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National Health Care Spending Increased 7.2 Percent In 2024 As Utilization Remained Elevated

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ABSTRACT Health care spending in the US reached \$5.3 trillion and increased 7.2 percent in 2024, similar to growth of 7.4 percent in 2023, as increased demand for health care influenced this two-year trend. As in 2023, the use and intensity of health care goods and services continued to grow rapidly in 2024, particularly for hospital care, physician and clinical services, and retail prescription drugs. The insured share of the population remained relatively high in 2024, at 91.8 percent, after its peak in 2023 of 92.5 percent. Health care spending growth continued to outpace overall economic growth in 2024, and as a result, the health care share of the economy increased from 17.7 percent in 2023 to 18.0 percent in 2024.

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Health care spending reached \$5.3 trillion, or \$15,474 per person, growing 7.2 percent in 2024 (exhibit 1). This was the second consecutive year of growth above 7 percent (growth was 7.4 percent in 2023), after growth of 4.1 percent in 2021 and 4.8 percent in 2022. The strong growth in both 2023 and 2024 was driven by nonprice factors (such as increased demand for care and changes in the composition of the health care goods and services consumed),¹ as evidenced by growth in personal health care spending that averaged 8.9 percent per year (calculated from exhibit 2), the highest average growth rate for two consecutive years since 1991–92, when it was 9.1 percent (data not shown for 1991–92).² The increased use of health care goods and services in 2024 was somewhat higher than many health insurers anticipated.³

Private health insurance enrollment increased from 207.0 million in 2023 to 214.3 million in 2024 (exhibit 3), which included Affordable Care Act Marketplace enrollment of 21.1 million (up from 16.2 million in 2023 and 9.8 million in 2019).⁴ The strong growth in Marketplace enrollment in 2024 was driven by the enhanced pre-

mium tax credit extension⁵ and the special enrollment period that allowed those who lost Medicaid coverage during “unwinding” to enroll in Marketplace plans.⁶ Medicaid enrollment peaked at slightly more than 92.2 million in 2023 and decreased by 7.9 million to 84.3 million in 2024 (exhibit 3). Collectively, across all forms of coverage, the share of the population with insurance fell to 91.8 percent after an all-time high of 92.5 percent in 2023.

In 2024, the share of gross domestic product (GDP) devoted to health care was 18.0 percent, which was higher than the 2022 and 2023 shares of 17.6 percent and 17.7 percent, respectively (exhibit 1). For 2023 and 2024, average health care spending growth of 7.3 percent per year was nearly 3 percentage points faster than during 2021–22. In comparison, GDP growth slowed significantly from the period 2021–22, averaging 6.0 percent per year in 2023–24.

Comprehensive Revision

Estimates of national health care spending in this article reflect both routine updates (mostly due to the incorporation of new and revised annual source data that were previously un-

EXHIBIT 1

National health expenditures (NHE), aggregate and per capita amounts, share of gross domestic product (GDP), and annual growth, calendar years 2018–24

	2018 ^a	2019	2020	2021	2022	2023	2024
EXPENDITURE AMOUNT							
NHE, billions	\$3,637.7	\$3,805.1	\$4,204.3	\$4,376.9	\$4,586.6	\$4,925.3	\$5,278.6
GDP, billions	\$20,656.5	\$21,540.0	\$21,375.3	\$23,725.6	\$26,054.6	\$27,811.5	\$29,298.0
NHE as percent of GDP	17.6	17.7	19.7	18.4	17.6	17.7	18.0
Population (millions) ^b	329.4	331.3	332.7	333.2	335.1	337.8	341.1
NHE per capita	\$11,042	\$11,487	\$12,637	\$13,137	\$13,689	\$14,580	\$15,474
GDP per capita	\$62,703	\$65,024	\$64,246	\$71,208	\$77,761	\$82,330	\$85,888
Prices (2017 = 100.0)							
Chain-weighted NHE deflator	102.3	103.3	106.3	108.0	111.4	114.7	117.5
GDP price index	102.3	104.0	105.4	110.2	118.0	122.4	125.4
Real spending							
NHE, billions of chained dollars	\$3,556	\$3,683	\$3,954	\$4,053	\$4,117	\$4,294	\$4,492
GDP, billions of chained dollars	\$20,194	\$20,716	\$20,285	\$21,532	\$22,076	\$22,724	\$23,358
ANNUAL GROWTH							
NHE	5.0%	4.6%	10.5%	4.1%	4.8%	7.4%	7.2%
GDP	5.3	4.3	-0.8	11.0	9.8	6.7	5.3
Population ^b	0.6	0.6	0.4	0.1	0.6	0.8	1.0
NHE per capita	4.4	4.0	10.0	4.0	4.2	6.5	6.1
GDP per capita	4.7	3.7	-1.2	10.8	9.2	5.9	4.3
Prices (2017 = 100.0)							
Chain-weighted NHE deflator	2.3	1.0	2.9	1.6	3.2	3.0	2.5
GDP price index	2.3	1.7	1.4	4.5	7.1	3.7	2.5
Real spending							
NHE, billions of chained dollars	2.6	3.6	7.4	2.5	1.6	4.3	4.6
GDP, billions of chained dollars	3.0	2.6	-2.1	6.2	2.5	2.9	2.8

SOURCES Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group; and Department of Commerce, Bureau of Economic Analysis and Census Bureau. **NOTES** Definitions, sources, and methods for NHE categories can be found in CMS. National Health Expenditure Accounts: methodology paper, 2024 (see note 7 in text). Numbers might not add to totals because of rounding. Percent changes are calculated from unrounded data. ^aAnnual growth, 2017–18. ^bEstimates reflect the Census Bureau’s definition of resident-based population, which includes all people who usually reside in the 50 states or Washington, D.C., but excludes residents living in Puerto Rico and areas under US sovereignty, members of the US Armed Forces overseas, and US citizens whose usual place of residence is outside of the US. Estimates also include a small (approximately 0.3 percent of the population) adjustment to reflect census undercounts.

available) and changes in methodology or data sources as part of the comprehensive revision of the National Health Expenditure Accounts. Every five years, the accounts undergo a thorough evaluation of their concepts, definitions, data sources, and methods, to ensure that the most current and complete information is incorporated.⁷ The last comprehensive revision occurred during the release of the 2019 National Health Expenditure Accounts data. Notable changes for the 2024 accounts include the incorporation of data from the 2022 Economic Census and improved methods for distributing managed care premiums to health care goods and services for Medicare and Medicaid.

The net impact of the comprehensive revision and other more routine revisions increased national health care expenditures by \$60.8 billion in 2022, or by 1.3 percent of total expenditures—a percentage similar to previous comprehensive revisions (data not shown). Changes related to the comprehensive revision increased spending by \$64.8 billion in 2022, whereas routine annual

updates reduced spending by \$4.0 billion. The main contributor to the spending revisions for 2018–22 was the incorporation of the 2022 Economic Census,⁸ whereas revisions to prior years were due to methodological improvements or minor updates. When compared with the overall economy, the health spending share of GDP is now reported as 17.6 percent in 2022 (exhibit 1), up from the previously reported 17.4 percent.⁹

Sponsors Of Health Care

In the US, health care is financed by households, private businesses, and governments. These entities are the ultimate sponsors of the nation’s health care bill and finance health spending such as out-of-pocket deductibles and copayments, private health insurance premiums, and government program expenditures (such as Medicare and Medicaid).

The federal government is the largest sponsor of health care expenditures (\$1.7 trillion and a 31 percent share in 2024); its share includes the

EXHIBIT 2
National health expenditures (NHE) amounts and annual growth, by spending category, calendar years 2018–24

Spending category	2018 ^a	2019	2020	2021	2022	2023	2024
EXPENDITURE AMOUNT (BILLIONS)							
NHE	\$3,637.7	\$3,805.1	\$4,204.3	\$4,376.9	\$4,586.6	\$4,925.3	\$5,278.6
Health consumption expenditures	3,445.0	3,606.8	4,004.4	4,159.1	4,362.6	4,691.9	5,039.9
Personal health care	3,042.3	3,205.3	3,405.8	3,621.6	3,806.2	4,162.8	4,510.2
Hospital care	1,120.6	1,189.3	1,259.5	1,319.1	1,357.5	1,501.1	1,634.7
Professional services	984.0	1,038.0	1,097.1	1,208.0	1,270.7	1,371.3	1,483.7
Physician and clinical services	741.3	781.7	837.2	904.8	956.5	1,026.9	1,109.7
Other professional services	104.9	111.8	119.4	136.7	147.4	166.9	184.9
Dental services	137.8	144.5	140.4	166.4	166.8	177.5	189.2
Other health, residential, and personal care	206.0	212.5	230.1	244.1	267.9	293.7	320.5
Home health care	106.6	113.9	126.2	127.4	138.2	153.6	169.4
Nursing care facilities and continuing care retirement communities	166.9	172.6	192.3	179.0	188.6	205.0	219.9
Retail outlet sales of medical products	458.2	478.9	500.6	544.0	583.3	638.1	682.0
Prescription drugs	321.3	333.8	345.5	365.9	390.6	432.9	467.0
Durable medical equipment	56.2	60.0	60.2	71.9	77.4	81.9	86.4
Other nondurable medical products	80.7	85.1	94.9	106.3	115.3	123.3	128.7
Government administration	46.6	48.4	48.1	51.3	53.5	57.7	66.1
Nonmedical insurance expenditures ^b	256.4	244.6	307.1	272.3	294.1	313.4	306.0
Government public health activities	99.7	108.6	243.4	214.0	208.8	158.0	157.6
Investment	192.7	198.3	199.9	217.8	224.0	233.4	238.7
Noncommercial research	53.7	56.5	60.2	61.8	65.4	71.5	70.4
Structures and equipment	139.0	141.8	139.7	156.0	158.6	162.0	168.2
ANNUAL GROWTH							
NHE	5.0%	4.6%	10.5%	4.1%	4.8%	7.4%	7.2%
Health consumption expenditures	5.0	4.7	11.0	3.9	4.9	7.5	7.4
Personal health care	4.3	5.4	6.3	6.3	5.1	9.4	8.3
Hospital care	4.0	6.1	5.9	4.7	2.9	10.6	8.9
Professional services	5.3	5.5	5.7	10.1	5.2	7.9	8.2
Physician and clinical services	5.0	5.4	7.1	8.1	5.7	7.4	8.1
Other professional services	8.2	6.6	6.8	14.5	7.8	13.3	10.8
Dental services	5.1	4.9	-2.8	18.5	0.2	6.4	6.6
Other health, residential, and personal care	3.9	3.2	8.3	6.1	9.7	9.7	9.1
Home health care	6.7	6.8	10.8	1.0	8.5	11.1	10.2
Nursing care facilities and continuing care retirement communities	2.1	3.4	11.4	-6.9	5.4	8.7	7.3
Retail outlet sales of medical products	3.0	4.5	4.5	8.7	7.2	9.4	6.9
Prescription drugs	1.6	3.9	3.5	5.9	6.8	10.8	7.9
Durable medical equipment	7.1	6.8	0.3	19.4	7.7	5.8	5.4
Other nondurable medical products	5.7	5.5	11.5	11.9	8.5	6.9	4.4
Government administration	5.6	3.9	-0.7	6.7	4.3	7.8	14.7
Nonmedical insurance expenditures ^b	15.1	-4.6	25.5	-11.3	8.0	6.6	-2.4
Government public health activities	4.0	8.8	124.3	-12.1	-2.4	-24.3	-0.3
Investment	5.1	2.9	0.8	8.9	2.8	4.2	2.2
Noncommercial research	5.6	5.2	6.5	2.7	5.8	9.3	-1.5
Structures and equipment	5.0	2.0	-1.5	11.6	1.7	2.1	3.9

SOURCE Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group. **NOTES** Definitions, sources, and methods for NHE categories can be found in CMS. National Health Expenditure Accounts: methodology paper, 2024 (see note 7 in text). Numbers might not add to totals because of rounding. Percent changes are calculated from unrounded data. ^aAnnual growth, 2017–18. ^bIn previous articles, this category has been labeled “Net cost of health insurance.”

federal portion of Medicaid payments, federal Medicare payments, and federal government contributions to private health insurance as an employer, as well as other federal health insurance and programs (exhibit 4). Federal government–sponsored health care spending increased 5.5 percent in 2024, accelerating from growth of 3.8 percent in 2023. The increase in 2024 was

driven by continued rapid growth in Marketplace tax credits and subsidies (34.9 percent in 2024, following 25.5 percent growth in 2023), as well as strong growth in federal Medicare expenditures financed by the federal government (9.6 percent in 2024, following 14.9 percent growth in 2023),¹⁰ which was associated with provisions in the Inflation Reduction Act (IRA)

EXHIBIT 3

National health expenditures (NHE) and health insurance enrollment, aggregate and per enrollee amounts, and annual growth, by source of funds, calendar years 2018–24

	2018 ^a	2019	2020	2021	2022	2023	2024
PRIVATE HEALTH INSURANCE							
Expenditure (billions)	\$1,142.8	\$1,179.3	\$1,184.3	\$1,263.1	\$1,358.6	\$1,511.2	\$1,644.6
Expenditure growth	5.7%	3.2%	0.4%	6.7%	7.6%	11.2%	8.8%
Per enrollee expenditure	\$5,695	\$5,835	\$5,918	\$6,290	\$6,661	\$7,300	\$7,676
Per enrollee expenditure growth	6.5%	2.4%	1.4%	6.3%	5.9%	9.6%	5.2%
Enrollment (millions)	200.7	202.1	200.1	200.8	204.0	207.0	214.3
Enrollment growth	-0.8%	0.7%	-1.0%	0.3%	1.6%	1.5%	3.5%
MEDICARE							
Expenditure (billions)	\$751.6	\$805.2	\$833.8	\$894.6	\$951.7	\$1,037.3	\$1,118.0
Expenditure growth	6.6%	7.1%	3.6%	7.3%	6.4%	9.0%	7.8%
Per enrollee expenditure	\$12,795	\$13,366	\$13,547	\$14,293	\$14,921	\$15,915	\$16,779
Per enrollee expenditure growth	3.9%	4.5%	1.3%	5.5%	4.4%	6.7%	5.4%
Enrollment (millions)	58.7	60.2	61.6	62.6	63.8	65.2	66.6
Enrollment growth	2.7%	2.6%	2.2%	1.7%	1.9%	2.2%	2.2%
MEDICAID							
Expenditure (billions)	\$596.8	\$615.4	\$672.5	\$738.1	\$809.9	\$873.7	\$931.7
Expenditure growth	3.1%	3.1%	9.3%	9.7%	9.7%	7.9%	6.6%
Per enrollee expenditure	\$8,131	\$8,446	\$8,823	\$8,713	\$8,893	\$9,473	\$11,050
Per enrollee expenditure growth	3.9%	3.9%	4.5%	-1.2%	2.1%	6.5%	16.6%
Enrollment (millions)	73.4	72.9	76.2	84.7	91.1	92.2	84.3
Enrollment growth	-0.8%	-0.7%	4.6%	11.1%	7.5%	1.3%	-8.6%
UNINSURED AND POPULATION							
Uninsured (millions)	30.8	31.9	31.4	28.7	26.8	25.2	28.0
Uninsured growth	2.5%	3.8%	-1.8%	-8.6%	-6.4%	-6.0%	11.1%
Population (millions) ^b	329.4	331.3	332.7	333.2	335.1	337.8	341.1
Population growth	0.6%	0.6%	0.4%	0.1%	0.6%	0.8%	1.0%
Insured share of total population	90.7%	90.4%	90.6%	91.4%	92.0%	92.5%	91.8%

SOURCES Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group; and Department of Commerce, Census Bureau. **NOTES** Definitions, sources, and methods for NHE categories can be found in CMS, National Health Expenditure Accounts: methodology paper 2024 (see note 7 in text). Numbers might not add to totals because of rounding. Percent changes are calculated from unrounded data. ^aAnnual growth, 2017–18. ^bEstimates reflect the Census Bureau’s definition of resident-based population, which includes all people who usually reside in the 50 states or Washington, D.C., but excludes residents living in Puerto Rico and areas under US sovereignty, members of the US Armed Forces overseas, and US citizens whose usual place of residence is outside of the US. Estimates also include a small (approximately 0.3 percent of the population) adjustment to reflect census undercounts.

of 2022 that reduced beneficiary cost sharing and shifted more financial responsibility to the federal government (data not shown).¹¹ Although still growing, federal Medicaid spending increased just 0.7 percent in 2024, after growth of 3.6 percent in 2023 (exhibit 5), as enrollment in the program dropped by 7.9 million people (calculated from exhibit 3) and the enhanced federal medical assistance percentage (FMAP) was phased out.¹²

Health care spending by households (\$1.5 trillion) represented 28 percent of all health care spending in 2024 and increased 6.9 percent, a similar rate of growth as in 2023 (6.7 percent) (exhibit 4). The stable trend was a result of offsetting factors. Household spending for Medicare premiums and payroll taxes paid by individuals, as well as premiums paid for individually purchased health insurance, all grew faster in 2024; both increased by 7.0 percent (data not shown). In contrast, growth in out-of-pocket

spending (such as deductibles, copayments, and coinsurance) slowed from 6.8 percent in 2023 to 5.9 percent in 2024 (exhibit 5), and growth in employee contributions to employer-sponsored private health insurance slowed from 8.8 percent in 2023 to 6.8 percent in 2024.¹³ Of note was slower out-of-pocket spending growth in 2024 for nondurable medical products such as nonprescription drugs and other medical products (from 6.3 percent growth in 2023 to 3.7 percent growth in 2024).¹³

Private businesses’ health spending (\$967.4 billion) represented 18 percent of all health expenditures in 2024 and increased by 5.6 percent, slowing from growth of 10.3 percent in 2023 (exhibit 4). More than three-quarters of spending in this category is for private businesses’ contributions to employer-sponsored private health insurance. Private employers contributed 72 percent to private employer-sponsored private health insurance spending, and households

EXHIBIT 4
National health expenditures (NHE), aggregate and per capita amounts, annual growth, and percent distribution, by type of sponsor, calendar years 2018–24

Type of sponsor	2018 ^a	2019	2020	2021	2022	2023	2024
EXPENDITURE AMOUNT (BILLIONS)							
NHE	\$3,637.7	\$3,805.1	\$4,204.3	\$4,376.9	\$4,586.6	\$4,925.3	\$5,278.6
Businesses, household, and other private revenues	1,992.5	2,080.0	2,082.5	2,238.8	2,387.0	2,591.8	2,766.8
Private businesses	694.7	721.7	713.4	773.1	830.3	916.1	967.4
Household	1,044.2	1,091.5	1,104.2	1,180.0	1,279.7	1,364.9	1,458.9
Other private sponsors	253.5	266.9	265.0	285.7	277.0	310.8	340.5
Governments	1,645.2	1,725.1	2,121.8	2,138.1	2,199.6	2,333.5	2,511.7
Federal government	1,045.2	1,109.8	1,511.8	1,486.1	1,508.9	1,566.4	1,652.0
State and local governments	600.0	615.3	610.0	652.1	690.7	767.1	859.7
ANNUAL GROWTH							
NHE	5.0%	4.6%	10.5%	4.1%	4.8%	7.4%	7.2%
Businesses, household, and other private revenues	5.1	4.4	0.1	7.5	6.6	8.6	6.8
Private businesses	5.7	3.9	-1.2	8.4	7.4	10.3	5.6
Household	5.2	4.5	1.2	6.9	8.4	6.7	6.9
Other private sponsors	3.0	5.3	-0.7	7.8	-3.0	12.2	9.6
Governments	4.9	4.9	23.0	0.8	2.9	6.1	7.6
Federal government	5.5	6.2	36.2	-1.7	1.5	3.8	5.5
State and local governments	3.8	2.5	-0.9	6.9	5.9	11.1	12.1
PER CAPITA AMOUNT							
NHE	\$11,042	\$11,487	\$12,637	\$13,137	\$13,689	\$14,580	\$15,474
Businesses, household, and other private revenues	6,048	6,279	6,259	6,719	7,124	7,673	8,111
Private businesses	2,109	2,179	2,144	2,320	2,478	2,712	2,836
Household	3,170	3,295	3,319	3,542	3,819	4,040	4,277
Other private sponsors	769	806	797	858	827	920	998
Governments	4,994	5,208	6,377	6,417	6,565	6,908	7,363
Federal government	3,173	3,350	4,544	4,460	4,503	4,637	4,843
State and local governments	1,821	1,858	1,833	1,957	2,061	2,271	2,520
PERCENT DISTRIBUTION							
NHE	100%	100%	100%	100%	100%	100%	100%
Businesses, household, and other private revenues	55	55	50	51	52	53	52
Private businesses	19	19	17	18	18	19	18
Household	29	29	26	27	28	28	28
Other private sponsors	7	7	6	7	6	6	6
Governments	45	45	50	49	48	47	48
Federal government	29	29	36	34	33	32	31
State and local governments	16	16	15	15	15	16	16

SOURCE Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group. **NOTES** Definitions, sources, and methods for NHE categories can be found in CMS. National Health Expenditure Accounts: methodology paper, 2024 (see note 7 in text). Numbers might not add to totals because of rounding. Percent changes are calculated from unrounded data. ^aAnnual growth, 2017–18.

contributed the remaining 28 percent, a split that has been relatively stable in recent years. In 2024, private businesses' spending on employer-sponsored private health insurance grew 6.3 percent, a deceleration from 12.2 percent growth in 2023.¹³

Spending by state and local governments (\$859.7 billion) accounted for 16 percent of total health care expenditures in 2024 and increased 12.1 percent—a slightly faster rate of growth than in 2023, when this spending increased 11.1 percent (exhibit 4). The state and local portion of Medicaid payments, which accounted for 39 percent of all state and local government spending,¹³ exhibited strong growth in both 2023 and 2024,

increasing 18.2 percent and 19.2 percent, respectively (exhibit 5), as states paid for a greater share of spending as a result of the phasing out of the enhanced FMAP.¹²

Factors Accounting For Growth

Excluding population growth, national health care expenditures increased by 6.1 percent in 2024 (compared with 6.5 percent in 2023) (exhibit 1). Growth in medical prices accounted for 2.5 percentage points of the per capita increase in 2024, whereas growth in nonprice factors such as use and intensity of health care goods and services¹ accounted for 3.6 percentage

EXHIBIT 5

National health expenditures (NHE) and annual growth, by source of funds, calendar years 2018–24

Source of funds	2018 ^a	2019	2020	2021	2022	2023	2024
EXPENDITURE AMOUNT (BILLIONS)							
NHE	\$3,637.7	\$3,805.1	\$4,204.3	\$4,376.9	\$4,586.6	\$4,925.3	\$5,278.6
Health consumption expenditures	3,445.0	3,606.8	4,004.4	4,159.1	4,362.6	4,691.9	5,039.9
Out of pocket	403.0	420.4	412.3	457.2	491.9	525.4	556.6
Health insurance	2,627.7	2,745.0	2,847.6	3,062.0	3,292.0	3,614.3	3,892.9
Private health insurance	1,142.8	1,179.3	1,184.3	1,263.1	1,358.6	1,511.2	1,644.6
Medicare	751.6	805.2	833.8	894.6	951.7	1,037.3	1,118.0
Medicaid	596.8	615.4	672.5	738.1	809.9	873.7	931.7
Federal	372.5	387.9	460.6	515.6	572.1	592.6	596.7
State and local	224.3	227.4	211.9	222.5	237.8	281.1	335.0
Other health insurance programs ^b	136.5	145.0	157.0	166.2	171.8	192.2	198.6
Other third-party payers and programs	314.5	332.9	501.0	426.0	369.8	394.1	432.9
Other federal programs ^c	12.8	14.0	180.8	85.4	33.6	16.4	17.9
Other third-party payers and programs less other federal programs	301.6	318.8	320.3	340.6	336.3	377.7	415.0
Public health activity	99.7	108.6	243.4	214.0	208.8	158.0	157.6
Federal ^d	12.1	13.3	139.3	101.1	90.2	37.9	35.4
State and local	87.7	95.3	104.2	112.8	118.6	120.1	122.1
Investment	192.7	198.3	199.9	217.8	224.0	233.4	238.7
ANNUAL GROWTH							
NHE	5.0%	4.6%	10.5%	4.1%	4.8%	7.4%	7.2%
Health consumption expenditures	5.0	4.7	11.0	3.9	4.9	7.5	7.4
Out of pocket	4.6	4.3	-1.9	10.9	7.6	6.8	5.9
Health insurance	5.2	4.5	3.7	7.5	7.5	9.8	7.7
Private health insurance	5.7	3.2	0.4	6.7	7.6	11.2	8.8
Medicare	6.6	7.1	3.6	7.3	6.4	9.0	7.8
Medicaid	3.1	3.1	9.3	9.7	9.7	7.9	6.6
Federal	3.0	4.1	18.7	11.9	11.0	3.6	0.7
State and local	3.3	1.4	-6.8	5.0	6.8	18.2	19.2
Other health insurance programs ^b	3.4	6.2	8.3	5.9	3.3	11.9	3.3
Other third-party payers and programs	4.0	5.8	50.5	-15.0	-13.2	6.6	9.8
Other federal programs ^c	5.2	9.3	1,188.1	-52.8	-60.7	-51.2	9.1
Other third-party payers and programs less other federal programs	3.9	5.7	0.5	6.3	-1.3	12.3	9.9
Public health activity	4.0	8.8	124.3	-12.1	-2.4	-24.3	-0.3
Federal ^d	-4.3	10.3	947.8	-27.4	-10.8	-58.0	-6.4
State and local	5.3	8.6	9.4	8.3	5.1	1.2	1.7
Investment	5.1	2.9	0.8	8.9	2.8	4.2	2.2

SOURCE Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group. **NOTES** Definitions, sources, and methods for NHE categories can be found in CMS. National Health Expenditure Accounts: methodology paper, 2024 (see note 7 in text). Numbers might not add to totals because of rounding. Percent changes are calculated from unrounded data. ^aAnnual growth, 2017–18. ^bIncludes health-related spending for Children’s Health Insurance Program Titles XIX and XXI, Department of Defense, and Department of Veterans Affairs. ^cFederal COVID-19 supplemental funding here includes Paycheck Protection Program loans and Provider Relief Fund. ^dIncludes COVID-19-related federal public health spending.

points of the increase (data not shown). Both of these factors increased at a faster rate than their average growth during 2014–19 (1.4 percent and 2.7 percent, respectively), which preceded the COVID-19 pandemic.¹⁴

Use and intensity¹ for hospital care, physician and clinical services, and retail prescription drugs all contributed more to overall growth in 2024 than during the 2014–19 period—trends that were prevalent in most of the major sources of funding as well. Medical price growth in 2024 can be attributed to faster economywide (GDP) price growth (which increased 2.5 percent com-

pared with 1.6 percent during 2014–19), as excess medical inflation was near zero during both periods (exhibit 1, data for the period 2014–19 not shown).

Private Health Insurance

Private health insurance, the largest payer of health care (at \$1.6 trillion and 31 percent of total national health care expenditures in 2024), increased 8.8 percent in 2024 after growth of 11.2 percent in 2023 (exhibit 5). Private health insurers’ nonmedical spending¹⁵ growth slowed

from 10.5 percent in 2023 to 4.4 percent in 2024,¹³ as some health insurance plans reported higher medical losses resulting from an increase in demand for care that was stronger than anticipated.^{3,16}

Both 2024 and 2023 were marked by strong growth in private health insurance spending for personal health care (9.4 percent in 2024 and 11.3 percent in 2023) as enrollment increased and demand for medical care picked up. Private health insurance spending growth for hospital care (10.4 percent), physician and clinical services (9.6 percent), and retail prescription drugs (7.4 percent) all remained strong in 2024 (data not shown).

More than 214 million people had private health insurance coverage in 2024 (exhibit 3), with 178.6 million covered under employer-sponsored insurance, 21.1 million covered by Marketplace plans, and 15.6 million covered by Medigap and other direct forms of coverage.^{4,17} Marketplace enrollment increased from 13.5 million in 2022 and 16.2 million in 2023, as enhanced premium tax credits lowered the cost for enrollees.⁵ In addition, the Medicaid continuous enrollment provision expired, and some who lost Medicaid coverage enrolled in Marketplace plans.⁶ In total, Marketplace spending was \$149.5 billion in 2024, and the federal government financed 78 percent of this amount, or \$116.6 billion.¹³ With the recent growth in Marketplace tax credits, subsidies, and enrollment, the federal government's share of total private health insurance spending was 10.7 percent in 2024, up from an 8.1 percent share in 2019.¹³

Medicare

Medicare spending, which accounted for 21 percent of total national health care expenditures, reached \$1.1 trillion in 2024, an increase of 7.8 percent after 9.0 percent growth in 2023 (exhibit 5). Although Medicare Advantage private plan spending slowed in 2024 (from 16.1 percent in 2023 to 9.0 percent in 2024) because of policy changes lowering benchmark payment rates, Medicare fee-for-service spending experienced faster growth in 2024, increasing 6.4 percent after growth of 2.0 percent in 2023 (data not shown).

Total Medicare enrollment grew 2.2 percent to 66.6 million in 2024, increasing at the same rate of growth as in 2023 (exhibit 3). Although experiencing faster spending growth in 2024, fee-for-service enrollment continued to decline (for the sixth year in a row), falling 1.4 percent. Medicare Advantage enrollment, in contrast, increased 6.1 percent in 2024 (compared with growth of 7.9 percent in 2023) to reach 33.4 mil-

lion beneficiaries, or 50 percent of all Medicare enrollees (data not shown). Per enrollee, total Medicare spending grew 5.4 percent in 2024, a slower rate of growth than the increase of 6.7 percent in 2023 (exhibit 3), as a result of slower growth in Medicare Advantage spending.

Overall Medicare spending on goods and services experienced slightly slower growth in 2024, increasing 8.6 percent after growth of 9.4 percent in 2023.¹³ Although much of the slowdown in total Medicare expenditure growth among services was due to payment rate changes associated with Medicare Advantage, fee-for-service spending among services generally accelerated, particularly for hospital care and physician and clinical services. Fee-for-service Medicare hospital spending increased 4.1 percent in 2024 (compared with 1.3 percent in 2023), as both inpatient and outpatient volume and intensity of services increased faster in 2024.¹⁸ Fee-for-service spending for physician and clinical services, which includes Part B physician-administered drugs, increased 5.7 percent in 2024 (compared with 3.8 percent growth in 2023), partially as a result of a large increase in spending for skin substitutes, which are used for wound care, that was driven by increased utilization and higher prices (data not shown).¹⁸

Medicare spending for retail prescription drugs, which consists mainly of spending for Part D prescription drugs, increased 12.9 percent in 2024 after 11.9 percent growth in 2023 (data not shown). Part D benefit redesign provisions associated with the IRA contributed to elevated rates of growth for prescription drug spending in 2023 and 2024, as benefit expansion increased Medicare's financial responsibility.¹¹ In addition, rapid increases in the demand for brand-name antidiabetic drugs in both years continued to affect Medicare drug spending growth.¹⁹

Medicaid

In 2024, Medicaid spending reached \$931.7 billion, accounting for 18 percent of total national health care expenditures (exhibit 5). Although total Medicaid spending increased by 6.6 percent in 2024, this growth rate was slower than in previous years—down from 7.9 percent in 2023 and 9.7 percent in 2022. Medicaid enrollment declined by 8.6 percent (or 7.9 million) to 84.3 million in 2024 (exhibit 3). This decline occurred as states resumed eligibility redeterminations after the end of pandemic-era coverage provisions.

Coinciding with declining Medicaid enrollment, per enrollee Medicaid spending surged by 16.6 percent in 2024, which was a dramatic increase compared with the 6.5 percent rise in

2023. This acceleration was due to two primary factors. First, changes in enrollment composition resulted in a higher proportion of enrollees with complex medical conditions, greater health care needs, and higher utilization rates, as most people no longer enrolled in the program were lower-cost children and adults. Second, rising provider payment rates,²⁰ along with growth in state-directed payments to providers through managed care organizations, contributed to higher per enrollee spending. It is also notable that Medicaid government administration costs increased by 19.8 percent in 2024 compared with 9.2 percent in 2023, most likely because of continued unwinding operations.¹³

In 2024, mainly as a result of declining enrollment, all Medicaid services except home health care and nursing and residential care facilities experienced growth that was slower than growth in 2023. This includes the two largest service categories in Medicaid spending: hospital care (34 percent share), whose spending increased 8.5 percent after 9.2 percent growth in 2023, and other health, residential, and personal care (21 percent share), whose spending increased 8.9 percent after 9.7 percent growth in 2023. Services used for long-term care (the population most likely to use this type of care was more likely to retain Medicaid coverage)—including other health, residential, and personal care services; home health care; and nursing and continuing care retirement communities—continued to experience strong growth in 2023 and 2024 (8.9 percent and 9.5 percent, respectively; data not shown).

After growth of 3.6 percent in 2023, federal Medicaid spending increased by only 0.7 percent in 2024 because of the phasing out of the temporarily enhanced FMAP that was in place during the COVID-19 public health emergency¹² (exhibit 5). This change shifted some costs back to the states, contributing to an increase in state and local Medicaid spending of 19.2 percent in 2024 and 18.2 percent in 2023. As a result, the federal government's share of Medicaid spending fell to 64 percent in 2024, similar to the 63 percent share in 2019 before the public health emergency and down from 68 percent in 2023 and the peak of 71 percent in 2022 (calculated from exhibit 5).

Hospital Care

Spending for hospital care (31 percent of total health spending) was \$1.6 trillion in 2024 and increased 8.9 percent, for a second year of strong growth after 10.6 percent growth in 2023 (exhibit 2). The substantial growth in both 2023 and 2024 resulted from a rebound in nonprice fac-

Health spending trends are certain to be affected by future economic and demographic changes, as well as by new technologies and innovations.

tors, such as the use and intensity of services, that were somewhat depressed during the public health emergency. In 2024, demand for hospital care showed signs of continued strength, as hospital days increased 1.5 percent and hospital discharges increased 3.2 percent.²¹ The strong growth in 2024 was observed for the key payers of hospital care services: private health insurance (10.4 percent), Medicare (6.9 percent), and Medicaid (8.5 percent).¹³ Hospital spending also includes sources of revenues not associated directly with the provision of care, and in 2024, growth in other private revenues was strong in part because of investment returns.²² Growth in prices for hospital care also contributed to the 2024 trend, increasing by 3.4 percent—the highest rate of increase since 2007 and faster than the 2.7 percent growth experienced in 2023.²³

Physician And Clinical Services

Spending for physician and clinical services amounted to \$1.1 trillion in 2024, representing 21 percent of total health care spending, and increased 8.1 percent, compared with 7.4 percent growth in 2023 (exhibit 2). These rates continue to reflect strong growth in nonprice factors, particularly the use and intensity of services. In addition, prices for physician and clinical services rose by 1.8 percent in 2024, compared with a 0.6 percent increase in 2023.²⁴

Spending growth for physician and clinical services remained strong for private health insurance but slowed for both Medicare and Medicaid. Private health insurance spending for these services grew by 9.6 percent in 2024 and 9.3 percent in 2023, in part because of strong utilization.³ Medicare expenditures for physician and clinical services grew by 7.9 percent

in 2024, after growth of 10.0 percent in 2023. This slower growth rate was due to the impact of lower Medicare Advantage benchmark payments, whereas fee-for-service Medicare spending grew faster—largely because of trends in physician-administered drugs, particularly for skin substitutes.¹⁸ For Medicaid, a decline in enrollment led to slower spending growth for physician and clinical services of 4.2 percent in 2024 compared with 5.5 percent in 2023.

Retail Prescription Drugs

Retail prescription drug spending increased 7.9 percent to \$467.0 billion in 2024 and represented 9 percent of total health care spending (exhibit 2). Although demand for drugs to treat diabetes and weight loss continued to increase,²⁵ overall retail prescription drug spending grew more slowly than in 2023, when it was 10.8 percent, in part because of slower growth in retail prescription drug prices (which increased 1.4 percent in 2024, compared with 2.3 percent in 2023),²⁶ as well as slower growth in the use of medicines, as the number of prescriptions dispensed (based on a thirty-day supply) increased 2.5 percent in 2024 after growth of 2.9 percent in 2023.²⁵ In addition, the number of new active substances launched decreased from sixty-five in 2023 to forty-eight in 2024—the lowest number of new active substances since 2019.²⁵ Similar to the overall experience, retail prescription drug spending paid by private health insurance continued to experience strong growth of 7.4 percent in 2024, although this was down from 13.4 percent in 2023—the fastest rate of growth since 2002.¹³

Robust Medicare (primarily Part D) retail prescription drug spending growth continued in 2024, increasing 12.9 percent after 11.9 percent growth in 2023 (data not shown). Growth in spending on Medicare Part D benefits corresponds to provisions of the IRA that increased Medicare's financial responsibility while easing beneficiaries' burden. The IRA included provisions that reduced cost sharing for insulins and vaccines in 2023 and eliminated beneficiaries' 5 percent coinsurance in the catastrophic

coverage phase of the benefit and expanded eligibility for Part D low-income subsidies in 2024.²⁷ Mainly because of these factors, out-of-pocket retail prescription drug spending (a 12 percent share) declined 0.9 percent in 2024 (after 2.2 percent growth in 2023) (data not shown).

Conclusion

Health care spending continued to account for an increasing share of GDP, at 18.0 percent in 2024, up from 17.7 percent in 2023, as health spending continued to outpace growth in GDP. Strong overall health care spending in 2023 and 2024 was due to growth in personal health care spending, which averaged 8.9 percent and represented the highest rate of growth for two consecutive years in more than three decades. The strong growth in personal health care over the course of these two years was driven primarily by nonprice factors such as the use and intensity of services, particularly for hospital care, physician and clinical services, and retail prescription drugs.

The insured share of the population reached a peak in 2023, at 92.5 percent, declining to 91.8 percent in 2024. A decline in Medicaid enrollment in 2024 was accompanied by enrollment gains in Marketplace plans and employer-sponsored private health insurance. Federal spending for health care picked up in 2024 as spending growth for Marketplace subsidies increased, as did Medicare spending related to provisions in the IRA.

The future of health care spending remains uncertain. Although some of the recent factors affecting utilization and insurance coverage might not persist, health spending trends are certain to be affected by future economic and demographic changes, as well as by new technologies and innovations. For example, developments in artificial intelligence and cancer treatment, as well as expanding policies and use around weight loss treatments and other healthy behavior initiatives, may affect the health care system in unexpected ways. ■

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NOTES

- 1 Growth in the use and intensity of health care goods and services includes changes in both the use and the mix (or intensity) of the goods and services consumed. It is calculated as a residual and reflects growth in nominal health care spending less growth in the population, changes in the demographic mix of the population, and medical price growth. As a residual, use and intensity cannot be estimated separately.
- 2 Personal health care includes spending for medical goods and services that are consumed, such as hospital care, physician and clinical services, and spending for retail prescription drugs. It excludes government administration, non-medical costs of health insurance (a category formerly labeled “Net cost of health insurance”), government public health activities, and investments in noncommercial research and medical-sector purchases of structures and equipment.
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- 10 In the analysis of sponsors of health care, federal Medicare expenditures are the sum of Medicare-related categories in the federal government estimate that include Medicare Hospital Insurance Trust Fund payroll taxes, federal general revenue and Medicare net Trust Fund expenditures, and Medicare Retiree Drug Subsidy payments.
- 11 For 2023, cost-sharing limits on insulins and vaccines contributed to increased financial responsibility for Medicare; for 2024, growth was influenced by the elimination of the 5 percent coinsurance for catastrophic coverage and expanded eligibility for full cost-sharing benefits under the low-income subsidy.
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