

**Definition and measurement**

Total expenditure on health measures the final consumption of health goods and services plus capital investment in health care infrastructure. It includes both public and private spending on personal health care, and collective health services (public health and prevention programmes and administration). Excluded are health-related expenditures such as training, research and environmental health.

To compare health care expenditures across countries and time, health expenditure per capita is deflated by a national price index and converted to US dollars using purchasing power parity (PPP) exchange rates.

**Average per capita health spending varies considerably across OECD countries.** In 2006, the highest spending OECD country is the United States, devoting USD 6 714 per capita to health – more than twice the OECD average. After the United States come Norway, Switzerland and Luxembourg, all still well above the OECD average. Most OECD countries are clustered in a band between USD 2 400 and USD 3 600. At the other end of the scale a group of four countries (Turkey, Mexico, Poland, and the Slovak Republic), spends less than half the OECD average.

**Variation in the levels of public health spending is similar to that observed for total health spending.** Figure HE8.1 also shows the United States as the highest proportional health spender, by a considerable margin over Portugal, with Turkey the lowest spender.

**A rising share of resources is being devoted to health.** Between 1995 and 2006, average OECD health expenditure per capita has grown annually by around 4% (HE8.2). Average economic growth over the same

period was 2.5%. However, behind this OECD average, significant variations can be observed both between countries and over time. In general, the high growth countries, such as Korea and Ireland, have been those that started out with relatively lower health expenditures per capita. Health expenditure growth in these two countries has greatly exceeded the OECD average over this period. By contrast, countries such as Germany and Austria have experienced relatively moderate health expenditure growth between 1995 and 2006, partly as a result of cost-containment measures and slow economic growth.

**Richer countries spend more on health.** Figure HE8.3 shows a positive association between average income and health expenditure per capita across OECD countries. Country income is not the sole factor influencing health expenditure levels. The association tends to be stronger among OECD countries with lower average income. For countries with similar average income levels there are substantial differences in health expenditure. For example, despite Japan and Germany having similar average income levels, their health spending per capita differs considerably.

**Countries spending more on health have higher life expectancies.** Higher health spending per capita is generally associated with higher life expectancy at birth (HE8.4), although this relationship is less pronounced amongst countries with higher health spending per capita. Given their levels of health spending, Japan stands out as having relatively high life expectancy and the United States has relatively low life expectancy.

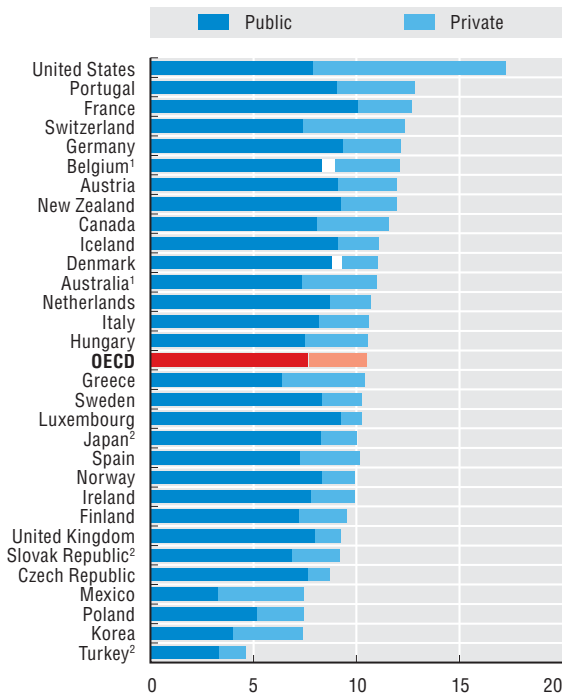
**Figure notes**

Figure HE8.1: Belgium and Denmark: Public and private expenditures exclude capital expenditures. Note 1: 2005/06. Note 2: 2005.

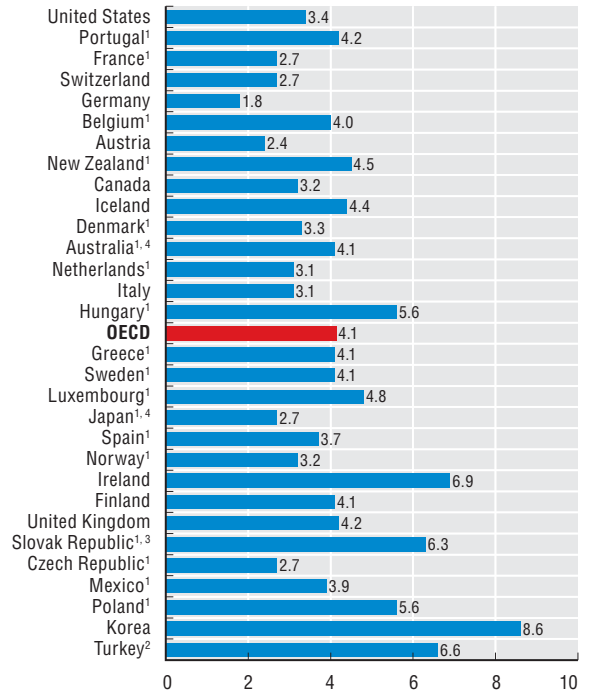
Figure HE8.2: Note 1: Series breaks. Note 2: 1999-2005. Note 3: 1997-2005. Note 4: 1995-2005.

**HE8.1. Health spending as a share of NNI, 2006**

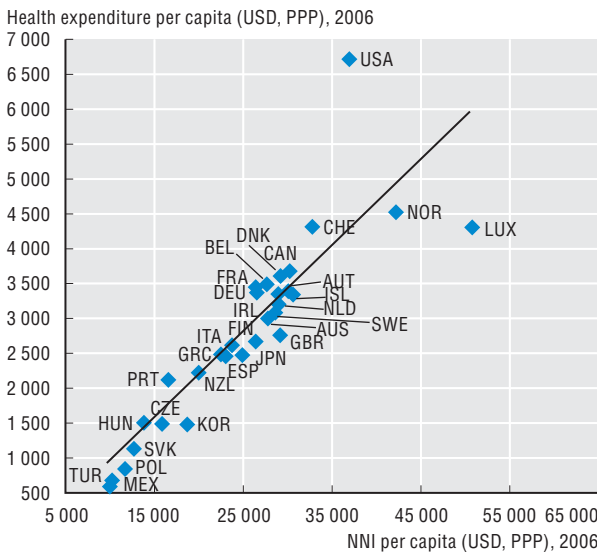
Countries ranked by health spending as a share of NNI



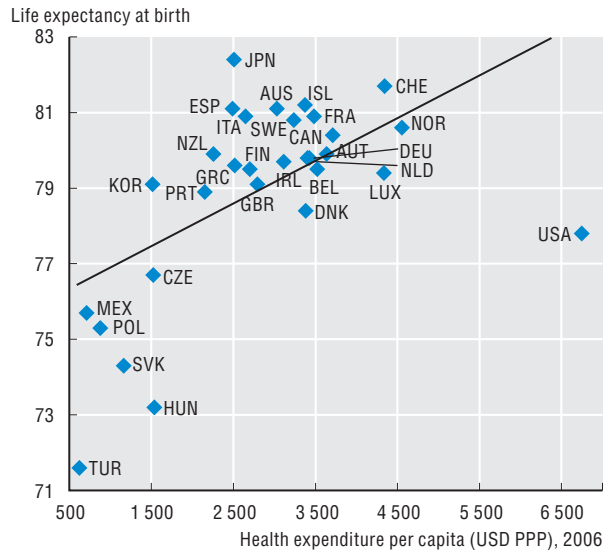
**HE8.2. Annual growth in per capita health spending, 1995-2006**



**HE8.3. Richer countries spend more per capita on health care, 2006**

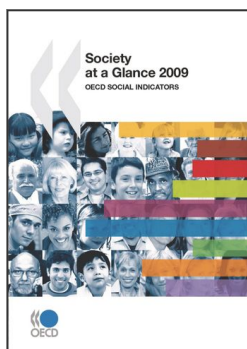


**HE8.4. Countries with higher life expectancy spend more per capita on health care, 2006**



Source: OECD (2008), *OECD Health Data 2008*, OECD, Paris ([www.oecd.org/health/healthdata](http://www.oecd.org/health/healthdata)).

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