As health systems have grown and become more complex, planners and policymakers need tools to analyze health financing. These tools can help them better understand their own system and make comparisons with the experiences of other nations. National Health Accounts (NHA) is a tool being used today in more than 50 low- and middle-income countries.

Using National Health Accounts to Make Policy Decisions

What Is National Health Accounts?

NHA methodology tracks the flow of funds through the health sector, from their sources, through financial intermediaries, to providers and functions. NHA is a framework for measuring total—public and private—national health expenditures.

Why Is NHA Relevant to Policymaking?

NHA organizes, tabulates, and presents health expenditure information in a standard format. This allows health care decision makers to understand how, and how much, health resources are used in a health care system, to review allocation patterns, to assess the efficiency of current resource use, and to evaluate impact of health care reform. It also allows for comparisons of a health system at different points in time, and comparisons of one country’s health system with others.

The NHA profile often provides new and useful information to decision makers. For example, they may be surprised to discover the extent of private sector financing in what they view as a publicly provided service. Such information allows policymakers to better tailor policies to meet the needs of their population.

How Does NHA Inform the Policy Process?

Policy dialogue: At the dialogue stage, NHA results have been used: (1) to identify problems; (2) as a catalyst for change by providing data that convey the magnitude of a problem; and (3) as an advocacy instrument to stimulate action. For instance, recent NHA estimates in several developing countries have shown that outlays for drugs exceed two-thirds of household expenditures on health. In Bangladesh, this sparked debate about the effectiveness of the National Drug Policy Act, which fails to address over-prescribing practices, drug stockouts and leakage, and other issues such as self-medication and prescribing by unlicensed providers.

Policy design and implementation: NHA results are used in the formulation of specific strategies. In Jordan, they were used to evaluate the financial effect of alternative proposals for universal health care coverage.

Monitoring and evaluation: In countries where NHA is carried out periodically, intertemporal comparisons help to evaluate to what extent implemented strategies have had their expected impact. In the Philippines, annual NHA results measure trends in expenditures on health by local governments, one indicator used to track the policy of devolution of health services.

How Can NHA Results Be Used with Data from Other Sources?

Coupling NHA results with non-financial health indicators or non-health-specific financial indicators can provide a multidimensional picture of health system effectiveness.
Equity: Using NHA results with other data – in particular, from household surveys – can improve evaluation of the level of equity in health systems.

In the Dominican Republic, public subsidies finance 36 percent of health care spending for the poorest income quintile of the population, but the richest quintile receives a subsidy half as big as the poorest. In addition, care funded by social insurance benefits wealthier households more than poorer ones, primarily because it covers a larger proportion of wealthier households.

Efficiency: The NHA framework can indicate inefficiencies in a health system. For instance, systems with multiple schemes, each of which finances its own provision network, could probably improve efficiency by streamlining both financing and provision. In South Africa, the NHA team joined NHA data with non-financial indicators and estimated that nearly 9% of total public health spending could be saved if hospitals with a higher-than-average cost per patient day (due to low occupancy) were to reduce their spending to the mean level.

How Can the NHA Framework Be Targeted to Priority Health Issues?

Expanded data collection and analysis allows NHA to produce additional results, for example, indicators that inform health policies aimed at target populations.

HIV/AIDS: In Rwanda, the NHA methodology was used in a special study that showed the extent of health sector spending (10%) going to HIV/AIDS, most of which (93%) goes to treatment and care of symptoms and infections rather than prevention and non-treatment-related activities. A disproportionate share (93.5%) of the spending is financed by households.

Maternal and child health: Morocco’s maternal mortality rate lags those of countries at similar income levels. To better inform policies aimed at this target population, the Moroccan team tailored the NHA estimation to expenditures on MCH services. Although appreciable percentages of the Ministry of Health budget and donor contributions are devoted to these services, out-of-pocket outlays finance the largest share of MCH services.

How Can NHA Be Improved for Use in Decision Making?

So that NHA can be relied on for good national policy decisions, countries that use the methodology must ensure that the data fed into it are as complete, accurate, and consistent as possible. To make cross-country comparisons, data must also conform to international standards and definitions. This demands financial transparency among agencies, both public and private, and investment in the development of data tracking and reporting systems, accounting systems, and associated activities such as household surveys. Policymakers will also need to be made more aware of NHA findings and especially their relevance to policy formulation.

This article is one in a series that describes lessons learned in the Partnerships for Health Reform Project. The follow-on PHRplus Project is drawing on these lessons to familiarize country counterparts and USAID Missions with project skills and capabilities, which are significantly expanded by the PHRplus partnership, which now comprises Abt and nine partner organizations, as well as several affiliate organizations. As these papers are brief, they cannot include all possible approaches to specific country needs; therefore, we welcome reader comments and discussion. Send comments to PHR-InfoCenter@abtassoc.com