

U.S. Spent \$4.5 Trillion on Health Care in 2022

Health care spending in the United States increased by 4.1% to reach \$4.5 trillion in 2022. According to an article published in the peer-reviewed journal Health Affairs, this equates to health care spending of \$13,493 per person in 2022. The 2022 growth in health care spending was higher than the 3.2% increase in 2021, although it was significantly lower than the 10.6% growth seen in 2020. These numbers indicate that health care spending may be returning to pre-pandemic levels.

“Health care expenditures since 2020 have reflected volatile patterns associated with the COVID-19 pandemic and the federal government’s response to the public health emergency.”

- Micah Hartman, a statistician for the CMS Office of the Actuary

According to the Centers for Medicare and Medicaid Services (CMS), Medicaid and private health insurance spending drove health care spending in 2022. However, these increases were somewhat offset by continued declines in COVID-19-related supplemental funding from the federal government. Private health insurance spending increased 5.9% in 2022 to \$1.3 trillion, slightly lower than 2021’s increase of 6.3%. Additionally, the insured share of the population reached a historic high of 92% in 2022.

CMS reported increased health care spending in the following areas:

- **Hospital care** spending increased 2.2%, reaching \$1.4 trillion, a slower growth rate from 4.5% in 2021.
- **Physician and clinical services** spending increased 2.7%, slower than the 5.3% increase in 2021.
- **Retail prescription drug** spending increased 8.4%, faster than the 6.8% increase in 2021.
- **Nursing care facilities and continuing care retirement communities** spending increased 5.6%, compared to a decrease of 7.8% in 2021.
- **Dental services** spending increased just 0.3% in 2022, much slower than the 18.2% growth in 2021.
- **Home health care** spending increased by 6%, up from 0.3% growth in 2021.
- **Other nondurable medical products** spending increased 8.5%, slower than the 12.3% increase in 2021.
- **Durable medical equipment** spending increased 5.1%, slower than the 18.6% growth in 2021.

Employer Takeaways

Rising health care costs will continue to challenge employers and employees in 2024. Employers who take proactive measures to address workers’ concerns about rising health care costs and provide actionable solutions can improve morale, productivity, attraction and retention.

Contact us today for more information.