

Date last modification documentation sheet: 17-04-2012

Compared to previous version documentation sheet (09-09-2010) the following issues were adapted:

- New section on relevant policy areas added to the documentation sheet
- Link to new (2011) version of the SHA manual added (see references)
- Item added to work-to-do section on discussing addition of expenditure per capita to the indicator's operationalizations

<i>ECHIM Indicator name</i>	D) Health interventions: health services 77. Expenditures on health care
<i>Relevant policy areas</i>	- Sustainable health systems - Health system performance, quality of care, efficiency of care, patient safety - Health care costs and utilization
<i>Definition</i>	Current and total national health expenditure for total, public, and private sectors, as percentage of gross domestic product (GDP), and expressed in millions of Purchasing Power Standard (PPS).
<i>Calculation</i>	According to System of Health Accounts (SHA) and the related International Classification for the Health Accounts (ICHA). Current expenditure on health care measures/describes financial means/ flows associated with (the consumption of) health care goods and services including governance and administration of health care system at large. Total expenditures also include investments (capital formation of health care providers). ICHA-HF Health financing agents: HF1 = General government and HF2 = Private sector. For GDP the national GDP in euro as available in the EUROSTAT database is used. The calculation of Purchasing Power Parities (PPP)/PPS is based on the prices for a standard basket of goods. For more details on the computation of PPP/PPS see Eurostat's metadata on Purchasing power parities (see references).
<i>Relevant dimensions and subgroups</i>	- Calendar year - Country
<i>Preferred data type and data source(s)</i>	Preferred data type: surveys, administrative data (depending on organisation of the health care system in concerned country). Preferred source: Eurostat.
<i>Data availability</i>	Joint questionnaire (see remarks) in use since 2005. Eurostat publishes data for EU-27 (excluding Greece, Ireland, Italy, Malta and the United Kingdom), Norway, Iceland, Switzerland, Japan and USA (N.B.: area covered by Joint Questionnaire also consists of Australia, New Zealand, Korea and Canada).
<i>Data periodicity</i>	Annual. EUROSTAT, OECD and WHO ask for submission of the data for year N at N+15 months. A number of countries still face difficulties with this timetable.
<i>Rationale</i>	Next to external, biological and environmental factors, the provision of health care goods and services and its financing within country's health care system is perceived as a main determinant of health. Health care expenditure is an indicator for long-term sustainability of health care systems.
<i>Remarks</i>	- Total health care expenditure as a % of GDP is one of the indicators of the health and long-term care strand of the Social Protection Committee developed under the Open Method of Coordination (OMC). - Both measures applied in this ECHI indicator, current and total expenditures, have pros and cons. The functions of care in the SHA aim to reflect consumption expenditure aimed at improving the health status of individuals. Current expenditure therefore seems a more suitable measure as investments are not consumed by the beneficiaries of care. On the other hand, capital expenditures give an indication on the sustainability of health systems. They reflect the willingness to invest, and also are a proxy for innovation. Capital expenditures can change rapidly and give feedback on the reactivity of the political system in the health domain. - Because capital expenditures are subject to rapid change, they often have an erratic character. This should be taken into account when interpreting time trends in data on total

	<p>health expenditures.</p> <ul style="list-style-type: none"> - Some methodological and operational problems exist in relation to data on expenditure on capital formation, which hamper cross-country comparability. - Eurostat, OECD and WHO have adopted a common questionnaire to collect data on health expenditure, according to SHA methodology. - The SHA is organised around a tri-axial system for the recording of health expenditure, by means of the International Classification for Health Accounts (ICHA), defining: 1) health care by function (ICHA-HC), 2) health care service provider industries (ICHA-HP) and 3) health care financing agents (ICHA-HF). - Countries submit data to Eurostat on the basis of a gentlemen's agreement established in the framework of the Eurostat Working Group on "Public Health Statistics". - It is noted that the usability of measures such as current and total expenditure strongly depends on the way the healthcare system (including rules for investments) is organised in a country. - % of GDP; this measurement is relative to the level of welfare in a country, which makes it suitable for international comparisons. When interpreting time trends it has to be taken into account that GDP will be influenced more rapidly by changes in the economic climate than health care expenditures. - Purchasing power parities (PPPs) are indicators of price level differences across countries. PPPs tell us how many currency units a given quantity of goods and services costs in different countries. PPPs can thus be used as currency conversion rates to convert expenditures expressed in national currencies into an artificial common currency (the Purchasing Power Standard, PPS), eliminating the effect of price level differences across countries. The use of PPPs allows measuring the differences in the actual volume of the economy. - For the calculation of PPS in the Eurostat dataset selected for this indicator, PPP for GDP has been used. Another commonly used measure for PPP is PPP for Actual Individual Consumption (AIC). - Health care provision is not adequately reflected in the standard basket of goods, which is currently used to calculate PPPs. Eurostat and OECD are involved in a project aimed at developing specific health care PPPs.
<p><i>References</i></p>	<ul style="list-style-type: none"> - Eurostat, metadata on health care expenditure: http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/hlth_sha_esms.htm - System of Health Accounts (SHA): OECD SHA Manual, 2011 edition: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-30-11-270/EN/KS-30-11-270-EN.PDF - Eurostat, GDP metadata : http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/nama_esms.htm - Eurostat, metadata on Purchasing power parities: http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/en/prc_ppp_esms.htm - Eurostat database, Expenditure of selected health care functions by financing agents in health care, in percentage : http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=hlth_sha2p&lang=en - Eurostat database, Expenditure of selected health care functions by financing agents in health care, in millions : http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=hlth_sha2m&lang=en - OMC, indicators of the health and long-term care strand, Eurostat website: http://ec.europa.eu/social/main.jsp?catId=756&langId=en
<p><i>Work to do</i></p>	<ul style="list-style-type: none"> - Discuss with Member States, in which health care expenditure is organized autonomously at regional level, whether it would be preferable/possible for them to provide data for this indicator at regional level. - Discuss with (Extended) Core Group (or comparable body, if (E)CG is no longer maintained after the Joint Action for ECHIM) the addition of an additional operationalization to this indicator; expenditure per capita. This was a proposal by France during the last ECG meeting of the Joint Action in March 2012. ECG members however felt that it was better not to make substantial changes to the indicators this shortly before the ending of the Joint Action.