Global report

New Perspectives on Global Health Spending for Universal Health Coverage

World Health Organization

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Key Messages

This report is based on WHO's Global Health Expenditure Database for 2000-2015. The report takes advantage of the new health expenditure classification framework and reveals new insights into global health expenditure patterns and trends.

1. The "health economy" grew faster than the global economy, but expenditures are unequally distributed

- In 2015, the world's health systems spent 7.3 trillion, representing close to 10% of global GDP. Between 2000 and 2015, the annual growth rate in health expenditure is 4% while the economic growth rate is 2.8%
- Health spending worldwide remains very unequal: more than 80% of the world's population live in low and middle income countries but only account for about 20% of global health expenditure.
- The global average health expenditure per capita is 1,011 USD, but half of the world's countries spent less 366 USD per capita. In 2015, nearly 50 countries with population of 2.7 billion spent less than 100 USD per capita on health.

2. Domestic public financing is the predominant source of health spending

From 2000 to 2015 government domestic funding as a share of current health expenditure

- increased from 66% to 70% in high-income countries;
- increased from 48% to 51% of in middle-income countries; but
- fell from 30% to 22% in low income countries, while
- most countries with social health insurance arrangements funded these from a mix of traditional employer-employee contributions and transfers from general government revenues.

3. Development assistance in health is small compared to the overall health expenditure, but remains important for low-income countries

- Development assistance for health amounted in 2015 to just over USD 19 billion, or less than 0.3% of global health expenditure.
- However, the average share of external resources in health spending in the 31 low-income countries was over 30% in 2015.
- External resources as a percentage of health expenditure increased over the past 15 years while the component for government spending decreased in the low income countries.

4. Health financing is transforming to improve access to services and financial protection

- There remains a strong association between greater levels of public funding and less reliance of systems on out-of-pocket payments; and
- in 2015 as compared to 2000, there were 1 billion fewer people living in countries where out-of-pocket spending is greater than 50% of health expenditure.

5. Global health expenditure data is recognized as a valuable public good

- It informs policy dialogue and policy development.
- It contributes to improved transparency and accountability for health spending at global, regional, national and sub-national levels.

Introduction

In September 2015 the world agreed that health coverage should be universal. The UN General Assembly adopted Universal Health Coverage as part of the overall commitment to the Sustainable goals. SDG Goal 3.8 sets the following target for 2030: "Achieve universal health coverage, including financial risk protection, access to quality essential health care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all."

Achieving Universal Health Coverage is an ambitious goal and will require the commitment of countries to mobilize sustained amounts of resources. In particular, progress will depend on the capacity of societies to collectively mobilize resources for health and to redistribute them for better health, greater equity and increased social cohesion. [1]

There are reasons for optimism. Over the past decade many countries have made progress on delivering health services and providing financial protection to their people. Poverty has been declining steadily, and the coverage of essential services has increased since 2000. The average coverage for a subset of nine tracer indicators increased by 1.3% a year, which is roughly a 20% increase from 2000 to 2015. [2]

Even so, there is still a long way to go to achieve UHC. At least half the world's people do not have full coverage of essential services. More than 1 billion have uncontrolled hypertension, more than 200 million women have inadequate coverage for family planning, and over 20 million infants do not receive a third dose of DTP vaccine. In addition, some 800 million people spend more than 10% of their annual budget on health care, and 100 million people are pushed into extreme poverty each year because of out-of-pocket health expenses. [2]

And further progress is possible. Since the publication of the 2010 World Health Report, WHO has emphasized that all countries can do something to move towards UHC. [3] Most countries are capable of mobilizing the needed resources to achieve some level of universality, particularly of most essential services including primary health care. [4] And many already do. But further progress will require doing more—and doing better. Economic growth will help a lot, and current prospects are encouraging. But economic growth will not be enough. Many countries will need to invest more in policy reforms to expand their public purse and invest in providing quality services.

For health financing the starting point for analysing what is possible is to have a solid understanding of the level and mix of funding, the channels for health expenditures, and their trends over time. WHO has a long history of documenting and analysing health expenditures. Indeed, 2017 marks the 50th anniversary of its first publication on the subject, produced by the late Professor Brian Abel-Smith. [5]

This report summarizes the latest internationally comparable data on health spending in all WHO Member States between 2000 and 2015. But it does more than publish the most recent data. For the first time the report also uses the new international classification for health expenditures in the revised System of Health Accounts (SHA-2). [6] These classifications enable presenting detailed information on the role of governments, households and donors in funding health services—and the financing arrangements through which these funds are channelled and spent.

The data come from the annual update of WHO's Global Health Expenditure Database (GHED), which includes new estimates of health expenditures in 2015 as well as revised data series for each country and each year from 2000 to 2015. The new classifications improve the comparability and policy-relevance of the estimates. In addition, WHO has engaged in a major (and ongoing) effort to improve data quality, working with each country and, where relevant, partner agencies.

The aim of this report is to summarize key global health expenditure patterns and trends, to illustrate the potential of the new database to inform thinking about financing reforms to progress towards UHC, and to raise issues for further research. Following this introduction, the first section explains the unique nature of this global database as a global public good and notes the strengths of the new classification as well as the remaining limitations of the data. Section 2 then gives a sense of the size of health in the global economy and how health expenditures are distributed around the world. Given the recognition of its importance for progress towards UHC, [7] an assessment of levels and trends in public financing for health is contained in Section 3. This is followed by an analysis of external resource inflows (mostly in the form of development assistance for health), exploring what the data suggest with regard to critical issues such as fungibility between external and domestic revenues. Section 5 updates and reviews the latest information on out-of-pocket spending (OOPS), a key concern with regard to financial protection and hence progress towards UHC. Many countries have tried to reduce OOPS through financing arrangements referred to as social health insurance (SHI), and the following Section 6 summarizes what the data tell us about the relative magnitude of expenditures that flow through SHI as well as the mix of revenue sources on which it relies. In the final section of the report, we recap the main findings on the levels and trends in global health expenditures, and propose priorities for data quality improvement going forward.

More and better data are a public good. They are critical to understand progress and its drivers. For two decades now, WHO has invested in supporting countries to track their health expenditures and in developing a global database. This report renews and enhances our effort to provide to both citizens and policymakers an overall picture of comparable data on health spending worldwide.