

Health expenditure per capita and in relation to GDP

The level and trend of health spending in a country can be explained by demographic, social, and economic factors, but also by the financing and organisational arrangements of the health system.

The average OECD current health spending per capita in 2019 was around four times that of LAC countries (USD PPP 3 999 versus 1 155). A wide variation in per capita healthcare spending levels can be observed in LAC (Figure 6.1), ranging from Haiti's health spending per capita of only 143 international dollars (current USD PPP) to Cuba's 2 548 international dollars (current USD PPP). On average, 60% of health spending in LAC countries comes from government and compulsory insurance schemes, while the remaining 40% is covered by out-of-pocket payments, voluntary payment schemes, and external resources. In contrast, government and compulsory insurance schemes in OECD countries are responsible for 77% of health spending.

On average, between 2010 and 2019, the growth rate in per capita health spending was 4.9% per year in LAC, higher than the 3.1% observed for the gross domestic product (GDP) (Figure 6.2). The growth in health spending was more rapid in Bolivia, Panama and Guyana – more than twice the average rate for the region. Venezuela reported decreasing rates in current health spending between 2010-19.

Overall health spending growth and economic performance can explain how much countries spend on healthcare over time. Current health expenditure accounted for 6.9% of GDP in the LAC region in 2019, an increase of around 0.5 percentage points from 2010. The OECD countries averaged a current health expenditure of 8.5% of the GDP in 2019. This indicator varied from 4.3% in Saint Lucia to up to 11.1% in Cuba and 9.7% in Suriname (Figure 6.3). Generally, the richer a country is, the more it spends proportionally on health. Between 2010 and 2019, the share of health in relation to GDP declined by 1.5 percentage points in Venezuela, whereas it increased by 4.7 percentage points in Suriname and 2.6 in Chile.

As a proportion of GDP, Panama and Bolivia were the highest spenders on capital investment in 2019, with more than 0.8% of their GDP going on construction, equipment, and technology in the health and social sector (Figure 6.4). However, capital spending can be significantly lower: in Cuba, Bahamas, Honduras and Antigua and Barbuda accounted for less than 0.1% in 2019. On average, capital investments represent 0.3% of GDP across LAC, compared to 0.4% in OECD countries in 2019.

Definition and comparability

Health expenditure is given by the sum of expenditure on total healthcare services, medical goods dispensed to outpatient, public health services, health administration, and health insurance, by nationals in the country or abroad. Imports for final use are included, and exports for final use are excluded.

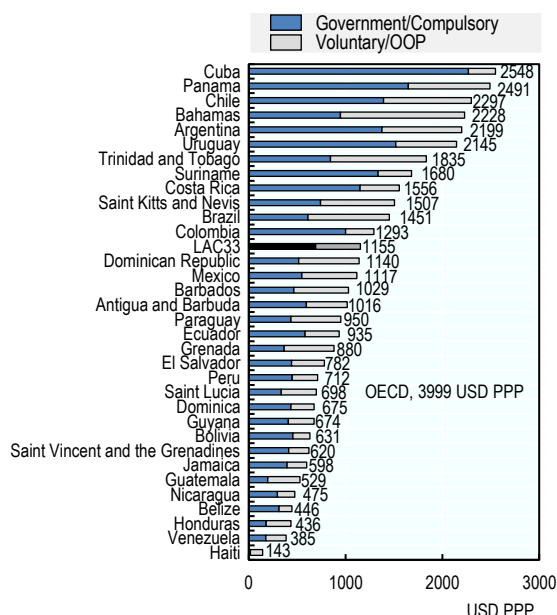
Healthcare financing can be analysed from the point of view of financing schemes, financing agents, and types of revenues. Health financing schemes are defined in the System of Health Accounts (OECD/Eurostat/WHO, 2017^[1]) and include government schemes, compulsory health insurance, voluntary health insurance, and private funds such as households' out-of-pocket payments, NGOs, and private corporations. Out-of-pocket payments are expenditures borne directly by patients and include cost-sharing arrangements and any informal payments to healthcare providers. The economy-wide (GDP) PPPs are used as the most available conversion rates.

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 (minus 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. Gross fixed capital formation is reported by many countries under the System of Health Accounts.

References

- OECD/Eurostat/WHO (2017), *A System of Health Accounts 2011: Revised edition*, OECD Publishing, Paris, [1]
<https://doi.org/10.1787/9789264270985-en>.

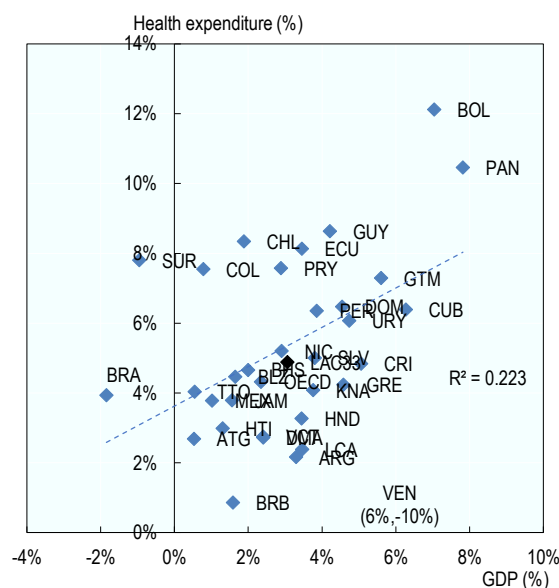
Figure 6.1. Total health expenditure per capita (USD PPP), 2019



Source: WHO Global Health Expenditure Database 2020; OECD Health Statistics 2019 for Brazil, Chile, Colombia, Costa Rica and Mexico.

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Figure 6.2. Average annual growth rate in current health spending and GDP per capita, 2010-19

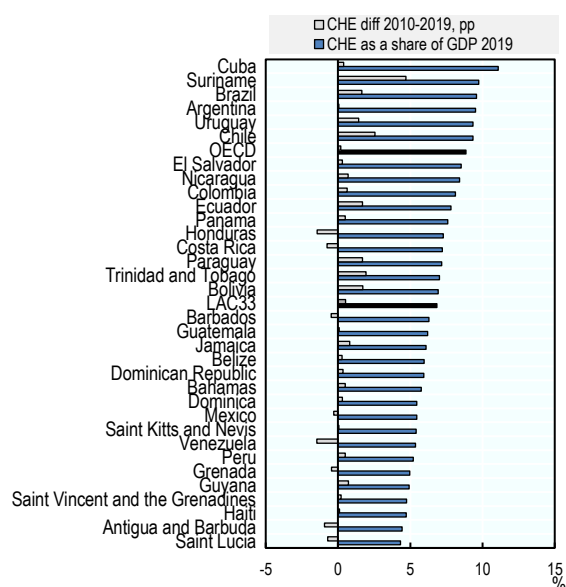


Note: Average growth rate in USD for countries with GHED data, and current prices in PPP for countries OECD.stat data.

Source: CHE from OECD Health Statistics 2022 for OECD members, average and Brazil, rest from WHO GHED 2022. GDP per capita data from the World Bank.

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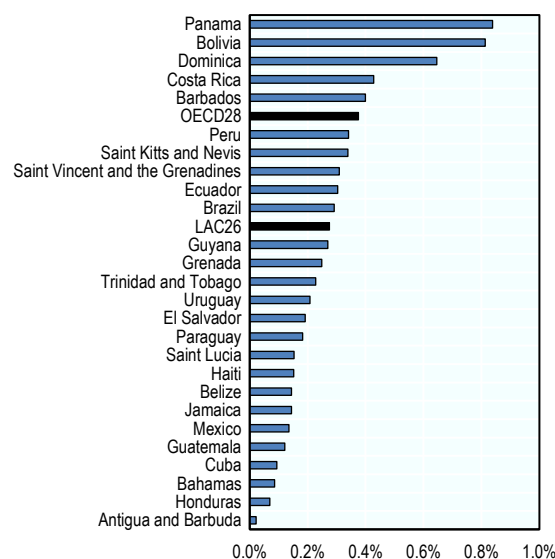
Figure 6.3. Change in total expenditure on health as a share of GDP, 2010-19



Source: WHO GHED 2022; OECD Health Statistics 2022.

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Figure 6.4. Health Capital Expenditure (HK) percentage Gross Domestic Product (GDP), 2019



Source: Sources: WHO GHED 2022; OECD Health Statistics 2022.

StatLink <https://stat.link/zam6iv>



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