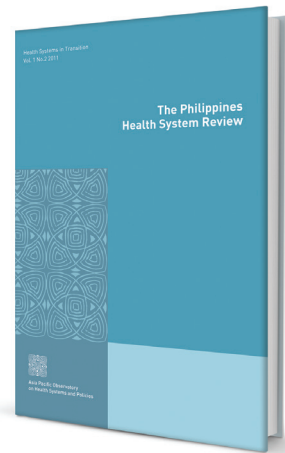




# PHILIPPINES LIVING HiT UPDATE

## 3.2 Health expenditure

Total health-care expenditure per capita in nominal terms has increased steadily from 1995 to 2005 at an average annual rate of 8.2%, as reported in the Philippines HiT. In real terms, however, health expenditure per capita has grown by only 2.1% per year, suggesting that increases in nominal spending have been mostly due to inflation rather than service expansion. Similar trends are seen from 2007 to 2011 with an average increase in the annual rate of 10.5%. When computed in real terms, the average increase in health expenditure per capita amounts to 5.2% (see Table 3.1). The Philippines allotted 3.0%–3.6% of its gross domestic product (GDP) to health between 1995 and 2005 (see Philippines HiT). This share rose to 4.4% in 2011, but remains relatively low, compared with the WHO Western Pacific Region 2011 average of 7.7%. In 2011 it was noted that, as percent of GDP, health expenditure per capita has a slowly increasing trend - still placing expenditures for health in the Philippines in a relatively low position compared to other countries in the Region (see Figure 3.1). The share was increased in recent three years.



In the Philippines, there are three major groups who pay for health care: national and local governments; social health insurance; and private sources (Table 3.1 update). Government accounted for 24.8%–27.5% of total health expenditures (THE) between 2007 and 2011.

The private sector continues to be the dominant source of health-care financing, with household out-of-pocket (OOP) payments accounting for 63.1%–64.7% of all health spending in the same period. In recent years, the trend for OOP payments remained to be above 60% of health expenditure despite the expansion of social insurance.

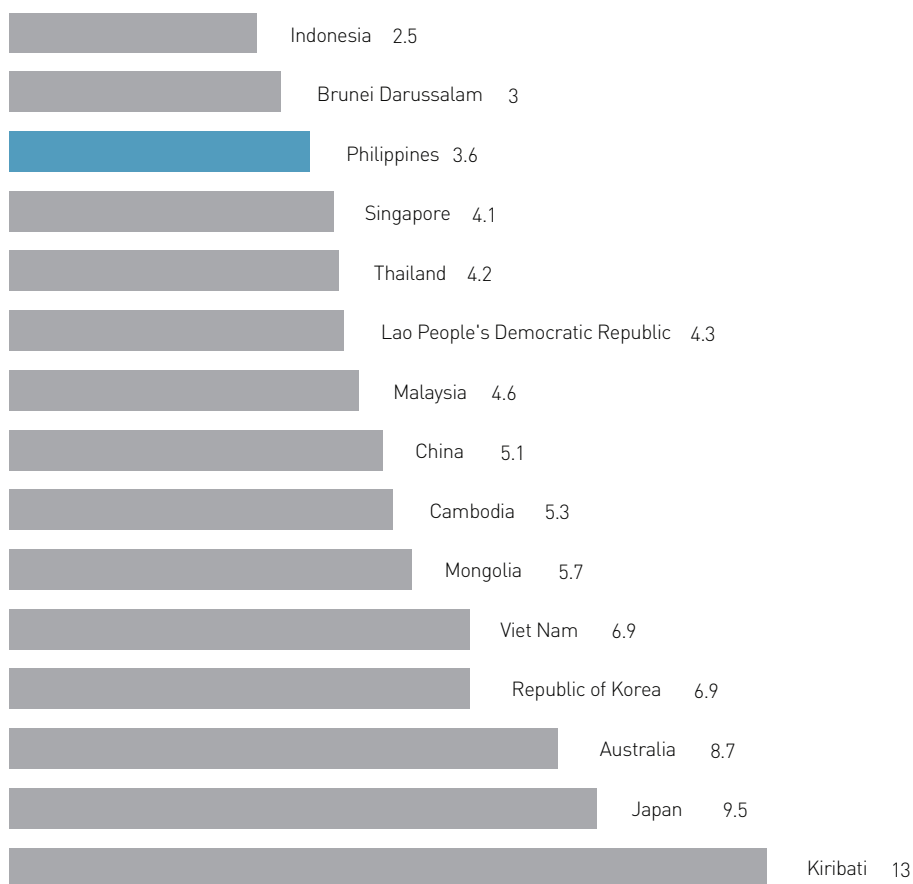
**Table 3.1 Update: Trends in health-care expenditure, 2007–2011**

Selected Indicators	2007	2008	2009	2010	2011
Total Health Expenditures (THE) per capita (in Php at current price)	3061	3377	3759	4112	4577
*THE per capita (in Php at 2000 price)	2159	2179	2298	2442	2639
THE (as % GDP)	3.9	3.9	4.3	4.2	4.4
Health expenditure by source of funds (as % of THE)					
Government	27.5	24.8	25.9	26.6	27.0
National	12.2	12.1	10.8	11.4	12.3
Local	15.5	12.7	15.1	15.2	14.7
Social Insurance	7.4	7.1	8.2	8.9	9.1
Philhealth (Medicare)	7.4	7.1	8.1	8.9	9.1
Employee's compensation (Social Security System & Government Service Insurance System)	0.0	0.0	0.0	0.0	0.0
Private sources	64.7	66.9	63.7	62.8	63.1
Out-of-pocket (OOP)	55.0	56.7	53.3	52.5	52.7
Private insurance	1.6	1.7	1.8	1.7	1.7
Health Maintenance Organizations	4.9	5.2	5.3	5.6	5.7
Employer-based plans	2.2	2.3	2.3	2.1	2.2
Private schools	1.0	1.0	1.0	1.0	0.9
Others	0.3	1.2	2.2	1.7	0.8
*THE (in billion Php at 2000 prices)	268.9	302.0	342.2	380.8	431.0
* GDP (in billion Php at current prices)	6892.7	7720.9	8026.1	9003.5	9735.5
Government health spending (as % of GDP)	1.1	1.0	1.1	1.1	1.2

\* in 2007, NSCB changed the reference year for the value of their computations from 1995 to 2000  
Source: Philippine National Health Accounts, NSCB

Health service financing through the Philippine Health Insurance Corporation (PhilHealth) has been expected to set the incentive environment in order to have greater leverage and drive health system performance. The Department of Health (DOH) set a target of public funding at 30% of THE as a means to reduce out-of-pocket expenditures. However, the contribution of PhilHealth to this 30% target remains low at a 2007 rate of 9%. According to the National Health Accounts, the share of PhilHealth in 2011 remained low at 9.1% of national health expenditures.

**Table 3.1 Update: Trends in health-care expenditure, 2007–2011**



Source: National health accounts: country information, WHO estimates

## References

National Statistical Coordination Board (2013). Philippine national health accounts. <http://www.nscb.gov.ph/stats/pnha/>, accessed 30 June 2013.

World Health Organization (2012). World health statistics 2012. [http://www.who.int/gho/publications/world\\_health\\_statistics/EN\\_WHS2012\\_Full.pdf](http://www.who.int/gho/publications/world_health_statistics/EN_WHS2012_Full.pdf), accessed 24 May 2013.

