



5 SUSTAINABILITY OF THE HEALTH SYSTEM

Sustainability can be defined as the system's capacity to remain durably financed by public sources; to provide and maintain workforce (e.g. through education and training), infrastructure and equipment; to be innovative; to be responsive to emerging needs, and to reduce its environmental impact (adapted from NHPC 2001⁶³ and WHO 2017⁶⁴). Sustainability does not only focus on the current situation but also tries to anticipate future evolutions (e.g. by using projections). Sustainability is analysed through five sub-dimensions:

- Financial sustainability (or 'financial resources generation');
- Health workforce capacity (or 'human resources generation');
- Health technologies and infrastructure (or 'physical resources generation');
- Governance
- Environmental sustainability (not yet developed)

5.1 Financial sustainability

This section firstly describes contextual elements related to health expenditure to have a better view of the Belgian health system.

Secondly, the fiscal sustainability, referring to the ability to raise public revenues (taxes and social contributions) to meet public expenditures is analysed.⁶⁵ **Public expenditure on health (S-3)** is used to reflect the fiscal sustainability of the system.⁶⁵

To determine the importance of the health sector in the country's overall economy, current expenditure on health as a share of GDP is also presented, as well as **projections of public expenditure on health (acute and long-term care) as a proportion of GDP (S-20)** to assess the long-term financial sustainability.

For the latter, the higher the indicator is, the more pressure is put on the system, either because the health sector is taking a larger importance in the overall economy, or because it is increasingly financed by the public sector, or both.

Finally, a specific focus is made on **public expenditure on reimbursed pharmaceuticals (S-21)**.

Context

Current expenditure on health in Belgium continues to rise, reaching 55.5 billion euros in 2021 (+49.8% compared with 2010). The increase was particularly important in 2021 due to the COVID-19 pandemic. Current health expenditure per capita, expressed in Purchasing Power Parity (PPP) US\$, was slightly higher in Belgium and in the neighbouring countries than the averages for EU-14 and EU-27 countries (US\$ 6 022 in Belgium in 2021 compared with US\$ 5 557 (EU-14) and US\$ 4 410 (EU-27)).

Fiscal sustainability

The share of current expenditure on health financed by the public sector (S-3) remained stable (77.6% in 2021 compared to 76.3% in 2010) and increased only slightly in 2020 and 2021 due to the COVID-19 pandemic (as in other countries) (see also section 8.4).

Between 2010-2019, the share of public funding in Belgium was usually close to the EU-14 average and higher than the EU-27 average, and they all followed a similar stable pattern (except a small decline in 2019 in Belgium). During the COVID-19 pandemic (2020-2021), the most important increase was observed for the EU-27 average (+3.6 percentage points between 2019 and 2021 compared to +2.4 percentage points in Belgium and +1.8 percentage points for the EU-14). With this higher increase, the EU-27 reached a share close to Belgium in 2021. The share of public funding in Belgium was however lower than in the neighbouring countries (Luxembourg, Germany, the Netherlands, and France).



Importance of the health sector in the overall economy and long-term sustainability

In 2021, current health expenditure represented 11% of the Belgian gross domestic product (GDP) (See sub-analyses of S-3).

Regarding the public part (S-20), public expenditure on health in Belgium represented 8.0% of the GDP in 2022: public health expenditure on acute care represented 6.5% of the GDP and public health expenditure related to long-term care represented 1.5% of the GDP.

In the future, **public expenditure on health as a share of GDP (S-20)** is projected to increase to 8.9% (+0.9 percentage points) in 2027, 10.7% (+2.7 pp) in 2050 and 10.8% (+2.8 pp) in 2070. Public expenditure on health in Belgium, as a percentage of the GDP are projected to follow a similar trend as the EU average, although public expenditure on long-term care (as a share of GDP) in Belgium will stay above the EU average. On the other hand, public expenditure on acute care in Belgium will remain lower than the EU average.

Public expenditure on reimbursed pharmaceuticals

Pharmaceuticals play an important role in the healthcare system and are constantly evolving. An increasing number of new pharmaceuticals enter the market every year, with a cost that can be high, having significant implications for healthcare budget. In 2022, pharmaceutical expenditure

amounted to 6.20 billion € in Belgium (2.92 billion € for retail pharmaceutical expenditure, 2.86 billion € for hospital outpatient pharmaceutical expenditure and 420 million € for hospital inpatient pharmaceutical expenditure). However, the use of managed entry agreements (MEAs) is rising, especially for new innovative and expensive pharmaceuticals and most of the time include financial compensation mechanisms that are confidential, so that the actual expenditure for individual medicines is unknown. It is estimated, that, when correcting for the MEAs' compensations, pharmaceutical expenditure amounted to 4.94 billion € in Belgium in 2022. Total **public expenditure on reimbursed pharmaceuticals (S-21)** is expected to increase by 48.9% between 2022 and 2027, corresponding to an average annual increase of 8.3%. When correcting for the MEAs' compensations it is expected to increase by 36.6% (corresponding to an average annual increase of 6.4%).

Conclusion

The share of public funding in Belgium is in line with the European average but budgetary pressures are expected in the future. Indeed, according to projections on health expenditure, there is an expected rise in public expenditure on health as a percentage of GDP. Furthermore, the projected future increase in public expenditure on medicines is important and cannot be neglected. This needs to be monitored.

Table 10 – Sustainability: Indicators on financial sustainability

(ID) Indicator	Score	Belgium	Period	Flanders	Wallonia	Brussels	Source	EU-14	EU-27
S-3 Public funding of healthcare (% of current expenditure on health)	C	77.6	2021	-	-	-	OECD	78.4	77.3
S-20 Projection of public expenditure on health (% GDP), evolution in percentage points	●	+0.9 pp	2022-2027	-	-	-	Study Committee on Ageing		
S-21 Projection of public expenditure on reimbursed pharmaceuticals	●	+36.6%	2022-2027	-	-	-	Federal Planning Bureau		
NEW		+33.4%	2027-2032						

Good (●), average (●) or poor (●) results, globally stable (ST), improving (+) or trend not evaluated (empty).
For contextual indicators (no evaluation): upwards trend (↗), stable trend (→), downwards trend (↘), no trend (C).