

Health expenditure in relation to GDP

The change in how much a country spends on healthcare in relation to spending on all the other goods and services in the economy can depend on both fluctuations in the rate of health spending itself as well as growth in the economy as a whole. 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. However, the economic crisis that took hold in 2008 resulted in an initial rise followed by a reduction in the health spending to GDP ratio across many OECD countries.

Health spending accounted for 8.9% of GDP (excluding investment) on average across OECD countries in 2013, unchanged from 2012 and up marginally from 8.8% in 2011 (Figure 9.3). Including capital spending (see the indicator on “Capital expenditure in the health care sector”), expenditure on health as a share of GDP is estimated to have been 9.3% on average in 2013.

In 2013, the United States spent 16.4% of GDP on health, remaining well above the OECD average and more than five percentage points above a group of high-income countries all at around 11%, which include the Netherlands, Switzerland, Sweden, Germany and France. Almost half of OECD countries spend in a band between 8 and 10% of GDP on health services. Among OECD countries, Mexico and Estonia devoted around 6% of GDP to health – around two-thirds of the OECD average, while Turkey reported the lowest share at just over 5% of GDP. Among the key partner countries, China and India spent 5.6% and 4.0% of GDP respectively in 2013, while Brazil (9.1%) and South Africa (8.9%) spent close to the OECD average (all including investment).

The health spending to GDP ratio jumped sharply in 2009 to reach 9.0% on average – up from 8.3% in 2008 as overall economic conditions rapidly deteriorated but health spending continued to grow or was maintained in many countries. In the subsequent 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 (Figures 9.4, and 9.5).

The United States has seen its health spending to GDP ratio remain consistent at 16.4% since 2009, in contrast to the earlier steep rise whereby the share increased almost two percentage points between 2005 and 2009. Canada also experienced a steady rise through the second half of the 2000s to reach a peak in 2009. Since then, with health spending growth lower than economic growth, the share of GDP has gradually decreased. Japan, on the other hand, has seen its health spending share of GDP rise steadily from the OECD average in 2005 to continue increasing to more than 10% of GDP by 2013 as a result of a deliberate policy to increase public spending on health.

In Europe, France and Germany also have seen their health spending to GDP ratio stabilise since 2009 as health spending growth has aligned with economic growth. Other European countries, such as Portugal and Ireland saw health spending growth decline much more than GDP, resulting in a rapidly decreasing health spending to GDP ratio, after significant increase prior to 2009, as health spending significantly outpaced economic growth. Greece, where there have been significant cuts in health spending, has seen the health spending to GDP ratio fluctuate but overall remain at a similar level to the mid-2000s as the overall economy has suffered to the same extent.

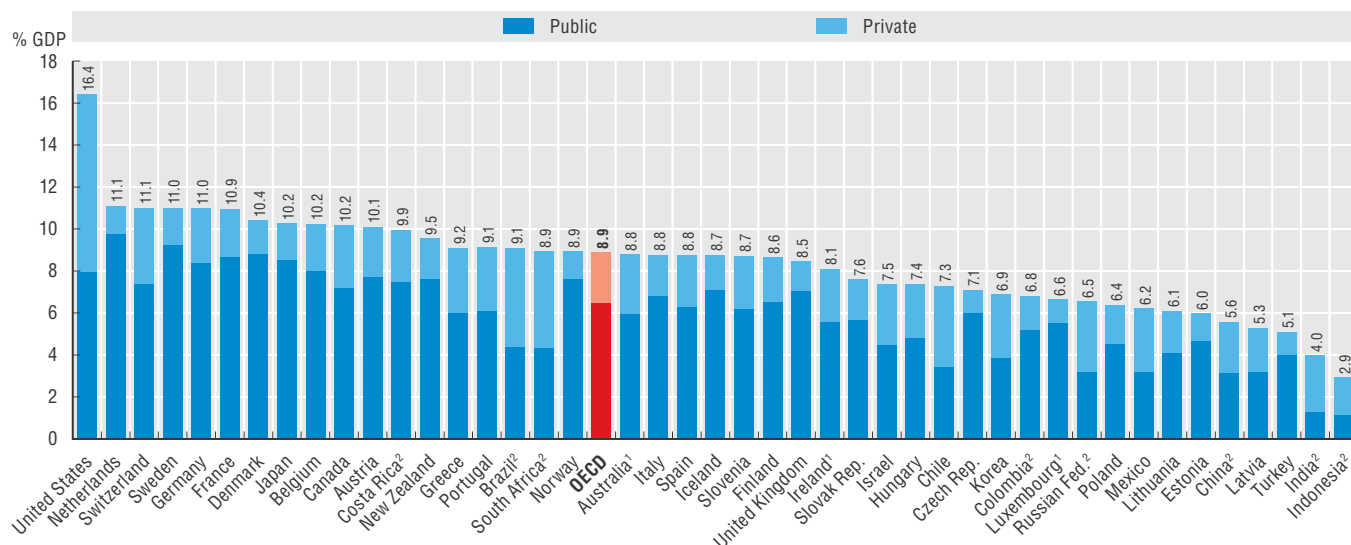
Definition and comparability

See indicator “Health expenditure per capita” for a definition of expenditure on health.

Gross domestic product (GDP) = final consumption + gross capital formation + net exports. Final consumption of households includes goods and services used by households or the community to satisfy their individual needs. It includes final consumption expenditure of households, general government and non-profit institutions serving households.

In countries, such as Ireland and Luxembourg, where a significant proportion of GDP refers to profits exported and not available for national consumption, GNI may be a more meaningful measure than GDP.

9.3. Health expenditure as a share of GDP, 2013 (or nearest year)



Note: Excluding investments unless otherwise stated.

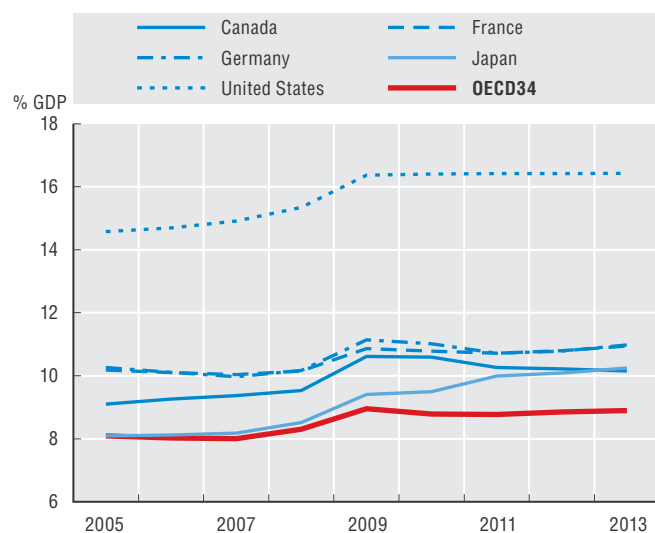
1. Data refers to 2012.

2. Including investments.

Source: OECD Health Statistics 2015, <http://dx.doi.org/10.1787/health-data-en>; WHO Global Health Expenditure Database.

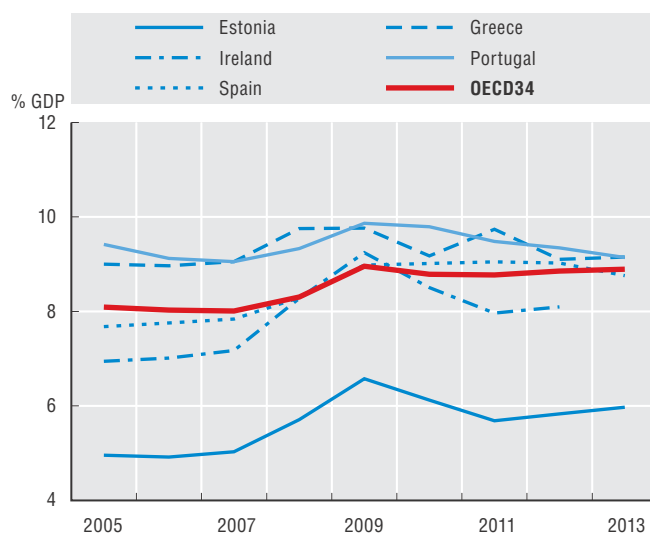
StatLink <http://dx.doi.org/10.1787/888933281263>

9.4. Health expenditure as a share of GDP, selected G7 countries, 2005-13



Source: OECD Health Statistics 2015, <http://dx.doi.org/10.1787/health-data-en>.
StatLink <http://dx.doi.org/10.1787/888933281263>

9.5. Health expenditure as a share of GDP, selected European countries, 2005-13



Source: OECD Health Statistics 2015, <http://dx.doi.org/10.1787/health-data-en>.
StatLink <http://dx.doi.org/10.1787/888933281263>

Information on data for Israel: <http://oe.cd/israel-disclaimer>



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