1 July 2022
HEALTH SATELLITE ACCOUNT
2019-2021Pe

CURRENT HEALTH EXPENDITURE INCREASED BY 12.2% IN 2021, REACHING 11.2% OF GDP

In 2021, current health expenditure grew by 12.2%, reaching 11.2% of GDP (0.7 p.p. more than in 2020), the highest level in the available series that began in 2000. The continuation of the pandemic situation and the recovery of the health care activity of providers contributed to the significant increase in public (+11.0%) and private (+14.7%) current expenditure.

In 2020, the Gross Fixed Capital Formation (GFCF) of public providers increased by 32.6%, which compares with a decrease of 1.6% in the total GFCF of the economy. In that year the 62.5% increase in GFCF of public, general and specialised hospitals was highlighted.

Social Security support allocated to health care providers under the COVID-19 exceptional measures totalled €76.8 million euros in 2020. Around 48% was paid to private ambulatory health care providers. An estimated €34.6 million euros was allocated in 2021.

Statistics Portugal presents the main results of the Health Satellite Account (HSA) for the period 2019-2021. Complementarily, it presents the results, for the period 2016-2020, of Gross Fixed Capital Formation (GFCF) of public health care providers, including Research and Development (R&D) and higher education institutions. This press release also publishes information on Social Security support to health care providers under the COVID-19 exceptional measures in the years 2020 and 2021.

Compared to the data published on 1 July 2021, the results for the years 2019 and 2020 were updated. Data released are final for the year 2019, provisional for 2020 and preliminary for 2021, having been compiled on the basis of information available up to mid-May 2022.

Additional tables and methodological document with more detailed information are available at Statistics Portugal website, in the area of dissemination of the National Accounts (Satellite Accounts section).

1. Main results

Current expenditure on health should register a record increase of 12.2% in 2021

Current health expenditure is expected to have increased by 12.2% in 2021, reaching 23 685.9 million euros. The accentuated growth in current expenditure reflects the continued pandemic context, which determined the increase in expenditure by public providers for the treatment of COVID-19 patients and with the implementation

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of the vaccination plan against COVID-19, and the recovery of the assistance activity of private providers and public providers in non-COVID-19 areas.

In 2020, current expenditure increased by 3.5% to EUR 21,107.9 million euros. The increase in expenditure reflects the opposite effects of an increase in public expenditure and contraction in private expenditure due to the restrictive measures adopted to contain the COVID-19 pandemic.

In 2020 and 2021, current health expenditure continued to grow, in nominal terms, at a faster pace than GDP (+10.2 p.p. in 2020 and +6.6 p.p. in 2021). This evolution is reflected in the pronounced increase in the share of current health expenditure in GDP (+1.0 p.p. in 2020 and +0.7 p.p. in 2021), reaching 11.2% in 2021, the maximum value of the available series that began in 2000.

Figure 1. Current expenditure on health and GDP (2018-2021Pe)

	2018	2019	2020Po	2021Pe
Despesa corrente em saúde				
Valor (10^6 €)	19 313.3	20 395.2	21 107.9	23 685.9
Taxa de variação nominal (%)	5.9	5.6	3.5	12.2
% do PIB	9.4	9.5	10.5	11.2
Per capita (€)	1 878.0	1 982.8	2 049.9	2 301.4
Produto interno bruto (PIB)				
Valor (10^6 €)	205 184.1	214 374.6	200 087.6	211 279.7
Taxa de variação nominal (%)	4.7	4.5	- 6.7	5.6

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

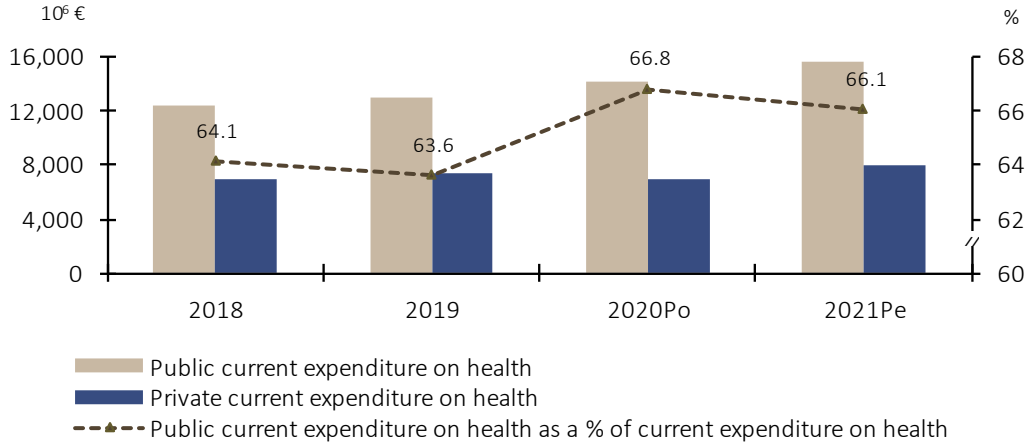
In 2021 public current expenditure should have increased by 11.0% and private expenditure by 14.7%

In 2020, public current expenditure[1] accounted for 66.8% of current expenditure, 3.2 p.p. more than in 2019 and the highest relative weight since 2011 (67.5%). For 2021 it is estimated a decrease of 0.7 p.p. in the relative weight of public current expenditure compared to private expenditure[2] is expected.

[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.

Figure 2. **Current expenditure on health, public and private (2018-2021Pe)**



Source: Statistics Portugal (Health Satellite Account)

In 2021, public current expenditure will have grown 11.0%, reflecting the increase in expenditure associated with the fight against the pandemic and the resumption of assistance in non-COVID-19 areas. Contributory factors were the 17.1% increase in intermediate consumption (vaccines, COVID-19 tests, pharmaceutical products and others) and the 5.8% increase in personnel costs (new admissions, overtime and salary increases) of public providers.

Private current expenditure will also have increased significantly in 2021 (+14.7%), contrary to the strong reduction in the previous year (-5.5%). This was mainly due to the increase in the care activity of private providers, namely hospitals, ambulatory health care providers, auxiliary services and sales of medical goods.

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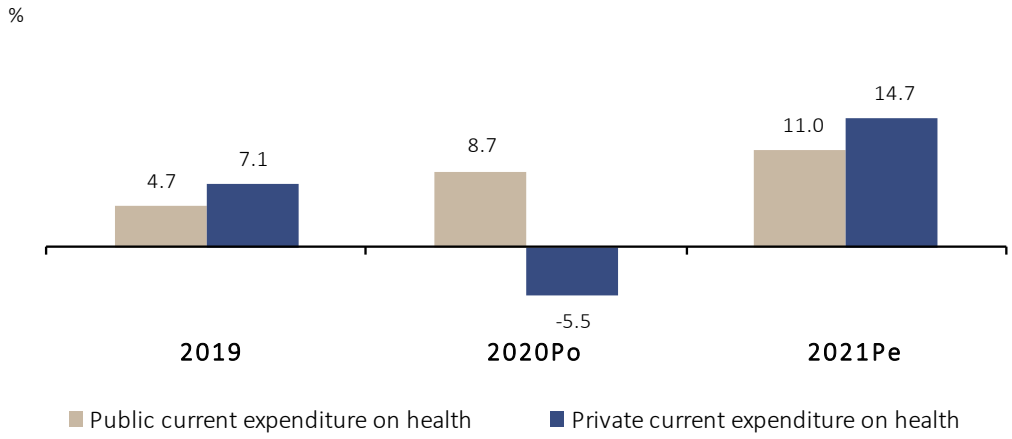
Figure 3. **Current expenditure on health, public and private (2018-2021Pe)**

(nominal rate of change)



Source: Statistics Portugal (Health Satellite Account)

In 2020 the current expenditure of public providers increased and that of private providers decreased

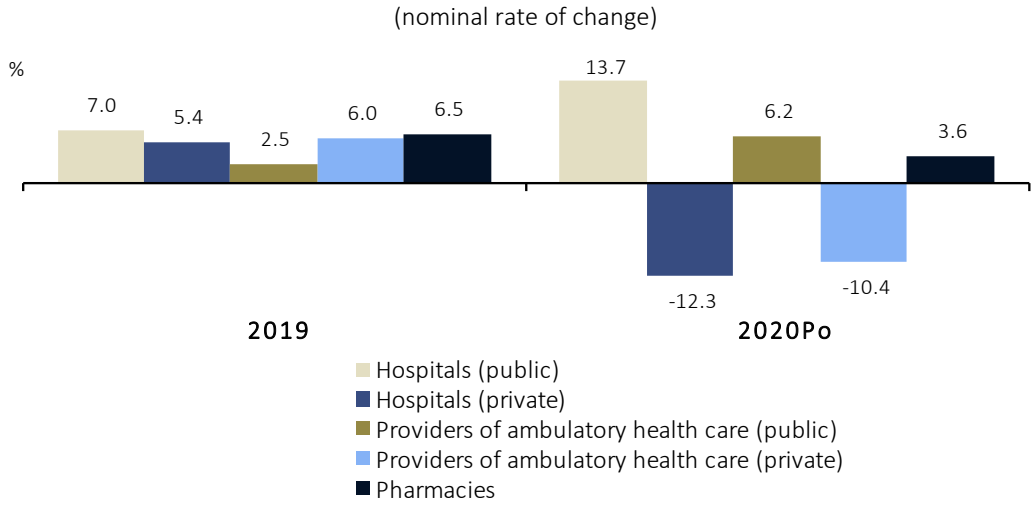
In 2020, the expenditure of the main public providers increased, with hospitals[3] (+13.7%) and ambulatory health care providers (+6.2%) standing out, reinforcing their relative weight in the current expenditure structure (40.6%, +3.2 p.p. compared to 2019). Contributing to this was the response to the specific needs of the treatment of COVID-19 patients, with an impact on the increase in staff costs (hiring, overtime and others) and in intermediate consumption (personal protective equipment (PPE), medicines and others).

In the opposite direction was the substantial decrease in expenditure by private hospitals[4] (-12.3%) and private ambulatory health care providers (-10.4%). On the one hand, the pandemic conditioned the service supply capacity of these providers in the first months of 2020 and, on the other hand, there was also a decrease in demand for health care by citizens during that period.

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

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

Figure 4. Evolution of the current expenditure of the main providers (2018-2020Po)

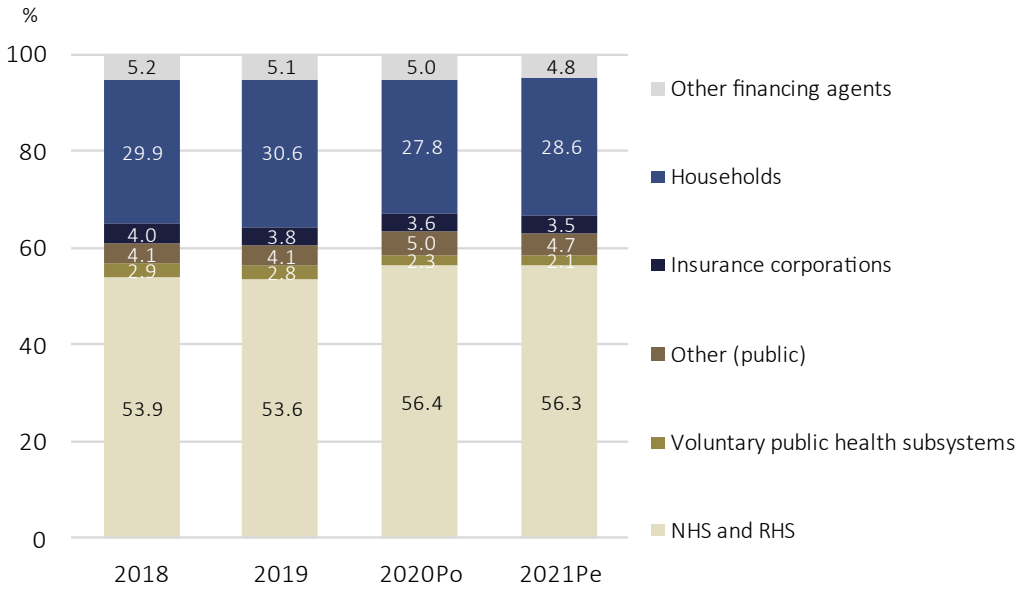


Source: Statistics Portugal (Health Satellite Account)

In 2020 the relative importance of public financing agents has been reinforced

In 2020, the National Health Service (NHS) and the Regional Health Services of the Autonomous Regions (RHS) (+2.8 p.p.) and other public institutions (+0.9 p.p.) reinforced their relative importance in the health system's financing structure. In that year, households and voluntary public health subsystems were the financing agents that recorded the greatest reductions in relative weight (-2.8 p.p. and -0.5 p.p., respectively). In 2021, the increase in the relative importance of household expenditure stands out (+0.8 p.p.).

Figure 5. **Current expenditure on health by financing agents (2018-2021Pe)**



Source: Statistics Portugal (Health Satellite Account)

In 2020, the financing of the other public instituions (which include the entities of the Ministry of Health) and of the NHS and the RHS increased by 26.3% and 8.9%, respectively. Conversely, the expenditure of voluntary public health subsystems (-15.1%), households (-6.0%) and insurance corporations (-2.9%) decreased.

The financing of other other public instituions increased substantially in 2020, mainly due to the increased expenditure of the Ministry of Health and Regional Health Secretariats and the pandemic-related expenses incurred by other public entities (municipalities, different ministerial bodies, among others) involved in fighting and preventing the disease (purchase of masks, disinfectants, tests, etc.).

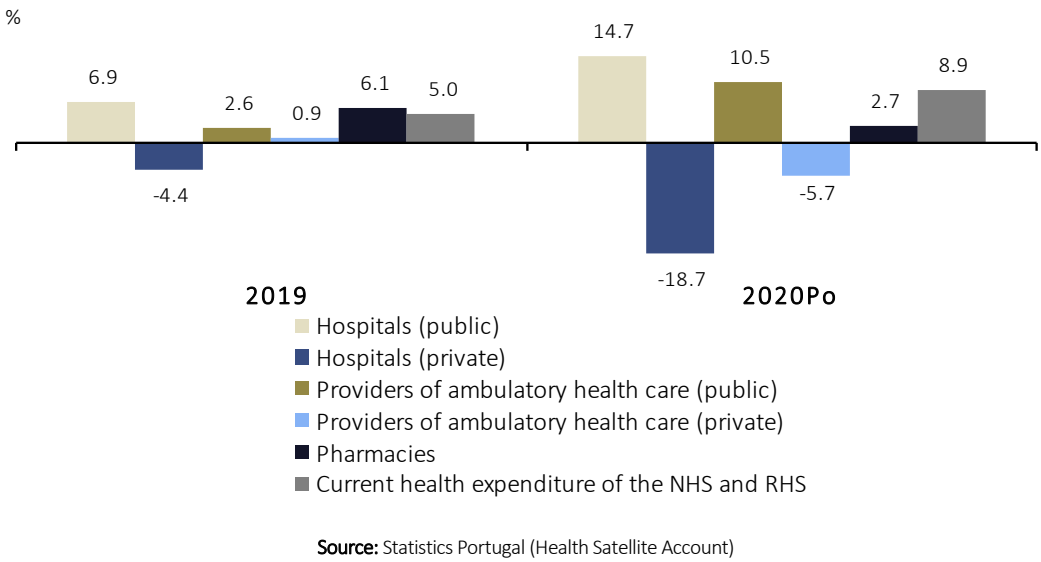
By 2020 the NHS and the RHS increased funding to public hospitals by 14.7% and decreased spending on private hospitals by 18.7%

In 2020, the NHS and RHS increased financing to public hospitals (+14.7%) and public ambulatory health care providers (+10.5%) to support the increased staff costs and intermediate consumption of these providers. In that year, 70.4% (+3.2 p.p. than in 2019) of NHS and RHS expenditure was allocated to these providers. Expenditure with private hospitals (-18.7%) and with private ambulatory health care providers (-5.7%) evolved in the opposite direction, mainly due to the decrease in expenditure with hospitals with Public-Private Partnership Contracts (PPP) [5] and with contracted entities.

[5] The transition of the management of Braga Hospital to the NHS occurred at the end of August 2019.

Figure 6. Evolution of NHS and RHS expenditure by main providers (2018-2020Po)

(nominal rate of change)



Source: Statistics Portugal (Health Satellite Account)

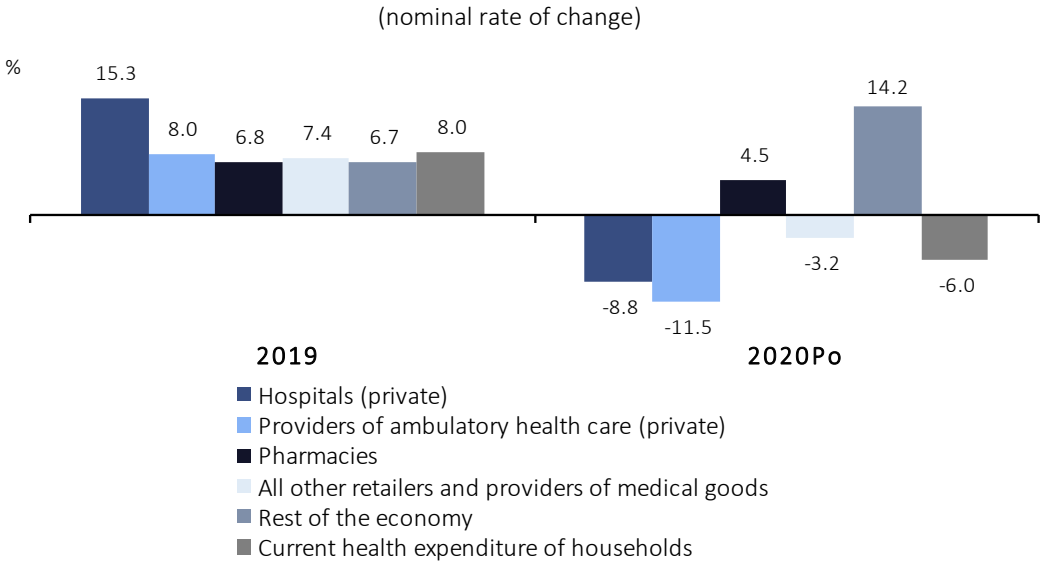
In 2020 household expenditure fell by 6.0%

Household expenditure decreased by 6.0% in 2020, as a result of the decrease in funding to the main private providers: ambulatory health care providers (-11.5%), hospitals (-8.8%) and other sales of medical goods (-3.2%).

This year also recorded a large reduction in household expenditure in public hospitals (-40.6%) and in public ambulatory care providers (-49.8%) due to the implementation of the legislative changes related to the exemption from payment of some user fees (from 1 January 2020).

In the opposite direction, households increased their expenditure in entities that provide long term health care (subcategory of the rest of the economy) (+14.2%) and in pharmacies (+4.5%).

Figure 7. **Evolution of households current expenditure by main providers (2018-2020Po)**



Source: Statistics Portugal (Health Satellite Account)

For 2021, current expenditure of the main financing agents is estimated to grow, mainly households (+15.4%), the NHS and SRS (+12.1%), insurance corporations (+9.8%) and other public instituions (+5.8%) (which include the entities of the Ministry of Health). This result translates, namely, the implementation of the COVID 19 vaccination plan (336.9 million euros[6]), the increase in provider costs (intermediate consumption and personnel) of the NHS and SRS, the recovery in demand from private providers and the strengthening of COVID-19 testing.

Gross Fixed Capital Formation (GFCF) of public health care providers increased by 32.6% in 2020

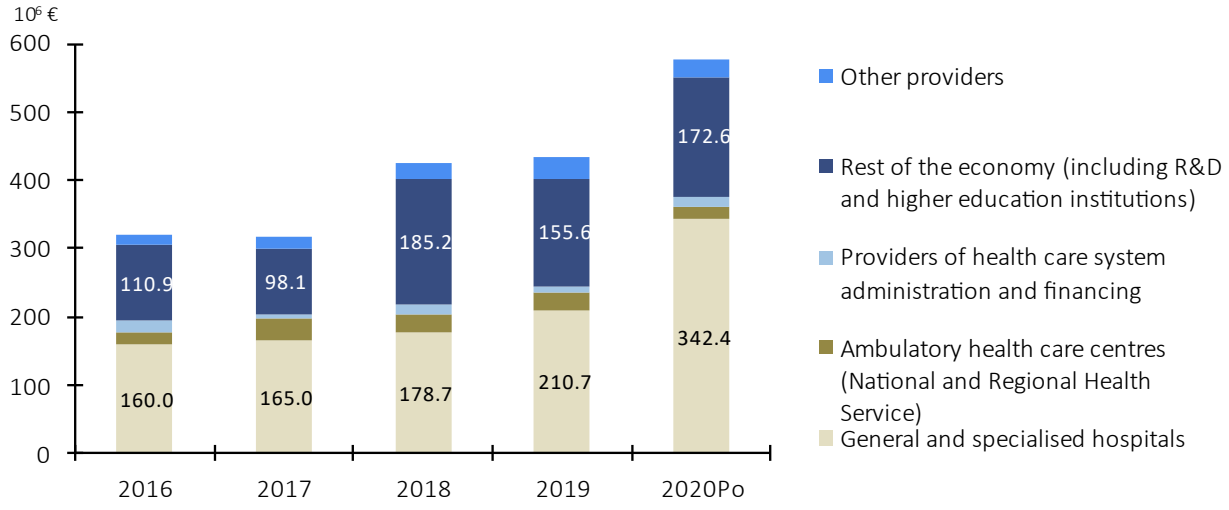
In 2020, the GFCF of public providers reached 576.0 million euros, representing 1.5% of the total GFCF of the national economy and 12.9% of the total GFCF of the general government. In that year there was an increase of 32.6% in GFCF from public providers, which compares with a growth of 14.0% in GFCF from general government and a decrease of 1.6% in total GFCF in the country.

GFCF in general and specialized hospitals showed the most significant increase (62.5%), mainly due to investment in facilities and equipment (ventilators, equipment for intensive care units, among others), and now corresponds to 59.4% of the GFCF of public providers. The remaining entities that includes public institutions that develop health R&D projects, including higher education, were responsible for 30.0% of GFCF.

[6] Data source: Directorate-General for Health

In the period 2016 to 2019, the growth of 33.4% in GFCF by public providers in 2018 was highlighted, explained by the 88.8% increase in investment by the Rest of the economy, which includes R&D and higher education institutions.

Figure 8. **GFCF of public providers, including R&D and higher education institutions (2016-2020Po)**



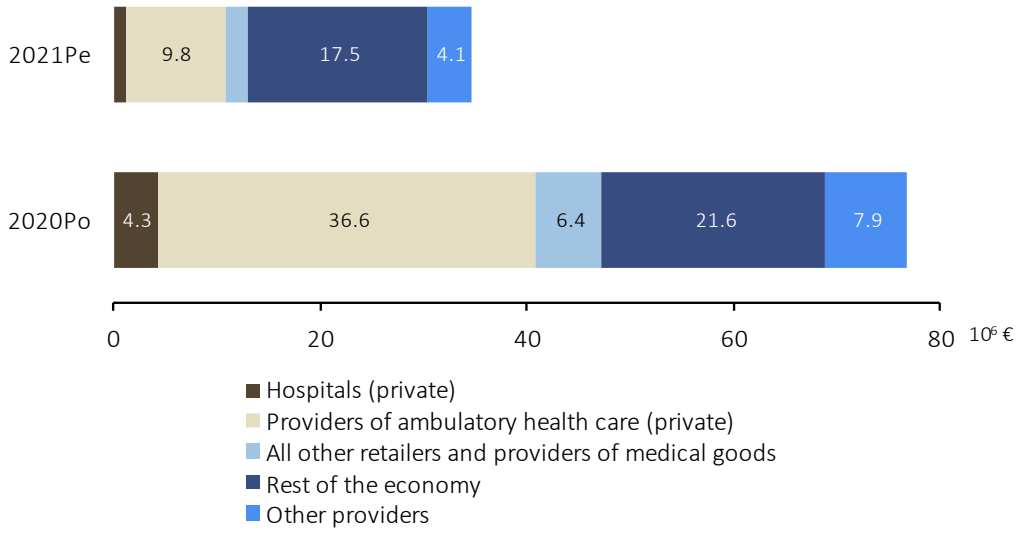
Source: Statistics Portugal (Health Satellite Account)

Social Security support to health care providers under COVID-19 exceptional measures totalled €76.8 million euros in 2020 and €34.6 million euros in 2021

In 2020 and 2021, Social Security adopted a set of exceptional measures to mitigate the adverse effects of the COVID-19 pandemic and support job retention and the recovery of different economic activities. These consisted namely of the payments made by Social Security within the scope of Lay Off (provided for in the Labour Code and simplified), the reduction of activity, the incentive for professional activity, the support for progressive recovery and the exceptional family support (employees).

Social Security support to health care providers amounted €76.8 million euros in 2020. Around 48% was paid to private ambulatory health care providers. In the following year less than half of the support (€34.6 million euros) was allocated to providers.

Figure 9. Social Security support to providers within the scope of exceptional measures COVID-19 (2020Po-2021Pe)



Fonte: Statistics Portugal (Health Satellite Account)

2. International comparisons

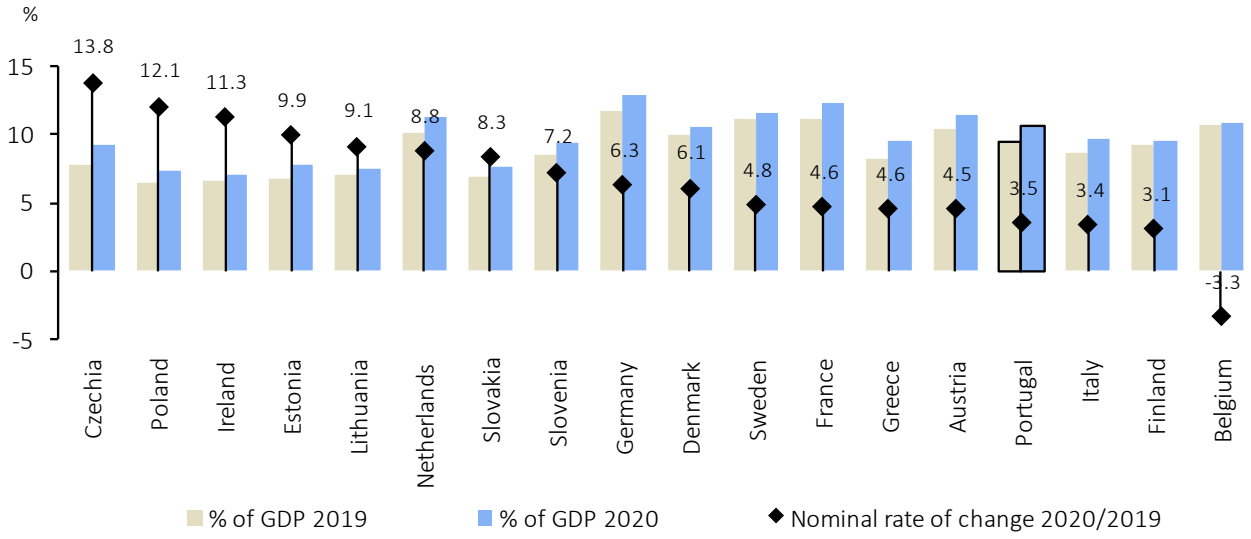
In 2020, current health expenditure increased in most of the 18 Member States (MS) with available information[7], reflecting the impact of the COVID-19 pandemic. The largest increases occurred in Czechia (13.8%), Poland (12.1%) and Ireland (11.3%). Finland (3.1%), Italy (3.4%) and Portugal (3.5%) were the MS with the smallest increases. Belgium was the only MS to record a decrease in current health expenditure (3.3%).

In 2020, the relative share of current health expenditure in GDP increased in all 18 MS. It should be noted that, in the context of the economic impacts of the COVID-19 pandemic, GDP[8] in most MS decreased in 2020, with the exception of Ireland (4.6% increase), Lithuania (+1.3%), Sweden (+0.8%) and Denmark (+0.7%). The largest increases were observed in Czech Republic (+1.5 p.p.), Greece (+1.3 p.p.) and France (+1.2 p.p.). In Portugal, the relative weight increased by 1.0 p.p., the same as in Italy and Austria. The MS with the smallest increase in the relative share of current health expenditure in GDP were Belgium (+0.1 p.p.), Finland (+0.4 p.p.), Ireland (+0.4 p.p.) and Sweden (+0.4 p.p.).

[7] Data extracted from the OECD database on 27 June 2022 (date of last update: November 2021) supplemented with updated data published on the official statistics websites of each Member State.

[8] Data extracted from the Eurostat database on 27 June 2022 (date of last update: 24 June 2022).

Figure 10. Evolution of current health expenditure and share of current health expenditure in GDP in EU countries (2019-2020)



Source: Statistics Portugal (Health Satellite Account and National Accounts); OECD; Eurostat; Official Statistics websites of each MS

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 heath 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
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 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. 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	√	√

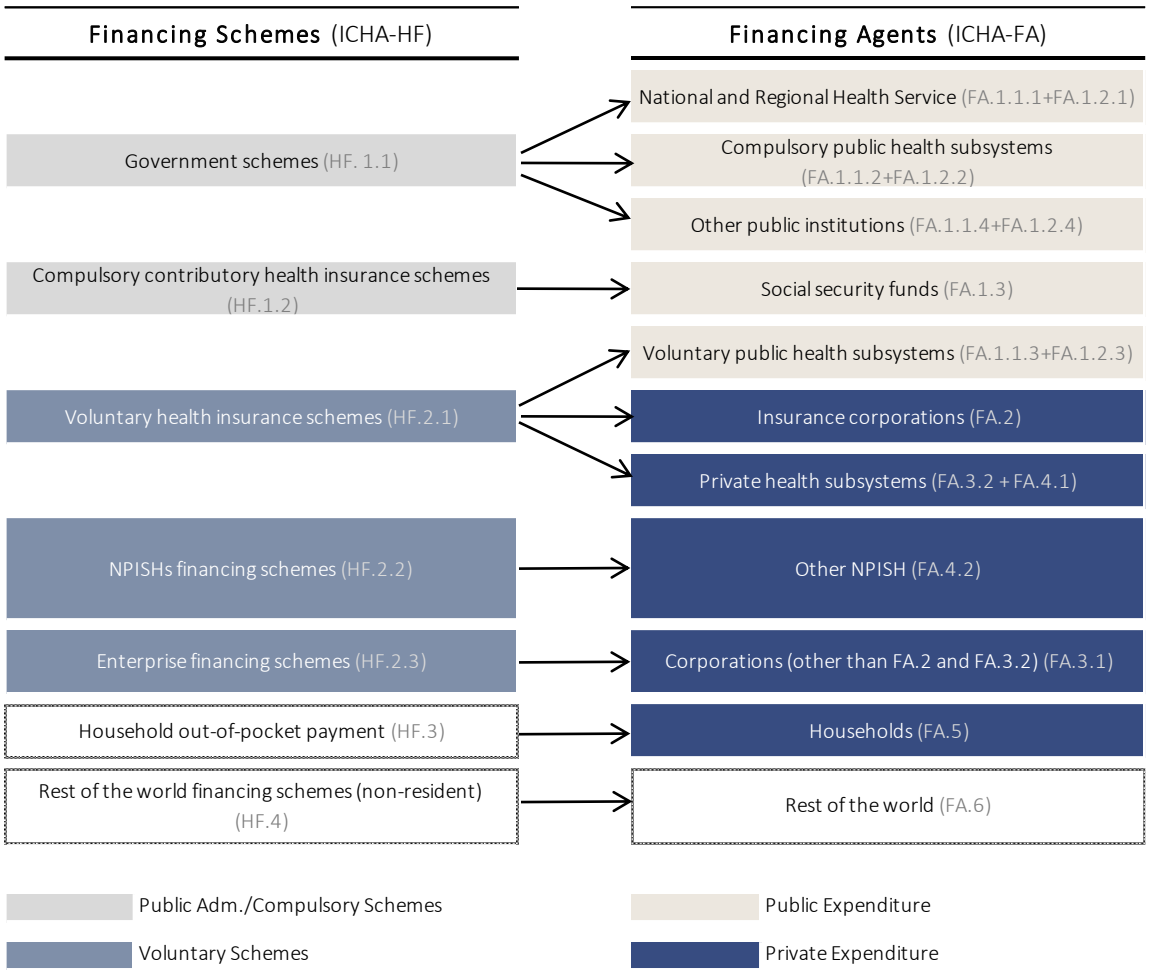
Source: Statistics Portugal (Health Satellite Account)

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 NHS and RHS.

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)

Gross Fixed Capital Formation (GFCF) in the health system is measured by the total value of fixed assets that health care providers acquired during the accounting period (less the value of disposals of assets) and that are used repeatedly or continuously for more than one year in the provision of health services. Acquisitions and disposals of fixed assets are recorded when ownership is transferred to the provider who intends to use them in the provision (in the case of acquisitions) or from the provider who previously used them in the provision (in the case of disposals).

Note that GFCF includes R&D expenditure by public health care providers, other general government institutions and higher education institutions that have developed health R&D projects. Despite the recommendation of the 2011 SHA Manual to exclude Research and Development (R&D) expenditure from GFCF, considering it as a related expenditure of the Capital Account, it was included so as to ensure full consistency with the definition of GFCF of ESA 2010 and SNA 2008.

Compared with the GFCF results of the health function (Division 07) of the classification of public expenditure (COFOG)[9], the GFCF of public providers within the scope of HSA includes additional entities considered in the universe of the account, such as, for example, the Service for Intervention in Addictions and Dependencies (SICAD) and the Institute of Legal Medicine.

It should be noted that the calculation of GFCF for public health care providers (belonging to the general government sector), including R&D and higher education institutions, is the first phase of a work that aims to extend to all providers in the health system.

Social Security support to providers, which are part of the HSA universe, within the scope of the COVID-19 exceptional measures includes all payments related to: Lay-off (provided for in the labour code and simplified), reduction of activity, incentive to professional activity, support to progressive recovery and exceptional family support (employees). The results presented were based on micro data made available by the Social Security. According to Eurostat/OECD/WHO guidelines, this support to health care providers was not recorded under current health expenditure because it was not allocated exclusively to the health sector.

Revisions

The revisions observed in the results for the year 2019 resulted from the integration of final data from different sources of information. The upward revaluation of current expenditure (public and private) for 2020 was based on the incorporation of new data sources, updated and more detailed data. The data made available by the General-Directorate of the Budget (GDB) and the Court of Auditors[10] were used to assess the expenditure related to the COVID-19 pandemic of municipalities and public entities. Statistics on international trade, industrial production and the Consumer Price Index (CPI) contributed to the estimation of sales of PPE and disinfectants in pharmacies and other retailers. The integration of Simplified Business Information (SBI) and more detailed updated administrative data on NHS and RHS provision and financing also influenced this revision. On the provider side, the greatest changes were recorded in public and private hospitals, private providers of ancillary services, pharmacies, sales of medical goods and the rest of the economy. In relation to financing, the upward revision of expenditure supported by the NHS and the RHS and by households was highlighted.

[9] Classification of the functions of government (COFOG)

[10] Data from the Budget Execution of the DGB and the report of the Court of Auditors on the "Impact of the measures adopted in the context of COVID-19 on the entities of the Local Administration of the Mainland".

Figure 14. Revisions of current expenditure on health, public and private (2019-2020)

	2019	2020
Current expenditure		
Revision (10^6 €)	2.7	625.9
Revision (% of current expenditure)	0.0	3.1
Public current expenditure		
Revision (10^6 €)	- 24.3	244.8
Revision (% of public current expendi	- 0.2	1.8
Private current expenditure		
Revision (10^6 €)	26.9	381.0
Revision (% of private current expend	0.4	5.8

Source: Statistics Portugal (Health Satellite Account)

CONVENTIONAL SIGNS

Pe – Preliminary data

Po – Provisional data

ACRONYMS AND ABBREVIATIONS

COFOG - Classification of the functions of government

CPI - Consumer Price Index

ESA - European System of National and Regional Accounts

EU – European Union

GDB - General-Directorate of the Budget

GDP - Gross Domestic Product

GFCF - Gross Fixed Capital Formation

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

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P.B.E. - Public Business Entities

MS – Member State/s

NHS – National Health Service

NPISH - Non-profit Institutions Serving Households

OECD - Organisation for Economic Co-operation and Development

PPE - Personal Protective Equipment

PPP - Public-Private Partnership

R&D - Research and Development

RHS - Regional Health Services of Azores and Madeira

SBI - Simplified Business Information

SICAD - Intervention Service for Addictive Behaviours and Dependencies

SNA - System of National Accounts

SHA - System of Health Accounts

WHO - World Health Organisation

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