

Appendix 1: Categories of health expenditure – definitions

1 Institutional care

This section includes both privately and publicly owned institutions.

Public institutions

This category corresponds to publicly owned hospitals, such as those managed by Health Service Providers in New Zealand, which are defined as ‘establishments which offer accommodation and provide medical and nursing care to persons who are sick or injured or are suspected of being sick or injured, or to women during childbirth’. The term also includes appropriate parts of hospices or inpatient community treatment centres, but not rest homes. In New Zealand, public institutions are either managed by HSPs or operate as community trusts.

Once the institution has been defined, all its operational costs – for example, for laboratories, medicines, home nursing, ambulance services and administration – are included in the category.

Private institutions

This category includes all private hospitals, rest homes, and community homes providing disability services.

2 Community care

Personal health care services provided under the category of community care correspond to ambulatory and domiciliary services provided other than through public and private institutions. They include the services of general practitioners, medical specialists, nurses, midwives, dentists and various other health care practitioners. Note that some services provided by public hospital and health services are given in people’s homes but are included under institutional services (eg, community nursing services, occupational therapy and domiciliary physiotherapy).

Transport and administration costs associated with the provision of these services are also included.

Disability support services include needs assessment and service co-ordination, personal care services, home support, environment support, and household management services.

General practice

This category includes all personal health services provided in general primary care settings, whether by doctors or nurses. Among such settings are solo and group practice, health centres (eg, the union health centres and marae-based centres), accident and medical centres, student health centres, family planning centres, and health services provided in prisons, barracks and factories.

Specialist medical services

This category covers services provided by private medical and allied health care specialists outside the hospital setting. It includes services provided by medical and surgical specialists, psychologists, chiropractors, osteopaths, optometrists, podiatrists and dietitians. Note that it does not include services provided by District Health Boards.

Referred services

This category covers the range of diagnostic and treatment services outside the hospital setting that can be obtained only following referral by a relevant health care practitioner. It includes laboratory services, other diagnostic services (eg, X-ray and other imaging and ECGs), physiotherapy and other referred services (eg, occupational therapy, speech therapy).

Medicaments

This category includes medicines, dressings, syringes and other therapeutic devices, along with associated dispensing costs. It covers prescription medicaments as well as those available over the counter from doctors, pharmacists or other outlets. Items such as sanitary towels, sunglasses and cotton wool for ordinary purposes of daily living are excluded.

Dental services

This category covers all dental care services provided outside the hospital setting. It includes the school dental care scheme.

3 Public health

The term 'public health' refers to the specific measures taken to improve the health of the community. It involves protecting people against ill health and promoting good health. Public health programmes aim to improve people's health and minimise the risk of disease. They are targeted at whole populations, or groups such as children, rather than at individuals, though all individuals can benefit. Although some benefits are immediate, many public health programmes have a longer-term focus so do not produce instant results.

Some examples of everyday public health services are:

- checking the drinking water supply for giardia
- improving dental health
- issuing hygiene certificates to restaurants
- immunising children
- planting trees for shade from the sun at beaches and parks
- testing shellfish for toxins caused by algal blooms
- promoting healthy lifestyles, such as smokefree living, a healthy, low-fat diet and regular physical activity
- reducing road injuries and deaths

- monitoring the use of pesticides and insecticides
- reducing food poisoning
- reducing injuries, both at work and in the home
- reducing the consumption of alcohol
- promoting screening for cervical cancer
- promoting the checking of children for glue ear
- running needle swap programmes to prevent the spread of HIV/AIDS.

4 Teaching and research

Teaching costs relate to the expenditure on formal education as part of professional courses (not as general education), including the training of nurses, doctors, ambulance drivers, dental nurses and postgraduate medical training.

The research component of this category covers the costs of biomedical and health services research, including research on social aspects of medicine.

5 Total health care expenditure

Total health expenditure is the sum of all expenditures under the categories described in Sections 1 to 4 above.

Note: Overhead expenses

The overhead expenses of each organisation surveyed (depreciation and interest on loans) should be allocated to each category (apportioned according to a reasonable ratio of expenditure between categories, if no other more appropriate method is possible).

Abel-Smith's (1963) definition of health expenditure excludes capital expenditure because it does not make a clear-cut distinction between outlays whose benefits are immediately obtained and those whose benefits continue to accrue after the end of the accounting period.