



Implementation of the System of Health Accounts

Sandra Hopkins
OECD Health Division

“Current Trends on Health Expenditure Analysis: the Spanish Experience and International References”

13th November 2006



Overview of presentation

- Why has “*A System of Health Accounts*” (SHA) been developed?
- Issues in Implementation of SHA
- International Comparisons using SHA data
- Future challenges



OECD Health Data and SHA

- OECD has built up, over 20 years, the leading international database on health care systems' financing and delivery - based on collaboration with national data correspondents in 30 OECD countries and cooperation with WHO and EU
- Until 2000 the health expenditure data collection was not based on a consistent system
- To improve availability and comparability of Health expenditure data, the OECD manual, *A System of Health Accounts* was published in 2000

Basic features of the System of Health Accounts

- **International statistical standard** (an integrated system of comprehensive and internationally comparable accounts and basic accounting rules)
- **Functional definition** of health care goods and services
- ICHA: *International Classification for Health Accounting*:
 - Sources of funding (financing agents) (ICHA-HF)
 - Categories of providers (health care industries) (ICHA-HP)
 - Functions of health care services and goods (ICHA-HC)
- **Standard SHA tables** cross-classify expenditures under the three basic dimensions

Growing expectations for implementation and further development of the SHA

What information can/should SHA-based health accounts provide for policy-makers?

- Internationally **comparable data on the overall level of spending** on health care (Sources: *OECD Health Data; Health at a Glance; OECD Health Accounts Database* and related publications)
- **Deeper analytic possibilities** of how services are financed and provided (how resources are allocated among functions and service providers); Information about changes in composition of spending (Source: OECD Health Accounts Database and related publications)

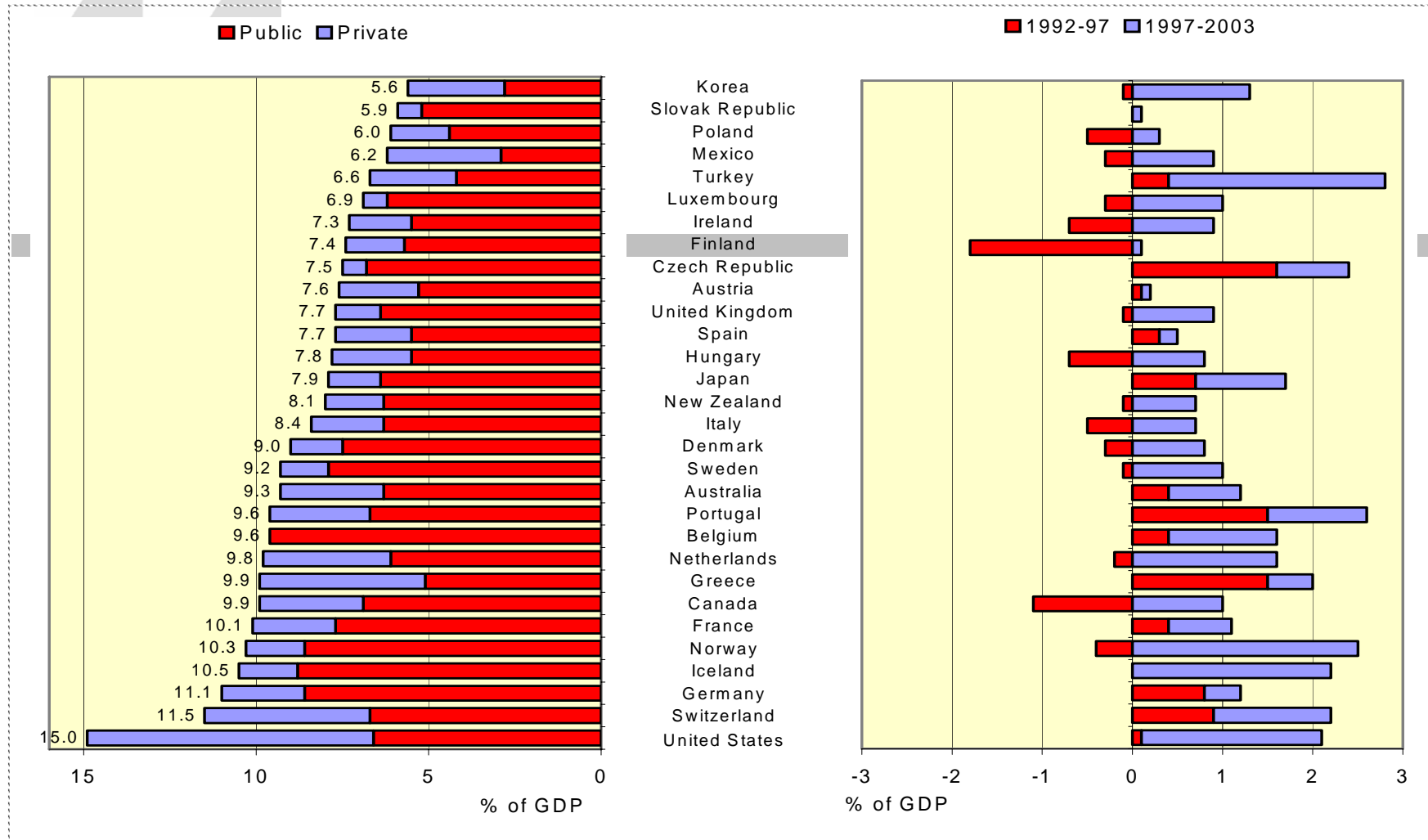
Growing expectations for implementation and further development of the SHA (cont.)

What information can/should SHA-based health accounts provide for policy-makers? (cont.)

- Factors that drive growth in health spending
- Differences across countries in expenditure growth and composition of expenditure
- Monitor the effects of particular health reform measures over time
- How services are utilised by regional and social groups in the population

Total health expenditure as % of GDP

Source: *OECD Health Data, 2005*



First results of comparative analysis of *SHA-based National Health Accounts*

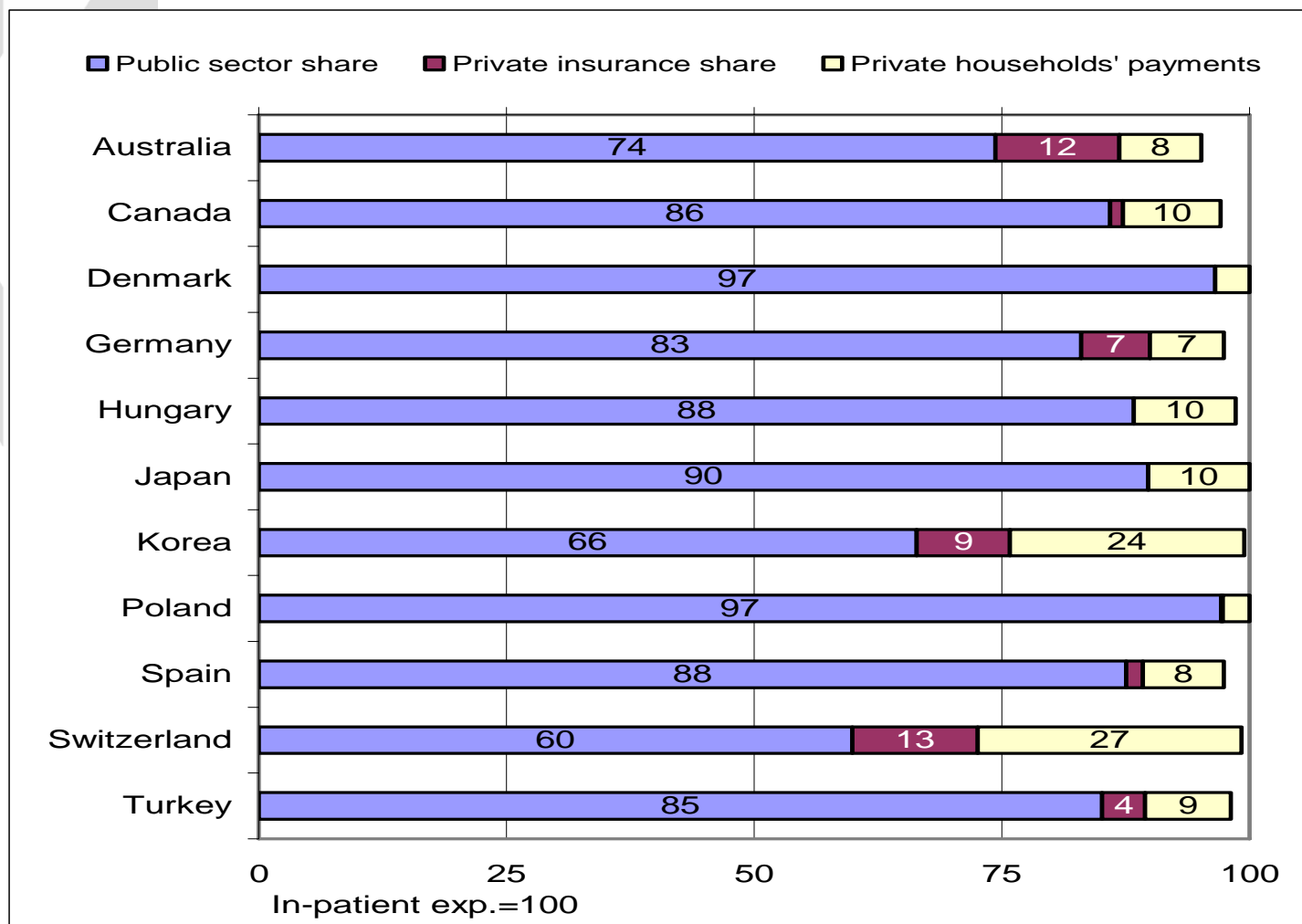
- Eva Orosz and David Morgan: *SHA-based National Health Accounts in Thirteen OECD Countries: A Comparative Analysis*, OECD Health Working Papers No 16, OECD, 2004
- Country Studies: *OECD Health Technical Papers No. 1 to 13 SHA-based National Health Accounts in Thirteen OECD Countries: Country Studies*

Examples of comparative analysis

- What differences exist in the role of public and private spending across countries? (E.g., How are inpatient care, outpatient care and pharmaceuticals financed?)
- How does the spending structure of the particular financing agents differ across countries? (E.g., functional structure of public expenditure and households' out-of-pocket spending)

How are the different functions financed? (1)

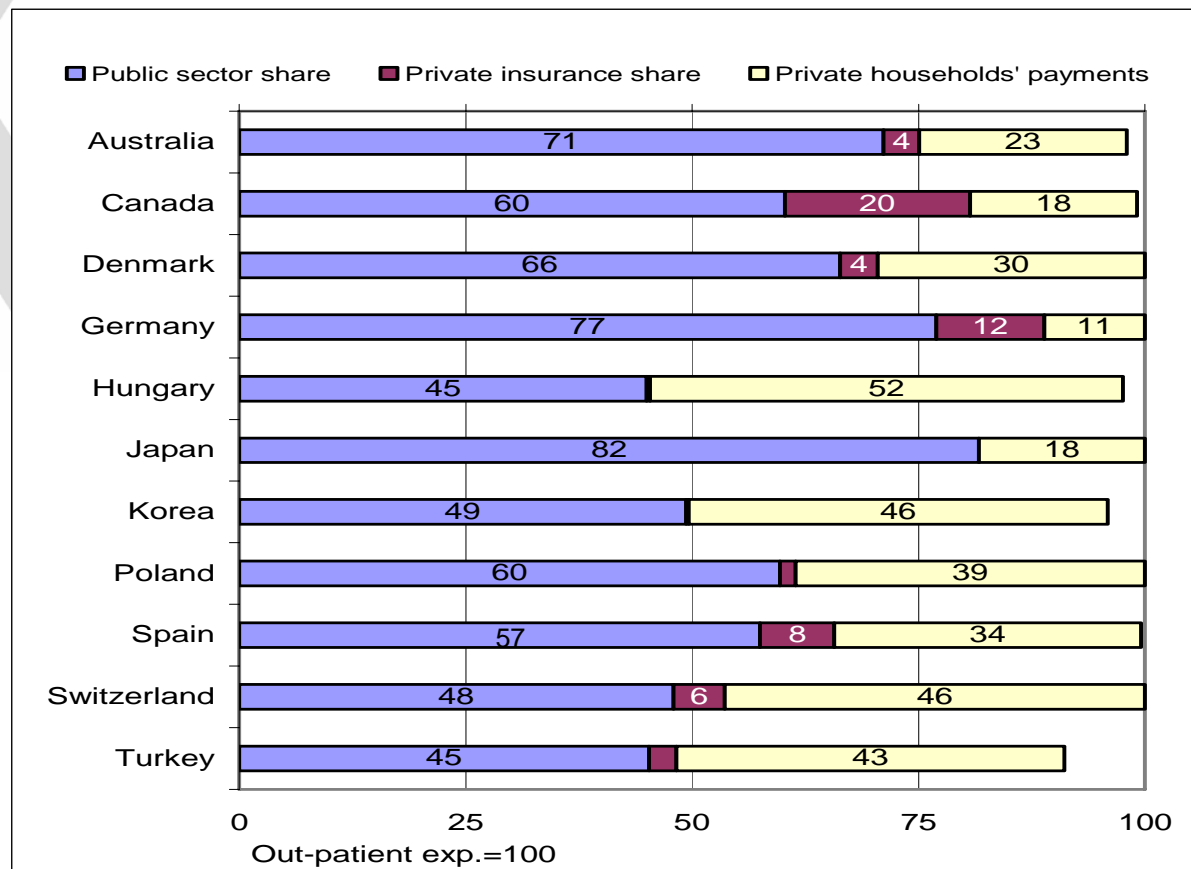
In-patient Expenditure by Financing Agent



“SHA-Based National Health Accounts in Thirteen OECD Countries: A Comparative Analysis”, *OECD Health Working Papers No. 16*

How are the different functions financed? (2)

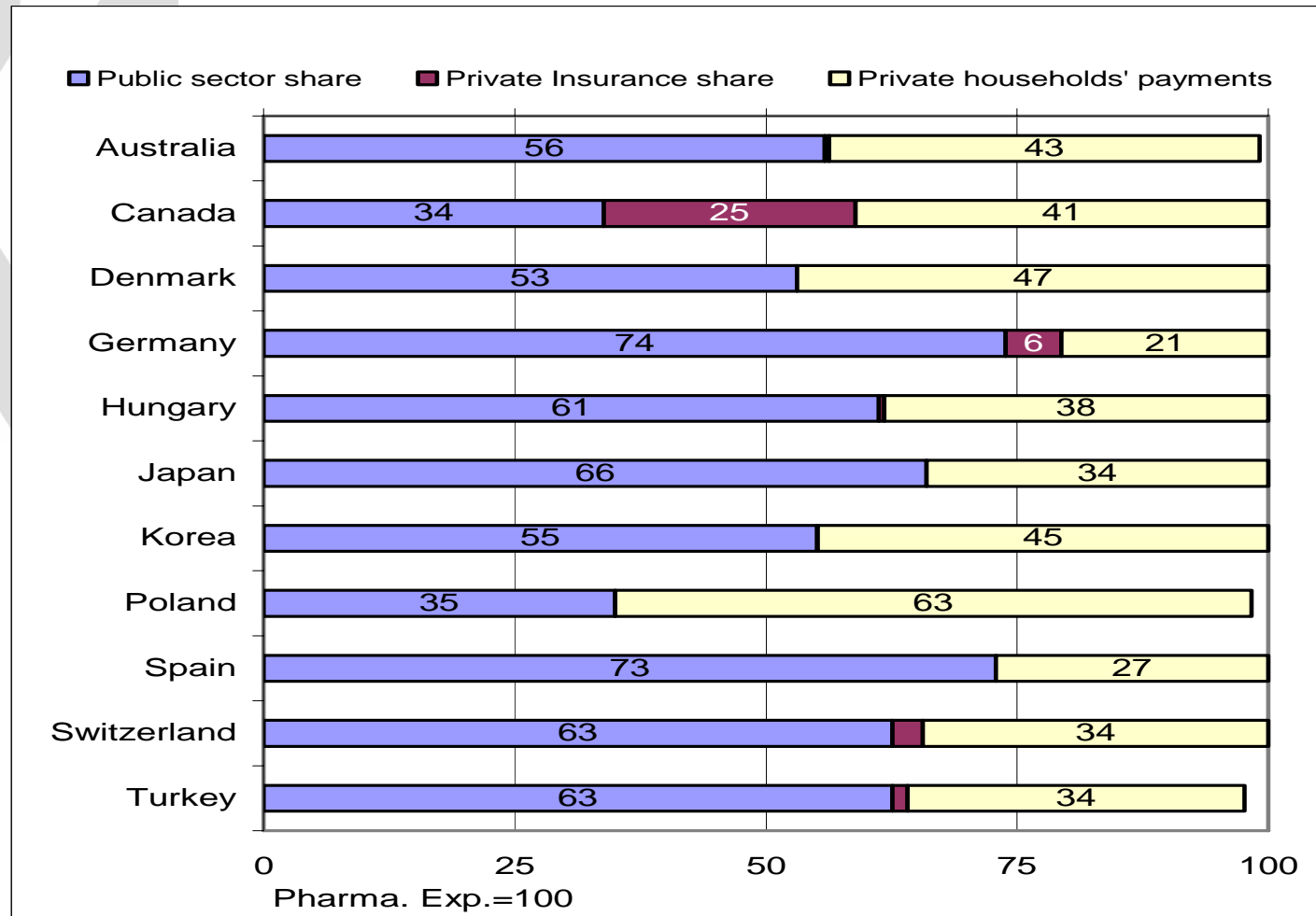
Out-patient Expenditure by Financing Agent



“SHA-Based National Health Accounts in Thirteen OECD Countries: A Comparative Analysis”, *OECD Health Working Papers No. 16*

How are the different functions financed? (3)

Pharmaceutical Expenditure by Financing Agent

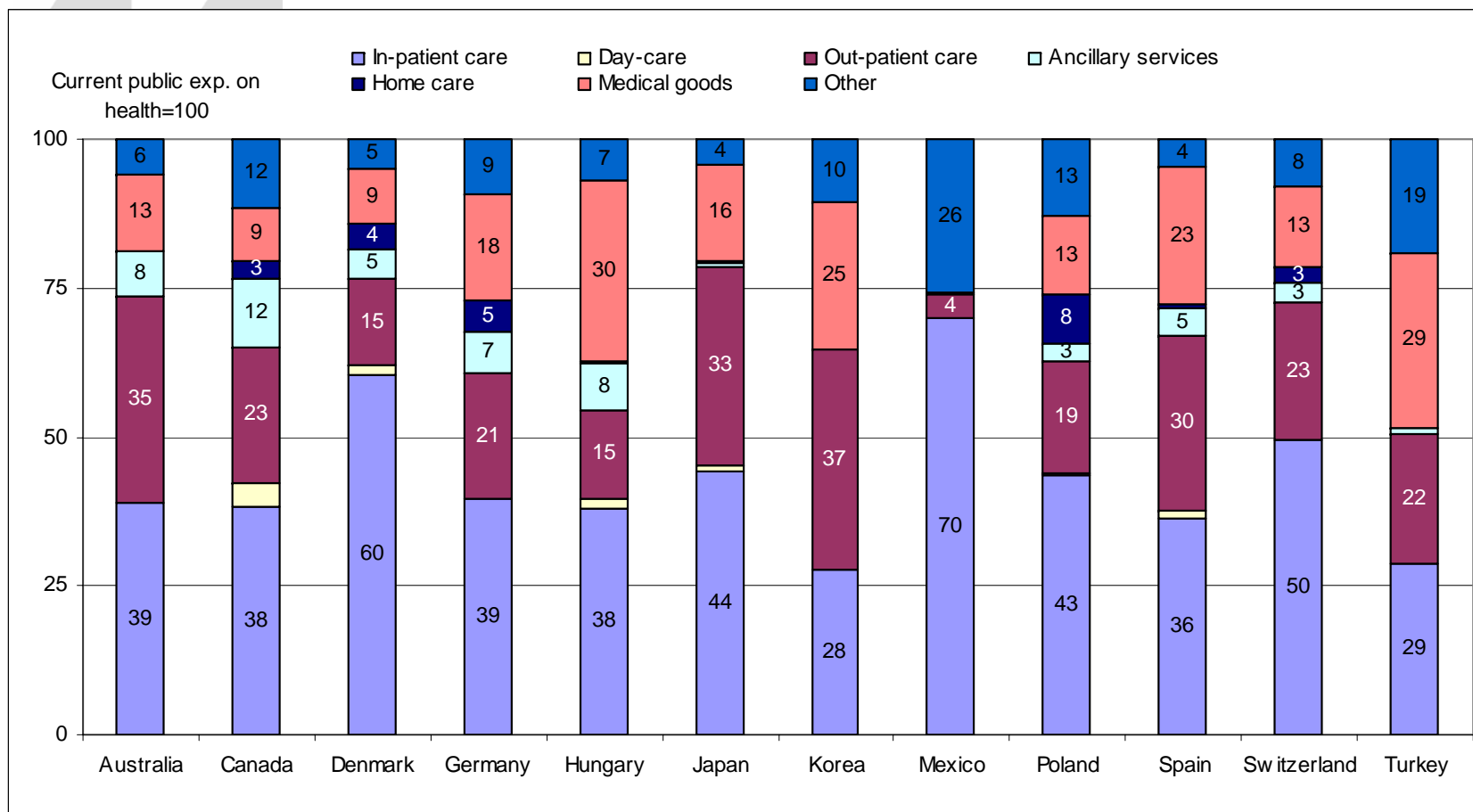


“SHA-Based National Health Accounts in Thirteen OECD Countries: A Comparative Analysis”, *OECD Health Working Papers No. 16*

SHA provides a more in-depth picture of the role of public and private spending on health care

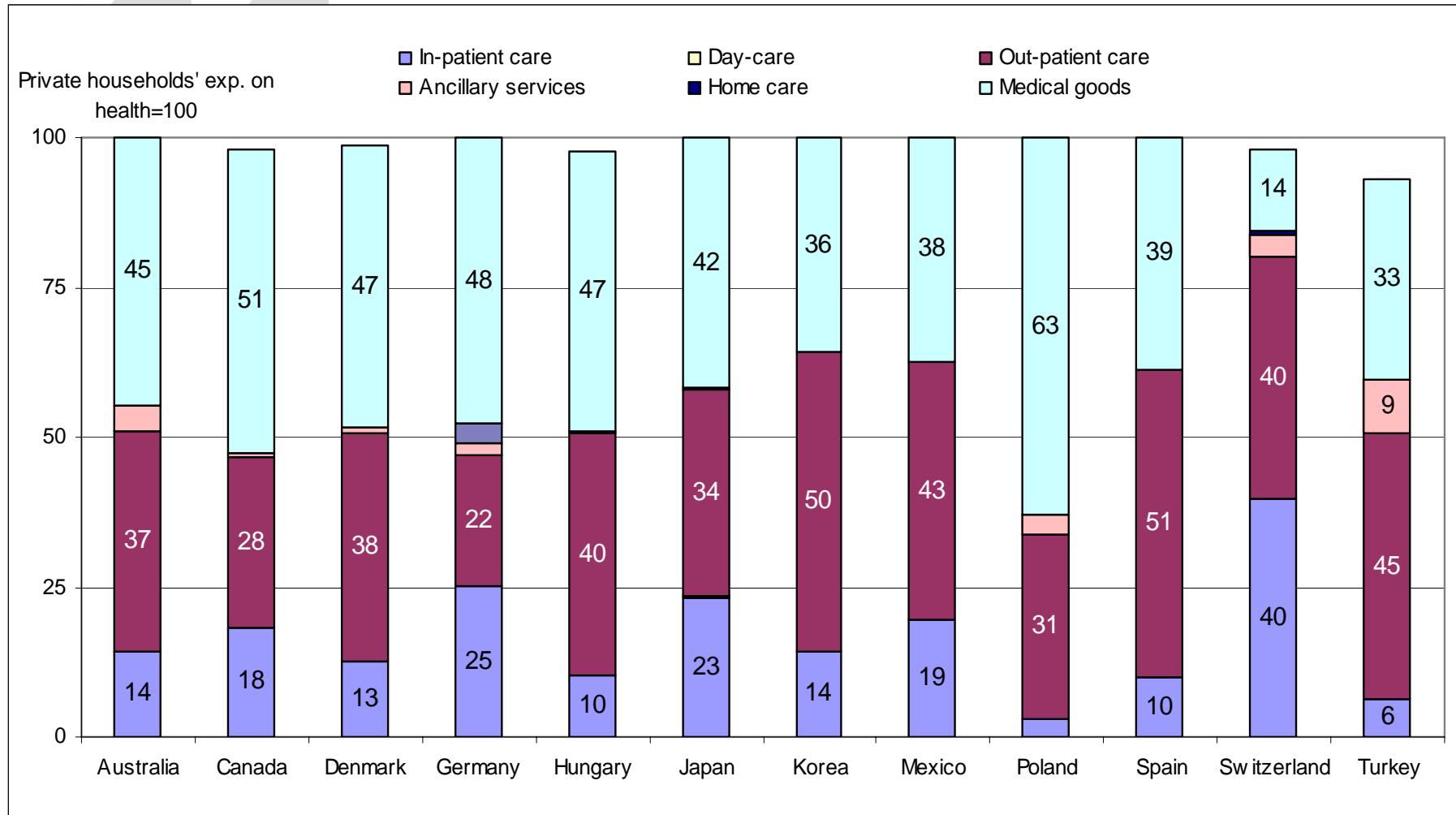
- The fact that the whole health care system is primarily publicly financed does not imply that public financing plays the dominant role in every area.
- In four of the eleven countries covered, namely Denmark, Germany, Japan and Spain, the public sector plays a dominant role in all three main areas

How are public expenditures distributed among the different health care functions?



Note: "Other" category includes Collective services, such as Prevention and Public Health expenditure, Administration costs as well as undistributed expenditure.

How are Households' Out-of-pocket spending distributed among the different health care functions?



Future Challenges: Health Accounting developmental work

The basic methodological framework of SHA has become widely accepted

On the other hand:

- The SHA Manual and the *International Classification for Health Accounts* (ICHA) require some refinement and further extension
 - to improve comparability of health expenditure
 - to better contribute to the evaluation of health systems performance
 - to better present the importance of health sector within the national economy

Agreement on international co-operation

At a video-conference held on September 20, OECD, Eurostat and WHO agreed that:

- their goal would be to make the revised SHA Manual a joint publication
- the aspiration: the SHA Manual 2.0 will be accepted as a global standard
- the three organisations are to set up a joint trilateral body
- It is desirable to formalise the involvement of other international organisations (World Bank, UN Statistical Division, etc.)
- The existing International Health Accounts Team would expand its mandate
- OECD Health Division will provide the necessary secretarial support

Key issues to be addressed

Main factors limiting international comparability:

- Differences in boundaries of the health sector (e.g., in definition of Long-term care)
- Differences in applying the functional classification (e.g., separation of inpatient care, day care, outpatient care within hospitals)
- Lack of reliable price indices in national statistics.
 - For international comparison, health expenditure is deflated by economy-wide (GDP) price indices

Key issues to be addressed (cont.)

- Lack of reliable health-specific Purchasing Power Parities (PPPs)
 - economy-wide PPPs are used
- The current categories of health care financing (ICHA-HF) do not enable an adequate reflection of the complex and changing systems of health financing
- Reliability and comparability of private expenditure requires improvement

Involvement of national experts is indispensable

- A wider circle of experts will be invited to participate in reviewing particular chapters of SHA 1.0
- Ad hoc meetings
- The Meetings of Health Accounts Experts is considered as the main professional forum to discuss interim reports and drafts
- SHA Electronic Discussion Group (SHA EDG) is expected to facilitate discussions in a wider circle