

5 International comparisons

The countries included in this comparison are current members of the OECD, and also some countries that are members of the Asia-Pacific National Health Accounts Network (APNHAN). The comparison, which looks at the period from 1993 to 2003, provides an indication of the relative efforts being made to meet the need for health goods and services and capital formation in countries with similar economic and social structures, or with which Australia has important economic and social links. Differences between countries in terms of what is included as 'health expenditure' complicate the comparison to some extent, so caution is warranted when making comparisons. It is also important to acknowledge that there is no definitive relationship between what a country spends on health and the health status of its population.

Health expenditure by different countries can be compared as a proportion of GDP. This gives a measure of the proportion of a nation's productive effort that is spent on funding its health goods, services and capital investment. Fluctuations in the health-GDP ratio can, however, be misleading because they can reflect movements in GDP as well as in health expenditure.

Health expenditure per person allows for comparisons between countries and within a country over time without the distorting effect of movements in GDP and population size differences. In calculating it, allowance was made for the different purchasing powers of currencies in the various countries. This has been done by using purchasing power parities (PPPs) to convert expenditures in each of the countries first into US dollars and then into Australian dollars. The PPPs used are for the whole of the GDP because of the poor reliability of health-specific ones, particularly in the early part of the period.

For the OECD countries, weighted averages as a whole have been calculated to take into account the proportional relevance of each component. For example, the weighted average of the per person health expenditure is total health expenditure divided by the total OECD population.

5.1 Health expenditure in OECD countries

The unweighted average health expenditure to GDP ratio for all those 29 OECD countries that submitted data in 1993, 1998 and 2003 was respectively 7.8, 7.9% and 8.8%. Australia's average was slightly higher in each of these periods (respectively, 8.3%, 8.7% and 9.7%). A similar story applies to health expenditure in per capita terms.

The United States was by far the highest spender on health care, spending 15.0% of GDP in 2003 and an average expenditure per person that was around double the amount for Australia (\$7,607 per person compared with \$3,931 for Australia) (Table 39).

Table 39: International comparison of health expenditure as a proportion of GDP and per person, OECD countries, 1993 to 2003^(a)

Country	1993		1998		2003	
	Health to GDP (%)	Per person (A\$)	Health to GDP (%)	Per person (A\$)	Health to GDP (%)	Per person (A\$)
Australia	8.3	2,082	8.7	2,733	9.7	3,931
Austria	7.8	2,236	7.6	2,558	7.5	3,108
Belgium	8.1	2,145	8.5	2,627	9.6	3,816
Canada	9.9	2,699	9.2	3,009	9.9	4,054
Czech Republic	6.7	1,018	6.6	1,187	7.5	1,752
Denmark	8.8	2,362	8.4	2,801	9.0	3,730
Finland	8.3	1,916	6.9	2,101	7.4	2,859
France	9.4	2,517	9.3	2,928	10.1	3,919
Germany	9.9	2,664	10.6	3,253	11.1	4,045
Greece	8.8	1,443	9.4	1,801	9.9	2,715
Hungary	7.7	855	7.3	1,014	8.4	1,713
Iceland	8.4	2,338	8.7	2,987	10.5	4,205
Ireland	7.0	1,392	6.2	1,941	7.4	3,309
Italy	8.0	2,049	7.7	2,363	8.4	3,048
Japan	6.5	1,829	7.2	2,283	n.a.	n.a.
Korea	4.3	607	4.5	807	5.6	1,450
Luxembourg	6.2	2,534	5.8	3,010	6.9	5,002
Mexico	5.8	532	5.4	559	6.2	787
Netherlands	8.6	2,279	8.2	2,678	9.8	4,018
New Zealand	7.2	1,494	7.8	1,898	8.1	2,546
Norway	8.0	2,271	8.5	3,030	10.3	5,139
Poland	5.9	507	6.0	727	6.5	1,004
Portugal	7.3	1,181	8.4	1,699	9.6	2,426
Slovak Republic	n.a.	n.a.	5.7	732	5.9	1,049
Spain	7.5	1,459	7.5	1,776	7.7	2,477
Sweden	8.6	2,203	8.3	2,568	9.4	3,649
Switzerland	9.4	3,217	10.3	3,904	11.5	5,104
Turkey	3.7	268	4.8	409	7.4	693
United Kingdom	6.9	1,651	6.9	2,066	n.a.	n.a.
United States	13.2	4,498	13.0	5,368	15.0	7,607
Average (unweighted) (29)^(b)	7.8	1,871	7.9	2,279	8.8	3,240
Average (weighted) (29)^{(b)(c)}	9.6	2,301	9.7	2,775	10.9	3,856

(a) See definition of 'OECD financial year' in Box 2.

(b) Excludes the Slovak Republic. Averages for 2003 incorporate 2002 data for Japan and the United Kingdom.

(c) Averages weighted by GDP or population.

Note: Expenditures converted to Australian dollar values using GDP purchasing power parities.

Sources: AIHW health expenditure database; OECD 2005.

In 2003, Australia's three tiers of government contributed an average of 68.0% to total health expenditure, which was 4.0 percentage points below the OECD unweighted average of

72.0%. Over the decade, the government contribution to the funding of health care in Australia edged up by 1.6 percentage points, while the government share for the OECD overall decreased by 0.6 percentage points (Table 40).

Table 40: Government health expenditure as a proportion of total health expenditure, OECD countries, 1993 to 2003^(a) (per cent)

Country	1993	1998	2003
Australia	66.4	68.0	68.0
Austria	74.2	69.7	67.6
Belgium ^(b)	n.a.	74.8	74.5
Canada	72.7	70.6	69.9
Czech Republic	94.8	91.9	90.1
Denmark	82.7	82.0	83.0
Finland	76.1	76.3	76.5
France	76.5	76.0	76.3
Germany	80.2	78.6	78.2
Greece	54.5	52.1	51.3
Hungary	87.4	74.8	72.4
Iceland	83.3	82.0	83.5
Ireland	73.3	76.5	78.0
Italy	76.3	71.6	75.1
Japan	79.2	80.8	n.a.
Korea	35.5	44.4	49.4
Luxembourg	92.9	92.4	89.9
Mexico	43.2	46.0	46.4
Netherlands	73.6	64.1	62.4
New Zealand	76.6	77.0	78.7
Norway	84.6	84.7	83.7
Poland	73.8	65.4	69.9
Portugal	63.0	67.1	69.7
Slovak Republic	n.a.	91.6	88.3
Spain	76.6	72.2	71.2
Sweden	87.4	85.8	85.2
Switzerland	54.3	54.9	58.5
Turkey	66.4	71.9	70.9
United Kingdom	85.1	80.4	n.a.
United States	43.1	44.3	44.4
Average (unweighted) (28)^(c)	72.6	71.5	72.0
Average (weighted) (28)^(d)	59.7	59.5	59.1

(a) See definition of 'OECD financial year' in Box 2.

(b) Data for Belgium are for recurrent government expenditure on health, rather than total government expenditure on health.

(c) Excludes Belgium and the Slovak Republic.

(d) Weighted by total health expenditure.

Sources: AIHW health expenditure database; OECD 2005.

Table 41: Out-of-pocket health expenditure per person, and as shares of total health expenditure, non-government health expenditure and household final consumption expenditure, OECD countries, 1993 and 2003^(a)

Country	1993				2003			
	Per person out-of-pocket expenditure (A\$)	Share of total (%)	Share of non-govt (%)	Share of HFCE (%)	Per person out-of-pocket expenditure (A\$)	Share of total (%)	Share of non-govt (%)	Share of HFCE (%)
Australia	353	17.0	50.4	2.4	796	20.3	63.3	3.3
Austria	n.a.	n.a.	n.a.	n.a.	595	19.2	59.2	2.7
Belgium	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Canada	402	14.9	54.6	2.6	605	14.9	49.6	2.7
Czech Republic	52	5.2	100.0	0.7	146	8.4	84.6	1.3
Denmark	385	16.3	94.0	2.9	589	15.8	92.5	3.1
Finland	385	20.1	83.9	3.2	544	19.0	81.2	2.9
France	285	11.3	48.2	1.9	393	10.0	42.2	1.8
Germany	269	10.1	51.2	1.8	421	10.4	47.9	2.0
Greece	n.a.	n.a.	n.a.	n.a.	1,262	46.5	95.4	6.9
Hungary	107	12.6	100.0	1.7	421	24.6	88.9	3.9
Iceland	390	16.7	100.0	2.5	693	16.5	100.0	3.3
Ireland	210	15.1	56.5	1.9	441	13.4	60.7	2.3
Italy	406	19.8	83.7	2.7	632	20.7	83.3	2.9
Japan	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Korea	342	56.2	87.2	4.8	608	41.9	82.8	4.4
Luxembourg	141	5.6	78.5	0.7	351	7.0	70.3	1.2
Mexico	292	55.0	96.9	4.5	397	50.5	94.2	4.5
Netherlands	n.a.	n.a.	n.a.	n.a.	315	7.8	20.8	1.6
New Zealand	268	17.9	76.6	2.3	400	15.7	73.5	2.2
Norway	338	14.8	96.3	2.5	798	15.5	95.4	3.6
Poland	133	26.2	100.0	2.5	266	26.4	87.8	2.6
Portugal	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Slovak Republic	n.a.	n.a.	n.a.	n.a.	123	11.7	100.0	1.2
Spain	283	19.4	82.7	2.4	586	23.7	82.0	3.2
Sweden	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Switzerland	1,067	33.2	72.6	5.4	1,609	31.5	76.0	6.2
Turkey	84	31.5	93.7	1.7	142	20.4	69.9	2.3
United Kingdom	177	10.7	72.0	1.2	n.a.	n.a.	n.a.	n.a.
United States	757	16.8	29.6	3.3	1,071	14.1	25.3	3.0
Average (unweighted) (21)^(b)	339	21.3	81.4	2.6	676	24.1	87.0	3.6
Average (weighted) (21)^{(b)(c)}	431	17.6	39.8	2.9	655	16.0	35.8	2.9

(a) See definition of 'OECD financial year' in Box 2.

(b) Excludes Austria, Belgium, Greece, Japan, Netherlands, Portugal, Slovak Republic, Sweden and the United Kingdom.

(c) Averages weighted by population, health expenditure or HFCE.

Note: Expenditures converted to Australian dollar values using GDP purchasing power parities.

Sources: AIHW health expenditure database; OECD 2005.

Australia's per person out-of-pocket expenditure (\$353 in current prices) was \$78 below the weighted mean in 1993 but \$141 above the weighted mean in 2003 (Table 41). Out-of-pocket expenditure as a percentage of total expenditure, non-government expenditure and HFCE all rose between the two periods. These trends were the reverse of the overall OECD averages—while expenditure rose in nominal terms between the two years (Table 39), out-of-pocket expenditure as a percentage of total health expenditure and non-government expenditure fell but as a percentage of household final consumption expenditure it remained constant (Table 41).

5.2 Health expenditure in the Asia–Pacific region

The APNHAN has, in recent years, developed some experimental national estimates of expenditure on health for some countries in the region. APNHAN is a collaborative partnership of experts and both government and non-government agencies in the region with responsibilities for, or interest in, the development and maintenance of national health accounting systems throughout the region. To this end, APNHAN provides a mechanism for regional collaboration and cooperation in this technical field, and for dialogue between regional experts and agencies.

There is a very broad range of economies within the Asia–Pacific region, including highly developed economies like Japan, Australia, South Korea, Taiwan and Hong Kong, as well as developing economies like Malaysia, Thailand, Vietnam, Indonesia and Bangladesh.

APNHAN provided the AIHW with estimates of expenditure for varying years (2000 to 2003) for six economies within the region—Bangladesh, Hong Kong, Japan, Korea, Taiwan and Thailand—hence caution should be used when making comparisons with Australian data (see footnotes to Table 42).

In 2000 Australia had the highest health–GDP ratio, at 9.2%, while Japan (7.0%) had the second-highest ratio. For the other countries in Table 42, Taiwan, Korea and Hong Kong had ratios of 6.3%, 6.0% and 6.0%, respectively, for the years they reported. The two other countries for which estimates were available—Thailand (3.0%) and Bangladesh (3.2%)—had very low health–GDP ratios.

A similar pattern emerged in relation to average expenditure per person. Australia (\$3,196 per person) and Japan (\$3,572 per person) had average expenditures that were around double to triple those of Hong Kong, Korea and Taiwan. Bangladesh (\$13 per person) and Thailand (\$88 per person) had very low average expenditures on health.

There are many reasons underlying these substantial differences between the levels of resourcing for health in these countries. In the case of Bangladesh, for example, the funds available to governments to provide support for that country's health system are quite limited. Only 21.1% of total health funding was provided by the Bangladeshi government in 2001. In Thailand, on the other hand, the government provides well over half of the funding for health (58%), yet its health–GDP ratio is comparable with that of Bangladesh and its average annual expenditure per person on health is only \$88.

Table 42: Health expenditure comparison for selected Asia-Pacific countries^(a)

Country	Health to GDP (%)	Per person (A\$)	Government to total (%)	Per person out-of-pockets (A\$)	Out-of-pockets to total (%)	Out-of-pockets to non-government (%)
Australia ^(b)	9.2	3,196	69.4	592	18.6	60.8
Bangladesh ^(c)	3.2	13	21.1	529	63.8	97.7
Hong Kong ^(d)	6.0	1,821	57.0	544	30.0	69.8
Japan ^(b)	7.0	3,572	80.0	625	17.0	89.5
Korea ^(d)	6.0	1,532	54.7	567	37.0	81.7
Taiwan ^(e)	6.3	1,091	64.9	n.a.	27.0	81.8
Thailand ^(d)	3.0	88	58.0	28	32.0	74.4

(a) See definition of 'OECD financial year' in Box 2.

(b) Data for the year 2000.

(c) Data for the financial year 2001–02.

(d) Data for the year 2001.

(e) Data for the year 2003.

Sources: AIHW health expenditure database; Tharanga Fernando, APNHAN.