HEALTH EXPENDITURE

In most OECD countries, spending on health is a large and growing share of both public and private expenditure. The level of spending as a share of GDP varies widely across countries, reflecting a wide array of market and social factors as well as the diverse financing and organisational structures of the health system in each country.

Long-term trends

In 2005, the average share of GDP that OECD countries devoted to health spending reached 9%. However, this share varied considerably across OECD countries, ranging from around 6% in Korea, Poland and Mexico to 15.3% of GDP for the United States. The number of countries spending more than 10% of their GDP on health goods and services stood at eight in 2005, compared with four in 2000 and two countries in 1995. Concerning public expenditure as a share of GDP, there was an almost three-fold difference between the highest and lowest countries. Public spending on health in France accounted for 8.9% of GDP in 2005, while in Korea, where health care is evenly split between public and private financing, public financing of health was 3.2% of GDP.

Changes over time in the ratio of health expenditure to GDP reflect the combined effect of trends in both GDP and health expenditure. Nearly all OECD countries have experienced an increase in the proportion of the national economy devoted to health over the past ten years. In the United States, Canada and Switzerland, health expenditure growth outpaced by a wide margin economic growth between 2000 and 2003 whith the ratio of health expenditure to GDP stabilising thereafter. On the other hand, the increase in the share of GDP devoted to health has been more modest over the past ten years in Germany and Japan, where low economic growth has been matched by low growth in health spending.

There is a positive association between GDP per capita and health expenditure per capita across OECD countries. The association is stronger among OECD countries with low GDP per capita than among countries with a higher GDP per capita. For countries with similar levels of GDP per capita there are substantial differences in health expenditure. For example, the health spending per capita of Japan and Germany differs considerably with Japan spending less than 75% of the level of Germany.

Recent OECD projections suggest that, depending on the type of scenario, health and long-term care expenditures could increase by between 3.5 to more than 6 percentage points of GDP on average across OECD countries between 2005 and 2050, of which 2 to 4 percentage points for health care. For health care, the impact of population ageing on expenditures is expected to increase over time, but its effect is moderate compared with the impact of non-demographic factors (*e.g.* higher incomes and diffusion of new treatments and medical products).

Definition

Total expenditure on health measures the final consumption of health goods and services (*i.e.* current health expenditure) plus capital investment in health care infrastructure. This includes spending by both public and private sources (including households) on medical services and goods, public health and prevention programmes and administration. Excluded are health-related expenditure such as training, research and environmental health.

Comparability

OECD countries are at varying stages of reporting total expenditure on health according to the boundary of health care proposed in the OECD manual *A System of Health Accounts* (SHA). This means that data reported are at varying levels of comparability. The comparability of health expenditure data has improved over recent years. However, limitations do remain (even among those countries where total expenditure is fairly comparable), due to the fact that data reporting is connected to current administrative records of financing systems. For example, different practices regarding the inclusion of long-term care in health or social expenditure are a major factor affecting data comparability.

The size of a country's GDP and hence its ratio of total health expenditure to GDP can be affected by the retained earnings of foreign companies operating in the country. This is particularly the case for countries such as Ireland.

Source

- OECD (2007), *OECD Health Data 2007*, OECD, Paris.

Further information

Analytical publications

- OECD (2004), *The OECD Health Project: Private Health Insurance in OECD Countries*, OECD, Paris.
- OECD (2004), *The OECD Health Project: Towards High-Performing Health Systems*, OECD, Paris.
- OECD (2005), *The OECD Health Project: Health Technologies and Decision Making*, OECD, Paris.
- OECD (2006), *Sickness, Disability and Work: Breaking the Barriers (Vol. 1): Norway, Poland and Switzerland*, OECD, Paris.
- OECD (2007), "The Drivers of Public Expenditure on Health and Long-Term Care: an Integrated Approach", *OECD Economic Studies*, No. 43, Volume 2006, Issue 2, OECD, Paris.

Statistical publications

- OECD (2007), *Health at a Glance 2007: OECD Indicators*, OECD, Paris.

Methodological publications

- OECD (2000), *A System of Health Accounts*, OECD, Paris.

Online databases

- *OECD Health Data*.

OECD FACTBOOK 2008 – ISBN 978-92-64-04054-0 – © OECD 2008

Total and public expenditure on health

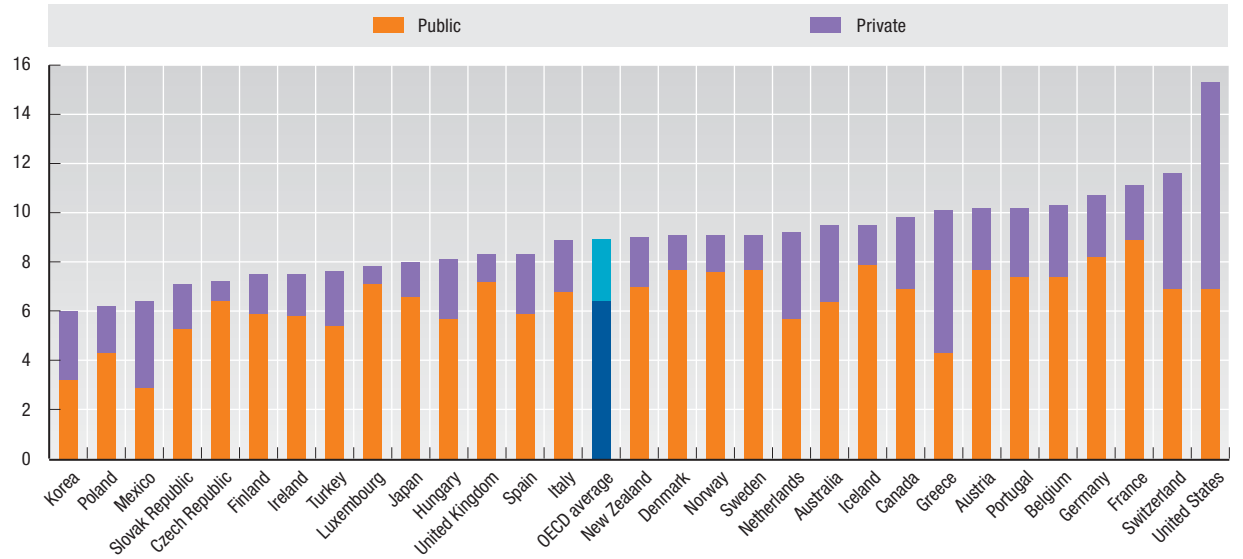
As a percentage of GDP

	Public expenditure							Total expenditure						
	1980	1990	2000	2002	2003	2004	2005	1980	1990	2000	2002	2003	2004	2005
Australia	4.3	5.1 |	6.0	6.2	6.2	6.4	..	6.8	7.5 |	8.8	9.1	9.2	9.5	..
Austria	5.1	5.1 |	7.6	7.6	7.7	7.8	7.7	7.5	7.0 |	10.0	10.1	10.2	10.3	10.2
Belgium	..	..	6.6	6.7 |	7.2	7.5	7.4	6.3	7.2	8.6	9.0 |	10.1	10.2	10.3
Canada	5.3	6.6 |	6.2	6.7	6.8	6.8	6.9	7.0	8.9 |	8.8	9.6	9.8	9.8	9.8
Czech Republic	..	4.6 |	5.9	6.4	6.7	6.5	6.4	..	4.7 |	6.5	7.1	7.4	7.3	7.2
Denmark	7.9	6.9	6.8	7.3 |	7.7	7.8	7.7	8.9	8.3	8.3	8.8 |	9.1	9.2	9.1
Finland	5.0	6.2 |	4.9	5.4	5.6	5.7	5.9	6.3	7.7 |	6.6	7.0	7.3	7.4	7.5
France	5.6	6.4 |	7.5	7.9 |	8.6	8.7	8.9	7.0	8.4 |	9.6	10.0 |	10.9	11.0	11.1
Germany	6.6 |	7.8	8.2	8.4	8.5	8.1	8.2	8.4 |	9.6	10.3	10.6	10.8	10.6	10.7
Greece	2.8	3.1 |	4.1	4.6	4.7	4.3	4.3	5.1	5.8 |	9.3	9.7	10.0	9.6	10.1
Hungary	..	6.3 |	4.9	5.3	5.9	5.7	..	..	7.0 |	6.9	7.6	8.3	8.1	..
Iceland	5.5	6.8	7.6	8.3	8.5	8.3	7.9	6.3	7.8	9.3	10.0	10.3	10.0	9.5
Ireland	6.8 |	4.4	4.6	5.4	5.6	5.8	5.8	8.3 |	6.1	6.3	7.2	7.3	7.5	7.5
Italy	..	6.1	5.8	6.2	6.2	6.6	6.8	..	7.7	8.1	8.3	8.3	8.7	8.9
Japan	4.7	4.6 |	6.2	6.5	6.6	6.6	..	6.5	6.0 |	7.7	8.0	8.1	8.0	..
Korea	1.1	1.6	2.2	2.7	2.8	2.9	3.2	4.1	4.3	4.8	5.3	5.4	5.5	6.0
Luxembourg	4.8	5.0 |	5.2	6.1 |	6.8	7.1	7.1	5.2	5.4 |	5.8	6.8 |	7.6	7.9	7.9
Mexico	..	2.0 |	2.6	2.7	2.8	3.0	2.9	..	4.8 |	5.6	6.2	6.3	6.5	6.4
Netherlands	5.2	5.4 |	5.0	5.5	..	..	..	7.5	8.0 |	8.0	8.9	9.1	9.2	..
New Zealand	5.1	5.7	6.0	6.4	6.3	6.7	7.0	5.9	6.9	7.7	8.2	8.0	8.5	9.0
Norway	5.9	6.3 |	6.9	8.2	8.4	8.1	7.6	7.0	7.6 |	8.4	9.8	10.0	9.7	9.1
Poland	..	4.4	3.9	4.5	4.4	4.3	4.3	..	4.8	5.5	6.3	6.2	6.2	6.2
Portugal	3.4	3.8 |	6.4	6.5	7.1	7.2	7.4	5.3	5.9 |	8.8	9.0	9.7	10.0	10.2
Slovak Republic	..	..	4.9	5.0	5.2 |	5.3	5.3	..	..	5.5	5.6	5.9 |	7.2	7.1
Spain	4.2	5.1	5.2	5.2 |	5.5	5.7	5.9	5.3	6.5	7.2	7.3 |	7.8	8.1	8.3
Sweden	8.3	7.5 |	7.1	7.8	7.9	7.7	7.7	9.0	8.3 |	8.4	9.1	9.3	9.1	9.1
Switzerland	..	4.3	5.8	6.5	6.7	6.8	6.9	7.4	8.3	10.4	11.1	11.5	11.5	11.6
Turkey	1.0	2.2 |	4.2	5.2	5.4	5.6	5.4	3.3	3.6 |	6.6	7.4	7.6	7.7	7.6
United Kingdom	5.0	5.0 |	5.9	6.4 |	6.7	6.9	7.2	5.6	6.0 |	7.3	7.7 |	7.8	8.1	8.3
United States	3.6	4.7	5.8	6.6	6.7	6.8	6.9	8.8	11.9	13.2	14.7	15.2	15.2	15.3
OECD average	4.9	5.1	5.7	6.1	6.4	6.4	6.4	6.6	7.0	7.9	8.5	8.8	8.9	9.0

StatLink http://dx.doi.org/10.1787/275270388145

Expenditure on health

As a percentage of GDP, 2005 or latest available year



StatLink http://dx.doi.org/10.1787/270584861664