MINISTRY OF SOCIAL AFFAIRS

REPUBLIC OF ESTONIA

NATIONAL HEALTH ACCOUNTS

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CONTENTS

Introduction

More comprehensive and accurate information on expenditure on health:

- is vital for health care policy administration and implementation of health care reforms;
- enables to consolidate data on health care expenditure into a single database;
- provides a better survey of cash flow and expenditure;
- improves the quality of information submitted to international databases (WHO, etc.);
- enables to make data internationally comparable;
- is a basis for accounting total expenditure of health in calculating Gross Domestic Product (GDP).

A system of national health accounts provides information on:

- Sources of funding or where does money come from
- Providers or where does money go to
- Functions of care or what services and products are being offered.

In Estonia, information on public sector expenditure on health is collected and processed by the Statistical Office. By international methods, the public sector includes budgets which are used to fund implementation of government functions. These functions are implemented through sources of funding:

- State budget;
- Social security funds;
- Local government budgets.

Public sector expenditure on health is published both as an absolute figure and as a percentage of GDP. This information is published in the Statistical Office publication "Public finances 1997. State budget, local budgets and out-of-budget funds." The most recent such records were published in 1998 with data on 1997. Data on expenditure on health is also used for calculating GDP.

Private sector expenditure on health is not included in the publications of the Statistical Office. By the current system of compiling national health accounts the data on private sector expenditure on health is added to the accounts.

1. Method of compiling national health accounts

The first national health accounts for Estonia on 1998 were compiled on the basis of the methodology of Harvard University. The following three matrix tables were produced:

- Sources of funding by funding intermediaries;
- Funding intermediaries by providers;
- Total expenditure on health by providers and cost items.

Since the Harvard methodology is slightly different than the methods used in Europe (so-called OECD method), a decision was made to start compiling national health accounts on the basis of the OECD methods known as System of Health Accounts for International Data Collection. In accordance with these methods, three matrix tables were prepared:

- Current expenditure on health by functions of care and providers;
- Current expenditure on health by providers and sources of funding;
- Current and total expenditure on health by functions of care and sources of funding.

The main differences between the two methods are the following:

- By Harvard methodology, funds flow in the health care system from sources of funding to funding intermediaries and from funding intermediaries to providers;
- By OECD methodology, funds flow from the sources of funding directly to providers, whereas there is no intermediate stage.

Another important difference is that the OECD methods use the function-based ICHA-HC classification instead of classification of health care expenditure (Table 1).

Table 1

Summarised functional classification of health care (ICHA-HC)

HC.1 – HC.7	**Services and goods of health care by function**
HC.1 – HC.5	Personal health care services and goods
HC.1	Services of curative care
HC.2	Services of rehabilitative care
HC.3	Services of long-term nursing care
HC.4	Ancillary services to health care
HC.5	Medical goods dispensed to out-patients
HC.6 – HC.7	Collective health care services
HC.6	Prevention and public health services
HC.7	Health administration and health insurance
HC.R	**Health-related functions**
HC.R.1	Capital formation of health care provider institutions
HC.R.2	Education and training of health personnel

HC.R.3 Research and development in health
HC.R.4 Food, hygiene and drinking water control
HC.R.5 Environmental health
HC.R.6 Administration and provision of social services in kind to assist living with disease and impairment
HC.R.7 Administration and provision of health-related cash-benefits

Classification of expenditure by functions of care turned out to be a complicated task since the data provided in expenditure reports is not classified by functions. To solve the problem, the Central Health Insurance Fund re-calculated budget expenditure on compulsory health insurance for 1999 by to the OECD methods based on functions of care. Using the definitions of functions provided in the OECD methodology, we also re-calculated data submitted by health establishments by functions of care. A more detailed classification of health care functions is provided in Annex 1.

Health care funding is calculated according to ICHA-HF classification (Table 2). There were no obstacles in collecting data.

Table 2

Classification of health care financing (ICHA-HF)

HF.1 **General government**
HF.1.1 General government excluding social security funds
HF.1.1.1 Central government
HF.1.1.3 Local government
HF.1.2 Social security funds
HF.2 **Private sector**
HF.2.1 Private social insurance
HF.2.2 Private insurance (other than social insurance)
HF.2.3 Private households
HF.2.4 Non-profit organisations serving households (other than social insurance)
HF.2.5 Corporations (other than health insurance)
HF.3 **Rest of the world**

Information on the provision of health care services is based on the ICHA-HP classification (Table 3; see also Annex 2 for more details).

Table 3

Summarised classification of providers of health care (ICHA-HP)

HP.1 Hospitals
HP.2 Nursing and residential care facilities
HP.3 Providers of ambulatory health care
HP.4 Retail sale and other providers of medical goods
HP.5 Provision and administration of public health programmes
HP.6 General health administration and insurance
HP.7 Other industries (rest of the economy)
HP.9 Rest of the world

The biggest problem was to compile statistics on medical drugs both by providers and functions of care. The Agency of Medicines has information both on prescription and OTC drugs. Other medical products are sold only not by pharmacies, but also by a wide range of vendors of medical products and regular stores (e.g., contraceptives, etc.). Therefore, the data available to the Agency of Medicines is incomplete about the sale of such medical products. There is also lack of information by function of care HC.5.2. (therapeutic appliances and other medical durables) since only a fraction of these products is sold through pharmacies and they are not classified in current reporting system of pharmacies.

The scheme of compiling national health accounts in accordance with the OECD method is provided in Table 4.

Table 4

Scheme of accounting of total expenditure on health

Code ICHA	
HC.1 – HC.4	Personal health care services
HC.5	Medical goods dispensed to out-patients
TPHE	Total personal expenditure on health (=HC1 +…HC.5)
HC.6	Services of prevention and public health
HC.7	Health programme administration and health insurance
TCHE	Total current expenditure on health (=HC1 +…+ HC7)
Invest	Investments
THE	Total expenditure on health (=TCHE + Invest)

In accordance with this scheme, national health accounts are compiled according to the functions of care: HC.1 – HC.4 (personal health care services) as well as function of care HC.5 (medical goods dispensed to out-patients). Functions of care HC.1 – HC.5 characterise total personal expenditure on health. Supplementing these figures with data on HC.6 (services of prevention and public health) and HC.7 (health programme administration and health insurance) will give us current expenditure on health. After we add to these figures investments, i.e. capital expenditure (HC.R.1) we will get total expenditure on health. At the bottom of the table on national health accounts (Table 7) is a separate memorandum on health-related functions HC.R.2 – HC.R.7 which is not included in total expenditure on health.

An important difference between the OECD and Statistical Office methods of compilation is that the OECD methods do not include health insurance benefits (HC.R.7) and other health-related functions (except HC.R.1 – capital expenditure) in total expenditure on health. Under the method of the Statistical Office, health insurance benefits are included in government sector expenditure on health that are recorded under assignments as transfers to households. Scheme provided in Annex 3 shows information flows in compiling national health accounts according to the components of classification ICHA-HF (funding), ICHA-HP (providers) and ICHA-HC (functions of care).

2. Data inputs

1. Financial statement of the Central Health Insurance Fund on budget procedure and budget implementation (report on previous year is due on March 1).
2. Ministry of Finance report on implementation of state budget for 1999. The report was used to provide source data on expenditure on health funded from state budget by ministries (report is due on August 1).
3. Data provided by individual ministries (Ministry of Transport and Communication, Ministry of Culture, Ministry of Justice, Ministry of Defence) on expenditure on health in accordance with the letter from the Ministry of Social Affairs (due on August 1).
4. Ministry of Finance annual report on implementation of local government budgets. Acquisition of this report turned out to be extremely difficult since information on 1999 has not yet been consolidated. Therefore, this report is based on preliminary data (Statistical Office waits until it has final data from the public sector on expenditure on health). It is likely that this data will not be available before the end of the year following the year of reporting.
5. Survey conducted by the Statistical Office of Estonia on household income and expenditure is at present the main source of information for households' expenditure on health. According to an agreement, the Statistical Office is due to submit statistical data on households by March 15.
6. Report of the Insurance Supervisory Authority on premiums collected by life insurance companies are used to obtain data on expenditure of households on health. The report is due on March 15.
7. Report on operations of health establishments for 1999 that is processed in the Department for Statistics and Analysis. A report on state and municipal health establishments is due on March 30 and a report on private health establishments is due on August 1.
8. In addition to official statistics, information was collected from institutions on compulsory medical examination of employees, medical drugs, inspection on food, hygiene and drinking water and environmental health inspection (information provided by Medicover, Agency of Medicines, Health Protection Inspectorate, health protection laboratories).

3. Analysis of current and total expenditure on health in 1999

3.1. Sources of funding of current expenditure on health

Table 5 (see also additional tables provided in Annexes 4-7) provides data on current expenditure on health in 1999 by providers (HP.1 – HP.9) and sources of funding (HF.1 – HF.3).

Three main sources of funding health care in1999 were:

1) General government 3 693 926 th. EEK;
2) Private sector 971 365 th. EEK;
3) Foreign sources (i.e., foreign aid and loans) 174 986 th. EEK.

1) General government was the largest provider of funding to current expenditure on health by **76.3%.**

General government itself was divided into:

- Central government 351 065 th. EEK;
- Local government 80 119 th. EEK;
- Social security funds 3 262 741 th. EEK.

Central government expenditure on health (state budget) was 9.5% of general government expenditure or 7.3% of current expenditure on health. Allocations from the state budget were divided by the following ministries:

- Ministry of Social Affairs 340 714 th. EEK;
- Ministry of Defence 6 472 th. EEK;
- Ministry of Internal Affairs 1 987 th. EEK;
- Ministry of Defence 1 870 th. EEK;
- Ministry of Transport and Communication 22 th. EEK.

The largest single item among central government expenditure was the expenditure of the Ministry of Social Affairs and its agencies (97.1%) that was broken down as follows:

- Hospitals 83 482 th. EEK;
  incl aid to persons without health insurance 62 900 th. EEK;
- Providers of outpatient care 131 652 th. EEK;
  incl. ambulance services 131 352 th. EEK;
- Retail vendors and other vendors of medical products 32 487 th. EEK;
  incl. medical drugs 7 787 th. EEK;
  prosthesis and other appliances 24 700 th. EEK;
- Public health programmes and administration 28 518 th. EEK;
- General health administration and insurance 64 575 th. EEK.

Local government expenditure on health represented 2.2% of general government expenditure or 1.7% of current expenditure on health. Local government expenditure

were realised mainly through providers of outpatient care (60.1%) and hospitals (24.9%).

Social security funds (incl. Central Health Insurance Fund) represented the largest percentage of general government expenditure (88.3%) and were also the largest percentage in current expenditure on health (67.4%). In essence, it means that the largest sources of funding in the Estonian health care system are employers who are paying the health insurance component of the social tax on wages and other payments pursuant to employment contracts or service contracts that is collected by the Tax Board and administered by the Central Health Insurance Fund.

An analysis of the expenditure of the Central Health Insurance Fund by <u>providers</u> shows the following:

- Hospitals 1 636 359 th. EEK;
- Providers of outpatient care 1 121 720 th. EEK;
- Retail vendors and other vendors of medical products 374 951 th. EEK;
  incl. pharmacies (subsidised medial drugs) 366 000 th. EEK;
- Public health programmes and administration 66 828 th. EEK;
- General health administration and insurance 62 883 th. EEK.

Therefore, the majority of funds in social security were used through hospitals (50.2%) and providers of outpatient care (34.4%). Subsidised medial drugs sold through pharmacies accounted for 11.2%.

<u>2) Private sector</u> contributed **20.1%** of expenditure on health as follows:

- Private insurance (i.e., insurance provided by employers to employees) 40 000 th. EEK;
- Households 692 988 th. EEK; (i.e. 480.4 EEK per capita);
- Corporations 238 377 th. EEK.

Household expenditure on health by <u>providers</u> was as follows:

- Providers of outpatient care 253 866 th. EEK;
  incl. dental care centres 216 531 th. EEK;
- Retail vendors and other vendors of medical products 394 239 th. EEK;
  incl. medical drugs 337 380 th. EEK.

Therefore, main expenditure of household was made on dental care (30.8%) and medical drugs (48%).

On the basis of the Statistical Office of Estonia survey on household income and expenditure, households spent 662 627 th. EEK on health in addition to 30 361 th. EEK spent on health insurance. Total household expenditure on health amounted to 692 988 th. EEK or 71.3% of private sector expenditure and 14.3% of current expenditure on health.

Corporations accounted for 24.5% of private sector expenditure on health and 4.9% of current expenditure on health. By methodology this should reflect expenditure of corporations to services and products which in Estonia is very low. Data entered

under corporations reflects expenditure on health that corporations have made from own resources (mainly to medical drugs) as well as the costs of compulsory medical examination of employees provided by Medicover (2 500 th. EEK). The main cost item here is expenditure of all other consumers (including tourists) on medical drugs in the amount of 228 044 th. EEK that formed 95.7% of corporate expenditure.

3) Foreign sources accounted for only **3.6%** of current expenditure, the majority of which (98%) being a foreign loan in the amount of 171 520 th. EEK.

3.2. Providers of health care

Figures in Table 6 (see also additional tables in Annexes 8-11) show current expenditure on health for 1999 by functions of care (HC.1 – HC.7) and by providers (HP.1 – HP.9).

Health services were mainly **provided by**:

1)	Hospitals	1 754 409 th. EEK;
2)	Providers of outpatient care	1 559 504 th. EEK;
3)	Retail outlets and other providers of medical products:	1 045 671 th. EEK;
4)	Public health programme provision and administration	95 346 th. EEK;
5)	General health administration and insurance	209 912 th. EEK;
6)	Other sectors (rest of economy)	448 th. EEK;
7)	Foreign providers	174 986 th. EEK.

1) Hospitals account for **36.2%** of current health care expenditure and are the largest health care providers for a total of 1 754 409 th. EEK. Expenditure of hospitals by functions of care was as follows:

- Medical care (i.e. hospital care) 1 708 109 th. EEK;
- Rehabilitation for inpatients 46 300 th. EEK.

Hospital care accounted for 97.4% of care provided by hospitals with the remaining 2.6% provided by rehabilitation.

2) Providers of outpatient care provided health care services for 1 559 504 th. EEK which represented **32.2%** of current health care expenditure. **Main providers** of ambulatory care were:

- Outpatient care centres 922 783 th. EEK;
- Dental care providers 463 106 th. EEK;
- Other providers of outpatient care 131 740 th. EEK;
  incl. ambulance services 131 645 th. EEK.

Of all outpatient care services, 59.2% were provided by outpatient centres, 29.7% by dentists and 8.4% by ambulance services.

Outpatient services were divided by functions of care as follows:

- Medical services 1 403 907 th. EEK;
  incl. main medical and diagnostic services 922 783 th. EEK;
  dental care 463 106 th. EEK;
  (i.e., 321.1 EEK per capita);

- Rehabilitative care 13 094 th. EEK;
- Long-term nursing care 300 th. EEK;
- Health support services 139 608 th. EEK;
  incl. ambulance care 131 645 th. EEK;
- Prevention and public health 2 595 th. EEK.

Thus, ambulatory care accounted for 90% of services in this segment in which basic medical and diagnostic services represents 65.7% and dental care represents 29.7%.

3) Retail sales and other providers of medical products were provided for 1 045 671 th. EEK (**21.6%** of current health care expenditure). **Main providers** of this particular type of services were pharmacies (91.2%) while the share of providers of other medical drugs and medical products was only 8.8%.
Sales of medical drugs in pharmacies by functions were divided as follows:

- Prescription drugs 615 000 th. EEK;
- OTC drugs 339 000 th. EEK.

Prescription drugs accounted for 64.5% of the total volume of medical drugs.

Main expenditure of providers of other medical drugs and medical products by functions was as follows:

- Spectacles and other visual aid means 53 338 th. EEK;
- Orthopaedic and other appliances 32 435 th. EEK.

Spectacles and other visual aid means accounted for 58.2% and orthopaedic and other appliances were 35.4%.

4) Provision and administration of public health programmes. This expenditure accounted for 95 346 th. EEK (**2%** of current expenditure on health) and by function of care was divided as follows:

- Health of child and mother 14 984 th. EEK;
  incl. family planning and advisory project financed by Central Health Insurance Fund (CHIF) 11 560 th. EEK;
  national health program for children and young people 3 424 th. EEK;
- Health at school (CHIF programme) 17 137 th. EEK;
- Prevention of infectious diseases 22 135 th. EEK;
  incl. national programme for combating tuberculosis 12 502 th. EEK;
  prevention of tuberculosis (CHIF programme) 6 870 th. EEK;
  prevention of HIV/AIDS and other sexually transmitted diseases 2 763 th. EEK;
- Prevention of non-infectious diseases 38 707 th. EEK;
  incl. health promotion projects of CHIF 31 261 th. EEK;
  national program for prevention of alcohol and drug abuse 7 446 th. EEK;
- Occupational health 2 383 th. EEK.

The largest expense items in public health programs were the prevention of non-infectious diseases (40.6%), prevention of infectious diseases (23.2%) and health at school (18%).

5) Administration and insurance of total health care. Expenditure of this segment totalled 209 912 th. EEK (**4.3%** of current health care expenditure) that were more or less equally between the following providers (36.5%; 30% and 33.5%, correspondingly):

- Health care administration on government level 76 668 th. EEK;
- Social insurance funds (Central Health Insurance Fund) 62 883 th. EEK;
- Private insurance 70 361 th. EEK.

Functionally, this expenditure is operating expenditure of mainly the Ministry of Social Affairs and its agencies, but also of the Central Health Insurance Fund and private insurance made by households.

6) Other sectors (rest of economy) represent providers who account for 0.01% of current health care expenditure (totalling 448 th. EEK) and represents health expenditure of the Ministry of Justice.

7) Foreign sources contributed **3.6%** (174,986 th. EEK) of current health care expenditure, whereas the majority (98%) of these funds was an external loan which by its function was under prevention and public health.

3.3. Sources of funding total expenditure on health

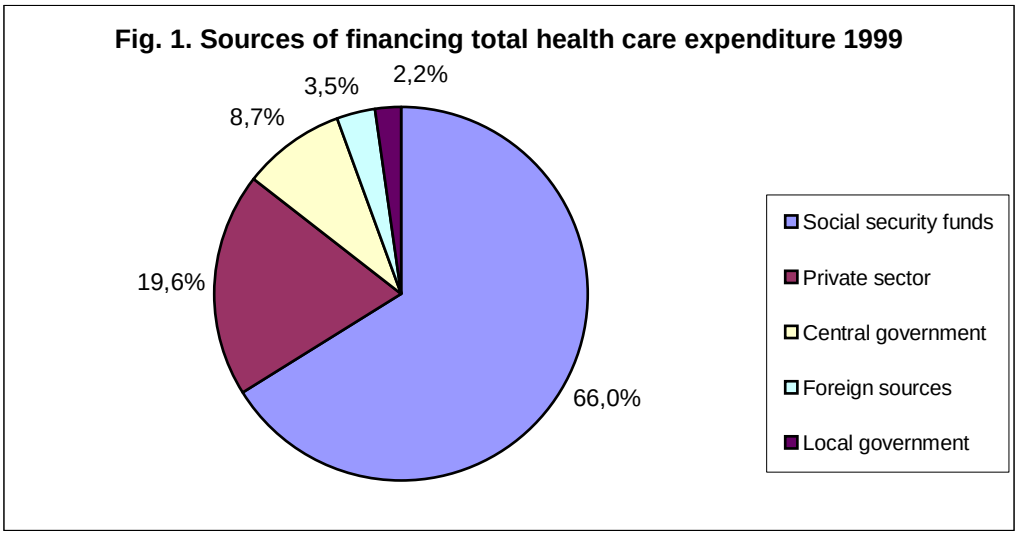
Table 7 (see also additional tables in Annexes 12-15) provides current and total expenditure on health for 1999 by functions of care (HC.1 – HC.7) and sources of funding (HF.1 – HF.3).

Since sources of funding total expenditure on health were analysed already at Table 5, we will be looking at only total expenditure on health, i.e. current expenditure plus capital expenditure.

The importance of **main sources of funding** in financing total expenditure on health was as follows (see also Fig. 1):

- General government: 3 803 450 th. EEK;
  - incl. central government 431 109 th. EEK;
  - local government 106 684 th. EEK;
  - social security funds 3 265 657 th. EEK;
- Private sector 971 365 th. EEK;
- Foreign sources 174 986 th. EEK.

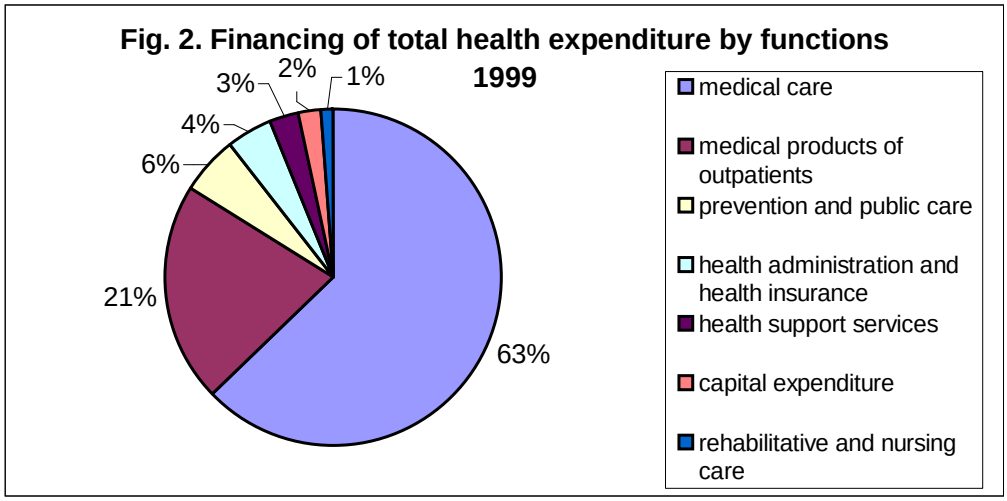
Fig. 1 shows that the majority (66%) of financing total expenditure on health is the health insurance component of the social tax paid by employers that is administered by social security funds (i.e., Central Health Insurance Fund).



An analysis of total expenditure on health by functions of care shows the following breakdown of funding (Fig. 2):

- Medical care 3 171 411 th. EEK;
  incl. rehabilitative care 59 393 th. EEK;
- Long-term nursing care 300 th. EEK;
- Health support services 139 608 th. EEK;
- Medical products of outpatients 1 045 671 th. EEK;
- Prevention and public care 273 375 th. EEK;
- Health administration and health insurance 209 912 th. EEK;
- Capital expenditure 109 523 th. EEK.

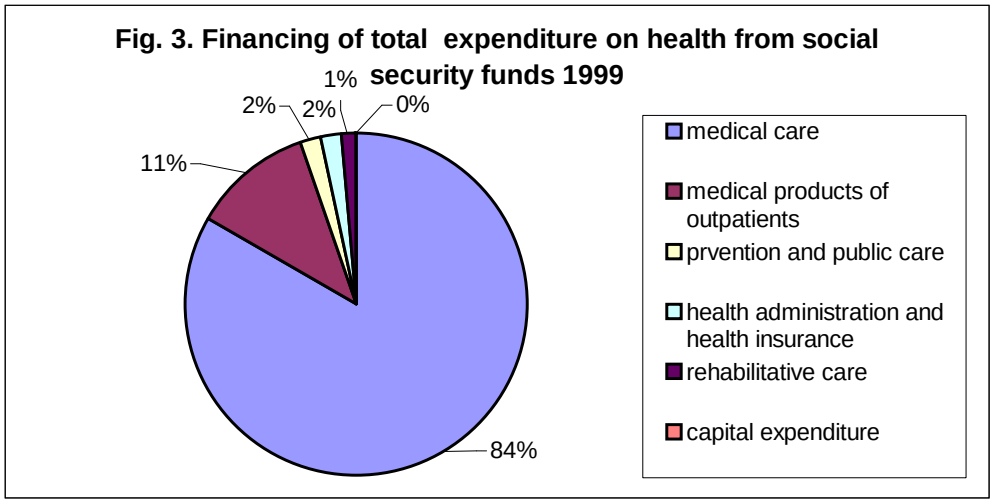
Fig. 2 shows that, by functions, the largest segment is funding of medical care (63%)



followed by medical products of outpatients (21%).

As noted above, the main source of funding was **social security funds** (Central Health Insurance Fund) whose expenditure by functions of care were as follows (Fig. 3):

- Medical services 2 718 648 th. EEK;
  incl. hospital care 1 610 022 th. EEK;
  outpatient care 862 052 th. EEK;
  dental care 246 574 th. EEK;
- Rehabilitative care 39 432 th. EEK;
- Medical products of outpatients 374 951 th. EEK;
  incl. subsidised medical drugs 366 000 th. EEK;
- Prevention and public health 66 828 th. EEK;
- General health administration and insurance 62 883 th. EEK;
- Capital expenditure 2 914 th. EEK.



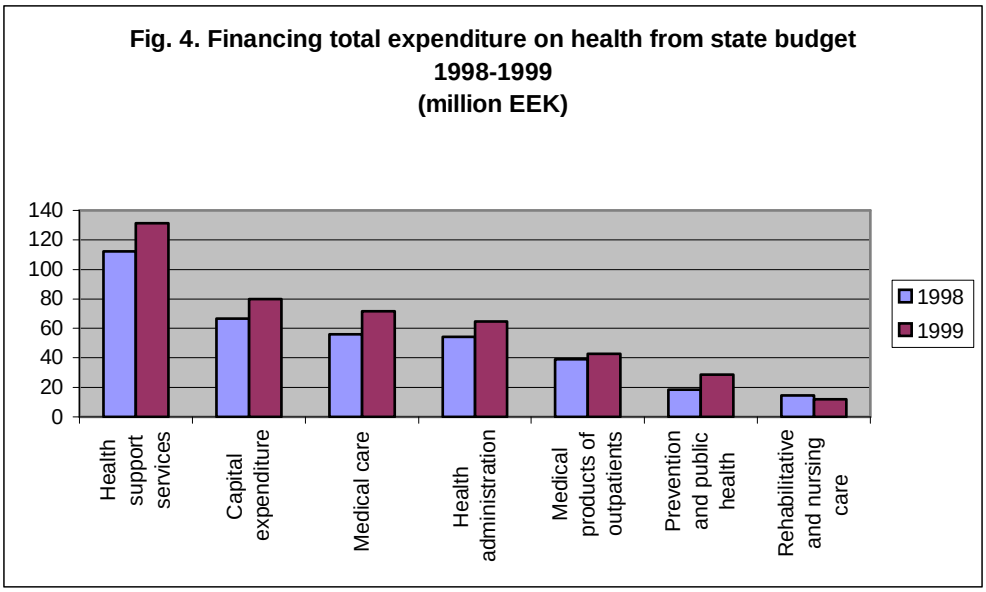
Of the expenditure of Central Health Insurance Fund, medical care accounted for 83.3% which was divided into hospital care (59.2%), outpatient care (31.7%) and dental care (9.1%.)

Of the total expenditure on health for 1999, **central government** (state budget) allocated 431.1 million EEK (8.7% of total expenditure). Expenditure by functions of care was as follows:

- Medical care 71 482 th. EEK;
  incl. aid to persons without health insurance 62 900 th. EEK;
- Rehabilitative care 12 300 th. EEK;
- Health support services 131 352 th. EEK;
  incl. aid to ambulance service 130 600 th. EEK;
- Medical products of outpatients 42 838 th. EEK;
- Prevention and public health 28 518 th. EEK;
- General health administration and insurance 64 575 th. EEK;
- Capital expenditure 80 044 th. EEK.

Fig. 4 shows a comparison between total expenditure on health in 1998 and 1999. The 1998 figures were calculated by a different method (Harvard method), but were adapted to the OECD method.

Fig. 4. Financing total expenditure on health from state budget 1998-1999 (million EEK)

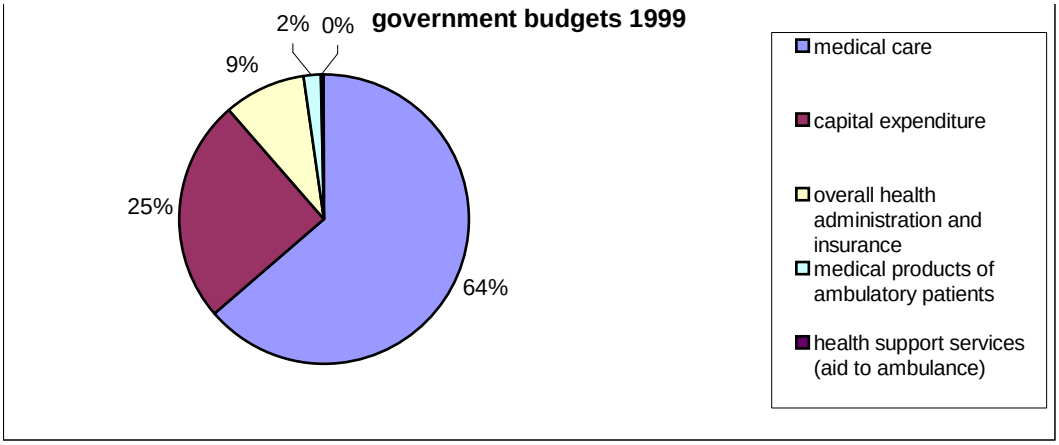


In comparison with 1998, financing of total expenditure on health from state budget increased in 1999 by 70 million EEK, growing 19.4% or from 361.1 million EEK to 431.1 million EEK.

Local governments contributed 2.2% of the total expenditure on health that was divided by functions of care as follows:

- Medical care 67 842 th. EEK;
- Health support services (aid to ambulance) 293 th. EEK;
- Medical products of outpatients 2 079 th. EEK;
- General health administration and insurance 9 905 th. EEK;
- Capital expenditure 26 565 th. EEK.

Fig. 5 shows that the two largest expense items were medical care (64%) and capital expenditure (25%).

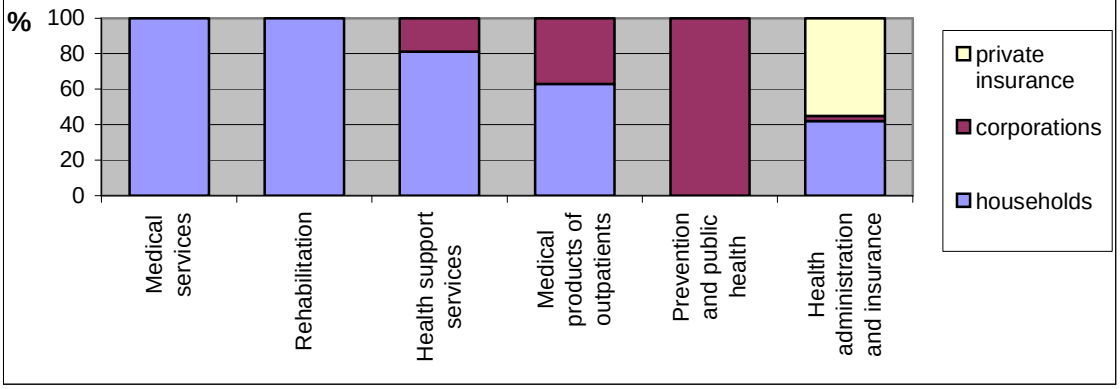


Private sector expenditure on health amounted to 971.4 million EEK in 1999, representing 19.6% of total expenditure on health. Private sector expenditure was divided by functions of care as follows:

- Medical care 254 045 th. EEK;
- Rehabilitative care 7 962 th. EEK;
- Health support services 7 963 th. EEK;
- Medical products of outpatients 625 803 th. EEK;
- Prevention and public health 3 043 th. EEK;
- General health administration and insurance 72 549 th. EEK.

Households contributed to the majority of private sector expenditure on health (71.3%) (Fig. 6).

Fig. 6. Financing of total health expenditure by private sector 1999



By functions of care, almost all private sector expenditure on health were expenditure of households on medical care and rehabilitative care. Among health support services, households accounted for 81% and medical products of outpatients accounted for 63%. Of insurance, 43% is expenditure of households and 57% is expenditure of private insurers (i.e., insurance provided by employers to employees).

Foreign sources of funding in financing total expenditure on health contributed 174 986 th. EEK in 1999 (3.5%). These funds were allocated as foreign loan and foreign aid to prevention and public health.

At the bottom of the table on national health accounts (Table 7) is a separate memorandum on health-related functions HC.R.2 – HC.R.7 which is not included in total expenditure on health according to the OECD method. Therefore, these national health accounts do not include data on health insurance (HC.R.7) nor data on other health-related functions (except HC.R.1 – capital expenditure).

4. Total expenditure on health in GDP

National health accounts (total expenditure on health) for 1999 was **4 949.8 million EEK** (Table 7 "Current and total expenditure on health by functions of care and sources of funding"). It represents **6.6%** of the gross domestic product for 1999 in the amount of 75 360.2 million EEK. Expenditure on health per capita in 1999 was 3 431.7 EEK.

National health accounts on 1998 were 4 374.2 million EEK, representing 6% of the GDP (73 325.3 million EEK) and in per capita figures 3 017.3 EEK.

The annual growth of the GDP was 2.8%, compared to the 13.2% growth in total expenditure on health. The increase of total expenditure on health in the amount of 575.6 million EEK was in large part (80%) attributable to the increase in medical care funded by the Central Health Insurance Fund and expenditure of households on health.

On the basis of national health accounts compiled on 1999 and analysis of operational reports of health care establishments for 1999, a number of parameters and indicators were calculated for submission to the World Health Organisation as requested by WHO. These indicators are also the first output of this project.

The following indicators were presented to WHO for 1999:

- Percentage of health care expenditure from GDP 6.6%;
- Percentage of public sector health care expenditure from total expenditure on health 76.8%;
- Percentage of all hospital care expenditure from total expenditure on health 35.4%;
- Percentage of public sector hospital care expenditure from total expenditure on hospital care 99.2%;
- Percentage of expenditure on medical drugs from total expenditure on health 22.7%;
- Percentage of public sector expenditure to medical drugs from total expenditure on medical drugs 49.5%;
- Percentage of all capital expenditure from total expenditure on health 2.2%;
- Percentage of labour cost from public sector expenditure on health 35.9%.

5. Recommendations for further development of national health accounts

1. To harmonise the reporting on operations by health establishments with the functional division of national health accounts (ICHA-HC).

2. To harmonise the financial statement of the Central Health Insurance Fund on budget procedure and budget implementation with the functional division of national health accounts (ICHA-HC).

3. To specify the share of own income as a source of funding (included under corporations).

4. To study the possibility to obtain from the Ministry of Finance data on local government expenditure on health at an earlier data than the official deadline for reporting. Preliminary data on local government expenditure used in this analysis is compiled on the basis of monthly reports that were submitted to the Ministry of Finance (published in the Statistical Office publication "Estonian Regional Statistics 1999") which may be different from annual accounts. This is a potential element of inaccuracy in compiling national health accounts. If, as last year, annual accounts are prepared by the Ministry of Finance only at the end of the year which follows the reporting year (or even later), it would not be possible to compile total expenditure on health earlier than two years after the reporting year.

5. Because of the above-mentioned problem, it would not be possible to submit to WHO final data on total expenditure on health by the due date (September) as requested by WHO.

Annex 1

ICHA-HC Classification of functions of health care

HC.1	**Services of curative care**
HC.1.1	In-patient curative care
HC.1.2	Day cases of curative care
HC.1.3	Out-patient curative care
HC.1.3.1	Basic medical and diagnostic services
HC.1.3.2	Out-patient dental care
HC.1.3.3	All other specialised health care
HC.1.3.9	All other out-patient curative care
HC.1.4	Services of curative home care
HC.2	**Services of rehabilitative care**
HC.2.1	In-patient rehabilitative care
HC.2.2	Day cases of rehabilitative care
HC.2.3	Out-patient rehabilitative care
HC.2.4	Services of rehabilitative home care
HC.3	**Services of long-term nursing care**
HC.3.1	In-patient long-term nursing care
HC.3.2	Day cases of long-term nursing care
HC.3.3	Long-term nursing care: home care
HC.4	**Ancillary services to health care**
HC.4.1	Clinical laboratory
HC.4.2	Diagnostic imaging
HC.4.3	Patient transport and emergency rescue
HC.4.9	All other miscellaneous ancillary services
HC.5	**Medical goods dispensed to out-patients**
HC.5.1	Pharmaceuticals and other medical non-durables
HC.5.1.1	Prescribed medicines
HC.5.1.2	Over-the-counter medicines
HC.5.1.3	Other medical non-durables
HC.5.2	Therapeutic appliances and other medical durables
HC.5.2.1	Glasses and other vision products
HC.5.2.2	Orthopaedic appliances and other prosthetics
HC.5.2.3	Hearing aids
HC.5.2.4	Medico-technical devices, including wheelchairs
HC.5.2.9	All other miscellaneous medical durables
HC.6	**Prevention and public health services**
HC.6.1	Maternal and child health; family planning and counselling
HC.6.2	School health services
HC.6.3	Prevention of communicable diseases
HC.6.4	Prevention of non-communicable diseases
HC.6.5	Occupational health care
HC.6.9	All other miscellaneous public health services

HC.7	**Health administration and health insurance**
HC.7.1	General government administration of health
HC.7.1.1	General government administration of health (except social security)
HC.7.1.2	Administration, operation and support activities of social security funds
HC.7.2	Health administration and health insurance: private
HC.7.2.1	Health administration and health insurance: social insurance
HC.7.2.2	Health administration and health insurance: other private
HC.R.	**Health-related functions**
HC.R.1	Capital formation of health care provider institutions
HC.R.2	Education and training of health personnel
HC.R.3	Research and development in health
HC.R.4	Food, hygiene and drinking water control
HC.R.5	Environmental health
HC.R.6	Administration and provision of social services in kind to assist living with disease and impairment
HC.R.7	Administration and provision of health-related cash-benefits

Annex 2

ICHA-HP Classification of providers of health care

HP.1 Hospitals
HP.1.1 General hospitals
HP.1.2 Mental health and substance abuse hospitals
HP.1.3 Speciality (other than mental health and substance abuse) hospitals
HP.2 Nursing and residential care facilities
HP2.1 Nursing care facilities
HP.2.2 Residential mental retardation, mental health and substance abuse facilities
HP.2.3 Community care facilities for the elderly
HP.2.9 All other residential care facilities
HP.3 Providers of ambulatory health care
HP.3.1 Offices of physicians
HP.3.2 Offices of dentists
HP.3.3 Offices of other health practitioners
HP.3.4 Out-patient care centres
HP.3.4.1. Family planning centres
HP.3.4.2 Out-patient mental health and substance abuse centres
HP.3.4.3 Free-standing ambulatory surgery centres
HP.3.4.4 Dialysis care centres
HP.3.4.5 All other out-patient multi-speciality and co-operative service centres
HP.3.4.9 All other out-patient community and other integrated care centres
HP.3.5 Medical and diagnostic laboratories
HP.3.6 Providers of home health care services
HP.3.9 Other providers of ambulatory health care
HP.3.9.1 Ambulance services
HP.3.9.2 Blood and organ banks
HP.3.9.9 Providers of all other ambulatory health care services
HP.4 Retail sale and other providers of medical goods
HP.4.1 Dispensing chemists
HP.4.2 Retail sale and other suppliers of optical glasses and other vision products
HP.4.3 Retail sale and other suppliers of hearing aids
HP.4.4 Retail sale and other suppliers of medical appliances (other than optical glasses and hearing aids
HP.4.9 All other miscellaneous sale and other suppliers of pharmaceuticals and medical goods
HP. 5 Provision and administration of public health programmes
HP.6 General health administration and insurance
HP.6.1 Government administration of health
HP.6.2 Social security funds
HP.6.3 Other social insurance
HP.6.9 Other (private) insurance
HP.6.9 All other providers of health administration
HP.7 Other industries (rest of the economy)
HP7.1 Establishments as providers of occupational health care services
HP.7.2 Private households as providers of home care
HP.7.9 All other industries as secondary producers of health care
HP.9 Rest of the world