

HEALTH EXPENDITURE

In most OECD countries, spending on health is a large and growing share of both public and private expenditure. Health spending as a share of GDP varies widely across countries, reflecting market and social factors as well as the diverse financing and organisational structures of the health system in each country.

Definition

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

Overview

In 2007, OECD countries devoted 8.9% of their GDP to health spending. The share of health spending to GDP ranged from less than 6% in Turkey and Mexico to 16% in the United States. Following the United States were France (11.0%), Switzerland (10.8%), and Germany (10.4%). The share of public expenditure on health to GDP also varied across countries, from a high of 8.7% of GDP in France to lows of 3.7% and 2.7% of GDP, respectively, in Korea and Mexico.

There is a positive association between GDP per capita and health expenditure per capita across OECD countries. While countries with higher GDP spend a greater amount on health, there is also wide variation across countries. For example, despite having a similar GDP per capita, the health spending per capita of Japan is less than 75% of the level of Germany.

Across the OECD area, per capita health spending increased in real terms by 4.1% annually from 1997 to 2007. In many countries, this growth rate peaked around 2001-02 and then declined. In general, countries that experienced the highest growth over this period are those with lower levels at the beginning of the period (e.g. Korea and Turkey). Other countries, such as Ireland and the United Kingdom, pursued specific policies to increase public spending on health. In Germany, health spending per capita increased, in real terms, by only 1.7% per year, following the implementation of cost-containment policies.

Trends in the ratio of health spending to GDP are the result of changes in both GDP and health expenditures. Generally, health spending grew more quickly than GDP over the last ten years, resulting in an increase in the share of GDP allocated to health. This share may increase further following the recession of 2008 and 2009. There is little evidence that GDP changes impact on health spending in the short term, although the experience of some OECD countries that faced substantial recessions in the past 20 years is that health expenditures may be reduced in the aftermath of the recession.

Comparability

OECD countries are at varying stages of reporting health-care expenditure data according to the definition proposed in the OECD manual *A System of Health Accounts (SHA)*. While the comparability of health expenditure data has improved recently, some limitations do remain, e.g. on the measurement of long-term care.

The size of a country's GDP, and hence its ratio of total health expenditure to GDP, can also be affected by the size of retained earnings of foreign companies operating in the country (see the section on Size of GDP).

No data for private expenditure are currently collected for countries ranked separately on the left-hand side of the chart.

Sources

- OECD (2009), *OECD Health Data 2009*, OECD, Paris.

Further information

Analytical publications

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- OECD (2004), *The OECD Health Project: Towards High-Performing Health Systems*, OECD, Paris.
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- OECD (2008), *OECD Health Policy Studies: The Looming Crisis in the Health Workforce: How Can OECD Countries Respond?*, OECD, Paris.

Statistical publications

- OECD (2009), *Health at a Glance 2009: OECD Indicators*, OECD, Paris.

Methodological publications

- OECD (2000), *A System of Health Accounts*, OECD, Paris.

Online databases

- *OECD Health Data*.

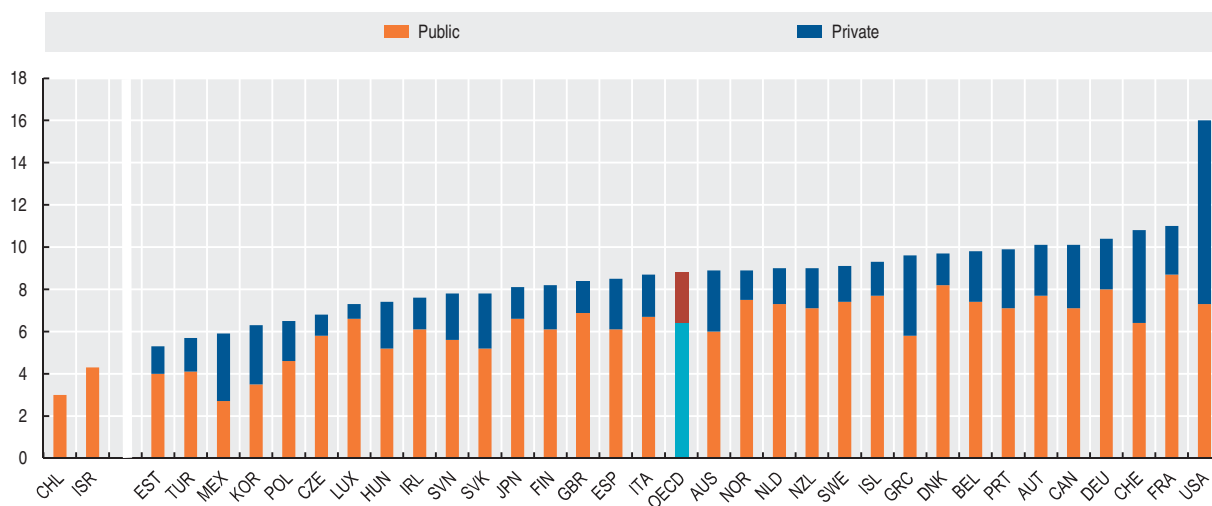
**Public and private expenditure on health**

As a percentage of GDP

	Public expenditure										Private expenditure
	1980	1990	2000	2001	2002	2003	2004	2005	2006	2007	2007
Australia	3.9	4.6	5.5	5.6	5.8	5.6	5.9	5.8	5.9	6.0	2.9
Austria	5.1	6.1	7.6	7.7	7.7	7.8	7.9	7.9	7.8	7.7	2.4
Belgium	..	5.7	6.1	6.3	6.3	7.2	7.5	7.4	7.2	7.4	2.4
Canada	5.3	6.6	6.2	6.5	6.7	6.9	6.9	7.0	7.0	7.1	3.0
Czech Republic	..	4.6	5.9	6.0	6.4	6.7	6.5	6.3	6.1	5.8	1.0
Denmark	7.9	6.9	6.8	7.1	7.3	7.8	7.9	7.9	8.1	8.2	1.5
Finland	5.0	6.2	5.1	5.3	5.6	5.9	6.0	6.2	6.2	6.1	2.1
France	5.6	6.4	8.0	8.1	8.4	8.6	8.7	8.8	8.7	8.7	2.3
Germany	6.6	6.3	8.2	8.3	8.4	8.5	8.1	8.2	8.1	8.0	2.4
Greece	3.3	3.5	4.7	5.3	5.3	5.4	5.1	5.7	5.9	5.8	3.8
Hungary	..	6.3	4.9	4.9	5.3	6.0	5.8	6.0	5.9	5.2	2.2
Iceland	5.5	6.8	7.7	7.6	8.3	8.5	8.0	7.7	7.5	7.7	1.6
Ireland	6.8	4.4	4.6	5.1	5.4	5.7	5.9	5.6	5.5	6.1	1.5
Italy	..	6.1	5.8	6.1	6.2	6.2	6.6	6.8	6.9	6.7	2.0
Japan	4.7	4.6	6.2	6.5	6.5	6.6	6.6	6.7	6.6	6.6	1.5
Korea	0.8	1.6	2.1	2.7	2.6	2.6	2.7	3.0	3.3	3.5	2.8
Luxembourg	4.8	5.0	5.2	5.6	6.1	6.8	7.3	6.9	6.6	6.6	0.7
Mexico	..	1.8	2.4	2.4	2.5	2.6	2.7	2.7	2.6	2.7	3.2
Netherlands	5.1	5.4	5	5.2	5.5	6.0	6.0	5.9	7.4	7.3	1.7
New Zealand	5.2	5.7	6.0	6.0	6.4	6.2	6.5	6.7	7.2	7.1	1.9
Norway	5.9	6.3	6.9	7.4	8.2	8.4	8.1	7.6	7.2	7.5	1.4
Poland	..	4.4	3.9	4.2	4.5	4.4	4.3	4.3	4.3	4.6	1.9
Portugal	3.4	3.8	6.4	6.3	6.5	7.1	7.2	7.3	7.1	7.1	2.8
Slovak Republic	..	..	4.9	4.9	5.0	5.1	5.3	5.2	5.0	5.2	2.6
Spain	4.2	5.1	5.2	5.2	5.2	5.7	5.8	5.8	6.0	6.1	2.4
Sweden	8.2	7.4	7.0	7.3	7.6	7.8	7.5	7.5	7.4	7.4	1.7
Switzerland	..	4.3	5.6	6.0	6.3	6.6	6.6	6.7	6.4	6.4	4.4
Turkey	0.7	1.6	3.1	3.8	4.1	4.3	4.3	4.1	4.1	4.1	1.6
United Kingdom	5.0	4.9	5.6	5.8	6.1	6.2	6.6	6.7	6.9	6.9	1.5
United States	3.7	4.8	5.9	6.3	6.6	6.8	6.9	7.0	7.1	7.3	8.7
OECD average	4.9	5.1	5.6	5.9	6.1	6.3	6.4	6.4	6.4	6.4	2.4
Chile	..	..	2.8	3.0	3.0	3.0	2.8	2.8	2.8	3.0	..
Estonia	..	..	..	..	..	..	..	..	..	4.0	1.3
Israel	..	..	4.7	4.8	4.9	4.8	4.6	4.5	4.3	4.3	..
Slovenia	..	..	..	..	..	..	..	..	..	5.6	2.2

StatLink <http://dx.doi.org/10.1787/826302287457>**Public and private expenditure on health**

As a percentage of GDP, 2007 or latest available year

StatLink <http://dx.doi.org/10.1787/821724862007>



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