

Health expenditure on primary healthcare

Effective primary healthcare is the cornerstone of an efficient, people-centred, and equitable health system. Strengthening primary care has been identified as an effective way to improve care co-ordination and health outcomes and reduce wasteful spending, by limiting unnecessary hospitalisations and associated costs in hospitals and other parts of the health system. Moreover, the COVID-19 pandemic has shown that for health systems to be resilient in the face of health crises, strong primary and community healthcare is essential. However, in many OECD countries, primary care has not yet fully realised this potential (OECD, 2021^[1]).

In 2021, primary healthcare accounted for 13% of health spending on average across OECD countries, ranging from 10% or less in Austria, Luxembourg, the Netherlands and Switzerland to nearly 20% in Slovenia and Estonia (Figure 7.17). Compared to 2019, this proportion has remained unchanged suggesting that primary care spending increased in line with overall health spending during the COVID-19 pandemic.

Regarding its composition, half of primary care spending across OECD countries is on general outpatient care services, with a further third related to dental care. Prevention services as well as home visits by GPs or nurses make up a smaller proportion of spending on primary care, although often services related to prevention activities may be hard to distinguish from general outpatient consultations. General outpatient care provided by ambulatory providers was particularly high in Costa Rica, Poland and Mexico, reaching up to 13% of overall health spending. In Austria, Germany, France, Luxembourg and Switzerland, spending on general outpatient care is much lower overall, accounting for 4% or less of health spending.

In Lithuania and Estonia, the large share of primary care in overall health spending can be explained by spending on dental care. In both countries, dental care accounts for over 8% of their total health budget – nearly twice the OECD average. This compares with Mexico, the United Kingdom, Costa Rica and the Netherlands, where dental care spending represents only around 3% of total health spending.

Total spending on prevention (referring to services provided by ambulatory care providers and others) increased significantly across OECD countries with the onset of the COVID-19 crisis (see indicator “Health expenditure by type of service”). As a share of total health expenditure, spending on prevention doubled since 2019 on average across OECD countries (Figure 7.18), reaching more than 5% in 2021. Spending on prevention increased by more than 6 percentage points in Austria, Denmark, the Netherlands and the United Kingdom, reflecting substantial investments in public health measures related to fighting the spread of the COVID-19 pandemic.

An increase in spending on prevention might be welcomed, yet much of the spending growth in 2021 can be attributed to time-limited, emergency measures related to COVID-19 management – such as testing, surveillance, and vaccination campaigns – rather than long-term planned investments into population health. In the United Kingdom, for example, the growth in prevention spending was triggered by the

GBP 15 billion allocated to the NHS Test and Trace Programme for COVID-19. OECD analysis suggests additional spending on preventive care is needed to strengthen countries’ health system resilience and their agility to respond to pandemics and other evolving threats (OECD, 2023^[2]).

Definition and comparability

International comparisons of what is spent on primary healthcare have to date been largely absent due to both the lack of a commonly accepted definition, and an appropriate data collection framework. Working with data and clinical experts and international partners, the OECD has developed a methodological framework to estimate primary healthcare spending (Mueller and Morgan, 2018^[3]).

Estimates are based on data submitted using the *System of Health Accounts 2011* framework. The following functions are first identified as basic care services: general outpatient curative care (e.g. routine visits to a GP or nurse for acute or chronic treatment); dental outpatient curative care (e.g. regular control visits as well as more complex oral treatment); home-based curative care mainly refers to home visits by GPs or nurses; preventive care services (e.g. immunisation or health check-ups)

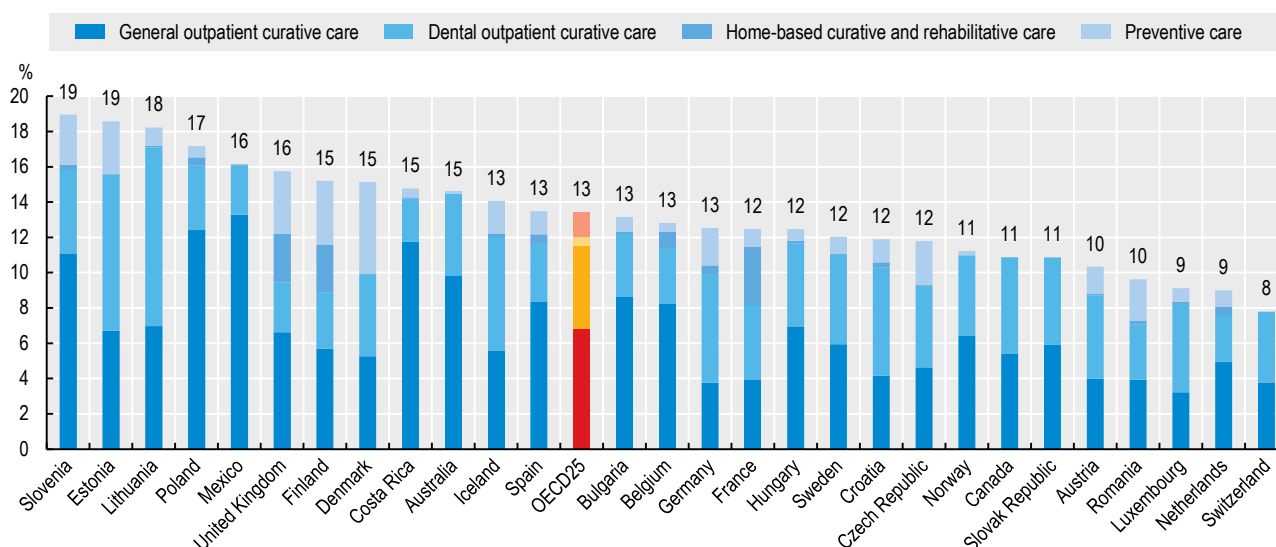
Where basic care services are provided by ambulatory healthcare providers such as medical practitioners, dentists, ambulatory healthcare centres and home healthcare service providers, this may be considered as a proxy for primary healthcare. It should be stressed that this proxy measure is a simplified approach to operationalise a complex multi-dimensional concept.

Comparability for this indicator is still limited and depends on countries’ capacity and methods used to distinguish between general outpatient and specialist services.

References

- Mueller, M. and D. Morgan (2018), “Deriving preliminary estimates of primary care spending under the SHA 2011 framework”, OECD, Paris, <http://www.oecd.org/health/health-systems/Preliminary-Estimates-of-Primary-Care-Spending-under-SHA-2011-Framework.pdf>. [3]
- OECD (2023), *Ready for the Next Crisis? Investing in Health System Resilience*, OECD Health Policy Studies, OECD Publishing, Paris, <https://doi.org/10.1787/1e53cf80-en>. [2]
- OECD (2021), *Realising the Potential of Primary Health Care*, OECD Health Policy Studies, OECD Publishing, Paris, <https://doi.org/10.1787/a92adee4-en>. [1]

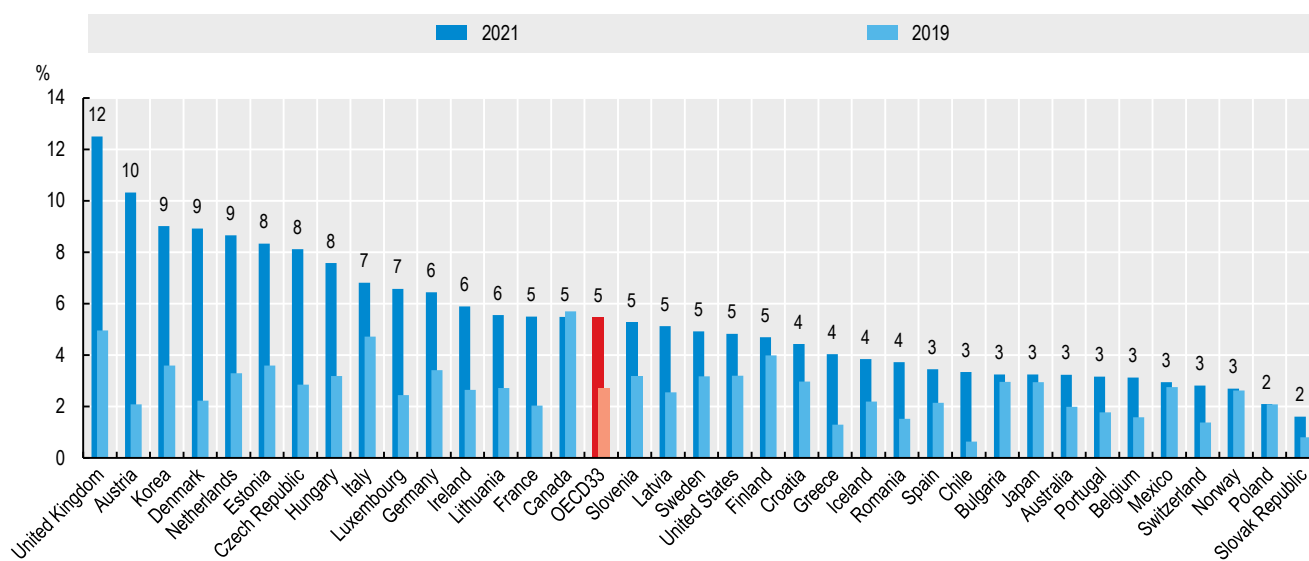
Figure 7.17. Spending on primary healthcare services as a share of current health expenditure, 2021 (or nearest year)



Source: OECD Health Statistics 2023.

StatLink  <https://stat.link/ym6nb4>

Figure 7.18 Share of spending on prevention in current health expenditure, 2019 and 2021 (or nearest year)



Source: OECD Health Statistics 2023.

StatLink  <https://stat.link/m6xqyg>



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