04 July 2019

Health Satellite Account
2016 – 2018Pe

In 2018, current health expenditure increased 5.1%

In 2018, current health expenditure accelerated from a nominal increase of 3.6% in 2017 to 5.1%. Current expenditure growth in 2018 was higher than nominal change of GDP (3.6%). Preliminary results indicate more significant increases in public (5.3%) and private (4.6%) current expenditure, after a 3.6% growth of the two components in 2017.

Statistics Portugal presents in this press release the main results of the Health Satellite Account (HSA) for the period 2015-2018. Data are final for 2016, provisional for 2017 and preliminary for 2018. Preliminary results for 2018 were prepared based on information available until the end of May 2019.

In 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 2000-2018.

1. Main results

In 2017, current health expenditure increased 3.6%, down by 0.9 percentage points (pp) from the previous year (4.5%), totaling 17,456.5 million euros. This value corresponded to 9.0% of the Gross Domestic Product (GDP) and to 1,694.8 euros *per capita*. For 2018, it is estimated a current expenditure of 18,345.1 million euros (9.1% of GDP, equivalent to 1,784.8 euros per capita), reflecting the highest growth since 2008 (5.1%).

The nominal growth rate of current health expenditure in 2017 was lower than the GDP growth (-0.8 pp), similar to what happened in the period 2010-2015. For 2018, preliminary estimates point out to an increase in current expenditure, exceeding in 1.5 pp the GDP nominal growth.

Table 1: **Current Health Expenditure and GDP (2015-2018)**

	2015	2016	2017 Provisional	2018 Preliminary
Current expenditure on health				
Value (10^6 €)	16,132.2	16,853.8	17,456.5	18,345.1
Change rate of value (%)	3.3	4.5	3.6	5.1
% of GDP	9.0	9.0	9.0	9.1
Per capita (€)	1,557.5	1,632.3	1,694.8	1,784.8
Gross domestic product (GDP)				
Value (10^6 €)	179,809.1	186,480.5	194,613.5	201,612.5
Change rate of value (%)	3.9	3.7	4.4	3.6

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Chart 1: **Current health expenditure as a share of GDP (2000-2018Pe)**

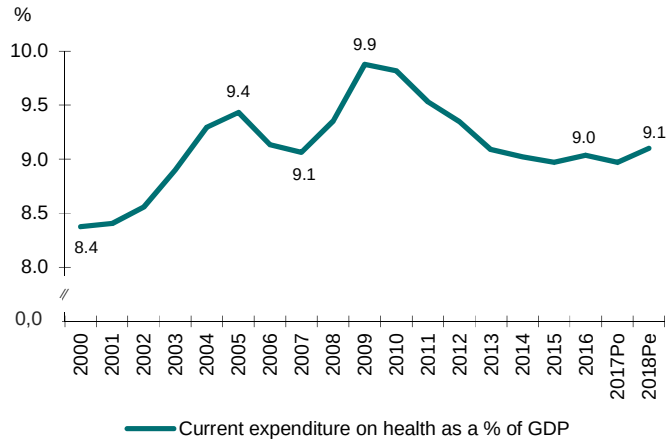
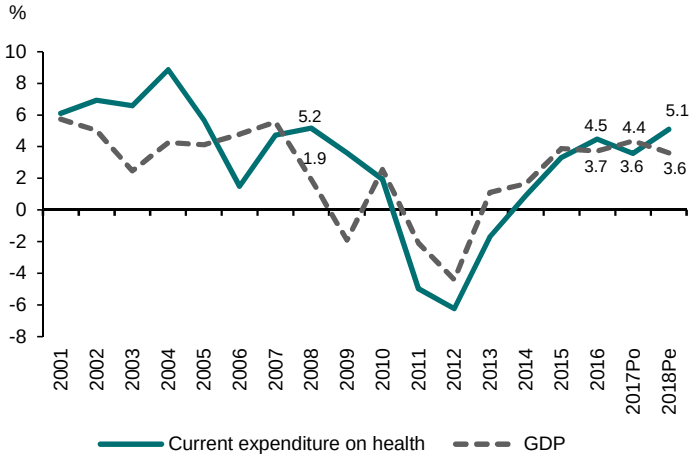


Chart 2: **Current health expenditure and GDP (2000-2018Pe)** (nominal rate of change)



Both public[1] and private[2] current expenditure increased by 3.6% in 2017. The relative importance of public current expenditure in financing the Portuguese health system remained at 66.3%. For 2018 it is foreseen an increase of public spending (5.3%) higher than that of private expenditure (4.6%).

Chart 3: **Weight of public current expenditure (2000-2018Pe)**

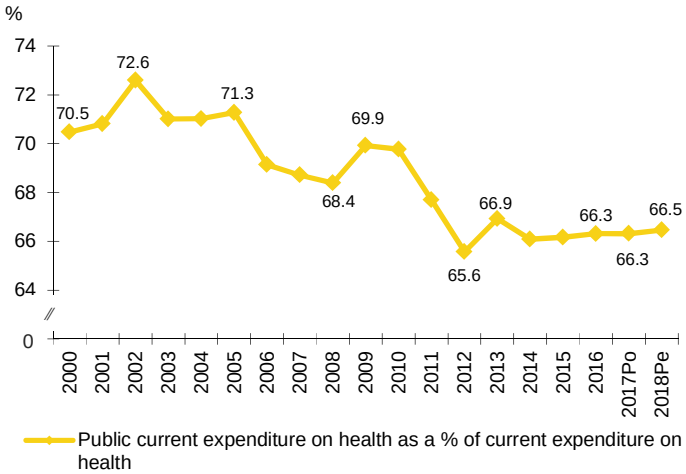
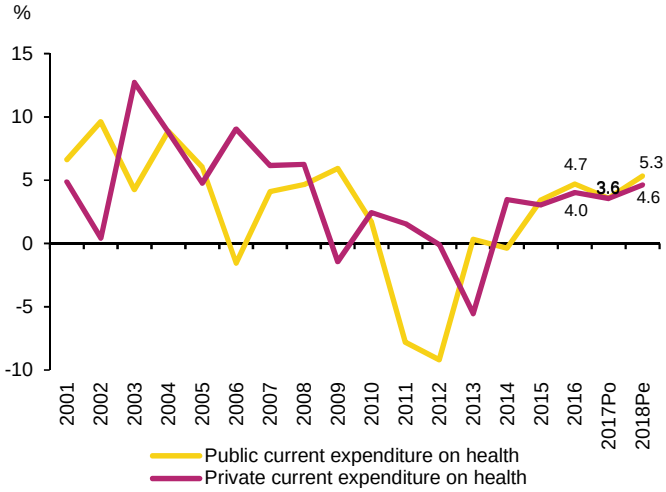


Chart 4: **Current health expenditure, public and private (2000-2018Pe)** (nominal rate of change)



[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] Private current 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.

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In 2017, the current expenditure of all public financing agents increased, especially the other units of public administration (+3.7%), the National Health Service (NHS) and the Regional Health Services of the Autonomous Regions (RHS) (+3.5%). The private financing agents that contributed most significantly to the increase in spending in that year were insurance corporations (+13.7%) and households (+2.6%).

In structural terms it should be noted the increase in the relative weight of financing of insurance corporations (+0.4 pp) and, inversely, the reduction of the relative importance of household expenditure (-0.3 pp).

Preliminary results for 2018 indicate the continuation of the increase in financing of the main public and private financing agents, with the exception of public health subsystems (-0.1%), as can be seen in chart 5.

Chart 5: **Evolution of the current expenditure of the main financing agents (2015-2018Pe)** (nominal rate of change)

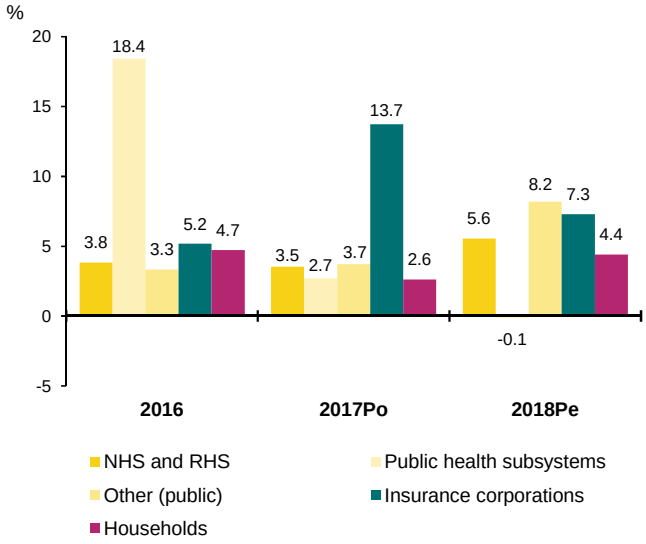
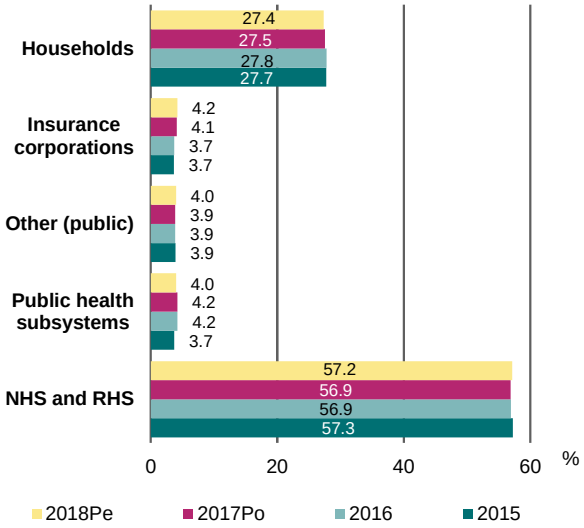


Chart 6: **Weight of the main financing agents (2015-2018Pe)**



The expenditure of public hospitals and public providers of ambulatory health care grew 4.1% in 2017, due to the increase in intermediate consumption (in pharmaceuticals and clinical consumables) and personnel costs (influenced, among other reasons, by the increase in the number of workers). In turn, the expenditure of private providers, hospitals and providers of ambulatory health care grew at a faster pace, with increases of 5.5% and 4.4%, respectively.

Compared to 2016, with the exception of pharmacies (-0.4 pp), the main providers recorded a slight increase in their relative weight in current expenditure: public[3] and private hospitals[4] (+0.2 pp); providers of ambulatory health care, public (+0.1 pp) and private (+0.2 pp). Around 39% of the expenditure was concentrated on public providers

[3] Public hospitals include Public Business Entities (E.P.E.) hospitals.
[4] Private hospitals include hospitals with Public-Private Partnership Agreement.

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(hospitals, outpatient health care providers and auxiliary providers). Hospitals with Public-Private Partnership Contract (PPP) accounted for 20.1% of the current expenditure of private hospitals providers.

Chart 7: **Evolution of the current expenditure of the main providers (2015-2017Po)**
(nominal rate of change)

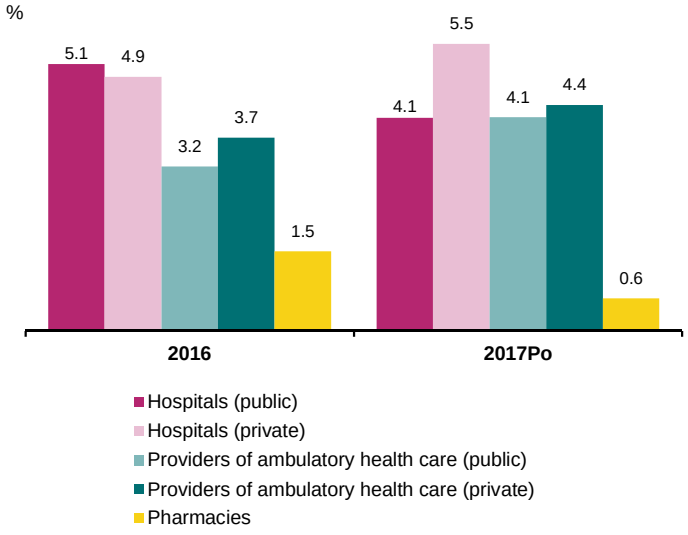
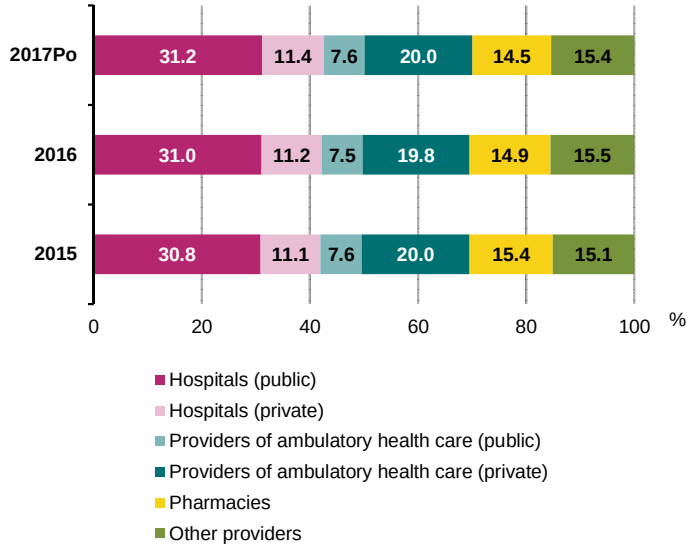


Chart 8: **Current expenditure on health by provider (2015-2017Po)**



The **NHS** and **RHS** spending increased by 3.5% in 2017, due to increased funding on private hospitals (+4.8%), public providers of ambulatory health care (+4.8%), public hospitals (4.4%), private providers of ambulatory health care (+3.4%) and pharmacies (+2.0%). In 2018, preliminary data point to an acceleration of NHS and RHS spending (+5.6%).

In 2017 there was an increase in the relative weight of the NHS and RHS financing on public providers (66.5% compared to 65.9% in 2016), particularly on public hospitals (+0.5 pp) and public providers of ambulatory health care (+0.2 pp).

Concerning private providers, in 2017, there was an increase in the relative weight of private hospitals (+0.1 pp), as a result of increased funding from the NHS and RHS to hospitals with a PPP contract (+4.9%). In that year, hospitals with a PPP contract represented 3.9% of current NHS and RHS expenditure (3.8% in 2016).

Conversely, the NHS and RHS spending on pharmacies have been losing relative importance since 2009, reaching 12.9% in 2017.

Chart 9: **Evolution of NHS and RHS expenditure, by the main providers (2015-2017Po)**
(nominal rate of change)

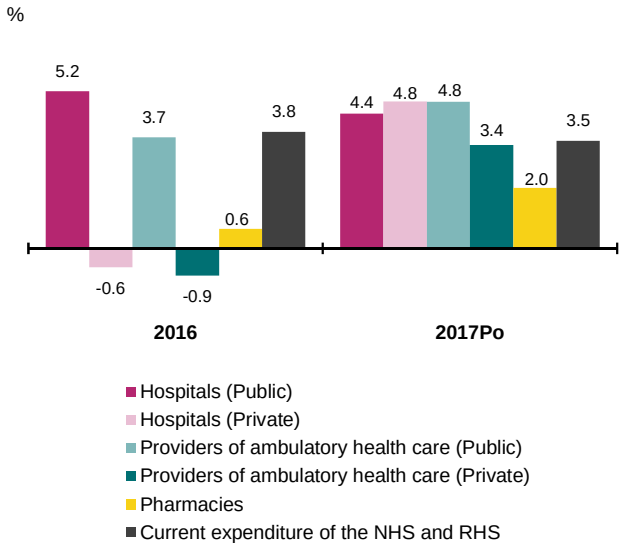
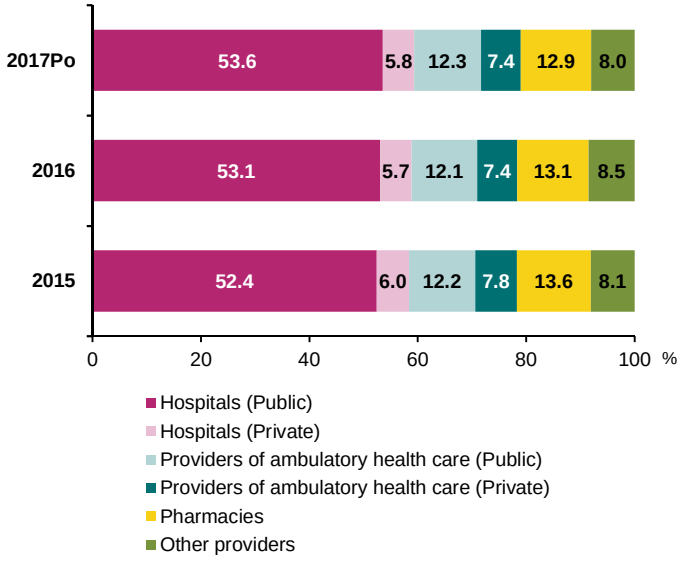


Chart 10: **NHS and RHS current expenditure, by provider (2015-2017Po)**



In 2017, there was a slight slowdown in household spending (2.6%, compared to 4.7% in 2016), for which contributed the decrease in spending on public hospitals (-5.6%), pharmacies (-0.9%) and public providers of ambulatory health care (-0.4%). Conversely, there was an increase in spending on private hospitals (+6.1%) and private providers of ambulatory health care (+3.9%), reinforcing the relative weight of these providers' expenditure in the structure financing (+0.5 pp). By 2018, household financing is estimated to have grown 4.4%.

Chart 11: **Evolution of households expenditure, by the main providers (2015-2017Po)**
(nominal rate of change)

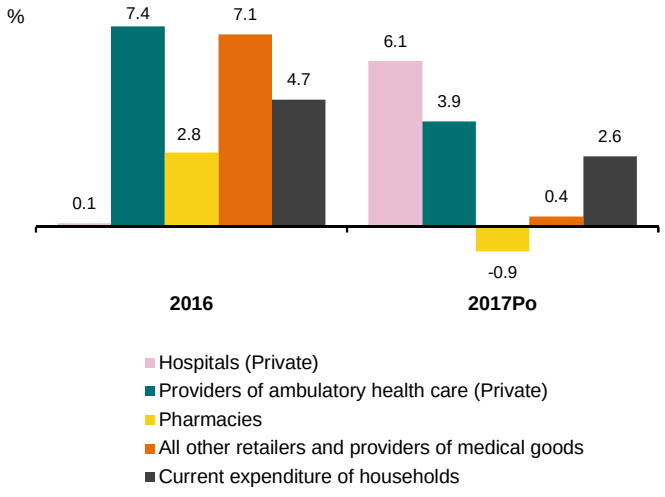
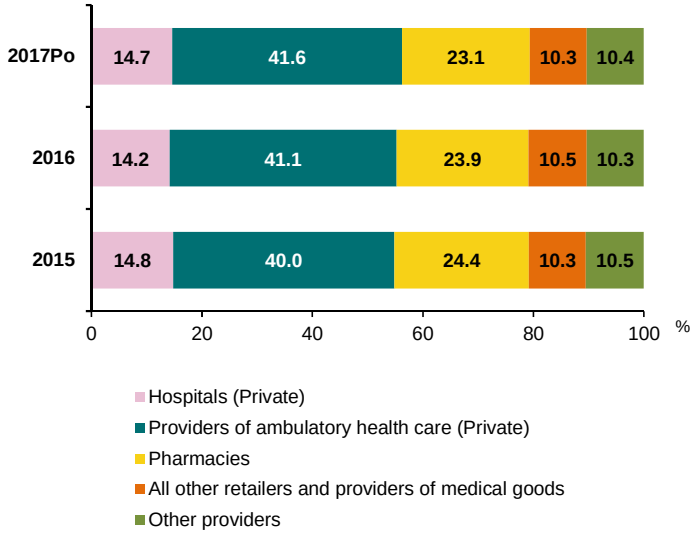


Chart 12: **Households current expenditure, by provider (2015-2017Po)**

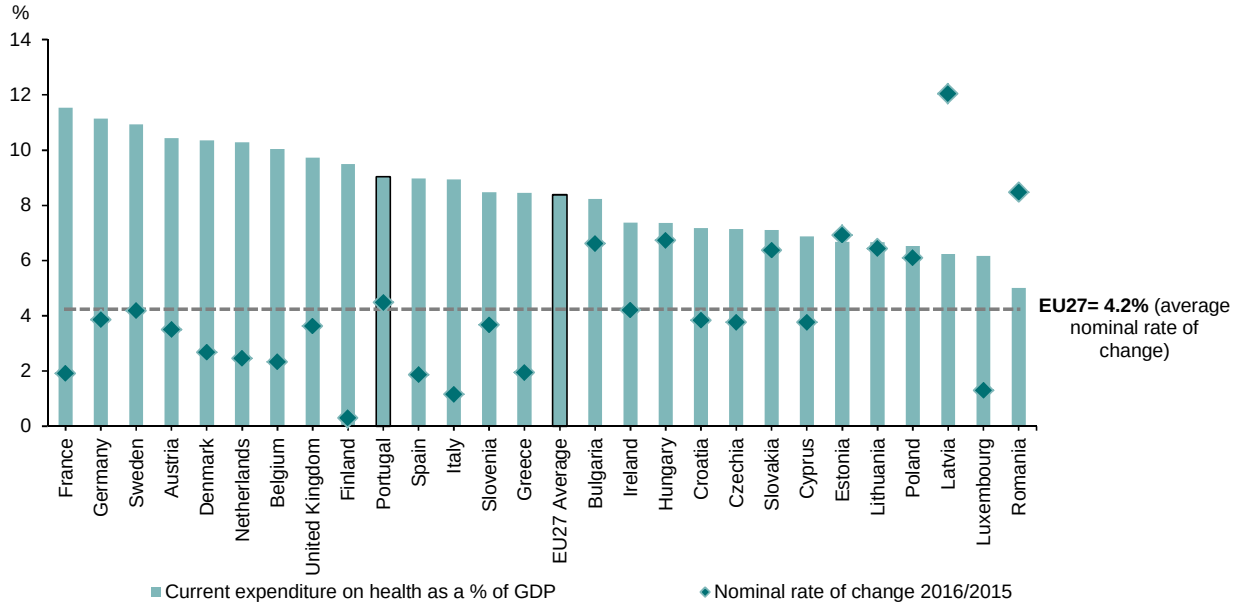


2. International comparisons

In 2016, the most recent year with information for a significant number of Member States (MS), current health expenditure in Portugal recorded a nominal rate of change (+4.5%), slightly higher than the EU27[5] average (+4.2%). In that year, Portugal ranked 10th in the MS ranking in terms of the relative weight of current expenditure in GDP (9.0%), 0.6 pp above the EU27 average (8.4%).

The most significant increases in current health expenditure were recorded in Eastern European countries, highlighting the Latvia (12.0%), Romania (8.5%) and Estonia (6.9%). In these MS, current levels of health expenditure in GDP were lower than the EU27 average, notably Romania (5.0%). In the opposite situation with a low nominal growth rate of current expenditure, were Finland (0.3%), Italy (1.1%), and Luxembourg (1.3%). France (11.5%), Germany (11.1%) and Sweden (10.9%) continued to lead the ranking of MS with the highest relative importance of current expenditure on health in GDP.

Chart 13: **Current health expenditure and GDP in EU27 (2016)**
(as a share of GDP and nominal rate of change)

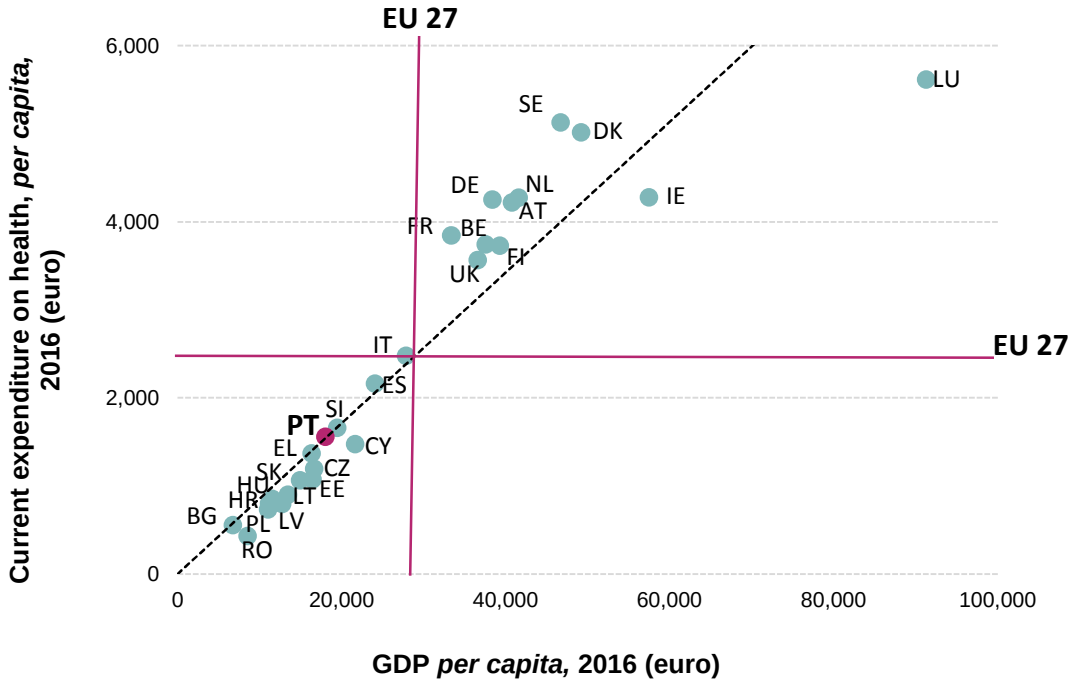


Source: INE (Portugal) and Eurostat (other MS)

[5] Data extracted from the Eurostat database on 21 June 2019 (date of last update: 21 June 2019). 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 MS made available data on current health expenditure for the year 2016.

When comparing current health expenditure and GDP *per capita* for each MS, it is concluded that there was a positive relation between the two aggregates, since MS with high GDP *per capita* also had higher current expenditure *per capita*. Portugal was part of the MS group, which presented values below the EU27 average in both indicators, being slightly below Slovenia and above Greece and Eastern European countries, although the relationship between the two variables was in Portugal in the trend line presented by the set of MS.

Chart 14: **Current health expenditure and GDP in EU27 (2016)**
(*per capita*)



Source: INE (Portugal) and Eurostat (other MS)

Methodological notes:

Health Satellite Account has, 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.

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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

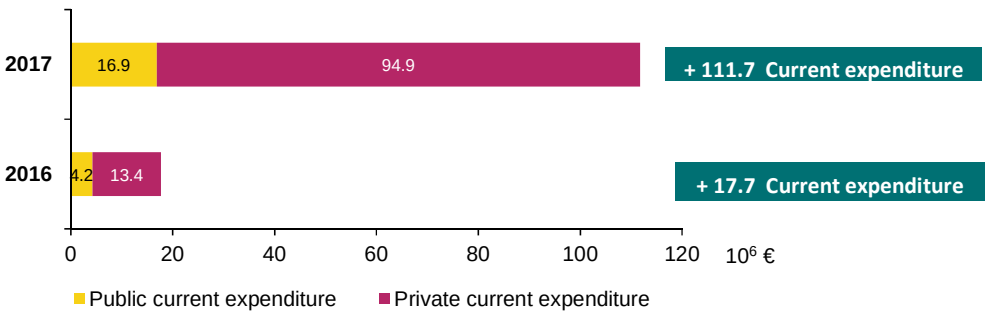
Health Care Financing Schemes (ICHA-HF)		Health Care Financing Agents (ICHA-FA)		Public/private expenditure
HF.1	Governmental schemes and compulsory contributory health financing schemes	FA.1	General government	Public
HF.1.1	Governmental schemes	FA.1.1+FA.1.2	Central government and regional/local government	
HF.1.1.1 + HF.1.1.2	Central/regional/local government schemes	FA.1.1.1 + FA.1.2.1 FA.1.1.2 + FA.1.2.2 FA.1.1.3 + FA.1.2.3	National and Regional Health Service Public health subsystems 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 (2016 and 2017)

The final data for 2016 present a revision of + 0.1% (17.7 million Euros) of current health expenditure, compared to its provisional version published in the last press release (26 June 2018). This revision was based on the integration of final data from data sources.

The provisional results for 2017, compared to the previous preliminary version, also reflect an upwards revision of current health expenditure (+0.6%), public (+0.1%) and private (+1.6%). 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 private hospitals and private providers of ambulatory health care due to the incorporation of simplified business information (SBI). In relation to the financing, it was highlighted the upwards revision of the financing of current expenditure through insurance corporations and households.

Chart 15: **Revisions of current health expenditure (total, public and private) (2016-2017)**



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