



**Pan American  
Health  
Organization**

Regional Office of the  
World Health Organization

Regional Workshop:

# **“Financing Health Care Systems: Macroeconomic and Fiscal Implications of Financing Universal Health Coverage”**

*November 8th and 9th, 2012*

## **National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges**

### **Gasto Nacional en Salud en America Latina y el Caribe: Tendencias y Desafios Macroeconómicos y Fiscales**

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# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges

## Global/Regional Economic Outlook

- World Economic Outlook  
October 2012: ***Coping with High Debt and Sluggish Growth***

Projected global growth, at 3.3 and 3.6 percent in 2012 and 2013: (weaker than in the July 2012 WEO which was in turn lower than in the April 2012:

1 in 6 chance of global growth falling below 2 percent (recession)

Unemployment is likely to stay elevated in many parts of the world.

Financial conditions will remain fragile

## Medium term outlook...2013-2015

- **Setbacks: uncertainty about the recovery:**
- **Policies in advanced economies have not rebuilt confidence:**
  - **Viability of the euro area** (The crisis in the euro area remains the most obvious threat to the global outlook).
  - **Major U.S. fiscal policy mistakes – fiscal cliff**
- **China? In emerging markets: how to calibrate policies in the face of major external downside risks?**

# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges

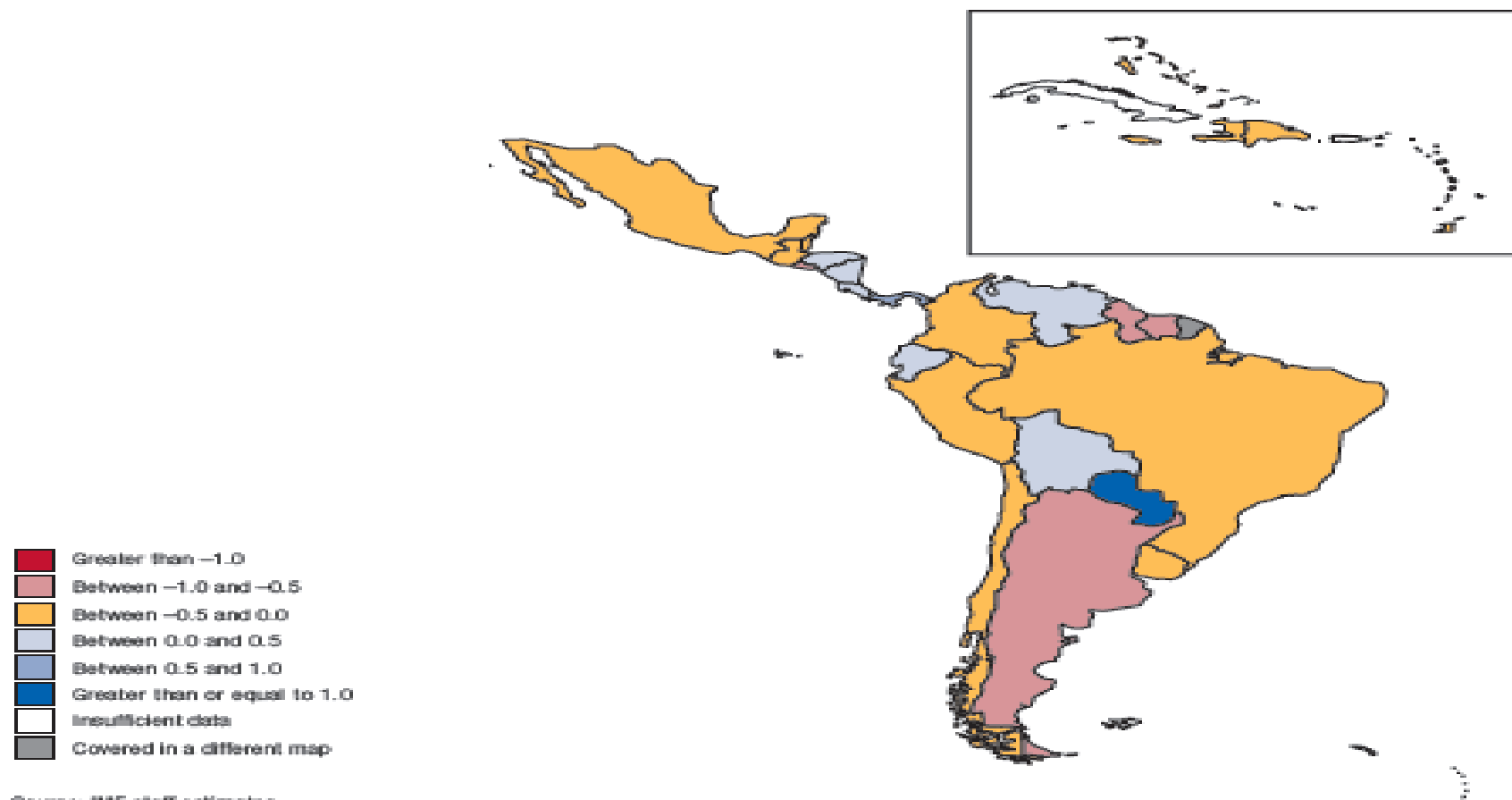
**Table 1.1. Overview of the World Economic Outlook Projections**

(Percent change unless noted otherwise)

|                                                             | Year over Year |      |             |      |                                      |      | Q4 over Q4 |             |      |
|-------------------------------------------------------------|----------------|------|-------------|------|--------------------------------------|------|------------|-------------|------|
|                                                             | 2010           | 2011 | Projections |      | Difference from July 2012 WEO Update |      | Estimates  | Projections |      |
|                                                             |                |      | 2012        | 2013 | 2012                                 | 2013 | 2011       | 2012        | 2013 |
| <b>World Output<sup>1</sup></b>                             | 5.1            | 3.8  | 3.3         | 3.6  | -0.2                                 | -0.3 | 3.2        | 3.0         | 4.0  |
| <b>Advanced Economies</b>                                   | 3.0            | 1.6  | 1.3         | 1.5  | -0.1                                 | -0.3 | 1.3        | 1.1         | 2.1  |
| United States                                               | 2.4            | 1.8  | 2.2         | 2.1  | 0.1                                  | -0.1 | 2.0        | 1.7         | 2.5  |
| Euro Area                                                   | 2.0            | 1.4  | -0.4        | 0.2  | -0.1                                 | -0.5 | 0.7        | -0.5        | 0.8  |
| Germany                                                     | 4.0            | 3.1  | 0.9         | 0.9  | 0.0                                  | -0.5 | 1.9        | 0.9         | 1.4  |
| France                                                      | 1.7            | 1.7  | 0.1         | 0.4  | -0.2                                 | -0.5 | 1.2        | 0.0         | 0.8  |
| Italy                                                       | 1.8            | 0.4  | -2.3        | -0.7 | -0.4                                 | -0.4 | -0.5       | -2.3        | 0.0  |
| Spain                                                       | -0.3           | 0.4  | -1.5        | -1.3 | -0.1                                 | -0.7 | 0.0        | -2.3        | 0.2  |
| Japan                                                       | 4.5            | -0.8 | 2.2         | 1.2  | -0.2                                 | -0.3 | -0.6       | 1.6         | 2.1  |
| United Kingdom                                              | 1.8            | 0.8  | -0.4        | 1.1  | -0.6                                 | -0.3 | 0.6        | 0.0         | 1.2  |
| Canada                                                      | 3.2            | 2.4  | 1.9         | 2.0  | -0.2                                 | -0.2 | 2.2        | 1.7         | 2.2  |
| Other Advanced Economies <sup>2</sup>                       | 5.9            | 3.2  | 2.1         | 3.0  | -0.4                                 | -0.4 | 2.4        | 2.3         | 3.6  |
| Newly Industrialized Asian Economies                        | 8.5            | 4.0  | 2.1         | 3.6  | -0.6                                 | -0.6 | 3.0        | 3.2         | 3.5  |
| <b>Emerging Market and Developing Economies<sup>3</sup></b> | 7.4            | 6.2  | 5.3         | 5.6  | -0.3                                 | -0.2 | 5.7        | 5.5         | 6.2  |
| Central and Eastern Europe                                  | 4.6            | 5.3  | 2.0         | 2.6  | 0.1                                  | -0.2 | 3.6        | 1.9         | 3.3  |
| Commonwealth of Independent States                          | 4.8            | 4.9  | 4.0         | 4.1  | -0.1                                 | 0.0  | 4.3        | 2.9         | 4.8  |
| Russia                                                      | 4.3            | 4.3  | 3.7         | 3.8  | -0.3                                 | -0.1 | 4.6        | 2.5         | 4.8  |
| Excluding Russia                                            | 6.0            | 6.2  | 4.7         | 4.8  | 0.2                                  | 0.2  | ...        | ...         | ...  |
| Developing Asia                                             | 9.5            | 7.8  | 6.7         | 7.2  | -0.4                                 | -0.3 | 6.9        | 7.2         | 7.4  |
| China                                                       | 10.4           | 9.2  | 7.8         | 8.2  | -0.2                                 | -0.2 | 8.9        | 7.9         | 8.1  |
| India                                                       | 10.1           | 6.8  | 4.9         | 6.0  | -1.3                                 | -0.6 | 5.0        | 5.5         | 5.9  |
| ASEAN-5 <sup>4</sup>                                        | 7.0            | 4.5  | 5.4         | 5.8  | 0.0                                  | -0.3 | 2.8        | 7.2         | 6.6  |
| <b>Latin America and the Caribbean</b>                      | 6.2            | 4.5  | 3.2         | 3.9  | -0.2                                 | -0.3 | 3.7        | 3.0         | 4.6  |
| Brazil                                                      | 7.5            | 2.7  | 1.5         | 4.0  | -1.0                                 | -0.7 | 1.4        | 2.9         | 3.8  |
| Mexico                                                      | 5.6            | 3.9  | 3.8         | 3.5  | -0.1                                 | -0.2 | 3.9        | 3.2         | 4.1  |

## National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges

**Figure 2.10. Latin America and the Caribbean: Revisions to 2013 GDP Growth Forecasts**  
(Change in percentage points from April 2012 WEO projections)



Source: IMF staff estimates.

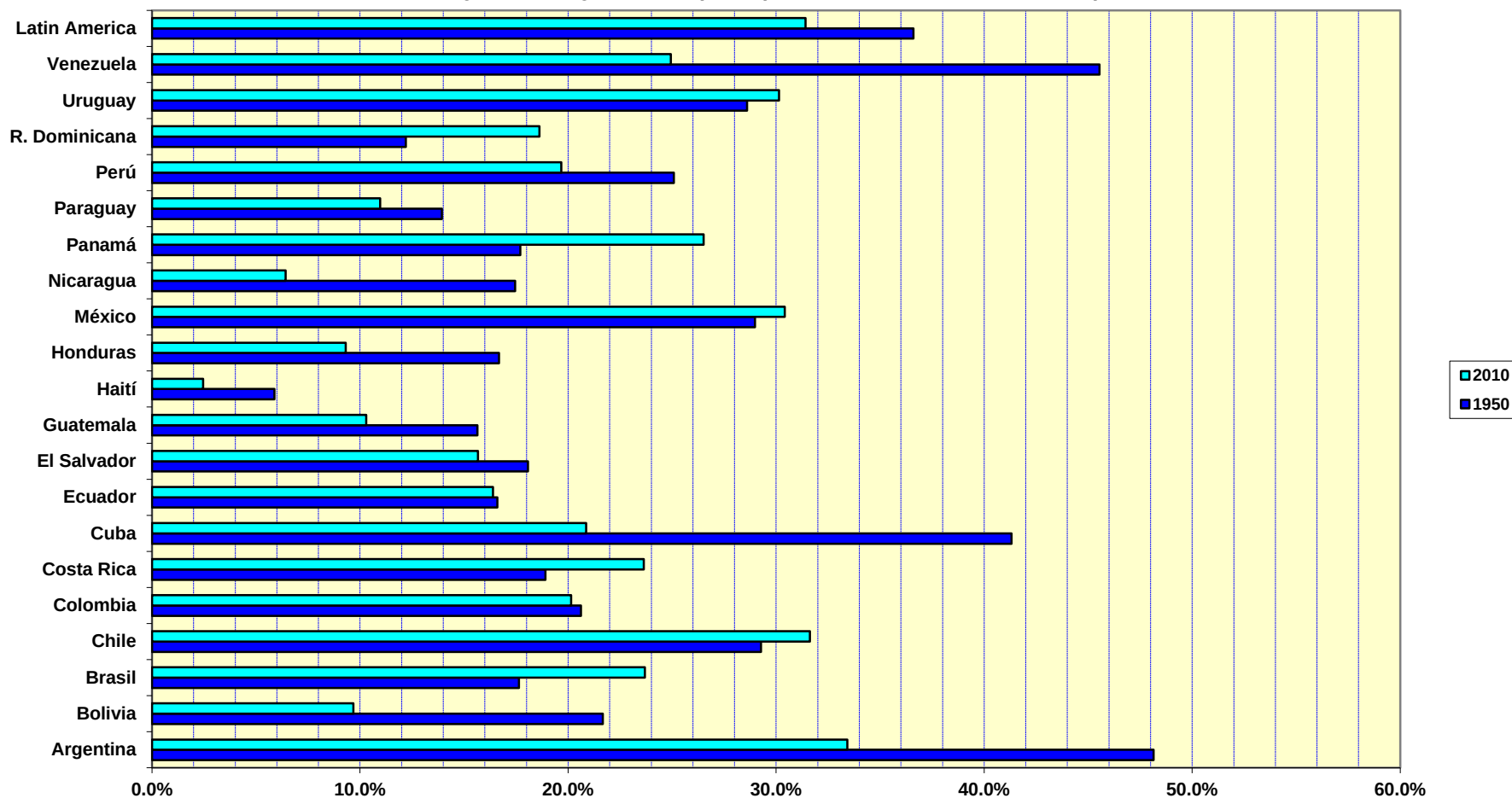


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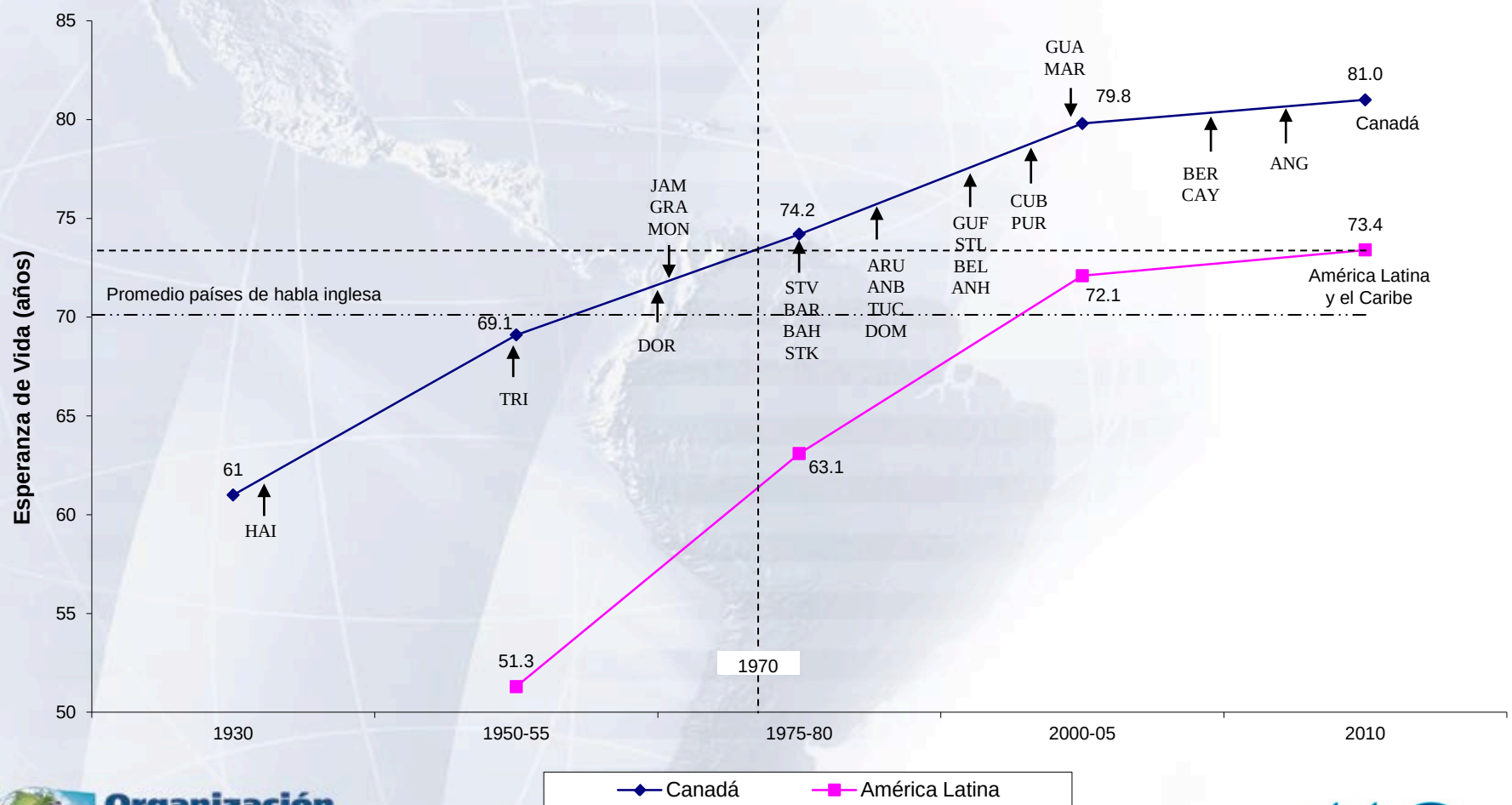
# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Convergence ?

Latin America, Convergence/Divergence, GDP per capita PPP as % of USA GDP Per capita, 1950 -2010



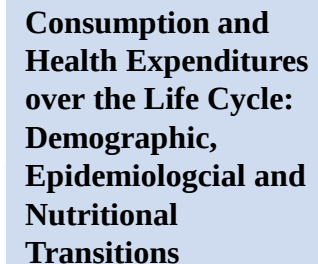
# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Convergence ?

Esperanza de Vida: Promedio de América Latina y el Caribe 1950-2010; y, países del Caribe 2010 en relación a la evolución de la esperanza de vida en Canadá 1930-2010





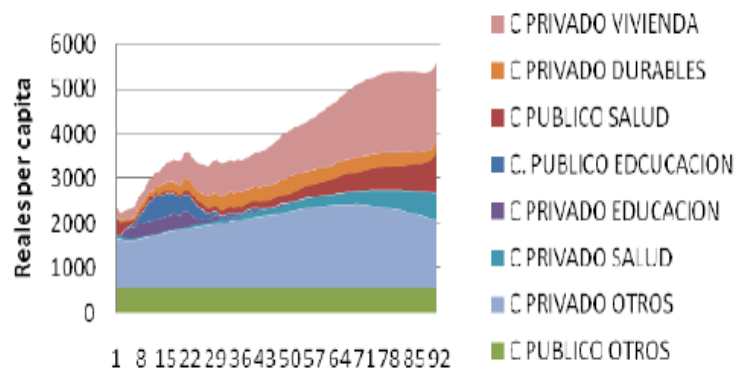
## Income and Expenditure Profile



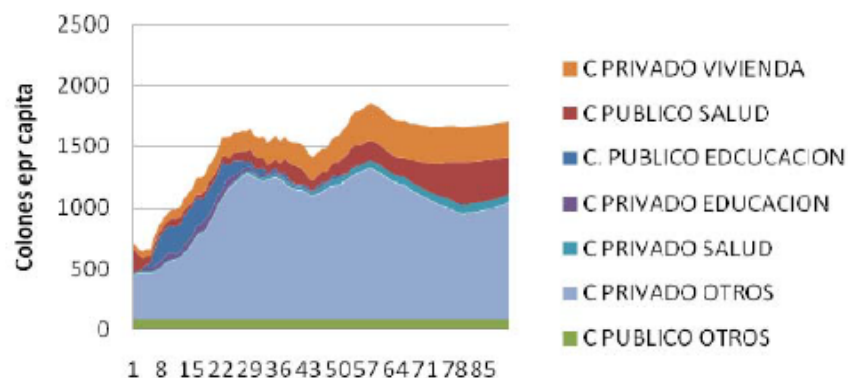
## Perfil de Gasto -Consumo

# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Nutritional transition

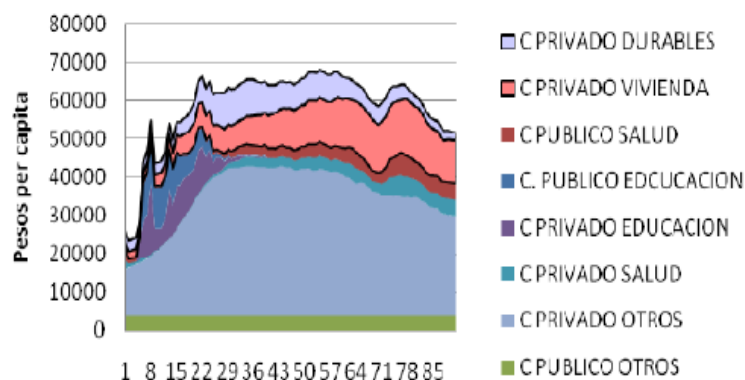
## BRASIL



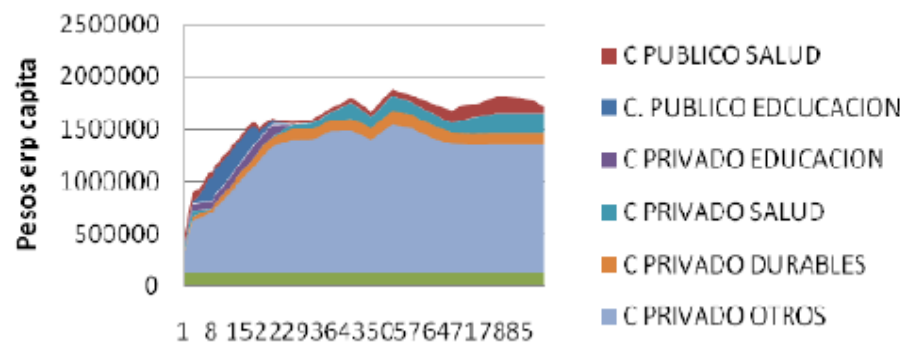
## COSTA RICA



## Estructura del Consumo en MEXICO



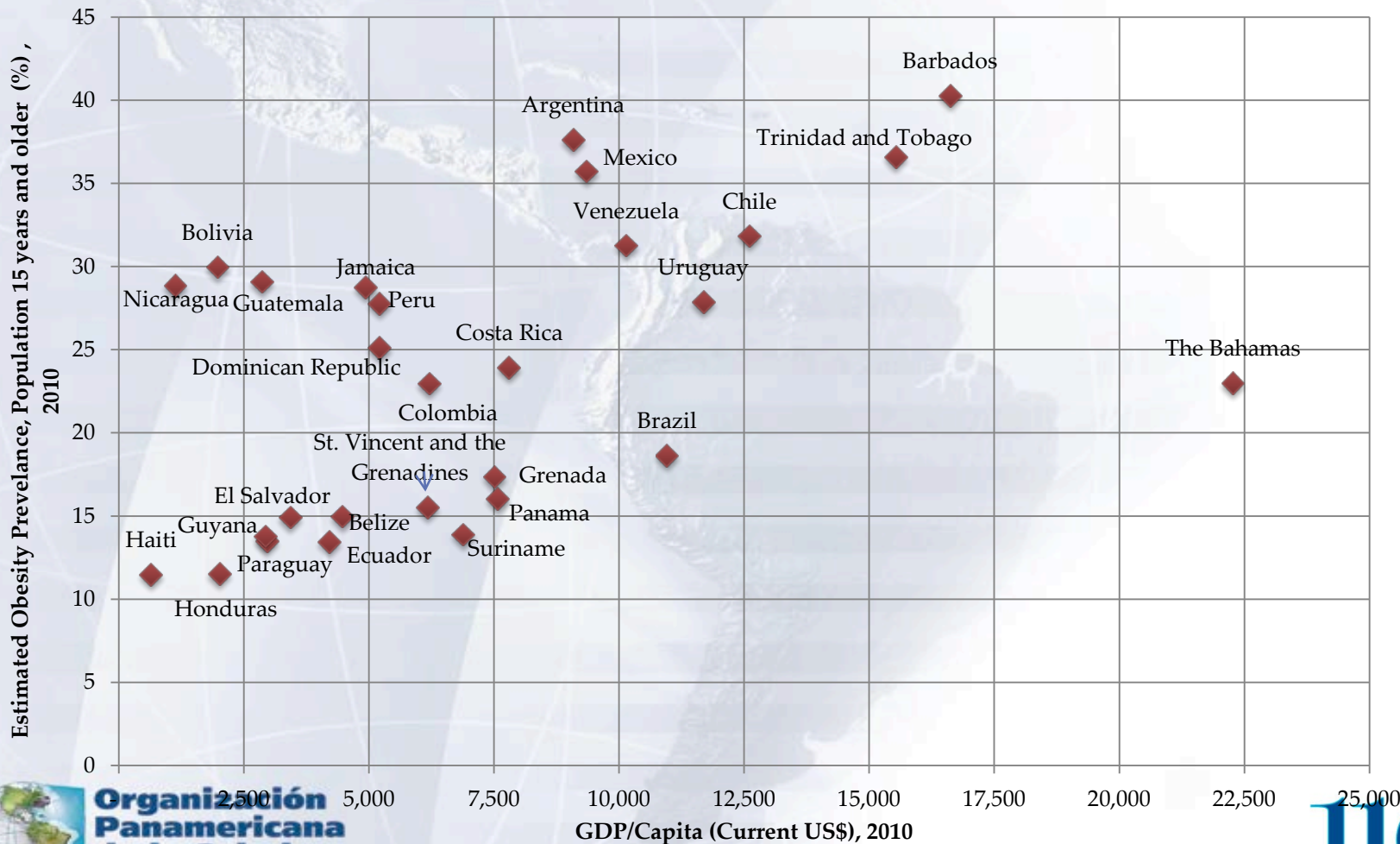
## CHILE





# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Nutritional transition

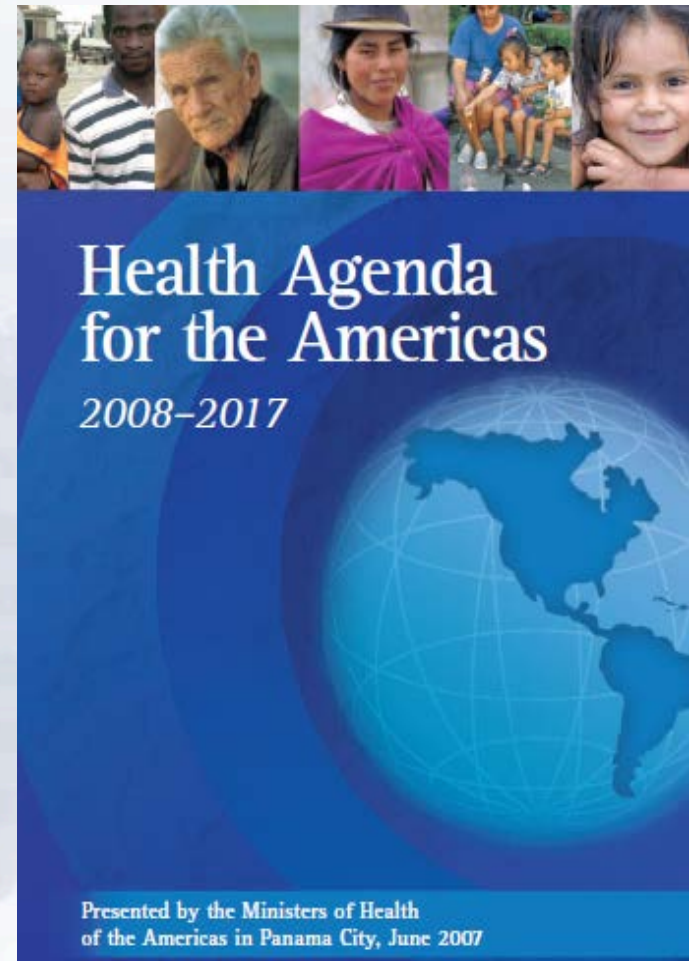
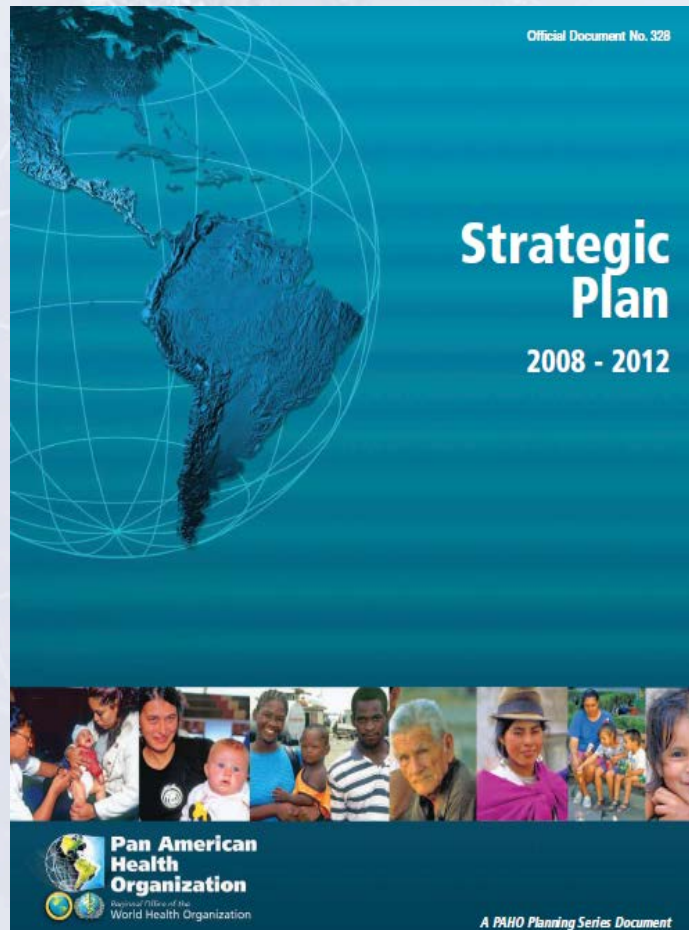
LAC: Income and Prevalence of Obesity, Population 15 years and older (%), 2010



# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Nutritional transition

| Summary Table: The Costs of Obesity, Diabetes and Hypertension in Latin America and the Caribbean, 2010 |                                   |                                   |                                                   |                         |                     |  |
|---------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|---------------------------------------------------|-------------------------|---------------------|--|
| Region /Sub-Region                                                                                      | Total Population (all ages), 2010 | Total Population (ages 15+), 2010 | Male and Female (ages 15+), latest available year |                         |                     |  |
|                                                                                                         |                                   |                                   | Obese Population                                  | Hypertensive Population | Diabetic Population |  |
| <b>Latin America and the Caribbean</b>                                                                  | <b>583,586,852</b>                | <b>421,567,670</b>                | <b>107,825,080</b>                                | <b>159,488,959</b>      | <b>35,980,133</b>   |  |
| <i>Prevalence Rate, Population 15 years and older (%)</i>                                               |                                   |                                   | <b>25.6%</b>                                      | <b>37.8%</b>            | <b>8.5%</b>         |  |
| <b>Annual Total Costs , Millions of US\$</b>                                                            |                                   |                                   |                                                   | <b>\$ 71,770.03</b>     | <b>\$ 23,387.09</b> |  |
| <b>of which attributable to obesity</b>                                                                 |                                   |                                   |                                                   | <b>\$ 31,578.81</b>     | <b>\$ 14,032.25</b> |  |
| <b>Costs of Diab &amp; Hype as % of Total NHEXp</b>                                                     |                                   |                                   |                                                   | <b>21.2%</b>            | <b>6.9%</b>         |  |
| <b>Costs of Diab &amp; Hype attributable to Obesity as % of Total NHEXp</b>                             |                                   |                                   |                                                   | <b>9.3%</b>             | <b>4.2%</b>         |  |
| <b>Costs of Diab &amp; Hype as % of GDP</b>                                                             |                                   |                                   |                                                   | <b>1.5%</b>             | <b>0.5%</b>         |  |
| <b>Non Latin Caribbean</b>                                                                              | <b>7,082,101</b>                  | <b>4,884,472</b>                  | <b>1,307,965</b>                                  | <b>2,339,699</b>        | <b>811,298</b>      |  |
| <i>Prevalence Rate, Population 15 years and older</i>                                                   |                                   |                                   | <b>26.8%</b>                                      | <b>47.9%</b>            | <b>16.6%</b>        |  |
| <b>Average Annual Treatment Costs</b>                                                                   |                                   |                                   |                                                   | <b>450</b>              | <b>650</b>          |  |
| <b>Annual Total Costs , Millions of US\$</b>                                                            |                                   |                                   |                                                   | <b>\$ 1,052.9</b>       | <b>\$ 527.3</b>     |  |
| <b>Attributable to Obesity</b>                                                                          |                                   |                                   |                                                   | <b>\$ 463.26</b>        | <b>\$ 316.41</b>    |  |
| <b>Costs of Diab &amp; Hype as % of Total NHEXp</b>                                                     |                                   |                                   |                                                   | <b>30.0%</b>            | <b>15.0%</b>        |  |
| <b>Costs of Diab &amp; Hype attributable to Obesity as % of Total NHEXp</b>                             |                                   |                                   |                                                   | <b>13.2%</b>            | <b>9.0%</b>         |  |
| <b>GDP</b>                                                                                              |                                   |                                   |                                                   | <b>1.8%</b>             | <b>0.01%</b>        |  |

# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges





- National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges

## STRATEGIC OBJECTIVE 14

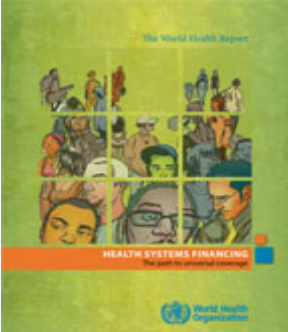
To extend social protection through fair, adequate and sustainable financing

### Scope

This Strategic Objective (SO) will focus on sustainable collective financing of the health system and social protection, and safeguarding households against catastrophic health expenditures. The principles set out in resolution WHA58.33 and PAHO Resolution CSP26.R19 in 2002, "Extension of Social Protection in Health: Joint PAHO-ILO Initiative," will guide this SO.

### Indicators and Targets

- Increase the percentage of population covered by any type of social protection scheme in the Region. Baseline: 46% in 2003. Target: 60% by 2013.
- Increase in the percentage of public expenditure for health, including primary health care expenditure for the countries where this information is available. Baseline: 3.1% in 2006. Target: 5% by 2013.
- Decrease in the out-of-pocket expenditures in health as percentage of the total health expenditure for those countries where this information is available. Baseline: 52% of the national expenditure in health in 2006. Target: 40% by 2013 (the Organization for Economic Cooperation and Development's [OECD] average for industrialized countries is 20%).



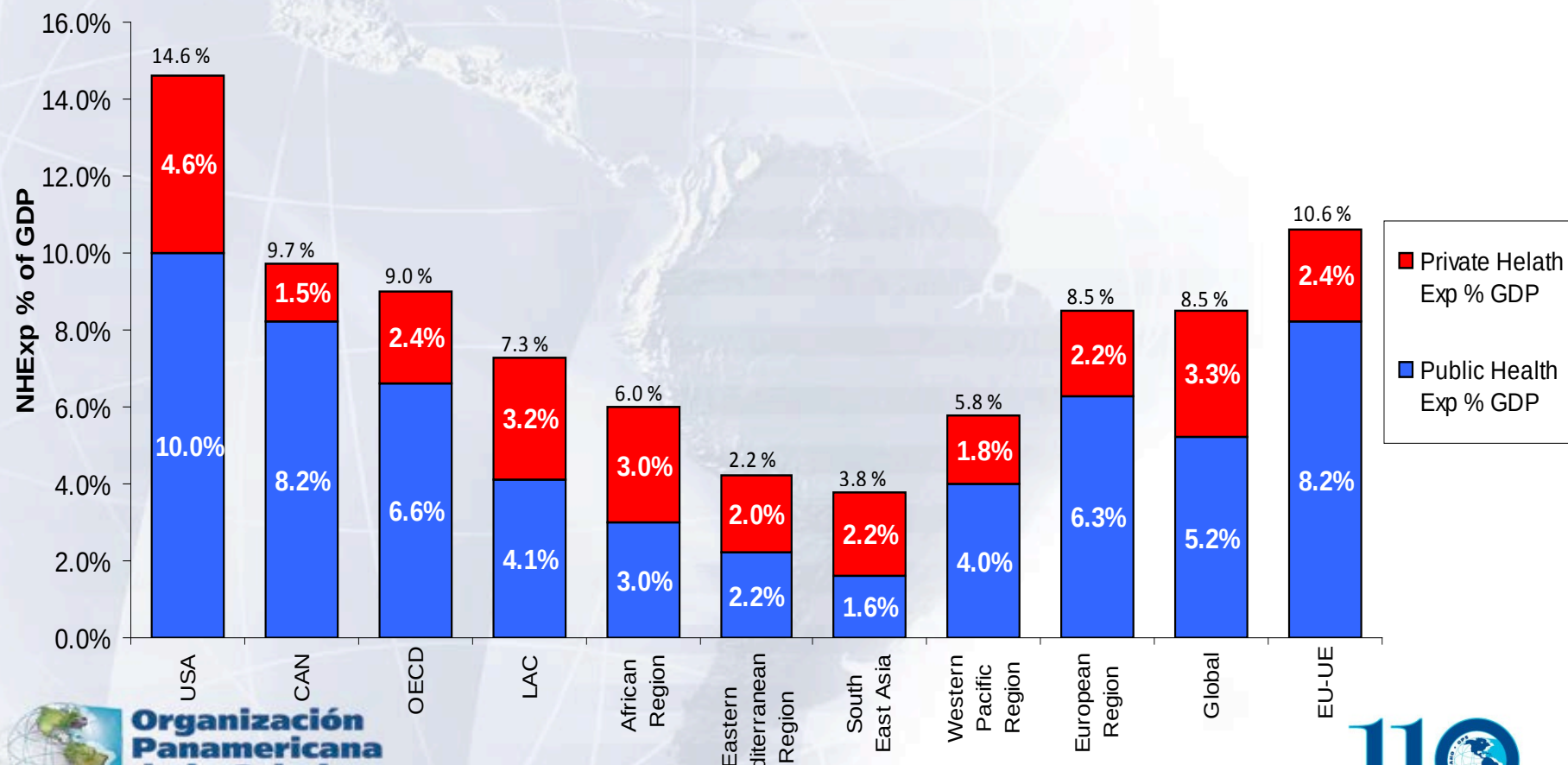
## National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency



Long-term goals should be to lower the level of direct payments to below 15–20% of total health expenditure and to increase the proportion of combined government and compulsory insurance expenditure in GDP to about 5–6%. Reaching these targets will take time in some countries, which might set themselves more achievable short-term goals. The transition may seem daunting but great strides have recently been made by many countries, including countries with limited resources.

# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency

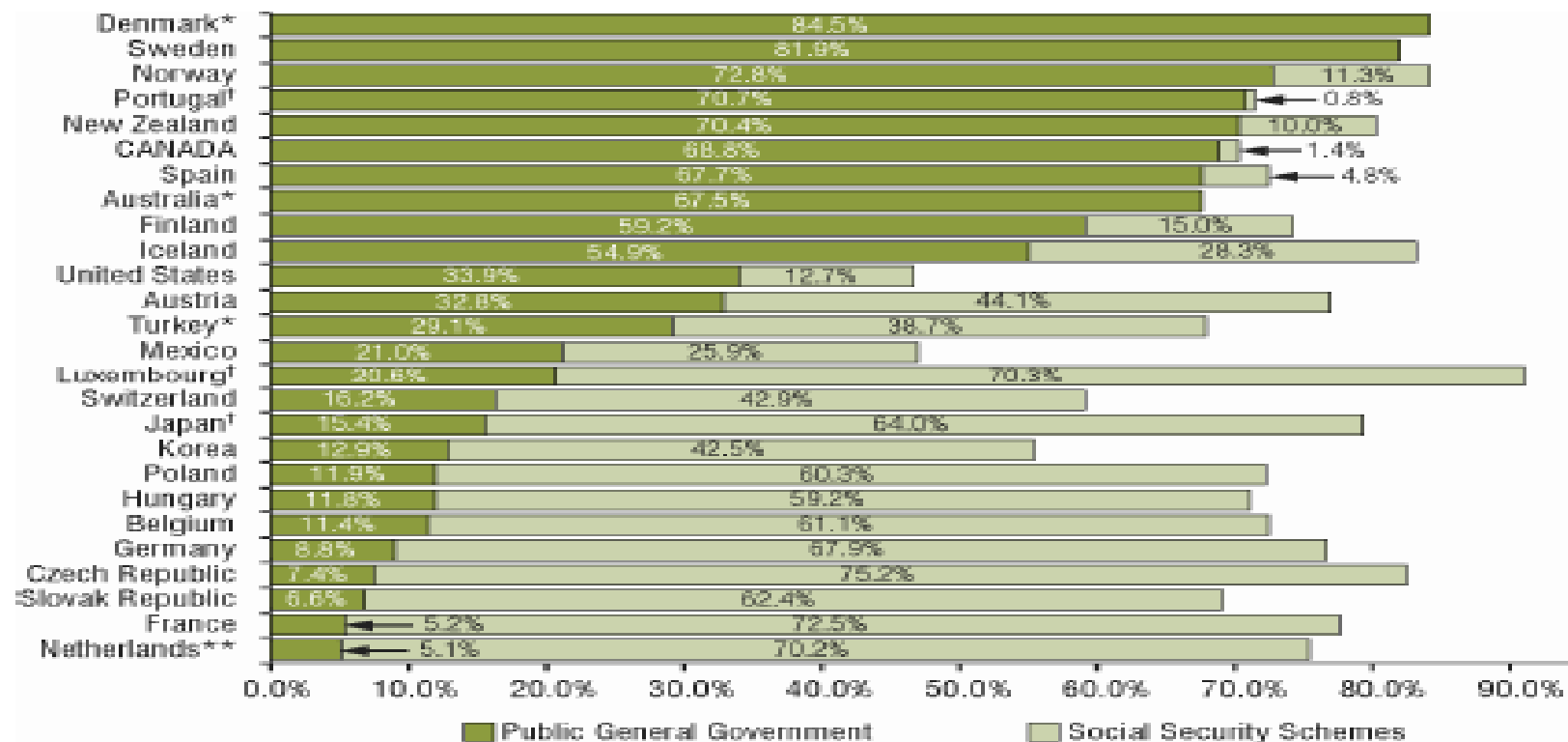
Public-Private Health Expenditure % of GDP 2010





# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency

Figure 49: Percentage of Total Health Expenditure Financed by the Public Sector, by Source of Finance, 26 Selected Countries, 2008



## Notes

\* Data for 2007.

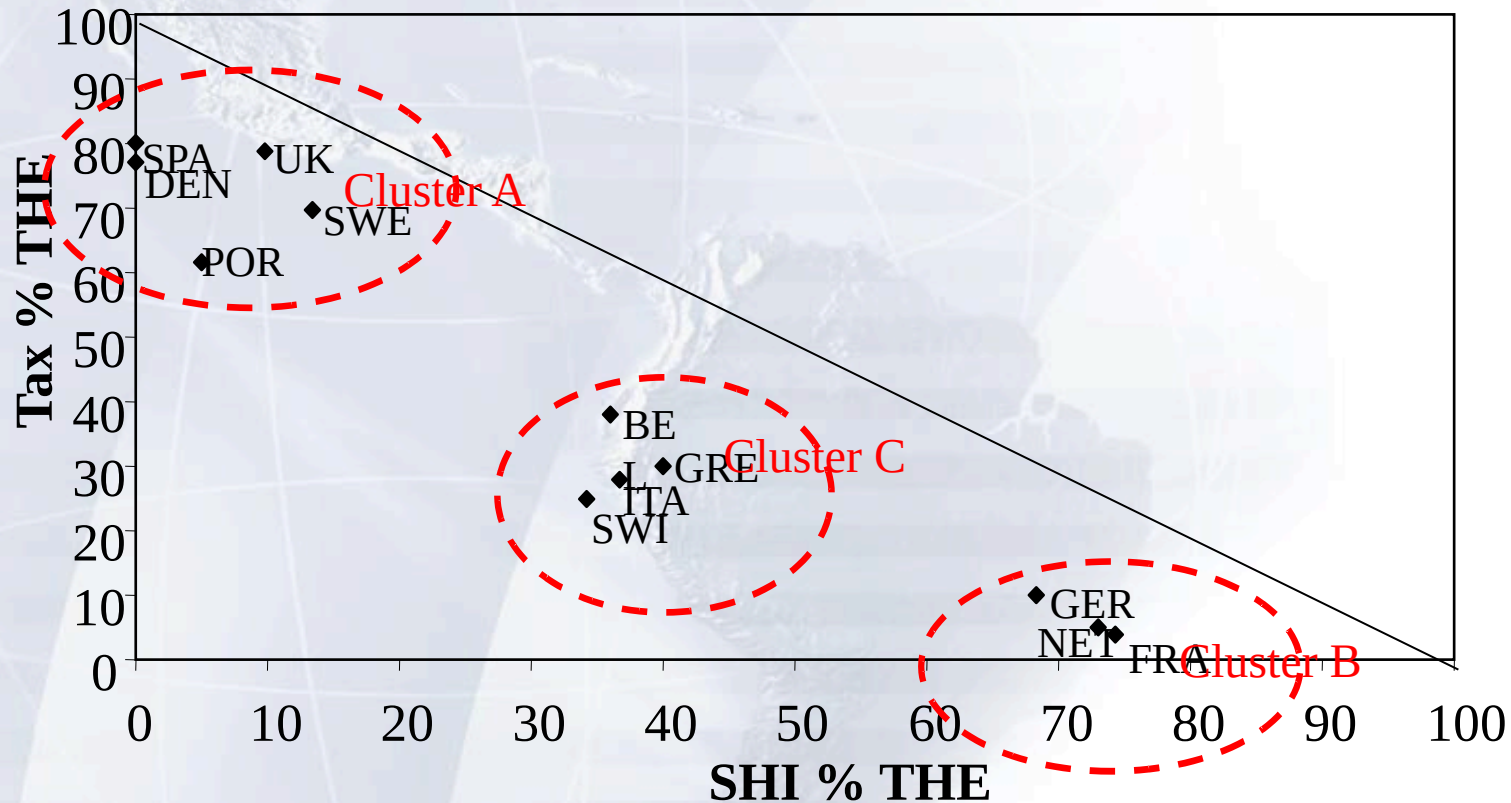
† Data for 2006. (The percentages for Japan do not add up to the total in Figure 48 because capital expenditure financed by the public sector could not be distributed between the two sources of finance.)

\*\* Share of current health expenditure.

## Source

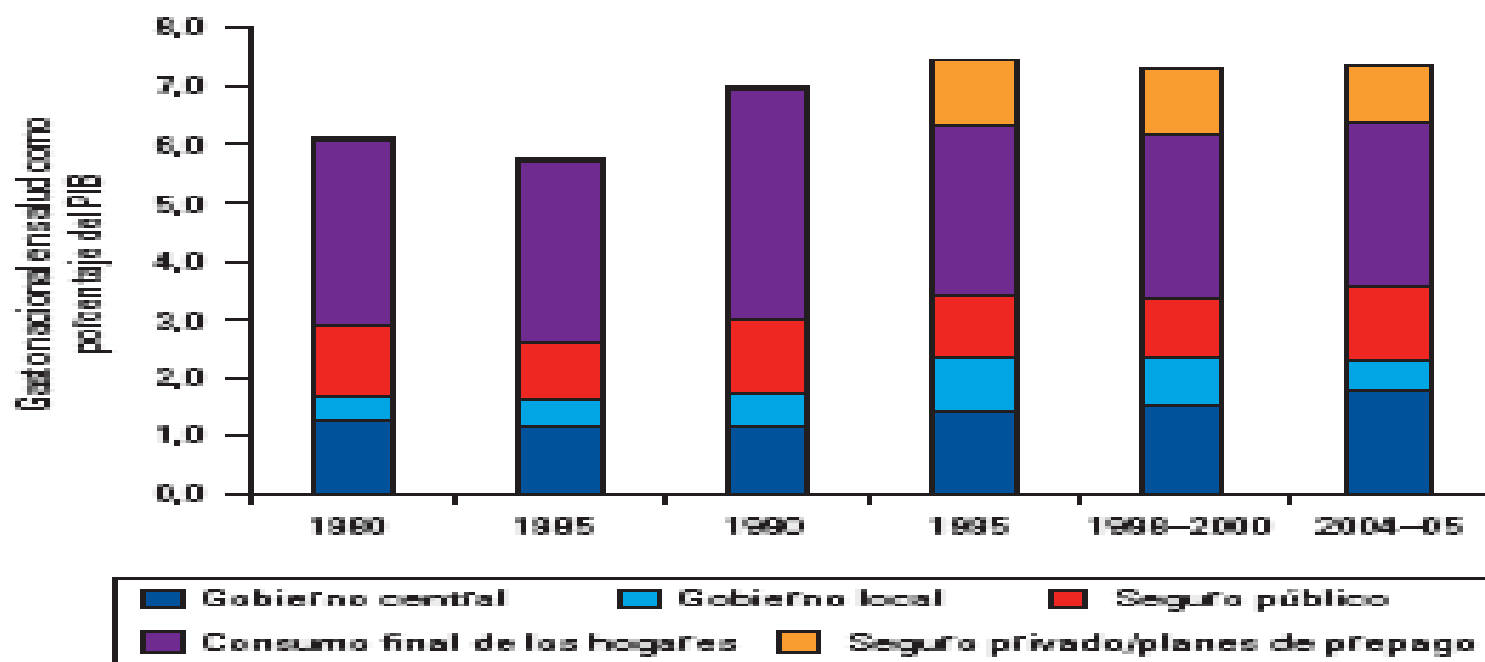
Organisation for Economic Co-operation and Development, *OECD Health Data 2010* (June edition) (Paris, France: OECD, 2010).

# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency



## National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency

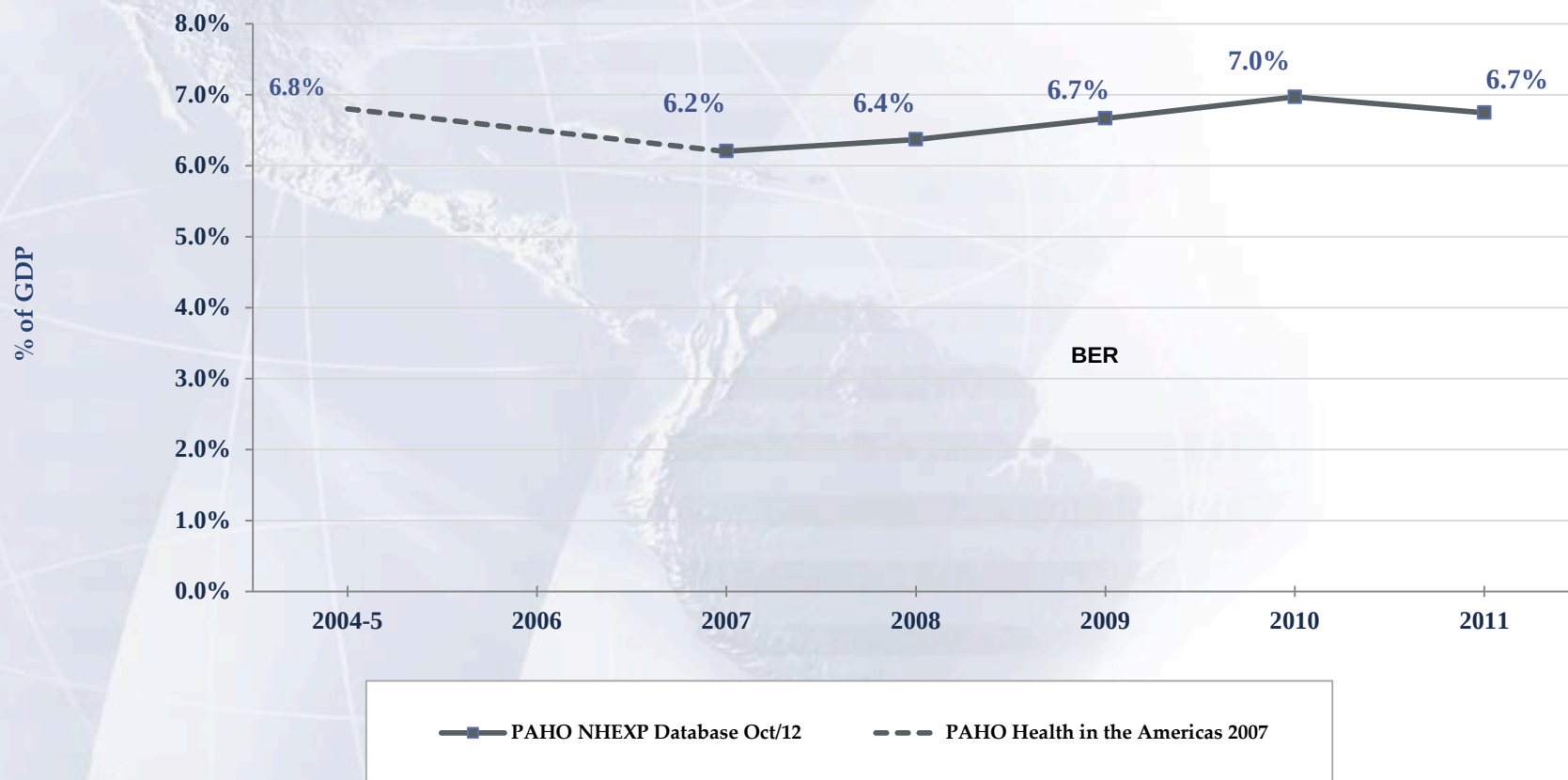
**FIGURA 1. Cambios en la composición del gasto nacional en atención de salud a través del tiempo, América Latina y el Caribe, 1980–2005.**



Fuente: Organización Panamericana de la Salud, Área de Fortalecimiento de Sistemas de Salud. Base de datos de gasto nacional en salud.

# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency

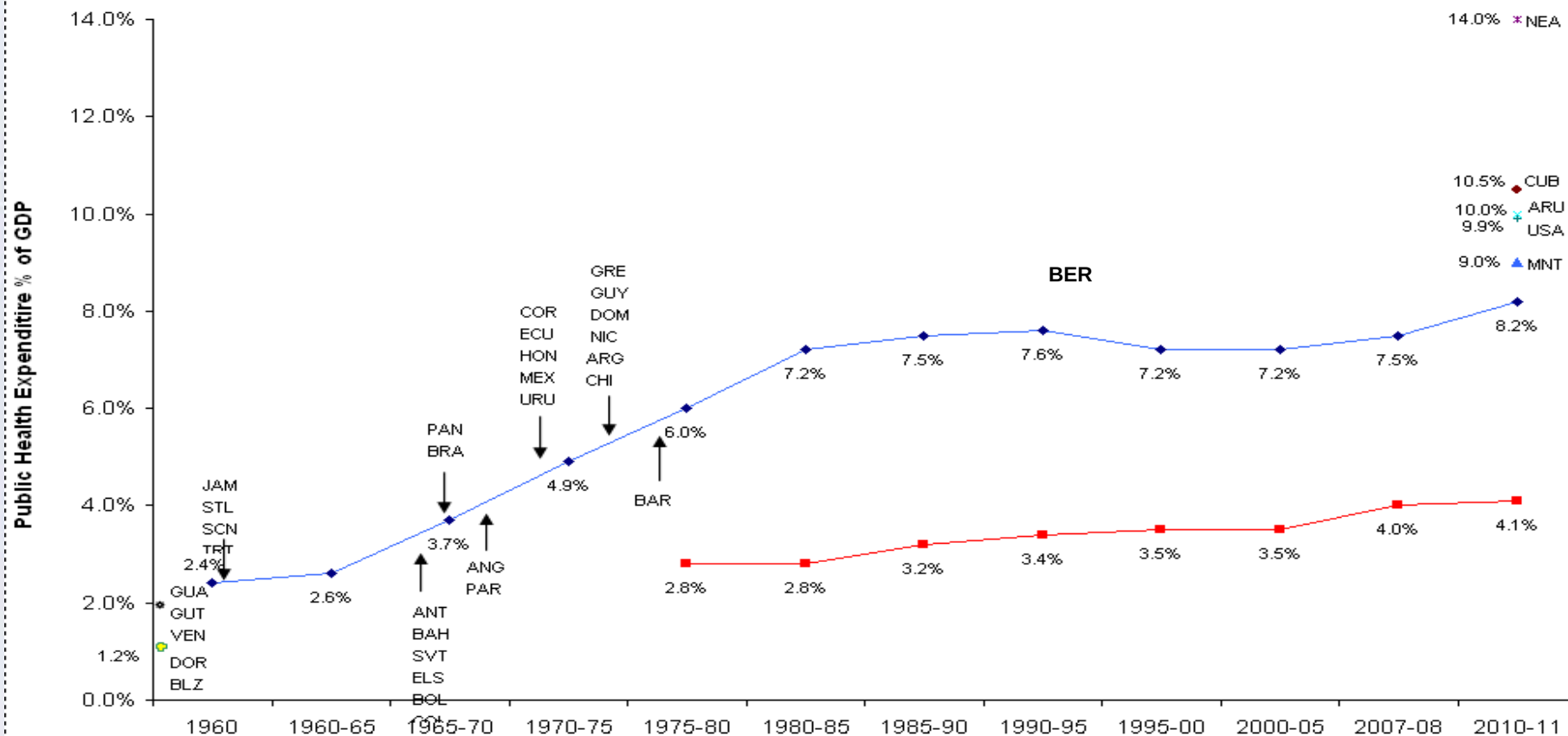
NHEXP and Economic Growth in LAC 2004-2011





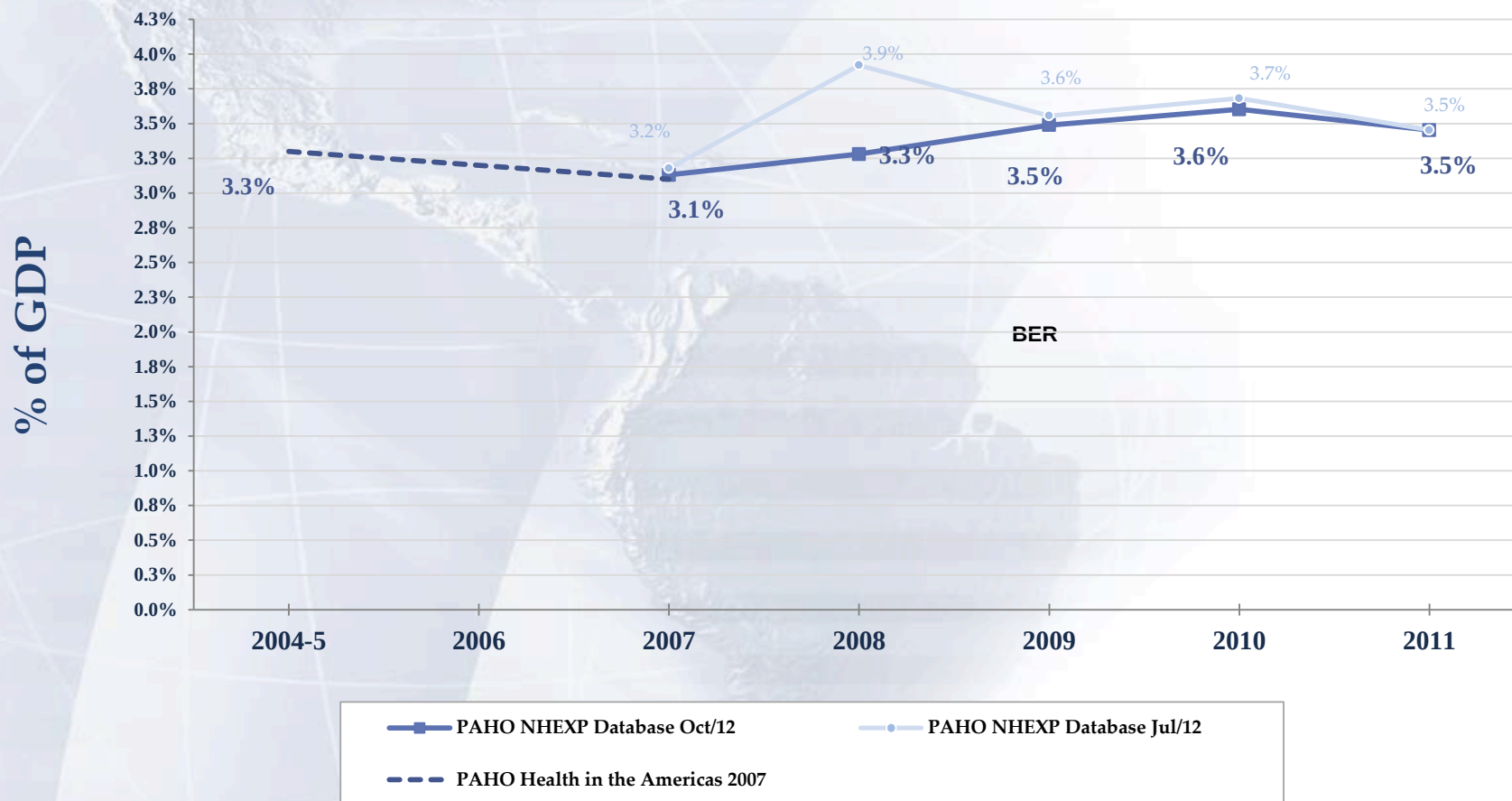
# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency

Public Health Expenditure in LAC and 2010-11 in relation to trends in Public Health Expenditure in Canada 1960 - 2010-11

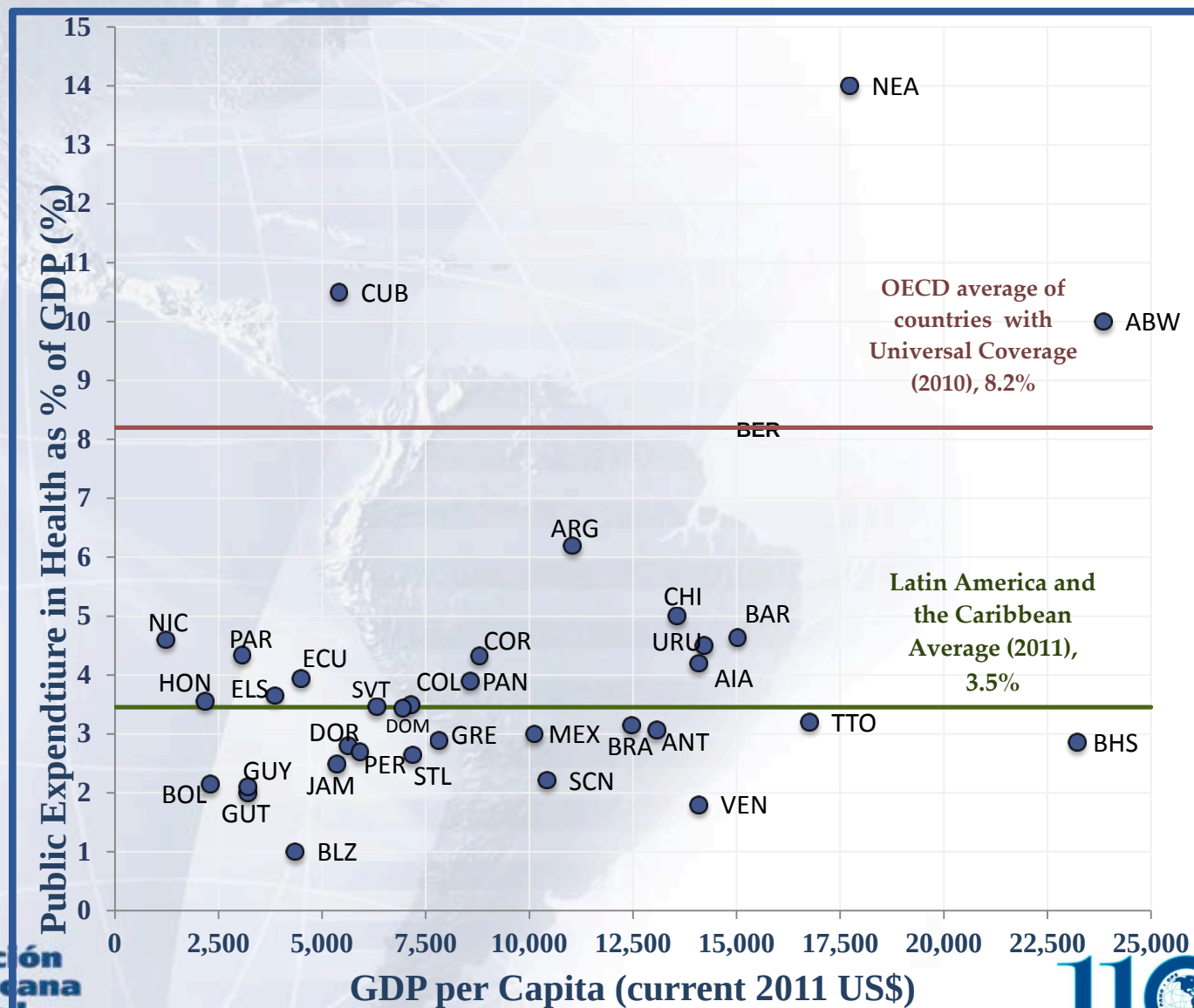


# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency

Public Expenditure in Health LAC 2004-2011

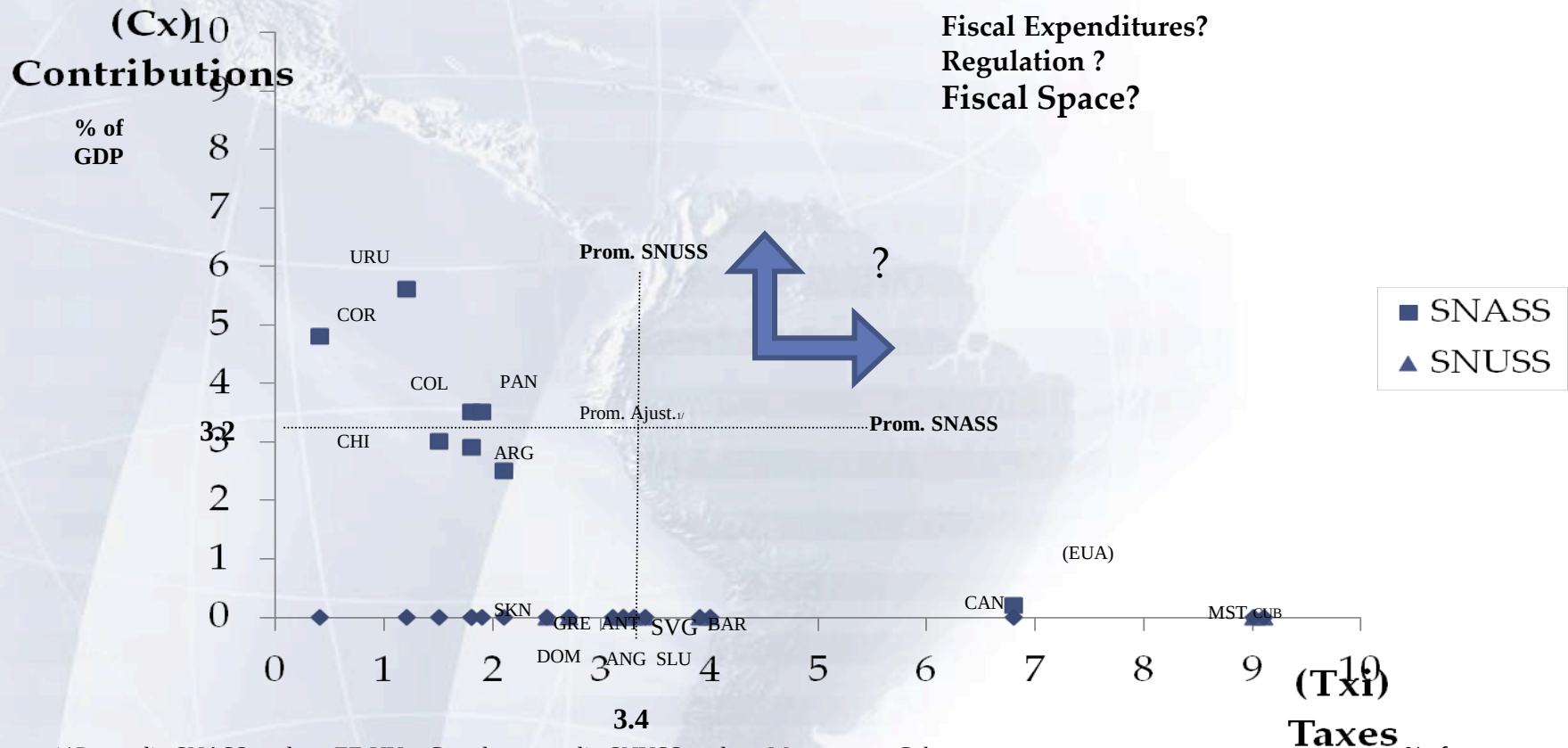


# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency



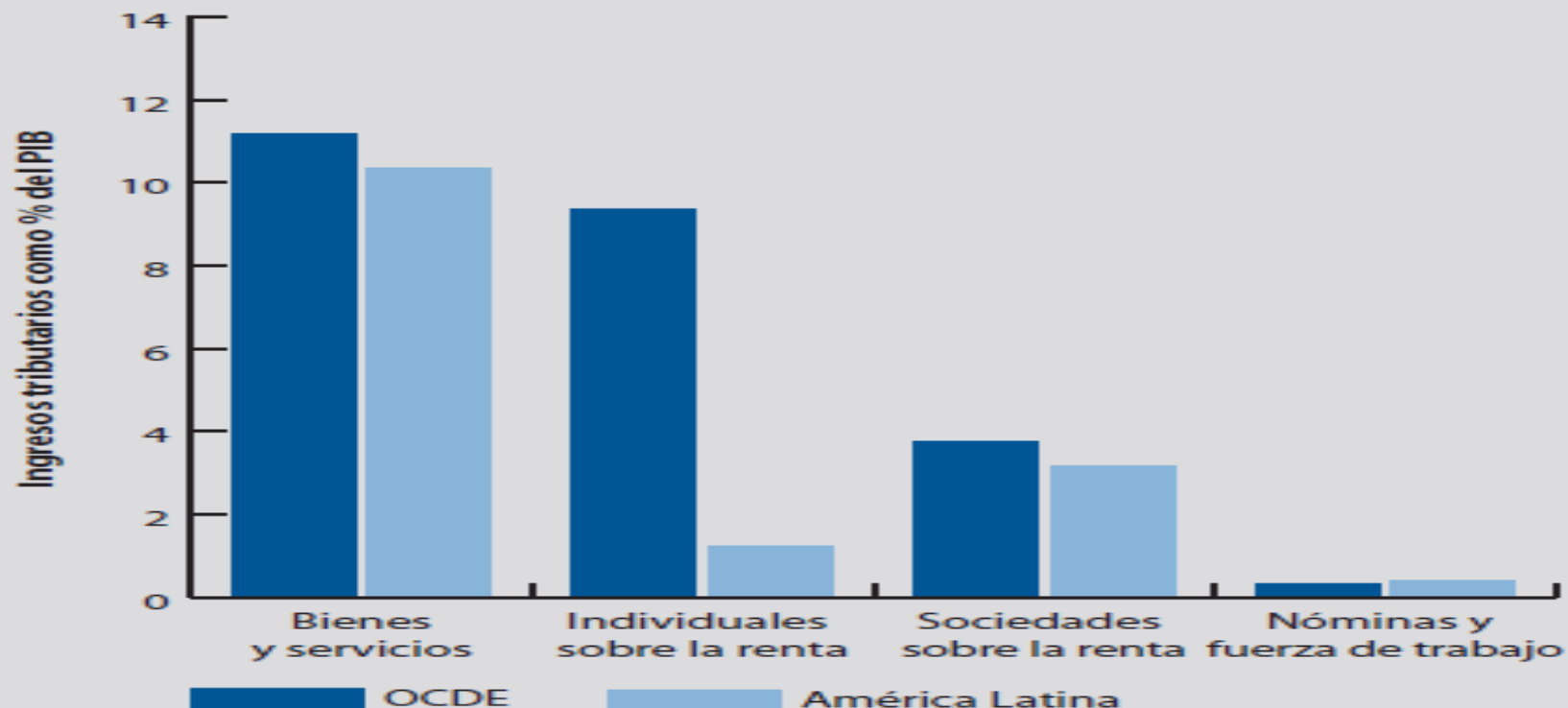
# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency

## Sistemas Nacionales de Salud: Gasto y Financiamiento de Sistemas Publicos de Salud – *Hacia la Cobertura Universal : El Triangulo del Financiamiento*



## National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Sufficiency

Gráfico 2: Recaudaciones tributarias como % del PIB, por región, 2005



Fuente: Adaptado de la OCDE, *Perspectivas Económicas de América Latina 2009*, Gráficas 4.1 y 4.5, pp. 139-140.

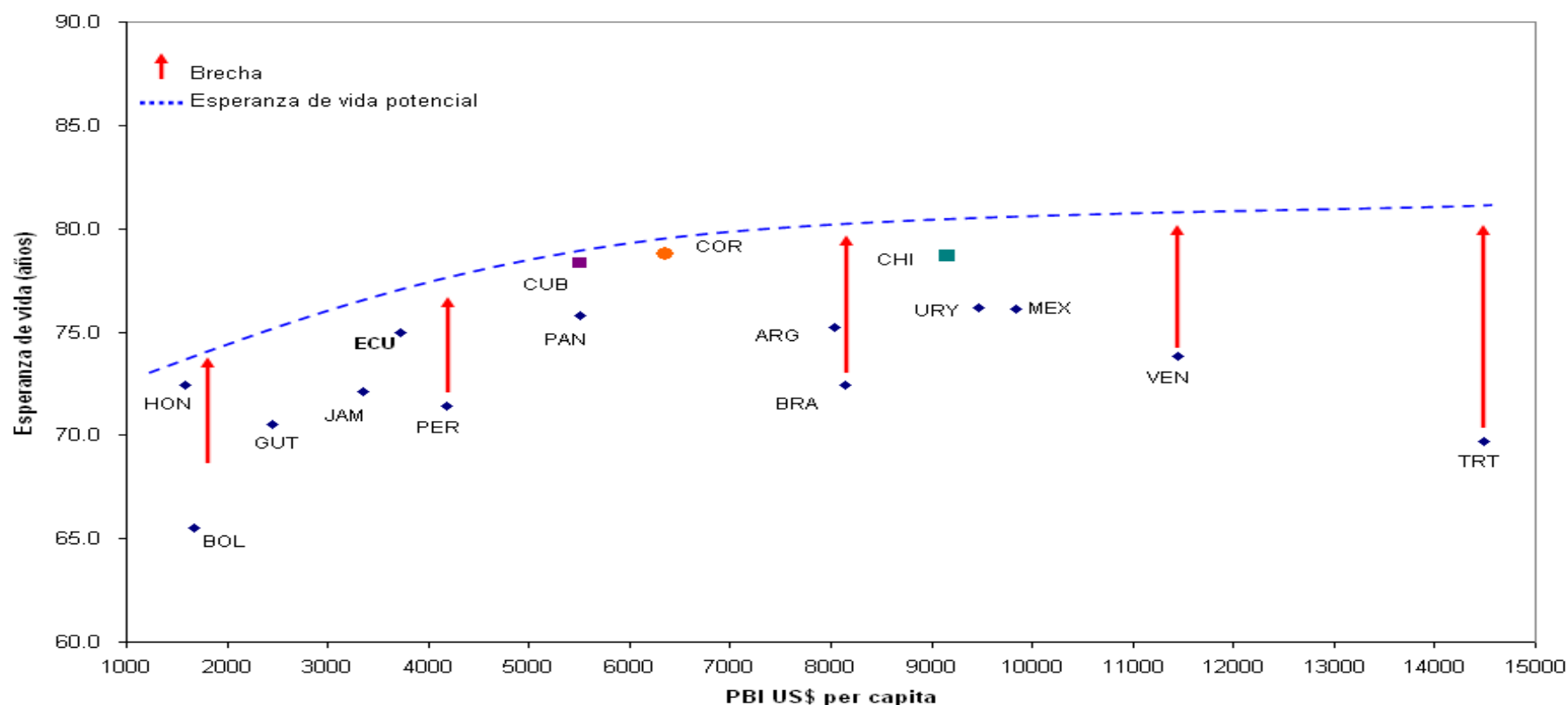
See: Puryear and Malloy (2010) Inter-American Dialogue. Síntesis # 3; June.



# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Efficiency

La mayoría de los países están por debajo del nivel de esperanza de vida potencial;  
la esperanza de vida que podría lograrse con el nivel de desarrollo económico alcanzado  
(PIB Per capita) ...

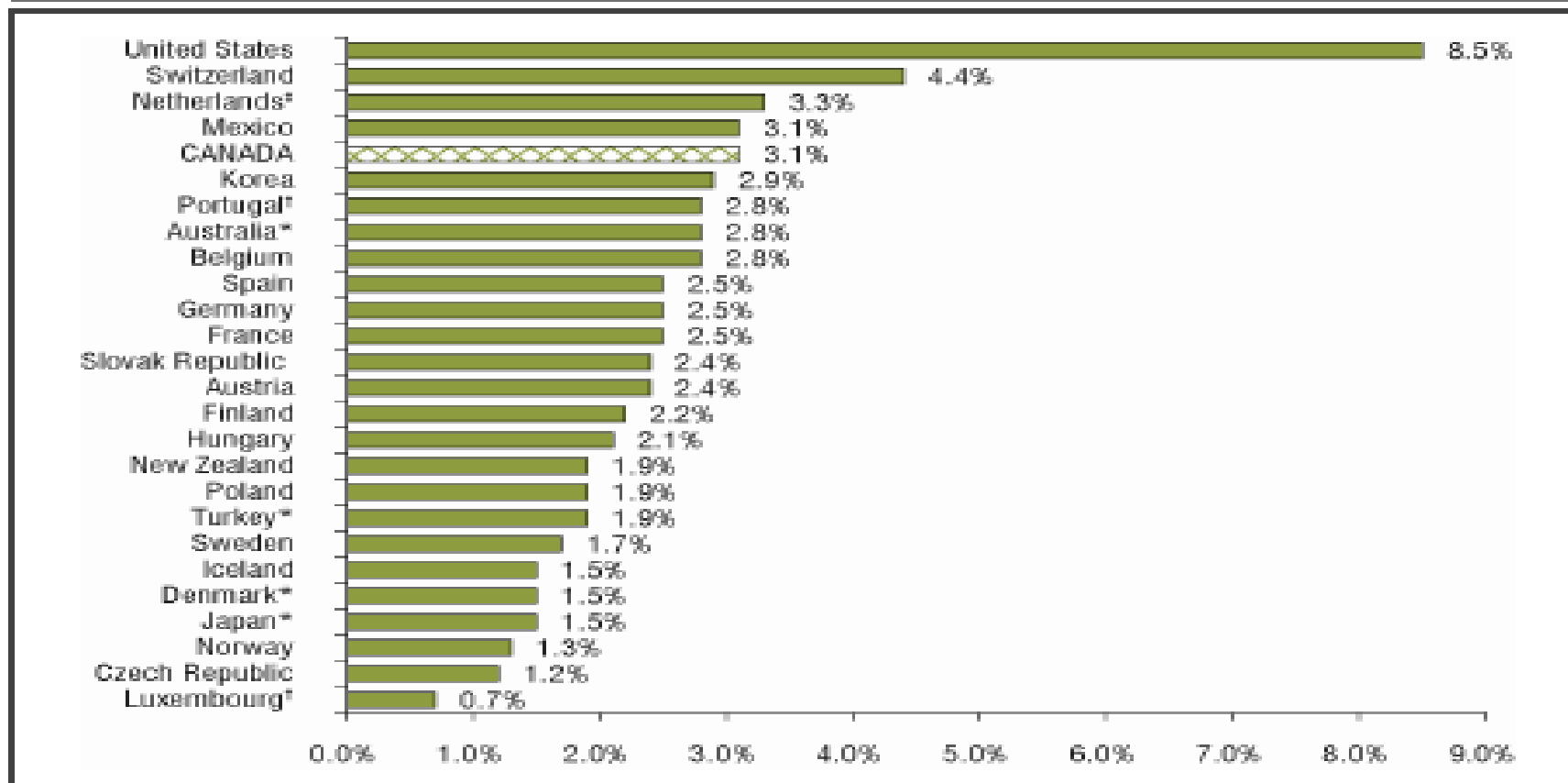
Latinoamerica: Brechas en Esperanza de Vida



Fuente: Banco Mundial; OMS Tablas de vida; CEPAL, indicadores sociales; OPS, Indicadores Basicos 2009

# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Equity

Figure 41: Private-Sector Health Expenditure as a Percentage of GDP, 26 Selected Countries, 2008



## Notes

\* Data for 2007.

† Data for 2006.

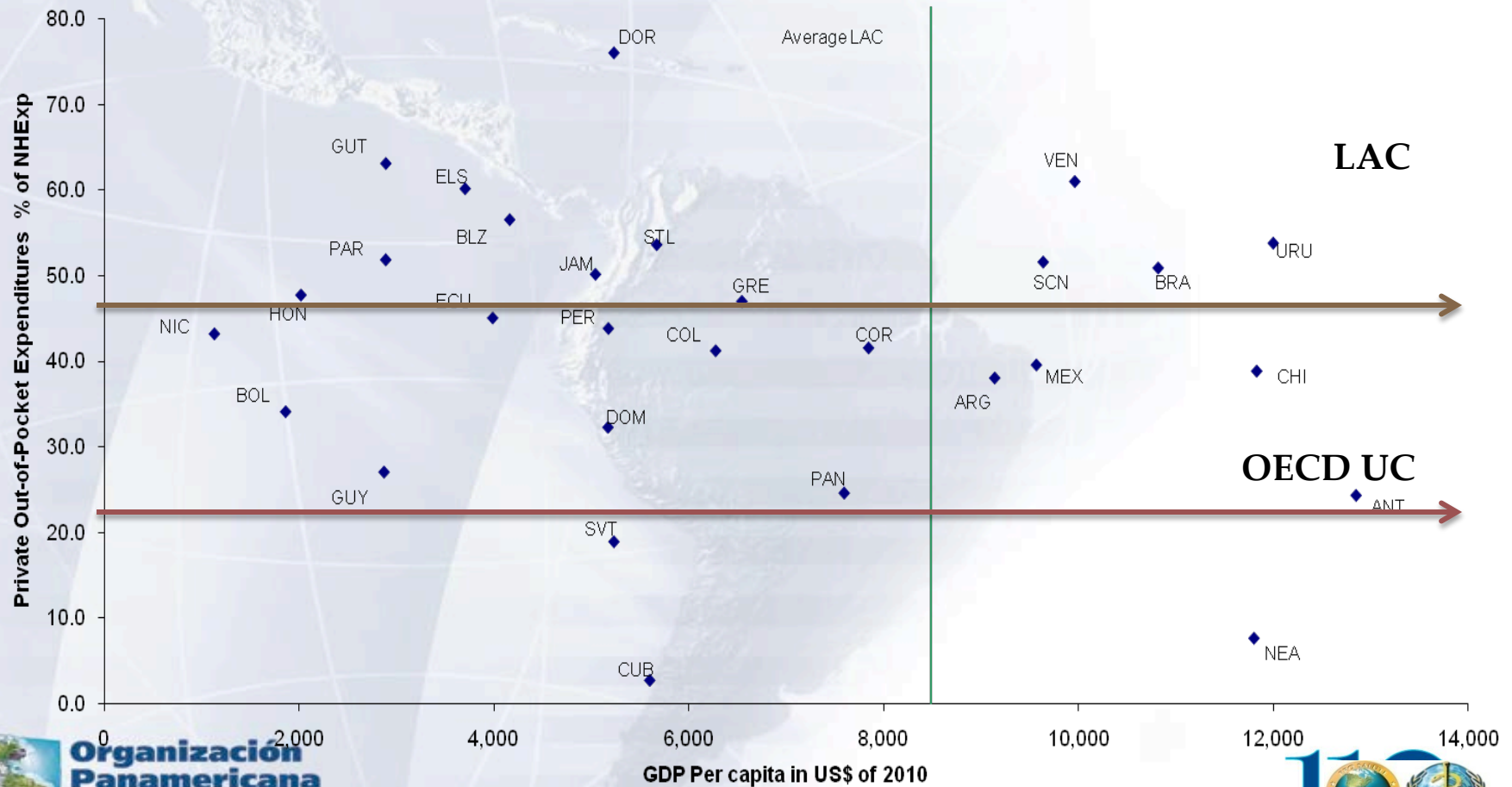
‡ Data for 2002.

## Source

Organisation for Economic Co-operation and Development, *OECD Health Data 2010* (June edition) (Paris, France: OECD, 2010).

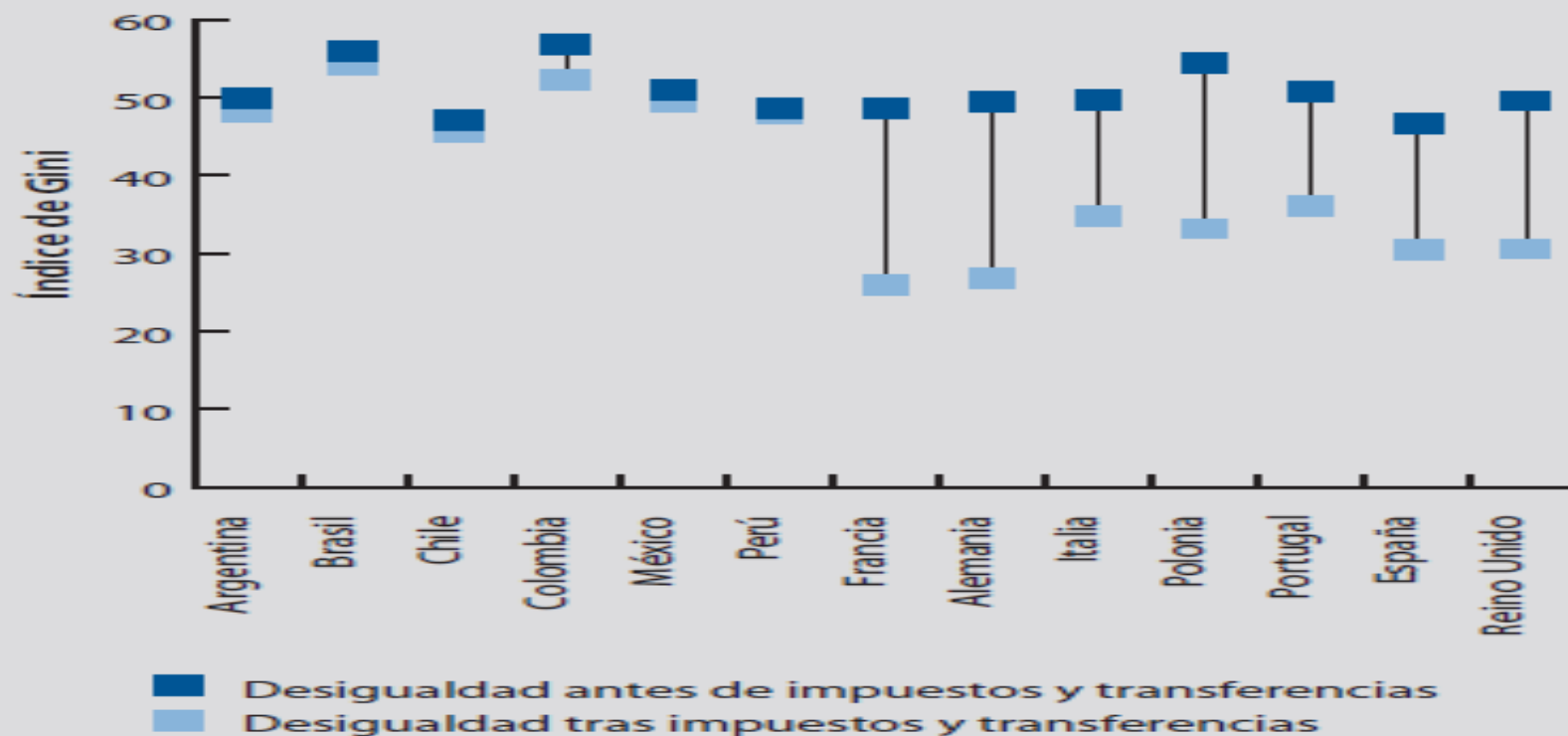
# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Equity

Private Out-of-Pocket Expenditures % of NHExp and GDP Per capita; in US\$ of 2010



## National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Equity

**Gráfico 1: Impacto de impuestos y transferencias en la desigualdad, países latinoamericanos y europeos, 2008**



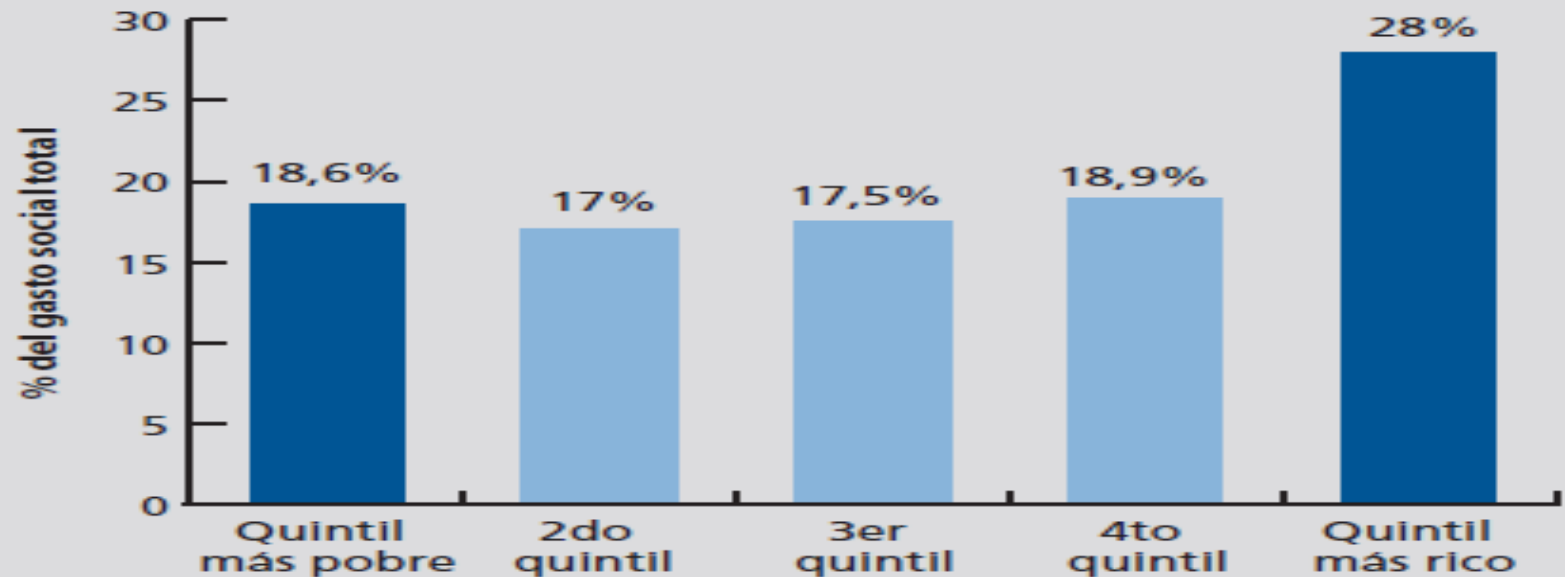
**Fuente:** Adaptado de la OCDE, *Perspectivas Económicas de América Latina 2009*, Gráfica 4.1, p. 130.

See: Puryear and Malloy (2010) Inter-American Dialogue. Síntesis # 3; June.

# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Equity

*Crear una política fiscal a favor de los pobres o re-distirbutiva será duramente resistida por aquellos que se benefician del status quo.....*

**Gráfico 3: Proporción del gasto social recibido por distintos grupos de ingreso, América Latina, 1997-2004**



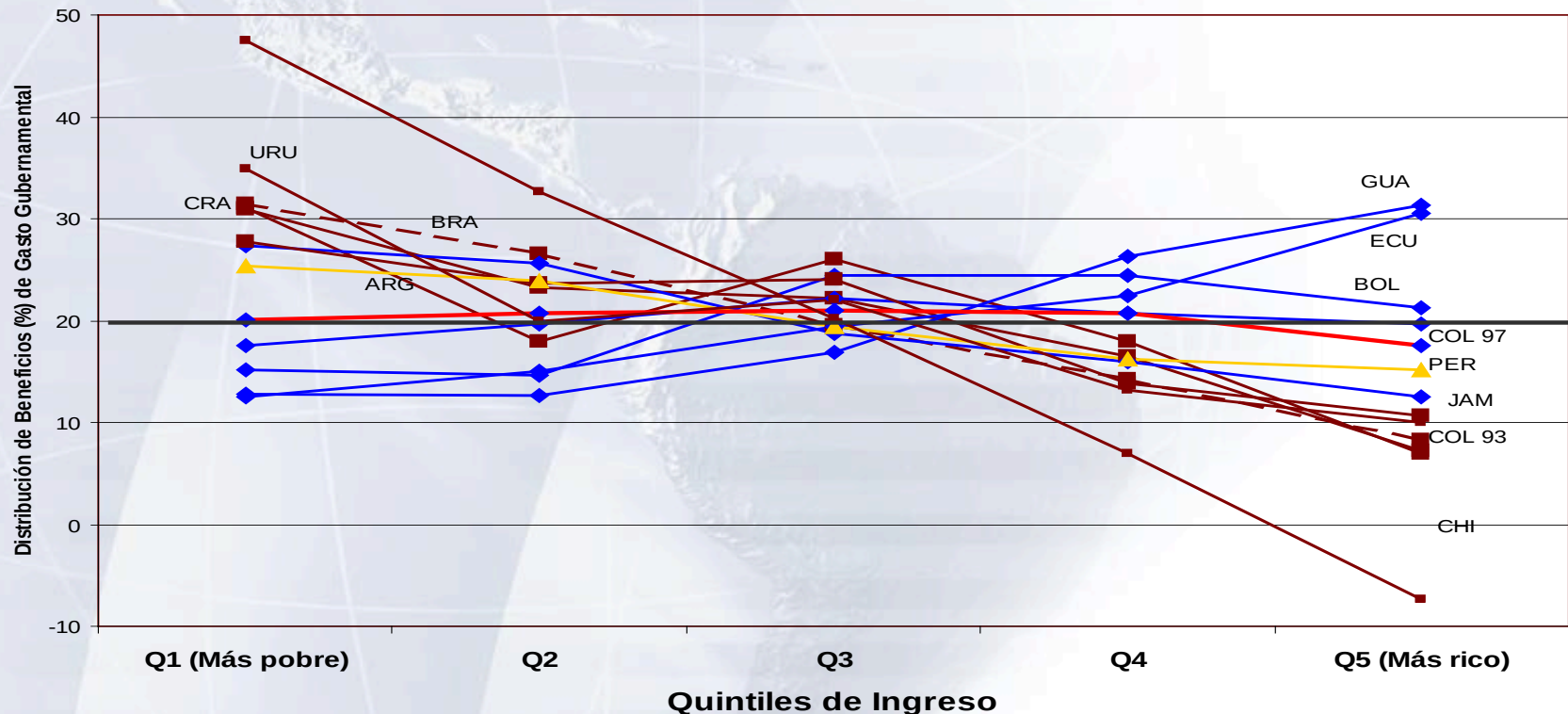
**Fuente:** Adaptado de CEPAL, *Panorama social de América Latina 2007*, Gráfica II.11, p. 117.



# National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges: Equity

*Los sistemas públicos están fallando en tener un impacto significativo en favorecer a los pobres y reducir las desigualdades*

**Impacto Distributivo del Gasto Público Según Tipo de Sistemas de Salud**





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Health  
Organization**

Regional Office of the  
World Health Organization

Regional Workshop:

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*November 8th and 9th, 2012*

## **National Health Care Expenditures in Latin America and the Caribbean: Trends, Macroeconomic and Fiscal Challenges**

### **Gasto Nacional en Salud en America Latina y el Caribe: Tendencias y Desafios Macroeconómicos y Fiscales**

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