PART I

Chapter 1

Introduction

Background

Health systems across the globe are continuing to evolve in response to a multitude of factors, including improvements in medical technology and knowledge, increased information about health and health services and greater access to it, changes in health policy priorities to meet shifting disease and demographic patterns, new organisational methods and more complex financing mechanisms. Health accounts also need to adapt to deal with these developments and to anticipate foreseeable future trends.

Health accounts provide a systematic description of the financial flows related to the consumption of health care goods and services. Their intent is to describe a health system from an expenditure perspective. But as more countries implement and institutionalise health accounts, there are increased expectations from analysts, policy makers and the general public alike for the more sophisticated information that can be gained through the greater volume of health expenditure data now available. Health accounts are increasingly expected to provide inputs (along with other statistical information) into improved analytical tools to monitor and assess health system performance. One high priority is to develop reliable, timely data that is comparable both across countries and over time. This is indispensable for tracking trends in health spending and the factors driving it, which can in turn be used to compare it across countries and to project how it will grow in the future. Health accounts are thus used in two main ways: internationally, where the emphasis is on a selection of internationally comparable expenditure data, and nationally, with more detailed analyses of health care spending and a greater emphasis on comparisons over time. Health accounts are crucial for both of these uses.

The Manual itself draws inspiration from and builds on a number of international manuals and guidelines on health expenditure accounts, most notably: *A System of Health Accounts* ("SHA 1.0") (OECD, 2000); the *Guide to Producing National Health Accounts* ("The Producers Guide") (WHO, World Bank, USAID, 2003); and the *SHA Guidelines* (Eurostat/UK ONS, 2003). The wealth of experience gained in implementing these various guidelines around the world, the results of specific health accounting research projects and efforts in international data collections[1] have been significant inputs into the Manual's development.

The formal process of producing SHA 2011 started in 2007 as a co-operative activity of health accounts experts from the OECD, WHO and Eurostat, known collectively as the International Health Accounts Team (IHAT). The resulting manual has been the subject of an extensive and wide-reaching consultation process aimed at gathering inputs from national experts and other international organisations around the world. It strives to reach a consensus, while also reflecting different perspectives and priorities within the expanding domain of health accounts. In developing the material, great importance has been given to policy relevance, feasibility and sustainability. The Manual is based on the conceptual framework of the System of Health Accounts, but must also address practical possibilities and analytical needs.

Differences and improvements between SHA 1.0 and SHA 2011

SHA 2011 introduces a number of changes and improvements compared with SHA 1.0. First and foremost, though, it reinforces the *tri-axial* relationship that is at the root of the System of Health Accounts and its description of health care and long-term care expenditure – that is, what is consumed has been provided and financed. This triangulation maintains the guiding principles of SHA 1.0 and the *Producers Guide*. SHA 2011 offers more complete coverage within the functional classification in areas such as prevention and long-term care; a more concise picture of the universe of health care providers, with closer links to standard industry classifications; and a precise approach for tracking financing in the health care sector using the new classification of financing schemes.

Based on this tri-axial approach to health care expenditure, SHA 2011 also develops three analytical interfaces – the health care consumer, provision and financing interfaces – which allow countries to focus on specific areas of national health policy interest and, by expanding health accounts in this direction, also facilitates a more comprehensive analysis. Building on the methodological work of the *Producers Guide*, SHA 2011 further develops the health care financing interface to allow for a systematic assessment of how finances are mobilised, managed and used, including the financing arrangements (Financing schemes), the institutional units (Financing agents) and the revenue-raising mechanisms (Revenues of financing schemes). The production interface delves into the cost structures of health care provision (Factors of provision) and provides a separate treatment of capital formation so as to avoid some of the past ambiguity regarding the links between current health spending and capital expenditure in health care systems. The consumer health interface is of particular interest to the study and further analysis of the functional dimension, as it helps in exploring the breakdown of health care expenditure according to beneficiary characteristics, such as disease, age, gender, region and socio-economic status. In addition, the Manual updates the discussion in a number of other areas where methodologies are still being tried and tested, such as developing price and volume measures in the health sector or measuring international trade in health care.

Overall, however, great emphasis has been given to the need to preserve the investment and efforts of countries to date in institutionalising health accounts. Subject to successful data piloting and methodology verification, any proposed changes to classifications and accounting methods should be introduced in a gradual and stepwise approach so as to ensure a smooth transition from SHA 1.0 to SHA 2011.

The role of the Manual and its organisation

The global reference proposed by this Manual should assist in the development of consistent methodologies for the compilation of health expenditure accounts. At the same time, the content of the Manual must have relevance and applicability for users – governments, health institutions, health analysts and policy makers – with a wide range of health system priorities, as well as different organisational, economic and statistical structures.

SHA 2011 represents a significant step in the development of health accounts, and it reflects the professional technical view of the three co-ordinating international organisations and country experts at the time of writing. It should be seen as a staging post, an effort to provide guidance in health accounts that will be relevant for an extended

period of time. At the same time, health accounting is an evolving discipline and as such this Manual can also be considered as work in progress. Particular sections and chapters are highlighted in the Manual to indicate the need for further development, pilot testing and validation. Like any statistical manual, it will be useful to the extent that countries use and implement various aspects of it, and countries will undoubtedly concentrate on those parts that are most relevant to their own circumstances. In this respect, the Manual does not and cannot make an automatic connection with data collection. Countries, health statistics agencies and international organisations may accord very different priorities to different sections of the Manual, and will decide to what extent they implement or adapt SHA 2011 with regards to dimensions and levels of detail based on their own health expenditure priorities, policy information needs and statistical resources. For instance, many analysts, not exclusively in lower and middle income countries, may view the tracking of the revenues of health care financing schemes as an inherent part of the development of their health accounts, while some EU countries may give more importance to estimations of trade in health care or to developing price and volume measures. In summary, SHA 2011 is intended as a flexible toolkit for health accountants.

This first part of the Manual continues with an overview of the System of Health Accounts: its foundations, purposes and principles are set out in Chapter 2, the main accounting concepts and aggregates in Chapter 3 and a discussion of the boundaries of health care in Chapter 4. The next three chapters provide a detailed description of the dimensions of the consumption framework: health care functions (HC), health care providers (HP) and financing schemes (HF). The second part of the Manual then considers the financing, provision and uses of health care goods and services in turn, looking specifically at the revenues of financing schemes (Chapter 8), factors of provision (Chapter 9) and the possible distribution of health spending by beneficiary groups (Chapter 10). The second part also provides new material on a number of concepts of health accounts that countries may find useful; these include the area of capital spending (Chapter 11), the development of trade in health care between countries (Chapter 12) and the measurement of price and volume in health (Chapter 13). The Manual concludes with some summary guidance on accounting and compilation processes (Chapter 14) and a presentation of results (Chapter 15). A number of annexes provide further relevant information, including links to other classifications, the relationship between SHA and the System of National Accounts, a classification of products and some supplementary accounting tools.

It should be emphasised that the order of the chapters does not necessarily reflect their relative importance. Based on the user's perspective and needs, the Manual could equally be used in other ways, such as bringing together the financing interface into one module, the consumer health interface into another module, and the provision interface into a third module.

Note

1. The Joint OECD, Eurostat and WHO Health Accounts Questionnaire (JHAQ), used since 2005.