

Health expenditure by provider

How and where health care is delivered can have a significant impact on spending for different goods and services. Health care can be provided in many different organisational settings, ranging from hospitals and medical practices to pharmacies and even private households caring for family members. Analysing health spending by provider can be particularly useful when considered alongside the functional breakdown of health expenditure, giving a fuller picture of the organisation of health systems (see indicator “Health expenditure by type of service”).

Activities delivered in hospitals account for the largest proportion of health care expenditure in almost all OECD countries, even though each country organises their system to provide funding and care in different ways. On average, hospitals receive 38% of health system funding, but receive more than half of all financial resources in Turkey (Figure 7.17). Estonia, Korea and Italy also have significant hospital sectors, where spending accounts for around 45%. Only Germany and Mexico spend less than 30% of the total on hospitals.

After hospitals, the largest provider category are ambulatory providers. This category covers a wide range of facilities and depending on the country-specific organisation of health service delivery, most spending relates either to medical practices including offices of GPs and specialists (e.g. Austria, France and Germany) or ambulatory health care centres (e.g. Finland, Ireland and Sweden). Across OECD countries, care delivered by ambulatory providers accounts for around a quarter of all health spending. This share stands above 30% in Israel, Belgium, the United States, Luxembourg, Mexico and Germany, but is less than 20% in Turkey, Greece, the Netherlands and the Slovak Republic. Around two-thirds of all spending on ambulatory providers relate to GP and specialist practices together with ambulatory health care centres, and roughly one-fifth to dental practices.

Other main provider categories include retailers (mainly pharmacies selling prescription and over-the-counter medicines) – accounting for 18% of all health spending – and residential long-term care facilities (mainly providing inpatient care to long-term dependent people), to which 9% of the total health spending bill can be attributed.

There is a large variation in the range of activities that may be performed by the same category of provider across countries, depending on the structure and organisation of the health system. This variation is most pronounced in hospitals (Figure 7.18). Although inpatient curative and rehabilitative care defines most of the hospital expenditure in almost all OECD countries, hospitals can also be important providers of outpatient care in many countries, for example through accident and emergency departments, specialist outpatient units, or laboratory and imaging

services provided to outpatients. In Germany and Greece, hospitals are generally mono-functional with the vast majority (93%) of spending on inpatient care services, and very little outpatient and day care spending. On the other hand, outpatient care accounts for over 40% of hospital expenditure in Denmark, Sweden, Estonia, Finland and Portugal. In those countries, specialists are typically receiving outpatients in hospital outpatient departments.

Many countries have shifted some medical services from inpatient to day care settings in recent years (see indicator on “Ambulatory surgery” in Chapter 9). The main motivation behind this is the generation of efficiency gains and a reduction of waiting times. Moreover, for some interventions day care procedures are now the most appropriate treatment method. Hence, in a number of countries day care now accounts for more than 10% of all hospital expenditure. Furthermore, the provision of long-term care in hospital makes up a sizeable share of hospital expenditure in some countries (e.g. Korea, Japan and Israel).

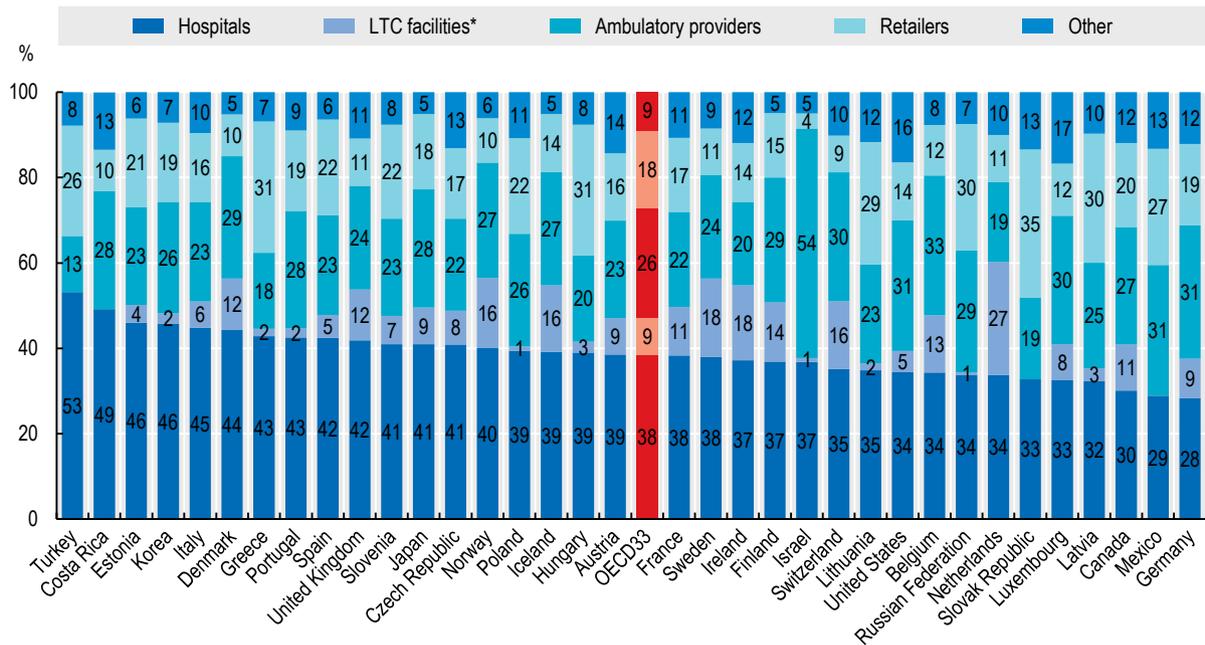
Definition and comparability

The universe of health care providers is defined in the *System of Health Accounts* (OECD, Eurostat and WHO, 2017) and encompasses primary providers, i.e. organisations and actors that deliver health care goods and services as their primary activity, as well as secondary providers for which health care provision is only one among a number of activities.

The main categories of primary providers are hospitals (acute and psychiatric), residential long-term care facilities, ambulatory providers (practices of GPs and specialists, dental practices, ambulatory health care centres, providers of home health care services), providers of ancillary services (e.g. ambulance services, laboratories), retailers (e.g. pharmacies), and providers of preventive care (e.g. public health institutes).

Secondary providers include residential care institutions whose main activities might be the provision of accommodation but provide nursing supervision as secondary activity, supermarkets that sell over-the-counter medicines, or facilities that provide health care services to a restricted group of the population such as prison health services. Secondary providers also include providers of health care system administration and financing (e.g. government agencies, health insurance agencies) and households as providers of home health care.

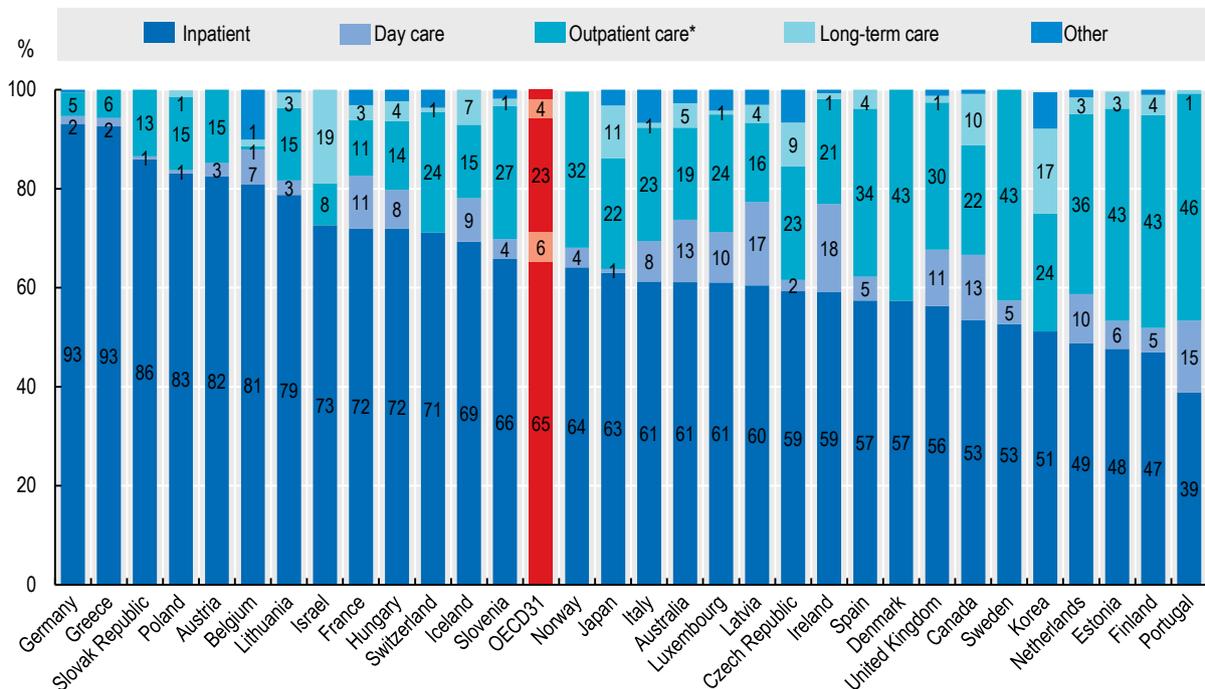
Figure 7.17. Health expenditure by provider, 2017 (or nearest year)



Note: Countries ranked by hospitals as a share of current expenditure on health. * Refers to long-term care facilities.
Source: OECD Health Statistics 2019.

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Figure 7.18. Hospital expenditure by type of service, 2017 (or nearest year)



Note: Countries ranked by inpatient curative-rehabilitative care as a share of hospital expenditure. * Includes ancillary services.
Source: OECD Health Statistics 2019.

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