



# Taking an Integrated Approach to National Health Accounts

## Introduction

Last year, a representative of the civil society organization Melcolians for Better Health confronted Melcolia's Minister of Health at a town hall meeting, saying, *"In the campaign, your government pledged to reduce out-of-pocket health expenditure, increase public expenditure for primary care, and reduce the imbalances in financial allocations for health care among our different provinces. Please tell us specifically how much household health expenditures have been reduced in the past two years. Has the recent reform reduced the gap of per capita health expenditure between the eastern and western provinces? Have your new policies increased resources for primary care?"* The Minister was sure that her policies had met the campaign pledges but could not back this up with numbers, in particular, on out-of-pocket spending and expenditures on the various functions of the health system. She equivocated, mumbling something about having increased overall Ministry spending by 15 percent and bringing up the new African Development Bank loan of \$17 million. Afterwards, she chided her advisor on financing: *"I really need a better grasp of the numbers – to answer these citizen groups, but also so that I know what is happening and can shape the system to the President's Vision for a New Melcolia."*

Financial resources are an essential input in the production of health care. As countries work to improve their citizens' health, information on health sector financing is needed to appropriately allocate resources, identify inequities in the health system, analyze provider efficiency, and improve accountability on the use of resources. National Health Accounts (NHA)

is an internationally recognized framework for measuring health expenditure – public, private, and donor – and the flow of funds through a country's health system.<sup>1</sup>

An integrated approach to conducting NHA produces financial information that is linked to other health-related information. It also requires NHA to be a country-led effort, putting ownership of the process within the government and therefore making it a part of government planning and budget cycles. Furthermore, it builds capacity at the local level by asking that level to first collect data and later to transform the resultant information into knowledge for action. Finally, an integrated approach makes information public so that it can be discussed among and used by different stakeholder groups.

## The problem

Although NHA information now is widely available and used in developing countries, its full potential is not always recognized and relatively few countries have fully institutionalized the methodology.

For more than a decade, donor partners have provided technical assistance for conducting NHA in countries throughout the world. In some places, assistance has been extensive, with partners helping countries to conduct surveys of households, providers, and donors; elsewhere, the NHA undertaking has been more limited, with assistance provided only for the analysis of available information. In countries that have done

<sup>1</sup> Merino Juarez, M.F., and R. Lozano Ascencio. 2004. *Uso de la información de Cuentas Nacionales de Salud en la formulación de políticas de salud en México. Presented at EUROLAC Forum, Recife, Brasil, April 2004.*



several “rounds” of NHA estimates, the value of the information is more appreciated and policymakers have used results in different ways. However, in many countries, NHA has been conducted as a stand-alone exercise of the Ministry of Health (MOH), with emphasis on collecting data and producing NHA tables, and results providing only a snapshot of health system financing. More closely linking NHA to other routine financial data collection and planning and budgeting processes could make NHA easier and less costly to prepare and result in deeper institutionalization. Further, making NHA findings accessible to a wide audience in both the public and private sectors would give it a greater constituency and enhance the ability of actors outside the MOH (for example, civil society organizations, local legislators, or regional authorities) to participate in policy debates armed with quantitative data and able to hold decision makers accountable for system performance.

### An example of an integrated approach to NHA

The experience of NHA in Mexico demonstrates the benefits of an integrated approach to conducting NHA. Institutionalization of a System for Health Accounts (SICUENTAS)<sup>2</sup> has been successful largely because of the establishment of a legal framework that supports the process of conducting NHA and using results to measure accountability and health system performance (see Box 1). Furthermore, the National Health Program of 2001-2006 established the adoption of such a methodology as a strategy to meet the challenges of the Mexican health system – level of health status, quality of services provided, and fairness of financial contributions. The development of SICUENTAS implied work on technical and political dimensions at the same time. An institutional home for NHA was established within the General Directorate of Health Information. Finally, resources – financial and human – were allocated to conduct this activity.

The starting point for organizing the work consisted in the technical task of identifying the financial imbalances of the health sector – evidence that would in turn be used in the political process to negotiate with Congress a reform in the way the health system is financed and the establishment of the System of Social Protection in Health.

Intensive technical work was also conducted, initially in four states and their social security institutions, to translate the line-item budget categories to the International Classification of Health Accounts used by NHA. The categories were changed in negotiations between the Ministries of Health and Finance. The information produced by the NHA methodology is being used politically to monitor reform, and it is leading to an increase in public expenditure for health. Additionally, the information is publicly available – electronically and in print, on a yearly basis. The data sets for producing the NHA tables are considered a public good. Finally, the annual assessment of health system performance, which the MOH disseminates to the public, employs NHA indicators.

#### Box 1. Legal Framework to Support NHA in Mexico

Article 104 of the Mexican General Health Law states the following:

The Ministry of Health and the governments of the states, in agreement with the National Health Statistics Law and the general criteria established by the Ministry of Finance, will collect, produce, and process the necessary information needed for planning, budgeting and control of the National Health System.

The information refers primarily to the following aspects:

- I. Statistics on birth, mortality, morbidity and disability;
- II. Demographic, socioeconomic, social and environmental factors associated with health;
- III. Infrastructure, human and *financial resources*

The regulatory framework for the Ministry of Health establishes that tracking the financial resources spent in the health sector is the responsibility of the General Directorate of Health Information.

<sup>2</sup>World Health Organization, World Bank, and U.S. Agency for International Development. 2003. *Guide to producing National Health Accounts with special applications for low-income and middle-income countries*. Geneva: WHO.

## Taking an integrated approach to conducting NHA

Conducting NHA while placing emphasis on its integration with governance, operations, finance, and capacity-building efforts contributes to the strengthening of health systems. This integrated production of NHA in any country has to happen in two dimensions – technical and political. The starting steps to ensure an integrated approach to the development of NHA include the following:

- Establishing an institutional home for NHA is essential (see Box 2). A starting point for this

### Box 2. Institutional Homes for NHA

Different countries house NHA in different entities. In Canada, NHA is housed in the Canadian Institute of Health Information, an independent body in charge of producing NHA. In Colombia, NHA is produced by the MOH unit in charge of the health sector reform. In Georgia, NHA is conducted by a nongovernmental foundation in close coordination with the MOH. In Ethiopia, the MOH Planning and Programming Department is in charge of NHA.

discussion often is determining which unit is responsible at the country level for producing such information. In many countries, the central statistics office is the entity responsible for national accounting. In

other places, the office of budgeting within the MOH is responsible for reporting expenditures. The chosen institutional arrangement will largely depend on the way each country organizes its health information system. Regardless, having an institutional home, with legal or regulatory support for the production of NHA, is a crucial step that contributes to the institutionalization of NHA.

- Establishing rules, norms, principles, and decision-making procedures that bring order and structure to the cooperation needed to conduct NHA contributes to the stewardship function of the government and to the continuous production of financial information used in planning and budget formulation processes such as the medium-term expenditure framework. Included in these norms is the establishment of a legal framework within the context of health information regulation that provides NHA with the necessary support for its successful completion.

- Allocating a budget and the necessary human resources is essential. Additionally, making the production of NHA part of the National Health Plan ensures continuous support from the providers of information. In Ukraine, for example, it is necessary to have a cabinet decree in order to conduct NHA.
- Identifying and training a team to conduct NHA must be done within the context of existing institutions. The team should include members who are capable of analyzing the NHA data in the context of the health system, ideally integrating the analysis of NHA data with other routine information sources, such as management, service use, and surveillance data. It is then that information becomes knowledge that can be shared among the different users, including civil society.
- Linking production of NHA to locally relevant policy issues builds a constituency of stakeholders, enhancing the institutionalization and sustainability of NHA. (see Box 3) The results can be tailored to different users of information. Policy briefs can be produced for health care policymakers, along with executive summaries for Cabinet and Congress, and media reports for the press. The data sets should also be available to the general population.

### Box 3. Linking Cooperation among Institutions and with Civil Society

To promote coordination among the different stakeholder institutions that must contribute to the implementation of NHA, it is important to have an NHA Steering Committee. The Steering Committee guides the NHA in a way that gives it a true sense of purpose and usefulness for decision making.

All stakeholder institutions should have a representative – preferably from top management – on the Steering Committee. It also is important to represent users of the information, for example, the MOH policy unit, the budgeting office, and state or regional representatives. Finally, civil society should be represented, to promote a sense of accountability. After all, NHA is a public good.

## Expected results

The strengthening of the health information system in a country contributes to the strengthening of its entire health system. Working towards an integrated approach of conducting NHA contributes to the process of having a sound and integrated health information system. This strengthening of the health information system can translate into increased public expenditure for health, improved allocation of resources, and better accountability.

Having conducted NHA and studied the results, the Melcolian Minister of Health reported during this

morning's press conference: "I am pleased to announce that public expenditure on health represents 56 percent of total health expenditure, an increase of 5 percent over the past three years. Furthermore, the new Health Law establishes a Fund for Primary Care that will ensure the continuous strengthening of the health activities at this level, focusing mainly on reaching the poorest communities." However, the representative of the Citizen's Coalition for Better Health still had questions. "Yes, I too have read the latest NHA report. But we still need to address the issue of inequities in the per capita expenditure among regions. Could you please comment on how you expect to achieve this?"

### Expected Results of Targeted and Integrated Approaches to Conducting NHA

Targeted Approach	Integrated Approach
Data are produced, but not optimally transformed into knowledge.	An increased use of evidence for decision making is translated into an improved allocation of resources.
The data produced have limited dissemination and therefore are used by only a few stakeholders.	The "culture of information" is promoted.
The technical capacity to conduct the NHA methodology is limited to a few personnel in one MOH unit, separate from other information systems. Therefore, the regular and sustained production of NHA depends on the involvement of the few trained personnel.	The processes of gathering, sharing, analyzing, and using NHA data for decision making is integrated into the procedures for gathering, compiling, and analyzing all health-related data.
The data produced inform the reform process but with a limited scope.	An improved system that engages civil society in monitoring the implementation of health reforms is in place.

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*For more information about Health Systems 20/20 please contact:*

*Health Systems 20/20  
Abt Associates Inc.  
4550 Montgomery Lane, Suite 800 North | Bethesda, MD 20814 USA  
E-mail: [info@healthsystems2020.org](mailto:info@healthsystems2020.org) | [www.healthsystems2020.org](http://www.healthsystems2020.org)*

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