

# Media Release

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## In 2018, the National Expenditure on Health - 7.6% of GDP

- National expenditure on health at constant prices, increased in 2018 by 4.3% compared to 2017.
- 24% of the national expenditure on health was financed by the health tax, and 40% by the government budget. The share of public financing as a percentage of the national expenditure on health (64%), was lower than the OECD average (74%).
- An international comparison with OECD countries for 2018 reveals that current national expenditure (excluding fixed capital formation) on Health as percent of the gross domestic product in Israel (7.4%) was lower than the average in the OECD countries (8.8%).

National expenditure on health, at constant prices, increased by 4.3% in 2018, compared to 2017. Expenditure per capita, at constant prices, increased by 2.3%. National expenditure on health, at current prices, in 2018 was about NIS 101.2 billion, that is 7.6% of the GDP (Table 1).

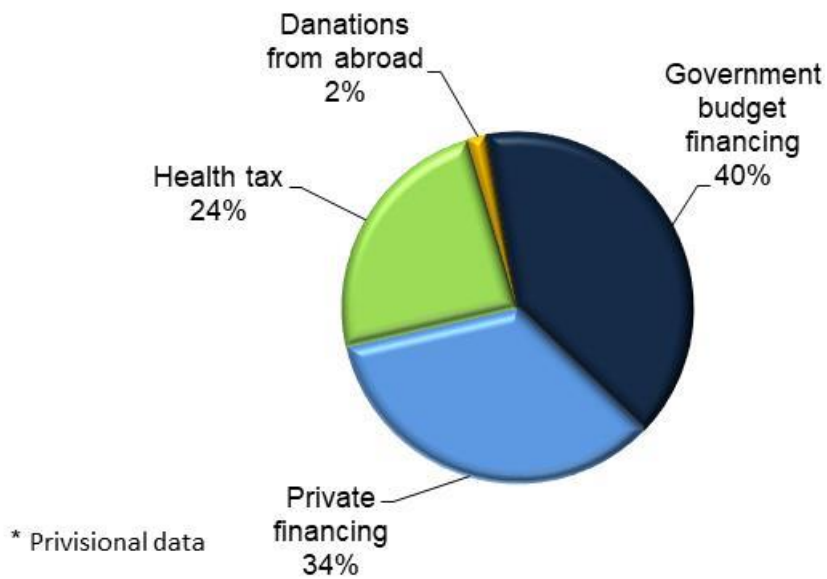
### National Expenditure on Health, by Financing Sector (Diag. 1-2)

In 2018, households' out-of-pocket payments for medicines and medical services (e.g., services of physicians, clinics and dentists) financed 21% of national expenditure on health. An additional 13% was financed by households' private insurance, private NPIs, general hospitals that belong to them and donations from different private bodies. Total private financing – households and others amounted to 34% in 2018.

The public financing (government ministries, local authorities and public non-private institutions) includes both government budget and health tax. Health tax financed 24% of the national expenditure in 2018. Another 40% was financed by the government budget. Financing from the government budget includes transfers to the sick funds and other non-profit institutions, supply of health services by government health institutions, finance of capital formation in building and acquisition of equipment in governmental hospitals.

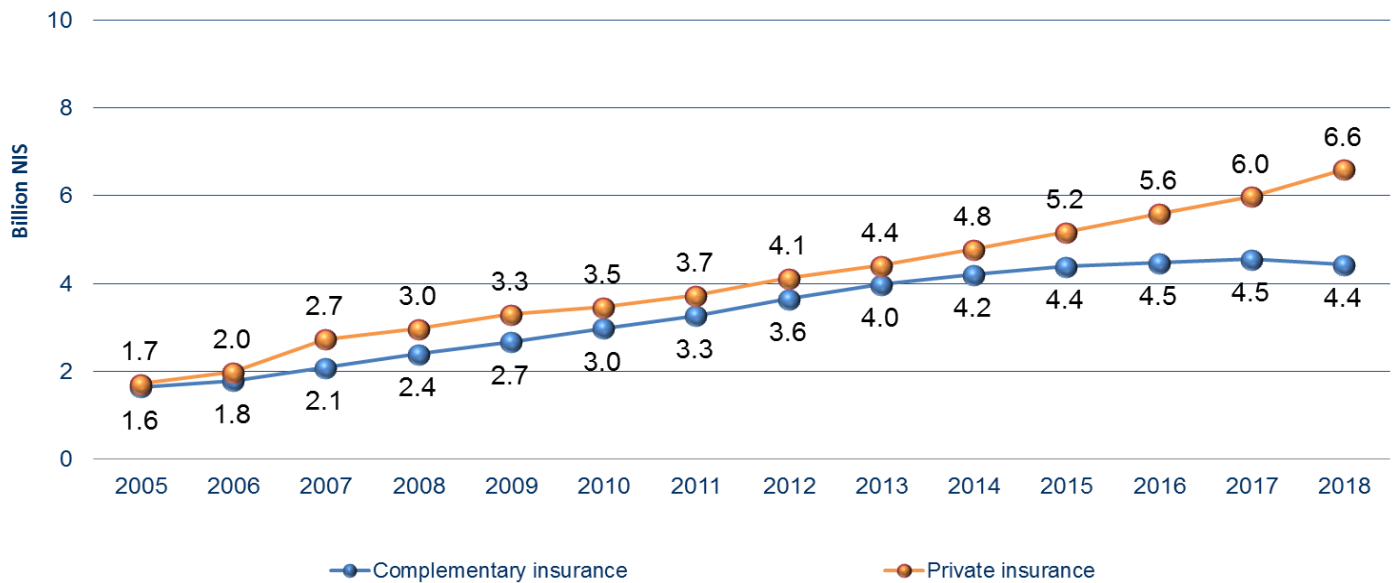
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**Diagram 1. National Expenditure on Health, by Financing Sector 2018\***



In 2018 there was an increase of 4.7% in the expenditure on private health insurance and in the expenditure on complementary insurance. Complementary insurance decreased by 2.6% while private health insurance increased by 10.3%. Private health insurance includes insurance for medical expenses, critical illnesses, dental expenses, foreign workers, overseas insurance and others. These insurances include individual insurances as well as group insurances.

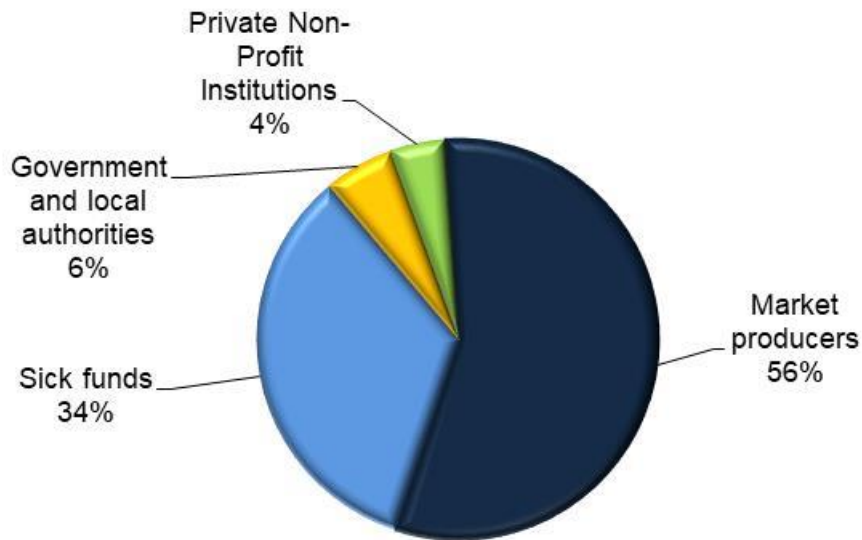
**Diagram 2. Expenditure on Private Health Insurance and Complementary Insurance, 2005-2018**



**National Expenditure on Health, by Operating Sector (Diag. 3)**

In 2018, sick funds provided 34% of health services. Market Producers - general hospitals, dentists and other private physicians, private clinics, and manufacturers of medicines and medical equipment, provided 56% of total health services, in 2018. General hospitals have been classified as market producers since 2003, in line with international recommendations, since they supply most of the services at economically significant prices. The share provided by government institutions (e.g., hospitals for the mentally ill and for the chronically ill, clinics, and health administration) was 6% of national health expenditure, similar to the years 2003-2017. The share of services provided by other non-profit health institutions (such as emergency services "Magen David Adom") stayed at the level of 4%, as in previous years.

**Diagram 3. National Expenditure on Health, by Operating Sector 2018\***

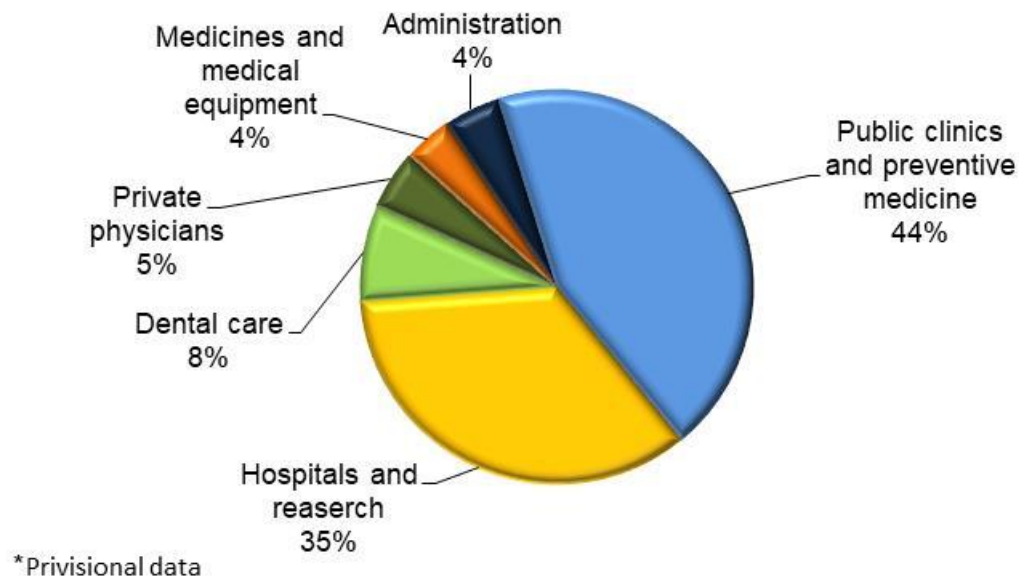


\* Provisional data

**Current Expenditure on Health (Excluding Investment in Buildings and Equipment), by Type of Service (Diag. 4)**

Distribution of the current expenditure on health (excluding investment in buildings and equipment) by type of service, shows that in 2018 the share of hospital services and research was 35% of current expenditure on health. The share of expenditure on services provided by public clinics and preventive-medicine services was 44%. The expenditure on dental care and private physicians was 13%. The expenditures of households on medicines and medical equipment remained at the same level – 4%, as in previous years. The expenditure on administration includes both government administration and administration payments of private insurance.

**Diagram 4. Current National Expenditure on Health, by Type of Service, 2018**



### International Comparison (Diag. 5-7)

An international comparison with OECD countries for 2018 reveals that the current national expenditure on health (excluding capital formation) as percentage of the GDP in Israel (7.4%) was lower than the average in OECD countries (8.8%); especially lower than that of the United States (16.9%). Nevertheless, the current national expenditure on as percentage of the GDP in Israel was higher than 10 other OECD countries. The lowest share was in Turkey and Luxembourg (4%-5%).

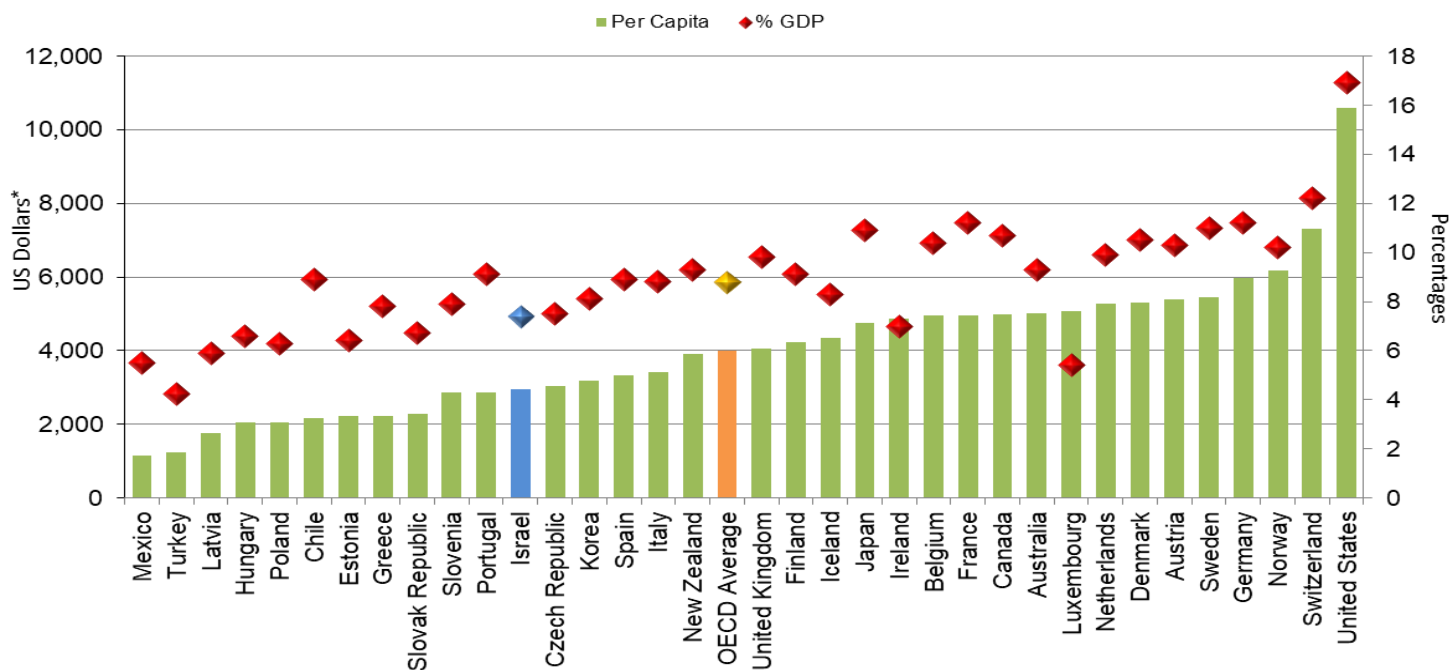
Moreover, the international comparison shows that in 2018, the current national expenditure per capita in terms of Purchasing Power Parity (PPP)<sup>1</sup> - \$2,953 in Israel – was similar to the expenditure in Czech Republic, and was lower than in most OECD countries. In the United States, current expenditure on health per capita was the highest – \$10,586 the calculation in terms of PPP takes into account differences in prices of GDP in different countries. The international comparison does not take into account differences in other factors that may affect expenditure,

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<sup>1</sup> PPP (Purchasing Power Parity) - is a special exchange rate which can be used to deduct the differences in price levels between countries. With the amount of money that was replaced using Purchasing Power Parity (PPP), it is possible to buy an identical basket of goods and services in all countries. In this way we can estimate the purchasing power of different currencies on a uniform basis.

such as age composition, health system structure, employment structure, etc. When health expenditure is weighted by age, national expenditure per capita becomes higher in Israel.

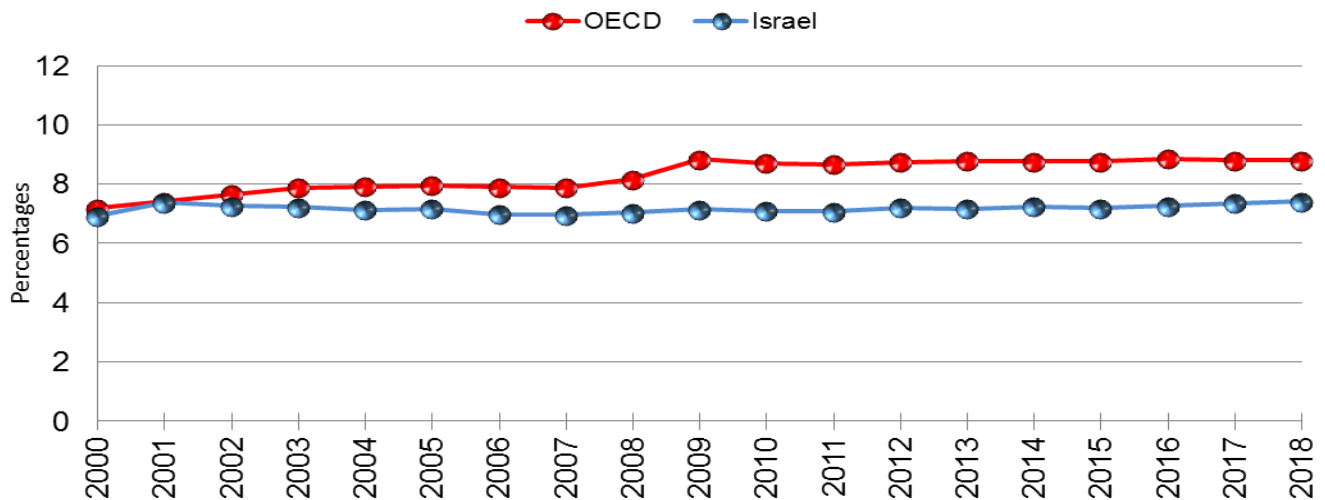
**Diagram 5 - Current National Expenditure Per Capita\*, and as percentage of GDP, 2018 International Comparison**



\* In terms of the purchasing power parity of GDP

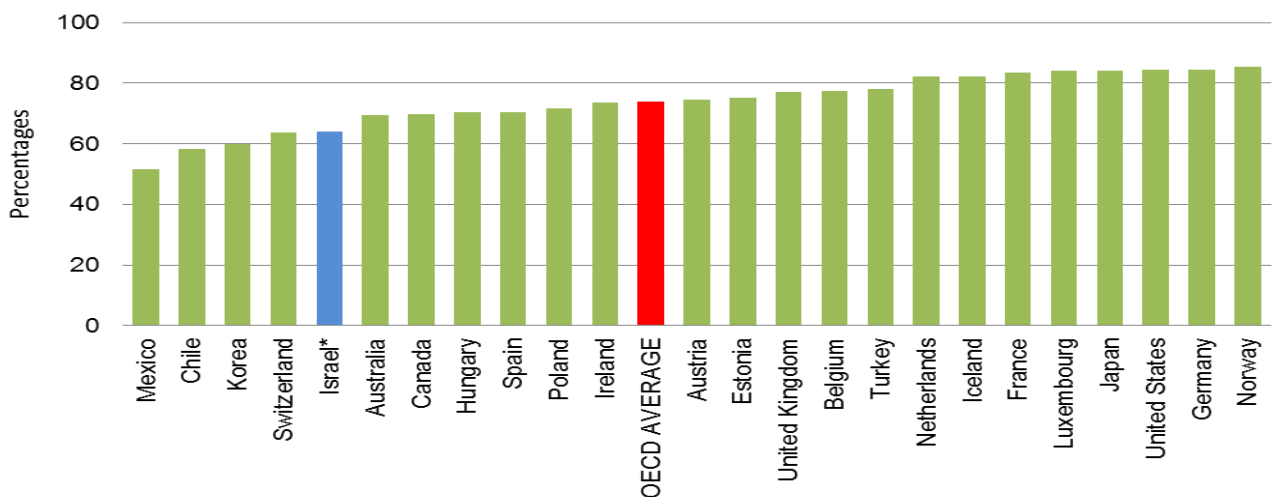
Between the years 2000-2018, the current national expenditure on health as percent of the GDP in Israel remained stable (6.9%-7.4%), compared to the OECD average, which ranges between 7.2% and 8.8% in these years.

**Diagram 6 - Current National Expenditure on Health as percentage of Gross Domestic Product, International Comparison**



Moreover, the public financing as a percentage of the current expenditure on health in Israel (64%), was lower than the average in the OECD countries (74%). In Norway, the percentage of public financing (Government and compulsory health insurance) was the highest, and it financed 86% of the current expenditure on health. The percent of public finance in Israel is similar to Switzerland.

**Diagram 7 - Public Financing as a Percentage of the Current Expenditure on Health, International Comparison, 2018**



\* Israel data refers to the public financing percentage of the total expenditure, including capital formation