

HEALTH EXPENDITURE

In most OECD countries, spending on health is a large and growing share of both public and private expenditure. Health spending as a share of GDP had been rising over recent decades but has stagnated or fallen in many countries in the last couple of years as a consequence of the global economic downturn. The financial resources devoted to health care vary widely across countries, reflecting the relative priority assigned to health as well as the diverse financing and organisational structures of the health system in each country.

For a more comprehensive assessment of health spending, the health spending to GDP ratio should be considered together with *per capita* health spending. Countries having a relatively high health spending to GDP ratio might have relatively low health expenditure *per capita*, while the converse also holds.

Definition

Expenditure on health measures the final consumption of health goods and services (i.e. current health expenditure). This includes spending by both public and private sources (including households) on medical services and goods, public health and prevention programmes and administration, but excludes spending on capital formation (investments). Medical services can be provided

in inpatient and outpatient settings or in some cases in day care facilities or at the home of the patient.

Comparability

OECD countries are at varying stages of reporting health expenditure data according to the definitions proposed in the 2011 manual *A System of Health Accounts* (SHA). While the comparability of health expenditure data has improved recently, some limitations do remain, in particular on the measurement of long-term care expenditure and administrative services.

The data generally refer to current health expenditure and therefore exclude capital formation (investments). However, data for Brazil, China, India, Indonesia, Russia and South Africa include investments. Public and private expenditure for the United Kingdom include investments, whereas total expenditure does not. The Netherlands report compulsory co-payments by patients to health insurers under social security rather than under households' out-of-pocket payments, resulting in an overestimation of the public spending share and an underestimation of the private spending share. In Luxembourg, health expenditure is for the insured population rather than the resident population.

For Australia, Ireland and Luxembourg 2013 data refer to 2012.

Overview

Trends in the health spending-to-GDP ratio are the result of the combined effect of changes in GDP and health expenditure. The 2000s were characterised by a period of health spending growth above that of the overall economy so that health expenditure as a share of GDP rose sharply in many OECD countries. As a result, the average share of GDP allocated to health climbed from 7.2% in 2000 to 8.3% in 2008. The health spending-to-GDP ratio jumped sharply in 2009 to reach 9.0% on average as overall economic conditions rapidly deteriorated but health spending continued to grow or was maintained in many countries. In the context of reducing public deficits, the subsequent reductions in (public) spending on health have resulted in the share of GDP first falling and since stabilising as health expenditure growth has become aligned to economic growth in many OECD countries. In 2013, health spending accounted for 8.9% of GDP on average across OECD countries.

There remain large variations in how much OECD countries spend on health as a share of GDP. In 2013, the share of GDP allocated to health was the largest by far in the United States (16.4%), followed by the Netherlands and Switzerland (both 11.1%). Turkey, Estonia and Mexico spent 6% or less of their GDP on health.

Sources

- OECD (2015), *OECD Health Statistics* (Database).
- For non-OECD member countries: World Health Organization (WHO), *Global Health Observatory Data Repository* (Database).

Further information

Analytical publications

- OECD (2010), *Value for Money in Health Spending*, OECD Health Policy Studies, OECD Publishing.

Statistical publications

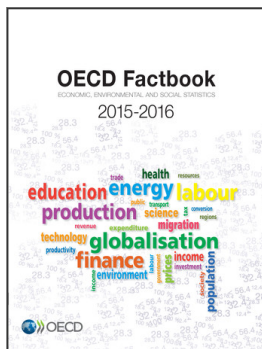
- OECD (2015), *Government at a Glance*, OECD Publishing.
- OECD (2015), *Health at a Glance*, OECD Publishing.

Methodological publications

- OECD, Eurostat and World Health Organization (2011), *A System of Health Accounts*, OECD Publishing.

Websites

- OECD Health Statistics (supplementary material), www.oecd.org/els/health-systems/health-statistics.htm.



From:
OECD Factbook 2015-2016
Economic, Environmental and Social Statistics

Access the complete publication at:
<https://doi.org/10.1787/factbook-2015-en>

Please cite this chapter as:

OECD (2016), "Health expenditure", in *OECD Factbook 2015-2016: Economic, Environmental and Social Statistics*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/factbook-2015-94-en>

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