

Health expenditure by type of service

Estimates of health spending are based on a common boundary defining the range of health care services and medical goods to be included. These items are aggregated into broad categories of care, based on their purpose or mode of provision. For all OECD countries, curative and rehabilitative care services make up the bulk of health spending, and are primarily delivered through inpatient and outpatient services – these two categories typically account for 60% of all health spending (Figure 7.15). Medical goods (mostly pharmaceuticals) take up a further 19%, followed by a growing share spent on long-term care (LTC) services, which in 2019 averaged around 15% of health spending. Administration and overall governance of the health system, together with preventive care, account for the remainder, with spending on disease prevention averaging only 2.7% of health spending. Both the level and the structure of spending can vary across countries due to factors such as how care is organised and prioritised across providers, input costs and population needs.

Greece was the OECD member country that reported the highest share of health spending allocated to inpatient services in 2019, at 44%. This is some way ahead of the next highest countries, Belgium and Poland, and more than 15 percentage points higher than the OECD average. At the other end of the scale, many of the Nordic countries, Canada and the Netherlands report a much lower proportion of spending on inpatient services – at around 20-25% of overall health spending.

Outpatient care forms a broad category covering generalist and specialist outpatient services and dental care, but also home care and ancillary services. Taking all these categories together, spending on outpatient care services accounted for close to half of all health spending in Portugal and Israel compared to an OECD average of 33% in 2019. Given the relatively high share on inpatient care, unsurprisingly, Greece and Belgium spent the lowest proportion on outpatient services, at less than one-quarter of all health spending.

The third largest health spending category is medical goods. Differences in prices for international goods such as pharmaceuticals tend to show less variation across countries than for locally produced services (see indicator “Prices in the health sector”). As a result, spending on medical goods (including pharmaceuticals) in lower-income countries often accounts for a higher share of health spending relative to services. Therefore, expenditure on medical goods represented nearly a third of all health spending in Hungary and the Slovak Republic in 2019. By contrast, in Denmark, Norway and the Netherlands, the shares were much lower, at around 10% of overall health spending.

Spending on LTC services accounted for 15% of health spending on average, but this figure hides large differences in resources covering the care arrangements for the elderly and dependent population across OECD countries. In countries with

formal arrangements, such as Norway, Sweden and the Netherlands, one-quarter or more of all health spending can relate to LTC services. However, in countries with a more informal LTC sector, such as many southern, central and eastern European countries, spending on LTC is much lower – typically around 5% or less in Greece, Portugal, Hungary, Latvia and the Slovak Republic.

Following a general slowdown after the economic crisis, growth in overall health expenditure resumed from 2011, albeit on a very moderate level initially (see indicator “Health expenditure in relation to GDP”). During the years of the economic crisis, many governments sought to make cost savings in the health system while protecting frontline services (Morgan and Astolfi, 2013[6]). As a result, during the period 2009-13, spending on curative care services was broadly maintained in many countries, while there were more notable reductions in spending on pharmaceuticals and prevention services (Figure 7.16).

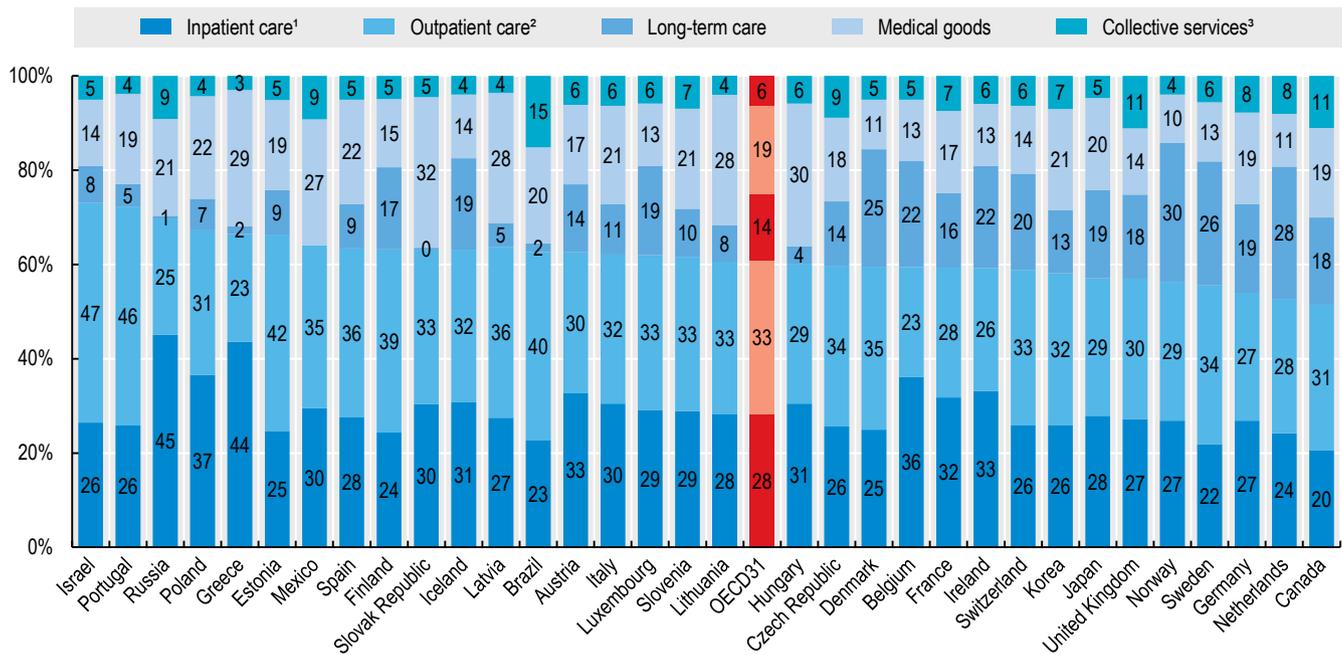
From 2013 to 2019, however, growth in spending rebounded across nearly all health care functions. This was particularly the case for outpatient care, which saw growth more than double on average (from 1.3% per year to 3.4%), while inpatient care spending increased by 2.1%, spending on pharmaceuticals increased by 1.3% and prevention services increased by 2.5% per year. Notably, spending on LTC has continued to grow at a consistent rate since 2003: demand for LTC services continues to grow as OECD country populations age. While the various factors triggering the exceptionally high projected growth for 2020 (see indicator “Health expenditure per capita”) have not yet been clearly identified, it can be expected that strong growth in spending on inpatient care has contributed to this in a number of countries.

Definition and comparability

The System of Health Accounts (OECD/Eurostat/WHO, 2017[1]) defines the boundaries of the health care system from a functional perspective, with health care functions referring to the different types of health care services and goods. Current health expenditure comprises personal health care (curative care, rehabilitative care, LTC, ancillary services and medical goods) and collective services (prevention and public health services as well as administration – referring to governance and administration of the overall health system rather than at the health provider level). Curative care, rehabilitative care and LTC can also be classified by mode of provision (inpatient, day care, outpatient and home care).

For the calculation of growth rates in real terms, AIC deflators are used.

Figure 7.15. Health expenditure by type of service, 2019 (or nearest year)



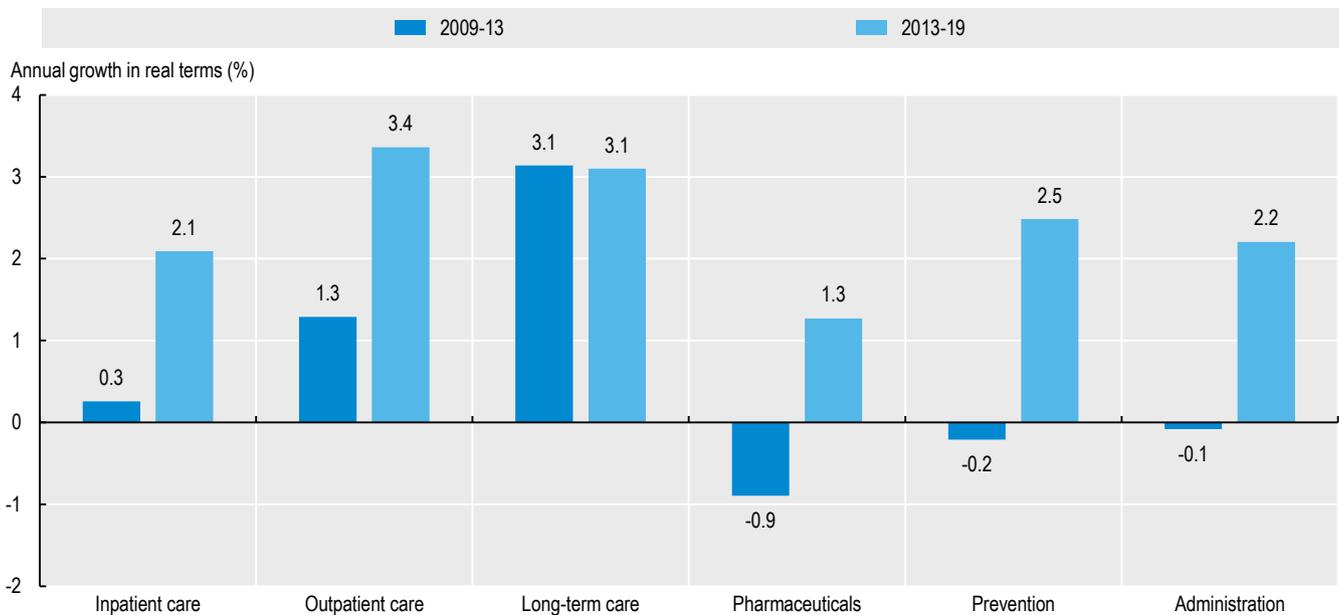
Note: Countries are ranked by curative and rehabilitative care as a share of current expenditure on health.

1. Refers to curative and rehabilitative care in inpatient and day care settings. 2. Includes home care and ancillary services. 3. Refers to prevention and administration and includes unknown or unallocated services.

Source: OECD Health Statistics 2021.

StatLink <https://stat.link/9a68jn>

Figure 7.16. Annual growth in health expenditure for selected services (real terms), OECD average, 2009-13 and 2013-19



Source: OECD Health Statistics 2021.

StatLink <https://stat.link/53vnga>



From:
Health at a Glance 2021
OECD Indicators

Access the complete publication at:
<https://doi.org/10.1787/ae3016b9-en>

Please cite this chapter as:

OECD (2021), "Health expenditure by type of service", in *Health at a Glance 2021: OECD Indicators*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/654cf452-en>

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