

# Chapter 1: Introduction

This report is the latest in a regular series of *Health Expenditure Trends in New Zealand* reports prepared by the Ministry of Health. The primary purpose of the series is to provide information on expenditure in the health and disability sector for use by interested agencies and individuals, and to foster informed debate on health funding and expenditure issues.

The format of the report is similar to that of others in this series. Chapter 2 sets out the approach and definitions used in preparing the report. In Chapter 3 the methods and conventions followed in the report are presented, along with a description of the types of data collected. The chapter also discusses the movements in 'transfers' between Vote Health and the votes of other departments over recent years.

Chapter 4 presents trends in real expenditure and in real per capita expenditure on health between 1990 and 2001. Information on source and final use of funds is also provided. Chapters 5 to 7 give a more detailed discussion of expenditure by funding source for the year under review, 2000/01, and for recent years. The purpose of these chapters is to present the data and to explain the effects of recent changes in health sector funding.

New Zealand's expenditure on health and disability services is discussed in Chapter 8 in the context of health expenditure by other member countries of the Organisation for Economic Co-operation and Development (OECD). The chapter provides comparisons of the level of health expenditure, the proportion of health expenditure to GDP and the percentage of publicly funded health expenditure in OECD countries.

Appendices 1 to 10 give more in-depth definitions, provide further detailed historical information on expenditure and discuss the methods used to estimate out-of-pocket expenditure. Appendix 10 lists the organisations and individuals who provided information for this report.

Readers should note that some of the data provided have been collected by means of sample surveys and have consequently been estimated. Therefore, care should be taken in interpreting changes in individual categories of expenditure from year to year.

# Chapter 2: Definitions

## 2.1 Health services

The expenditure on health care included in *Health Expenditure Trends in New Zealand* reports conforms to the definitions of health care categories developed for the WHO (Abel-Smith 1963). In defining health services, Abel-Smith states that:

‘The purpose of health services is to promote health; to prevent, diagnose and treat diseases, whether acute or chronic, whether physical or mental in origin, and to rehabilitate people incapacitated by disease or injury.’

This general statement does not define which services are, or should be, included in or excluded from what is termed ‘health expenditure’. However, following the conventions of earlier reports of *Health Expenditure Trends in New Zealand*, funding transferred from social agencies (transfers) to Vote Health, except the amounts directly related to health care, is classified as ‘non-health’ expenditure. The following are generally defined as ‘non-health’ items of expenditure:

- rest home subsidies
- home help and provider subsidies
- expenditure on community funding agencies
- the Intellectually Disabled subsidy
- Salvation Army subsidies.

Unless otherwise indicated, they are excluded from this report, to enable comparisons between countries and to provide consistency with previous reports. However, in order to provide a comprehensive picture of actual expenditure on health and disability services, *Health Expenditure Trends in New Zealand* also provides expenditure information that includes ‘non-health’ items (indicating the data to which this more inclusive approach applies).

Full definitions of health services categories are provided in Appendices 1 and 2. Brief descriptions of the main service categories are given below.

## 2.2 Personal health services

All personal health services are included in the WHO definition of ‘health services’. They are defined as those goods, services and facilities provided to an individual for the purpose of improving or protecting the health of that individual, regardless of whether they are also provided for another purpose. Most personal health services have the aim of improving, rather than providing ongoing support to, the health status of individuals. For example, vaccinations are provided as personal health services to individuals, but the planning and purchasing of immunisation programmes are public health services.

## **2.3 Disability**

A person with a disability is a person who has been assessed as having a physical, psychiatric, intellectual, sensory or age-related disability (or a combination of these) which is likely to continue for a minimum of six months and reduce independent function to the extent that ongoing support is required.

## **2.4 Disability support services**

A disability support service (DSS) is a service provided to someone with a disability or long-term illness, where 'long-term' is defined as relating to a condition which has been, or is likely to be, present for six months or more. The limitations of the data collection system mean that these patients tend to be classified as everyone cared for by certain services (ie, services for intellectual handicap or older people) as well as those within other services who are discharged after a stay of longer than six months or, in the case of psychiatric patients, who have been resident for more than six months.

The WHO definition of 'health services' includes only part of the current disability support services. The definition states that care to an individual must be provided on medical grounds as distinct from social, educational or legal grounds. Under this system of categorising care, services provided to those diagnosed as mentally ill, whether chronically ill (DSS) or acutely ill (personal health), are regarded as 'health services'. On the other hand, provision of care to those with an intellectual disability is classified as outside the definition of 'health services'. Similarly, while rest home care for older people is considered to be within DSS, it is not included within the WHO definition of 'health services' as people in those institutions are no more ill, in a medical sense, than older people who remain in their own homes.

## **2.5 Public health services**

Public health services are those goods, services and facilities that are provided for the purposes of improving, protecting and promoting the health of the whole population or population groups. With this broad focus, they are distinct from individual personal health services.

## **2.6 Teaching and research**

The teaching component of this category of expenditure relates to the cost of formal education as part of a professional course (not as general education). It includes the training of nurses, doctors, ambulance drivers and dental nurses, along with postgraduate medical training and salaries of trainee health inspectors while they are attending courses. For the research component, expenditure relates to biomedical and health services research, including research on social aspects of medicine.