



## Session 2

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### **The Portuguese experience: estimation of the output of hospitals according to different methodologies**

The recent reform carried out by the Government in the National Health Service consisted in changing the legal status and way of financing of the hospitals in order to make them more efficient. This reform started, in December of 2002, to affect 31 hospitals and gradually it will extend to almost all of them, leaving out very few. The financing of the activity of the hospitals has moved towards contract acts made between the government and these units in terms of paying proportionally to the output rendered by the hospitals. The units were grouped according to case mix indicators which fixed the price. This reform continues and will have an impact both in the health accounts and national accounts.

This study refers to the most appropriate methodology of measuring the output of the hospitals included in National Health Service as well as its growth. When the first 31 hospitals changed its legal status and financing way they were reclassified from the general government sector into the non-financial corporation sector. This change in the sector classification had an impact on figures and growth because while allocated to the general government sector their health output was measured by the sum of its production costs less non-health sales, whereas as non-financial corporations, in 2003, their health output is measured through its health sales. The result was a decrease in the health output/expenditure, from 2002 to 2003, after a continuous previous nominal increase, from 2000-2003 and considering that these hospitals although market are still facing a deficit.

The purpose of this work is to apply two methods of measuring the output of the hospitals in the National Health Service: one based on costs and the other based on output, and also to measure its volume growth according to output deflators.