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Health Spending in Most OECD Countries Rises, with the U.S. far Outstripping all Others

Spending on health and healthcare in most OECD countries has risen dramatically over the past five years. Combined with lower economic growth, the increase in health spending has driven the share of health expenditure as a percentage of GDP up from an average 7.8% in 1997 to 8.5% in 2002. This is in sharp contrast to the period 1992 – 1997, when the share of GDP spent on health remained almost unchanged.

OECD Health Data 2004, the most comprehensive source of comparable statistics on health and health systems across the 30 member countries of the OECD, shows that U.S. health expenditure grew 2.3 times faster than GDP, rising from to 13% in 1997 to 14.6% in 2002. Across other OECD countries, health expenditure outpaced economic growth by 1.7 times. In the United States, health spending reached $5267 per capita in 2002, almost 140% above the OECD average of $2144 and around 10 times as more than Mexico and Turkey, which spent $553 and $446 respectively.

This growth in health expenditure was, in part, a deliberate policy in some countries, such as the United Kingdom and Canada, which realised that cost containment during the mid-1990s had strained their healthcare systems. All OECD governments are under continuous pressure to reconcile economic and health concerns because the public purse funds the bulk of health spending in most countries. The public share of health expenditure increased slightly in several countries, such as Italy and Switzerland, but remained virtually unchanged in most countries during recent years - accounting for 72.3% of total spending on average across OECD countries in 1997 and 73.1% in 2002.

Rapid advances in medical technologies, population ageing and rising public expectations were largely responsible for the health spending growth, which was particularly notable in the area of pharmaceuticals. Between 1992 and 2002, spending on pharmaceuticals grew, on average, 1.3 times faster per year than total health expenditure, rising to account for between 9 and 37 percent of total health spending in OECD countries in 2002.

In spite of a growing awareness of the importance of prevention and public health, OECD countries spent on average only 2.8 percent of total health expenditure on organised public and private prevention programmes.

How many doctors and nurses are needed to ensure adequate supply of health services?

The present or potential future shortage of health professionals, and its possible negative impact on timely access and quality of care, is also a concern in a growing number of OECD countries.

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OECD Health Data 2004 shows that the number of doctors and nurses per capita varies substantially across countries. The number of practising physicians ranges from less than two per 1 000 people in Korea, Mexico and Turkey, to more than 4 in Greece and Italy, and for nurses the variation is even more marked. In an effort to increase the number of practising doctors and nurses, governments in several countries, such as Australia, England and Norway, introduced measures such as increasing the number of medical students, encouraging trained professionals to stay by enhancing their working conditions and/or remuneration, and recruiting from abroad. But it will take several years before these measures produce the expected results.

The number of physicians and nurses per capita necessary to ensure adequate care is not a fixed one - productivity and other factors must also be taken into account. But there are signs that fewer physicians per capita means longer waiting times for elective surgery.

The ratio of doctors to nurses also varies greatly across OECD countries, raising questions about the optimum skill mix in the delivery of health care. In some countries certain tasks traditionally performed by doctors are being transferred to highly qualified nurses without significant changes in the quality of care provided. For example, in the U.S., nurse practitioners in some states increasingly provide services, such as check-ups and gynaecological examinations, that are also provided by primary care physicians.

Overweight and obesity problems, a growing risk factor in OECD countries

The number of overweight and obese people has increased in all OECD countries over the past two decades due to poor eating habits and lack of physical activity. Obesity is a known risk factor for diseases such as diabetes, hypertension, cardiovascular diseases, respiratory problems (asthma) and musculoskeletal diseases (arthritis). In several OECD countries, more than 50% of adults are now classified as being overweight or obese (body mass index over 25). The United States has the highest rate of adults considered as overweight or obese (with 34% of adults being overweight and another 31% defined as obese in 1999-2000), followed by Mexico, the United Kingdom and Australia.

OECD Health Data 2004 is available on CD-ROM, in a multilingual version (English, French, German and Spanish, with Italian and Russian added this year), for a single-user or a network installation. OECD Health Data 2004 is an essential tool, enabling health researchers and policy advisors in governments, the private sector and the academic community to carry out comparative analyses and draw lessons from cross-country comparisons of national health care systems. This thirteenth edition covers over 1 200 descriptive statistics and indicators. Key items span the period 1970 to 2001/2002, with many time series going back to 1960. An extensive documentation of definitions, national sources and estimation methods per country is included in the database. Free technical assistance, data and software updates are accessible via the Internet at www.oecd.org/health/healthdata.

A limited number of CD-ROMs are available for journalists from the OECD Media Relations Division (tel. 33 1 45 24 97 00 or news.contact@oecd.org).

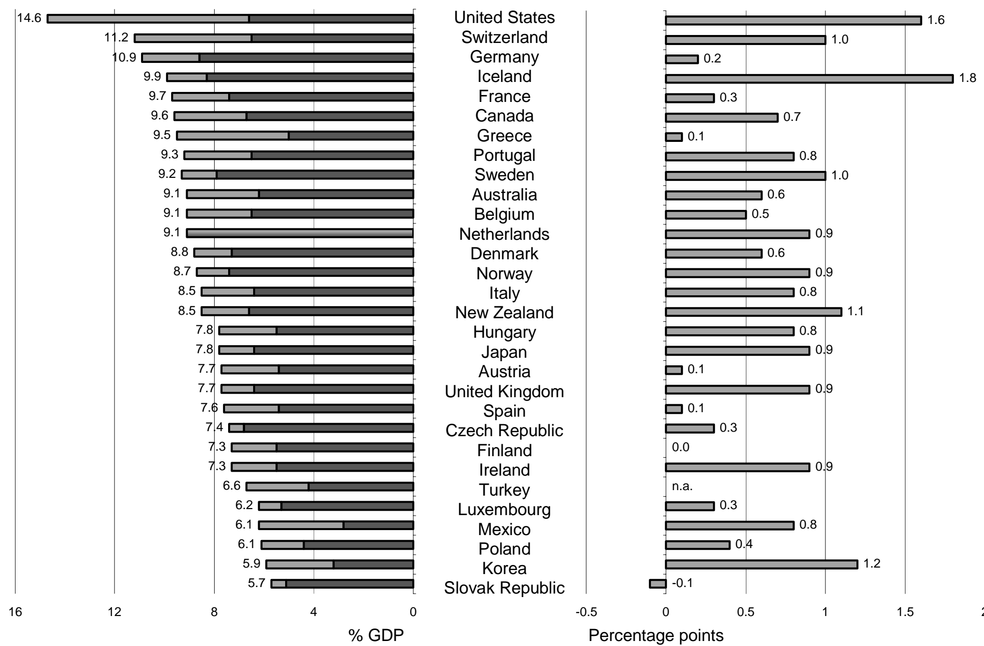
OECD Health Data 2004 is a co-production OECD-IRDES.

Table 1: Annual average growth rates of total and public health expenditure and GDP, 1992-2002

	Total health expenditure		Public health expenditure		GDP	
	1992-97	1997-2002	1992-97	1997-2002	1992-97	1997-2002
Australia	3.8	4.4	4.3	4.6	2.9	2.6
Austria	1.5	2.5	0.5	2.5	1.3	2.2
Belgium	3.1	3.0	..	3.4	1.6	1.8
Canada	-0.3	4.7	-1.4	4.6	2.0	3.1
Czech Republic	8.0	2.7	7.1	2.6	2.3	1.7
Denmark	1.7	3.2	1.5	3.4	2.3	1.8
Finland	-1.6	3.2	-2.5	3.0	2.8	3.1
France	1.5	3.1	1.4	3.1	0.8	2.3
Germany	2.2	1.8	1.8	1.7	0.7	1.5
Greece	5.0	3.8	4.4	3.8	1.3	3.6
Hungary	0.1	6.9	-1.5	3.8	2.1	4.6
Iceland	1.7	6.3	1.4	6.4	2.2	2.3
Ireland	4.8	9.8	5.7	9.9	6.8	7.1
Italy	-0.4	3.4	-1.7	4.4	1.2	1.5
Japan	3.6	3.5	4.5	3.5	1.4	0.3
Korea	7.0	9.0	11.7	15.3	5.8	3.2
Luxembourg	2.0	5.0	1.9	3.4	2.7	4.0
Mexico	-0.6	4.9	0.2	5.0	0.6	1.8
Netherlands	1.5	4.3	0.1	..	2.1	1.9
New Zealand	2.4	5.2	1.9	5.3	2.7	2.3
Norway	3.2	3.6	3.0	3.8	4.0	1.5
Poland	3.9	4.3	2.7	4.4	5.6	3.2
Portugal	5.9	4.1	7.9	5.6	1.9	2.2
Slovak Republic	..	2.7	..	2.1	4.6	3.2
Spain	2.6	2.6	1.3	2.4	1.9	2.2
Sweden	1.3	5.4	0.9	5.2	1.6	2.9
Switzerland	1.8	3.2	2.4	4.2	0.1	1.2
Turkey	5.1	..	6.5	..	2.8	-0.6
United Kingdom	2.6	4.9	1.6	5.7	2.9	2.4
United States	2.3	4.2	3.6	4.1	2.2	1.8
OECD	**2.5**	**4.3**	**2.4**	**4.5**	**2.4**	**2.5**
EU-15	**2.2**	**4.0**	**1.8**	**4.1**	**2.1**	**2.7**

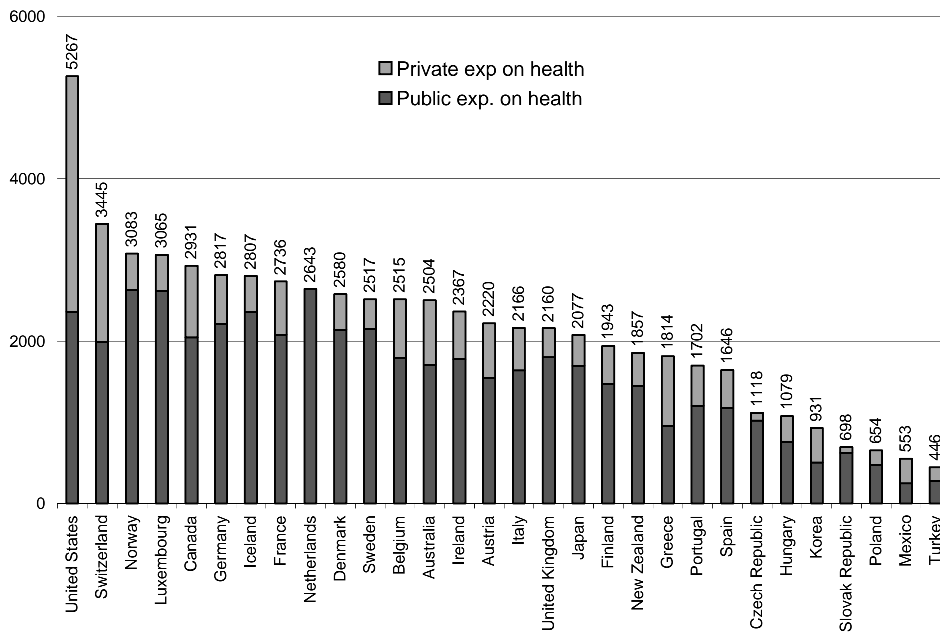
Source: *OECD Health Data 2004*, 1st edition.
Notes:
(1) Growth rates in health spending and GDP are based on 1995 GDP constant prices.
(2) Australia, Japan and Korea 1997-2001.
(3) OECD average excludes Turkey.

Chart 1: Health expenditure as a percentage of GDP, 2002	**Chart 2: Change in total health expenditure as a percentage of GDP, 1997-2002**



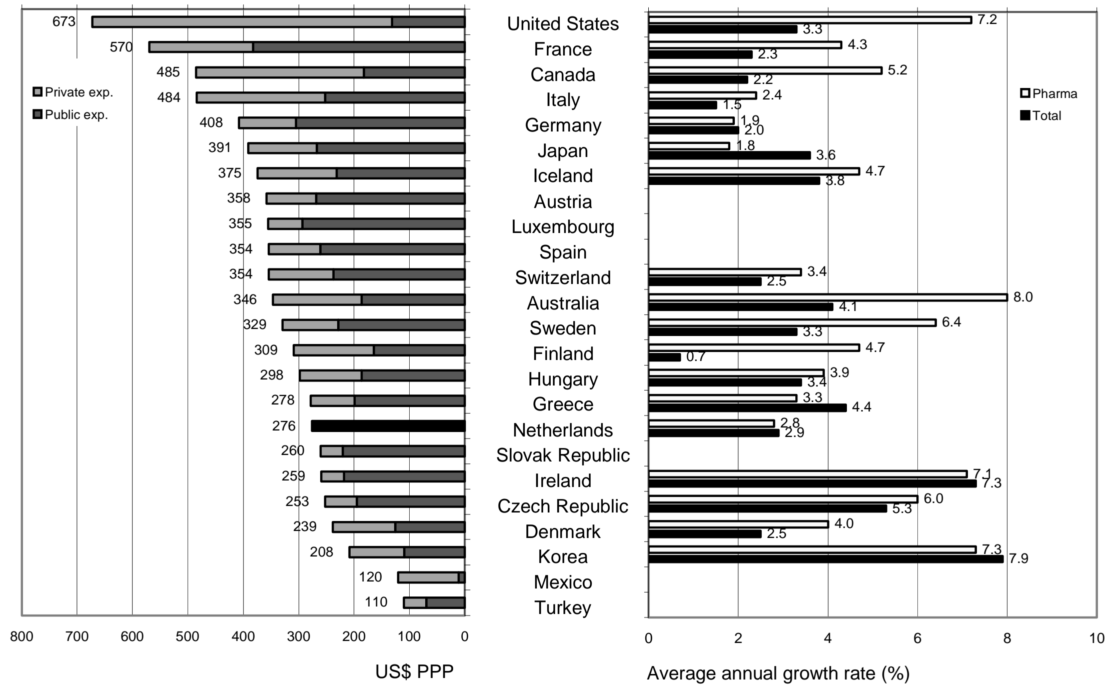
Source: *OECD Health Data 2004*, 1st edition.
Note: Australia, Japan, Korea 2001; Turkey 2000.

Chart 3: Health expenditure per capita, US$PPP, 2002



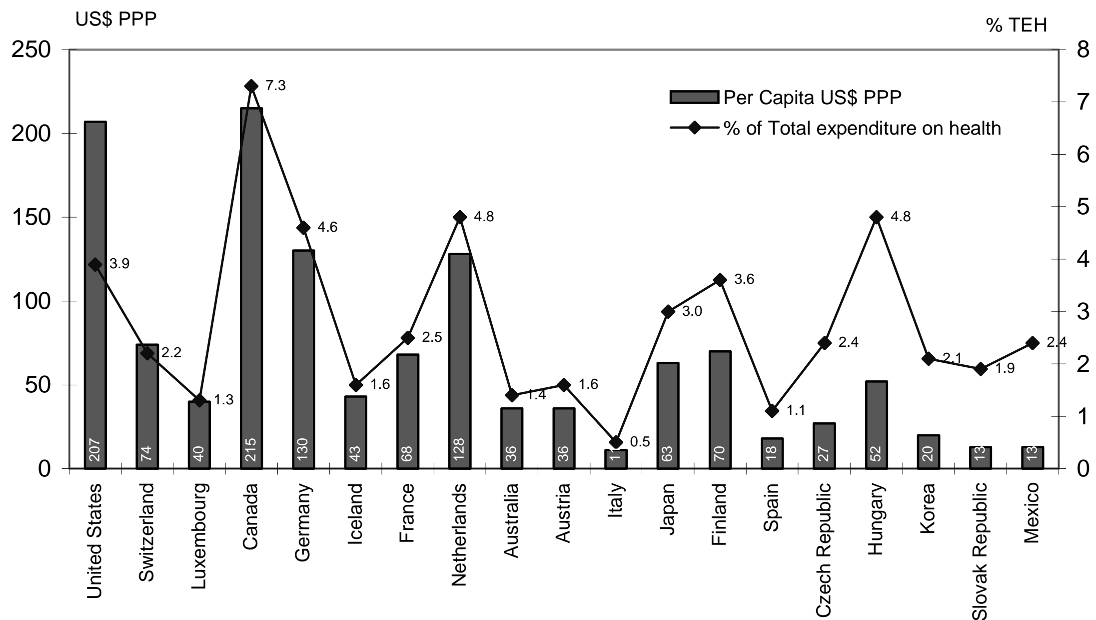
Source: *OECD Health Data 2004*, 1st edition.
Notes:
(1) Australia, Japan, Korea 2001; Turkey 2000.
(2) Netherlands: Public/private split of total health expenditure in unavailable.
Purchasing power parities (PPPs) provide a means of comparing spending between countries on a common base. PPPs are the rates of currency conversion that equalise the cost of a given 'basket' of goods and services in different countries.

Chart 4: Pharmaceutical expenditure per capita, US$ PPP, 2002	**Chart 5: Annual average growth rate in pharmaceutical and total health spending, 1992-2002**



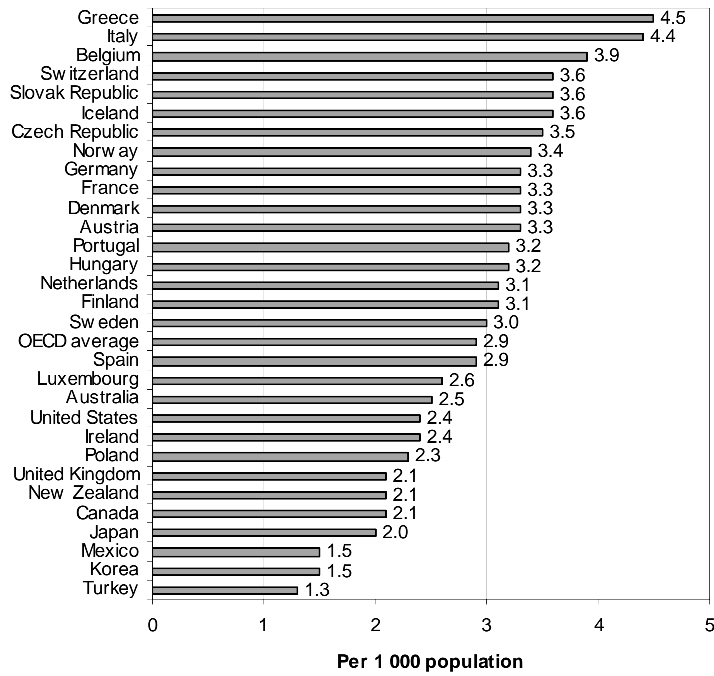
Source: *OECD Health Data 2004*, 1st edition.
Notes:
Australia, Japan, Korea 2001; Turkey 2000.
Growth rates for Austria, Luxembourg, Spain, Slovak Republic, Mexico and Turkey are unavailable.

Chart 6: Expenditure on prevention and public health per capita and as a percentage of total health expenditure, 2002



Source: *OECD Health Data 2004*, 1st edition
Note: Australia, Japan, Korea 2001.

Chart 7: Practising physicians per 1 000 population, 2002

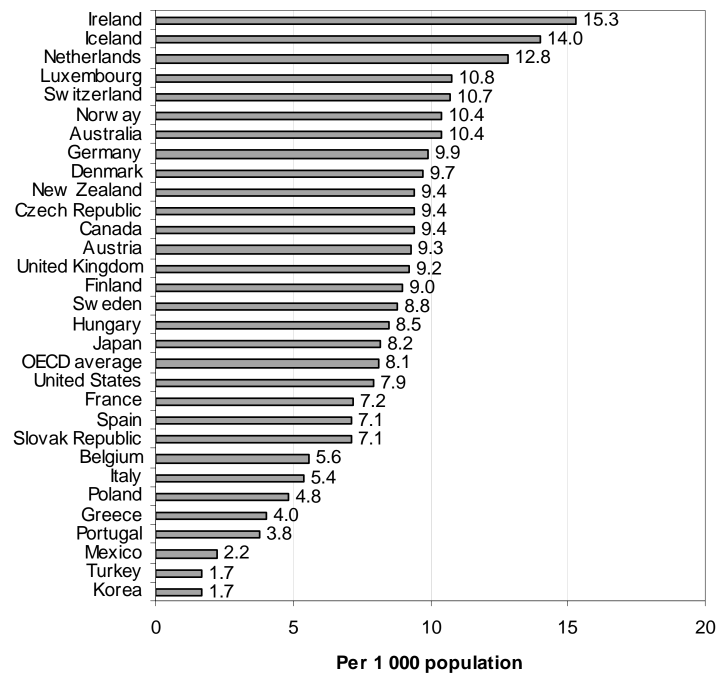


Source: *OECD Health Data 2004*, 1st edition

Notes: Australia, Greece, Portugal, United States 2001; Sweden 2000.

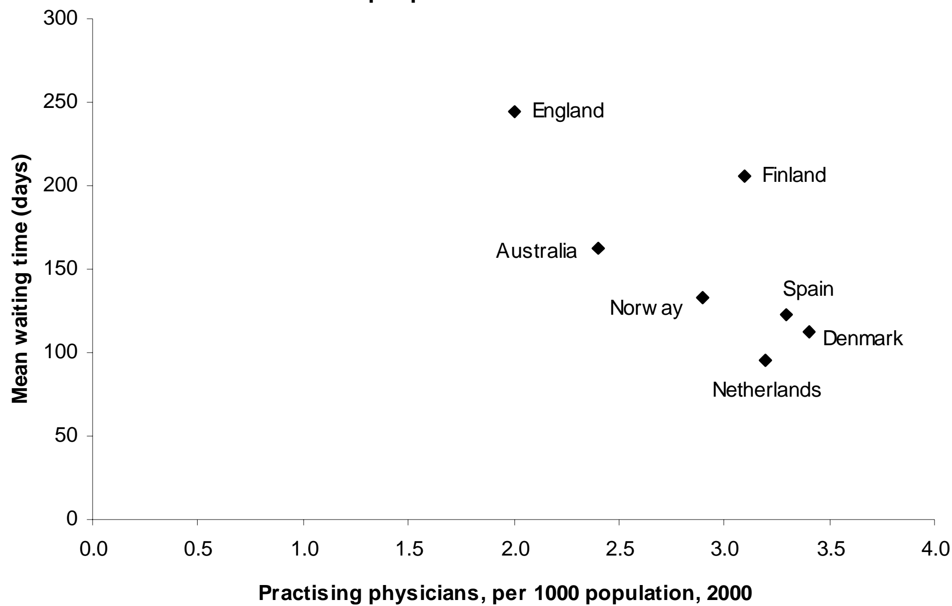
Belgium, Denmark, France, Iceland and Luxembourg include physicians working in industry, administration and research. The Czech Republic and Norway report full time equivalents (FTE) rather than headcounts. Finland, Ireland and Netherlands provide the number of physicians entitled to practise rather than actively practising physicians.

Chart 8: Practising nurses per 1 000 population, 2002



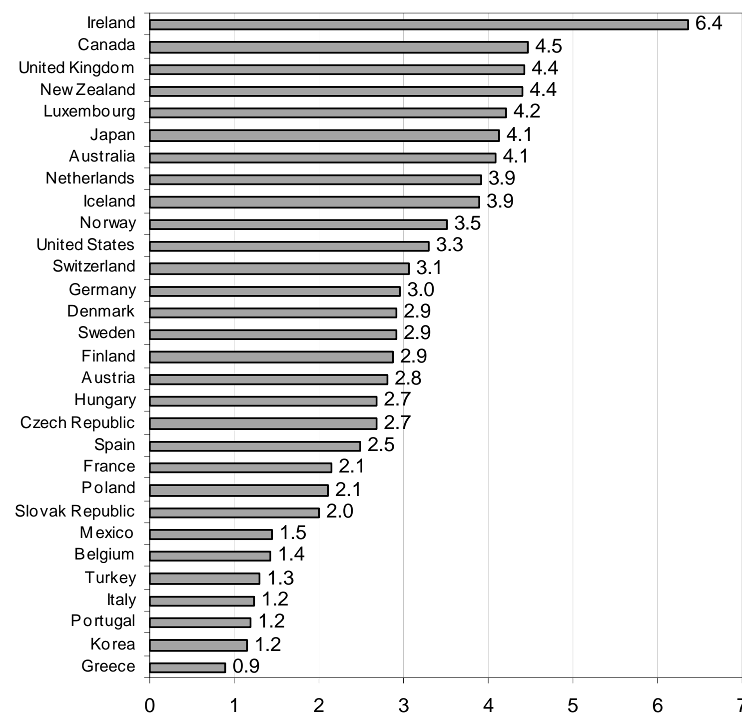
Source: *OECD Health Data 2004*, 1st edition
Notes: Australia, Netherlands, Norway, Portugal, United States 2001; Greece, Sweden, Switzerland 2000.
Austria and Italy report only nurses employed in hospitals; they do not include nurses working in other health facilities. Canada includes practising registered nurses, licensed practical nurses and registered psychiatric nurses. In France, nursing assistants are not included. In Germany and Norway, data refer to full time equivalent nurses (not headcounts). Spain includes only publicly employed nurses (nurses employed in the National Health Service).

Chart 9: Physician density and waiting times for elective surgery



Source: *OECD Health Data 2003* and country responses to the OECD Waiting Times Project Data Questionnaire.
Note: Finland and the Netherlands provide the number of physicians entitled to practise rather than actively practising physicians.

Chart 10: Ratio of practising nurses to practising physicians, 2002



Source: *OECD Health Data 2004*, 1st edition
Note: Australia, Netherlands, Norway, Portugal, United States 2001; Greece, Sweden, Switzerland 2000.