7.0 International Comparisons

Comparability of Health Expenditure Across Countries

For the last 13 annual updates of the health database maintained by the Organisation for Economic Co-operation and Development (OECD), member countries were asked to report health expenditure according to concepts presented in the OECD manual *A System of Health Accounts* (SHA), released in May 2000. Countries are at varying stages of reporting total health expenditure according to the boundary of health care proposed in the SHA manual. This means that data presented in *OECD Health Data 2013* is at varying levels of comparability.[7] This section shows health expenditure information for the 30 countries that most closely follow the health care boundary proposed in the OECD manual. The OECD states that the data for those countries is believed to be fairly comparable, although some deviations from SHA definitions may still exist among the sub-aggregate variables of total health expenditure.[xviii] The 30 countries are Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Iceland, Israel, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

Comparability of Health Expenditure Over Time

Since the early 2000s, countries adopted the SHA to report their data for the most recent years. Many countries have yet to revise their series for earlier years. Breaks in series thus appear in most countries in the mid-1990s to early 2000s.

The data presented in *OECD Health Data 2013* is based on the SHA starting in the following years:

- Australia: 1998
- Austria: 1990
- Belgium: 2003
- Canada: 1975
- Czech Republic: 2000
- Denmark: 2003
- Estonia: 1999
- Finland: 1995
- France: 1995
- Germany: 1992
- Hungary: 1998
- Iceland: 2003
- Israel: 2006

xviii. See International Comparisons: Data Comprehensiveness and Boundaries of Health Care in the Methodological Notes.

- Japan: 1995
- Korea: 1980
- Luxembourg: 1999
- Mexico: 1999
- The Netherlands: 1998
- New Zealand: 2004
- Norway: 1997
- Poland: 2002
- Portugal: 2000
- Slovak Republic: 2005
- Slovenia: 2002
- Spain: 1999
- Sweden: 2001
- Switzerland: 1995
- Turkey: 1999
- United Kingdom: 1997
- United States: 1999

Due to the change in reporting standards, this section on international comparisons focuses on 2011 data, the most recent year for which data is available.

OECD Definition of Total Health Expenditure

Total expenditure on health is defined by the OECD as the sum of expenditure on activities that—through application of medical, paramedical and nursing knowledge and technology—have the goals of

- Promoting health and preventing disease;
- Curing illness and reducing premature mortality;
- Caring for persons affected by chronic illness who require nursing care;
- Caring for persons with health-related impairments and disabilities who require nursing care;
- Assisting patients to die with dignity;
- Providing and administering public health; and
- Providing and administering health programs, health insurance and other funding arrangements.

Activities such as food and hygiene control, health research and development and training of health workers are considered health-related but are not included in total health expenditure.

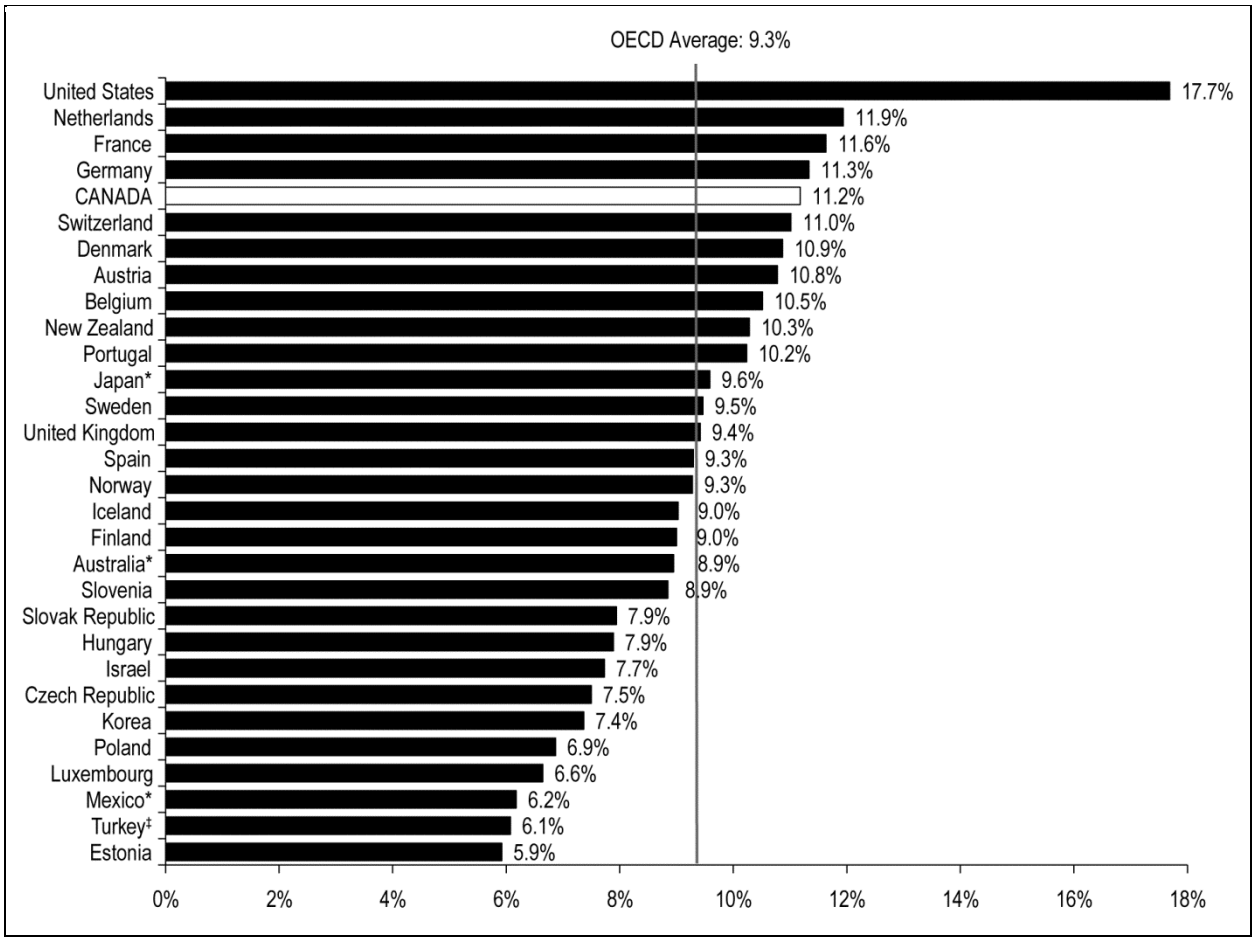
Total Health Expenditure

Total Health Expenditure as a Percentage of GDP—2011

Canada is among five countries with the highest ratio of total health expenditure to GDP. The OECD GDP figures are standardized for international comparability; consequently, the health expenditure–to-GDP ratios reported by the OECD may differ from those reported by the national health accounts of member countries. Specific to Canada, the GDP estimate published by Statistics Canada contains an amount for financial intermediation services indirectly measured (FISIM). Statistics Canada removes the FISIM from the GDP estimate provided to the OECD. In addition, there is a time lag between both Statistics Canada's revision of the Canadian GDP and CIHI's revision of national health expenditure data and its publication in OECD reports.

In 2011, the United States had the highest ratio of total health expenditure to GDP, at 17.7%, while Canada was at 11.2% (Figure 43).

Figure 43: Total Health Expenditure as a Percentage of GDP, 30 Selected Countries, 2011



Notes

* Data for 2010.

‡ Data for 2008.

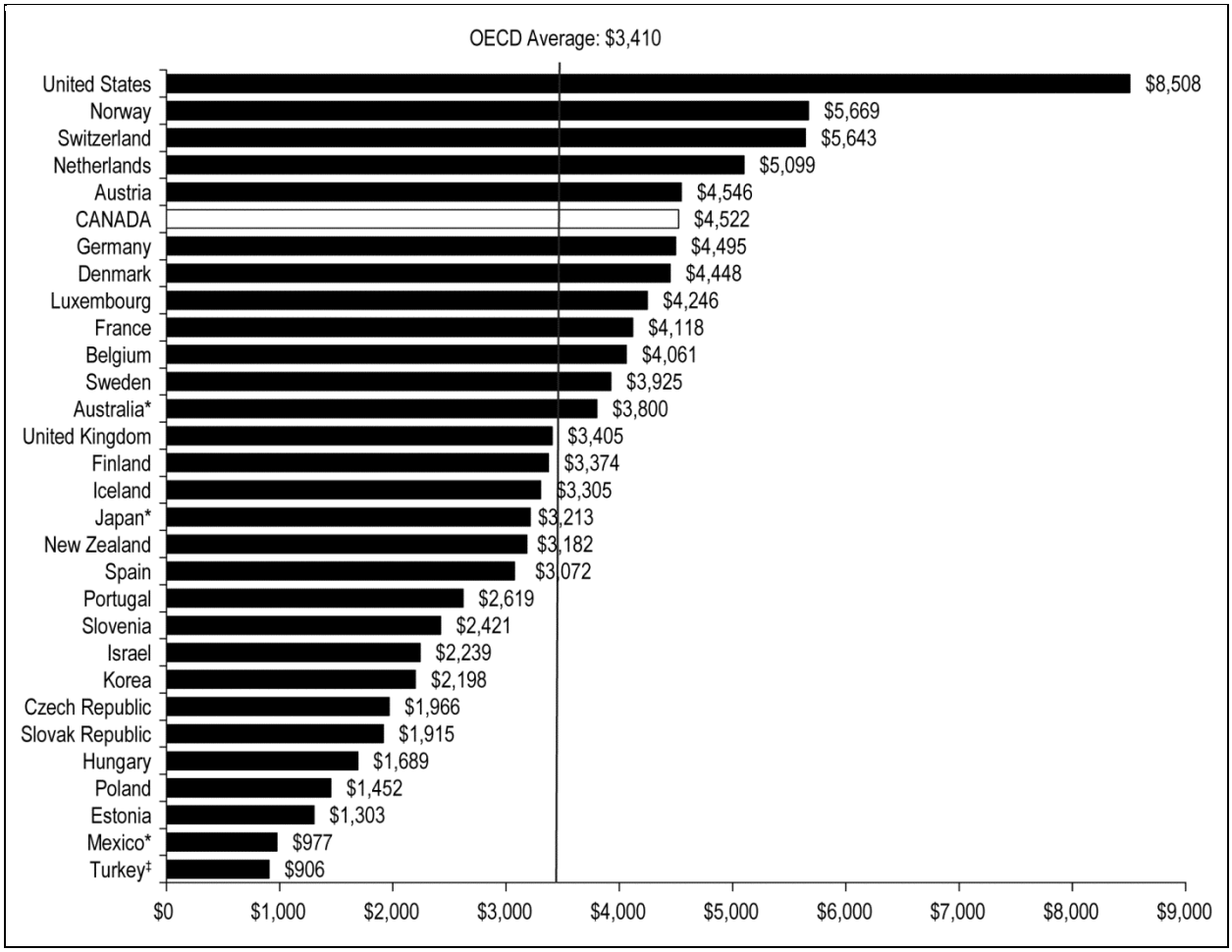
Source

Organisation for Economic Co-operation and Development. *OECD Health Data 2013* (June edition). Paris, France: OECD; 2013.

Total Health Expenditure per Capita[xix]—2011

Canada, with spending of US$4,522 per person in 2011, was among the six countries with the highest per capita spending on health. The United States had the highest health expenditure per individual, at US$8,508 in 2011. Spending was similar in Canada, Austria (US$4,546), Germany (US$4,495) and Denmark (US$4,448) (Figure 44).

Figure 44: Total Health Expenditure per Capita, U.S. Dollars, 30 Selected Countries, 2011



Notes

* Data for 2010.

‡ Data for 2008.

Source

Organisation for Economic Co-operation and Development. *OECD Health Data 2013* (June edition). Paris, France: OECD; 2013.

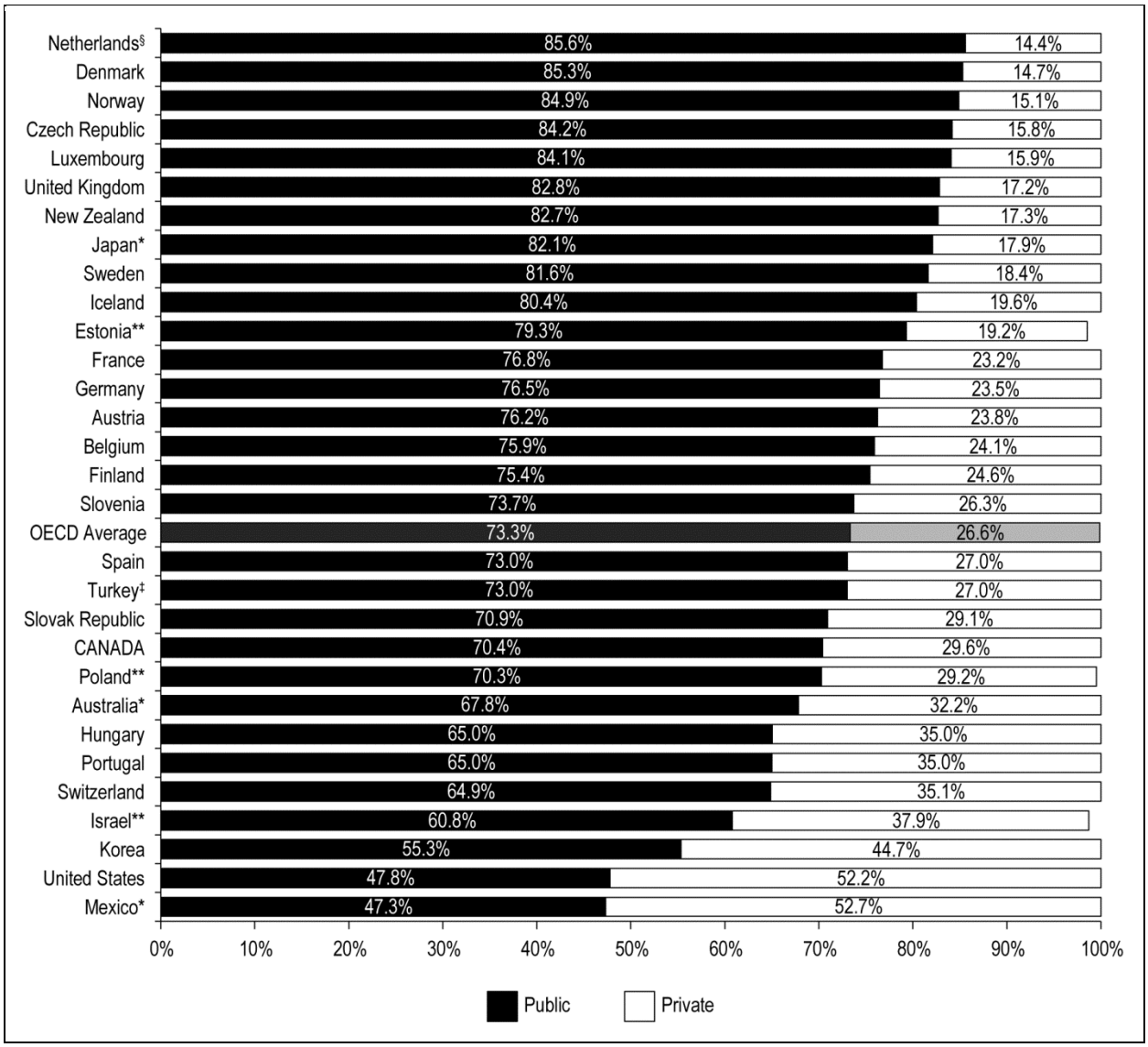
xix. Health expenditure per capita was converted to U.S. dollars using purchasing power parities (PPPs) for GDP, which are designed to eliminate differences in price levels between countries—that is, PPPs equalize the purchasing power of different currencies. See *OECD Health Data*.

Health Expenditure by Source of Finance

Total Health Expenditure by Source of Finance—2011

Expenditure by the public sector represented more than 80% of total health expenditure in Norway, Denmark, Luxembourg, the Czech Republic, the United Kingdom, New Zealand, Sweden, Japan and Iceland. Expenditure by the public sector also accounted for more than 80% of current expenditure (excluding capital expenditure) in the Netherlands. The share of total health expenditure funded by the public sector was 70.4% in Canada. The country with the lowest public-sector share was Mexico, at 47.3%, followed by the United States, at 47.8%. These two countries thus had the highest shares of total health expenditure funded by the private sector.

Figure 45: Total Health Expenditure, Public and Private Share, 30 Selected Countries, 2011



Notes

* Data for 2010.

‡ Data for 2008

§ Current expenditure (capital excluded).

** Public and private shares do not add up to 100% due to the “rest of the world” financing. Rest of the world equals 0.5% of total expenditure in Poland, 1.4% in Estonia and 1.3% in Israel.

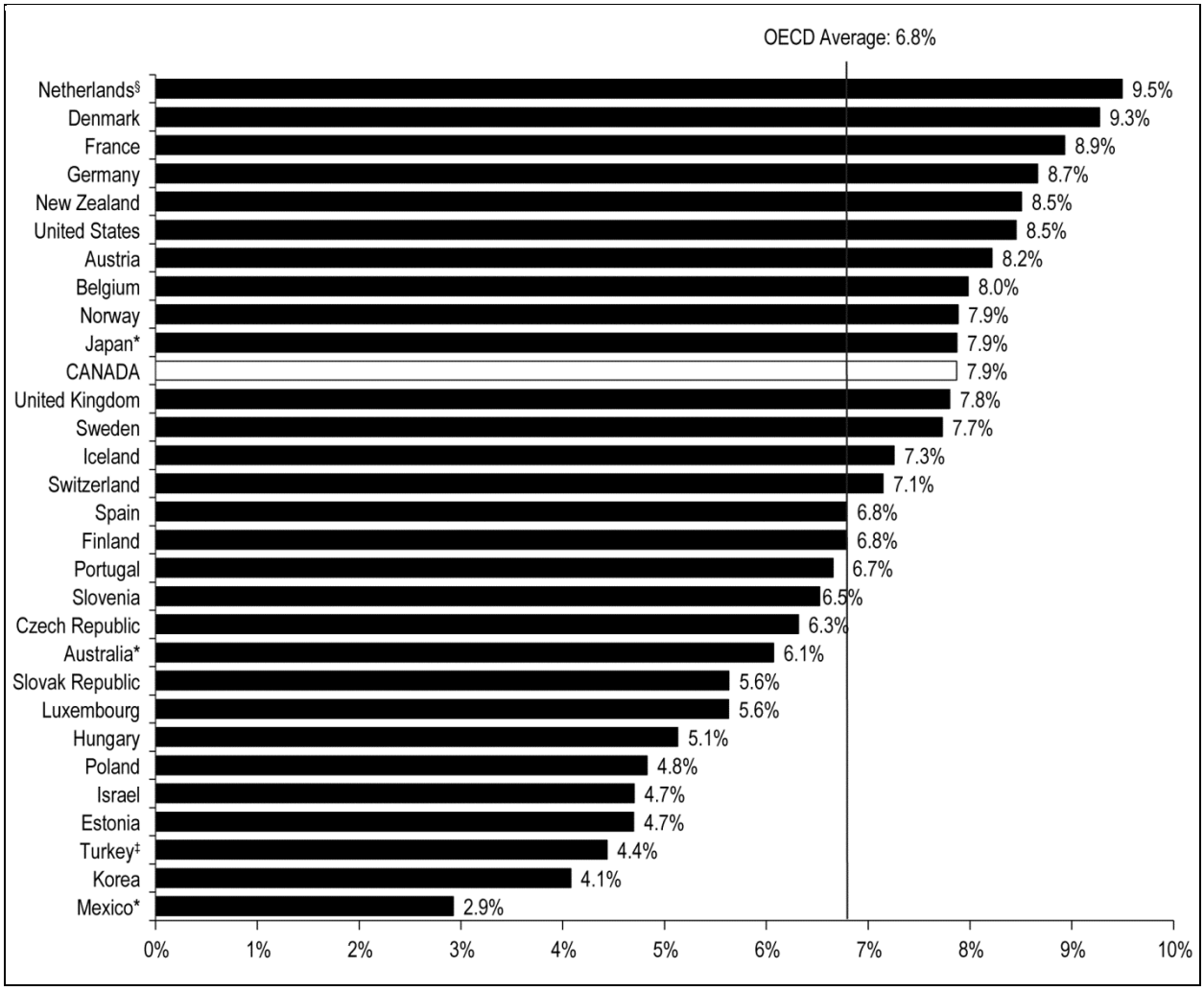
Source

Organisation for Economic Co-operation and Development. *OECD Health Data 2013* (June edition). Paris, France: OECD; 2013.

Public-Sector Health Expenditure as a Percentage of GDP—2011

With regard to public-sector spending on health as a percentage of GDP in 2011, Canada fell within the first half of countries. Public-sector health expenditure accounted for 9.5% of the Netherlands' GDP, the highest proportion among the countries. The ratios of public-sector spending to GDP were similar for Canada, Norway, the United Kingdom and Japan (Figure 46).

Figure 46: Public-Sector Health Expenditure as a Percentage of GDP, 30 Selected Countries, 2011



Notes

* Data for 2010.

‡ Data for 2008.

§ Current expenditure (capital excluded).

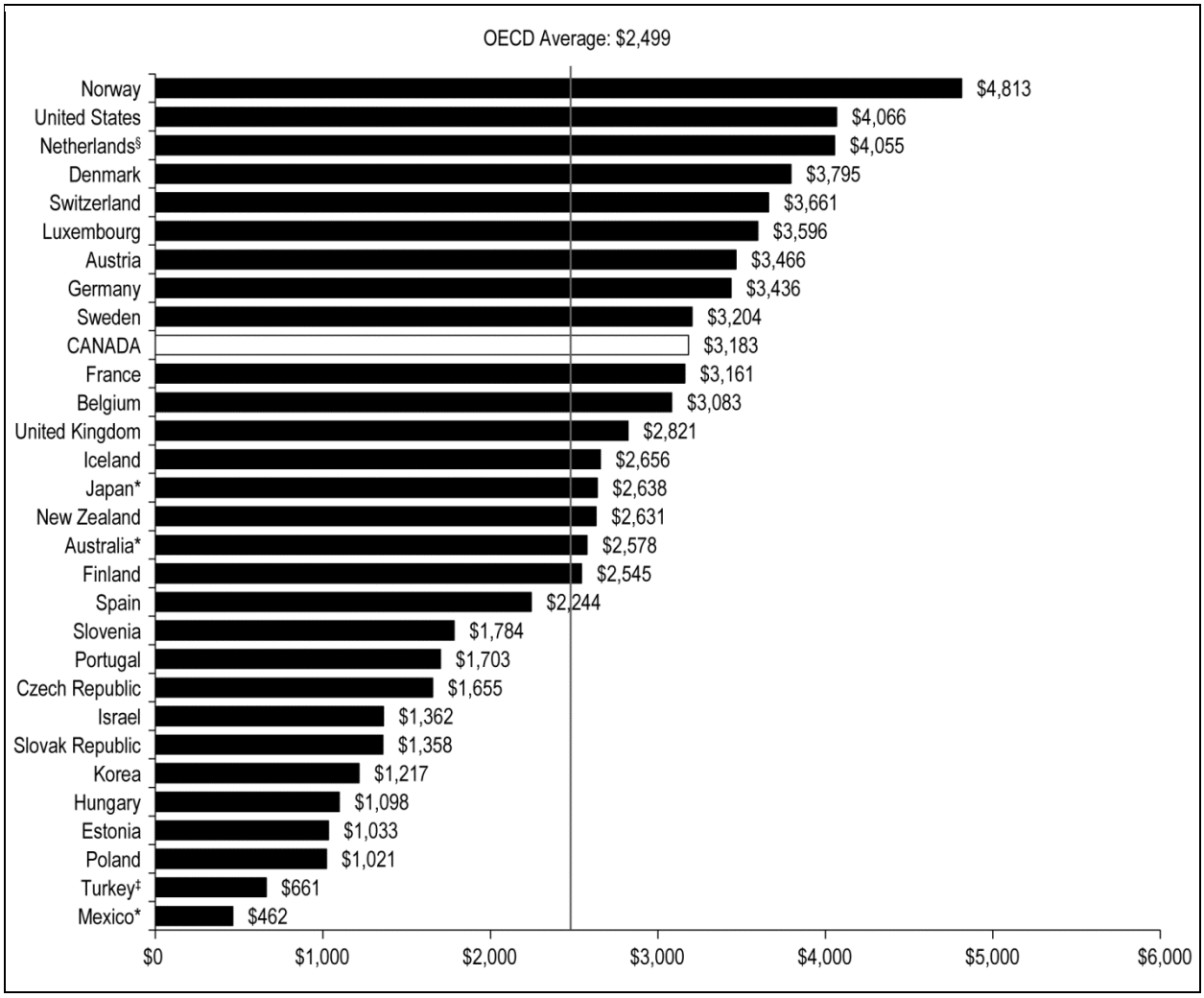
Source

Organisation for Economic Co-operation and Development. *OECD Health Data 2013* (June edition). Paris, France: OECD; 2013.

Public-Sector Health Expenditure per Capita—2011

Norway had the highest public-sector per capita health spending, at US$4,813, followed by the United States (US$4,066). Canada was within the top 10 countries, with public-sector health spending at US$3,183 per person (Figure 47).

Figure 47: Public-Sector Health Expenditure per Capita, U.S. Dollars, 30 Selected Countries, 2011



Notes

* Data for 2010.

‡ Data for 2008.

§ Current expenditure (capital excluded).

Source

Organisation for Economic Co-operation and Development. *OECD Health Data 2013* (June edition). Paris, France: OECD; 2013.

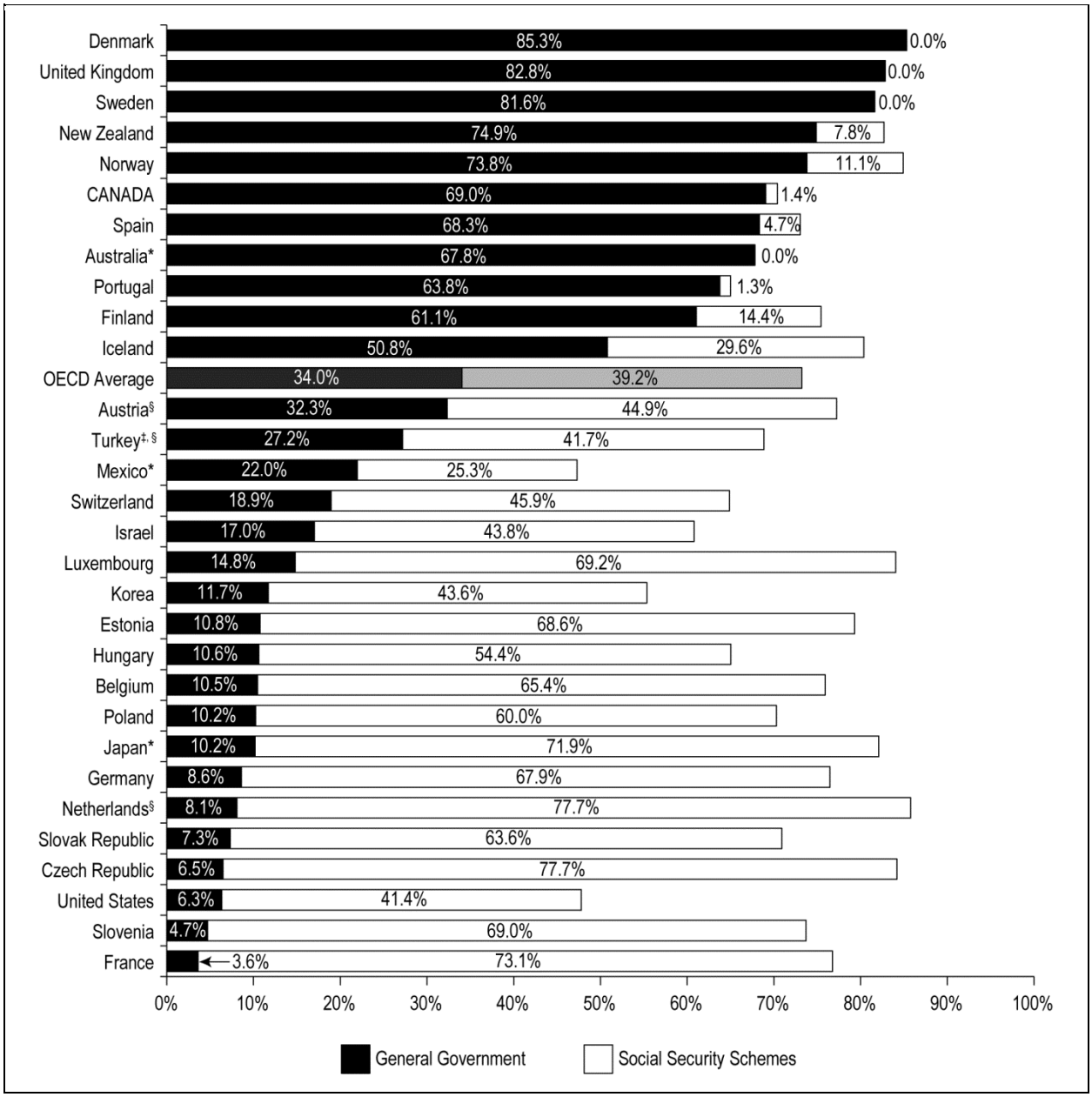
Public-Sector Sources of Finance—2011

Figure 48 shows 30 selected countries in descending order according to the share of total health expenditure financed by the public sector, general government.

The public sector includes two subsectors: 1) *general governments*, including central, state/regional and local government authorities; and 2) *social security funds*, which are social insurance schemes covering the entire community or large sections of the community and that are imposed and controlled by government units.

Generally, the level of public-sector financing appears to be unrelated to the choice of subsectors through which the countries provide funding. Expenditures by the public sector represented more than 80% of total health expenditure in Denmark, the United Kingdom, Norway, Luxembourg, the Czech Republic, Iceland, Sweden, Japan and New Zealand. They also represented more than 80% of current expenditure (excluding capital expenditure) in the Netherlands. In the United Kingdom, Sweden, Denmark and Australia, general governments financed all of the public-sector spending. Canada falls within a group of countries with a public-sector share ranging between 65% and 80% of total health expenditure. In 10 of these countries (France, Germany, Slovenia, Estonia, Belgium, Poland, Austria, Slovak Republic, Hungary and Turkey), social security funds were the principal source of public-sector financing, in contrast to Canada, where 1.4% of health expenditures were financed by social security funds. In Canada, social security funds include the health care spending by workers' compensation boards and the Quebec Drug Insurance Fund component of the MSSS drug subsidy program.

Figure 48: Percentage of Total Health Expenditure Financed by the Public Sector, by Source of Finance, 30 Selected Countries, 2011



Notes

* Data for 2010.

‡ Data for 2008.

§ Current expenditure (capital excluded).

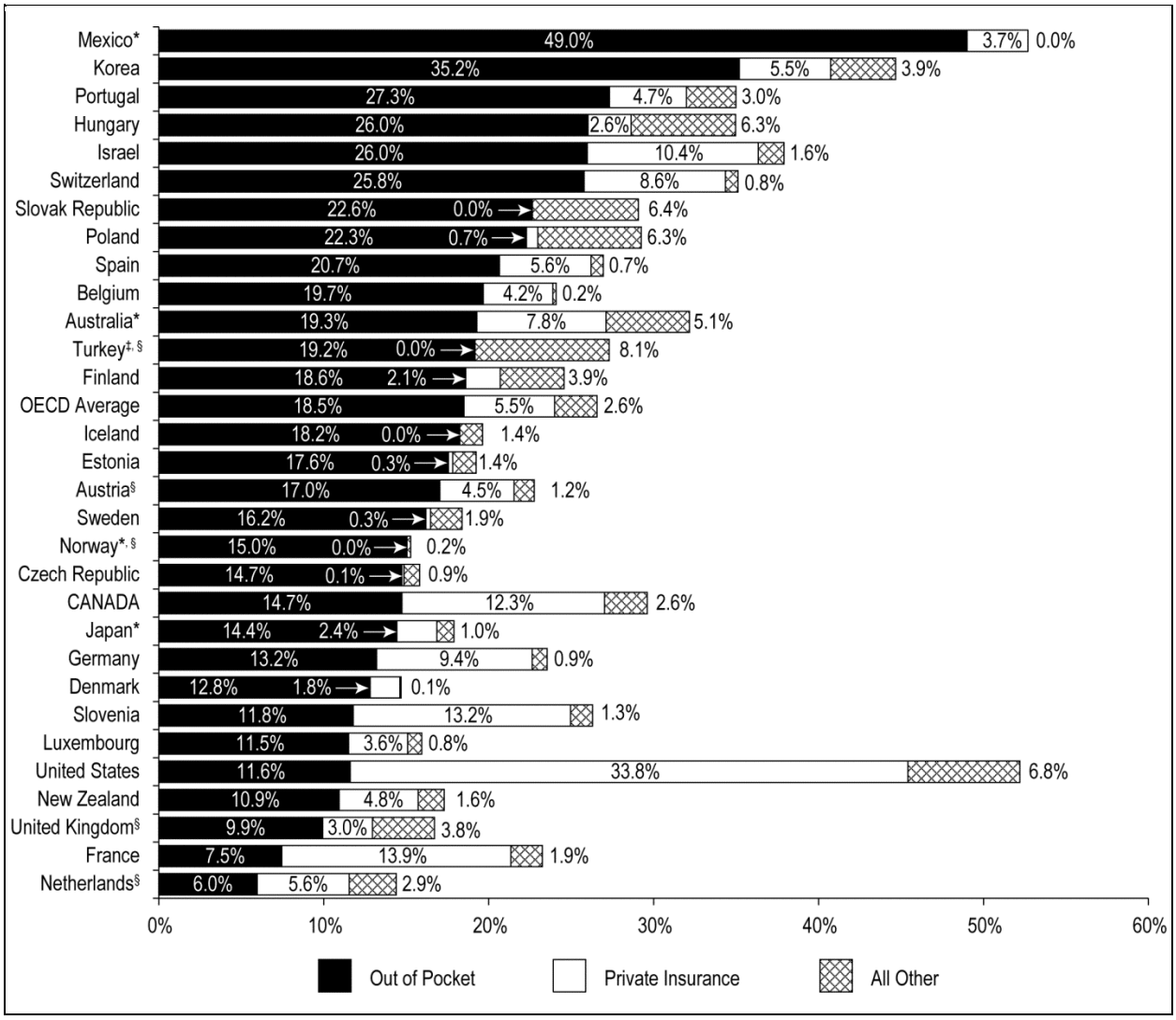
Source

Organisation for Economic Co-operation and Development. *OECD Health Data 2013* (June edition). Paris, France: OECD; 2013.

Private-Sector Sources of Finance—2011

Figure 49 shows 30 selected countries in descending order according to the share of total health expenditure financed by out-of-pocket payments from households. In 25 countries, private-sector funding of total health expenditure is broken down between out-of-pocket payments, private insurance and all other private funds (for example, non-government organizations and corporations). However, this breakdown is available only for current expenditure (excluding capital expenditure) in Turkey, Austria, the Netherlands, Norway and the United Kingdom. Approximately half of total health expenditure was financed by the private sector in Mexico (52.7%) and in the United States (52.2%). Almost all private-sector health expenditures in Mexico were out-of-pocket payments (49% of total health expenditure), by far the highest proportion of any country. By contrast, in the United States, private insurance accounted for more than half of private-sector health expenditure (33.8% of total health expenditure), also by far the largest proportion of any country. Canada is included in a group of 10 countries (with Finland, Spain, Slovenia, Portugal, Turkey, Poland, Australia, Slovak Republic and Hungary) where the private sector funded between 25% and 35% of total health expenditure. In Canada, out-of-pocket payments and private insurance accounted for 14.7% and 12.3% of total health expenditure, respectively.

Figure 49: Percentage of Total Health Expenditure Financed by the Private Sector, by Source of Finance, 30 Selected Countries, 2011



Notes

* Data for 2010.

‡ Data for 2008.

§ Current expenditure (capital excluded).

Source

Organisation for Economic Co-operation and Development. *OECD Health Data 2013* (June edition). Paris, France: OECD; 2013.

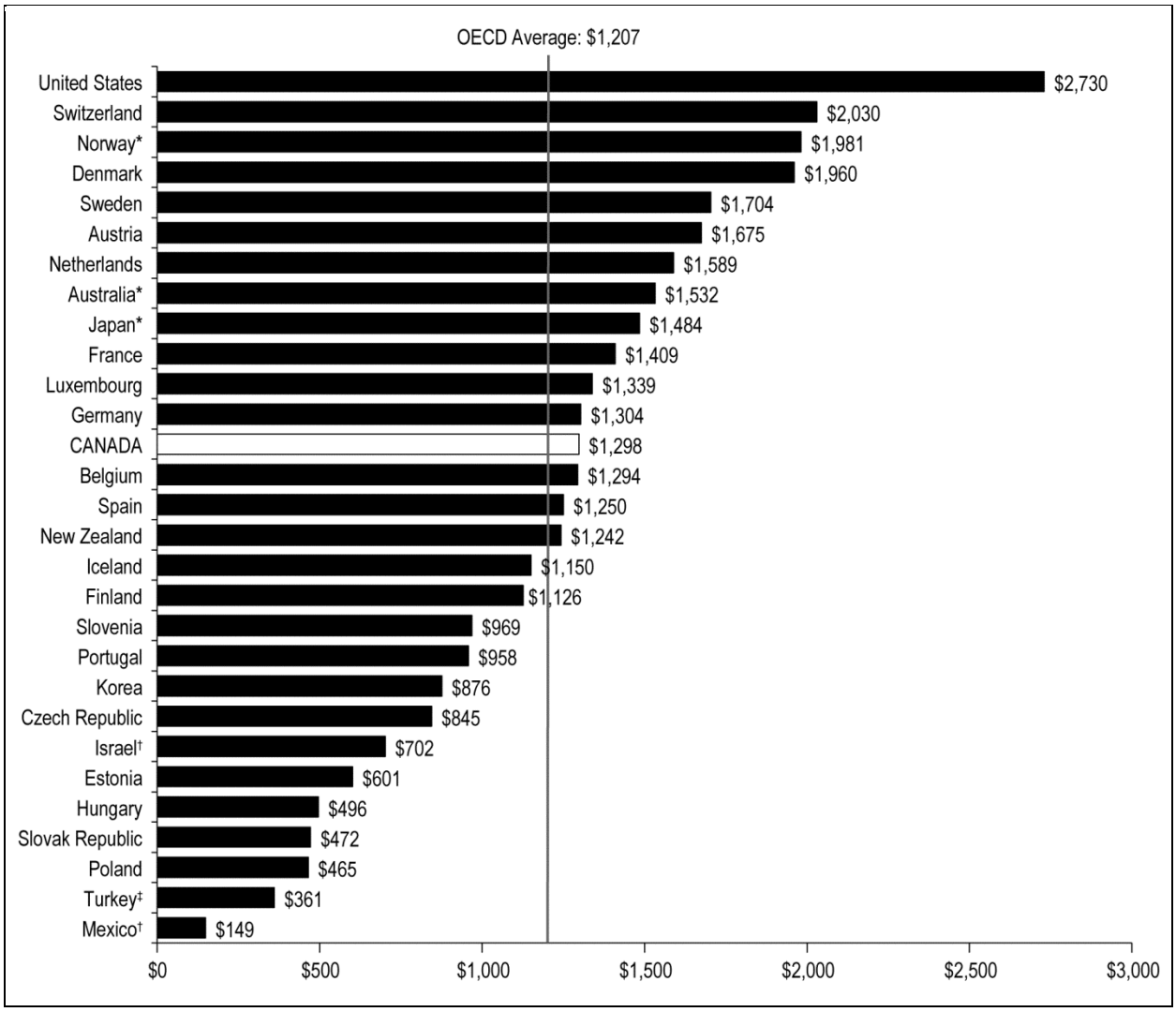
Health Expenditure by Use of Funds

Hospitals—2011

Similar to the situation in Canada, hospitals in other OECD countries occupy a prominent place in health care provision. On average, hospitals account for more than one-third of all health spending in OECD countries. Figure 50 shows countries in descending order of per capita expenditure on hospital services in 2011. Canada, with spending of US$1,298 per person, fell within the middle of the countries, near Germany, Luxembourg, Belgium and Spain. There were large differences in hospital spending per capita. The United States had the highest spending (US$2,730), at more than twice the OECD average. Mexico had the lowest spending (US$149).

While hospital spending in Canada includes remuneration of physicians on hospital payrolls, it excludes payments made directly by the provincial/territorial medical care insurance plans to physicians for services provided in hospitals. This exclusion results in an under-estimation of hospital spending in Canada as, under the SHA, all expenditures for physicians' services provided in hospitals are to be recorded under the hospital category. There exists a similar under-estimation in the United States, where independently billed physicians' fees are excluded from inpatient hospital expenditure. The variation in hospital spending per capita across OECD countries reflects, among other factors, the extent to which long-term care is provided in hospitals rather than in residential long-term care facilities.

Figure 50: Expenditure§ on Services Provided by Hospitals, per Capita, U.S. Dollars, 2011



Notes

* Data for 2010.

† Data for 2009.

‡ Data for 2008.

§ Current expenditure (capital excluded).

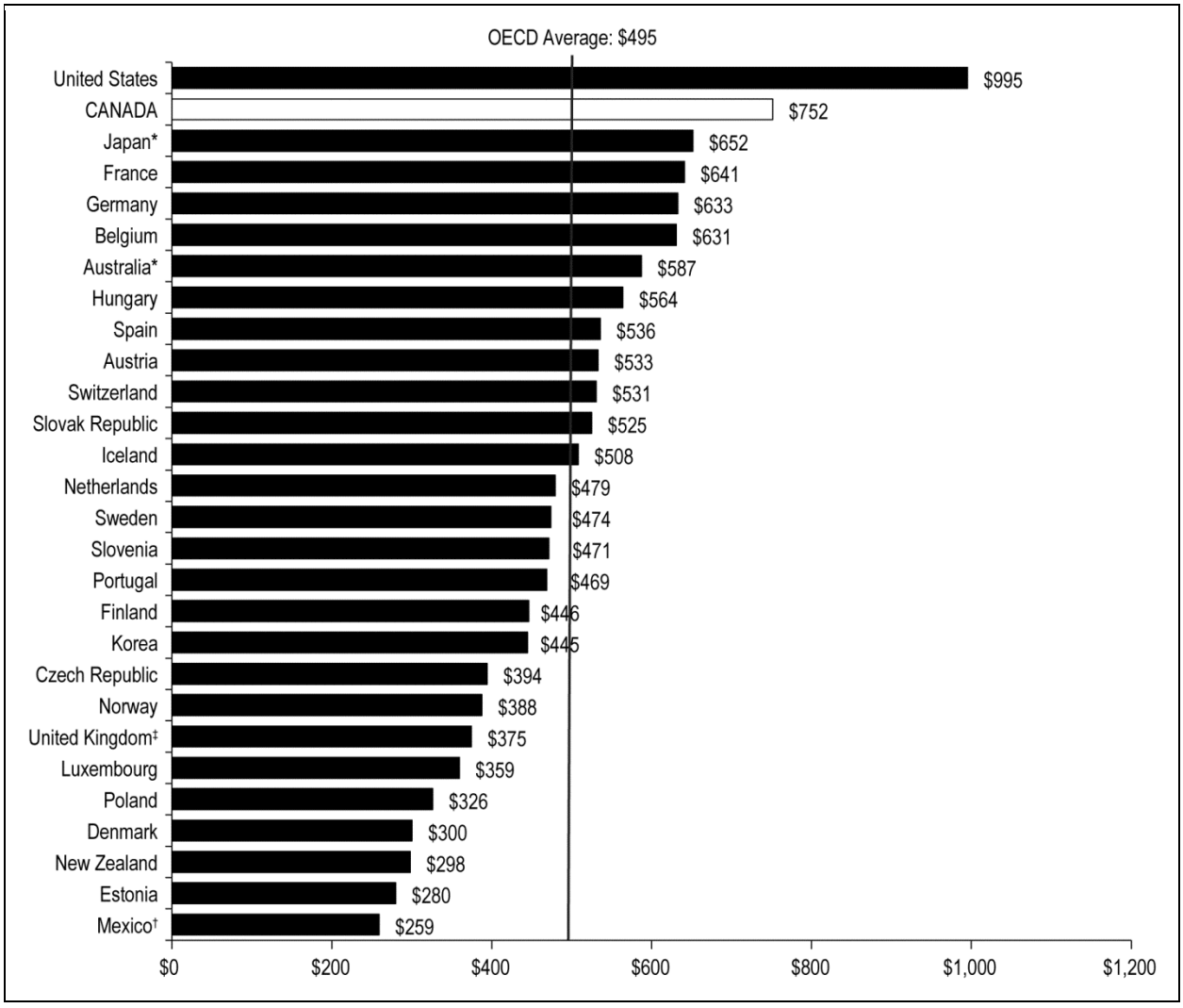
Source

Organisation for Economic Co-operation and Development. *OECD Health Data 2013* (June edition). Paris, France: OECD; 2013.

Drugs—2011

Drugs include prescribed and non-prescribed drugs (often referred to as over-the-counter drugs) as well as other medical non-durables (or personal health supplies) such as bandages, syringes, elastic stockings and knee supports, and contraceptive devices. Drugs consumed in hospitals are excluded as, under the SHA, they are considered intermediate consumption in the production of hospital care. Drugs constitute a large category of health expenditure across OECD countries, accounting for, on average, almost a fifth of total health spending. Figure 51 shows that Canada had the second-highest expenditure on drugs per capita, after the United States, in 2011.

Figure 51: Total Expenditure[§] on Drugs, per Capita, U.S. Dollars, 2011



Notes

* Data for 2010.
† Data for 2009.
‡ Data for 2008.
§ Current expenditure (capital excluded).

Source

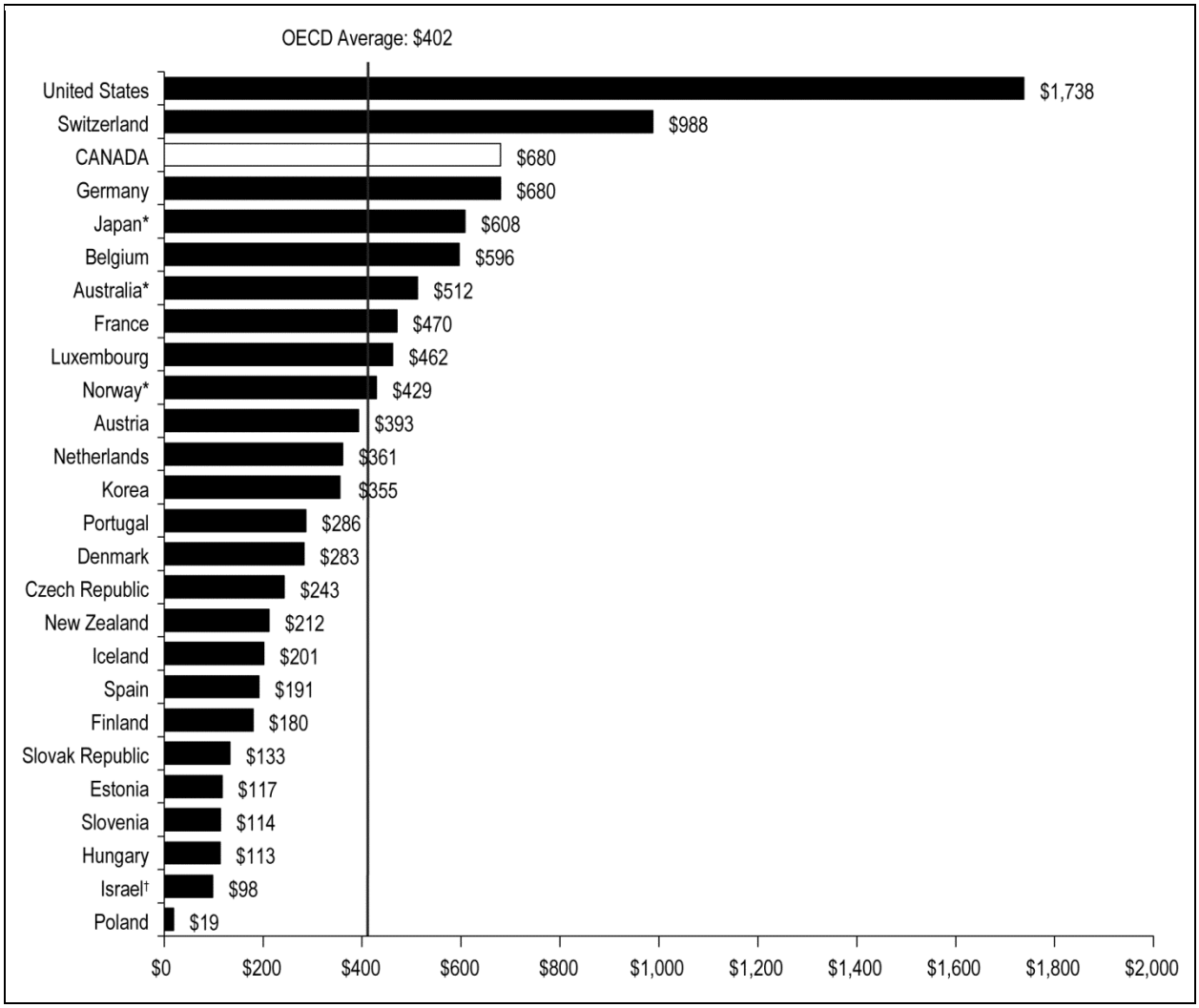
Organisation for Economic Co-operation and Development. *OECD Health Data 2013* (June edition). Paris, France: OECD; 2013.

Physicians—2011

Figure 52 shows per capita expenditures for 26 OECD countries on services provided by offices of physicians, defined as establishments of health practitioners who hold the degree of doctor of medicine or a corresponding qualification and who are primarily engaged in the independent practice of medicine.

Canada had the third-highest spending per capita on offices of physicians, after the United States and Switzerland, and just before Germany and Japan. Canadian expenditure includes payments made directly by the provincial/territorial medical care insurance plans to physicians for services provided in hospitals, resulting in an over-estimation as, under the SHA, all expenditures for physicians' services provided in hospitals are to be recorded under the hospital category. In Switzerland and Japan, a high proportion of the expenditure on offices of physicians was for drugs (16.3% and 12.5%, respectively), while this proportion was nil or negligible in other countries.

Figure 52: Expenditure§ on Services Provided by Offices of Physicians, per Capita, U.S. Dollars, 2011



Notes

* Data for 2010.

† Data for 2009.

§ Current expenditure (capital excluded).

Source

Organisation for Economic Co-operation and Development. *OECD Health Data 2013* (June edition). Paris, France: OECD; 2013.