

Expenditure on Health Care in the UK

This article presents estimates of expenditure on health care in the UK that are consistent with international definitions. Here, the scope of expenditure on health care is wider than that of government and households. It covers any spending on health care irrespective of who pays for or provides the health care.

Estimates on this basis were last published in December 2003 for years 1997 to 2002. Recent work carried out for Health England (the national reference group for health and well-being in England) by the Department of Health has allowed ONS to update these estimates. A consistent time series is presented for years 1997 to 2007.

Expenditure on health care in the UK was £118 billion in 2007. This estimate comprises £117 billion from ONS sources and £1 billion from adjustments estimated using other sources. The adjustments needed to bring greater international comparability to the estimates are:

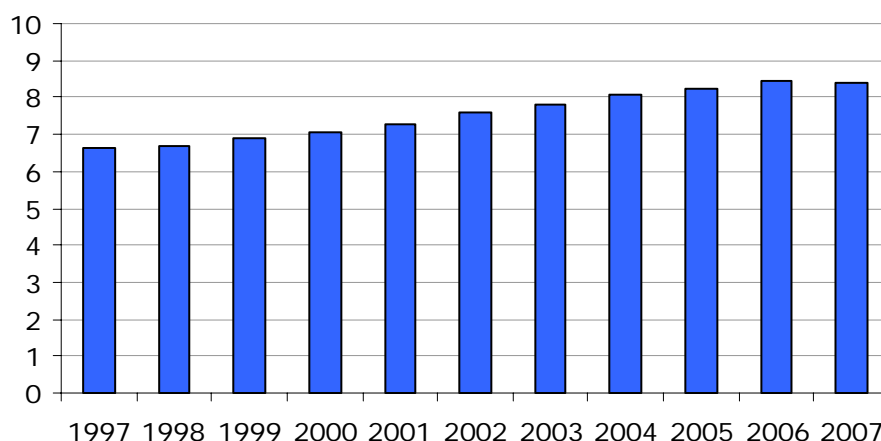
- the addition of expenditure on health by charities and religious organisations, prisons, and the armed forces
- the subtraction of expenditure on research and development in health and on education and training of health personnel by the National Health Service
- the addition of non-NHS expenditure on nursing care in nursing homes, expenditure on government benefits paid to those providing home health care for their relatives, and expenditure on occupational health care

The first of these adjustments is estimated at (plus) £5.4 billion in 2007 and the second at (minus) £4.5 billion in 2007. No data are currently available for the third, but this is unlikely to distort international comparisons.

To aid comparisons, expenditure on health care in the UK is expressed as a percentage of UK Gross Domestic Product (GDP). Figure 1 shows expenditure on health care in the UK, which is estimated at 8.4 per cent of GDP in 2007.

Figure 1: Expenditure on health care as a percentage of GDP

United Kingdom Per cent



Source: Office for National Statistics

ONS provides the 'Expenditure on health care in the UK' series to the Organisation of Economic Cooperation and Development (OECD) for inclusion in *OECD Health Data*, a major source of internationally comparable health statistics. These latest UK data will be published in the 2009 edition and replace those previously provided to the OECD (ONS 2008a).

According to *OECD Health Data 2008* (OECD 2008), the average percentage of GDP spent on health care for EU15 member states was 9.3 per cent in 2005. This was calculated as a simple average, that is, the sum of the percentages for each member state of the EU prior to 2004 divided by 15. The latest year with data available for all 15 countries is 2005.

The weighted average for EU15 member states was 9.6 per cent in 2005. The weighted average weights the figures from each country according to the size of that country's GDP.

OECD Health Data 2009 will include EU15 averages for 2006 and 2007. This publication is planned for June 2009.

Table 1 shows estimates of the split between public and private expenditure on health care in the UK. Here, private expenditure on health care comprises that by households, by non-profit institutions serving households (mainly charities) and capital expenditure by private sector health care providers. In 2007, the public share of expenditure was 81.7 per cent.

Table 1: Percentages of public and private expenditure on health care

United Kingdom

Year	Expenditure on health care		
	Total £ billion	Public Per cent	Private Per cent
1997	55.1	80.4	19.6
1998	58.8	80.4	19.6
1999	64.3	80.6	19.4
2000	68.7	79.3	20.7
2001	74.2	80.0	20.0
2002	81.6	79.9	20.1
2003	88.7	80.1	19.9
2004	96.7	81.6	18.4
2005	103.2	81.9	18.1
2006	111.7	82.0	18.0
2007	117.9	81.7	18.3

Source: Office for National Statistics

Recent revisions to the data in the UK National Accounts Blue Book

The estimates of health care expenditure in this article use data from various sources. The versions used are from September 2008 and cover the period 1997 to 2007.

The government expenditure data used in this article were submitted to the European Statistical Office, Eurostat, in order to meet the requirements defined in the Maastricht Treaty (ONS 2009). The code used for health care is G070.

The household expenditure data used in this article are consistent with the *UK National Accounts Blue Book 2008* (ONS 2008b), hereafter referred to as 'Blue Book 2008'. The estimates of Gross Domestic Product used for this article are consistent with *Blue Book 2008*.

The data published in *Blue Book 2008* incorporate revisions compared to those previously published in *National Accounts Blue Book 2007* (ONS 2007a), hereafter referred to as 'Blue Book 2007'. In particular, estimates of GDP have been revised to incorporate an improved method for measuring financial intermediation services indirectly measured (FISIM) in all years from 1961. In addition, supply-use balancing, reintroduced for *Blue Book 2008*, has affected the estimates of GDP from 2004 onwards (ONS 2008c).

As estimates of GDP have been revised, all estimates of expenditure on health care in the UK as a percentage of GDP have been affected. For example, the net impact for 2006 (the latest year presented in *Blue Book 2007*) was to reduce the estimate of expenditure on health care as a percentage of GDP by 0.1 of a percentage point to 8.5 per cent.

Methods used to calculate estimates of expenditure on health care in the UK

The definitions for internationally comparable estimates of expenditure on health care were proposed in *A System of Health Accounts* (OECD 2000). In particular, the scope for expenditure on health care is wider than expenditure by any particular country's public health service or health ministry: it covers any spending on health care irrespective of who is paying for or providing the health care. It therefore also includes spending on health care by people treated in private hospitals, clinics and care homes, by charities, by the armed forces and in prisons, as well as the cost of occupational health care and the value of government benefits paid to those providing home health care for their relatives. The definitions do not include research and development in health and education and training of health professionals as health care, but recognise their importance by classifying spending on them as health related expenditure.

In December 2003, ONS published estimates of expenditure on health care in the UK (ONS 2003) which, apart from the exclusion of the value of government benefits paid to those providing home care for their relatives and occupational health care, were judged to be consistent with *A System of Health Accounts*. The term 'total UK health expenditure' was used at the time, rather than the equivalent term 'expenditure on health care in the UK', used in this article. The estimates for 1997 to 2002 inclusive were developed as part of the UK Health Accounts project run by ONS.

Between 2004 and 2008, ONS continued to publish some estimates of expenditure on health care in the UK. They were not the best estimates for making international comparisons, but gave an indication of how expenditure on health care in the UK might have changed over later years (ONS 2007b).

The latest estimates of expenditure on health care in the UK for 2000 to 2007 have been calculated based on more recent work carried out by the Department of Health on behalf of Health England.

Health England's second report (Health England 2009) presents analyses of expenditure on public health and prevention in England, with reference to updated estimates of expenditure on health care for England and for the UK. The report also presents most of the additions and subtractions necessary to adjust the sum of government current expenditure on health care, government capital expenditure on health care and household expenditure on health care. The adjustments were calculated using the methods originally developed by ONS as part of the Health Accounts project.

The estimates of expenditure on health care in the UK published in this article incorporate data from various sources and have been calculated as follows:

Component	Addition or subtraction	Source
Government current expenditure on health care	Addition	Consistent with data submitted to Eurostat and published on ONS website
Government capital expenditure on health care	Addition	Consistent with data submitted to Eurostat and published on ONS website
Household expenditure on health care	Addition	Published in Blue Book 2008
Expenditure on health care by non-profit institutions serving households (mainly charities)	Addition	UK estimate published in Health England Report No. 2
Expenditure on health care in prisons	Addition	UK estimate published in Health England Report No. 2
Expenditure on health care in the armed forces	Addition	UK estimate published in Health England Report No. 2
Capital expenditure by private sector health care providers	Addition	Estimated using data consistent with Blue Book 2008, and data submitted to Eurostat and published on ONS website
Expenditure on education and training of health personnel by the National Health Service	Subtraction	UK estimate published in Health England Report No. 2
Expenditure on research and development in health by the National Health Service	Subtraction	UK estimate published in Health England Report No. 2
Government benefits paid to those providing home care for their relatives	Addition – no estimate	No source
Occupational health care	Addition – no estimate	No source
Non-NHS expenditure on nursing care in nursing homes	Addition – no estimate	No source

As with many other countries, the UK has not yet estimated a value for government benefits paid to those providing home care for their relatives or for occupational health care. Hence this omission does not distort international comparisons.

In addition, no estimates are currently available for non-NHS expenditure on nursing care in nursing homes.

Further information on the sources and methods used to calculate the estimates in this article will be published alongside *OECD Health Data 2009* on the OECD website.

ONS intends to publish the next article on Expenditure on health care in the UK in spring 2010. The article will include estimates for years 1997 to 2008.

References and links

Health England (2009) Chapter 7 'Preventative Spending', in *Prevention and Preventative Spending* Health England Report No. 2 (2009) p 60, available at: www.healthengland.org/health_england_publications.htm

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ONS (2003) *Total UK health expenditure 1997–2002*, Office for National Statistics, available at: www.statistics.gov.uk/cci/article.asp?id=1592

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ONS (2008c) Meader R and Tily G 'Overview of UK National Accounts and Balance of Payments: Blue Book and Pink Book 2008' *Economic and Labour Market Review October 2008*, Office for National Statistics, available at: www.statistics.gov.uk/elmr/10_08/

ONS (2009) 'ESA Table 11 General Government total outlays by classification of function of government September 2008 – General Government' *Government deficit and debt under the Maastricht Treaty*, Office for National Statistics, available at: www.statistics.gov.uk/Statbase/Product.asp?vlnk=3766

Annex

Table 2: Estimates expenditure on health care in the UK in £ billion¹

United Kingdom		£ billion			
Year	Total	Public	Private	Current	Capital
1997	55.1	44.2	10.8	52.2	2.8
1998	58.8	47.2	11.5	55.8	3.0
1999	64.3	51.8	12.5	60.8	3.5
2000	68.7	54.5	14.2	65.6	3.1
2001	74.2	59.4	14.8	71.3	2.9
2002	81.6	65.2	16.4	77.8	3.8
2003	88.7	71.1	17.6	84.6	4.1
2004	96.7	78.9	17.8	92.8	3.9
2005	103.2	84.5	18.7	98.7	4.4
2006	111.7	91.7	20.1	106.7	5.0
2007	117.9	96.4	21.5	112.3	5.6

¹ The sum of public and private and the sum of current and capital should both equate to the total, however, figures may not add up because of rounding

Source: Office for National Statistics

Table 3: Estimates expenditure on health care in the UK as a percentage of GDP¹

United Kingdom		Percentages			
Year	Total	Public	Private	Current	Capital
1997	6.6	5.3	1.3	6.3	0.3
1998	6.7	5.4	1.3	6.3	0.3
1999	6.9	5.6	1.3	6.5	0.4
2000	7.0	5.6	1.5	6.7	0.3
2001	7.3	5.8	1.5	7.0	0.3
2002	7.6	6.1	1.5	7.2	0.3
2003	7.8	6.2	1.5	7.4	0.4
2004	8.1	6.6	1.5	7.7	0.3
2005	8.2	6.7	1.5	7.9	0.4
2006	8.5	6.9	1.5	8.1	0.4
2007	8.4	6.9	1.5	8.0	0.4

¹ The sum of public and private and the sum of current and capital should both equate to the total, however, figures may not add up because of rounding

Source: Office for National Statistics