

Hospital Share of U.S. Health Care Spending: 30-Year Trend

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Key Finding. Hospitals consume a smaller share of the U.S. health-care dollar today than they did approximately 30 years ago. Hospital care accounted for about 35.7% of national health expenditures in 1994, compared with 31.0% in 2024. The major decline occurred during the 1990s; since about 2000, the hospital share has remained relatively stable, generally around 30% to 32% of total U.S. health spending.

Hospital Care as a Percentage of Total U.S. Health Spending

Year	Hospital Share of Total NHE	Approx. Cents of Each Health Dollar
1994	35.7%	35.7 cents
2000	~30.8%	30.8 cents
2005	~30.0%	30.0 cents
2010	~31.3%	31.3 cents
2015	~32.3%	32.3 cents
2020	~30.0%	30.0 cents
2024	31.0%	31.0 cents

Note: CMS periodically revises historical National Health Expenditure estimates as underlying data and methodologies are updated. Historical percentages shown with a tilde are approximate and may vary modestly across CMS vintages; the long-term pattern is unchanged.

What the 30-Year Trend Shows

Hospitals' share of national health spending has declined over the long term. In 1994, hospital care represented 35.7% of total national health expenditures. By 2024, hospitals accounted for 31.0%. That is a decline of approximately 4.7 percentage points, or about a 13% reduction in hospitals' relative share of the health-care dollar.

Most of the decline occurred during the 1990s. The hospital share fell from the mid-30% range in 1994 to approximately 31% by 2000. From that point forward, it did not continue to decline sharply, but instead settled into a relatively narrow range of roughly 30% to 32%.

The hospital share has been remarkably stable for nearly a quarter century. From approximately 2000 through 2024, hospital care has consistently represented about three-tenths of the national health-care dollar. This stability is important because it shows that the dramatic increase in hospital spending measured in dollars does not mean hospitals are taking an ever-larger share of total health spending.

Nominal hospital spending has grown substantially, but total U.S. health spending has grown at a broadly comparable pace. Hospital expenditures increased from about \$338.5 billion in 1994 to approximately \$1.635 trillion in 2024. Yet national health expenditures grew from under \$1 trillion in the mid-1990s to approximately \$5.28 trillion in 2024. As a result, hospitals' percentage share declined rather than increased.

The recent post-pandemic period is worth monitoring. Between 2022 and 2024, hospital spending grew more rapidly than total national health expenditures and accounted for a larger share of the increase in overall spending. This pushed the hospital share modestly upward from around 30% in 2022

to 31% in 2024. Recent growth appears to reflect a combination of increased utilization and intensity of services following the pandemic, together with higher prices.

Important Definition

CMS “hospital care” is broader than inpatient hospital services alone. The National Health Expenditure Accounts include hospital inpatient and outpatient services and certain other services billed through hospitals, including hospital-based nursing home and home health services and inpatient pharmacy. Therefore, the hospital category captures a broad range of services delivered or billed by hospitals, not simply the cost of inpatient beds.

Bottom Line

Hospitals accounted for roughly 36 cents of every U.S. health-care dollar 30 years ago. Today they account for about 31 cents. After a substantial decline during the 1990s, the hospital share of national health expenditures has remained remarkably stable at roughly 30% to 32% for nearly a quarter century—even as total hospital spending has increased dramatically.

References

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