Health expenditure database 2021–22; Quality Statement

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Identifying and definitional attributes

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Data quality

Data quality statement summary:

Description

The Australian Institute of Health and Welfare (AIHW) compiles, annually, the health expenditure estimates, 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 is developed to provide an understanding of the long-term trends in overall health expenditure and how they are changing over time.

The ANHA are reported in the annual *Health expenditure Australia* report about 15 months after the end of the financial year and are provided to the Organisation of Economic Cooperation and Development (OECD) and World Health Organisation (WHO) according to the international System of Health Accounts classification. Each release provides a 10-year time series from the reference year. In the 2021–22 release, most of the data are presented from 2011–12 to 2021–22.

The AIHW's Health Expenditure Advisory Committee gives advice on the health expenditure collection and reporting. The committee consists of representatives from the Australian Bureau of Statistics (ABS), Australian Prudential Regulation Authority (APRA), Commonwealth Grants Commission (CGC), Department of Health and Aged Care (DoHAC), Services Australia, Department of Veterans' Affairs, Independent Health and Aged Care Pricing Authority (IHACPA), Treasury, National Health Funding Body (NHFB) and each state and territory health department.

Summary of key issues

- Total health expenditure, as reported from the AIHW Health Expenditure Database, excludes some types of health-related expenditure, including residential aged care, welfare expenditure, some local government expenditure and some non-government organisation expenditure, such as that by the National Heart Foundation and Diabetes Australia.
- To create the estimates for Australian Government spending, each year the AIHW is provided with an extract of accounting data from the Australian Government Department of Health (DoHAC) and works with DoHAC to allocate each expenditure item to its most appropriate area of spending. Throughout the years, there have been changes in both the data and approaches to allocation. While every effort is made to ensure consistency, this can lead to changes in the classification of areas of expenditure for some items.
- 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. From 2018–19, the Private Hospital Data Bureau (PHDB) is used to estimate the patient revenue component of private hospitals. In 2021–22, the other revenue component has continued to be modelled on historical data using the growth rate of the patient revenue component. Therefore, the private hospital expenditure from 2018–19 to 2021–22 might not be directly comparable with previously published data.
- Data for over-the-counter sales of health-related products by individuals at supermarkets and retail pharmacies for the period 2016–17 to 2019–20 are sourced from Information Resources Incorporated (IRI) data collection. This collection changes over time and can have different scopes compared to the

years prior to 2016–17. Due to significant changes in the scopes, over-the-counter sales of health-related products by individuals at supermarkets and retail pharmacies in 2021–22 has continued to be modelled using historical data. Therefore, caution must be exercised in relevant comparisons.
- Due to data unavailability, individuals' expenditure on private scripts in 2021–22 has continued to be modelled using historical data and the growth rates of private health insurance coverage and fees charges.
- 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 are being accrued over a 10-year period. Australian Government expenditure for Mersey Community Hospital since 2007–08 has not been offset from Tasmanian government's expenditure.
- The ABS implemented a new classification system for the reporting of government finance statistics for the 2017–18 period onwards. Estimates from 2017–18 onwards are not directly comparable with previously published data.
- 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, rather than by reference to earlier editions.

Institutional environment:

The AIHW is an independent corporate Commonwealth entity under the *Australian Institute of Health and Welfare Act* 1987(AIHW Act), governed by a management Board and accountable to the Australian Parliament through the Health portfolio.

The AIHW is a nationally recognised information management agency. Its purpose is to create authoritative and accessible information and statistics that inform decisions and improve the health and welfare of all Australians.

Compliance with the confidentiality requirements in the AIHW Act, the Privacy Principles in the *Privacy Act* 1988 (Cth) and AIHW's data governance arrangements ensures that the AIHW is well positioned to release information for public benefit while protecting the identity of individuals and organisations.

For further information see the AIHW website www.aihw.gov.au/about-us, which includes details about the AIHW's governance (www.aihw.gov.au/about-us/our-governance) and vision and strategic goals (www.aihw.gov.au/about-us/our-vision-and-strategic-goals)

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, Eurostat and WHO.

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, APRA, Australian Taxation Office, Comcare, DoHAC, DVA and Treasury.

Timeliness:

This release of *Health expenditure Australia 2021–22*, includes data for the 2021–22 financial year, as well as data back to 2011–12.

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 may impact on the release date.

The data are generally released about 15–18 months after the end of the reference year, as part of the annual *Health expenditure Australia* series of publications.

Accessibility:

Reports based on the Health Expenditure database are published and are available on the AIHW website.

Additional Excel data tables and a data cubes file that support the analysis presented in *Health expenditure Australia 2021–22* can be downloaded from the AIHW website.

Data are also available through a data visualisation tool.

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 Health Economics Unit via email to info@aihw.gov.au.

Interpretability:

See Overview of data sources and methodology for detailed descriptions of concepts, definitions, data sources and estimation methods, and see the Glossary for the terms used.

Also see Comparing and alignment of Australian health expenditure estimates for similarities and differences of different health spending figures in different reports.

Further information on the GHE NMDS visit Government health expenditure NMDS 2014- (aihw.gov.au).

Relevance:

Scope and coverage

Total health expenditure reported for Australia (both domestically and internationally) is known to be an underestimate—it excludes some types of health-related expenditure, including some local government expenditure and occupational health spending by non-government sources such as private enterprises. 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.

The AIHW's 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 governments to monitor the impact of their policy initiatives, as well as broader social and economic trends on health spending.

The AIHW does not separately collect health expenditure information from local government authorities.

Reference period

The most recent reference period of these data is the 2021−22 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, Eurostat & WHO's System of Health Accounts.

Accuracy:

Potential sources of error

Some services provided in hospitals attract a subsidy from the Medicare Benefits Schedule (MBS). Up to now, hospital spending estimates have not explicitly treated any MBS spending as public hospital spending (it is treated as spending on 'referred' or 'unreferred' medical services). This is primarily because limitations in the MBS data mean public hospital spending cannot be directly derived. An attempt has been made in the latest reporting to quantify these additional amounts, particularly for public hospital.

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.

Until 2018–19, estimates of individuals and other private spending on private hospitals come from the ABS PHEC. Data from this collection contributed to estimates of both individual and other private expenditure. The 2016–17 ABS PHEC was the final data collection in this series, and spending estimates for 2017–18 were using historical PHEC data. From 2018–19, the Private Hospital Data Bureau (PHDB) is used to estimate the patient revenue component of private hospitals. Since 2019–20 the other revenue component is modelled on historical data using the growth rate of the patient revenue component. Therefore, the private hospital expenditure from 2018–19 to 2021–22 might not be directly comparable with previously published data.

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 accrued over a 10-year period. Australian Government expenditure for Mersey Community Hospital from 2007–08 has not been offset from Tasmanian government's expenditure.

Data for over-the-counter sales of health-related products by individuals at supermarkets and retail pharmacies for the period 2016–17 to 2019–20 are sourced from Information Resources Incorporated (IRI), which might have different scope compared to the years prior to 2016–17. Due to data unavailability, since 2020–21 over-the-counter sales of health-related products by individuals at supermarkets and retail pharmacies have been modelled using historical data.

Also due to data unavailability, individuals' expenditure on private scripts is continued to be modelled on historical data.

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.

Coherence:

The ANHA aims to support a long-term, whole-of-system understanding of health spending nationally and over time. This system is unique in Australia, and it varies from other health system reporting in scope, degree of stability over time and classification systems used. Other systems tend to focus on specific funding programs, jurisdictions or time periods.

The long-term holistic approach requires developing methods to appropriately allocate spending figures from multiple and often overlapping data sources. These sources change over time to the relatively stable 'area' and 'source' categories used in the ANHA. In doing so, care is taken to avoid the risk of misallocation, unnecessary breaks in the time series, missed data and double counting.

The methods used in the ANHA are overseen by the Health Expenditure Advisory Committee (HEAC). The HEAC includes subject matter experts, and

representatives from the Australian Government and all state and territory governments. The AIHW has worked with the HEAC over many years to develop approaches to maximise the completeness and accuracy of the estimates over time and minimise the risk of double counting. For example, when estimating total spending on hospital services in a year, the funds the Australian Government gives to states and territories is subtracted from the hospital spending reported by the states and territories to derive the amount that the states and territories spent from their own resources.

This holistic approach, unique classification system and methods developed mean the figures reported here often vary from other data sources, particularly where other reporting tends to focus on specific funding programs, institutions, funders or purposes. For example, program-specific reporting such as for the Medicare Benefits Scheme, government budget papers or health department annual reports vary from the figures here due to differing classifications, scopes and methods used to account for double counting.

As part of ongoing data quality improvement activities, the AIHW, through the HEAC, works with the ABS, the Australian Government, state and territory governments, the NHFB, the OECD, Eurostat & WHO and other data suppliers to ensure the estimates presented in the ANHA are as complete and accurate as possible and reflect changes in health system financing over time.

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'.

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.

Throughout the years there have been changes in the cost centres data provided by the DoHAC, which might lead to changes in the classification of areas of expenditure for some items.

Best efforts are made to ensure the accuracy of the published figures. However, there are usually 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, rather than by reference to earlier editions. In Health expenditure Australia 2021–22, some changes are made to the health expenditure database due to:

- Resubmission of historical data by DVA, some states and territories, and some injury compensation regulators.
- GHE-NMDS data for Tasmania was compiled based on the revised reporting system and was back-cast for the period 2018–19 to 2020–21.
- GHE-NMDS data for the Northern Territory was compiled based on the new reporting system.
- NHR funding figures for public hospitals and public health were revised using the entitlement rather cash figures, back to 2012–13. Data were sourced from NHFB.

Data products

Implementation start date: 27/10/2013

Source and reference attributes

Submitting organisation: Australian Institute of Health and Welfare

Reference documents:

AIHW 2023. *Health expenditure Australia 2021–22*. Health and welfare expenditure series Cat. no. HWE 93. 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 2020–21; Quality Statement AIHW Data Quality Statements, Superseded 25/10/2023