

Global Trends in Public Health Spending and the Outlook

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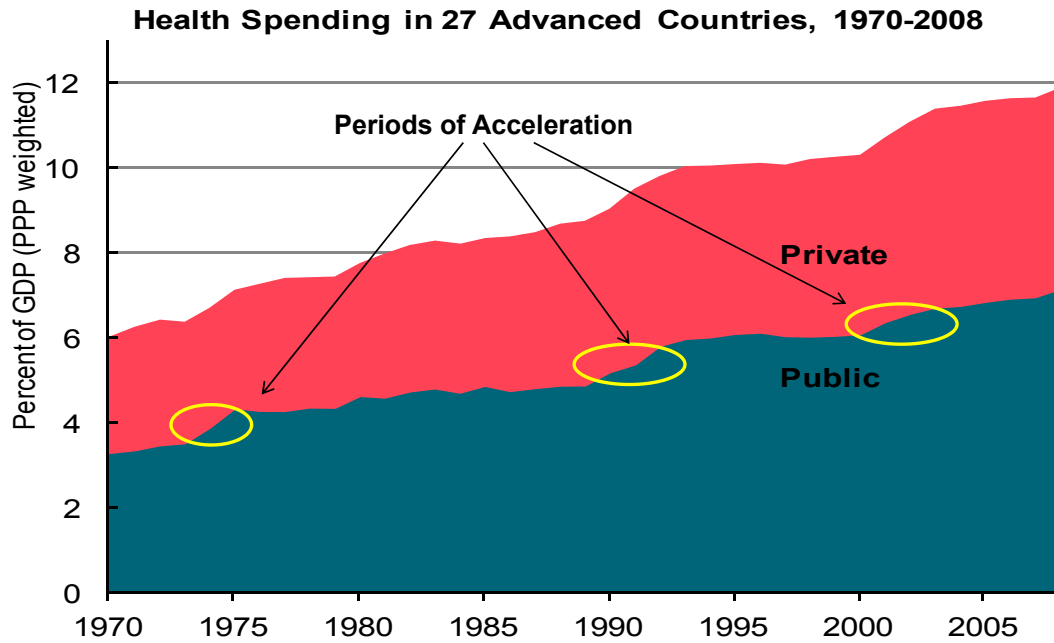
Objectives of presentation



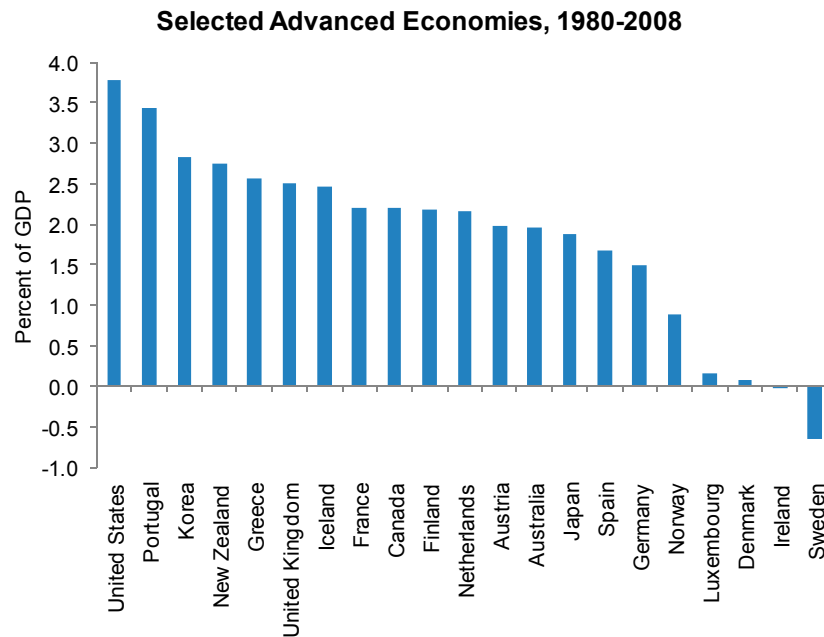
- Examine public health spending trends in the past 40 years
- Provide country-specific projections of public health spending for both advanced and emerging economies



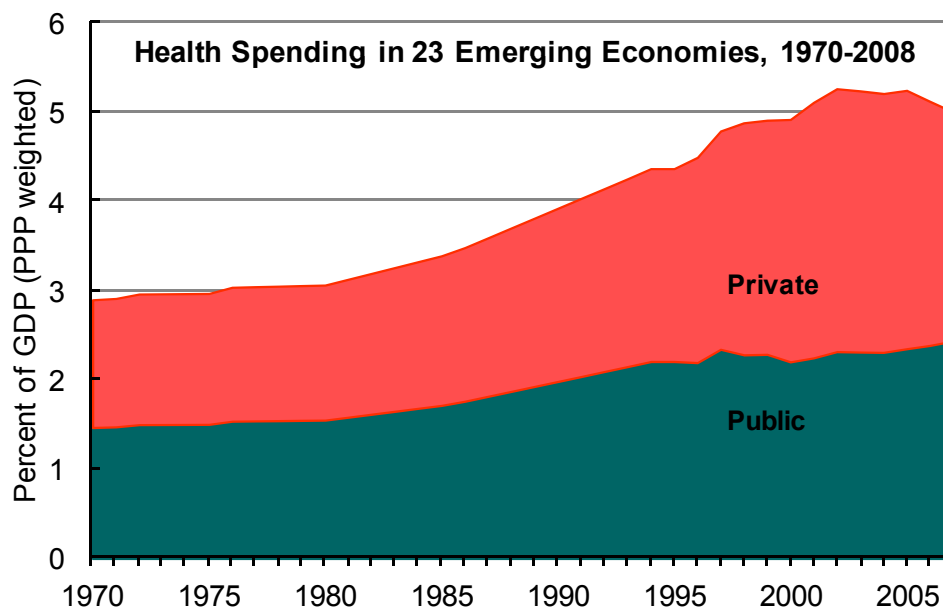
Led by public sector, large spending increases in advanced economies over past 40 years



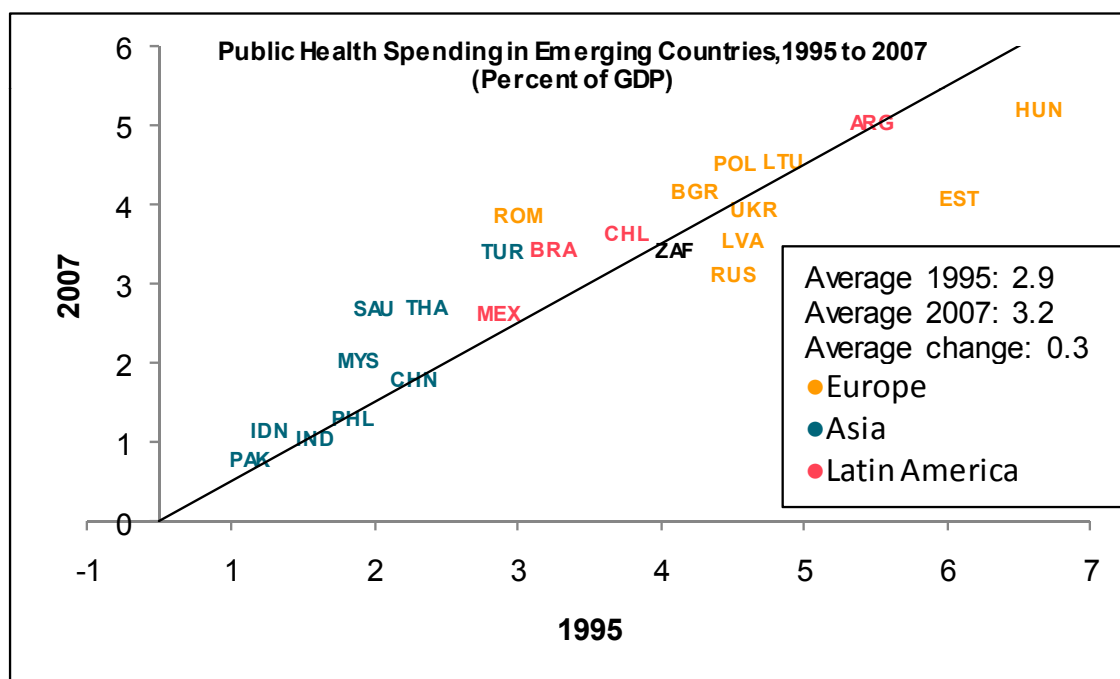
Increases have varied by country



Increases in public health spending were much smaller in emerging economies...



...and varied by country as well





Main drivers of public health spending

- Population aging—explains about one fourth of the increase in spending-to-GDP ratios**

- Excess Cost Growth (ECG) —the difference between real health expenditure growth and real GDP growth—explains the rest**
 - Technology**

 - Health policies and institutions**



Recent health reforms unlikely to alter long-term trends

- In the United States, 2010 health care reform expands coverage; net effect on expenditure is small**

- In Europe, cuts in health employment and compensation; long-term impact uncertain**

- Pharmaceuticals reforms in Europe unlikely to have a major effect in the long run**

Methodology for projecting public health spending



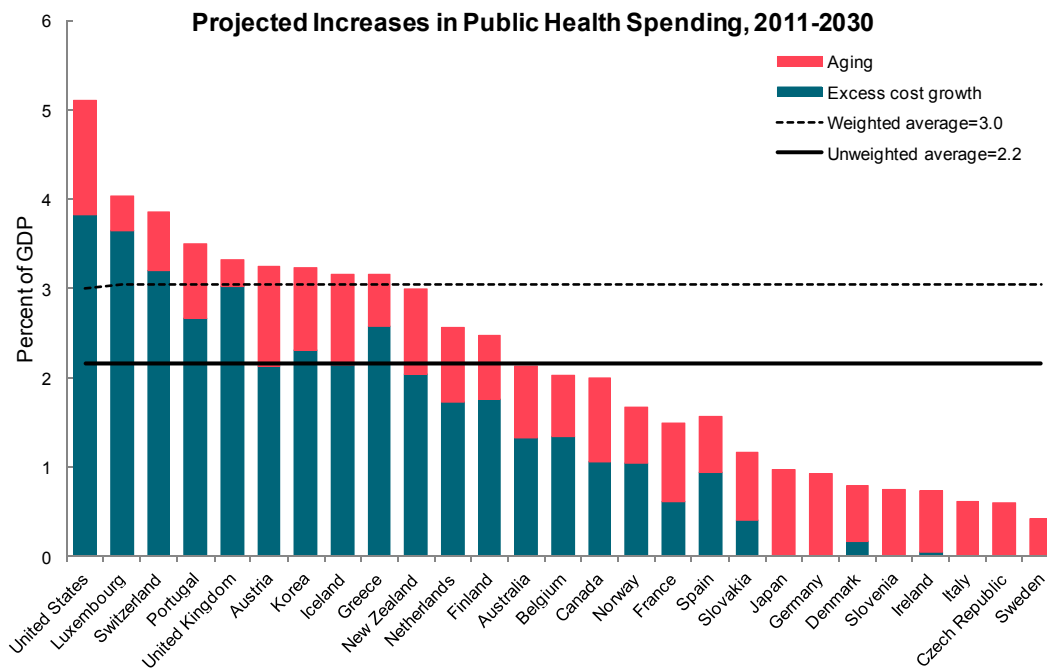
- For advanced economies, country-specific estimates of ECG from econometric analysis
- Reflects varying success of countries' health systems in containing costs
- For emerging economies, common ECG of 1.0 percent assumed, similar to historical average

Econometric estimates of ECG for advanced economies

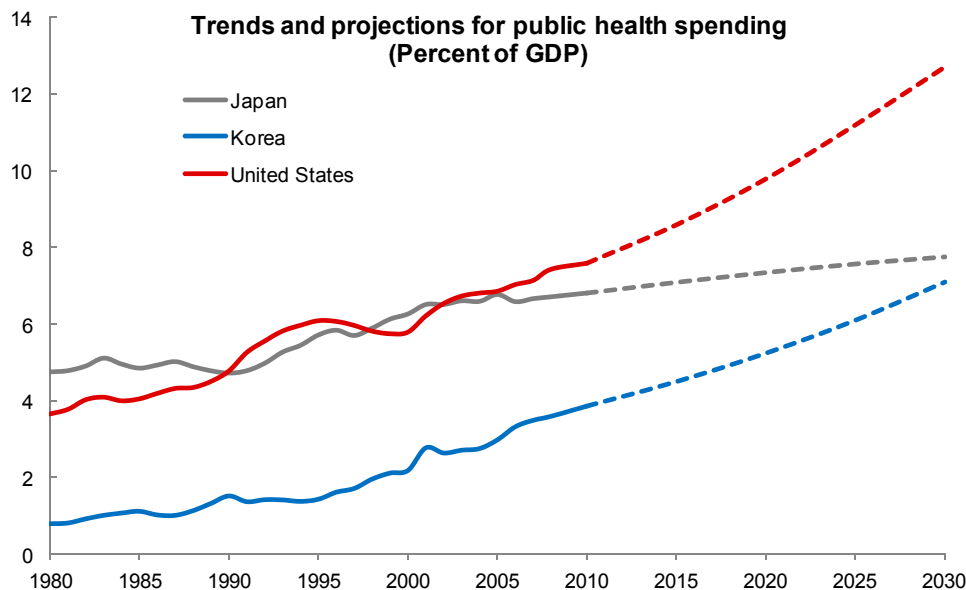


- Estimates of ECG vary significantly by country, ranging from -0.9 percent (Czech Republic) to 3.5 percent (Korea)
- The average is comparable with the ECG estimates in the literature, from around 1.0 percent to 1.5 percent
- The ECG estimates were capped between zero and 2.0 percent in spending projections

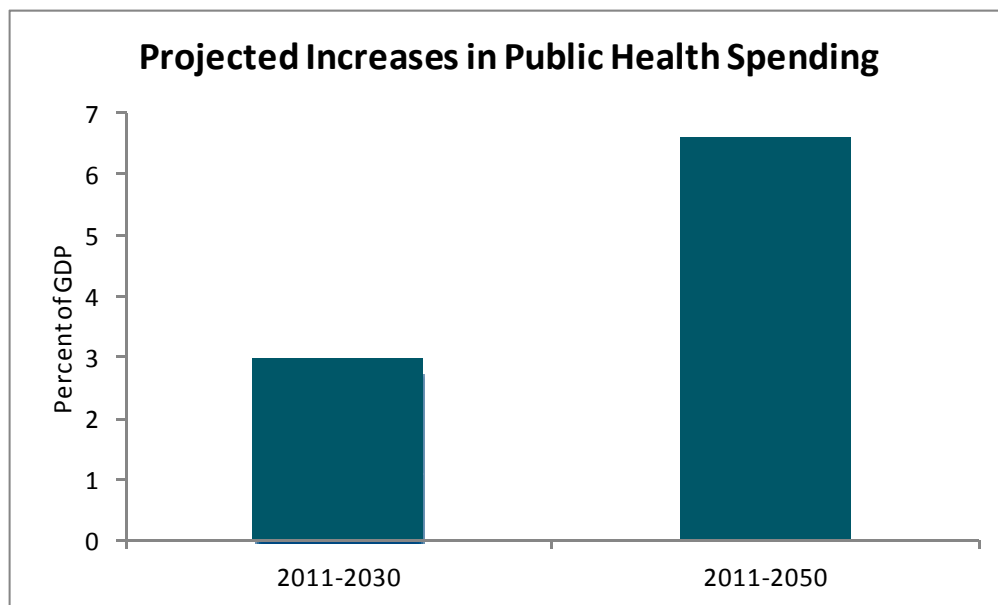
Public spending pressures in advanced countries are substantial and varies



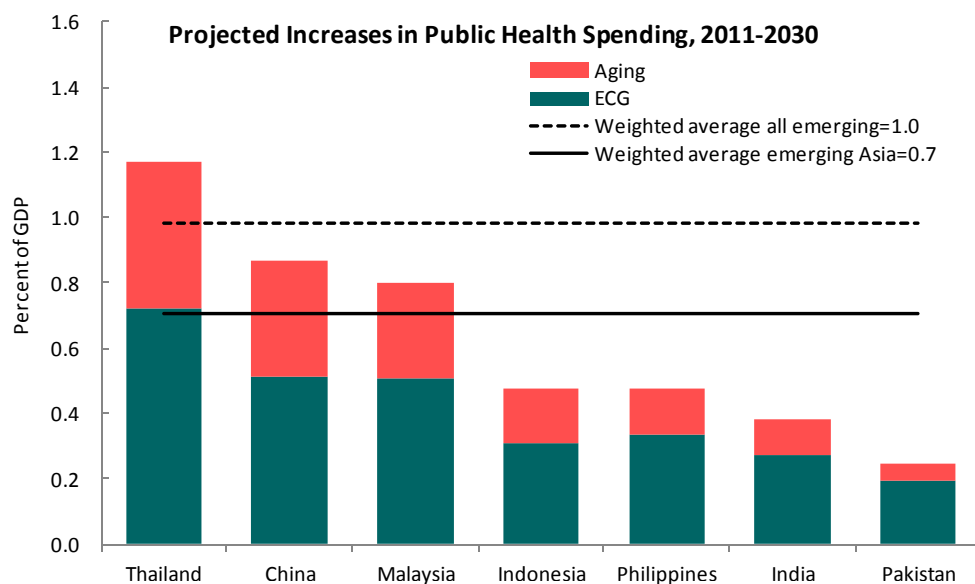
Spending projections reflect past trends



Spending pressures are larger in the longer term



Spending pressures in emerging Asia lower than emerging economy average





Summary of findings

For advanced economies

- Projected increases in public health spending are large
- The projected increases vary by country, with the United States facing the largest increase

For emerging economies

- Projected increases in public health spending are moderate
- Spending pressures in emerging Asia are lower than emerging economy average



Thank you!