

April 16, 2024

Health spending growth moderates slightly in February

HIGHLIGHTS

- ▲ In February 2024, national health spending was 6.2% higher than in February 2023 and represented 17.2% of GDP.
- ▲ Nominal GDP in February 2024 is estimated to have been 7.1% higher than in February 2023, growing 0.8 percentage points faster than health spending.
- ▲ Personal health care spending growth in February was 7.0%, year over year, with utilization growth continuing to outpace price growth.
- ▲ Growth among major spending categories was fairly consistent, with all categories showing growth between 7.2% and 8.0% except dental services, which grew by 5.0%, year over year.

National Health Spending and GDP*

	Feb 2022	Feb 2023	Jan 2024	Feb 2024
GDP	25.01	26.83	28.11	28.73
National Health Spending (HS)	4.37	4.66	4.92	4.95
HS Share of GDP	17.5%	17.4%	17.5%	17.2%
HS Share of PGDP	17.5%	17.4%	17.6%	17.7%
Growth from Prior 12 Months				
HS	4.3%	6.6%	6.4%	6.2%
GDP	12.0%	7.3%	5.1%	7.1%
HS minus GDP	-7.6%	-0.7%	1.3%	-0.8%
HS minus PGDP	-4.7%	-1.1%	1.8%	2.0%

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 Corwin Rhyan at corwin.rhyan@altarum.org. George Miller, PhD (principal author), Corwin Rhyan, Stephen McCall, and Matt Daly, PhD, contributed to this brief. We thank Ani Turner for her years of leadership of this work. Media Contact: press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.

DISCUSSION

In February 2024, national health spending grew by 6.2%, year over year, reaching a seasonally adjusted annual rate of \$4.95 trillion. Over the same period, nominal GDP grew by 7.1%. Health spending in February accounted for 17.2% of GDP and has remained below 17.5% since February 2022. (Note, however, that our usual monthly GDP estimate was unavailable for February. The estimate reported here is based on estimated real GDP growth rate for the first quarter of 2024 of 2.4%, published on April 10 by the [Federal Reserve Bank of Atlanta](#).)

The year-over-year growth rate in national health spending fell slightly in February, from 6.4% in January to 6.2% in February, resulting in a growth rate in health spending that was 0.8 percentage points below GDP growth. Similarly, the year-over-year growth rate in personal health care spending (spending on health care goods and services) fell from 7.5% in January to 7.0% in February, resulting in personal health care spending as a percent of GDP equaling 14.5% (Exhibit 1).

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

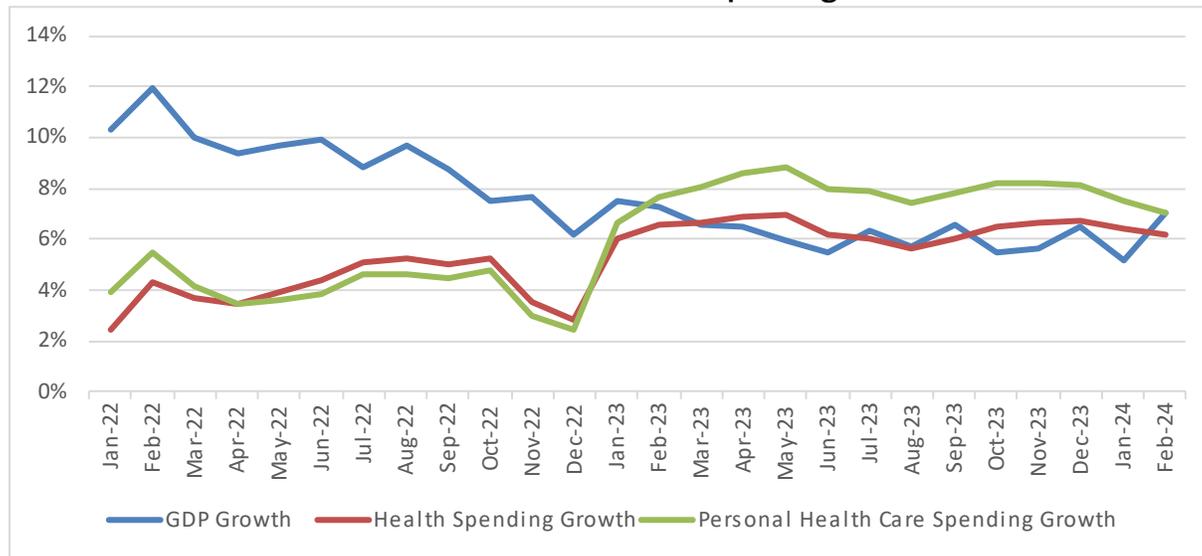


Exhibit 2 illustrates how health spending in February was distributed among spending categories. Personal health care constituted 84% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services alone.

Exhibit 2. Health Spending by Category, February 2024

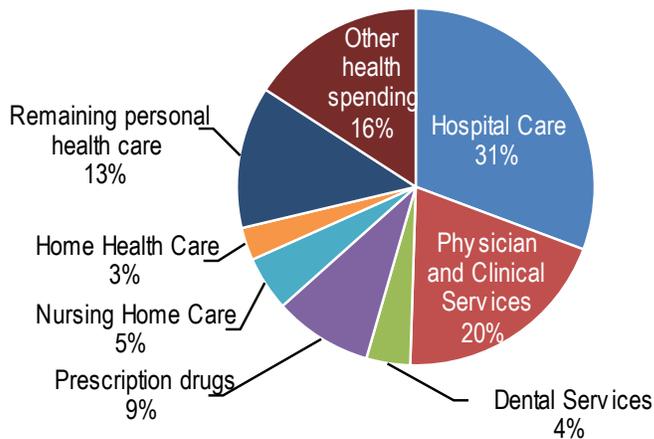


Exhibit 3 displays the growth in spending by major categories within personal health care since February 2023. With the exception of dental services, which exhibited year-over-year growth of 5.0%, the growth rates among categories were quite consistent, ranging from 7.2% for home health care to 8.0% for retail sales of prescription drugs.

Exhibit 3. Health Care Spending 12-Month Growth

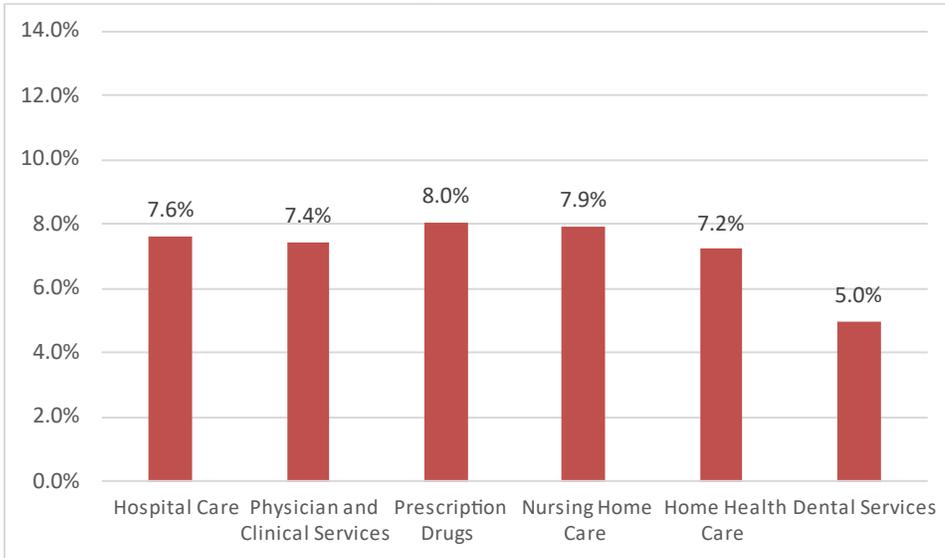
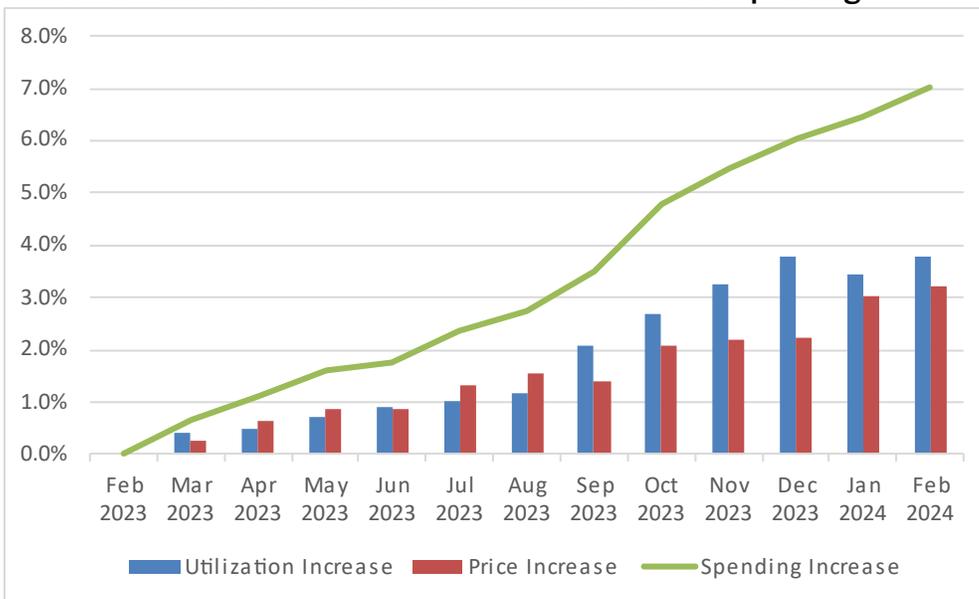


Exhibit 4 shows how spending on personal health care has grown over the past year (since February 2023) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through February 2024 has continued to be driven more by utilization growth than by price increases, though that gap has narrowed somewhat in the past two months: Of the 7.0% growth in personal health care spending during this period, 3.2 percentage points can be attributed to price growth, while the remaining 3.8 percentage point growth was associated with increases in utilization.

Exhibit 4. Cumulative Growth in Personal Health Care Spending



All spending values shown in this brief include COVID-related subsidies from the federal government. With the exception of federal government support to public health activities, these subsidies have been very small since the start of 2022.

DETAILED HEALTH SPENDING

Exhibit 5. Monthly National Spending Estimates by Detailed Category

Levels (in billions of dollars)	Feb 2021	Feb 2022	Feb 2023	Feb 2024
GDP	\$22,340.4	\$25,012.4	\$26,832.7	\$28,727.8
National Health Spending	\$4,190.2	\$4,371.0	\$4,658.5	\$4,948.0
Personal health care	\$3,437.2	\$3,626.4	\$3,905.2	\$4,179.2
Hospital care	\$1,284.8	\$1,328.1	\$1,415.2	\$1,522.8
Physician and clinical services	\$833.4	\$875.3	\$936.0	\$1,005.6
Other professional services	\$127.9	\$138.4	\$147.8	\$160.1
Dental services	\$156.8	\$162.0	\$175.5	\$184.3
Other personal health care	\$219.5	\$239.4	\$253.9	\$263.2
Home health care	\$123.4	\$128.6	\$147.1	\$157.7
Nursing home care	\$177.0	\$184.9	\$206.6	\$223.0
Prescription Drugs	\$356.2	\$393.3	\$430.9	\$465.6
Durable medical equipment	\$59.1	\$65.0	\$70.7	\$72.1
Nondurable medical products	\$99.1	\$111.4	\$121.3	\$124.7
Program administration and net cost of private health insurance	\$322.4	\$318.2	\$352.6	\$374.7
Government public health activities	\$228.5	\$212.4	\$175.3	\$155.4
Research	\$61.2	\$63.6	\$66.9	\$70.5
Structures and equipment	\$140.9	\$150.4	\$158.5	\$168.3
HS Share of GDP	18.8%	17.5%	17.4%	17.2%
HS Share of PGDP	18.3%	17.5%	17.4%	17.7%

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

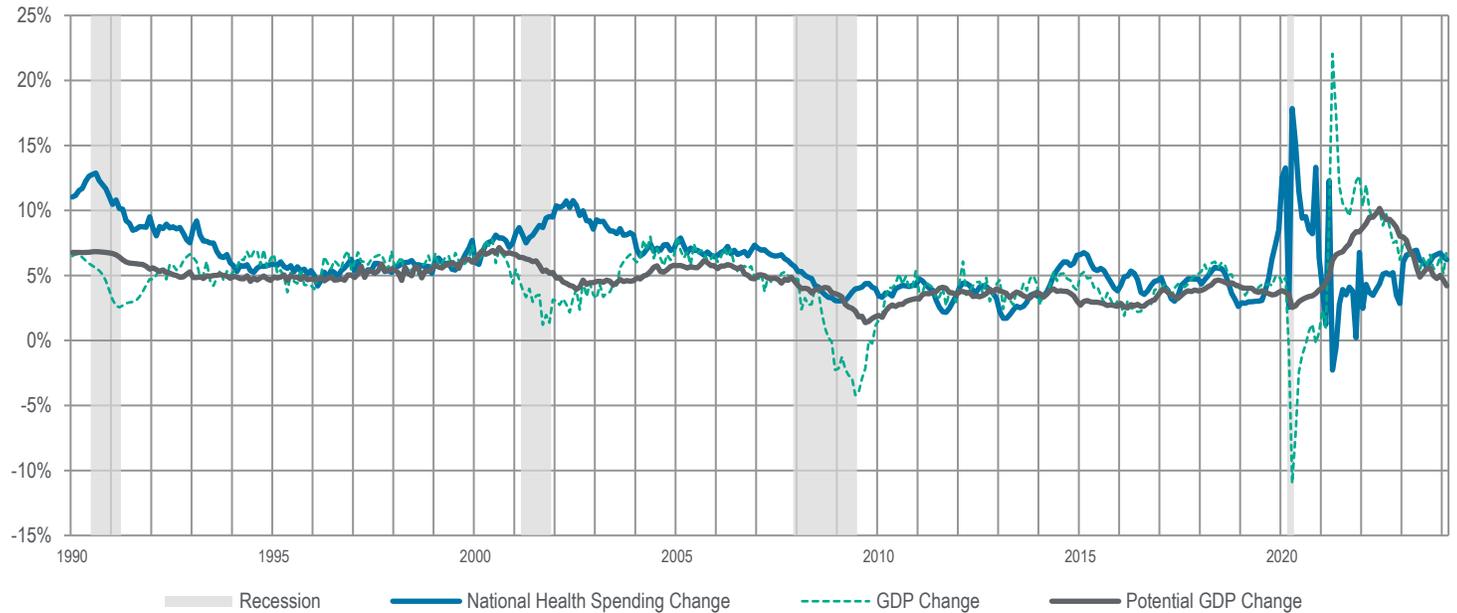
Growth Rates	Feb 2022	Feb 2023	Feb 2024
GDP	12.0%	7.3%	7.1%
National Health Spending	4.3%	6.6%	6.2%
Personal health care	5.5%	7.7%	7.0%
Hospital care	3.4%	6.6%	7.6%
Physician and clinical services	5.0%	6.9%	7.4%
Other professional services	8.2%	6.8%	8.3%
Dental services	3.3%	8.4%	5.0%
Other personal health care	9.1%	6.1%	3.7%
Home health care	4.3%	14.3%	7.2%
Nursing home care	4.5%	11.8%	7.9%
Prescription Drugs	10.4%	9.6%	8.0%
Durable medical equipment	10.0%	8.8%	1.9%
Nondurable medical products	12.4%	8.9%	2.7%
Program administration and net cost of private health insurance	-1.3%	10.8%	6.3%
Government public health activities	-7.1%	-17.4%	-11.4%
Research	3.8%	5.3%	5.4%
Structures and equipment	6.8%	5.4%	6.2%
HS Minus GDP	-7.6%	-0.7%	-0.8%
HS Minus PGDP	-4.7%	-1.1%	2.0%

Source: Computed from Exhibit 5.

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

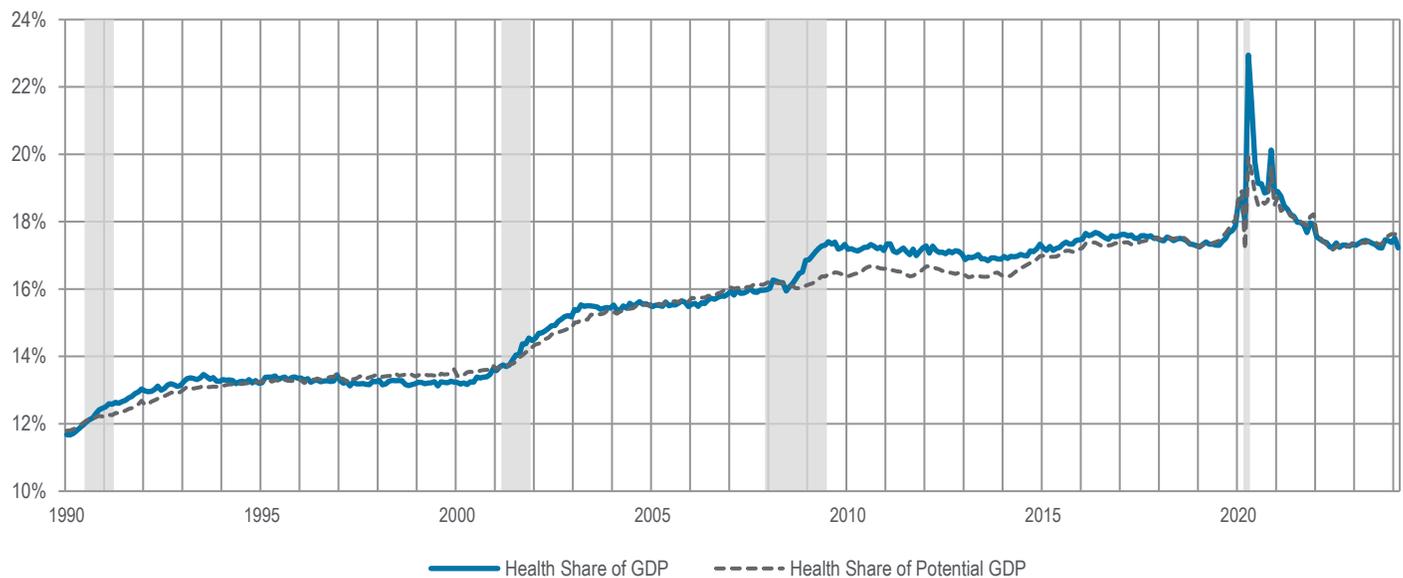
TIME SERIES TRACKER

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.