

# GREECE MACRO MONITOR

November 15 2012

Focus notes: Greece

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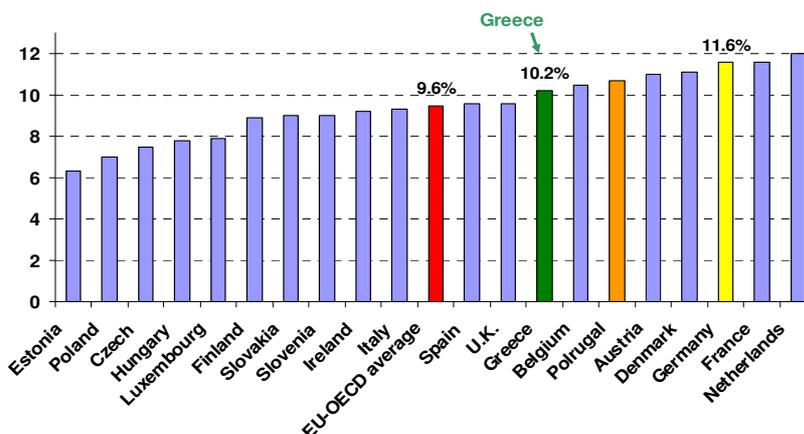
## Health Care Expenditure in Greece and in Europe

- Total health spending reached 10.2% of GDP in Greece above the average of 9.6% of GDP in EU countries of OECD during 2010
- Over the period 2000-2009 total health expenditure dynamics were growing much faster in Greece than in the EU countries of OECD (by 6.1% vs. 4.8% per year in real terms)
- A reversal in the growth of total health spending in Greece occurred during 2010, with a drop of 6.5%, compared to an average annual increase of 6.1% over 2000-2009
- Pharmaceutical expenditure constitutes 24.8% of total health expenditure in Greece, a much larger fraction than in the EU countries belonging at the OECD
- Private health expenditure is even more surprising in Greece, as it constituted 38.4% of total health spending while the average of the EU countries of OECD stood at 18.4% in 2010.

### Total health expenditure in 2000-2010

Total health spending in the EU countries of OECD<sup>1</sup> ranges from 6.3% of GDP in Estonia to 12.0% of GDP in the Netherlands while the average of EU countries belonging at the OECD (hereafter EU-OECD countries) stands at 9.6% of GDP in 2010. (Figure 1)

**Figure 1**  
Total Health Expenditure as a share of GDP in 2010



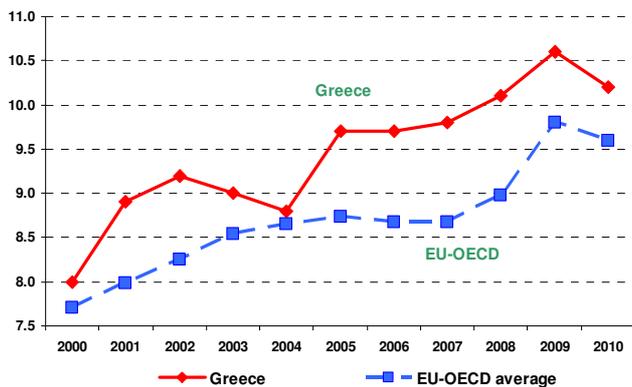
Source: OECD Health data 2012, Eurobank Research

November 15, 2012

Focus notes: Greece

<sup>1</sup>Health expenditure as a share of GDP is high in Germany and France (both 11.6%). Total health spending accounted for 10.2% of GDP in Greece in 2010, above the EU-OECD average, but down from 10.6% of GDP in 2009. Note that, in Greece, total health expenditure was 8.0% of GDP in 2000, close to the 2000 OECD average of 7.7% of GDP, but since then it diverged significantly with the largest divergence observed over the period 2005-2008. (Figure 2)

**Figure 2**  
EU-OECD countries' average and Greece's total health expenditure as a share of GDP since 2000



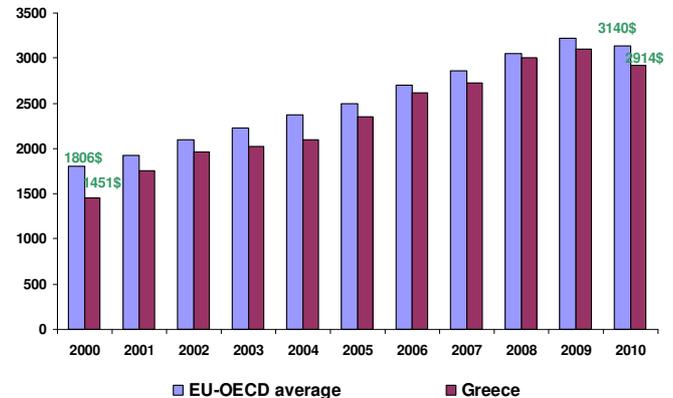
Source: OECD Health data 2012, Eurobank Research

Yet, from a different perspective, Greece's total health expenditure per capita accounted for \$2,914 PPP in 2010 lower than the average of EU countries belonging at the OECD which stood at \$3,140. Even though, in Greece total health expenditure as a percentage of GDP is higher than in the average of EU-OECD countries, it is lower when is accounted per capita. This shows the lower income per capita in Greece compared to EU-OECD countries.

Moreover, in 2000, Greece's total health expenditure per capita was \$1,451 PPP and the EU-OECD average was \$1,806. Greece has augmented its total health expenditure per capita by 114% between 2000 and 2009 while the EU-OECD average increase for the same period was only 78%. (Figure 3)

<sup>1</sup> The study focuses on how does Greece compare among European countries, so the sample taken from OECD countries restricted on the European EU countries of the OECD i.e. Austria, Belgium, Czech, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Spain, Slovakia, Slovenia, Sweden, U.K. The EU-OECD average refers to average of the above countries.

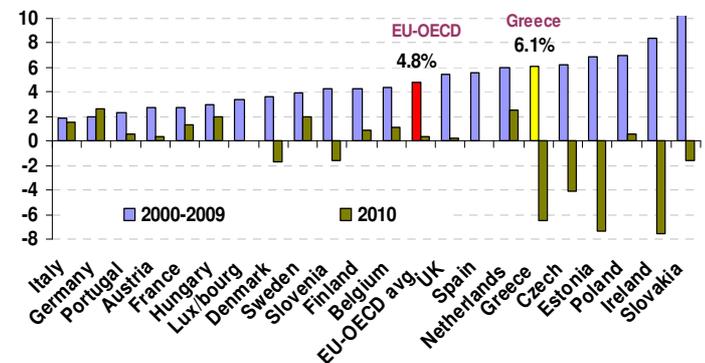
**Figure 3**  
Total Health Expenditure per capita US \$ PPP in Greece and EU-OECD countries between 2000 and 2010



Source: OECD Health Data 2012, Eurobank Research

The above increase is also confirmed by the annual real growth rate of total health expenditure in Greece between 2000 and 2009 which stood at 6.1% while the corresponding increase in EU-OECD was 4.8% on average. Over the period 2000-2009 total health expenditure dynamics were growing much faster in Greece than in the EU countries of OECD. (Figure 4)

**Figure 4**  
Annual real growth rate of total health spending in 2000-2009 and in 2010



Source: OECD Health Data 2012, Eurobank Research

Total health expenditure slowed in almost all EU countries of OECD (except in Germany where the average annual real growth stood at 2.0% of GDP in 2000-2009 and at 2.6% of GDP in 2010) in real terms in 2010, reversing a long-term trend of rapid increases. A very significant reversal in the growth of total health spending occurred in Greece during 2010, with a drop of 6.5%, compared to an average annual increase of 6.1% over 2000-2009. This fall was driven by a sharp reduction in public spending on health as part of government-wide efforts to reduce the large budgetary deficit. (Figure 4)

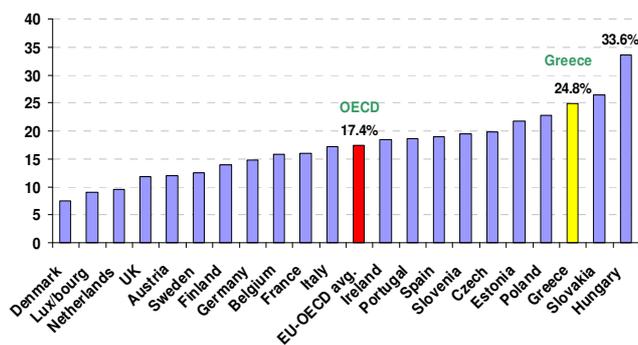
**Special features of health expenditure in Greece**

1. *The share of pharmaceutical spending over total health spending is very large compared to the EU countries of OECD and has increased significantly since 2000*

The pharmaceutical expenditure, in 2007 (the latest available), constituted 24.8% of total health expenditure, a much larger fraction than in the EU-OECD countries and it was the 3<sup>rd</sup> highest, following Hungary (38.4%) and Slovakia (26.4%).<sup>2</sup> The corresponding average in EU-OECD countries stood at 17.1% in 2007 and at 16.6% in 2010. There are no available data on Greece 2007 onwards (regarding pharmaceutical spending) hence, we cannot conclude whether it follows the decreasing EU-OECD trend. (Figure 5)

**Figure 5**

**Pharmaceutical spending as a share of total health spending in 2007**

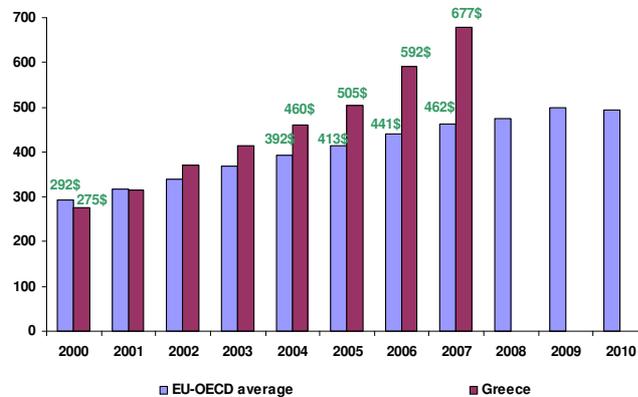


Source: OECD Health Data 2012, Eurobank Research

In Greece, pharmaceutical expenditure per capita accounted for 677\$ PPP while 462\$ PPP was the per capita average of EU-OECD countries during 2007. In 2000, pharmaceutical spending per capita in Greece was 275\$ PPP and the average in EU-OECD was 292\$ PPP. Between 2000 and 2007, the pharmaceutical spending in Greece augmented by 146% while the corresponding average increase in the EU-OECD countries was only 58%. (Figure 6)

**Figure 6**

**Pharmaceutical spending per capita US \$ PPP in Greece and in EU-OECD countries between 2000-2010**



Source: OECD Health Data 2012, Eurobank Research

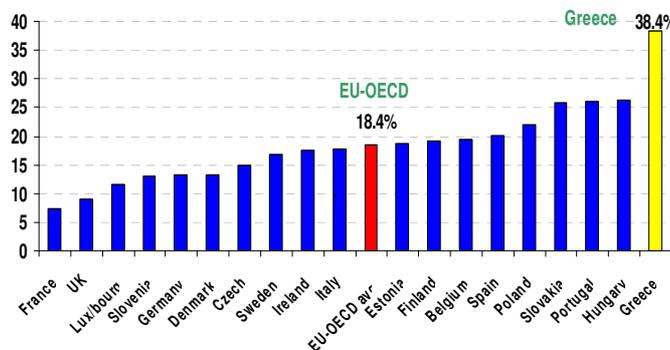
Taking into account that the 95% of total pharmaceutical spending was funded by public sources, a significant part of public health expenditure is devoted to pharmaceutical spending. This could also explain the observed increase in health expenditure since 2000 and particularly over 2005-2007.

2. *The share of private health expenditure is the largest among EU countries of OECD*

Private health expenditure is even more surprising in Greece, as it constituted 38.4% over total health spending in 2010 while the average of the EU-OECD countries was 18.4% in 2010. Greece has the largest share of private health expenditure among EU countries of OECD. (Figure 7)

**Figure 7**

**Private health expenditure as a share of total spending on health in 2010**

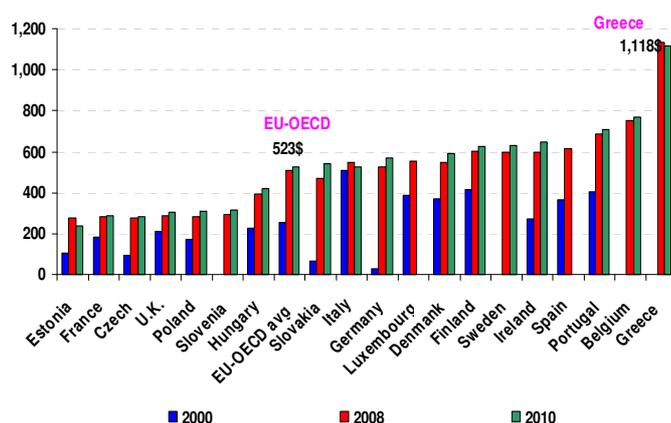


Source: OECD Health Data 2012, Eurobank Research

<sup>2</sup> The date 2007 is used for reference since there are no available data for Greece after 2007 regarding pharmaceutical spending.

Moreover, private health expenditure per capita in Greece accounted for 1,118\$ PPP which was more than double compared to the corresponding EU-OECD countries average of 523\$ PPP in 2010. (Figure 8)

**Figure 8**  
Private Health Expenditure per capita US \$ PPP in OECD countries during 2000, 2008, 2010



Source: OECD Health Data 2012, Eurobank Research<sup>3</sup>

## Conclusions

Over the period 2000-2009 total health expenditure dynamics were growing much faster in Greece than in the EU countries of OECD. Greece has augmented its total health expenditure per capita by 114% between 2000 and 2009 while the corresponding EU-OECD average increase for the same period was only 78%.

There are two special features of health expenditure in Greece. In one hand, the share of pharmaceutical spending over total health spending is very large. It constitutes ca 25% over total health expenditure, a much larger fraction than in the EU countries of OECD. On the other hand, the share of private health expenditure is even more surprising in Greece. It constitutes ca 38% of total health spending, the largest among the EU countries of OECD. Private health expenditure per capita was more than double compared to the corresponding EU-OECD average in 2010.

Taking into account the significant share of public expenditure that is spent on healthcare<sup>4</sup>, healthcare reforms is a crucial component of fiscal consolidation efforts.

<sup>3</sup> Data for Slovenia, Sweden, Belgium and Greece are not available concerning 2000. Data for Spain and Luxembourg are not available concerning 2010.

<sup>4</sup> According to Eurostat public health expenditure is the second largest component of public spending accounting for 14.7% of total public spending in 2010.

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