FINANCING OF HEALTH CARE FROM GOVERNMENT AND COMPULSORY HEALTH INSURANCE SCHEMES

Health care can be paid for through a variety of financing arrangements. In some countries, health care might be predominantly financed through government schemes by which individuals are automatically entitled to care based on their residency. In other cases, compulsory health insurance schemes (either through public or private entities) linked to the payment of social contributions or health insurance premiums finance the bulk of health spending. In addition to these, a varying proportion of health care spending consists households' out-of-pocket payments – either as standalone payments or as part of co-payment arrangements – as well as various forms of voluntary payment schemes such as voluntary health insurance.

Figure 6.5 reports the change in the government and compulsory health insurance schemes as a share of GDP between 2010-15. On average, there was a slight increase in low and middle-income countries and territories in Asia-Pacific from 1.7% and 2.3% in 2010 to 1.9% and 2.6% in 2015 respectively. Solomon Islands reported an increase of more than 1 percentage point in the period in study, whereas Viet Nam showed a decrease of around 1 percentage point. The increase for high-income countries was higher than that observed for low and middle-income countries: from 4.7% in 2010 to 5.3% in 2015. Japan reported an increase of more than 1 percentage point, whereas New Zealand showed a decrease of 0.3 percentage point.

In 15 Asia-Pacific countries, government schemes and compulsory health insurance constitute the main health care financing arrangements. The higher the income level the higher the share of health care spending financed through government and compulsory health insurance schemes (Figure 6.6). In Thailand, New Zealand, Japan, Solomon Islands and Brunei more than 75% of all health expenditure was paid for through government schemes and compulsory health insurance. By contrast, in Myanmar, Bangladesh, India and Nepal less than 25% of health spending was paid for via government and compulsory insurance schemes.

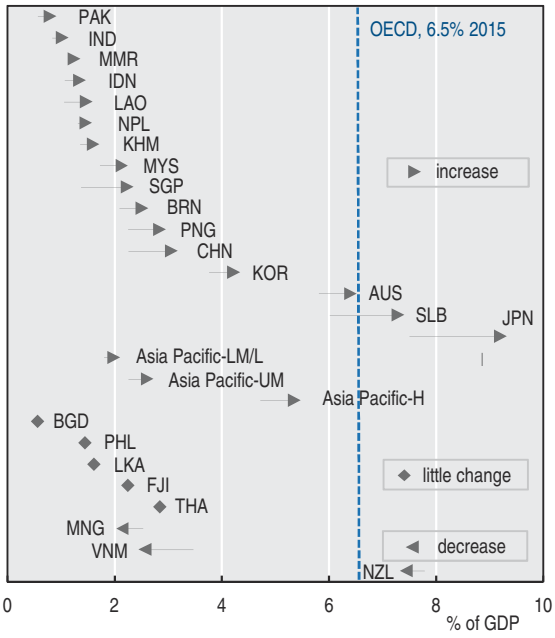
Governments provide a multitude of public services out of their overall budgets. Hence, health care is competing with many other sectors such as education, defence and housing. A number of factors including, among others, the type of system in place, the fiscal space and the capacity of health ministers to influence the overall budgetary allocation to the health sector determines the size of public funds allocated to health. Relative budget priorities may also shift from year to year as a result of political decision-making and economic effects. In 2015, health spending by government schemes and compulsory insurance stood at around 7% of total government expenditure across low and low-middle income countries, whereas it represented 10.4% of total government expenditure in upper-middle income countries in Asia-Pacific (Figure 6.7). In Japan, Australia, New Zealand and Thailand more than 15% of public spending was dedicated to health care. On the other hand, less than 4% of government expenditure was allocated to health care in India, Pakistan and Bangladesh.

Definition and comparability

The financing classification used in the System of Health Accounts provides a complete breakdown of health expenditure into public and private units incurring expenditure on health. Public financing includes general government expenditure and social security funds.

Relating spending from government and compulsory insurance schemes to total government expenditure can lead to an overestimation in countries where private insurers provide compulsory insurance.

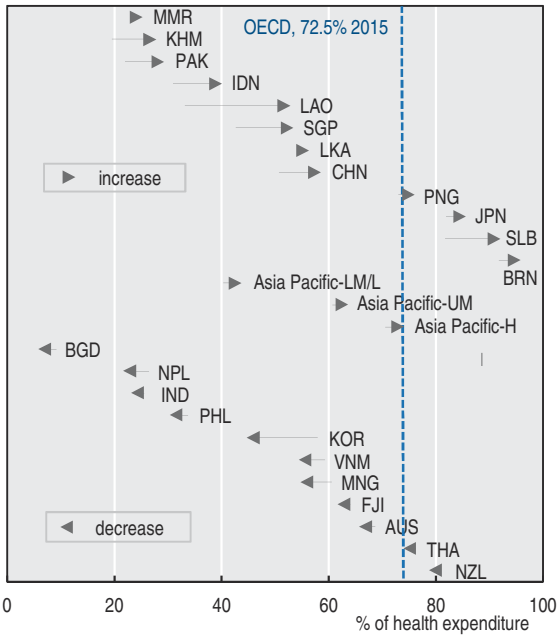
6.5. Change in health expenditure by government scheme and compulsory insurance scheme as a share of GDP, 2010 to 2015



Source: WHO Global Health Expenditure Database (2018f); OECD Health Statistics (2018).

StatLink http://dx.doi.org/10.1787/888933868880

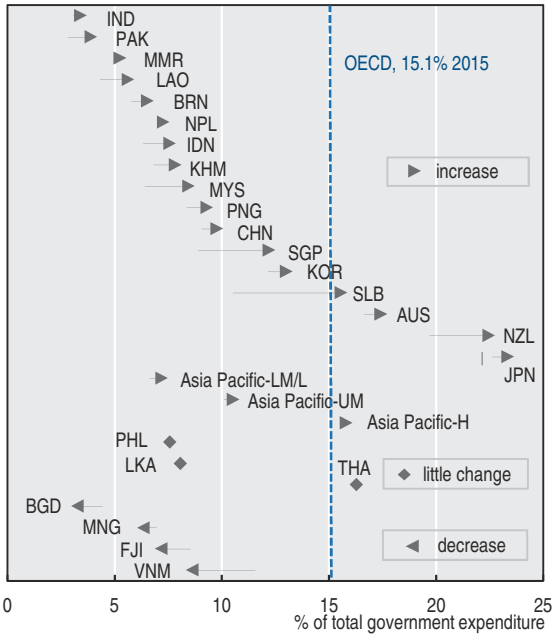
6.6. Change in health expenditure by government scheme and compulsory insurance scheme as a share of health expenditure, 2010 to 2015



Source: WHO Global Health Expenditure Database (2018f); OECD Health Statistics (2018).

StatLink http://dx.doi.org/10.1787/888933868899

6.7. Change in health expenditure by government and compulsory health insurance schemes as a share of total government expenditure, 2010 to 2015



Source: WHO Global Health Expenditure Database (2018f); OECD Health Statistics (2018).

StatLink http://dx.doi.org/10.1787/888933868918