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National Health Expenditures In 2023: Faster Growth As Insurance Coverage And Utilization Increased

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ABSTRACT Health care spending in the US reached \$4.9 trillion and increased 7.5 percent in 2023, growing from a rate of 4.6 percent in 2022. In 2023, the insured share of the population reached 92.5 percent, as enrollment in private health insurance increased at a strong rate for the second year in a row, and both private health insurance and Medicare spending grew faster than in 2022. For Medicaid, spending and enrollment growth slowed as the COVID-19 public health emergency ended. The health sector's share of the economy in 2023 was 17.6 percent, which was similar to its share of 17.4 percent in 2022 but lower than in 2020 and 2021, during the height of the COVID-19 pandemic. State and local governments accounted for a higher share of spending in 2023 than in 2022, while the federal government share was lower as COVID-19-related funding declined and federal Medicaid spending growth slowed.

National health care spending reached \$4.9 trillion in 2023 (or \$14,570 per person), increasing 7.5 percent from 2022 (exhibit 1). This rate of growth was faster than in 2021 and 2022, when health care spending increased 4.2 percent and 4.6 percent, respectively. The lower growth during 2021 and 2022 was affected by the expiration of temporary federal funding associated with the COVID-19 pandemic (which was initiated in 2020 and was associated with a 10.4 percent increase in health spending in that year). In 2023, as the public health emergency ended and little COVID-19 federal funding remained, the acceleration in spending growth largely reflected increased use of health care goods and services, which influenced the strong growth in both private health insurance and Medicare spending. In addition, private health insurance enrollment increased and Medicaid enrollment levels remained high, leading to an insured share of the population that reached 92.5 percent (exhibit 2).

Overall economic growth, as measured by gross domestic product (GDP), increased

6.6 percent in 2023 after a period of volatility that included a 0.9 percent decline in 2020 followed by increases of 10.9 percent in 2021 and 9.8 percent in 2022 (exhibit 1). Despite the volatility in health care spending and GDP growth over the past few years, on average, their growth rates were similar during 2020–23, at 6.6 percent per year and 6.5 percent per year, respectively (calculated from exhibit 1). Accordingly, health care spending as a share of GDP constituted 17.6 percent in 2023, similar to the 2019 share of 17.5 percent before the COVID-19 pandemic.

The acceleration in health care spending growth (from 4.6 percent in 2022 to 7.5 percent in 2023) reflected growth in nonprice factors such as the use and intensity of services.¹ When adjusted for health care price inflation (as measured by the National Health Expenditure deflator), real health care spending increased 4.4 percent in 2023—a higher rate than the increase of 1.4 percent for such spending in 2022 and higher than the growth rate of real GDP, which was 2.9 percent in 2023 (exhibit 1).²

Health care prices, as measured by the National Health Expenditure deflator, grew 3.0 percent

EXHIBIT 1
National health expenditures (NHE), aggregate and per capita amounts, share of gross domestic product (GDP), and annual growth, calendar years 2017–23

	2017 ^a	2018	2019	2020	2021	2022	2023
EXPENDITURE AMOUNT							
NHE, billions	\$3,446.4	\$3,603.8	\$3,762.1	\$4,153.9	\$4,327.7	\$4,525.8	\$4,866.5
GDP, billions	\$19,612.1	\$20,656.5	\$21,540.0	\$21,354.1	\$23,681.2	\$26,006.9	\$27,720.7
NHE as percent of GDP	17.6	17.4	17.5	19.5	18.3	17.4	17.6
Population (millions) ^b	325.8	327.7	329.3	330.7	331.2	332.4	334.0
NHE per capita	\$10,579	\$10,998	\$11,423	\$12,563	\$13,068	\$13,617	\$14,570
GDP per capita	\$60,202	\$63,042	\$65,404	\$64,581	\$71,509	\$78,249	\$82,996
Prices (2017 = 100.0)							
Chain-weighted NHE deflator	100.0	102.2	103.3	106.3	108.0	111.3	114.6
GDP price index	100.0	102.3	104.0	105.4	110.2	118.0	122.3
Real spending							
NHE, billions of chained dollars	\$3,446	\$3,526	\$3,643	\$3,907	\$4,008	\$4,065	\$4,245
GDP, billions of chained dollars	\$19,612	\$20,194	\$20,716	\$20,268	\$21,495	\$22,035	\$22,671
ANNUAL GROWTH							
NHE	4.2%	4.6%	4.4%	10.4%	4.2%	4.6%	7.5%
GDP	4.3	5.3	4.3	−0.9	10.9	9.8	6.6
Population ^b	0.7	0.6	0.5	0.4	0.2	0.4	0.5
NHE per capita	3.5	4.0	3.9	10.0	4.0	4.2	7.0
GDP per capita	3.6	4.7	3.7	−1.3	10.7	9.4	6.1
Prices (2017 = 100.0)							
Chain-weighted NHE deflator	1.1	2.2	1.0	3.0	1.6	3.1	3.0
GDP price index	1.8	2.3	1.7	1.3	4.5	7.1	3.6
Real spending							
NHE, billions of chained dollars	3.0	2.3	3.3	7.2	2.6	1.4	4.4
GDP, billions of chained dollars	2.5	3.0	2.6	−2.2	6.1	2.5	2.9

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, 2023 (see note 8 in text). Numbers might not add to totals because of rounding. Percent changes are calculated from unrounded data. ^aAnnual growth, 2016–17. ^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 (typically less than 0.2 percent of the population) adjustment to reflect census undercounts.

in 2023 (exhibit 1), similar to the increase of 3.1 percent in 2022 and the average annual growth of 2.5 percent during 2020–22 but distinctly faster than the average rate of 1.4 percent for 2016–19.³ Economywide inflation, as measured by the GDP price index, grew 3.6 percent in 2023, which was a much slower rate than its increases of 4.5 percent in 2021 and 7.1 percent in 2022 (the fastest rate of growth since 1981).⁴

Strong growth in private health insurance enrollment, which began in 2022, continued into 2023 and contributed to an increase in the insured share of the population, which reached 92.5 percent in 2023, up from 92.0 percent in 2022 (exhibit 2). Much of the growth in private health insurance enrollment was due to rapid growth in Affordable Care Act Marketplace enrollment, which increased by 5.8 million people during 2020–23 (data not shown), primarily as a result of enhanced subsidies that were made available by the American Rescue Plan Act of 2021 and renewed under the Inflation Reduction Act of 2022.⁵ Although Medicaid enrollment experienced much slower growth in 2023, mainly

because of states resuming the redetermination of Medicaid eligibility after the end of pandemic-era coverage protections (also referred to as “unwinding”), enrollment still remained high, at 91.7 million beneficiaries—or, on average, 15.5 million more than were enrolled in 2020 (exhibit 2).⁶

Among payers, the acceleration in overall health spending growth in 2023 was driven mostly by private health insurance spending,⁷ which increased 11.5 percent in 2023 compared with growth of 6.8 percent in 2022 (exhibit 3). Medicare spending also grew at a faster rate, increasing 8.1 percent in 2023, compared with growth of 6.4 percent in 2022. For both payers, this faster spending growth was attributable to hospital care services and retail prescription drugs (data not shown).⁸ For Medicaid, in contrast, growth in spending continued to be strong, but it slowed from 9.7 percent in 2022 to 7.9 percent in 2023 (exhibit 3). This deceleration was influenced by much slower growth in enrollment as the Medicaid continuous enrollment provision ended on March 31, 2023.⁹

EXHIBIT 2

National health expenditures (NHE) and health insurance enrollment, aggregate and per enrollee amounts, and annual growth, by source of funds, calendar years 2017–23

	2017 ^a	2018	2019	2020	2021	2022	2023
PRIVATE HEALTH INSURANCE							
Expenditure (billions)	\$1,077.8	\$1,124.3	\$1,152.9	\$1,147.9	\$1,230.3	\$1,313.8	\$1,464.6
Expenditure growth	4.8%	4.3%	2.5%	−0.4%	7.2%	6.8%	11.5%
Per enrollee expenditure	\$5,331	\$5,603	\$5,704	\$5,736	\$6,126	\$6,441	\$7,065
Per enrollee expenditure growth	4.7%	5.1%	1.8%	0.6%	6.8%	5.1%	9.7%
Enrollment (millions)	202.2	200.7	202.1	200.1	200.8	204.0	207.3
Enrollment growth	0.2%	−0.8%	0.7%	−1.0%	0.3%	1.6%	1.6%
MEDICARE							
Expenditure (billions)	\$705.0	\$751.6	\$804.5	\$834.6	\$895.6	\$952.5	\$1,029.8
Expenditure growth	4.3%	6.6%	7.0%	3.7%	7.3%	6.4%	8.1%
Per enrollee expenditure	\$12,320	\$12,795	\$13,355	\$13,560	\$14,309	\$14,933	\$15,808
Per enrollee expenditure growth	1.6%	3.9%	4.4%	1.5%	5.5%	4.4%	5.9%
Enrollment (millions)	57.2	58.7	60.2	61.6	62.6	63.8	65.1
Enrollment growth	2.6%	2.7%	2.6%	2.2%	1.7%	1.9%	2.1%
MEDICAID							
Expenditure (billions)	\$578.5	\$596.5	\$615.1	\$672.3	\$736.2	\$807.5	\$871.7
Expenditure growth	2.4%	3.1%	3.1%	9.3%	9.5%	9.7%	7.9%
Per enrollee expenditure	\$7,821	\$8,127	\$8,443	\$8,820	\$8,691	\$8,869	\$9,502
Per enrollee expenditure growth	1.7%	3.9%	3.9%	4.5%	−1.5%	2.1%	7.1%
Enrollment (millions)	74.0	73.4	72.9	76.2	84.7	91.0	91.7
Enrollment growth	0.7%	−0.8%	−0.7%	4.6%	11.1%	7.5%	0.8%
UNINSURED AND POPULATION							
Uninsured (millions)	29.7	30.6	31.8	31.2	28.5	26.6	24.9
Uninsured growth	3.7%	2.9%	3.8%	−1.9%	−8.6%	−6.6%	−6.3%
Population (millions) ^b	325.8	327.7	329.3	330.7	331.2	332.4	334.0
Population growth	0.7%	0.6%	0.5%	0.4%	0.2%	0.4%	0.5%
Insured share of total population	90.9%	90.7%	90.4%	90.6%	91.4%	92.0%	92.5%

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 Centers for Medicare and Medicaid Services. National Health Expenditure Accounts: methodology paper 2023 (see note 8 in text). Numbers might not add to totals because of rounding. Percent changes are calculated from unrounded data. ^aAnnual growth, 2016–17. ^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 (typically less than 0.2 percent of the population) adjustment to reflect census undercounts.

Among health care goods and services, the acceleration in total national health spending growth in 2023 was primarily driven by faster growth in the three largest categories: hospital care, physician and clinical services, and retail prescription drugs. Hospital spending increased 10.4 percent in 2023, following much slower growth of 3.2 percent in 2022, and spending for physician and clinical services increased 7.4 percent in 2023, following growth of 4.6 percent in 2022 (exhibit 4). In both instances, the acceleration reflected an increase in nonprice factors, such as the use and intensity of services, after notably slower growth in 2022 (data not shown). Retail prescription drug spending also contributed to the acceleration, increasing 11.4 percent in 2023 from a rate of 7.8 percent in 2022 (exhibit 4), largely because of changes in the mix of drugs dispensed toward higher-cost, newer brand-name drugs¹⁰ and faster growth in retail prescription drug prices.¹¹

Sponsors Of Health Care

Private businesses, households, and governments finance health care in the US; they are the sponsors of private health insurance premiums, out-of-pocket spending, and government program expenditures (financed through dedicated taxes or general revenue). In 2023, state and local governments accounted for a higher share of spending than in 2022, whereas the federal government share was lower as COVID-19-related funding declined and federal Medicaid spending growth slowed. Nevertheless, of the \$14,570 in per person health spending in 2023, the federal government accounted for the largest share, at 32 percent (\$4,689 per person). Households paid for 27 percent (\$3,942 per person), private businesses accounted for 18 percent (\$2,677 per person), state and local governments another 16 percent (\$2,279 per person), and other private revenues the remaining 7 percent (\$983 per person) (exhibit 5).

EXHIBIT 3
National health expenditures (NHE) and annual growth, by source of funds, calendar years 2017–23

Source of funds	2017 ^a	2018	2019	2020	2021	2022	2023
EXPENDITURE AMOUNT (BILLIONS)							
NHE	\$3,446.4	\$3,603.8	\$3,762.1	\$4,153.9	\$4,327.7	\$4,525.8	\$4,866.5
Health consumption expenditures	3,263.1	3,411.0	3,563.8	3,953.9	4,109.2	4,298.6	4,627.7
Out of pocket	370.3	386.2	403.0	398.1	440.9	471.5	505.7
Health insurance	2,493.4	2,609.0	2,717.5	2,811.9	3,028.4	3,245.6	3,558.6
Private health insurance	1,077.8	1,124.3	1,152.9	1,147.9	1,230.3	1,313.8	1,464.6
Medicare	705.0	751.6	804.5	834.6	895.6	952.5	1,029.8
Medicaid	578.5	596.5	615.1	672.3	736.2	807.5	871.7
Federal	361.4	372.3	387.7	460.6	514.5	570.7	591.4
State and local	217.1	224.2	227.4	211.7	221.7	236.8	280.3
Other health insurance programs ^b	132.1	136.5	145.0	157.1	166.3	171.8	192.5
Other third-party payers and programs	304.0	316.6	335.0	503.1	428.5	374.7	403.3
Other federal programs ^c	12.2	12.8	14.0	180.6	85.4	33.6	15.9
Other third-party payers and programs less other federal programs	291.8	303.8	320.9	322.5	343.1	341.1	387.4
Public health activity	95.4	99.3	108.2	240.8	211.4	206.8	160.2
Federal ^d	12.6	12.1	13.3	139.3	101.1	90.2	37.6
State and local	82.8	87.2	94.9	101.5	110.3	116.6	122.6
Investment	183.3	192.7	198.3	199.9	218.5	227.2	238.8
ANNUAL GROWTH							
NHE	4.2%	4.6%	4.4%	10.4%	4.2%	4.6%	7.5%
Health consumption expenditures	4.0	4.5	4.5	10.9	3.9	4.6	7.7
Out of pocket	1.5	4.3	4.4	–1.2	10.7	6.9	7.2
Health insurance	4.1	4.6	4.2	3.5	7.7	7.2	9.6
Private health insurance	4.8	4.3	2.5	–0.4	7.2	6.8	11.5
Medicare	4.3	6.6	7.0	3.7	7.3	6.4	8.1
Medicaid	2.4	3.1	3.1	9.3	9.5	9.7	7.9
Federal	1.0	3.0	4.2	18.8	11.7	10.9	3.6
State and local	4.9	3.3	1.4	–6.9	4.7	6.8	18.4
Other health insurance programs ^b	5.3	3.4	6.2	8.3	5.9	3.3	12.1
Other third-party payers and programs	5.0	4.2	5.8	50.2	–14.8	–12.6	7.6
Other federal programs ^c	–1.1	5.2	9.3	1,186.8	–52.7	–60.7	–52.6
Other third-party payers and programs less other federal programs	5.2	4.1	5.7	0.5	6.4	–0.6	13.6
Public health activity	6.1	4.1	9.0	122.5	–12.2	–2.1	–22.6
Federal ^d	7.0	–4.3	10.3	947.8	–27.4	–10.8	–58.4
State and local	6.0	5.4	8.9	6.9	8.6	5.8	5.1
Investment	8.4	5.1	2.9	0.8	9.3	4.0	5.1
NHE IMPACTS BY DIRECT FEDERAL COVID-19 SUPPLEMENTAL FUNDING^e							
NHE excluding federal public health activity expenditures	\$3,433.8	\$3,591.7	\$3,748.8	\$4,014.6	\$4,226.6	\$4,435.6	\$4,828.9
NHE excluding federal public health activity expenditures and other federal programs	\$3,421.6	\$3,578.9	\$3,734.7	\$3,834.0	\$4,141.2	\$4,402.1	\$4,813.0
NHE IMPACTS, ANNUAL GROWTH							
NHE excluding federal public health activity expenditures	4.2%	4.6%	4.4%	7.1%	5.3%	4.9%	8.9%
NHE excluding federal public health activity expenditures and other federal programs	4.2	4.6	4.4	2.7	8.0	6.3	9.3

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 Centers for Medicare and Medicaid Services. National Health Expenditure Accounts: methodology paper 2023 (see note 8 in text). Numbers might not add to totals because of rounding. Percent changes are calculated from unrounded data. ^aAnnual growth, 2016–17. ^bIncludes health-related spending for CHIP Titles XIX and XXI, Defense, and VA. ^cFederal COVID-19 supplemental funding here includes Paycheck Protection Program (PPP) loans and Provider Relief Fund. ^dIncludes COVID-19-related federal public health spending. ^eBillions of dollars. Includes PPP loans, Provider Relief Fund, and COVID-19-related federal public health spending.

In 2023, total federal government expenditures for health care (\$1.6 trillion) increased 3.4 percent, following growth of 1.9 percent in 2022 (exhibit 5). Federal Medicare expenditures (a 30 percent share of federal government health care expenditures) increased 12.9 percent in 2023, following growth of 1.1 percent in 2022.¹² This faster growth was partly due to

EXHIBIT 4

National health expenditures (NHE) amounts and annual growth, by spending category, calendar years 2017–23

Spending category	2017*	2018	2019	2020	2021	2022	2023
EXPENDITURE AMOUNT (BILLIONS)							
NHE	\$3,446.4	\$3,603.8	\$3,762.1	\$4,153.9	\$4,327.7	\$4,525.8	\$4,866.5
Health consumption expenditures	3,263.1	3,411.0	3,563.8	3,953.9	4,109.2	4,298.6	4,627.7
Personal health care	2,901.3	3,017.0	3,172.8	3,368.3	3,581.3	3,755.2	4,107.4
Hospital care	1,077.6	1,122.6	1,193.6	1,267.6	1,334.0	1,376.7	1,519.7
Professional services	937.5	977.9	1,022.3	1,071.3	1,169.4	1,216.8	1,311.7
Physician and clinical services	709.4	736.1	767.7	814.1	870.5	910.4	978.0
Other professional services	96.9	104.5	110.9	118.0	134.5	142.7	159.9
Dental services	131.1	137.4	143.7	139.2	164.4	163.7	173.8
Other health, residential, and personal care	184.0	189.9	194.9	210.7	225.9	247.7	270.2
Home health care	99.4	105.6	112.4	124.5	125.0	133.4	147.8
Nursing care facilities and continuing care retirement communities	163.4	167.6	174.1	194.7	182.2	192.9	211.3
Retail outlet sales of medical products	439.5	453.3	475.5	499.6	544.8	587.7	646.7
Prescription drugs	315.7	322.7	337.3	351.0	374.3	403.6	449.7
Durable medical equipment	47.5	49.9	53.2	53.9	63.9	68.6	72.8
Other nondurable medical products	76.3	80.7	85.1	94.7	106.5	115.6	124.1
Government administration	44.1	46.6	47.6	48.2	51.9	54.0	57.4
Net cost of health insurance	222.4	248.2	235.1	296.6	264.6	282.6	302.9
Government public health activities	95.4	99.3	108.2	240.8	211.4	206.8	160.2
Investment	183.3	192.7	198.3	199.9	218.5	227.2	238.8
Noncommercial research	50.9	53.7	56.5	60.2	62.6	68.0	72.1
Structures and equipment	132.4	139.0	141.8	139.7	155.9	159.2	166.6
ANNUAL GROWTH							
NHE	4.2%	4.6%	4.4%	10.4%	4.2%	4.6%	7.5%
Health consumption expenditures	4.0	4.5	4.5	10.9	3.9	4.6	7.7
Personal health care	3.8	4.0	5.2	6.2	6.3	4.9	9.4
Hospital care	4.1	4.2	6.3	6.2	5.2	3.2	10.4
Professional services	4.7	4.3	4.5	4.8	9.2	4.1	7.8
Physician and clinical services	4.8	3.8	4.3	6.1	6.9	4.6	7.4
Other professional services	5.3	7.8	6.1	6.3	14.0	6.1	12.0
Dental services	3.9	4.8	4.6	−3.1	18.1	−0.4	6.2
Other health, residential, and personal care	5.6	3.2	2.6	8.1	7.2	9.7	9.1
Home health care	5.9	6.2	6.5	10.8	0.4	6.7	10.8
Nursing care facilities and continuing care retirement communities	0.9	2.6	3.9	11.8	−6.4	5.9	9.5
Retail outlet sales of medical products	1.4	3.1	4.9	5.1	9.0	7.9	10.0
Prescription drugs	0.7	2.2	4.5	4.1	6.7	7.8	11.4
Durable medical equipment	1.6	5.2	6.5	1.4	18.6	7.3	6.2
Other nondurable medical products	4.2	5.7	5.5	11.3	12.4	8.5	7.3
Government administration	−0.1	5.6	2.3	1.2	7.7	4.0	6.2
Net cost of health insurance	5.4	11.6	−5.3	26.2	−10.8	6.8	7.2
Government public health activities	6.1	4.1	9.0	122.5	−12.2	−2.1	−22.6
Investment	8.4	5.1	2.9	0.8	9.3	4.0	5.1
Noncommercial research	6.9	5.6	5.2	6.5	3.9	8.6	6.1
Structures and equipment	9.1	5.0	2.0	−1.4	11.6	2.1	4.6

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 Centers for Medicare and Medicaid Services. National Health Expenditure Accounts: methodology paper 2023 (see note 8 in text). Numbers might not add to totals because of rounding. Percent changes are calculated from unrounded data. *Annual growth, 2016–17.

the initial impacts on federal Medicare spending of the Inflation Reduction Act, which lowered cost sharing for insulins and vaccines (increasing Medicare's financial responsibility),¹³ as well as faster growth in spending for Medicare hospital care and physician and clinical services. Another contributor to federal health spending growth was an increase in Marketplace subsidies

(a 6 percent share), which grew 25.5 percent in 2023—the third consecutive year that growth exceeded 16 percent.¹² These subsidies led to increased enrollment in Marketplace plans.⁵ The federal portion of Medicaid payments represented the largest component of federal government health expenditures (38 percent),¹² and these payments increased 3.6 percent in 2023,

EXHIBIT 5
National health expenditures (NHE), aggregate and per capita amounts, annual growth, and percent distribution, by type of sponsor, calendar years 2017–23

Type of sponsor	2017 ^a	2018	2019	2020	2021	2022	2023
EXPENDITURE AMOUNT (BILLIONS)							
NHE	\$3,446.4	\$3,603.8	\$3,762.1	\$4,153.9	\$4,327.7	\$4,525.8	\$4,866.5
Businesses, household, and other private revenues	1,879.7	1,962.9	2,043.3	2,041.6	2,198.2	2,329.9	2,539.0
Private businesses	655.3	684.7	707.2	691.9	754.1	805.7	894.0
Household	975.3	1,020.5	1,063.5	1,077.7	1,144.6	1,233.0	1,316.6
Other private revenues	249.1	257.7	272.6	272.1	299.5	291.3	328.4
Governments	1,566.7	1,640.9	1,718.7	2,112.2	2,129.5	2,195.9	2,327.5
Federal government	990.0	1,044.8	1,108.6	1,512.1	1,486.1	1,514.0	1,566.2
State and local governments	576.7	596.0	610.2	600.1	643.4	681.9	761.3
ANNUAL GROWTH							
NHE	4.2%	4.6%	4.4%	10.4%	4.2%	4.6%	7.5%
Businesses, household, and other private revenues	5.0	4.4	4.1	−0.1	7.7	6.0	9.0
Private businesses	4.9	4.5	3.3	−2.2	9.0	6.8	11.0
Household	4.1	4.6	4.2	1.3	6.2	7.7	6.8
Other private revenues	9.3	3.4	5.8	−0.2	10.1	−2.7	12.7
Governments	3.2	4.7	4.7	22.9	0.8	3.1	6.0
Federal government	3.0	5.5	6.1	36.4	−1.7	1.9	3.4
State and local governments	3.5	3.4	2.4	−1.6	7.2	6.0	11.6
PER CAPITA AMOUNT							
NHE	\$10,579	\$10,998	\$11,423	\$12,563	\$13,068	\$13,617	\$14,570
Businesses, household, and other private revenues	5,770	5,990	6,204	6,175	6,638	7,010	7,602
Private businesses	2,011	2,090	2,147	2,093	2,277	2,424	2,677
Household	2,994	3,114	3,229	3,259	3,456	3,710	3,942
Other private revenues	765	786	828	823	904	876	983
Governments	4,809	5,008	5,219	6,388	6,430	6,607	6,969
Federal government	3,039	3,189	3,366	4,573	4,488	4,555	4,689
State and local governments	1,770	1,819	1,853	1,815	1,943	2,052	2,279
PERCENT DISTRIBUTION							
NHE	100%	100%	100%	100%	100%	100%	100%
Businesses, household, and other private revenues	55	54	54	49	51	51	52
Private businesses	19	19	19	17	17	18	18
Household	28	28	28	26	26	27	27
Other private revenues	7	7	7	7	7	6	7
Governments	45	46	46	51	49	49	48
Federal government	29	29	29	36	34	33	32
State and local governments	17	17	16	14	15	15	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 Centers for Medicare and Medicaid Services. National Health Expenditure Accounts: methodology paper 2023 (see note 8 in text). Numbers might not add to totals because of rounding. Percent changes are calculated from unrounded data. ^aAnnual growth, 2016–17.

following growth of 10.9 percent in 2022 (exhibit 3). The slower growth is largely attributable to phasing down the federal medical assistance percentage (from April 2023 to January 2024) that had been increased by 6.2 percentage points during 2020–22 as part of the Families First Coronavirus Response Act of 2020.¹⁴

Health care spending by households (\$1.3 trillion) increased 6.8 percent in 2023 (exhibit 5), a slower rate of growth than the increase of 7.7 percent in 2022 but still faster than the average rate of 4.2 percent during 2016–19.¹² The largest share of household health care spending consisted of out-of-pocket expenditures (38 percent),¹² which increased 7.2 percent in 2023 after

growth of 6.9 percent in 2022 (exhibit 3) as a result of faster spending growth for hospital care and physician and clinical services (data not shown). For Medicare and private health insurance, contributions by households experienced diverging trends. Medicare premiums and payroll taxes paid by individuals (accounting for a 27 percent share of household health spending) experienced slower growth of 4.0 percent in 2023, compared with growth of 11.8 percent in 2022.¹² In contrast, household contributions to employer-sponsored private health insurance premiums (a 26 percent share) increased 8.9 percent in 2023 after growth of 8.3 percent in 2022—the faster growth resulting, in part, from

increased enrollment in private health insurance plans.¹²

Health care spending by private businesses (\$894.0 billion) grew 11.0 percent in 2023, a faster rate than the category's growth of 6.8 percent in 2022 (exhibit 5). The largest share of private businesses' health spending was composed of contributions to employer-sponsored private health insurance premiums (77 percent), which increased 13.0 percent in 2023 after growth of 6.7 percent in 2022.¹² This acceleration was, in part, due to increased private health insurance enrollment and an increase in the share of employer-sponsored private health insurance that is paid for by private businesses (from 71.4 percent in 2022 to 72.1 percent in 2023).¹⁵

State and local government health spending (\$761.3 billion) also exhibited faster growth, increasing 11.6 percent in 2023, compared with growth of 6.0 percent in 2022 (exhibit 5). The state portion of Medicaid payments constituted the largest portion of total state and local government health expenditures (37 percent) in 2023.¹² These payments grew 18.4 percent in that year, increasing at a faster rate than in 2022 (6.8 percent) (exhibit 3), and reflect the phasing out of the temporarily enhanced federal medical assistance percentage. Another factor in the overall acceleration was faster growth in state and local government contributions to employer-sponsored private health insurance premiums (a 28 percent share), which increased 9.0 percent in 2023, following growth of 4.4 percent in 2022.¹²

Private Health Insurance

Spending for private health insurance reached \$1.5 trillion in 2023 (a 30 percent share of total national health spending) and increased 11.5 percent from its 2022 level (exhibit 3). This rate of growth not only was faster than the 6.8 percent increase in 2022, but also was the highest growth rate since 1990 (data not shown). The robust growth in 2023 was driven by increased enrollment in Marketplace and employer-sponsored private health insurance plans; strong underlying growth in spending for goods and services; and strong growth in the net cost of insurance, which includes administrative costs, taxes, fees, and net underwriting gains and losses.

In 2023, enrollment in private health insurance increased 1.6 percent, or by 3.3 million people, and spending per enrollee grew 9.7 percent, which was an acceleration from growth of 5.1 percent in 2022 (exhibit 2). Marketplace plans continued to see robust gains in enrollment, at 2.7 million people in 2023, which followed a

1.7 million increase in 2022.¹² Employer-sponsored private health insurance enrollment increased 0.3 percent in 2023, or by 0.5 million people.¹²

Expenditures for personal health care, or the goods and services paid for by private health insurance, increased 11.4 percent in 2023, which was a much faster rate of growth than the increase of 7.3 percent in 2022.¹² This acceleration was influenced by faster growth in spending for all medical goods and services, but particularly for hospital care and retail prescription drugs. The net cost of private health insurance increased 12.5 percent in 2023 and accounted for 10.3 percent of overall private health insurance spending.¹²

Medicare

Medicare spending (which accounted for 21 percent of total national health care expenditures) reached \$1.0 trillion in 2023—an increase of 8.1 percent, following 6.4 percent growth in 2022 (exhibit 3). This faster growth was driven by a turnaround in traditional fee-for-service spending growth from a decline of 1.4 percent in 2022 to an increase of 1.7 percent in 2023 (data not shown). Medicare Advantage private plan spending continued to experience rapid growth (increasing 14.7 percent in 2023, after 15.7 percent growth in 2022) and accounted for 52 percent of total Medicare expenditures in 2023 (up from a 39 percent share in 2019) (data not shown).

Total Medicare enrollment grew 2.1 percent in 2023, a slight acceleration from 2022, when enrollment increased 1.9 percent (exhibit 2). Fee-for-service enrollment (52 percent of total enrollment) declined for the fifth year in a row, falling 2.8 percent in 2023 after a decline of 3.0 percent in 2022 (data not shown). However, Medicare Advantage enrollment (a 48 percent share) continued to experience strong growth in 2023, but at a slightly slower rate, increasing 7.9 percent after growth of 8.5 percent in 2022 (data not shown). Total Medicare per enrollee spending grew 5.9 percent in 2023, a faster rate than the increase of 4.4 percent in 2022 (exhibit 2).

Medicare spending on goods and services experienced faster growth in 2023, increasing 8.6 percent after growth of 5.4 percent in 2022.¹² Faster growth in expenditures for hospital care and retail prescription drugs in 2023 contributed to this upward trend, as Medicare hospital spending grew 6.0 percent (compared with 1.5 percent in 2022) and retail prescription drug expenditures grew 12.2 percent (compared with 9.0 percent in 2022).¹² An increase in outpatient

The share of the economy devoted to health care in 2023 was about the same share as in 2019.

hospital use, along with increases in both inpatient and outpatient prices, drove the acceleration in Medicare hospital spending in 2023.¹⁶ For Medicare retail prescription drug expenditures, which consist mainly of spending for Part D prescription drugs, the acceleration was partially attributable to a rapid increase in the use of brand-name antidiabetic drugs. Furthermore, the initial impacts of the Inflation Reduction Act that increased the generosity of the benefit and expanded Medicare's financial responsibility, such as cost-sharing limits on insulins and vaccines, contributed to the acceleration.¹⁶

Medicaid

Medicaid spending accounted for 18 percent of total health care expenditures in 2023 and reached \$871.7 billion (exhibit 3). Total Medicaid spending increased 7.9 percent in 2023, a slower growth rate than in 2022 (9.7 percent) and 2021 (9.5 percent) but faster than the average rate of 3.2 percent during 2016–19.¹² In 2023, average Medicaid enrollment slowed dramatically, increasing 0.8 percent, down from 7.5 percent in 2022, and reached 91.7 million beneficiaries as states resumed the redetermination of Medicaid eligibility after the end of pandemic-era coverage protections (exhibit 2).⁹ With slightly slower spending growth and much slower enrollment growth, per enrollee Medicaid spending increased 7.1 percent in 2023, compared with an increase of 2.1 percent in 2022. This acceleration was, in part, due to provider rate or cost increases,¹⁷ as well as the growing use of state-directed payments to providers via managed care organizations.¹⁸

Medicaid spending for other health, residential, and personal care services (a 19 percent share of total Medicaid spending) increased 9.2 percent in 2023 compared with 13.2 percent growth in 2022,¹² influenced by continued strong growth in spending for home and community-based services (data not shown). Al-

though accounting for just 6 percent of total Medicaid spending, retail prescription drug spending was the fastest-growing component among all Medicaid goods and services, increasing 11.7 percent in 2023 after 15.0 percent growth in 2022.¹² In 2022 and 2023, growth in spending for antidiabetic and weight loss drugs contributed to this strong growth.¹⁹

Federal Medicaid spending increased 3.6 percent in 2023, compared with double-digit growth rates during 2020–22 that were a result of the temporarily enhanced federal medical assistance percentage (exhibit 3). This higher percentage was phased out in the second half of 2023, shifting some costs back to the states and contributing to an 18.4 percent increase in state Medicaid spending. In 2023, the federal government's share of Medicaid spending fell to 68 percent compared with 71 percent in 2022, 70 percent in 2021, and 63 percent in 2019.¹²

Hospital Care

Spending for hospital care reached \$1.5 trillion in 2023 (31 percent of total health spending) and increased 10.4 percent, compared with growth of 3.2 percent in 2022 (exhibit 4). The rate of growth in 2023 was the fastest since 1990, when hospital spending increased 10.8 percent.¹² The acceleration in 2023 was driven by strong growth in hospital spending by private health insurance (from 8.0 percent in 2022 to 13.0 percent in 2023) and Medicare (from 1.5 percent in 2022 to 6.0 percent in 2023).¹²

The robust growth in hospital expenditures in 2023 reflected increased demand for medical procedures²⁰ and strong growth in other private revenues.²¹ Hospital discharges grew 1.6 percent in 2023, after declining 1.3 percent in 2022,²² and Medicare outpatient hospital use increased in 2023,¹⁶ both contributing to an increase in the use of hospital care in 2023. Other private revenues (a 7 percent share of total hospital spending) rebounded from a decline of 9.2 percent in 2022 to an increase of 27.8 percent in 2023,¹² partly because of strong investment returns during the year.²³ Hospital price growth remained relatively stable, at 2.7 percent, in 2023 compared with 2.8 percent in 2022.²⁴

Physician And Clinical Services

Spending for physician and clinical services reached \$978.0 billion (20 percent of total health care expenditures) and increased 7.4 percent in 2023, which was faster than the growth rate of 4.6 percent in 2022 (exhibit 4). Growth in 2023 was driven by nonprice factors (which include use and intensity of services), whereas price

growth remained low, at 0.6 percent.²⁵ Expenditures for independently billing laboratories, which are classified within the physician and clinical services category in the National Health Expenditures Accounts, also experienced faster growth in 2023.²⁶

Spending growth for physician and clinical services accelerated for three of the four major payers: private health insurance, out-of-pocket spending, and Medicare. Private health insurance spending for physician and clinical services grew 9.4 percent in 2023 (compared with growth of 8.5 percent in 2022), and out-of-pocket spending increased 7.0 percent (faster than its growth rate of 4.6 percent in 2022).¹² Following growth of 7.3 percent in 2022, Medicare expenditures for these services increased 8.3 percent in 2023—a slightly faster growth rate that was driven by strong growth in Medicare Advantage spending and an increase (following a decline in 2022) in Medicare fee-for-service spending (data not shown). For Medicaid, however, decelerating enrollment growth led to slower growth in physician and clinical services spending, which increased 9.5 percent in 2023, compared with growth of 10.6 percent in 2022.¹²

Retail Prescription Drugs

Retail prescription drug spending increased 11.4 percent to \$449.7 billion in 2023 (representing 9 percent of total health care spending), accelerating from a rate of 7.8 percent in 2022 (exhibit 4). The faster growth was experienced by both private health insurance spending (a 39 percent share), which grew 13.8 percent in 2023 after an increase of 3.5 percent in 2022, and Medicare spending (a 32 percent share), which increased 12.2 percent in 2023 after 9.0 percent growth in 2022.¹² Although overall retail prescription drug spending increased at a faster rate in 2023, the rate of growth for the number of prescriptions dispensed (based on a thirty-day supply) was slightly lower in 2023 (2.9 percent compared with 3.6 percent in 2022).¹⁰

The rapid growth in spending for drugs used to treat diabetes and obesity contributed to faster overall growth in retail prescription drug expenditures, as well as to private health insurance and Medicare spending growth.^{27,28} For Medicare (primarily Part D), the acceleration was also a result of the benefit enhancement impacts of the Inflation Reduction Act—specifically, the reduction in beneficiary cost sharing for insulin and vaccines (increasing, in turn, Medicare's financial responsibility).²⁹

Out-of-pocket (a 13 percent share) and Medicaid (an 11 percent share) spending for retail pre-

scription drugs also increased, but at slower rates than in 2022. Out-of-pocket prescription drug spending increased 2.8 percent in 2023, compared with growth of 12.0 percent 2022.¹² The slower growth in out-of-pocket spending was partially due to savings from the use of generic drugs, increased consumer use of drug manufacturer coupons, and insurance caps on out-of-pocket drug spending, including the provisions of the Inflation Reduction Act that limited out-of-pocket expenses for insulin and vaccines under Medicare, beginning in 2023.³⁰ Medicaid prescription drug spending growth remained strong in 2023 (11.7 percent), but was slower than in 2022 (15.0 percent),¹² in part because of decelerating enrollment growth.

Prices for retail prescription drugs increased 2.3 percent in 2023, following 0.5 percent growth in 2022 and four consecutive years of declines during 2018–21.¹¹ Brand-name drug prices increased at a faster pace than generic drug prices in 2023; however, generic price growth accelerated in 2023 compared with 2022, reversing a trend of declining generic drug prices since 2018.³¹ Although the brand-name share of all prescription drugs dispensed increased slightly in 2023, brand-name drugs accounted for a very small proportion of total dispensed prescriptions (8.5 percent).¹⁰ Still, the brand-name market share (as defined by percentage of total spending) continued to steadily increase, reaching 87.1 percent in 2023, driven by the higher costs for brand-name medications in comparison with generic drugs.¹⁰

Conclusion

Reflecting on the trends in overall economic and health sector growth during 2020–23 reveals a divergent year-to-year pattern, but on average, their growth was similar. In 2020, while GDP contracted (declining 0.9 percent), health care spending increased sharply (by 10.4 percent), as federal funding related to the COVID-19 pandemic surged and Medicaid enrollment increased. In 2021 and 2022, GDP experienced strong growth of 10.9 percent and 9.8 percent, respectively, with economywide prices increasing rapidly in both years. At the same time, health care spending grew at lower rates (4.2 percent in 2021 and 4.6 percent in 2022), in part because of reductions in COVID-19-related funding. These trends reversed again in 2023, when health care spending grew 7.5 percent and GDP growth was slower, at 6.6 percent. This reversal reflected both a narrowing of the difference in price growth, as health care prices increased 3.0 percent in 2023 compared with economywide price growth of 3.6 percent, and a rapid acceleration in

nonprice factors, such as the use and intensity of services and goods consumed, as the insured share of the population reached a historic high of 92.5 percent in 2023.

On average during 2020–23, health care spending and overall economic growth increased 6.6 percent and 6.5 percent per year, respectively. As a result, the share of the economy devoted to health care in 2023 (17.6 percent) was about the same share as in 2019 (17.5 per-

cent). This relationship is similar to the recent prepandemic period, 2016–19, when health spending and GDP grew comparably (on average, 4.4 percent and 4.2 percent, respectively), and the health care share of GDP was relatively stable.¹² Although there is uncertainty about the future, expectations are that the traditional economic and demographic drivers of health spending will lead to the return of health care accounting for a larger share of the economy.³² ■

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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.
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