

## Health expenditure in relation to GDP

How much a country spends on health care in relation to all other goods and services in the economy, and how that changes over time, depends not only on the level of health spending but also on the size of the economy. During the 1990s and early 2000s, EU countries generally saw health spending outpace the rest of the economy, leading to an almost continual rise in the ratio of health expenditure to gross domestic product (GDP), but this trend was disrupted with the financial and economic crisis of 2008/09. The COVID-19 pandemic also led to fundamentally diverging growth patterns of health spending and economic output resulting in a major adjustment of this indicator.

In 2020, an unprecedented 10.9% of the GDP of the European Union was devoted to health care (Figure 5.3). Germany and France dedicated the highest shares to health at over 12% of their respective GDP. Sweden, Austria, the Netherlands and Belgium also spent over 11% of their GDP on health. The lowest shares of the overall economic output allocated to health were in Luxembourg (5.8%), Romania (6.3%), Poland (6.5%) and Ireland (7.1%). Across the whole of Europe, the United Kingdom and Switzerland were additional high spenders on health (with shares at around 12%), while Türkiye allocated the lowest share (4.6%).

Between 2013 and 2019, health expenditure per capita growth was broadly in line with GDP per capita growth in EU member countries (Figure 5.4). Following years of austerity and slow growth caused by the global financial crisis of 2008/09, health expenditure and GDP both grew between 2013 and 2019 at around the same rate, with both averaging an annual 2.5% growth in real terms. Consequently, health expenditure as a share of GDP remained relatively stable over the same period in many countries (Figure 5.5), at around 10% across the European Union.

However, the COVID-19 crisis had significant consequences for both economic and health spending growth in 2020. The pandemic saw a new array of direct and indirect costs for the health sector, associated with the treatment and management of COVID-19 patients and the scaling up of treatment capacity. At the same time, lockdown measures and restrictions on economic activity caused GDP to plummet across nearly all EU countries. Between 2019 and 2020, average health expenditure per capita grew by 5.5% across EU member countries, while GDP per capita fell rapidly by nearly 5% on average over the same period. As a result, health expenditure as a share of GDP increased substantially by 1 percentage point to 10.9% in 2020 across the European Union.

Preliminary estimates for 2021 point to further volatility in the evolution of health expenditure and GDP. Further increases in health expenditure can be observed for a handful of EU member countries for 2021 as countries face continuing pandemic-associated costs. These include the financing of vaccination programmes, testing and surveillance, and increased demand for health services. On the other hand, subsidies to health providers are expected to be much more limited in 2021 compared to the previous year. Further uncertainties beyond 2021 lie ahead, as EU member countries experience growing economic challenges in light of the war in Ukraine, high inflation and disruptions in supply chains.

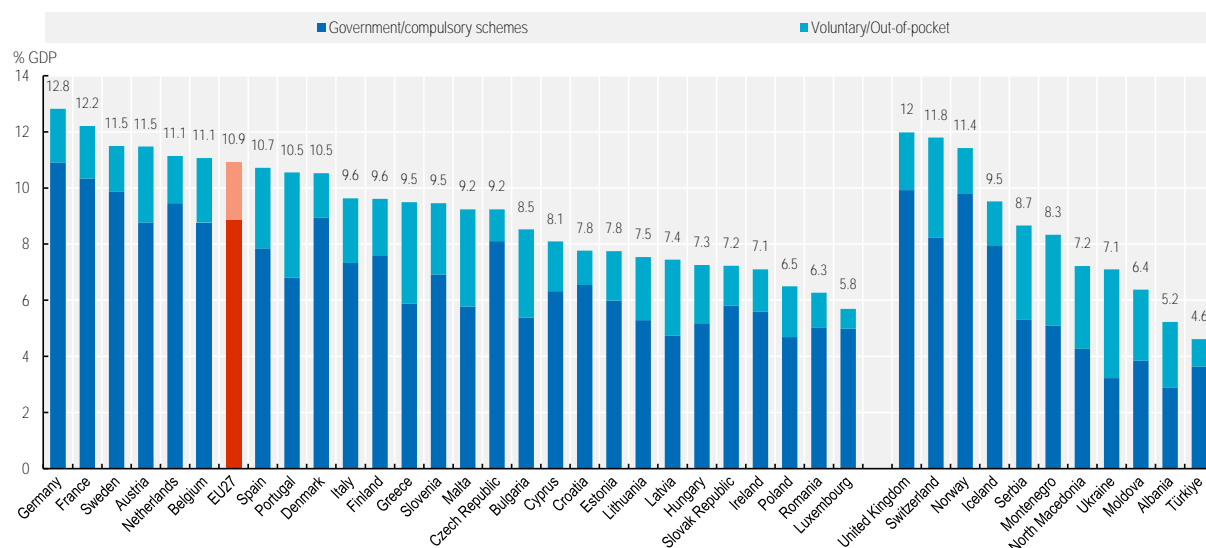
### Definition and comparability

Gross domestic product (GDP) is the sum of final consumption, gross capital formation and net exports. Final consumption includes all the goods and services used by households or the community to satisfy their needs. It includes final consumption expenditure of households, general government and non-profit institutions serving households.

The GDP figures used to calculate the indicator health expenditure to GDP are based on official GDP data available as of mid-June 2022.

In countries such as Ireland and Luxembourg, where a significant proportion of GDP refers to profits exported and not available for national consumption, gross national income (GNI) may be a more meaningful measure than GDP, but for international comparability, GDP is used throughout.

Figure 5.3. Health expenditure as a share of GDP, 2020 (or nearest year)

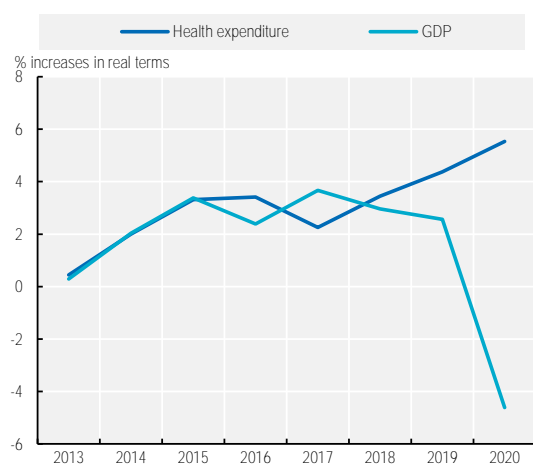


Note: The EU average is weighted.

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

StatLink  <https://stat.link/ghc7r5>

Figure 5.4. Annual growth in per capita health expenditure and GDP, EU27, 2013-20

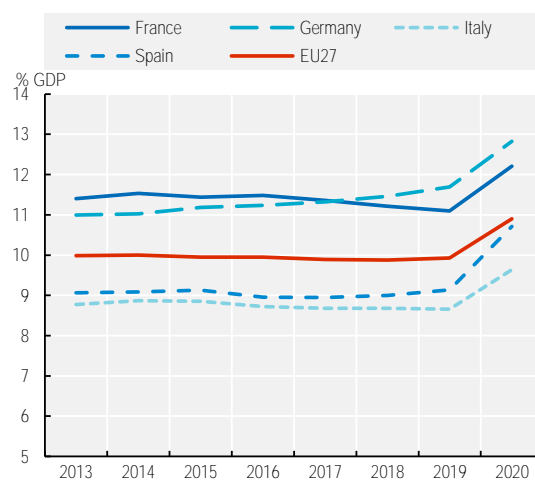


Note: The EU average is unweighted.

Source: OECD Health Statistics 2022; Eurostat Database.

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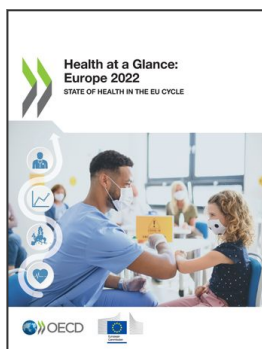
Figure 5.5. Health expenditure as a share of GDP, EU27 and selected countries, 2013-20



Note: The EU average is weighted.

Source: OECD Health Statistics 2020; Eurostat Database.

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



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