

National Health Expenditures 2022 Highlights

US health care spending grew 4.1 percent to reach \$4.5 trillion in 2022, faster than the increase of 3.2 percent in 2021 but much slower than the rate of 10.6 percent in 2020. The growth in 2022 reflected strong growth in Medicaid and private health insurance spending that was somewhat offset by continued declines in supplemental funding by the federal government associated with the COVID-19 pandemic.

In 2022, the insured share of the population reached 92 percent (a historic high). Private health insurance enrollment increased by 2.9 million individuals and Medicaid enrollment increased by 6.1 million individuals. In 2022, 26.6 million individuals were uninsured, down from 28.5 million in 2021 (a difference of 1.9 million individuals).

Gross domestic product (GDP) continued to increase at strong rates of growth in both 2021 and 2022, increasing 10.7 percent and 9.1 percent, respectively. With a lower rate of health care spending growth of 4.1 percent in 2022, the share of GDP devoted to health care fell to 17.3 percent in 2022, lower than both the 18.2 percent share in 2021 and the highest share in the history of the National Health Expenditure Accounts of 19.5 percent in 2020. During 2016–19 the average share was 17.5 percent.

Federal COVID-19 supplemental funding to the health sector through the Provider Relief Fund and the Paycheck Protection Program was highest during the initial year of the pandemic and continued to affect health care expenditures in 2021 and 2022, although at reduced levels. Funding to the health sector through these programs was \$174.6 billion in 2020 but just \$2.0 billion in 2022.

Health Spending by Type of Service or Product:

- **Hospital Care (30 percent share):** Spending for hospital care services increased 2.2 percent in 2022 to reach \$1.4 trillion; however, this was a slower growth rate compared to 4.5 percent that was experienced in 2021. The slower growth in 2022 reflected a slowdown in spending for hospital care by private health insurance, Medicare, and Medicaid and by a decline in other private revenues. Slower growth in hospital prices and a decline in hospital days and discharges contributed to the lower growth in 2022.
- **Physician and Clinical Services (20 percent share):** Spending on physician and clinical services increased 2.7 percent to \$884.9 billion in 2022, slower than the increase of 5.3 percent in 2021. Spending growth for physician and clinical services slowed in 2022 for the major payers—Medicare, Medicaid, private health insurance, and out-of-pocket. Slower growth in the use of services and in physician prices contributed to the lower growth in 2022.
- **Retail Prescription Drugs (9 percent share):** Retail prescription drug spending increased 8.4 percent to \$405.9 billion in 2022, a faster rate than in 2021 when spending increased by 6.8 percent. Medicare and out-of-pocket spending growth for retail prescription drugs accelerated, while Medicaid and private health insurance spending growth slowed. The faster growth in 2022 was influenced by faster growth in the number of prescriptions dispensed and an increase in retail prescription drug prices (1.2 percent in 2022) after four consecutive years of declines.

- Other Health, Residential, and Personal Care Services (6 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 9.7 percent in 2022 to \$246.5 billion, accelerating from 6.7 percent growth in 2021. The faster growth in 2022 was driven primarily by an acceleration in spending for Medicaid home and community-based waivers.
- Nursing Care Facilities and Continuing Care Retirement Communities (4 percent share):** Spending for services provided at freestanding nursing care facilities and continuing care retirement communities rose in 2022 by 5.6 percent to \$191.3 billion, compared to a decline of 7.8 percent in 2021. Medicaid, out-of-pocket, and Medicare account for over three quarters of total payments to these facilities and, in 2022, spending for these payers had strong growth following low growth or reduced spending in 2021.
- Dental Services (4 percent share):** Spending for dental services increased just 0.3 percent in 2022 to \$165.3 billion following much faster growth of 18.2 percent in 2021. The slowdown was driven by slower growth for all the major payers, but particularly for out-of-pocket and private health insurance, as well as a decline in federal funding from Paycheck Protection Program loans and the Provider Relief Fund.
- Home Health Care (3 percent share):** Spending for services provided by freestanding home health care agencies increased 6.0 percent in 2022 to \$132.9 billion, accelerating from growth of 0.3 percent in 2021. Private health insurance, out-of-pocket, and Medicaid home health spending contributed to the faster growth, while Medicare spending growth for home health care services slowed.
- Other Professional Services (3 percent share):** Spending for other professional services includes establishments of independent health practitioners (except physicians and dentists) that primarily provide services such as physical therapy, optometry, podiatry, or chiropractic medicine. Spending for other professional services reached \$140.6 billion in 2022 and increased 5.1 percent, a slower rate of growth compared to 13.2 percent in 2021. The slowdown was driven by slower growth in Medicare, private health insurance, and out-of-pocket spending, coupled with reduced supplemental COVID-relief funding.
- Other Non-durable Medical Products (3 percent share):** Retail spending for other non-durable medical products, such as over-the-counter medicines, medical instruments, and surgical dressings, increased 8.5 percent to \$115.4 billion in 2022, slower than in 2021 when spending increased 12.3 percent. Out-of-pocket spending accounted for 98 percent of total spending for other non-durable medical products in 2022.
- Durable Medical Equipment (2 percent share):** Retail spending for durable medical equipment, which includes items such as contact lenses, eyeglasses, and hearing aids, increased 5.1 percent in 2022 to \$67.1 billion following much faster growth of 18.6 percent in 2021. The slowdown in 2022 was driven by slower growth in out-of-pocket and private health insurance spending.

Health Spending by Major Sources of Funds:

- **Private Health Insurance (29 percent share):** Private health insurance spending increased by 5.9 percent in 2022 (to \$1.3 trillion), which was slightly slower than the increase of 6.3 percent in 2021. For hospital care, physician and clinical services, and dental services, private health insurance expenditures grew more slowly in 2022 following stronger growth in 2021. Private health insurance enrollment increased 1.5 percent, or by 2.9 million individuals, in 2022—the fastest increase since 2015.
- **Medicare (21 percent share):** Medicare spending increased 5.9 percent to reach \$944.3 billion in 2022, a slower increase than in 2022 when Medicare spending increased 7.2 percent. Medicare fee-for-service expenditures declined by 1.9 percent in 2022, while Medicare private health plan spending (accounting for 50 percent of total Medicare spending) increased 15.1 percent. Total Medicare enrollment increased 1.9 percent in 2022 compared to growth of 1.7 percent in 2021 (or by 1.2 million individuals), with enrollment in Medicare private plans increasing 8.5 percent and fee-for-service enrollment declining 3.0 percent.
- **Medicaid (18 percent share):** Medicaid spending increased 9.6 percent to \$805.7 billion in 2022, the third consecutive year of growth above 9 percent. Medicaid enrollment grew 7.2 percent in 2022 after increasing 11.1 percent in 2021 and 4.6 percent in 2020. This amounts to about 18 million individuals gaining Medicaid coverage between 2019 and 2022. Faster Medicaid enrollment growth since 2019 reflects the newly enrolled as well as the continuous enrollment requirement of the Families First Coronavirus Response Act that took effect on March 18, 2020, and ended on March 31, 2023. Federal Medicaid spending increased 10.8 percent and state Medicaid spending increased 6.6 percent in 2022, with the federal government’s share of total Medicaid spending reaching 71 percent in 2022.
- **Out-of-Pocket (11 percent share):** Total out-of-pocket spending increased by 6.6 percent in 2022 to \$471.4 billion, slowing from growth of 11.0 percent in 2021. Dental services, durable medical equipment, and physician and clinical services, which collectively accounted for 34 percent of all out-of-pocket spending in 2022, were the main contributors to the slower growth in 2022.

Health Spending by Type of Sponsor¹:

- In 2022, the federal government and households accounted for the largest shares of national health spending (33 percent and 28 percent, respectively), followed by private businesses (18 percent), state and local governments (15 percent), and other private revenues (6 percent).
- Federal government spending for health care increased 1.0 percent in 2022 following a 3.4 percent decline in 2021. The federal portion of Medicaid payments increased 10.8 percent in 2022 compared to 11.6 percent in 2021. The continued strong growth in federal Medicaid expenditures can be attributed to rapid enrollment growth and to the Families First Coronavirus Response Act’s temporary 6.2-percentage-point increase in the federal medical assistance percentage. Conversely, spending for other federal health

insurance programs continued to decline in 2022 due to reduced COVID-19 federal funding.

- Health care spending by households grew 6.9 percent in 2022, similar to the rate of 6.8 percent in 2021. Faster growth in premiums and payroll taxes that were paid for Medicare, as well as faster growth in household contributions to employer-sponsored private health insurance premiums, offset slower growth in out-of-pocket spending on health care.
- State and local government health care expenditures increased 6.5 percent in 2022 following a similar growth rate of 6.2 percent in 2021. Faster growth in state Medicaid spending (a 35 percent share of state and local spending) more than offset slower growth in state and local government contributions to employer-sponsored private health insurance premiums (29 percent share of state and local spending).
- Spending on health care by private businesses increased 6.0 percent in 2022, a slower rate than the increase of 7.6 percent in 2021. The largest share of private businesses' health spending was contributions to employer-sponsored private health insurance premiums (a 75 percent share), which increased at a slower rate in 2022 (5.9 percent) compared to growth of 7.2 in 2021.

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.