

Country Note: How does health spending in CANADA compare?

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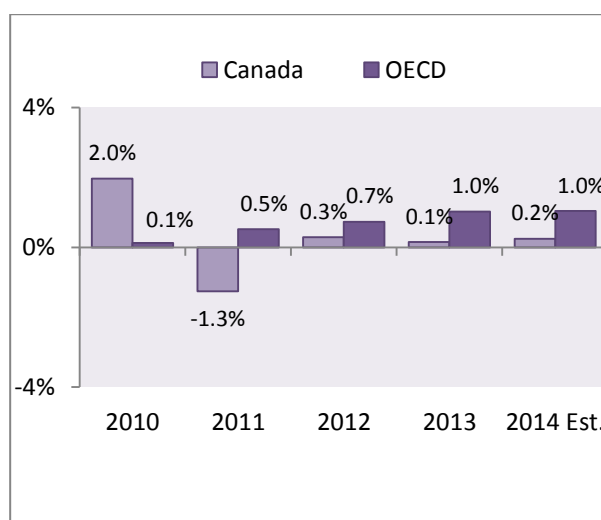
OECD Health Statistics 2015



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:** Following fairly strong growth up to 2010, the growth rate in health spending per capita in Canada has slowed down markedly in recent years, being close to zero in real terms over the past four years.
- ▶ **Share of GDP:** The share of GDP allocated to health spending (excluding capital expenditure) in Canada was 10.2% in 2013, compared with an OECD average of 8.9%. However, it remains much lower than in the United States (16.4%).
- ▶ **Per capita spending:** Canada spent the equivalent of USD 4351 per person on health in 2013, much more than the OECD average of USD 3453, but only half of what the United States spent (USD 8713). Public sources accounted for 71% of overall health spending, slightly less than the OECD average (73%).

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



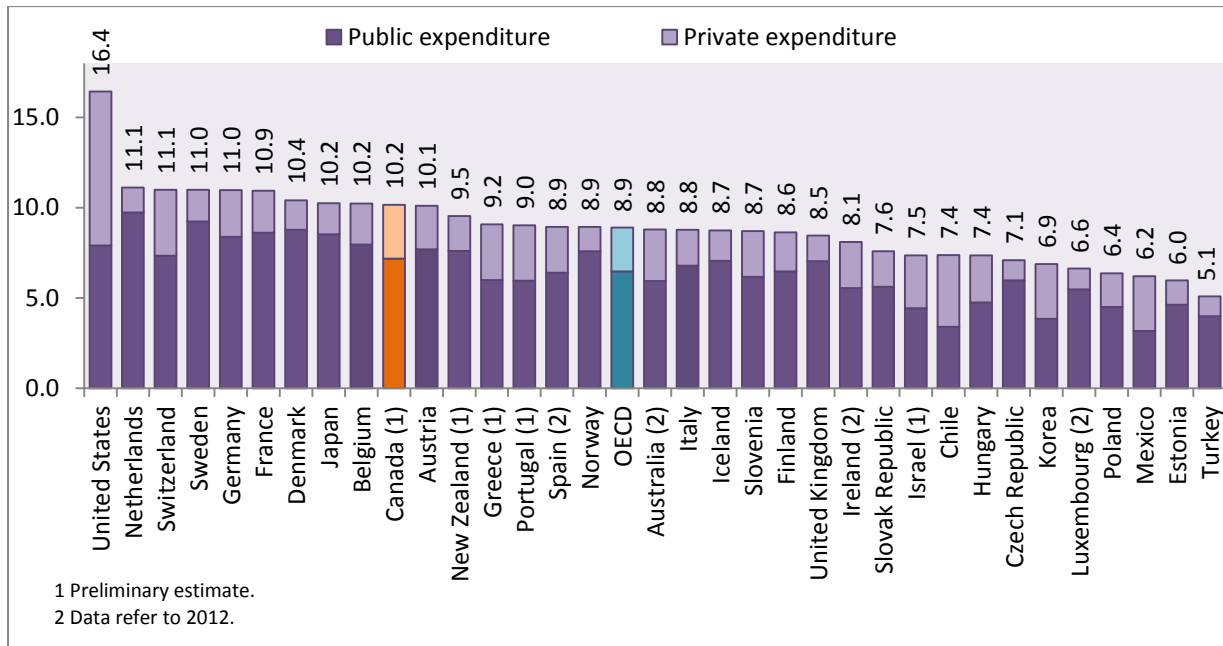
* Per capita spending in real terms
Source: OECD Health Statistics 2015

Health spending in Canada continues to grow very slowly

As in many other OECD countries, the growth rate in health spending in Canada slowed down markedly in recent years, compared with the growth rate before the economic crisis. Between 2011 and 2014, the growth in per capita health spending in real terms in Canada was close to zero.

The marked slowdown in health spending growth in Canada in recent years was driven mainly by a slowdown in hospital spending and a decline in pharmaceutical spending. The reduction in pharmaceutical spending in recent years in Canada has been linked partly to the expiration of patents for a certain number of high-volume and high-cost brand name drugs, together with a reduction in generic drug prices in many provinces.

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 remains above the OECD average

Health spending in Canada (excluding investment expenditure in the health sector) was 10.2% of GDP in 2013 (Figure 2), above the OECD average of 8.9%. This share has increased by 1 percentage point since 2003, but all of this increase took place between 2003 and 2010 when health spending was growing faster than GDP, so that the health spending share of GDP reached a peak of 10.6% in 2010, and has come down slightly since then.

The share of the economy allocated to health spending in Canada is well below that in the United States (16.4%) and below the level in several European countries (11.0% in the Netherlands, Switzerland, Sweden and Germany).

The share of government spending in Canada as a share of total spending on health has remained relatively constant over the last decade at around 71%. This

is slightly below the OECD average of 73%. Among OECD countries, only the United States and Chile report public spending on health below 50%.

After public financing, direct out-of-pocket spending by households is the main source of funding in Canada, representing 14% of total spending on health, with private health insurance accounting for 13%. In Canada, most direct out-of-pocket spending by households is for pharmaceutical drugs and dental care, as public coverage for these goods and services is lower than in most other OECD countries.

In per capita terms (adjusted for different price levels using economy-wide purchasing power parities), Canada spent USD 4351 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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