

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 as a whole.

In 2019, it is estimated that EU countries devoted on average 8.3% of their GDP to health care (Figure 5.3). This figure has stayed largely unchanged since 2014 as growth in health spending remained broadly in line with overall economic growth. In 2019, a quarter of all EU member states spent at least 10% of their GDP on health, with Germany (11.7%) and France (11.2%) having the highest shares. The lowest shares of GDP allocated to health care were in Luxembourg (5.4%), Romania (5.7%), Poland (6.2%) and Latvia (6.3%). Across the whole of Europe, Switzerland allocated the largest share (12.1%) of its GDP to health.

When analysing countries' health expenditure dynamics, it is important to consider the health spending to GDP ratio of a country in tandem with levels of health spending per capita. Higher income countries generally tend to devote a higher proportion of their resources to health care but some countries with high levels of health expenditure per capita can have relatively low health spending to GDP ratios, and vice versa. For example, while the Czech Republic and Bulgaria spent roughly the same share of their GDP on health in 2019, per capita health spending (adjusted to EUR PPP) was 72% higher in the Czech Republic because of its higher GDP. Luxembourg provides a striking example of a country that has a high level of per capita health spending, but because of the peculiarities of its economy and working population, has the lowest share of health spending relative to GDP. Since a large proportion of its wealth is produced by non-residents and not available for domestic final consumption, relating health spending to Gross National Income may be more meaningful than looking at the health spending to GDP indicator for that country.

Over time, trends in health spending often react to changes in the broader economy, although there is typically a lag before changes in economic conditions are reflected in adjustments to health spending. When overall economic conditions rapidly deteriorated in many European countries because of the 2008 financial crisis, overall health spending was initially maintained or even continued to grow (Figure 5.4). As a result, the average health spending to GDP ratio across EU countries jumped sharply to reach 8.5% in 2009 – up from 7.8% in 2008. As countries introduced a range of measures in attempts to rein in government health spending and reduce burgeoning budgetary deficits (Morgan and Astolfi, 2014), subsequent health expenditure growth per capita was more closely aligned to economic growth in many European countries. Consequently, the ratio of health spending to GDP has been relatively stable since 2014.

As a result of this step increase in the health spending to GDP ratio ten years ago and the closer alignment with economic growth in recent years, overall growth in health expenditure per capita (in real terms) in the European Union between 2005 and 2019 has been greater than that of GDP per capita.

Looking at the trends in some individual EU countries, both France and Germany saw their health spending to GDP ratio jump sharply in 2009 but the trajectory of the indicator has diverged in recent years (Figure 5.5). While Germany continued to show a steady increase in the share of GDP allocated to health between 2015 and 2019, France has seen its ratio drop as health spending growth has remained low, both in overall terms and compared with overall economic growth. Italy and Spain also experienced a similar jump in 2009, although since then growth in health spending was more closely aligned with economic growth, resulting in the health to GDP ratio remaining stable over the last ten years.

The COVID-19 pandemic has important consequences for both GDP and health spending growth in 2020. While there remains much uncertainty at the time of writing, it is clear that GDP will substantially contract in all EU member states, even under the most optimistic scenarios. For health spending, further increases can be expected – at least in some countries. As a result, another hike in the health spending to GDP ratio is likely in 2020.

### Definition and comparability

See indicator “Health expenditure per capita” for a definition of current expenditure on health.

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.

Data on health expenditure for 2019 are considered preliminary, either estimated by national authorities or projected by the OECD Secretariat, and are therefore subject to revision.

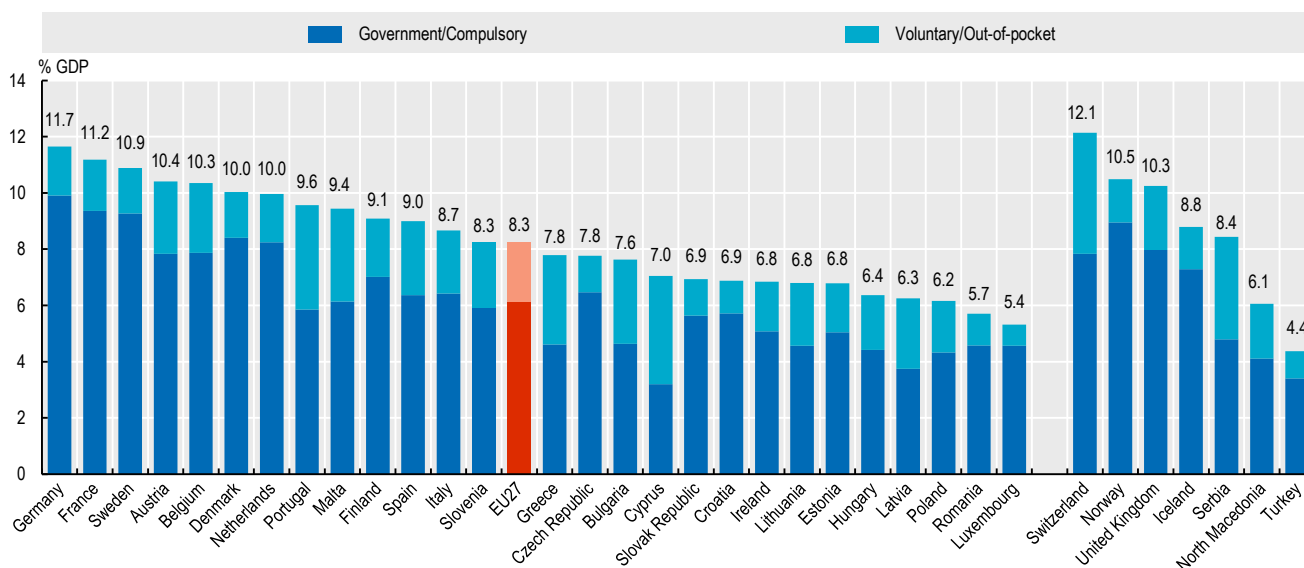
The GDP figures used to calculate the indicator health expenditure to GDP are based on official GDP data available as of mid-June 2020. Any subsequent revisions to GDP data are not reflected in the indicator.

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.

### Reference

Morgan, D. and R. Astolfi (2014), “Health Spending Continues to Stagnate in Many OECD Countries”, *OECD Health Working Papers*, No. 68, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5f25sq5qnwf5-en>.

Figure 5.3. Health expenditure as a share of GDP, 2019 (or nearest year)

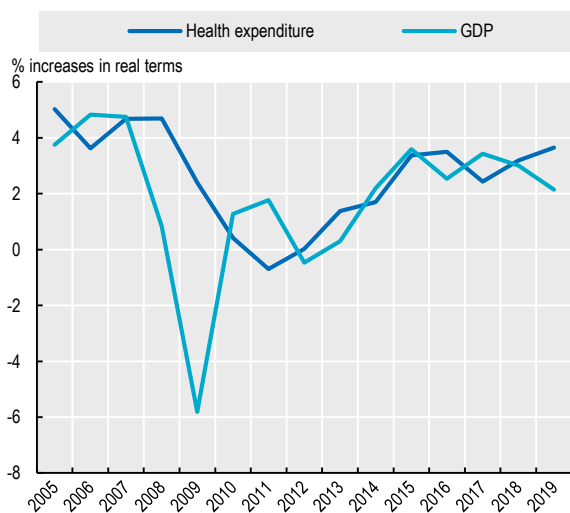


Note: The EU average is unweighted.

Source: OECD Health Statistics 2020; Eurostat Database; WHO Global Health Expenditure Database.

StatLink <https://stat.link/urm8qw>

Figure 5.4. Annual growth in per capita health expenditure and GDP, EU27, 2005-19

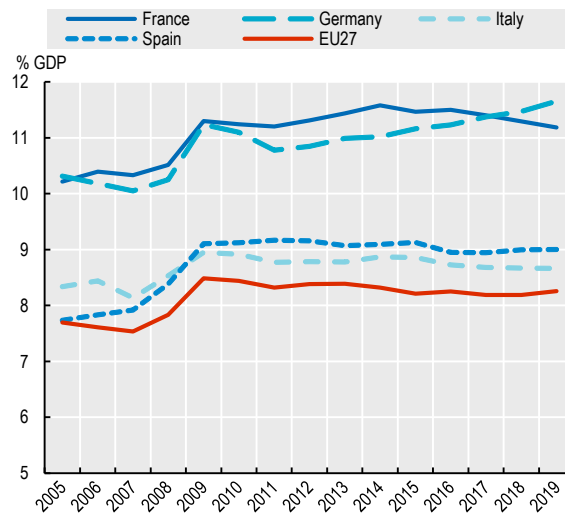


Note: The EU average is unweighted.

Source: OECD Health Statistics 2020; Eurostat Database.

StatLink <https://stat.link/jaso6k>

Figure 5.5. Health expenditure as a share of GDP, EU27 and selected countries, 2005-19



Note: The EU average is unweighted.

Source: OECD Health Statistics 2020; Eurostat Database.

StatLink <https://stat.link/njho4g>



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