

Kazakhstan's National Health Expenditures: Public and Private

Kazakhstan has a national health system that is mainly financed by general revenues. Between 2008 and 2010, public spending on health increased in absolute terms but, as a proportion of GDP, remained steady (ranging between around 2.1% and 2.2%) and was projected to reach 2.3% in 2011. During this period, up to between 70% and 75% of public expenditure came from local budgets (see Table 1). However, government's decision, in 2010, to pool most hospital financing at a central level shifted this balance towards the republican budget, which was expected to contribute up to 58.2% of all public funds in 2010.

Government spending has shown steady growth since 2008, increasing, on average, by 17% per annum. However, private expenditure on health grew faster (at 23% per annum) and increased by 69% in 2011, when compared to 2008 level (see Figure 1). Consequently, over the years the private contribution towards total health expenditure (HE) ranged between 35% and 39%. The role of external funding has been minimal, amounting to 0.2% of total HE.

Table 1 Macroeconomic and total health expenditure data, 2007–11 (in current prices)

Macroeconomic parameters	2008	2009	2010	2011(est)
GDP (Tenge billion)	12,849.8	16,052.9	17,007.6	8,733.0*
Total general government expenditure (GGE) (Tenge billion)	3,536.4	4,502.3	3,746.8	2,019.2*
Total HE (Tenge billion)	415.3	533.8	591.2	639.7
Consumer Price Index (CPI)	110.8	117.0	107.3	N/A
CPI for services, including health	111.7	114.3	109.8	104.3†
Index of real growth 2007=100	100.0	112.5	113.3	117.7
Health care financing ratios				
Total HE as % of GDP	3.2	3.3	3.5	3.6†
Public health expenditure as % of GGE	7.5	7.7	9.6	13.4*
Public health expenditure as % of GDP	2.1	2.2	2.1	2.3
Private health expenditure as % of total HE	35.8	35.0	38.8	36.8
Per capita ratios				
Per Capita total HE current Tenge ('000)	28.85	34.81	32.76	40.87†
Per Capita total HE constant 2007 (Tenge '000)	28.9	29.8	25.3	30.1
Per capita total HE current US\$**	235.4	289.4	222.1	278.4
Per capita total HE current PPP int.\$***	378.9	379.6	370.0	413.9

Notes: *Based on 6-month data; † Annual Estimate for 2011; **current exchange rates were sourced from National Bank of Kazakhstan www.nationalbank.kz (last accessed on September 11, 2011); ***current exchange rates were sourced from National Bank of Kazakhstan www.nationalbank.kz (last accessed on September 11, 2011). Sources: Agency of Statistics, Ministry of Finance and Treasury, National bank of Kazakhstan, www.economywatch.com

Total HE has been growing in absolute terms during the last few years. However, when adjusted for inflation and presented in constant 2008 prices (see Table 1), actual spending (in per capita terms) declined from Tenge 28,900 in 2008 to Tenge 25,300 in 2010. Only in 2011, total HE were expected to surpass 2008 levels, in per capita terms.

Consequently, real growth in health spending between 2008 and 2010 did not take place, because additional funds were absorbed by price inflation for services.

Kazakhstan's total HE estimates reported by the WHO NHA for 2008–09 are slightly higher, at 3.7%, compared with estimates of the World Bank of 3.2% and 3.3% of GDP, respectively. Most probably these differences are due to overestimating public expenditure through inter-budgetary transfers being double-counted by the WHO. However, the public–private distribution figures as presented in this report and those published by the WHO are still comparable.

Netting gross capital formation from total HE helped obtain total current expenditure on health (CHE), which includes personal services, as well as public health services, and resources for health administration and insurance. Total CHE consumed 2.8% (2008), 2.9% (2009), 3.2% (2010) and 3.3% (2011) of GDP.

Between 2008 and 2011, on average, 10.5% of total HE was spent on gross capital formation: 86% of this amount was invested in public facilities and 14% in, although non-state providers render approximately 20% of services (see Table 2). The proportion of total HE invested in capital expenditure was higher during 2008, at 13.7%, subsequently displayed a declining trend, hitting a low in 2010 (8.5%) but was expected to rise to 9.1% in 2011.

From total CHE, on average, 6.1% was spend annually on public (collective) health services and on health sector administration, leaving around 2.9% of GDP for personal health services (i.e. total expenditure on personal health (EPH), which increased from 2.6% of GDP in 2008 to 3.1% in 2011 (see Table 2).

When total EPH is adjusted for inflation, real growth amounts to 21% between 2007 and 2010 (approximately 7% per annum). In real terms, public spending grew relatively more rapidly than private spending. It was a government policy priority to increase funding for the State Guaranteed Benefit Package (SGBP), which is available to all citizens and residents in the country. Therefore, continuous growth in real public expenditure on personal services confirms that government's policy priorities have been resourced from the state budget and that allocations have increased over time.

Figure 1: Health expenditure trends, 2007–10

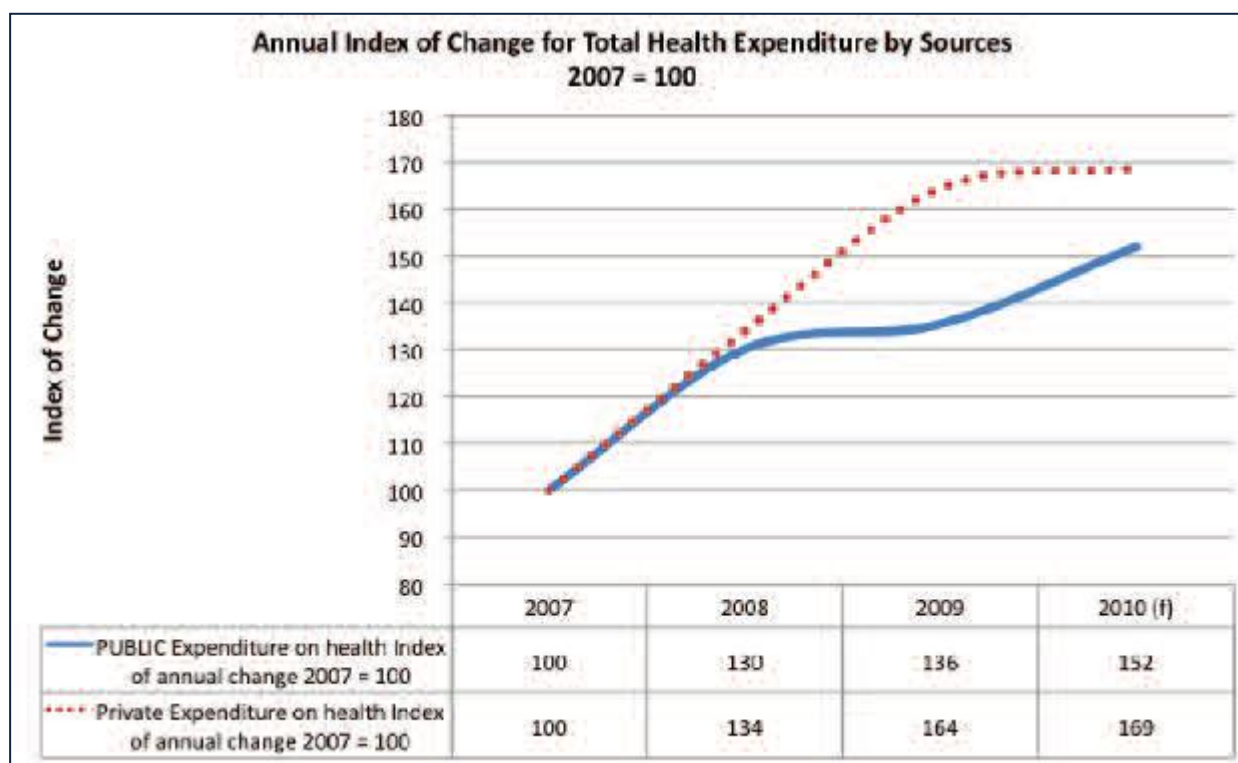


Table 2. Structure of total health expenditure (in current billion Tenge)

Expenditure type	2008	2009	2010	2011 (est.)
Total health expenditure	415.2	533.7	590.4	639.6
Gross capital formation	57.4	60.8	49.1	56.5
State sector	50.4	53.3	40.5	46.8
Non-state sector	7.1	7.5	8.7	9.7
Total current expenditure on health (TCEH)	357.8	472.9	541.3	583.1
Expenditure on prevention and public health services	16.6	17.1	12.8	14.8
Expenditure on health administration and health insurance	9.4	10.6	14.4	20.5
Total expenditure on personal health	331.8	445.3	514.1	547.7
Public spending on personal health services	182.2	257.2	283.2	312.0
Private spending on personal health services	149.6	188.0	230.8	235.8