

TERMS OF REFERENCE FOR THE TASK FORCE FOR THE DEVELOPMENT OF HEALTH-SPECIFIC PURCHASING POWER PARITIES

Objective

The objective of the Task Force is to oversee the development of output-based purchasing power parities (PPPs) for health goods and services. These data should fulfill two purposes: (i) provide a tool for the analysis of the volume of health expenditure in OECD and EU countries. This purpose is complementary to other data projects in the field of health accounts with a view to improving the information base for health policy makers; (ii) provide input to the broader purpose of deriving economy-wide PPPs for international comparisons of volume GDP. This purpose links into broader efforts in the community of national accountants and PPP statisticians to develop output-based deflators and volume measures for the non-market sector of the economy.

Background

The programme of work in the development of health-specific PPPs will contribute to the methodology for estimating reliable PPPs in order to provide a tool for the analysis of the volume of health expenditure in OECD and EU countries. Effective and appropriate decision making about health financing and resource allocation requires health expenditure data comparable across countries and over time. Comparisons of health expenditure data however are limited by the lack of adequate PPPs for health.

In order to undertake the developmental work, the Health Division of the Directorate for Employment Labour and Social Affairs and the Prices and Structural Economic Statistics Division of the Statistics Directorate have decided to convene a Task Force with the objective of overseeing the development of output-based PPPs for health goods and services.

The work of the Task Force is related to two existing projects. The first is the work of the current Eurostat/OECD Task Force on PPPs. The European Commission has agreed that the Task Force will take over investigations on sources and methods for health from the current Eurostat/OECD Task Force on PPPs as soon as the Task Force is created. This work will be supported by a proposed grant agreement between the OECD and the European Commission, which will provide extensive resources to support the development of health-specific PPPs. The cooperative arrangements with Eurostat are endorsed in that agreement.

The second project is the current OECD project for improving the measurement of non-market services. The work of the Task Force will contribute to and benefit from this non-market services project. The project will culminate in the publication of the 'Handbook on measuring Education and Health Volume Output'. The Task Force's mandate covers both market and non-market production of health goods and services.

Membership

The complex nature of the topic requires that this project be carried out with close collaboration between health statisticians and health economists on the one hand and price statisticians and national accountants on the other hand. At the OECD, this would involve the Health Division of the Employment Labour and Social Affairs Directorate and the Prices and Structural Economic Statistics and the National Accounts Divisions of the Statistics Directorate. The collaboration is indispensable in light of the technical nature of the project.

All member countries of the OECD and non-OECD EU members will be invited to nominate participants to serve on the Task Force. Since the Task Force is a technical group, it is important that participants have an interest and/or some expertise in the area of Health PPPs. The initial points of contact with the countries will be both the government agencies responsible for statistical collections and for health statistics collections. As the Task Force will report in the first instance to a number of OECD Official Committees (details below) on which all OECD countries and the European Commission are represented on these committees, those countries which do not have a representative on the Health specific PPP Task Force will be able to review its work in one of those forums.

The European Commission and the World Health Organisation will also be invited to participate. The Task Force can also invite nominated specific experts to participate in its deliberations.

Roles and Responsibilities

The roles and responsibilities of the Task Force will include but not be limited to:

Development of concepts and methodology. There are a number of outstanding questions as to the basic methodology to be applied for measuring health services. For example, the issue of output of health services versus health outcome due to health services needs clarification as does its relation to the quality adjustment of prices or quantities in comparisons of health services. A crucial choice is the “bundle of activities” upon which value, quantity, quality and prices are to be measured simultaneously: must we privilege the diseases, the providers, the procedures, and a combination of these parameters with also the characteristics of the patients?

Assessment of data availability and feasibility of data development. Concepts, even if generally agreed, are of little value unless there is a realistic possibility of collecting the data required for their measurement. The development of concepts and their measurability are in fact interrelated and a major challenge for the project will be to strike the right balance between measurability and conceptual soundness. Recent experience from a 2005 Eurostat survey of prices for health goods and services in the market sector will provide a useful starting point for further discussion of methods and data availability.

Formulation of joint OECD/Eurostat guidelines for data collection for the purpose of health PPPs. This would constitute the third step in the process, possibly following a pilot project of data collection for a few countries.

Members of the Task Force will be invited to participate actively in the programme of work by reviewing and commenting on papers and issues at Task Force meetings and preparation of papers on topics of interest.

Reporting

The leadership and administration of the Taskforce is with the OECD. The Task Force will report in the first instance to the OECD Health Accounts Experts Group, and also to the OECD Health Committee and the OECD National Accounts Working Party.

The reports of the Task Force will also be made available to the Eurostat PPP Working Group. The Task Force will also send its reports to the Eurostat Partnership in Health Technical Group Care and the Eurostat Working Group on Public Health Statistics.