

# Media Release

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## In 2020, the National Expenditure on Health – 8.5% of GDP

During 2020, there was an outbreak of Coronavirus. This outbreak has affected on the health care system in Israel, as can be seen in the data presented in this Media Release.

- National expenditure on health at constant prices, increased in 2020 by 5.2% compared to 2019.
- 21% of the national expenditure on health was financed by the health tax, and 49% by the government budget.
- The rate of public financing in 2020 was 6.0% of GDP compared to 4.9% in 2019.
- In 2020 current national expenditure (excluding fixed capital formation) on Health as a percentage of GDP in Israel (8.0%) was lower than the average in the OECD countries (9.9%).<sup>1</sup>

National expenditure on health, at constant prices, increased by 5.2 % in 2020, compared to 2019. Expenditure per capita at constant prices increased by 3.4%. National expenditure on health, at current prices, in 2020 was NIS 118.1 billion, that is 8.5% of the GDP (Table 1).

### National Expenditure on Health, by Financing Sector (Diagrams 1-2, Table 1)

In 2020, households' out-of-pocket payments for medicines and medical services (e.g., services of physicians, clinics and dentists) financed 17% of national expenditure on health. An additional 12% 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 29% in 2020.

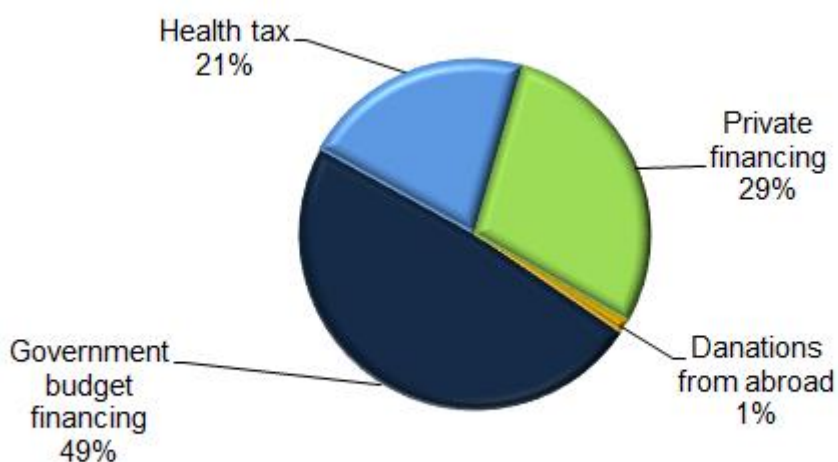
<sup>1</sup> Based on data published on the official OECD website.

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For more information please contact the Statistics Information Center, at 02-6592666

The public financing (government ministries, local authorities and public non-private institutions) includes both government budget and health tax. Health tax financed 21% of the national expenditure in 2020. Another 49% was financed by the government budget. Financing from the government budget includes transfers to the Health Maintenance Organizations (HMOs) 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.

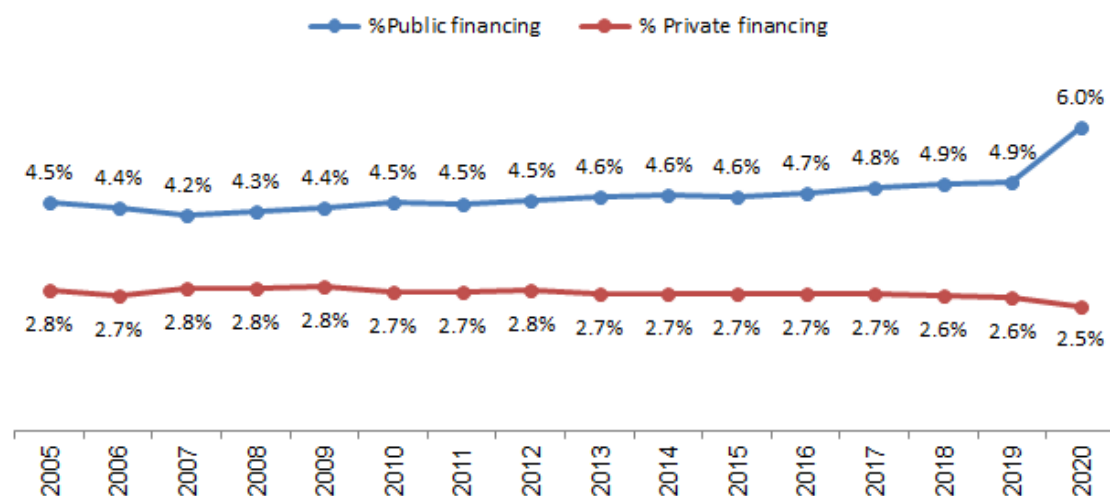
**Diagram 1 -National Expenditure on Health, by Financing Sector 2020\***



\*Privisional data

In this context, it should be noted that the rate of private financing (excluding foreign) was in 2020 2.5% of GDP, compared to 2.6% in 2019. The rate of public financing (state budget and health tax) as a percentage of GDP was stable until 2019 –4.5%-4.9%, whereas in 2020 it increased to 6.0% (Diagram 2).

**Diagram 2 - The private financing rate compared to the public financing rate as percentage of GDP, 2005-2020**

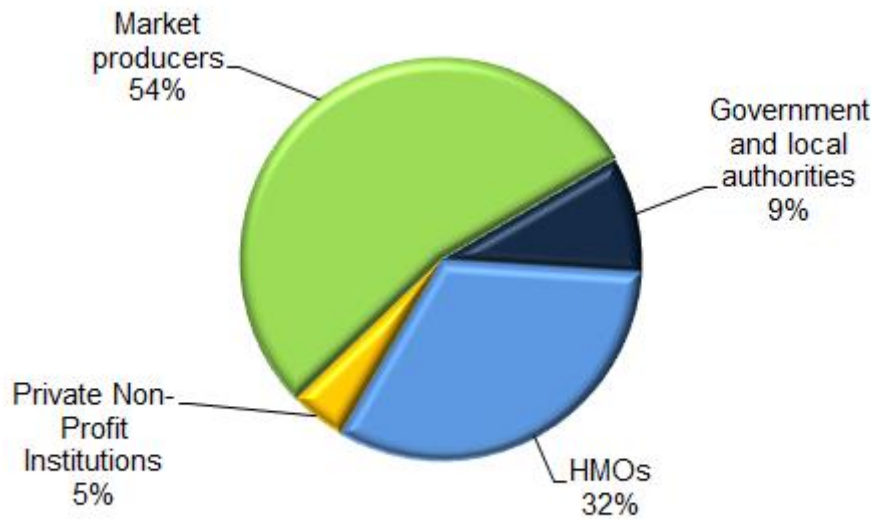


### National Expenditure on Health, by Operating Sector (Diagram 3)

In 2020, **Health Maintenance Organizations (HMOs)** provided 32% of health services. **Market Producers** - general hospitals,<sup>2</sup> dentists and other private physicians, private clinics, and manufacturers of medicines and medical equipment, provided 54% of total national expenditure on health, in 2020. The share provided by **government institutions** (e.g. hospitals for the mentally ill and for the chronically ill, clinics, and health administration) increased to 9% of national expenditure on health as compared to the years 2003-2019 (6%). The share of services provided by other **non-profit health institutions** (such as emergency services "Magen David Adom") provided 5% of national expenditure on health.

<sup>2</sup> 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.

**Diagram 3 - National Expenditure on Health, by Operating Sector 2020\***

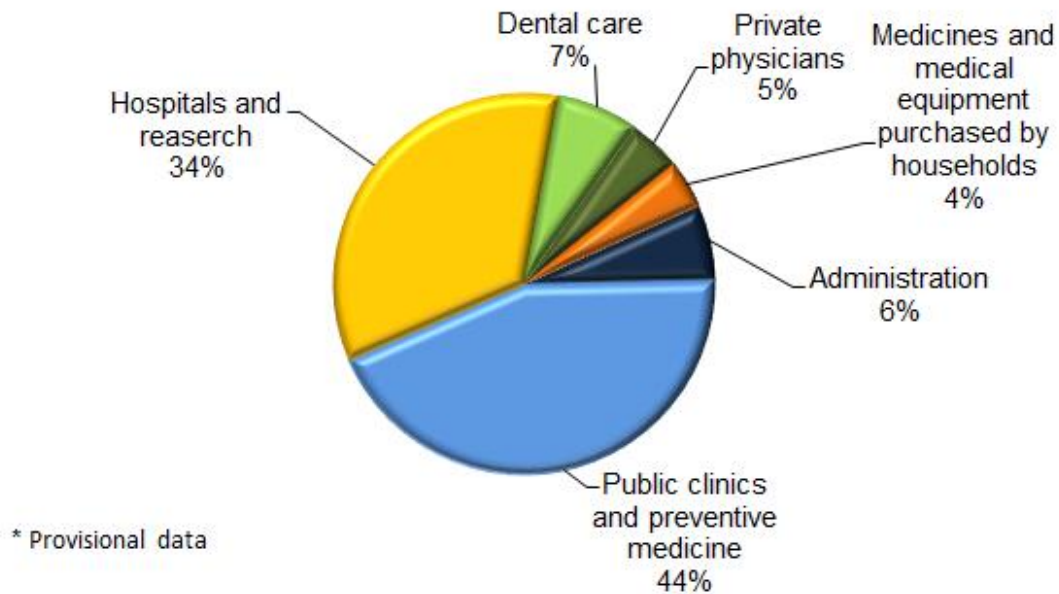


\*Provisional data

**Current Expenditure on Health (Excluding Capital Formation in Buildings and Equipment), by Type of Service (Diagram 4)**

Distribution of the current expenditure on health (excluding capital formation in buildings and equipment) by type of service shows that in 2020 the share of hospital services and research was 34% 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 12%. 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, 2020\***



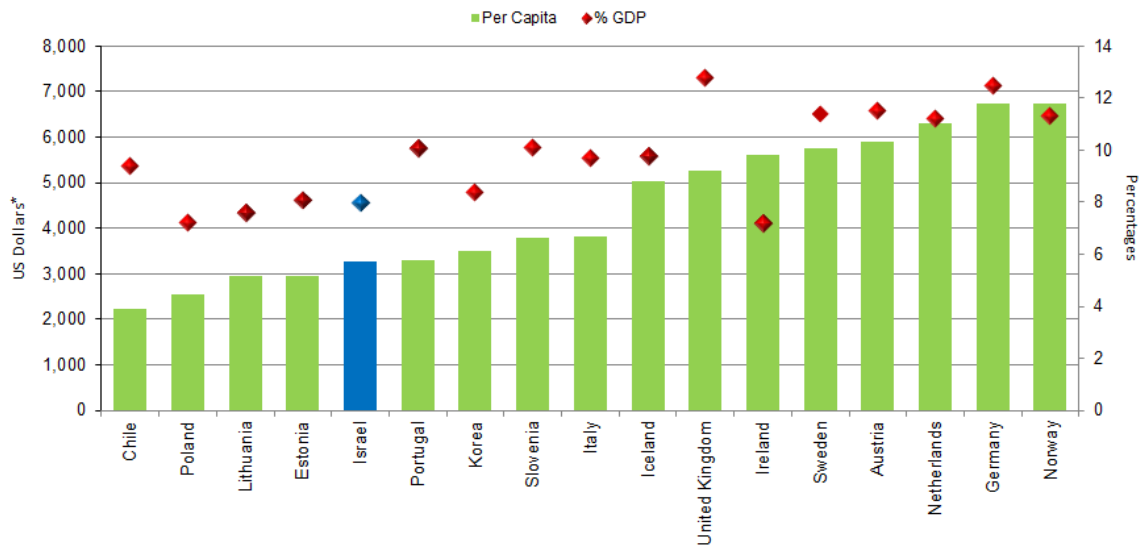
### **International Comparison (Diagrams 5-7)**

In 2020 the current national expenditure on health (excluding capital formation) as percentage of the GDP in Israel (8.0%) was lower than the average in OECD countries (9.9%), especially lower than that of the United Kingdom (12.8%). Among the OECD countries providing health data for 2020, the lowest share was in Poland and Ireland (7.2%).

Moreover, the international comparison shows that in 2020, the current national expenditure per capita in terms of Purchasing Power Parity (PPP)<sup>3</sup> - \$3,262 in Israel – was similar to the expenditure in Portugal, and was lower than in most OECD countries for which data was provided. The highest current expenditure on health per capita was in Norway – \$6,748. 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, 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.

<sup>3</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.

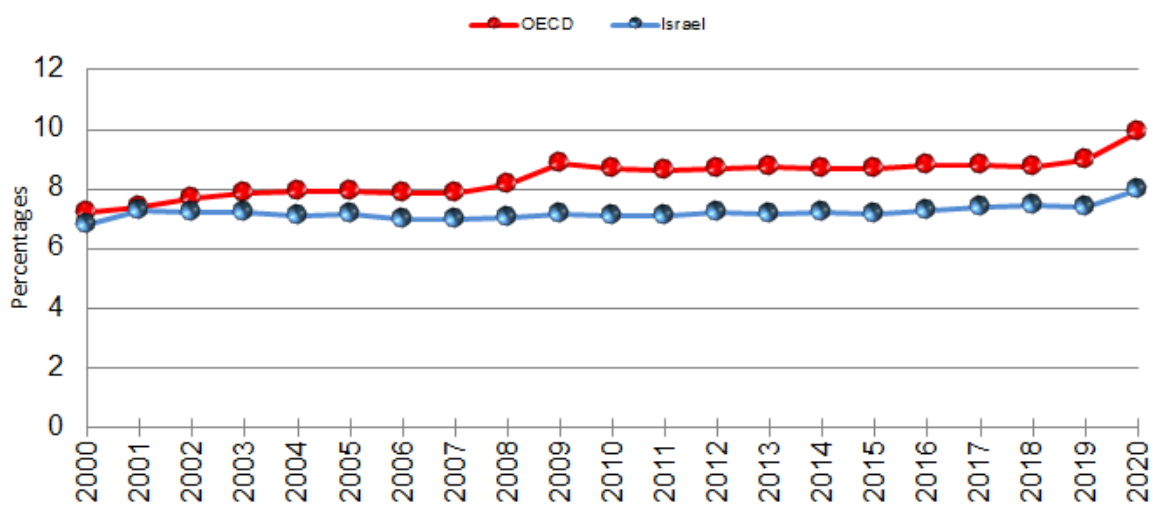
**Diagram 5 - Current National Expenditure Per Capita\*, and as percentage of GDP, 2020 International Comparison**



\* In terms of the purchasing power parity of GDP

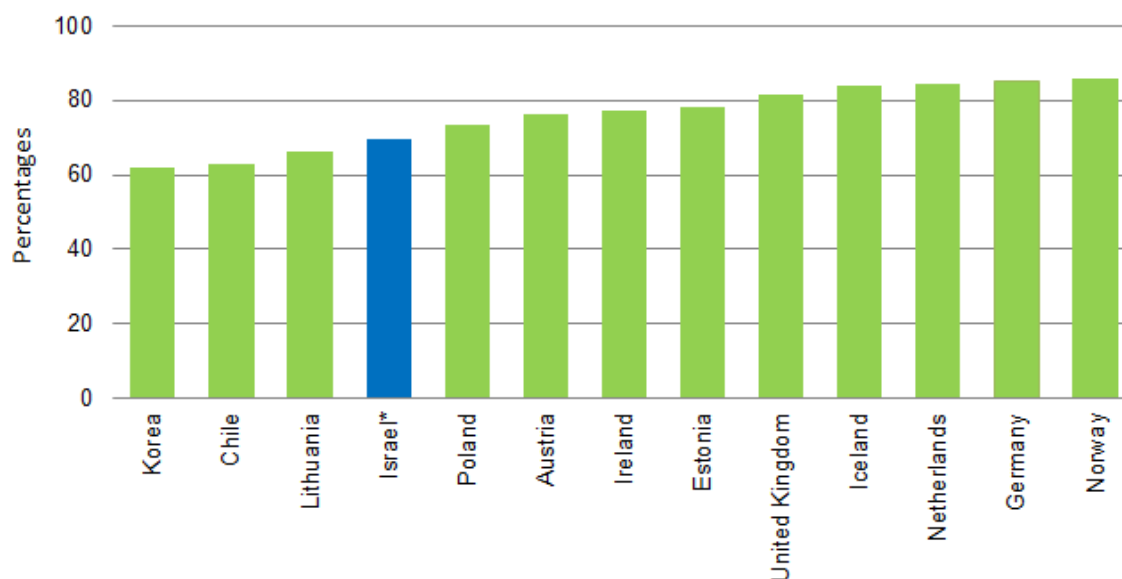
Between the years 2000-2019, the current national expenditure on health as percentage of GDP in Israel ranged from 6.9% to 7.4%, whereas in 2020 it increased to the rate of 8.0%. The OECD average was ranged between 7.2% and 9.0% in the years 2000-2019, whereas in 2020 increased to 9.9%.

**Diagram 6 - Current National Expenditure on Health as a percentage of GDP, International Comparison**



Moreover, the public financing (Government and compulsory health insurance) as a percentage of the current expenditure on health in Israel (70%), was higher than Lithuania (66%) and lower than Poland (73%). In Norway, among the countries for which data was provided, the percentage of public financing was the highest, and it financed 86% of the current expenditure on health.

**Diagram 7 - Public Financing as a Percentage of the Current Expenditure on Health, International Comparison, 2020\***



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