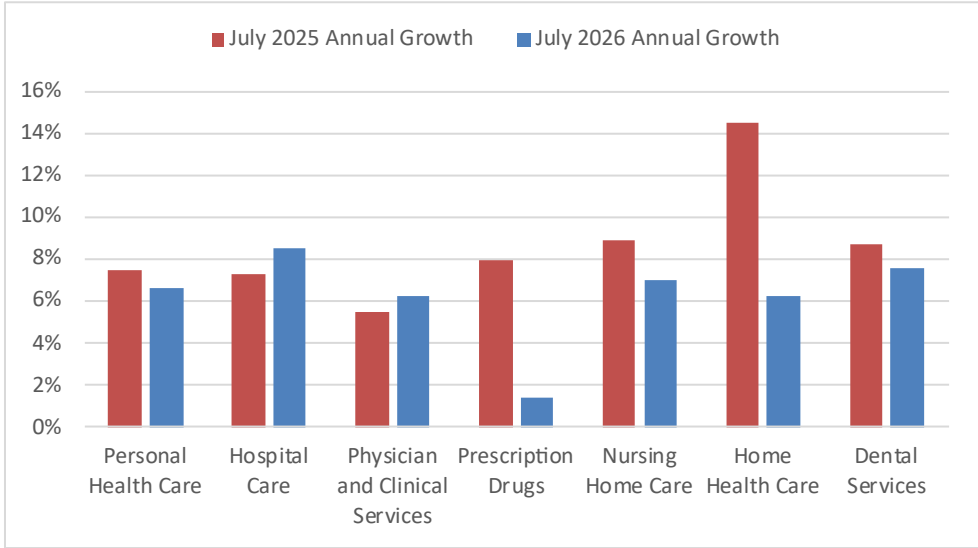
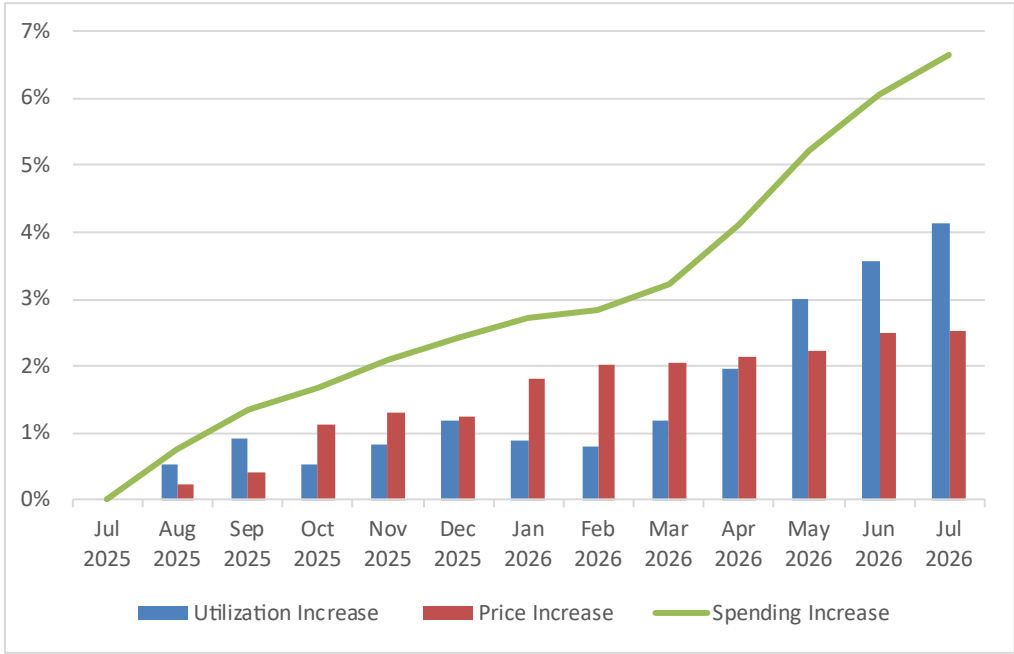


Exhibit 4 shows how spending on personal health care has grown over the past year (beginning in July 2025) and illustrates the relative contribution of utilization and prices to this growth. It indicates that utilization growth has contributed more than price increases through July 2026, with year-to-date utilization growth dominating price increases starting in May. Of the 6.6% growth in personal health care spending during this period, 2.5 percentage points can be attributed to price growth, while the remaining 4.1 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)	July 2023	July 2024	July 2025	July 2026
GDP	\$27,837.5	\$29,496.5	\$30,979.6	\$32,845.5
National Health Spending	\$4,924.1	\$5,293.6	\$5,669.3	\$6,055.7
Personal health care	\$4,165.2	\$4,525.1	\$4,864.0	\$5,187.0
Hospital care	\$1,501.9	\$1,633.2	\$1,751.9	\$1,901.0
Physician and clinical services	\$1,027.7	\$1,117.3	\$1,178.8	\$1,252.0
Other professional services	\$168.3	\$185.0	\$204.6	\$217.7
Dental services	\$177.4	\$190.7	\$207.3	\$223.1
Other personal health care	\$294.7	\$321.5	\$349.9	\$376.1
Home health care	\$154.2	\$168.8	\$193.3	\$205.3
Nursing home care	\$204.7	\$219.7	\$239.3	\$256.0
Prescription Drugs	\$430.7	\$474.0	\$511.8	\$518.7
Durable medical equipment	\$81.8	\$85.7	\$90.3	\$94.6
Nondurable medical products	\$123.7	\$129.2	\$136.8	\$142.5
Program administration and net cost of private health insurance	\$372.8	\$370.8	\$400.5	\$452.7
Government public health activities	\$151.8	\$159.2	\$157.2	\$158.5
Research	\$72.1	\$70.2	\$70.3	\$71.5
Structures and equipment	\$162.1	\$168.4	\$177.3	\$185.9
HS Share of GDP	17.7%	17.9%	18.3%	18.4%
HS Share of PGDP	17.9%	18.3%	18.6%	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.

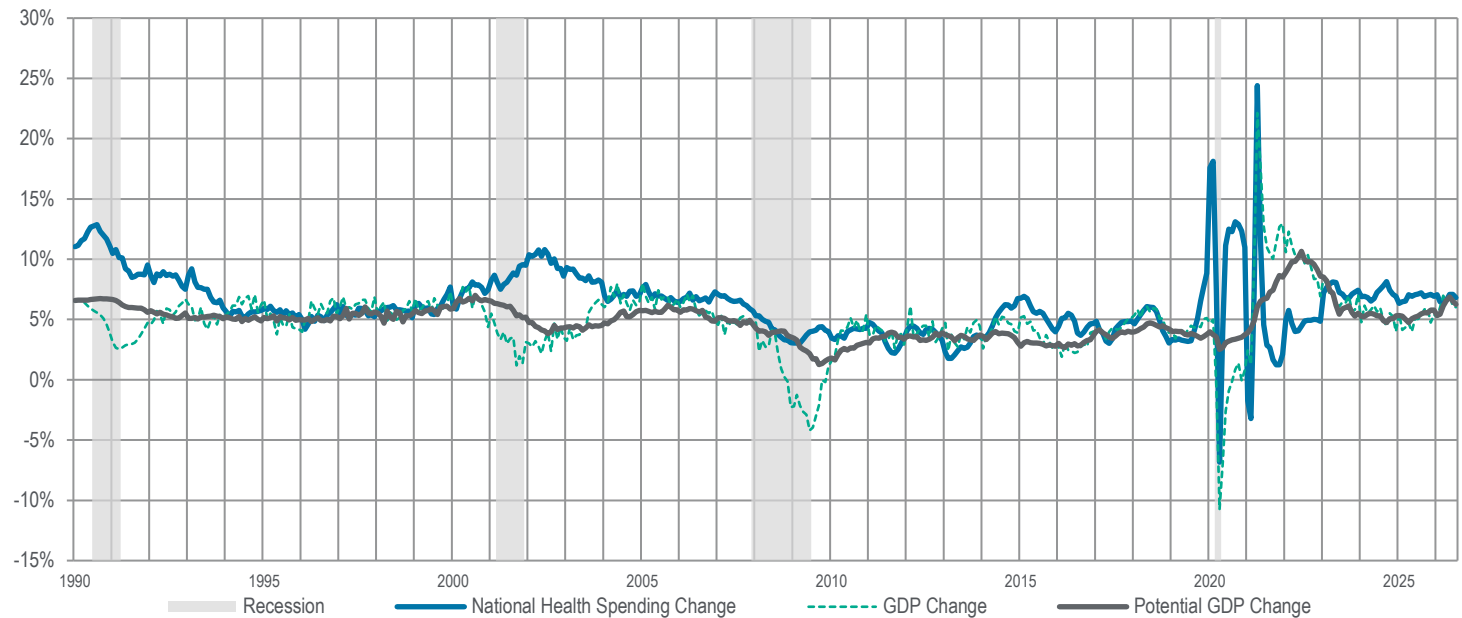
Exhibit 6. National Health Spending 12-Month Growth Rates by Detailed Category

Growth Rates	July 2024	July 2025	July 2026
GDP	6.0%	5.0%	6.0%
National Health Spending	7.5%	7.1%	6.8%
Personal health care	8.6%	7.5%	6.6%
Hospital care	8.7%	7.3%	8.5%
Physician and clinical services	8.7%	5.5%	6.2%
Other professional services	9.9%	10.6%	6.4%
Dental services	7.5%	8.7%	7.6%
Other personal health care	9.1%	8.8%	7.5%
Home health care	9.5%	14.5%	6.2%
Nursing home care	7.3%	8.9%	7.0%
Prescription Drugs	10.0%	8.0%	1.3%
Durable medical equipment	4.7%	5.4%	4.7%
Nondurable medical products	4.5%	5.9%	4.1%
Program administration and net cost of private health insurance	-0.5%	8.0%	13.0%
Government public health activities	4.8%	-1.2%	0.8%
Research	-2.7%	0.2%	1.7%
Structures and equipment	3.9%	5.3%	4.8%
HS Minus GDP	1.5%	2.1%	0.8%
HS Minus PGDP	2.2%	1.8%	0.6%

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

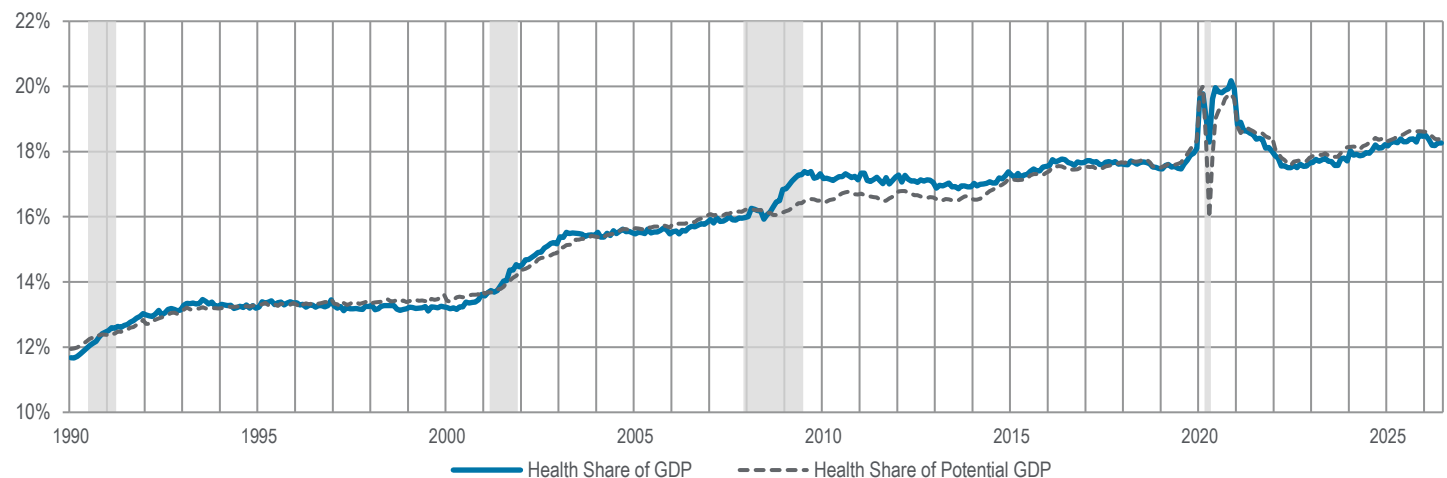
Exhibit 7. Year-over-Year Percentage Change in Spending and GDP



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.