26 June 2018

Health Satellite Account

2015 – 2017Pe

## Current health expenditure increased 3.0% in 2017

Current health expenditure continued to increase in 2017 (+ 3.0%), at a slower pace than GDP (+ 4.1%), decelerating compared to 3.3% in 2015 and 4.4% in 2016. Over the three years 2015-2017, current public spending grew more than current private spending, reinforcing its relative importance in financing the Portuguese health system (66.2% in 2015, 66.4% in 2016 and 66.6% in 2017).

This press release presents the main results of the Health Satellite Account (HSA) for the period 2015-2017. Data are final for 2015, provisional for 2016 and preliminary for 2017.

In the Statistics Portugal website, in the area of dissemination of the National Accounts (Satellite Accounts section), additional tables with more detailed information are available for the period 2000-2017.

### 1. Main results

In 2015 and 2016, current health spending increased by 3.3% and 4.4%, respectively, reinforcing the growth started in 2014 (0.9%). In 2016, current expenditure stood at 16,836.1 million Euros (9.1% of GDP, corresponding to 1,630.5 Euros *per capita*). For 2017, the growth rate of current expenditure is estimated to have slowed down to 3.0%, reaching 17,344.8 million Euros (9.0% of GDP and 1,683.9 euros per capita).

Contrary to what happened in 2016, where current health expenditure grew more than GDP (+1.2 pp), in 2015 and 2017 current health spending presented a slower growth. This situation of growth in current health expenditure higher than that of GDP occurred in 2016 was not observed since 2009.

**Table 1: Current Health Expenditure and GDP (2015-2017)**

| | 2015 | 2016 Provisional | 2017 Preliminary |
|---|---|---|---|
| **Current expenditure on health** | | | |
| Value ($10^6$ €) | 16,132.2 | 16,836.1 | 17,344.8 |
| Change rate of value (%) | 3.3 | 4.4 | 3.0 |
| % of GDP | 9.0 | 9.1 | 9.0 |
| *Per capita* (€) | 1,557.5 | 1,630.5 | 1,683.9 |
| **Gross domestic product (GDP)** | | | |
| Value ($10^6$ €) | 179,809.1 | 185,494.0 | 193,072.0 |
| Change rate of value (%) | 3.9 | 3.2 | 4.1 |



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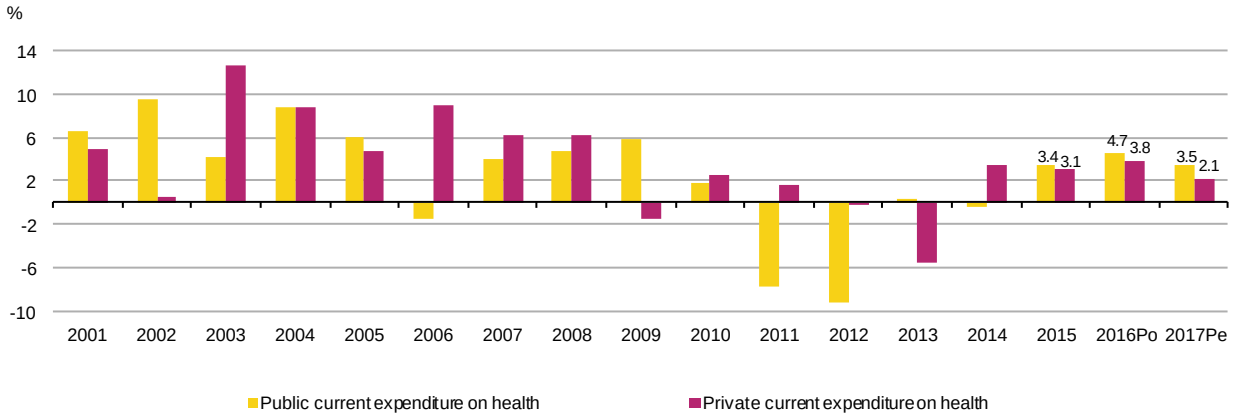
From 2015 to 2017, current public expenditure[1] registered nominal increases above current private expenditure[2], reinforcing their relative importance in financing the Portuguese health system (66.2% in 2015, 66.4% in 2016 and 66.6% in 2017).

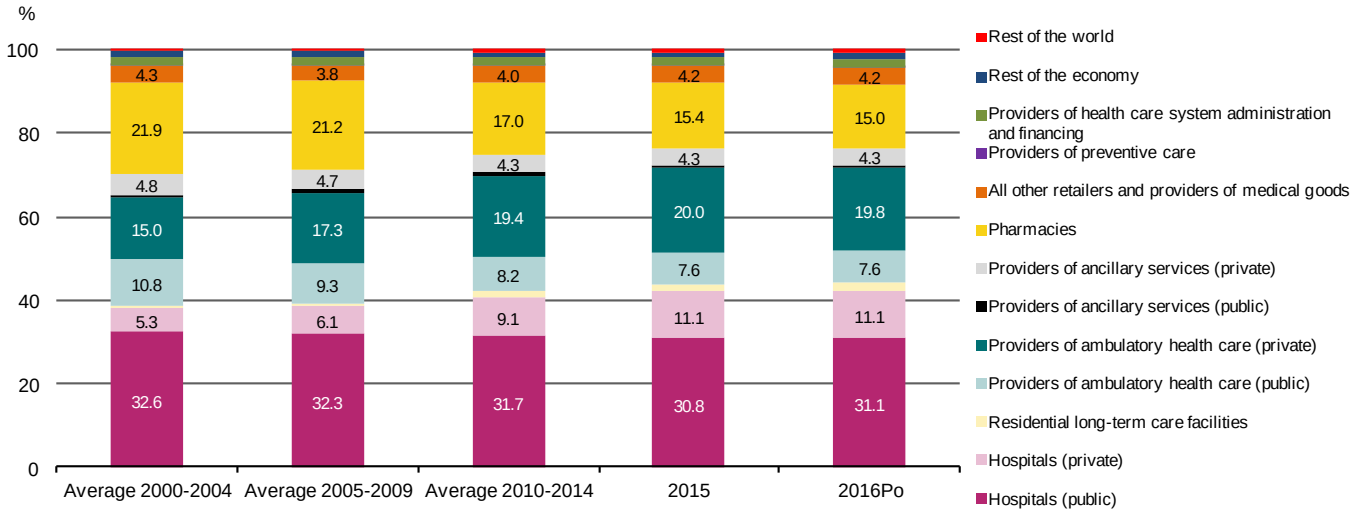
**Graph 1: Current expenditure on health, public and private (2000-2017Pe)**
(Nominal rate of change)




In 2016, the structure of the current expenditure per provider did not change significantly. It continued to focus on public hospitals (public[3] and private), providers of ambulatory health care (public and private) and pharmacies. The expenditure of public providers (hospitals, ambulatory health care providers and ancillary service providers) accounted for 39.3% of current expenditure in that year. The hospitals with Public-Private Partnership (PPP) Contract accounted for 20.3% of the current expenditure of private hospitals.

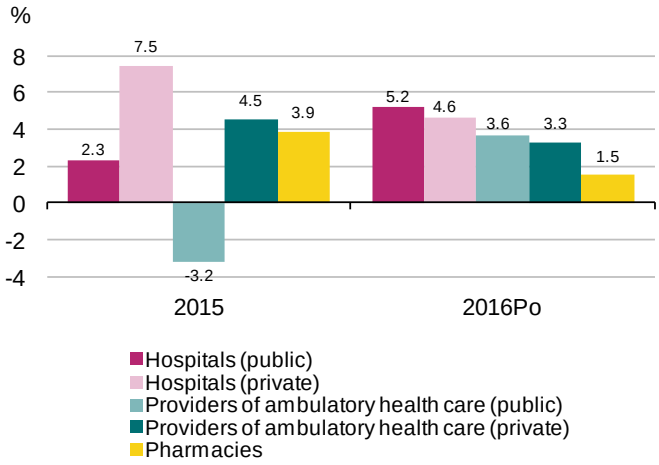
[1] Public current expenditure corresponds to the expenditure made by public funding agents who manage and administer the general government funding schemes and the mandatory contributory financing schemes. Public funding agents include the National Health Service (SNS) and the Regional Health Services (SRS) of Azores and Madeira, public health subsystems, other public administration entities and Social Security funds.
[2] Current private expenditure corresponds to expenditure made by households and by private financing agents who manage and administer voluntary financing schemes. Private lenders include companies (insurance and others), non-profit institutions serving households (NPISHs) (health subsystems and others) and households.
[3] Public hospitals include Public Business Entities (E.P.E.) hospitals.

**Graph 2: Current health expenditure by provider (2000-2016Po)**




In 2016, the expenditure of public hospitals and public ambulatory health care providers' services has grown more than in private providers. The combination of the increase in intermediate consumption (in pharmaceuticals and clinical consumption material) and personnel costs (determined, among other reasons, by the abolition of the reduction of remuneration[4], exceptional and urgent contracting, changes in the contractual regime of doctors) caused this evolution. In private providers, hospital spending (+4.6%) increased due to the opening of new hospital units and the increase in activity.

**Graph 3: Evolution of current health expenditure by main providers (2015-2016Po)**
(Nominal rate of change)

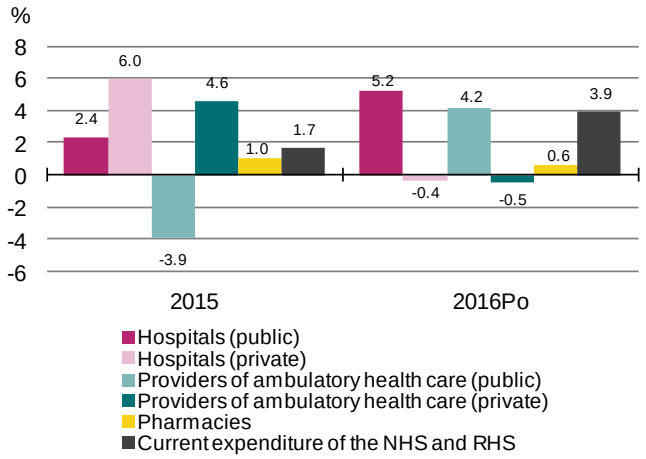



[4] Law no. 64 159-A / 2015, of December 30th.

In 2016, current health expenditure was financed mainly by the National Health Service (NHS) and Regional Health Services of the Autonomous Regions (RHS) (57.0%) and by households (27.8%). Public health subsystems accounted for 4.2%, other public administration units 3.9% and insurance companies 3.7%.

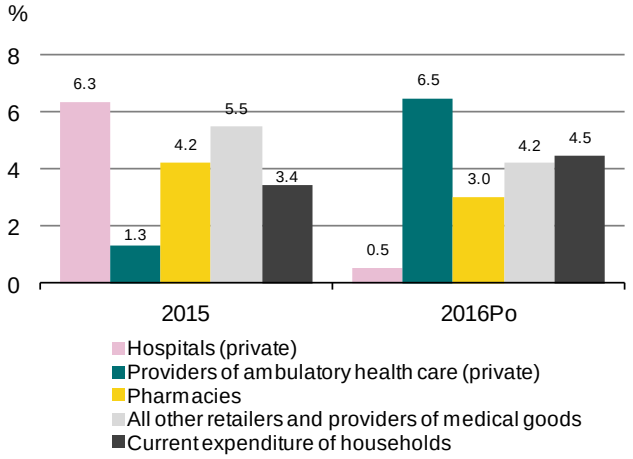
The main providers of the NHS and RHS financing were public hospitals (53.1%), pharmacies (13.1%) and public ambulatory health care providers (12.2%). The evolution of the current expenditure of the NHS and RHS (3.9%) reflected the increase in funding in public hospitals (+5.2%) and ambulatory public health care providers (+4.2%). Expenditure in pharmacies slightly increased (+0.6%).
By 2017, it is estimated that NHS and SRS spending increased by 4.1%.

**Chart 4: Evolution of the current expenditure of the NHS and RHS, by main providers (2015-2016Po)**
(Nominal rate of change)




In 2016, households concentrated their spending on private providers (40.8% in providers of ambulatory care and 14.3% in hospitals), pharmacies (24.0%) and all other sales of medical goods (10.3%). Household current expenditure increased by 4.5%, reinforcing growth in the previous two years (3.6% in 2014 and 3.4% in 2015). Increases in providers of ambulatory care (+ 6.5%), in all other sales of medical goods (+ 4.2%) and in pharmacies (+ 3.0%) were decisive factors for this evolution. By 2017, preliminary estimates point to a deceleration of current household spending on health (+ 1.1%).

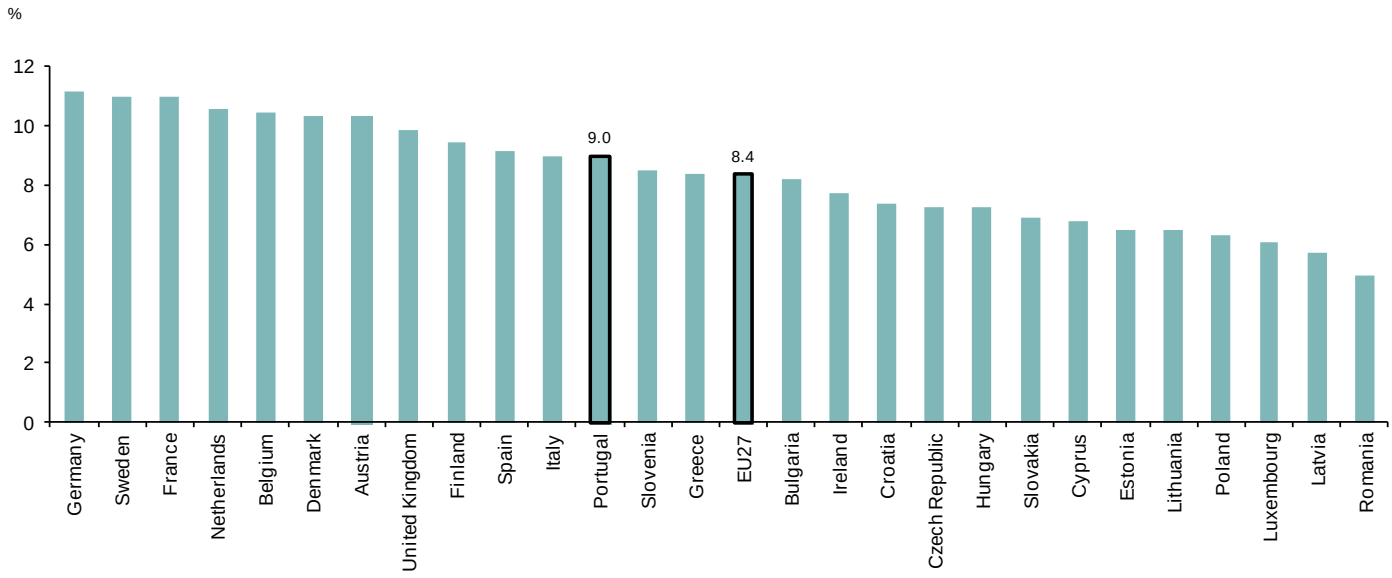
**Chart 5: Evolution of household current expenditure by main providers (2015-2016Po)**
(Nominal rate of change)




## 2. International comparisons

In all 27 EU Member States (MS) with results available for 2015[5], Portugal ranked 12th among the MS with the greatest relative importance of current expenditure on health in GDP, slightly above the EU average (8, 4%). In the ranking of MS with greater weight, Germany (11.2%) and Sweden (11.0%) stood out, registering twice that observed in Latvia (5.7%) and Romania (5.0%)

**Chart 6: Current health expenditure as a share of GDP in EU (2015)**




[5] Data extracted from the Eurostat database as at 30 May 2018 (date of last update: 24 May 2018). Under the European Commission Regulation (EU) No 2015/359 (of 4 March 2015), which entered into force in 2016, with the exception of Malta, all Member States have made available data on current health expenditure for the year 2015.

In 2015, an average of 78.7% of current health expenditure was financed by the general government and compulsory contributory schemes. Households' out-of-pocket payments accounted for 15.3% of current expenditure. Voluntary schemes accounted for 6.0% of expenditure.

Portugal ranks 5th among MS with the lowest weight of the government and compulsory contributory schemes (66.2%), significantly below the EU27 average (78.7%). Conversely, the MS that recorded the largest share of general government schemes (and compulsory contributory) expenditure were Germany (84.5%), Denmark (84.1%) and Sweden (83.7%).

In that year, the relative importance of Households out-of-pocket payments on health care in Portugal was the 7th highest (27.7%). In the ranking of MS with lower weight of household financing, France (6.8%), Luxembourg (10.6%) and the Netherlands (12.3%) stood out.

**Chart 7: Health financing schemes in the EU27 (2015)**

## Methodological notes:

Health Satellite Account havs, as methodological references, *the System of Health Accounts Manual - 2011 Edition* (SHA 2011) and the Commission Regulation (EU) 2015/359, of March 4, 2015. SHA 2011 manual is consistent with the principles, concepts, definitions and classifications present in the European System of National and Regional Accounts 2010 (ESA 2010) and in the System of National Accounts 2008 (SNA 2008) of the United Nations, thus ensuring the harmonization of methodologies and international comparability of results.

For more information please consult: http://www.oecd.org/els/health-systems/sha2011.htm

- **Current health expenditure**: includes the final consumption expenditure of the resident units in health goods and services. Excludes exports of health goods and services provided to non-resident units in the economic territory, and includes imports of health goods and services provided to resident units outside the economic territory.

**- International Classification for Health Accounts - ICHA:**

The structure of the health accounts system, according to SHA 2011, focuses on the three-dimensional analysis of health systems at the level of health care functions (ICHA-HC), provision (ICHA-HP) and their financing (ICHA-HF / ICHA-FA).

In the transposition for the Portuguese case the following **functional classification (ICHA - HC)** of health care was adopted:

| Functions of Health Care | | Mode of production |
|---|---|---|
| HC.1 | Curative care | Inpatient care |
| HC.2 | Rehabilitative care | Day care |
| HC.3 | Long-term care (health) | Outpatient care |
| | | Home-based care |
| HC.4 | Ancillary services (non-specified by function) | |
| HC.5 | Medical goods (non-specified by function) | |
| HC.6 | Preventive care | |
| HC.7 | Governance and health system and financing administration | |
| HC.9 | Other health care services not elsew here classified (n.e.c.) | |
| Memorandum items: reporting items | | |
| HC.RI.1 | Total pharmaceutical expenditure | |
| HC.RI.2 | Traditional complementary alternative medicines | |
| HC.RI.3 | Prevention and public health services (according to SHA 1.0) | |
| Memorandum items: health care related | | |
| HCR.1 | Long-term care (social) | |

In Portugal the following **classification of providers (ICHA - HP)** was adopted:

| Health Care Providers | |
|---|---|
| **Public Providers:** | **Private Providers:** |
| Hospitals (HP.1) | Hospitals (HP.1) |
| Ambulatory health care centres (NHS and RHS) (HP.3.4) | Residential long-term care facilities (HP.2) |
| Ambulatory health care centres (Others) (HP.3.4) | Medical and dental practices and other health care practitioners (HP.3.1, HP.3.2, HP.3.3) |
| Providers of patient transportation and emergency rescue (HP.4.1) | Ambulatory health care centres (HP.3.4) |
| Medical and diagnostic laboratories (HP.4.2) | Providers of home health care services (HP.3.5) |
| Providers of health care system administration and financing (HP.7) | Providers of patient transportation and emergency rescue (HP.4.1) |
| Rest of the economy (HP.8) | Medical and diagnostic laboratories (HP.4.2) |
| | Pharmacies (HP.5.1) |
| | All other retailers and providers of medical goods (HP.5.2-5.9) |
| | Providers of preventive care (HP.6) |
| | Providers of health care system administration and financing (HP.7) |
| | Rest of the economy (HP.8) |

The HSA presents the separation between public and private providers. It also considers the following specification:

- Health care centers specializing in ambulatory services of the National Health Service (NHS) and Regional Health Services (RHS): include the ambulatory health centers of the NHS (Health Centers) and the RHS of the Azores and Madeira.

According to the SHA 2011 manual, **financing schemes (ICHA-HF)** constitute the structural components of health care financing systems through which individuals have access to health goods and services. They include direct household payments, as well as payments by third parties. In addition, the SHA 2011 manual considers the **classification of financing agents (ICHA-FA)**, which are the institutional units that manage and administer financing schemes, collect revenues and / or purchase health goods and services.

It should be noted that the SHA 2011 Manual excludes from the central structure of the health accounts system the classification of the financing agents (ICHA-FA), becoming an extension of it.

However, in the Portuguese health satellite account, it was decided to maintain both financing classifications. A more detailed analysis of results at the level of the financing agents is considered important, allowing the separation of the results of the NHS and RHS. In the transposition of the financing classification, the relationship described in Table 2 between financing schemes and financing agents was adopted, as well as the respective separation between private and public expenditure.

**Table 2: Correspondence between financing schemes, financing agents and public and private expenditure**

| Health Care Financing Schemes (ICHA-HF) | | Health Care Financing Agents (ICHA-FA) | | Public/private expenditure |
|---|---|---|---|---|
| HF.1 | Governmental schemes and compulsory contributory health financing schemes | FA.1 | General government | Public |
| HF.1.1 | Governmental schemes | FA.1.1+FA.1.2 | Central government and regional/local government | |
| HF.1.1.1 + HF.1.1.2 | Central/regional/local government schemes | FA.1.1.1 + FA.1.2.1 | National and Regional Health Service | |
| | | FA.1.1.2 + FA.1.2.2 | Public health subsystems | |
| | | FA.1.1.3 + FA.1.2.3 | Other public institutions | |
| HF.1.2 | Compulsory contributory health insurance schemes | FA.1.3 | Social security funds | |
| HF.1.2.1 | Social health insurance schemes | | | |
| HF.2 | Voluntary health care payment schemes | | | Private |
| HF.2.1 | Voluntary health insurance schemes | FA.2 | Insurance corporations | |
| HF.2.3 | Enterprises financing schemes | FA.3 | Corporations (other than FA.2) | |
| | | FA.4 | Non-profit institutions serving households (NPISH) | |
| HF.2.1 | Voluntary health insurance schemes | FA.4.1 | Private health subsystems | |
| HF.2.2 | NPISHs financing schemes | FA.4.2 | Other NPISH | |
| HF.3 | Household out-of-pocket payment | FA.5 | Households | |
| HF.4 | Rest of the world financing schemes (non-resident) | FA.6 | Rest of the world | |

**- Data Revisions (2015 and 2016)**

The final data for 2015 present a revision of + 0.2% of current health expenditure, compared to its provisional version published in the last press release (26 June 2017). This revision was based on the integration of final data from data sources.

The provisional results for 2016, compared to the previous preliminary version, also reflect an upwards revision of current health expenditure (+1.8%), public (+1.9%) and private (+1.4%). These reviews resulted from the incorporation of more up to date and detailed information at the level of health care providers and financing agents. On the providers side, the biggest changes were in public hospitals (due to revisions in their intermediate consumption), and in all private providers (incorporation of simplified business information). In relation to the financing, it was highlighted the upwards revision of the financing of public expenditure through the NHS and RHS and the public health subsystems (in this specific case of information related to the ADSE).

**Table 3: Revisions of current health expenditure (total, public and private) (2015-2016)**

| | 2015 | 2016 |
|---|---|---|
| **Current expenditure** | | |
| Revision ($10^6$ €) | 26.4 | 290.8 |
| Revision (% of current expenditure) | 0.2 | 1.8 |
| **Public current expenditure** | | |
| Revision ($10^6$ €) | 9.2 | 211.2 |
| Revision (% of public current expenditure) | 0.1 | 1.9 |
| **Private current expenditure** | | |
| Revision ($10^6$ €) | 17.2 | 79.6 |
| Revision (% of private current expenditure) | 0.3 | 1.4 |



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