National Health Expenditures 2019 Highlights

U.S. health care spending increased 4.6 percent to reach $3.8 trillion, or $11,582 per person in 2019. The growth in 2019 nearly matched the growth from 2017 to 2018 (4.7 percent). Spending grew by a greater percentage in 2019 compared to 2018 for hospital care (6.2 percent), physician and clinical services (4.6 percent), and retail purchases of prescription drugs (5.7 percent). However, these accelerations were offset by a 3.8-percent decline in expenditures for the net cost of health insurance, which were lower because of the suspension of the health insurance providers’ tax in 2019.

The overall share of gross domestic product (GDP) related to health care spending was 17.7 percent in 2019, which is roughly the same as 2018’s share (17.6 percent). The insured share of the population was 90.3 percent in 2019, down slightly from 90.6 percent in 2018.

Health Spending by Type of Service or Product:

- **Hospital Care (31 percent share):** Spending for hospital care services increased at a faster rate in 2019 compared to 2018 (6.2 percent and 4.2 percent, respectively) and reached $1.2 trillion in 2019. Nonprice factors such as the use and intensity of services contributed to this steeper growth compared to previous years.

- **Physician and Clinical Services (20 percent share):** Spending on physician and clinical services increased 4.6 percent to $772.1 billion in 2019, up from 4.0 percent growth in 2018. Like hospital care, this increase is largely due to nonprice factors such as the use and intensity of services. Growth in clinical services continued to outpace the growth in physician services in 2019, although the gap between the two narrowed as growth in physician services accelerated.

- **Retail Prescription Drugs (10 percent share):** Growth in retail prescription drug spending accelerated in 2019, increasing 5.7 percent to $369.7 billion, compared to 3.8 percent growth in 2018. In 2019, faster growth in the use of prescription drugs as measured by the number of prescriptions dispensed helped to drive the increase in total retail prescription drug spending growth, while retail prescription drug prices declined by 0.4 percent.

- **Other Health, Residential, and Personal Care Services (5 percent share):** This category includes expenditures for medical services that are generally delivered by providers in non-traditional settings such as schools, community centers, and the workplace; as well as by ambulance providers and residential mental health and substance abuse facilities. Spending for other health, residential, and personal care services grew just 1.2 percent in 2019 to $193.6 billion, down from 3.0 percent growth in 2018. The deceleration was driven by slower growth in spending for Medicaid home and community-based waiver services, as well as slower growth in spending for residential care services.

- **Nursing Care Facilities and Continuing Care Retirement Communities (5 percent share):** Growth in spending for services provided at freestanding nursing care facilities and continuing care retirement communities accelerated in 2019, increasing 3.3 percent to $172.7 billion compared to 2.3 percent growth in 2018. The growth in 2019 is largely attributable to increased spending growth in other private revenues, Medicaid, and Medicare spending.

- **Dental Services (4 percent share):** Spending for dental services increased 4.2 percent in 2019 to $143.2 billion, decelerating from 4.8 percent growth in 2018. Private health insurance (which accounted for 43 percent of dental spending) increased 1.9 percent in 2019—slower growth than in 2018, when spending grew by 5.5 percent. On the other hand, out-of-pocket spending for dental services (which accounted for 42 percent of dental spending) experienced faster growth, increasing 5.9 percent in 2019, up from 3.8 percent in 2018.
• **Home Health Care (3 percent share):** Spending for services provided by freestanding home health care agencies increased 7.7 percent in 2019, a higher rate than in 2018 (5.5 percent), to $113.5 billion. While out-of-pocket spending grew at about half of its 2018 rate, spending through Medicare, Medicaid, and private health insurance all grew at faster rates in 2019 compared to the previous year. Notably, Medicare and Medicaid together made up 71 percent of home health spending in 2019.

• **Other Professional Services (3 percent share):** Spending for other professional services reached $110.6 billion in 2019 and increased 6.5 percent, a slower rate of growth compared to the increase of 7.5 percent in 2018. Spending in this category includes establishments of independent health practitioners (except physicians and dentists) that primarily provide services such as physical therapy, optometry, podiatry, or chiropractic medicine.

• **Other Non-durable Medical Products (2 percent share):** Retail spending for other non-durable medical products, such as over-the-counter medicines, medical instruments, and surgical dressings, increased 5.6 percent to $82.1 billion in 2019, compared to a rate of 3.8 percent in 2018. Out-of-pocket spending accounts for 97 percent of total spending in this category.

• **Durable Medical Equipment (2 percent share):** Retail spending for durable medical equipment, which includes items such as contact lenses, eyeglasses and hearing aids, reached $57.6 billion in 2019 and increased 5.0 percent, which was slightly higher than the 4.7 percent growth in 2018. While out-of-pocket spending growth accelerated compared to the previous year, this was countered by much smaller growth in expenditures paid for by private health insurance (a 22 percent share) over the same period.

**Health Spending by Major Sources of Funds:**

• **Private Health Insurance (31 percent share):** Private health insurance spending increased 3.7 percent to $1.2 trillion in 2019, which was slower than 5.6 percent growth in 2018. This deceleration was driven by a 7.9-percent decline in the net cost of private health insurance, which primarily resulted from the suspension of the health insurance tax in 2019. Spending on private health insurance benefits increased 5.4 percent in 2019, accelerating from growth of 4.4 percent in 2018. On a per enrollee basis, spending for private health insurance was $5,927 in 2019, an increase of 3.2 percent from 2018.

• **Medicare (21 percent share):** Medicare spending increased 6.7 percent to $799.4 billion in 2019, compared to a rate of 6.3 percent in 2018. The growth in 2019 reflected faster growth in Medicare private health plan spending (accounting for 39 percent of total Medicare expenditures), which increased 14.5 percent from 12.6 percent in 2018. Fee-for-service Medicare expenditures slowed in 2019, increasing 2.2 percent compared to 3.0 percent growth in 2018. On a per enrollee basis, spending for Medicare was $13,276 in 2019, an increase of 4.0 percent from 2018.

• **Medicaid (16 percent share):** Total Medicaid spending growth remained steady in 2019, increasing 2.9 percent to $613.5 billion compared to growth of 3.1 percent in 2018. This steady growth is the result of faster spending growth for most goods and services being offset by a decline in the net cost of insurance due to the health insurance tax moratorium in 2019. On a per enrollee basis, spending for Medicaid was $8,485 in 2019, an increase of 4.5 percent from 2018.

• **Out-of-Pocket (11 percent share):** Out-of-pocket spending grew 4.6 percent in 2019 to $406.5 billion, which was faster than 3.8 percent growth in 2018.
Health Spending by Type of Sponsor:

- In 2019, the federal government and households accounted for the largest shares of spending (29 percent and 28 percent, respectively) followed by private businesses (19 percent), state and local governments (16 percent), and other private revenues (7 percent).

- Federal government spending on health increased 5.8 percent in 2019, accelerating slightly from 5.4 percent growth in 2018. The acceleration was largely associated with faster growth in federal general revenue and Medicare net trust fund expenditures.

- Households’ health care spending grew at a rate of 4.5 percent, slightly slower than the rate of 4.8 percent in 2018. Out-of-pocket expenditures, the largest category of household spending (a 38 percent share), increased 4.6 percent in 2019 compared to growth of 3.8 percent in 2018.

Concurrently, household contributions to employer-sponsored private health insurance premiums (a 27 percent share) accelerated from 2.9 percent growth in 2018 to 6.3 percent in 2019. Growth slowed for other components of household health spending, including premiums paid by individuals to the Medicare Supplementary Medical Insurance Trust Fund, spending on the medical portion of property and casualty insurance, spending on direct purchase insurance, and employee and self-employment payroll taxes and voluntary premiums paid to the Medicare Hospital Insurance trust fund.

- Growth in state and local government health care spending slowed to 2.4 percent in 2019 after increasing 3.3 percent in 2018. The deceleration in 2019 was driven by slower growth in state and local Medicaid spending (a 37 percent share).

- Spending on health care by private businesses grew 3.7 percent in 2019, decelerating from growth of 5.7 percent in 2018. This was the slowest growth rate since 2015. The largest category of private business’ health care costs are employer-sponsored private health insurance premiums (a 76 percent share), which increased only 3.9 percent in 2019, compared to a rate of 6.3 percent in 2018.

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1 Type of sponsor is defined as the entity that is ultimately responsible for financing the health care bill, such as private businesses, households, and governments. These sponsors pay health insurance premiums and out-of-pocket costs, or finance health care through dedicated taxes and/or general revenues.