

## Expenditure on health

**Total expenditure on health as a share of GDP reached 9.2% in 2009 and 8.9% in 2010.**<sup>1</sup> Public expenditure accounted for 6.6% of GDP in 2009 (having increased by 0.6 p.p. compared with 2008 due to the impact of both a decline in GDP and real growth in expenditure), while private expenditure accounted for 2.6% of GDP. Public expenditure as a share of GDP dropped to 6.4% in 2010, while private expenditure remained at 2.6%. The conditions of public financing have tightened significantly in Slovenia over the last two years owing to weak growth in compulsory health-insurance contributions. In addition to the economic crisis, the problems were compounded by high wage rises in the health sector, which translated into 3.1% real growth in public expenditure on health in 2009, despite measures to ensure the sustainability of Slovenia's compulsory health-insurance system. After the slowdown in wage growth and adoption of additional measures, total public expenditure on health dropped by 3.4% in real terms in 2010,<sup>2</sup> according to preliminary estimates. Private health expenditure, in contrast, continued to grow in 2009 and 2010. In 2010, it already represented 28.8% of total expenditure on health. This significant growth was mainly due to the measure that reduced cost coverage by the compulsory health-insurance system for certain medical services and transferred a portion of costs to complementary health insurance.

**Until 2008, Slovenia was among the EU countries with the lowest growth of health expenditure (in relative terms) compared with GDP growth.** According to OECD calculations, real growth in total health expenditure per capita surpassed real GDP growth per capita in all EU countries except Estonia in 1998–2008, by 1.6 p.p. per year, on average (in Slovenia, by a mere 0.6 p.p.). In most EU countries, public expenditure increased more than private expenditure in that period. In the EU as a whole, public expenditure on health rose from 5.3% of GDP to 6.2% of GDP between 2000 and 2008. Slovenia, in contrast, recorded much stronger growth in private than public expenditure in the same period. Public expenditure as a share of GDP even dropped slightly (see Table), while the share of private expenditure increased.

**The level of public expenditure on health in Slovenia is below average on all internationally comparable indicators.** Slovenia spent 8.3% of GDP on health in 2008, equal to the EU average. Although public expenditure on health in 2008 increased much more than in the previous period (9.7% in real terms), it remained below average

on all indicators, accounting for 6.0% of GDP (EU: 6.2%), 71.9% of total health expenditure (EU: 73.6%) and 13.8% of total public expenditure (EU: 14.4%). Conversely, private expenditure climbed to 2.3% of GDP in 2008 (EU: 2.1%), reaching as much as 28.1% of total expenditure on the back of higher co-payments from complementary health insurance, higher out-of-pocket expenditure by households and strong growth in private investment in health. Expenditure from complementary insurance thus represented 44.0% of private health expenditure in 2008, out-of-pocket expenditure by households 45.2% and health expenditure from other private sources (private companies and entrepreneurs in the health-care sector) as much as 10.7%.

**Over the last few years, out-of-pocket expenditure as a share of total final household consumption has increased most notably for households in the lowest income bracket.** Out-of-pocket expenditure in Slovenia is still relatively low compared with other EU countries, both as a share of total health expenditure (12.7%, compared with the EU average of 20.0%) and share of total household consumption (2.0%, compared with 3.0% for OECD countries). According to the Household Budget Survey, in 2008, households in the lowest income quintile experienced the greatest burden of health expenditure (in relative terms), spending on average 2.8% of their total expenditure on health (1.5% in 2005), while in higher-income households, health expenditure represented 1.5% of total expenditure. Slovenian households allocated the greatest share of out-of-pocket expenditure for medicines (23%), medical devices (20%), various other health services (physiotherapy) and alternative medicine (17%), dental care (14%) and outpatient specialist services (9%). In the period 2003–2008, the greatest increases were recorded for out-of-pocket expenditure on outpatient specialist services, rehabilitative care, long-term nursing care, diagnostic imaging, and primary-care services and diagnostic procedures.

<sup>1</sup> Data for 2009 and 2010 are HHS estimates (HHS Business Report for 2010).

<sup>2</sup> HHS expenditure on health declined by 2.3% in real terms (total HHS expenditure including sick leave compensation, by 1.4%) while 2010 saw a sizeable decline in budgetary expenditure on investment, which nearly halved in real terms.

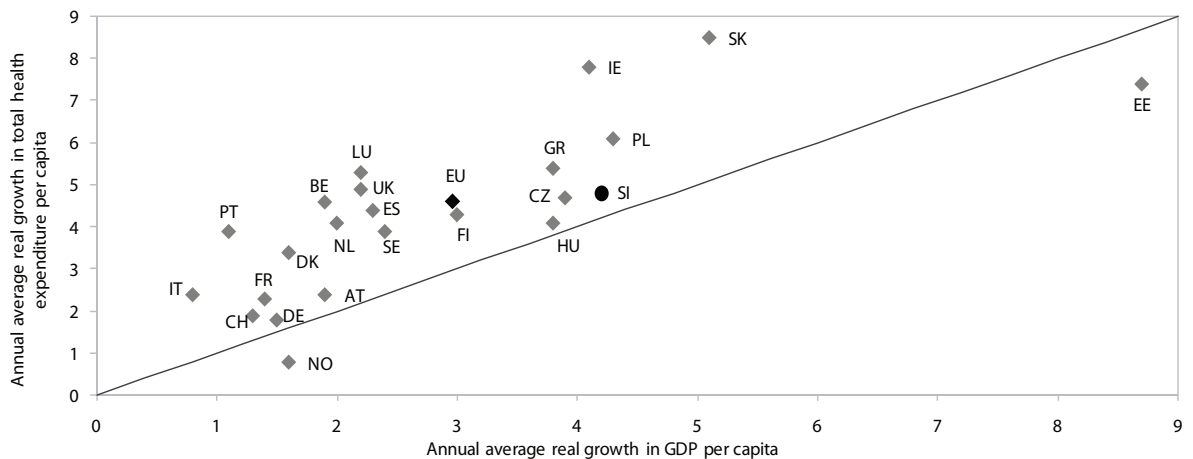
Table: Expenditure on health in the EU-27, 2000 and 2008

	Total health expenditure, as % of GDP <sup>2</sup>		Public health expenditure, as % of GDP <sup>2</sup>		Private health expenditure as a share of total health expenditure, in %		Public health expenditure, as % of general government expenditure	
	2000	2008	2000	2008	2000	2008	2000	2008
<b>EU-27</b>	<b>7.3</b>	<b>8.3</b>	<b>5.3</b>	<b>6.2</b>	<b>27.1</b>	<b>26.5</b>	<b>12.0</b>	<b>13.7</b>
Austria	9.9	10.5	7.6	8.1	23.2	23.1	15.8	15.8
Belgium	9.0	10.2	6.6	7.4	23.0	25.3	12.8	14.8
Bulgaria	6.1	7.3	3.7	4.2	39.1	42.2	7.7	12.5
Cyprus	5.7	5.8	2.4	2.5	58.3	57.9	7.1	7.0
Czech Rep.	6.5	7.1	5.9	5.9	9.7	17.5	13.7	16.8
Denmark	8.3	9.9	6.8	8.4	17.6	15.5	12.3	15.0
Estonia	5.3	6.1	4.1	4.8	22.5	20.6	11.8	13.0
Finland	7.2	8.4	5.1	6.2	28.9	25.8	11.9	14.3
France	10.1	11.2	8.0	8.7	20.6	22.2	13.8	14.9
Greece	7.9	9.7	4.7	5.9	40.0	39.7	8.4	10.6
Ireland	6.3	8.7	4.6	6.7	24.7	23.1	16.6	18.6
Italy	8.1	9.1	5.8	7.0	27.5	22.8	13.0	14.6
Latvia	6.0	6.5	3.2	3.6	45.6	40.4	10.4	12.5
Lithuania	6.5	6.6	4.5	4.8	30.3	27.4	10.5	13.3
Luxembourg	5.8	6.8	5.2	5.7	8.4	8.6	10.9	12.0
Hungary	7.0	7.3	5.0	5.2	29.3	29.0	10.4	9.9
Malta	6.8	7.5	4.9	5.8	27.5	22.6	12.0	12.4
Germany	10.3	10.5	8.2	8.1	20.2	23.2	14.7	15.2
Netherlands	8.0	9.9	5.0	7.4	32.0	16.5	8.4	13.0
Poland	5.5	7.0	3.9	5.1	30.0	27.7	n.p.	11.7
Portugal	8.8	10.1	6.4	7.1	27.5	28.5	14.9	14.0
Romania	5.2	5.4	3.6	4.5	32.3	18.0	11.3	11.2
Slovakia	5.5	7.8	4.9	5.4	10.6	30.4	10.0	19.2
<b>Slovenia</b>	<b>8.3</b>	<b>8.3</b>	<b>6.1</b>	<b>6.0</b>	<b>26.0</b>	<b>28.1</b>	<b>13.8</b>	<b>13.8</b>
Spain	7.2	9.0	5.2	6.5	28.4	27.5	13.4	14.8
Sweden	8.2	9.2	7.0	7.6	15.1	18.1	11.1	13.2
U.K.	7.0	8.7	5.6	7.2	20.7	17.4	14.5	15.7

Source: OECD Health Data 2010, Eurostat, WHO HFA-DB; data for Slovenia are for 2008: Health expenditure (SORS) 29 October 2010.

Notes: For the EU-27, arithmetic average according to OECD Health at a glance: Europe 2010. For the EU-27, weighted average according to the European Commission (source: Joint EPC-EC Report on Health Systems; general government expenditure according to COFOG (source: Eurostat) <sup>2</sup> Revision of GDP of September 2010; N/P - not available.

Figure: Annual average real growth in health expenditure and GDP, per capita, 1998–2008



Source: OECD Health at a glance: Europe 2010.

Note: (Estonia (EE): 1999-2007; Luxembourg (LU), Portugal (PT): 1998-2006; Denmark (DK), Greece (GR): 1998-2007.