

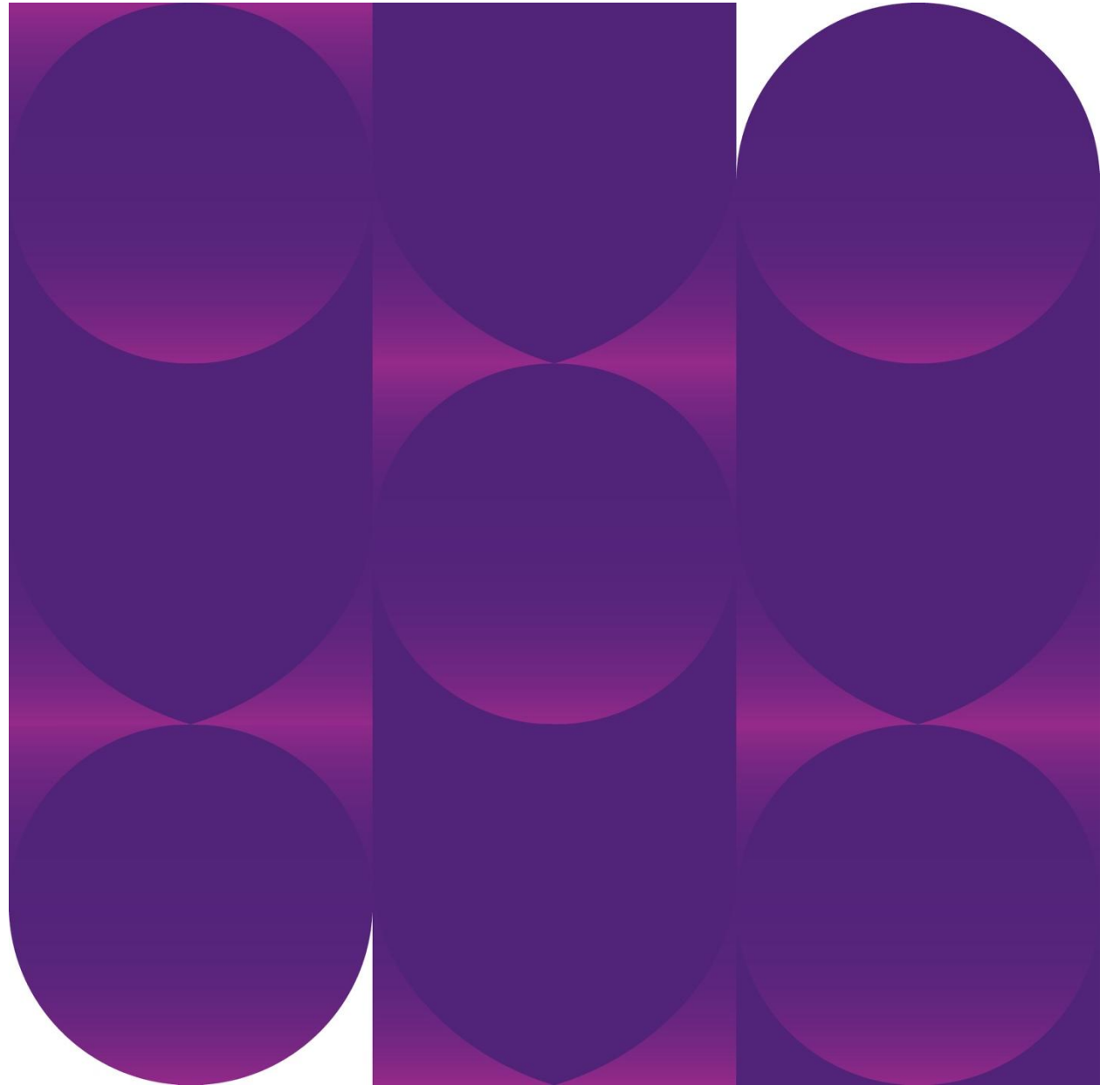
What Drives Health Expenditure?

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Professor of Health Economics

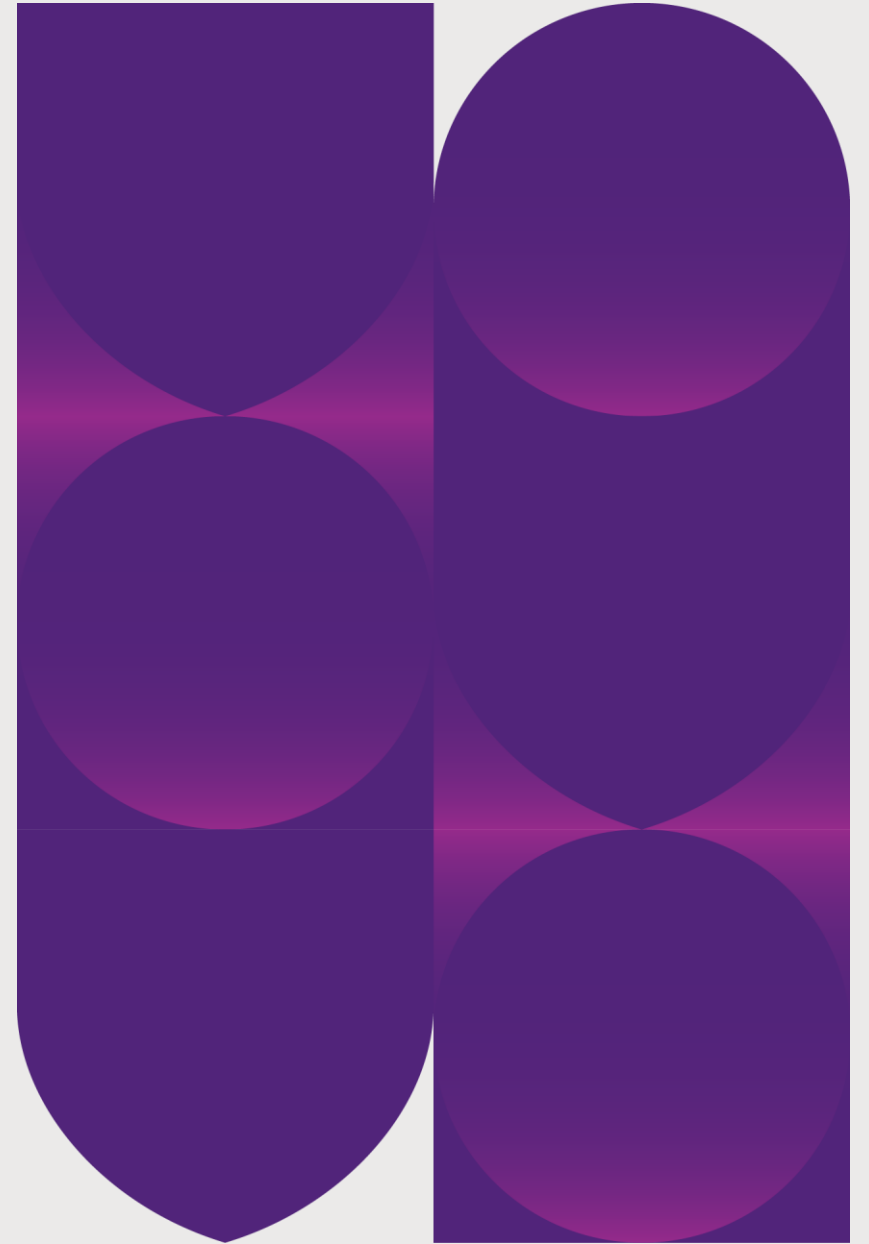
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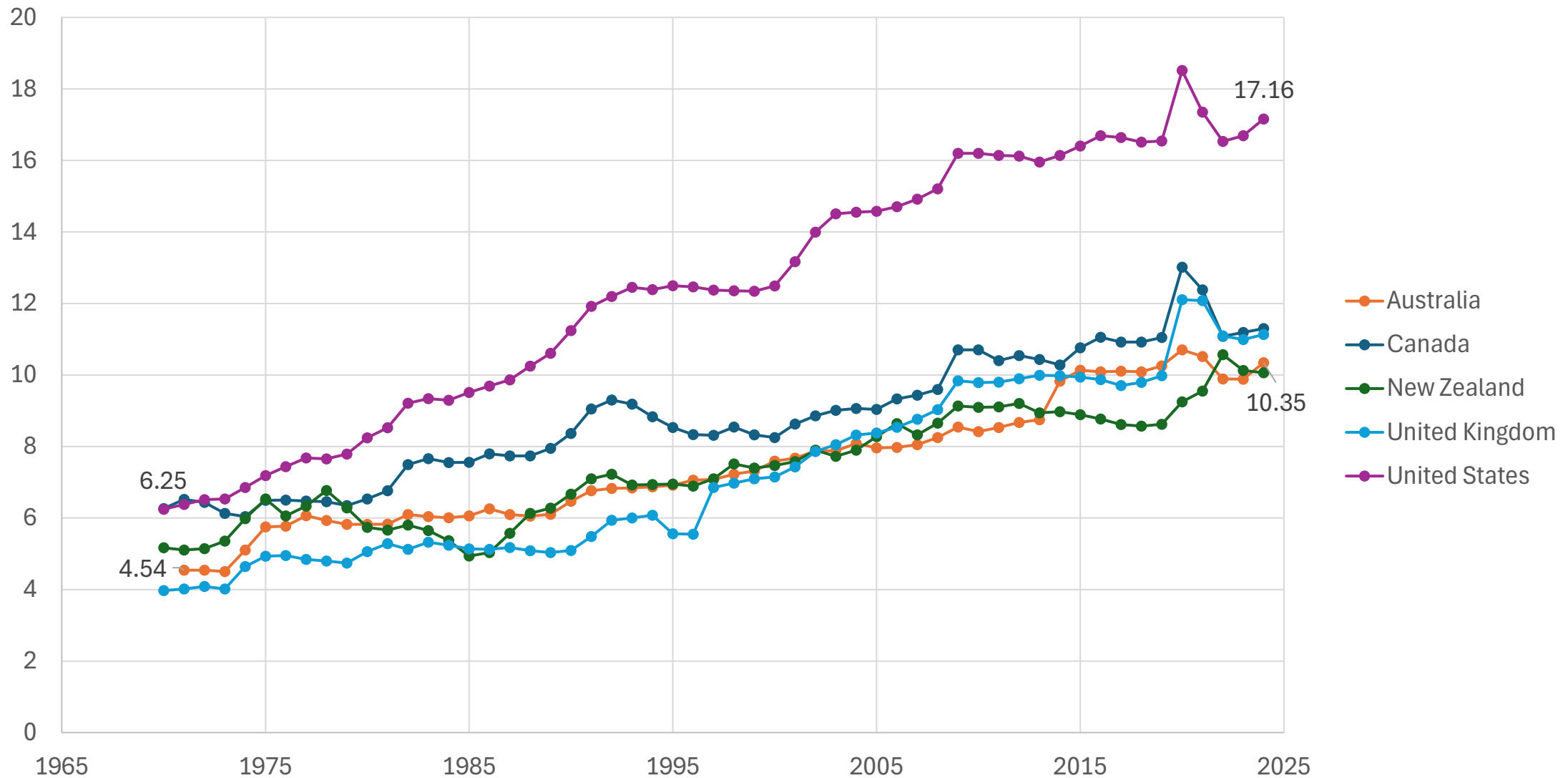


Overview

- Policies on pharmaceuticals
 - in context of policies on *medical technologies* generally
 - i.e., pharmaceutical innovation is a subset of health technology innovation
- Technology as the major driver of health expenditure growth
- Economic evaluation as the “fourth hurdle”
 - Safety, efficacy, effectiveness,
 - *cost-effectiveness*

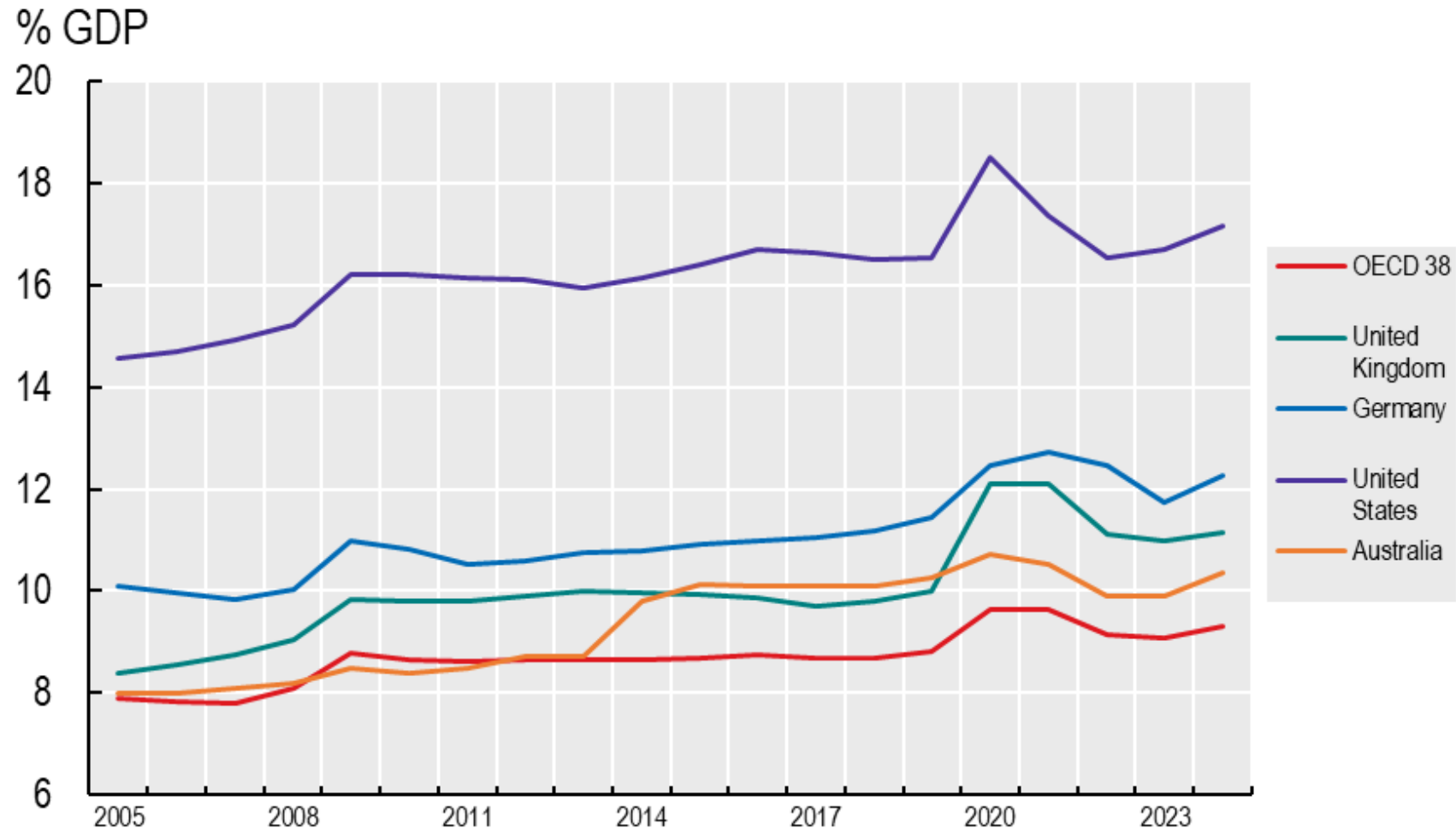


Health Expenditure (%GDP), 1970-2024





Source: OECD Data Explorer (2026).

Health Expenditure 2005-2024 (%GDP)



Source: OECD Health Expenditure and Financing 2025.

Life Expectancy, Top 10 OECD (2023)

Rank	Country	Males	County	Females
1	Switzerland	82.4	Japan	87.1
2	Luxembourg	81.7	Spain	86.7
3	Sweden	81.7	Korea	86.4
4	Norway	81.5	Switzerland	86.0
5	Italy	81.4	France	85.7
6	Spain	81.3	Italy	85.4
7	Australia  71.9	81.1	Portugal	85.3
8	Ireland	81.1	Australia  75.6	85.1
9	Japan	81.1	Luxembourg	85.0
10	Iceland	80.7	Sweden	85.0

Source: OECD Data Explorer (2026). ABS (2023).

Health Expenditure Per Person 2015 - 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023	
United States	10,091	10,385	10,537	10,721	10,995	11,926	11,863	11,606	12,023	+19.1%
Norway	6,822	6,848	6,883	6,964	7,093	7,221	7,477	7,516	7,424	
Germany	6,296	6,453	6,627	6,764	6,987	7,364	7,780	7,707	7,248	
Sweden	5,782	5,867	5,886	5,983	5,993	6,069	6,318	6,137	6,204	
France	5,712	5,803	5,829	5,806	5,853	5,874	6,331	6,204	6,036	
Canada	5,254	5,385	5,488	5,567	5,641	6,209	6,532	6,140	5,981	
Denmark	5,588	5,669	5,724	5,809	5,924	6,147	6,610	6,076	5,823	
Australia	5,075	5,226	5,321	5,427	5,435	5,819	6,189	5,965	5,778	+13.8%
Iceland	4,269	4,470	4,661	4,790	4,887	5,010	5,304	5,343	5,228	
Japan	4,566	4,597	4,658	4,705	4,806	4,856	5,254	5,330	4,806	

Source: OECD Health Statistics 2025. Constant prices. US dollars per person, PPP converted, 2020

Health Expenditure %GDP 2015 - 2023

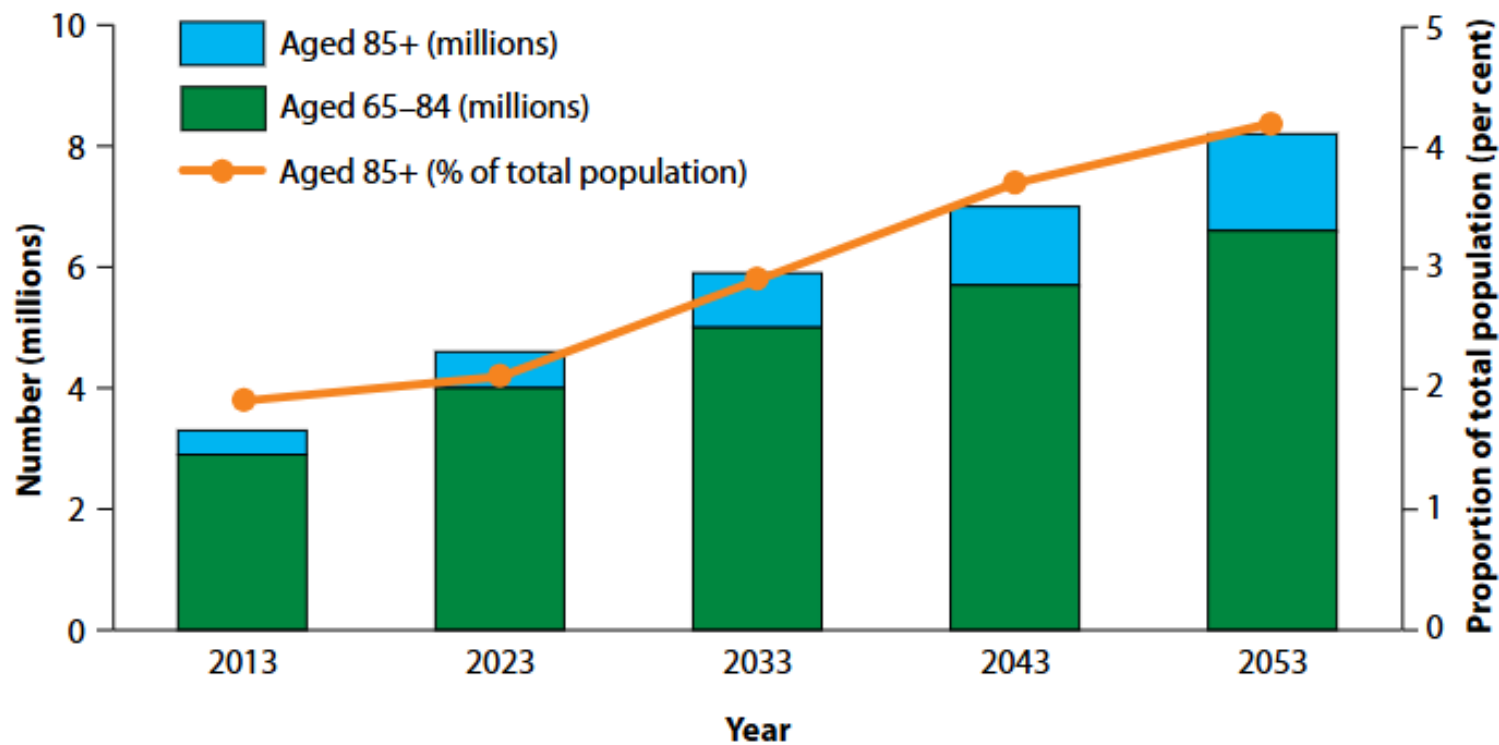
	2015	2016	2017	2018	2019	2020	2021	2022	2023
United States	16.4	16.7	16.6	16.5	16.5	18.5	17.4	16.5	16.7
Germany	10.9	11.0	11.1	11.2	11.4	12.5	12.7	12.4	11.7
Switzerland	11.0	11.2	11.4	11.2	11.4	12.0	12.0	11.6	11.7
France	11.5	11.6	11.4	11.3	11.2	12.1	12.2	11.8	11.5
Sweden	10.9	11.0	11.0	11.1	11.0	11.4	11.3	10.9	11.3
Canada	10.8	11.1	10.9	10.9	11.0	13.0	12.4	11.1	11.2
Austria	10.5	10.5	10.6	10.5	10.6	11.4	12.2	11.2	11.2
New Zealand	8.9	8.8	8.6	8.6	8.6	9.3	9.6	10.6	10.1
Australia	10.1	10.1	10.1	10.1	10.3	10.7	10.5	9.9	9.9
Iceland	8.1	8.2	8.3	8.4	8.6	9.6	9.7	9.1	8.7

Source: OECD Health Statistics 2025. Constant prices. US dollars per person, PPP converted, 2020

02

What Drives Health Expenditure?

Ageing?



Note: Data are as at 30 June. Data presented for 2023 onwards are based on population projections (series B).

Sources: AIHW analysis of ABS 2013a, 2013j.

Number and proportion of older people, 2013–2053

Source: AIHW (2014, Figure 6.26, p.1).

Age	1973	2025
<25	45%	30%
>=65	9%	18%

Source: ABS estimated resident population, Jun 2025

Insurance?

Ubiquitous health insurance

Social insurance (Australia \approx 100% coverage)

Private insurance (\approx 45% hospital table coverage) (APRA 2024)

Expenditure (AIHW 2025):

- Governments: 69.6%
 - Federal: 39.3% of total funding
 - States/Territories: 30.3% of total funding
- Individuals, private insurance, other non-government sources: 30.4%



AUSTRALIAN AFTER HOURS DOCTORS
BULK BILLING HOME DOCTOR SERVICE

1300 HOME DR

1300 4663 37

Patient Information

Health Professional Information

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Patient Information

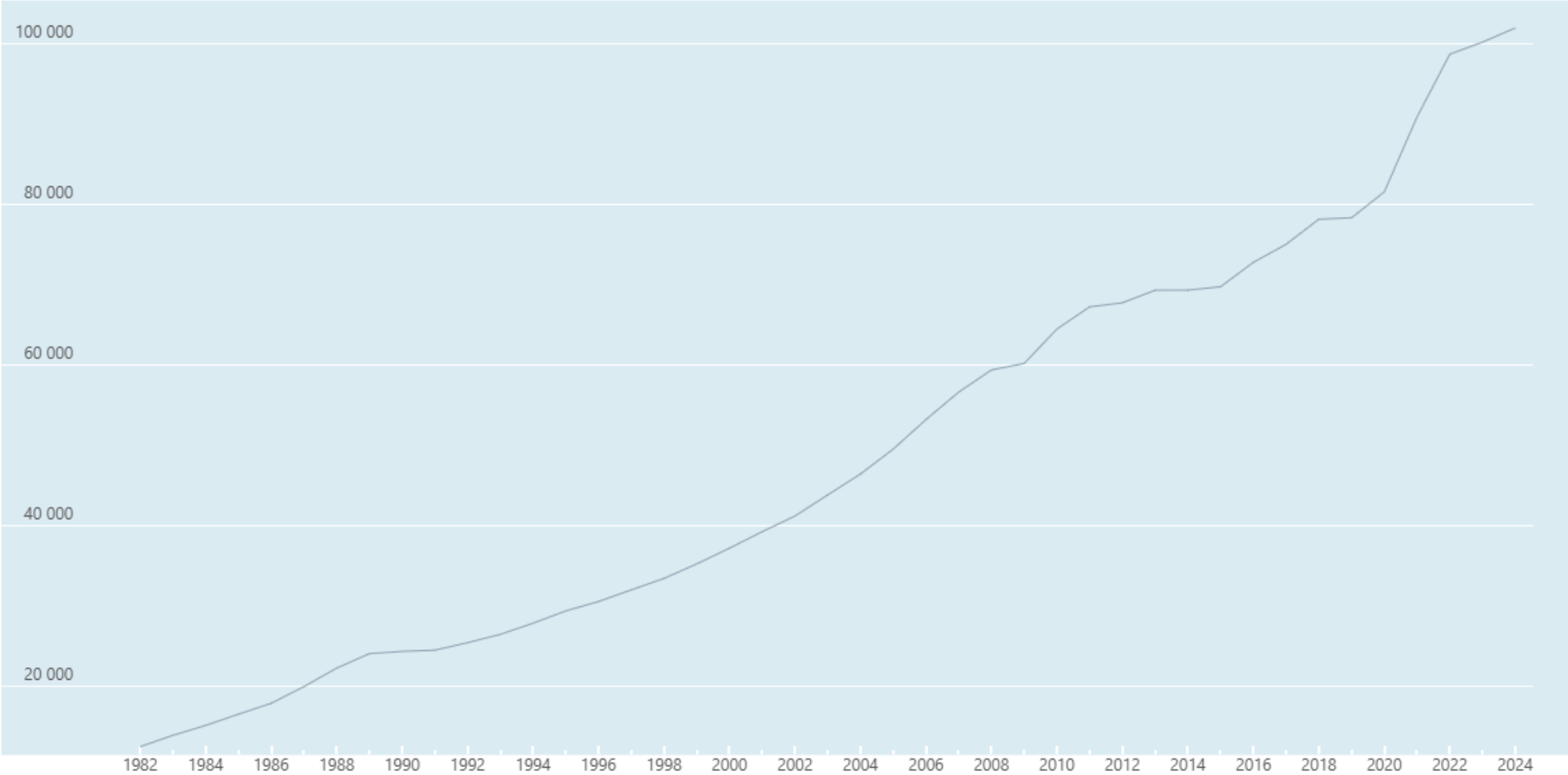


AUSTRALIAN
AFTER HOURS
DOCTORS

Australia's most caring home doctor service

Income?

Reference area: Australia • **Frequency of observation:** Annual • **Measure:** GDP per capita • **Transformation:** Non transformed data
Combined unit of measure: National currency, Current prices



New Medical Technologies?

Drivers of real health expenditure growth, from 2000–01 to 2011–12 and from 2011–12 to 2017–18.

Drivers of Real Health Expenditure Growth 2000–01 to 2011–12 2011–12 to 2017–18		
<i>Total real annual average growth</i>	5.0%	3.1%
Demographic growth	1.8%	1.7%¹
Population growth	1.1%	1.1%
Ageing	0.7	0.6
Non-demographic growth	3.1%	1.4%²
Excess health price inflation	0.34%	0.14%
Disease rate changes	-0.08%	0.07%
Growth in services per case of disease	2.8%	1.2%

Source: Goss 2022, Table 1

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