

21 June, 2013

Health Satellite Accounts  
2010-2012Pe

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## Current health expenditure decreased again In 2012

In 2012, current health expenditure decreased significantly (-5.5%) after a nominal decrease of 5.8% in 2011. This negative trend was mainly determined by the pronounced reduction in current public expenditure, which reached 8.4% in 2011 and 9.7% in 2012.

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Statistics Portugal releases, for the first time, the results of Health Satellite Accounts for the year 2012 regarding current health expenditure and financing. Compared with previously published data, the provisional data for 2010 and preliminary data for 2011 were revised. This press release presents the final data for the year 2010, provisional data for the year 2011 and preliminary data for the year 2012. Time series starting in 2000 are available in attached tables.

In Statistics Portugal website, in the area of National Accounts (section of Satellite Accounts<sup>1</sup>) additional tables are published with more detailed data.

### 1. Current health expenditure

In 2011, current health expenditure decreased 5.8%, reaching 16,536.8 million euro, corresponding to 9.7% of Gross Domestic Product (GDP). Health expenditure *per capita* was 1,552.64 euro. In 2012, current expenditure decreased again (change rate of -5.5%), being estimated at 15,628.1 million euro, corresponding to 9.5% of GDP.

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<sup>1</sup> [http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_contas\\_nacionais&contexto=cs&selTab=tab3&perfil=104012510&INST=116634832](http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_contas_nacionais&contexto=cs&selTab=tab3&perfil=104012510&INST=116634832)

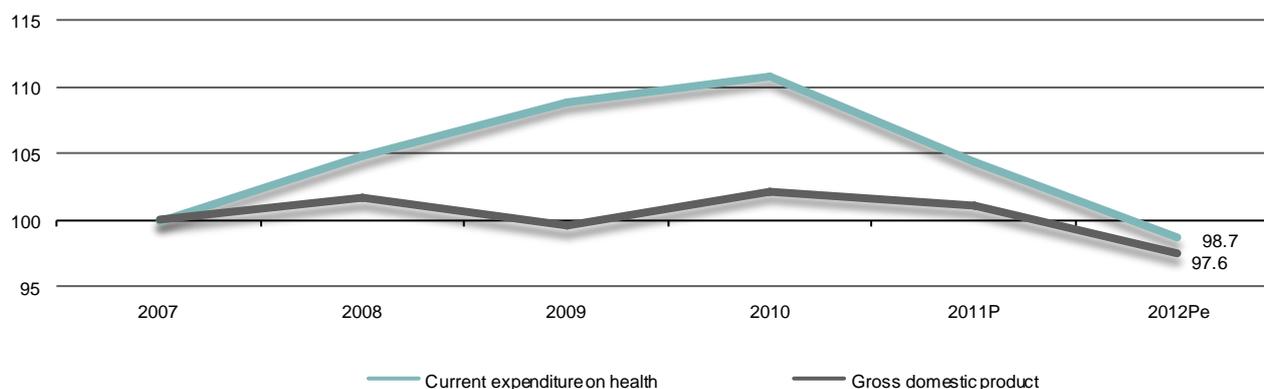
**Table 1: Current expenditure on health and GDP (2007-2012Pe)**

	2007	2008	2009	2010	2011P	2012Pe
<b>Current expenditure on health</b>						
Value (10 <sup>6</sup> €)	15 838.6	16 602.8	17 256.2	17 552.7	16 536.8	15 628.1
change rate of value (%)	4.8	4.8	3.9	1.7	-5.8	-5.5
% of GDP (%)	9.4	9.7	10.2	10.2	9.7	9.5
<i>Per capita</i> (€)	1 493.03	1 562.99	1 622.97	1 650.10	1 552.64	1 474.03
<b>Gross domestic product (GDP)</b>						
Value (10 <sup>6</sup> €)	169 319.2	171 983.1	168 529.2	172 859.5	171 053.1	165 246.8
change rate of value (%)	5.3	1.6	-2.0	2.6	-1.0	-3.4

In 2011 and 2012, current health expenditure decreased more than GDP, which recorded nominal decreases of 1.0% in 2011 and 3.4% in 2012. From 2010 onwards, current health expenditure inverted the previous growth trend, recording change rates below those of GDP. Even so, in cumulative terms, compared to 2007, current health expenditure decreased less than GDP by 1.1 p.p. (percentage points) due to the higher nominal growth rates recorded between 2007 and 2009.

**Chart 1: Current expenditure on health and GDP (2007-2012Pe)**

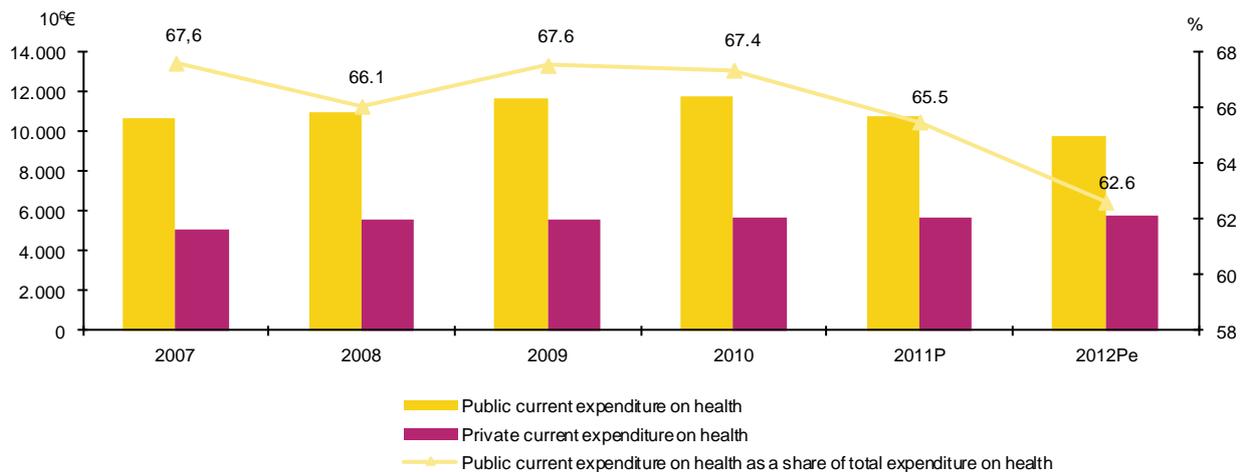
(nominal change, 2007=100)



## 2. Public and private current expenditure

In 2011 and 2012, the relative share of current expenditure financed by public agents<sup>2</sup> decreased. Since 2009, public current expenditure has been continuously losing relative importance comparing to the private current expenditure<sup>3</sup>, reaching 62.6% in 2012.

**Chart 2: Current expenditure on health, public and private (2007-2012Pe)**



After a 1.5% growth observed in 2010, public current expenditure decreased significantly in 2011 (-8.4%) and 2012 (-9.7%). On the other hand, private current expenditure decreased only slightly in 2011 (-0.4%) while it is estimated to have increased 2.4% in the following year.

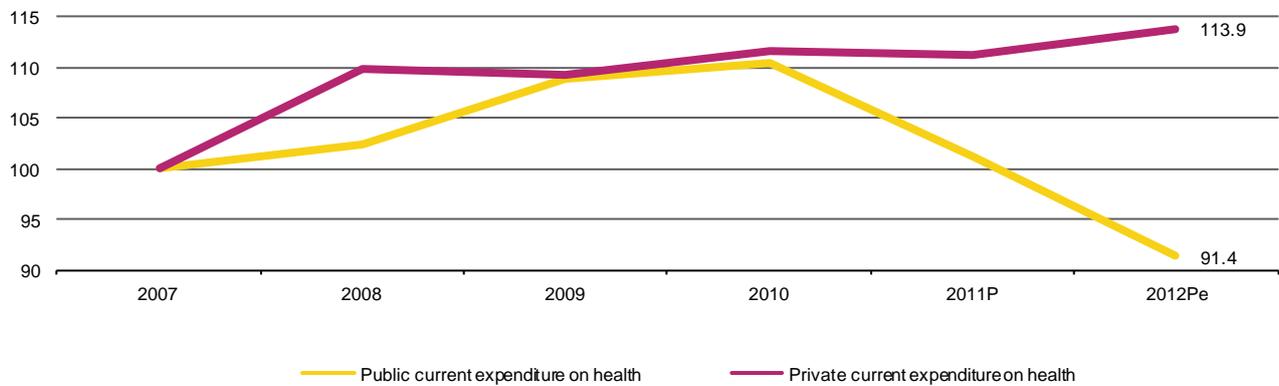
Between 2007 and 2012, private current expenditure recorded an average annual growth of 2.7%, while public current expenditure decreased, on average, 1.6%. In 2012, private current expenditure was 13.9% above the level observed in 2007, while public current expenditure was lower by 8.6%. This trend was strongly influenced by the decrease of public expenditure in the last two years.

<sup>2</sup> Public financing agents include public administration units, such as those included in the National Health Service (NHS), the public health subsystems and social security funds.

<sup>3</sup> Private financing agents include private insurance (private health subsystems and other private insurance), households, non-profit institutions serving households (NPISH) and other corporations.

**Chart 3: Current expenditure on health, public and private (2007-2012Pe)**

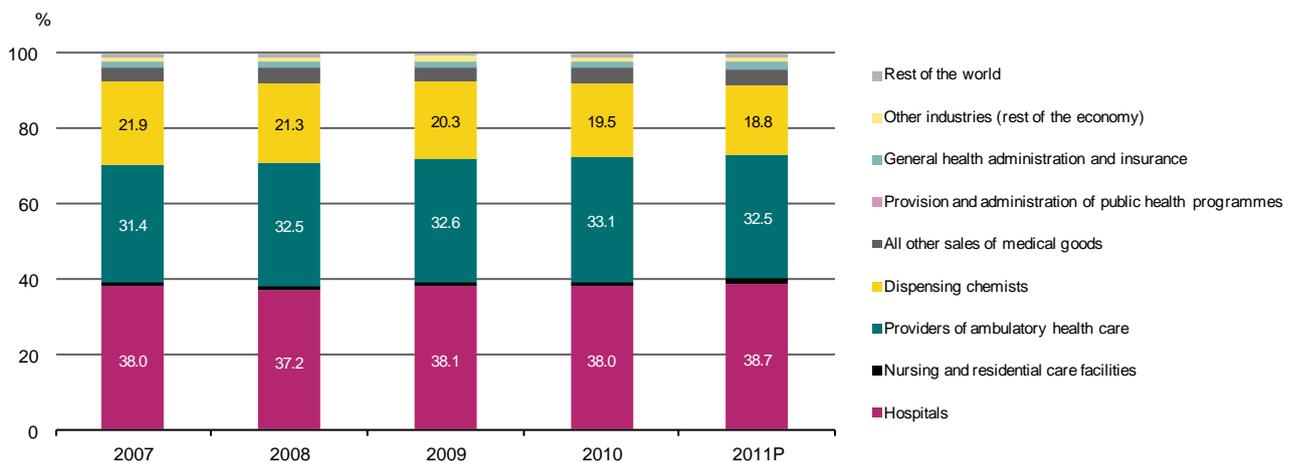
(nominal change, 2007=100)



### 3. Current health expenditure by provider <sup>4</sup>

In 2011, the structure of current expenditure by providers did not change significantly. At the level of main health care providers, there was an increase in the relative share of expenditure on hospitals (38.0% in 2010 and 38.7% in 2011) and conversely, a decrease in the proportion of expenditure on ambulatory health providers (33.1% in 2010 and 32.5% in 2011). Current expenditure on pharmacy continued to decline, accounting for 18.8% of the total in 2011.

**Chart 4: Current health expenditure by provider (2007-2011P)**



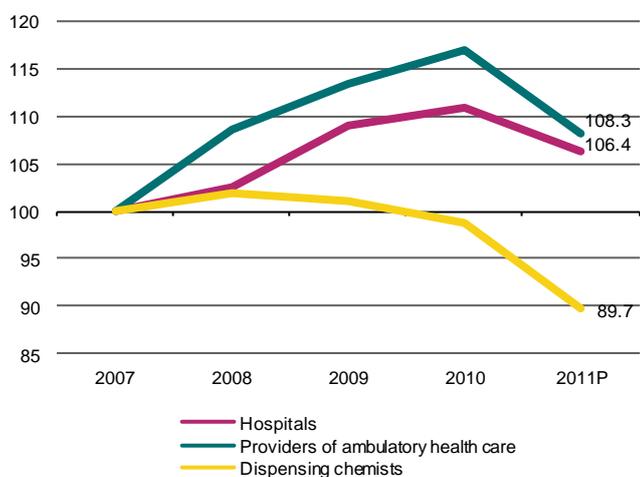
<sup>4</sup> The analysis of current health expenditure by provider of health care was based on the final results for the period 2007-2010, and provisional results for the year 2011. The preliminary version of the Health Satellite Accounts for the year 2012 does not have that detail.

In 2011, expenditure on main health care providers decreased. Expenditure on hospitals decreased 4.1%, reflecting a 7.4% reduction on public hospitals expenditure (including Public Entities Enterprise (E.P.E.)), since expenditure on private hospitals (including hospitals with Public-Private Contract) increased by 10.2%. Increased spending on private hospitals was primarily due to the opening of new hospitals. Compared to 2007, in cumulative terms, there was a slight decrease in spending of public hospitals (-0.6%), which contrasted with an expansion of expenditure on private hospitals (42.6%).

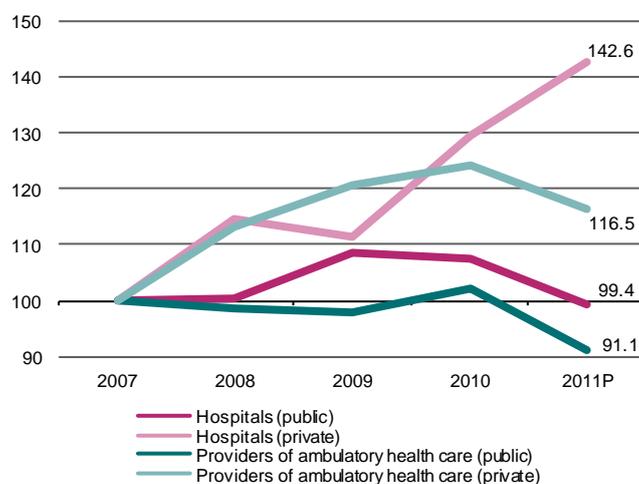
At the ambulatory health care providers level, expenditure decreased 7.4% in 2011. Expenditure on public and private providers<sup>5</sup> (see section 4) of ambulatory health care decreased 10.8% and 6.1%, respectively.

The expenditure on pharmacies decreased for the third consecutive year, registering a decline of 9.1% in 2011. Compared to 2007, expenditure on pharmacies decreased 10.3% (see point 4).

**Chart 5: Current health expenditure by main providers (2007-2011P)** (nominal change, 2007=100)



**Chart 6: Current health expenditure by main public and private providers (2007-2011P)** (nominal change, 2007=100)



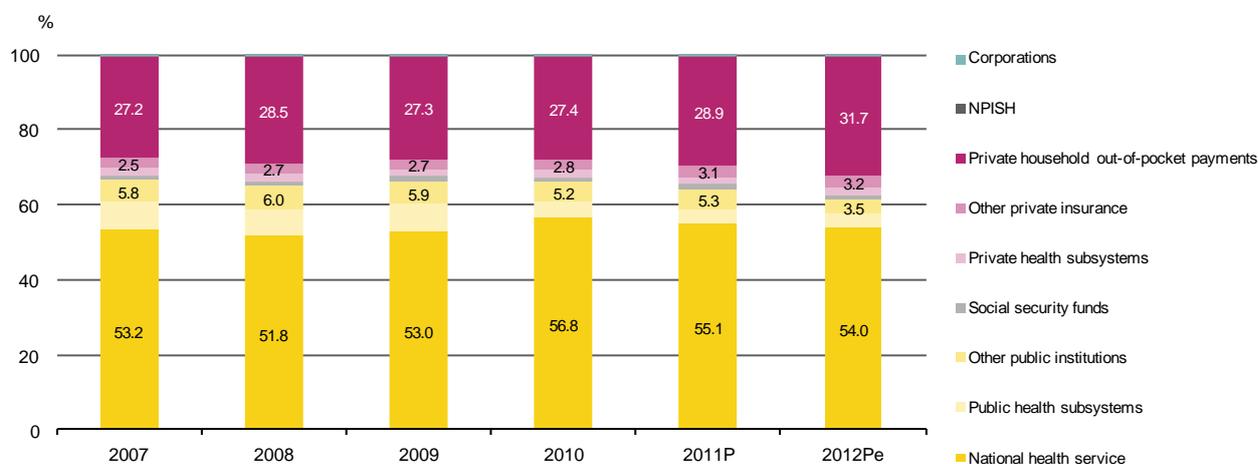
#### 4. Current expenditure by financing agents and health care providers

In 2011 and 2012 the share of current health expenditure financed by households increased, representing 28.9% and 31.7%, respectively (27.4% in 2010). Simultaneously, there was a decrease in the funding supported by the National Health Service (NHS) corresponding, in 2012, to 54.0% of current expenditure (down 1.1 p.p. compared to 2011 and 2.8 p.p. less compared to 2010).

<sup>5</sup> Include ambulatory health care centres for NHS ("Health Centres") and Regional Health Services of the Azores and Madeira.

For the remaining financing agents, in 2011 and 2012, the other private insurance was the only group to present an increase in the relative weight of their expenditure in the financing structure (2.8%, 3.1% and 3.2% in 2010, 2011 and 2012, respectively). In 2012, it should also be noticed the sharp decrease in the expenditure of other public institutions (including tax credits for health care expenditure). This decrease was due to the change of the rules applied to the calculation of tax credits established by Law n.º 64-B/2011 of 30 December. Indeed, there was a reduction of its relative weight in the financing structure (5.3% in 2011 and 3.5% in 2012). In 2012, households were only able to deduct 10% of health expenditure as tax credit, with a limit of € 838.44.

**Chart 7: Current health expenditure, by financing agent (2007-2012Pe)**



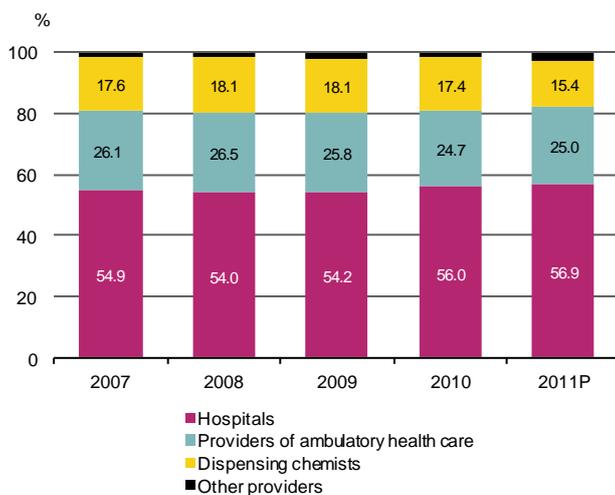
In 2011, the NHS current expenditure decreased 8.7%, reflecting the reduction in financing to public hospitals (-7.9%), to public providers of ambulatory health care (-12.6%) and pharmacies (-19.2%).

Measures to reduce public expenditure adopted in 2011, such as the reduction of compensation of employees and intermediate consumption of public providers and value of contracts with the EPE entities reduced NHS expenditure with these providers. Simultaneously, the drug policy measures implemented that year, which resulted in a decrease in drugs prices, the reduction of reimbursement by the NHS and the increment of generic drugs propitiated a significant reduction in NHS expenditure with pharmacies.

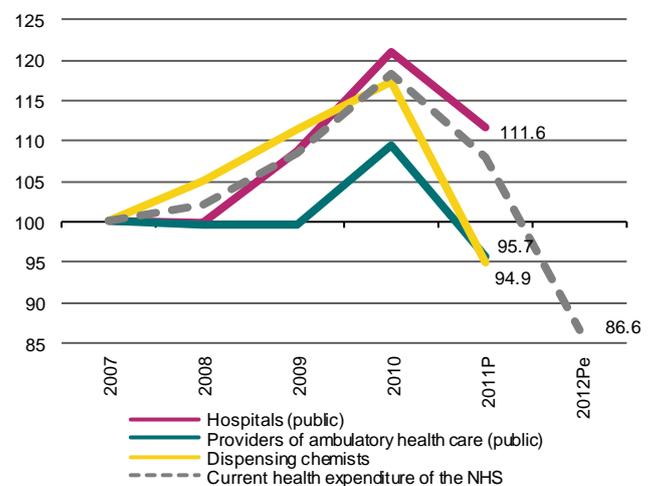
In 2012, it is estimated that the current expenditure of the NHS has decreased 7.3%, reflecting the effects of the reinforcement of the measures adopted in 2011, such as the reduction of compensation of employees and intermediate consumption (drugs and diagnostic and therapeutic ancillary services) and the reduction of the value of contracts with

EPE. It were also implemented new measures under the medicine policy, such as: drugs price revision with reference to lower prices in other European countries; incentive access to generic drug market through judicial release of related patents and the increase of active substances with generic drug market; implementation of prescribing and dispensing by "International Nonproprietary Names (INN)", determining the dispensing of cheaper drugs that meet the medical prescription).

**Chart 8: Current expenditure of the NHS, by provider (2007-2011P)**



**Chart 9: Current expenditure of the NHS, by main providers (2007-2012Pe) (nominal change, 2007=100)**

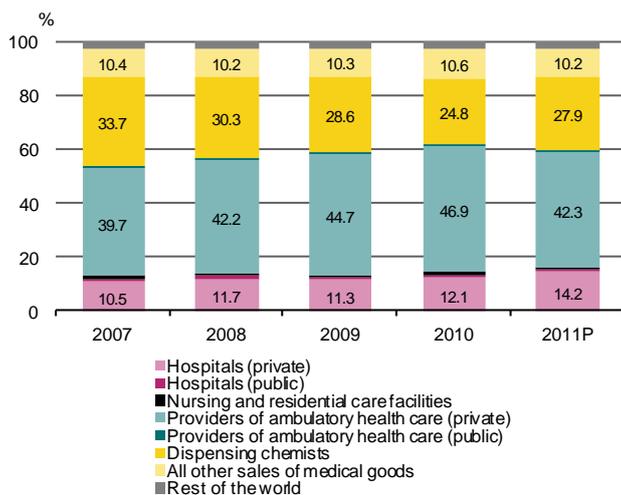


In 2011, current expenditure of households slightly decreased (-0.7%), mainly due to decreased expenditure on private providers of ambulatory health care (-10.6%), which represented 42.3% of their expenditure (-4.6 pp over 2010). Bucking the downward trend, this year, there was an increase in household expenditure on public hospitals (+25.6%), on private hospitals (+16.2%), on public providers of ambulatory health care (+54.4%) and on pharmacies (+11.9%). This evolution has resulted in the increase in the relative expenditure on private hospitals (+2.1 percentage points compared to 2010) and on pharmacies (+3.1 percentage points compared to 2010) in the structure of household expenditure. For 2012 it is estimated an increase of 3.4% of current expenditure of households.

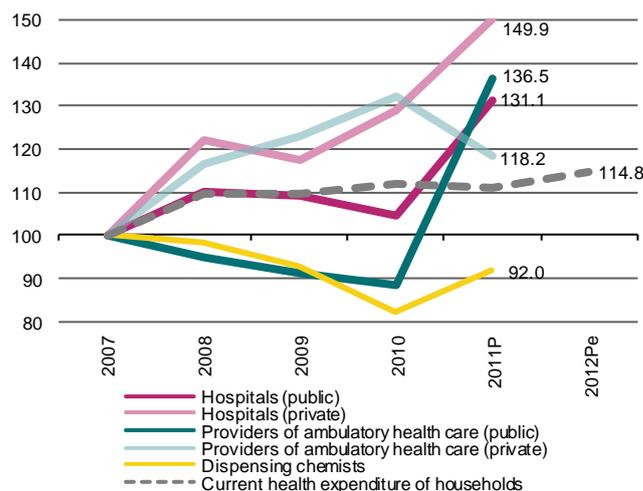
In 2011, the update of user fees charged to users by public providers belonging to the NHS and the changes of requirements for payment exemption (the right to payment exemption of user fees by pensioners and the unemployed who do not receive income above the minimum wage) contributed to the sharp increase in household expenditure with these providers. It should also be noted that, in July 2011, the Government of the Azores also introduced the payment of user fees by public providers belonging to the Regional Health Service.

On the other side, the increase in household expenditure on pharmacies was due to drug policy measures adopted in that year, such as decreasing reimbursement of certain pharmacotherapeutic groups and subgroups and change of the Grade A<sup>6</sup> from 95% to 90%.

**Chart 10: Current expenditure of households, by provider (2007-2011P)**



**Chart 11: Current expenditure of households by main provider (2007-2012Pe) (nominal change, 2007=100)**



## 5. International comparisons

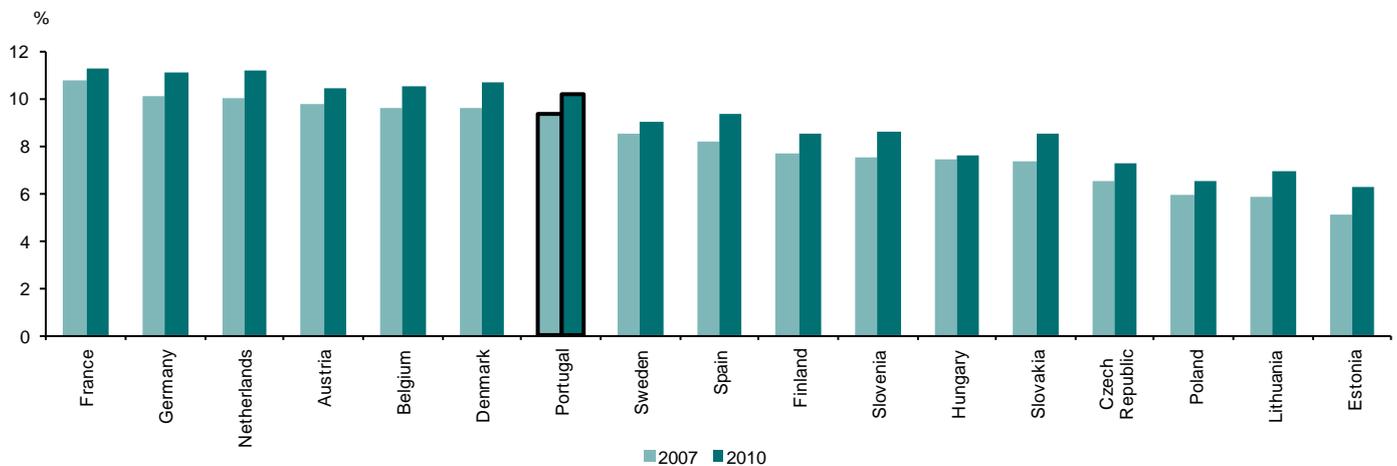
In 17 European Union Member States<sup>7</sup> with available data, it was observed an increase in the average weight of current health expenditure in GDP in 2010, compared to 2007. The Member States which recorded the most significant increases, higher than 1 p.p., were Estonia (1.21 p.p.), Spain (1.18 p.p.), Netherlands (1.17 p.p.), Slovenia (1.14 p.p.), Slovakia (1.13 p.p.), Denmark (1.11 p.p.) and Lithuania (1.10 p.p.). In Portugal, between 2007 and 2010, the weight of current expenditure in GDP increased by 0.8 p.p.. In those years, Portugal was the seventh Member State to record the highest weight of current expenditure in GDP.

<sup>6</sup> The reimbursement of the State in the price of medicines sold to the public is set according to the following levels: Level A - 90%, Category B - 69%, Category C - 37%; Category D - 15%. The reimbursement levels vary according to the indications of the drug, its use, entities that prescribe and with the increased consumption for patients suffering from certain conditions

(<http://www.portaldasaude.pt/portal/conteudos/informacoes+uteis/medicamentos/comparticipacaomedicamentos.htm>).

<sup>7</sup> Data from Eurostat database on 22<sup>th</sup> May 2013 (last update: 11<sup>th</sup> March 2013)

**Chart 12: Current expenditure on health as a share of GDP (2007 and 2010)**



## 6. Data revisions

In the previous press release for Health Satellite Accounts, published on June 27<sup>th</sup>, 2012, were presented the provisional results for the year 2010 and preliminary results for the year 2011. In this press release, revised results are presented for these years. Data for 2010 are final and for 2011 are still provisional.

Final data for 2010 presented a slight upwards revision of current health expenditure, at around 18 million euro, corresponding to 0.1% of total current expenditure. These revisions resulted from the incorporation of final detailed information of National Accounts for 2010 and the integration of updated data sources related to public and private sector.

For 2011, current health expenditure was downwards revised by around 1.2% due to revisions in the same direction of public and private current expenditure due to the incorporation of new information, with a higher level of detail.

**Table 2: Current health expenditure (total, public and private) revisions (2010 and 2011)**

	2010	2011
<b>Current health expenditure (HSA 2013 - HSA 2012)</b>		
Revision (10 <sup>6</sup> €)	18.0	- 190.9
Revision (% of total expenditure)	0.1	- 1.2
<b>Public current expenditure on health (HSA 2013 - HSA 2012)</b>		
Revision (10 <sup>6</sup> €)	32.0	- 118.0
Revision (% of total expenditure)	0.2	- 0.7
<b>Private current expenditure on health (HSA 2013 - HSA 2012)</b>		
Revision (10 <sup>6</sup> €)	- 14.0	- 72.9
Revision (% of total expenditure)	- 0.1	- 0.4

**Methodological notes:**

- **Current health expenditure on health:** measures the final use of resident units of health care goods and services. Include current expenditure on personal health care services, public health services and prevention and health administration and health insurance. It also comprises imports (health expenditure of residents outside the economic territory) and excludes exports of health services (services provided by resident units to non-resident units). Current expenditure is integrated in the concept of total gross domestic expenditure.

Personal current health expenditure on health comprises the curative and rehabilitative care (in-patient, out-patient, day care and home care), long-term nursing care (in-patient, day care and home care), and ancillary services to health care and medical goods dispensed to out-patients (Pharmaceuticals and other medical non-durables and therapeutic appliances and other medical durables).

**Activities that provide health care (ICHA-HP) intended for final consumption:** comprises producers whose main and secondary activity is the production of health services. Includes:

Producers who are mainly engaged in the provision of health care (e.g. hospitals)

Producers who provide health care as a secondary activity (e.g. homes for the elderly).

Excludes intermediate production intended for intra activity providers (e.g. Pharmaceutical industries), except for occupational medicine.

- **Financing Agents of health care (ICHA-HF):** include all institutional units that directly fund the national health systems (eg, National Health Service, private / public health subsystems, private households out-of-pocket payments). The breakdown of health expenditure by financing agents can measure the total expenditure (or current), public and private, on health. The public financing agents comprise the National Health Service (NHS), the public health subsystems (ADSE, Medical and Drug beneficiaries of military forces and militarized PSP and Social Services and the Ministry of Justice) and other public units (including taxes credit for health care expenditure).

Private insurance are classified as private financing agents (including private health subsystems (SAMS, PT-ACS, Institute of Social Works (IOS) CTT, etc.) and other private insurance), private expenditure of households, non-profit institutions serving households (other than social insurance) and other corporations (except health insurance ones).

- **National Health Service (NHS):** includes the National Health Service of the mainland and the Regional Health Services of Azores and Madeira.

- **Other public units:** include providers outside the NHS and other institutions.

- **NHS ambulatory health care specialized Centres:** include NHS ambulatory health care centres ("Health Centres") and the Regional Health Services of the Azores and Madeira.