

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 2017, the United States continued to outspend all other OECD countries by a wide margin, with the equivalent of around USD 10 000 per person (Figure 7.4). This level of health spending is two-and-a-half times the OECD average (USD 4 000) and nearly 25% and 40% higher than Switzerland and Luxembourg respectively, the next biggest spending countries. Around three-quarters of countries fall within a per capita spending range of USD 2 000-6 000. Countries spending below USD 2 000 include Central European and Latin American members of the OECD, together with Turkey. The lowest per capita spender on health was Mexico with USD 1 030 per person (26% of OECD average). Among the key emerging economies, China, Indonesia and India spent respectively 19%, 10% and 6% of the OECD average on health in per capita terms in 2017.

Figure 7.4 also shows the breakdown of per capita spending on health based on whether it is paid from government sources or some kind of compulsory insurance, or through voluntary means such as voluntary health insurance or direct payments by households. **The vast majority of health expenditure comes either from government schemes** (Denmark, Iceland, Sweden and the United Kingdom) or from some form of compulsory insurance (Czech Republic, Germany, France, Japan and Slovak Republic). On average, health spending through voluntary means represents around 25% of total spending. The ranking based on the different sources of spending remains broadly comparable to the ranking based on total per capital spending.

Looking at changes over time, health expenditure grew in 2016 at 2.7% on average across OECD countries, the highest rate since 2009 although still below pre-crisis levels (Figure 7.5). Preliminary estimates for 2017 expect spending to have grown again by around 1.8%.

Growth rates in health spending slowed down in the majority of OECD countries in the past decade. Between 2009 and 2017, per capita health spending grew, in real terms, by 1.5% annually on average across the OECD (Figure 7.6). In contrast, in the period 2003-09, annual real growth rates reached on average 3.7%. Three countries – Greece, and to a lesser extent Portugal and Italy – even displayed a negative average annual growth rate for the period 2009-17. Only three countries – Hungary, Iceland and Switzerland – recorded higher growth rates after 2009 than before that year.

Policies to reduce health expenditure included controls on public health worker salaries, halting recruitment as well

as actual reductions in the health workforce, cuts in fees payable to health providers and the containment of spending on pharmaceuticals (Morgan and Astolfi, 2014). Korea, and Chile are the countries with the highest growth rates within the OECD area at above 5% on an annual basis. However, these rates are well below those experienced in India, Indonesia and China, where real health expenditure has been growing on annual basis at an average rate of 8%, 9% and 11% respectively between 2009 and 2017.

Definition and measurement

Health expenditure measures the final consumption of health goods and services. This measure includes spending by both public and private sources on medical services and goods, as well as public health and prevention programmes and administration, but it excludes spending on capital formation (investments in infrastructure, machinery and equipment, as well as software and databases).

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 using Purchasing Power Parities (PPPs) exchange rates.

For the calculation of growth rates in real terms, economy-wide 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

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/10.1787/5jz5sq5qmwf5-en>.

OECD (2018), Focus on Spending on Health: Latest Trends, www.oecd.org/health/health-expenditure.htm.

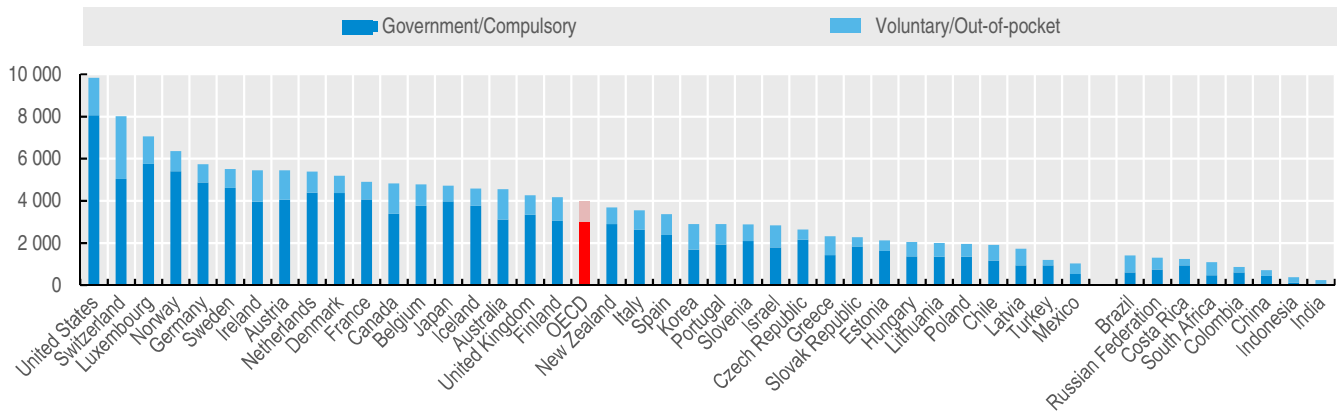
OECD (2017), *Health at a Glance 2017: OECD Indicators*, OECD Publishing, Paris, http://dx.doi.org/10.1787/health_glance-2017-en.

Figure notes

Figure 7.4, Figure 7.5, Figure 7.6: Data for 2017 are based on preliminary figures either provided by the country or estimated by the OECD. Data refer to 2016 for the United States (Figure 7.4 only), Costa Rica and the Russian Federation; 2015 for non-OECD members.

7.4. Large differences in health spending across the OECD

Per capita health expenditure by source, in USD PPPs, 2017 or nearest year

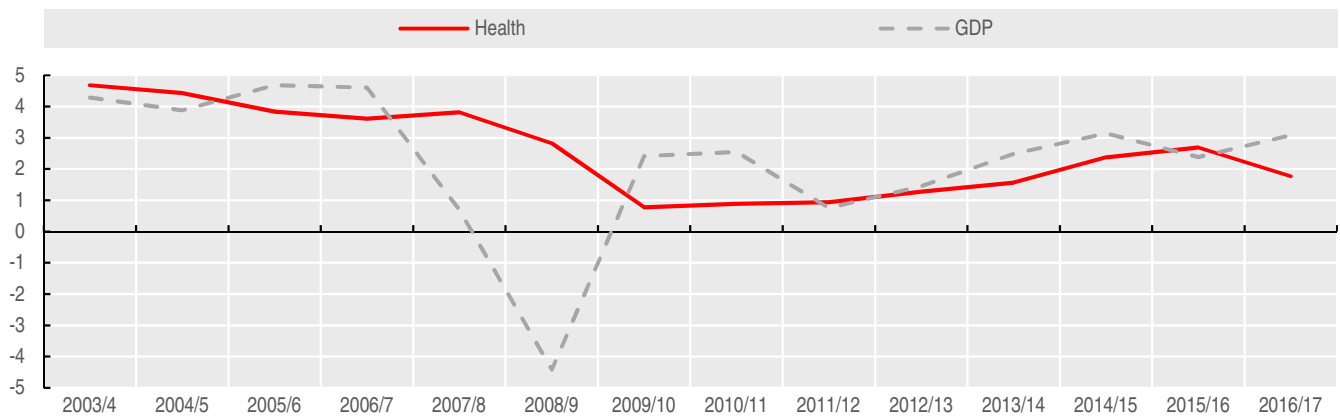


Source: OECD Health Statistics 2018, <https://doi.org/10.1787/health-data-en>.

StatLink <http://dx.doi.org/10.1787/888933939351>

7.5. On average health spending growth is still below pre-crisis levels

Real annual average growth rate in per capita health expenditure and GDP, OECD average, in percentages, 2003-17 or nearest years

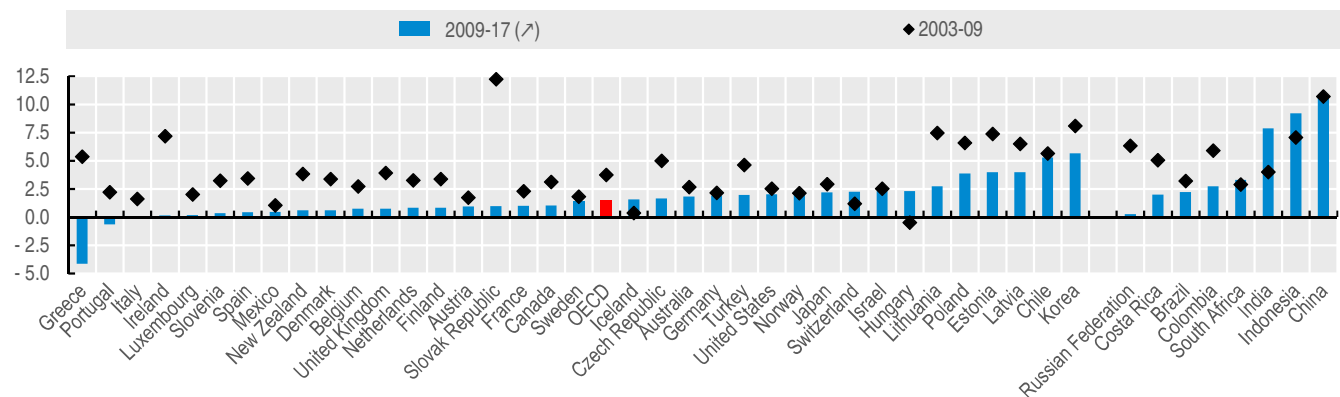


Source: OECD Health Statistics 2018, <https://doi.org/10.1787/health-data-en>.

StatLink <http://dx.doi.org/10.1787/888933939370>

7.6. Growth rates in health spending slowed down in the majority of OECD countries in the past decade

Real annual average real growth rate in per capita health expenditure, in percentages, over the periods 2003-09 and 2009-17 (or nearest years)



Source: OECD Health Statistics 2018, <https://doi.org/10.1787/health-data-en>.

StatLink <http://dx.doi.org/10.1787/888933939389>



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