

Health Expenditure and Financing in Sri Lanka: A Time Series Analysis (1990 to 2019)



Janani Nanayakkara¹, Navodya Selvaratnam², Samath Dharmaratne², Thilini Weeraratne³

¹ Faculty of Medicine, University of Peradeniya, Kandy, Sri Lanka,

² Postgraduate Institute of Medical Sciences, Kandy, Sri Lanka,

³ University of Kentucky, Department of Family Sciences, Lexington, United States

Background

- The Sri Lankan health system is recognized as a ‘good health at low cost’ mode, especially considering the country's income level.
- Over the past three decades, it evolved with relatively limited economic resources, achieving the lowest maternal mortality ratio and neonatal mortality rate in South Asia.

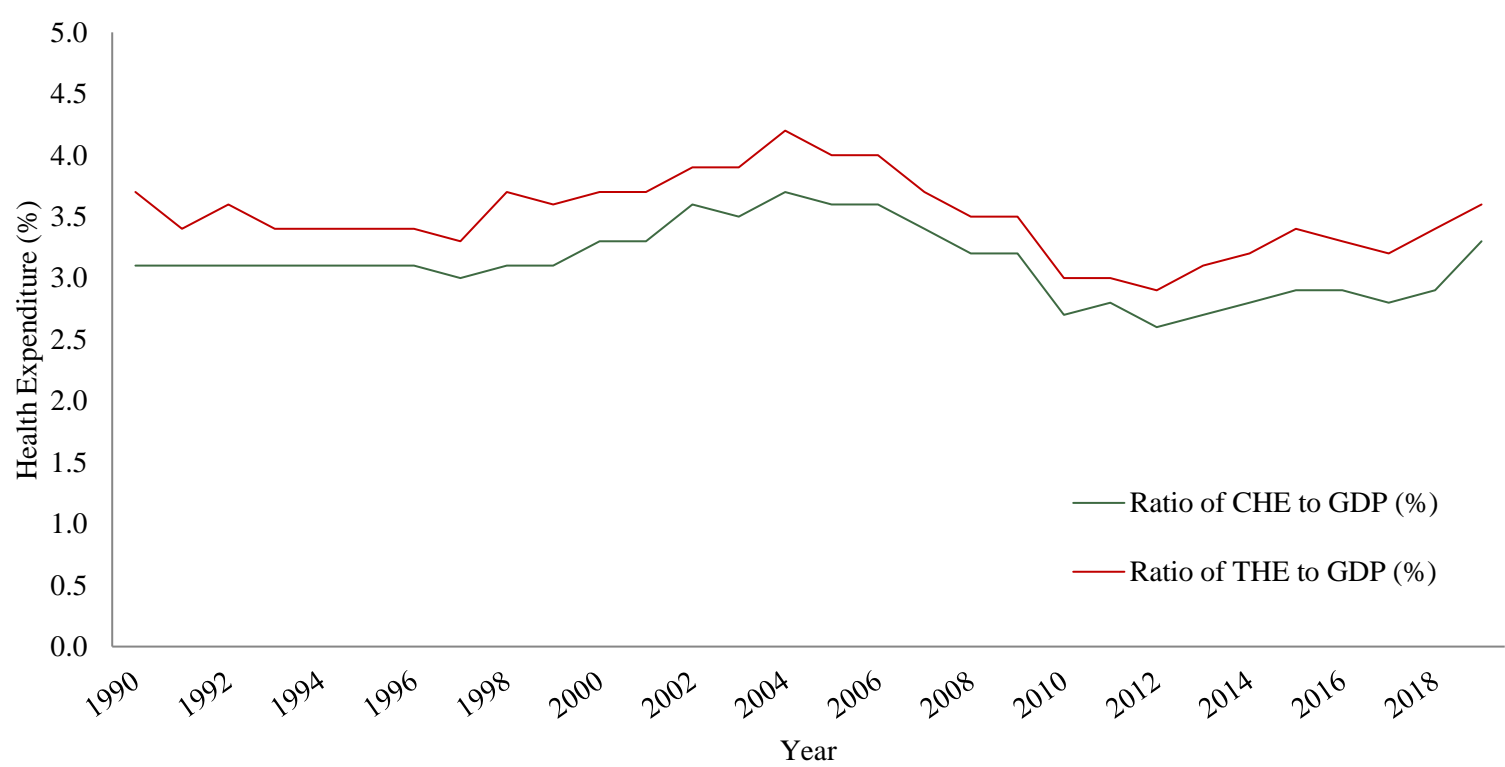
Objective

- To analyze health expenditure and its financing trends in Sri Lanka from 1990 to 2019.
- To explore the factors contributing to the improvement of the Sri Lankan health system.

Methods

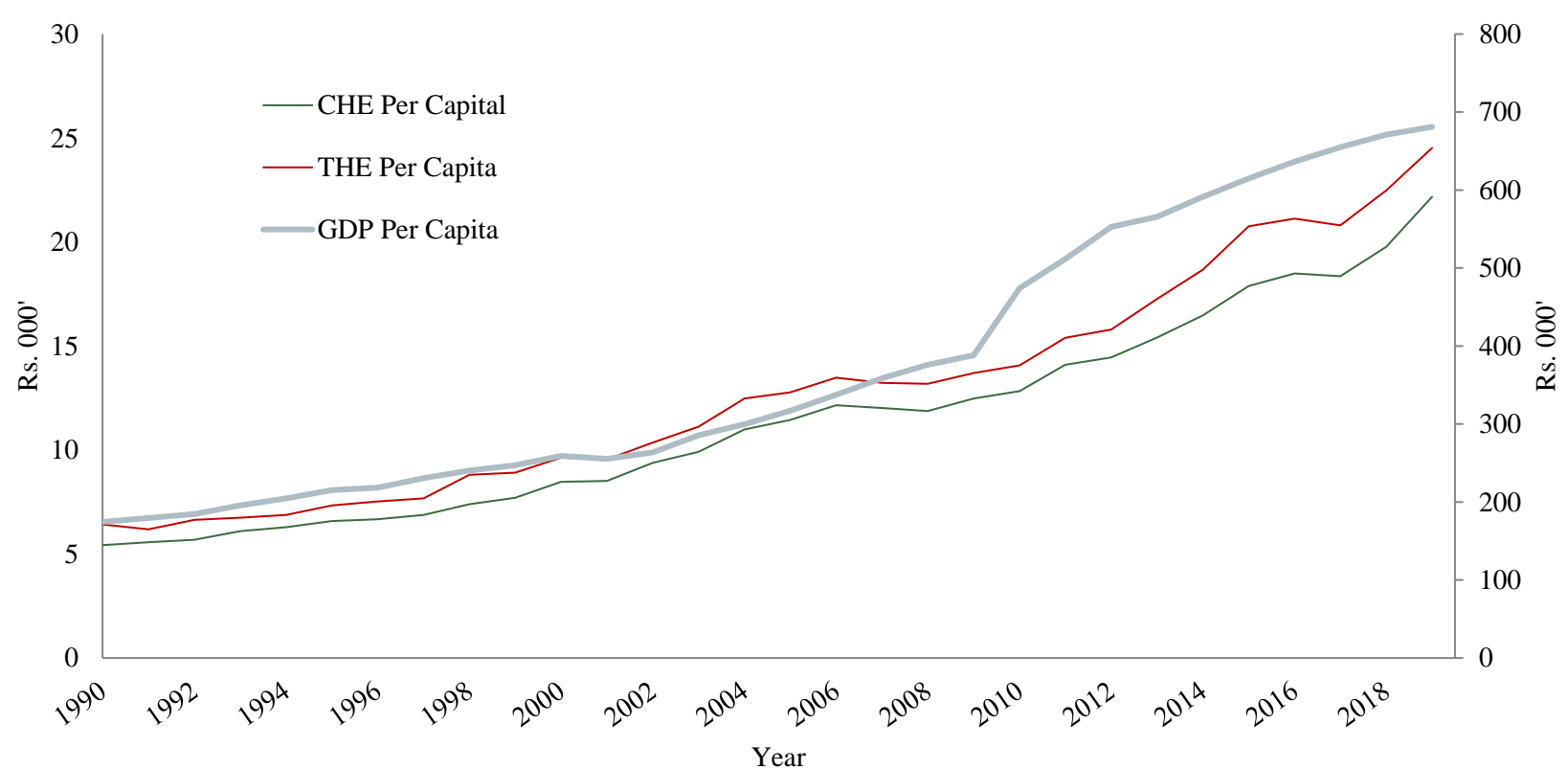
- A secondary data analysis was performed using data from the official websites of the Institute for Health Policy (Sri Lanka), Ministry of Health, Nutrition and Indigenous Medicine (Sri Lanka), and World Bank.
- Data was entered into Microsoft Excel and trends in total health expenditure (THE), current health expenditure (CHE), and capital health expenditure, and their financing were analyzed using descriptive statistics.

Health Expenditure as a Percentage of GDP, 1990 - 2019



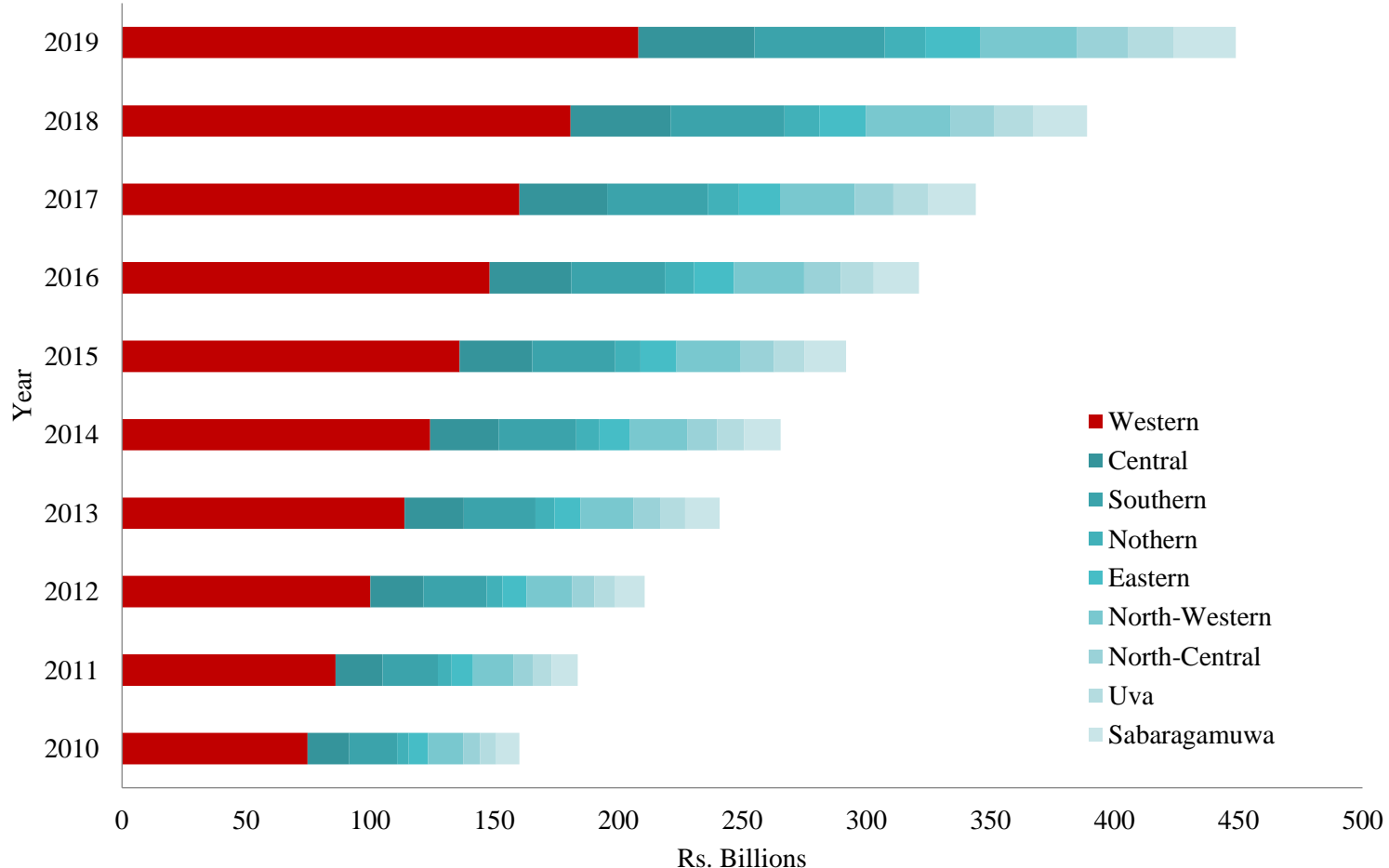
Source: Sri Lanka Health Accounts: National Health Expenditure 1990-2019.

Health Expenditure Per Capita
Real values (2018 Prices), 1990-2019



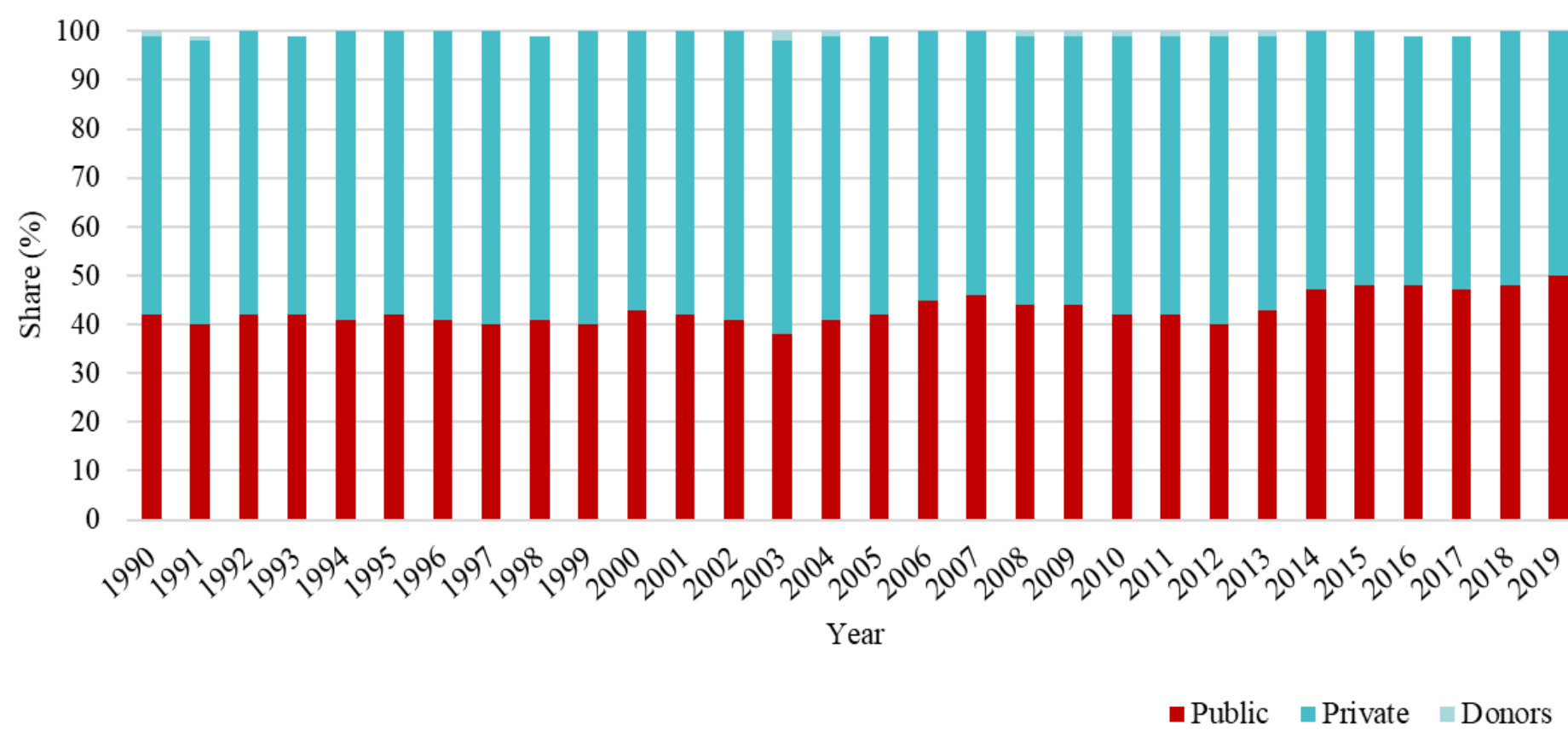
Source: Sri Lanka Health Accounts: National Health Expenditure 1990-2019
Exchange rate : 1 USD = 178.38 Rs (2019)

Current Health Expenditure by Province, 2010 - 2019



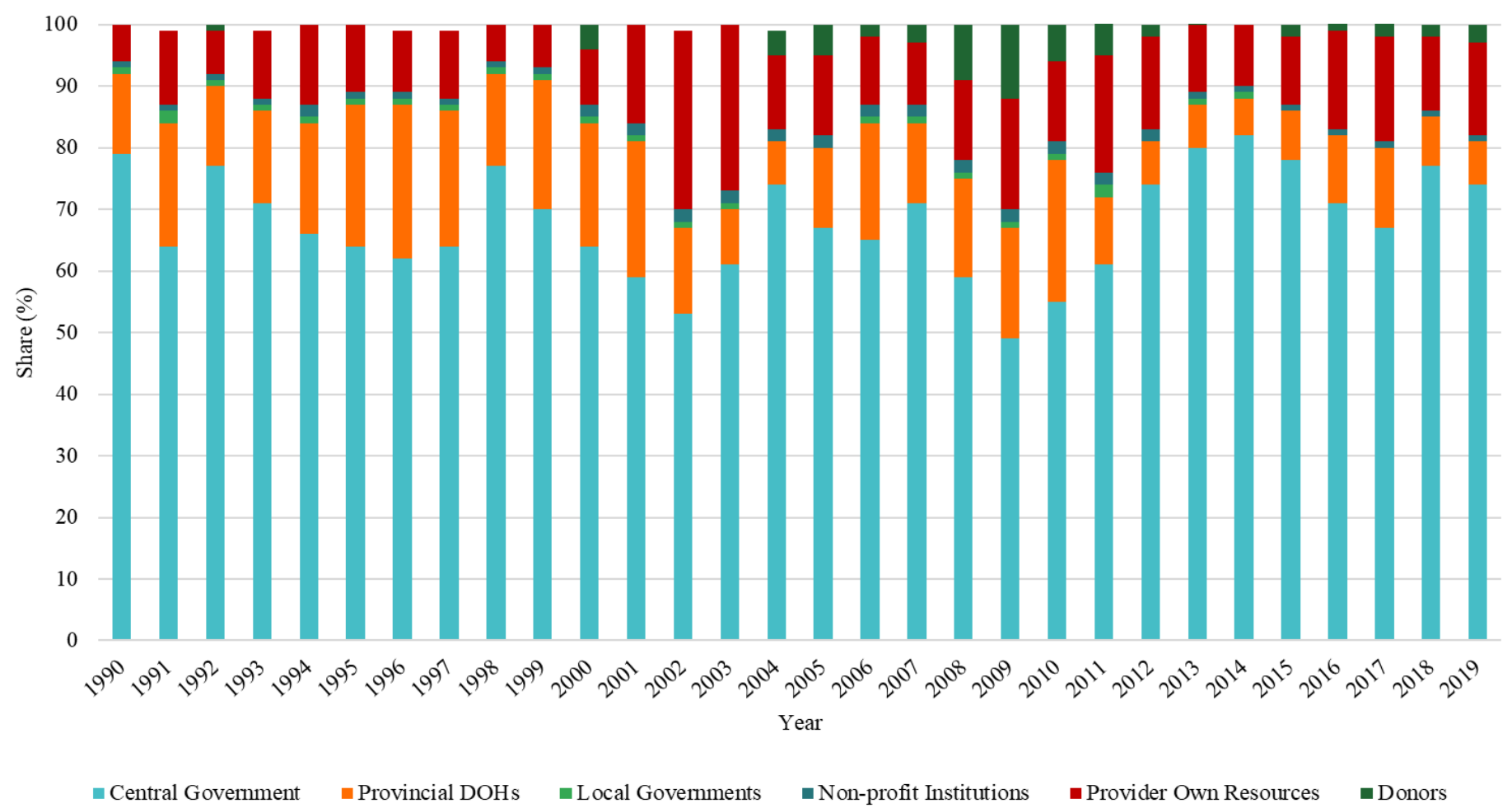
Source: Sri Lanka Health Accounts: National Health Expenditure 1990-2019
Exchange rate : 1 USD = 178.38 Rs (2019)

Current Health Expenditure by Financing Source, 1990 - 2019



Source: Sri Lanka Health Accounts: National Health Expenditure 1990-2019

Capital Expenditure on Health by Financing Source, 1990 - 2019



Source: Sri Lanka Health Accounts: National Health Expenditure 1990-2019

Findings

- THE as a percentage of gross domestic product (GDP) fluctuated between 2.9% and 4.2%, decreasing from 3.7% in 1990 to 3.6% in 2019. THE per capita fluctuated between 2.7% and 3.9%, which remained the same (3.4%) in 1990 and 2019. CHE shared over 84.1% of THE.
- Although over 50% of CHE was privately funded from 1990 to 2018, in 2019 (provisional), it was equally financed by public and private sources. The Ministry of Health’s share of public CHE rose significantly from 39.0% in 1990 to 61.0% in 2019. Households shared the highest percentage of private CHE. This percentage, however, decreased from 1990 (89.0%) to 2019 by 9.6%. Concurrently, the share of insurance grew smoothly from 1.0% in 1990 to 10.1% in 2019.
- Western province shared a major portion of CHE from 1990 (44.2%) to 2019 (46.4%).
- Over the decades, the central government primarily financed capital health expenditure, which fluctuated between 49.0% and 82.0%.

Interpretation

- Despite changing trends, the percentage of THE remained relatively the same. However, public CHE slightly increased.
- Disparities in provincial CHE allocation arose from the higher population density in the Western province.
- Increasing insurance coverage reflects rising demand for protection against catastrophic out-of-pocket costs amid Sri Lanka’s demographic and epidemiological shifts.

References

1. Amarasinghe, S.N., Fonseka, H.S.H., Dalpatadu, K.C.S., and Rannan-Eliya, R.P. (2021). *Sri Lanka Health Accounts: National Health Expenditure 1990-2019*. Health Expenditure Series No.6. Colombo, Institute for Health Policy.
2. Balabanova, D., McKee, M., and Mills, A. (Eds). (2011). *‘Good health at low cost’ 25 years on. What makes a successful health system?* London: London School of Hygiene & Tropical Medicine.
3. World Bank (2022). *Mortality rate, neonatal (per 1,000 live births) - Sri Lanka*. World Bank Group. Retrieved February 4, 2025, from <https://data.worldbank.org/indicator/SH.DYN.NMRT?locations=LK&view=chart>