

# Spending on Primary Care: First Estimates

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Primary care is a key pillar of a modern, people-centred health care system. Investing in the primary care sector represents good value for money as it can help avoid costly admissions to hospitals, improve care coordination and improve health outcomes, particularly for the growing number of people with chronic conditions. This paper presents first-time estimates of spending on primary care services for a group of 22 OECD countries, based on new methodology.

## Primary care accounts for around 14% of total health spending in OECD countries

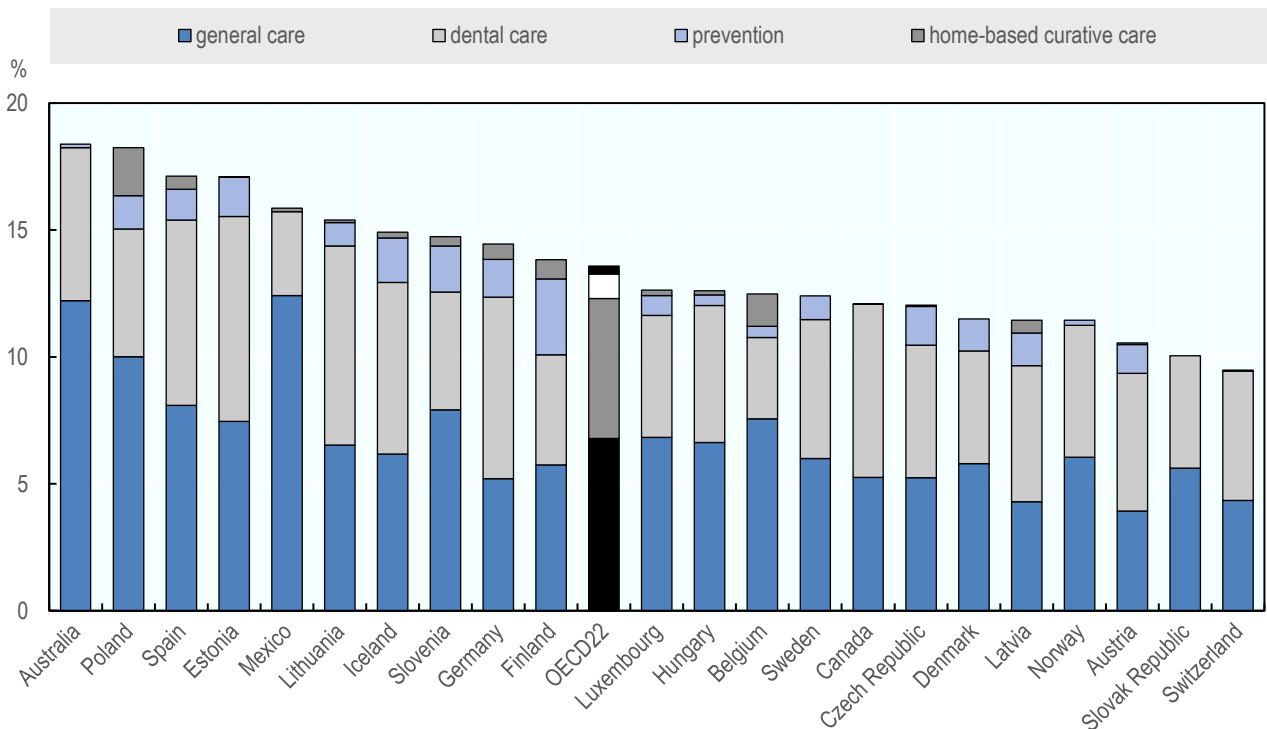
Spending on primary care services, defined as a set of basic care services provided outside of the hospital sector (Box 1) accounted for an average of 14% of all health care spending across OECD countries in 2016. This is equivalent to around USD 500 per capita, when adjusted for differences in price levels across countries.

Compared to other major health care components, spending on primary care services accounted for a smaller share of health care budgets than retail pharmaceuticals (17%) or hospital inpatient treatment (25%), and was similar to the amount spent on long-term care services.

The share of spending on primary care services was highest in Australia and Poland (both 18%), followed by Spain and Estonia (both 17%). The Slovak Republic and Switzerland, on the other hand, only dedicated around 10% of their total health expenditure on primary care services (Figure 1).

Primary care spending per capita (adjusted for differences in price levels) was highest in Australia (USD 830), Luxembourg (USD 814) and Germany (USD 788). At the other end of the scale, Mexico (USD 162) and Latvia (USD 183) spent less than forty percent of the average OECD level on primary care services.

**Figure 1. Spending on primary care services as share of total health spending among 22 OECD countries, 2016**



Source: OECD Health Statistics 2018.

## Generalist care and dental services are the major components of primary care spending

Across OECD countries, almost half of primary care spending was on general outpatient care services, typically visits to a General Practitioner (GP) or nurse for a range of acute or chronic conditions. A further 40% of spending went on dental care, covering regular oral check-ups but also more complex dental surgery. Prevention services, such as vaccinations and health check-ups, as well as home visits by General Practitioners or nurses play a much lesser role.

General outpatient care alone reached 12% or more of total health spending in Australia and Mexico. This represented two-thirds and three-quarters of all primary care spending, respectively. This is in contrast to Latvia and Austria where general outpatient care was only around 4% of overall health spending, and represented less than 40% of primary care spending.

In around a third of OECD countries, dental care was the most important primary care spending category. This was particularly the case in Estonia, Lithuania and Germany where dental care accounted for 7-8% of health spending - roughly one out of every two euros spent on primary care.

## Ambulatory providers such as GPs and nurses provide more than 80% of 'basic care services'

Basic care-type services can be delivered across different parts of the health system, including hospitals. Looking at the proportion of spending on all 'basic care' services that takes place in the ambulatory care sector could be interpreted as a measure of allocative efficiency as it may indicate what is delivered in the most appropriate setting. That said, the organisation of how primary care services are delivered can be very country specific, for example with dedicated primary care units in hospital settings.

Across the OECD as a whole, 81% of basic care spending stemmed from service delivery by ambulatory care providers (Figure 2). This share stood at more than 90% in Lithuania, Spain, Poland, Latvia, Denmark and Germany but was only between a half and two-thirds in Estonia, Canada and Switzerland. In all three countries, a significant share of basic services is delivered outside of the ambulatory sector, for instance in hospitals.

### Box 1. How is primary care spending measured?

International comparisons of what is spent on primary care have to date been largely absent due to both the lack of a commonly accepted definition, and an appropriate data collection framework. Working with data and clinical experts and international partners, OECD has developed a methodological framework to estimate primary care spending.

The results presented in this brief are the first estimations based on this methodology. Different national notions of what primary care entails will remain, but the "proxy" measure of primary care spending presented here allows for international comparisons.

Estimates are based on data submitted via the Joint Health Accounts Questionnaire- an international data collection gathering estimates of health spending across *function* (what type of services are provided?), *provider* (who provides the services?), *financing schemes* (who pays for the services?). The following functions are first identified as *basic care services*:

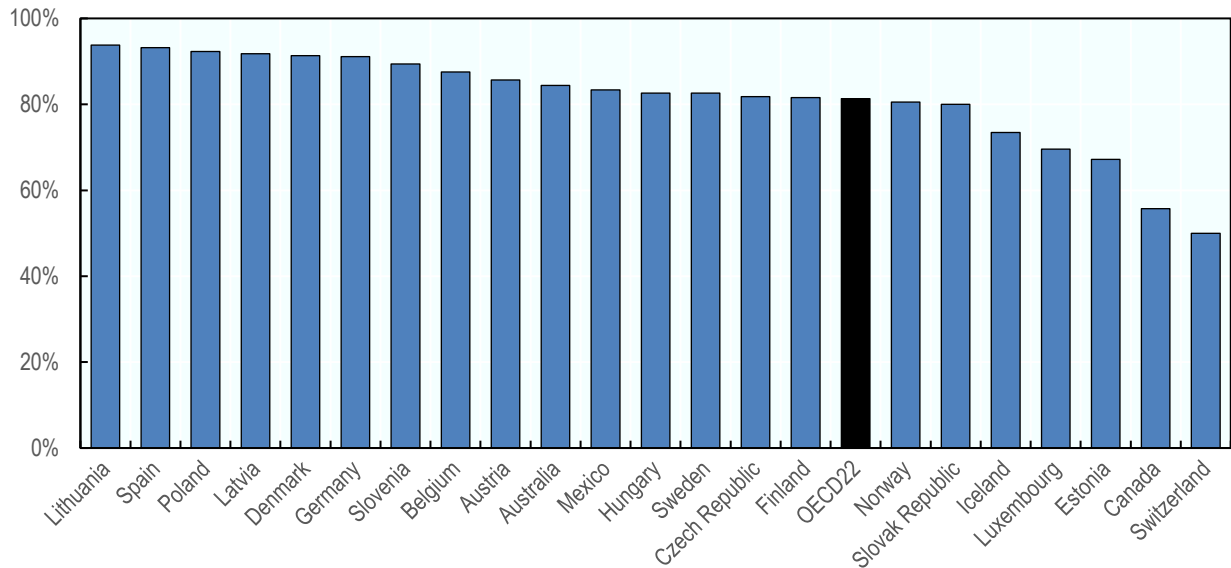
- General outpatient curative care (e.g. routine visits to a GP or nurse for acute or chronic treatment)
- Dental outpatient curative care (e.g. regular control visits as well as more complex oral treatment)
- Home-based curative care mainly refer to home visits by GPs or nurses
- Preventive care services (e.g. immunisation or health check-ups) with the exception of epidemiological surveillance and disaster and emergency response programmes.

(In addition to spending on basic care services, expenditure on *retail pharmaceuticals* can also be added to the total to provide a second aggregate.)

Where *basic care services* are provided by ambulatory health care providers such as medical practitioners, dentists, ambulatory health care centres and home health care service providers, this can be considered as a proxy for *primary care*. Hence, primary care activities are defined as basic care activities provided by ambulatory care providers. It should be stressed that the measures outlined in this brief are proxy measures of primary care spending, applying a simplified approach to operationalise a complex multi-dimensional concept.

Currently, 22 OECD countries provide data at the required level of detail to operationalise the measures above, allowing for an estimation of primary care spending.

**Figure 2. Share of basic care spending delivered by ambulatory care providers, 2016**



Source: OECD Health Statistics 2018.

**Out-of-pocket spending on basic care services is high due to low coverage for dental care**

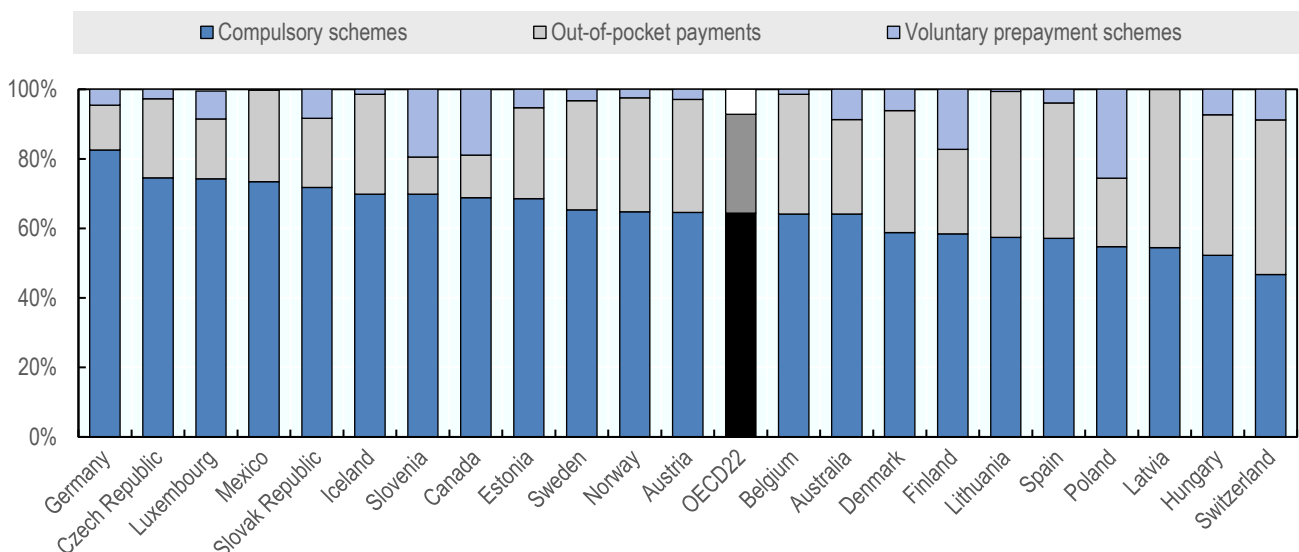
Around two-thirds of basic care spending across the OECD was covered either by government schemes with automatic entitlement (such as national health services) or compulsory health insurance schemes.

A further 7% of the costs were borne by voluntary prepayment schemes such as voluntary health insurance leaving 28% of basic care spending paid directly by households themselves (Figure 3). This share was higher than the overall share of out-of-pocket spending in total health spending suggesting that basic

care services are less well financially protected than other goods and services in the health sector, such as hospital inpatient care. While general outpatient care is usually very well covered across countries (more than 80% on average), coverage by compulsory schemes for dental care represented only 30% of total spending on dental services.

Overall, collective coverage from government or compulsory insurance schemes for basic care services was highest in Germany (83%), the Czech Republic (75%) and Luxembourg (74%) but stood at only around 50% in Switzerland and Hungary.

**Figure 3. Expenditure on basic care services by type of financing, 2016**



Source: OECD Health Statistics 2018.

## The share of health spending on primary care has remained stable over recent years

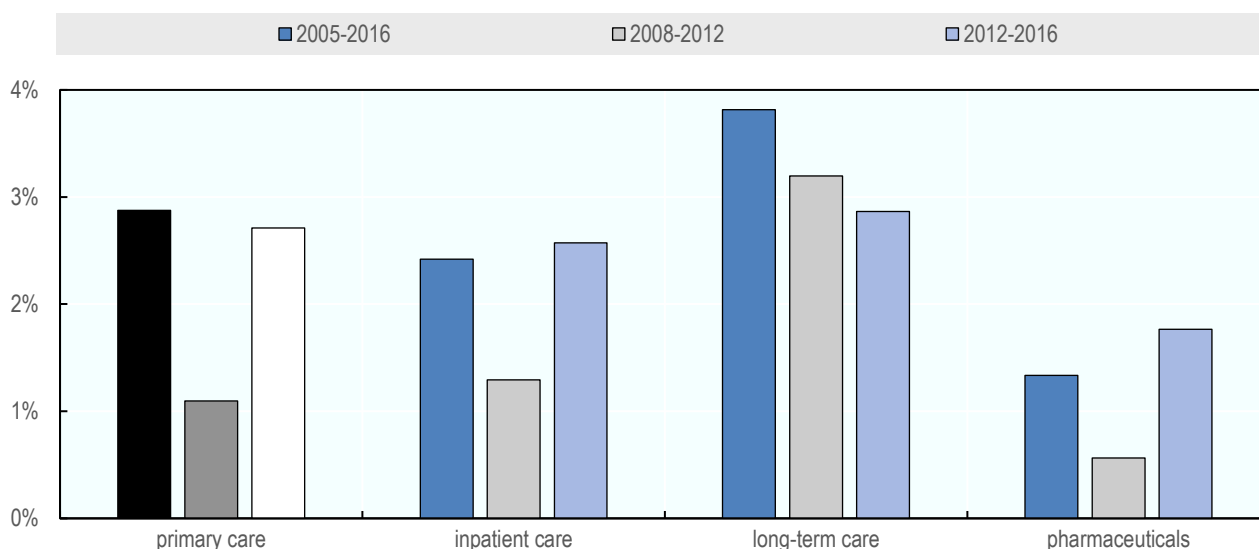
Across the 22 OECD countries, primary care spending increased annually by around 2.9%, in real terms, between 2005 and 2016. This growth is slightly higher than for inpatient care (2.4%), and more than double that for pharmaceuticals (1.3%), but substantially below that for long-term care (3.8%). As with all other health spending components, annual growth rates for primary care were strongly impacted during the economic recession but returned to a higher rate of growth of 2.7% per annum after 2012 (Figure 4).

In Australia – the country with the highest share of primary care spending - growth rates have been relatively high in recent years, while in Austria – a country with a relatively low overall share of primary care spending, growth has

been relatively low (between 0% and 2% over the last decade). In Spain, where health spending was significantly affected by the economic recession, primary care spending was no exception: growth remained negative throughout the crisis but returned to strong positive growth from 2015.

Many countries have identified strengthening of the primary care sector as a policy priority in recent years, and some have committed to boost investment in this area. However, these commitments may not necessarily show up in the estimates presented here. Generally, primary care spending has grown at around the same rate as overall health spending over the last decade, with its share in current health spending only slightly increased from 13.2% in 2005 to 13.6% in 2016.

Figure 4. Average annual growth rate of selected health care services, OECD average, in real terms, 2005-2016



Note: Pharmaceuticals exclude the costs of pharmaceuticals used as part of an inpatient treatment episode.

Source: OECD Health Statistics 2018.

### Useful Links

OECD Health Statistics 2018:

<http://www.oecd.org/health/health-data.htm>

OECD Health Expenditure

<http://www.oecd.org/health/health-expenditure.htm>

Data on primary care spending can now be found in the “Health Expenditure and Financing” dataset under <https://stats.oecd.org/>

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