

Revision of the

# System of Health Accounts

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## Comment Unit 3

### French comments on OECD proposal for the Unit 3 of the SHA manual “Key concepts and definition in Health accounts”

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**French comments on OECD proposal for the unit 3 of the SHA manual**  
**“Key concepts and definition in Health accounts”**

Please find below some comments on the paper prepared by OECD on unit 3.

**Price and volume**

As planned in the programme of work for the SHA revision, the paper deals mainly with price and volume measurement. We overall approve what is said on that topic: output definition based on type of health care rather than on complete treatment, direct volume measurement, health specific PPPs etc.

But, until now, this topic does not appear in the Joint Health Accounts questionnaire (JHAQ). So, one can wonder if it is planned to add a table on price and volume measurement in the coming JHAQ. Paragraph 44 (“advantage of compiling price and volume measures within an accounting framework”) suggests it would be useful.

If one wants to split the changes in the values of current health expenditure into changes in price and changes in volume, one will have to deal with non-market activities (especially in HC.6 and HC.7) for which volumes of output are usually measured as volumes of input (direct volume measurement is often not possible). So the paper should present the “input equal output convention” more in detail than in paragraph 34, and should explain in which cases this method is valid.

**Capital formation**

There is a need for clarification in the definition of paragraph 7: “Gross capital formation in health care industries: sum of gross capital formation in the units listed under the ICHA-HP classification (excluding “retailers of medical goods”), where health care is the predominant activity.” Why are “retailers of medical goods” excluded? And why not other “provision related producers” as they are called in Eurostat proposition for unit 8? Maybe there is also a need for coordination between the two units.

We support the proposition of paragraph 94 to discontinue the use of the “total health expenditures” aggregate.

**Market and non-market producers**

Paragraph 43: “A particular difficulty with health goods and services is that the sector, private or public, is not usually very competitive. Sources of market failure including externalities, moral

hazard and imperfect information render the health care market different from markets for other goods and services.”

It might be just a question of wording, but we do not completely approve the fact that a health sector, as a whole, is not competitive market. For instance there is a strong competition in pharmaceutical industries to find new efficient molecules; there is also a competition between hospitals (public and private) and between private insurances.

Moreover, we agree that health care market is “different from markets for other goods and services”, but the question whether an economic sector is competitive or not is not only a matter of “market failure”. For instance, there is a strong competition in the software and hardware sectors but, at the same time, there are many market failures which make these sectors different from “perfect competition” as presented in lectures on economics.