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New approaches to measuring non-market output in national accounts: Implications for OECD work on Health Accounts

The OECD Secretariat published the first edition of the manual *A System of Health Accounts* (SHA) in May 2000. The SHA Manual is currently used in a large and growing number of OECD and non-OECD countries as the accounting framework for statistics on health expenditure and financing. Although national administrations are at various stages of SHA implementation, the basic methodological framework presented in the SHA Manual is now widely accepted. At the same time, experience has shown that, in order to enhance the analytical power of the SHA and the usefulness of the statistical guidelines, both the SHA Manual and the *International Classification for Health Accounts* (ICHA) require some refinement and further extension.

In general, Health Accounts developmental work at OECD intends: (i) to enhance the analytical power of the SHA; (ii) improve the quality of SHA as a statistical framework; and provide better guidance for application of the SHA by national statistical authorities. With these general aims, the 2007-2008 OECD Programme of Work on Health plans to produce a draft of the SHA Manual Version 2.0 by the end of 2008. Key components of the developmental programme are envisaged as follows: (i) Refinement of the International Classification for Health Accounts (ICHA); including the project on Estimating Expenditure by Disease, Age and Gender; as well as preparation of a revised version of the guidelines on estimating Long-term care expenditure; (ii) Refinement of the SHA framework for health financing; including the project on Improving the comparability and availability of private health expenditure; (iii) Incorporating input, output and productivity measurement into the SHA Framework; (iv) Development of reliable health-specific Purchasing Power Parities (PPPs); (v) Strengthening the connection between the SHA and the SNA. The latter three projects could benefit to a great extent from the “Non-market Project”. The presentation will highlight the main goals and possible organisational framework of the proposed project on health-specific PPPs.

Health Accounts are expected to provide relevant information for health policy analysis and also be able to show the importance of the health sector within the national economy. Consequently, characteristics of the System of Health Accounts (SHA) should reflect the specific features of health systems and, at the same time, have appropriate linkages to the SNA. Therefore, it is of vital importance to create adequate links between projects aimed at methodological changes in measuring health output in SNA and the Health Accounts developmental work concerned. This requires the clarification of differences and, on the other hand, the exploration of possibilities for harmonisation regarding conceptual frameworks, key definitions and estimation methods. With this view, the presentation highlights a few key issues requiring further clarification and discussion between national accountants and health accountants, including, the differences in the boundary of the health sector (in particular, in the treatment of medicines), the different focuses on the role of government (government financing under the SHA, and non-market production under the SNA), as well as some conceptual issues regarding the output of out-patient care and quality adjustment of output.