

Statistical bulletin

Healthcare expenditure, UK Health Accounts: 2021

Healthcare expenditure statistics for 1997 to 2021, produced to the international definitions of the System of Health Accounts 2011.

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Correction

26 July 2023 14:00

A correction has been made to Healthcare expenditure, UK Health Accounts: 2021. A production error impacted estimates of out-of-pocket expenditure and total healthcare expenditure between 1997 and 2012. The correction does not substantially change the trend in total current healthcare expenditure growth over this period. Figures 1 and 3 have been updated accordingly. No other estimates were affected. You can see the original content in the superseded version. We apologise for any inconvenience.

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1 . Main points

- Total current healthcare expenditure in the UK in 2021 was £280.7 billion, equating to £4,188 per person.
- Total current healthcare expenditure in the UK accounted for 12.4% of gross domestic product (GDP) in 2021, slightly higher than the proportion it represented in 2020.
- Healthcare expenditure grew by 9.4% in nominal terms, or 9.7% in real terms, between 2020 and 2021.
- Government-financed healthcare expenditure was £233.1 billion in 2021, growing by 9.6% in real terms and making up 83.0% of total healthcare spending.
- Spending on preventive care was £35.1 billion in 2021, more than doubling from 2020 because of the government response to the coronavirus (COVID-19) pandemic.
- Total pharmaceutical expenditure in the UK stood at £39.6 billion in 2021, 14.1% of current health expenditure, representing both the final use of medicines and those used in wider courses of treatment.

2 . Total current healthcare expenditure

Healthcare expenditure in 2021

In 2021, current spending on healthcare in the UK totaled £280.7 billion, equating to £4,188 spent per person. This includes both government and non-government spending on healthcare.

This bulletin presents detailed analysis of healthcare spending in 2021. Within this bulletin, "healthcare spending" refers to current healthcare spending. Our provisional estimates of healthcare expenditure in 2022 are available in our [Healthcare expenditure, UK Health Accounts: provisional estimates for 2022 bulletin](#).

Healthcare expenditure represented 12.4% of gross domestic product (GDP) in 2021, slightly higher than the share in 2020 (12.2%). During this period healthcare expenditure grew at a slightly faster pace than GDP.

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 social care in the UK.

Growth in current healthcare expenditure

Total healthcare expenditure grew by 9.4% between 2020 and 2021 in nominal terms and by 9.7% in real terms. In nominal terms this was substantially slower than expenditure growth in 2020, however in real terms this is the fastest rate of year-on-year growth observed across the time series, which began in 1997.

Real terms spending growth figures are produced using the [GDP deflator](#). The GDP deflator used is the vintage published with the Quarter 1 (Jan to Mar) 2023 first quarterly estimate.

As a 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. Instead, this represents healthcare spending relative to the general increase in prices in the economy. [Challenges in measuring GDP over the coronavirus \(COVID-19\) pandemic](#) mean that greater care should be taken in interpreting real terms growth over this period.

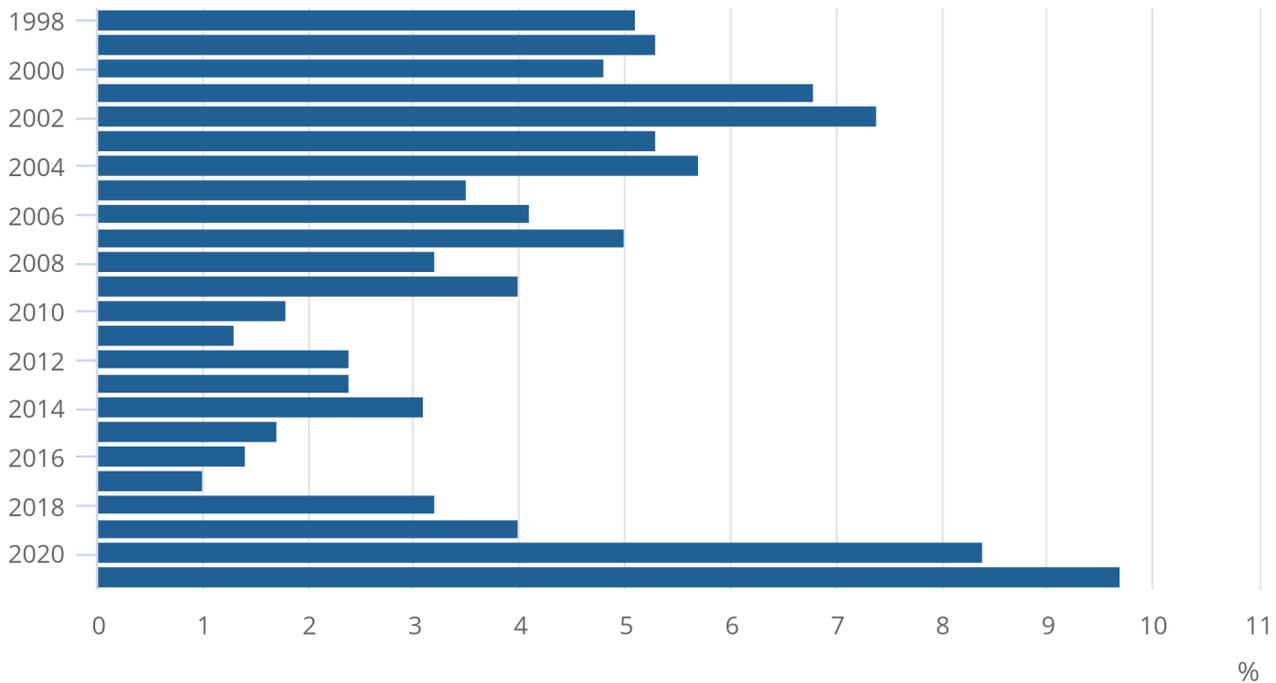
General inflation in the economy was unchanged between 2020 and 2021, meaning nominal and real terms are the same for this year. As a result, the growth rates presented for 2021 in this bulletin represent both nominal and real terms increases.

Figure 1: Real healthcare expenditure rose by 9.7% in 2021

Annual growth rates in total current healthcare expenditure, UK, real terms, 1998 to 2021

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Annual growth rates in total current healthcare expenditure, UK, real terms, 1998 to 2021



Source: UK Health Accounts from the Office for National Statistics

Notes:

1. Figures are provided in real terms, adjusted for inflation using the gross domestic product (GDP) deflator.
2. Because of challenges in measuring GDP over the coronavirus (COVID-19) pandemic, care should be taken in interpreting real terms expenditure growth over 2020 and 2021.

The increase in total current healthcare expenditure can be attributed to increased government spending. This reflects the UK and devolved governments' continued response to the coronavirus pandemic, as well as growth in many non-government financing schemes, which had contracted in 2020.

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 £233.1 billion in 2021, equating to £3,477 per person and representing 83.0% of total current healthcare expenditure.

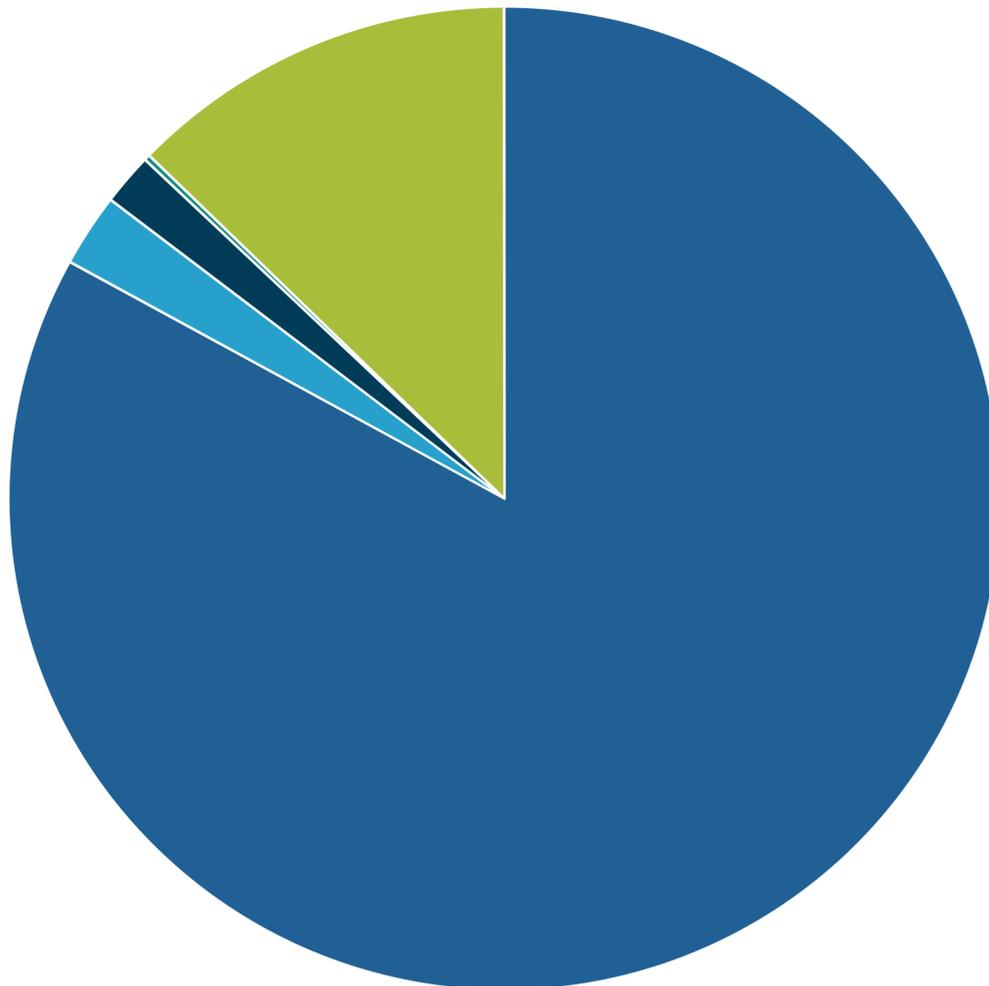
The largest of the non-government financing arrangements was out-of-pocket expenditure, which includes private spending by consumers on elective treatments, medical goods, and other health services and products. This category accounted for 12.7% of overall healthcare spending or £35.6 billion. Voluntary health insurance accounted for 2.4% of overall spending on healthcare, or £6.9 billion, while non-profit institutions serving households (NPISH) and enterprise financing were the smallest financing schemes, accounting for 1.7% and 0.2% respectively.

Figure 2: Government financing represented 83% of healthcare expenditure in 2021

Total current healthcare expenditure by financing scheme, £ billion, UK, 2021

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Total current healthcare expenditure by financing scheme, £ billion, UK, 2021



Source: UK Health Accounts from the Office for National Statistics

Notes:

1. Figures may not sum because of rounding.

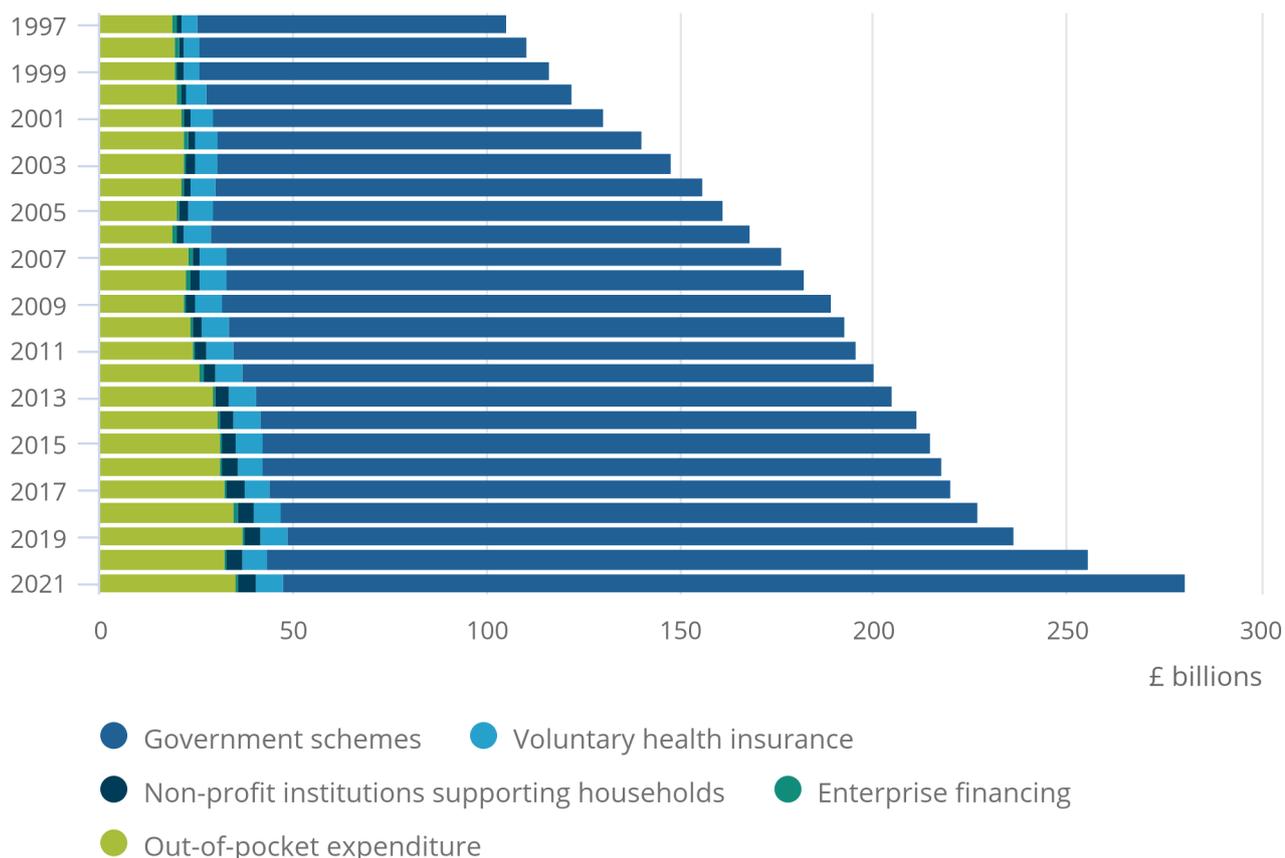
The increase in healthcare expenditure in 2021 was predominantly driven by government spending, but all non-government financing schemes also grew and contributed to the increase.

Figure 3: Healthcare expenditure increased in real terms by around 18.8% (just under one-fifth) between 2019 and 2021

Total health expenditure by financing scheme in real terms, £ billion, UK, 1997 to 2021

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Total health expenditure by financing scheme in real terms, £ billion, UK, 1997 to 2021



Source: UK Health Accounts from the Office for National Statistics

Notes:

1. Figures are provided in real terms, adjusted for inflation using the gross domestic product (GDP) deflator.
2. Because of challenges in measuring GDP over the coronavirus (COVID-19) pandemic, care should be taken in interpreting real terms expenditure growth over 2020 and 2021.

3 . Government healthcare expenditure

Growth in government healthcare expenditure in 2021

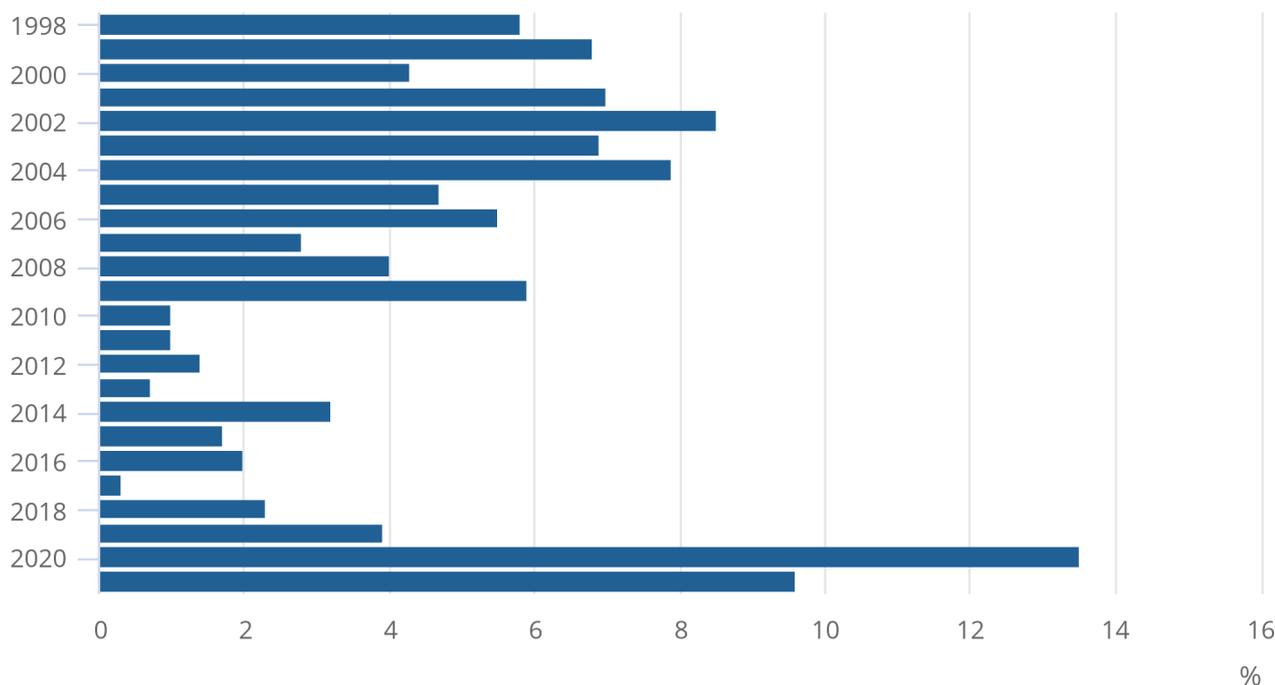
Government healthcare expenditure was £233.1 billion in 2021, increasing by 9.4% in nominal terms and by 9.6% in real terms. Government spending continued to increase following unprecedented growth of 13.5% in real terms in 2020.

Figure 4: Government-financed healthcare expenditure grew in 2021 but at a slower pace in real terms than in 2020

Growth in government-financed healthcare expenditure in real terms, UK, 1998 to 2021

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Growth in government-financed healthcare expenditure in real terms, UK, 1998 to 2021



Source: UK Health Accounts from the Office for National Statistics

Notes:

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2. Because of challenges in measuring GDP over the coronavirus (COVID-19) pandemic, care should be taken in interpreting real terms expenditure growth over 2020 and 2021.

Growth in government spending in 2021 was driven by the continued response to the coronavirus pandemic, including the implementation of the COVID-19 vaccination programme and the expansion of the UK mass testing programme. Excluding COVID-19 testing, tracing and vaccination services, government healthcare spending grew by a modest 1.9% in 2021

Government expenditure in 2021 across healthcare functions

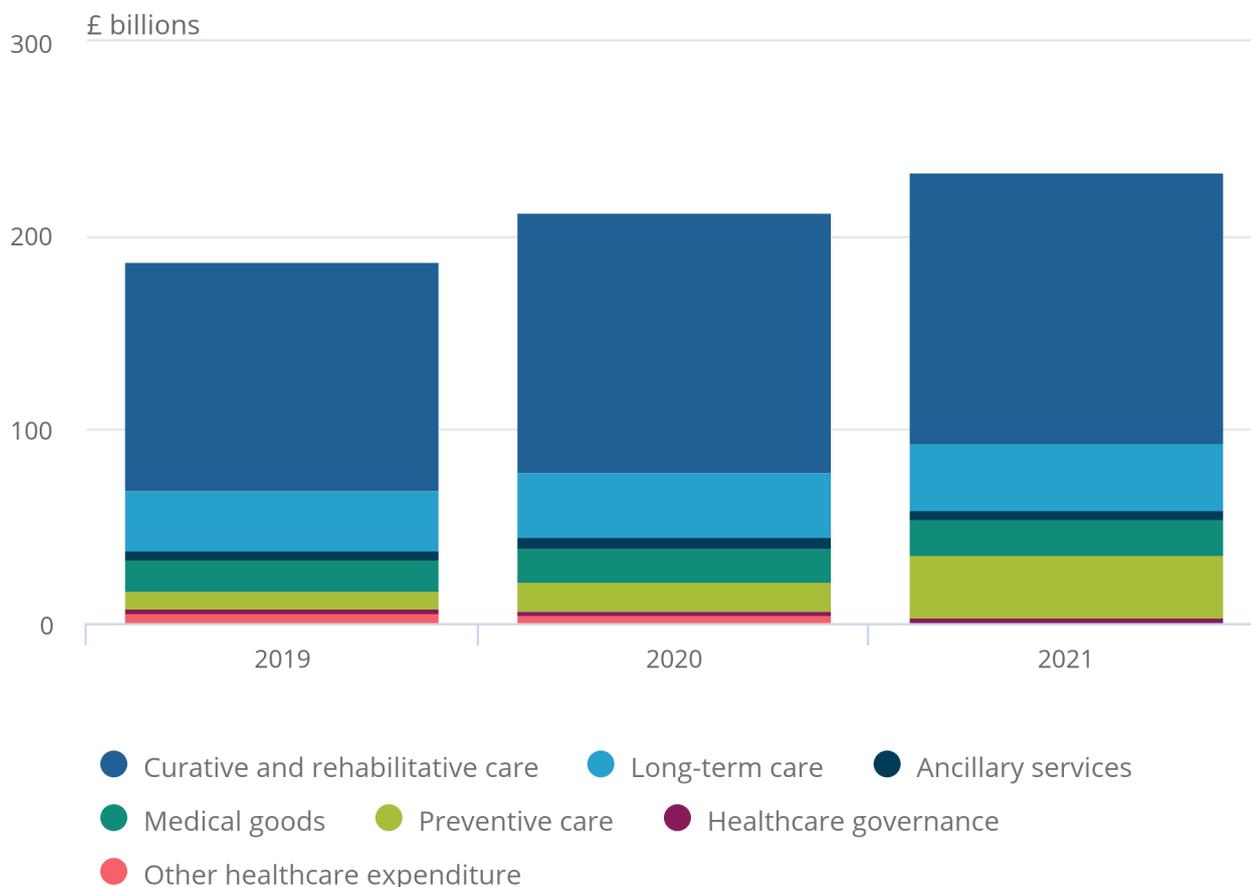
Curative and rehabilitative care accounted for almost three-fifths (59.8%) of government healthcare spending in 2021, accounting for the largest share of any healthcare function. Growth in overall government spending, however, was driven primarily by spending on preventive care, which grew by 129.3% in real terms in 2021

Figure 5: Government expenditure on curative and rehabilitative care and preventive care increased in 2021

Government health expenditure by function in real terms, £ billion, 2019 to 2021

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Government health expenditure by function in real terms, £ billion, 2019 to 2021



Source: UK Health Accounts from the Office for National Statistics

Notes:

1. Figures are provided in real terms, adjusted for inflation using the gross domestic product (GDP) deflator.
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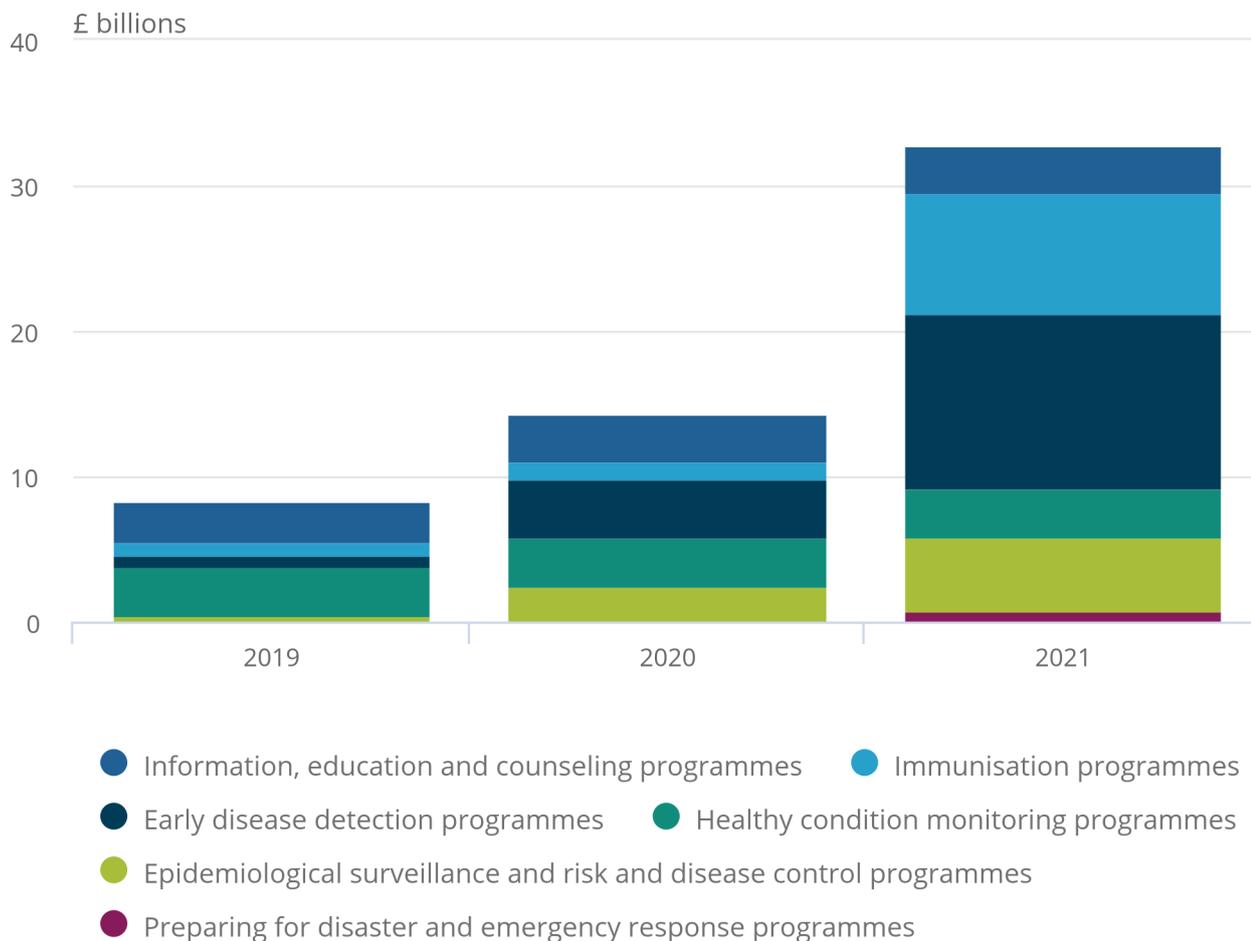
The share of government expenditure attributed to preventive care more than tripled between 2019, before the onset of the coronavirus pandemic, and 2021. The share increased from 4.4% of government healthcare expenditure in 2019 to 14.1% in 2021, primarily because of the establishment of programmes responding to the coronavirus pandemic.

Figure 6: Growth in preventive care spending in 2021 was driven by early disease detection and immunisation programmes

Preventive care expenditure by function in real terms, £ billions, 2019 to 2021

Figure 6: Growth in preventive care spending in 2021 was driven by early disease detection and immunisation programmes

Preventive care expenditure by function in real terms, £ billions, 2019 to 2021



Source: UK Health Accounts from the Office for National Statistics

Notes:

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2. Because of challenges in measuring GDP over the coronavirus (COVID-19) pandemic, care should be taken in interpreting real terms expenditure growth over 2020 and 2021.
3. Preventive care includes spending on COVID-19 related testing, tracing, vaccination and pandemic management over 2020 and 2021.

We estimate that approximately £6.4 billion was spent on the COVID-19 vaccination programme across the UK over the calendar year 2021, making up 19.5% of government-financed preventive care expenditure. Spending on COVID-19 testing and tracing also increased in nominal terms from £4.8 billion in 2020 to £15.0 billion in 2021, as the national mass testing programme took full effect. Added to this were coronavirus pandemic management costs including the operations of the Joint Biosecurity Council and national public awareness campaigns. Together COVID-19-related preventive care spending is estimated at around £21.8 billion in 2021.

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

Total non-government healthcare expenditure increased by 9.9% in 2021 in real terms, with all non-government financing schemes experiencing growth, following falls in spending in 2020. This in part reflects the resumption of services that experienced disruption in 2020 following economy-wide measures to combat the coronavirus pandemic.

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

The two largest non-government financing schemes were out-of-pocket spending and voluntary health insurance schemes, which together represent household spending on healthcare. Out-of-pocket expenditure represents direct payments for healthcare by households, including entirely self-funded treatments, as well as contributions to government funded care and co-payments on health insurance.

The strongest growth in out-of-pocket spending was from goods and services most affected in 2020 by lockdown restrictions, such as dental treatments, outpatient services like physiotherapy, as well as optical goods and services. By comparison, spending on medical goods was more modest, in part because of falling spending on over-the-counter medicines after the highest recorded level of spending in 2020.

Spending on care financed through voluntary health insurance (VHI) increased by 13.0% in 2021 in real terms. This mostly related to the cost of claims, which concerns insurer-funded medical treatments and services. Expenditure associated with the administrative costs of providing insurance saw only a very small increase compared with 2020.

5 . Long-term care expenditure

In 2021, total long-term care expenditure stood at £60.0 billion, growing by 4.4% in real terms since 2020. Health-related long-term care was the largest component of total long-term care (81.5%) in 2021, but spending on social long-term care services grew at a faster rate.

Figure 7: Social long-term care expenditure grew at a faster rate than health-related long-term care in 2021

Growth in health and social-related long-term care expenditure in real terms, UK, 2014 to 2021

Figure 7: Social long-term care expenditure grew at a faster rate than health-related long-term care in 2021

Growth in health and social-related long-term care expenditure in real terms, UK, 2014 to 2021



Source: UK Health Accounts from the Office for National Statistics, LaingBuisson

Notes:

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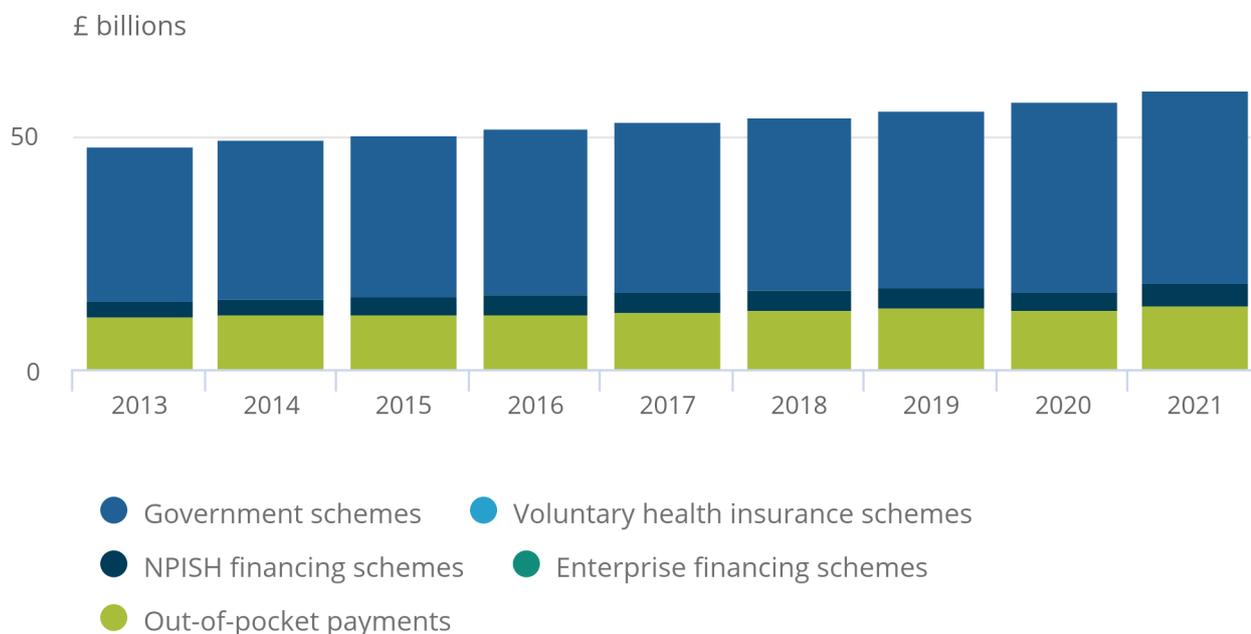
Government spending made up 69.2% of total long-term care expenditure in 2021 and grew by 2.5% in real terms. Out-of-pocket expenditure, the second largest financing scheme for long-term care, increased by 8.0% in real terms compared with 2020.

Figure 8: Total long-term care expenditure predominantly consisted of government spending in 2021

Long-term care expenditure by financing scheme in real terms, £ billions, UK, 2013 to 2021

Figure 8: Total long-term care expenditure predominantly consisted of government spending in 2021

Long-term care expenditure by financing scheme in real terms, £ billions, UK, 2013 to 2021



Source: UK Health Accounts from the Office for National Statistics, LaingBuisson

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2. Because of challenges in measuring GDP over the coronavirus (COVID-19) pandemic, care should be taken in interpreting real terms expenditure growth over 2020 and 2021.

6 . Total pharmaceutical expenditure

For the first time, we are able to present estimates of total pharmaceutical expenditure. This measure incorporates spending on prescribed drugs, over-the-counter medicines, vaccines, and the consumption of pharmaceuticals within wider courses of treatment.

Total pharmaceutical expenditure was £39.6 billion in 2021, with around:

- 40.8% relating to spending on community-prescribed medicines
- 19.7% on over-the-counter medicines
- 20.9% relating to immunisation programmes
- 18.6% relating to medicines administered as part of courses of treatment

The measure presents net expenditure on medicines, accounting for pharmaceutical rebates, as well as payments made through voluntary and statutory payback schemes. The scale of payments made through payback schemes each year may be affected by previous years' sales and payments, which can influence growth in overall pharmaceutical expenditure. As a comparison, gross of these payments total pharmaceutical expenditure in 2021 was £40.8 billion.

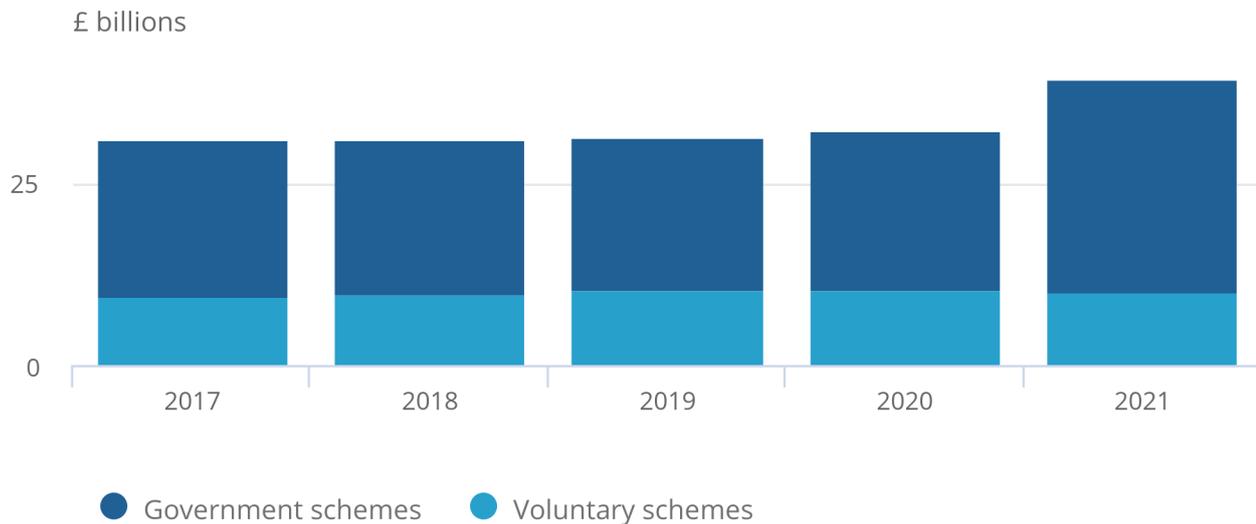
Total pharmaceutical expenditure grew by 21.7% in 2021. This is much stronger growth than was observed for overall health expenditure (9.7%). Government spending represented almost three-quarters of total pharmaceutical spending and grew by 34.7% in real terms in 2021. This is mainly a reflection of significant spending on immunisation programmes, driven by the rollout of the coronavirus (COVID-19) vaccination programme. By contrast non-government expenditure fell in 2021 by 5.3%, influenced by a fall in household spending on over-the-counter medicines.

Figure 9: Total pharmaceutical expenditure grew by over 20% in 2021, mainly because of immunisation programme expenditure

Total pharmaceutical expenditure, in real terms, £ billions, 2017 to 2021, UK

Figure 9: Total pharmaceutical expenditure grew by over 20% in 2021, mainly because of immunisation programme expenditure

Total pharmaceutical expenditure, in real terms, £ billions, 2017 to 2021, UK



Source: UK Health Accounts from the Office for National Statistics

Notes:

1. Figures are provided in real terms, adjusted for inflation using the gross domestic product (GDP) deflator.
2. Because of challenges in measuring GDP over the coronavirus (COVID-19) pandemic, care should be taken in interpreting real terms expenditure growth over 2020 and 2021.

The definitions of our measure of total pharmaceutical expenditure differ compared with other sources of data, including NHS estimates (see [Section 10: Measuring the data](#)). Caution should be exercised when making international comparisons, as not all countries estimating total pharmaceutical expenditure are able to account for pharmaceutical rebates and pricing mechanisms.

7 . Capital expenditure

[Gross fixed capital formation](#) is an estimate of net capital expenditure by both the public and private sectors in the UK. This is an additional measure and not a part of the headline current healthcare expenditure statistics.

The data required to produce estimates of healthcare capital outlay for 2021 are not available until September 2023, because of [data and resource constraints](#). As a result, our estimates of capital expenditure remain unchanged from our [Healthcare expenditure, UK Health Accounts: 2020 bulletin](#).

8 . Revisions

The data presented in this statistical bulletin provide revisions to estimates previously published in our [Healthcare expenditure, UK Health Accounts provisional estimates: 2021 bulletin](#). These revisions to last year's provisional estimates are greater than revisions made to last year's more comprehensive estimates for 1997 to 2020.

Overall, our provisional healthcare expenditure estimates for 2021 were revised upward by £4.1 billion.

Table 1: Revisions to provisional estimates of healthcare expenditure in 2021 (£ billions)

	All financing schemes	Government Schemes	Voluntary health insurance	Non-profit institutions serving households	Enterprise financing	Out-of-pocket expenditure
Provisional estimate	276.6	229.3	6.4	6.2	0.7	34.0
Revised estimate	280.7	233.1	6.9	4.7	0.5	35.6

Source: UK Health Accounts from the Office for National Statistics

For years before 2021, improvements and changes to data sources have resulted in revisions to the UK Health Accounts back series of no more than 1% of total current healthcare expenditure either upwards or downwards. Further information on revisions is available in our [UK Health Accounts dataset](#). Changes to the back series are a result of [revisions to national accounts data](#), in particular to household final consumption expenditure.

Improvements to the methodology for estimating spending on healthcare services commissioning to independent sector providers has resulted in larger-than-usual revisions to the distribution of government expenditure by healthcare function and provider. However, these do not impact on the levels of total government expenditure. This has reduced the size of healthcare spending that is not allocated a specific healthcare function or provider setting.

9 . Healthcare 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.

[OECD health accounts](#)

Dataset | Updated as new data become available

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

10 . Measuring the data

More information about the sources and methods used to produce the UK Health Accounts, as well as more information on how our measure of total pharmaceutical expenditure is compiled and differences to other data sources is available. Please see our [UK Health Accounts: methodological guidance](#) and our [Estimating the 1997 to 2012 UK Health Accounts time series -- methodology guidance](#).

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](#).

11 . 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 Organisation for Economic Co-operation and Development (OECD) countries, making 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 2021 because of the impact of the coronavirus (COVID-19) pandemic on statistics authorities' usual data compilation practices.

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 estimates of healthcare expenditure for 2021 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 2021 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 such data are available. As such, revisions are expected to these data in future.

Identification of COVID-19 related costs

While we have attempted to identify expenditure on COVID-19 related services in 2021, we have been limited to reporting spending on testing and tracing services, COVID-19 vaccinations, and therapeutic treatments for COVID-19. We have not been able to separately identify other COVID-19 services, such as costs associated with treating COVID-19 from other forms of treatment.

12 . 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 | 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 | 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](#)

Article | Last revised 12 May 2016

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

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

Framework | Released 16 March 2017

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

[Public service productivity, healthcare, England: financial year ending 2021](#)

Bulletin | Released 29 March 2023

Estimates of output, inputs and productivity for public service healthcare in England.

13 . Cite this statistical bulletin

Office for National Statistics (ONS), released 17 May 2023, ONS website, statistical bulletin, [Healthcare expenditure, UK Health Accounts: 2021](#)