2 Examining the latest trends in health spending: Are we heading back to a time of austerity?

Michael Mueller, Caroline Penn, David Morgan

This chapter analyses how health expenditure has developed over the course of the pandemic and where countries stand in terms of spending as they have transitioned out of this health crisis. It examines to what extent OECD countries are on the path to making health systems more resilient and what leeway governments have in increasing the financial resources going to healthcare. This is discussed in the context of the current economic climate: how are OECD countries meeting the various challenges and what could be the implications for the trajectory of health spending in the coming years?

Key messages

- The pandemic saw unprecedented growth in countries' health spending. From 2019 to 2021, **public expenditure on health grew by an average of 17%** in real terms across OECD countries as governments were quick to mobilise financial resources to fight and tackle the health consequence of the pandemic. **Spending on prevention more than doubled** over the same period due to the widespread testing and vaccination campaigns. Health spending directly related to **COVID-19 accounted for an average of 9% of public spending on health** by 2021 and remained at around 6% in 2022.
- Economic and geo-political challenges are affecting countries' ability to fund any additional spending on health. OECD headline **inflation increased by nearly 10% in 2022**, in large part due to the war in Ukraine and the subsequent energy crisis, as supply chains and trade flows were disrupted and the hoped for post-pandemic economic recovery stalled. While down from its 2022 peak, inflation is expected to remain well above pre-pandemic levels in the short term.
- These developments in turn are affecting health budgets and the cost of care provision. Nominal increases in planned expenditures have been eroded by higher-than-expected inflation, while **higher input costs in health service delivery** continue to weigh heavily on the financial sustainability of health providers. Some governments have made additional resources available to adjust budgets and cover inflation-related costs.
- With **real wages dropping by an average of 4% in the first half of 2022**, the pressure to raise salaries has increased in the labour-intensive health sector. While making health professions more attractive was a key lesson of the pandemic, any additional staff costs need to be borne by public funds and healthcare providers. This in turn results in **increases in the costs of service delivery**.
- After the extraordinary increases in 2020 and 2021, real **health spending in 2022 dropped by 1.5% on average** across OECD countries. Although premature to conclude on a new spending trajectory, budget information from a selected number of countries suggest that nominal health spending may return to pre-pandemic growth rates. But with average **inflation expected to remain above 5% in 2024** compared with less than 2% in 2019, this will continue to significantly reduce any nominal increases.
- While **per capita health spending in 2022 stood at around 11% higher** than spending in 2019, on average in real terms, excluding direct COVID-19 spending suggests that 2022 spending levels may be below the expected levels based on pre-pandemic growth trends.
- Countries' current spending plans do not indicate substantial increases in spending in the short term. The **share of government spending going to health remained constant through the pandemic at 15% on average** and health is increasingly competing with other spending priorities such as social support to households to tackle the cost-of-living crisis, the green transition, energy costs and defence spending. The challenge to finance future health needs including the need to make health system more resilient remains.

2.1. Introduction

The last four years have seen OECD countries face a succession of crises. In early 2020, the pandemic presented an unprecedented challenge to the resilience of health systems, economies, and societies worldwide. Globally, nearly 7 million COVID-19 deaths were officially reported by September 2022, while the actual death toll is much higher.[1] The virus also had a deep indirect impact: primary care visits were cancelled, elective surgeries postponed, and cancer screening appointments delayed. Longer term, mental health care needs increased, and a significant number of people experienced and continue to suffer from long-COVID. All these developments have financial implications for health systems.

At the same time, the pandemic had significant economic implications, leading to one of the most severe economic downturns since the mid-20th century. And as countries transitioned out of the acute phase of the pandemic and towards economic recovery, Russia's war on Ukraine presented a new shock to the world economy. Inflation rates climbed to levels not seen in decades as prices for energy and commodities soared. Increasingly, public spending on healthcare has had to compete with new priorities such as support for households and business, the green transition, and defence spending. This comes at a time when health systems require further investment to improve resilience in the face of future crises.

Timely and comprehensive health financing and expenditure data has been crucial to evaluate the full impact of the pandemic and allows decision-makers to recalibrate priorities to better meet population needs. The latest figures provide an opportunity to build a comprehensive picture on how health spending developed over the pandemic period in OECD countries. The additional detail on COVID-19 specific health spending also allows to isolate the direct effect of COVID-19 on financial resource use in the health sector and understand the underlying trends in health spending.

The remainder of this chapter is structured as follows. Section 2.2 analyses how health spending developed through the pandemic. It also gives an indication of how spending is expected to have evolved in 2022 as countries started to emerge from the crisis. Section 2.3 discusses to what extent OECD countries are on the path to making health systems more resilient in the context of the ongoing macroeconomic challenges. Finally, Section 2.4 provides on overview of the actions being taken by governments across the OECD to address these challenges and explains how the current crisis – and its implication for health spending in the coming years – may differ from the global financial crisis of 2007-08.

2.2. Latest trends in health spending

The COVID-19 pandemic saw unprecedented growth in health spending across OECD countries as governments dedicated significant resources to address the virus outbreak. Resources were made available to track the virus, increase capacity in health systems, develop treatment options, and eventually roll out vaccines to the population. At the same time, health service utilisation was frequently disrupted during the various COVID-19 waves with patients often delaying or forgoing healthcare.

Most OECD countries transitioned out of the acute phase of the pandemic during 2022. However, the worsening macroeconomic climate, with a slowdown in economic growth and high inflation – amplified by Russia's war on Ukraine – dealt a blow to the global recovery and led to a change in priorities in public budgets. Trade flows, already under pressure from the pandemic, were further disrupted resulting in higher prices for essential commodities, such as food and energy, and exacerbated the inflationary pressures in many countries. These developments had an impact on health spending levels in 2022 with the effects continuing into 2023 and beyond. The most recent health spending data provides a first opportunity for a full assessment of the impact of the pandemic on health spending and an early indication of where countries are on the longer-term health spending.

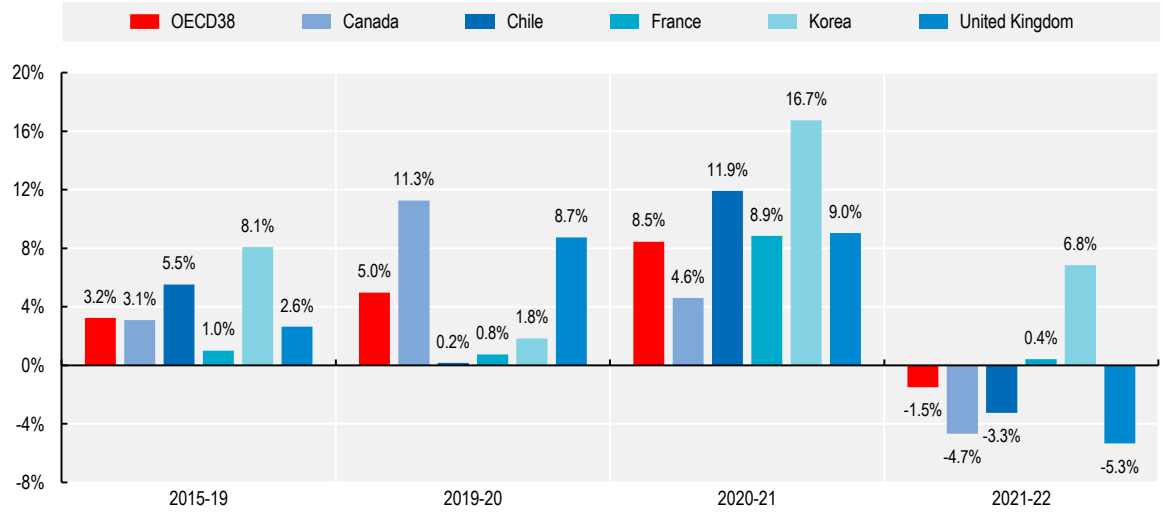
After exceptional growth in 2020 and 2021, health spending dropped sharply in 2022 as OECD countries transitioned out of the pandemic

In the five years preceding the pandemic, annual spending on healthcare grew by an average of 3.2%, in real terms, across OECD countries. The outbreak of COVID-19 in 2020 prompted a substantial increase in health spending, notably from governments as they mobilised resources to mitigate and address the impacts of the crisis. The call on public budgets intensified into 2021, as testing programmes increased, and population-wide vaccination campaigns were rolled-out. As a result, annual health spending grew by 5%, on average, across OECD countries in 2020 and accelerated in 2021 with 8.5% growth, in real terms. This was followed by a 1.5% contraction in health spending in 2022 (Figure 2.1).

Many European countries reported high health spending growth in both 2020 and 2021, reflecting successive waves of infection across the continent. The Czech Republic (hereafter Czechia), Hungary, Estonia, and Ireland all reported double-digit health spending growth in 2020. Slovak Republic, Austria and Portugal, on the other hand, recorded their highest growth in 2021. In Latvia, exceptional growth of 33% in 2021 was primarily a result of raising wages of healthcare workers as well as pandemic-induced expenses associated with higher volumes of care (Ministry of Finance -Republic of Latvia, 2022[1]).

Figure 2.1. Health spending growth peaked in 2021, before dropping in 2022

Annual average growth in current health expenditure, real terms, OECD average and selected countries, 2015-22



Note: 2020 growth in Canada is overestimated as the country records vaccination costs in the year that vaccines were procured (2020) rather than when they were administered (2021).
Source: OECD Health Statistics 2023, https://doi.org/10.1787/health-data-en.

For Japan and Korea, where COVID-19 cases remained relatively low in 2020 (OECD/WHO, 2022[2]), health spending growth in 2020 was below the OECD average, and negative in the case of Japan, due in part to a reduction in activity in the health sector.[2] While health spending in 2021 sharply accelerated by 17% in Korea, growth in Japan remained moderate, at half the OECD average. At the same time, health spending growth in Australia and New Zealand averaged between 7% and 9% in both 2020 and 2021.

Chile, Colombia and Costa Rica experienced below-average health spending growth in 2020. However, spending in Chile and Colombia in 2021 surged, reaching 12% and 16% respectively as the year proved the deadliest year of the pandemic in Latin America (OECD/The World Bank, 2023[3]). In contrast, health spending growth in Canada and the United States peaked in 2020, growing by around 10%. Unlike many

OECD countries, health spending growth in both countries fell in 2021.[3] Part of this slower growth in the United States can be attributed to a decline in pandemic-related government spending, which more than offset the increased utilisation of healthcare services that rebounded due to delayed care and pent-up demand from 2020 (Centers for Medicare & Medicaid Services, 2023[4]).

Preliminary results for 2022 point to a contraction in health spending across OECD countries from its peak in 2021. As the pandemic moved towards the end of the acute phase in many countries, governments eased emergency health measures. In addition, emerging geo-political and economic conditions meant that other emergencies – such as the energy and cost-of-living crisis – weakened the position of health within government priorities. This resulted in OECD countries experiencing negative health spending growth of -1.5%, in real terms, on average in 2022. Denmark saw a drop of 8% in health spending compared to 2021, but Korea continued to see health spending grow by almost 7%.

Public spending on health soared during the pandemic, before retreating in 2022

The spending trajectory of government and compulsory health insurance schemes was disrupted following the emergence of the COVID-19 pandemic. While spending by these financing schemes grew by an average of 3.5% per year between 2015 and 2019 across OECD countries, this jumped to around 8% in 2020 and 2021 as significant resources were made available to track the virus, increase health system capacity, provide subsidies to health providers, and eventually roll out COVID-19 vaccination campaigns. This was followed by an average real term drop of 1.8% in 2022 (Figure 2.2).

Spending by government and compulsory schemes increased by 15% or more in 2020 in Canada, Czechia, Hungary and Ireland, while Colombia, Korea, Latvia and Türkiye saw growth of a similar magnitude in 2021. In Ireland, the COVID-19 pandemic resulted in an increased share of public spending in 2020, with high government spending on personal protective equipment, swab kits and ventilators, and with significant expenditure on treatment costs and testing costs (Central Statistics Office, 2021[5]).

Preliminary data indicates a decrease in spending by government and compulsory schemes by almost 2% in 2022 as governments returned to previous spending patterns after the historically high levels.

Private spending on health (household out-of-pocket and voluntary health insurance) showed the opposite trend (Figure 2.2). An overall decline of around 2.5% in 2020 was the consequence of postponed and reduced use of healthcare services and the partial non-availability of services. Out-of-pocket spending decreased by more than 10% in Belgium, Chile and the United Kingdom. Chile and the United Kingdom along with Ireland and Sweden also saw a similar drop in voluntary health insurance spending.

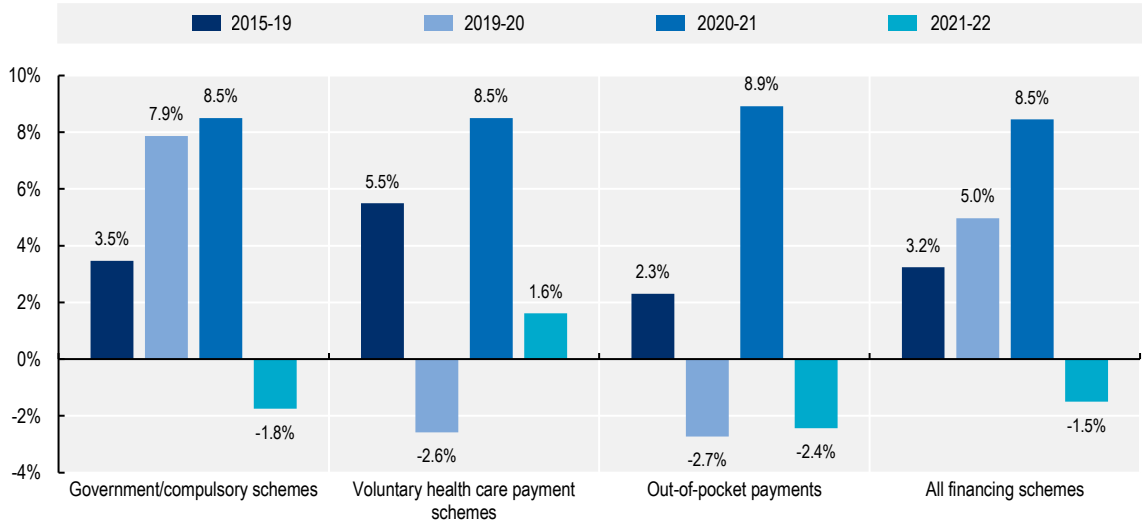
Private spending rebounded strongly in 2021. There were significant increases of 8% in household spending in Belgium and the United Kingdom, and 16% in Chile. Growth of out-of-pocket spending was even more pronounced with increases of 17-18% in Czechia, Lithuania, Korea and the Slovak Republic. This resurgence can be attributed to a ‘catch up’ effect in demand for healthcare services that were deferred during the peak of the pandemic.

Voluntary health insurance saw a similar rebound. Notably, Chile witnessed a huge 40% surge in voluntary health insurance spending in 2021. In Ireland, COVID-19 restrictions caused a 27% drop in claims to private insurance companies between April 2020 and March 2021. Demand for health insurance rebounded strongly by 12% in 2021, with an increased share of the population enrolled in private health insurance compared to 2020 (The Health Insurance Authority, 2021[6]).

Patterns diverged in 2022, as household spending on health fell while voluntary health insurance expenditure continued to grow albeit at a much slower rate. Estimates suggest that out-of-pocket payments are expected to have fallen by more than 2%, on average. Spending by voluntary health insurance schemes is expected to have increased in 2022, albeit below pre-pandemic rates.

Figure 2.2. Health spending by public schemes grew by around 8% in both 2020 and 2021

Health spending by financing scheme, average annual growth in real terms, 2015-22



Note: Voluntary healthcare payment schemes mainly refer to voluntary health insurance.
Source: OECD Health Statistics 2023, https://doi.org/10.1787/health-data-en.

Governments picked up most of the additional spending during the pandemic

In countries with social or compulsory private health insurance the pandemic response led to a notable (albeit temporary) shift in the health financing architecture. In 24 OECD countries where social or compulsory insurance is the key purchaser of health services, the substantial increase in public spending can be explained by a hike in spending by general government (i.e. not insurance-based). In those countries, the share of current health expenditure financed by government schemes increased from 12% to 16% on average between 2019 and 2021, with the average share of compulsory insurance dropping over the same time period (from 61% to 59%). Average growth in government spending over the two years was 90% while compulsory insurance spending increased by a moderate 9%. In many insurance-based systems, COVID-19 related preventive activities were directly financed by central, regional or local authorities. Additionally, financial support to health providers tended to come from central or regional budgets and not directly from compulsory health insurers. Spending by government dropped by 10% on average in 2022, while compulsory insurance spending was flat.

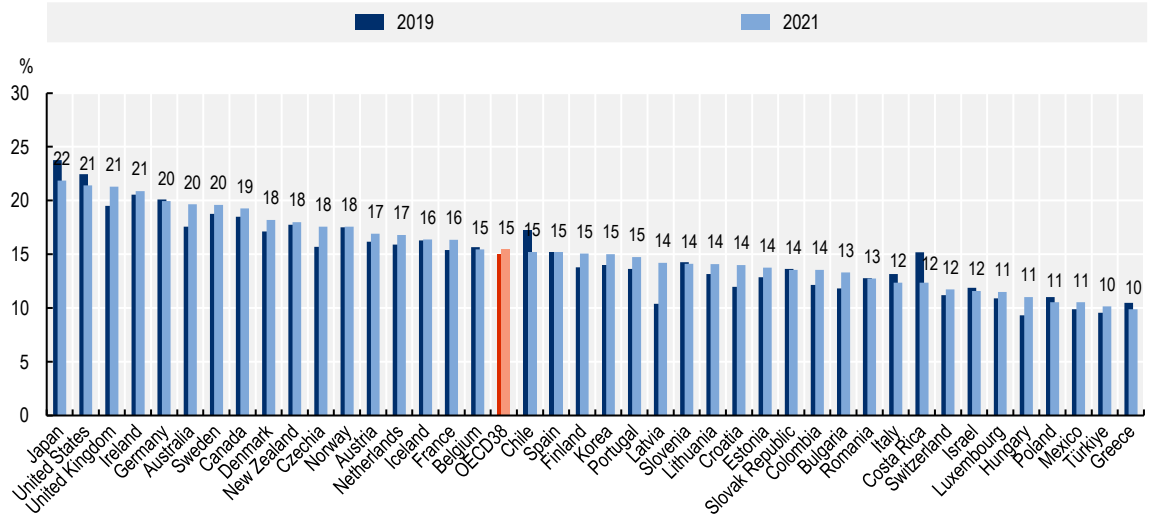
Governments not only increased their role in directly purchasing health services during the pandemic, but often provided additional funding for social and compulsory insurers. When analysing revenues for social health insurance or compulsory private insurance, the share from government transfers increased markedly in several countries between 2019 and 2021, either to provide financial support to balance operating losses of insurers or to cover social insurance contributions for specific groups of the population. In Belgium, Chile and Czechia the share of government transfers in compulsory insurance revenues increased by around 10 percentage points between 2019 and 2021. In Estonia, the proportion jumped by more than 15 percentage points.

The pandemic did not change the share of the government budget for healthcare

While OECD countries saw significant growth in health spending during the pandemic (Figure 2.1), this is only marginally reflected in the share of health spending in total government spending. Indeed, while the pandemic exerted major upward pressure on health budgets during 2020, similar pressures were felt in

other areas of public spending, as governments provided substantial support to firms and households. In 2021, health spending accounted for an average of 15% of total government spending (Figure 2.3), less than half a percentage point higher compared to 2019. Nevertheless, in Latvia and Australia, the share of health spending in total government expenditure climbed more than 2 percentage points between 2019 and 2021. Preliminary data based on two-thirds of OECD countries suggest that the average share will remain at the same level through 2022.

Figure 2.3. The share of government spending allocated to health did not increase substantially during the pandemic



Note: Public health spending is defined using data of revenues of financing schemes. If unavailable, spending of financing schemes is used.
Source: OECD Health Statistics, 2023. https://doi.org/10.1787/health-data-en and OECD National Accounts Database, 2023.

Spending on prevention more than doubled during the pandemic

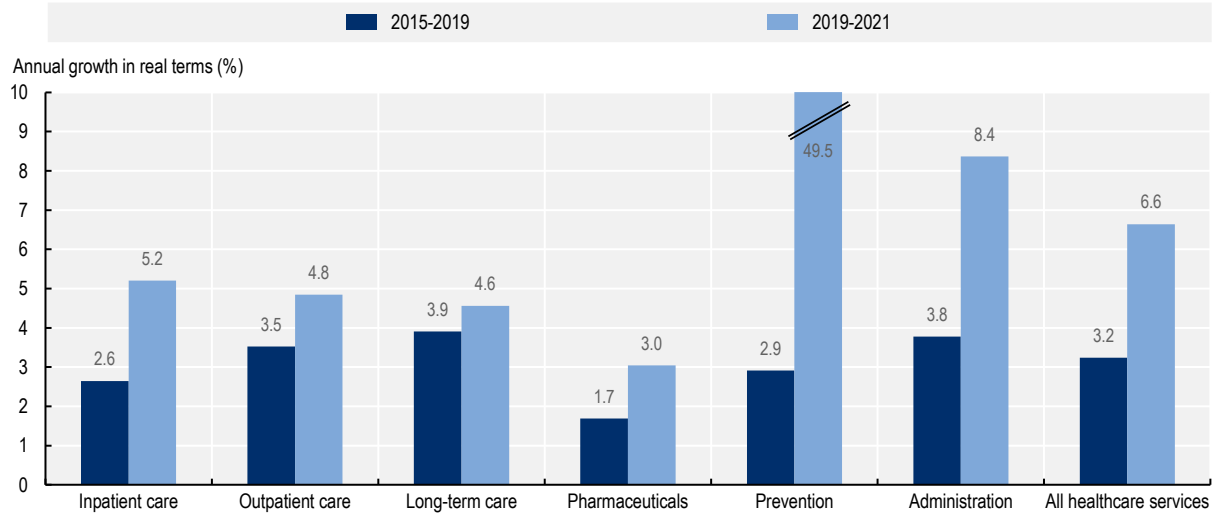
The pandemic triggered exceptional spending growth across all healthcare functions (Figure 2.4). Spending on preventive care increased by an average of 50% each year between 2019 and 2021 (up from a pre-pandemic 3% annual increase) as countries allocated significant resources to testing, tracing, surveillance, and public information campaigns. With the roll-out of vaccination campaigns, spending growth was concentrated in 2021, reaching 76% across OECD countries. For example, with the launch of the COVID-19 vaccination campaign in Korea in February 2021, prevention spending grew 140% in 2021 (compared to 24% in 2020). For a selection of OECD countries with preliminary data, prevention spending in 2022 dropped by nearly one-fifth on average from the 2021 high.

Between 2019 and 2021, there was a two-fold increase in the average annual spending growth on inpatient care (5.2%) across OECD countries compared to the pre-pandemic era (2.6%). A notable surge occurred in 2020, reaching 6.5% growth on average and more than 15% in the United Kingdom, Estonia and Hungary. This increase was mainly driven by additional staff and input costs (e.g. personal protective equipment) and substantial subsidies for hospitals in exchange for reserving capacity for COVID-19 patients or to cover operating losses. In the case of Hungary, where spending on inpatient care increased by more than 20% in 2020, this can be linked to the rise in volume of patients in intensive care. Hungary also awarded a one-off bonus to healthcare workers including those working in hospitals (OECD/European Observatory on Health Systems and Policies, 2021[7]).

Spending on health system administration grew by 8% per year over the same period between, more than double the pre-pandemic growth rate. Some of this increase can be explained by the additional resources required to manage national response strategies.

From 2019 to 2021, spending on outpatient care grew by 4.8% on average (up from 3.5% pre-pandemic), but concentrated in the second year. In 2020, spending only increased by an average of 1%, to be followed by 9.7% growth in 2021. Some of the low growth in 2020 can be attributed to a significant contraction in spending on dental care. Overall spending on outpatient care in Canada dropped 6.4% in 2020 as physicians provided in-person urgent care only and offered virtual care appointments where possible. Most services resumed in 2021, which contributed to a rebound in outpatient care spending of 11.3% (Canadian Institute for Health Information, 2023[8]).

Figure 2.4. Total spending on prevention more than doubled between 2019 and 2021



Note: The category "pharmaceuticals" includes medical non-durables such as personal protective equipment for final use.
Source: OECD Health Statistics 2023, https://doi.org/10.1787/health-data-en.

Spending on pharmaceutical and medical non-durables also saw higher growth but less than for healthcare services. Average spending growth reached 4.1% in 2020 but slowed to 1.6% in 2021. High growth in 2020 can at least partially be explained by extra spending on facemasks and personal protective equipment. In the United States, the trend was reversed as pharmaceutical spending grew 2.7% in 2020, and 4.6% in 2021. The acceleration in 2021 was a result of a record level of prescription drug use as new prescription starts for both chronic and acute care rebounded (Centers for Medicare & Medicaid Services, 2023[4]).

Finally, long-term care spending was the least impacted. From 2015 to 2019, average annual spending on long-term care had grown nearly 4% across OECD countries. This increased slightly to 4.6% with the outbreak of the pandemic. Measures were introduced within the long-term care sector, emphasising infection prevention and control, as well as the testing and tracing of cases within these facilities. In some countries, including Poland, Hungary and Slovenia, spending on long-term care did see a substantial increase in 2020, by around 15% or more. Significant state budget resources were directed towards funding bonuses for long-term care workers and procuring tests, personal protective equipment (PPE), and disinfectants for use in long-term care facilities (Rocard, Sillitti and Llena-Nozal, 2021[9]).

Preliminary data for 2022 suggest that as countries transition out of the acute phase there was a sharp reversal of spending in many areas. For a subset of seven OECD countries, spending on prevention dropped by nearly 18%, albeit remaining well above pre-pandemic spending as spending on vaccination

and testing persisted. Spending on inpatient care declined by 2%, on average, and by 5% in Iceland and the Netherlands. Average spending on inpatient care in 2022 was only 5% higher in real terms compared to 2019. Spending on long-term care, pharmaceuticals, and administration all contracted in 2022. Only outpatient care spending showed a small increase in 2022, albeit at a modest rate (0.3%).

COVID-19 spending peaked in 2021, although such spending continued into 2022

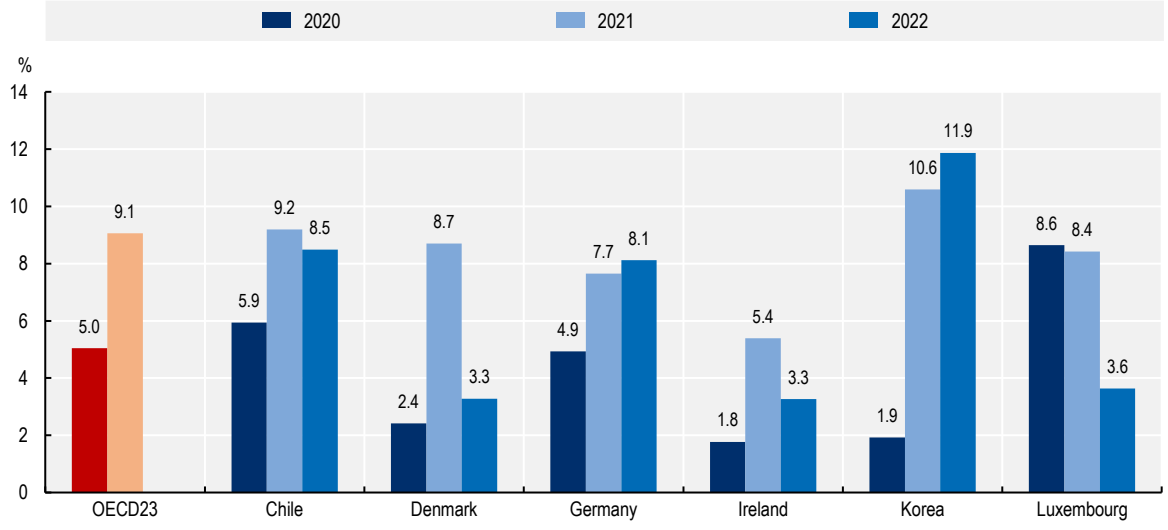
The pandemic resulted in increased levels of public spending on health, but the greatest impact was in 2021. Direct COVID-19 spending reached an average of 9% of total public health spending in 2021 across OECD countries with available data, compared to 5% in 2020 (Figure 2.5). In Korea the share of health expenditure directly linked to COVID-19 reached 11% in 2021 (up from 2% in 2020), in Austria it was 13% (up from 5% in 2020), and in Latvia more than a fifth of all health spending (22% up from 5% in 2020). For a subset of countries with preliminary estimates, COVID-19 spending in 2022 is likely to have still accounted for more than 6% of overall spending.

The increase in 2021 was triggered by several key items. Spending on COVID-19 related treatment costs and testing and contact tracing both jumped in 2021 compared to 2020. However, COVID-19 vaccination costs increased significantly to alone account for an average of 2% of public spending on health in 2021. In most OECD countries, COVID-19 vaccination campaigns only kicked off in December 2020 or January 2021 before gaining full momentum later that year.

Preliminary results suggest that COVID-19 spending remained a significant draw on healthcare resources in 2022 but down from the levels of 2021. For example, in Denmark and Luxembourg, spending on test and tracing dropped sharply in 2022. On the other hand, COVID-19 costs continued to increase in Germany and Korea in 2022, reaching 8% and 12% of public spending on health, respectively. In Korea, costs for COVID-19 treatment as well as for testing and tracing increased in 2022 as cases and mortality soared.

Figure 2.5. The share of public spending on health dedicated to COVID-19 peaked at 9% in 2021

Spending on COVID-19 as a share of total public spending on health, spending by government/compulsory insurance schemes only, 2020-22



Note: Direct spending on COVID-19 is identified using the five additional spending variables related to COVID-19 included under current health expenditure in the JHAQ collection. Comprehensiveness of reporting may differ across countries.
Source: OECD Health Statistics 2023, https://doi.org/10.1787/health-data-en, based on the 2023 Joint Health Accounts Questionnaire.

2.3. Are countries on track to strengthen health systems?

Recent health spending trends need to be seen in a broader context of increased investment needs in health – to address the lack of resilience and preparedness of health systems revealed during COVID-19 and megatrends such as population ageing and the associated increase in healthcare needs. As OECD countries started to transition out of the pandemic in 2022, a preliminary assessment can be made to see to what extent countries have embarked on a pathway to mobilise the additional financial resources needed to strengthen their health systems. Yet, improving the resilience of health systems, for example by increasing the number of available health workers, requires a medium to long-term financial commitment. However, in the current economic and geopolitical climate it seems to be challenging for many OECD countries to substantially increase public spending on health.

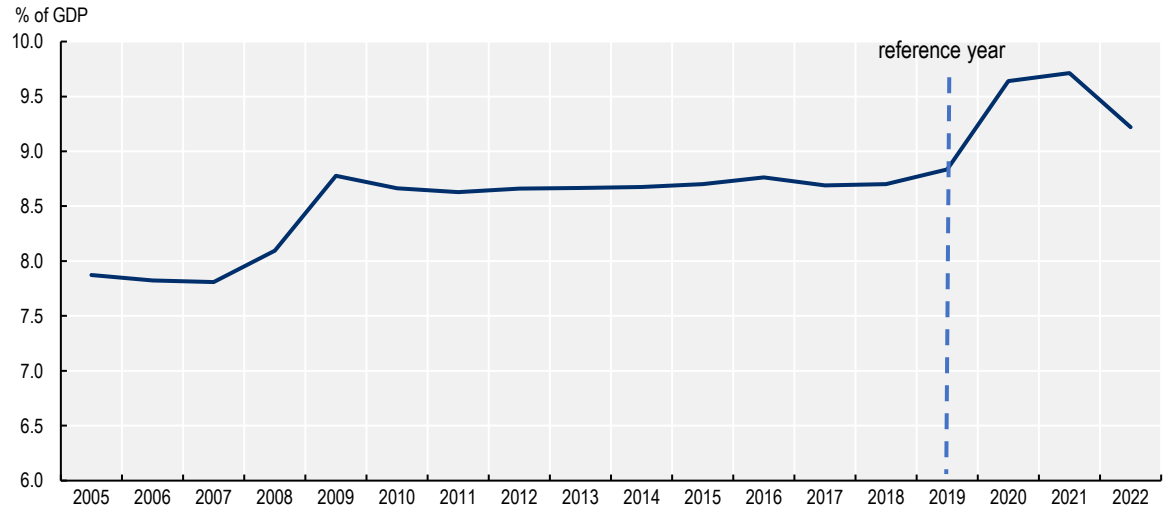
Funds for more resilient health systems remain to be mobilised

The pandemic revealed that health systems were not resilient enough to cope with health emergencies of this magnitude. Health systems were under-prepared, under-staffed and faced under-investment (OECD, 2023[10]). There is a need for smart investments to strengthen health system resilience – to *protect* underlying population health, *fortify* the foundations of health systems, and *bolster* health workers on the frontline – providing countries with the agility to respond not only to evolving pandemics but also to other shocks. The return from such investments extends far beyond direct health benefits. More resilient health systems are at the core of stronger, more resilient economies – enabling substantial economic and societal benefits by avoiding the need for stringent and costly containment measures in future crises with healthier and better prepared societies (Morgan and James, 2022[11]).

Data for 2022 provides a first opportunity to evaluate where countries stand on the health expenditure trajectory after the pandemic-induced spending in 2020 and 2021. On average across the OECD, the proportion of the economy dedicated to health stood 0.4 percentage points higher in 2022 compared with the pre-pandemic level in 2019 (Figure 2.6). Compared with 2019, the health-to-GDP ratio increased by more than 1 percentage point in Portugal, Spain, Czechia, the United Kingdom and Korea while OECD estimates suggest a more than 2 percentage point jump in New Zealand and Latvia (Figure 2.7).[4] On the other hand, in 11 countries the proportion of the GDP allocated to health in 2022 was below 2019 levels, with the drop most pronounced in Norway (-2.5 percentage points). However, short-term economic volatility determines the development of this ratio, and the trend needs to be monitored over a longer time period.

Figure 2.6. The share of health spending in GDP peaked in 2021 before dropping again in 2022

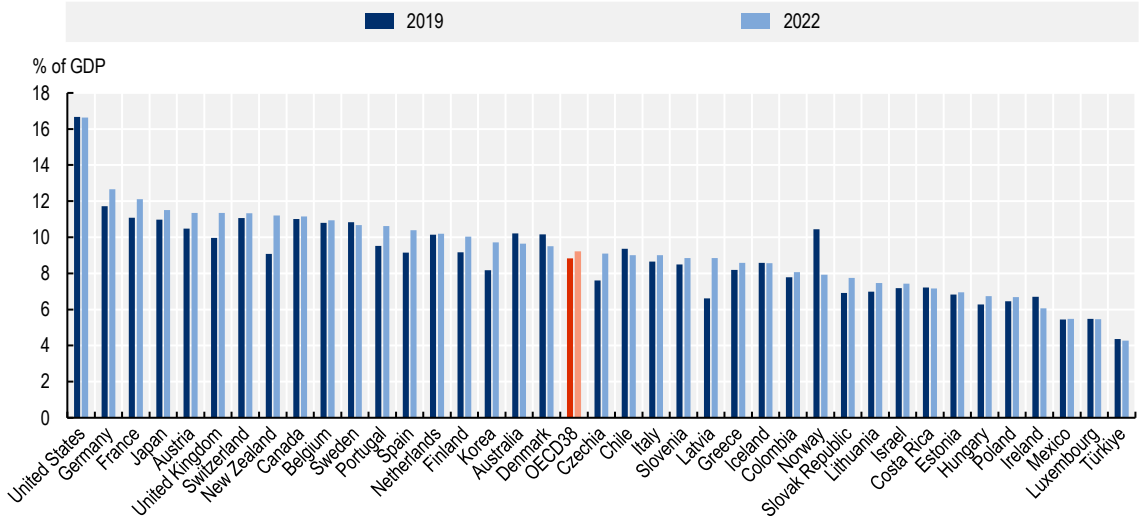
Current health expenditure as a share of GDP, OECD average, 2005-22



Note: 2022 data is preliminary, either estimated by countries or the OECD Secretariat.
Source: OECD Health Statistics 2023, https://doi.org/10.1787/health-data-en.

Figure 2.7. Almost one in three countries saw the share of GDP on health in 2022 below 2019 levels

Current health expenditure as a share of GDP, 2019 and 2022, OECD countries



Note: 2022 data is preliminary, either estimated by countries or the OECD Secretariat.
Source: OECD Health Statistics 2023, https://doi.org/10.1787/health-data-en.

After stripping out spending on COVID-19, health spending growth in 2022 remained below the pre-pandemic trend

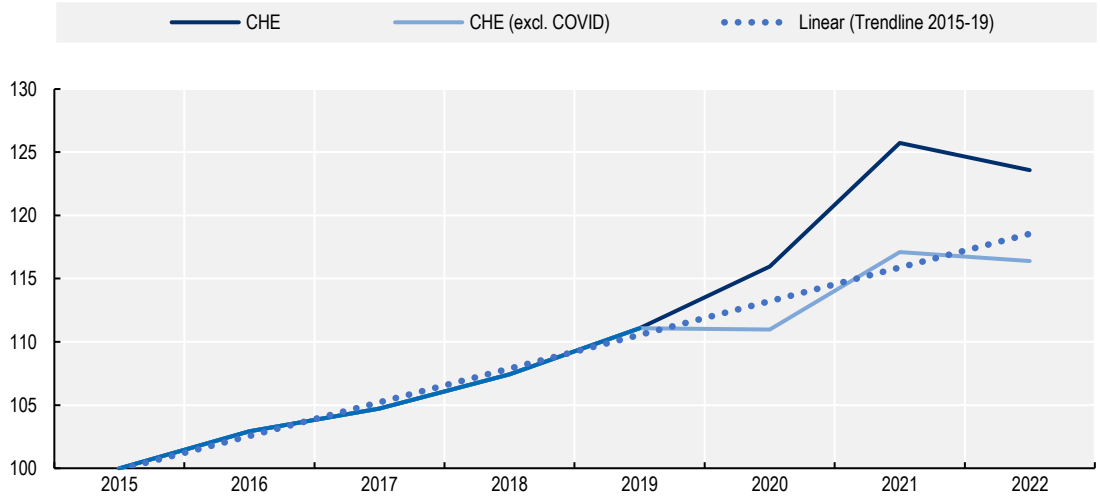
On a per capita level, the spending increase between 2019 and 2022 appears strong. On average across the OECD, per capita health spending in 2022 was estimated at around USD 350 (or 9%) above that in

2019 (in real terms). However, when excluding the pandemic emergency spending that occurred in 2020 and 2021 (and continued to an extent in 2022), the health spending growth rate is likely below the pre-pandemic trend (Figure 2.8). This suggests that countries have yet to make substantial progress in increasing investment to strengthen the resilience of their health systems. A similar conclusion can be drawn when examining preventive spending, which increased substantially during the pandemic: after excluding COVID-19 vaccination costs and spending on testing and tracing, the underlying trend remains unchanged.

Increased health spending does not automatically translate into improved health system resilience. In addition to targeting investment into the three key pillars, money needs to be spent wisely in line with best practices. Furthermore, returns from additional investment will take time to materialise. For example, increasing training capacity for nurses now would only have a material impact on the number of practicing nurses in 3 years. Thus a (much) longer time period needs to be analysed to see whether countries' investment in health systems strengthening go beyond the emergency measures needed in times of crises. Yet the current economic and geo-political environment limits the room for countries to increase their spending to address the identified needs.

Figure 2.8. After excluding spending on COVID-19, health expenditure in 2022 was below trend

Current Health Expenditure (CHE), spending in constant prices and constant PPPs, OECD average (2015 = 100)



Note: COVID-19 spending is estimated based on average COVID-19 spending reported for each year. Existing data gaps affect this estimate.
Source: OECD Health Statistics 2023, https://doi.org/10.1787/health-data-en, calculation by OECD Secretariat.

The current economic and geo-political climate makes it challenging for countries to increase investment in health

The drop in health spending in 2022 must be seen against the backdrop of a fragile economic and geopolitical climate. Russia's war on Ukraine, wide-spread disruptions in supply chains as well as the lingering impact of COVID-19 in some parts of the world impacted the path towards economic recovery. This has placed additional upward pressure on prices, above all for energy and food, leading to inflation running at levels not previously seen for decades in many OECD counties (OECD, 2022[12]). Moreover, healthcare has had to increasingly compete with new public spending priorities including social support to households facing cost-of-living crises, energy purchases, green transformation, defence spending and others. In the short to medium-term, these developments provide a challenge for countries that wish to allocate more public spending to health and are likely to impact the trajectory of health spending.

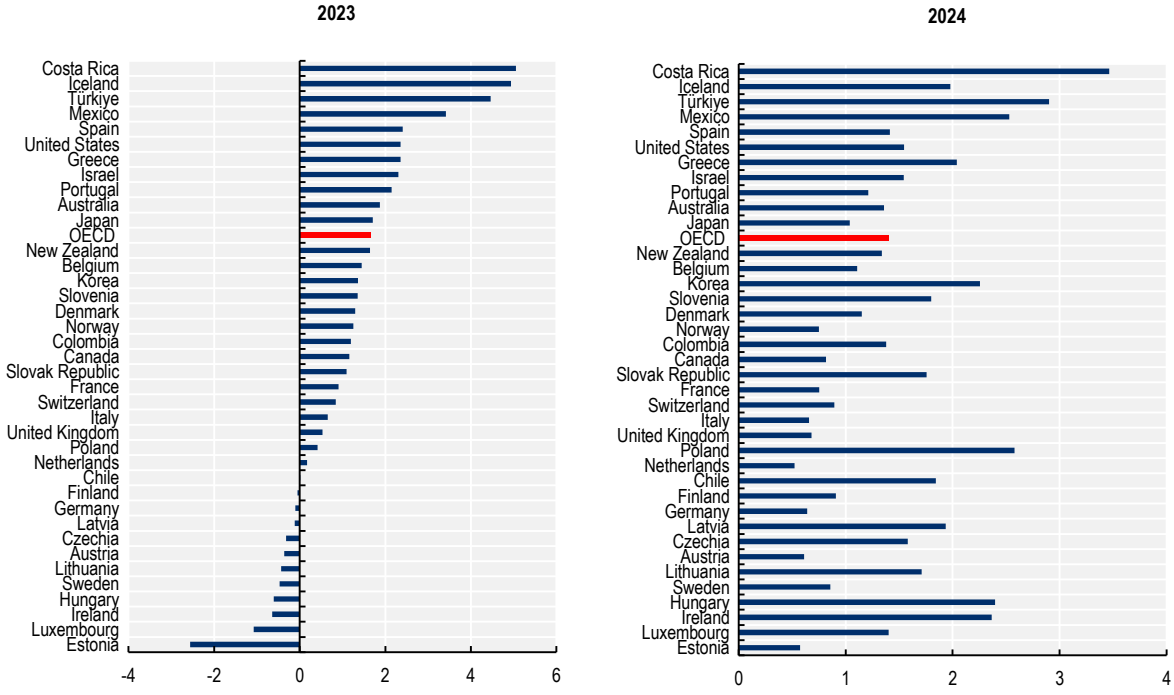
The economic recovery is fragile and inflationary pressures remain

As a result of these challenges, real GDP growth across the OECD dropped to 3% in 2022, only half the growth rate in 2021. For 2023 and 2024, latest forecasts suggest only modest growth of 1.7% (2023) and 1.4% (2024) in the OECD (Figure 2.9), around half the global growth (OECD, 2023[13]). This is generally below the growth rates in the years preceding the pandemic. For a number of countries, the economic outlook is particularly dire. For 2023, economic stagnation or recession is predicted in a dozen OECD countries including Estonia, Sweden, Chile, Hungary, Finland and Germany (OECD, 2023[13]).

Moreover, inflationary pressures remain elevated in the OECD. Headline inflation rose gradually since the first quarter 2021 with a marked acceleration in early 2022, as a consequence of Russia's war on Ukraine and the subsequent rise in energy prices. It peaked in the third quarter of 2022 at 10% on average in the OECD, before slowing to 6.5% in the third quarter 2023. While headline inflation has declined substantially again in 2023, core inflation[5] remained sticky, standing at 6.9% in the third quarter 2023 (Figure 2.10) (OECD, 2023[13]). Across the OECD, core inflation is projected to remain at 7% on average in 2023 before slowing down to 5.3% in 2024. In 2023, core inflation is expected to be around 10% or higher in Colombia, Poland, Hungary and Lithuania, and above 50% in Türkiye.

Figure 2.9. The economic outlook remains modest in 2023 and 2024

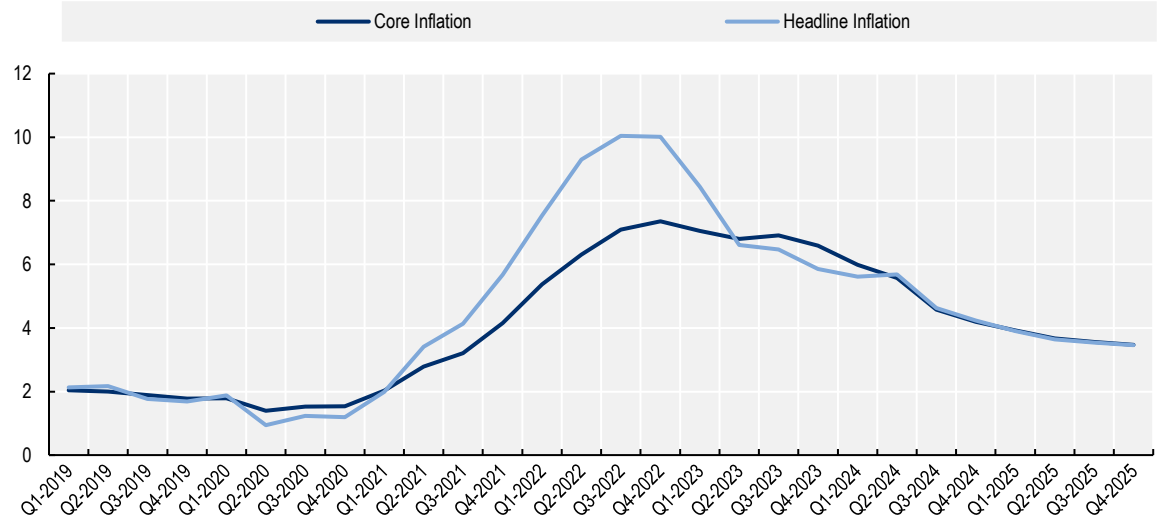
GDP growth in percentage in real terms, 2023 and 2024, OECD countries



Source OECD (2023[14]), *OECD Economic Outlook, Volume 2023 Issue 2,: Preliminary version*, https://doi.org/10.1787/7a5f73ce-en.

Figure 2.10. Headline inflation is falling but core inflation remains persistent

Headline and core inflation, year-on-year change



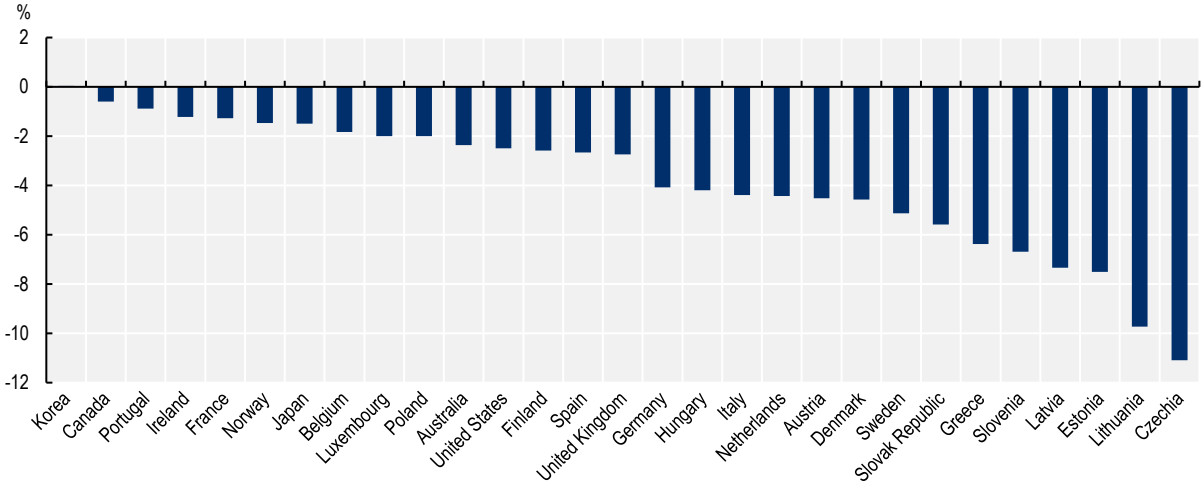
Note: Headline inflation concerns all commodities, services, and goods. Core inflation is headline inflation excluding food and energy.
Source: OECD (2023[13]) *OECD Economic Outlook, Volume 2023 Issue 2: Preliminary version*, https://doi.org/10.1787/7a5f73ce-en.

Inflation presents a huge burden to households with real wages falling

Wages did not keep up with inflation in 2022. Consequently, the combination of high inflation and limited salary increases led to wages falling in real terms in 2022 across the OECD (Figure 2.11). On average across 29 OECD countries, the reduction in real wages was nearly 4% over this period. Over the course of 2023, real wages are expected to stop declining in most OECD countries. Recent developments in real wages are a key determinant in ongoing wage negotiations, including in the health sector.

Figure 2.11. Real wages were dropping in nearly all countries in 2022

Growth of real wages, percentage, 1st half 2022 compared with 1st half 2021



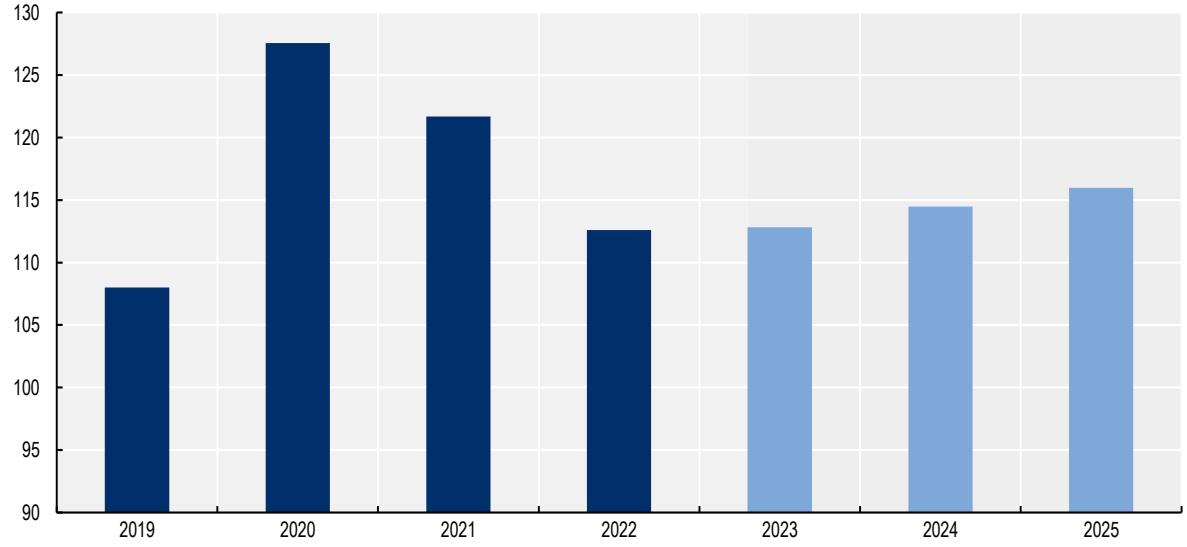
Note: Real wages are defined as compensation per employee deflated by the consumers' expenditure deflator.
Source: OECD Economic Outlook 113 database; and OECD calculations.

Elevated government debt levels continue to be a source of uncertainty

Government support measures to tackle the health and economic consequences of the pandemic but also the more recent initiatives to (partially) shield households from the full weight of the cost-of-living crisis have had consequences for the fiscal position of governments and the room for manoeuvre. After jumping from 108% in 2019 to 128% of GDP in 2020, the average debt-to-GDP ratio reduced in 2022 but at 113% it remained much above pre-pandemic levels (Figure 2.12). The short-term outlook does not predict significant improvement, tightening the fiscal space for governments which makes finding additional public spending for health or other purposes more challenging. Moreover, the economic climate and the war in Ukraine has seen a de-prioritisation of health issues in the public debate. In setting health budgets and other health policy decisions, countries have to take this new reality into account.

Figure 2.12. Government debt remains much above 2019 levels

General government gross financial liabilities, OECD aggregate, percentage of GDP



Source: OECD (2023[13]) *OECD Economic Outlook, Volume 2023 Issue 2: Preliminary version*, https://doi.org/10.1787/7a5f73ce-en.

2.4. How are OECD countries facing the current challenges?

The current economic outlook limits countries' room for manoeuvre. Yet, countries have been here before. The economic situation in the aftermath of the global financial crisis of 2007-08 left many countries taking difficult policy decisions in an attempt to balance public budgets which impacted health spending, leading in some cases to years of austerity. The first part of this Section 2.4 provides a preliminary overview of some of the ongoing discussions and actions taken by OECD government to address and factor in the current challenges, which will affect the health spending trajectory. The second part compares and contrasts the current situation with the global financial crisis and questions whether we can expect years of stagnating health spending growth or the increased investments needed to make OECD health systems more resilient.

The legacy of the pandemic, plus higher energy and input costs continue to erode any budget increases…

As countries strive to improve health system resilience, they face a number of challenges, related to the lingering impact of the pandemic and the unfavourable economic situation. While the magnitude of the challenges varies across countries, they include a shift in budget priorities away from health, as well as the financial sustainability of health providers due to high input costs including energy and salary increases for health workers. In several countries, the budget outlook does not suggest any significant increase in health spending in the short-term. While planned spending is set to increase in nominal terms, there is a likelihood that they could fall in real terms, at least in some years (Box 2.1).

Box 2.1. Health budgets are likely to stagnate or fall in real terms in the short-run in various countries

In ***Italy,*** current budget projections suggest that after years of exceptional spending increases in 2020 and 2021, there was a more moderate nominal increase in public spending on health in 2023 (2.8%) with a correction in 2024 before a return to annual nominal growth of between 2-3% expected for 2025-26 (Table 2.1). Considering the most recent inflation estimates for the country, this will most likely result in public spending declining *in real terms* over the next few years. Moreover, the proportion of GDP allocated to publicly financed healthcare is expected to be below the pre-pandemic level from 2024 onwards.

Table 2.1. Share of public expenditure on health of GDP in Italy 2024-26 expected to be below pre-pandemic levels

	2019	2020	2021	2022	2023*	2024*	2025*	2026*
Healthcare spending (absolute figures in millions)	115 663	122 665	127 451	131 103	134 734	132 946	136 701	138 972
% change per year		6.1	3.9	2.9	2.8	-1.3	2.8	1.7
In percentage of GDP	6.4	7.4	7.1	6.7	6.6	6.2	6.2	6.1

Note: * projections.
Source: Ministero dell'Economia e delle Finanze (2023[15]) Documento di Economia e Finanza 2023 – Sezione II Analisi e tendenze della finanza pubblica, https://www.rgs.mef.gov.it/_Documenti/VERSIONE-I/Attivit--i/Contabilit_e_finanza_pubblica/DEF/2023/DEF2023-Sez-II-AnalisiETendenzeDellaFinanzaPubblica.pdf and (2023[16]), Documento di Economia e Finanza 2023 – Nota di Aggiornamento, www.dt.mef.gov.it/export/sites/sitodt/modules/documenti_it/analisi_progammazione/documenti_programmatici/nadef_2023/NADEF-2023.pdf.

In ***France***, the Social Security Financing Bill (PLFSS) for 2024 proposed to set the ONDAM ("*Objectif national de dépenses d'assurance maladie")*[1] at EUR 254.9bn, an increase of 2.9% in nominal terms compared with 2023, above the increase of 2023 (+0.2%) and in line with the 2022 growth rate (2.8%) but much below the growth rates in 2020 and 2021. However, when excluding additional costs related to the pandemic from the analysis, the 2024 growth objective is set at 3.2%, considerably below the growth of 2022 (+4.8%), 2021 (+6.0%) and 2020 (+6.2%) (Ministère de l'Economie, 2023[17]). Taking into account inflation estimates included in the PLFSS, the health budget remained flat in 2023 but is expected to grow moderately in 2024 in real terms.

In the ***United Kingdom***, multiple year budgets are set on a nominal basis. The budget for the English NHS and Social Care was fixed in nominal terms in 2021 for the three financial years on the basis of inflation as projected at the time. As such, the health sector has received frequent budget uplifts and

top-ups. Based on the spring 2023 budget, planned total healthcare spending will increase by GBP 1.9bn (1.1%) in 2023/24, and GBP 3.7bn (2.1%) in 2024/25 in cash terms (Table 2.2). Adjusting for expected inflation, planned total healthcare spending will decrease in 2023/24 (-1.4%), with a slight increase in 2024-25. However, real spending growth may be revised downward if inflation remains higher than expected.

Table 2.2. Health and social care spending in England saw drastic increases in 2020-21 but planned spending growth remains limited in coming years

Spending in million GBP, in nominal and real terms, 2018-25

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	outturn	outturn	outturn	outturn	outturn	plans	plans
Health and Social Care Resource budget	125 279	134 184	181 441	183 548	176 631	178 578	182 252
% change per year		7.1%	35.2%	1.2%	-3.8%	1.1%	2.1%
Health and Social Care Resource budget in real terms	144 530	150 880	191 987	195 571	176 631	174 180	175 017
% change per year		4.4%	27.2%	1.9%	-9.7%	-1.4%	0.5%

Note: Data refers to resource DEL by departmental group.
Source: HM Treasury (2023[18]), Public Expenditure Statistical Analyses 2023, www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2023, Chapter 1 Tables.

After years of exceptional spending growth, health budget increases are also projected to normalise in ***New Zealand***. The unaudited actual spending growth for 2023 returned to 4.1% and is forecast to be negative in 2025 (Treasury of New Zealand, 2023[19]). Beyond this, budget increases are forecast at around 5% per year for 2026 and 2027. After a spike in 2022 and 2023, the share of health in all Core Crown expenses[2] is planned to return to 21% in 2024, the same level as in 2019. But since the government has opted for multi-year budgeting in health the health budget may benefit from additional funding out of budget operating allowances to cover heath cost pressures.

1. The ONDAM refers to the overall expenditure target for healthcare and is one of the most significant aspects of the Social Security Financing Law in France. It represents the total amount of health spending that the parliament sets as an objective for a calendar year. Once published, it gives all stakeholders a precise spending objective and defines specific savings objectives.
2. Core Crown expenses refers to current spending excluding investment. It is an accrual measure of expenses and includes non-cash items such as depreciation on physical assets.

…while the effects of the pandemic continue to be felt…

At the same time, many OECD countries are still grappling with legacy issues from the pandemic. During the various infection peaks in 2020 and 2021, elective interventions such as hip and knee replacements were frequently postponed to reserve capacity for COVID-19 patients. In some countries which already had noticeable waiting times for interventions or specialist appointments before the pandemic, this has created an ongoing backlog of patients seeking care that needs to be addressed (Box 2.2).

Box 2.2. Several countries are still addressing the backlog of patients from the pandemic

The number of people on waiting lists in **Ireland** increased by 24% for inpatient and day care procedures between January 2020 and 2023 and by 6% for outpatient care, with little improvement since (National Treatment Purchase Fund, 2023[20]). Addressing these issues remains on the agenda: around EUR 442mn of the total voted health budget in 2023 (EUR 23.4bn) are allocated to reduce waiting lists, including one-off funding, investing in GP diagnostic tests, community radiology diagnostics and to strength the National Treatment Purchase Fund (Department of Health, 2023[21]).

Waiting times also increased in **Denmark** during the pandemic, and the government has provided substantial additional funding to regions to support increased surgical activity to bring down waiting times for surgical operations to pre-pandemic levels by the end of 2024 (OECD/European Observatory on Health and Health Systems, 2023[22]).

The situation is similar in **Finland**, where the number of patients waiting more than six months for non-urgent specialist treatment increased substantially to reach 18 000 by the end of 2022, up from 3 000 end of 2019 (THL, 2023[23]). Additional funds to address this issue will be made available via the Finnish Recovery and Resilience Plan (OECD/European Observatory on Health Systems and Policies, 2023[24])

This is not only a European issue. In ***Canada***, the federal government announced in February 2023 an additional transfer of CAD 2bn to its provinces and territories to address immediate pressures on the healthcare system, especially in paediatric hospitals and emergency rooms, and long wait times for surgeries (Goverment of Canada, 2023[25])

...with some countries expanding coverage to ease the cost-of-living crisis

In addition to improve (or restore) access to service provision, some countries also decided to reduce or forgo co-payments in an attempt to ease the financial burden for households in a high inflation environment (Box 2.3).

Box 2.3. Expanding coverage and reducing co-payments eases some of the burden on households caused by high inflation

In ***New Zealand***, the budget 2023 has provided NZD 707mn over four years to remove a NZD 5 prescription co-payment that can present a financial barrier to patients (Ministry of Health, 2023[26]).

In ***Ireland***, the 2023 budget foresees measures costed at around EUR 107mn to ease the cost-of-living crisis (Department of Health, 2023[21]). This includes an extension of free GP visits to all those on or below the median income, a removal of the public hospital inpatient co-payment and a reduced monthly threshold for the Drug Payment Scheme.

High costs for energy and other inputs continue to exert pressure on providers

As in 2022, high energy and other input costs remain an issue for health providers in many countries. Yet, energy and other inputs are not the only cost factors that have increased; higher construction costs have made hospital planning much more expensive than anticipated and budgeted (Box 2.4).

Box 2.4. Soaring costs for energy, other inputs and construction led governments to provide additional funding for health facilities

In ***Germany***, the federal government decided to set up a dedicated fund of EUR 6bn to cover additional energy-related costs in hospitals between October 2022 to April 2024 (Deutsches Ärzteblatt, 2022[27]). However, the hospital association warned that this was not sufficient and German hospitals would accumulate a deficit of EUR 10bn by the end of 2023 due to inflation (Deutsche Krankenhausgesellschaft, 2023[28]).

In ***England***, a survey among NHS Trust hospitals in late 2022 predicted a substantial rise in energy costs, with most of respondents expecting at least a doubling in energy bills up to an additional GBP 2mn per month (The BMJ, 2022[29]). In response, the government set up the Energy Bill Relief Scheme (EBRS) – replaced later by the Energy Bill Discount Scheme (EBDS) – to provide discounts on gas and electricity prices to business and public sector organisation (including hospitals).

The hospital association in ***Latvia*** stated in January 2023 that they receive one-third less funding than necessary partly due to higher cost of energy but also other goods and services including catering, medicines, maintenance, and cleaning (Latvian Public Broadcasting, 2023[30]).

Reports for ***New Zealand*** identify substantial increases in costs for some hospitals projects due to construction inflation putting 15 out of the current 110 projects at high risk (NZ Herald, 2023[31]). Yet, insufficient planning and poor quality control also added to the problem.

In ***Ireland***, the expected costs to complete the National Childrens Hospital will go significantly over what was budgeted, which may also impact the wider capital plan of the Department of Health (Irish Examiner, 2023[32]; Irish Independent, 2023[33]). Soaring constructions costs, contingencies for additional claims payment but also increases in legal costs amid tensions with the contractor explain the additional costs.

Similar examples exist in many other countries. Adequate multi-year budgeting for large (public) infrastructure projects is very challenging, and hospitals and other health facilities are no exception. Keeping such projects within the budget is already difficult in “normal” times but unanticipated inflation adds to the complexity.

Better pay for health workers is crucial for job attractiveness but can weigh heavily on health budgets

The ***key cost factor in healthcare provision are salaries***. On average, staff costs account for 60-70% of overall health spending but there has been long-term pressure to increase salaries. On the one hand, making the careers in the field of medical, nursing or long-term care more attractive is a key lesson of the pandemic to build more resilient health systems (OECD, 2023[10]), but the problems preceded the health emergency (OECD, 2020[34]). In many countries, this clearly entails an increase in salaries and remuneration for health workers. Moreover, given high inflation, increases in health workers’ pay has frequently been considered necessary (at a minimum) to avoid a deterioration in their relative standing in real terms.

During the pandemic, many countries provided one-off financial bonuses to frontline workers following the first wave of the pandemic, in recognition of their elevated health risks, additional workload and commitment (OECD, 2023[10]). Rewards were especially common for health workers and long-term care workers. The magnitude of the rewards and the coverage of health and long-term care workers varied across countries. Beyond one-off bonuses, there had been few government-led initiatives up until November 2021 to permanently increase pay levels. Such initiatives existed, for example in Belgium, Chile,

Czechia, Hungary, Latvia, Slovenia, Switzerland for health and/or long-term care workers. However, in some countries where pay raises were offered, these were below-inflation increases or perceived as 'disappointing' by health professionals (e.g. United Kingdom and Denmark) (OECD, 2023[10]).

Adjustments for salaries and remuneration continue to be on the agenda in many OECD countries but negotiations can be difficult and agreed pay increases may be negative in real terms if inflation exceeds forecasts (Box 2.5)

Box 2.5. Salaries for health workers are currently being adjusted but pay raises may be negative in real terms

in ***France***, the outcome of the arbitration of the failed negotiations between social insurance and physician's organisations is that the tariff for a standard GP consultation has increased to EUR 26.50 from EUR 25 from November 2023 onwards. This represents a 6% increase, but critics note that since the old tariff has been in place since 2017, this increase will not have kept up with inflation (Les Echos, 2023[35]). Public sector employees including doctors and nurses in hospitals received a general 3.5% salary increase in July 2022 and a further 1.5% increase in July 2023. In addition, one-off benefits ("*prime de pouvoir d'achat*") have been distributed to most health workers, and bonuses for work at night and on Sunday raised. Finally, complementary pay increases are foreseen for health workers with the lowest pay levels, such as auxiliary nurses (infirmiers.com, 2023[36]).

In ***Finland***, several thousands of nurses and other health workers went on strike in April 2022, calling for better working conditions and better pay. A final pay agreement was reached in March 2023, which included a minimum pay increase of 20.9% over the period 2022-27 (OECD/European Observatory on Health Systems and Policies, 2023[24]).

In ***Spain***, public workers (which includes most workers in the health sector) agreed to a phased 8% pay increase for 2022-24 (2022: +3.5%; 2023: +2.5%; 2024: +2%) which can rise to 9.8% depending on some variable elements taking into account inflation and GDP growth (CCOO, 2022[37]).

In ***Belgium***, most salaries are automatically adjusted based on a complex indexation system taking into account inflation. This also applies to health workers whose salaries are increased by 2% whenever the index ("*indice santé lisse*") surpasses a pre-defined threshold ("*indice pivot*"). This can happen more than once a year – in fact, in 2022 the threshold was passed 5 times, each time triggering a pay increase with a short time lag. The threshold has been reached again in September 2023 and is expected to be surpassed in February and June 2024 (Bureau fédéral du Plan, 2023[38]). While this automatic salary adjustment mechanism protects workers from eroding real wages, it can be challenging for health providers and facilities to refinance this wage growth if prices for service delivery are sticky. For this reason, the government granted a one-off additional remuneration of EUR 207mn in 2022 to providers to compensate for rising costs (Wallonie Santé, 2022[39]).

On the other hand, ***upward salary adjustments can weigh heavily on operating costs of health facilities***, that need to finance them, either by reducing their profit margins (if they are allowed to generate any in health system), passing cost increases on to payers and/or patients (if they can), improve efficiency in service provision, or face solvency problems (Box 2.6).

Box 2.6. Salary increase can weigh heavily on health providers

In the ***United States***, the hospital association highlighted the ongoing rise of input costs, including staff expenses (American Hospital Association, 2023[40]). A key driver here is the soaring cost for temporary contract labour – required due to workforce shortages and increased demand – which was responsible for a large part of the 20.8% increase in overall hospital labour expenses between 2019 and 2022. During that time period, the growth in expenses was more than double the growth in Medicare Reimbursement, leading to AHA fears for the financial stability of hospitals.

In ***Latvia***, the raise of the minimum wage is mentioned by the hospital association as one factor in the total cost inflation of 19% (Latvian Public Broadcasting, 2023[30]).

In ***Norway***, the government committed to increase transfers to hospitals by NKK 4.7bn in 2023, of which NKK 2.5bn refer to a permanent budget increase and NKK 2.2bn to compensate price and wage increases in 2023 (Regjeringa.no, 2023[41]).

Faced with rising energy prices and wages the hospital association in ***Switzerland*** demanded a 5% increase in SHI reimbursement rates in 2023 to preserve service delivery and working conditions (H Plus, 2023[42]).

In ***Germany***, costs for nursing homes and community care grew substantially in the first half of 2023, as a result, inter alia, of higher wages, and increased costs for room and board (Deutsches Ärzteblatt, 2023[43]). One reason for the wage increase may be the new requirement (since September 2022) for nursing homes and community care providers to pay their care staff wages in line with collective bargaining agreements in order to be able to contract with long-term care insurance funds. Legislative action has been taken to shield nursing home residents from rising co-payments as a result of the higher cost of care delivery. Since 2022, additional financial support from long-term care insurance funds has been made available to residents to limit co-payments, with this support varying based on length of stay.

Policy makers are walking a delicate tightrope. One the one hand, better pay and conditions are crucial to attract and retain healthcare professionals, even more so in ageing populations where demand for healthcare can outstrip supply. On the other hand, high salary increases may compromise the solvency of health providers or the financial sustainability of the health system as a whole, if the fiscal space does not allow for substantial increases in health budgets. With limited additional public funding, the only two other options would be to shift more to private funding and find efficiency gains in the system. Indeed, it can be expected that a renewed focus will soon be on the latter, by making the most of digital health solutions, by moving care to the most appropriate setting and reducing and cutting low value care.

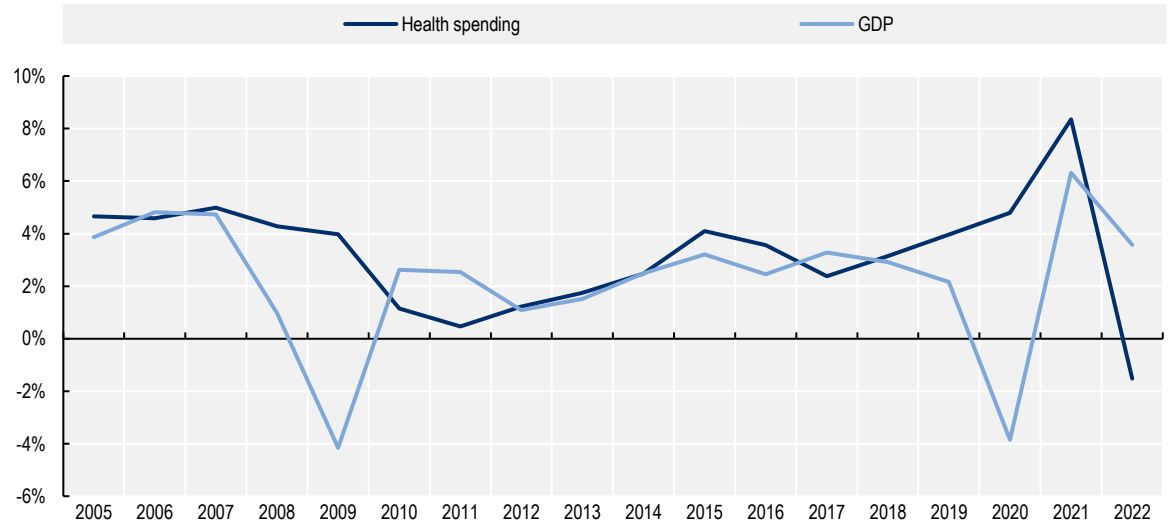
More investment in resilient health systems or a return to austerity?

In the aftermath of COVID-19 and the current economic climate, some comparisons might be drawn with the global financial crisis of 2007-08 and the resulting debt crisis, which had important economic implications in many OECD countries characterised by high unemployment and years of austerity. To balance budgets, many governments reined in public spending, including on health. In the health sector, a range of different measures were adopted by countries including increases in patient co-payments, delisting of publicly financed services and goods, postponement of capital spending, freezes in recruitment and salary cuts for public sector staff, negotiated price reductions for pharmaceuticals, alongside other initiatives to enhance efficiency (Morgan and Astolfi, 2014[44]). As the result, health spending growth in real terms slowed notably to around 1% or lower between 2010 and 2012, compared with annual increases of

4-5% pre-crisis (Figure 2.13). A number of countries were hit hard by the economic crisis, such as Greece, Italy, Portugal and Spain and saw consecutive years of declining health spending as a result.

Figure 2.13. Health spending slowed down markedly after the Global Financial Crisis

Health spending and GDP, annual changes in real terms, 2005-22, OECD averages



Note: Averages are unweighted.
Source: OECD Health Statistics 2023, https://doi.org/10.1787/health-data-en; OECD National Accounts 2023.

The pandemic and the subsequent cost-of-living crisis have some similarities with the 2007-08 financial crisis in terms of a global shock but also differ in important aspects. In both cases, the economic downturn was of a similar magnitude and the fiscal position worsened considerably in a number of OECD countries limiting the fiscal space for large public investments. On the other hand, the jump in unemployment was more of a temporary feature during the pandemic and while there remain uncertainties about the speed of economic recovery, the global outlook is generally more positive. One notable difference this time round is that monetary policy during the global financial crisis kept inflation low, while inflationary pressures became acute in the post-pandemic era.

That said, the impact of the speed of economic recovery and reduction in inflation rates on the short-term trajectory of health spending is difficult to forecast. Naturally, the situation will differ widely across countries. Yet, countries still have a way to go to make health systems more resilient. In many countries, there are few signs of a significant uplift in current and expected investment levels. On the other hand, there are no current indications that governments are ready to engage in a round of policy changes to reduce coverage or increase co-payments to bring down health spending in an attempt to balance public budgets. While annual health spending increases may be negative in real terms beyond 2022, this will be more likely linked to stubbornly high inflation rates and sluggish economic growth, and less to an era of new austerity measures.

References

American Hospital Association (2023), *The Financial Stability of America's Hospitals and Health Systems Is at Risk as the Costs of Caring Continue to Rise*, https://www.aha.org/system/files/media/file/2023/04/Cost-of-Caring-2023-The-Financial-Stability-of-Americas-Hospitals-and-Health-Systems-Is-at-Risk.pdf (accessed on 28 September 2023). [40]

Bureau fédéral du Plan (2023), *Indice des prix à la consommation - Prévisions d'inflation*, https://www.plan.be/databases/17-fr-indice_des_prix_a_la_consommation_previsions_d_inflation (accessed on 29 September 2023). [38]

Canadian Institute for Health Information (2023), *National Health Expenditure Trends, 2021 — Snapshot*. [8]

CCOO (2022), *Subida salarial para los empleados públicos*, https://feccoo-madrid.org/7644d9458a19a7a064b9819ed2144e63000063.pdf (accessed on 29 Septemeber 2023). [37]

Centers for Medicare & Medicaid Services (2023), *National Health Expenditures 2021 Highlights*. [4]

Central Statistics Office (2021), *System of Health Accounts 2019*. [5]

Department of Health (2023), *Health budget 2023*, https://www.gov.ie/pdf/?file=https://assets.gov.ie/243516/d2a4fe23-b7bf-4421-9706-952825c33049.pdf#page=null (accessed on 27 September 2023). [21]

Deutsche Krankenhausgesellschaft (2023), *P r e s s e m i t t e i l u n g - DKG zu Milliardenhilfen für die Krankenhäuser*, https://www.dkgev.de/fileadmin/default/Mediapool/1_DKG/1.7_Presse/1.7.1_Pressemitteilungen/2023/2023-05-26_PM_DKG_zu_Defizit_aller_Krankenhaeuser.pdf (accessed on 30 September 2023). [28]

Deutsches Ärzteblatt (2023), *Pflege im Heim immer teurer, Zuzahlungen nochmals gestiegen*, https://www.aerzteblatt.de/nachrichten/144692/Pflege-im-Heim-immer-teurer-Zuzahlungen-nochmals-gestiegen (accessed on 30 September 2023). [43]

Deutsches Ärzteblatt (2022), *Energiekosten: Bund legt fest, wie Krankenhäuser Hilfszahlungen erhalten*, https://www.aerzteblatt.de/nachrichten/138889/Energiekosten-Bund-legt-fest-wie-Krankenhaeuser-Hilfszahlungen-erhalten (accessed on 30 September 2023). [27]

Goverment of Canada (2023), *Working together to improve health care for Canadians*, https://www.pm.gc.ca/en/news/news-releases/2023/02/07/working-together-improve-health-care-canadians#:~:text=An%20immediate%2C%20unconditional%20%242%20billion,long%20wait%20times%20for%20surgeries. (accessed on 28 September 2023). [25]

H Plus (2023), *Une hausse des tarifs pour préserver la sécurité des soins et la paix du travail*, https://www.hplus.ch/fr/publications/h-palaisfederal/no-1/2023-fevrier (accessed on 28 September 2023). [42]

HM Treasury (2023), *Public Expenditure Statistical Analyses 2023*, https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2023 (accessed on 17 September 2023). [18]

infirmiers.com (2023), *Une revalorisation du point d'indice prévue en juillet 2023*, https://www.infirmiers.com/profession-ide/actualite-sociale/une-revalorisation-du-point-dindice-prevue-en-juillet-2023 (accessed on 29 September 2023). [36]

Irish Examiner (2023), *Children's hospital cost likely to pass €2bn amid tensions with contractor*, https://www.irishexaminer.com/news/arid-41182273.html (accessed on 17 September 2023). [32]

Irish Independent (2023), *Rising cost of new National Children's Hospital may derail part of wider health service building this year*, https://www.independent.ie/irish-news/rising-cost-of-new-national-childrens-hospital-may-derail-part-of-wider-health-service-building-this-year/a836597466.html (accessed on 17 September 2023). [33]

Latvian Public Broadcasting (2023), *Latvia's hospitals ask for substantial funding increase*, https://eng.lsm.lv/article/society/health/latvias-hospitals-ask-for-substantial-funding-increase.a493249/ (accessed on 17 Septemeber 2023). [30]

Les Echos (2023), *Le prix de la consultation chez le médecin généraliste va passer à 26,50 euros*, https://www.lesechos.fr/economie-france/social/la-consultation-chez-le-medecin-generaliste-bientot-revalorisee-a-2650-euros-1937457 (accessed on 17 September 2023). [35]

Ministère de l'Economie (2023), *Projet de loi de financement de la sécurité sociale pour 2024*, https://presse.economie.gouv.fr/27092023-dp-projet-de-loi-de-financement-de-la-securite-sociale-pour-2024/ (accessed on 29 Septemeber 2023). [17]

Ministerio dell'Economia e delle Finanze (2023), *Documento di Economia e Finanza 2023 - Nota di Aggiornamento*, https://www.dt.mef.gov.it/export/sites/sitodt/modules/documenti_it/analisi_progammazione/documenti_programmatici/nadef_2023/NADEF-2023.pdf (accessed on 8 December 2023). [16]

Ministero dell'Economia e delle Finanze (2023), *Documento di Economia e Finanza 2023 - Sezione II Analisi e tendenze della finanza pubblica*, https://www.rgs.mef.gov.it/_Documenti/VERSIONE-I/Attivit--i/Contabilit_e_finanza_pubblica/DEF/2023/DEF2023-Sez-II-AnalisiETendenzeDellaFinanzaPubblica.pdf (accessed on 17 September 2023). [15]

Ministry of Finance -Republic of Latvia (2022), *Implementation of the 2021 state budget*, https://www.fm.gov.lv/lv/media/11285/download?attachment. [1]

Ministry of Health (2023), *Vote Health*, https://www.health.govt.nz/about-ministry/what-we-do/vote-health#:~:text=Budget%202022%20has%20provided%20a,toward%20funding%20the%20health%20system. (accessed on 30 Septemeber 2023). [26]

Morgan, D. and R. Astolfi (2014), "Health Spending Continues to Stagnate in Many OECD Countries", *OECD Health Working Papers*, No. 68, OECD Publishing, Paris, https://doi.org/10.1787/5jz5sq5qnwf5-en. [44]

Morgan, D. and C. James (2022), "Investing in health systems to protect society and boost the economy: Priority investments and order-of-magnitude cost estimates", *OECD Health Working Papers*, No. 144, OECD Publishing, Paris, https://doi.org/10.1787/d0aa9188-en. [11]

National Treatment Purchase Fund (2023), *National Waiting List Data*, https://www.ntpf.ie/home/nwld.htm (accessed on 26 September 2023). [20]

NZ Herald (2023), *Construction inflation, insufficient planning add to hospital project cost blow-outs*, https://www.nzherald.co.nz/nz/construction-inflation-insufficient-planning-add-to-hospital-project-cost-blow-outs/E7DXNJBSUBFMNCTQRMNZZPFS3U/ (accessed on 17 September 2023). [31]

OECD (2023), *Ready for the Next Crisis? Investing in Health System Resilience,*, OECD Publishing, https://doi.org/10.1787/1e53cf80-en. [10]

OECD (2023), *OECD Economic Outlook, Volume 2023 Issue 2: Preliminary version*, OECD Publishing, Paris, https://doi.org/10.1787/7a5f73ce-en. [13]

OECD (2023), *OECD Economic Outlook, Volume 2023 Issue 2: Preliminary version*, OECD Publishing, Paris, https://doi.org/10.1787/7a5f73ce-en. [14]

OECD (2022), *OECD Economic Outlook, Interim Report September 2022: Paying the Price of War*, OECD Publishing, Paris, https://doi.org/10.1787/ae8c39ec-en. [12]

OECD (2020), *Who Cares? Attracting and Retaining Care Workers for the Elderly*, OECD Publishing, https://doi.org/10.1787/92c0ef68-en. [34]

OECD/European Observatory on Health and Health Systems (2023), *Denmark: Country Health Profile 2023*, State of Health in the EU, OECD Publishing, Paris, https://doi.org/10.1787/e4f0bee3-en. [22]

OECD/European Observatory on Health Systems and Policies (2023), *Finland: Country Health Profile 2023*, State of Health in the EU, OECD Publishing, Paris, https://doi.org/10.1787/e7af1b4d-en. [24]

OECD/European Observatory on Health Systems and Policies (2021), *Hungary: Country Health Profile 2021*, State of Health in the EU, OECD Publishing, Paris, https://doi.org/10.1787/482f3633-en. [7]

OECD/The World Bank (2023), *Health at a Glance: Latin America and the Caribbean 2023*, OECD Publishing, Paris, https://doi.org/10.1787/532b0e2d-en. [3]

OECD/WHO (2022), *Health at a Glance: Asia/Pacific 2022: Measuring Progress Towards Universal Health Coverage*, OECD Publishing, Paris, https://doi.org/10.1787/c7467f62-en. [2]

Our World in Data (2023), *Explore the global data on confirmed COVID-19 deaths*, https://ourworldindata.org/covid-deaths. [45]

Regjeringa.no (2023), *Hospitals will receive larger budgets*, https://www.regjeringen.no/en/aktuelt/hospitals-will-receive-larger-budgets/id2975963/ (accessed on 28 September 2023). [41]

Rocard, E., P. Sillitti and A. Llena-Nozal (2021), *COVID-19 in long-term care: Impact, policy reponses and challenges*. [9]

The BMJ (2022), *Exclusive: Hospitals will be hit with "eye watering" energy bills this winter*, https://doi.org/10.1136/bmj.o2088 (accessed on 17 September 2023). [29]

The Health Insurance Authority (2021), *Covid sees Drop in Health Insurance Claims but Percentage of the Population with Insurance Continues to Rise according to the HIA*. [6]

THL (2023), "Hoitoonpääsy erikoissairaanhoidossa 31.12.2022", *TILASTORAPORTTI 14/2023*, https://www.julkari.fi/bitstream/handle/10024/146430/TR_14_2023_Esh%20hoitoonp%c3%a4%c3%a4sy.pdf?sequence=1&isAllowed=y. [23]

Treasury of New Zealand (2023), *Data - Core Crown Expense Tables - Pre-election Economic and Fiscal Update 2023*, https://www.budget.govt.nz/budget/forecasts/prefu2023.htm (accessed on 17 September 2023). [19]

Wallonie Santé (2022), *Un budget de 207 millions d'Euroe de plus pour les soins de santé*, https://www.walloniesante.be/fr/news/225_un-budget-de-207-millions-deuros-de-plus-pour-les-soins-de-sante (accessed on 30 September 2023). [39]

Notes

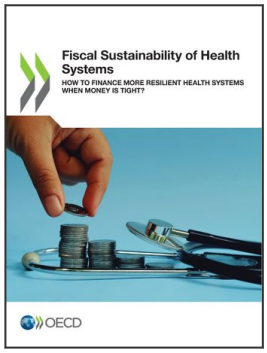
[1] Central estimate of global excess deaths between 1 March 2020 and 10 October 2022 was 23.5 million (Our World in Data, 2023[45])

[2] The growth in Japan, however, is underestimated as medical expenditure in Japan largely exclude almost all COVID-19 related spending.

[3] In both countries, some of this development is related to data issues. Most of their vaccination costs were recorded in the year that vaccines were procured (2020) rather than when they were administered (2021), which clearly leads to an overestimation in the 2020 growth rate (and an underestimation of 2021 growth rate).

[4] In both New Zealand and Korea, 2022 saw the peak of COVID-19 deaths.

[5] Headline inflation concerns all commodities, services, and goods. Core inflation excludes food and energy.



From:

Fiscal Sustainability of Health Systems

How to Finance More Resilient Health Systems When Money Is Tight?

Access the complete publication at:
https://doi.org/10.1787/880f3195-en

Please cite this chapter as:

Mueller, Michael, Caroline Penn and David Morgan (2024), "Examining the latest trends in health spending: Are we heading back to a time of austerity?", in OECD, *Fiscal Sustainability of Health Systems: How to Finance More Resilient Health Systems When Money Is Tight?*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/12eb6083-en