

March 20, 2025

Personal health care spending fell from December 2024 to January 2025

HIGHLIGHTS

- ▲ In January 2025, national health spending grew by 6.3%, year over year, but was nearly identical to its December 2024 level. A very small month-over-month decline was driven by a larger decline in spending on personal health care.
- ▲ Personal health care spending growth in January was 6.4%, year over year, but actual spending fell by nearly 0.1% from December 2024 to January 2025, the first such decline since January 2022,
- ▲ Growth among major spending categories was highest for prescription drugs, at 8.3%, year over year, while spending growth for nursing home care grew the slowest, at 5.4%. For the first time in many months, growth in home health care was not the fastest growing category, growing by 6.1%, year over year.

National Health Spending and GDP*

	January 2023	January 2024	December 2024	January 2025
GDP	27.09	28.40	29.69	**
National Health Spending (HS)	4.73	5.06	5.38	5.38
HS Share of GDP	17.5%	17.8%	18.1%	**
HS Share of PGDP	17.7%	18.1%	18.5%	**
Growth from Prior 12 Months				
HS	7.2%	7.0%	7.0%	6.3%
GDP	8.2%	4.9%	3.9%	**
HS minus GDP	-1.1%	2.2%	3.0%	**
HS minus PGDP	-0.9%	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: Any discrepancies in differences are due to rounding.

* Spending is in trillions of dollars at a seasonally adjusted annual rate (SAAR).

** Data not available

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) and Matt Daly, PhD, contributed to this brief. We thank Stephen McCall and Corwin Rhyan for their previous contributions to this work. Media Contact: press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.

DISCUSSION

In January 2025, national health spending reached a seasonally adjusted annual rate of \$5.38 trillion, marginally lower than the December 2024 level. January's spending corresponds to a year-over-year growth rate of 6.3%.

Year-over-year GDP growth was 3.9% in December, and national health spending in December grew 3.0 percentage points faster than GDP. National health spending in December represented 18.1% of GDP. (January GDP is not available.)

The year-over-year growth rate in personal health care spending was 6.4% in January. (See Exhibit 1.)

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

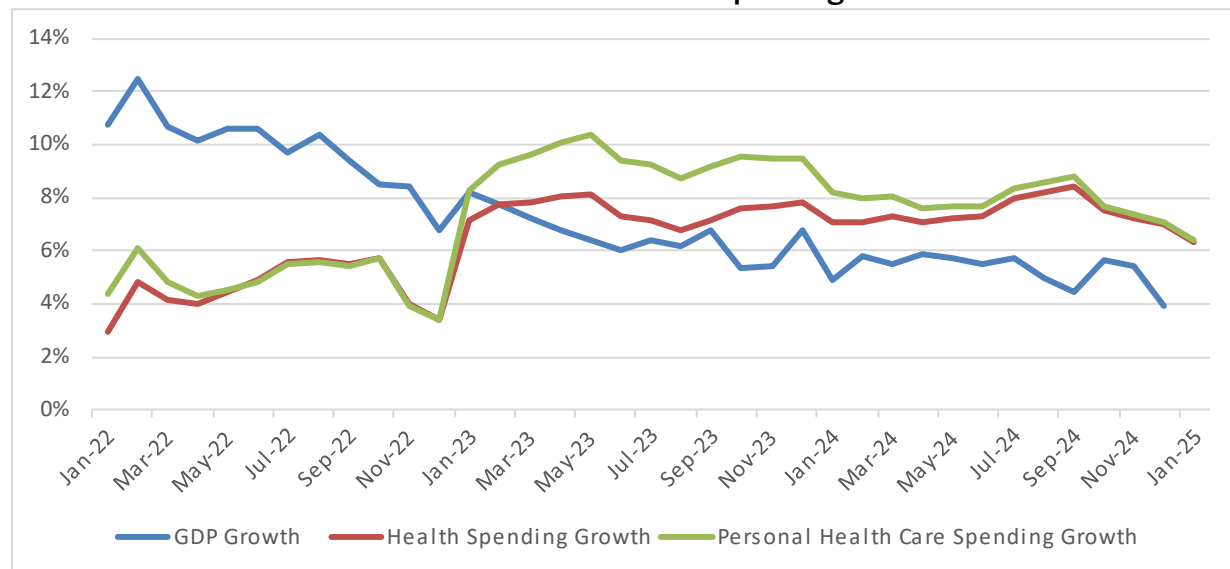


Exhibit 2 illustrates how health spending in January was distributed among spending categories. Personal health care constituted 85% of national health spending. Slightly more than half of total expenditures was attributed to hospital care and physician and clinical services. (Components do not add to 100% due to rounding.)

Exhibit 2. Health Spending by Category, January 2025

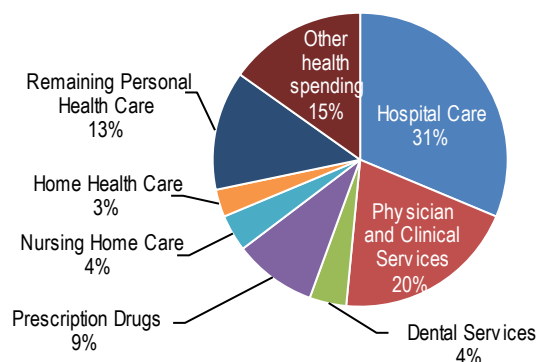


Exhibit 3 displays the growth in spending for personal health care and its major component categories for the 12 month periods ending January 2025 and January 2024. Spending on all categories except prescription drugs and dental services showed slower growth this year compared with last. Annual growth in January 2025 was greatest for prescription drugs, at 8.3%. The slowest growth occurred in spending on nursing home care, at 5.4%. For the first time in many months, year-over-year growth in home health care was not the fastest growing category, growing by 6.1%, year over year. For the most recent month (between December 2024 and January 2025), spending on personal health care declined by 0.07%, with spending falling in all major categories except hospitals and nursing homes.

Exhibit 3. Health Care Spending 12-Month Growth

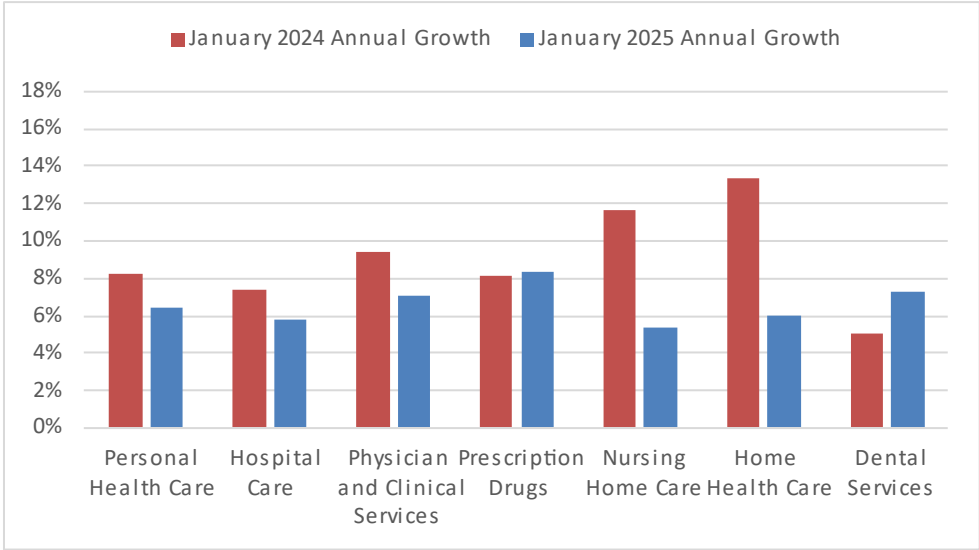
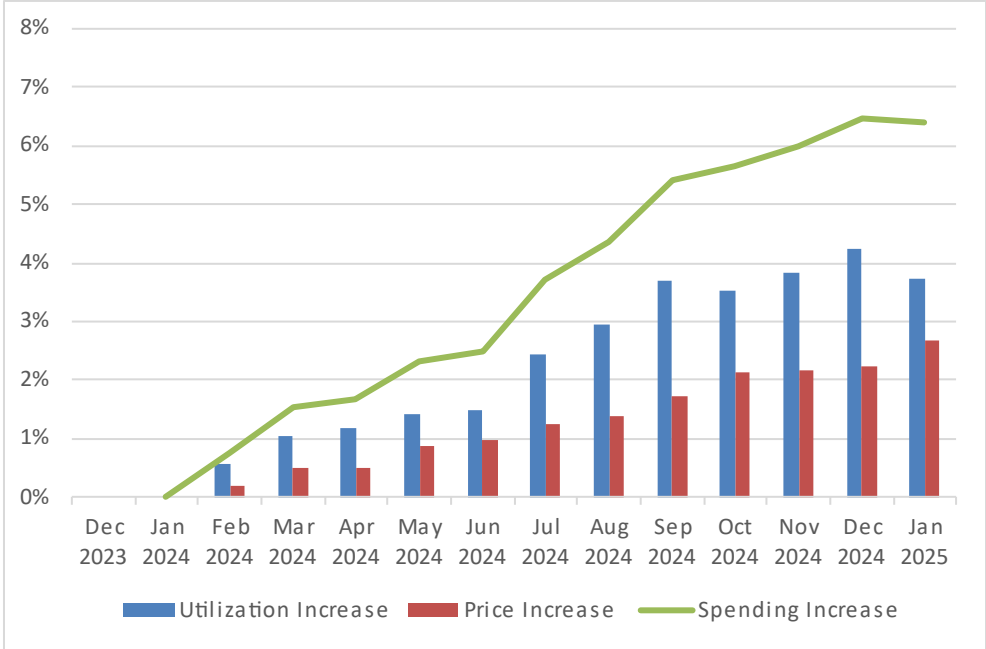


Exhibit 4 shows how spending on personal health care has grown over the past year (beginning in January 2024) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through January 2025 has continued to be driven more by utilization growth than by price increases: of the 6.4% growth in personal health care spending during this period, 2.7 percentage points can be attributed to price growth, while the remaining 3.7 percentage point growth was associated with increases in utilization. However, for the latest month (between December 2024 and January 2025) price growth was 0.4%, while utilization fell by 0.07%,

Exhibit 4. Cumulative Growth in Personal Health Care Spending



DETAILED HEALTH SPENDING

Exhibit 6. Monthly National Spending Estimates by Detailed Category

Levels (in billions of dollars)	January 2022	January 2023	January 2024	January 2025
GDP	\$25,028.4	\$27,088.0	\$28,404.0	**
National Health Spending	\$4,411.2	\$4,727.5	\$5,060.8	\$5,380.1
Personal health care	\$3,658.5	\$3,962.3	\$4,288.0	\$4,562.5
Hospital care	\$1,352.6	\$1,478.1	\$1,587.9	\$1,679.9
Physician and clinical services	\$889.9	\$934.8	\$1,022.9	\$1,095.3
Other professional services	\$138.8	\$155.6	\$170.8	\$181.6
Dental services	\$158.0	\$170.4	\$179.0	\$192.0
Other personal health care	\$236.9	\$260.6	\$280.0	\$297.9
Home health care	\$126.5	\$142.6	\$161.7	\$171.4
Nursing home care	\$185.9	\$201.6	\$225.0	\$237.2
Prescription Drugs	\$392.4	\$425.0	\$459.7	\$497.9
Durable medical equipment	\$64.7	\$72.1	\$74.9	\$78.8
Nondurable medical products	\$112.7	\$121.4	\$126.1	\$130.6
Program administration and net cost of private health insurance	\$319.9	\$351.0	\$372.2	\$397.6
Government public health activities	\$208.7	\$181.4	\$155.1	\$162.2
Research	\$65.3	\$70.5	\$74.0	\$77.6
Structures and equipment	\$158.9	\$162.3	\$171.4	\$180.2
HS Share of GDP	17.6%	17.5%	17.8%	**
HS Share of PGDP	17.9%	17.7%	18.1%	**

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.

** Data not available.

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

Growth Rates	January 2023	January 2024	January 2025
GDP	8.2%	4.9%	**
National Health Spending	7.2%	7.0%	6.3%
Personal health care	8.3%	8.2%	6.4%
Hospital care	9.3%	7.4%	5.8%
Physician and clinical services	5.0%	9.4%	7.1%
Other professional services	12.1%	9.7%	6.3%
Dental services	7.8%	5.0%	7.3%
Other personal health care	10.0%	7.4%	6.4%
Home health care	12.8%	13.3%	6.1%
Nursing home care	8.5%	11.6%	5.4%
Prescription Drugs	8.3%	8.2%	8.3%
Durable medical equipment	11.5%	3.9%	5.2%
Nondurable medical products	7.7%	3.9%	3.6%
Program administration and net cost of private health insurance	9.7%	6.0%	6.8%
Government public health activities	-13.1%	-14.5%	4.6%
Research	7.9%	5.0%	4.8%
Structures and equipment	2.1%	5.6%	5.1%
HS Minus GDP	-1.1%	2.2%	**
HS Minus PGDP	-0.9%	2.4%	**

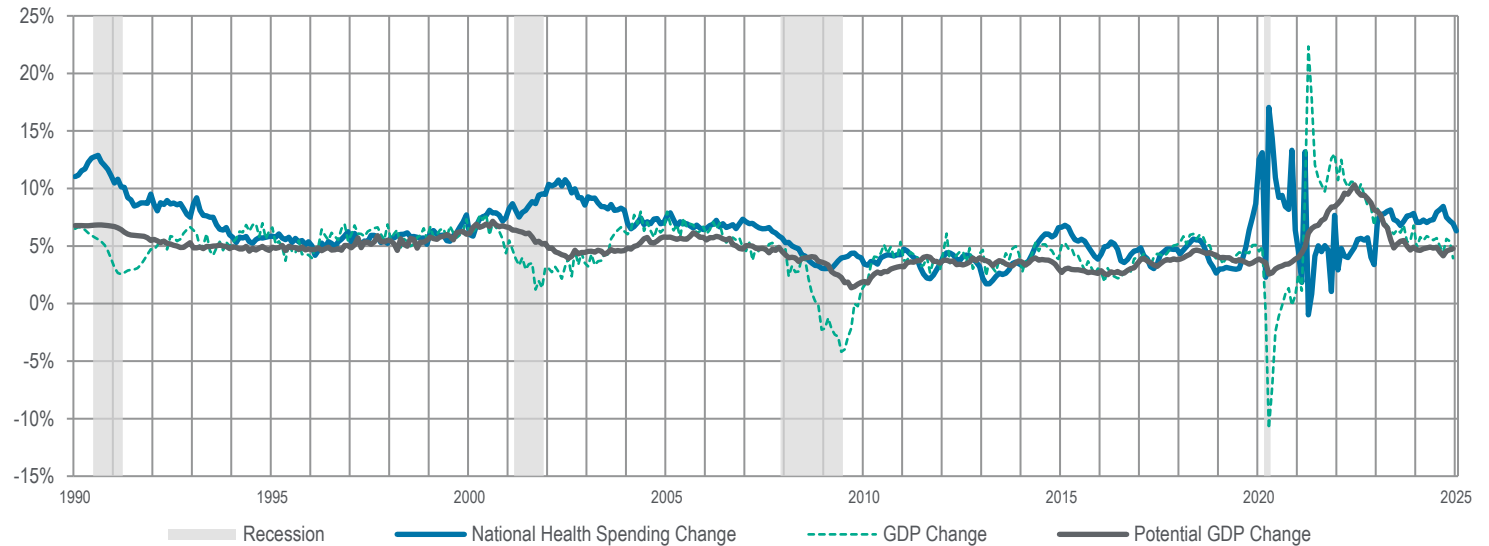
Source: Computed from Exhibit 5.

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

** Data not available.

TIME SERIES TRACKER

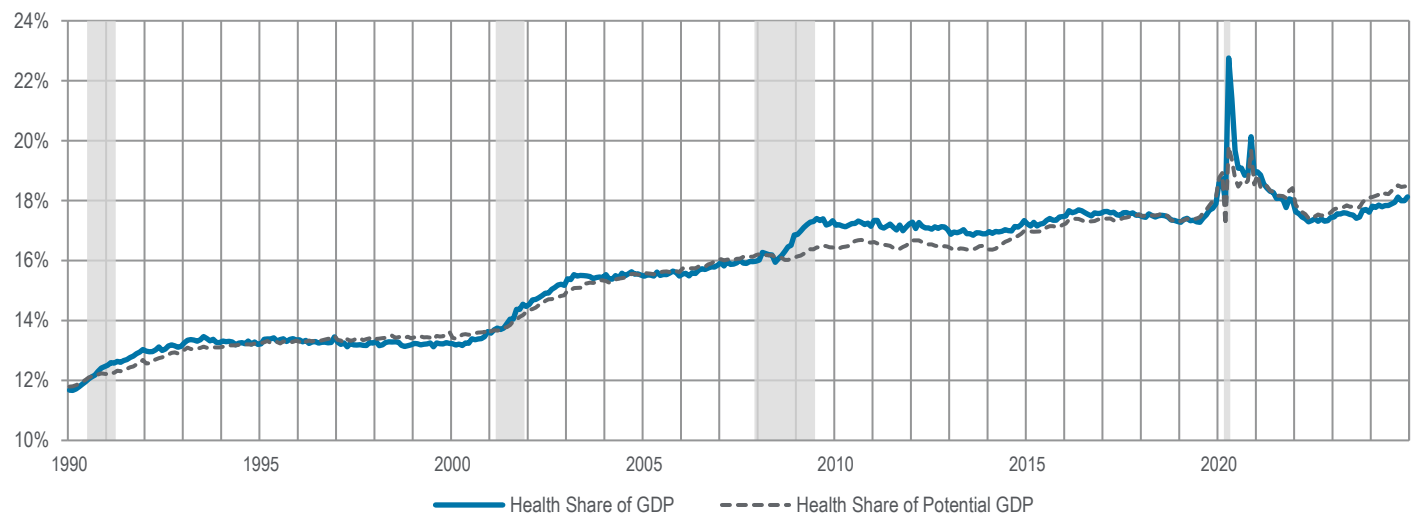
Exhibit 8. Year-over-Year Percentage Change in Spending and GDP



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 \(1990–2023\) and projections \(2024\)](#). 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 2023 are based on NHEA actuals and ensure that monthly estimates sum exactly to NHEA annual amounts. The 2023 ratios are used to adjust BEA spending for months in 2024.