

Statistical bulletin

# Healthcare expenditure, UK Health Accounts: 2020

Healthcare expenditure statistics for 1997 to 2020, produced to the international definitions of the System of Health Accounts 2011.

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# 1 . Main points

- Total current healthcare expenditure in the UK in 2020 was £257.6 billion, equating to £3,840 per person.
- Total current healthcare expenditure in the UK accounted for 12.0% of gross domestic product (GDP) in 2020, compared with 9.9% in 2019.
- Healthcare expenditure grew by 15.7% in nominal terms in 2020, or 10.0% in real terms, adjusting for inflation; this was the fastest growth rate recorded during the time series, which started in 1997.
- Government-financed healthcare expenditure was £213.4 billion in 2020, growing by 14.9% in real terms and making up around 83% of total healthcare spending.
- Spending on preventive care was £15.7 billion in 2020, growing by 40.8% in real terms, largely on account of additional government expenditure during the coronavirus (COVID-19) pandemic.

## 2 . Total current healthcare expenditure

### Healthcare expenditure in 2020

In 2020, current spending on healthcare in the UK totalled £257.6 billion, equating to £3,840 spent per person. This includes both government and non-government spending on healthcare [note 1].

Data in this bulletin present detailed analysis of healthcare spending in 2020. More information on our provisional estimates of healthcare expenditure in 2021 is available in [Healthcare expenditure, UK Health Accounts: provisional estimates for 2021](#).

Healthcare expenditure represented 12.0% of gross domestic product (GDP) in 2020, up from 9.9% in 2019. This large increase was partly a result of very strong growth in healthcare expenditure. It was also partly on account of a contraction in GDP, with the coronavirus (COVID-19) pandemic having a major impact on both the healthcare sector and the wider economy.

The UK Health Accounts are produced according to the System of Health Accounts 2011 framework; a set of internationally standardised definitions for healthcare expenditure. These definitions are broader than those used in other UK analyses, and include some services typically considered as social care in the UK.

## Growth in current healthcare expenditure

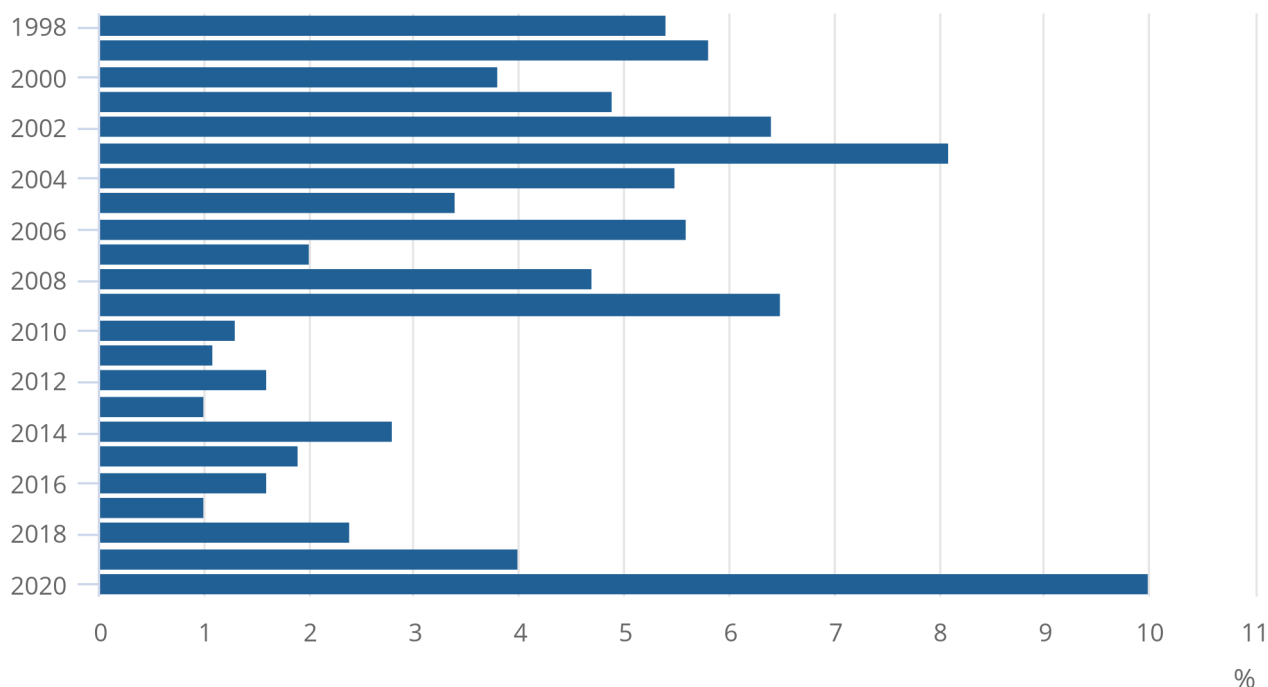
Total current healthcare expenditure grew by 15.7% in nominal terms between 2019 and 2020, and by 10.0% in real terms, adjusted to account for inflation [note 2]. This was by far the fastest year-on-year rate of growth in real healthcare expenditure observed across the time series, which began in 1997.

**Figure 1: Real healthcare expenditure rose by 10% in 2020, more than in any other year in the series**

Annual growth rates in total current healthcare expenditure, UK, real terms, 1998 to 2020

Figure 1: Real healthcare expenditure rose by 10% in 2020, more than in any other year in the series

Annual growth rates in total current healthcare expenditure, UK, real terms, 1998 to 2020



Source: Office for National Statistics – UK Health Accounts

Notes:

1. Figures are presented in real terms, adjusted for inflation using the gross domestic product (GDP) deflator (series: IHYS).

The increase in total current healthcare spending was primarily driven by government expenditure, reflecting the UK and devolved governments' response to the coronavirus (COVID-19) pandemic.

## Financing of healthcare expenditure in the UK

Government expenditure on healthcare, including spending by the NHS, local authorities and other public bodies financing healthcare, was £213.4 billion in 2020. This equates to £3,181 per person or 82.8% of total current healthcare expenditure. In 2020, a greater proportion of UK healthcare expenditure was financed by government than in any previous years of the time series, which starts in 1997.

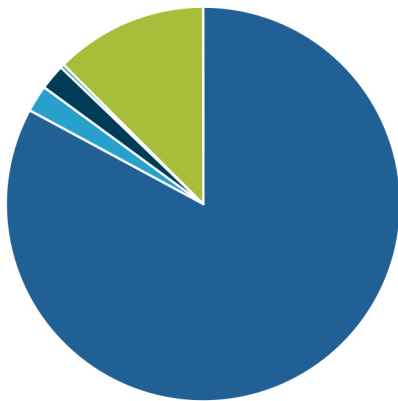
The largest of the non-government financing arrangements was out-of-pocket expenditure, which includes private spending by consumers on elective treatments and other health services, medical goods, and long-term care services. This category accounted for 12.5% of overall spending, or £32.3 billion. Voluntary health insurance accounted for 2.2% of overall spending on healthcare, or £5.8 billion. Non-profit institutions serving households (NPISH) and enterprise financing were the smallest financing schemes, accounting for 2.1% and less than 1% of healthcare spending respectively.

### Figure 2: Government financing represented 82.8% of healthcare expenditure in 2020

Total current healthcare expenditure by financing scheme, UK, 2020

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Total current healthcare expenditure by financing scheme, UK, 2020



Source: Office for National Statistics – UK Health Accounts

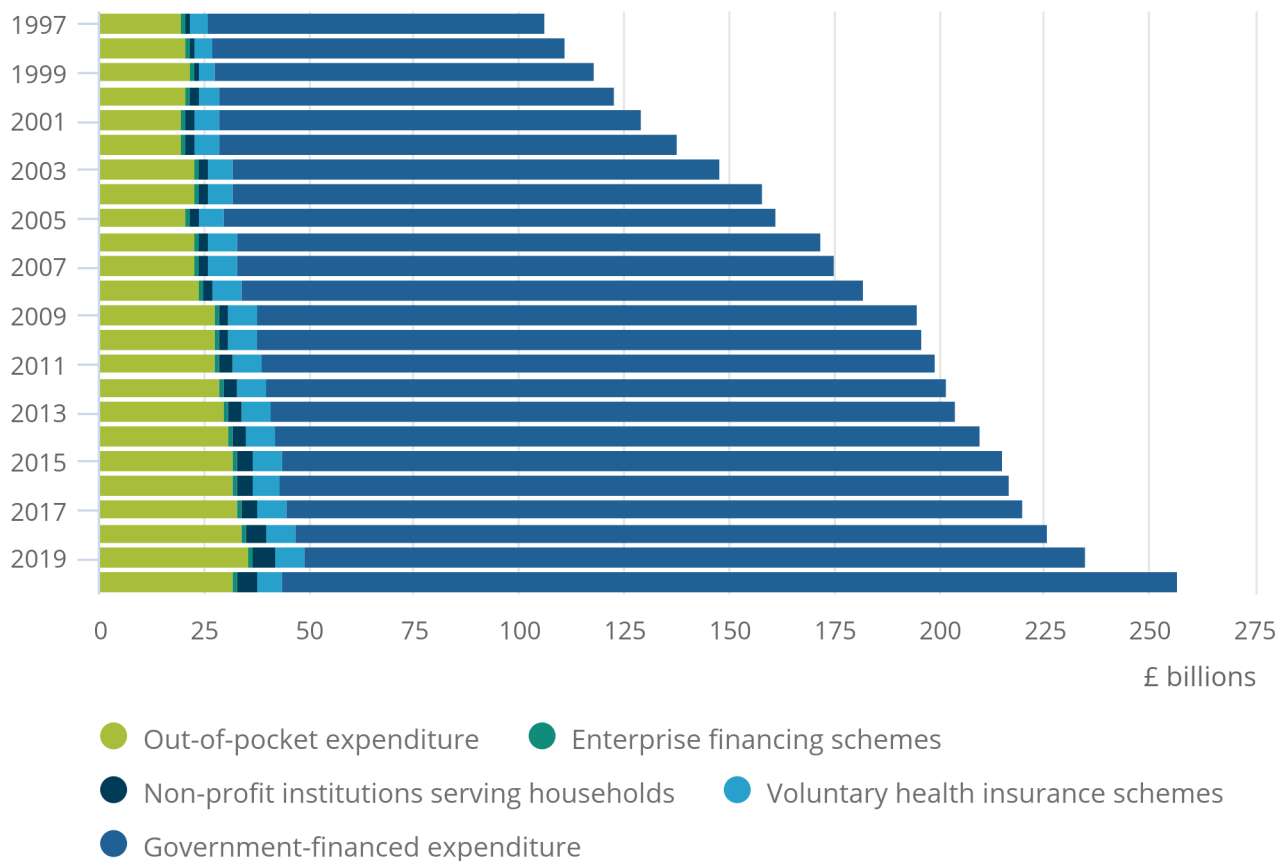
The increase in healthcare expenditure in 2020 was almost entirely on account of government expenditure, with most non-government financing schemes experiencing falls in spending.

**Figure 3: Government expenditure made up a greater proportion of healthcare spending than in any other year of the time series**

Total health expenditure by financing scheme in real terms, UK, 1997 to 2020

Figure 3: Government expenditure made up a greater proportion of healthcare spending than in any other year of the time series

Total health expenditure by financing scheme in real terms, UK, 1997 to 2020



Source: Office for National Statistics – UK Health Accounts

Notes:

1. Figures are presented in real terms, adjusted for inflation using the gross domestic product (GDP) deflator (series: IHYS).

Notes for: Total current healthcare expenditure

1. Within this bulletin "healthcare spending" refers to current healthcare spending.
2. Our real terms spending estimates are produced using the [GDP deflator](#). As a general, whole economy price deflator, this is not a measure of average healthcare inflation, nor will it account for the variation in price inflation across different components of health spending.

### 3 . Government healthcare expenditure

## Growth in government healthcare expenditure in 2020

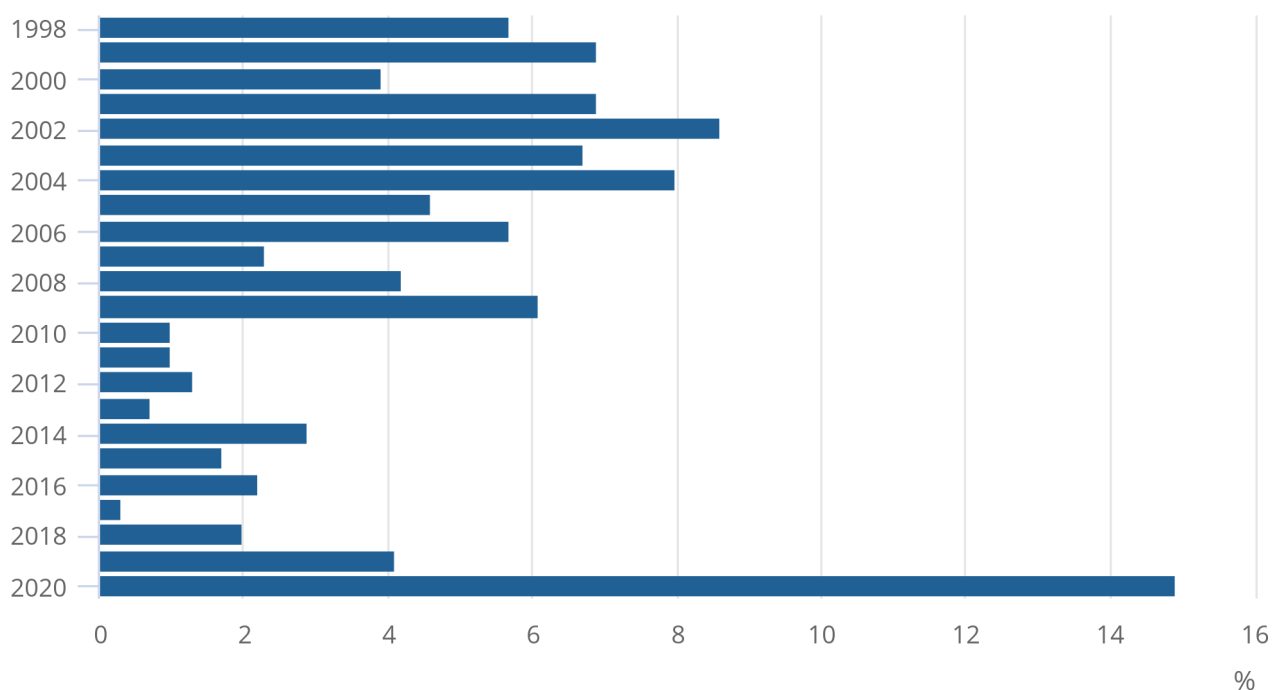
Government healthcare expenditure was £213.4 billion in 2020, increasing by 20.7% in nominal terms and 14.9% in real terms. This is the fastest rate of real growth in government healthcare expenditure in the available time series.

### Figure 4: Government-financed healthcare expenditure in 2020 grew faster than any other year of the time series

Growth in government-financed healthcare expenditure in real terms, UK, 1998 to 2020

## Figure 4: Government-financed healthcare expenditure in 2020 grew faster than any other year of the time series

Growth in government-financed healthcare expenditure in real terms, UK, 1998 to 2020



Source: Office for National Statistics – UK Health Accounts

#### Notes:

1. Figures are presented in real terms, adjusted for inflation using the gross domestic product (GDP) deflator (series: IHYS).

This was driven by the dramatic expansion of government health spending in response to the coronavirus (COVID-19) pandemic.

## Government expenditure growth in 2020 across healthcare functions

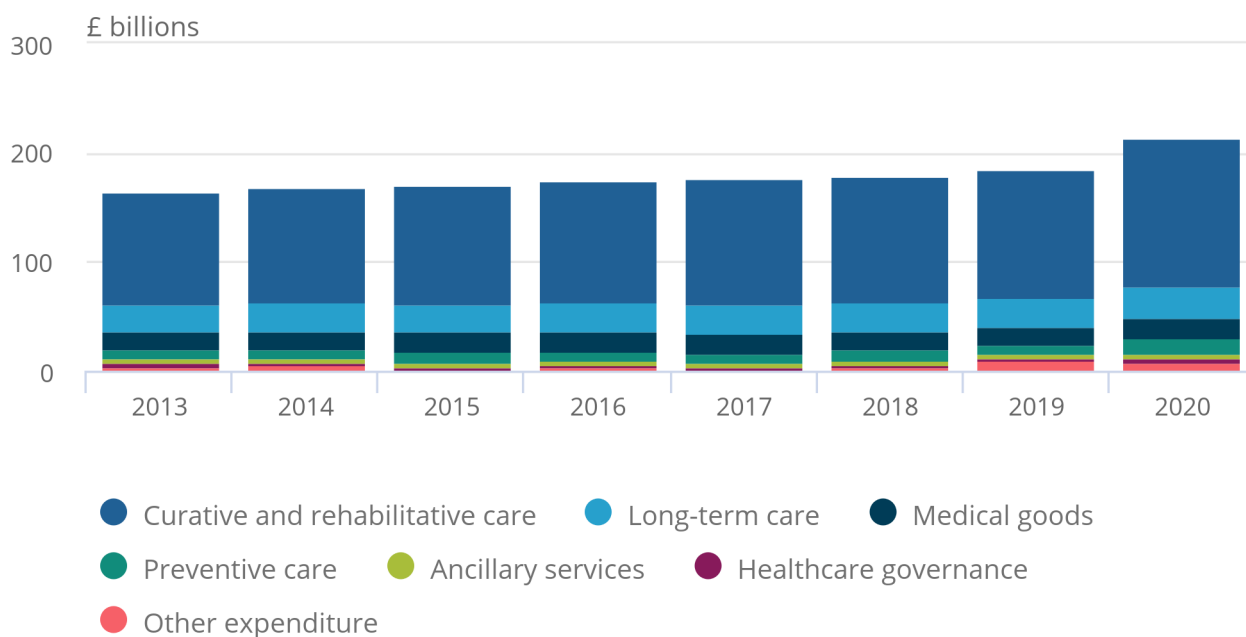
The healthcare function with the largest contribution to the increase in government healthcare spending in 2020 was curative and rehabilitative care. This accounted for 62.8% of overall government healthcare expenditure.

### Figure 5: Government expenditure on curative and rehabilitative care and preventive care increased in 2020

Government health expenditure by function in real terms, UK, 2013 to 2020

#### Figure 5: Government expenditure on curative and rehabilitative care and preventive care increased in 2020

Government health expenditure by function in real terms, UK, 2013 to 2020



Source: Office for National Statistics – UK Health Accounts

#### Notes:

1. Figures are presented in real terms, adjusted for inflation using the gross domestic product (GDP) deflator (series: IHYS).

The degree to which government-funded healthcare spending grew in 2020 varied depending on the type of care provided. Inpatient curative and rehabilitative care spending grew by 18.9% in real terms, while outpatient care grew by 14.0%. In contrast, government expenditure on curative or rehabilitative day care showed a fall of negative 0.8%, which may reflect disruption to elective surgery caused by the coronavirus pandemic. The impact of the coronavirus pandemic on elective care in England is documented by the Health Foundation in their publication [Elective care in England: Assessing the impact of COVID-19 and where next \(PDF, 1.1MB\)](#).

## Government preventive care expenditure in 2020

In 2020, there was a dramatic increase in government expenditure on preventive care, growing by 69.0% from 2019 and accounting for 6.7% of overall government healthcare expenditure.

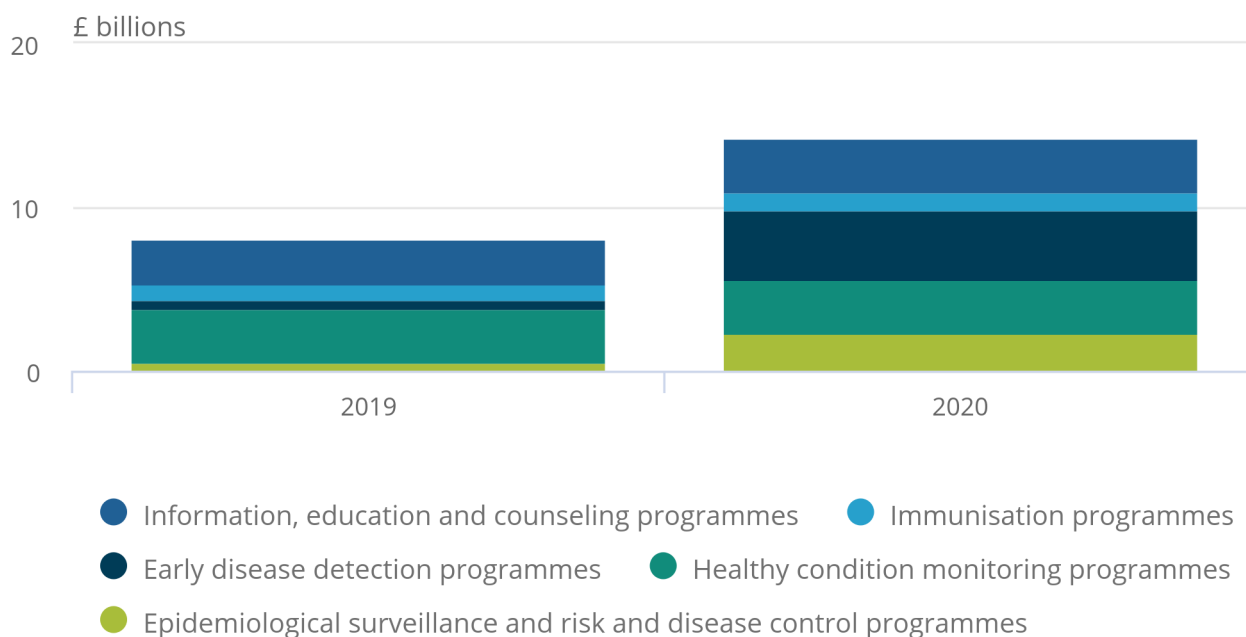
This growth in preventive care expenditure has primarily been driven by government-funded responses to the coronavirus pandemic. Much of this expenditure was related to coronavirus testing and tracing, on which we estimate £4.8 billion was spent over the calendar year 2020. This makes up 33.3% of government-funded preventive care spending in 2020. This compares to £11.1 billion spent on the NHS Test and Trace Programme in England over the financial year ending 2021. Added to this, coronavirus pandemic management costs such as public awareness campaigns and local authority spending on outbreak containment also contributed to the rise in preventive care expenditure in 2020. This was accompanied by the cost of administering a small number of COVID-19 vaccines in December 2020, which we estimate to be approximately £60 million.

### Figure 6: Growth in preventive care spending in 2020 was driven by disease detection and epidemiological surveillance expenditure

Preventive care expenditure by function in real terms, UK, 2019 to 2020

#### Figure 6: Growth in preventive care spending in 2020 was driven by disease detection and epidemiological surveillance expenditure

Preventive care expenditure by function in real terms, UK, 2019 to 2020



Source: Office for National Statistics – UK Health Accounts

#### Notes:

1. Figures are presented in real terms, adjusted for inflation using the gross domestic product (GDP) deflator (series: IHYS).

For more information on the identification of coronavirus-related spending in the health accounts, please see [Section 10: Strengths and limitations](#).



## 4 . Non-government healthcare expenditure

We are reporting these figures as provisional estimates. They are based on different sources of data than our usual sources for these financing schemes.

### Expenditure through non-government healthcare financing schemes

As a whole, non-government healthcare expenditure declined by negative 8.5% in real terms in 2020. However, this pattern was not uniform across non-government financing schemes. Out-of-pocket expenditure, the largest non-government healthcare financing scheme, saw a negative 9.7% fall in real terms in 2020, while voluntary health insurance and enterprise financing expenditure declined by 13.8% and 8.3% respectively. In contrast, expenditure for non-profit institutions serving households (NPISH) schemes, which includes health services provided by charities, increased by 6.4% in real terms in 2020.

### Decline in out-of-pocket care expenditure

The decline in out-of-pocket expenditure in 2020 was largely driven by falls in expenditure on curative and rehabilitative care. Spending on inpatient care is estimated to have fallen by negative 32.6% in real terms in 2020, while outpatient care spending dropped by negative 37.8%. This was likely because of postponement of many elective care procedures, which typically make up a sizeable portion of out-of-pocket healthcare expenditure, on account of the coronavirus (COVID-19) pandemic. This drop is recorded by the Private Healthcare Information Network (PHIN) in their [Annual Report 2020-21 \(PDF, 4.2MB\)](#).

In contrast, out-of-pocket spending on medical goods increased by 8.8% in real terms in 2020. This category includes spending on medical grade personal protective equipment (PPE), such as face masks and increased quantities of consumer pharmaceutical products [note 1].

### Spending on voluntary health insurance schemes

Spending on care financed through voluntary health insurance (VHI) fell by negative 13.8% in real terms in 2020. The proportion of this relating to claims - that is, insurer-funded medical treatments and services - fell to around 64% in 2020 compared with 71% in the previous year. This resulted in an increase in the proportion of VHI expenditure relating to financing administration, which includes the incurred costs of administering health insurance schemes and profits earned by insurers.

A substantial portion of the overall decline in voluntary health insurance expenditure was also driven by reduced spending on healthcare-related elements of travel insurance.

#### Notes for: Non-government healthcare expenditure

1. Please note that the consumption of non-medical grade PPE, such as masks made from cloth, is not regarded as healthcare expenditure.

## 5 . Long-term care expenditure

Long-term care expenditure accounts for services aimed at managing chronic health conditions related to long-term care dependency, and reducing suffering where an improvement in health is not expected. Total long-term care can be divided into health-related long-term care and social long-term care - for definitions of these terms please see our [Healthcare expenditure, UK Health Accounts: 2019](#) bulletin.

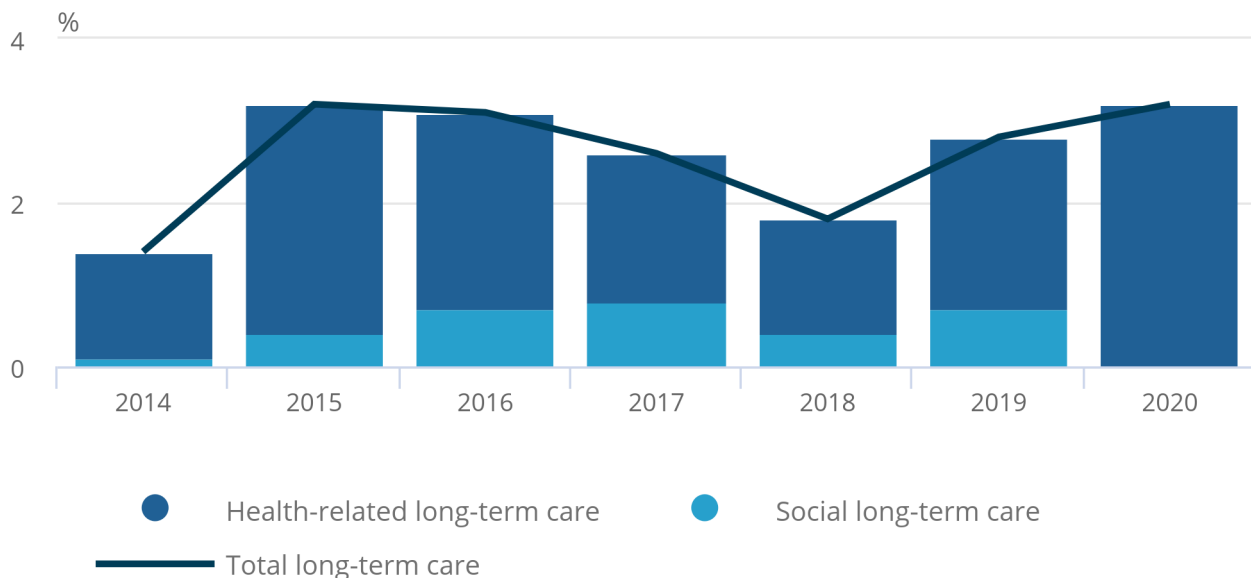
In 2020, total long-term care expenditure stood at £54.1 billion, growing by 8.5% in nominal terms and 3.2% in real terms since 2019. As in previous years, most growth was accounted for by health-related long-term care, which made up 80.6% of total long-term care expenditure in 2020.

### Figure 7: Growth in total long-term care expenditure has been largely driven by health-related long-term care

Contributions to growth in long-term care expenditure by component in real terms, UK, 2014 to 2020

#### Figure 7: Growth in total long-term care expenditure has been largely driven by health-related long-term care

Contributions to growth in long-term care expenditure by component in real terms, UK, 2014 to 2020



Source: Office for National Statistics –LaingBuisson

#### Notes:

1. Figures are presented in real terms, adjusted for inflation using the gross domestic product (GDP) deflator (series: IHYS).
2. Contributions to growth may not sum to overall growth because of rounding.

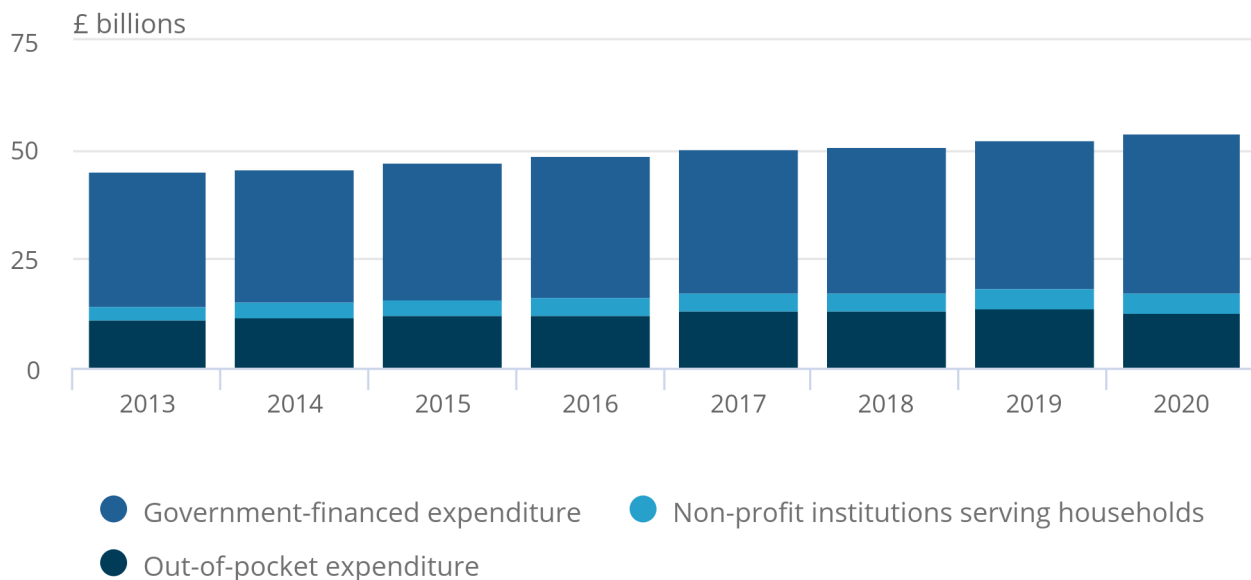
Government spending contributed the most to growth in total long-term care spend, making up 67.3% of total long-term care expenditure, and growing by 13.0% in nominal terms and 7.6% in real terms. This is largely on account of government financial support for care providers during the coronavirus (COVID-19) pandemic. This helped to cover increases in the costs of providing long-term care, such as additional personal protective equipment (PPE) and increased hygiene requirements. The aforementioned increased care costs were generally funded through government rather than passed on to self-paying customers. Lower out-of-pocket spending on residential long-term care was also induced by decreased occupancy of care homes as a result of the coronavirus pandemic, as is documented by the Care Quality Commission in their [COVID Insight 6: Designated settings and care home capacity](#) publication.

**Figure 8: Total long-term care expenditure predominantly consisted of government spending in 2020**

Long-term care expenditure by financing scheme in real terms, UK, 2013 to 2020

Figure 8: Total long-term care expenditure predominantly consisted of government spending in 2020

Long-term care expenditure by financing scheme in real terms, UK, 2013 to 2020



Source: Office for National Statistics, LaingBuisson

Notes:

1. Figures are presented in real terms, adjusted for inflation using the gross domestic product (GDP) deflator (series: IHYS).

## 6 . Capital expenditure

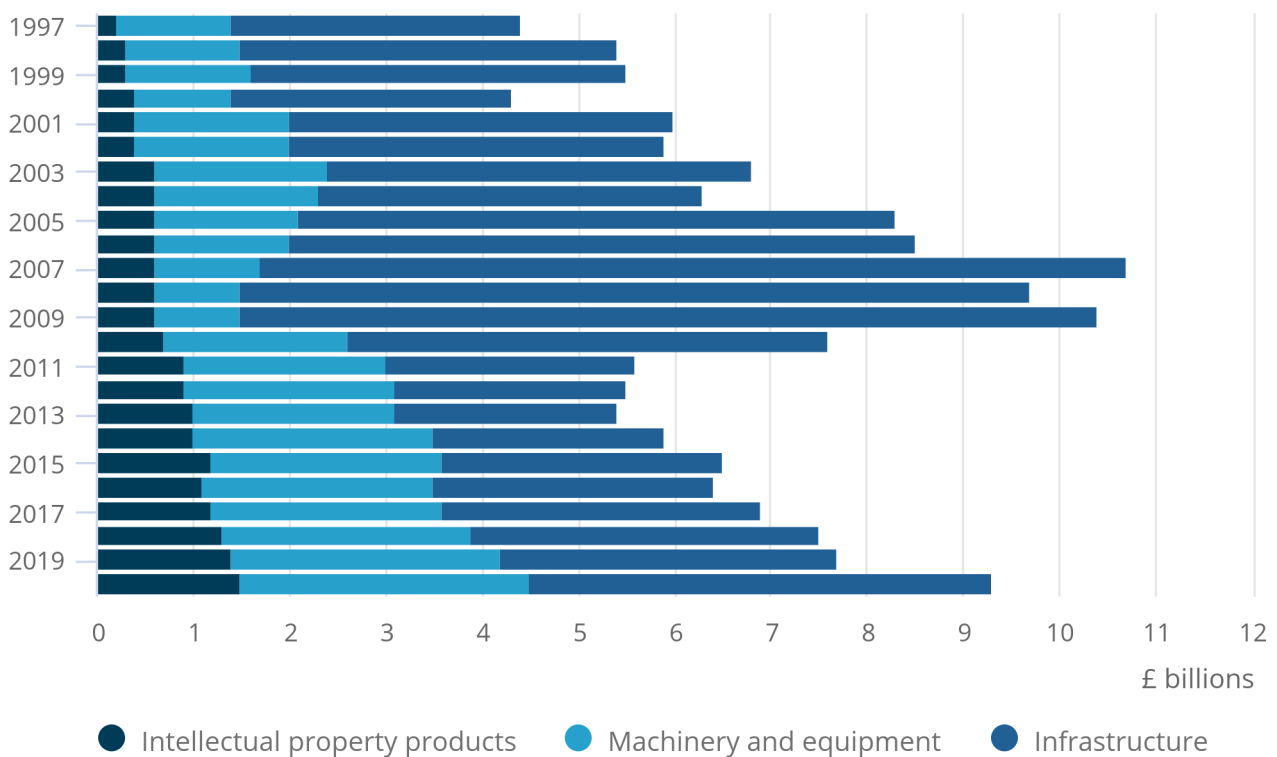
Gross fixed capital formation is an [estimate of net capital expenditure](#) by both the public and private sectors in the UK. In 2020, the net capital outlay on healthcare in the UK was £9.3 billion. This is an additional measure and not a part of the headline current healthcare expenditure statistics.

**Figure 9: Infrastructure accounted for the largest share of healthcare-related capital expenditure in 2020**

Expenditure on healthcare gross fixed capital formation, in real terms, 1997 to 2020, UK

### Figure 9: Infrastructure accounted for the largest share of healthcare-related capital expenditure in 2020

Expenditure on healthcare gross fixed capital formation, in real terms, 1997 to 2020, UK



Source: Office for National Statistics – Gross fixed capital formation

**Notes:**

1. Figures are presented in real terms, adjusted for inflation using the gross domestic product (GDP) deflator (series: IHYS).
2. Intellectual property products exclude research and development.

## 7 . Revisions

The data presented in this bulletin provides revisions to estimates previously published in our [Healthcare expenditure, UK Health Accounts provisional estimates: 2020](#) bulletin. These revisions from the provisional estimates are greater than revisions to earlier years of the time series.

Overall, our provisional healthcare expenditure estimates for 2020 were revised downwards by 4.4% (£11.9 billion). This was driven by downward revisions to government and out-of-pocket healthcare expenditure. Government healthcare expenditure was revised down by 3.1% (£6.9 billion), reflecting lower-than-expected expenditure on testing and tracing services, among other things.

Our provisional estimates of out-of-pocket healthcare expenditure in 2020 were revised downwards by 13.4% (£5 billion). This reflected the share of additional coronavirus (COVID-19) related long-term care costs that were borne by self-funding clients being lower than anticipated.

Revisions to other healthcare financing schemes are presented in Table 1.

Table 1: Revisions to provisional estimates of healthcare expenditure in 2020  
£ billions

	All financing schemes	Government Schemes	Voluntary health insurance	Non-profit institutions serving households	Enterprise financing	Out-of-pocket expenditure
<b>Provisional estimate</b>	269.5	220.3	4.9	6.1	0.9	37.3
<b>Revised estimate</b>	257.6	213.4	5.8	5.5	0.7	32.3

Source: Office for National Statistics - UK Health Accounts

For years before 2020, improvements and changes to data sources have resulted in revisions to the UK Health Accounts back series of no more than positive or negative 3% of total current healthcare expenditure. Further information on revisions is available in our [UK Health Accounts reference tables](#). Changes to the back series are a result of [revisions to national accounts data](#), in particular to household final consumption expenditure.

Because of expected updates in the source data used in the Health Accounts, particularly in non-government financing schemes, higher revisions than normal are possible in next year's accounts.

The share of gross domestic product (GDP) attributed to health care in 2019 has been revised downward from 10.2% in the previous edition of this bulletin to 9.9%. Last year's provisional estimate for 2020 was revised down from 12.8% to 12.0%. These are a result of upward revisions to GDP and the downward revisions to healthcare expenditure as described above.

## 8 . Health expenditure data

[UK Health Accounts](#)

Dataset | Released 9 May 2022

UK health expenditure. Final data for financing schemes, functions, providers, long-term care expenditure, revenues of financing and capital expenditure. Provisional data for financing schemes only.

## 9 . Measuring the data

For more information about the sources and methods used to produce the UK Health Accounts, please see our [UK Health Accounts: methodological guidance](#) and [Estimating the 1997 to 2012 UK Health Accounts time series - methodology guidance](#).

## 10 . Strengths and limitations

### International Comparability

The UK Health Accounts are constructed using standardised definitions drawn from the System of Health Accounts 2011 (SHA) framework. This framework is employed by all EU member states and most of the Organisation for Economic Co-operation and Development (OECD) countries. This makes the Health Accounts the most suitable source for international comparisons of healthcare expenditure. However, there may be additional caution required in interpreting international comparisons in 2020 because of the impact that the coronavirus (COVID-19) pandemic has had on usual data compilation practices for some statistics authorities<sup>1</sup>.

### Timeliness

Sufficiently detailed data on healthcare functions and providers are only available at a two-year lag, limiting the timeliness of the UK Health Accounts. However, provisional estimates of healthcare spending in 2021 are available in our [Healthcare expenditure, UK Health Accounts: provisional 2021 estimates bulletin](#).

### Data limitations

Our healthcare expenditure estimates for 2020 are subject to more uncertainty than usual as a result of the challenges faced by data producers in response to the coronavirus pandemic. A number of regular data sources used to produce the UK Health Accounts were partially or entirely suspended over 2020, and therefore some estimation methods have been used. For instance, where data have not been available from one or more devolved administrations, growth rates have been calculated using available data from the UK nations where these data are available. As such, revisions to these data are expected in future.

### Identification of coronavirus-related costs

While we have attempted to identify expenditure on coronavirus-related services in 2020, we have been limited to reporting spending on testing and tracing services and COVID-19 vaccinations. We have not been able to separately identify other COVID-19 services in comparison with other forms of treatment, such as costs associated with treating COVID-19.

### Allocation of personal protective equipment expenditure by healthcare function and provider

The Department of Health and Social Care annual accounts report that £13 billion was spent on the procurement, storage and transportation of personal protective equipment (PPE) in the financial year ending 2021. In order to allocate this to appropriate healthcare functions and providers, we have used available information on how PPE was distributed where possible. Where this is not known, or for surplus supplies, we have distributed expenditure among categories pro rata.

## 11 . Related links

### [Healthcare expenditure, UK Health Accounts: provisional estimates for 2021](#)

Bulletin | Released 9 May 2022

Provisional high-level estimates of healthcare expenditure in 2021 by financing scheme.

### [UK Health Accounts: methodological guidance](#)

Methodology article | Last revised 1 June 2021

This guidance note explains the methodology used to calculate healthcare expenditure for government and non-government financing schemes of health accounts.

### [Estimating the 1997 to 2012 UK Health Accounts time series - methodology guidance](#)

Methodology article | Last revised 28 April 2020

The methodology used to calculate healthcare expenditure by financing scheme for the period 1997 to 2012 on a basis consistent with the international definitions of the System of Health Accounts 2011.

### [Introduction to health accounts](#)

Methodology article | Last revised 12 May 2016

What health accounts are and how they differ from the previous Office for National Statistics (ONS) analysis "Expenditure on healthcare in the UK".

### [Public service productivity, healthcare, England: financial year ending 2020](#)

Bulletin | Released 21 January 2022

Estimates of output, inputs and productivity for public service healthcare in England, with additional estimates for the UK.

### [System of Health Accounts 2011 \(revised edition\)](#)

Publication | Released 16 March 2017

A systematic description of the financial flows related to the consumption of healthcare goods and services on the OECD website.

### [Organisation for economic co-operation and development \(OECD\) health expenditure and financing dataset](#)

Dataset | Updated as new data become available

Data on health expenditure and financing for Organisation for Economic Cooperation and Development (OECD) member states.