



1st July 2021
HEALTH SATELLITE ACCOUNT
2000-2020Pe

RECOMPOSITION OF CURRENT EXPENDITURE ON HEALTH WITH REINFORCEMENT OF PUBLIC EXPENDITURE AND REDUCTION OF PRIVATE EXPENDITURE IN THE CONTEXT OF THE PANDEMIC

In 2020, the COVID-19 pandemic had profound impacts on the health system, with public current expenditure increasing by 6.6%, which more than offset the negative variation in private current expenditure (-10.3%), determining a growth of 0.4% in total current expenditure on health, reaching 10.1% of GDP, the highest level since 2009.

As a result of the divergent behavior of public current expenditure and private current expenditure, the first corresponded to more than 2/3 of the total (67.6%), the highest proportion since 2010.

Statistics Portugal presents in this press release, the series of results of the Health Satellite Account (HSA), on 2016 benchmark year, for the period 2000-2020. Compared to the data published on July 13, 2020, the results for the years 2016-2019 were revised.

Data released are final for 2000-2018, provisional for 2019 and preliminary for 2020. Data for 2020 were prepared based on information available until mid-April 2021.

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

1. Main results

Current expenditure on health and Gross Domestic Product (GDP): 2016-2020

For 2020, it is estimated that the current expenditure on health has grown by 0.4%, totaling 20,482.0 million euros (10.1% of GDP and 1,989.1 euros *per capita*), the highest value in the current series of the HSA. In 2019, current expenditure on health increased by 5.6%, reaching 20,392.5 million euros, corresponding to 9.5% of the Gross Domestic Product (GDP) and to 1,982.5 euros *per capita*.

In 2019 and 2020, current expenditure on health continued to grow, in nominal terms, at a faster pace than GDP (+1.3 p.p., in 2019 and +5.8 p.p., in 2020). It should be noted that the increase in current health expenditure as a percentage of GDP by 0.6 p.p. to 10.1% in 2020 is mainly determined by the pronounced decrease in nominal GDP (-5.4%), in the adverse context of the pandemic COVID-19. A relative weight of current expenditure on health above 10% of GDP has not been recorded since 2010.



Figure 1. Current expenditure on health and GDP (2016-2020Pe)

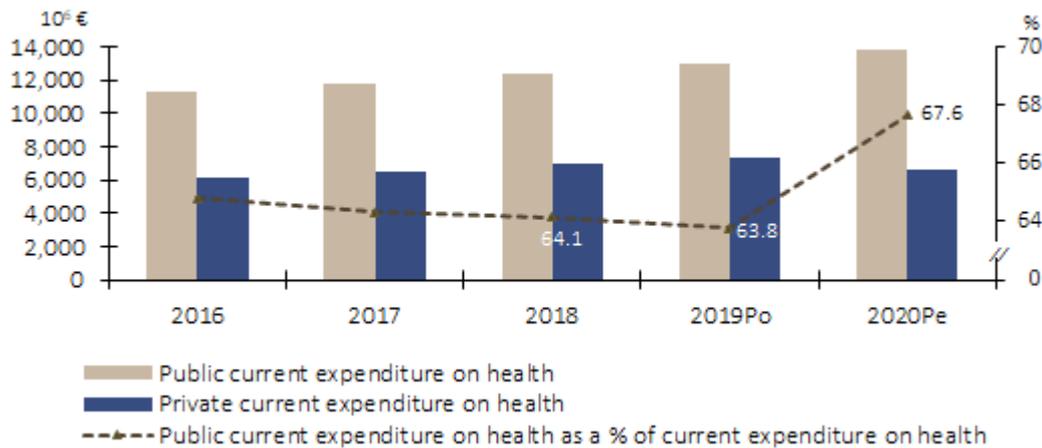
| | 2016 | 2017 | 2018 | 2019Po | 2020Pe |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Current expenditure on health | | | | | |
| Value (10 ⁶ €) | 17,519.6 | 18,234.5 | 19,313.3 | 20,392.5 | 20,482.0 |
| Change rate of value (%) | 4.6 | 4.1 | 5.9 | 5.6 | 0.4 |
| % of GDP | 9.4 | 9.3 | 9.4 | 9.5 | 10.1 |
| <i>Per capita</i> (€) | 1,696.7 | 1,770.3 | 1,878.0 | 1,982.5 | 1,989.1 |
| Gross Domestic Product (GDP) | | | | | |
| Value (10 ⁶ €) | 186,489.8 | 195,947.2 | 205,184.1 | 213,949.3 | 202,440.5 |
| Change rate of value (%) | 3.8 | 5.1 | 4.7 | 4.3 | - 5.4 |

Source: Statistics Portugal (Health Satellite Account and National Accounts)

Public and private current expenditure: 2016-2020

In 2019, public current expenditure¹ represented 63.8% of current expenditure, 0.3 p.p. less than in 2018 and the lowest relative weight in the available series (since 2000). For 2020 it is estimated that the importance of current public expenditure² compared to private expenditure has increased significantly (+3.8 p.p.).

Figure 2. Current expenditure on health, public and private (2016-2020Pe)



Source: Statistics Portugal (Health Satellite Account)

¹ Public current expenditure corresponds to the expenditure made by public financing agents. Public financing agents include the National Health Service (NHS) and the Regional Health Services (RHS) of Azores and Madeira, public health subsystems (compulsory and voluntary), other public administration entities and Social Security funds.

² Private current expenditure corresponds to expenditure made by private financing agents. Private financing agents include companies (insurance and others), non-profit institutions serving households (NPISHs) (health subsystems and others) and households.

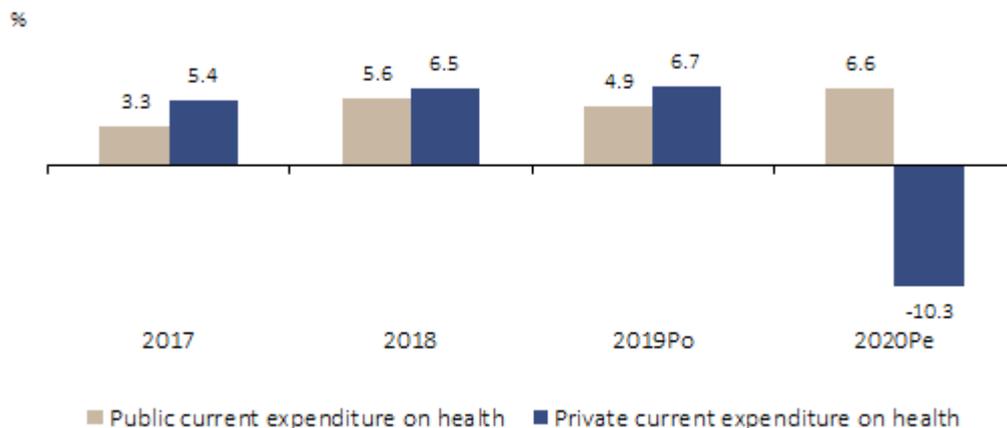


Reflecting the effects of the measures adopted in the context of the COVID-19 pandemic, but also the reduction in demand for healthcare by citizens, an increase in current public expenditure of 6.6% and a reduction of 10.3% in private current expenditure is estimated in 2020. It stands out, in particular, the strong decrease in non-urgent medical appointments and surgeries and the activity of private providers (the suspension of surgery checks, in the Integrated Management System for Surgery Subscribers, medical appointments and non-urgent exams are illustrative of this situation), that contributed to the decrease health expenditure by citizens, which had a more significant impact on private expenditure.

With regard to public expenditure, the measures adopted to reorganize the assistance activity of public providers, centered on the care and treatment of COVID-19 patients, were decisive for the 6.6% increase in expenditure. This reorganization has resulted, more specifically, into an increase of 6.8% in personnel costs (hiring, overtime and others) and 16.0% in intermediate consumption (personal protection equipment, medicines and others). With reference to the information available in the budget execution bulletins published monthly by the Directorate-General for the Budget, the value of personnel costs and intermediate consumption in the health area directly associated with the fight against the pandemic will have reached approximately 590 million euros in 2020. It should be noted that current expenditure on health does not include investment, namely related to the purchase of ventilators and other equipment for intensive care units. It should also be noted that, in 2019, public current expenditure had recorded a lower nominal growth rate than private current expenditure (4.9% and 6.7%, respectively).

Figure 3. Current expenditure on health, public and private (2016-2020Pe)

(nominal rate of change)



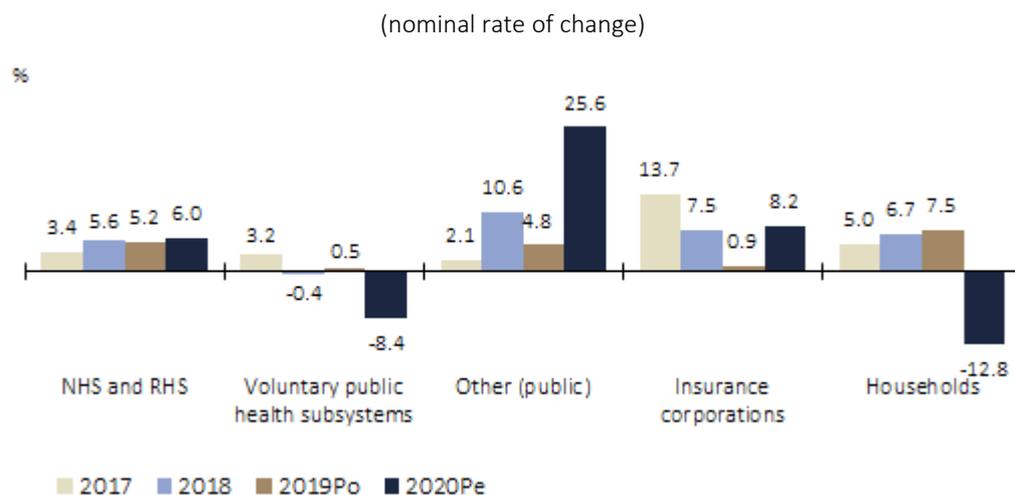
Source: Statistics Portugal (Health Satellite Account)



Current expenditure by financing agents: 2016-2020

The current expenditure of the main public and private financing agents increased in 2019, particularly by households (+7.5%) and the National Health Service (NHS) and the Regional Health Services of the Autonomous Regions (RHS) (+5.2%). Preliminary results for 2020 point out to the growth of expenditure by other public institutions (+25.6%) (which include the Ministry of Health entities) and by the NHS and RHS (+6.0%), reflecting the measures taken to respond to the exceptional situation resulting from the COVID-19 pandemic, with an impact namely on the increase in personnel costs and intermediate consumption. In the opposite direction, a reduction of financing supported by voluntary public health subsystems (8.4%) and by households (-12.8%) is estimated, mainly due to the decrease in demand for health care by citizens and the activity of private providers.

Figure 4. Evolution of the current expenditure of the main financing agents (2016-2020Pe)

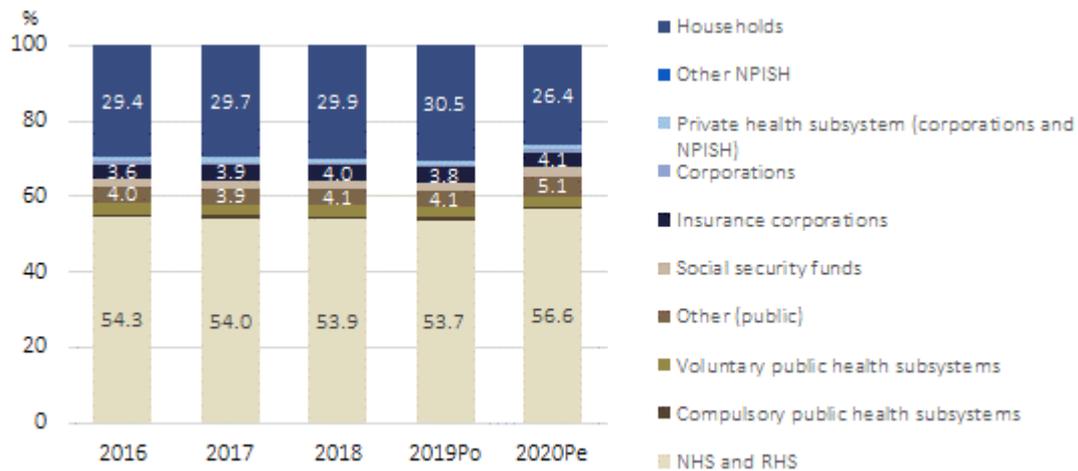


Source: Statistics Portugal (Health Satellite Account)

In 2019 the trend of strengthening the relative weight of household expenditure continued (+0.6 p.p.) and, conversely, the decrease in the relative importance of financing from the NHS and RHS (-0.2 p.p.). In that year, insurance corporations also reduced their weight in the financing of the health system (-0.2 p.p.). For 2020, the pandemic context caused relevant changes in the financing structure of the health system, showing the increase in the relative weight of the financing of the NHS and RHS (+2.9 p.p.), of other public administration units (+1.0 pp) and, in the opposite direction, the reduction in the relative importance of households expenditure (-4.1 p.p.).



Figure 5. Current expenditure on health by financing agents (2016-2020Pe)



Source: Statistics Portugal (Health Satellite Account)

Current expenditure by providers of health care: 2016-2019

In 2019 the current expenditure of the main providers increased: public hospitals³ (+7.0%), pharmacies (+6.6%) and private hospitals⁴ (+6.1%).

The transfer of the Hospital de Braga, with a Public-Private Partnership Agreement (PPP) to the NHS, becoming Hospital de Braga, EPE, on 1 September 2019, corresponded, under the HSA, to a change from private to public hospital. This change and the increase in intermediate consumption (medicines and other clinical material) and personnel costs (influenced, among other reasons, by the increase in the number of workers and “unfreezing” of careers) of public hospitals, determined the reinforcement of their relative weight in the current expenditure structure (30.5%, +0.4 pp than in 2018).

Expenditure on pharmacies recorded the largest increase in the last 5 years due to the growth in the dispensing of medicines reimbursed by the NHS and RHS and of over-the-counter medicines.

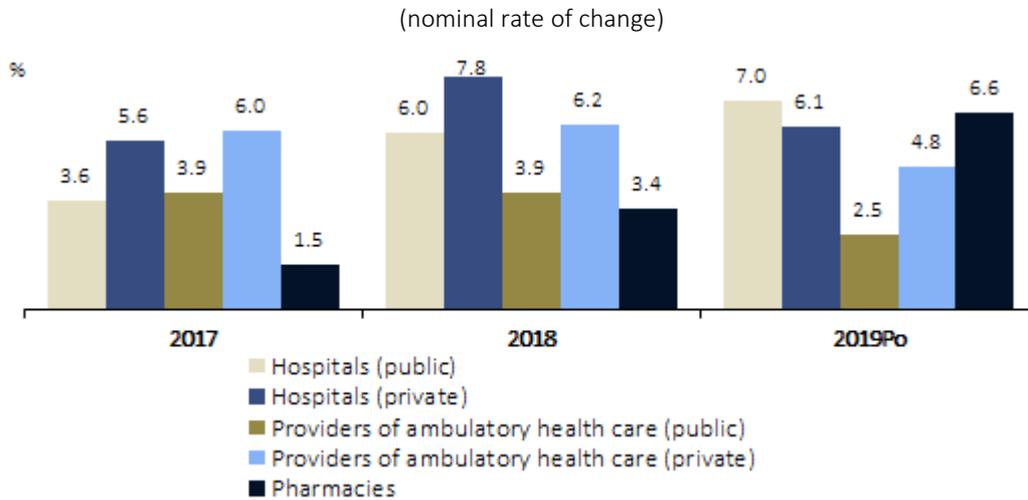
The opening of new hospitals and the increase of health care activities continued to boost the increase of private hospitals expenditure, more than offsetting the negative effect of the transfer of Hospital de Braga to the NHS. In 2019, hospitals with PPP contracts accounted for 16.8% of the current expenditure of private hospitals.

³ Public hospitals include Public Business Entities (P.B.E.) hospitals.

⁴ Private hospitals include hospitals with Public-Private Partnership Agreement (PPP).



Figure 6. Evolution of the current expenditure of the main providers (2016-2019Po)



Current expenditure of the NHS and RHS by providers of health care: 2016-2019

In 2019, **NHS and RHS** expenditure grew 5.2%, 0.4 p.p. less than in the previous year (+5.6%).

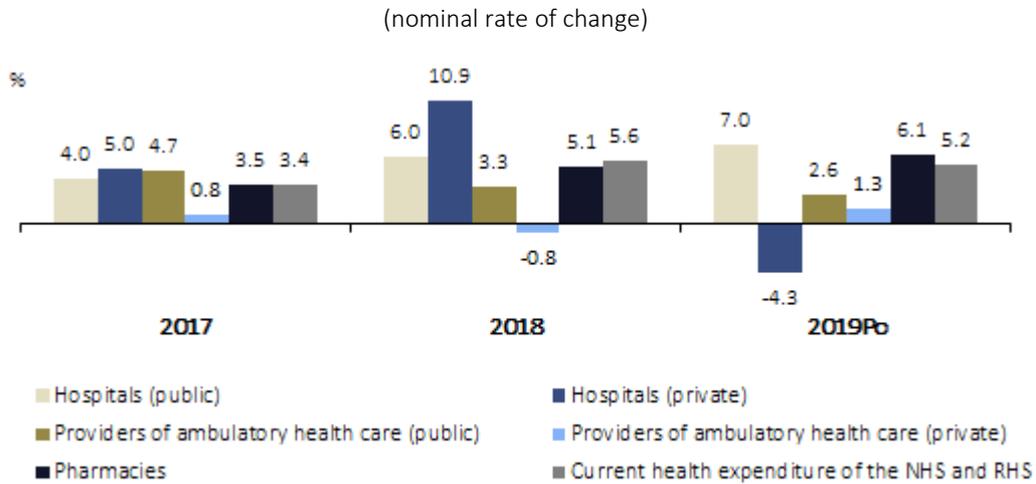
The increase in intermediate consumption, personnel costs in public hospitals and the integration of Hospital de Braga E.P.E. justified the increase in financing in public hospitals (+7.0%). In that year, 55.2% (+0.9 p.p. than in 2018) of the NHS and RHS expenditure financed public hospitals.

Expenditure on pharmacies increased by 6.1%, due to the growth in the dispensing of medicines with high reimbursement levels, namely antidiabetics (90%) and anticoagulants (69%) and other medical products, such as diabetes devices, ostomy products and incontinence, diet and expansion chambers.

In turn, expenditure on private hospitals decreased by 4.3%, reflecting the reduction in financing for hospitals with PPP contracts. Private hospitals represented, in 2019, 5.8% of NHS and RHS expenditure (-0.6 p.p. compared to 2018).



Figure 7. Evolution of NHS and RHS expenditure by main providers (2016-2019Po)

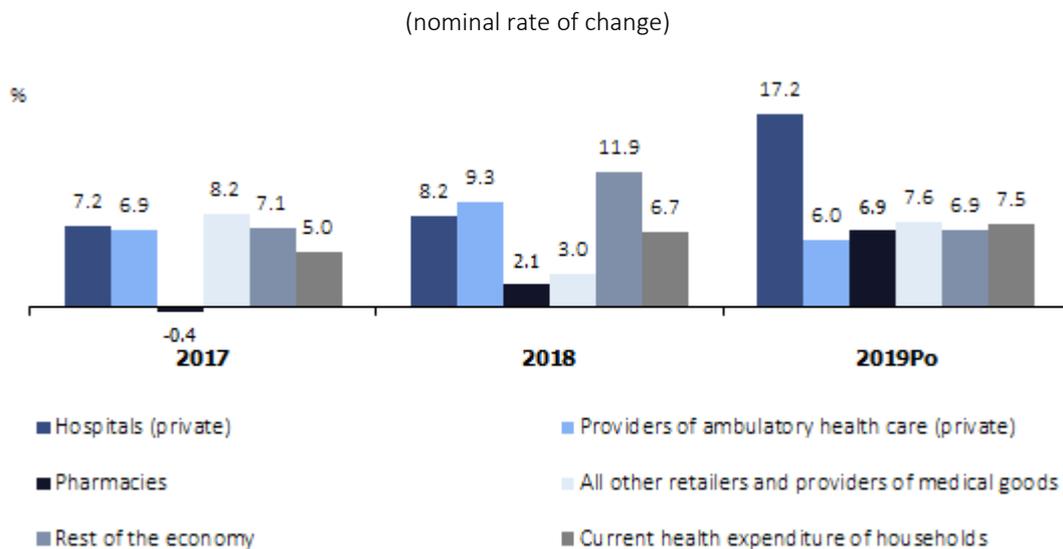


Source: Statistics Portugal (Health Satellite Account)

Current expenditure of households by providers of health care: 2016-2019

In 2019, **household** spending increased by 7.5%, reinforcing the growth observed in recent years. The significant increase of financing in all the main providers contributed to this evolution, more specifically in private hospitals (+17.2%), in other sales of medical goods (+7.6%), in pharmacies (+6.9%) and in private providers of ambulatory health care (+6.0%).

Figure 8. Evolution of households current expenditure by main providers (2016-2019Po)

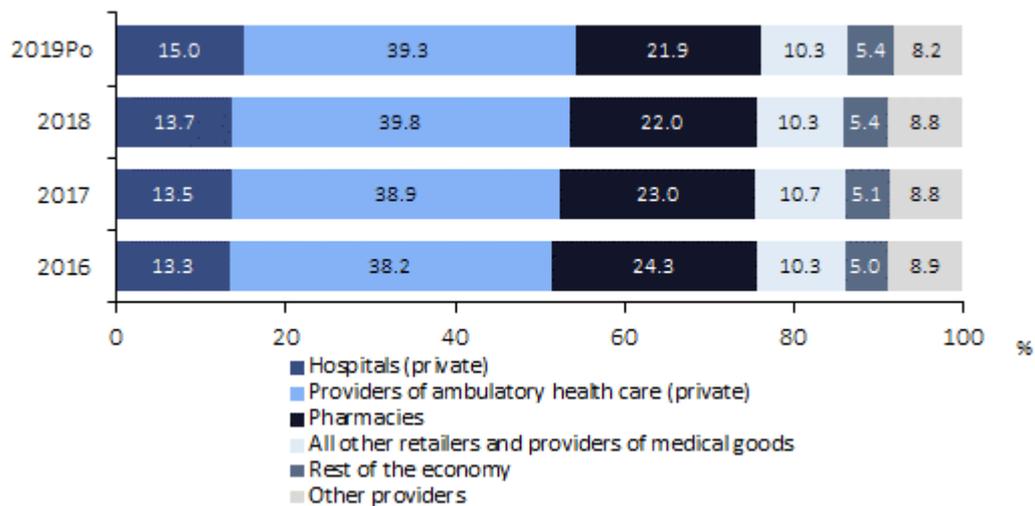


Source: Statistics Portugal (Health Satellite Account)



Household expenditure on private hospitals has been increasing in recent years, reaching 15.0% in 2019 (+1.3 p.p.). Conversely, another structural change that stood out in that year was the reduction in the relative weight of expenditure on private providers of ambulatory health care (-0.5 p.p.).

Figure 9. Current expenditure of households by provider (2016-2019Po)



Source: Statistics Portugal (Health Satellite Account)

2. International comparisons

In 2018, the last year with information available for most countries⁵, Portugal continued to stand out in 9th position in the EU28⁶ ranking of Member States (MS) with the highest relative weight of current expenditure in GDP (9.4%). The leadership of the ranking was occupied by Germany (11.5%), France (11.3%) and Sweden (10.9%), which recorded more than double the weight observed in Romania (5.6%) and Luxembourg (5.3%).

Relating the weight of current expenditure in GDP with GDP *per capita* expressed in Purchasing Power Parities (PPP)⁷ of each MS, it is possible to conclude that most MS with higher GDP *per capita* also had a higher proportion of current expenditure on health in GDP. Compared to countries with similar GDP *per capita*, such as Estonia, Lithuania or Slovenia, Portugal has a higher relative weight of current expenditure on health in GDP. This situation can be explained, among other things, by population ageing. Indeed, Portugal is among the MS that present, at the same time, a relative weight of current expenditure on health and a demographic ageing index above the EU average, contrary to what happens in these countries.

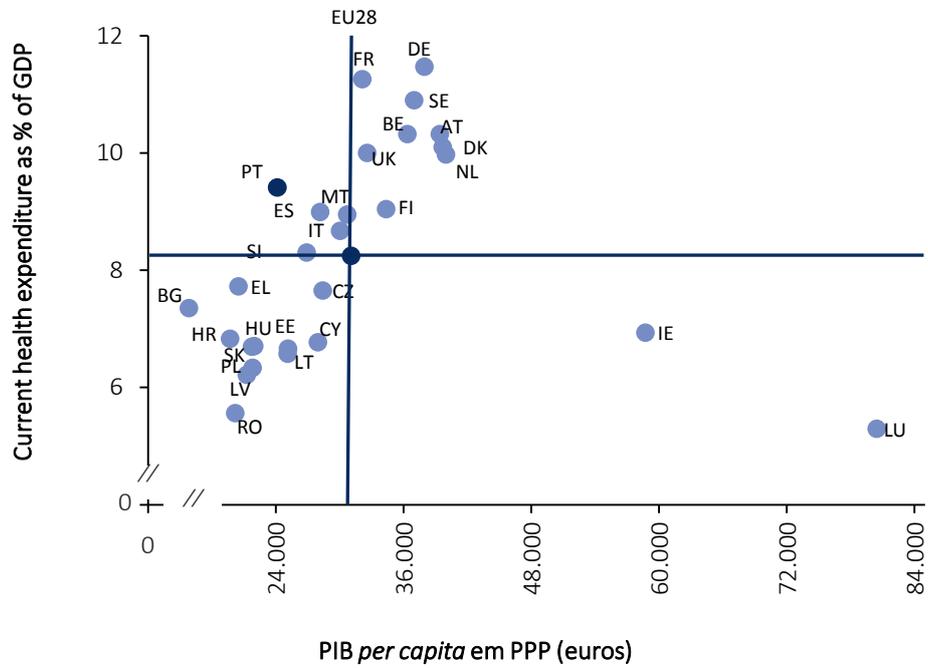
⁵ Data extracted from the Eurostat database on 24 July 2021 (date of last update: 22 February 2021).

⁶ EU average is unweighted.

⁷ Data extracted from the Eurostat database on 24 July 2021 (date of last update: 23 July 2021).



Figure 10. Current health expenditure as % of GDP and GDP *per capita* in Purchasing Power Parities (PPP) in the EU (2018)



Source: Statistics Portugal (Health Satellite Account), Eurostat



METHODOLOGICAL NOTE:

Health Satellite Account (HSA) has, as main 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 of the European System of National and Regional Accounts 2010 (ESA 2010) and System of National Accounts 2008 (SNA 2008) of the United Nations, thus ensuring the harmonization of methodologies and international comparability of results.

According to the SHA 2011 manual, **current expenditure on health** includes the final consumption expenditure of the statistical 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.

The international classification used in health accounts is the *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).

Figure 11: Classification of functions (ICHA - HC) of health care (transposition for the Portuguese case)

| Functions of Health Care | | Mode of production |
|---------------------------------------|--|--|
| HC.1 | Curative care | Inpatient care Day care Outpatient care Home-based care |
| HC.2 | Rehabilitative care | |
| HC.3 | Long-term care (health) | |
| 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 elsewhere classified (n.e.c.) | |
| Memorandum items: reporting items | | |
| HC.RI.1 | Total pharmaceutical expenditure | |
| Memorandum items: health care related | | |
| HCR.1 | Long-term care (social) | |

Source: Statistics Portugal (Health Satellite Account)



The HSA presents the separation between public and private providers. In base 2016, a new category of public providers was included: Residential long-term care facilities (HP.2). It also considers the following specification:

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

Figure 12: Classification of providers (ICHA - HP) adopted in Portugal

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

Source: Statistics Portugal (Health Satellite Account)

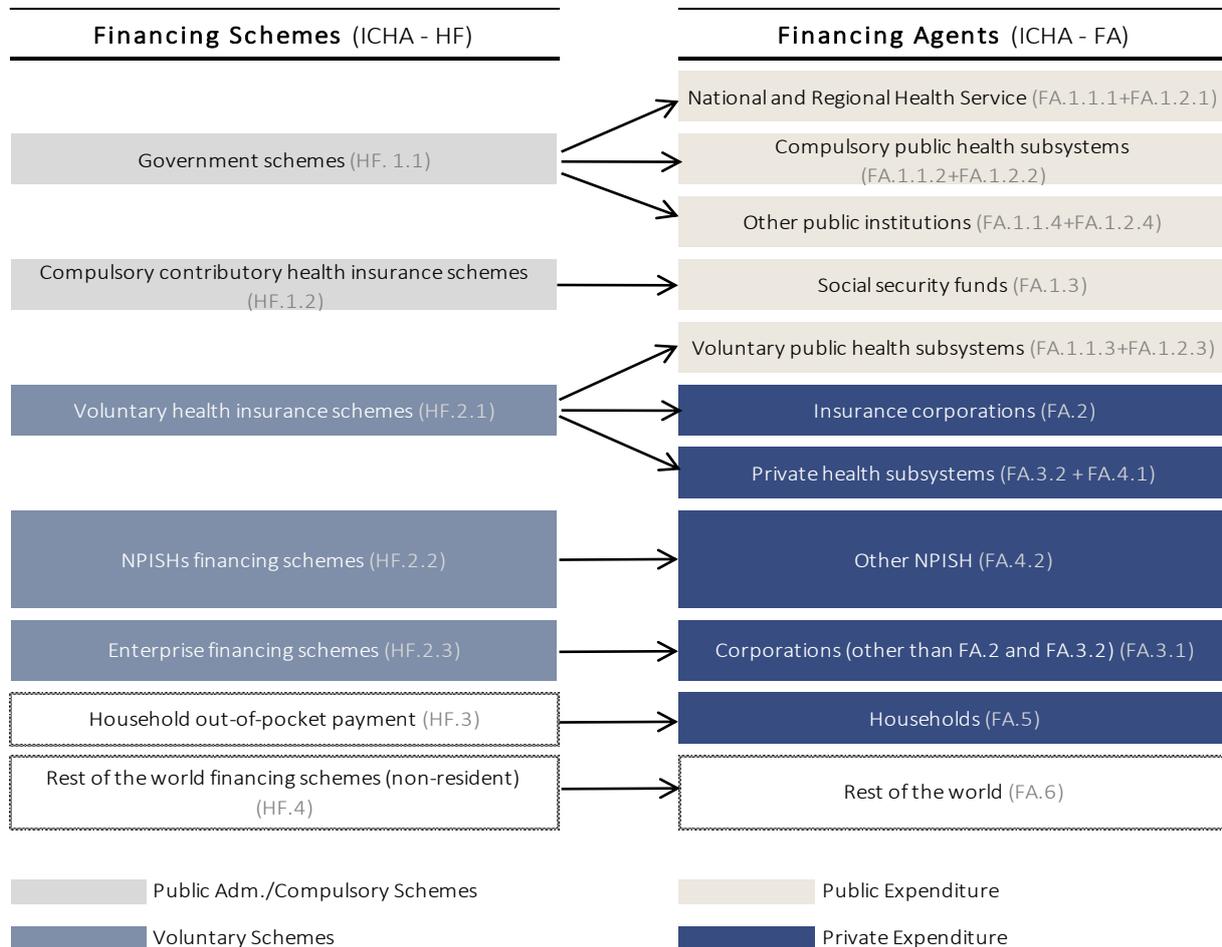
The financing schemes (ICHA-HF) constitute the structural components of health care financing systems through which individuals have access to health goods and services. In addition, the SHA 2011 manual considers the classification of financing agents (ICHA-FA), which are the institutional units that manage and administer financing schemes, collect revenues and/or purchase health goods and services.

European Commission Regulation (EU) No. 2015/359 requires the adoption of the classification of funding schemes (ICHA-HF). In the Portuguese case, it was considered important to adopt, simultaneously, the classification of financing agents (ICHA-FA), allowing the results to be analyzed in more detail in terms of the separation of expenditure from the SNS and SRS.

In the transposition of the financing classification, the relationship described in Figure 13 between financing schemes and financing agents was adopted, as well as the respective separation between private and public expenditure.



Figure 13: Correspondence between financing schemes, financing agents and public and private expenditure (Base 2016)



Source: Statistics Portugal (Health Satellite Account)

Data Revisions

On 13th July 2020, Statistics Portugal published the first results of the HSA in the base 2016, for the period 2016-2019. In this press release, revised results for those years are presented, as well as a new series of HSA backwarded results, in the base 2016, starting in 2000.

The results for the years 2016 and 2017 were revised due to the integration of improvements arising from the backwarding exercise of the base 2016. The most significant changes were the reclassification of providers (HP.1 and HP.2 belonging to the Non-profit Institutions sector - NPISH) and the exclusion of fees paid to external providers (such as self-employed workers or corporations) by NHS providers, double-counted in final consumption expenditure, as a result of access to more detailed data sources.



The 2018 and 2019 revisions resulted from the integration of updated data from data sources.

Figure 14. Revisions of current expenditure on health, public and private (2016-2019)

| | 2016 | 2017 | 2018 | 2019 |
|---|--------|--------|--------|--------|
| Current expenditure | | | | |
| Revision (10 ⁶ €) | - 45.9 | - 47.4 | 9.9 | 89.9 |
| Revision (% of current expenditure) | - 0.3 | - 0.3 | 0.1 | 0.4 |
| Public current expenditure | | | | |
| Revision (10 ⁶ €) | 3.1 | - 6.1 | - 55.1 | - 18.9 |
| Revision (% of public current expenditure) | 0.0 | - 0.1 | - 0.4 | - 0.1 |
| Private current expenditure | | | | |
| Revision (10 ⁶ €) | - 49.0 | - 41.3 | 65.0 | 108.8 |
| Revision (% of private current expenditure) | - 0.8 | - 0.6 | 0.9 | 1.5 |

Source: Statistics Portugal (Health Satellite Account)

CONVENTIONAL SIGNS

Pe – Preliminary data

Po – Provisional data

ACRONYMS AND ABBREVIATIONS

ESA - European System of National and Regional Accounts

EU – European Union

GDP - Gross Domestic Product

HSA – Health Satellite Account

ICHA - International Classification for Health Accounts

ICHA-FA – Classification of Financing Agents

ICHA-HC - Classification of Functions of Health Care

ICHA-HF - Classification of Financing Schemes

ICHA-HP - Classification of Health Care Providers

P.B.E. - Public Business Entities

NHS – National Health Service

NPISH - Non-profit Institutions Serving Households



INSTITUTO NACIONAL DE ESTATÍSTICA
STATISTICS PORTUGAL

press release



DIÍSTAQUE

PPP - Public-Private Partnership

PPP - Purchasing Power Parities

RHS - Regional Health Services of Azores and Madeira

SNA - System of National Accounts

SHA - System of Health Accounts