

Given the fiscal sustainability challenge faced by health systems, an effective dialogue across government agencies responsible for the health budget is crucial. One important aspect is medium-term financial planning for health, which involves taking a strategic, multi-annual approach to budgeting, looking beyond the one-year annual budget. This includes defining priorities and allocating resources for health over a multi-annual period so that spending decisions are driven by the evolution of health needs. Successful medium-term financial planning for health offers substantial benefits for the health sector, including improving the predictability in future resource envelopes that allows health agencies to effectively plan. However, the challenge is to design a medium-term framework that allows health agencies to plan based on a reasonable assumption of available financial resources, while preserving the government's flexibility to adjust to policy changes.

Medium-term financial planning for the health sector can be addressed through various tools, with the preparation of medium-term projections (2-5 years) being a prerequisite for developing a forward-looking perspective for the health system beyond the budget year. Official medium-term projections are prepared by public bodies, or by independent bodies on request from government. Most surveyed OECD countries fulfil this prerequisite and estimate the health budget for future years (22 out of 24 country responses, 92%) (Figure 6.10). The results of medium-term financial planning for the health system should inform the annual budget process resulting in a better match of resources to health sector priorities. As a starting point, health spending projections can be integrated into government budget documents. This informs parliament and other stakeholders of the emerging spending requirements for the health sector. Half of surveyed OECD countries include such projections of the health budget for future years within government budget documents (11 out of 22, 50%) (Figure 6.11). For countries with a compulsory health insurance scheme – such as Belgium and France – projections are integrated into separate budget documents for social insurance institutions.

Through the annual budget process, medium-term projections for the health sector can be translated into multiyear budget allocations. The purpose for medium-term financial planning for health however varies among OECD countries, with just under half of surveyed OECD countries using medium-term financial planning for health as the basis for budget allocations (10 out of 21, 48%). In four countries (Finland, Iceland, Italy, and Latvia), medium-term financial planning for health is used as the basis for binding budget allocations. Further, binding ceilings on health spending beyond the current fiscal year are set in Greece, Israel, and the Netherlands, with a guaranteed minimum floor on health spending set in Chile, Costa Rica and the United Kingdom. For the remaining countries,

medium-term financial planning for health is limited to being used only for informational purposes in just over half (11 out of 21, 52%) of those surveyed countries that produce medium-term expenditure estimates (Figure 6.12). Here, medium-term expenditure projections are intended to highlight the future costs of current policies but do not bind future decisions of policies.

Methodology and definitions

Data are derived from the 2021 OECD Survey on macro-level management of health expenditure, with a special focus on multi-annual financial planning for health. Data is referring mainly to central/federal government and respondents were predominantly officials within central budget authorities, the Ministry of Health and the agency responsible for compulsory health insurance, if applicable. Responses represent the country's own assessment of current practices and procedures.

The survey data encompasses responses from 24 OECD countries, comprising 11 countries where the majority of health spending is through government schemes at the central or subnational level (Australia, Finland, Greece, Iceland, Italy, Latvia, Mexico, New Zealand, Norway, Sweden and the United Kingdom), and 13 countries where compulsory health insurance scheme(s) make up the majority of health spending (Austria, Belgium, Chile, Colombia, Costa Rica, Czech Republic, Estonia, France, Israel, Japan, Korea, Luxembourg, and the Netherlands). Compulsory health insurance can be social health insurance or compulsory private health insurance schemes.

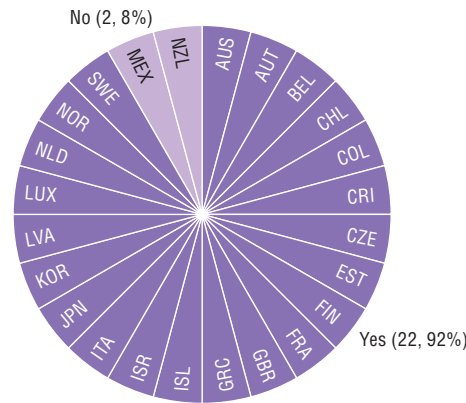
Further reading

- OECD (2019), *OECD Journal on Budgeting, Volume 2019 Issue 3: Special Issue on Health*, OECD Publishing, Paris, <https://doi.org/10.1787/045f5902-en>.
- OECD (2015), *Fiscal Sustainability of Health Systems: Bridging Health and Finance Perspectives*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264233386-en>.

Figure notes

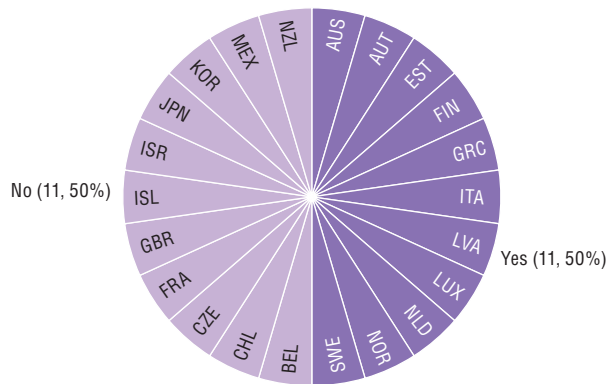
- Data for Canada, Denmark, Germany, Hungary, Ireland, Lithuania, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Switzerland, Türkiye and the United States are not available.
- 6.11. Data for Colombia and Costa Rica are not available. Projections for Belgium and France are integrated into separate budget documents for social insurance institutions.
- 6.12. Data only cover countries who produce estimates of future health expenditure.

6.10. Preparation of official medium-term projections (2-5 years) for health expenditure, 2021



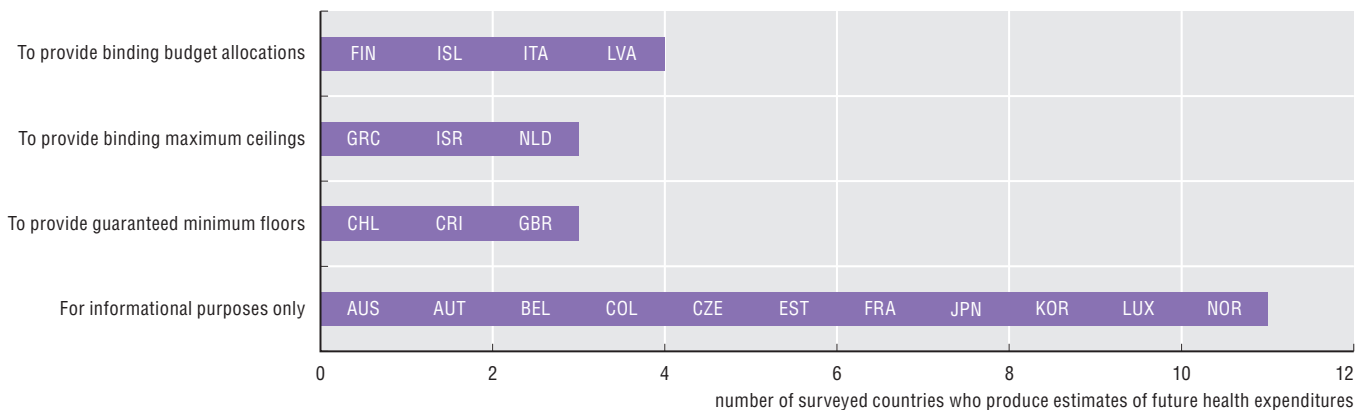
Source: OECD (2021), Survey on macro-level management of health expenditure, with a special focus on multi-annual financial planning for health. [StatLink !\[\]\(0f848bbd71cef6b345273b16f905912a_img.jpg\) https://stat.link/drn1wf](https://stat.link/drn1wf)

6.11. Inclusion of health spending projections within budget documents, 2021



Source: OECD (2021), Survey on macro-level management of health expenditure, with a special focus on multi-annual financial planning for health. [StatLink !\[\]\(de95854c7ee024cfadc48187bbb781b2_img.jpg\) https://stat.link/sbr871](https://stat.link/sbr871)

6.12. Purpose of medium-term financial planning for health expenditure, 2021



Source: OECD (2021), Survey on macro-level management of health expenditure, with a special focus on multi-annual financial planning for health. [StatLink !\[\]\(c50c8b7b2cc2cf9ff925edec0ee94c0d_img.jpg\) https://stat.link/j5b9ud](https://stat.link/j5b9ud)



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