

Session 4

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International comparisons of prices and volumes in health care among OECD countries

Data on volumes and prices in health care are essential to complement health accounts for the purpose of international comparisons of activities, output and productivity. Different data sets, concepts and methodologies are needed to track changes over time, and to explain differences across countries at any point in time.

The absence of data on comparative price levels in international data collections has been identified as an important gap in the evidence for health policy analysis and comparative research. In the absence of a common currency denomination, specific to health care services, there is much uncertainty about how to interpret differences in health care spending between countries. To which extent are different spending levels due to real differences in the activity level or volume of services – with or without adjustment for differences in quality of care and outcomes – or to variations in price levels? These questions need to be addressed at various levels of aggregation.

Moreover, market and non-market production of health care services is an important component of overall GDP and therefore a significant source of uncertainty for the overall PPP estimates in the International Comparison Project (ICP).

Chapter 7 in the OECD manual *A System of Health Accounts (SHA)* discusses methodological issues of price and volume measurement in health care and sketches a proposed framework to improve price indices for medical services in national health accounts in order to make them better suitable for health policy analysis. It refers briefly to the need for improving comparisons between countries and to the health component in purchasing power parities but does not further elaborate on this task. This paper outlines a strategy to do so.

Progress has been made over the last ten years in data quality and international availability of indicators at the semi-aggregate level of health care services which potentially could be used to derive indicators for tracking national differences in aggregate health care price levels. The OECD Secretariat has currently the most comprehensive data set for international comparisons at hand, which already includes data that can be tested for their potential to analyse differences in volumes of services between countries. Among these are: OECD Health Data, SHA-based health accounts, and the OECD Health Care Quality Indicator Project. Moreover a number of research projects have been funded on European level to foster comparison of health care systems, notably under the 5th and 6th framework programmes of research of the European Union.

This paper in addition explores ways to improve the health expenditure part of the OECD-Eurostat purchasing power parity project with a view to propose a number of changes for future data collections after the end of the current 2000-2006 round of data collection and estimation.

This paper builds on a recent paper (OECD, 2005a) that was discussed at the *Meeting of Health Accounts Experts and Correspondents for Health Expenditure Data*, on 29-30 September 2005.¹ The 2005 paper had a focus on clarifying methodological issues of comparative price-volume measurement in health care more generally. This paper outlines concrete steps towards expanding the variable list that might be used in future rounds of the Eurostat-OECD program of PPP calculations and to move to output measurement of hospital inpatient services.

The paper therefore serves as a contribution to the reflections in the framework of the project of reforming the Eurostat-OECD program of PPP calculations, which is led by a common OECD-Eurostat Task Force, the agreement of which will be needed for any reform. The current round of PPP collection for the health sector will be finalised in 2006. The scope of the reform is therefore 2008 (the next round of health PPP data collection).

A secondary goal is to provide comments on the wider agenda of health accounting, such as on how to better reconcile the ways health care is classified in National Accounts and in the framework of the System of Health Accounts.

¹ [http://appli1.oecd.org/olis/2005doc.nsf/linkto/delsa-hea-ha\(2005\)5](http://appli1.oecd.org/olis/2005doc.nsf/linkto/delsa-hea-ha(2005)5)