Health Accounts Course

Module 3:

General accounting concepts

Submodule 3.2:

Triaxiality principle, dimensions and classifications

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Content

- SHA 2011 dimensions
- Core classifications of SHA 2011
  - Health Care Functions (HC)
  - Health Care Providers (HP)
  - Health Care Financing Schemes (HF)
- Additional classifications of SHA 2011
- Cross-classification tables

Additional Content:

- Questions & Answers
- Suggested reading

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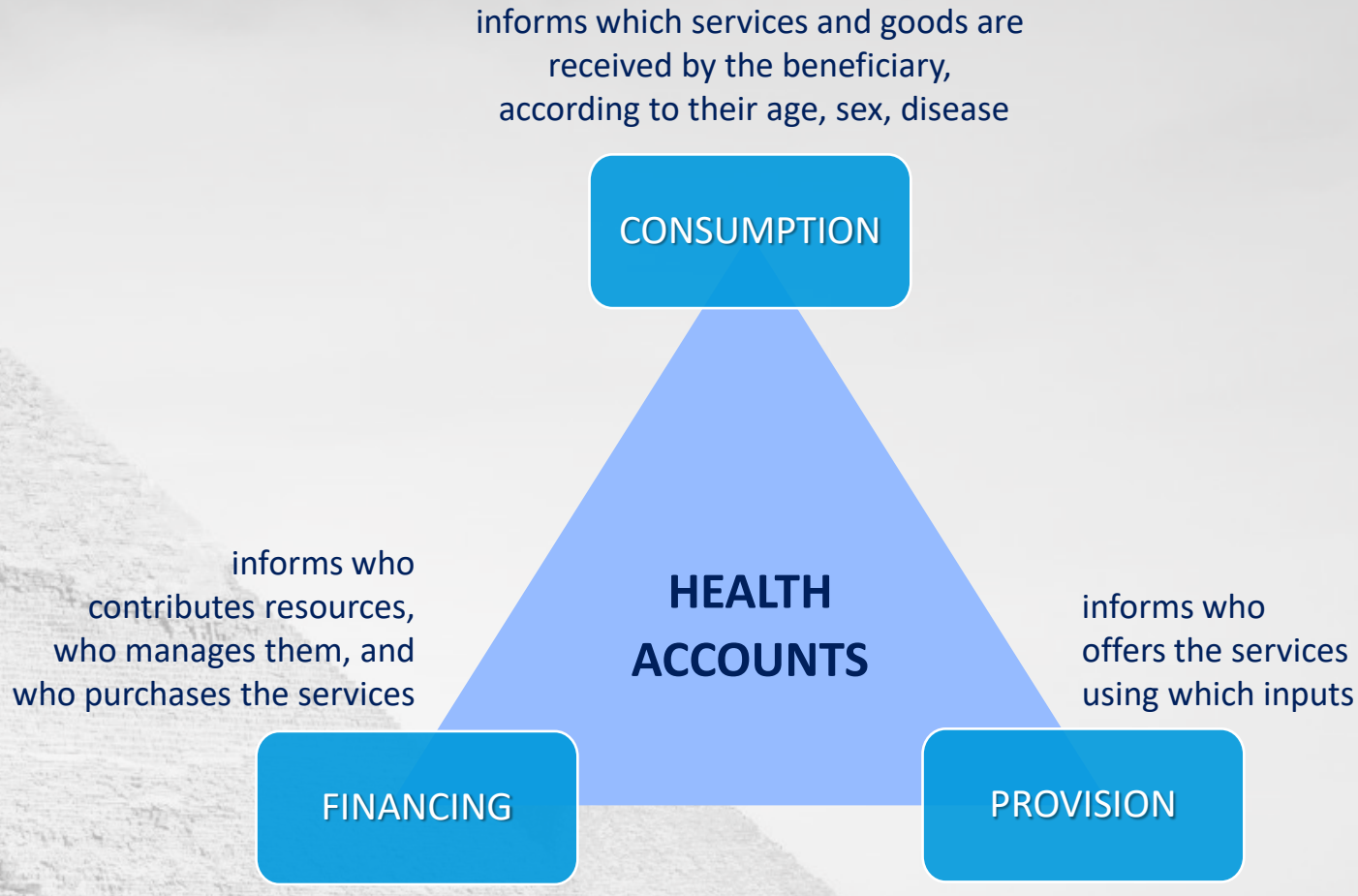
SHA 2011 dimensions

As already mentioned in module 1, health expenditure is analysed under the 3 dimensions of SHA 2011, which are: consumption, provision, and financing, describing the financial flows of the health care system.



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SHA 2011 triaxiality principle

Triaxiality *means that*

the value of		*the value of*		*the value of*
Consumption	=	Provision	=	Financing
the value of the health care received by the population		*the goods and services offered by the providers*		*the value of the payments to the provider, by the government, insurance and/or the patient*

For example:

A person feels sick and goes for a medical consultation ("**consumption**"). The doctor, who is a general practitioner working in the ambulatory centre, runs some tests and ends up prescribing a flu treatment with medicines ("**provision**"). The person is entitled by the social health insurance, which pays for this service ("**financing**").

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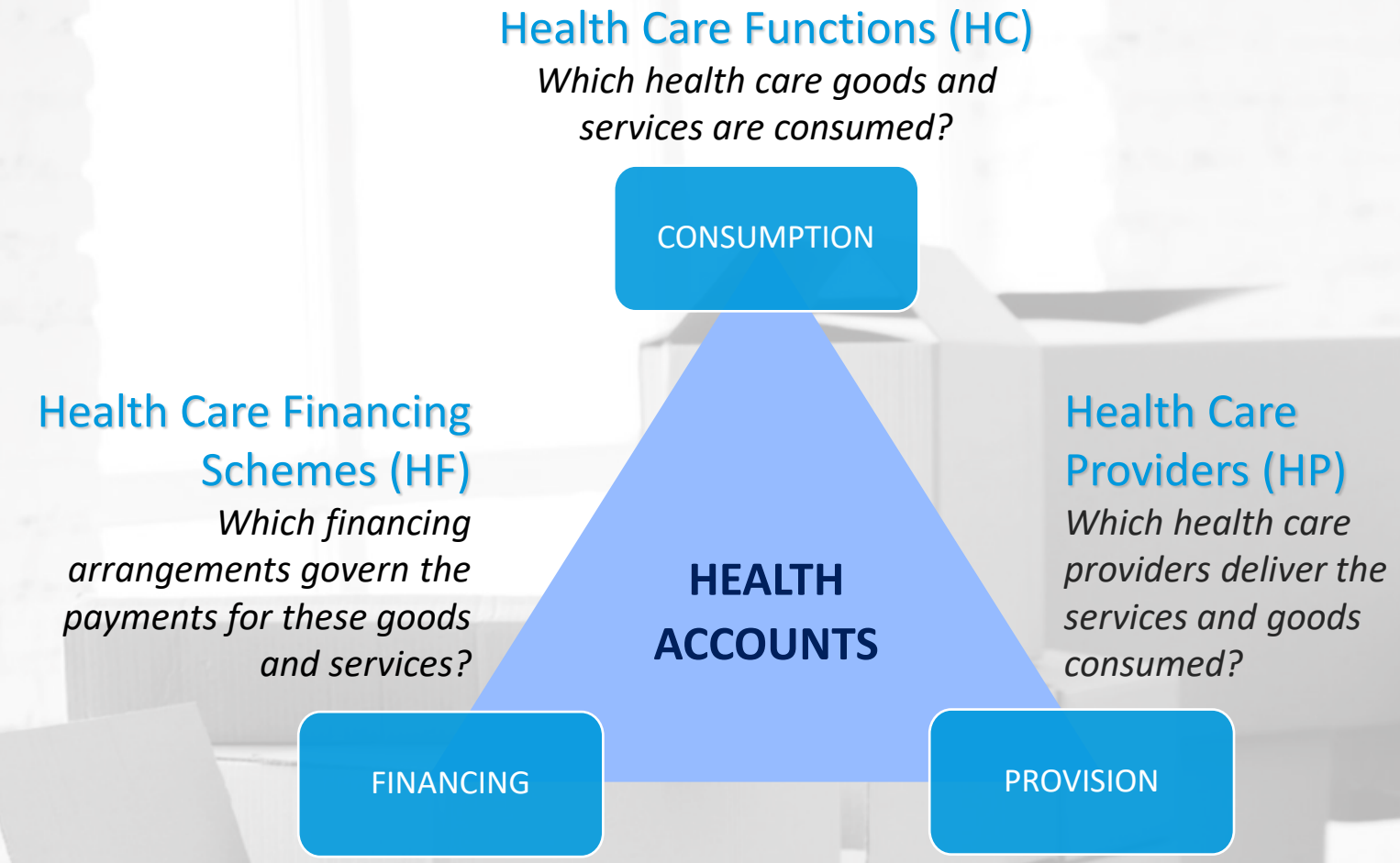
Core classifications of SHA 2011

Each dimension has its core International Classification of Health Accounts (ICHA).

These 3 core classifications

- Health Care Functions (HC)
- Health Care Providers (HP)
- Health Care Financing Schemes (HF)

provide answers to three types of question:



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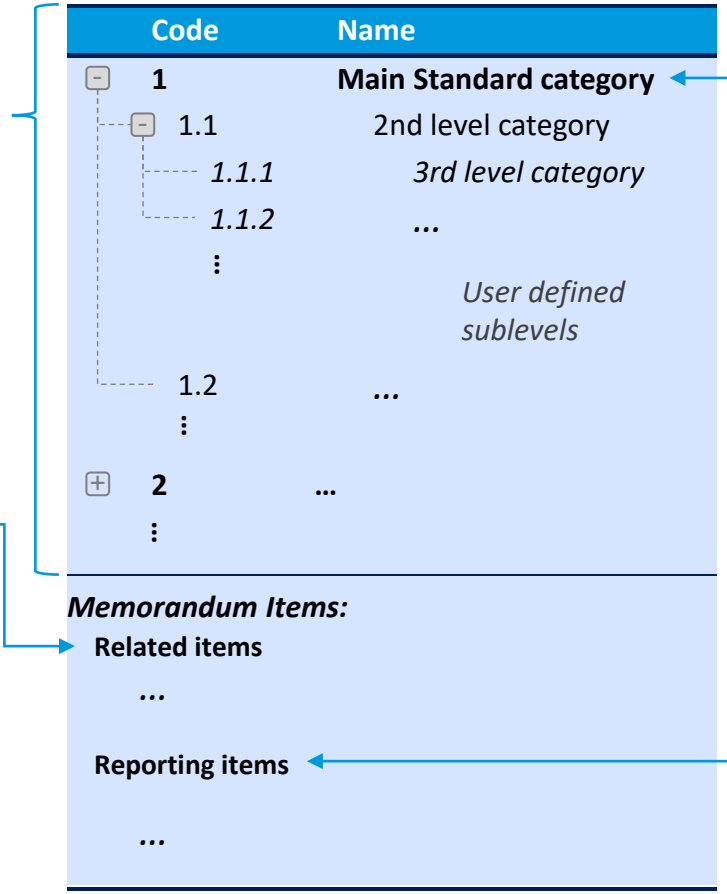
International Classifications of Health Accounts (ICHA)

Each of the **core International Classifications** of Health Accounts (ICHA) has a standard content with different levels of aggregation (or digits). Additional subcategories can be added by countries when needed.

Spending that falls **outside the boundary** of health expenditure but is "**related**" to health can still be monitored in health accounts when relevant for national policy analysis. Examples include social long-term care and health promotion with a multisectoral approach. In these cases, the expenditure will be tracked separately and presented as a "**below the line**" or "**memorandum**" item.



The **main standard categories** describe health care financing systems for international comparison.

When a **specific SHA 2011 category** does not exist in the country, it is not used in the health accounts.

Spending can be inside the boundary but relevant in a **different aggregation**. Examples are Total Pharmaceutical Expenditure [TPE], and Traditional, Complementary and Alternative Medicine [TCAM], called "**reporting"** items and also presented as "**below the line"** items.

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Health Care Functions (HC)

"**Functions**" refer to the goals or purposes of health care such as disease prevention, health promotion, treatment, rehabilitation, and long-term care.

The classification of Health Care Functions (ICHA-HC), identifies these activities independently of country-specific organisational settings and financing structure.

- Health care functions define the boundary between health and non-health spending (e.g., social care, education, etc.)
- Grouping the purposes of health activities or types of services, makes it possible to measure in a comparable way, for example, the expenditure on curative, rehabilitative services, or preventive activities, etc.
- Moreover, the HC classification makes it possible to monitor services by mode of provision for example inpatient and outpatient care.

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Classification of Health Care Functions (ICHA-HC)

The first digit level categories of the functional classification show the distribution of health consumption according to the type of service (e.g. cure, care, prevention, etc.) and when relevant, they are broken down into more detail.

Categories of the Health Care Functions Classification

Code	Name
HC.1	**Curative care**
HC.1.1	Inpatient curative care
HC.1.1.1	*General inpatient curative care*
HC.1.1.2	*Specialized inpatient curative care*
HC.1.2	Day curative care
HC.1.3	Outpatient curative care
HC.1.4	Home-based curative care
HC.2	**Rehabilitative care**
HC.3	**Long-term care (health)**
HC.4	**Ancillary services (non-specified by function)**
HC.5	**Medical goods (non-specified by function)**
HC.6	**Preventive care**
HC.7	**Governance, and health system and financing administration**
HC.9	**Other health care services not elsewhere classified (n.e.c.)**

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Health Care Providers (HP)

PROVISION

Health care providers are the facilities or individual professionals that deliver health care goods and services. The HP classification enables the analysis of the organizational structure of the health care system in the country.

The International Classification of Health Care Providers (ICHA-HP) involves:

- those providers which have health as a main activity (e.g. hospital, long-term care residences, ambulatory care offices)
- those providers in which health is a secondary activity (for example: supermarkets selling medical goods)

The categories allow a certain level of flexibility for country specific definitions. E.g. there is no standard definition of an ambulatory care centre.

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Classification of Health Care Providers (ICHA-HP)

The first digit refers to the main type of health activity. e.g. Hospitals. Further digits provide greater detail.

Categories of the Health Care Providers classification

Code	Name
HP.1	**Hospitals**
HP.1.1	General hospitals
HP.1.2	Mental health hospitals
HP.1.3	Specialized hospitals (other than mental health hospitals)
HP.2	**Residential long-term care facilities**
HP.3	**Providers of ambulatory health care**
HP.4	**Providers of ancillary services**
HP.5	**Retailers and Other providers of medical goods**
HP.6	**Providers of preventive care**
HP.7	**Providers of health care system administration and financing**
HP.8	**Rest of economy**
HP.9	**Rest of the world**

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Health Care Financing Schemes (HF)

Health care financing schemes refer to financing arrangements through which health services and goods are paid for and obtained by individuals and populations.

The International Classification of Health Care Financing Schemes (ICHA-HF) includes, as main categories, the following:

- Governmental and compulsory schemes, such as social health insurance schemes
- Voluntary schemes, including voluntary insurance, enterprises and NGOs
- Household out-of-pocket direct payments

FINANCING

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Classification of Health Care Financing Schemes (ICHA-HF)

As in other classifications, the schemes can be further detailed according to the national health financing structure and policy analysis needs.

Categories of the Health Financing Schemes Classification

Code	Name
HF.1	**Government schemes and compulsory contributory health care financing schemes**
HF.1.1	Government schemes
HF.1.1.1	*Central government schemes*
HF.1.1.2	*State/regional/local government schemes*
HF.1.2	Compulsory contributory health insurance schemes
HF.1.2.1	*Social health insurance schemes*
HF.1.2.2	*Compulsory private insurance schemes*
HF.1.3	Compulsory Medical Saving Accounts (CMSA)
HF.2	**Voluntary health care payment schemes**
HF.3	**Household out-of-pocket payment**
HF.4	**Rest of the world financing schemes (non-resident)**

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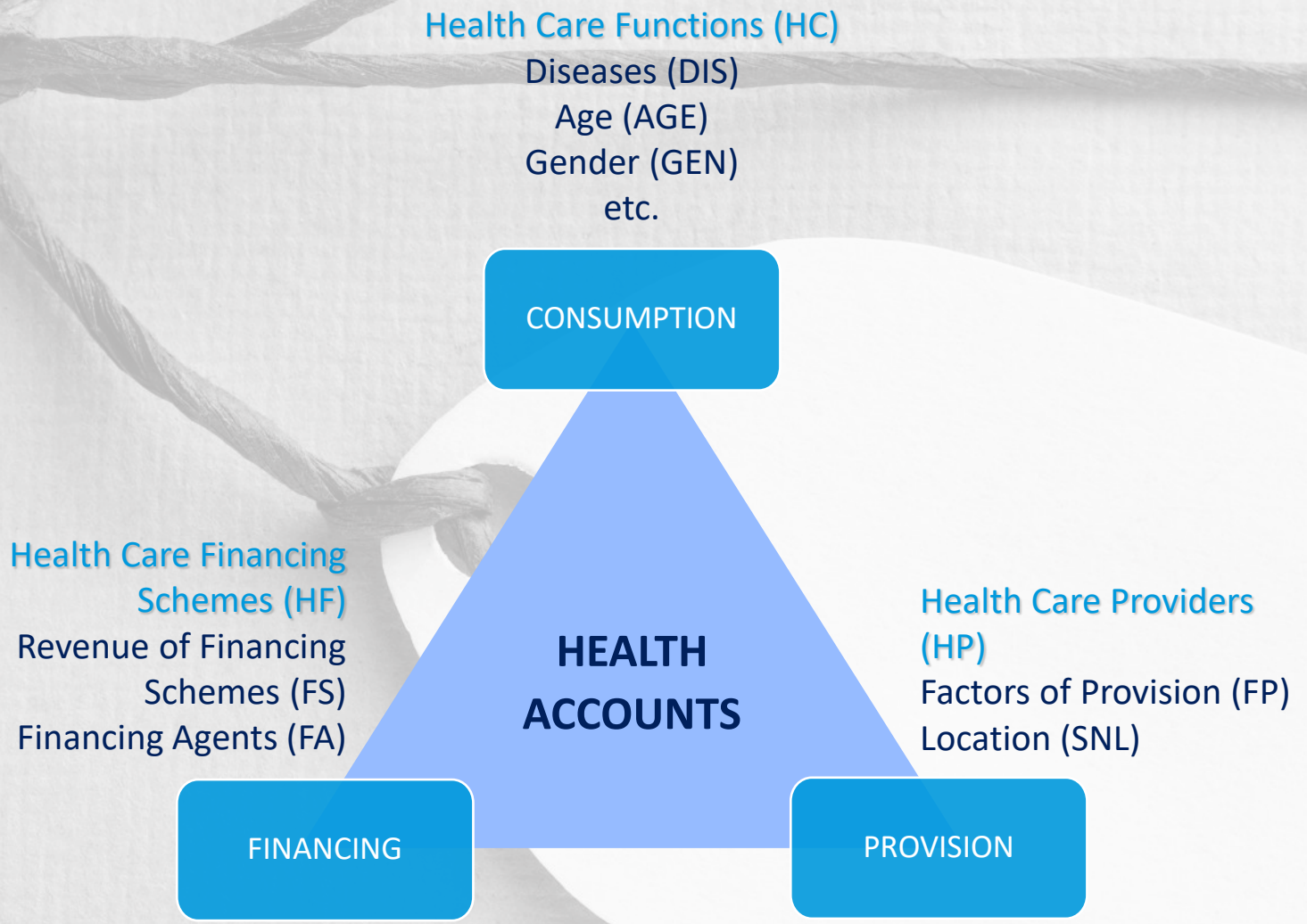
The core and additional classifications of SHA 2011

SHA 2011 core classifications are complemented by additional ones, linked to each of the three dimensions.



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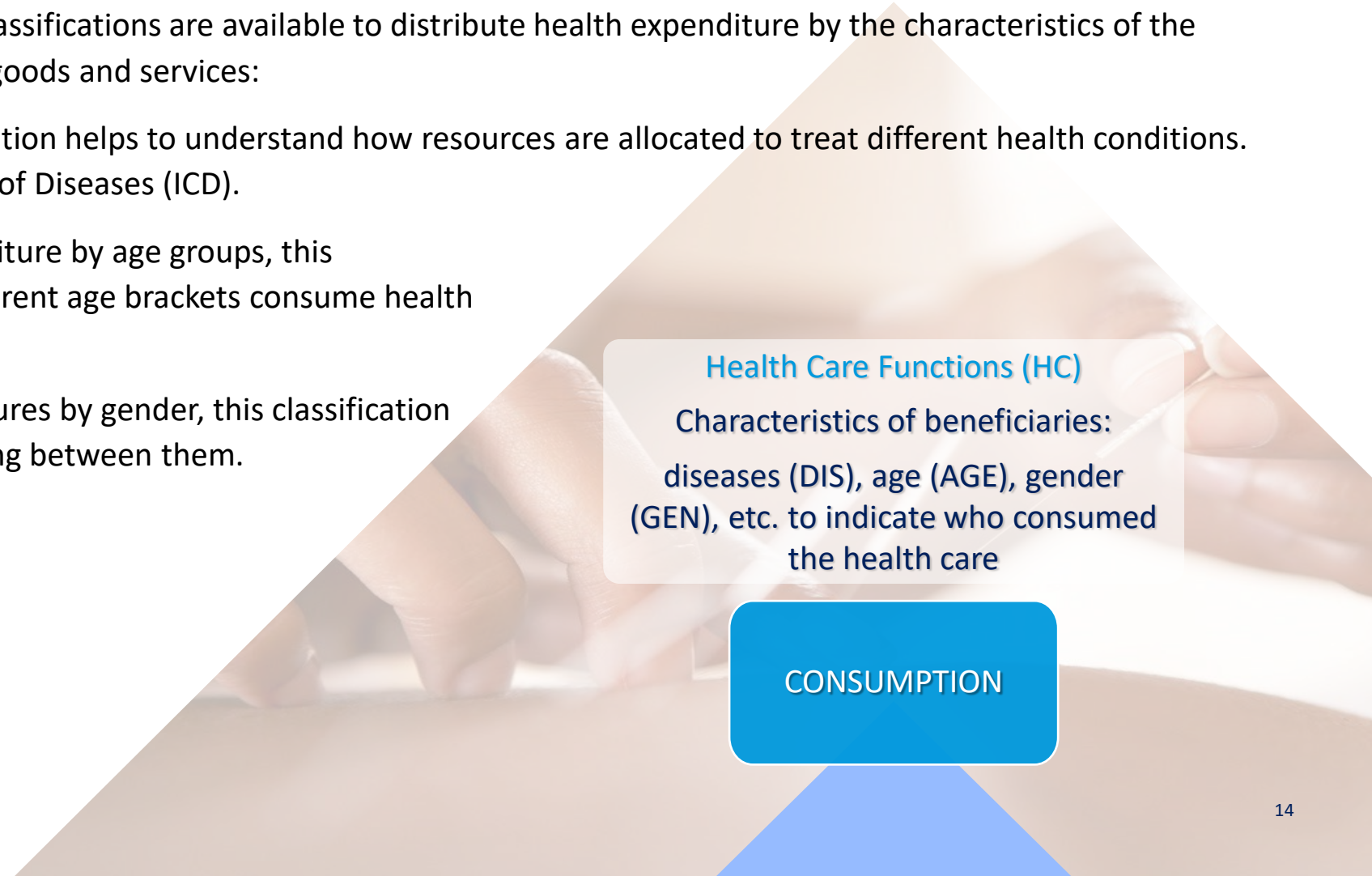
Additional classifications: Consumption

In the consumption dimension, additional classifications are available to distribute health expenditure by the characteristics of the beneficiaries who consume the health care goods and services:

Diseases and conditions (DIS): This classification helps to understand how resources are allocated to treat different health conditions. It is linked to the International Classification of Diseases (ICD).

Age (AGE): By breaking down health expenditure by age groups, this classification provides insights into how different age brackets consume health services.

Gender (GEN): By analysing health expenditures by gender, this classification helps to identify disparities in health spending between them.



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Additional classifications: Provision

In the provision dimension additional classifications are available:

Classification of Factors of Health Care Provision (FP), detail the expenditure on the different inputs used by the provider. Some key inputs are human resources and medicines, while others can be non-health care goods and services.

Location (SNL): By focusing on health expenditures at the subnational level, such as state, provincial, or regional spending, this classification helps to understand how resources are allocated and utilized within different areas of a country.

PROVISION

Health Care Providers (HP)

Classification of Factors of Health Care Provision (FP)

Location (SNL)

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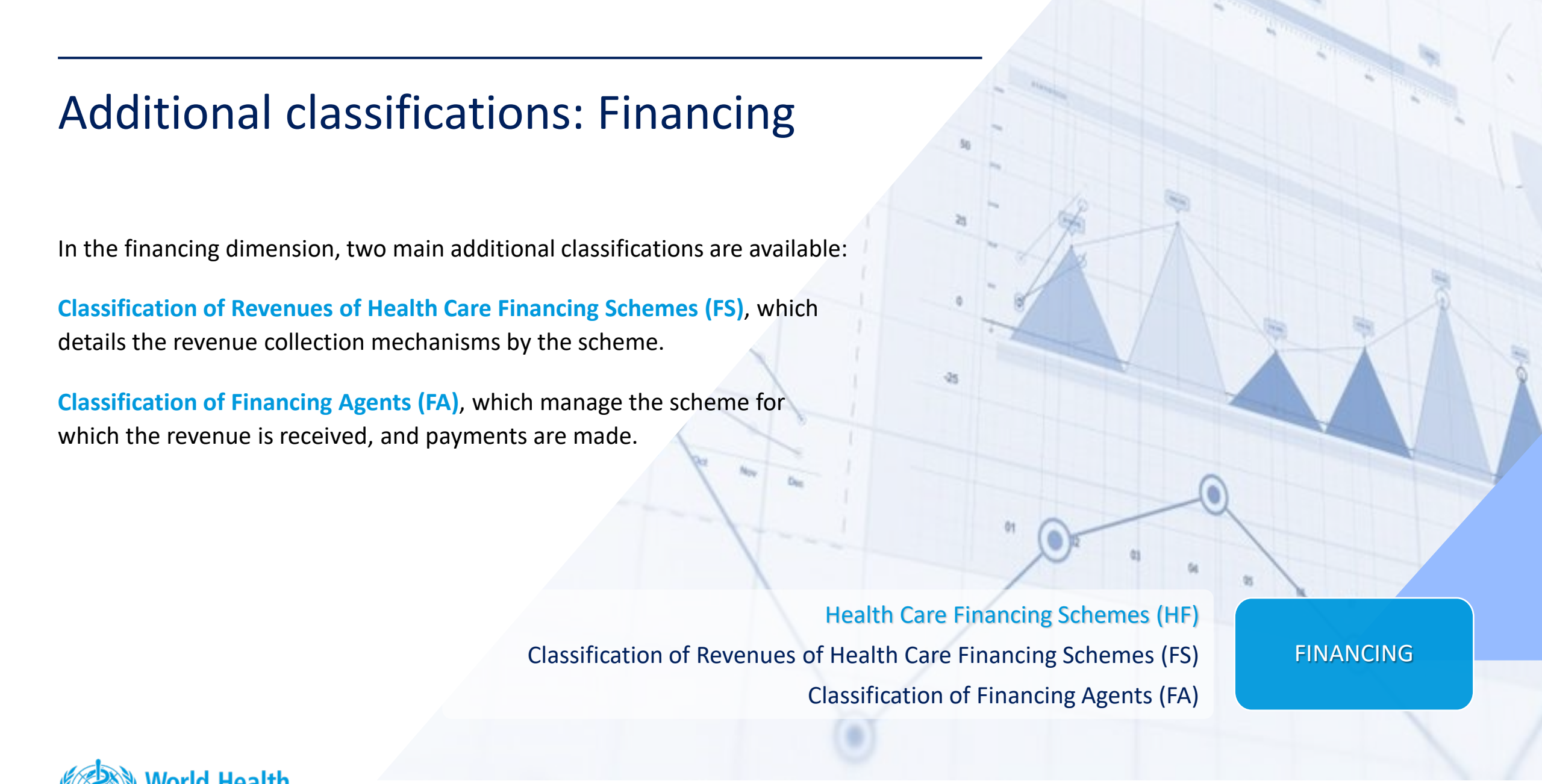
Additional classifications: Financing

In the financing dimension, two main additional classifications are available:

Classification of Revenues of Health Care Financing Schemes (FS), which details the revenue collection mechanisms by the scheme.

Classification of Financing Agents (FA), which manage the scheme for which the revenue is received, and payments are made.



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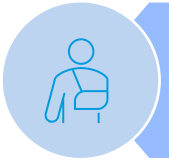
Capital Account (HK)

Capital expenditure refers to the acquisition of investment goods by health care providers in order to offer services to the population. Capital goods are intended for long-term use (benefits extend over years) in health care provision.

Capital is separated from current health expenditure, given that it may refer to a high amount of resources spent that can significantly impact expenditure trends if included in a single accounting period.

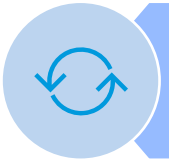
Capital expenditure is accounted by different rules:

Capital goods acquired by households are considered consumption, not capital



Capital spending does not distinguish resident from non-resident consumers

Many capital acquisitions do not involve health knowledge



Consumption goods are used once while capital goods are intended for repeated use

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Classification of Capital Formation (HK)

The Capital Formation classification includes gross capital formation and non-produced non-financial assets such as land.

Gross fixed capital formation is measured by the total value of the fixed assets that health providers have acquired during the accounting period, and that are used repeatedly or continuously for more than one year in the production of health services.

Categories in the Capital Formation Classification:

Code	Name
HK.1	**Gross capital formation**
HK.1.1	Gross fixed capital formation
HK.1.1.1	*Infrastructure*
HK.1.1.2	*Machinery and equipment*
HK.1.1.2.1	*Medical equipment*
HK.1.1.2.2	*Transport equipment*
HK.1.1.2.3	*ICT equipment*
HK.1.1.2.4	*Machinery and equipment n.e.c.*
HK.1.1.3	*Intellectual property products*
HK.1.2	Changes in inventories
HK.1.3	Acquisitions less disposals of valuables
HK.2	**Non-produced non-financial assets**

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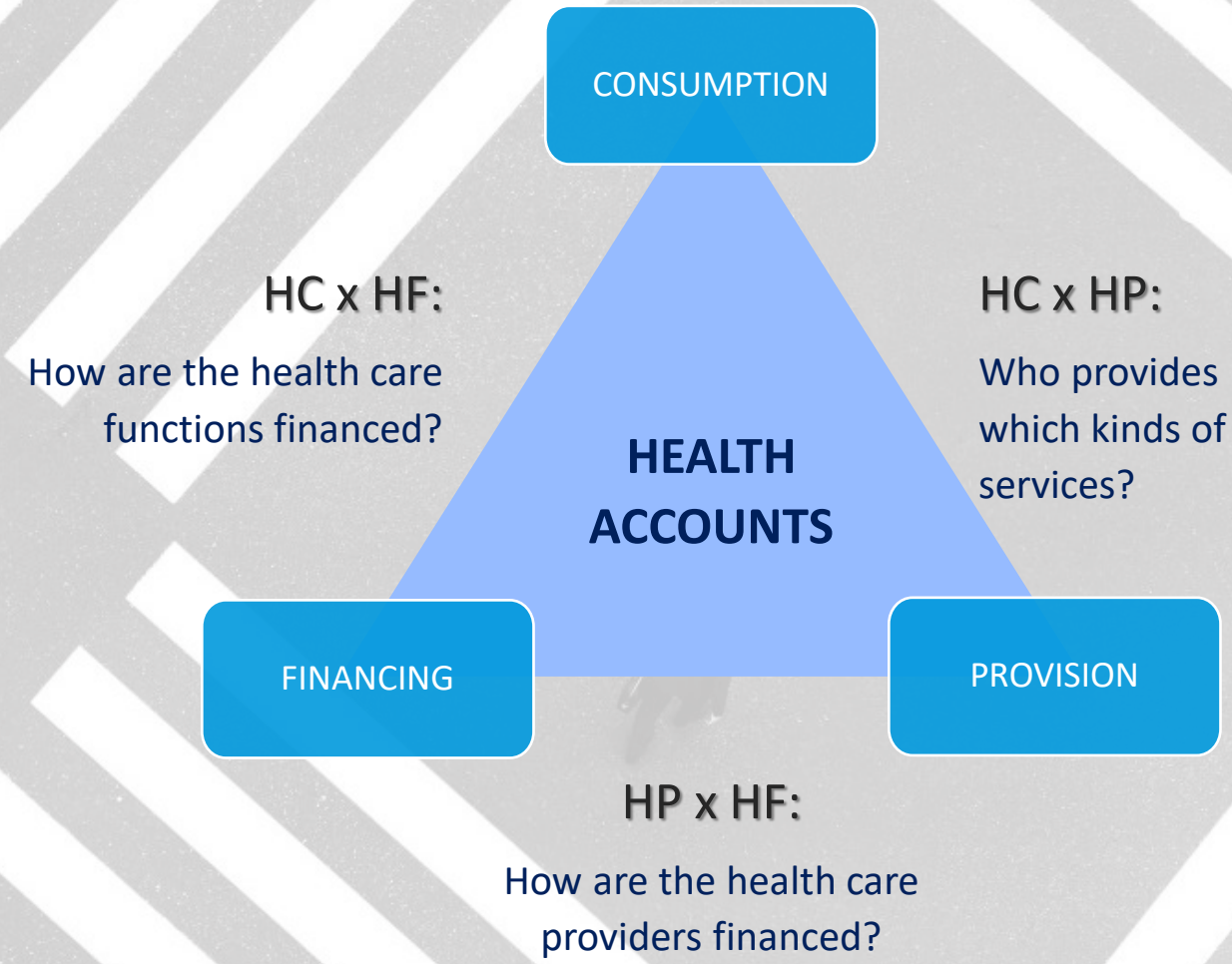
Cross-classification tables

Combining the core classifications of SHA adds value to the expenditure analysis and helps to answer health policy questions, such as:



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Cross-classification tables

With **additional classifications**, further cross tables can be created to answer questions, such as:

- **HF x FS:** What are the revenues of different financing schemes?
- **HP x FP:** Which inputs are used by different health providers?
- **HP x HK:** How much is spent for capital goods by the different providers?
- **HP x SNL:** How are the providers distributed at the subnational level?
- **HC x DIS/AGE/GEN:** How much is spent on health services for the treatment of a specific disease, age group or gender?

By crossing **multiple classifications**, we can answer more detailed questions:

- **FSxFPxHP:** where do the resources (FS) for vaccines (FP) used in hospitals (HP) come from?
- **DISxHCxHP:** how much is spent on TB (DIS) prevention (HC) in ambulatory centres (HP)?

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Questions and answers

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Question & Answer [1]

What is the role of the core classifications and additional classifications?

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Question & Answer [1]

What is the role of the core classifications and additional classifications?

The core classifications should be included in all health accounts, as they are the basis of the health expenditure analysis.

The additional classifications provide further analytical and policy relevant information. For example, some countries do not produce HA by disease every year, while others generate this information systematically to monitor the disease burden and related policies.

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Question & Answer [2]

Can the SHA 2011 classifications be customized?

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Question & Answer [2]

Can the SHA 2011 classifications be customized?

Yes, as long as the standard categories remain unchanged, customised subcategories can be added as needed.

Because of this possibility, SHA provides enough flexibility to serve different national needs.

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Question & Answer [3]

Are the core classifications more important than the others?

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Question & Answer [3]

Are the core classifications more important than the others?

Core classifications are central to each SHA dimension, so they should be part of each and every health account. Nonetheless, all classifications are useful and enable complete analyses and more impactful insights for decision making.

Moreover, countries may also use their own additional classifications, if these are important for national health policy.

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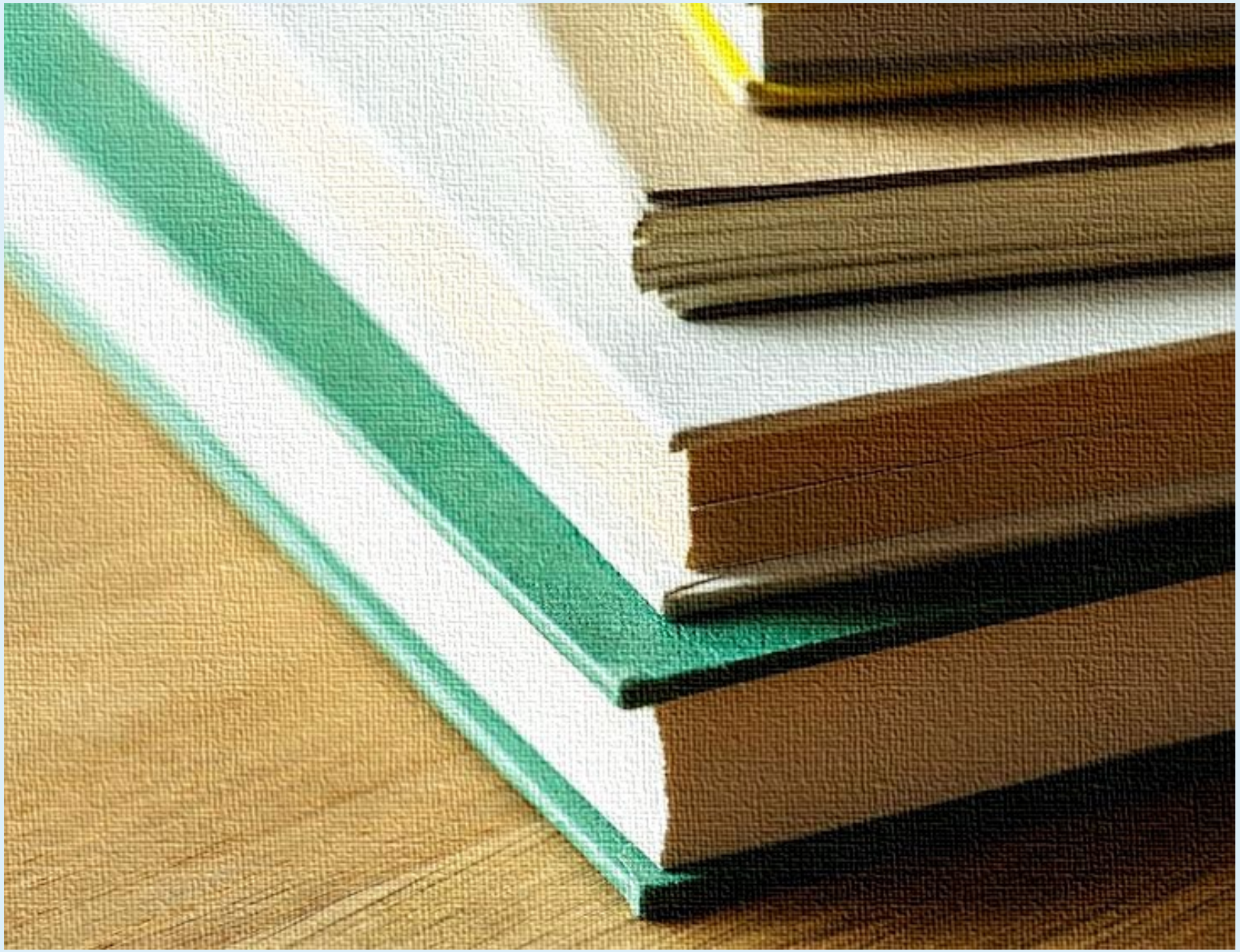
Suggested reading



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Suggested reading

- OECD, EUROSTAT, World Health Organization. A System of Health Accounts 2011: Revised edition. Paris: OECD Publishing; 2017. Available from: https://www.who.int/publications/i/item/9789240042551. Chapters 3-7, 11.
- WHO Global health expenditure database, Methodology https://apps.who.int/nha/database/DocumentationCentre/Index/en
- Global health data methods. National Health Accounts. https://globalhealthdata.org/national-health-accounts/

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Health Accounts Course

Module 3: General accounting concepts

Submodule

3.1 Health expenditure boundary

3.2 Triaxiality principle, dimensions and classifications

3.3 Basic accounting rules

This is the end of the second submodule "Triaxiality principle, dimensions and classifications" of Module 3: General accounting concepts.

Join us for submodule 3.3 of the course, where you will learn about the basic accounting rules used to produce HA.

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