

Revision of the

# System of Health Accounts

ORGANISATION  
FOR ECONOMIC  
CO-OPERATION  
AND DEVELOPMENT



World Health  
Organization

Comment  
Unit 3

## Comments from WHO regional consultation

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## **Unit 3 comments from WHO regional consultation**

The World Health Organization has conducted regional three days consultations with separate sessions devoted to each of the Units in the SHA revision. National experts in health accounting and health financing policy have been invited from member states in the respective regions. Because comments represent the views of different regions, they may vary or even contradict each other.

### **Regional Office for South-East Asia and Regional Office for the Western Pacific, Seoul 6-8 May 2009**

For Unit 3 it was suggested and discussed to separate the current unit into two parts: the first one on measurement of expenditure on health care, the second one on the concept of price and volume measurements. In practice, it was suggested to use the same framework of the current SHA manual (chapter 5 and chapter 7).

The text needs to clarify that the product balance representation includes only capital goods produced by health providers (e.g. software).

The region suggests to include investment in human capital (training and education) in gross capital formation, in addition to investment in research and development.

Without full consensus, it was suggested not to continue using of the term Total Health Expenditures. No specific suggestion was made of a term that could be used instead. There seems to be some support of keeping the proposal: current health expenditure + gross capital formation.

### **The Regional Office for the Eastern Mediterranean and the Regional Office for Europe, Geneva 26-28 May 2009**

The unit describes the basic accountant concepts in a correct and comprehensive way. But the text is very abstract. Furthermore, its difficult to digest because of its theoretical nature. A practical suggestion is to use references to SNA to a larger extent, to take some burden off the text.

It is suggested to describe the accrual principle as the preferred standard, while acknowledging that working on a cash basis is a second best, since in many countries the implementation of accrual is dependent on other statistical systems, and will take many more years.

There is support for introducing the concepts of health PPPs, but the meeting did not go into how much is required in terms of time and resources to do so. The paper would also benefit from an explanation with simple fictive examples on PPPs as well as on the calculation of constant prices.

The meeting also suggests to keep the THE terminology, which is very important. To remove THE will be confusing in many countries. A possibly useful solution is to keep the wording THE, but instead work with a changed definition.

## **Regional Office for the Americas, Cuernavaca 17-19 June 2009**

### **General comments**

The title of unit 3 does not correspond to its content, so recommendation is given to adapt the title to the content or vice versa. Likewise, the conceptualization of health accounts must be in agreement with both unit 2 and its last revision. In fact, it was suggested that the issue of totals be moved to the end of unit 2. The definitions in this chapter must correspond to the SHA and not the SNA insomuch as this is a health account manual. There are also essential definitions in units 9 and 10 which create redundancy and confusion.

The content of this unit regarding definitions in the SHA is suggested to be included in a different chapter together with the material in unit 5. This new chapter could be entitled "Relations between SNA and SHA" or something to that end. Certainly closeness and coherence between the two systems is being pursued, but we should not lose sight of the fact that we are working on the revision of SHA, a health accounts manual that should be consistent with the SNA, and whenever this is not achieved, explicit and clear actions must be taken so as to enable migration between both systems and the elaboration of satellite accounts.

Also recommended here is moving the topics of price and volume, health index and health related purchasing power parities to a separate chapter so as to provide ideas on the feasibility of these sophisticated statistics, which are desirable and of great importance, but difficult to implement in countries with poorly developed statistical systems.

In regards to the topic of quantities and prices, product of providers that are defined in the corresponding institutional unit must be clearly and ex-ante defined. This information will be very useful to establish a relation among providers, the goods and services they produce and the functions they play. This will contribute to improve the transparency of transactions in the health system.

An appendix of the classifications and equivalences between the SHA and the SNA is advisable. In this manner, coherent and consistent health accounts and satellite accounts may be carried out.

The current revision of SHA should keep concepts understandable for the health sector and bring health accounts terminology closer to that of the SNA, and SHA 1 with SHA 2. A glossary should therefore be included to facilitate the process and the interpretation of the terms and their connections.

The core objective of the HAs is to support decision making and policy making in health; hence, outcomes, categories and all means of presentation must meet the interests of the health authorities. The Manual should not lose sight of this crucial aspect.

### **Specific comments**

In reference to the proposal of eliminating the term "total health expenditure (THE)", the answer is no. THE as current spending in health plus capital spending, as SHA 1 calls it, must be maintained, and the presentation should be kept apart, as is at present. There are no objections to the term "gross capital formation".

For this Manual it is crucial to very accurately determine the categories that will be included both in current expenditure and in capital expenditure (it is advisable to take up the SHA and the Producer Guideline).

The recording of R&D expenditure is suggested to be kept separate as part of the gross capital formation. It may be very difficult to implement with the statistical and accounting means available in Latin America and the Caribbean, yet we deem appropriate that this line be kept separate and filled in as information may be obtained.

With respect to the treatment of specific cases, such as the segregation of research activities with hospital service delivery, it would be convenient to produce guideline-wise methodological recommendations rather than a Manual based on the experience and statistical data in each country.

The relation between supply and demand is very useful, but is not a priority at presently. First, the relations between the SHA and the SNA must be clarified through the classification of providers, products, institutional units and functions. Once this is achieved, a reference table will make sense. The other issue refers to its usefulness for the decision making process in the health sector, hence the need to translate its analysis in terms of its uses for health policies.

With regards to the measurements of health outputs, the LAC region does not consider it feasible because the statistical systems of the health institutions lack the records for disease episodes and their corresponding for follow-up. The recommendations are to carry out research projects for those topics of interest whose results could eventually be linked or related to the concepts of Health Accounts.

With respect to the subject of health related PPPs estimates aimed at achieving international comparability, we consider it an interesting and sound subject from a conceptual perspective, but it is based on the assumption that prices and volumes of health care goods and services have been estimated. This has been recognized as a very important task, but it entails great challenges., we suggest that it be included in the Manual as an appendix.

Since there are many basic issues that still need to be resolved, the meeting considers that the tools and approaches included in Unit 3 are far from the interest of health authorities and hence are not priority. Nonetheless, we recognize their great value for research, in particular of an academic nature.