

# Global Trends in Public Health Spending and the Outlook

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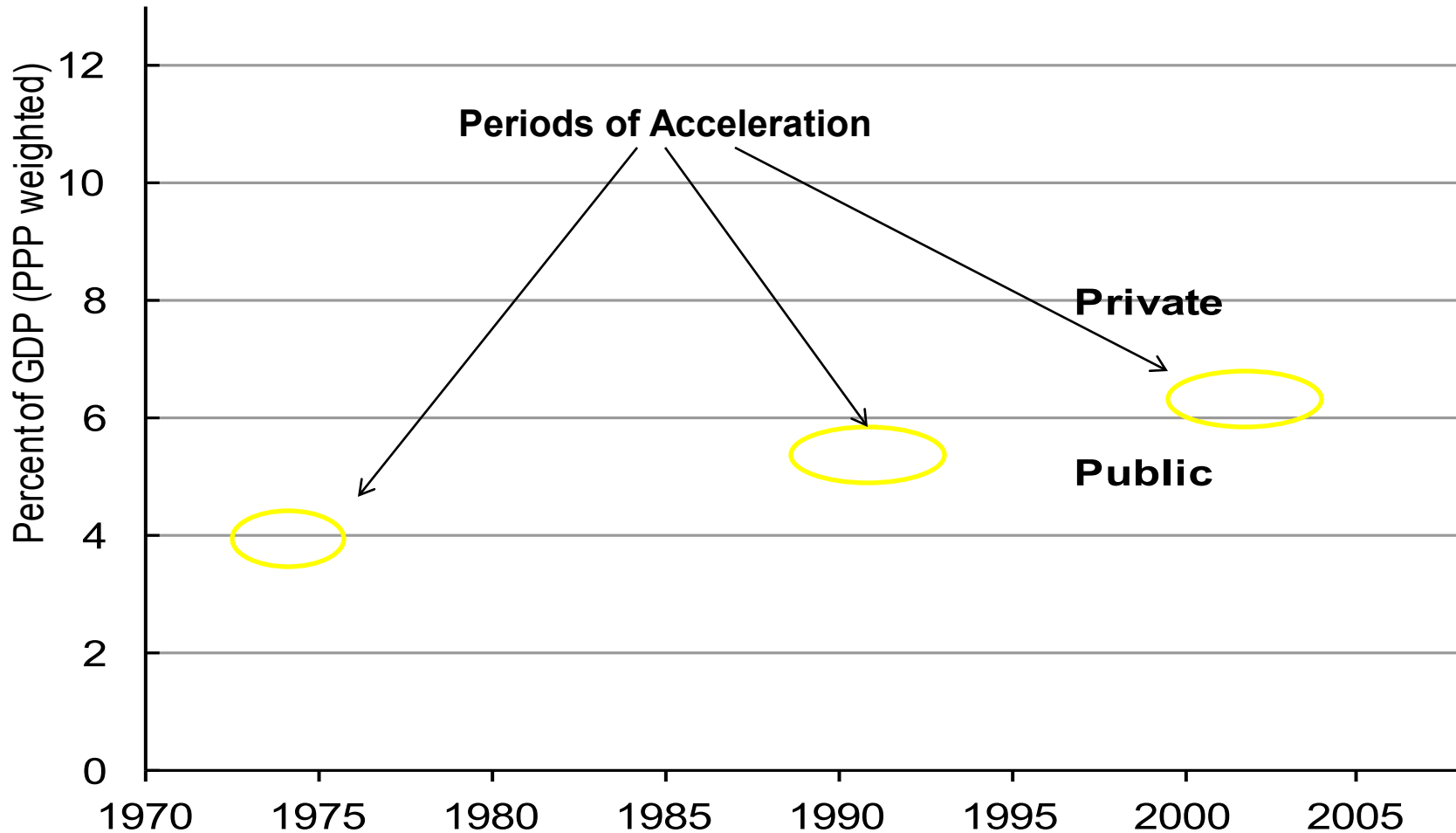


# Objectives of presentation

- ❑ **Examine public health spending trends in the past 40 years**
- ❑ **Provide country-specific projections of public health spending for both advanced and emerging economies**

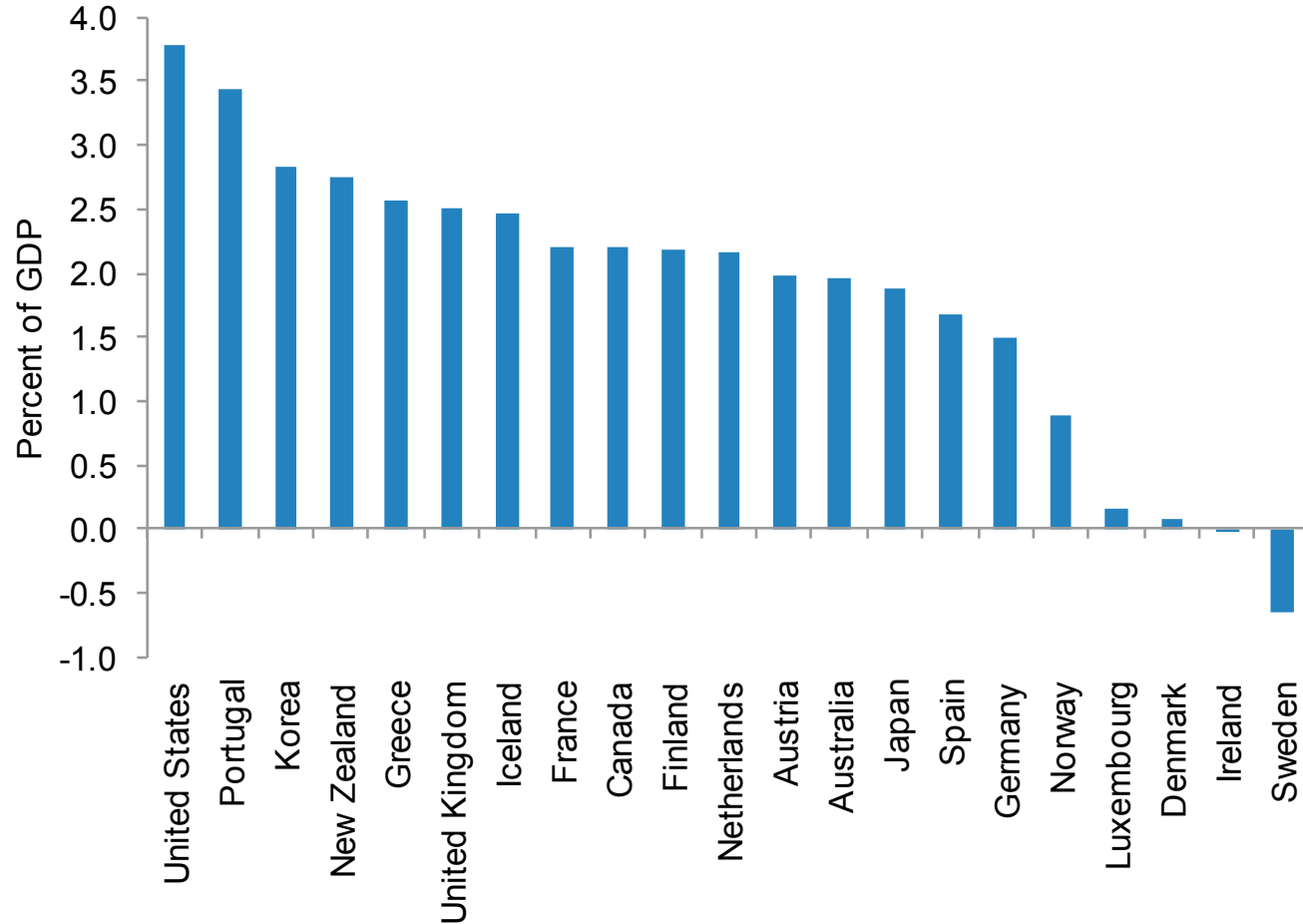
# Led by public sector, large spending increases in advanced economies over past 40 years

## Health Spending in 27 Advanced Countries, 1970-2008

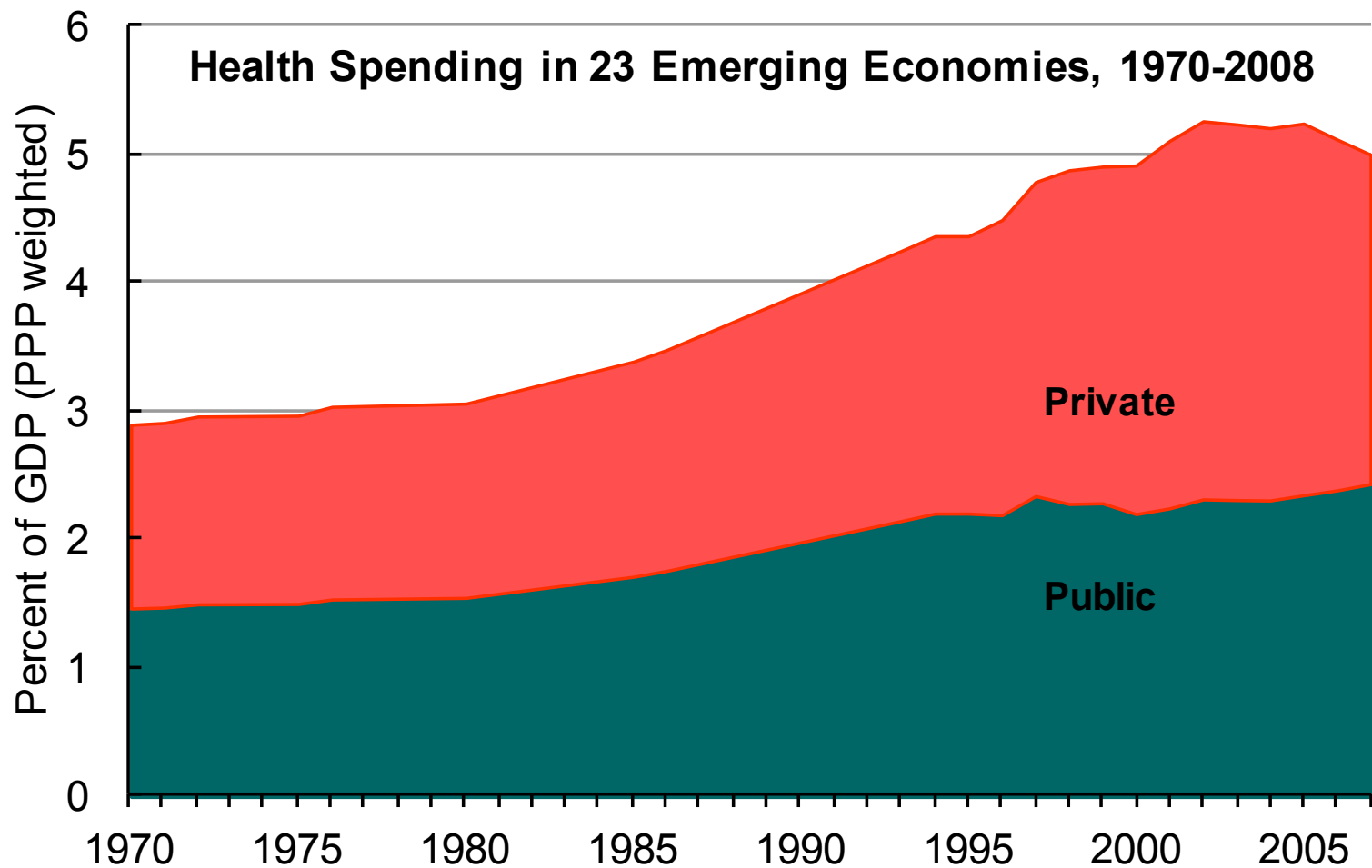


# Increases have varied by country

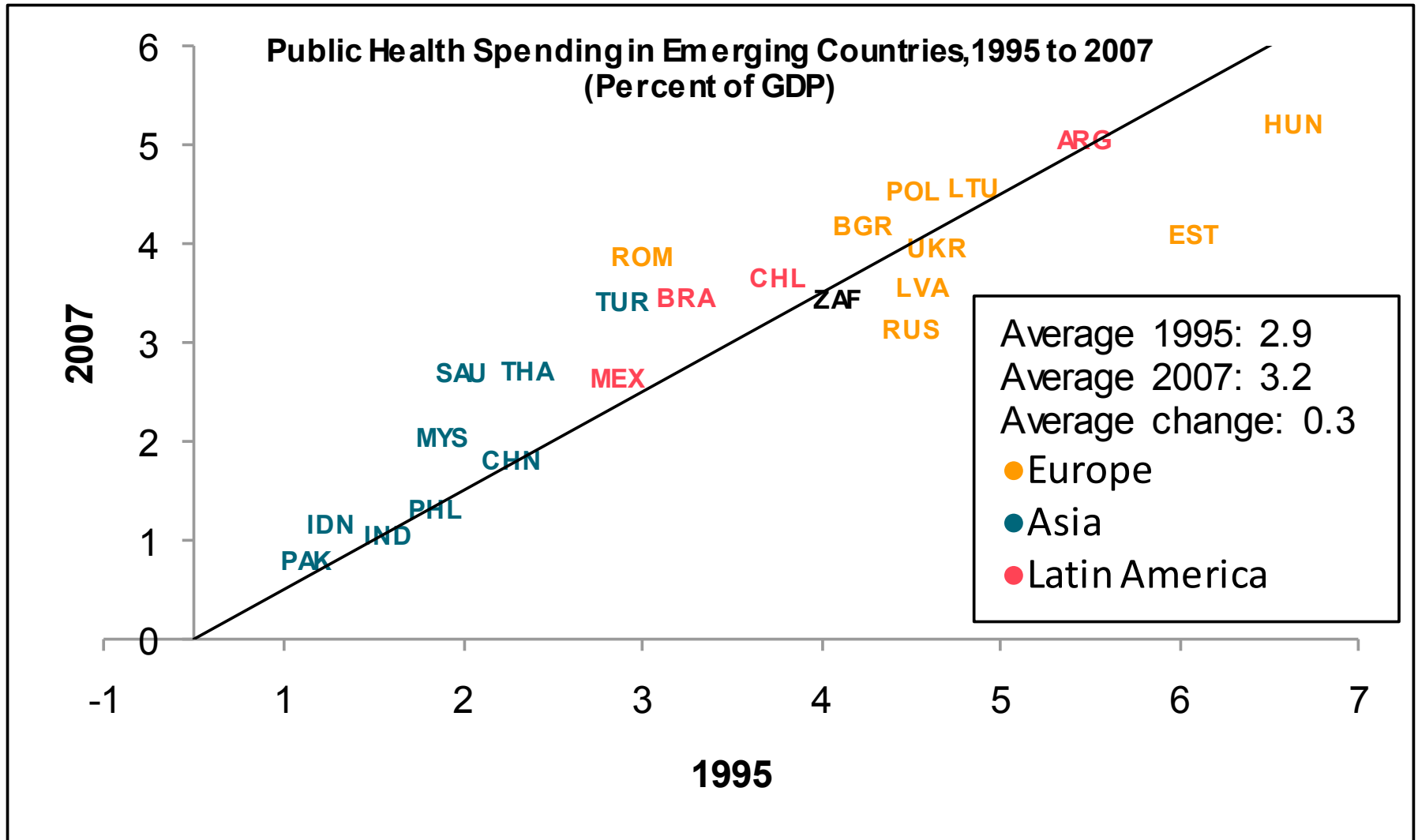
Selected Advanced Economies, 1980-2008



# Increases in public health spending were much smaller in emerging economies...



# ...and varied by country as well





# Main drivers of public health spending

- ❑ **Population aging**—explains about one fourth of the increase in spending-to-GDP ratios
- ❑ **Excess Cost Growth (ECG)** —the difference between real health expenditure growth and real GDP growth—explains the rest
  - ❑ **Technology**
  - ❑ **Health policies and institutions**

# Recent health reforms unlikely to alter long-term trends



- ❑ In the United States, 2010 health care reform expands coverage; net effect on expenditure is small
- ❑ In Europe, cuts in health employment and compensation; long-term impact uncertain
- ❑ Pharmaceuticals reforms in Europe unlikely to have a major effect in the long run



# Methodology for projecting public health spending



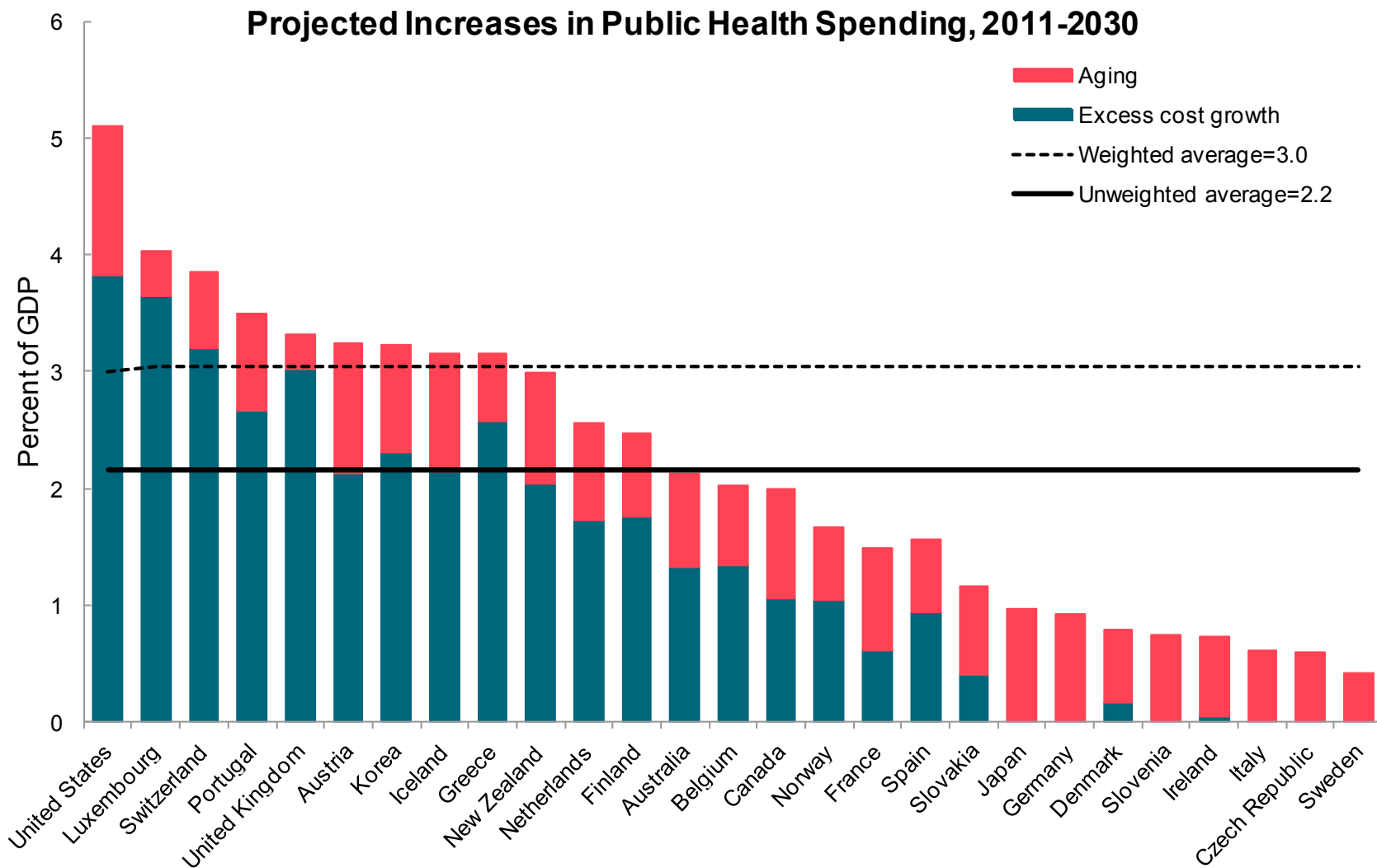
- ❑ For advanced economies, country-specific estimates of ECG from econometric analysis
- ❑ Reflects varying success of countries' health systems in containing costs
- ❑ For emerging economies, common ECG of 1.0 percent assumed, similar to historical average

# Econometric estimates of ECG for advanced economies

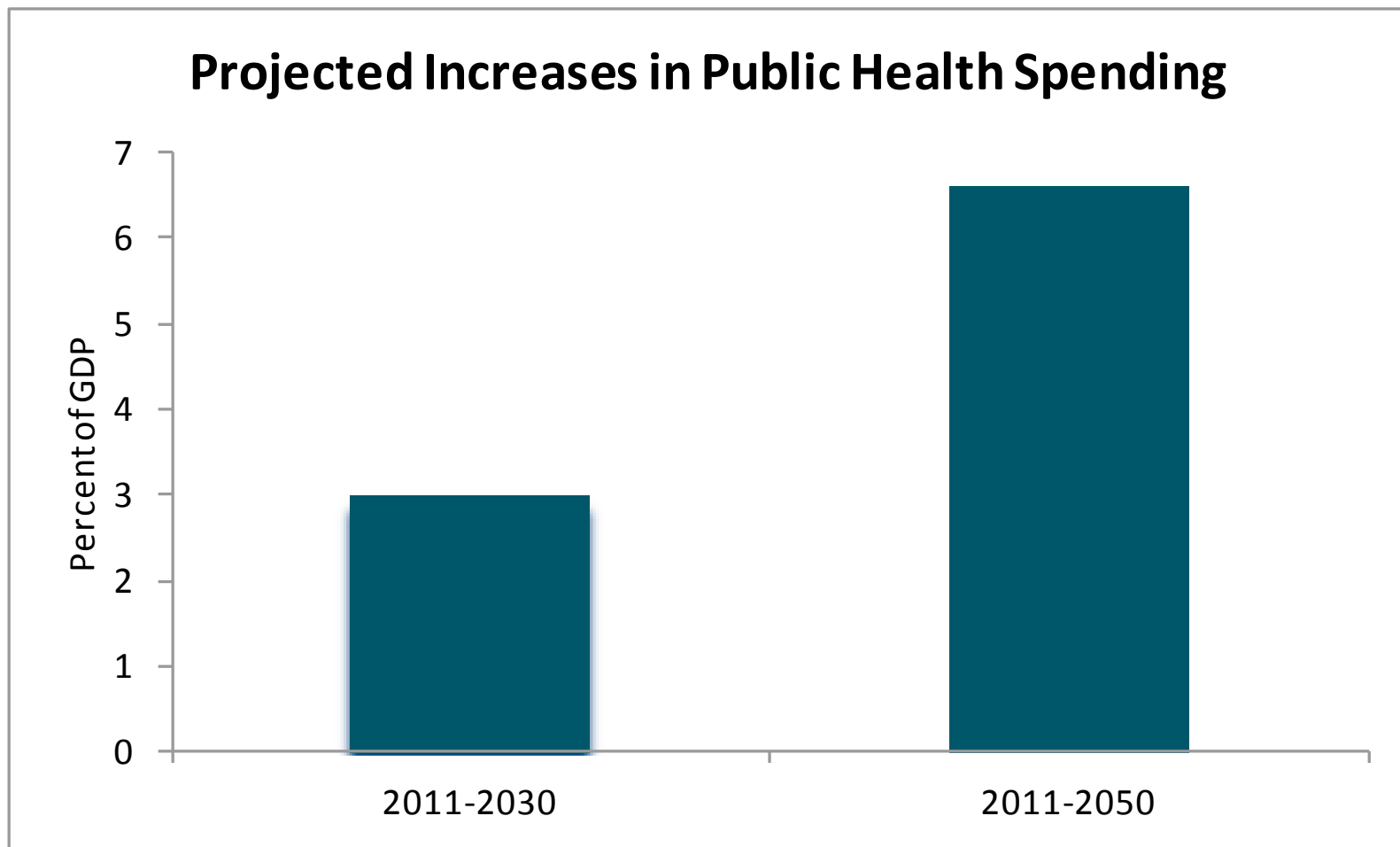


- ❑ Estimates of ECG vary significantly by country, ranging from -0.9 percent (Czech Republic) to 3.5 percent (Korea)
- ❑ The average is comparable with the ECG estimates in the literature, from around 1.0 percent to 1.5 percent
- ❑ The ECG estimates were capped between zero and 2.0 percent in spending projections

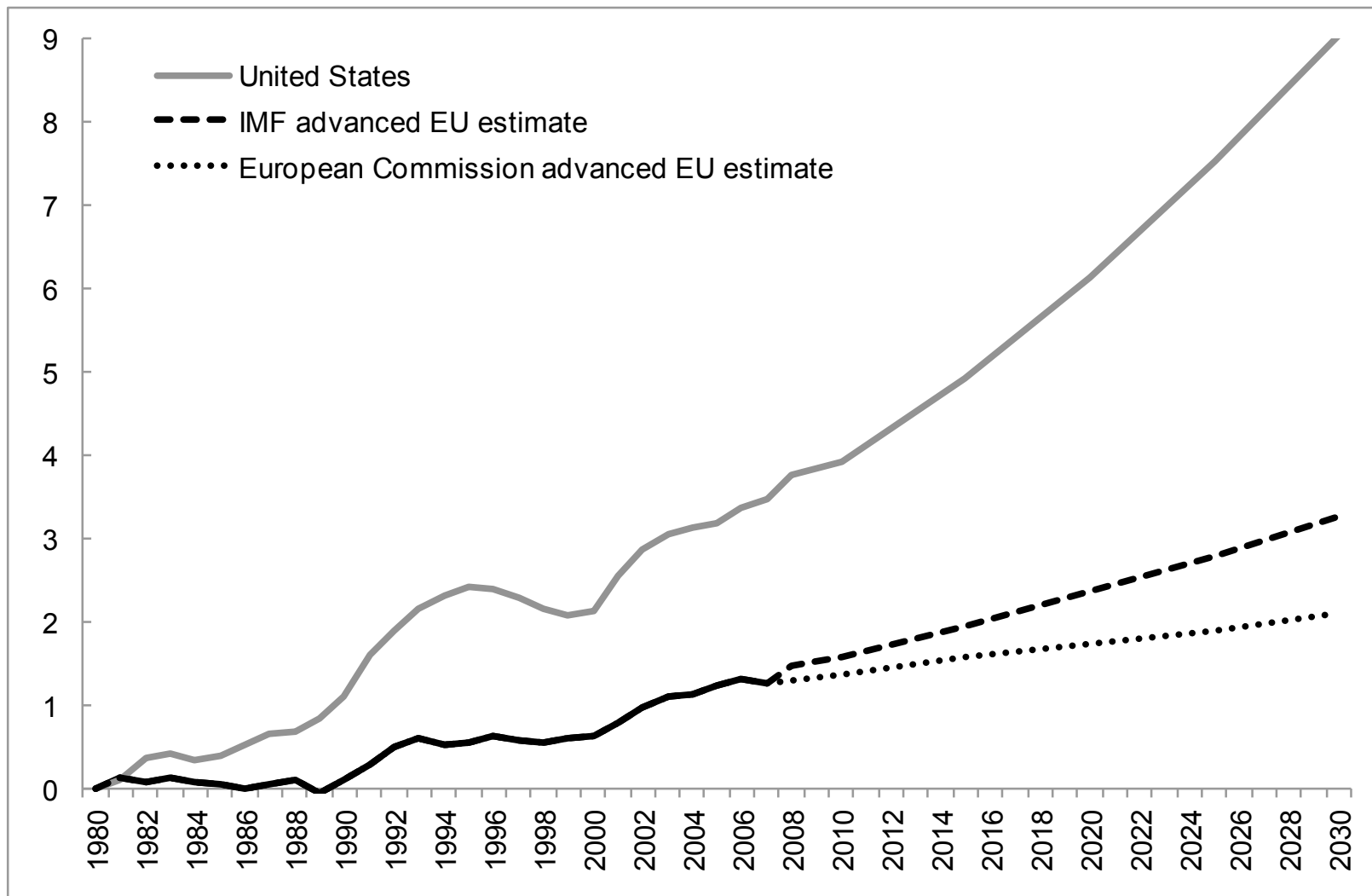
# Public spending pressures in advanced countries are substantial and varies



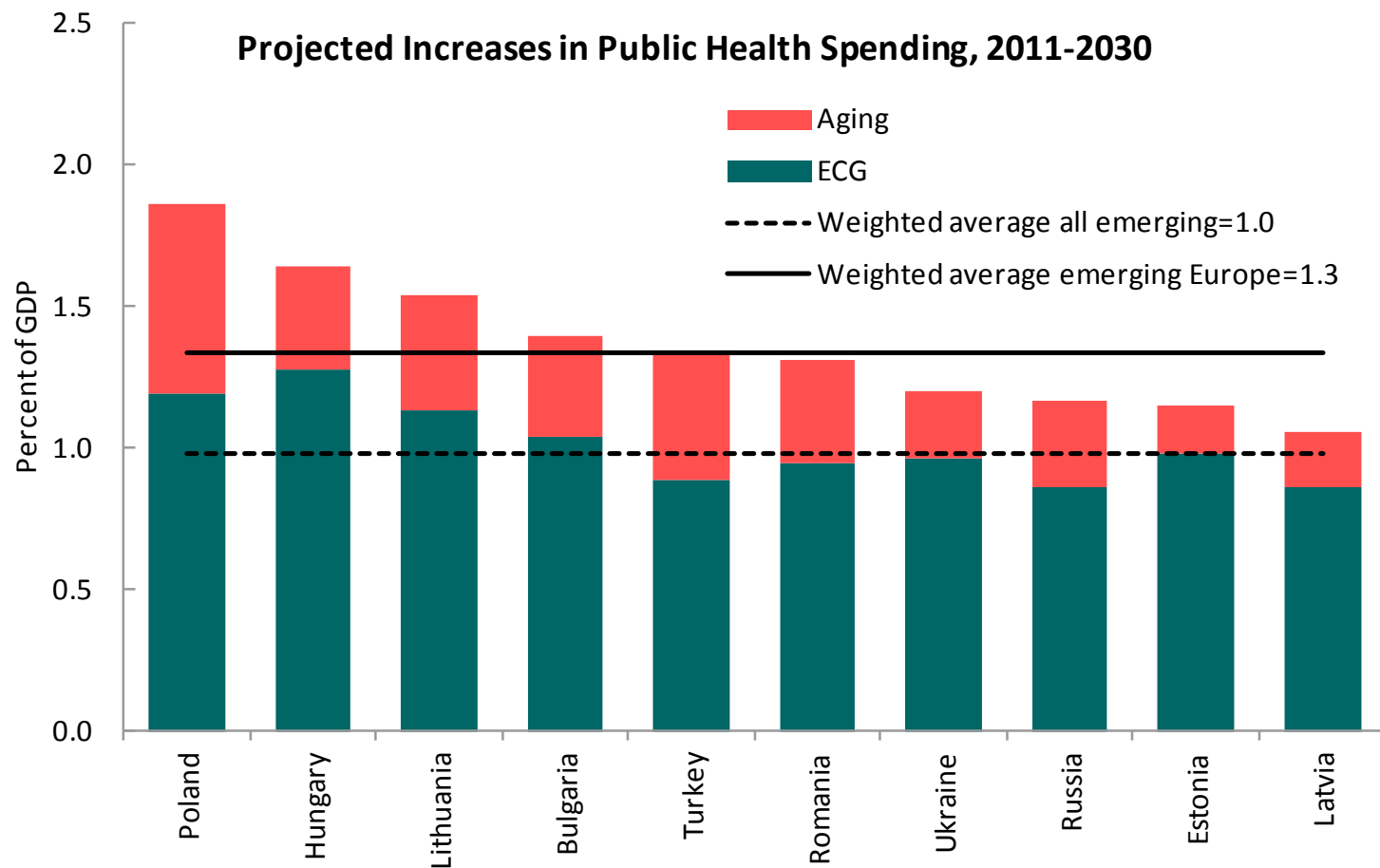
# Spending pressures are larger in the longer term



# Projected increases higher than those of EC's aging report



# Spending pressures in emerging Europe higher than emerging economy average



# Summary of findings

## ❑ For advanced economies

- ❑ Projected increases in public health spending are large
- ❑ The projected increases vary by country, with the United States facing the largest increase

## ❑ For emerging economies

- ❑ Projected increases in public health spending are moderate
- ❑ Spending pressures in emerging Europe are higher than emerging economy average



**Thank you!**