



## Health expenditure: international comparisons

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In the UK expenditure on health comes largely from public funds, with 82.6% of total expenditure on health coming from public expenditure. This is the fifth highest proportion among OECD countries and is similar to other northern European countries. In the United States less than half of total health expenditure comes from public funds.

This note compares health expenditure in the United Kingdom (UK) with that in other Organisation for Economic Cooperation and Development (OECD) countries and European Union (EU) countries.

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## A. Sources and definitions

The data in this note are from *OECD Health Data 2010*, which in turn are based on national accounts. Figures apply to 2008 unless stated otherwise.

In general terms, **health expenditure** is defined as that which “through application of medical, paramedical, and nursing knowledge and technology” aims to:<sup>1</sup>

- Promote health and prevent disease
- Cure illness and reduce premature mortality
- Care for persons affected by chronic illness and disability who require nursing care
- Assist patients to die with dignity
- Provide and administer public health, health programmes and health insurance

General public safety measures such as technical standards monitoring, food and hygiene control, health research and development and road safety are not considered part of expenditure on health.

**Public expenditure on health care** is defined as health expenditure incurred by public funds at national, regional and local government level. Public capital formation on health includes publicly financed investment in health facilities plus capital transfers to the private sector for hospital construction and equipment.

**Private expenditure on health care** incorporates any health expenditure not classified as public. Private sources of funds include out-of-pocket payments (both over the counter and cost sharing), private insurance programmes, charities and occupational health care.

In many cases it is not possible to calculate data for each country from individual national accounts according to such definitions. Certain elements of health expenditure are estimated while some elements of health related expenditure, exempt from the definitions above, are included for some countries. The figures should therefore be used for indicative purposes only.

**Per capita expenditure** figures are calculated on a purchasing power parity (PPP) basis, rather than using current exchange rates. The PPP rate is where the rate at which the domestic purchasing power of currencies are equivalent. For example, if identical items cost £10 in the UK and \$12 in the US, the PPP exchange rate is £1 = \$1.20.

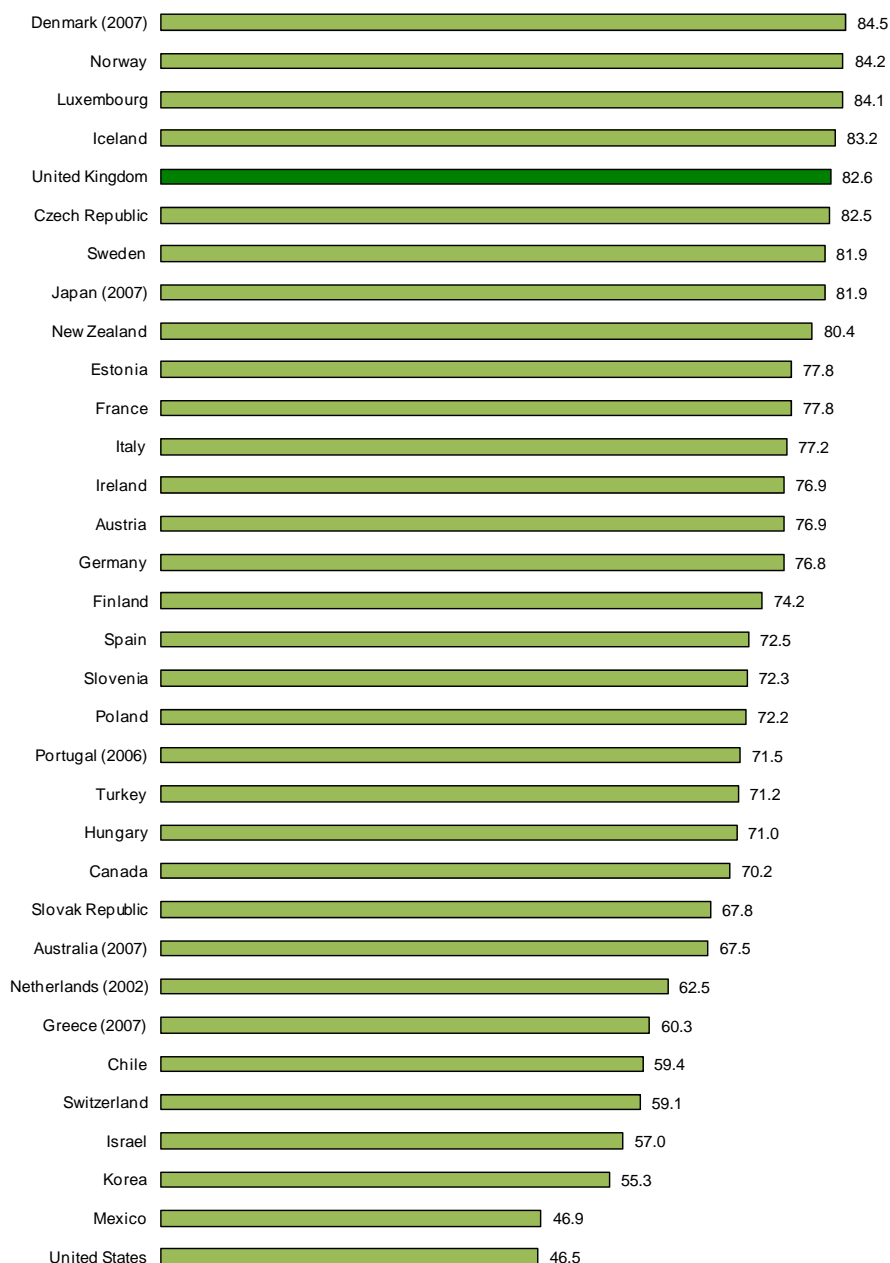
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<sup>1</sup> *OECD Health Data 2010* ([www.ecosante.org/oced.htm](http://www.ecosante.org/oced.htm))

## B. Public share of total health expenditure

There is considerable variation across the OECD in the public/private breakdown of health expenditure. In Japan, New Zealand and some northern European countries, public expenditure accounts for over 80% of the total, while in Mexico and the US it is under 50%. In 2008, 82.6% of UK health expenditure was public, the fifth highest of the OECD countries and the third highest of the EU 15 countries.<sup>2</sup>

**Figure 1 Public expenditure on health as a percentage of total health expenditure**  
(2008 unless stated otherwise)

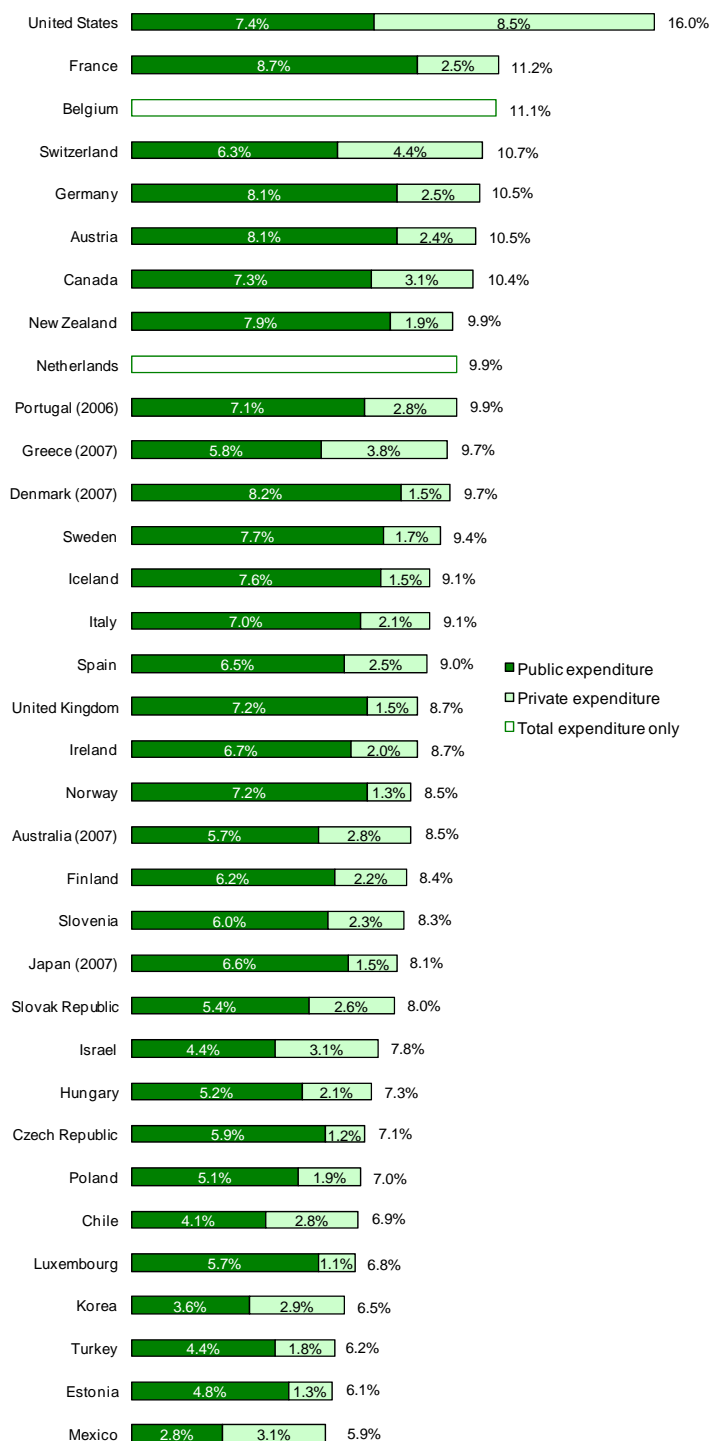


<sup>2</sup> The UK is ranked against 33 OECD nations and 14 of the EU-15 as figures for Belgium are not available.

## C. Health expenditure as a proportion of GDP

Figure 2 shows health expenditure as a proportion of national gross domestic product (GDP) in OECD countries. In 2008, total health expenditure in the UK amounted to 8.7% of GDP. The UK was ranked 17<sup>th</sup> of the 34 OECD countries and 12<sup>th</sup> of the EU15 countries in terms of total health expenditure as a proportion of GDP.

**Figure 2 Health expenditure as a proportion of GDP**  
(2008 unless stated otherwise)



Recent data on public and private health expenditure in Belgium and the Netherlands is not available; therefore these countries are not included in comparisons of public/private health expenditure in the remainder of this note.

Public expenditure on health in the UK amounted to 7.2% of GDP in 2008. On this measure, the UK was ranked 10<sup>th</sup> highest of the OECD countries and 6<sup>th</sup> highest of the EU15 countries for which data is available. Private health expenditure was 1.5% of UK GDP in 2008. The UK was ranked 25<sup>th</sup> among OECD countries and 11<sup>th</sup> among EU15 countries on this measure.

The US had the highest total health expenditure as a percentage of GDP (16%) and the highest private health expenditure as a percentage of GDP (8.5%) out of the OECD countries; France had the highest public health expenditure.

France was ranked 1<sup>st</sup> among EU15 countries in terms of total health expenditure as a percentage of GDP (11.2%) and public health expenditure as a percentage of GDP (8.7%). Among EU15 countries, Greece had the highest ranking for private expenditure on health as a percentage of GDP (3.8%).

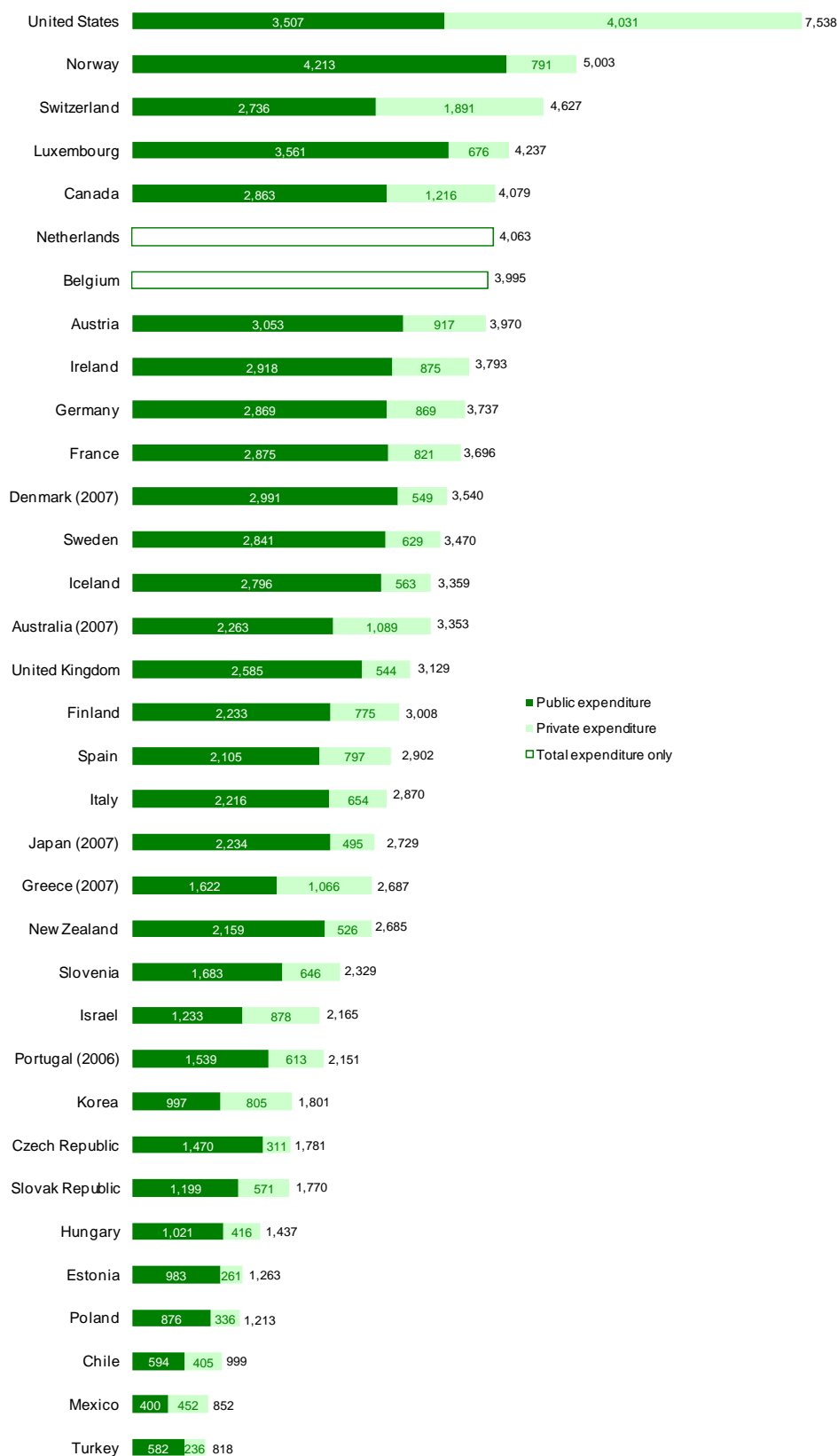
## **D. Health expenditure per capita**

Total health expenditure in the UK in 2008 was \$3,129 per head at purchasing power parity rates. The UK ranked 16<sup>th</sup> among the 34 OECD countries and 10<sup>th</sup> among EU15 countries on this measure. The USA had the highest per capita health expenditure (\$7,538) among the 34 OECD countries, while Luxembourg had the highest among the EU15 countries (\$4,237).

Norway had the highest public health expenditure per head (\$4,213) among both the OECD and EU15 countries. The UK was ranked 13<sup>th</sup> among the OECD countries and 8<sup>th</sup> among the EU15 countries on this measure.

The UK had the lowest per capita private health expenditure (\$544) among the EU15 countries and was ranked 23<sup>rd</sup> among OECD countries on this measure. The US had the highest private health expenditure per head (\$4,031) among the OECD countries and Greece was ranked highest among EU15 countries on this measure (at \$1,066 per head).

**Figure 3 Per capita health expenditure (US\$ PPP)**  
(2008 unless stated otherwise)



## E. Trends in health expenditure

Table 1 shows trends in health expenditure as a proportion of GDP between 1970 and 2008. For the UK, total health expenditure as a proportion of GDP increased from 4.5% in 1970 to 8.7% in 2008. Over the same period UK public health expenditure as a proportion of GDP increased from 3.9% to 7.2%.

**Table 1 Total and public health expenditure of as a proportion of GDP, OECD countries 1970 to 2008**

	Total health expenditure (% GDP)												Public health expenditure (% GDP)											
	1970	1980	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	1970	1980	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008
Australia	n/a	6.1	6.7	8	8.1	8.4	8.3	8.5	8.4	8.5	8.5	n/a	n/a	3.8	4.4	5.4	5.4	5.6	5.5	5.7	5.6	5.6	5.7	n/a
Austria	5.2	7.4	8.3	9.9	10.1	10.1	10.3	10.4	10.4	10.3	10.3	10.5	3.3	5.1	6.1	7.6	7.7	7.7	7.8	7.9	7.9	7.8	7.9	8.1
Belgium	3.9	6.3	7.2	9	9.1	9.3	10.4	10.9	10.6	10	10.8	11.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Canada	6.9	7	8.9	8.8	9.3	9.6	9.8	9.8	9.9	10	10.1	10.4	4.8	5.3	6.6	6.2	6.5	6.7	6.9	6.9	6.9	7	7.1	7.3
Chile	n/a	n/a	n/a	6.6	6.8	6.7	6.5	6.3	6.1	5.9	6.2	6.9	n/a	n/a	n/a	3.4	3.6	3.7	3.7	3.5	3.5	3.4	3.7	4.1
Czech Republic	n/a	n/a	4.7	6.5	6.7	7.1	7.4	7.2	7.2	7	6.8	7.1	n/a	n/a	4.6	5.9	6	6.4	6.7	6.4	6.3	6	5.8	5.9
Denmark	n/a	8.9	8.3	8.3	8.6	8.8	9.3	9.5	9.5	9.6	9.7	n/a	n/a	7.9	6.9	6.8	7.1	7.3	7.8	7.9	7.9	8.1	8.2	n/a
Estonia	n/a	n/a	n/a	5.3	4.9	4.8	5	5.1	5	5.1	5.3	6.1	n/a	n/a	n/a	4.1	3.8	3.7	3.8	3.9	3.9	3.7	4	4.8
Finland	5.5	6.3	7.7	7.2	7.4	7.8	8.2	8.2	8.4	8.4	8.2	8.4	4.1	5	6.3	5.1	5.3	5.6	5.9	6	6.2	6.3	6.1	6.2
France	5.4	7	8.4	10.1	10.2	10.5	10.9	11	11.1	11.1	11	11.2	4.1	5.6	6.4	8	8.1	8.4	8.6	8.7	8.8	8.7	8.6	8.7
Germany	6	8.4	8.3	10.3	10.4	10.6	10.8	10.6	10.7	10.5	10.4	10.5	4.4	6.6	6.3	8.2	8.3	8.4	8.5	8.1	8.2	8.1	8	8.1
Greece	5.4	5.9	6.6	7.9	8.8	9.1	8.9	8.7	9.5	9.7	9.7	n/a	2.3	3.3	3.5	4.7	5.3	5.3	5.3	5.1	5.7	6	5.8	n/a
Hungary	n/a	n/a	n/a	7	7.2	7.5	8.3	8	8.3	8.1	7.4	7.3	n/a	n/a	n/a	5	4.9	5.3	6.1	5.8	6	5.9	5.2	5.2
Iceland	4.7	6.3	7.8	9.5	9.3	10.2	10.4	9.9	9.4	9.1	9.1	9.1	3.1	5.5	6.8	7.7	7.6	8.3	8.5	8	7.7	7.5	7.5	7.6
Ireland	5.1	8.2	6.1	6.1	6.8	7.1	7.4	7.6	7.5	7.5	7.5	8.7	4.1	6.8	4.4	4.6	5.1	5.4	5.7	5.9	5.8	5.7	5.8	6.7
Israel	n/a	7.7	7.1	7.5	8	7.9	7.8	7.8	7.8	7.6	7.8	7.8	n/a	n/a	n/a	4.7	4.9	5	4.9	4.7	4.6	4.4	4.3	4.4
Italy	n/a	n/a	7.7	8.1	8.2	8.3	8.3	8.7	8.9	9	8.7	9.1	n/a	n/a	6.1	5.8	6.1	6.2	6.2	6.6	6.8	6.9	6.6	7
Japan	4.6	6.5	6	7.7	7.9	8	8.1	8	8.2	8.1	8.1	n/a	3.2	4.7	4.6	6.2	6.5	6.5	6.6	6.6	6.7	6.6	6.6	n/a
Korea	n/a	3.9	4.2	4.8	5.3	5.1	5.4	5.4	5.7	6.1	6.3	6.5	n/a	0.8	1.5	2.2	2.8	2.6	2.7	2.8	3	3.3	3.5	3.6
Luxembourg	3.1	5.2	5.4	7.5	7.4	8.3	7.7	8.2	7.9	7.7	7.1	6.8	2.8	4.8	5	6.4	6.2	7.1	6.5	7	6.7	6.6	6	5.7
Mexico	n/a	n/a	4.4	5.1	5.5	5.6	5.8	6	5.9	5.7	5.8	5.9	n/a	n/a	1.8	2.4	2.4	2.5	2.6	2.7	2.6	2.6	2.6	2.8
Netherlands	n/a	7.4	8	8	8.3	8.9	9.8	10	9.8	9.7	9.7	9.9	n/a	5.1	5.4	5	5.2	5.5	n/a	n/a	n/a	n/a	n/a	n/a
New Zealand	5.2	5.9	6.9	7.7	7.8	8.2	8	8.4	8.9	9.3	9.1	9.9	4.2	5.2	5.7	6	6	6.4	6.2	6.5	6.8	7.2	7.2	7.9
Norway	4.4	7	7.6	8.4	8.8	9.8	10	9.7	9.1	8.6	8.9	8.5	4	5.9	6.3	6.9	7.4	8.2	8.4	8.1	7.6	7.2	7.5	7.2
Poland	n/a	n/a	4.8	5.5	5.9	6.3	6.2	6.2	6.2	6.2	6.4	7	n/a	n/a	4.4	3.9	4.2	4.5	4.4	4.3	4.3	4.3	4.6	5.1
Portugal	2.5	5.3	5.9	8.8	8.8	9	9.7	10	10.2	9.9	n/a	n/a	1.5	3.4	3.8	6.4	6.3	6.5	7.1	7.2	7.3	7.1	n/a	n/a
Slovak Republic	n/a	n/a	n/a	5.5	5.5	5.6	5.8	7.2	7	7.3	7.7	8	n/a	n/a	n/a	4.9	4.9	5	5.1	5.3	5.2	5	5.2	5.4
Slovenia	n/a	n/a	n/a	8.3	8.6	8.6	8.6	8.4	8.4	8.2	7.8	8.3	n/a	n/a	n/a	6.1	6.3	6.3	6.2	6.1	6.1	6	5.6	6
Spain	3.5	5.3	6.5	7.2	7.2	7.3	8.2	8.2	8.3	8.4	8.4	9	2.3	4.2	5.1	5.2	5.2	5.2	5.7	5.8	5.8	6	6.1	6.5
Sweden	6.8	8.9	8.2	8.2	9	9.3	9.4	9.2	9.2	9.1	9.1	9.4	5.8	8.2	7.4	7	7.3	7.6	7.8	7.5	7.5	7.4	7.4	7.7
Switzerland	5.4	7.3	8.2	10.2	10.6	10.9	11.3	11.3	11.2	10.8	10.6	10.7	n/a	n/a	4.3	5.6	6	6.3	6.6	6.6	6.7	6.4	6.3	6.3
Turkey	n/a	2.4	2.7	4.9	5.2	5.4	5.3	5.4	5.4	5.8	6	6.2	n/a	0.7	1.6	3.1	3.5	3.8	3.8	3.8	3.7	4	4.1	4.4
United Kingdom	4.5	5.6	5.9	7	7.3	7.6	7.8	8	8.3	8.5	8.4	8.7	3.9	5	4.9	5.6	5.8	6.1	6.2	6.5	6.8	6.9	6.9	7.2
United States	7.1	9	12.2	13.4	14.1	14.8	15.3	15.4	15.4	15.5	15.7	16	2.6	3.7	4.8	5.8	6.2	6.5	6.7	6.8	6.9	7	7.1	7.4