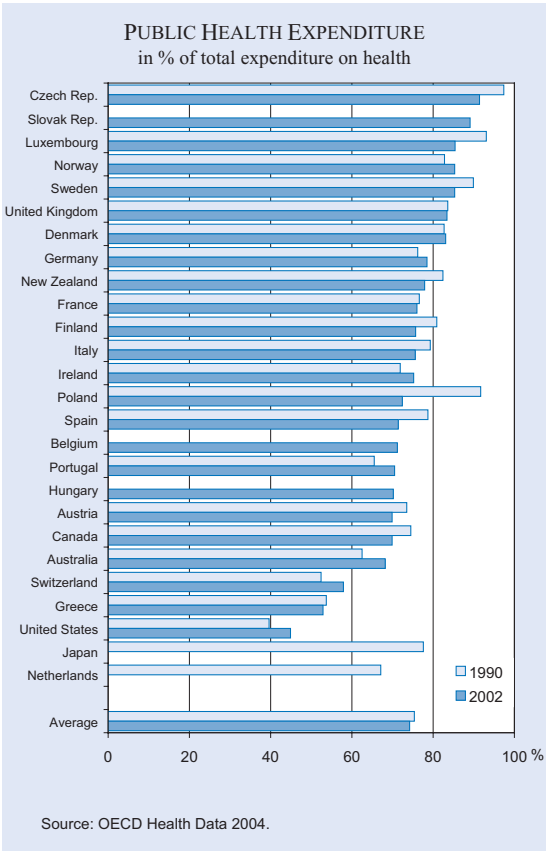
# Structural Changes of Health-Care Financing

The structure of a health-care system can be characterised in several ways. One possibility is to look at the sources of financing health expenditure. There are public and private sources. The public source of financing health expenditure (or shorter: public expenditure on health) is either part of the general public tax revenues or is collected from the health insured in the form of contributions to the social (i.e. mostly obligatory and publicly organised) health insurance. The private source of health expenditure funding can be divided into three parts (as done e.g. also by the OECD): private health insurance, out-of-pocket payments and all other private means. Out-of-pocket payments are correctly mentioned under the heading of private sources. But one should be clear that out-of-pocket payments may supplement private as well as public health insurance services. The table gives a general overview.

The shares of public health financing for 1990 and 2002 are shown also in the Figure. The United States, Greece and Switzerland exhibit the lowest, Czech and Slovak Republic the highest values. Most countries are around 80 percent. The majority of countries has (slightly) lowered the share of public financing during the period of 1990 and 2002. A rather strong decrease by nearly 20 percentage points has occurred in Portugal. In the United States, by contrast, the public share has quite substantially risen from 39.6 to 44.9 percent.




Source: OECD Health Data 2004.

The shares of private health financing are – correspondingly – low (Table). For private health insurance it is only the United States where such sources of financing health services play a major role (around 35 percent). On average, private health insurance has increased slightly its – still low – relevance for financing health services (from 6.9 percent in 1990 to 8.5 percent in 2002).

Out-of-pocket payments have been and remain to be by far the most important private source of financing health services. However, the situation and development are quite different from country to country. Switzerland and the United States had a high level of out-of-pocket payments and have reduced it. The US level is now even less than the average. By contrast, strong increases of out-of-pocket-payments have occurred in Poland, Luxembourg, Finland and Italy.

The financing structures of health-care services seem to have followed two tendencies during the 1990s: the share of public means has slightly decreased, while that of private funds has – correspondingly – increased; and the financing structures have become more similar than they were in 1990. This is reflected in the values for the standard deviation which are lower in 2002 than in 1990 (except for "other private means"). This second tendency is mainly due to the fact that countries with unusual financing structures – like the United States, Switzerland, but also the Czech Republic and Poland to a certain degree – have moved their systems in the direction of "mainstream" financing structures.

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**References**

OECD Health Data 2004.

**Structures of financing health-care services**

| | Public health expenditure | | Private health insurance | | Out-of-pocket payments on health | | All other private means | |
|---|---|---|---|---|---|---|---|---|
| | in % of total expenditure on health | | | | | | | |
| | 1990 | 2002 | 1990 | 2002 | 1990 | 2002 | 1990 | 2002 |
| Austria | 73.5 | 69.9 | 9.0 | 7.4 | n.a. | 17.5 | n.a. | 5.2 |
| Australia | 62.5 | 68.2 | 11.4 | 7.6 | 16.6 | 18.5 | 4.9 | 5.4 |
| Belgium | n.a. | 71.2 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Canada | 74.5 | 69.9 | n.a. | 11.4 | 14.4 | 15.2 | 2.9 | 2.3 |
| Czech Republic | 97.4 | 91.4 | n.a. | n.a. | 2.6 | 8.6 | n.a. | n.a. |
| Denmark | 82.7 | 83.1 | 1.3 | 1.6 | 16.0 | 15.3 | 0.0 | 0.0 |
| Finland | 80.9 | 75.7 | 1.7 | 1.9 | 15.5 | 20.0 | 1.4 | 2.0 |
| France | 76.6 | 76.0 | n.a. | 12.7 | 11.4 | 9.8 | 1.0 | 1.0 |
| Germany | 76.2 | 78.5 | 7.2 | 8.6 | 11.1 | 10.4 | 5.4 | 2.6 |
| Greece | 53.7 | 52.9 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Hungary | n.a. | 70.2 | n.a. | n.a. | n.a. | 26.3 | n.a. | 3.1 |
| Ireland | 71.9 | 75.2 | n.a. | 7.6 | 16.5 | 13.2 | 2.5 | 6.3 |
| Italy | 79.3 | 75.6 | 0.6 | 0.9 | 15.3 | 20.3 | 4.8 | 3.2 |
| Japan | 77.6 | n.a. | n.a. | n.a. | n.a. | 16.5 | n.a. | 5.2 |
| Luxembourg | 93.1 | 85.4 | n.a. | 1.6 | 5.5 | 11.9 | n.a. | 1.3 |
| Netherlands | 67.1 | n.a. | n.a. | 10.3 | n.a. | 10.1 | n.a. | 9.4 |
| New Zealand | 82.4 | 77.9 | 2.8 | 5.7 | 14.5 | 16.1 | 0.3 | 0.3 |
| Norway | 82.8 | 85.3 | n.a. | n.a. | 14.6 | 14.2 | 2.6 | 0.5 |
| Poland | 91.7 | 72.4 | n.a. | n.a. | 8.3 | 27.6 | n.a. | n.a. |
| Portugal | 65.5 | 70.5 | 0.8 | n.a. | n.a. | n.a. | n.a. | n.a. |
| Slovak Republic | n.a. | 89.1 | n.a. | n.a. | n.a. | 10.9 | n.a. | n.a. |
| Spain | 78.7 | 71.4 | 3.7 | 4.1 | n.a. | 23.6 | n.a. | 0.9 |
| Sweden | 89.9 | 85.3 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Switzerland | 52.4 | 57.9 | n.a. | 10.5 | 35.7 | 31.5 | 1.0 | 1.0 |
| United Kingdom | 83.6 | 83.4 | 3.3 | n.a. | 10.6 | n.a. | 1.8 | n.a. |
| United States | 39.6 | 44.9 | 34.2 | 36.2 | 20.1 | 14.0 | 6.1 | 4.9 |
| **Average** | **75.4** | **74.2** | **6.9** | **8.5** | **14.3** | **16.7** | **2.7** | **3.0** |
| **Standard deviation** | **13.8** | **11.0** | **9.7** | **8.6** | **7.3** | **6.3** | **2.0** | **2.5** |

Note: The figures do not always add up to 100%.

Source: OECD Health Data 2004.