

Health expenditure per capita and in relation to GDP

Across Asia-Pacific countries, per capita health spending continued to rise prior to the COVID-19 pandemic. Low- and lower-middle-income Asia-Pacific countries per capita health spending increased by 65% between 2010 and 2019, while in upper middle countries it grew by 76% during the same period; spending in high-income countries also grew, but more modestly at 33%. Despite this, huge differences in per capita health care spending remained in Asia-Pacific countries in 2019 (Figure 6.1), ranging from only 105 international dollars (USD PPPs) in Bangladesh to 5 294 international dollars (USD PPPs) in Australia. For comparison, average OECD current health spending per capita in 2019 was around 15 times that of the low-income countries in Asia-Pacific (4 353 versus 286 USD PPPs).

How much countries spend on health care as a share of GDP over time can be ascribed to both changes in health spending and economic performance. The health care sector continued to expand faster than the overall economy in Asia-Pacific, resulting in an increasing share of the economy devoted to health. On average, between 2010 and 2019, the growth rate in per capita health spending in real terms was 4.7% per year; higher than the 3.6% observed for gross domestic product (GDP) (Figure 6.2). All countries above the diagonal line in Figure 6.2 reported that health expenditure has grown faster than the economy. This means that the share of health care expenditure in all GDP expenditure has continued to increase. For both health spending and overall economic activity, growth in China was the strongest in the region – more than twice the average rate. By contrast, Brunei Darussalam was the only country to report a decrease in both per capita health spending and GDP in real terms between 2010 and 2019.

Health expenditure accounted for 3.9% of GDP in low- and lower-middle-income countries in 2019, unchanged from 2010. Health expenditure accounted for 4.2% and 7.5% of GDP in upper-middle-income and high-income Asia-Pacific countries respectively in 2019, an increase of 0.6 and 1 percentage point compared to 2010. In 2019, the share of GDP varied from a low of 2.2% in Brunei Darussalam up to 10.7% in Japan (Figure 6.3). Generally, the richer a country is, the greater the share of their income devoted to health care. The percentage of GDP spent on health across OECD countries is – on average – more than twice that of the Asia-Pacific low- and middle-income countries (8.7% versus 4%) and 1 percentage point higher than that in high-income countries. Between 2010 and 2019, the share of health in relation to GDP declined by more than 3 percentage points in Solomon Islands, whereas it increased in Myanmar, China, Korea, Australia and Japan¹ by more than 1 percentage point (Figure 6.3).

Although health systems remain a highly labour-intensive sector, capital has become an increasingly important factor of production of health services over recent decades, as reflected, for example, by the growing importance of diagnostic and therapeutic equipment or the expansion of information and communications technology in health care. However, capital investments in health tend to be more susceptible to economic cycles than current spending on health care. As a proportion of GDP, Philippines, China and Australia were the highest spenders on capital investment in 2019 with more than 0.5% of their GDP going on construction, equipment and technology in the health sector (Figure 6.4), whereas less than 0.1% of GDP was spent in capital investment in health in Brunei Darussalam in 2019.

Definition and comparability

Current health expenditure is defined by the sum of expenditure for all the core health care functions – that is total health care services, medical goods dispensed to outpatients, prevention and public health services, and health administration and health financing. Expenditure on these functions is included as long as it is final consumption for residents in the country or abroad. For this reason, imports for final use are included and exports for final use are excluded.

Economy-wide Purchasing Power Parities (PPPs) are used as the most available conversion rates. These are based on a broad basket of goods and services, chosen to be representative of all economic activity. The use of economy-wide PPPs means that the resulting variations in health expenditure across countries reported in international dollars (USD PPPs) reflect not only variations in the volume of health services, but also any variations in the prices of health goods and services relative to prices in the rest of the economy.

To make useful comparisons of real growth rates over time, it is necessary to deflate (i.e. remove inflation from) nominal health expenditure using a suitable price index, and also to divide by the population, to derive real spending per capita. Due to the limited availability of reliable health price indices, an economy-wide (GDP) price index is used in this publication.

The annual average growth rate was computed using a geometric growth rate formula:

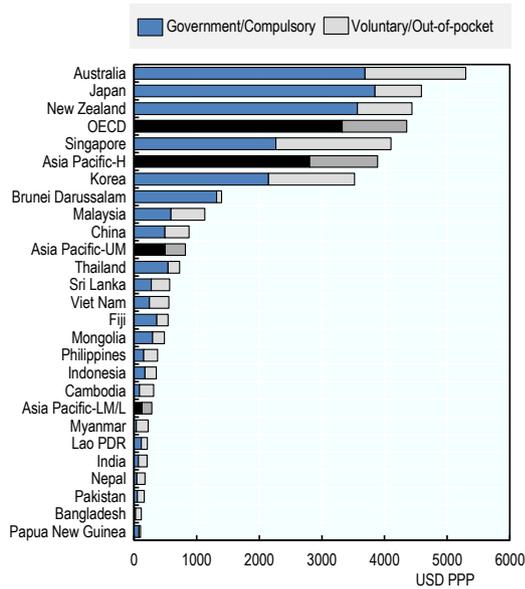
$$((^9\sqrt{2019 \text{ value}/2010 \text{ value}})-1)*100$$

Gross fixed capital formation in the health sector is measured by the total value of the fixed assets that health providers have acquired during the accounting period (less the value of the disposals of assets) and that are used repeatedly or continuously for more than one year in the production of health services. The breakdown by assets includes infrastructure (e.g. hospitals, clinics), machinery and equipment (including diagnostic and surgical machinery, ambulances, and ICT equipment), as well as software and databases. Gross fixed capital formation is reported by many countries under the System of Health Accounts.

Note

¹ A break in series for Japan in 2011 contributes to this result.

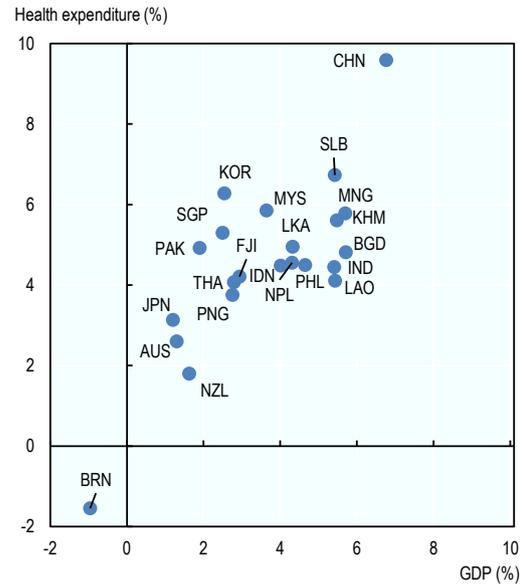
Figure 6.1. Health expenditure per capita, 2019



Source: WHO Global Health Expenditure Database; OECD Health Statistics 2022.

StatLink <https://stat.link/3m76kn>

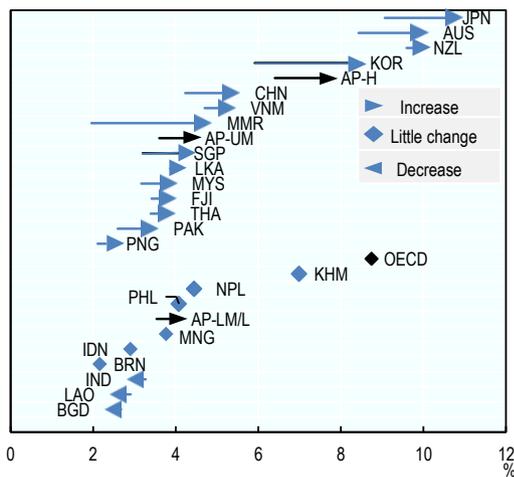
Figure 6.2. Annual average growth rate in per capita health expenditure and GDP, real terms, 2010-19



Source: WHO Global Health Expenditure Database.

StatLink <https://stat.link/xg2ij9>

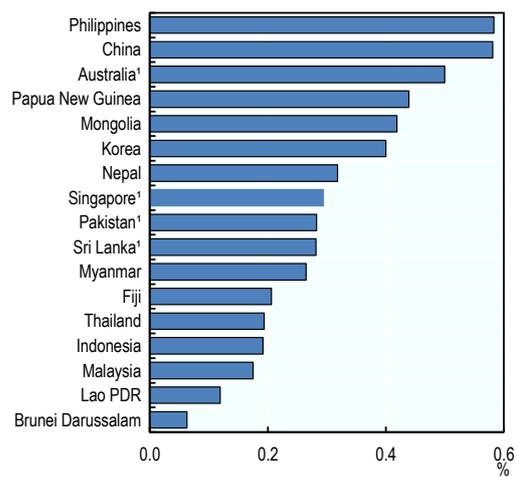
Figure 6.3. Change in health expenditure as a share of GDP, 2010-19



Source: WHO Global Health Expenditure Database; OECD Health Statistics 2022.

StatLink <https://stat.link/0uj5lq>

Figure 6.4. Gross fixed capital formation in the health care sector as a share of GDP, 2019



1. Data refer to 2018.

Source: WHO Global Health Expenditure Database.

StatLink <https://stat.link/t9akf2>



From:
Health at a Glance: Asia/Pacific 2022
Measuring Progress Towards Universal Health Coverage

Access the complete publication at:
<https://doi.org/10.1787/c7467f62-en>

Please cite this chapter as:

OECD/World Health Organization (2022), "Health expenditure per capita and in relation to GDP", in *Health at a Glance: Asia/Pacific 2022: Measuring Progress Towards Universal Health Coverage*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/6d6794cf-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.