



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT



Diversification of Health care systems in OECD nations

IPSS Annual Welfare Policy
Seminar

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Health Division
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Three topics

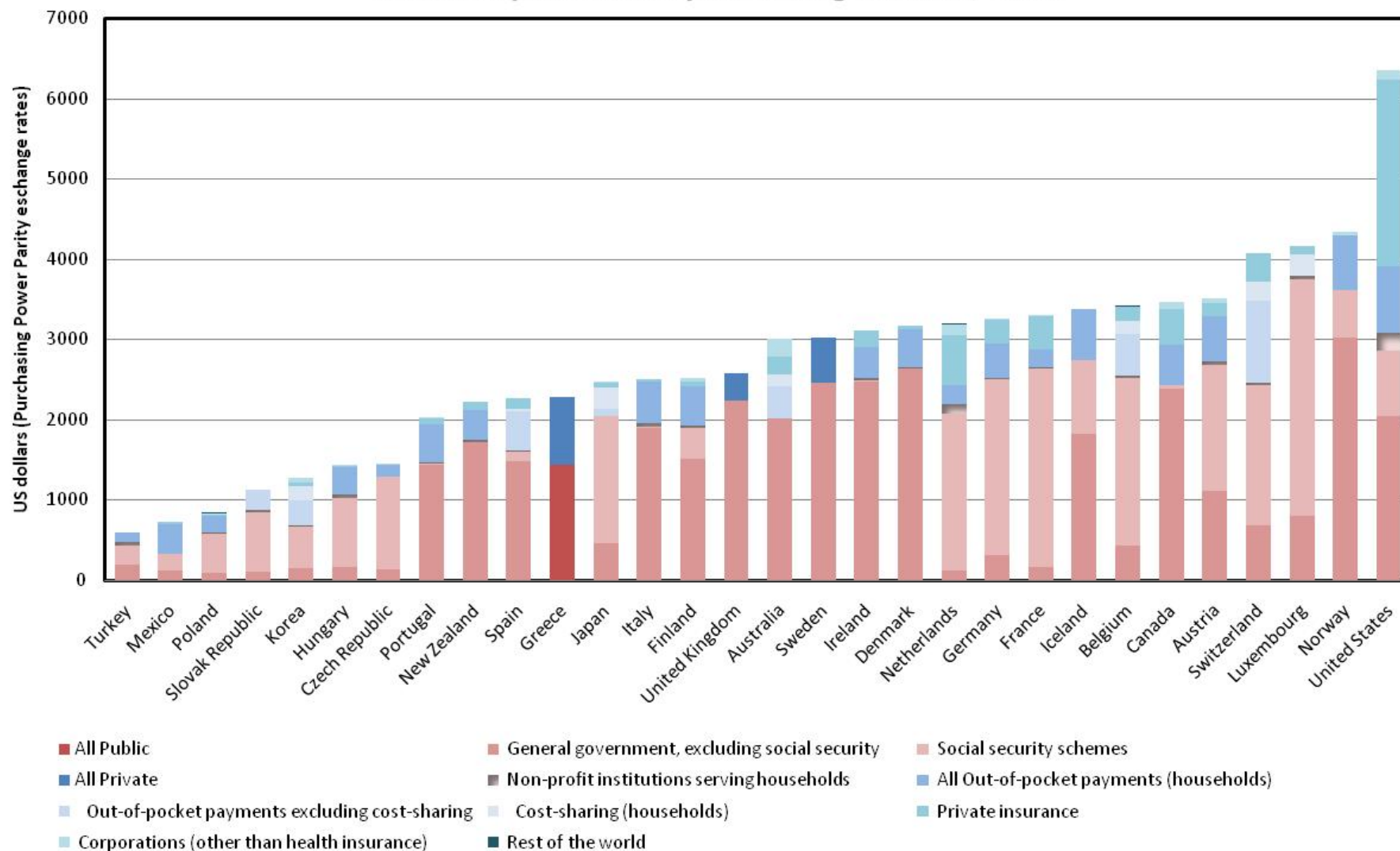
1. **Financing Schemes: public, private and their components**
2. **Function structure of health expenditure**
3. **How health expenditure grows over time**

Part 1

FINANCING SCHEMES: PUBLIC, PRIVATE AND THEIR COMPONENTS

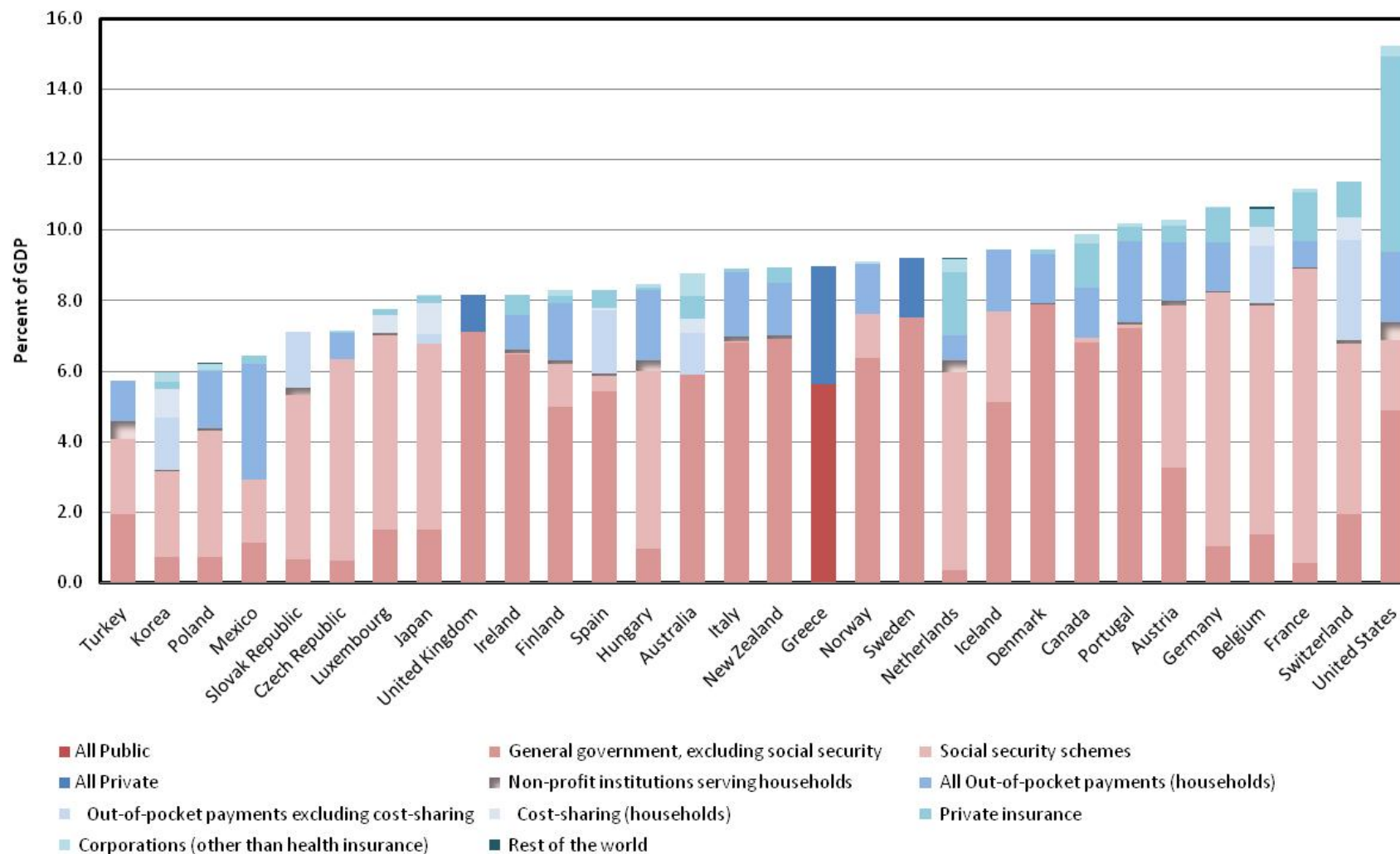
OECD Countries largely finance their health systems through public funds, but the structure of financing schemes varies a lot

Health Expenditure by Financing Scheme, 2005



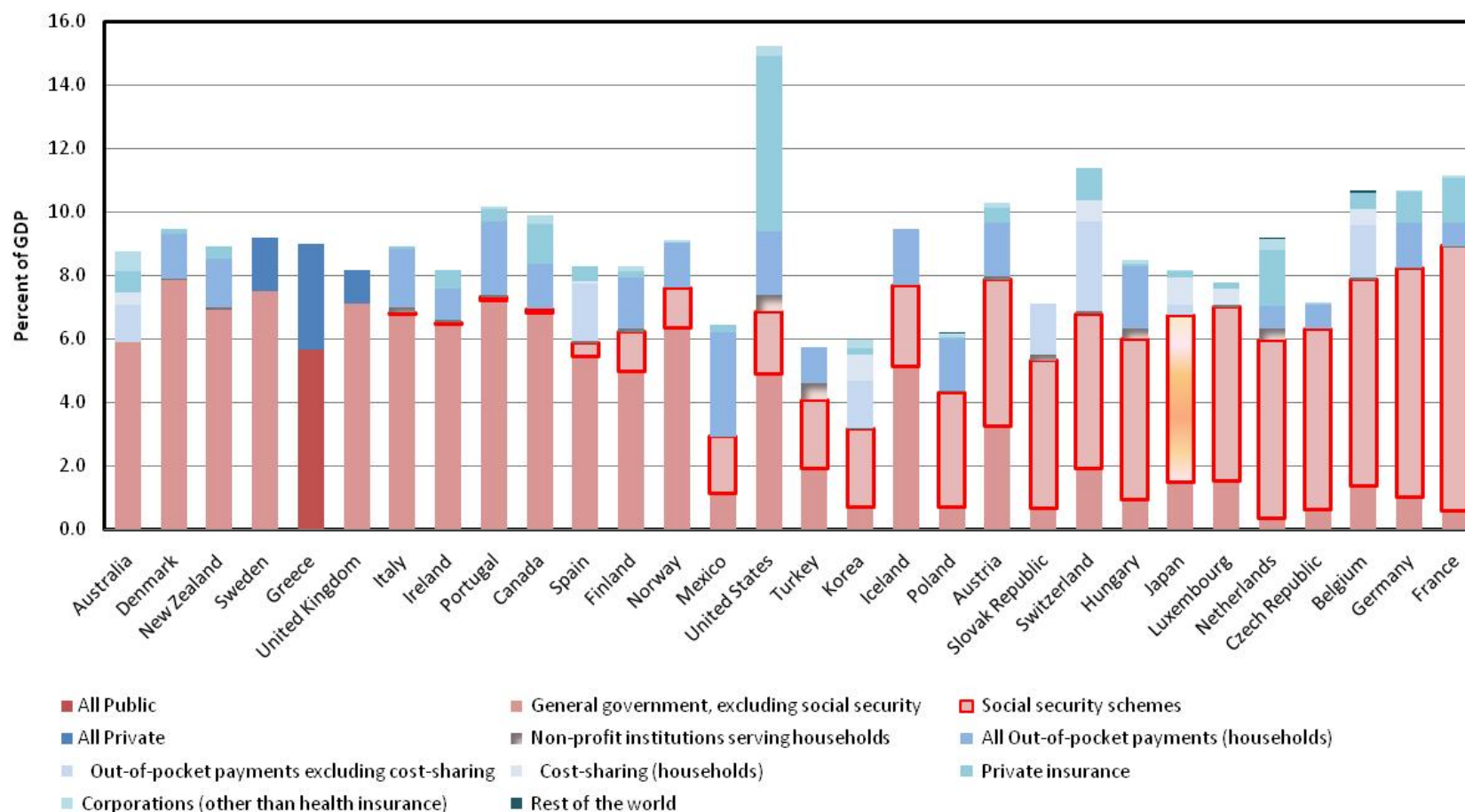
When adjusted for GDP, the extent of variation across countries lessens, but the proportion of GDP devoted to financing health systems still varies by a factor of over two.

Health Expenditure as Percent of GDP by Financing Scheme, 2005



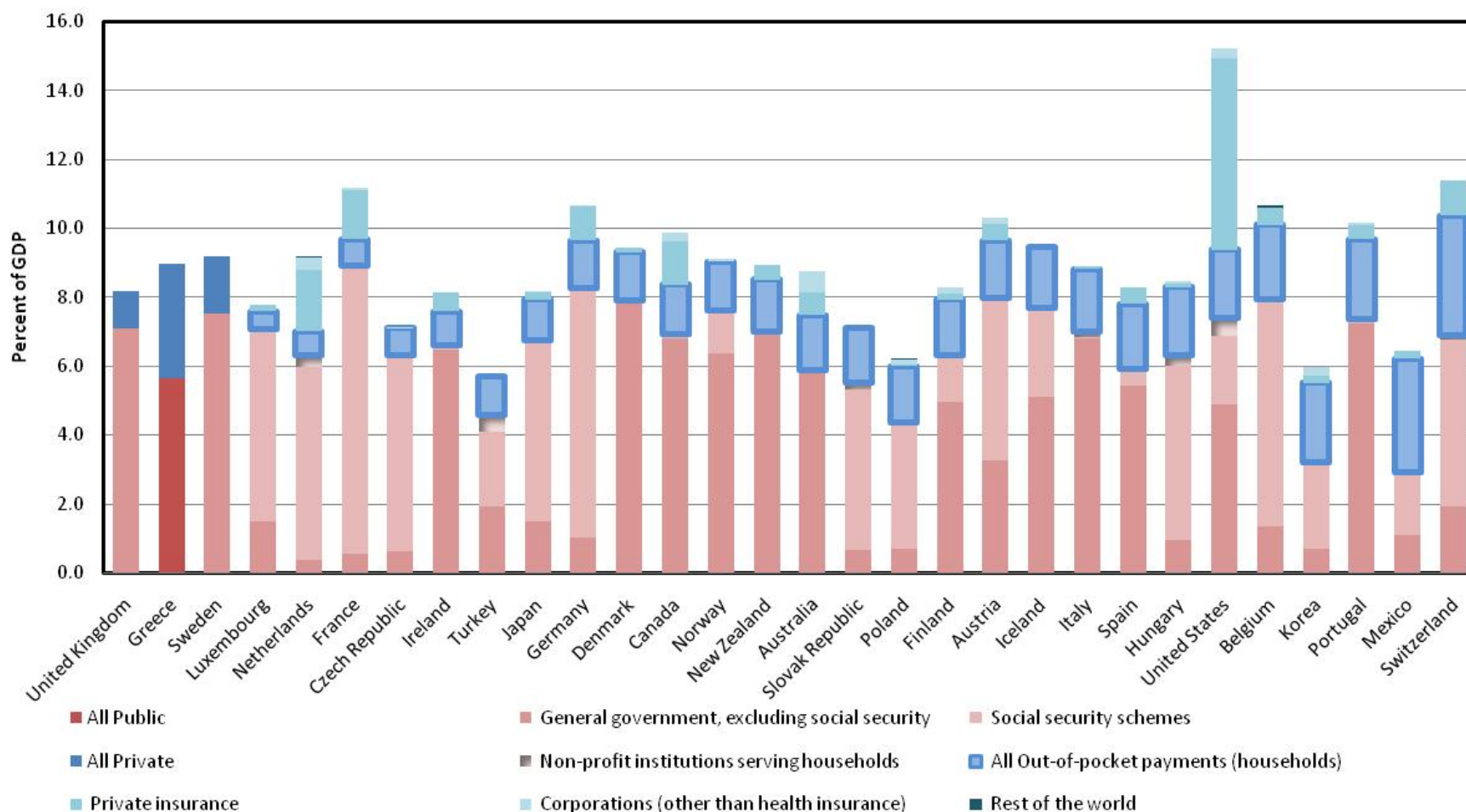
About half of OECD countries use social insurance schemes for health care delivery. Japan is among them. The low share of such expenditure reported for the United States is surprising: it appears to reflect payroll tax financing alone, whereas even

Health Expenditure as Percent of GDP by Financing Scheme, ordered by importance of social security regimes, 2005



Out of Pocket Payments are significant in many countries, but are not much higher in the United States than elsewhere. They are relatively low in Japan.

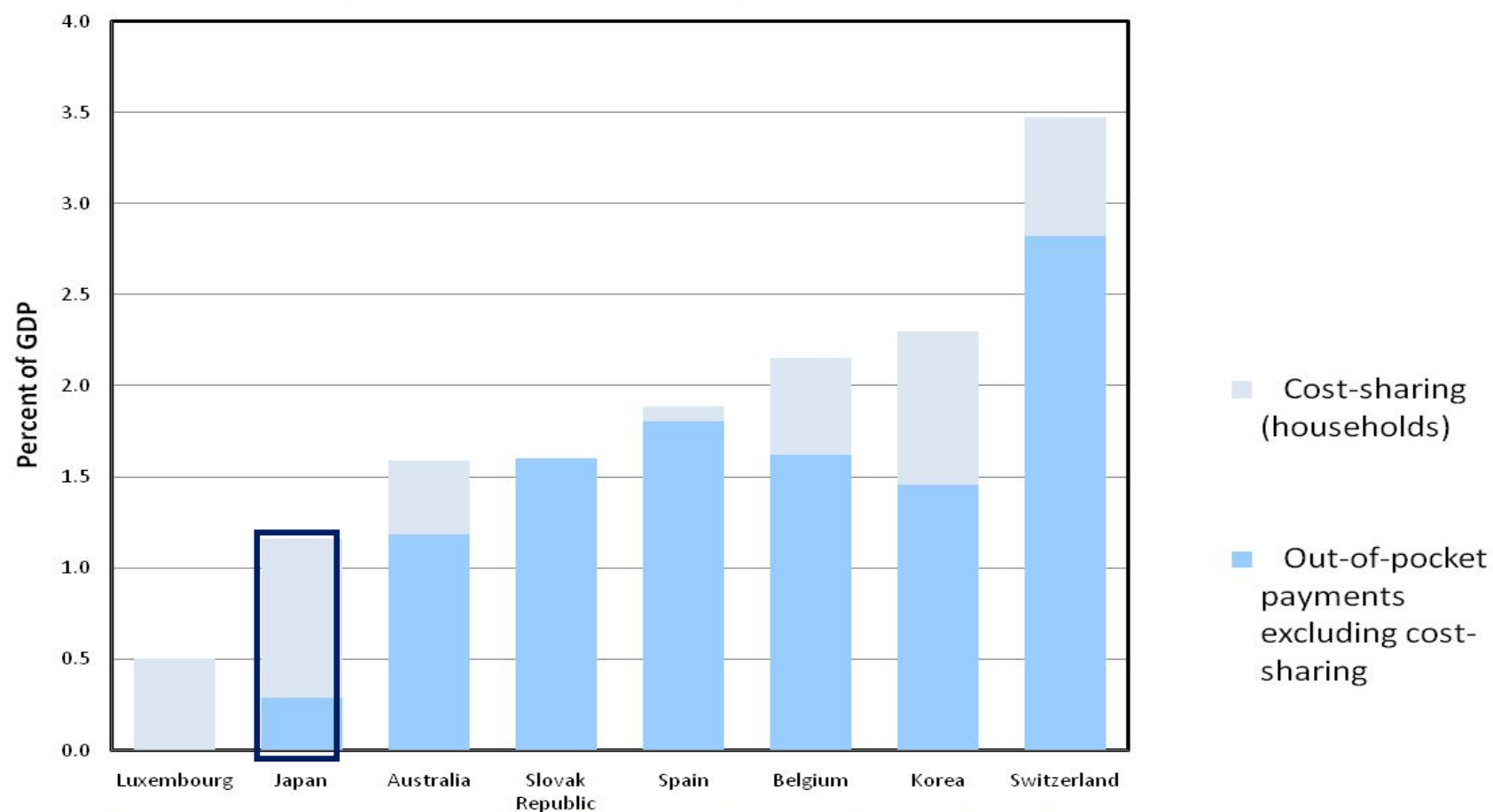
Health Expenditure as Percent of GDP by Financing Scheme, ordered by Importance of Out of Pocket Payments, 2005





Out of Pocket Health Care payments in Japan are a low proportion of GDP, and predominantly represent predominantly cost sharing for Social Insurance. For most other countries for which data are available, cost sharing is a minor proportion of overall Out of Pocket payments.

Importance of Cost Sharing in Out of Pocket Payments

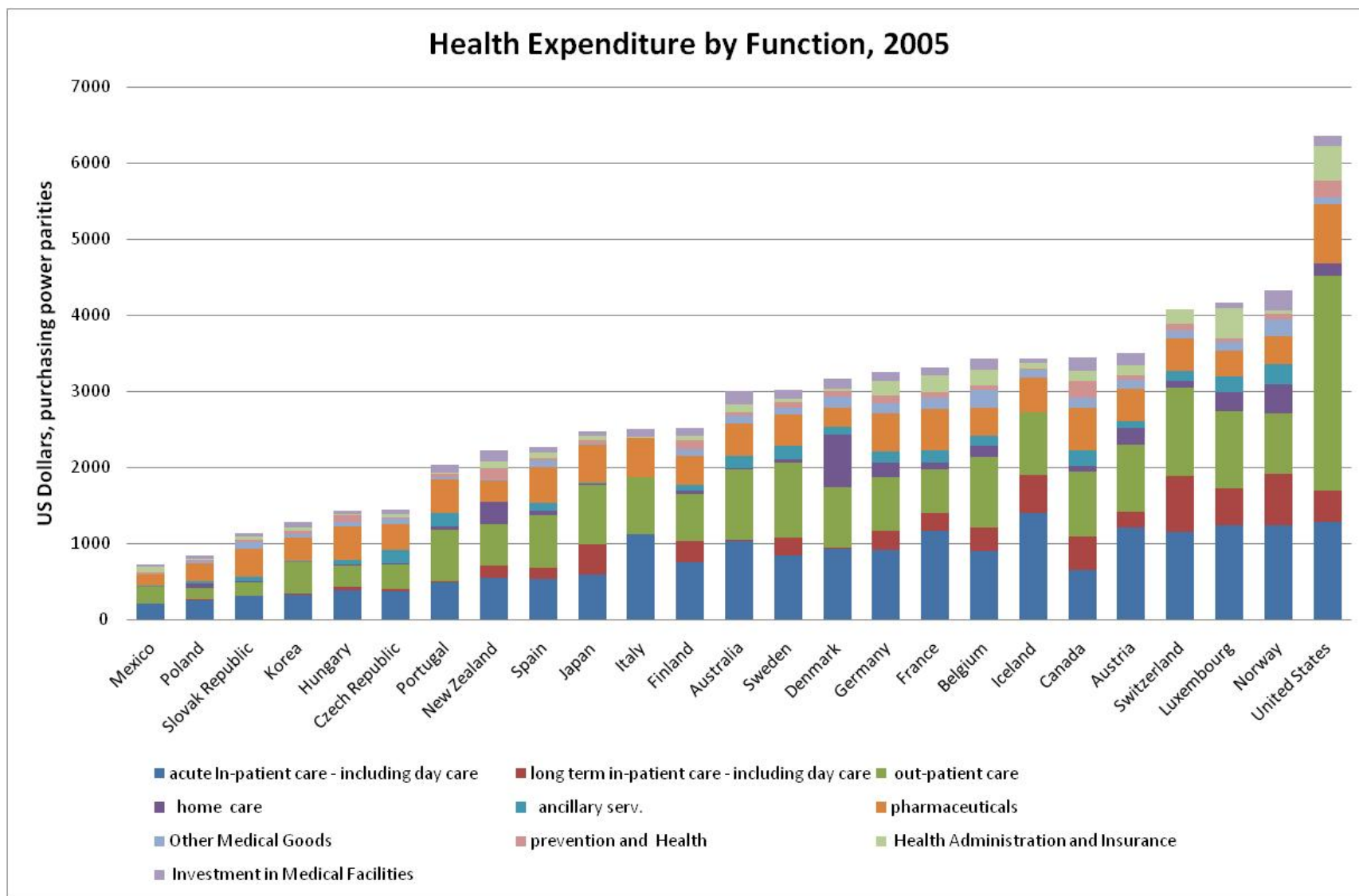


(Chart confined to countries for which Cost Sharing is distinguished from Other Out of Pocket Payment))

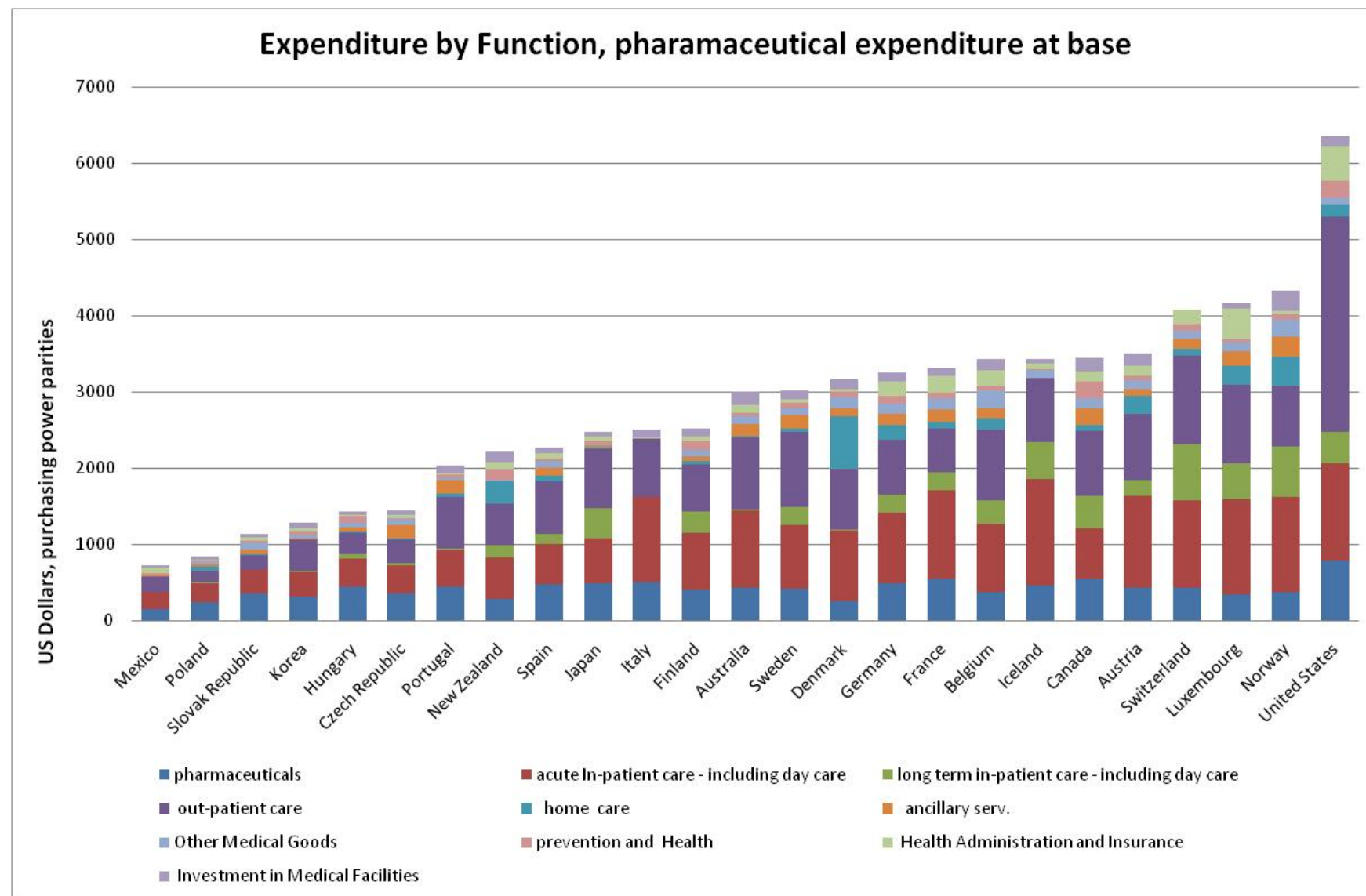
Part 2

FUNCTION STRUCTURE OF HEALTH EXPENDITURE

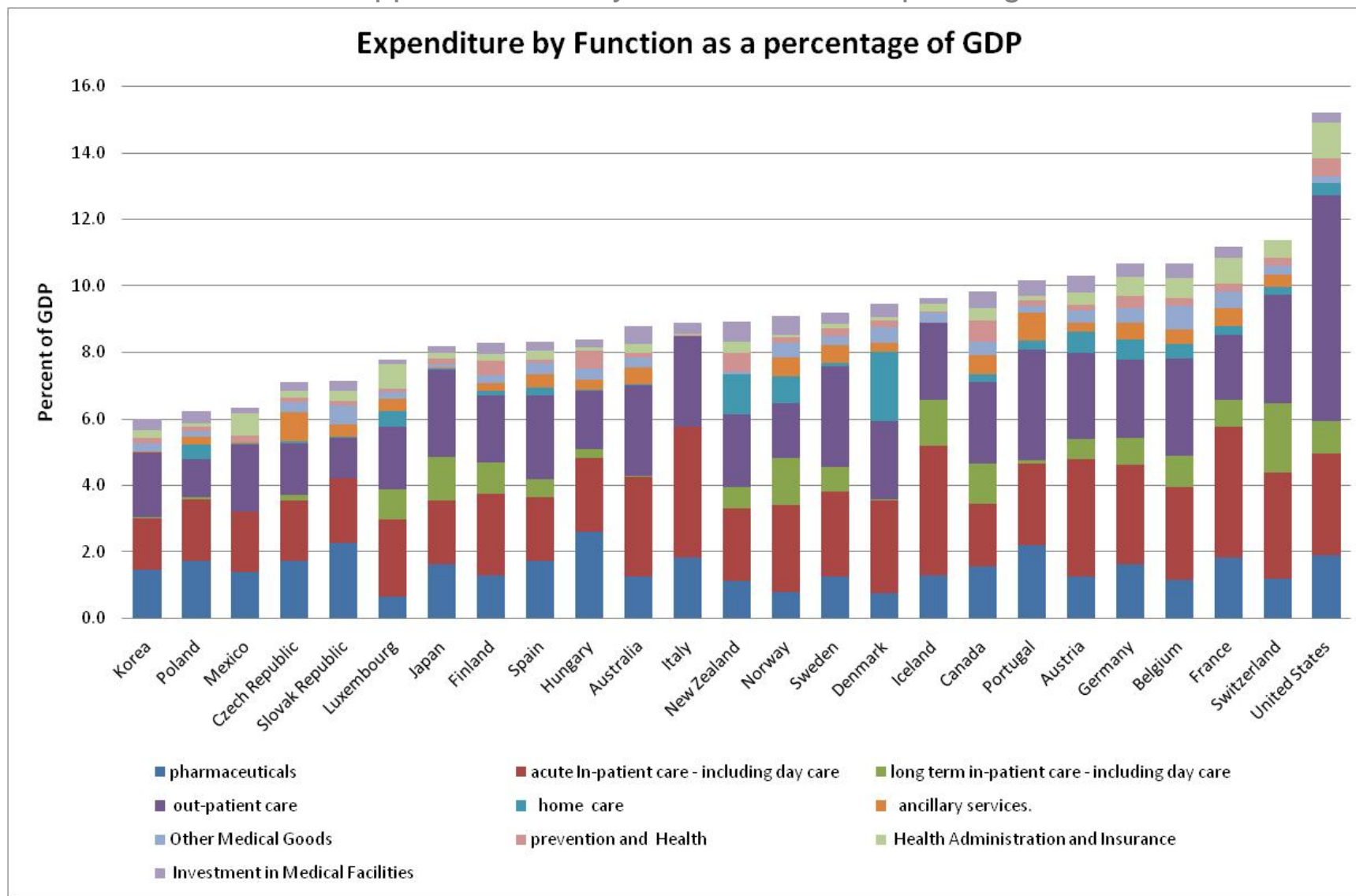
Another way to break down expenditure is to look at the various ways in which health goods and services are delivered



If we look in particular at pharmaceuticals, expenditure varies much less across countries than for other components. This reflects the global nature of the pharmaceutical market.



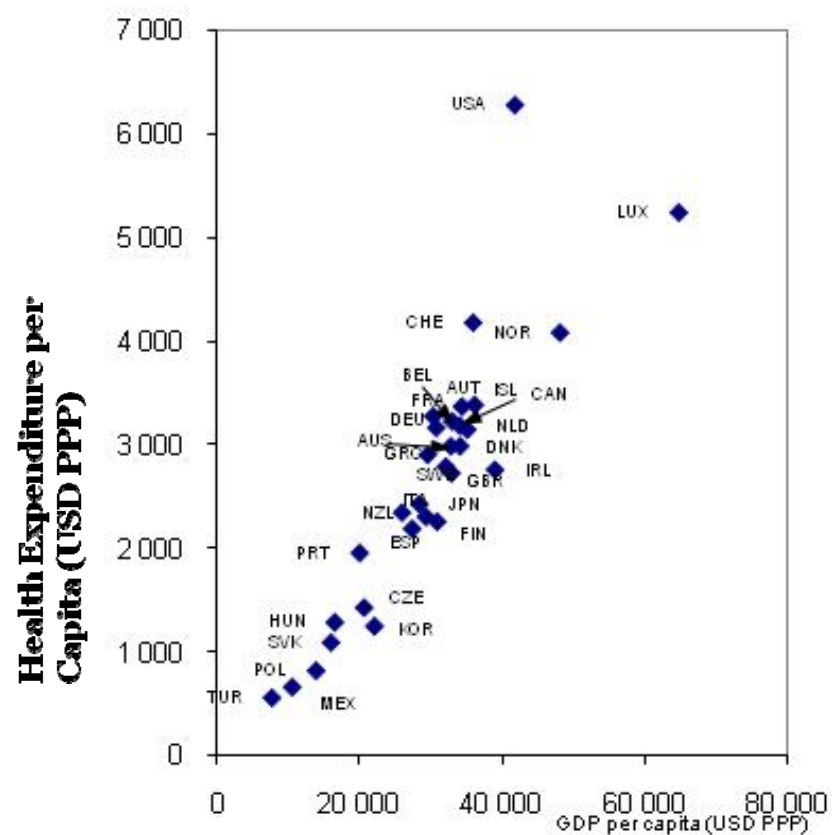
For this reason, when we look at expenditure as a proportion of GDP, pharmaceutical products take up a higher proportion of overall national expenditure in poor countries than do such expenditures in rich countries. In this, pharmaceutical expenditure shows an opposite tendency to overall health spending.



Part 3

HOW HEALTH EXPENDITURE GROWS OVER TIME

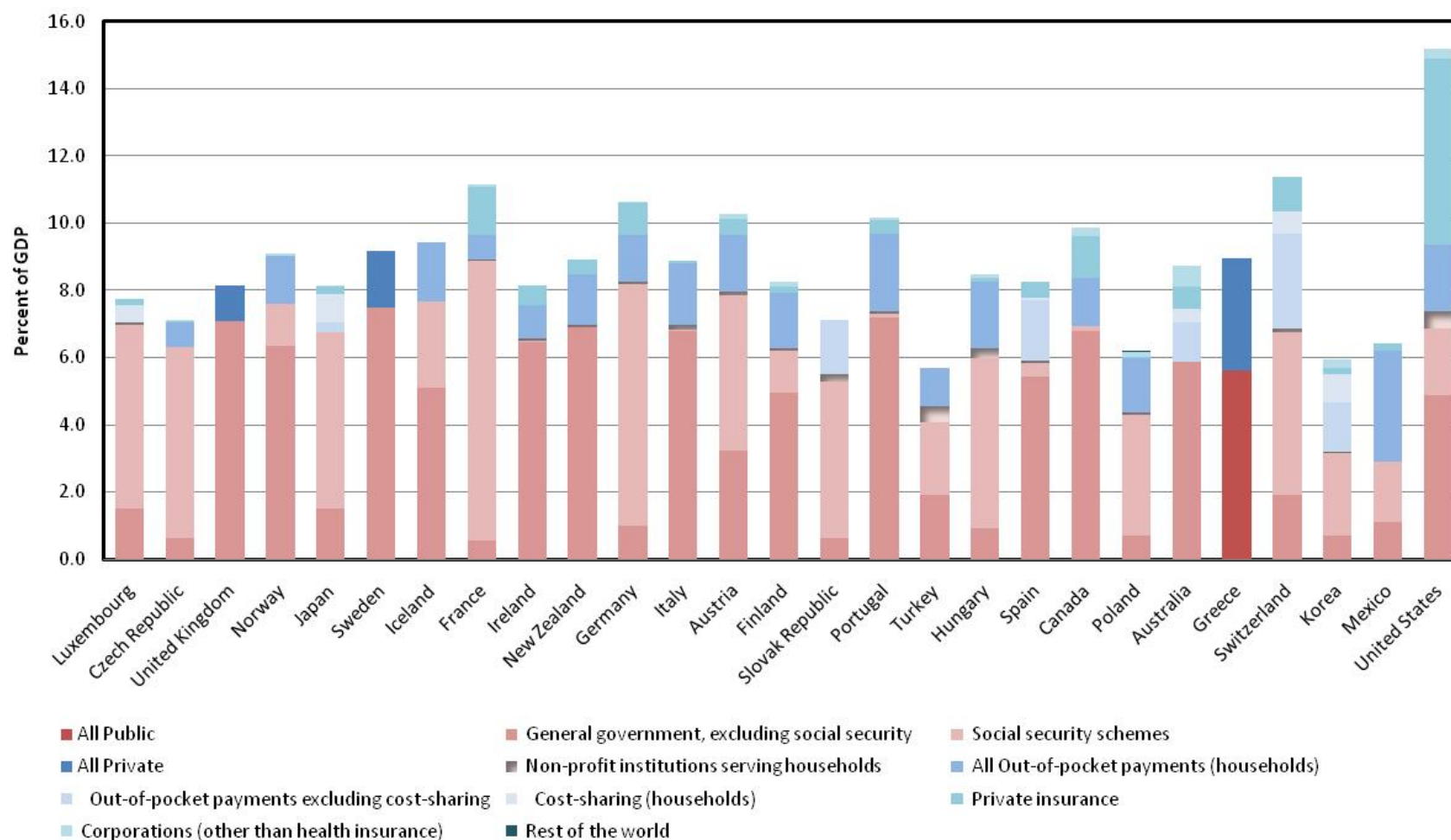
Health expenditure per capita and GDP per capita, 2005



GDP per capita (USD
PPP)

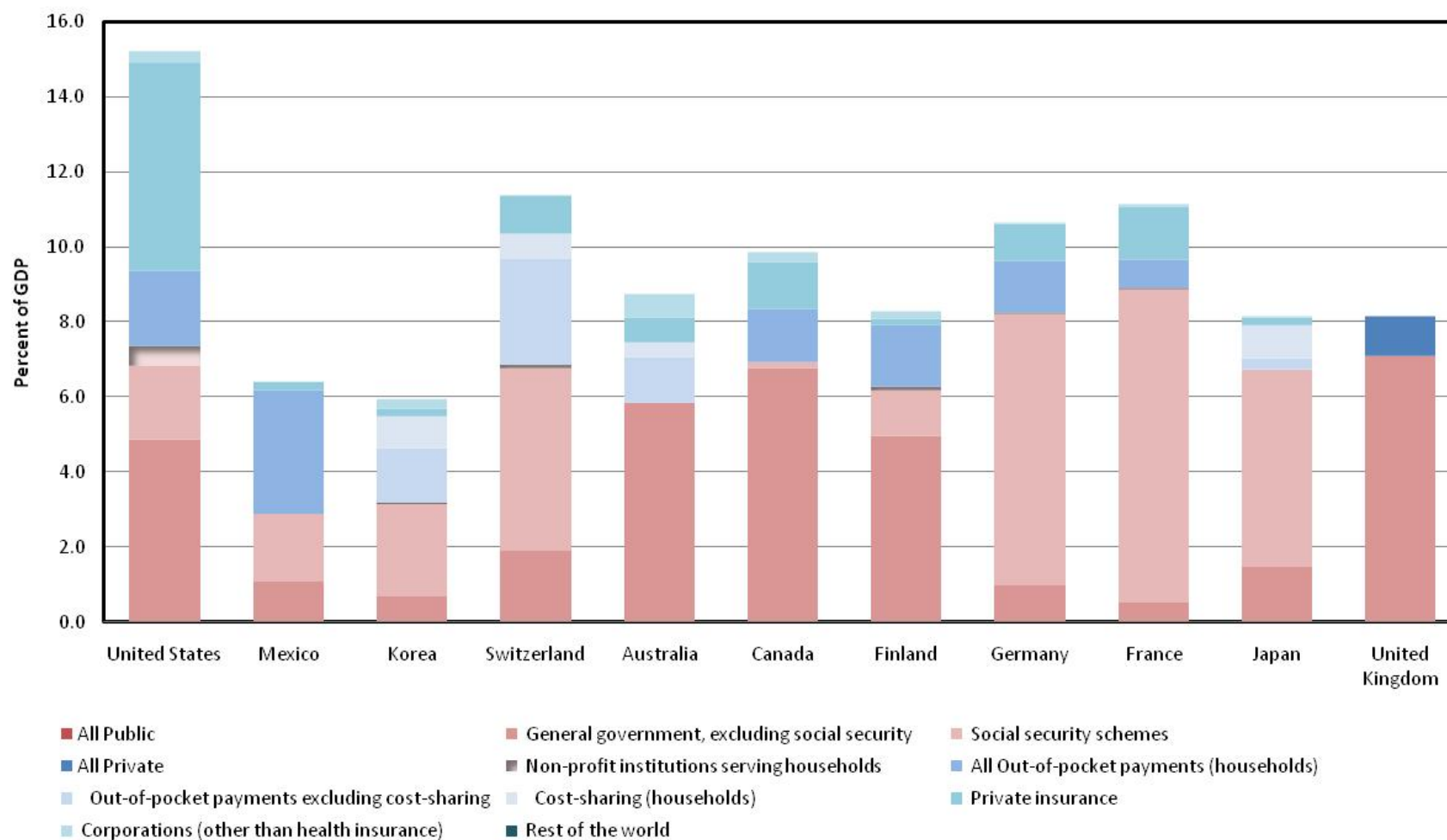
To explore how this relationship between health expenditure and GDP has developed over time, the importance of public and private financing must be taken into account.

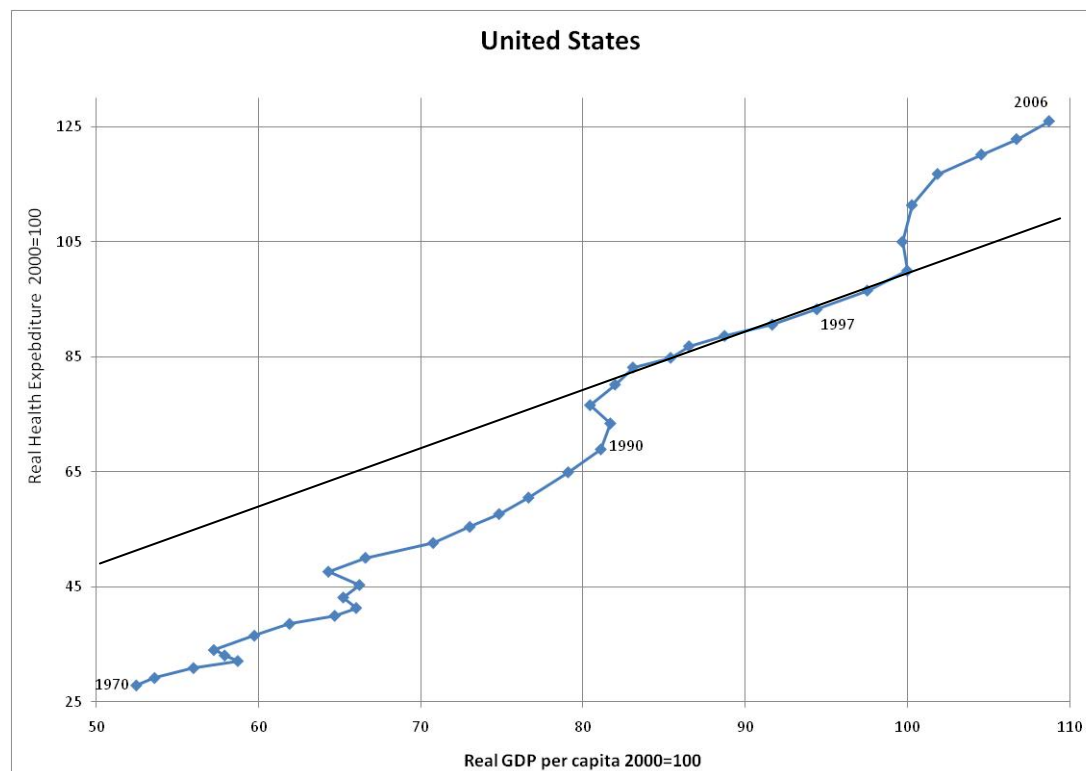
Health Expenditure as Percent of GDP, 2005
ordered by proportion of Private Financing



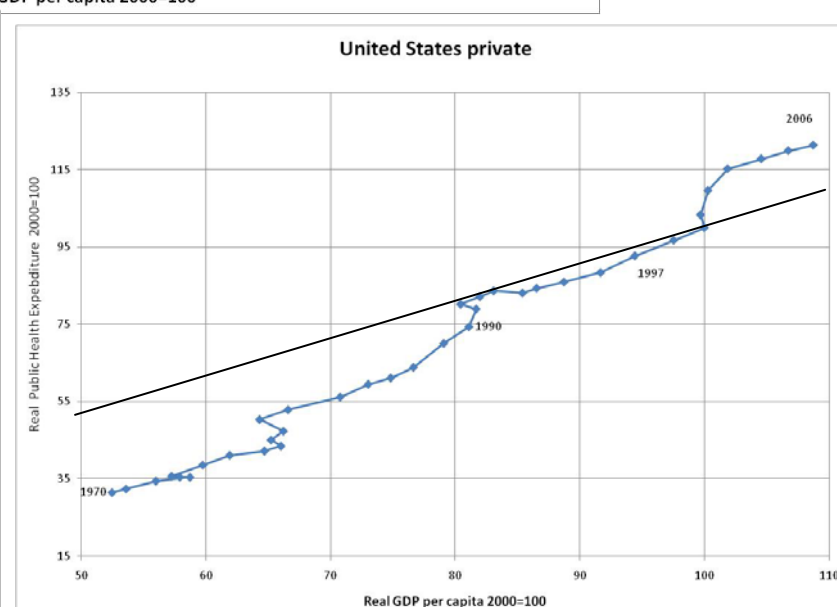
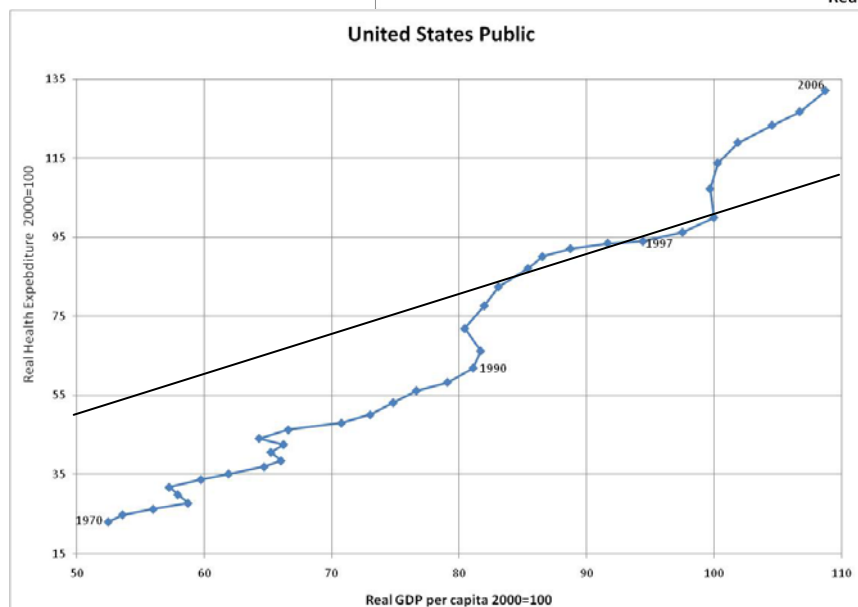
The following charts explore the relationship between changes in GDP and changes in health expenditure for each of these 11 countries:

Health Expenditure as Percent of GDP, 2005
ordered by proportion of Private Financing, 11 selected countries

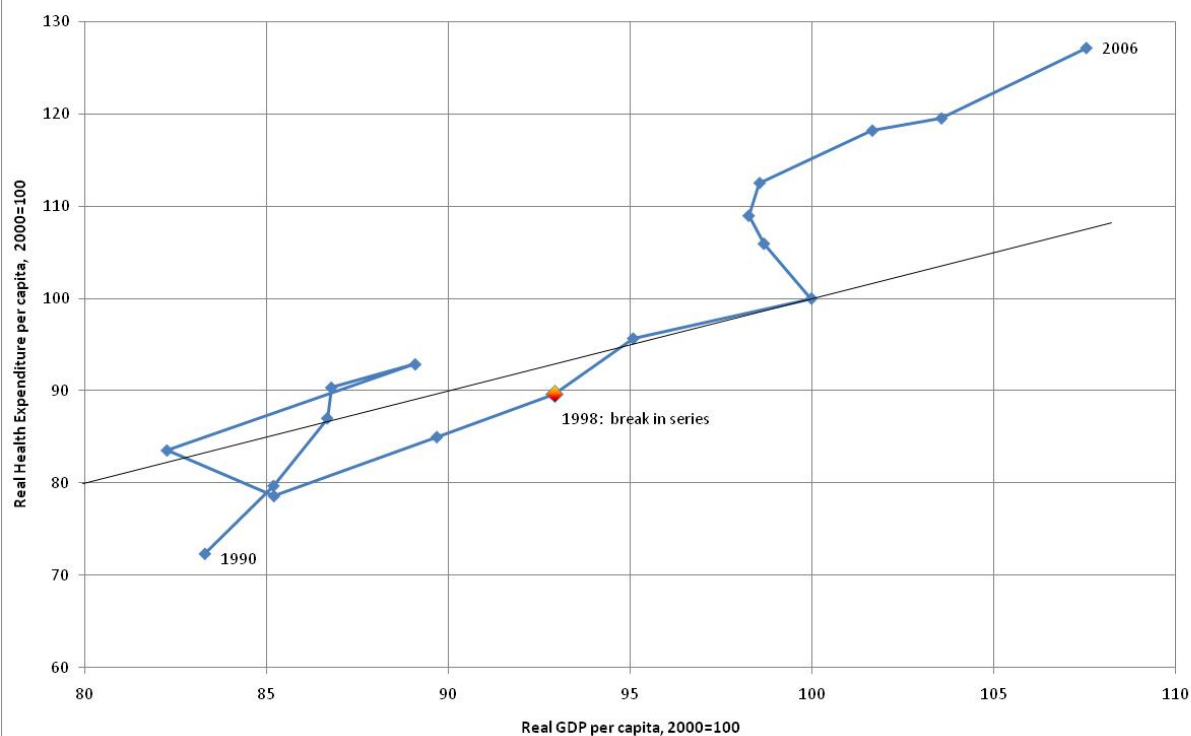




Private financing represented 54.9 % of total health expenditure in 2005

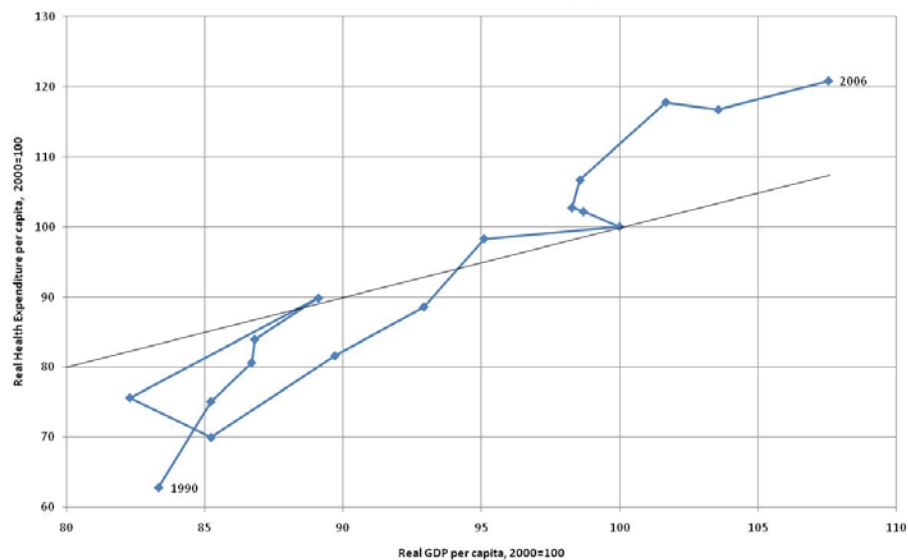


Mexico Real Total Health Exp p.c.

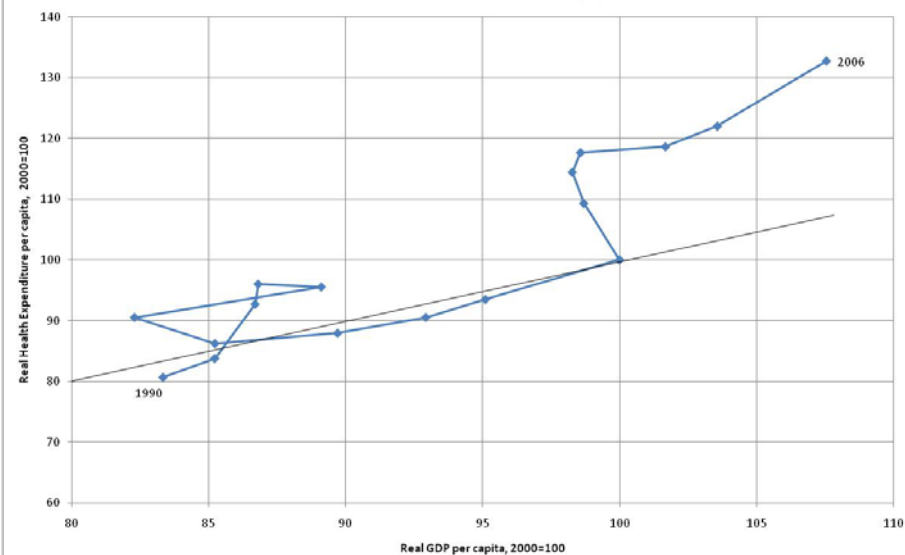


Private financing represented 54.6 % of total health expenditure in 2005

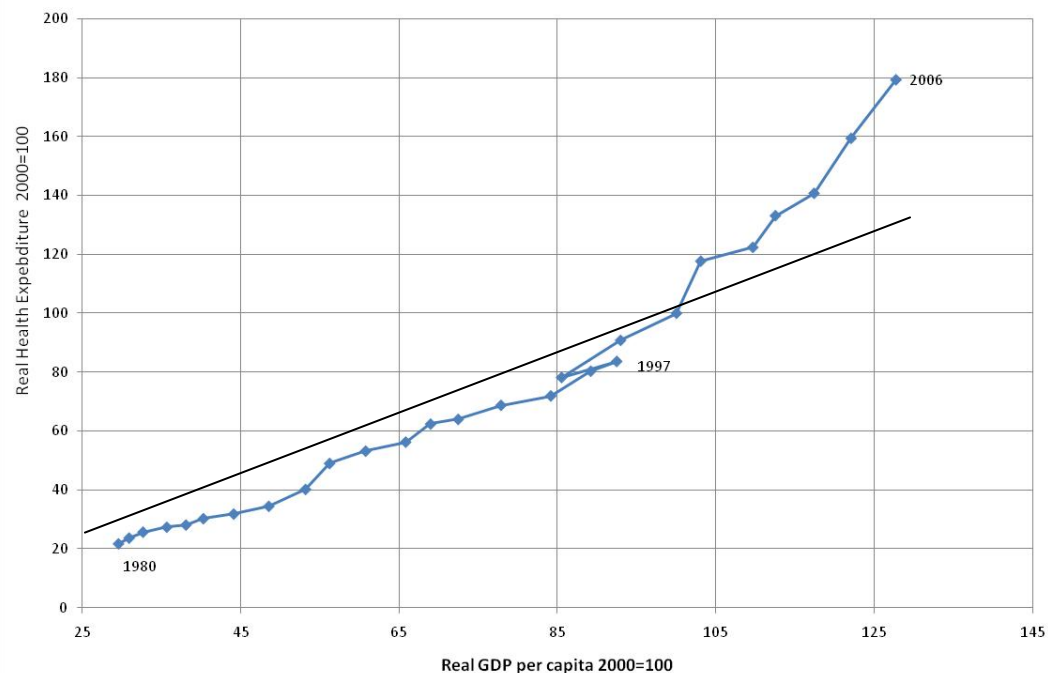
Mexico Real Public Health Exp p.c.



Mexico Real Private Health Exp p.c.

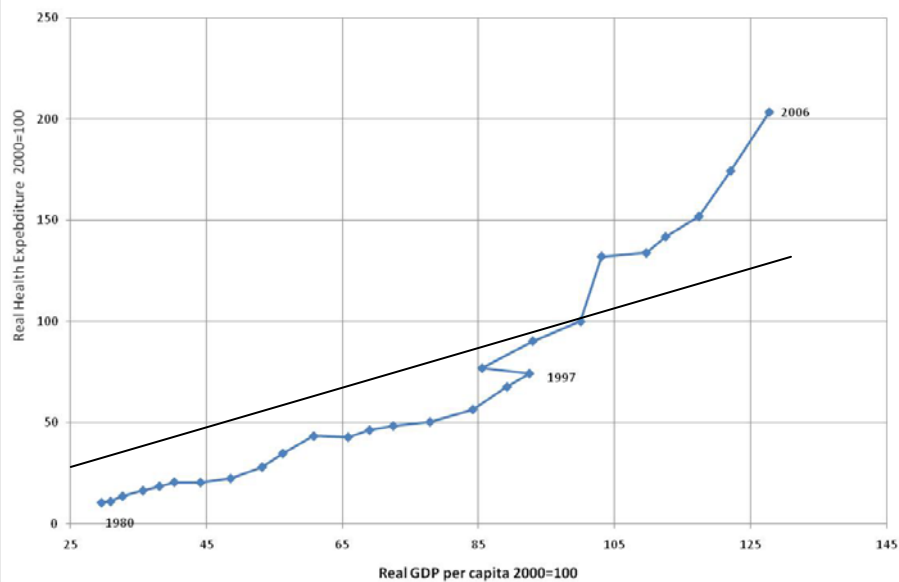


Korea

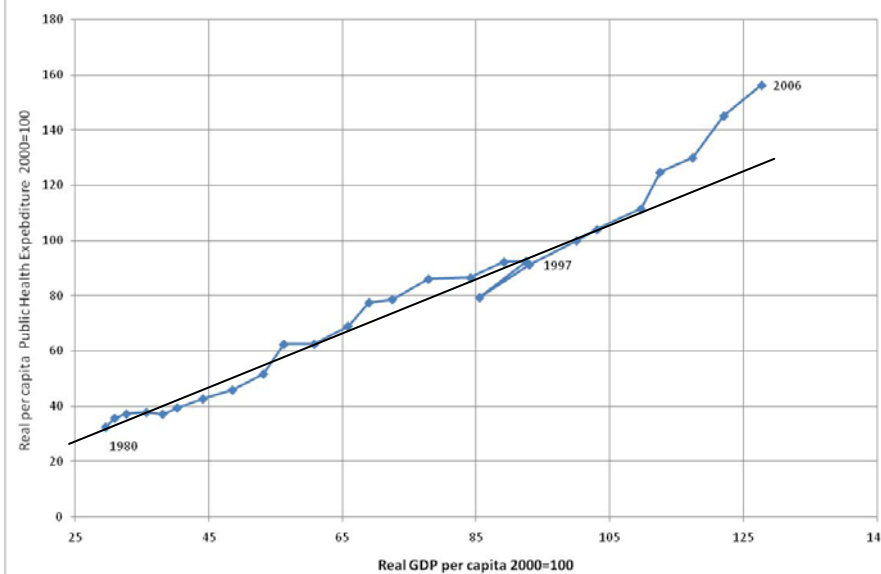


Private financing represented 46.9 % of total health expenditure in 2005

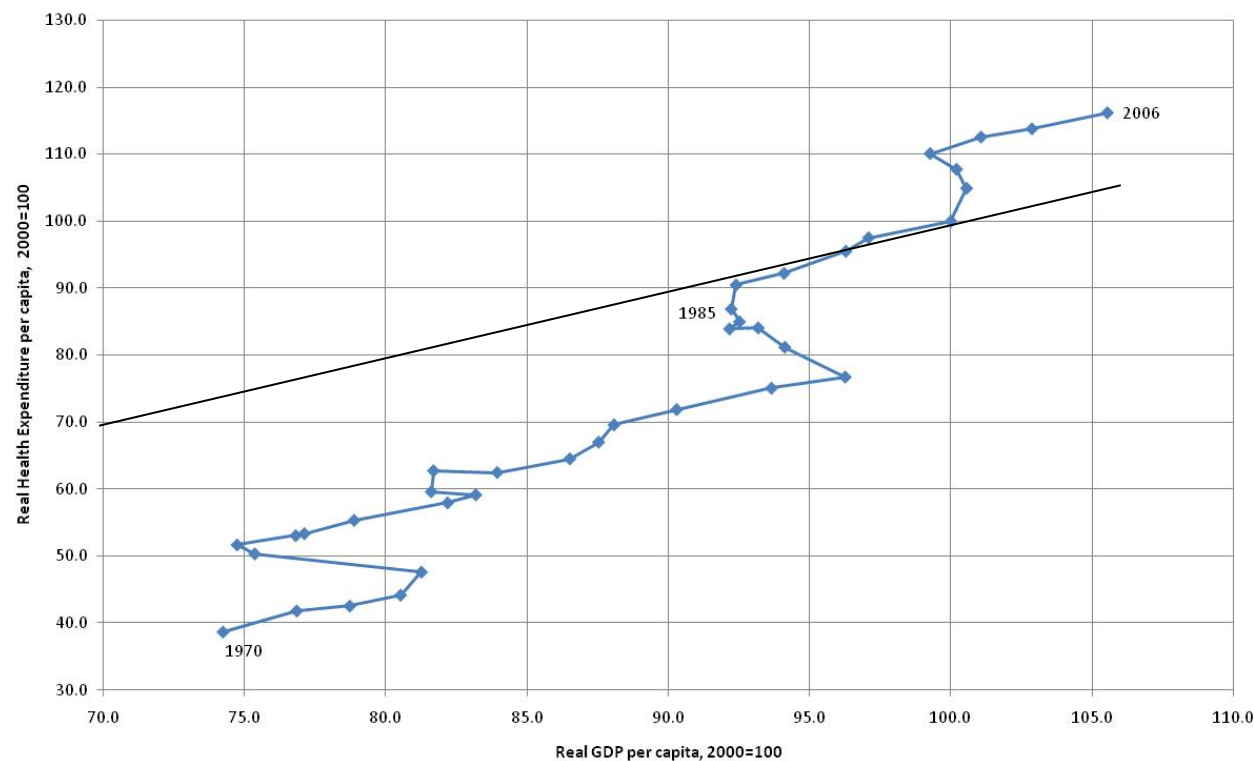
Korea Public



Korea Private

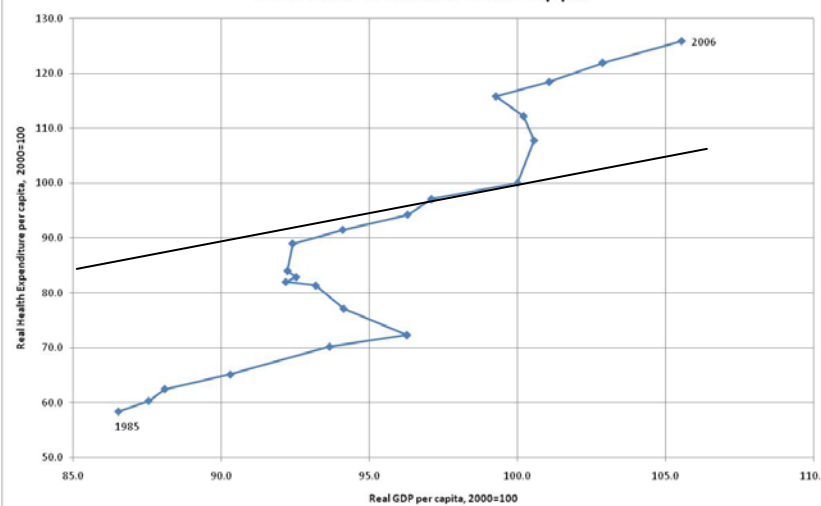


Switzerland Real Total Health Exp p.c.

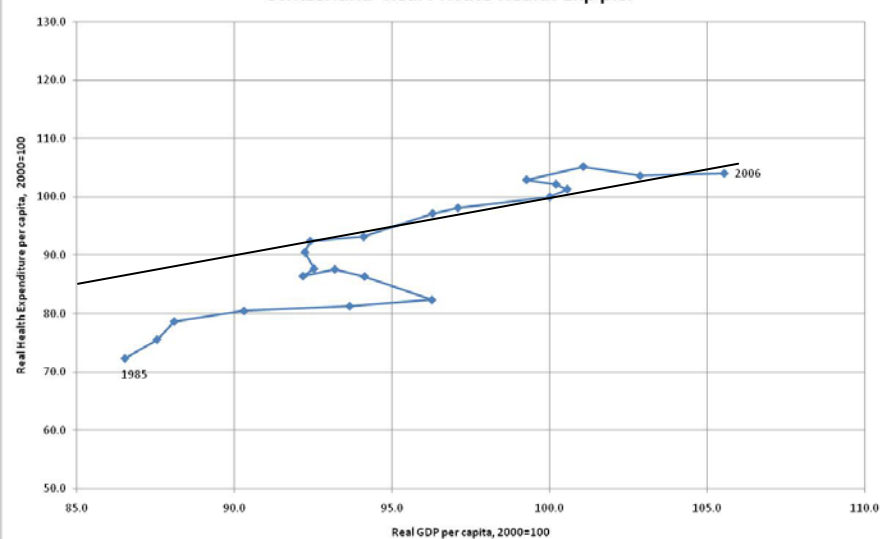


Private financing represented 40.4 % of total health expenditure in 2005

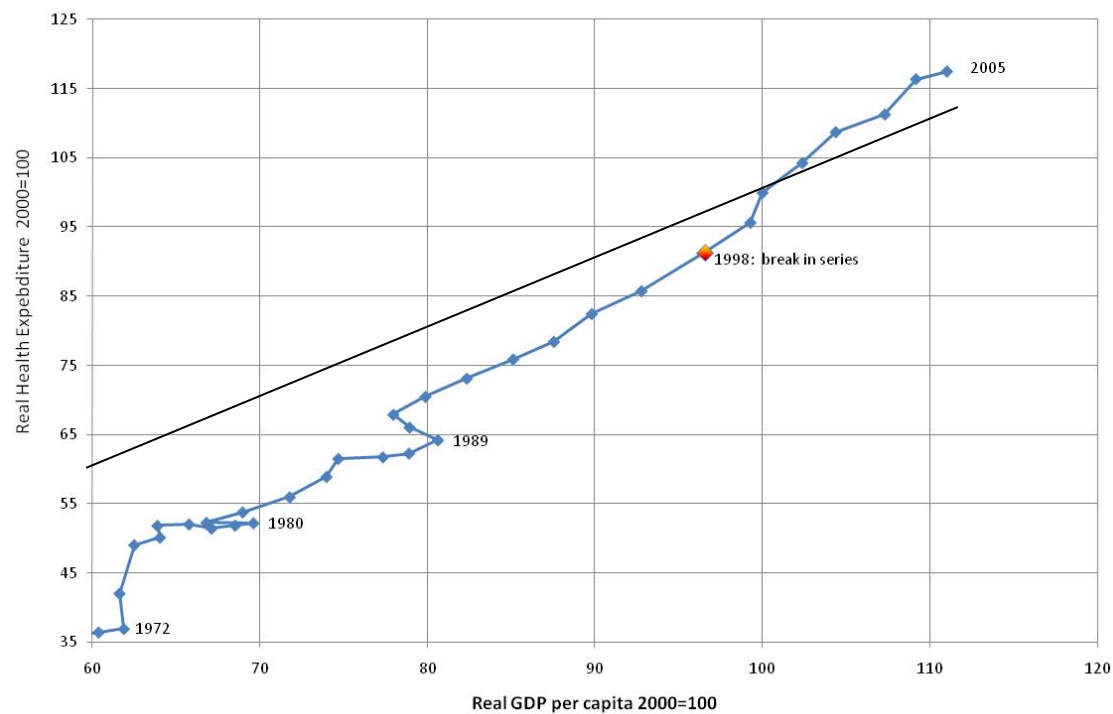
Switzerland Real Public Health Exp p.c.



Switzerland Real Private Health Exp p.c.

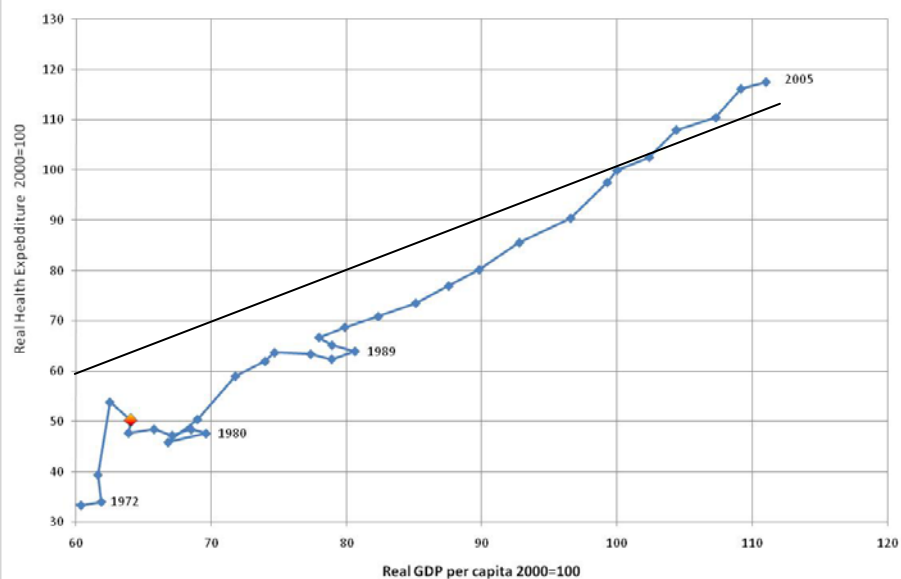


Australia

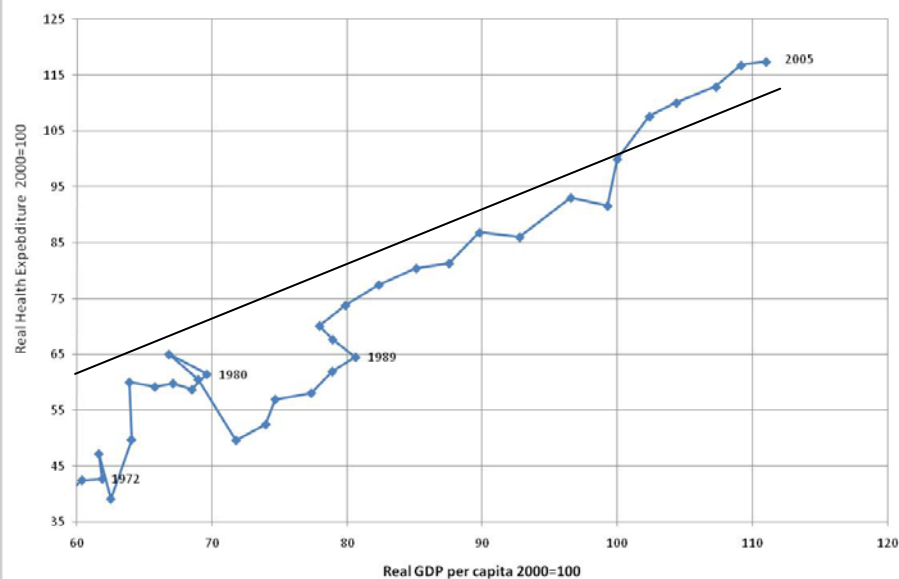


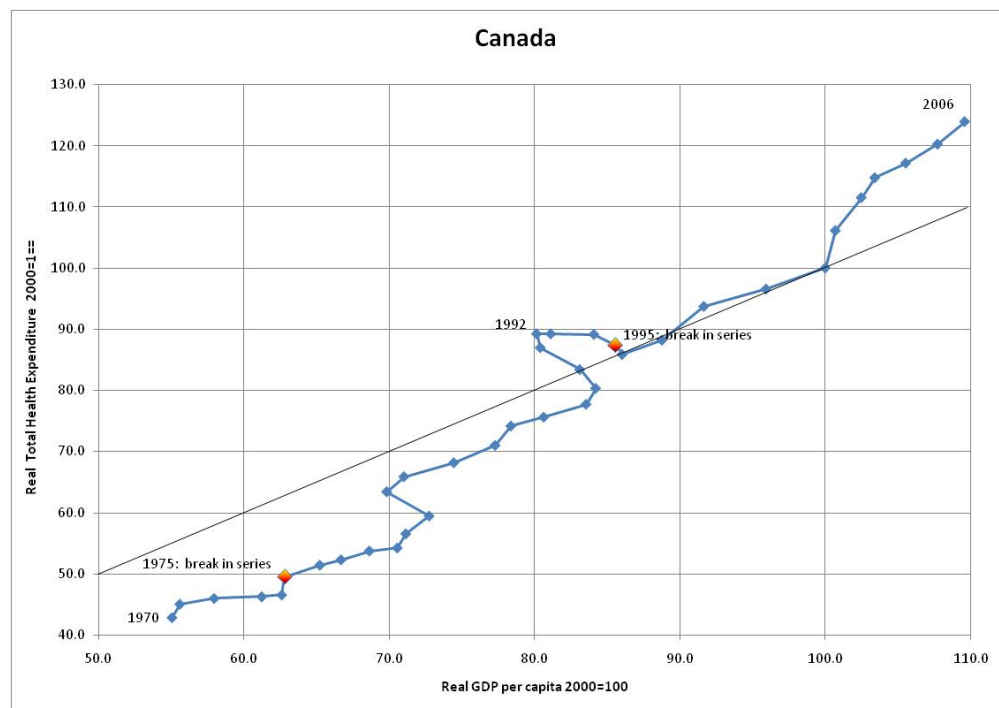
Private financing represented 33.0 % of total health expenditure in 2005

Australia Public

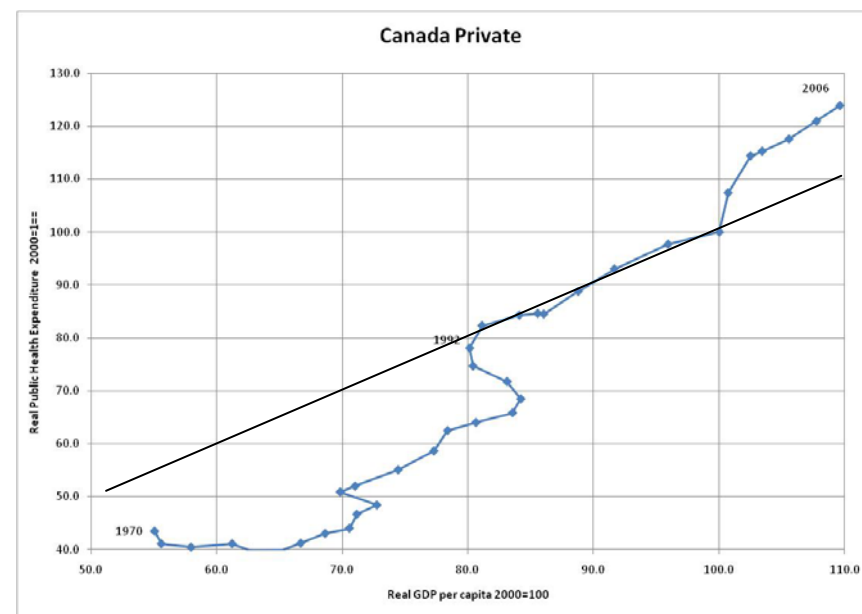
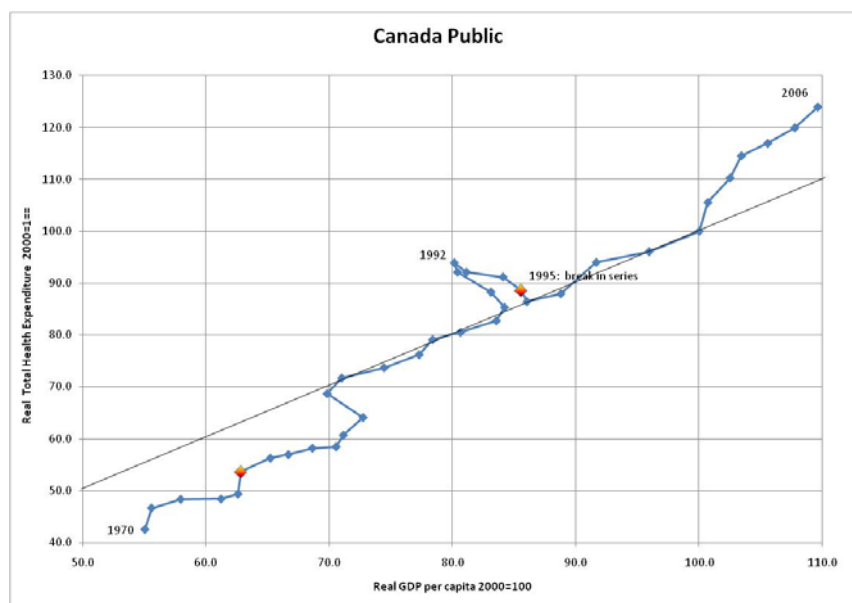


Australia Private

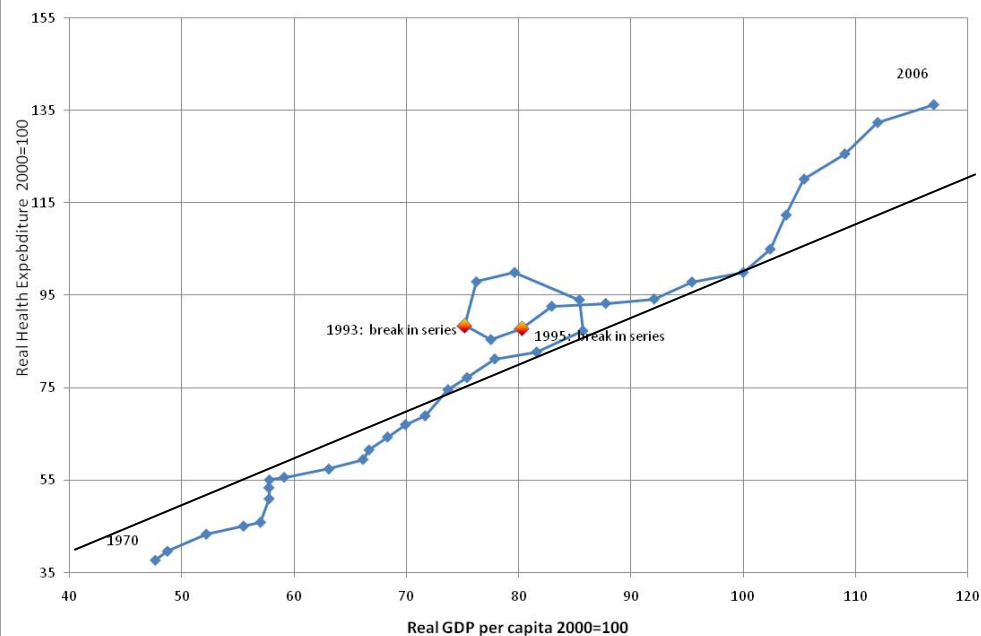




Private financing represented 29.7 % of total health expenditure in 2005

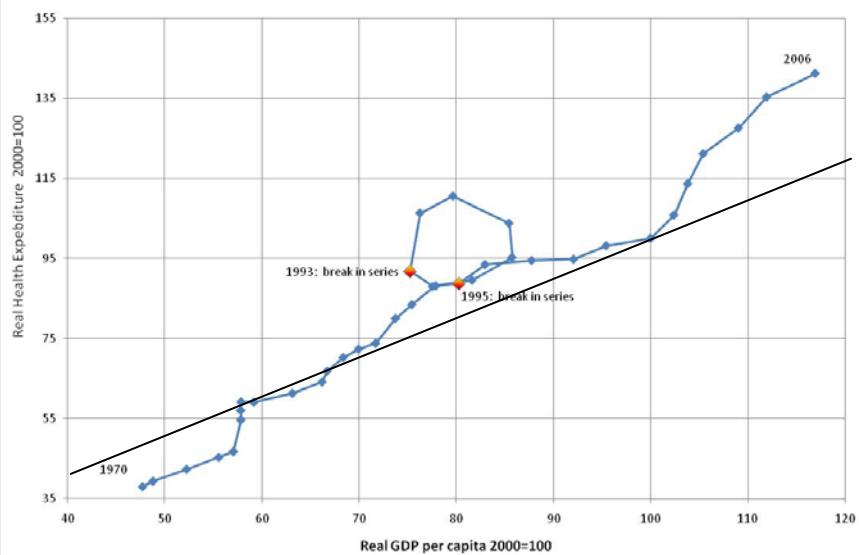


Finland

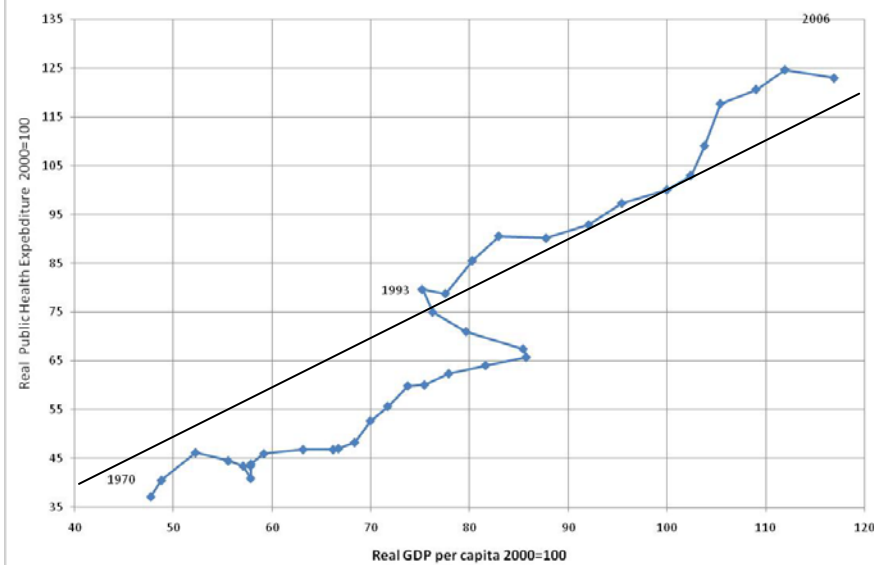


Private financing represented 25.0 % of total health expenditure in 2005

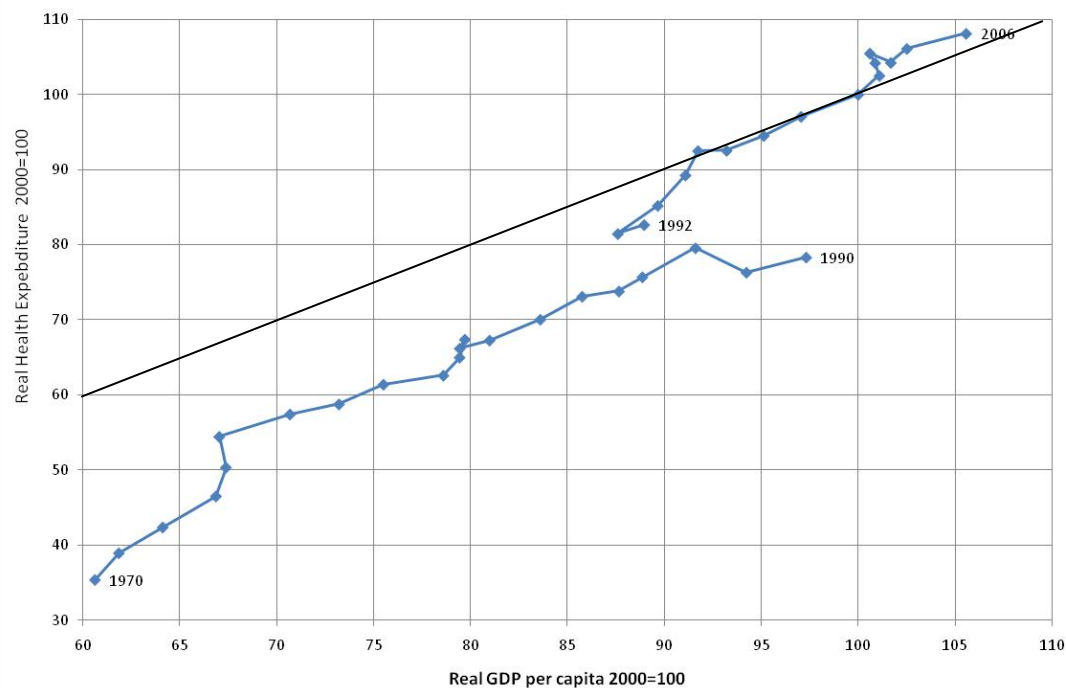
Finland Public



Finland private

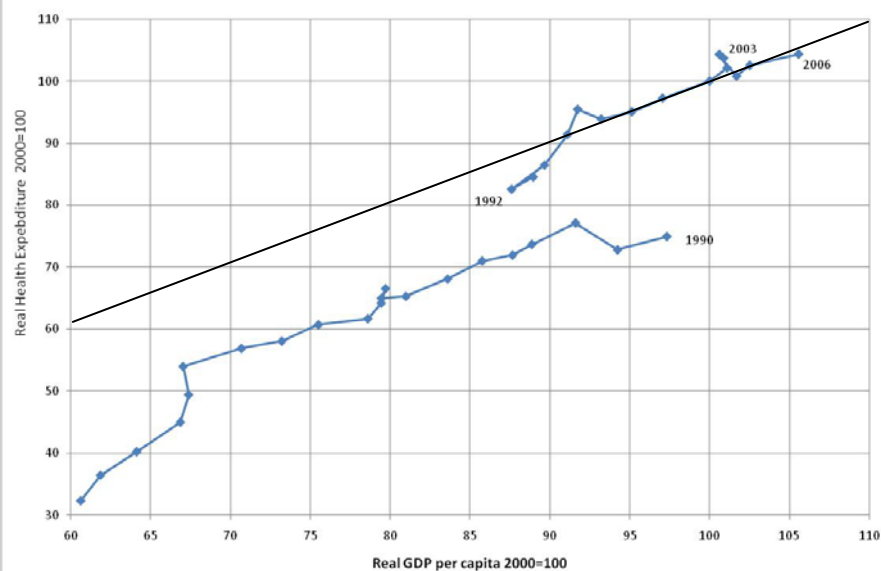


Germany

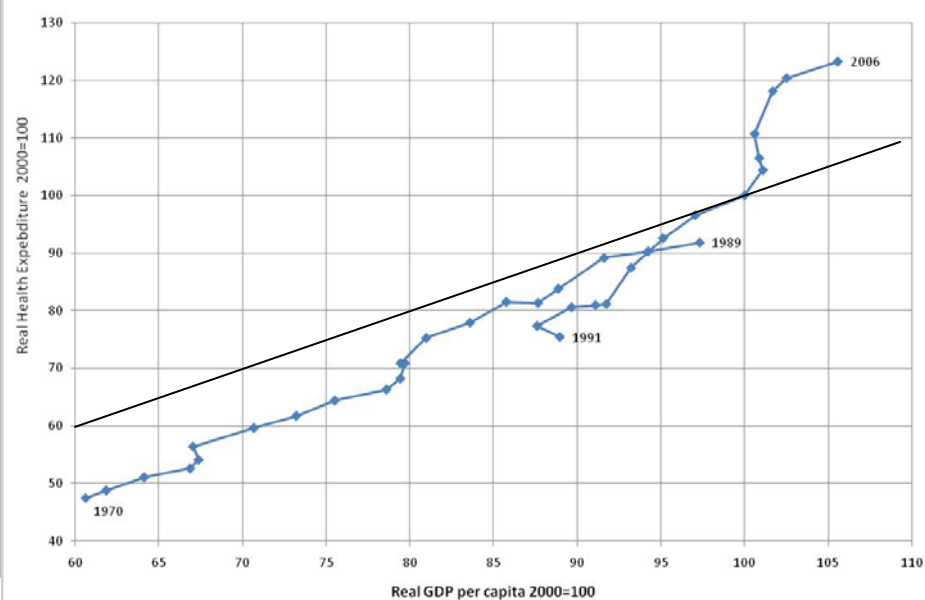


Private financing represented 23.0 % of total health expenditure in 2005

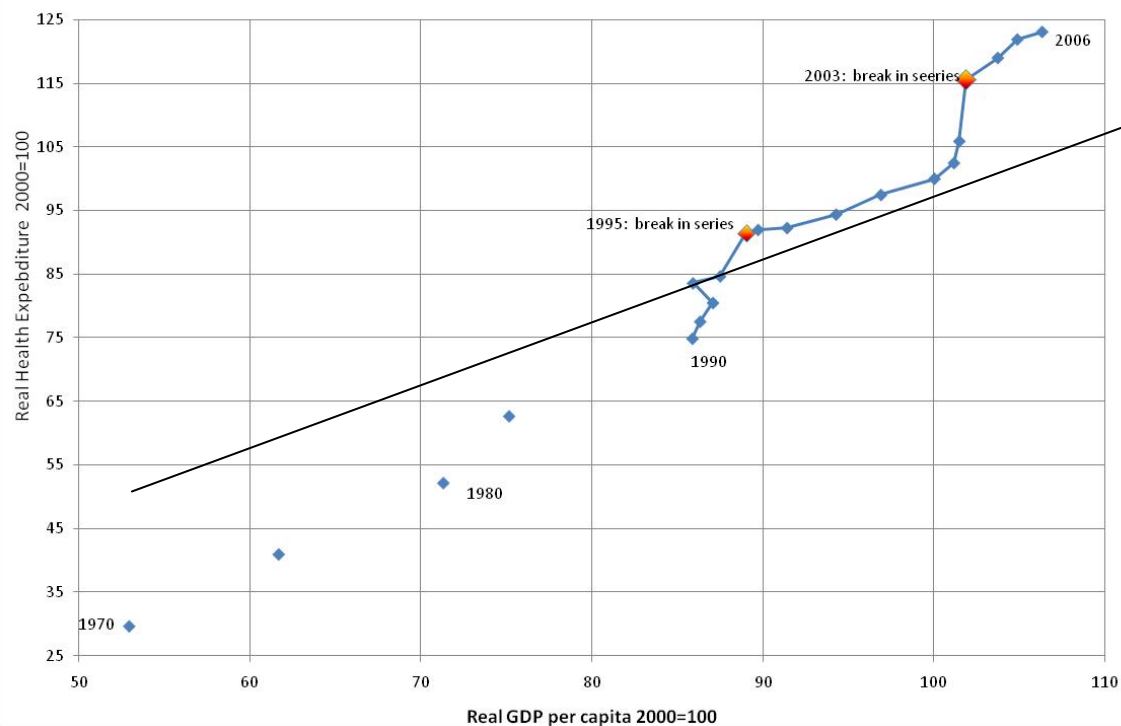
Germany Public



Germany Private

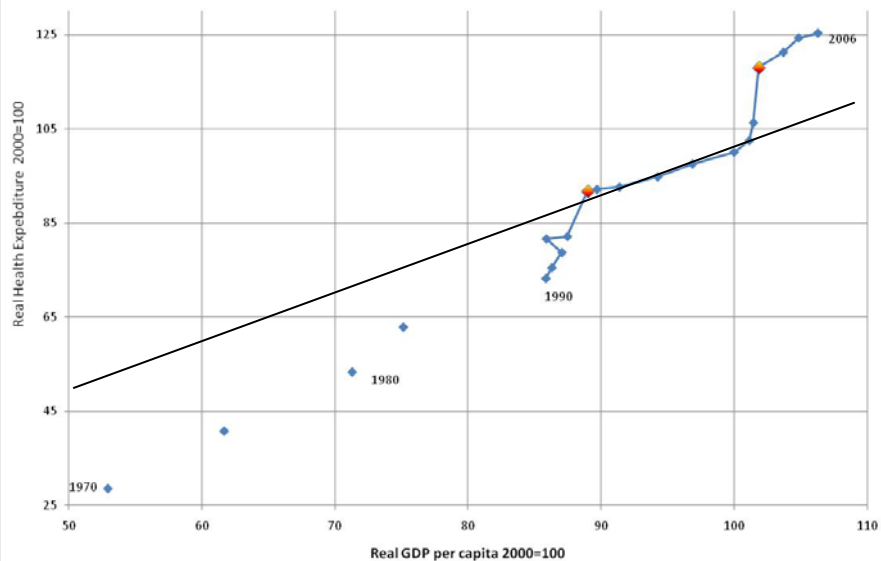


France

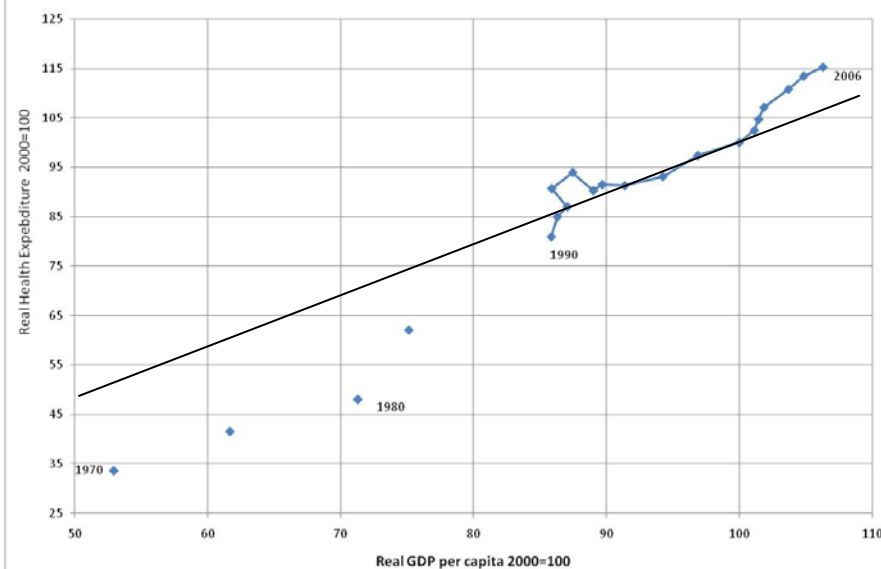


Private financing represented 20.1 % of total health expenditure in 2005

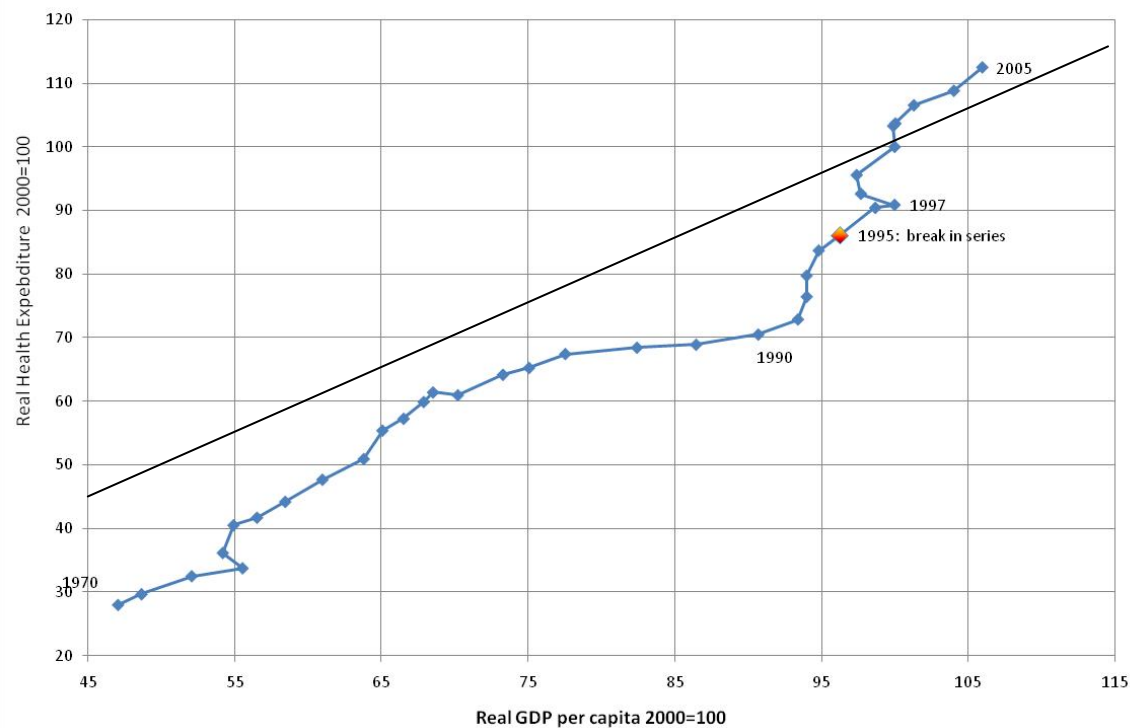
France Public



France Private

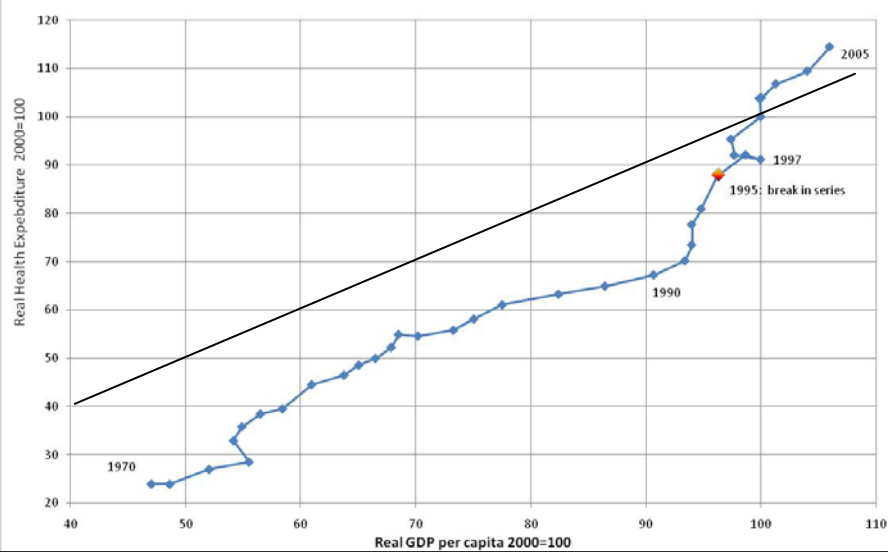


Japan

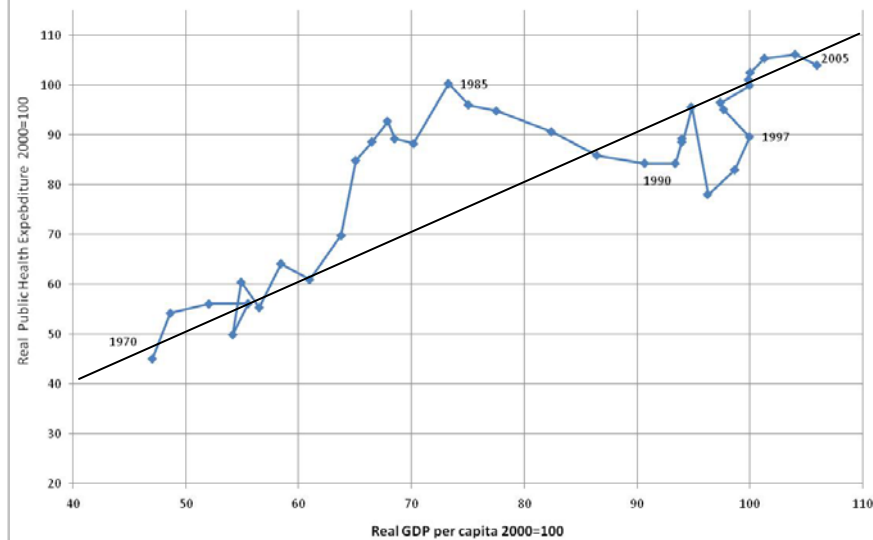


Private financing represented 17.3 % of total health expenditure in 2005

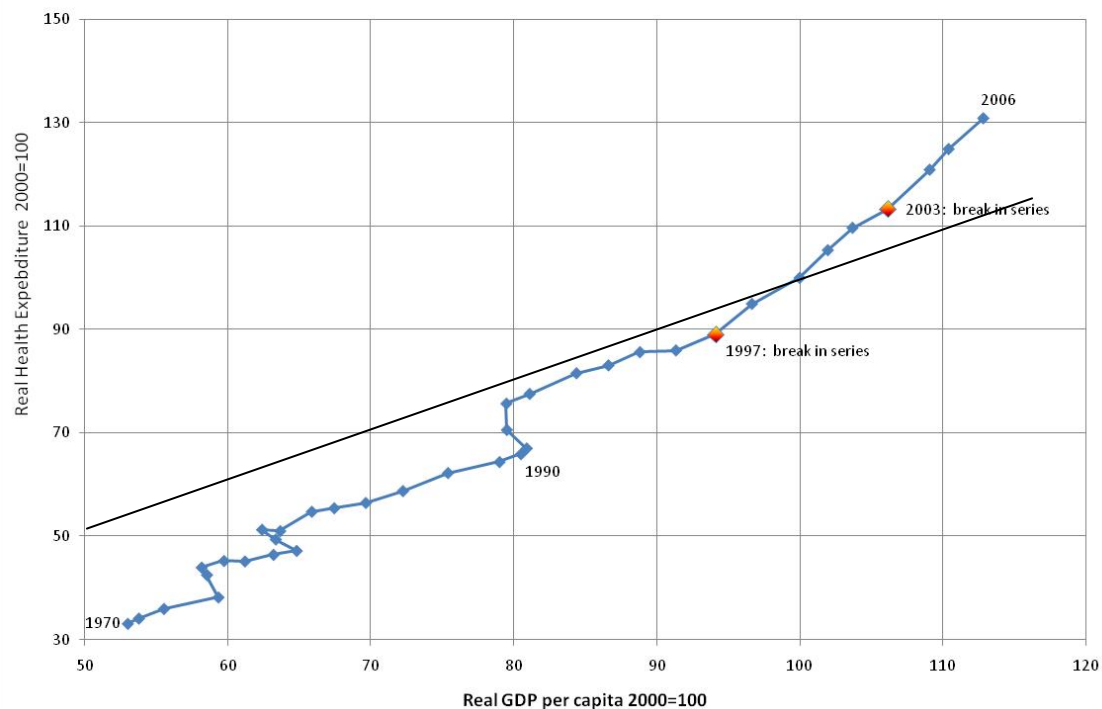
Japan Public



Japan Private

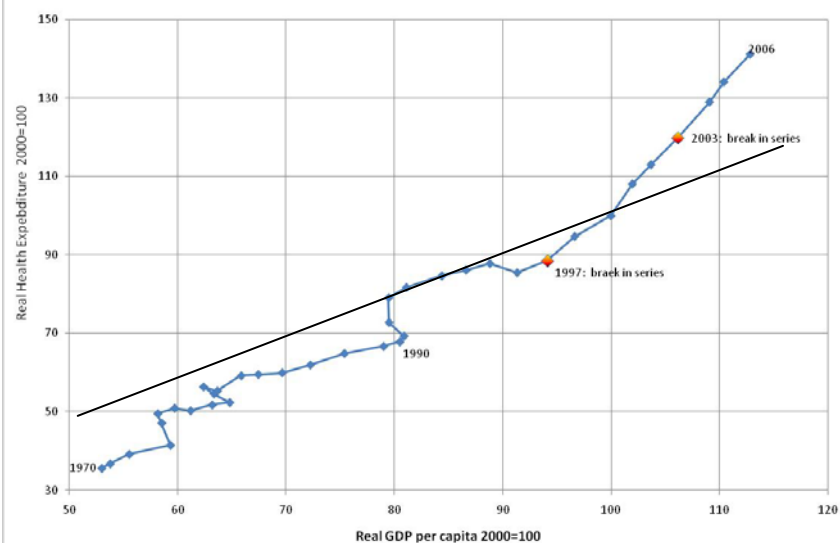


United Kingdom



Private financing represented 13.1 % of total health expenditure in 2005

United Kingdom Public



United Kingdom Private

