System of health accounts – methodological notes

System of Health Accounts is being developed as a statistical system with repetitive current calculations and production of statistical information in accordance with a harmonized methodology and standard classifications. System of Health Accounts is an internationally accepted statistical system for description, classification and analysis of health care expenditure and sources of funding. The application of this statistical system aims to assess all health care expenditure - both public and household, spending of non-profit organizations - foundations, associations, private health insurance funds of enterprises for activities in labour medicine.

The main objectives of the System of Health Account are:
- to provide internationally comparable information in a system of standard matrices;
- to define harmonized health sector boundaries and to apply harmonized definitions;
- to distinguish the main functions of the health sector from the functions related to healthcare;
- to analyze the healthcare system from an economic point of view in accordance with the methodological principles of the macroeconomic (national) accounts and in accordance with the International Classification of Health Accounts.

SHA provides statistical information at national level on health expenditure by type of provider; by functions according to the aims of the medical activities (curative care, rehabilitation, clinical laboratory, sanitary transport, etc.) and according to the financial sources.
The definitions and classifications of the System of Health Accounts, Manual v.1.0. are followed for the period from 2010 to 2013, and for 2013 - 2015 data - the definitions and classifications of the System of Health Accaunts, ver. 2011. In addition, 2011 and 2012 data are revised following the requirements of "System of National Accounts, 2008" (SNA2008) and revisions done.

The System of Health Accounts is built using the International Classification for Health Accounts by applying three specific classifications:
- Classification of Health Care Functions (ICHA-HC);
- Classification of Health Care Providers (ICHA-HP);
- Classification of Health Care Financing Sources (ICHA-HF) (SHA, ver.1.0);
- Classification of Health Care Financing Schemes (ICHA-HF) (SHA, ver. 2011).

Methodology and classifications have been developed by Eurostat, the Organisation for Economic Cooperation and Development and the World Health Organization.

Health care boundaries
Determining the health care boundaries is supposed by the objectives of the SHA as a statistical system for representing the health expenditure of society as a whole and not just the healthcare system. The main criteria for defining the health care boundaries are as follow:
- defining the final use of health care goods and services according to the SHA classification of the functions;
- determining the boundaries between health and social care and
- classification of the healthcare expenditure by functions and providers.

The development of the SHA methodologically starts with the definition of the goods and services whose final consumption forms the Healthcare sector. According to the SHA methodology the total health expenditures measure the final use of these goods and services plus capital investments in institutions providing health services - those where healthcare is a predominant activity. The difference with the system of national accounts is that the health accounts include institutional and analytical statistical units that have functions according to the SHA classification of functions, regardless of whether they are in the statistical practice units of the Health sector as economic

activities. All primary and secondary healthcare providers has to be included, regardless of whether they are classified by national statistics as statistical units of the Health sector.

System of Health Accounts is being developed in three subsystems. Subsystems are designed so that the aggregated tables are obtained by a detailed allocation of expenditure by function, by providers and allocation of functions by providers in separate tables.

The total expenditure is the sum of current and capital expenditure.

Total health expenditure includes both expenditure made by the public and private sectors.

The expenditure of the public sector includes general government, including public social security funds:

- Expenses of the state budget;
- Central government - ministries and institutions;
- Local government - municipalities;
- Social insurance funds - National Health Insurance Fund (NHIF) and the National Social Security Institute (NSSI).

According to the methododlogical requirements of the SHA, ver.1.0 the expenditure of the private sector include:

- Individual consumption expenditures of households on regulated payments for medical, dental and dental technical services, supplies, and other therapeutic goods. Also included are the payments in the system of retail trade in pharmacies, optical and sanitary shops.
- Claims paid by the voluntary health insurance companies;
- Expenditures of non-profit institutions serving households - as these expenses can not be allocated in detail by functions and by providers, they are allocated to non-classified activities.
- Expenditure of enterprises and organizations for activities related to labour health care for employees.

According to the methodological requirements of the SHA, ver. 2011 expenditures for Voluntary health care insurance and enterprises' and organisations' expenditures for labour medical activities are separated from private sector in a separate Voluntary Health Care Payment Schemes.

Classification of healthcare providers (ICHA-HP)

Classification of healthcare providers aims reclassification of national institutions in the health sector in internationally comparable and relevant categories of providers of health services. Classification of providers of health care services includes units in which the production of health services is a major activity and those in which the production of health care is a secondary activity. As providers of health services in SHA are also classified the households in the case of care for a sick family member and care of nursing type.

Classification of Health Care Functions (ICHA-HC) essentially contains two classification attributes:

1. Main purpose/type of medical care or activity:
- Curative care;
- Rehabilitation;
- Ancillary services;
- Medical goods for patients in outpatient care;
- Prevention and public health;
- Administrative costs for health administration and administration of health insurance.

2. Mode of provision
- Inpatient care;
- Outpatient care;
- Day care;
- Home based care.

Through this classification the expenditures on personal and collective healthcare goods and services are analysed. Health care combines (includes) personal health services provided directly to the

individual and collective health services which relate to the implementation of tasks of public health such as prevention, prophylactic, health administration and health insurance administration.

Data sources:
- Ministry of Finance – Report on the State Budget Execution of the Republic of Bulgaria, Statement of the Cash Execution of the Budget and detailed information on the Function "Health" expenditures by paragraphs and sub-paragraphs of the Budgetary Classification;
- National Health Insurance Fund - Report on NHIF budget execution; in addition detailed administrative information on the expenses of the NHIF according to the SHA methodology is provided;
- Ministry of Health - Report on MH budget execution; in addition detailed administrative information on the expenses of the MH according to the SHA methodology is provided;
- National Social Security Institute – „State Social Security"
- Generally the National Accounts estimation on household's individual consumption of health services is taken into account and a cross-validation between results obtained from NSI annual business statistical surveys and national accounts estimate is done. Disaggregation and reclassification of expenditure by providers and functions is done by combined using of data from statistical surveys in the field of business and health statistics;
- National accounts - final consumption expenditure of non-profit institutions serving households for Health;
- Business statistical surveys:
    1. Accountancy and statistical reports of Private health inshurance funds, by 'medical packages';
    2. "Annual report of non-trade enterprises" - accountancy and statistical reports of Health establishments applying double-entry accounting as well as those applying single-entry accounting (that do not prepare balance);
    3. Survey on domestic trade - Retale sales by group of goods.

Construction of the System of health accounts is done by usage of "bottom-up" approach, i.e. working with primary data by making a compilation, balance sheet according the three classifications.
Rules of arithmetic and logical sequence hitch between the three subsystems are applied.

Household expenditures estimation
Business statistical surveys (annual records on accountancy and statistical reports) conducted by NSI are the basic data source:
1. All enterprises in the country that submit "Annual report of non-trade enterprises" and are classified in 86, 87 and 32.50 according to the Classification of Economic Activities (NACE.BG-2008) are exhaustively covered.
2. Units are reclassified in specially developed tables in accordance with the Classification of healthcare providers (ICHA-HP). For assessment of the coverage of the units as well as the correct classification of providers according to the methodological requirements of the SHA, information from the NSI exhaustive survey "Inpatient and outpatient health establishments and other health establishments" is used. For establishments outside the business statistical surveys coverage, information is based on expert estimation.
3. Data are proceeded case by case in order to classify the revenue from population data in accordance to the Classification of Health Care Functions (ICHA-HC).
4. Generally the National Accounts estimation on household's individual consumption of health services is taken into account and a cross-validation between results obtained from NSI annual business statistical surveys and national accounts estimate is done.
5. Concerning HC5 Medical goods estimation - Estimations are done based on retail sales by group of goods for the group "Pharmaceuticals, medical and orthopedic goods" according to the

Classification COICOP and NACE code of the enterprises. NACE codes that are covered: 21, 26, 46, 47.1, 47.2, 47.73, 47.74, 47.78. The estimation is based on the methodological requirements of the SHA 2011 Manual.

6. Household expenditures information broken down by providers and by function should be balanced.