

Across all European countries, health care is financed by a mix of public and private spending. In some countries, public health spending is generally confined to spending by the government using general revenues. In others, social insurance funds finance the bulk of health expenditure. Private financing of health care consists mainly of payments by households (either as standalone payments or as part of co-payment arrangements) as well as various forms of private health insurance intended to replace, complement or supplement publicly-financed coverage.

In all but one EU country (Cyprus), the public sector is the primary source of health care financing. On average across EU countries, three-quarters of all health care spending was publicly financed in 2012. In Denmark, the United Kingdom and Sweden, the central, regional or local governments finance more than 80% of all health spending. In the Czech Republic, the Netherlands, Croatia, Luxembourg, France and Germany, social health insurance is the dominant financing scheme, funding 70% or more of all health expenditure. Only in Cyprus was the share of public spending on health below 50% with a large proportion of health spending (47%) financed directly by households. Although not the dominant financing scheme, private health insurance also finances a significant proportion – 10% or more – of total health spending in Slovenia, Ireland, France and Germany. The nature of the private health insurance, however, varies in these countries (see Indicator 5.1 “Coverage for health care”).

Governments provide a multitude of services for their populations from the public budget. Hence, health care is competing for resources with many different sectors such as education, defence and housing. The size of the public budget allocated to health is determined by a number of factors including, among others, the type of health and long-term care system, the demographic composition of the population, and the relative budget priorities in countries, which can change from year to year. On average across the European Union, 14% of total government expenditure was dedicated to health care (Figure 6.5.2). There are, however, important variations across EU member states. In the Netherlands and Germany, one euro out of every five spent by the government is allocated to health care. A similar share is also seen in Switzerland (22%). On the other hand, this falls to less than one out of every EUR 10 spent by governments in Cyprus and Latvia.

After public financing, the main source of funding tends to be out-of-pocket payments. On average, households financed a fifth of all health spending across EU member states in 2012. This share is above 30% in Cyprus, Bulgaria, Latvia, Lithuania, Malta and Portugal, while it was lowest in countries such as the Netherlands (6%), France (8%) and the United Kingdom (9%).

On average across EU countries, the share of out-of-pocket spending has remained stable over the past five years. But this average hides significant differences across countries. In Portugal, Lithuania, Hungary and Ireland, the share increased by more than 2 percentage

points since 2007. In some of these countries, public coverage for certain services was reduced in response to public financing constraints and a growing share of payments was transferred to households. In Portugal, for example, user charges for some types of vaccinations and health certificates issued by doctors were introduced. Moreover, public coverage for some pharmaceuticals was reduced. In Ireland, entitlement for public coverage was removed for some sections of the wealthier population, while prescription charges were introduced and coverage for dental care reduced (Mladovsky et al., 2012).

In a number of other countries, the share of spending by private households fell over the same period. Estonia, Belgium and Poland have all seen drops of about 2 percentage points or more.

Definition and comparability

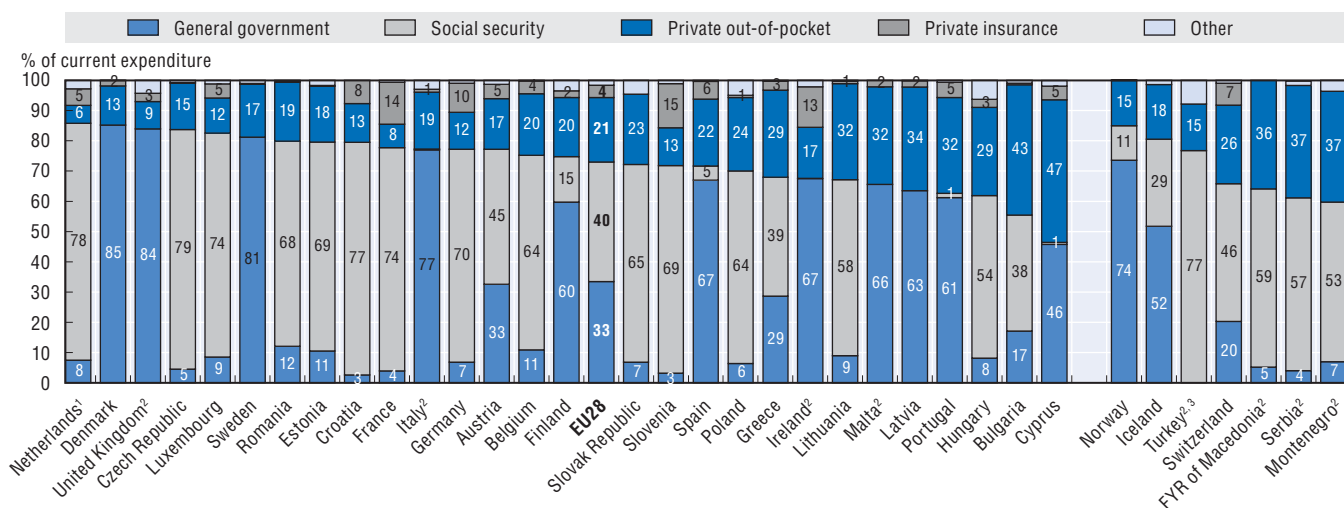
The financing of health care can be analysed from the point of view of the sources of funding (households, employers and the state), financing schemes (e.g., compulsory or voluntary insurance), and financing agents (organisations managing the financing schemes). Here “financing” is used in the sense of financing schemes as defined in the *System of Health Accounts* (OECD, 2000; OECD, Eurostat and WHO, 2011). Public financing includes expenditure by the general government and social security funds. Private financing covers households’ out-of-pocket payments, private health insurance and other private funds (NGOs and private corporations). Out-of-pocket payments are expenditures borne directly by patients. They include cost-sharing and, in certain countries, estimations of informal payments to health care providers.

Total government expenditure is used as defined in the *System of National Accounts* (SNA 2008) and includes as major components intermediate consumption, compensation of employees, subsidies, interest, social benefits and transfers in kind, current transfers and capital transfers payable by central, regional and local governments as well as social security funds.

References

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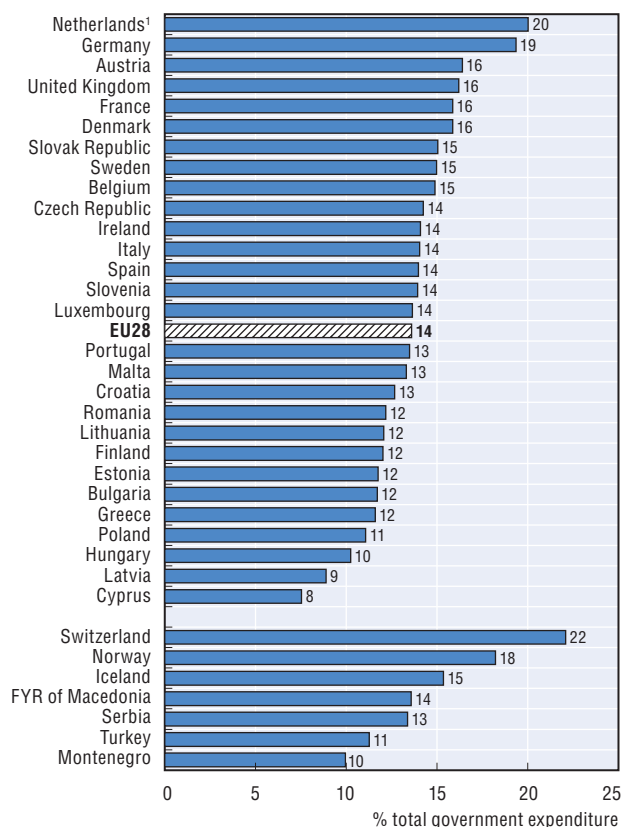
6.5.1. Expenditure on health by type of financing, 2012 (or nearest year)



1. The Netherlands do not account for fixed deductible payable by patients (350 EUR per year) as out-of-pocket spending, resulting in an under-estimation of the share of out-of-pocket payments.
2. Data refer to total health expenditure.
3. Public spending cannot be split.

Source: OECD Health Statistics 2014, <http://dx.doi.org/10.1787/health-data-en>; Eurostat Statistics Database; WHO Global Health Expenditure Database.

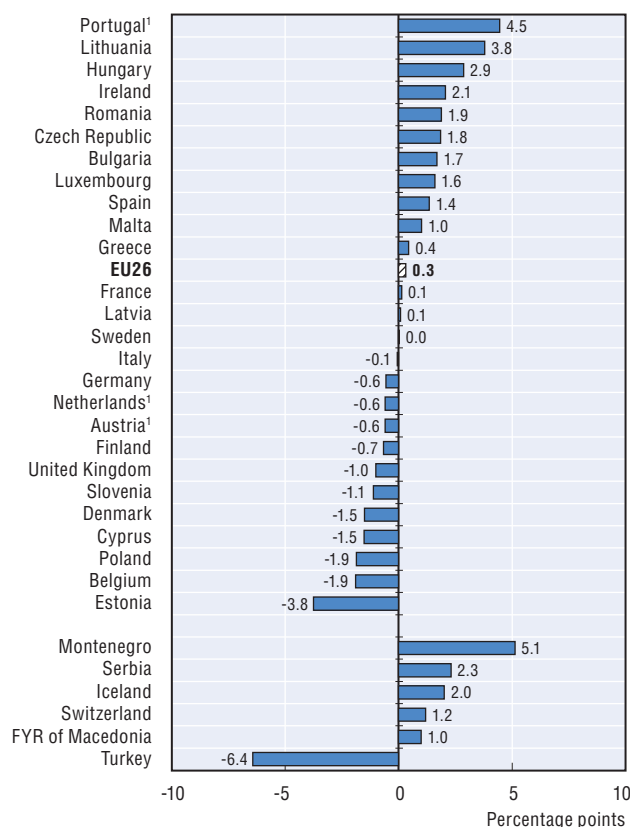
6.5.2. Health expenditure as share of total government expenditure, 2012 (or nearest year)



1. Data refer to current health expenditure.

Source: OECD Health Statistics 2014, <http://dx.doi.org/10.1787/health-data-en>; OECD National Accounts; Eurostat Statistics Database; WHO Global Health Expenditure Database.

6.5.3. Change in out-of-pocket expenditure as share of total expenditure on health, 2007 to 2012 (or nearest year)



1. Data refer to current health expenditure.

Source: OECD Health Statistics 2014, <http://dx.doi.org/10.1787/health-data-en>; Eurostat Statistics Database; WHO Global Health Expenditure Database.

StatLink <http://dx.doi.org/10.1787/888933155850>



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