

7. HEALTH EXPENDITURE AND FINANCING

7.2. Health expenditure in relation to GDP

Changes in the health spending to GDP ratio are the result of both fluctuations in the rate of health spending as well as growth in the economy as a whole. The economic crisis that began in 2008 ended a long period during which health spending had grown faster than GDP in many OECD countries. This has resulted in very different trends in the health-spending-to-GDP ratio across OECD countries.

Health spending accounted for 9.3% of GDP on average across OECD countries in 2011, compared with 9.4% in 2010 (Figure 7.2.1). Excluding capital spending, current expenditure on health as a share of GDP dropped from 9.1% on average in 2010 to 8.9% in 2011. The health spending to GDP ratio reached a peak in 2009 (9.6% total expenditure and 9.2% current expenditure) 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 and falling incomes, the reductions in (public) spending on health have resulted in the share of GDP falling since 2009.

In 2011, the United States spent 17.7% (17.0% for current expenditure on health) of GDP on health, remaining well above the OECD average and around six percentage points above the next group of countries, which include the Netherlands, France, Germany, Canada and Switzerland. The health spending to GDP ratio in the United States has remained at the same level since 2009, after years of continuous increases. It is not clear yet whether this levelling-off reflects cyclical factors and may start to grow again once the economy picks up, or whether it reflects more structural changes such as a slower diffusion of new technologies and pharmaceuticals, and changes in provider payments resulting in greater efficiency. Of the OECD countries, Mexico, Turkey and Estonia devoted only around 6% of GDP to health – around two-thirds of the OECD average. Outside of the OECD, China and India spent 5.2% and 3.9% of GDP respectively in 2011, while Brazil devoted 8.9% of GDP to health – close to the OECD average.

During the pre-crisis period up to 2009, all OECD countries saw health spending outpace economic growth resulting in an increasing share of GDP allocated to health (Figures 7.2.2 and 7.2.3). Average annual growth in health spending in real terms between 2000 and 2009 was 4.1% compared to

GDP growth of only 1.5%. For example, Ireland saw health spending grow much more rapidly than the rate of economic growth during this period, resulting in the share of GDP rising from just over 6% in 2000 to 10% by 2009. France also, where economic growth in this period was more sluggish, continued to see a trend increase in the health share to GDP ratio between 2000 and 2009.

In 2009, health spending as a share of GDP jumped in many OECD countries as overall economic conditions deteriorated while health spending was essentially maintained in many countries. Since then, OECD countries have typically seen their share of health spending to GDP stabilise or fall. Some European countries, such as Estonia, Greece and Ireland saw health spending growth decline much more than GDP, resulting in a rapidly decreasing health spending to GDP ratio.

Away from Europe, Japan has continued to see its ratio to GDP grow such that by 2010 (latest figure available), the health spending to GDP ratio in Japan climbed above the OECD average for the first time. In Canada, after a sharp increase in 2009, the share of GDP devoted to health remained stable in 2010 and declined slightly in 2011.

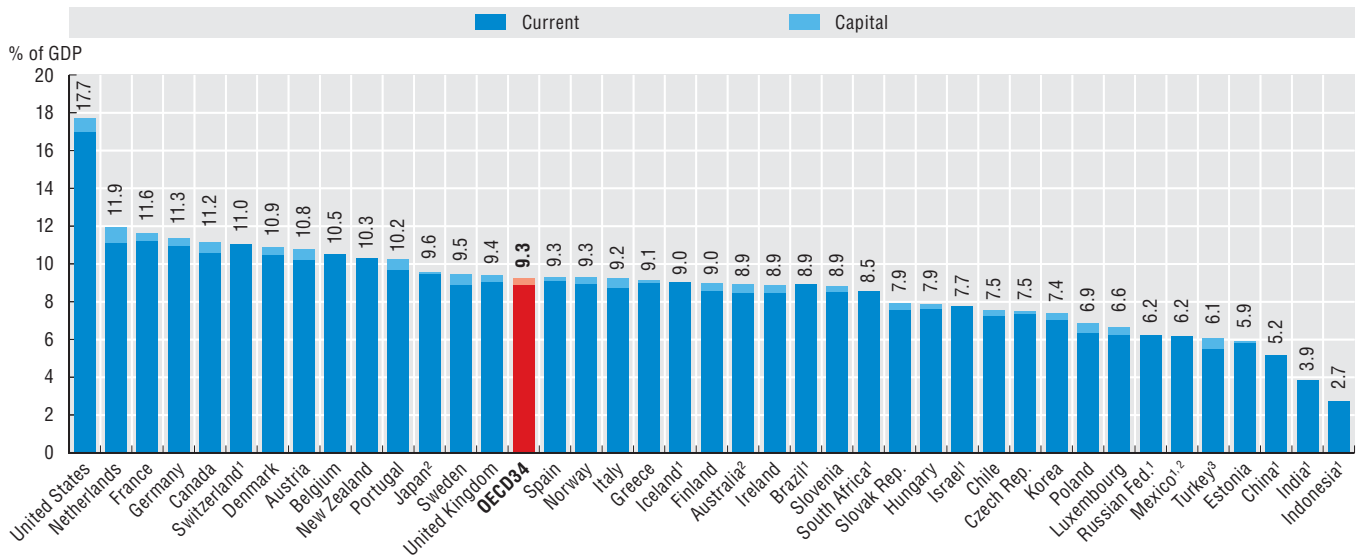
Definition and comparability

See Indicator 7.1 “Health expenditure per capita” for a definition of total and current 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.

7.2.1. Health expenditure as a share of GDP, 2011 (or nearest year)

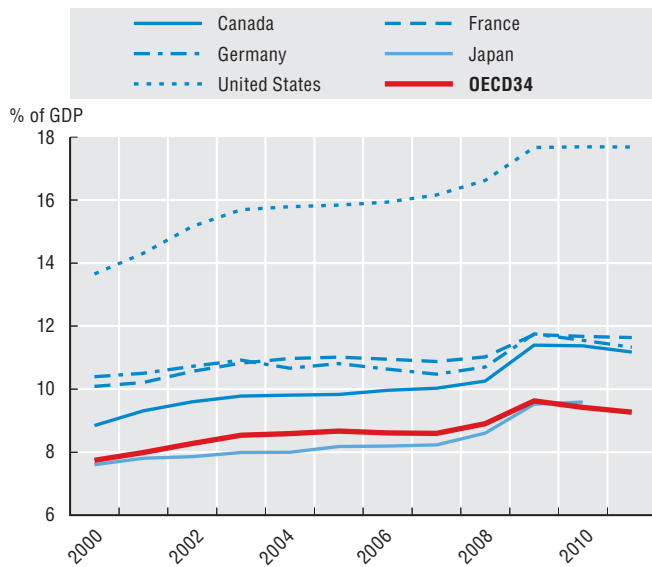


1. Total expenditure only.
2. Data refers to 2010.
3. Data refers to 2008.

Source: OECD Health Statistics 2013, <http://dx.doi.org/10.1787/health-data-en>; WHO Global Health Expenditure Database.

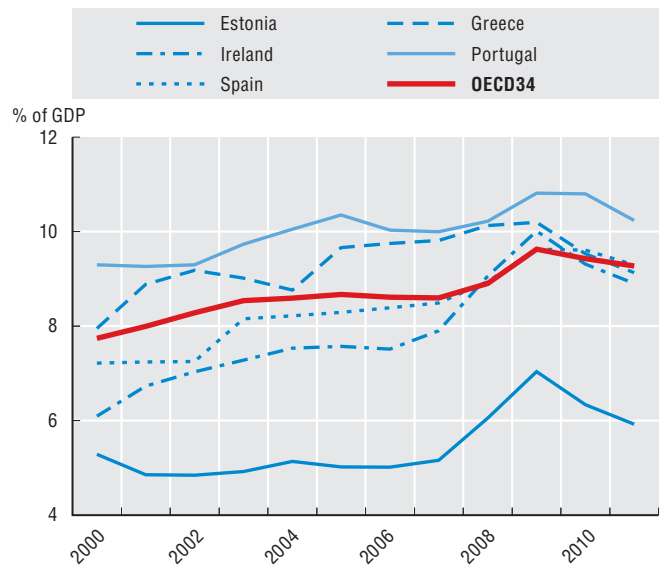
StatLink <http://dx.doi.org/10.1787/888932918871>

7.2.2. Health expenditure as a share of GDP, 2000-11, selected G7 countries



Source: OECD Health Statistics 2013, <http://dx.doi.org/10.1787/health-data-en>.
StatLink <http://dx.doi.org/10.1787/888932918890>

7.2.3. Health expenditure as a share of GDP, 2000-11, selected European countries



Source: OECD Health Statistics 2013, <http://dx.doi.org/10.1787/health-data-en>.
StatLink <http://dx.doi.org/10.1787/888932918909>



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