

Statistical bulletin

UK Health Accounts: 2015

Healthcare expenditure statistics, produced to the international definitions of the System of Health Accounts 2011.

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Table of contents

1. [Main points](#)
2. [Things you need to know about this release](#)
3. [Total current healthcare expenditure in the UK](#)
4. [Financing of healthcare](#)
5. [Government healthcare expenditure](#)
6. [Non-government healthcare expenditure](#)
7. [Total healthcare expenditure by function and provider](#)
8. [Preventive healthcare expenditure](#)
9. [Long-term care expenditure](#)
10. [International comparisons of healthcare expenditure](#)
11. [Appendix 1 – Revisions to UK Health Accounts: 2014](#)
12. [Appendix 2 – Data from the “Expenditure on Healthcare in the UK” series \(1997 to 2015\)](#)
13. [Appendix 3 – Financing schemes by the revenues of financing schemes](#)
14. [References](#)
15. [Quality and methodology](#)

1 . Main points

- Total current healthcare expenditure in 2015 was £185.0 billion, an increase of 3.6% on spending in 2014, which was £178.6 billion.
- Government-financed healthcare expenditure accounted for 79.5% of total spending at £147.1 billion.
- Spending on preventive healthcare was £9.6 billion in 2015, and was spent mainly on healthy condition monitoring programmes and advice, education and counselling programmes.
- Total spending on long-term care in the UK was £44.1 billion in 2015, consisting of £33.7 billion on long-term care (health) and £10.3 billion of long-term care (social).
- Total current healthcare expenditure in the UK was 9.9% of gross domestic product (GDP), higher than the median for Organisation for Economic Co-operation and Development (OECD) member states.

2 . Things you need to know about this release

This bulletin contains data from the UK Health Accounts, providing figures for 2013 to 2015. Health accounts are a set of statistics analysing healthcare expenditure by three dimensions:

- financing scheme – the source of funding for healthcare
- function – the type of care and mode of provision
- provider organisation – the type of healthcare provider in which care is carried out

The UK Health Accounts are produced according to the [System of Health Accounts 2011 \(SHA 2011\)](#), which provides internationally standardised definitions both for total current healthcare expenditure and the analysis of this spending by financing scheme, function and provider organisation. The SHA 2011 definitions are used to measure healthcare expenditure from 2014 onwards by all EU member states and most other Organisation for Economic Co-operation and Development (OECD) member states. Some OECD member states also produce healthcare expenditure statistics to SHA 2011 definitions for years before 2014, but the length of the back series produced to these definitions varies by country.

The definition of healthcare used in health accounts is somewhat broader than that used in previous UK healthcare expenditure analyses (including the Office for National Statistics' (ONS's) [Expenditure on Healthcare in the UK publication](#)), and includes a number of services which are typically considered social care in the UK. More information about the definitions of health accounts and the differences between health accounts and other healthcare expenditure analyses is available in the [Introduction to health accounts](#).

Health accounts measure current expenditure on healthcare only and exclude capital expenditure but include capital consumption. All figures contained in this article are for current expenditure only, with the exception of the appendix, which contains figures for current and capital expenditure produced using the definitions from our previous "Expenditure on Healthcare in the UK" analysis.

All figures in this article are reported in current prices; that is, the price of goods or services at the time they were purchased, unadjusted for inflation.

3 . Total current healthcare expenditure in the UK

In 2015, total current healthcare expenditure in the UK was £185.0 billion. This accounted for 9.9% of gross domestic product (GDP), up from 9.8% in 2014. This measure of healthcare expenditure covers both government and non-government spending on healthcare.

Table 1: Expenditure and growth rates in total current healthcare expenditure in the UK, 2013 to 2015

	Expenditure (£ billions)	Growth rate (%)
2013	171	
2014	179	
2015	185	
2013 to 2014		4.2
2014 to 2015		3.6

Source: Office for National Statistics (ONS)

Total current healthcare expenditure increased by 3.6% between 2014 and 2015. The growth in healthcare expenditure between 2014 and 2015 was slower than the growth between 2013 and 2014 (4.2%) and this was largely due to slower growth in government-financed healthcare expenditure.

4 . Financing of healthcare

Figure 1 shows the proportion of healthcare expenditure funded by each of the financing schemes in health accounts. More detail on the definitions of each financing scheme can be found in Section 15 and the [Introduction to health accounts](#).

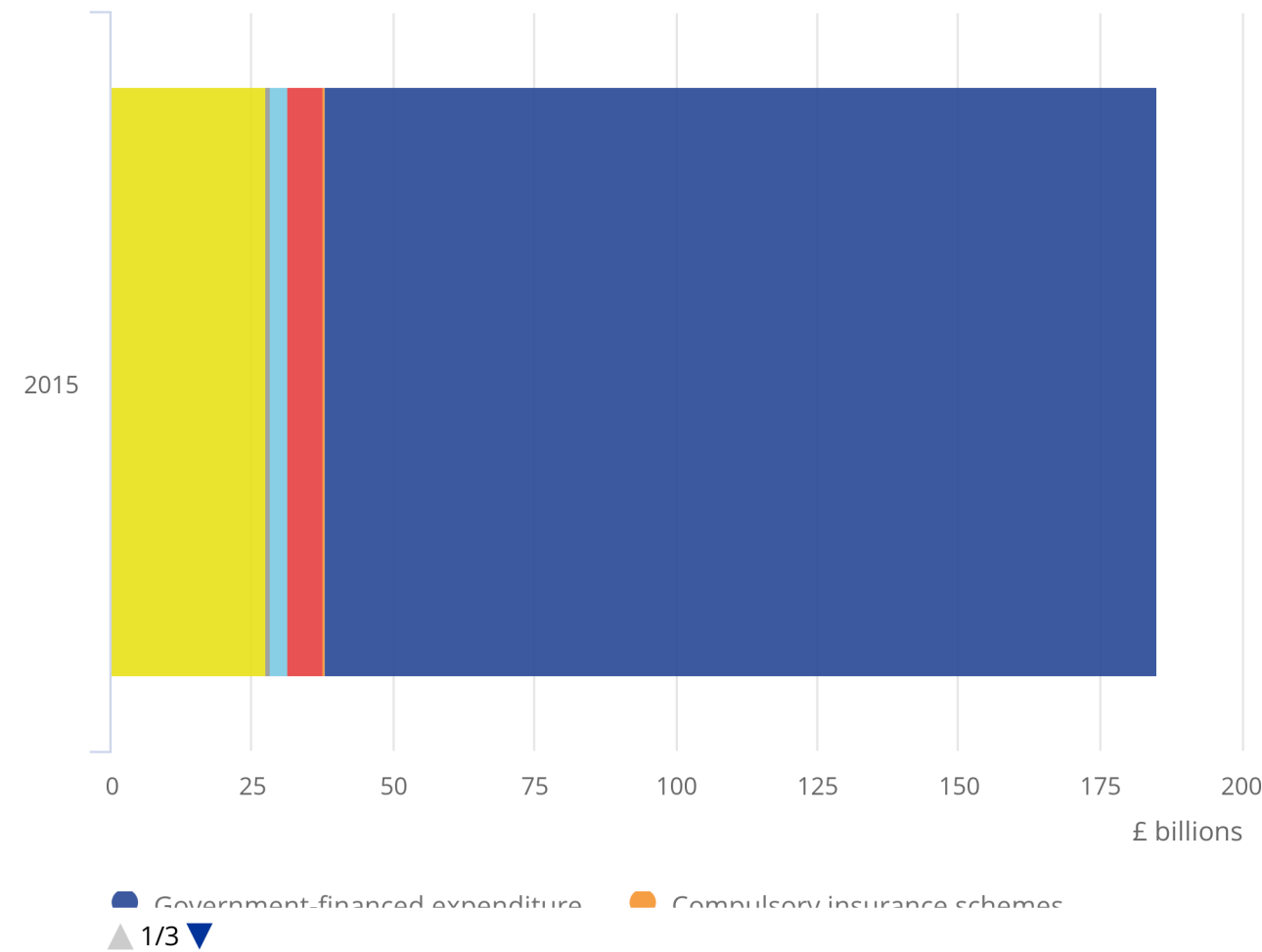
Government expenditure on healthcare, which includes spending by the NHS, local authorities and other public bodies providing healthcare, was £147.1 billion in 2015, accounting for 79.5% of total current healthcare expenditure.

Figure 1: Total current healthcare expenditure by financing scheme, 2015

UK

Figure 1: Total current healthcare expenditure by financing scheme, 2015

UK



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

- 1. All figures are provided in current prices, unadjusted for inflation.

In 2015, the largest of the non-government financing schemes was out-of-pocket expenditure, which accounted for £27.4 billion – 14.8% of healthcare spending. Healthcare expenditure from voluntary insurance was the third largest mode of healthcare financing, accounting for £6.3 billion in 2015, or 3.4% of healthcare spending.

Healthcare spending by non-profit institutions serving households (NPISH), which covers charity expenditure funded through voluntary donations, grants and investment income, excluding purchases of care by clients and by other organisations, accounted for 1.6% of total current healthcare expenditure in 2015. The remaining financing schemes, enterprise finance and compulsory insurance¹ accounted for 0.5% and 0.1% of total current healthcare expenditure respectively in 2015.

Table 2: Growth in total current healthcare expenditure in the UK between 2013 and 2015 by financing scheme

Financing scheme	Growth rate (%)	
	2013 to 2014	2014 to 2015
Government-financed expenditure	4.4	3.6
Compulsory insurance schemes	-2.7	-3.9
Voluntary health insurance schemes	3.6	-1.3
Non-profit institutions serving households financing schemes	7.0	6.6
Enterprise financing schemes	7.1	3.9
Out-of-pocket expenditure	3.1	4.3

Source: Office for National Statistics (ONS)

Each financing scheme of healthcare spending grew between 2014 and 2015, with the exception of the two insurance-based schemes: voluntary and compulsory insurance. The fall in spending from these schemes was primarily due to a reduction in interest earned on insurance reserves. These are added to insurance expenditure in line with national accounts, as well as health accounts, practices. For voluntary health insurance schemes, which include private medical insurance, expenditure on insurance premiums increased between 2014 and 2015.

Expenditure from all financing schemes increased at a faster rate between 2013 and 2014 than between 2014 and 2015.

Notes for: Financing of healthcare

1. Compulsory insurance is insurance that is required by law for certain groups, for example, motor insurance is a mandatory requirement for motorists. Only the proportion of these schemes that relates to healthcare is included in health accounts.

5 . Government healthcare expenditure

In 2015, government expenditure on healthcare was £147.1 billion, which was an increase of 3.6% on 2014. Government spending represents the majority of healthcare expenditure in the UK.

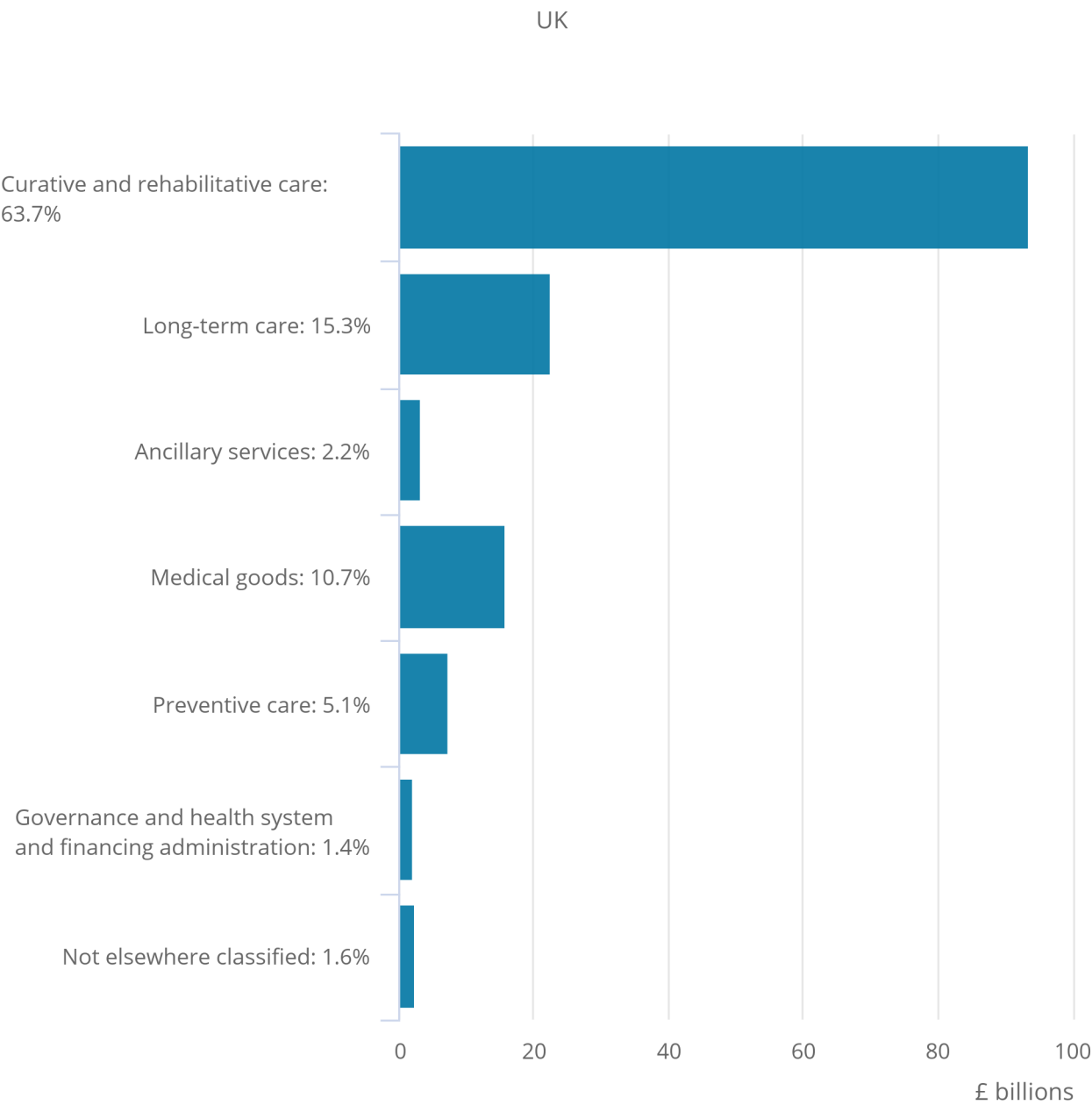
Government expenditure by function

Figure 2 shows how government healthcare expenditure was split between the functional categories of health accounts.

Figure 2: Government healthcare expenditure by healthcare function, 2015

UK

Figure 2: Government healthcare expenditure by healthcare function, 2015



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

- 1. All figures are provided in current prices, unadjusted for inflation.

The majority of government expenditure on healthcare was on curative and rehabilitative care, which totalled £93.7 billion in 2015, or 63.7% of government expenditure. Government-funded long-term care (health), which includes local authority expenditure on residential and nursing care and domiciliary home care, as well as NHS continuing care and palliative care services, accounted for 15.3% of government healthcare expenditure.

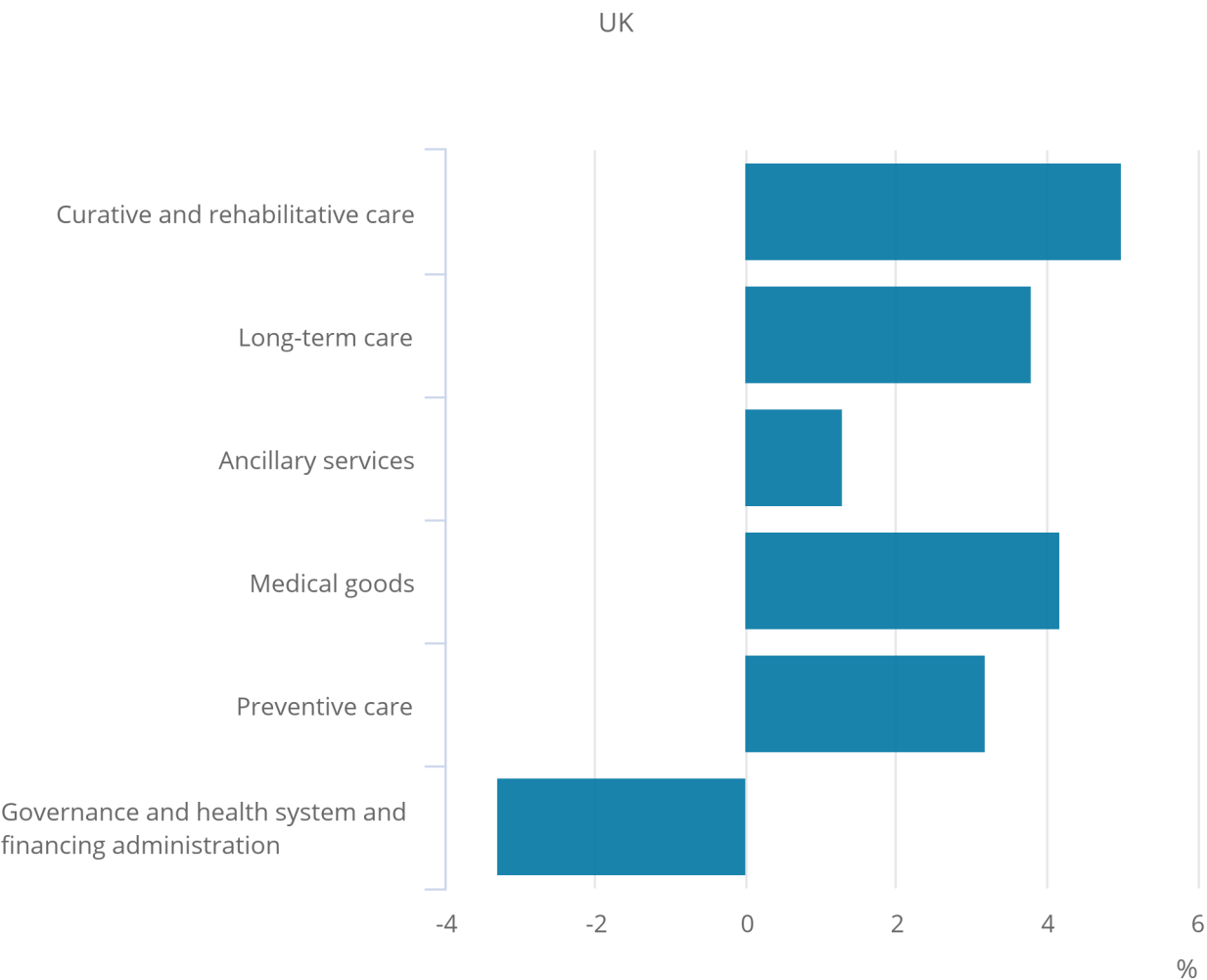
Spending on medical goods, including prescription pharmaceuticals, accounted for 10.7% of government healthcare expenditure in 2015. Preventive care, which includes public health services, screening programmes, health check-ups (including dental check-ups) and inoculations, accounted for 5.1% of government expenditure in 2015.

Governance and health system administration, which covers expenditure on bodies responsible for the strategic governance of the healthcare system, setting and monitoring standards of care, and developing healthcare regulations, made up 1.4% of government healthcare expenditure. In line with Organisation for Economic Co-operation and Development (OECD) guidelines, this category does not include overhead expenses connected with the administration or functioning of health providers, such as hospital management and administration (for example, procurement or payroll functions).

Figure 3: Growth rates in functions of government healthcare expenditure, 2014 to 2015

UK

Figure 3: Growth rates in functions of government healthcare expenditure, 2014 to 2015



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

- 1. All figures are provided in current prices, unadjusted for inflation.

Curative and rehabilitative care experienced the biggest increase in expenditure between 2014 and 2015, growing by 5.0% from £89.3 billion in 2014. Government expenditure on healthcare governance fell by 3.3% between 2014 and 2015 from £2.2 billion in 2014 to £2.1 billion in 2015.

Health accounts also analyse curative and rehabilitative care by four modes of provision:

- inpatient care
- day care (including day case procedures and regular day and night admissions)
- outpatient care
- home-based care

In the UK, whilst spending on all four modes of provision increased between 2013 and 2015, day care increased at the fastest rate. The majority of curative and rehabilitative expenditure was inpatient and outpatient care, but outpatient care grew at a faster rate than inpatient care.

Table 3: Growth in government-financed curative and rehabilitative care in the UK between 2013 and 2015

	Growth rate (%)		Expenditure (£ billions)
	2013 to 2014	2014 to 2015	2015
All curative and rehabilitative care	4.2	5.0	93.7
Inpatient care	3.6	4.7	41.1
Day care	5.5	6.7	7.9
Outpatient care	4.6	4.7	40.0
Home-based care	4.9	6.5	4.7

Source: Office for National Statistics (ONS)

Government expenditure by provider

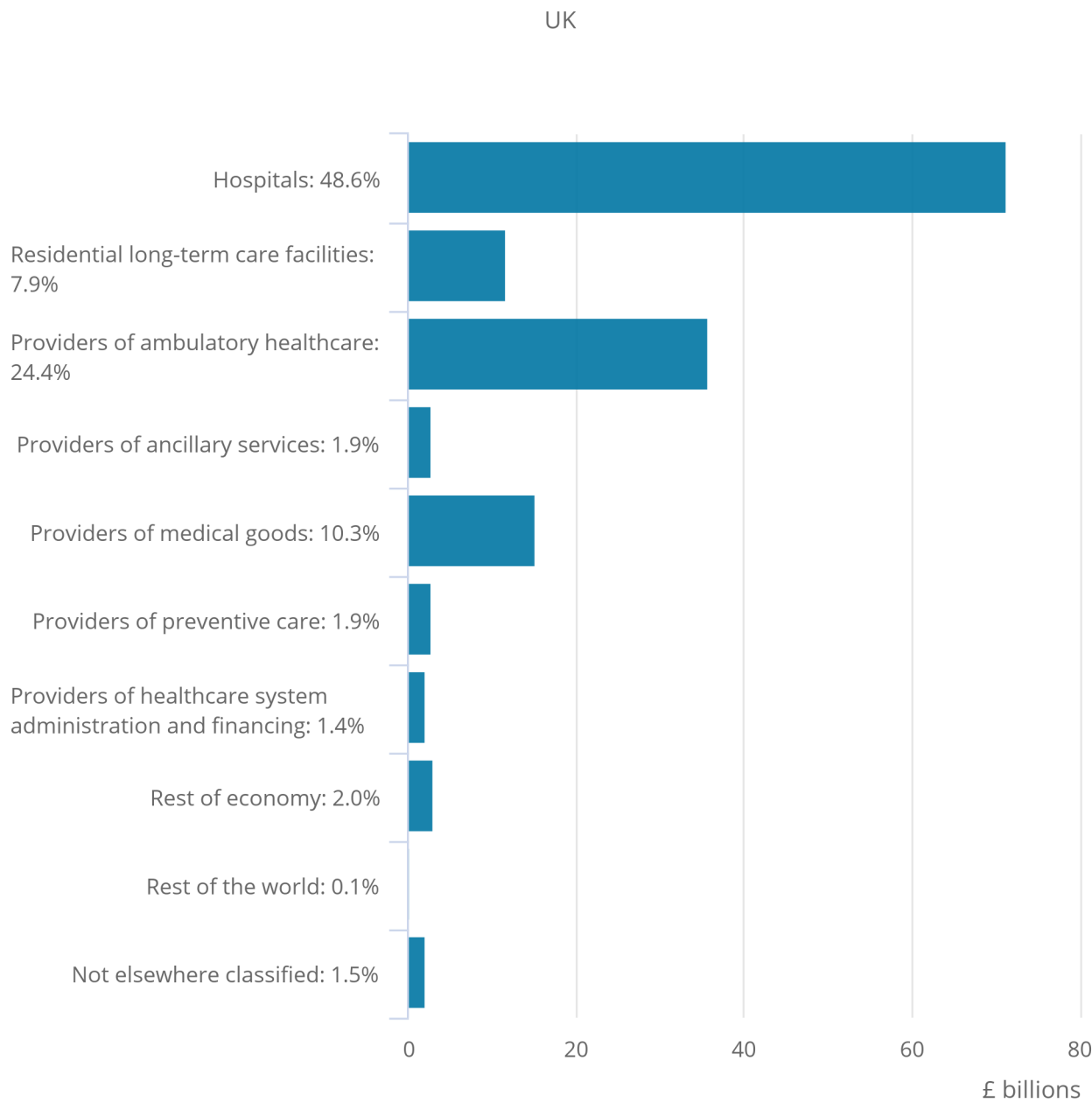
The UK Health Accounts also analyse government expenditure by type of provider organisation.

Figure 4 shows that in 2015, the provider type which made up the largest share of government-funded healthcare was hospitals, which accounted for £71.4 billion of spending or 48.6% of government healthcare expenditure.

Figure 4: Government healthcare expenditure by provider, 2015

UK

Figure 4: Government healthcare expenditure by provider, 2015



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

- 1. All figures are provided in current prices, unadjusted for inflation.

The ambulatory providers category, which includes general practitioners, dentists and community health services, accounted for £35.8 billion or 24.4% of government healthcare expenditure.

Providers of medical goods, including pharmacies, accounted for the next largest share of government healthcare expenditure – 10.3%, followed by residential long-term care facilities such as residential and nursing homes, which made up 7.9% of government healthcare spending.

The “rest of economy” providers category covers healthcare organisations whose primary activity is not healthcare, and includes the police, non-specialist providers of patient transport and households in receipt of Carer’s Allowance. Government healthcare expenditure through “rest of economy” providers in 2015 was £3.0 billion, accounting for 2.0% of government healthcare expenditure.

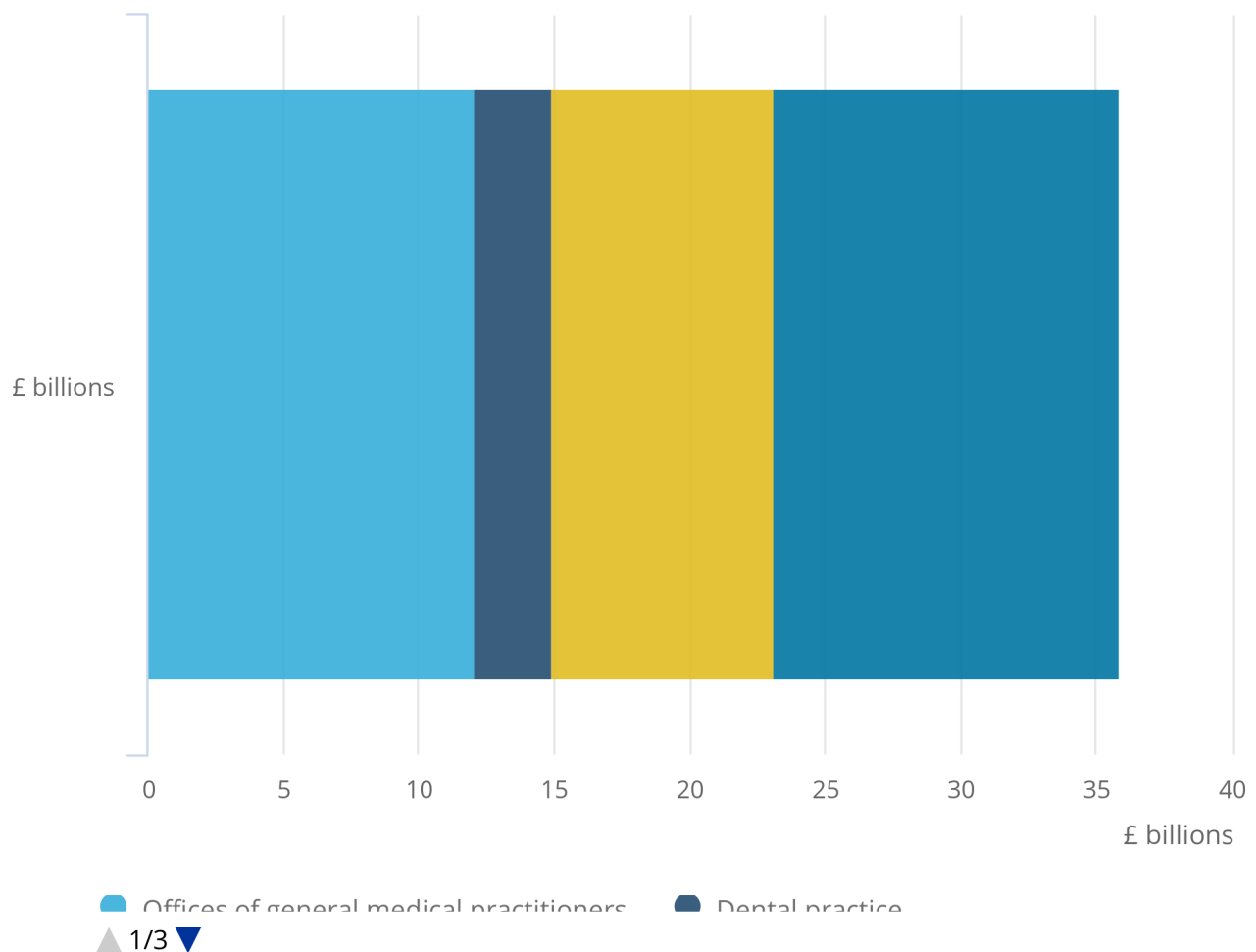
The “rest of the world” providers category covers organisations based outside the UK providing services to UK residents, including providers based in countries opted into the European Economic Area (EEA) medical costs scheme. This was the smallest category of provider in 2015, accounting for £152 million or 0.1% of government healthcare expenditure.

Figure 5: Government spending on ambulatory providers of healthcare, 2015

UK

Figure 5: Government spending on ambulatory providers of healthcare, 2015

UK



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. All figures are provided in current prices, unadjusted for inflation.
2. Figures may not sum due to rounding.

The UK Health Accounts break down ambulatory providers by four sub-categories:

- offices of general medical practitioners
- dental practices
- providers of home healthcare services, which includes home care services provided by local authorities and specialist independent sector providers
- all other ambulatory providers, including paramedical practitioners (such as occupational therapists and physiotherapists) and community healthcare services

Figure 5 shows that, in 2015, government expenditure on general practitioners was £12.1 billion, dental practices £2.8 billion, home healthcare providers £8.2 billion, and other ambulatory providers £12.8 billion.

Government expenditure by function and provider

The health accounts can also break expenditure down by a combination of the functions and providers of healthcare. Table 4 lists the 10 largest “function by provider” categories within government expenditure on healthcare, which combined represent around 96% of all government healthcare expenditure.

Table 4: Largest “function by provider” categories for government-financed healthcare in the UK, 2015

	Expenditure (£ billions)	Share (%)
Curative and rehabilitative care provided in hospitals	69.4	47.2
Curative and rehabilitative care provided by ambulatory providers	23.6	16.1
Medical goods dispensed by retailers of medical goods	14.8	10.1
Long-term care (health) provided in residential long-term care facilities	11.6	7.9
Long-term care (health) provided by ambulatory providers	7.4	5.0
Preventive care provided by ambulatory providers	3.9	2.6
Ancillary care provided by ancillary providers	2.8	1.9
Preventive care provided by preventive providers	2.8	1.9
Long-term care (health) provided in the rest of the economy	2.6	1.8
Governance and health system administration provided by administrative providers	2.1	1.4

Source: Office for National Statistics (ONS)

Notes:

1. Excludes category for expenditure not elsewhere classified

Curative and rehabilitative care delivered in hospitals represented 47.2% of all government healthcare expenditure in 2015, considerably more than any other category of spending.

6 . Non-government healthcare expenditure

The remaining £37.9 billion of healthcare expenditure in the UK in 2015 was financed through non-government schemes: compulsory and voluntary insurance, non-profit institutions serving households (NPISH), enterprise financing, and out-of-pocket expenditure.

Non-government expenditure by function

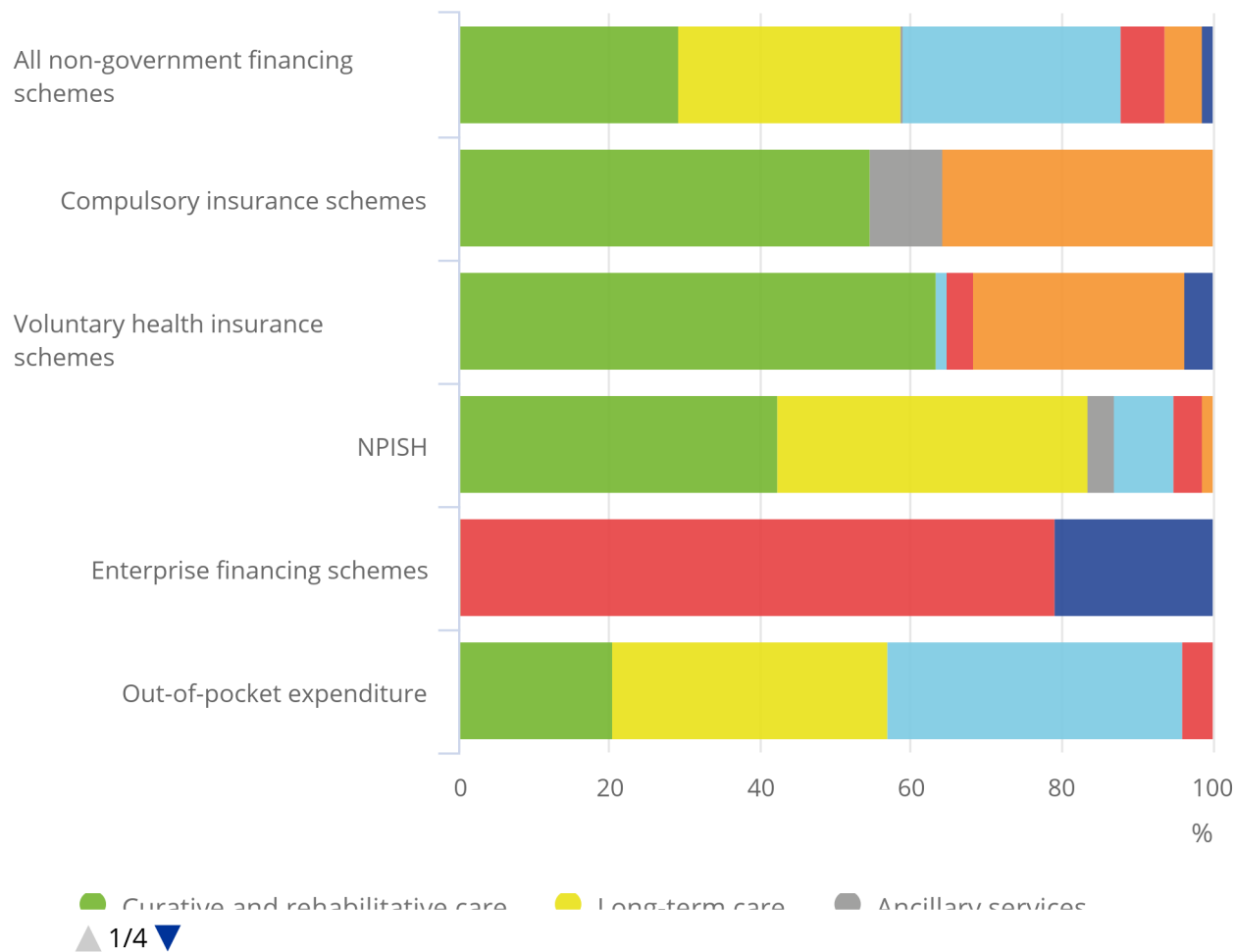
Figure 6 shows how healthcare expenditure was split between the functional categories of health accounts for the different non-government financing schemes. The largest functional categories for non-government healthcare expenditure overall were long-term care (health), curative and rehabilitative care, and spending on medical goods.

Figure 6: Non-government financing schemes by share of function, 2015

UK

Figure 6: Non-government financing schemes by share of function, 2015

UK



Source: Office for National Statistics, LaingBuisson, Association of British Insurers

Source: Office for National Statistics, LaingBuisson, Association of British Insurers

Notes:

- 1. Figures may not sum due to rounding.

Despite being the largest overall category of non-government healthcare expenditure, long-term care (health) was only funded through out-of-pocket expenditure (£10.0 billion) and non-profit institutions serving households (£1.2 billion).

Curative and rehabilitative care was the largest component of healthcare spending within compulsory insurance, voluntary insurance and NPISH, although was a much smaller element of out-of-pocket funded and enterprise-financed spending.

Administration of health financing was an important element of expenditure in both compulsory and voluntary insurance schemes. This function includes the administrative costs of running insurance policies, profit, interest earned on insurance reserves and the cost of Insurance Premium Tax.

The majority of the enterprise-financing scheme in the UK funded preventive care. This mostly related to occupational healthcare services provided by organisations for employees.

Non-government expenditure by provider

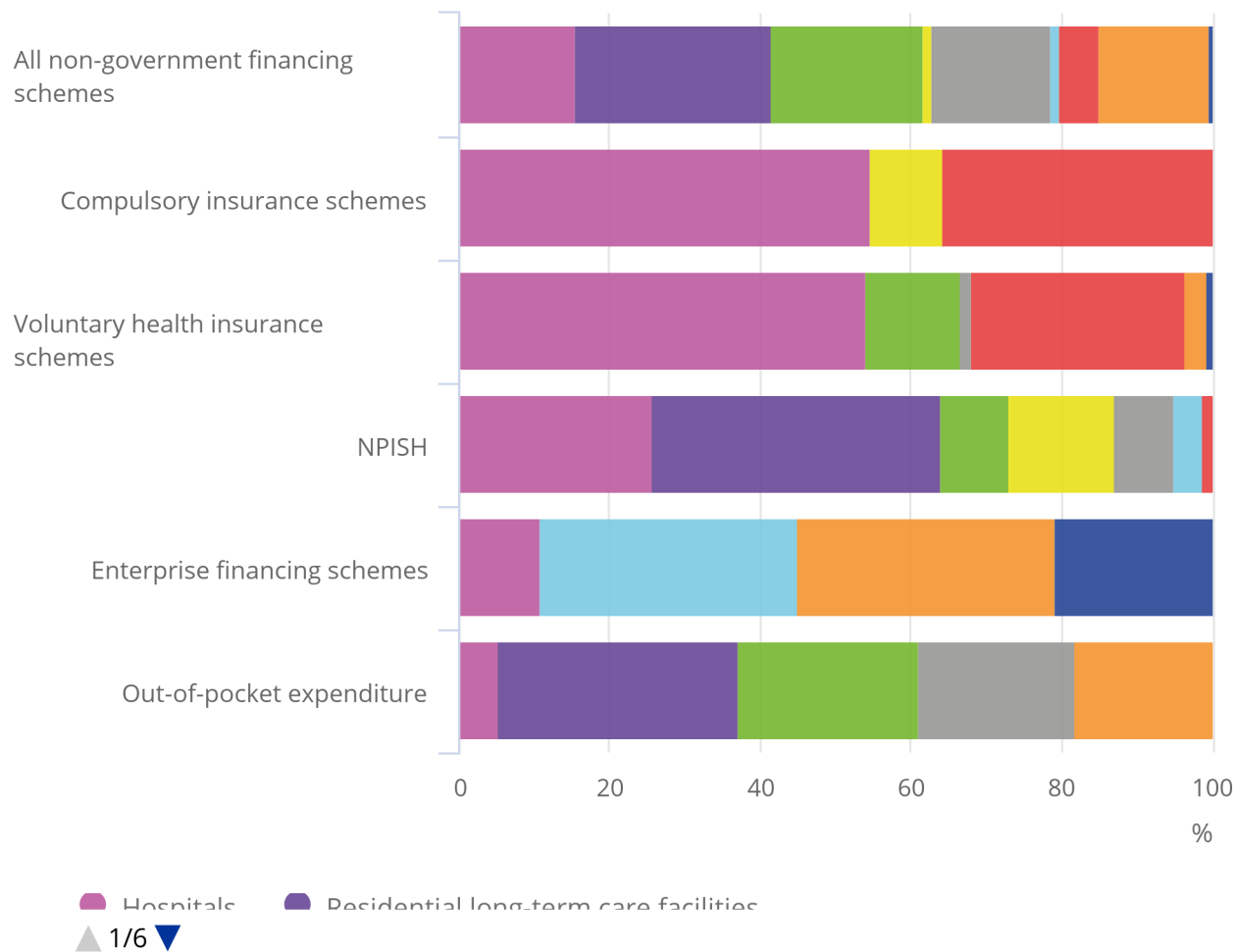
Figure 7 shows how healthcare expenditure was split between the provider categories of health accounts for the different non-government financing schemes. Healthcare provided in residential long-term care facilities accounted for over one-quarter (26.1%) of non-government-financed healthcare. Other large provider categories were: ambulatory providers (20.0%), retailers of medical goods (15.9%), hospitals (15.5%), and “rest of economy” non-health-specialist providers (14.1%).

Figure 7: Non-government financing schemes by share of provider, 2015

UK

Figure 7: Non-government financing schemes by share of provider, 2015

UK



Source: Office for National Statistics, LaingBuisson, Association of British Insurers

Source: Office for National Statistics, LaingBuisson, Association of British Insurers

Notes:

- 1. Figures may not sum due to rounding.
- 2. The provider categories "Rest of economy" and "Rest of the world" have been merged.

Hospitals were the largest provider of healthcare services financed through compulsory and voluntary health insurance.

The largest provider category for enterprise-financed healthcare was providers of preventive care and provision through the rest of the economy, reflecting the split of occupational healthcare by specialist and employer in-house providers.

Healthcare financed through NPISH was mostly provided in residential long-term care facilities and hospital settings.

Out-of-pocket-financed healthcare was provided in a wide range of settings, reflecting the diverse range of products and services purchased by households.

Out-of-pocket expenditure

Out-of-pocket expenditure is the largest non-government financing scheme, accounting for 14.8% of total healthcare expenditure in 2015 (£27.4 billion).

The largest functional category of out-of-pocket spending is on medical goods, accounting for 39.1% (£10.7 billion) of out-of-pocket spending in 2015. This is spent on non-durable goods, including pharmaceuticals (£7.3 billion), and durable goods (£3.4 billion), which includes spending on optical equipment, hearing aids and other medical equipment.

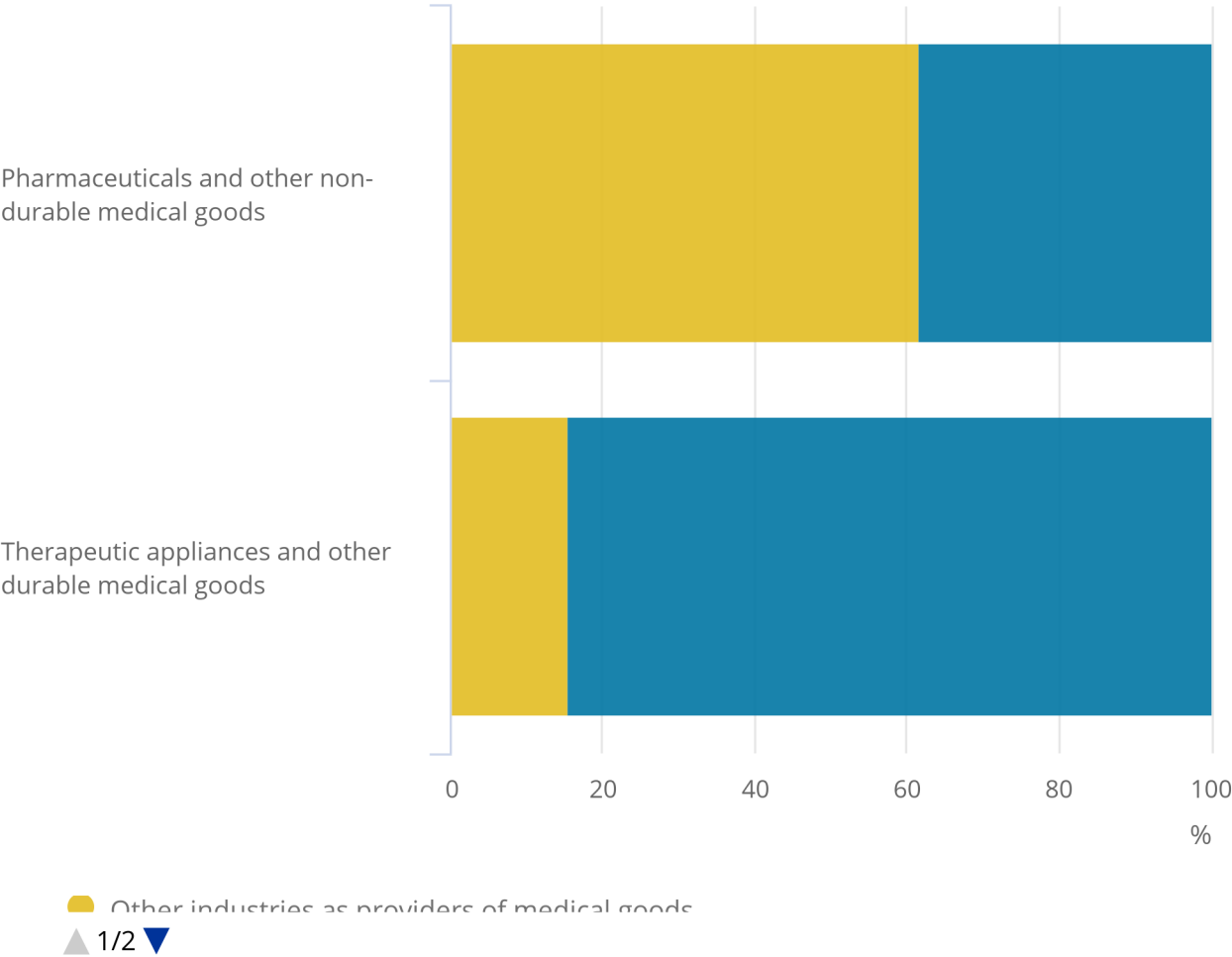
Figure 8 shows how durable and non-durable goods were provided. Around three-fifths (61.6%) of pharmaceuticals and non-durable goods were bought from non-health retailers, including purchases from general stores. The remaining 38.4% of pharmaceutical and other non-durable goods were purchased from specialist retailers, such as dispensing chemists. By comparison, a much higher proportion of durable medical goods (84.5%) were provided by specialist health retailers, which can include opticians.

Figure 8: Share of out-of-pocket spending on durable and non-durable medical goods by provider

UK

Figure 8: Share of out-of-pocket spending on durable and non-durable medical goods by provider

UK



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

- 1. Figures may not sum due to rounding.

Whilst out-of-pocket spending on healthcare by UK residents abroad does exist, there is currently no way of measuring or identifying this, meaning this provider category is not reported.

Voluntary insurance

Voluntary insurance was the third largest financing scheme of healthcare expenditure in the UK at £6.3 billion in 2015, a decrease of 1.3% from expenditure in 2014 (£6.4 billion).

The fall in expenditure between 2014 and 2015 was driven by a decrease in spending on administration of health financing. This mainly related to a smaller amount of interest earned on insurance reserves, which are added to insurance expenditure in line with national accounts, as well as health accounts, practices.

Voluntary insurance schemes cover:

- private medical insurance
- employer self-insurance schemes where employers bear the risk of claims
- health cash plans
- dental insurance and dental capitation plans
- the health element of travel insurance

7 . Total healthcare expenditure by function and provider

In 2015, the largest category of spending within health accounts, by function and provider combined, was curative and rehabilitative spending in hospitals, at 40.6% of total healthcare spending. This is the largest category of government healthcare expenditure and is also a large component of spending within voluntary health insurance and non-profit institutions serving households (NPISH) financing.

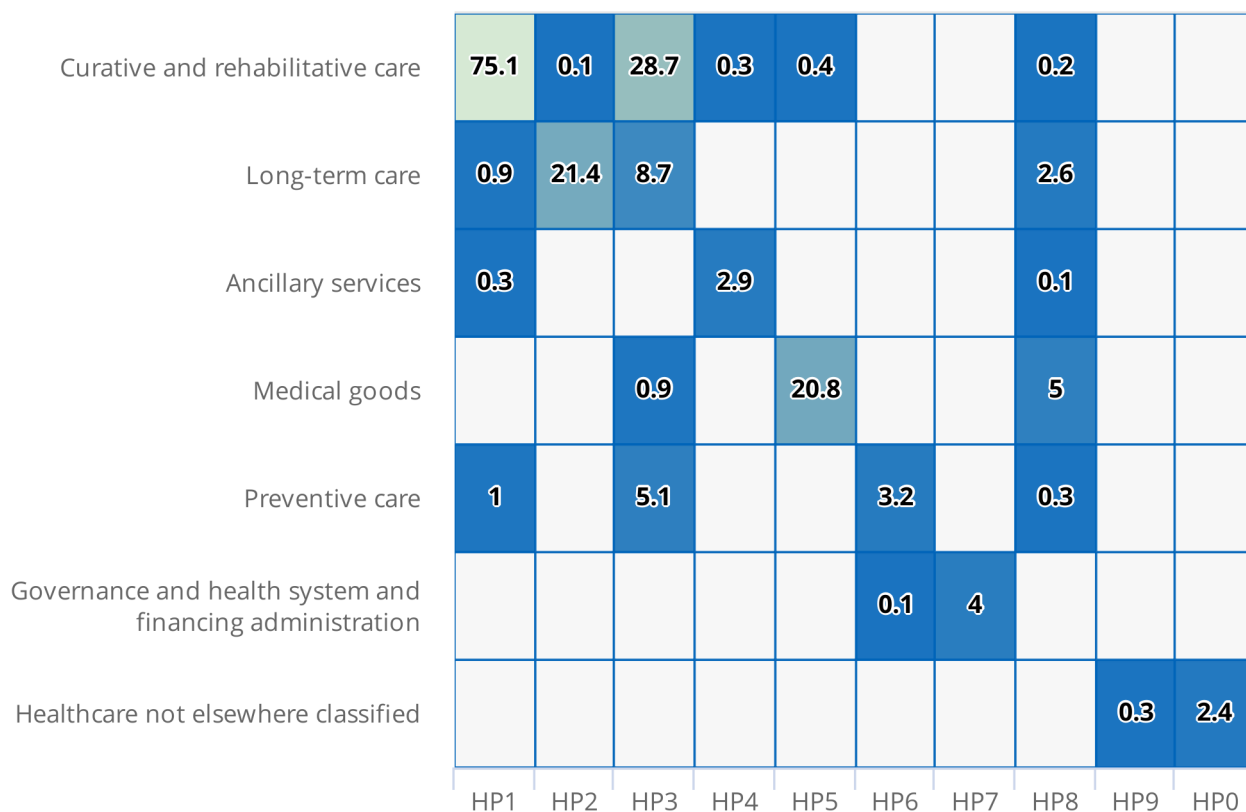
The next largest category of spending in 2015 was on curative and rehabilitative care in ambulatory settings, accounting for 15.5% of total healthcare expenditure. This includes spending on consultations with GPs, general dental services, home care provided by community providers, and curative and rehabilitative care provided by other healthcare professionals, including allied health professionals.

Figure 9: Total healthcare expenditure in each “function by provider” category, 2015

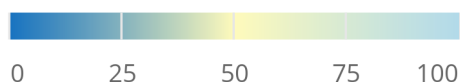
UK, £ billions

Figure 9: Total healthcare expenditure in each “function by provider” category, 2015

UK, £ billions



Source: Office for National Statistics



Source: Office for National Statistics

Notes:

1. Figures may not sum due to rounding.
2. HP1 refers to Hospitals, HP2 refers to Residential long-term care facilities, HP3 refers to Ambulatory providers, HP4 refers to Providers of ancillary services, HP5 refers to Providers of medical goods, HP6 refers to Providers of preventive care, HP7 refers to Providers of healthcare system administration and financing, HP8 refers to Rest of economy, HP9 refers to Rest of the world and HP0 refers to Healthcare not elsewhere classified

8 . Preventive healthcare expenditure

Spending on preventive healthcare was £9.6 billion in 2015, an increase of 5.6% on spending in 2014, which was £9.1 billion.

The health accounts definition of preventive care covers activities designed to avoid diseases and risk factors (primary prevention) and the early detection of disease (secondary prevention).

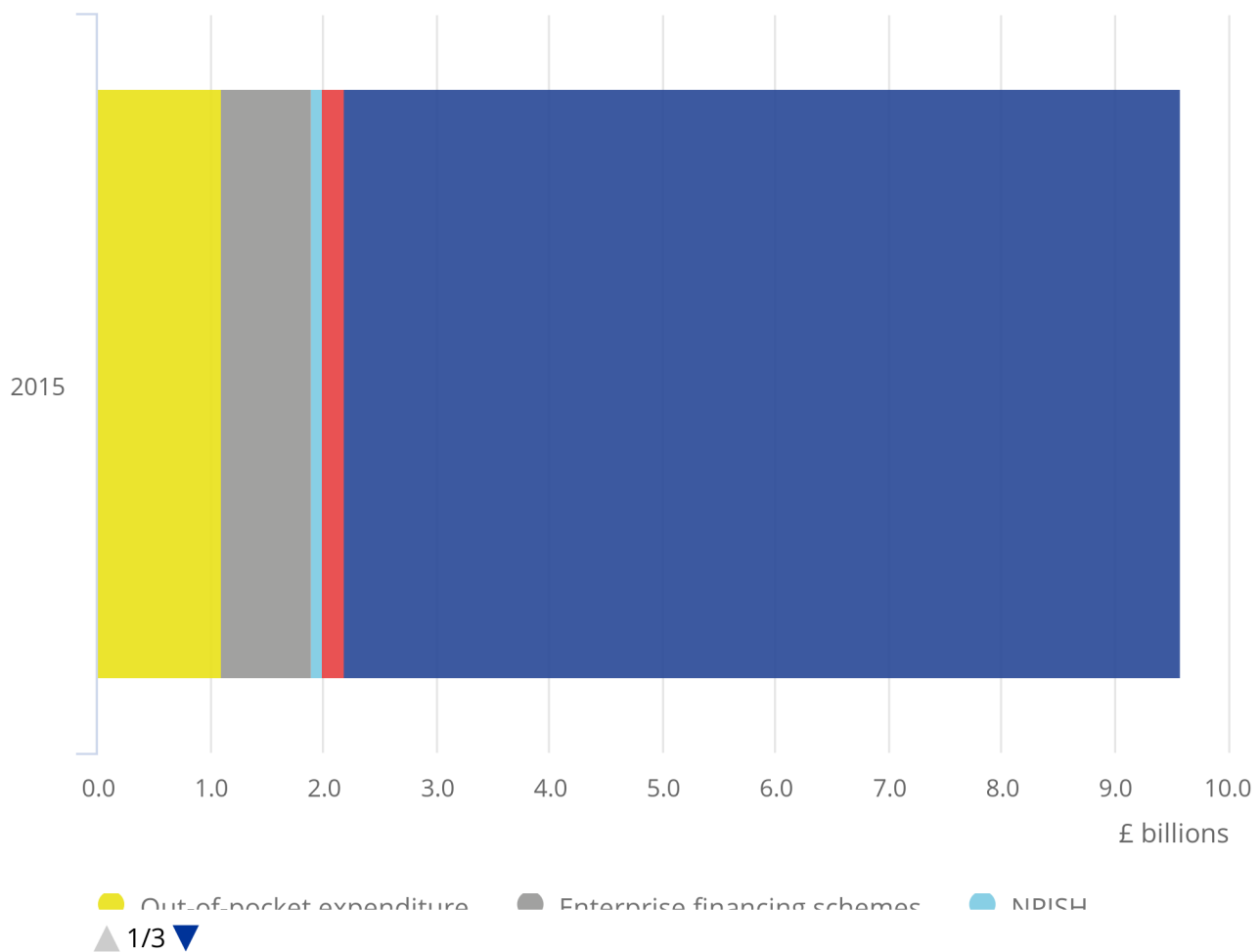
Government preventive care expenditure was £7.4 billion in 2015, accounting for 77.4% of total preventive care spending. A further £1.1 billion was financed through out-of-pocket expenditure, £756 million through enterprise financing, £218 million through voluntary insurance, and £112 million through non-profit institutions serving households (NPISH).

Figure 10: Expenditure on preventive care by financing scheme

UK, 2015

Figure 10: Expenditure on preventive care by financing scheme

UK, 2015



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. All figures are provided in current prices, unadjusted for inflation.

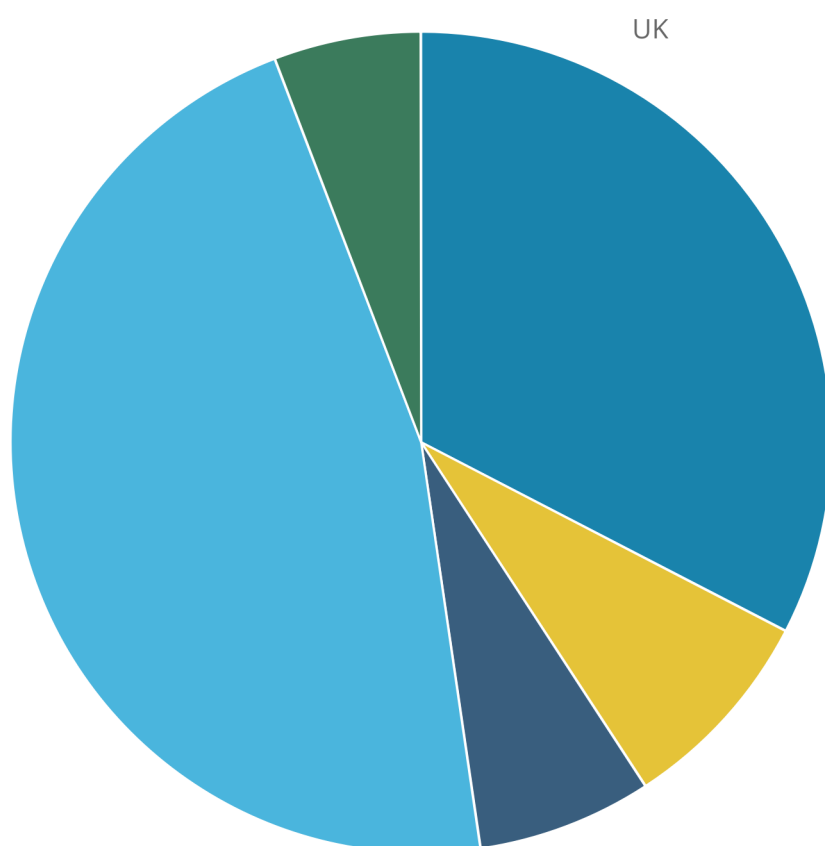
The System of Health Accounts 2011 (SHA 2011) framework classifies preventive healthcare under six different categories:

- information, education and counselling programmes
- immunisation programmes
- early disease detection programmes (such as screening services)
- healthy condition monitoring programmes (such as health check-ups)
- epidemiological surveillance and risk and disease control programmes (such as public health monitoring)
- preparing for disaster and emergency response programmes

Figure 11: Share of total preventive healthcare expenditure by sub-category, 2015

UK

Figure 11: Share of total preventive healthcare expenditure by sub-category, 2015



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Figures may not sum due to rounding.
2. Excludes spending on "preparing for disaster and emergency response programmes", which is not distinguishable from other sub-categories.

Figure 11 shows the breakdown of preventive healthcare expenditure in 2015. The largest preventive care subcategory in the UK was healthy condition monitoring programmes, which accounted for 46.5% of spending on preventive care. This covers spending on health check-ups, including dental check-ups, post and antenatal check-ups, and general health check-ups conducted by health visitors on young children.

The second largest preventive subcategory was information, education and counselling programmes, which covers spending on advice and support services designed to educate people to modify behaviours and change social conditions. In the UK, this includes advice around alcohol and substance misuse, smoking cessation, sexual health, obesity and other health promotion services. The category accounted for 32.6% of preventive care expenditure.

Spending on immunisation programmes and early disease detection programmes made up 8.2% and 6.9% of preventive care expenditure respectively. Early disease detection programmes concern screening for specific diseases and illnesses, including cancers, in risk groups before symptoms appear.

Epidemiological surveillance and risk and disease control programmes cover the monitoring and evaluation of prevention programmes. This category includes the operational activities of public health bodies, including Public Health England, and non-health bodies, such as the Foods Standards Agency and the Health and Safety Executive.

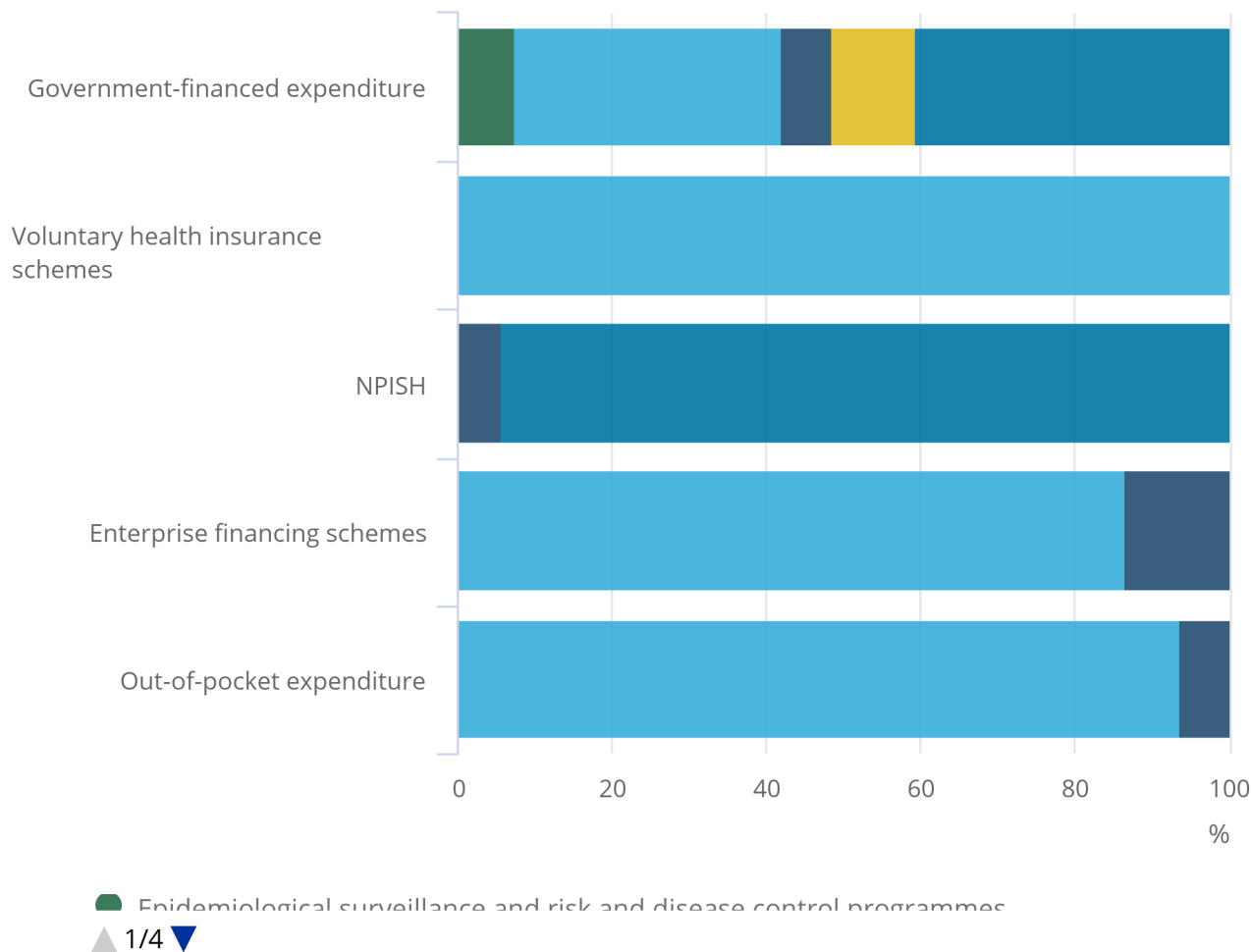
No spending is recorded under preparing for disasters and emergency response programmes for the UK, as it cannot be distinguished from spending in other preventive care categories.

Figure 12: Share of preventive healthcare expenditure by preventive sub-category for each financing scheme

UK, 2015

Figure 12: Share of preventive healthcare expenditure by preventive sub-category for each financing scheme

UK, 2015



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. All figures are provided in current prices, unadjusted for inflation.
2. Figures may not sum due to rounding.
3. Excludes spending on "preparing for disaster and emergency response programmes", which is not distinguishable from other sub-categories.
4. Excludes compulsory insurance schemes, for which there is no preventive healthcare expenditure.

Figure 12 shows how the type of preventive care delivered through different financing schemes compares. Whereas the largest preventive subcategory under government-financed expenditure is spending on information, education and counselling programmes, under non-government financing schemes, check-ups tend to be the largest subcategory. For voluntary insurance and out-of-pocket-financed expenditure, this mostly relates to dental check-ups, whereas for enterprise financing this relates to occupational healthcare services.

Preventive expenditure financed under NPISH mostly relates to advice and education services. This comes from charities providing information around sexual health, substance misuse, pregnancy and family planning.

9 . Long-term care expenditure

Total long-term care expenditure in 2015 was £44.1 billion.

The long-term care category covers care services aimed at reducing suffering and managing the decline of patients with chronic health conditions (including old-age and disability-related conditions), where an improvement in health is not expected. The long-term care category is split into two elements: a health-related care element that is included in the measure of total current health expenditure in health accounts, and a social element relating to assistance-based services, which sits outside the health accounts.

Long-term care (health), the element included within health accounts, covers expenditure on care where supporting basic activities of daily living (ADLs, such as bathing, dressing and walking) makes up a substantial element of the service provided. This category covers NHS care services (including palliative care); and expenditure by local authorities on residential and nursing care, home care and direct payments.

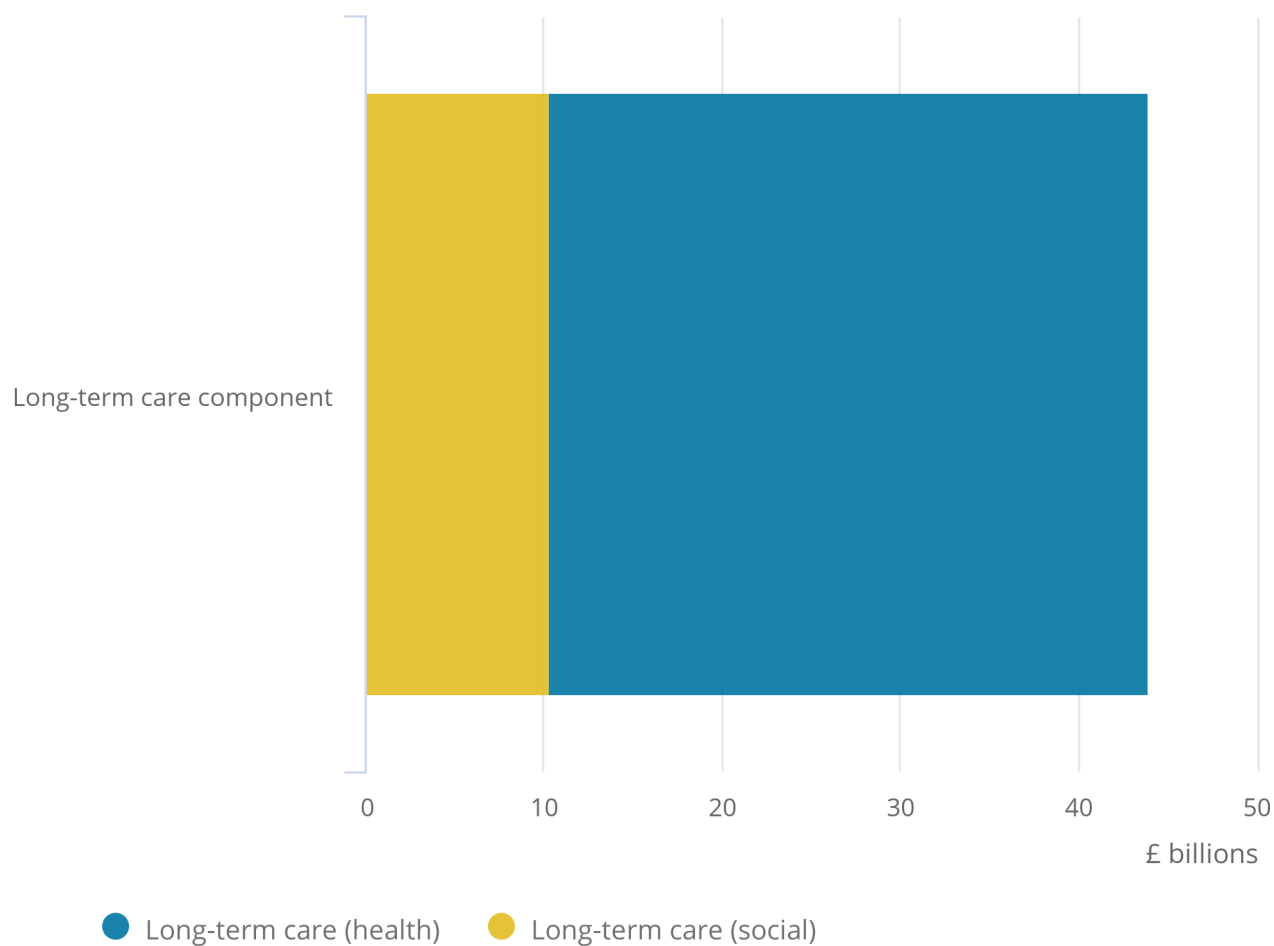
Long-term care (social), the element outside of health accounts, includes services that primarily or entirely consist of support for instrumental activities of daily living (IADLs, including shopping, cooking and managing finances). These services include day care, supported accommodation, meals and luncheon services.

Figure 13: Long-term care expenditure by long-term care (health) and long-term care (social), 2015

UK

Figure 13: Long-term care expenditure by long-term care (health) and long-term care (social), 2015

UK



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

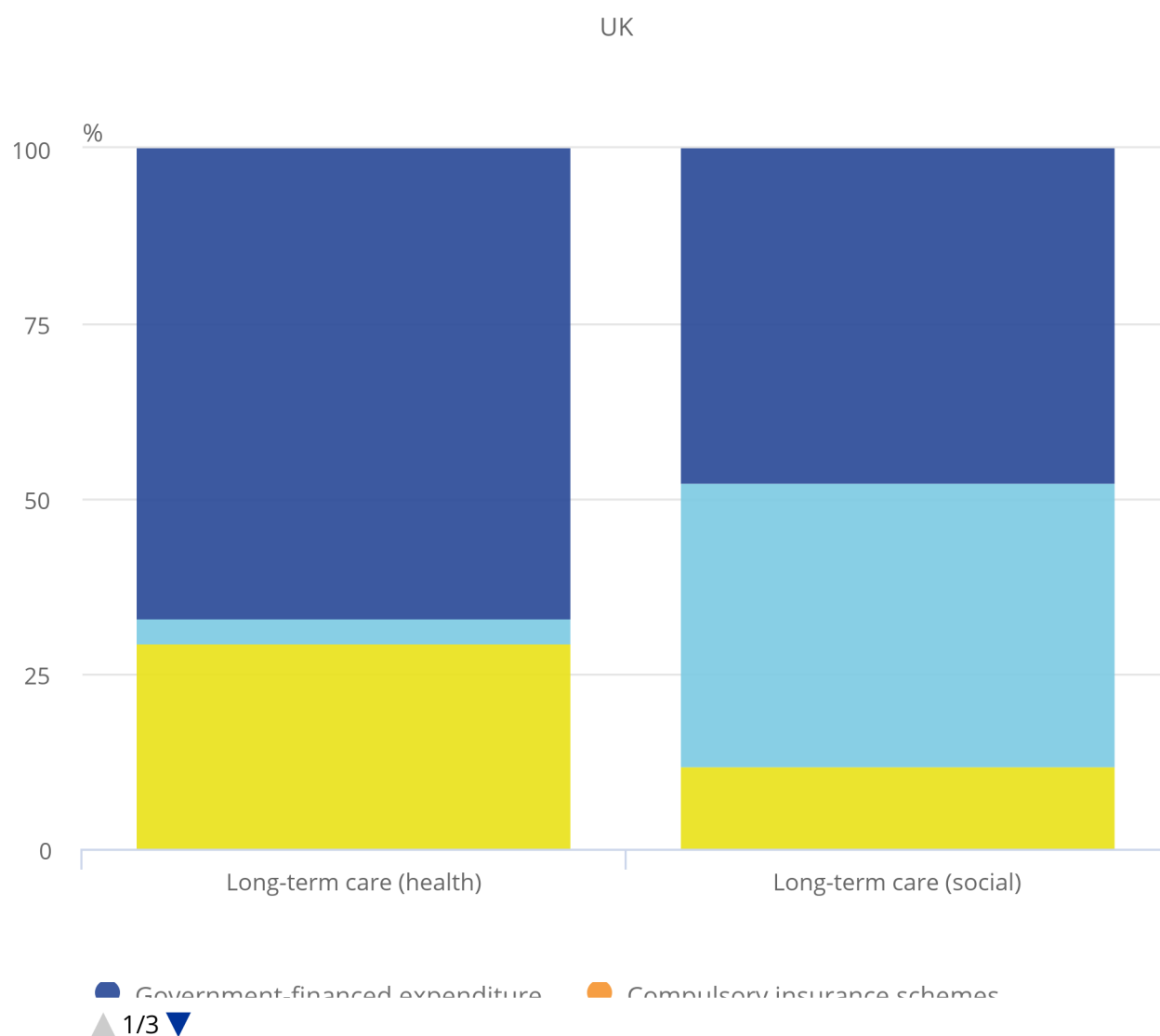
1. All figures are provided in current prices, unadjusted for inflation.

Figure 13 shows that of total long-term care spending, £33.7 billion was recorded as long-term care (health) within the UK Health Accounts, while £10.3 billion was spent on long-term care (social).

Figure 14: Long-term care expenditure by share of financing scheme, 2015

UK

Figure 14: Long-term care expenditure by share of financing scheme, 2015



Source: Office for National Statistics

Notes:

1. Figures may not sum due to rounding.

Figure 14 shows how long-term care was split by financing scheme. In 2015, nearly 70% of long-term care (health) was government-financed, including both local authority and NHS expenditure. Out-of-pocket expenditure accounted for 29.5% of long-term care (health) expenditure, covering the fees of private residential and nursing care home placements, privately funded home care services and client contributions to local authority care services. The remaining 3.6% of long-term care (health) expenditure was financed through the non-profit institutions serving households (NPISH) financing scheme, covering charity expenditure funded through voluntary donations, grants and investment income. NPISH excludes charity expenditure on care funded through client contributions, which is classed as out-of-pocket expenditure, and purchases of care by local authorities and other public bodies, which is classed as government expenditure.

By comparison, government financing accounted for less than half (47.7%) of all long-term care (social) expenditure. Just over half of long-term care (social) expenditure was financed through non-government schemes, 40.5% through NPISH and 11.8% from out-of-pocket spending.

Long-term care expenditure in the context of total social care

The [System of Health Accounts 2011 \(SHA 2011\)](#) definition of long-term care covers only part of what is generally considered to be social care expenditure in the UK. Table 5 shows the types of social care services that fall under different health accounts categories.

Table 5: Social care activities classified by "System of Health Accounts 2011" categories

Health accounts (SHA 2011) categories	Examples of social care activities
Inpatient long-term care (health)	Residential and nursing home placements
Home-based long-term care (health)	Home care services, direct payments
Curative and rehabilitative care	Substance abuse services
Preventive care	Education and awareness services for young people around substance abuse and teenage pregnancy services
Long-term care (social) – outside the boundaries of health accounts	Supported living, supported accommodation, attendance at day care centres, provision of meals at home
Other services outside the boundaries of health accounts	Equipment and home adaptations, services for asylum seekers, fostering services, Special Educational Needs services, safeguarding and other non-health or non-disability client group spending

Source: Office for National Statistics (ONS)

A number of social care services are not considered to be long-term care, nor healthcare under the SHA 2011 definitions. This includes spending on non-health or disability client groups such as asylum seekers, and equipment and adaptations, which is considered capital expenditure, and so excluded from the health accounts.

10 . International comparisons of healthcare expenditure

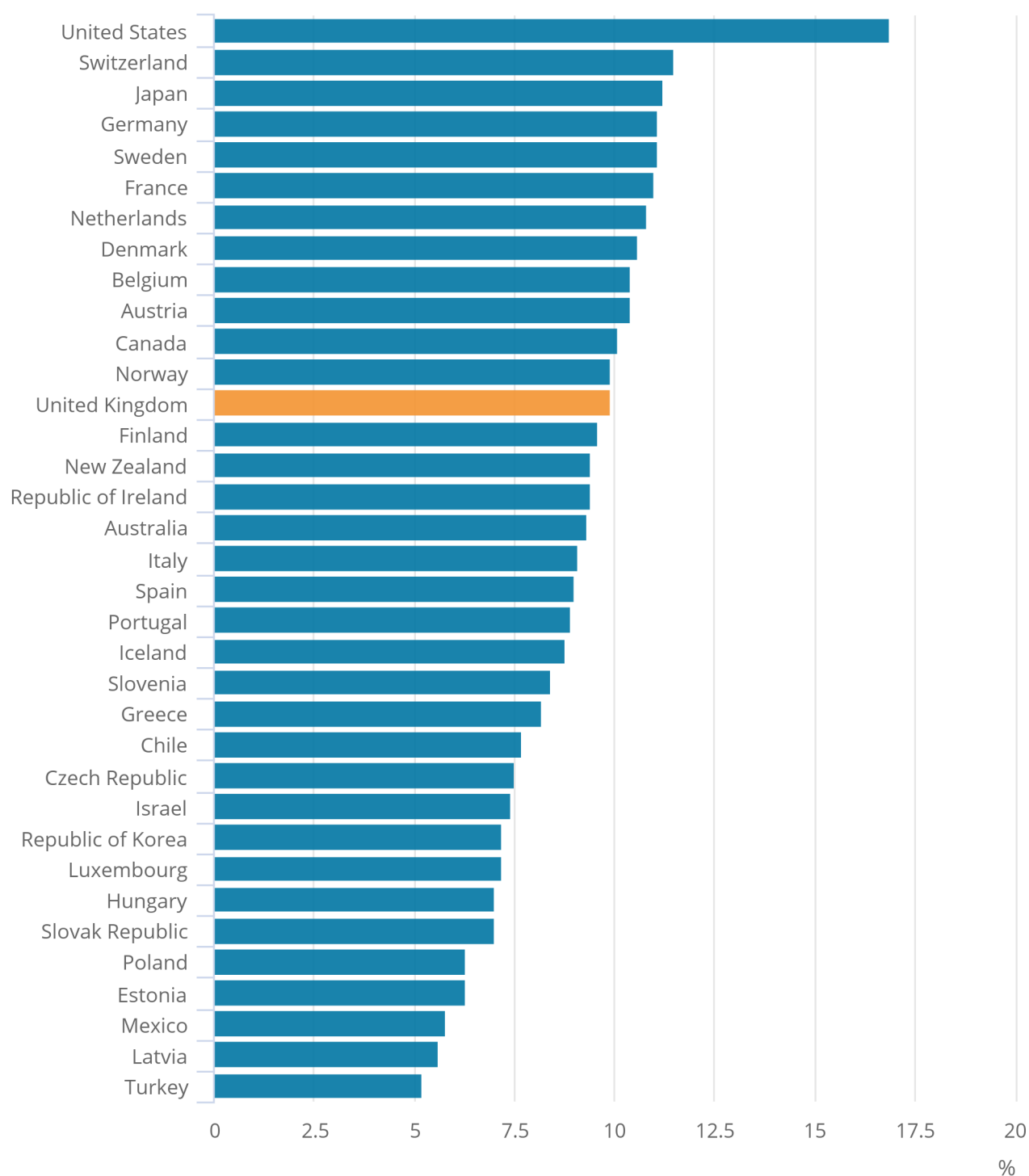
As a result of the adoption of the [System of Health Accounts 2011 \(SHA 2011\)](#) guidelines by almost all Organisation for Economic Co-operation and Development (OECD) member states, it is possible to consistently compare UK healthcare spending with most other European and OECD countries.

Figure 15 shows total spending on healthcare as a percentage of gross domestic product (GDP) for all OECD member states. While 2015 data are not yet available for other member states, OECD provide forecasts for other countries based on 2014 data and projected growth rates. In 2015, the UK spent, as a proportion of GDP, a similar amount on healthcare to Norway (9.9%) and was above the median for OECD countries.

The US spent the most on healthcare as a percentage of GDP (16.9%). The UK is ranked sixth out of the seven countries that form the G7 (a group of large developed economies) for healthcare expenditure as a proportion of GDP. Of these countries, in 2015 only Italy spent a smaller percentage of GDP on healthcare (9.1%) than the UK.

Figure 15: Healthcare expenditure as a percentage of gross domestic product for Organisation for Economic Co-operation and Development member states, 2015

Figure 15: Healthcare expenditure as a percentage of gross domestic product for Organisation for Economic Co-operation and Development member states, 2015



Source: Office for National Statistics, Organisation for Economic Co-operation and Development

Notes:

1. 2015 figures for OECD member states other than the UK are OECD forecasts based on 2014 data and projected growth rates.

11 . Appendix 1 – Revisions to UK Health Accounts: 2014

Overall, revisions to the UK Health Accounts series for 2013 and 2014 have resulted in small changes to total healthcare expenditure of no more than 0.5% in either year. The revisions are downwards in nature and are primarily a result of changes to government expenditure, to improve the consistency with the national accounts. These changes included removing business rates that are paid on NHS premises that are then reinvested in healthcare.

Small revisions have also been made to the functional and provider analyses of government expenditure. The largest change has resulted in a fall in overall hospital spending and an increase in other ambulatory spending, and is a result of improved data availability allowing a more detailed split of expenditure. Several components of government expenditure were also reallocated to preventive care from curative and rehabilitative care as a result of the analysis of prevention into second digit categories. These included school nursing services, health visiting and midwifery services, and spending on GP Directed Enhanced Services that relate to inoculations and vaccinations.

The largest changes to non-government-financed expenditure include a methods improvement in compulsory insurance, to include an estimate for health-related administration of health financing. Revisions to enterprise financing are due to revisions in national accounts data. Revisions in source data have also resulted in small revisions to voluntary insurance and out-of-pocket expenditure.

12 . Appendix 2 – Data from the “Expenditure on Healthcare in the UK” series (1997 to 2015)

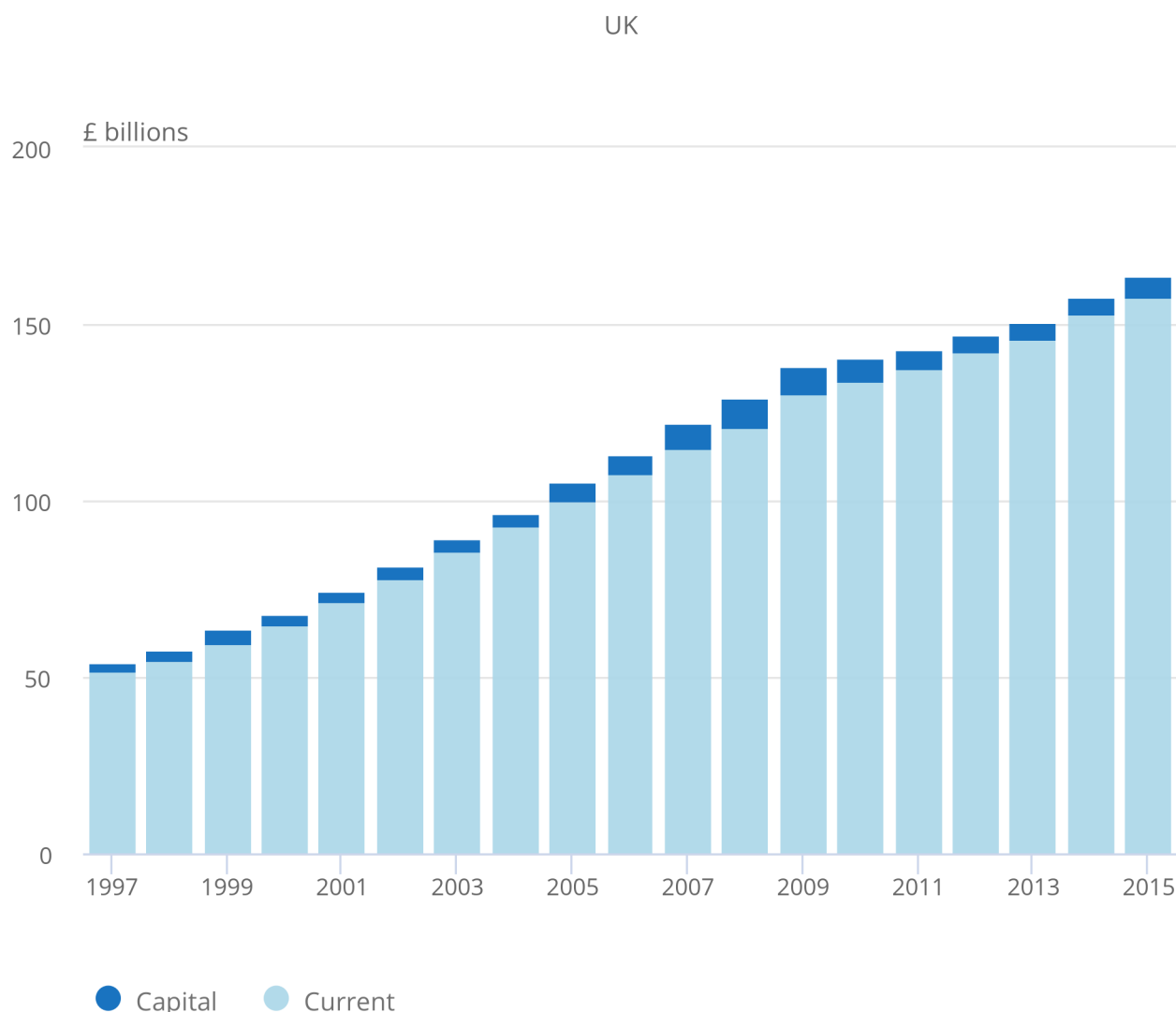
Figure 16 shows the growth of current and capital healthcare expenditure between 1997 and 2015, using data series from our previous analysis – [Expenditure on Healthcare in the UK](#). These figures differ from the health accounts and exclude spending on local authority-organised long-term care. Information on how the figures in Figure 16 differ from the health accounts can be found in the [Introduction to health accounts](#).

Figure 16 shows that total healthcare expenditure increased from £54.4 billion in 1997 to £163.8 billion in 2015, growing at an average annual rate of 6.3%. In 2015, current healthcare expenditure using this measure was £157.6 billion and capital expenditure was £6.2 billion.

Figure 16: “Expenditure on healthcare in the UK” series by current and capital expenditure, 1997 to 2015

UK

Figure 16: “Expenditure on healthcare in the UK” series by current and capital expenditure, 1997 to 2015



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

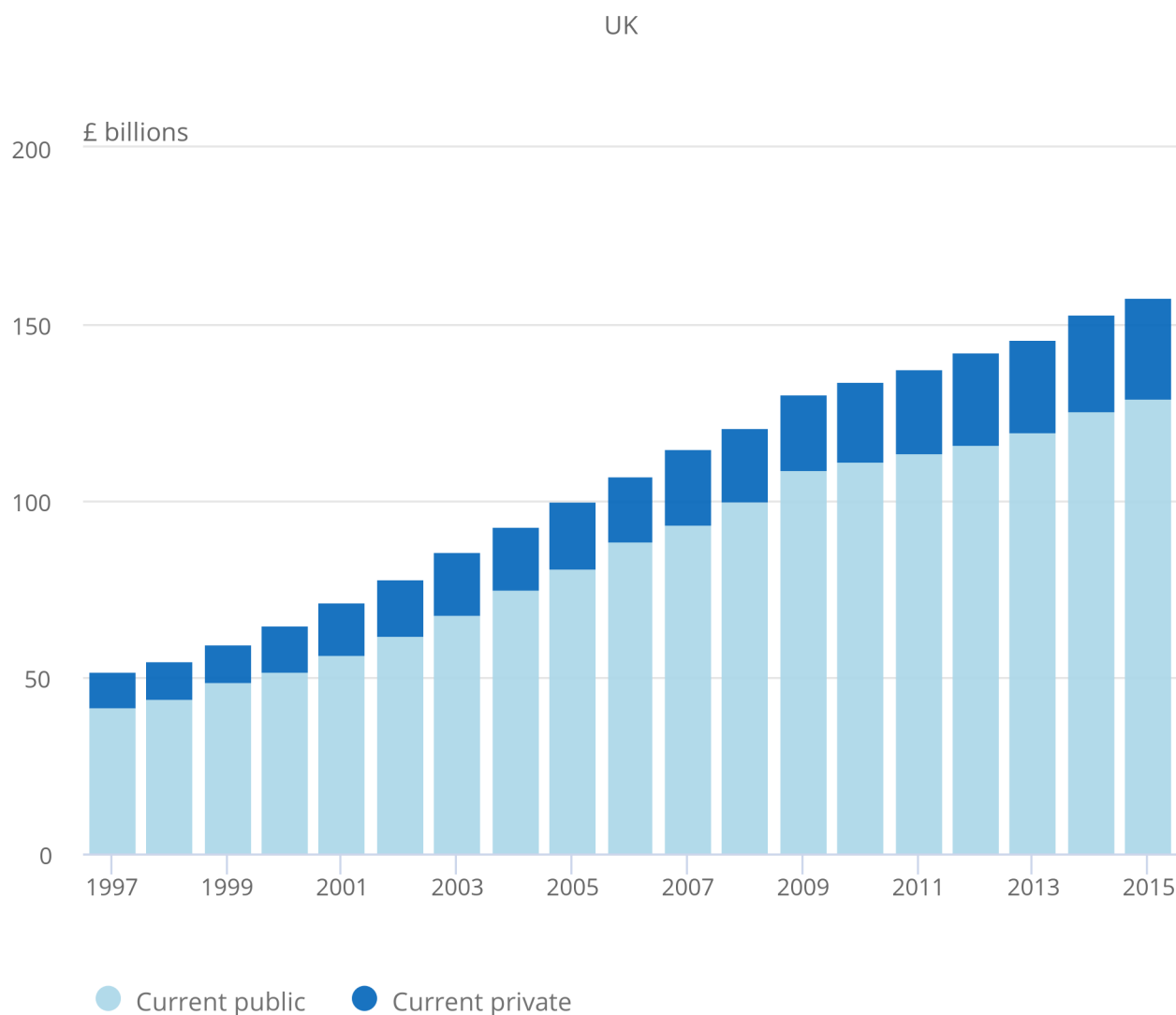
1. All figures are provided in current prices, unadjusted for inflation.

Figure 17 presents current public and private expenditure from the “Expenditure on Healthcare in the UK” definitions. Current public sector expenditure includes Department of Health group spending, devolved administrations, and estimates of prison and armed forces health spending. This increased from £41.4 billion in 1997 to £129.4 billion in 2015. Current private sector spending is made up of a number of components including private households, private medical insurance and third sector spending such as charities. Private expenditure increased from £10.2 billion in 1997 to £28.2 billion in 2015.

Figure 17: “Expenditure on healthcare in the UK” series by public and private expenditure, 1997 to 2015

UK

Figure 17: “Expenditure on healthcare in the UK” series by public and private expenditure, 1997 to 2015



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. All figures are provided in current prices, unadjusted for inflation.

The data from the “Expenditure on Healthcare in the UK” series are revised annually, as a result of revisions in the national accounts. Overall, revisions to the total healthcare expenditure series between the figures above and those in last year’s “Expenditure on Healthcare in the UK” publication, have resulted in changes to total healthcare expenditure of no more than 1.6% in any given year. The revisions have tended to be upwards in nature and are primarily a result of revisions to the method by which research and development spending is identified and removed from the measure. The revisions to total healthcare expenditure estimates are available in the datasets accompanying this release.

Reconciliation between UK Health Accounts and “Expenditure on Healthcare in the UK”

Table 6 details the differences between the total healthcare expenditure measure in the UK Health Accounts and “Expenditure on Healthcare in the UK” for 2015, and the size of these changes as a percentage of gross domestic product (GDP).

Table 6: Reconciliation between UK Health Accounts and "Expenditure on healthcare in the UK", 2015

	£ billions	As a % of GDP
"Expenditure on Healthcare in the UK"	163.8	8.7
Capital expenditure	-6.2	-0.3
Changes to government expenditure:		
Addition of healthcare services provided by government bodies other than health departments ¹	0.4	0.0
Addition of health-related social care	13.6	0.7
Addition of Carer's Allowance	2.6	0.1
Other changes to government expenditure ²	0.9	0.1
Changes to out-of-pocket expenditure:		
Transfer of health insurance claims from out-of-pocket expenditure to insurance expenditure	-2.9	-0.2
Addition of long-term care (health)	10.0	0.5
Other changes to out-of-pocket expenditure ³	0.4	0.0
Changes to voluntary insurance expenditure:		
Transfer of health insurance claims from out-of-pocket expenditure to insurance expenditure	2.9	0.2
Other changes to insurance expenditure ⁴	0.7	0.0
Changes to other financing schemes:		
Changes to expenditure by NPISH	-2.6	-0.1
Addition of compulsory insurance expenditure	0.3	0.0
Addition of enterprise-financed expenditure	1.0	0.1
UK Health Accounts	185.0	9.9

Source: Office for National Statistics

Notes:

1. Includes Health and Safety Executive and policy custody suites.
2. Includes revisions to the measurement of education and training, and research and development expenditure deducted from health accounts.
3. Includes data source changes.
4. Includes the addition of employer self-insurance schemes (where the employer assumes the risks associated with cover), dental capitation plans, the healthcare element of travel insurance and Insurance Premium Tax on eligible products, and the removal of accident insurance.
5. Figures may not sum due to rounding.

Capital expenditure is not part of health accounts and consequently the £6.2 billion of capital expenditure from the “Expenditure on Healthcare in the UK” data series is removed.

The largest additions to expenditure on healthcare relate to the inclusion of health-related long-term care. This accounts for an additional £13.6 billion included from government-financed health-related social care, £2.6 billion spent on Carer’s Allowance, and £10.0 billion of out-of-pocket expenditure on long-term care services.

In health accounts, expenditure by non-profit institutions serving households (NPISH) only covers expenditure financed by donations, grants and investment income, and excludes expenditure financed by sales and charges, resulting in a health accounts NPISH expenditure figure £2.6 billion lower than in the “Expenditure on Healthcare in the UK” publication. Compulsory insurance and enterprise financing were not part of the “Expenditure on Healthcare in the UK” series; therefore these financing streams are added to reconcile to health accounts.

More information on the changes can be found in the [Introduction to health accounts](#).

13 . Appendix 3 – Financing schemes by the revenues of financing schemes

The [System of Health Accounts 2011 \(SHA 2011\)](#) frames the different funding mechanisms for financing schemes. Table 7 shows how resources were raised to fund different financing schemes in the UK.

Table 7: Financing schemes by revenues of financing schemes for the UK

Financing scheme	Revenues of financing schemes
Government-financed expenditure	Internal government transfers and grants
Compulsory insurance schemes	Compulsory prepayment
Voluntary health insurance schemes	Voluntary prepayment
Non-profit institutions serving households financing schemes	Government transfers; Other domestic revenues; Transfers from abroad
Enterprise financing schemes	Other domestic revenues
Out-of-pocket expenditure	Other domestic revenues

Source: Office for National Statistics (ONS)

Government expenditure is financed through internal government transfers and grants. This reflects the UK healthcare system, whereby taxation is the primary source of revenues for healthcare expenditure. This includes transfers of grants from central government to local government to fund healthcare spending.

Non-government financing schemes are generally funded through private domestic revenues; out-of-pocket expenditure through households; enterprise financing through corporations; and compulsory and voluntary insurance through compulsory and voluntary prepayments to insurers.

Healthcare expenditure financed through non-profit institutions serving households (NPISH) is funded through multiple revenue sources: government transfers, private donations, and transfers from foreign governments (for example, EU grants). Just over half of the funding for NPISH expenditure on healthcare comes from private donations (56%), with the remaining revenues sourced from government grants (43%) and funding from abroad (1%). Definitions for revenues of financing schemes are available in Section 15.

14 . References

Organisation for Economic Co-operation and Development, Eurostat, World Health Organisation (2011), [A system of health accounts](#), OECD Publishing

[Organisation for Economic Co-operation and Development health statistics database](#), (retrieved 29 March 2017)

Office for National Statistics (2015), [Expenditure on Healthcare in the UK: 2013](#)

Office for National Statistics (2016), [Introduction to health accounts](#)

Office for National Statistics (2016), [UK health accounts methodology](#)

United Nations (2008), [A System of National Accounts, United Nations, New York](#)

15 . Quality and methodology

Methodology

A description of the data sources and methodology used to produce the UK Health Accounts can be found in the [Introduction to health accounts](#) and more information is available in the [UK Health Accounts Quality and Methodological Information \(QMI\)](#).

For in-depth detail about the methodology used, please see [UK Health Accounts methodology](#).

Table 8: Main data sources for each financing scheme of the UK Health Accounts

Financing scheme	Main data sources
Government-financed expenditure	HM Treasury Department of Health NHS Digital NHS England Scottish Government NHS Scotland Welsh Government NHS Wales Department of Health, Northern Ireland Executive LaingBuisson Department for Work and Pensions
Compulsory insurance schemes	Department for Work and Pensions Department of Health Department of Health, Northern Ireland Executive
Voluntary health insurance schemes	LaingBuisson Association of British Insurers ONS national accounts
NPISH (non-profit institutions serving households)	ONS research on charities sampled from the National Council of Voluntary Organisations dataset Charity Commission
Enterprise financing schemes	ONS national accounts supply use tables LaingBuisson
Out-of-pocket expenditure	ONS Consumer Trends LaingBuisson Living Costs and Food Survey

Source: Office for National Statistics

Changes to health accounts data sources and methods between 2013, 2014 and 2015

While the data sources used to produce health accounts are generally comparable across 2013, 2014 and 2015, it should be noted that there is a difference in the methodology used in the data source for adult social care services in England between these years. This is a result of the change in the NHS Digital data collection for expenditure on these services, from the Personal Social Services Expenditure and Unit Costs Return (PSS-EX1) to the Adult Social Care Finance Return (ASC-FR). A similar method for allocating expenditure from the ASC-FR has been developed to that used for the PSS-EX1 data, minimising the effect of the change in source on total long-term care expenditure between years. However, it should be noted that the division of this spending by the categories of inpatient and home-based care is not comparable across the 3 years. Similarly this source change impacts upon the social component of long-term care analysed in Section 9.

Healthcare financing definitions

Financing schemes (HF) are the main types of financing arrangements through which health services are paid for and obtained by people.

There are six financing schemes for healthcare within the UK:

- Government-financed expenditure (HF.1.1) covers healthcare spending by the NHS, local authorities and other government bodies involved in the provision of healthcare. Figures are reported net of client contributions, which are included in the out-of-pocket financing scheme (HF.3), and grants to charities, which are included in the non-profit institutions serving households (NPISH, HF.2.2) financing schemes.
- Compulsory insurance schemes (HF.1.2) cover the healthcare elements of motor insurance and employers' liability insurance. Such insurance is a legal requirement for motorists and employers, and the NHS can reclaim the costs of treatment from the insurers of motorists or employers deemed liable for injury.
- Voluntary health insurance schemes (HF.2.1) cover private medical and dental insurance, employer self-insurance schemes, health cash plans, dental capitation plans and the healthcare element of travel insurance.
- NPISH financing schemes (HF.2.2) cover charity expenditure funded through voluntary donations, grants and investment income, excluding charity expenditure funded through client contributions (classified as out-of-pocket expenditure in health accounts) and purchases of care by public and NHS bodies (classified as government expenditure in health accounts).
- Enterprise financing schemes (HF.2.3) cover healthcare activity funded by organisations (primarily employers) outside of an insurance scheme, such as occupational healthcare.
- Out-of-pocket expenditure (HF.3) cover consumer spending on healthcare goods and services, outside of health insurance schemes. This includes client contributions for local authority and NHS provided services and prescription charges.

Types of revenues (FS) of healthcare financing schemes are means by which financing schemes raise revenues to fund healthcare.

There are five types of revenues of financing schemes identified for the UK:

- Transfers from government domestic revenue (FS.1) are the funds allocated from central and local government to fund healthcare. These revenues are largely allocated to government-financed expenditure (HF.1.1), but also include government grants to NPISH (HF.2.2).
- Compulsory prepayment (FS.4) covers compulsory private insurance premiums received by insurers and premium supplements in the form of interest earned on technical reserves.
- Voluntary prepayment (FS.5) covers voluntary private insurance premiums received by insurers and premium supplements in the form of interest earned on technical reserves.
- Other domestic revenues not elsewhere classified (FS.6) includes other revenues from households, corporations and non-profit institutions serving households.
- Direct foreign transfers (FS.7) covers the transfer of funds from abroad that are received by domestic financing schemes. This includes EU grants to NPISH.