

Health spending

How much countries spend on health and the rate at which such expenditure grows from one year to the next reflects a wide array of market and social factors, as well as countries' diverse financing and organisational structures of their health systems.

In 2015, the United States continued to outspend all other OECD countries by a wide margin, with the equivalent of USD 9 450 per person (Figure 6.9). This level of health spending is two-and-a-half times the average of all OECD countries (USD 4 010) and nearly 40% higher than Switzerland the next biggest spending country. Around half of countries fall within a per capita spending of between USD 3 000 and USD 6 000. Countries spending below USD 3 000 include most of the southern and central European members of the OECD, together with Chile, Israel and Korea. The lowest per capita spenders on health were Mexico and Turkey with levels of just above 1 000 USD per person.

Among the key emerging economies, China, Indonesia and India spent 18%, 8% and 7% respectively of the OECD average on health in per capita terms in 2015.

Figure 6.9 also shows the breakdown of per capita spending on health into public and private sources. The ranking according to per capita public expenditure remains broadly comparable to that of total spending. On average, private spending represents 27% of total spending. However, private source represents around half of total outlays in Mexico and the United States. **Even if the private sector in the United States continues to play the dominant role in financing, public spending on health per capita is still greater than that in all other OECD countries, with the exception of the Norway and Switzerland.**

Since 2009, health spending has slowed markedly in several countries after years of continuous growth. However, health spending patterns across the 35 OECD countries have been affected to varying degrees. On average, per capita health spending over the period 2005-09 is estimated to have grown, in real terms, by 3.4% annually (Figure 6.10). In contrast, over the subsequent six years (2009-15), average health spending across the OECD grew at only 1.1% per year as the effects of the economic crisis took hold.

The extent of the slowdown has varied considerably across the OECD. While a number of European countries have experienced drastic cuts in spending, in the context of fiscal consolidation, other countries outside Europe have continued to see health spending grow, albeit in many

cases at a reduced pace. Since 2009, the pre-crisis increases in spending have been reversed in Greece (4.5% annual growth rate over the 2005-09 period vs. -6.6% after 2009) and in Ireland (6.9% vs. -0.3%). The pace of spending has slowed down in the vast majority of OECD countries. Outside Europe, health spending growth also slowed down significantly between 2009 and 2015, notably in Canada (0.5%) and New Zealand (0.8%). Only five countries – Chile, Hungary, Israel, Luxembourg and Switzerland – recorded higher growth rates after the crisis than before.

Definition and measurement

Health expenditure measures the final consumption of health goods and services. This includes spending by both public and private sources on medical services and goods, public health and prevention programmes and administration, but excludes spending on capital formation (investments).

To compare spending levels across countries, per capita health expenditures are converted to a common currency (US dollar) and adjusted to take account of the different purchasing power of the national currencies. Economy-wide (GDP) Purchasing Power Parities (PPPs) are used to that effect.

For the calculation of growth rates in real terms, economy-wide GDP deflators are used. In some countries (e.g. France and Norway) health-specific deflators exist, based on national methodologies, but these are not used due to limited comparability.

Further reading

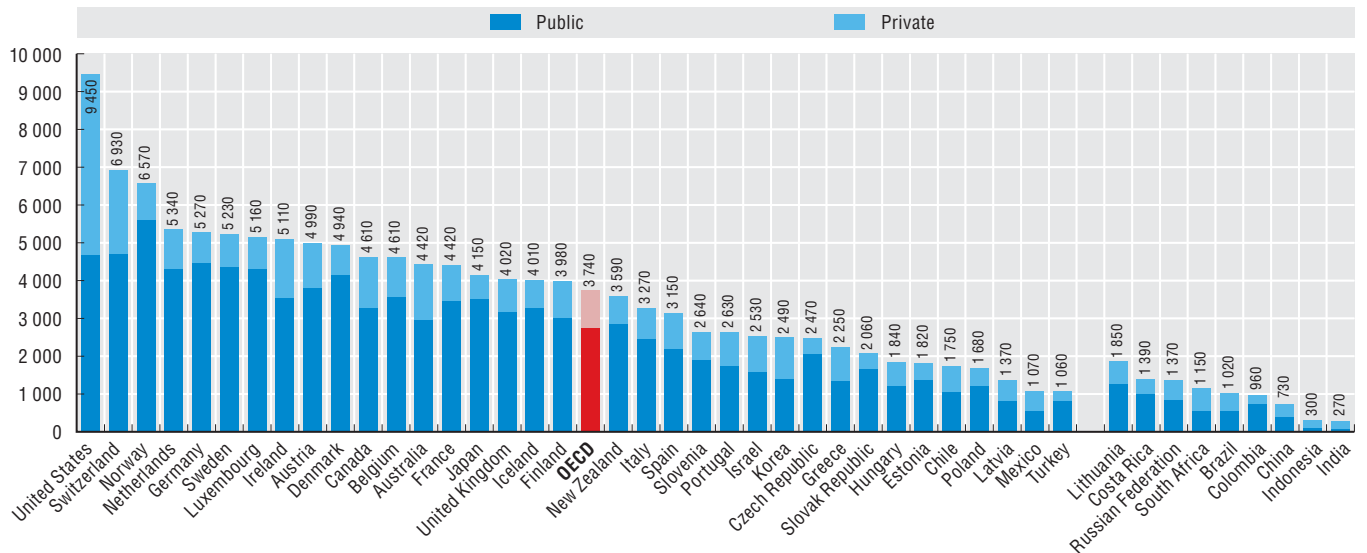
OECD (2015), *Health at a Glance 2015 – OECD Indicators*, OECD Publishing, Paris, http://dx.doi.org/10.1787/health_glance-2015-en.

Figure notes

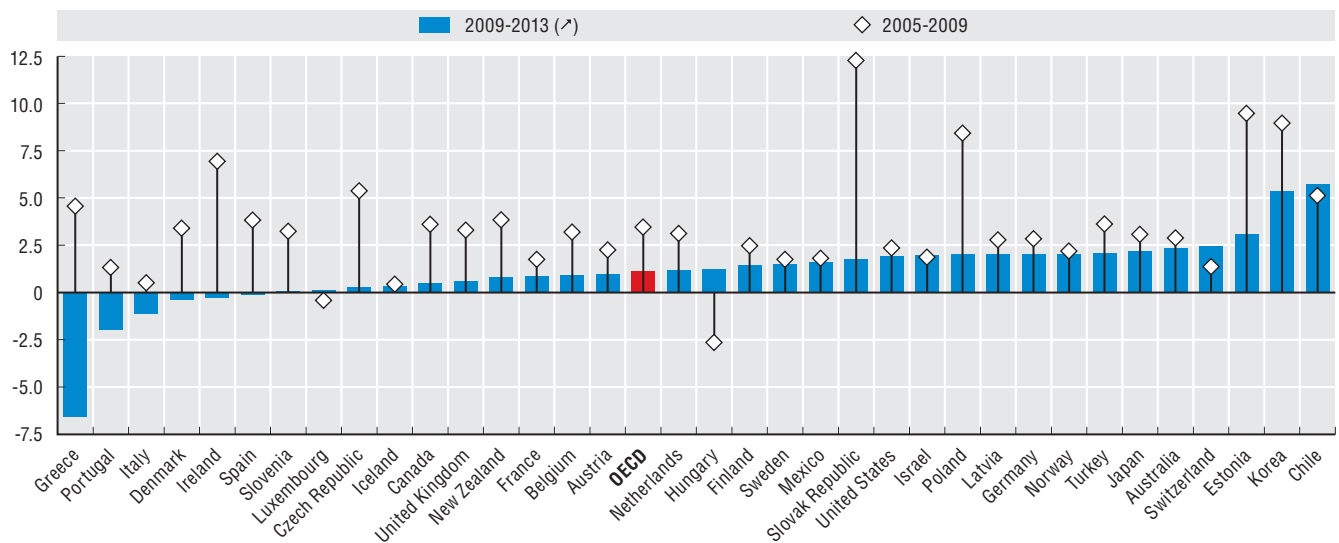
Figure 6.9: Data for Brazil, Colombia, China, Costa Rica, India, Indonesia, Latvia, Russian Federation and South Africa refers to 2013 and includes investments.

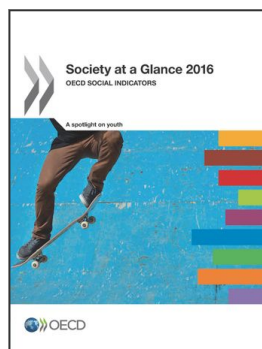
6.9. Large differences in health spending across the OECD

Health expenditure per capita, in USD PPPs, 2015 or latest year available

Source: OECD Health Statistics 2016, <http://dx.doi.org/10.1787/health-data-en>; WHO Global Health Expenditure Database.StatLink <http://dx.doi.org/10.1787/888933405623>**6.10. Since 2009, health spending has slowed markedly in several countries after years of continuous growth**

Annual average growth rate in per capita health expenditure, real terms, 2005-09 and 2009-15 (or nearest years)

Source: OECD Health Statistics 2016, <http://dx.doi.org/10.1787/health-data-en>.StatLink <http://dx.doi.org/10.1787/888933405637>



From:
Society at a Glance 2016
OECD Social Indicators

Access the complete publication at:
<https://doi.org/10.1787/9789264261488-en>

Please cite this chapter as:

OECD (2016), "Health spending", in *Society at a Glance 2016: OECD Social Indicators*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/soc_glance-2016-24-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.