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CLASSIFICATION OF GOVERNMENT EXPENDITURE ON HEALTH

Explanatory notes

(Document prepared by WHO)

Explanatory NotesCLASSIFICATION OF GOVERNMENT EXPENDITURE ON HEALTH

The present classification is a functional classification of expenditure on health in so far as it relates to the purposes for which expenditures are made.

The classification is based on national classifications of health expenditure made available to the World Health Organization and the proposed revised UN Systems of National Accounts (SNA) and the Material Product System (MPS).

The classification covers expenditure made by government agencies (central, provincial, municipal or local).

The two main sub-divisions of the classification are:

- I General Government Consumption Expenditure on Health
- II Government Capital Formation

Sub-division I (General Government Consumption Expenditure on Health) is distributed into various items: Compensation of employees (expenditure for wages and salaries for physicians and other health personnel), Goods consumed and Services provided (expenditure for food, clothing, laundry, rent, drugs and medical appliances), Consumption of fixed capital (depreciation of goods estimated at current prices) and Other consumption expenditure less sales to households and institutions (Government expenditure for current goods and services bought minus Government receipts for current goods sold and services rendered).

Consumption of fixed capital is the loss in value of fixed assets due to foreseen obsolescence, to accidental damage not made good by repair and to normal wear and tear of capital goods. Depreciation appears in the accounts as a charge to show the amount of money that is required to replace fixed capital so used up. Estimates of depreciation should take into account the prices of the assets to be replaced at the moment when estimates are made, i.e. depreciation charges should be valued at current prices.

Group I of the classification (General administration, regulation and research) refers to expenditure made by central government, provincial and local authorities, for administrative and supervisory purposes. The sub-group Expenditure for Community Health Services comprises preventive services and institutions remunerated from public funds and destined for the community as a whole. This sub-group should be imputed with current (consumption) expenditure only; capital expenditure (such as government contributions to the construction of water supply systems) must be classified under the appropriate heading under II Government Capital Formation. The item Environmental health services includes such supervisory and regulatory activities as health measures at ports, railway stations, frontiers, prisoners' camps, health measures at the arrival and departure of migrants and tourists. It comprises also the inspection of public baths, swimming pools, schools and other establishments to ensure necessary hygienic conditions. Furthermore, it includes the control of the use and quality of drugs and measures to safeguard the public from radiation hazards.

Group 2 (Services provided in hospitals, clinics and other health institutions) comprises government expenditure at all levels for health institutions, residential and non-residential, including expenditure on services to women during childbirth, etc. Wherever possible, expenditure should be sub-divided into the components indicated in the classification, i.e. into expenditure for drugs, food, clothing, etc. Expenditure on education and research activities in these establishments should be excluded from this group and included under items 1.3 and 1.4 respectively. If detailed information cannot be given, a foot note should be given.

Group 3 (Individual health services provided outside health establishments) refers to services provided by medical and para-medical personnel working outside hospitals and other health institutions and remunerated by all levels of government.

Group 4 (Other government consumption expenditure on health) is a residual item; it covers all kinds of expenditure for which no special room was made under the preceding items. The purposes for such expenditure have to be indicated in detail.

Sub-division II - Government Capital Formation: Expenditure included under this title has to be split into the following components: purchases, construction, modifications, maintenance, repairs and other purposes.

Capital expenditure for buildings (group 1) covers also major alterations and improvements of these buildings; it comprises expenditure for fixtures and non-movable equipment which are an integral part of these structures, such as power-generating machines, fixed stoves, central heating, air conditioning, water supply systems, etc.

Transport equipment comprises all kinds of vehicles to transport sick and injured persons, medical personnel and medical goods. Thus, the ambulance services form an important part of this sort of expenditure.

Other capital formation is a residual item for investment expenditure that cannot be classified elsewhere. Government contributions to such public health projects as the construction of community water supply systems, sanitation, etc., have to be listed under this item. It will be necessary to specify the purpose of expenditure in every case.

GOVERNMENT EXPENDITURE ON HEALTH

Purpose of expenditure	Composition of expenditure	Compensation of employees	Goods consumed and services provided				Consumption of fixed capital	Other consumption expenditure less sales to households and institutions	TOTAL GOVERNMENT CONSUMPTION EXPENDITURE
			Drugs, Appliances	Food	Clothing, Laundry	Rent			
I - General Government Consumption Expenditure on Health									
1. General health administration, regulation and research									
1.1 Expenditure on health administration and supervision by the Ministry or Department of Health and other central, provincial and local public authorities									
1.2 Expenditure for Community health services									
1.2.0 Immunisation, vaccination and other preventive health activities									
1.2.1 Laboratory services									
1.2.2 Environmental health services									
Hygienic measures against:									
1.2.2.0 Air and water pollution									
1.2.2.1 Sewage and waste disposal									
1.2.2.2 Supervision of hygienic conditions of dwellings									
1.3 Research									
1.3.0 Medical research									
1.3.1 Pharmaceutical and chemical research									
1.3.2 Dental research									
1.3.3 Sanitary research									
1.4 Education and training									
1.5 Public health veterinary services									
2. Services provided in hospitals, clinics and other health institutions									
2.0 General hospitals and clinics									
2.1 Maternity hospitals and maternal and child health clinics									
2.2 Paediatric clinics									
2.3 Mental hospitals and psychiatric clinics									
2.4 TB hospitals and clinics									
2.5 Dental clinics									
2.6 Other health institutions									
3. Individual health services provided outside health establishments									
3.0 Medical care									
3.1 Nursery and midwifery care									
4. Other government consumption expenditure on health									
(please specify)									

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	Purchases	Construction	Modifications, maintenance, repairs	Other Purposes	TOTAL GOVERNMENT CAPITAL FORMATION
<u>II - Government Capital Formation</u>					
1. <u>Land and buildings</u>					
1.1 Hospitals					
1.2 Health centres					
1.3 Laboratories					
1.4 Other health establishments					
2. <u>Medical and dental equipment</u>					
2.1 Medical apparatuses					
2.1 Other medical equipment of health establishments					
3. <u>Transport equipment</u>					
4. <u>Other government capital formation</u>					
Government subsidies to private non-profit making health institutions					
Government contributions to health insurance					
					<u>TOTAL</u>