

Country Note: How does health spending in JAPAN compare?

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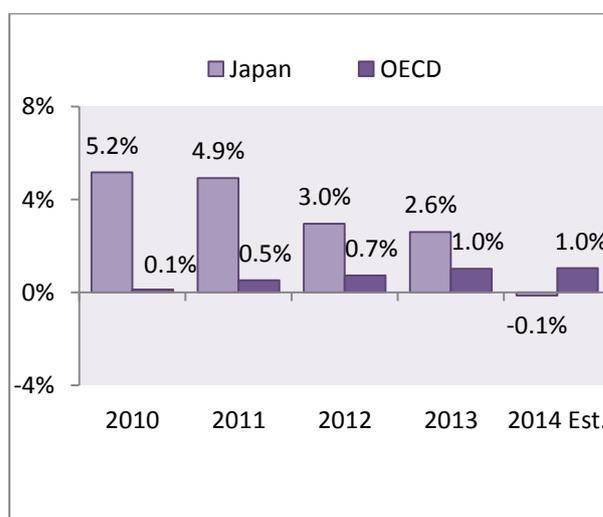
OECD Health Statistics 2015



OECD Health Statistics 2015 is the most comprehensive source of comparable statistics on health and health systems across the 34 OECD countries. Covering the period 1960 to 2014, this interactive database can be used for comparative analyses on health status, risk factors to health, health care resources and utilisation, as well as health expenditure and financing. OECD Health Statistics 2015 is available in OECD.Stat, the statistics portal for all OECD databases.

- ▶ **Growth:** After continual strong growth in recent years, per capita health spending in Japan has been slowing down and is projected to be close to zero (in real terms) in 2014.
- ▶ **Share of GDP:** The share of GDP allocated to health spending (excluding capital expenditure) in Japan was 10.2% in 2013, compared with an OECD average of 8.9%. The share of spending on health increased by 2 percentage point over a decade as economic growth stagnated.
- ▶ **Per capita spending:** Japan spent the equivalent of USD 3090 per person on health in 2013, compared with an OECD average of USD 3453. Public sources accounted for 83% of overall health spending, well above the OECD average.

Figure 1. Annual health spending growth*, 2010-2014



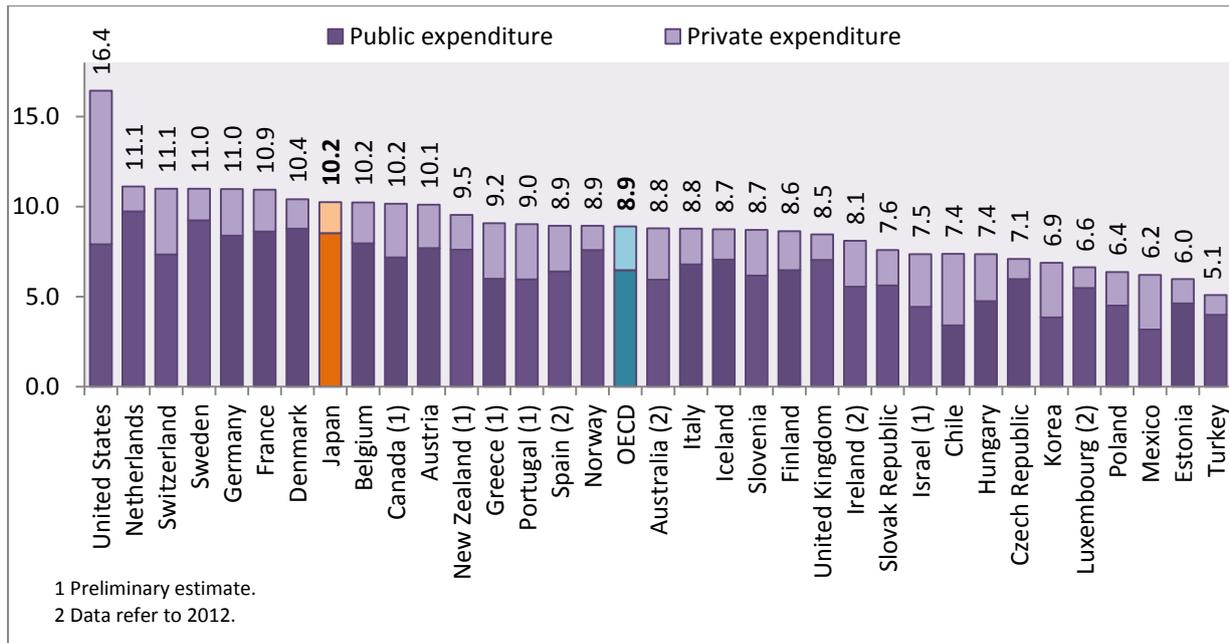
* Per capita spending in real terms.
Source: OECD Health Statistics 2015

Strong health spending growth in Japan slows and is expected to come to a halt in 2014

In contrast to the majority of OECD countries, health spending in Japan has expanded rapidly in recent years as a result of deliberate government policy to increase the level of resources allocated to health. Preliminary estimates, however, point to a small contraction of 0.1% in 2014 (Figure 1).

Contrary to other OECD countries where the slowdown in health spending growth is associated with reductions in pharmaceutical spending, Japan's drug spending continues to grow due to higher volumes spurred on by an aging population and people with chronic conditions. Low market penetration of generic drugs in Japan compared with other OECD countries has also helped to maintain pharmaceutical spending. In 2013, generics accounted for only 11% of the pharmaceutical market in value terms, compared with an OECD average of 24%.

Figure 2. Health spending* as a share of GDP, 2013



* Excluding capital expenditure.
Source: OECD Health Statistics 2015

Health spending as a share of GDP in Japan has moved above the OECD average

Health spending in Japan (excluding investment expenditure in the health sector) was 10.2% of GDP in 2013 (Figure 2), well above the OECD average of 8.9%, making Japan one of the highest spenders among the OECD countries. The share has increased by 2 percentage point since 2005 as a result of increased health spending and a sluggish economy.

The share of the economy allocated to health spending is similar to Belgium, Canada and Austria but still below the levels of the Netherlands, Switzerland and Sweden, for example, that spent around 11%.

The share of government spending in Japan as a share of total spending on health was 83% in 2013 and has slowly

increasing over the last decade, partly due to the introduction of long-term care insurance in 2000. This is above the OECD average of 73%. Among OECD countries, the Netherlands, Sweden, Norway and United Kingdom, for example, report higher shares of public spending than Japan.

Out-of-pocket spending continues to be lower at 14% than the OECD average of 19.5%. Contrary to many other OECD countries, it is decreasing at a slow pace. Compared with other countries, Japan is similar to Sweden, Norway, Canada and Czech Republic.

In per capita terms (adjusted for different price levels using economy-wide purchasing power parities), Japan spent USD 3090 per head in 2013. This compares with an OECD average of USD 3453.

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Further Reading

Focus on health spending:
www.oecd.org/health/health-systems/Focus-Health-Spending-2015.pdf

OECD Health Statistics 2015:
www.oecd.org/health/health-data.htm

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