

Health expenditure database 2017–18; Quality Statement

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Identifying and definitional attributes

Metadata item type: Data Quality Statement
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Data quality

Summary of key issues

- Total health expenditure, as reported from the AIHW health expenditure database, 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 Health Foundation and Diabetes Australia.
- State and territory estimates are intended to give an 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.
- As far as possible, the data are produced on an accrual accounting basis.
- Estimates are not comparable with the data published in reports issued before 2005–06 due to the reclassification of expenditure on high-level residential aged care from 'health services' to 'welfare services'.
- In 2007–08, methodological changes resulted in a break in the time series relating to private hospitals. Consequently, hospital estimates (which include private hospital estimates) for 2007–08 and earlier years are not strictly comparable to 2008–09 and later years.
- The price deflator for benefit-paid pharmaceuticals was reviewed and updated for this year's report. This change was back casted to 1985–86.
- The final ABS Private Hospital Establishment Collection (PHEC) was conducted for the 2016–17 reporting period. Data from this collection contributed to estimates of both individual and other private expenditure. The expenditure estimates for 2017–18 have been modelled using historical PHEC data.
- Due to a significant change in the survey used to collect over-the-counter sales of health-related products by individuals at pharmacies by the data provider, the 2017–18 survey results are not comparable with previous year's results. The expenditure estimates for over-the-counter sales of health-related products for 2017–18 have been modelled on historical estimates.
- In 2017, the Australian Government funded the Tasmanian Government for operating the Mersey Community Hospital. The payment was made as a single lump sum payment but funds will be allocated over a ten year period.
- The Australian Bureau of Statistics implemented a new classification system for the reporting of government finance statistics, which was implemented for the 2017–18 period. Estimates for 2017–18 are not directly comparable with previously published data.

Description

The Australian Institute of Health and Welfare (AIHW) compiles, annually, the health expenditure database, which comprises a wide range of information about health expenditure in Australia, and is the foundation of the Australian National Health Accounts (ANHA). The ANHA are reported in the annual *Health expenditure Australia* report about 15 months after the end of the financial year. Each release provides a 10-year time series from the reference year. In 2017–18 release, data are presented from 2007–08.

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 gives. 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, 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 create authoritative and accessible information and statistics that inform decisions and improve that health and welfare of all Australians. 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 AIHW 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 AIHW works closely with governments and non-government organisations to achieve greater adherence to these standards in administrative data collections, 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 health expenditure includes ANHA, which are distinct from but related to the Australian National Accounts produced by the Australian Bureau of Statistics (ABS) and the System of Health Accounts reported by the OECD.

The AIHW compiles its health expenditure database from a wide variety of government and non-government data 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 also sourced from the ABS, Australian Prudential Regulation Authority, Australian Taxation Office, Comcare, Department of Health, Department of Veterans' Affairs and Treasury.

Timeliness: This release of *Health expenditure Australia 2017–18*, includes data for the 2017–18 financial year, as well as data back to 2007–08.

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 about 15 months after the end of the reference year, as part of the annual *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/health-welfare-expenditure/health-expenditure-australia-2017-18/contents/data-visualisation>, 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-data/health-welfare-overview/health-welfare-expenditure/reports>.

Additional tables that support the analysis presented in *Health expenditure Australia 2017–18* are available in Excel format and can be downloaded from <http://www.aihw.gov.au/reports/health-welfare-expenditure/health-expenditure-australia-2017-18/data>.

Data are also available through a data visualisation tool at

<http://www.aihw.gov.au/reports/health-welfare-expenditure/health-expenditure-australia-2017-18/contents/data-visualisation>.

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 Economics and Expenditure Unit via email to info@aihw.gov.au.

Interpretability:

See Chapter 5 of the *Health expenditure Australia 2017–18* report for detailed descriptions of concepts, definitions, data sources and estimation methods, and see the Glossary for the terms used. Information is also available on the AIHW's Metadata Online Registry (METeOR) system at </content/index.phtml/itemId/181162>.

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 gross domestic product (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, planning 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 expenditure on health goods and services.

Reference period

The most recent reference period of these data in the database is the 2017–18 financial year.

Geographic detail

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

Statistical standards

The data are analysed and categorised 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 that of the Australian Defence Force 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. For example, it may appear as though the hospital paid for a portion of the service as well as the MBS.

The AIHW does not separately collect health expenditure information from local government authorities. If a local government authority 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 public release.

Agency participation

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

Coherence: Due to differing estimation methods and data sources, state and territory estimates published in *Health expenditure Australia 2017–18* 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 the 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 reports to ensure consistency and comparability in these statistics over time.

The price deflator for benefit-paid pharmaceuticals was reviewed and updated for this year's report. This change was back casted to 1985–86.

In 2007–08, methodological changes resulted in a break in the time series relating to private hospitals. Consequently, hospital estimates (which include private hospital estimates) for 2007–08 and earlier years are not strictly comparable to 2008–09 and later years.

Due to a significant change in the survey used to collect over-the-counter sales of health-related products by individuals at pharmacies by the data provider, the 2017–18 survey results are not comparable with previous year's results. The expenditure estimates for over-the-counter sales of health-related products for 2017–18 have been modelled on historical estimates.

The ABS discontinued the PHEC in 2018, with 2016–17 being the last reporting period. Consequently, expenditure estimates for 2017–18 were modelled using historical PHEC data.

The Australian Government funded the Tasmanian Government for the Mersey Community Hospital in 2016–17. The agreement of the grant was for a period of ten years starting in 2017–18.

The ABS, in 2019, implemented a new classification system for the reporting of government finance statistics. Data provided for 2017–18 used the new classification. Therefore, government finance estimates for 2017–18 are not directly comparable with previously published data.

Source and reference attributes

Reference documents: ABS 2019. Australian national accounts: national income, expenditure and product, December 2018. Cat. no. 5206.0. Canberra: ABS.

AIHW 2019. Health expenditure Australia 2017–18. Health and welfare expenditure series no. 65. Cat. no. HWE 77. 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 2016–17: Quality Statement AIHW Data Quality Statements](#), Superseded 25/09/2019

Has been superseded by [Health expenditure database 2018–19: Quality Statement AIHW Data Quality Statements](#), Superseded 26/11/2021