4th July 2023
HEALTH SATELLITE ACCOUNT
2020-2022Pe

IN 2022, CURRENT EXPENDITURE ON HEALTH INCREASED AT A SLOWER PACE THAN GDP

In 2022, current expenditure on health increased by 6.3% in nominal terms, 5.1 p.p. less than GDP (+11.4%). The share of current expenditure in GDP (10.6%) remains higher than in pre-pandemic (9.5% in 2019). Public (+6.6%) and private (+5.7%) current expenditure continued to increase, prolonging the recovery of the non-COVID-19 activities that started in 2021.

In 2020, the Gross Fixed Capital Formation (GFCF) of health care providers reached 2,411.9 million euros, representing 6.3% of the total GFCF of the national economy. In that year there was an increase of 9.7% in the investment of health care providers, mainly in construction (+20.3%) and in intellectual property products (+15.1%).

Statistics Portugal publishes the main results of the Health Satellite Account (HSA) for the period 2020-2022. This highlight also presents, for the first time, the Gross Fixed Capital Formation (GFCF) of health care providers (including Research and Development (R&D) and higher education institutions) for the period 2016-2020, complementing the data released in 2022, which refer only to public providers.

Statistics Portugal updated the results for the years 2020 and 2021 published on July 1, 2022, integrating new information. The data published in this press release are final for 2020, provisional for 2021 and preliminary for 2022, having been compiled based on information available until the end of April 2023.

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

1. Main results

Current expenditure on health is expected to have increased by 6.3% in 2022

For 2022, current health expenditure is estimated to have increased by 6.3%, a rate of change lower by 5.1 p.p. than the nominal growth of the Gross Domestic Product (GDP), reaching €25,417.7 million (€2,474.0 per capita). This represented 10.6% of GDP, a higher weight than in the pre-pandemic year (9.5% in 2019). The continued recovery of activity by public and private providers in non-COVID-19 areas which started in 2021 contributed to the increase in current expenditure in that year. The effects of the pandemic persisted in 2022, but with a smaller impact on current expenditure in 2020 and 2021.

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In 2021, current health expenditure had registered a record increase of 13.1%, totalling 23,915.7 million euros (equivalent to 11.1% of GDP and 2,324.6 euros per capita). This evolution reflected the increase in expenditure related to the fight against the pandemic and the resumption of the health care activity by public and private providers.

Current health expenditure grew, in nominal terms, less than GDP (-5.1 p.p.) in 2022, contrary to what happened in the previous year (+6.0 p.p. of GDP). This situation of current health expenditure growth lower than that of GDP had not been observed since 2017.

Figure 1. Current expenditure on health and GDP (2019-2022Pe)

	2019	2020	2021Po	2022Pe
Current expenditure on health				
Value (10^6 €)	20,395.2	21,150.1	23,915.7	25,417.7
Nominal rate of change (%)	5.6	3.7	13.1	6.3
% of GDP	9.5	10.5	11.1	10.6
Per capita (€)	1,982.8	2,054.0	2,324.6	2,474.0
Gross Domestic Product (GDP)				
Value (10^6 €)	214,374.6	200,518.9	214,741.0	239,240.7
Nominal rate of change (%)	4.5	- 6.5	7.1	11.4

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

In 2022 public current expenditure should have increased by 6.6% and private expenditure by 5.7%

In 2021, the share of public current expenditure[1] in current expenditure decreased to 65.6% (-1.0 p.p. compared to 2020). For 2022, it is estimated a slight increase in the relative importance of public current expenditure (+0.2 p.p.), remaining at a higher level than that recorded in the pre-pandemic year (63.6%).

[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.

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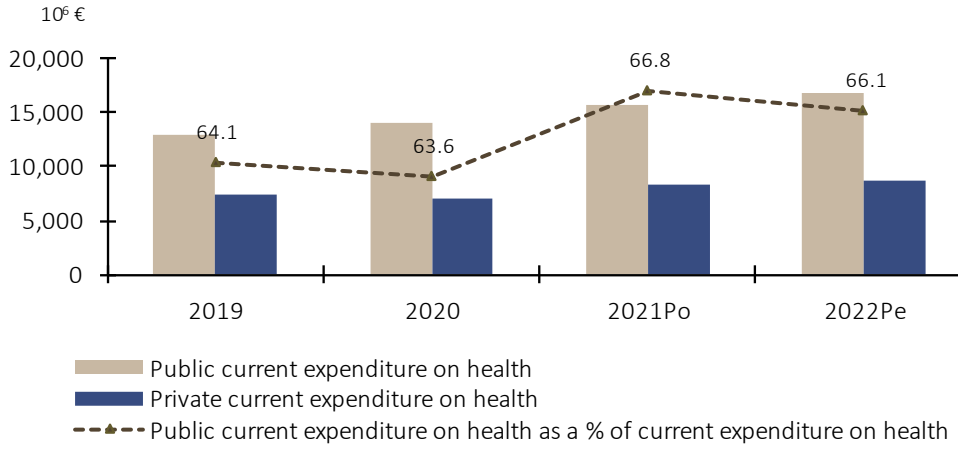
Figure 2. Current expenditure on health, public and private (2019-2022Pe)



Source: Statistics Portugal (Health Satellite Account)

In 2022, public current expenditure is estimated to have increased by 6.6%, reflecting the rise in expenditure in intermediate consumption (COVID-19 tests, co-payment of medicines and complementary diagnostics, consumption of pharmaceutical products and others) and in compensation of employees of public providers. According to available data[2], in 2022, the assistance activity of public hospitals recovered to levels higher than in 2019, mainly in the provision of medical appointments and surgeries. The expenditure associated with fighting the pandemic persisted in 2022 but was lower than in the previous two years.

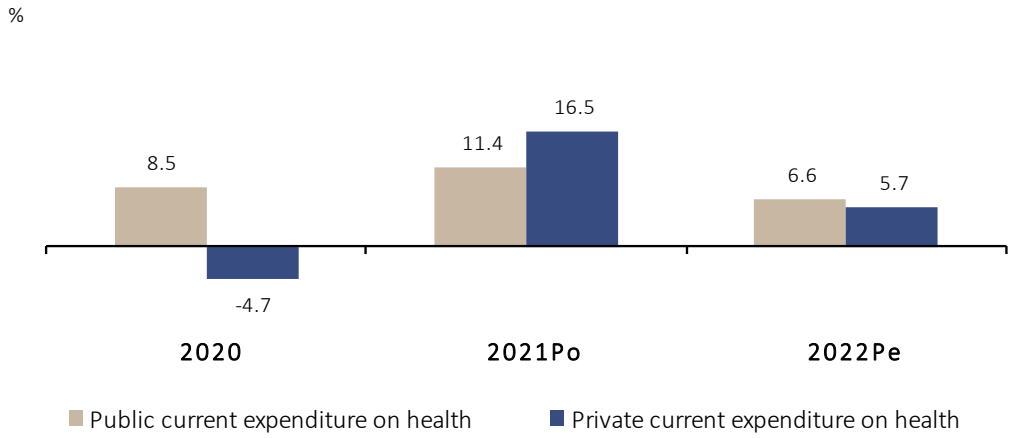
Private current expenditure[3] also increased in 2022 (+5.7%), because of the continued recovery in the assistance activity of private providers, namely hospitals, providers of ambulatory care and pharmacies.

[2] Transparency area of the National Health Service (NHS) Portal

[3] 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 3. **Current expenditure on health, public and private (2019-2022Pe)**

(Nominal rate of change)



Source: Statistics Portugal (Health Satellite Account)

In 2021 the current expenditure of public and private providers increased significantly

Expenditure by public providers of ambulatory health care increased by 30.4%, reinforcing its relative weight in the current expenditure structure (+1.1 p.p.). The increase in intermediate consumption associated to products required for the vaccination process (vaccines, needles, syringes, etc.)[4] contributed significantly to this development. The increase in the provision of services in medical and dental offices as well as in medical clinics with various specialties was reflected in the increase in expenditure by private providers of ambulatory health care (+20.3%). Expenditure in private hospitals[5], on the other hand, increased by 16.7% because of recovery in their health care activity. In this regard, it is important to mention the information released by Statistics Portugal in the publication "Health Statistics 2021[6]": "the activity of private hospitals had relevant increases in complementary diagnostic and/or therapeutic acts (+27.2%), hospital admissions (+27.0%) and appointments (+22.7%)".

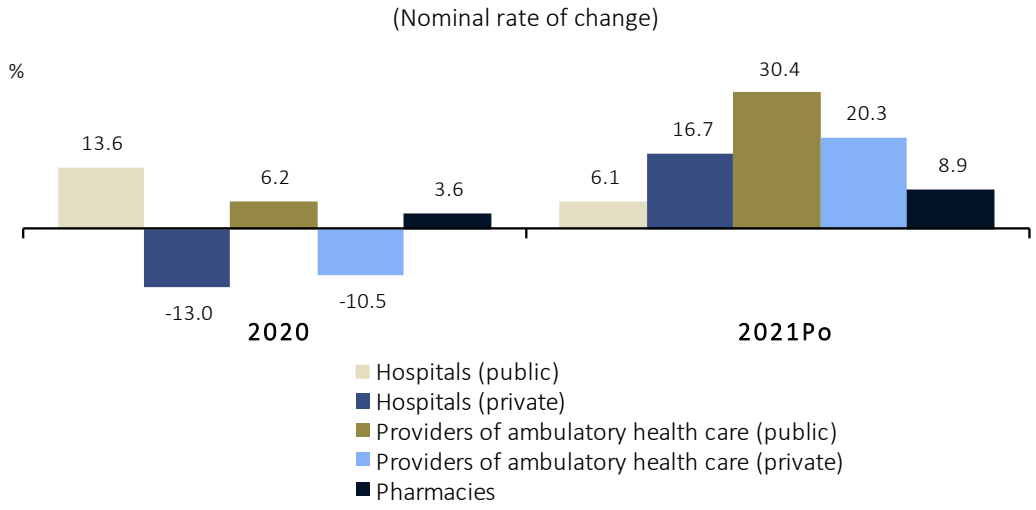
In addition to these providers, in 2021, the 40.2% increase in expenditure of private providers of ancillary services (which include medical and diagnostic laboratories) due to the increase in COVID-19 testing was also noted.

[4] Although the Resolutions of the Council of Ministers published during 2021 (no. 55/2021, no. 196/2021) state that the financial costs resulting from the acquisition of vaccines against COVID-19 are "satisfied by funds to be entered in the budget of the Directorate General of Health", under the HSA these amounts were recorded in the expenditure of public providers of ambulatory care as it was these entities that provided the vaccination service to the population.

[5] Private hospitals include Public-Private Partnership (PPP) hospitals.

[6] Statistics Portugal: "Health Statistics 2021"

Figure 4. Evolution of current expenditure of the main providers (2019-2021Po)



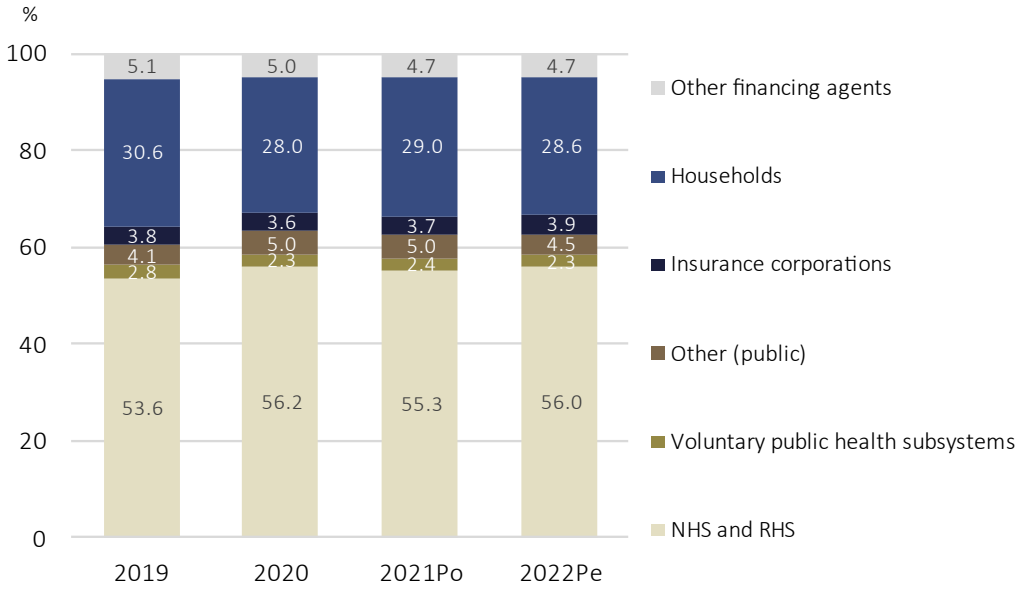
Source: Statistics Portugal (Health Satellite Account)

In 2021 the relative importance of household expenditure was strengthened

In 2021, the relative importance of expenditure funded by households increased (+1.0 p.p.) and, conversely, the weight of funding from the National Health Service (NHS) and Regional Health Services of the Autonomous Regions (RHS) decreased (-0.9 p.p.). For 2022 it is estimated that the financing of the NHS and RHS (+0.7 p.p.) has increased its relative importance again, to the detriment of households (-0.4 p.p.) and other public institutions (-0.5 p.p.).

In these years, insurance companies have slightly increased their weight in the financing of the health system (+0.1 p.p. in 2021 and +0.2 p.p. in 2022).

Figure 5. **Current health expenditure by financing agent (2019-2022Pe)**



Source: Statistics Portugal (Health Satellite Account)

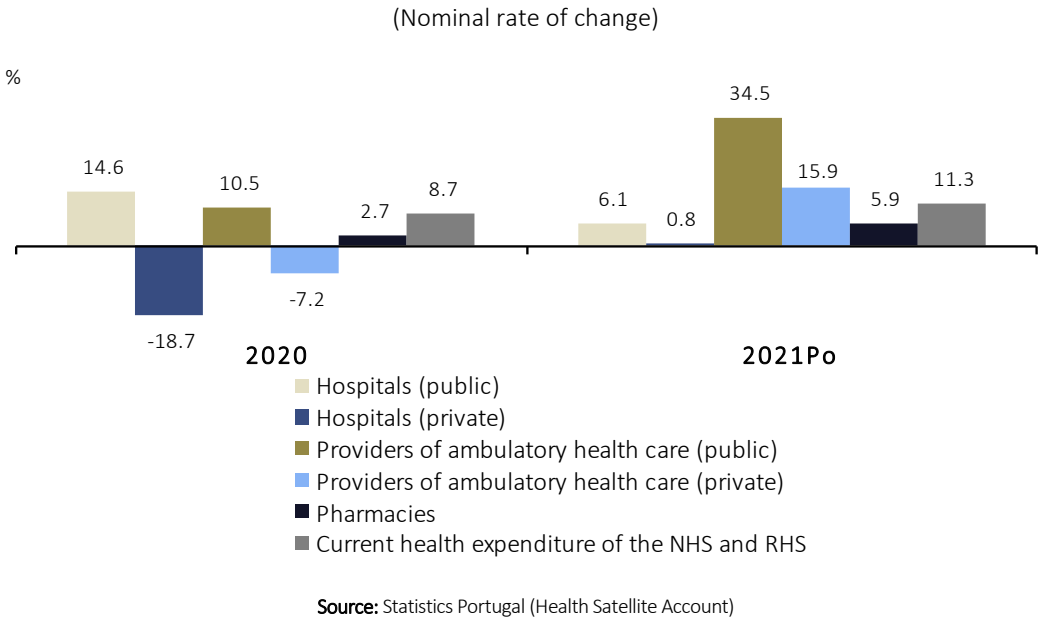
Voluntary public subsystems (+17.4%), households (+17.0%) and insurance corporations (+16.7%) were the financing agents that recorded the largest increases in the financing of health goods and services in 2021. These increases are directly related to the growth in demand, mainly from private providers, after a decrease observed in 2020.

In 2021 NHS and RHS increased funding to main health care providers by 11.3%

In 2021, NHS and RHS expenditure increased by 11.3%, mainly due to the increased funding of public (+34.5%) and private (+15.9%) ambulatory health care providers. In the case of public providers, additional costs in compensation of employees and intermediate consumption had to be supported due to the COVID-19 vaccination process. Funding for private contract providers of complementary diagnostic services and physical and rehabilitation medicine also increased.

With less importance in the structure of the NHS and RHS expenditure, there was also a 40.9% increase in financing for private providers of ancillary services to support the COVID-19 testing.

Figure 6. **Evolution of current expenditure of the NHS and RHS, by main providers (2019-2021Po)**

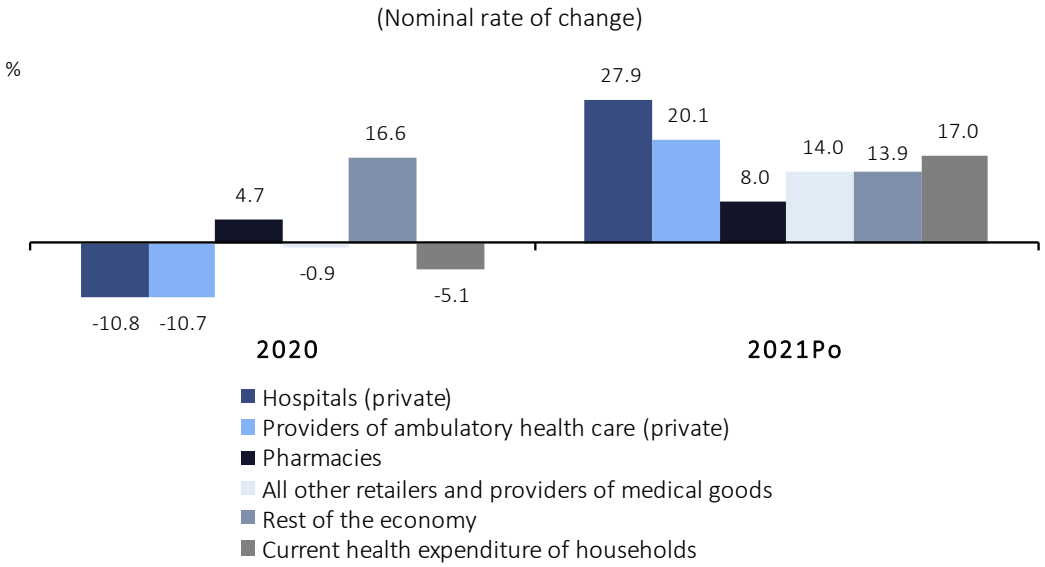


Source: Statistics Portugal (Health Satellite Account)

In 2021 household spending recorded a high increase of 17.0%

Household expenditure recorded a high increase of 17.0% in 2021, reaching the maximum value in the available series that starting in 2000. In that year, there were significant increases in household expenditure for the main providers, mainly in private hospitals (+27.9%) and in private providers of ambulatory care (+20.1%). The increase in the demand for health services by households justified the evolution of expenditure.

Figure 7. **Evolution of current household expenditure by main providers (2019-2021Po)**



Source: Statistics Portugal (Health Satellite Account)

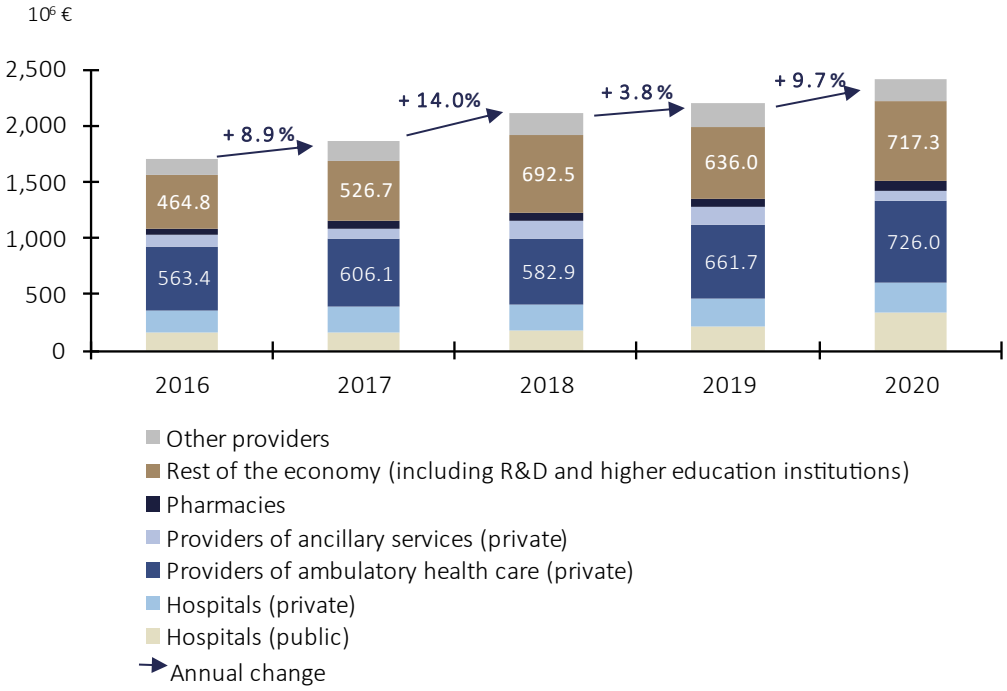
Gross Fixed Capital Formation (GFCF) of health care providers increased by 9.7% in 2020

In 2020[7], the GFCF of health care providers reached 2,411.9 million euros, representing 6.3% of the total GFCF of the national economy. In that year investment by health care providers increased 9.7%, while the country's total investment decreased by 0.8%. Public hospitals (+62.2%), entities of the rest of the economy (+12.8%) (which includes R&D and higher education institutions), and private providers of ambulatory care (+9.7%) were the providers with the most significant increases in GFCF in that year. Together, these providers accounted for 74.1% of the investment in 2020. Public hospitals were the providers with the largest increase in relative weight due to the investment made under COVID-19, representing 14.3% of the providers' GFCF (9.6% in 2019).

Provider investment growth has been increasing since 2016, with a 14.0% increase in 2018 standing out. In structural terms, private ambulatory health care providers and entities from the rest of the economy accounted for an average of 60.1% of investment.

[7] The availability of GFCF results from health care providers within the scope of the HSA is only possible after the presentation of final and detailed results from the Portuguese National Accounts, with 2020 being the last year currently available.

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



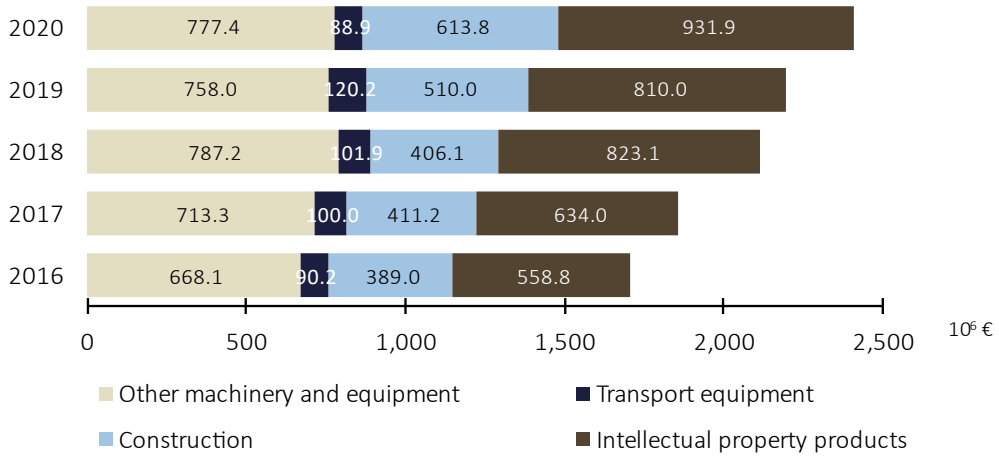
Source: Statistics Portugal (Health Satellite Account)

Between 2016 and 2020, investment by health care providers was mainly in intellectual property products, other machinery and equipment and construction.

The increase in investment in construction in 2020 (+20.3%) was mainly carried out by public hospitals[8] and by private providers of ambulatory health care. GFCF in intellectual property products also increased by 15.1%, driven by the development of R&D projects in the health sector.

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

Figure 9. **GFCF of health care providers, including R&D and higher education institutions, by asset (2016-2020)**



Source: Statistics Portugal (Health Satellite Account)

2. International comparisons

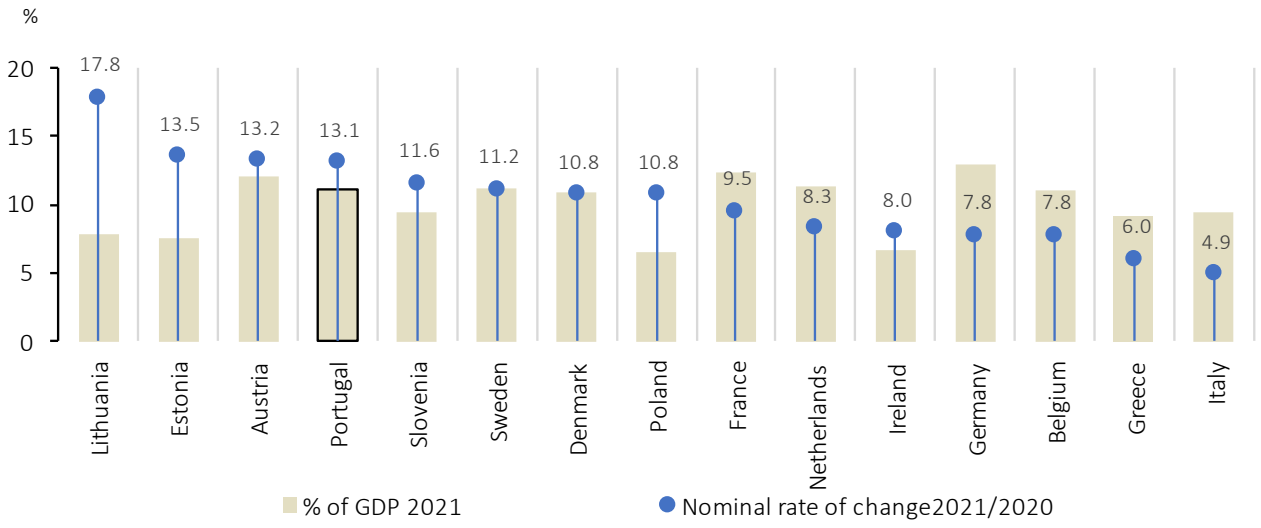
Current health expenditure increased significantly in most Member States (MS) with data available[9] for 2021. More than half of the MS recorded nominal expenditure increases of more than 10%, with Lithuania (17.8%), Estonia (13.5%), Austria (13.2%) and Portugal (13.1%) standing out. Greece (6.0%) and Italy (4.9%) were the MS with the lowest increases.

In 2021, the MS with the highest share of current health expenditure in GDP[10] were Germany (12.9%), France (12.3%) and Austria (12.1%). It should be noted that most of the MS increased the relative weight of current health expenditure in GDP in that year, with Austria (+0.7 p.p.) and Portugal (+0.6 p.p.) standing out. On the other hand, Ireland (-0.4 p.p.) and Greece (-0.3 p.p.) were the MS with the largest decreases in the relative share of current health expenditure in GDP.

[9] Data extracted from the OECD database on 27 June 2023 (date of last update: November 2022) complemented by updated data published on the official statistics websites of each Member State.

[10] Data extracted from the Eurostat database on 27 June 2023 (date of last updated: 26 June 2023).

Figure 10. Evolution of current expenditure on health and share of current health expenditure in GDP in EU countries (2020-2021)



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) 2021/1901, of October 29, 2021. 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 centres specialized in ambulatory services of the National Health Service (NHS) and Regional Health Services (RHS): include the ambulatory health centres 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) 2021/1901 requires the adoption of the classification of financing 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 analysed 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.

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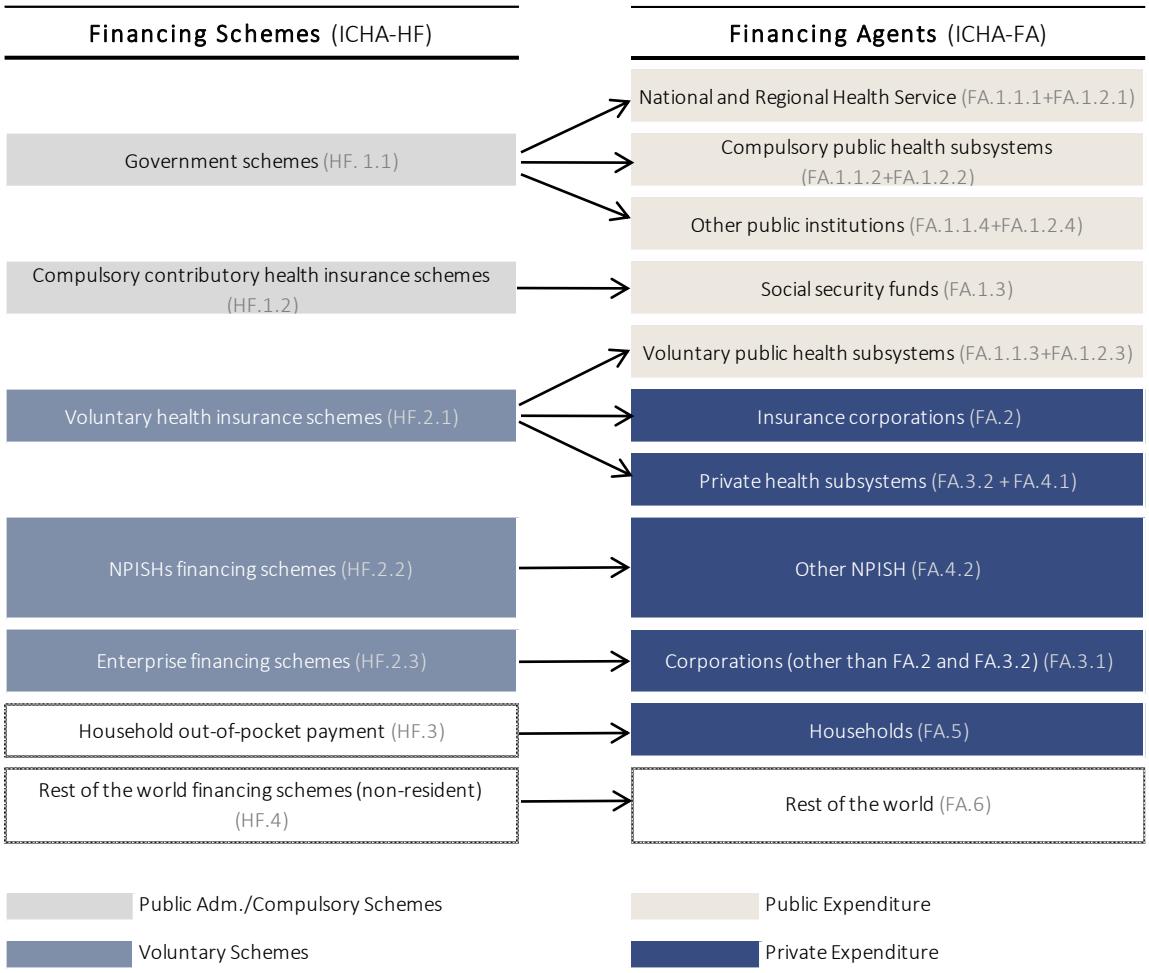
Figure 13: **Correspondence between financing schemes, financing agents and public and private expenditure (Base 2016)**



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

The total value of GFCF estimated by the Portuguese National Accounts (PNA) by the different industries[11], by type of asset and institutional sector, constituted the starting point for the calculation of the GFCF of the providers belonging to the universe of HSA. The available data did not allow the calculation of the GFCF of the financial corporations that manage health insurance and of the entities of the General Government that manage the compulsory public health subsystems, SAD-PSP and SAD-GNR, classified in the HP.7 (Providers of administration and financing services of health systems).

Compared with the GFCF results of the health function (Division 07) of the classification of public expenditure (COFOG)[12], 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.

Revisions

Compared to the version published on 1 July 2022, the final data for 2020 showed an upward revision of current expenditure due to from the integration of final data from different data sources.

Provisional results for 2021 also reflected an upward revision in current expenditure (public and private). This revaluation was based on the incorporation of new data sources and updated and detailed data. In particular, the integration of Simplified Business Information (SBI) and more detailed updated administrative data on the provision and financing of the NHS and RHS influenced the revisions to the expenditure of health care providers. The largest changes were recorded for public and private hospitals, in private providers of ambulatory care and in the rest of the economy. On the financing side, the downward revision of expenditure supported by the NHS and the RHS was highlighted and, conversely, the upward revision of the expenditure supported by households, other public entities, voluntary public health subsystems and insurance corporations.

[11] Mainly from the industries of PNA 86 (Human health activities), 87 (Residential care activities), 88 (Social work activities without accommodation), 84 (Public administration and defence; compulsory social security) and 47 (Retail trade, except of motor vehicles and motorcycles)

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

Figure 14. Revisions of current expenditure on health, public and private (2020-2021)

	2020	2021
Current expenditure		
Revision (10^6 €)	42.3	229.8
Revision (% of current expenditure)	0.2	1.0
Public current expenditure		
Revision (10^6 €)	- 20.5	35.4
Revision (% of public current expenditure)	- 0.1	0.2
Private current expenditure		
Revision (10^6 €)	62.8	194.4
Revision (% of private current expenditure)	0.9	2.4

Fonte: Statistics Portugal (Health Satellite Account)

CONVENTIONAL SIGNS

Pe – Preliminary data

Po – Provisional data

ACRONYMS AND ABBREVIATIONS

COFOG - Classification of the functions of government

ESA - European System of National and Regional Accounts

EU – European Union

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

MS – Member State/s

NHS – National Health Service

NPISH - Non-profit Institutions Serving Households

OECD - Organisation for Economic Co-operation and Development

PNA - Portuguese National Accounts

PPP - Public-Private Partnership

R&D - Research and Development

RHS - Regional Health Services of Azores and Madeira

SAD-GNR - Assistance in health care to Militaries of Republican National Guard

SAD-PSP - Assistance service in health care to Agents of Public Security Police

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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