Spending in Health – The Evidence
A User Perspective

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Central Statistics Office Health Accounts Seminar
Royal College of Physicians
November 10th 2016

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The challenge of defining and capturing health expenditure

- Ireland's System of Health Accounts to be welcomed
- New data sources – including from private hospitals and private health insurers
- Working towards international comparability...
- ...But challenges remain – nationally and internationally

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What do we need to know about health spending?

- How much? Cost to whom? On what?
- How cost-effective? How sustainable?
- What drives it? Volume? Unit cost? Perverse incentives?
- If volume, is there supplier-induced demand?
- If unit costs, are costs out of line? What deflator?
- Capital versus current mismatch?
- How does it compare internationally?

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Why does international comparison matter? Perceptions can shape reality

"Demands for spending in the health sector continue to grow, irrespective of **the inconvenient fact that Ireland spends more than almost anywhere else on health for a poorer return**. Nobody seems to want to talk about that."

- Pat Leahy, The Irish Times, October 13th 2016

"In 2000, current spending on health care in the UK was 6.3% of GDP, and the then Prime Minister Tony Blair committed his government to matching the average for health spending as a percentage of GDP in the 14 other countries of the European Union in 2000 (8.5%) through increases in NHS spending."

– John Appleby, Chief Economist, The King's Fund, 20th January 2016

Source: https://www.kingsfund.org.uk/blog/2016/01/how-does-nhs-spending-compare-health-spending-internationally

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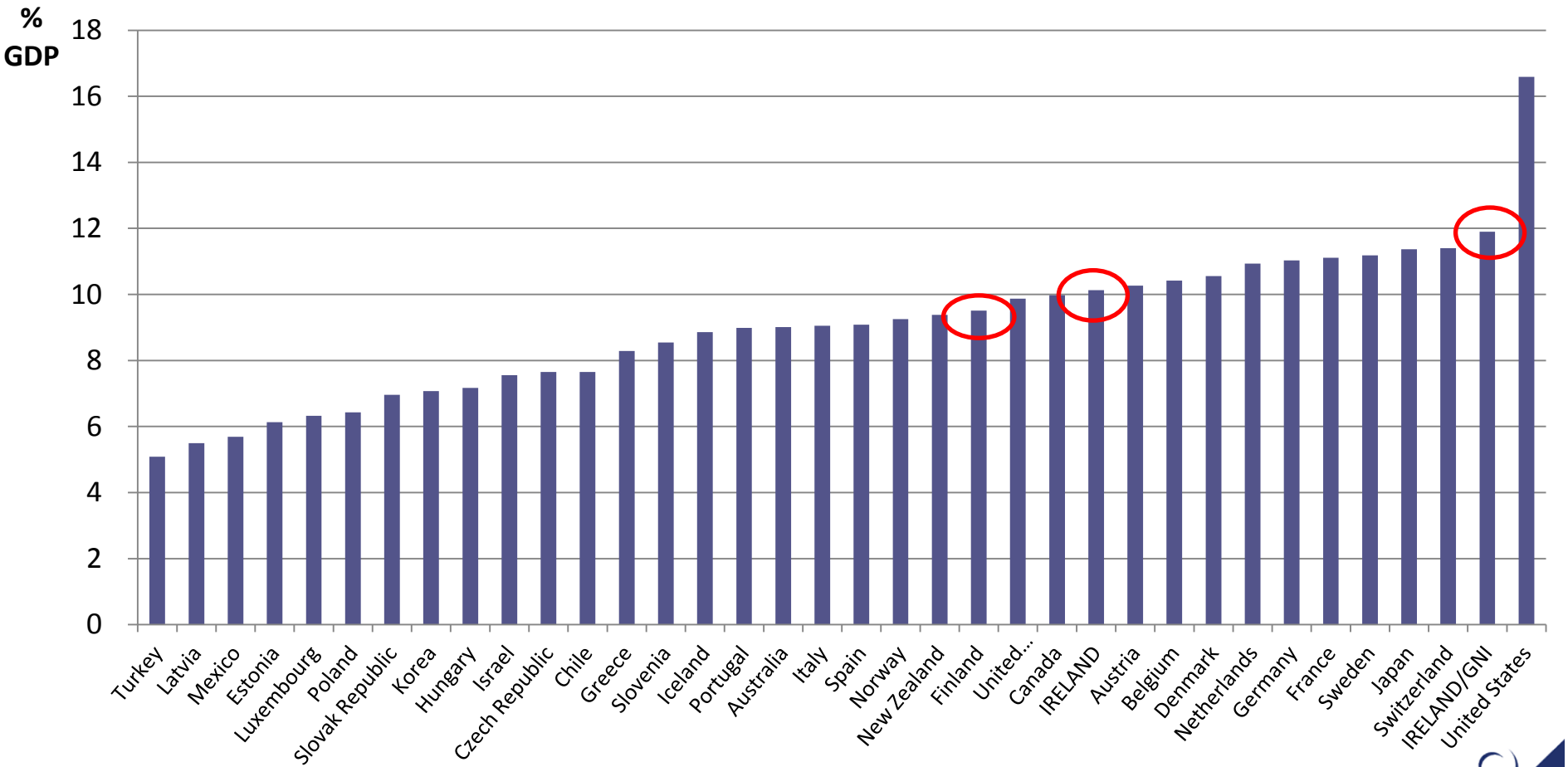
Current expenditure on health as percentage GDP, 2014



Source: OECD.stat November 2016

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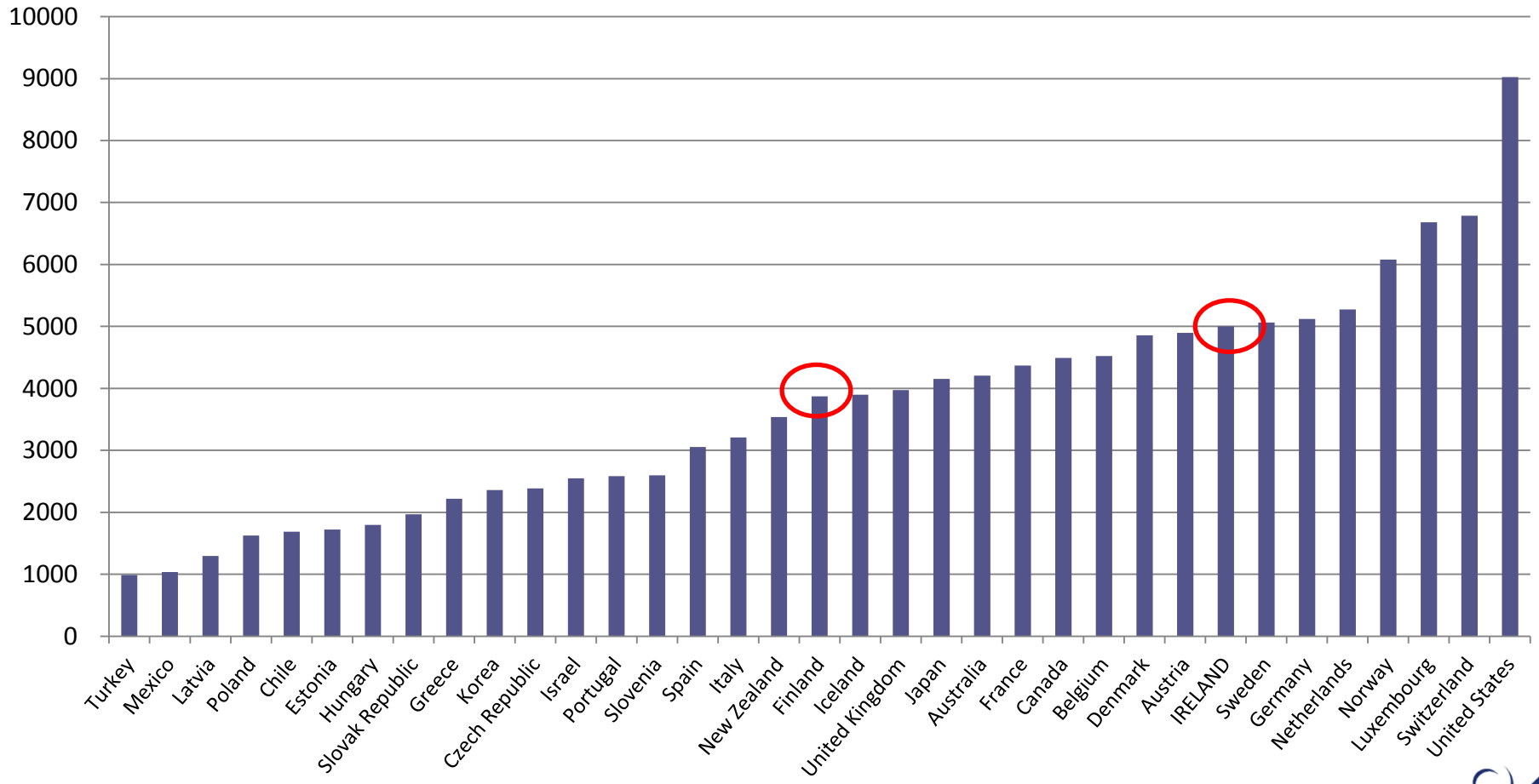
Current expenditure on health per capita, US dollars ppp, 2014



Source: OECD.stat November 2016

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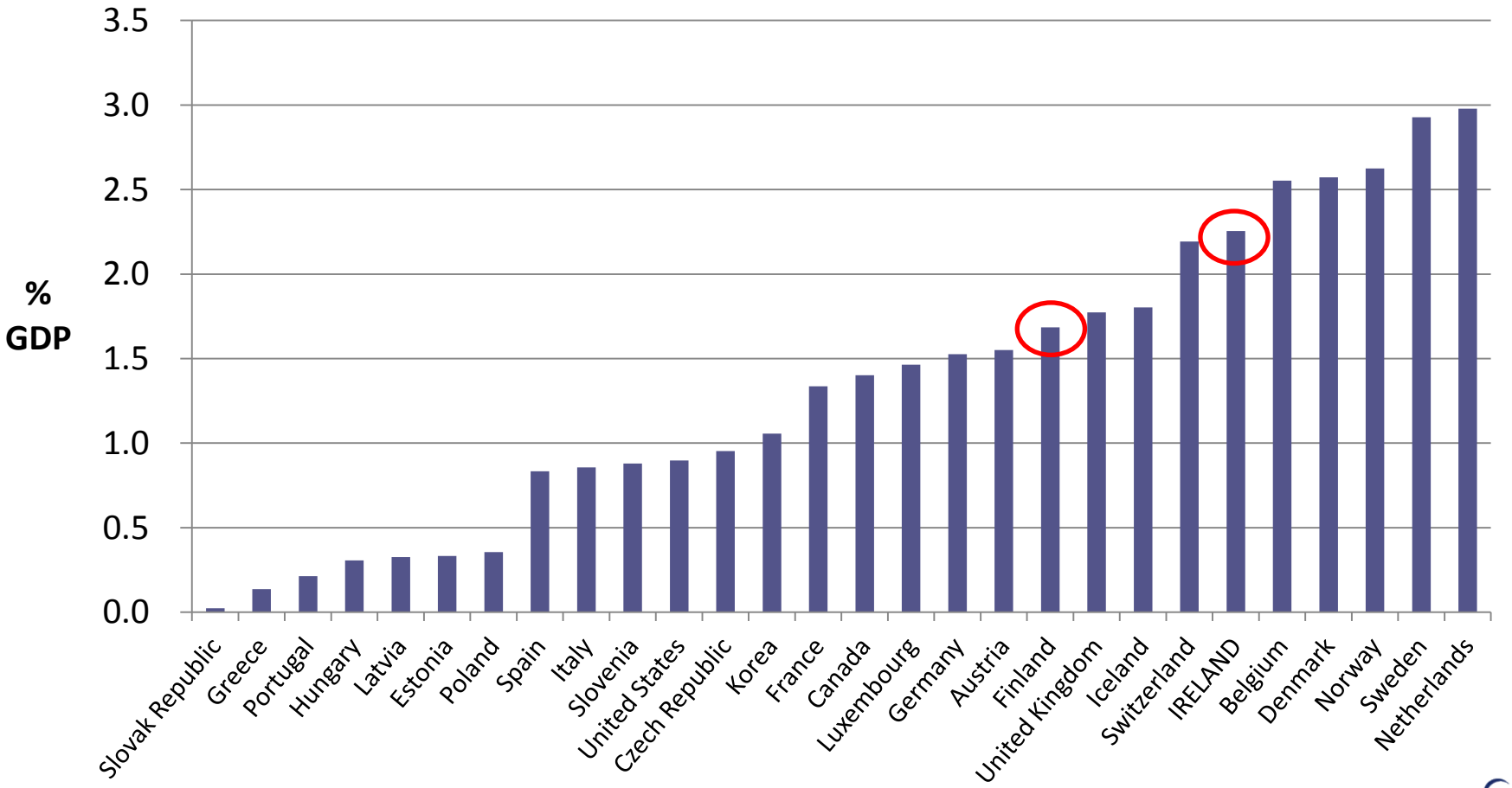
Long-term care expenditure as percentage GDP, 2014



Source: OECD.stat November 2016

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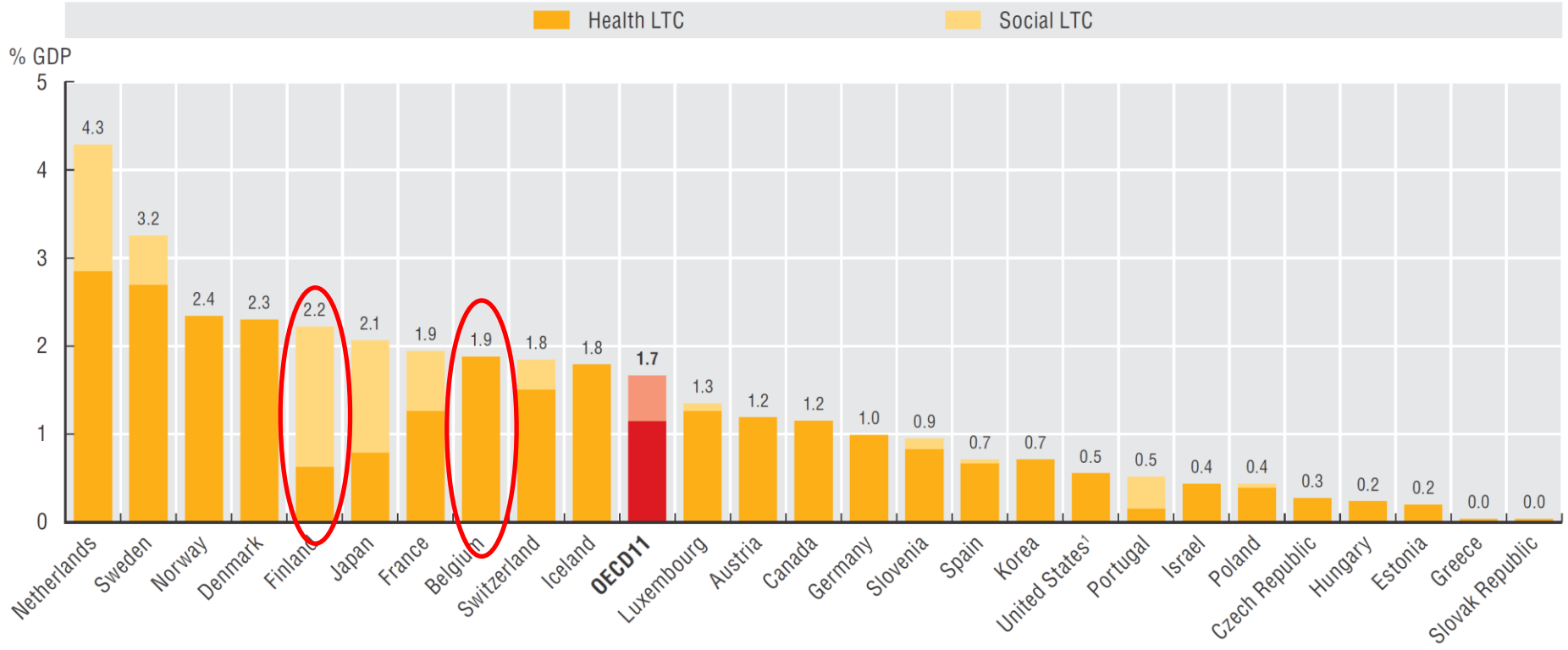
But there are two categories of long-term care expenditure...

11.21. Long-term care public expenditure (health and social components), as share of GDP, 2013 (or nearest year)



Note: The OECD average only includes the eleven countries that report health and social LTC.
1. Figures for the United States refer only to institutional care.
Source: OECD Health Statistics 2015, http://dx.doi.org/10.1787/health-data-en.

Source: OECD (2015) Health at a Glance 2015

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How does OECD now define the boundary between health and social spending?

"...long-term care (health) in SHA 2011 includes personal "body help" type services (e.g. help with ADL) under health expenditure,

while "assistance or home help" type services (e.g. help with IADL) should be separately counted as long-term care (social) outside the core health care boundary and recorded under the health care-related category (HCR.1).

If, however, long-term care (social) services are also delivered as part of a service package in which a medical or nursing care component dominates, then the expenditure for these should also be included under health care, and vice versa.

This aside, the health accounting framework leaves open the possibility to identify total long-term care spending, that is, the aggregate of the health and social components, which may be of greater policy relevance."

Source: OECD, Eurostat, WHO (2011) A System of Health Accounts, OECD Publishing

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What does CSO include under LTC (health) spend?

"The SHA distinguishes between long-term care with a "health" purpose and long-term care with a "social" purpose. As these elements of long-term care are often delivered in a single package of care, it is very difficult to separate them – as has been noted above in the case of Ireland."

http://www.cso.ie/en/releasesandpublications/er/sha/systemofhealthaccounts2014/

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What does CSO include under LTC (health) spend?

Apparently included in LTC (health):

All residential and nursing care facilities for older people and people with disabilities?

All home help and home care package services?

All respite care and personal care services for persons with a disability?

All Department of Social Protection payments to home carers?

All voluntary organisations who provide home care services?

How do other countries categorise such expenditures?

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The OECD view of how this categorisation is working...

"The boundaries between health and social LTC spending are still not fully consistent across countries, with some reporting particular components of LTC as health care, while others view it as social spending."

- OECD (2015) *Health at a Glance 2015: OECD Indicators*, OECD Publishing, Paris.

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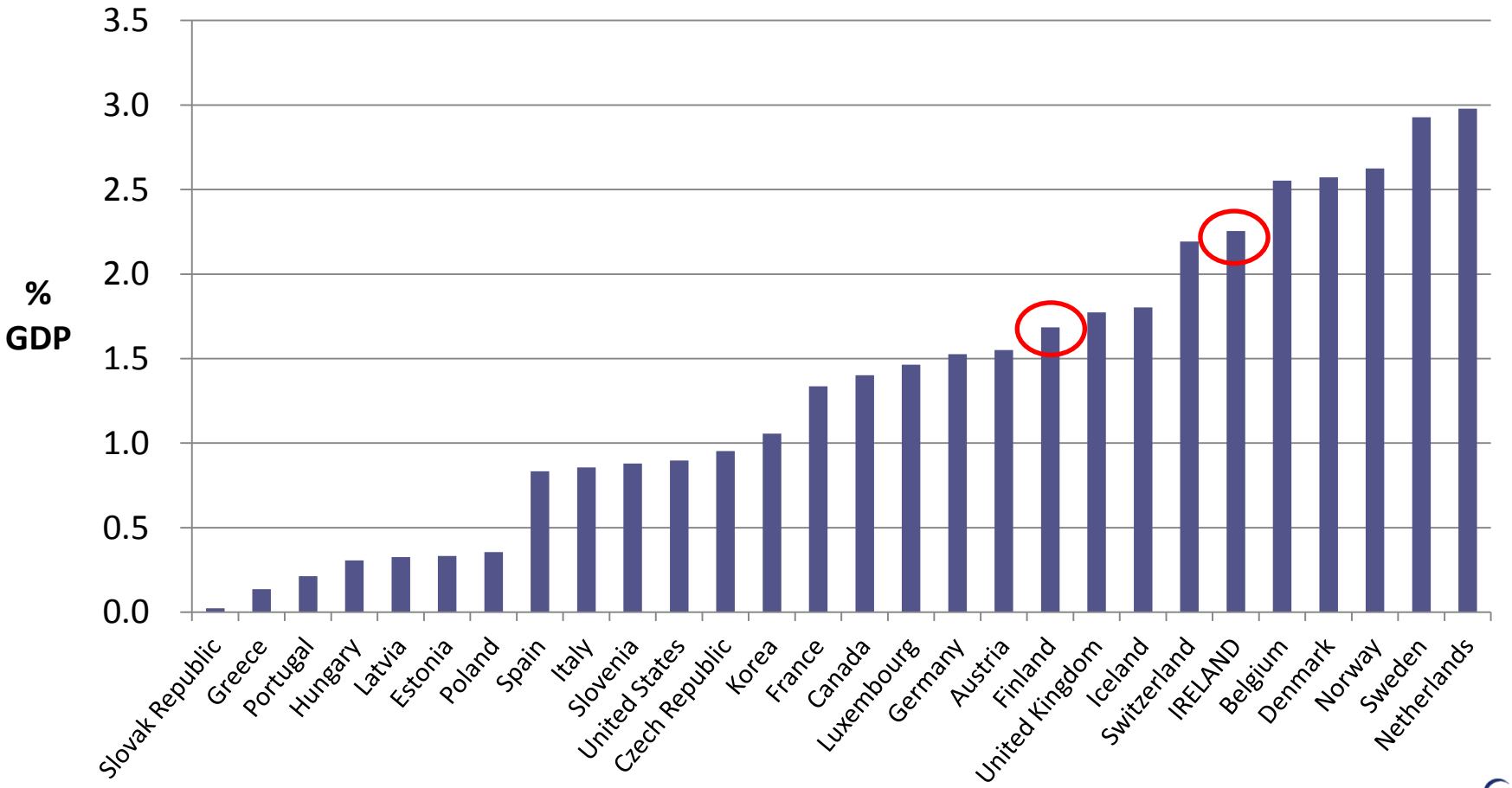
Long-term care expenditure as percentage GDP, 2014



Source: OECD.stat November 2016

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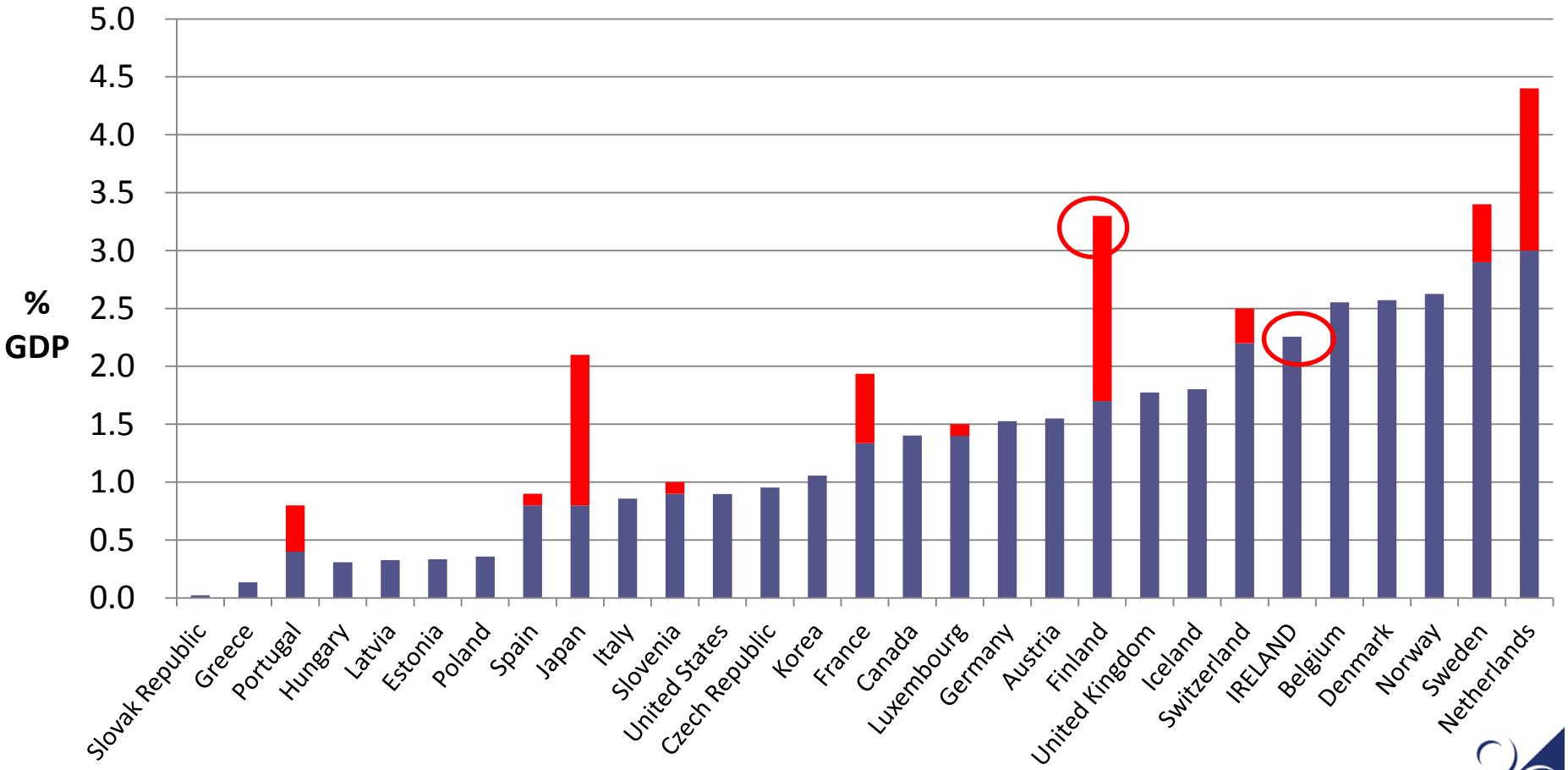
Long-term care expenditure (health and social*) as percentage GDP, 2013/2014



*Includes only public expenditure on long-term care (social) in minority of countries returning data

Source: OECD.stat November 2016; OECD (2015) Health at a Glance 2015

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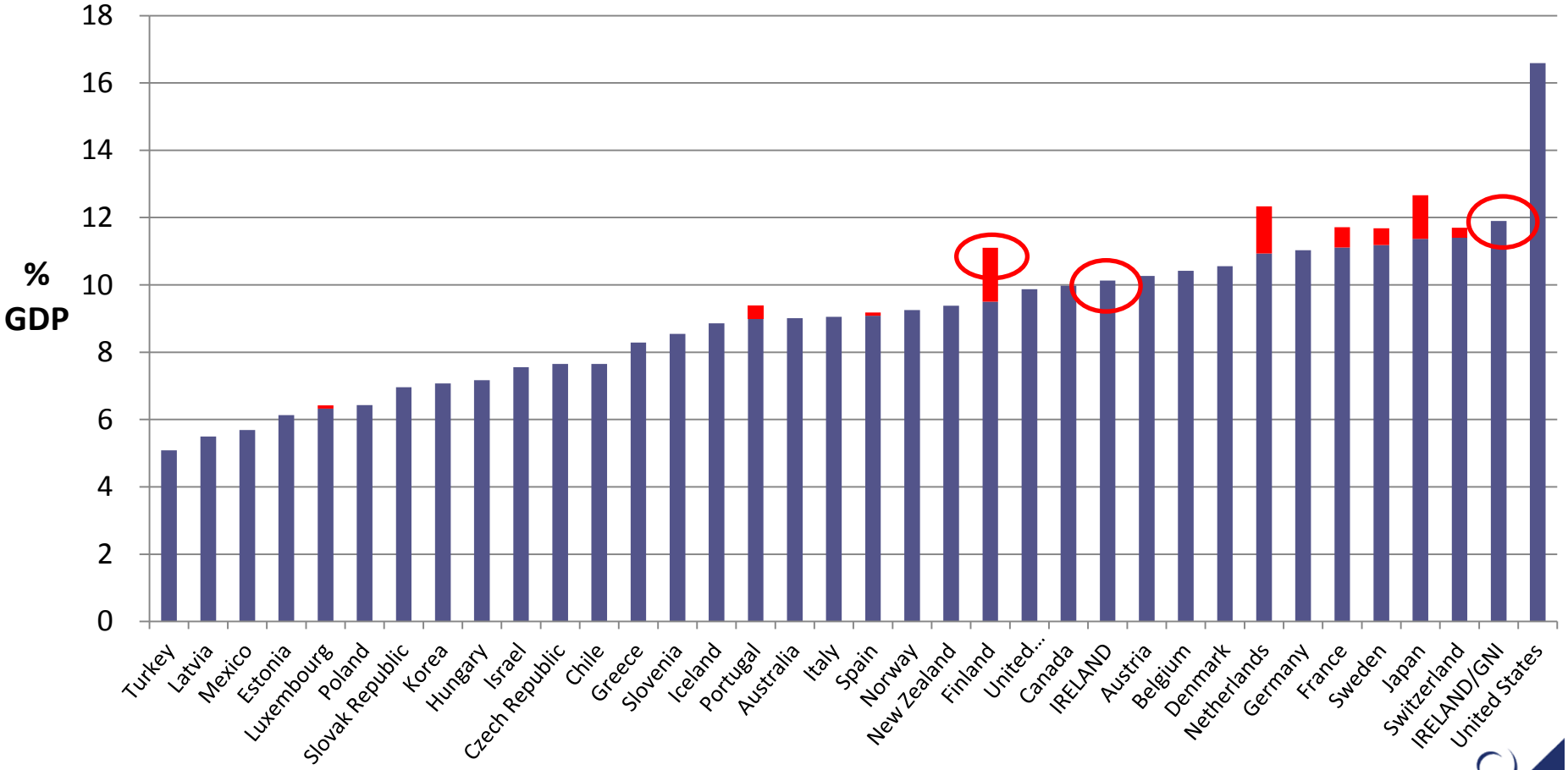
Current expenditure on health and long-term care (social*) as % GDP, 2013/2014



*Includes only public expenditure on long-term care (social) in minority of countries returning data

Source: OECD.stat November 2016

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An OECD view: "How do we use SHA?"

- SHA is NOT intended to be the core framework for NHA in a country
  - It is only provided for reporting at the international level
  - Local framework needed often to describe local system correctly and sufficiently

- Three ways in which it is used:
  1. Basis for developing NHA for first time
  2. Basis for replacing local NHA framework
  3. Reserved for international reporting, while retaining local framework

Source: OECD Technical Workshop for SHA 2011 Implementation, Paris, October 2012, Slide 18

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Conclusions

- Use OECD Health Data with care
- Interpret with care
- Deriving lessons (or worse, policy) “at a glance” from international comparisons is potentially misleading
- International comparability project is far from complete

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