Health expenditure database 2015–16; Quality Statement

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Identifying and definitional attributes

Metadata item type:	Data Quality Statement
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Data quality

Data quality statement summary:

Summary of key issues

- Total health expenditure excludes some types of health-related expenditure, including health-related Australian Defence Force expenditure, some local government expenditure and some non-government organisation expenditure, such as that by the National Heart Foundation and Diabetes Australia.
- The state and territory estimates are intended to give some indication of differences in the overall levels of expenditure on health within the states and territories; they do not necessarily reflect levels of activity by state and territory governments.
- The data, to the greatest extent possible, are produced on an accrual basis.
- Estimates are not comparable with the data published in reports issued prior to 2005–06, due to the reclassification of expenditure on high-level residential aged care from 'health services' to 'welfare services'.
- The processing of the 2015–16 health expenditure data was carried out with improved methods for allocating areas of expenditure by non-government funders compared with previous years. Hence, data on funding by workers' compensation and compulsory third-party motor vehicle insurers may not be directly comparable with data for previous years.
- Changes to how the Australian Government Department of Health report Aboriginal and Torres Strait Islander health expenditure contributed to the decrease in expenditure on community health services between 2014–15 and 2015–16. In 2015–16, a number of Aboriginal and Torres Strait Islander community health program funding allocations were combined with other Indigenous programs, which resulted in some of the expenditure on community health services being attributed to other areas of expenditure, such as unreferred medical services. The impact of the changes can be seen nationally and across all states and territories. It is most evident in the Northern Territory which had a larger proportion of the reallocated expenditure.

Description

The Australian Institute of Health and Welfare (AIHW) annually compiles its health expenditure database, which comprises a wide range of information about health expenditure in Australia. Data from this database are reported 15 months after the end of the financial year. Each release provides a 10-year time series from the reference year. In this release, data are provided for 2015–16 and back to 2005–06.

Health expenditure is defined as expenditure on health goods and services and health-related investment. The definition closely follows the definitions and concepts that the Organisation for Economic Co-operation and Development's (OECD) System of Health Accounts (OECD, Eurostat & WHO 2011) framework provides. It excludes:

- expenditure that may have a health outcome, but is incurred outside the health sector (such as expenditure on building safer transport systems and educating health practitioners)
- expenditure on personal activities not directly related to maintaining or improving personal health
- expenditure that does not have health as the main area of expected benefit.

Recurrent expenditure plus capital expenditure and the medical expenses tax rebate are included.

These data are provided to the OECD annually to enable the monitoring of the impact of changes in the way health care is delivered and financed, as well as to enable international comparisons.

Institutional environment:

The AIHW is a major national agency set up by the Australian Government under the *Australian Institute of Health and Welfare Act 1987* to provide reliable, regular and relevant information and statistics on Australia's health and welfare. It is an independent corporate Commonwealth entity established in 1987, governed by a management board, and accountable to the Australian Parliament through the Australian Government health portfolio.

The AIHW aims to improve the health and wellbeing of Australians through better health and welfare information and statistics. It collects and reports information on a wide variety of topics and issues—from health and welfare expenditure, hospitals, disease and injury, and mental health, to ageing, homelessness, disability and child protection.

The Institute also plays a role in developing and maintaining national metadata standards. This work contributes to improving the quality and consistency of national health and welfare statistics. The Institute works closely with governments and non-government organisations to achieve greater adherence to these standards in administrative data collections, in order to promote national consistency of reporting and comparability of data.

One of the main functions of the AIHW is to work with the states and territories to improve the quality of administrative data and, where possible, to compile national data sets based on data from each jurisdiction, to analyse these data sets, and to disseminate updated information and statistics.

The *Australian Institute of Health and Welfare Act 1987*, in conjunction with compliance to the *Privacy Act 1988*, (Cth) ensures that the data collections managed by the AIHW are kept securely and under the strictest conditions with respect to privacy and confidentiality.

For further information see http://www.aihw.gov.au.

The AIHW's reporting on expenditure forms Australia's National Health Accounts, which are distinct from but related to the National Accounts produced by the Australian Bureau of Statistics (ABS).

The AIHW compiles its health expenditure database from a wide variety of government and non-government sources. Since 2008–09, the main source of state and territory government expenditure data has been the Government Health Expenditure National Minimum Data Set (GHE NMDS), which consists of data provided by the states and territories to the AIHW. Information about Australian Government expenditure is sourced from the Australian Government Department of Health, Treasury, Australian Taxation Office, ABS, Australian Government Department of Veterans' Affairs and the Australian Prudential Regulation Authority.

Timeliness:

This release includes data for the 2015–16 financial year, as well as data back to 2005–06.

The AIHW health expenditure database cannot be compiled for a given year until all providers have supplied data for that year. Timely reporting depends on whether all providers meet the deadline for data supply. Any delay to data supply past the deadline has an impact on the release date.

The data are generally released 15 months after the end of the reference year, as part of the *Health expenditure Australia* series of publications.

There have been some revisions to previously published estimates of health expenditure, due to receipt of extra or revised data or changes in method. As a result, comparisons over time should be based on the estimates provided in the most recent publication, or from the data visualisation tool available at http://www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/overview, rather than by reference to earlier editions.

Accessibility:

Reports based on the database are published and are available on the AIHW website where they can be downloaded for free: see http://www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/reports.

Tables and figures (and the underlying data) in the *Health expenditure Australia 2015–16* report are available in Excel format and can be downloaded free from http://www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/data.

Data are also available through a data visualisation tool at http://www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/overview.

General enquiries about AIHW publications can be made to the Strategic Communications and Stakeholder Engagement Unit on (02) 6244 1000 or via email to info@aihw.gov.au.

Specific enquiries about health expenditure data can be made to the Expenditure and Workforce Unit via email to info@aihw.gov.au.

Interpretability:

See Appendix C of the *Health expenditure Australia 2015–16* report for detailed descriptions of concepts, data sources and estimation methods, and the Glossary for the terms used. Information is also available on the AIHW's Metadata Online Registry (METeOR) system at http://meteor.aihw.gov.au.

Further information on the GHE NMDS can also be found on the AIHW's METeOR system /content/index.phtml/itemId/540601.

Relevance:

Scope and coverage

The AIHW health expenditure database is highly relevant for monitoring trends in health expenditure, including international comparisons. Policymakers, researchers, government and non-government organisations, and the public use these data for many purposes.

Comparisons with GDP enable consideration of the size of the health sector relative to the broader economy, and per person expenditure provides an indication of changes in expenditure in relation to the population.

The relative contribution of the Australian Government and state and territory governments is relevant to health policy and administration. Similarly, non-government sector expenditure, including the out-of-pocket expenses of individuals, is also relevant to various health policy issues such as those related to access and provision of services.

The estimates enable state and territory governments to monitor the impact of their policy initiatives on their overall expenditures on health goods and services.

Reference period

The most recent reference period of these data in the database is the 2015−16 financial year.

Geographic detail

Data are presented at the national and state and territory levels.

Statistical standards

The data are collated in terms of the AIHW's classification of area of expenditure and source of funds as well as the OECD's System of Health Accounts.

Accuracy:

Potential sources of error

Total health expenditure reported for Australia (both domestically and internationally) is slightly underestimated—it excludes some types of health-related expenditure, including health-related Australian Defence Force expenditure and some local government expenditure.

Some of the expenditure by non-government health organisations—such as the National Heart Foundation and Diabetes Australia—is also not included. In particular, most of the non-research expenditure funded by donations to these organisations is not included, as data are not available.

The estimates do not include indirect expenditure such as the cost of lost wages for people accessing health services.

In some cases, public hospitals receive fees from medical practitioners in return for the right to practice privately within the hospital. The medical practitioner may then receive payment from the Medicare Benefits Schedule (MBS), individuals and/or private health insurance funds for these services. The expenditure from these sources is captured in the expenditure data, but the fees received by the hospital are not always captured as revenue in the hospitals' data. This can effectively lead to a double counting of expenditure on the same service. That is, it may appear as though the hospital paid for a portion of the service as well as the MBS, for example.

The AIHW does not separately collect health expenditure information from local government authorities. If local government authorities received funding for health care from the Australian Government or state and territory government, it appears as expenditure by that respective body.

The data, to the greatest extent possible, are produced on an accrual basis; that is, expenditures and funding reported for each area relate to expenses and revenues incurred in the year in which they are reported. This is not always achievable. For example, the data from private health insurance funds are sometimes provided on the basis of the date when the claims for benefit are processed, which is not necessarily the same as the date when the services were provided.

Data validation

Data provided by state and territory health agencies are validated by the agency to ensure they have been collected accurately. State and territory health agencies are also provided with an opportunity to review the final data for their jurisdiction before publication.

Agency participation

The AIHW's Health Expenditure Advisory Committee provides advice on the health expenditure collection and reporting. The committee consists of representatives from the Australian Government Department of Health, Treasury, ABS, Department of Veterans' Affairs, Commonwealth Grants Commission, Australian Government Department of Human Services, Independent Hospital Pricing Authority (IHPA), Australian Prudential Regulation Authority, and each state and territory health department.

Coherence:

Due to differing estimation methods and data sources, state and territory estimates published in the *Health expenditure Australia 2015–16* report may differ from the data published by individual jurisdictions and in other reports, including AIHW reports such as the *Australian hospital statistics* series and publications by IHPA, the National Health Funding Body and the Productivity Commission.

Since 2008–09, some of the data presented in the *Health expenditure Australia* series of publications have been collected through the GHE NMDS. The data collection process requires state and territory data providers to allocate expenditure against a different range of categories from those used for previous collections. These data have been mapped back to the expenditure categories from previous *Health expenditure Australia* reports to ensure consistency and comparability in these statistics over time.

The processing of the 2015–16 health expenditure data was carried out with improved methods for allocating areas of expenditure by non-government funders compared with previous years. Hence, data on funding by workers' compensation and compulsory third-party motor vehicle insurers may not be directly comparable with data for previous years.

Changes to how the Australian Government Department of Health report Aboriginal and Torres Strait Islander health expenditure contributed to the decrease in expenditure on community health services between 2014–15 and 2015–16. In 2015–16, a number of Aboriginal and Torres Strait Islander community health program funding allocations were combined with other Indigenous programs, which resulted in some of the expenditure on community health services being attributed to other areas of expenditure, such as unreferred medical services. The impact of the changes can be seen nationally and across all states and territories. It is most evident in the Northern Territory which had a larger proportion of the reallocated expenditure.

Source and reference attributes

Reference documents:

ABS 2017. Australian national accounts: national income, expenditure and product, March 2017. Cat. no. 5206.0. Canberra: ABS.

AIHW 2017. Health expenditure Australia 2015–16. Health and welfare expenditure series no. 58. Cat. no. HWE 68. Canberra: AIHW.

OECD, Eurostat & WHO 2011. A system of health accounts 2011 edition. Paris: OECD Publishing.

Relational attributes

Related metadata references:

Supersedes Health expenditure database 2014–15; Quality Statement
AIHW Data Quality Statements, Superseded 06/10/2017

Has been superseded by Health expenditure database 2016–17; Quality Statement
AIHW Data Quality Statements, Superseded 25/09/2019