

The 2025 US healthcare market report

Healthcare spending is projected to account for a quarter of the US economy within a decade

By **Maura D. Garvey**

Inflation continued to drive up healthcare costs in the US in 2024. Over the next decade, the country's healthcare spending is projected to substantially increase, driven by the aging population and escalating costs for healthcare services. Even as inflation slows, 2.7% in 2024 compared with the high of 7% in 2021, medical costs continue to rise. Healthcare organizations are dealing with wage inflation as well as higher supply costs, including medical gases. Between 2022 and 2032, US health spending is therefore projected to increase at an average rate of 5.6%, outpacing the average growth rate projected for gross domestic product (GDP). National healthcare expenditures (NHE, in government parlance) grew from 15.7% of GDP in 2019 to 18.9% of GDP in 2024.

Medical care prices and overall health spending is currently outpacing overall economic growth. Using the US consumer price index (CPI), overall prices grew by 3% in June 2024 from the previous year, while prices for medical care increased by 3.3%. Meanwhile, overall prices excluding medical care grew by 2.9%. This marks

the first time since early 2021 that medical inflation has grown faster than overall inflation.

The industrial gas market has been integral to the healthcare system, particularly through the pandemic, ensuring hospitals received the therapeutic oxygen required to treat Covid-19 patients as well as other interventions. The industry also supports the design and implementation of medical gas systems that are critical for patient life support. Major industrial gas companies continue to prioritize the supply of oxygen and the essential medical gases to support hospitals and medical professionals by proactively working to understand and meet medical gas supply needs.

Medical gases

Medical gases are critical across healthcare, including hospitals,

clinics, homecare, nursing homes, pharmaceutical facilities, ambulances, dental offices, and veterinary offices. Many types of gases are used in hospitals, healthcare facilities, and other medical settings. Oxygen is the most commonly used medical gas, but it isn't the only one, with carbon dioxide, nitrogen, nitrous oxide, and helium also in high demand. ▶





▶ The medical gas sector in the US is experiencing significant growth due to several key factors:

- The increasing prevalence of chronic respiratory diseases, such as asthma and chronic obstructive pulmonary disease (COPD)
- An aging population
- Rising demand for home healthcare services
- The need for specialized medical gases in advanced healthcare settings.

One of the most significant factors driving growth for gas is increased specialization within the space. For example, there are a growing number of specialized clinics, with continued demand for outpatient healthcare services. In some cases, this means more demand for medical-grade gas, which is helping to grow the sector. This also presents new business growth opportunities for suppliers, as more organizations are looking for medical-grade gases.

In addition to healthcare settings, medical gases are also used widely used in pharmaceutical and biotechnology

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industries. Today, the healthcare market now extends beyond traditional services, incorporating new gases, equipment, and technologies, including the expanding fields of respiratory therapy and cryotherapy.

Healthcare markets rely on a diverse range of medical and specialty gases, often requiring high purity and advanced equipment. Air gases are produced in air separation units (ASUs), including sometimes that are located on-site. Oxygen is extensively used in respiratory care, both in healthcare facilities and homecare. Nitrogen, meanwhile, supports biomedical applications, such as freezing specimens, while argon, in pure form or mixtures, is vital for hospital analyses and quality control. Carbon dioxide, often derived as a by-product from processes like ethanol or ammonia production, is utilized in surgical procedures. Helium, extracted mainly from natural gas streams, plays a critical role in cooling magnetic resonance imaging (MRI) magnets, supporting respiratory gas mixtures, and facilitating hospital analyses and quality control.

Oxygen is primarily used to treat patients with respiratory conditions, such as COPD, asthma, pneumonia, and acute respiratory distress syndrome (ARDS). Oxygen therapy ensures that sufficient oxygen reaches the body’s tissues when natural breathing is insufficient. In hospitals, oxygen is administered through devices like nasal

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cannulas, face masks, or ventilators, often in emergency rooms, intensive care units, and during surgeries under anesthesia. In homecare, portable oxygen concentrators or cylinders enable patients with chronic conditions to maintain adequate oxygen levels. Additionally, oxygen is used in neonatal care to support premature infants with underdeveloped lungs, in hyperbaric oxygen therapy to treat wounds, infections, and carbon monoxide poisoning, and in combination with other gases for anesthesia or therapeutic purposes.

Nitrogen helps to freeze and preserve a wide range of biological samples, such as blood, bone marrow, and tissues. It can also eliminate infected tissues and is therefore used in dermatology and cryosurgery procedures. Nitrogen provides an inert atmosphere in pharmaceutical manufacturing and packaging to prevent oxidation and degradation of sensitive compounds. It also plays a role in the transportation of temperature-sensitive

US healthcare annual estimates and trends (2019-2024)

Item	2019	2019	2020	2021	2022	2023 est.	2024 est.
GDP (Real) (Chained 2017 Dollar)	24.0	21.4	23.3	23.8	25.3	25.9	26.7
Total HC expenditures	3.8	3.8	4.2	4.3	4.5	4.8	5.0
Percent spent on HC	15.7%	17.8%	17.8%	18.0%	17.7%	18.5%	18.9%

FIGURE 1. Source: CMS, US BEA, and Intelligas Consulting estimates

Percentage growth of total US healthcare expenditures
2019 to 2022 and estimated 2023 to 2032

Item	2019	2020	2021	2022	2023 est.	2024 est.	2022 – 2032 est.
Growth/year	2.9%	10.6%	3.2%	4.1%	7.5%	5.2%	5.6%

FIGURE 2. Source: CMS estimates

biological materials.

Nitrous oxide, known as “laughing gas,” is commonly used as an analgesic and an anesthetic during dental surgery. It may function as a pain medication and, when used with other medications, as anesthesia.

Carbon dioxide is widely used for everything from minimally invasive surgeries and cryotherapy to helping maintain the sensitive environment of lab incubators. It is typically used as an insufflation gas for laparoscopic and endoscopic procedures to insufflate (inflate) the abdominal cavity. It can also be used by patients as a respiratory stimulant before and after their anesthesia is administered. Carbon dioxide also aids cell growth. It is essential for regulating the pH of the culture media, as it acts as a buffer to maintain the pH within the physiological range for the cells to grow.

Helium is medically used when a patient needs higher oxygen intake due to asthma and other conditions that may cause upper airway obstruction. This gas has a low boiling point and is also used in its liquid form to cool down NMR and MRI magnets – a big market on its own.

Rising US healthcare spending

It has long been the case that the US spends more on healthcare as a percentage of real GDP than any other country. By working strategically and tactically within medical market segments, the industrial gas industry

has been able to take advantage of the growth in this market with expanded product and service offerings, even in recessionary years. And a look at the industrial gas industry’s past year of activities in medical markets reveals likely continued growth in 2025.

Healthcare expenditures for 2024 included all costs for private and public health services and supplies and investment in research, structures, and support. The US spends almost twice as much per person (\$15,074 per person in 2024) and allocates 50% more of its GDP than the other major industrialized countries, according to the Organization for Economic Co-operation and Development (OECD). Personal healthcare spending (85% of total healthcare spending) data indicates that hospital and physician payments are the primary drivers of the US’s higher health spending. According to the Centers for Medicare & Medicaid Services (CMS) estimates, hospital care (37%), physician and clinical services (24%), home healthcare and nursing care facilities

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(9%), and prescription drugs (11%) comprise 80% of total US healthcare spending.

As shown in figures 1 and 2, US healthcare spending is estimated to have increased 5.2% to reach \$5 trillion in 2024 – a much slower rate than the 7.5% increase seen in 2023. The acceleration in 2023 was due to the continued increase in federal expenditures for healthcare that occurred largely in response to Covid-19. At the same time, GDP increased 3.1%, and the share of the economy devoted to healthcare spending increased from 17.8% in 2020, reaching an estimated 18.9% in 2024. Growth in national health spending has always been positive and greater than economy-wide inflation.

According to the CMS, national health expenditures are projected to grow at an average annual rate of 5.6% for 2022 through 2032 and reach \$7.7 trillion by 2032. The US Bureau of Labor Statistics (BLS) projects that the US real GDP will grow at an average of 1.9% annually from 2022 to 2032. So national healthcare expenditures are expected to grow more than twice GDP growth per year, and in the process the share of the economy will rise to 25% in 2032.

Over the next decade, national health spending is projected to increase. But why? It is primarily due to an aging population and the escalating costs of healthcare services. These rising costs are fueled by advancements in medical technology, ▶

US healthcare market overview and projections
2019 to 2024 in US\$bn

Item	2019	2020	2021	2022	2023 est.	2024 est.
Total US industrial gas HC	2.9	3.0	3.1	3.2	3.4	3.5
IG% total HC expenditures	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%

FIGURE 3. Source: CMS and Intelligas Consulting estimates

► high inflation, and higher labor expenses. While pharmaceutical innovations introduce groundbreaking treatments, they also contribute to upward pressure on medical expenses. Together, these factors are expected to lead to higher insurance premiums, further increasing healthcare expenditures.

As shown in figure 3, Intelligas Consulting estimates the US healthcare business for the industrial gas industry, including the industrial gas industry’s participation in both the institutional, homecare, and specialized services segments in the US, to be \$3.5bn in 2024. The estimated value of the business includes the traditional institutional gases and services as well as homecare services in which the companies in our industry participate. Medical equipment is not included.

The industrial gas industry’s position in US markets has been growing in some areas, such as pharmaceuticals and biotechnology, and continues to grow along with growth in traditional medical uses. Industry organizations like the Gases and Welding Distributors Association (GAWDA) and the Compressed Gas Association (CGA) are helping distributors and manufacturers to establish strategies that help grow in the healthcare industry.

Industrial gas player trends

The US industrial gas healthcare market represents an estimated 12%

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of the overall US industrial gas business, when valued at \$3.5bn in 2024 compared to \$2.9bn in 2019 (an average annual growth of 3.8%). The estimated value of the business includes the traditional institutional gases and services as well as homecare services, in which some in the industry participate, such as Linde, which owns Lincare. It excludes homecare service providers outside the industry, such as Apria. The industry plays a lesser role in the healthcare business in the US than in the rest of the world because of the highly specialized and costly nature of the US healthcare business.


The two industrial gas companies with the largest participation in the US healthcare market are Linde plc and Air Liquide. Linde holds over 40% of the market share, supported by its strategic acquisition of Lincare and its merger with Praxair in 2019. Air Liquide holds a 25% share, bolstered by its 2016 acquisition of Airgas.

Messer and Air Products each have healthcare market shares in the range

of 12% to 14%, and Matheson has a share of around 5%. All industrial gas companies are suppliers of bulk gases in the US institutional market as well as high-pressure cylinders into secondary care facilities.

The US is also home to large and growing biotechnology and pharmaceutical markets, and distributors are looking at these segments for continued growth and investment.

Outlook

The healthcare market represented an estimated 12% of the US industrial gas business in 2024, or \$3.5bn. It is a core segment for industrial gas companies and distributors in the US. The US’s spending on healthcare will reach 25% of GDP in the next decade. This represents a growth opportunity for the industrial gas business. Intelligas expects the growth of gases to be faster in the pharmaceutical and biotechnology life science markets. The overall growth of the healthcare market in the industrial gas will remain strong. 

ABOUT THE AUTHOR

Maura D. Garvey is President of Intelligas Consulting LLC, an international consultancy specializing in strategic analysis and forecasting in the industrial gas industry. She can be reached at mdgarvey@intelligasconsulting.com

