

**Health Expenditure
Trends in New Zealand
1990–2001**

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Foreword

This report provides updated estimates of health and disability services expenditure in New Zealand at the aggregate level, on a per capita basis, by source of funds and in nominal and real terms since 1989/90. The report provides consistent information across various health sector changes.

The definitions of health and categories of health care used in the study were developed by the World Health Organization (WHO). They enable comparisons to be made between countries, and also provide consistency with previous reports. However, the WHO definition of 'health' is relatively narrow, excluding significant aspects of disability support services. Its narrow focus is particularly significant in New Zealand after the integration of the funding and purchasing of health and disability support services during the 1990s. Following the tradition of previous 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 information in this report provides a basis for understanding the reasons for changes in the patterns of health and disability expenditure in New Zealand. The data provided are also useful in evaluating policies related to health and disability expenditure. These data, together with other information supplied by the Ministry of Health, provide the information resources necessary for the public, researchers and policy-makers to assess the performance of the health system over time.

It should be noted that Vote Health service providers transferred to Vote Health on 1 August 2000, the Health Funding Authority was disestablished on 31 December 2000, and its functions transferred to the Ministry of Health. Health Benefits Ltd was also disestablished and became part of the Ministry of Health on 31 December 2000. Hospital and Health Services, the companies responsible for running hospitals were disestablished on 31 December 2000 and these functions transferred to newly created District Health Boards.

The financial information for 2000/01 includes the combined activities of these agencies.



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Executive Summary

This document reports on health and disability expenditure in New Zealand during 2000/01 and provides information on expenditure trends for the period 1990–2001. Expenditure data are provided both inclusive and exclusive of ‘non-health’ items transferred from social agencies to Vote Health.

The main focus of this report is on the expenditure series that excludes ‘non-health’ items. In this area, key statistics for 2000/01 include the following.

- Total nominal health and disability expenditure rose 10.4% during the year to \$9,884 million. Publicly funded expenditure was up 8.6% and private spending increased 16.9%. Within the latter, private health insurance expenditure was up 8.8% to \$610.1 million, private household spending grew 20.5% to \$1,657 million (due to underestimating the prior year data) and expenditure by the not-for-profit sector was \$33 million.
- Real (consumer price index adjusted) total expenditure increased 7.0% for the year compared with a rise of 3.6% the previous year. Real publicly funded expenditure grew by 5.2%, and real private expenditure by 13.2% (3.0% in the previous year).
- Real per capita publicly funded expenditure increased by 4.7% (compared with 3.2% the year before) to \$1,974.
- Real per capita aggregate expenditure was up 6.5% (compared with 3.4% the year before) to \$2,573.
- The estimated share of public funding was 76.7%, down 1.3% on 1999/2000.
- New Zealand’s total health expenditure as a percentage of Gross Domestic Product (GDP) was 8.8%, compared with 8.5% in 1999/2000. When the funding for ‘non-health’ items (mostly disability support activities) is included, the proportion increases to 9.2% in 2000/01, compared with 8.9% in 1999/2000.
- New Zealand’s publicly funded health expenditure as a percentage of GDP was 6.8% in 2000/01. When the funding for ‘non-health’ items included in Vote Health is added, the proportion of publicly funded health and disability spending to GDP rises to 7.2%.