

# HEALTH CARE SPENDING HITS \$5.3 TRILLION: NEW YORKERS BEAR THE COST



**WHAT'S NEW:** U.S. health care spending grew by 7.2% in 2024, hitting \$5.3 trillion, as demand for hospital care, prescription drugs and physician and clinical services surged according to the January 2026 National Health Expenditure annual report.<sup>1</sup> This marked the second straight year in which health spending increased more than 7% and brought health care's share of the economy to 18%.

Per capita spending in New York was the highest in the country and 37% higher than the national average. Hospital price hikes, increased prescription drug spending, and growing demand for services are driving rising costs, exacerbating the affordability crisis in health care.

**WHY IT MATTERS:** The rising cost of care is straining family budgets and employer bottom lines. Without action to address out-of-control drug and provider prices, premiums will continue to increase, adding to the pressures consumers and families face.

## HEALTH CARE SPENDING CONTINUES TO SKYROCKET:

**\$5.3 TRILLION**

Total U.S. health care spending, up 7.5% from 2022, driven by the following:

**10.4%**

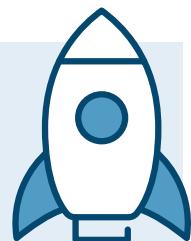
The growth in hospital spending for private insurance

**9.6%**

The growth in physician & clinical services for private insurance

**7.4%**

The growth in retail prescription drugs for private insurance



**GO DEEPER:** Several factors are driving these cost increases.

- Hospital prices continue to escalate, raising premiums and out-of-pocket costs for families, with the Centers for Medicare and Medicaid Services expecting hospital spending to rise by nearly twice the rate of inflation during 2025-2026.<sup>2</sup>
- In January 2026, Big Pharma raised the prices on more than 870 branded drugs,<sup>3</sup> following increases on 750 last January. While the median price hike of 4% is approximately the same as in 2025, the increases outpace the U.S. Bureau of Labor Statistics' estimated current rate of inflation of 2.7%.
- The National Health Expenditure annual report found that rising medical prices accounted for 40% of the increase in health care spending and nearly 60% was due to growth in the use and intensity of services.

## IN NEW YORK:

- Hospitals and other providers continue to demand significant price increases at a time when New York's inpatient hospital prices are the third highest in the country.<sup>4</sup>
- Out-of-control price increases that Big Pharma continues to charge for prescription drugs coupled with restrictions on cost-sharing leads to higher health care premiums for consumers, labor unions, and employers, particularly small businesses.
- New York mandates coverage for over 40 specific treatments or services, many of which are for therapies or screenings that go beyond evidence-based guidelines recommended by major national health organizations, adding to premium costs.
- Taxes on health insurance, which add more than \$1,000 to the cost of coverage for the average family.

**THE BOTTOM LINE:** New Yorkers are shouldering the weight of skyrocketing health care costs.

Without measures to curb excessive drug and provider prices, fewer health care mandates, and avoiding new taxes on insurers, families, employers, and taxpayers will continue to find health care less and less affordable.



1 *National Health Care Spending Increased 7.2 Percent In 2024 As Utilization Remained Elevated* Health Affairs, NO. 2 (2026): January 2026  
2 *National Health Expenditure Projections, 2024–33: Despite Insurance Coverage Declines, Health To Grow As Share Of GDP* Health Affairs 44, NO. 7 (2025): July 2025  
3 *Trump struck deals with 16 drug companies. But they're still raising prices this year*; NPR; January 16, 2026  
4 *Prices Paid to Hospitals by Private Health Plans Findings from Round 5.1 of an Employer-Led Transparency Initiative* RAND Dec. 10, 2024