

National Health Expenditure Accounts (NHEA) in the US

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What are the NHEA?

The National Health Expenditure Accounts (NHEA) are a system of production-based accounts that estimate total U.S. health care spending by type of service/good consumed, by who funds and finances this care, by which age group and gender receives this care, and by which states' residents consume and which states' providers provide this care.

- The NHEA are:
 - Comprehensive
 - Mutually Exclusive
 - Multidimensional
 - Consistent over time

How do we decide what to measure in NHEA?

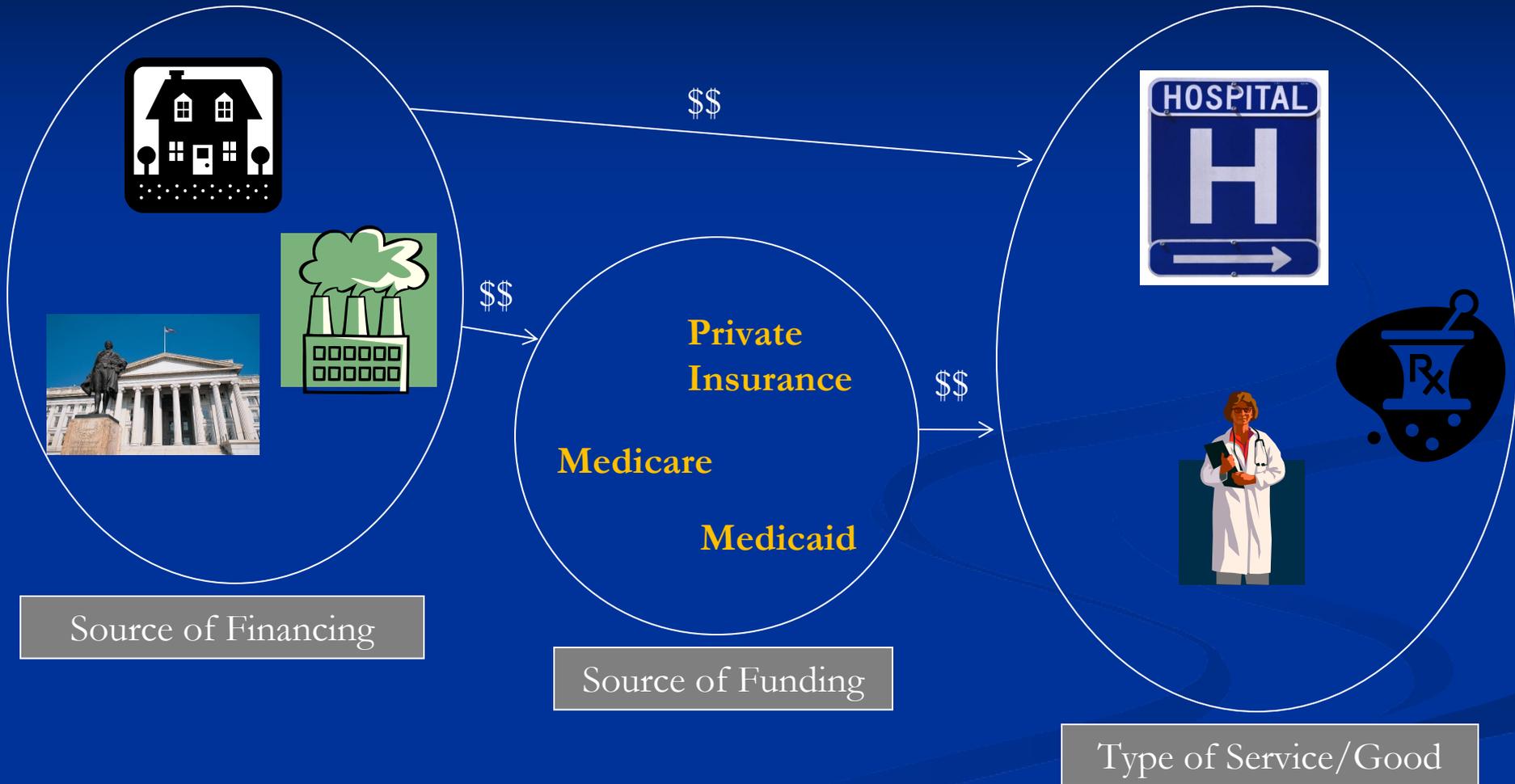
- Accounting Standards (System of Health Accounts)
- Usefulness/Relevance to policy makers
- Clarity and Reliability
- Ultimately, it is accounting.....so:

FOLLOW THE \$

What makes the US Classification difficult?

- Employer-sponsored insurance (private and government)
- Workers' Compensation
- Medicaid Buy-in of Medicare Premiums
- Medicare Retiree Drug Subsidy
- Health Reform (Affordable Care Act)
 - High-Risk Pools
 - Health Insurance Exchanges

Flow of \$ in the US Health Sector



Current US Classification Structure – Type of Service and Good

National Health Expenditures =

Health Consumption Expenditures =

Personal Health Care =

Hospital Care

+ Professional Services (physician/clinical, other professional, and dental services)

+ Home Health Care

+ Nursing Care Facilities and Continuing Care Retirement Communities

+ Retail Sales of Medical Products (Rx, durable medical equipment, other)

+ Other Health, Residential, and Personal Care

+ Government administration

+ Net Cost of Health Insurance

+ Government Public Health Activities

+ Investment (research, structures & equipment)

Current US Classification Structure – Sources of Funding

National Health Expenditures =

Health Consumption Expenditures =

Health Insurance =

Private Health Insurance

+ Medicare

+ Medicaid (Federal, State & Local)

+ Children's Health Insurance Program (Federal, State & Local)

+ Department of Defense

+ Department of Veterans' Affairs

+ Direct Out-of-Pocket

+ Other Third Party Payers and Programs and Government Public Health*

+ Investment

*Includes worksite health care, other private revenues, Indian Health Service, workers' compensation, general assistance, maternal and child health, vocational rehabilitation, other federal programs, Substance Abuse and Mental Health Services Administration, other state and local programs, and school health.

Current US Classification Structure – Sources of Financing

National Health Expenditures =

Households =

Direct Out-of-Pocket

+ Contributions to Private Health Insurance

+ Contributions to Medicare Hospital Insurance Trust Fund

+ Premiums paid to Medicare Supplementary Medical Insurance Trust Fund

+ Other Private Revenues

+ Private Business =

Contributions to Private Health Insurance

+ Contributions to Medicare Hospital Insurance Trust Fund

+ Workers' Compensation, Temporary Disability Insurance, and Worksite Health Care

+ Government =

Federal =

Contributions to Private Health Insurance

+ Contributions to Medicare Hospital Insurance Trust Fund

+ Medicare

+ Medicaid

+ Other Programs

+ State and Local

Contributions to Private Health Insurance

+ Contributions to Medicare Hospital Insurance Trust Fund

+ Medicaid

+ Other Programs

NHEA Data Sources

- **American Hospital Association Annual Survey** for hospital services
- **Service Annual Survey and Economic Census** supplemented by other data sources (employment, hours, and earnings series)
 - Physicians' offices and clinics
 - Dentists' offices and clinics
 - Other professionals' offices and clinics
 - Nursing home care
 - Home health care
- **Census of Retail Trade**, supplemented by other data sources (IMS Health, Kline)
 - Prescription drugs
 - Durable Medical Equipment
 - Non-durable goods
- **For Public Spending:**
 - CMS Program data (Medicare Program Data, CMS 64 forms)
 - Federal Budget Data
 - State and local government data
- **For Private Spending:**
 - Service Annual Survey
 - Various Trade Associations
 - Government Surveys (such as Medical Expenditure Panel Survey, the Consumer Expenditure Survey)

How do we fill out the NHEA matrix?

Total Spending for Services/Goods
(calculated using Census or survey data)

Minus

Government Sources of Funding
(calculated using program or budget data)

Equals

Private Sources of Funding
(residual estimate)

Which are allocated to:

Out-of-Pocket
Private Health Insurance
Other Private

Other uses of the NHEA

- State spending, by where and who consumes
- Spending for age/gender groups
- Tie spending trends to enrollment trends
- Serve as the basis for projecting future spending
 - 10- and 75-year projections
 - Health reform impacts
- Reconcile with other data sources
 - National Income Accounts
 - Household surveys

What the NHEA doesn't measure?

- Real health spending
- Health welfare
- Micro data (an individual's or a household's experience)
- Tax Expenditures
- Spending by type of disease, episode, code, product, or function