7.1. Health expenditure per capita

Differences in spending levels per capita reflect a wide array of market and social factors, as well as countries' diverse financing and organisational structures of their health systems.

The United States continues to outspend all other OECD countries by a wide margin. In 2007, spending on health goods and services per person in the United States rose to USD 7 290 (Figure 7.1.1) – almost two and a half times the average of all OECD countries. Norway and Switzerland spend about two-thirds of the per capita level of the United States, but are still around 50% above the OECD average. Most of the northern and western European countries, together with Canada and Australia, spend between USD PPP 3 000 and 4 000, between 100% and 130% of the OECD average. Those countries spending below the OECD average include Mexico and Turkey, but also the southern and eastern European members of the OECD together with Korea. Japan also spends less on health than the average in OECD countries, despite its above-average per capita income.

Figure 7.1.1 also shows the breakdown of per capita spending on health into public and private components (see also Indicator 7.6). The variation in the levels of public spending on health is similar to that observed for total spending on health. In general, the ranking according to per capita public expenditure remains comparable to that of total spending. Even if the private sector in the United States continues to play the dominant role in financing, public spending on health per capita is still greater than that in most other OECD countries (with the exception of Norway and Luxembourg), because overall spending on health is much higher than in other countries.

In Switzerland, a large proportion of health care financing comes from private sources, and its public spending on health as a share of GDP is lower than in certain other countries, although overall spending is higher. The opposite is true in Denmark where most health care is publically financed.

Per capita health spending over 1997-2007 is estimated to have grown, in real terms, by 4.1% annually on average across the OECD (Figure 7.1.2, Table A.10). In many countries, the growth rate reached a peak around 2001-02 and slowed in more recent years. By comparison, average economic growth over this period was 2.6%, resulting in an increasing share of the economy devoted to health in most countries (Figure 7.1.3; see also Indicator 7.2).

In general, the countries that have experienced the highest growth in health expenditures per capita over this period are those that had relatively low levels at the beginning of the period. Health expenditure growth in Korea and Turkey, for example, has been more than twice the OECD average over the past ten years. Other countries, such as Ireland and the United Kingdom, pursued specific policy objectives to increase public spending on health, meaning that overall health spending has outpaced economic growth (Department of Health and Children, 2001; Secretary of State for Health, 2002).

In Germany, health spending per capita increased, in real terms, by only 1.7% per year on average, reflecting the effect of cost-containment policies designed to achieve stable contribution rates by employers and employees. These measures have included budget or spending caps for sectors or individual providers, introducing reference prices for pharmaceuticals and educational approaches to enhance generic and rational prescribing, reducing the number of hospital beds and restricting the number of high cost medical equipment, and introducing or increasing co-payments for certain services (Busse and Riesberg, 2004).

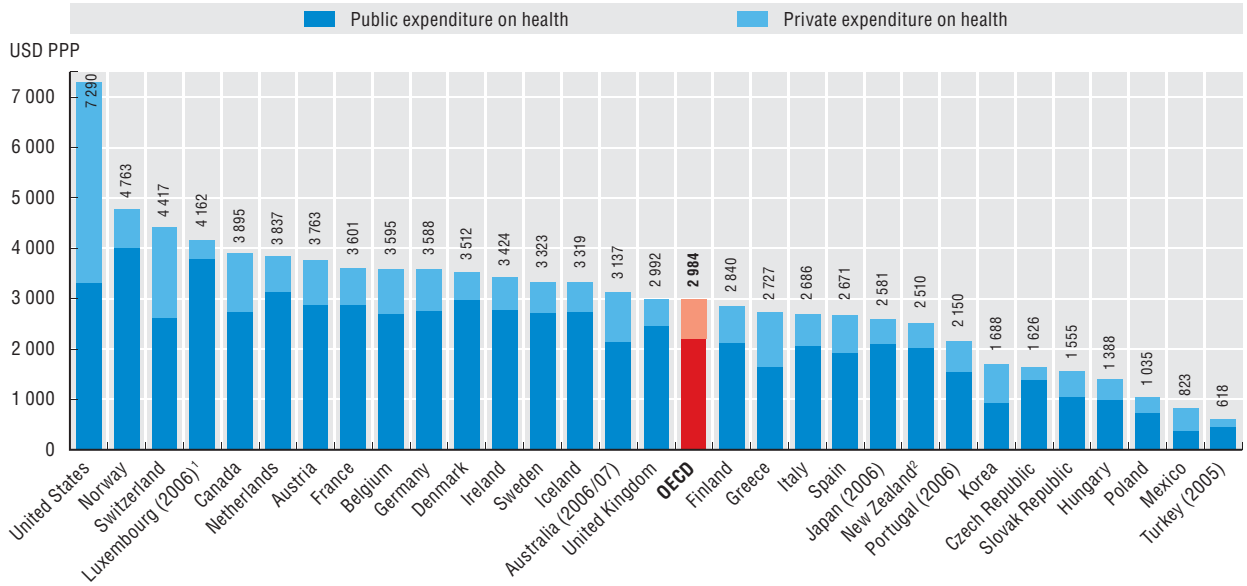
Definition and deviations

Total expenditure on health measures the final consumption of health goods and services (*i.e.* current health expenditure) plus capital investment in health care infrastructure. This includes spending by both public and private sources on medical services and goods, public health and prevention programmes and administration.

Countries' health expenditures are converted to a common currency (US dollar) and adjusted to take account of the different purchasing power of the national currencies, in order to compare spending levels. Economy-wide (GDP) PPPs are used as the most available and reliable conversion rates.

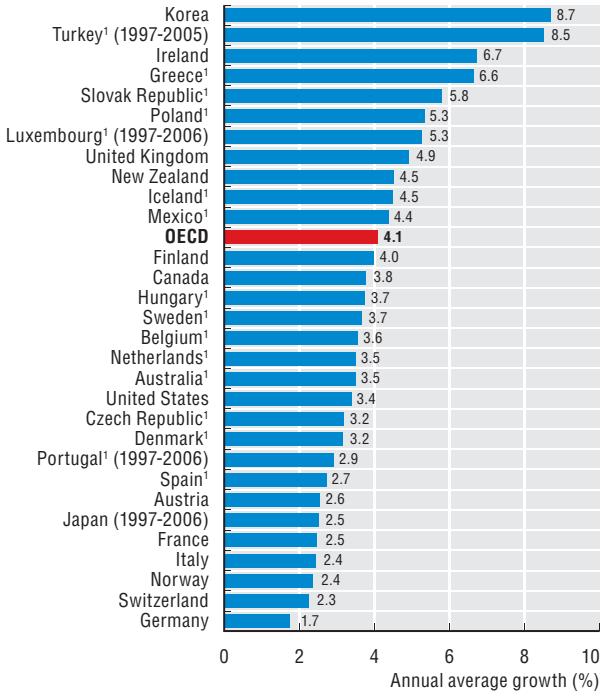
The growth rates presented in Figures 7.1.2 and 7.1.3 have been adjusted to take account of series breaks that are in most cases due to the implementation of the *System of Health Accounts*. To remove these breaks, the real growth in the year of the series break has been assumed to be the average growth of the preceding and following years.

7.1.1 Total health expenditure per capita, public and private, 2007



1. Health expenditure is for the insured population rather than resident population. 2. Current health expenditure.

7.1.2 Annual average real growth in per capita health expenditure, 1997-2007



7.1.3 Annual average real growth in per capita health expenditure and GDP, 1997-2007

1. Growth rates adjusted. See box "Definition and deviations".

Source: OECD Health Data 2009.

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