

## 3.19 Expenditure on Aboriginal and Torres Strait Islander health compared with need

### Expenditure on health for Aboriginal and Torres Strait Islander people

This measure is presented on both a total population basis and per capita basis and disaggregated to reflect expenditure on acute health care, primary health care and population health

### Data sources

Data for this measure come from the latest available health expenditure 2008 report – *Expenditures on health for Aboriginal and Torres Strait Islander people 2004–05*, published by the AIHW (AIHW 2008).

There are a number of difficulties in reporting on this measure, including the issue of under-identification of Indigenous Australians in health databases (such as for hospital separations). Although adjustments are made to the data to allow for under-identification, the adjusted estimates may be an overestimate or underestimate of actual health service use and expenditure by Aboriginal and Torres Strait Islander people.

In some areas of expenditure, surveys have been used to estimate service use by Aboriginal and Torres Strait Islander people which, in turn, have been used in the estimates of expenditure. Consequently, the reliability of the expenditure estimates is affected by sampling error.

There may also be some limitations associated with the scope and definition of health expenditures and there may be inconsistencies in reporting and categorisation of expenditure on health goods and services across data providers.

The attribution of expenditure to Indigenous people either on an overall population or per capita basis should be treated with caution as it is an estimate (AIHW 2008).

Expenditure is a measure of met need. Indigenous Australians have a significantly poorer health status (measured in terms of life expectancy, mortality rates and morbidity) than non-Indigenous Australians. It could therefore be expected that per capita investment of health resources to achieve equality for Aboriginal and Torres Strait Islanders should be higher than for other Australians.

## Analyses

### Total government expenditure

#### Expenditure on health goods and services

Total government expenditure on health goods and services for Indigenous Australians is presented in Tables 3.19.1 and 3.19.2.

- Expenditure on health goods and services for Aboriginal and Torres Strait Islander peoples during 2004–05 was estimated at \$2,304 million (Table 3.19.1) or 3% of total

health expenditure. Almost three-quarters of this expenditure (69%) was related to two major program areas – goods or services provided in hospitals (\$1,081 million) and community health services (\$498 million).

- On a per person basis, average expenditure on health goods and services for Indigenous people was \$4,718, which was 17% higher than the expenditure for non-Indigenous Australians (\$4,019) (Table 3.19.2).
- In three major program areas, average per person expenditure on services for Indigenous people was greater than for non-Indigenous Australians (Figure 3.19.1). These were community health services, which had an Indigenous to non-Indigenous expenditure ratio per person of 6.6; public health (which includes services such as alcohol and drug services, cancer screening and environmental health) with a ratio of 2.7; and admitted and hospitals with a ratio of 2.0. In contrast, average expenditure on goods and services provided outside public hospitals was often lower for Indigenous people than for non-Indigenous people. For example, average expenditure on medical services and medications were both less than half that for non-Indigenous Australians.

**Table 3.19.1: Expenditure on health (current prices) for Indigenous and non-Indigenous people, by type of health good or service, 2004–05**

Health good or service type	Total expenditure (\$ million)			Indigenous share (%)
	Indigenous	Non-Indigenous	Total	
Hospitals	1,080.7	27,337.6	28,418.3	3.8
Public hospital services <sup>(a)</sup>	1,048.6	21,042.7	22,091.3	4.7
Admitted patient services	799.4	16,226.8	17,026.2	4.7
Non-admitted patient services	249.2	4,815.8	5,065.1	4.9
Private hospitals	32.1	6,295.0	6,327.0	0.5
High-level residential care	41.7	6,283.4	6,325.1	0.7
Patient transport	103.5	1,369.9	1,473.4	7.0
Medical services	164.6	14,483.5	14,648.1	1.1
Community health services	497.8	3,052.7	3,550.5	14.0
Dental and other health practitioners	78.0	7,811.8	7,889.8	1.0
Medications	109.4	11,056.4	11,165.8	1.0
Aids and appliances	18.6	2,591.4	2,610.1	0.7
Public health	88.9	1,350.3	1,439.2	6.2
Research	46.0	1,669.0	1,715.0	2.7
Health administration n.e.c.	74.6	2,254.5	2,329.1	3.2
<b>Total</b>	<b>2,304.0</b>	<b>79,260.4</b>	<b>81,564.4</b>	<b>2.8</b>

(a) Public hospital services excludes any dental services, community health services, patient transport services, public health and health research undertaken by the hospital.

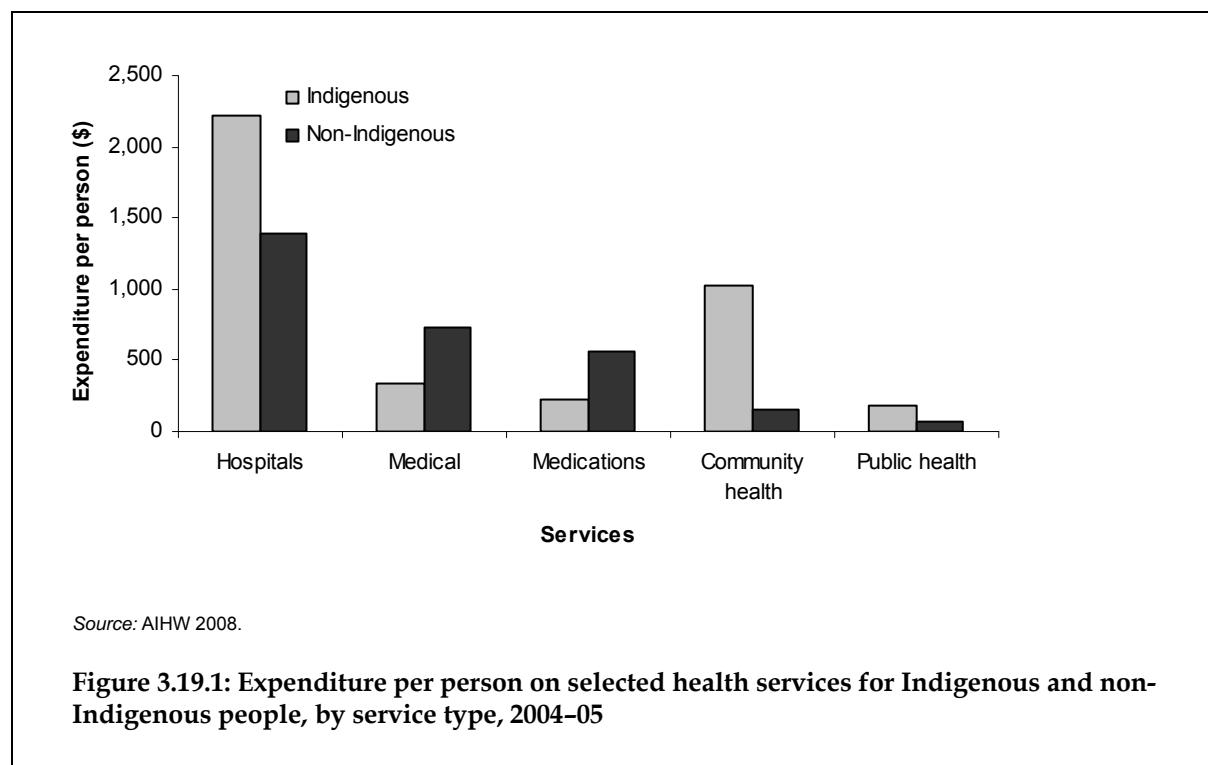
Source: AIHW 2008.

**Table 3.19.2: Expenditures per person (current prices) on health services for Indigenous and non-Indigenous people, by type of health good or service, 2004–05**

Health good or service type	Indigenous		Non-Indigenous		Ratio
	Amount (\$)	Proportion (%)	Amount (\$)	Proportion (%)	
Hospitals	2,213	46.9	1,386	34.5	1.6
Public hospital services <sup>(a)</sup>	2,147	45.5	1,067	26.5	2.0
Admitted patient services	1,637	34.7	823	20.5	2.0
Non-admitted patient services	510	10.8	244	6.1	2.1
Private hospitals	66	1.4	319	7.9	0.2
High-level residential care	85	1.8	319	7.9	0.3
Patient transport	212	4.5	69	1.7	3.1
Medical services	337	7.1	734	18.3	0.5
Community health services	1,019	21.6	155	3.9	6.6
Dental and other health practitioners	160	3.4	396	9.9	0.4
Medications	224	4.7	561	13.9	0.4
Aids and appliances	38	0.8	131	3.3	0.3
Public health	182	3.9	68	1.7	2.7
Research	94	2.0	85	2.1	1.1
Health administration n.e.c.	153	3.2	114	2.8	1.3
<b>Total</b>	<b>4,718</b>	<b>100.0</b>	<b>4,019</b>	<b>100.0</b>	<b>1.2</b>

(a) Public hospital services excludes any dental services, community health services, patient transport services, public health and health research undertaken by the hospital.

Source: AIHW 2008.



### **Expenditure on primary and secondary/tertiary services**

Primary health services are those provided to whole populations (community health services and public health activities or health promotion) and those provided in, or flowing from, a patient-initiated contact with a health service. Secondary/tertiary services are those generated within the system by referral, hospital admission, and so on. Because distinctions are not always easy to make, there is some approximation in these estimates.

- In 2004–05, average expenditures per person on both primary and secondary/tertiary care services were higher for Indigenous Australians than for non-Indigenous people, although the ratio was somewhat higher for primary care – 1.3:1 compared with 1.1:1 (Table 3.19.4). Higher spending on primary care services for Indigenous Australians came largely from a much higher use of the community health services sector, including those provided through the Aboriginal Community Controlled Health Services (ACCHS).
- The higher level of spending on secondary/tertiary services for Indigenous people was largely in hospitals. Expenditure on secondary/tertiary hospital services for Indigenous people was \$1,958 per person compared with \$1,264 per person for non-Indigenous people. Expenditure on primary medical services and medications was lower for Indigenous people (\$285 and \$203 per person, respectively) than for non-Indigenous people (\$488 and \$465 per person, respectively).

**Table 3.19.3: Estimated expenditure on primary and secondary/tertiary health services, by area of expenditure and Indigenous status, 2004–05**

Service	Primary			Secondary/tertiary		
	Expenditure (\$ million)			Expenditure (\$ million)		
	Indigenous	Non-Indigenous	Indigenous share (%)	Indigenous	Non-Indigenous	Indigenous share (%)
Hospitals	124.6	2,407.9	4.9	956.1	24,929.7	3.7
Admitted patients	n.a.	n.a.	n.a.	831.5	22,521.8	3.6
Non-admitted patients	124.6	2,407.9	4.9	124.6	2,407.9	4.9
High-level residential care	n.a.	n.a.	n.a.	41.7	6,283.4	0.7
Patient transport	51.8	274.0	15.9	51.8	1,095.9	4.5
Medical services	139.3	9,627.8	1.4	25.3	4,855.7	0.5
Community health services	497.8	3,052.7	14.0	n.a.	n.a.	n.a.
Dental services	56.4	5,041.1	1.1	n.a.	n.a.	n.a.
Other health practitioners	10.8	1,385.4	0.8	10.8	1,385.4	0.8
Medications	99.2	9,171.2	1.1	10.2	1,885.2	0.5
Aids and appliances	16.9	2,149.6	0.8	1.7	441.9	0.4
Public health	88.9	1,350.3	6.2	n.a.	n.a.	n.a.
<b>Total<sup>(a)</sup></b>	<b>1,085.7</b>	<b>34,459.9</b>	<b>3.1</b>	<b>1,097.7</b>	<b>40,877.0</b>	<b>2.6</b>

(a) Excludes expenditure on health administration n.e.c. and research.

Source: AIHW 2008.

**Table 3.19.4: Estimated expenditure per person on primary and secondary/tertiary health services, by area of expenditure and Indigenous status, 2004–05**

Service	Primary			Secondary/tertiary		
	Expenditure per person (\$)			Expenditure per person (\$)		
	Indigenous	Non-Indigenous	Ratio	Indigenous	Non-Indigenous	Ratio
Hospitals	255	122	2.1	1,958	1,264	1.6
Admitted patients	n.a.	n.a.	n.a.	1,703	1,142	1.5
Non-admitted patients	255	122	2.1	255	122	2.1
High-level residential care	n.a.	n.a.	n.a.	85	319	0.3
Patient transport	106	14	7.6	106	56	1.9
Medical services	285	488	0.6	52	246	0.2
Community health services	1,019	155	6.6	n.a.	n.a.	n.a.
Dental services	116	256	0.5	n.a.	n.a.	n.a.
Other health practitioners	22	70	0.3	22	70	0.3
Medications	203	465	0.4	21	96	0.2
Aids and appliances	35	109	0.3	4	22	0.2
Public health	182	68	2.7	n.a.	n.a.	n.a.
<b>Total<sup>(a)</sup></b>	<b>2,223</b>	<b>1,747</b>	<b>1.3</b>	<b>2,248</b>	<b>2,073</b>	<b>1.1</b>

(a) Excludes expenditure on health administration n.e.c. and research.

Source: AIHW 2008.

## Funding of health services

Funding for health goods and services for Indigenous people is presented in Table 3.19.5.

- Governments provided an estimated 92% of the funding used to pay for health goods and services for Aboriginal and Torres Strait Islander peoples during 2004–05 although non-government sources such as out-of-pocket payments by users of services provided the remainder of the funding (Table 3.19.5).
- The Australian Government's funding was similar for Indigenous and non-Indigenous Australians (45% and 48%, respectively), although the shares of funding provided by both the state and territory governments and the non-government sector were different for Indigenous and non-Indigenous Australians. The states and territories provided nearly half (48%) of the funding for Aboriginal and Torres Strait Islander peoples, compared with 21% for non-Indigenous Australians. Non-government sources, on the other hand, provided a much lower share of the funding for services for Indigenous people (8%) than for non-Indigenous people (31%). Non-government payments include injury compensation insurers, private health insurers and out-of-pocket payments by users of services.

The main reason for the differences between Indigenous and non-Indigenous funding shares of the states and territories and non-government sources was the greater reliance by Indigenous people on publicly provided services, particularly public hospitals that are funded by the states and territories. Indigenous Australians also have a lower use of privately provided services than non-Indigenous Australians.

- The top three areas of funding for Indigenous Australians in 2004–05 were services to admitted patients in public hospitals (\$799 million), community health services (\$498 million) and non-admitted patient services in public hospitals (\$249 million).
- For non-Indigenous people, the top three areas of funding were admitted patient services in public hospitals (\$16,227 million), medical services (\$14,484 million) and medications (\$11,056 million). Of the hospital funding, almost one-quarter (23%) was by private hospitals, compared with only 3% in the case of Indigenous people.

**Table 3.19.5: Health funding (current prices) for Indigenous and non-Indigenous people, by service type and broad sources of funding, 2004–05 (\$ million)**

Health good or service type	Australian Government funding		State/territory government funding		Non-government funding		Total	
	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous
Hospitals	431.7	11,628.1	618.6	10,496.6	30.4	5,212.9	1,080.7	27,337.6
Public hospital services <sup>(a)</sup>	424.4	9,310.9	608.6	10,281.3	15.6	1,450.5	1,048.6	21,042.7
Admitted patient services	322.3	7,138.0	463.8	7,838.5	13.3	1,250.4	799.4	16,226.8
Non-admitted patient services	102.1	2,172.9	144.8	2,442.8	2.3	200.1	249.2	4,815.8
Private hospitals	7.3	2,317.2	10.0	215.4	14.8	3,762.4	32.1	6,295.0
High-level residential care	30.0	4,362.3	—	—	11.7	1,921.1	41.7	6,283.4
Patient transport	14.4	148.6	87.5	1,148.2	1.6	73.1	103.5	1,369.9
Medical services	140.5	11,448.1	—	—	24.1	3,035.4	164.6	14,483.5
Community health services	219.9	166.2	277.5	2,867.0	0.5	19.5	497.8	3,052.7
Dental and other health practitioners	7.6	1,056.9	27.8	505.7	42.7	6,249.1	78.0	7,811.8
Medications	72.3	5,978.8	—	—	37.1	5,077.6	109.4	11,056.4
Public health	40.7	825.8	48.2	524.4	—	—	88.9	1,350.3
Research	27.8	1,105.1	6.0	201.7	12.2	362.2	46.0	1,669.0
Health administration n.e.c. and Aids and appliances	47.1	1,541.2	29.5	479.4	16.6	2,825.4	93.3	4,845.9
<b>Total</b>	<b>1,032.0</b>	<b>38,261.2</b>	<b>1,095.1</b>	<b>16,223.0</b>	<b>176.9</b>	<b>24,776.3</b>	<b>2,304.0</b>	<b>79,260.4</b>
<i>Share of total funding</i>	<i>44.8</i>	<i>48.3</i>	<i>47.5</i>	<i>20.5</i>	<i>7.7</i>	<i>31.3</i>	<i>100.0</i>	<i>100.0</i>
Expenditure per person (\$)	2,113	1,940	2,243	823	362	1,256	4,718	4,019
Ratio Indigenous: non-Indigenous	1.09:1		2.73:1		0.29:1		1.17:1	

(a) Public hospital services excludes any dental services, community health services, patient transport services, public health and health research undertaken by the hospital.

Source: AIHW 2008.

## **Australian Government expenditure**

On a per person basis, the Australian Government spent an estimated \$1,199 per Indigenous person in 2004–05, compared with \$1,288 for non-Indigenous people. In 2004–05, the total expenditure funded through Aboriginal Community Controlled Health Organisations (ACCHOs) services for Indigenous Australians was \$208 million. Most of this expenditure was administered by the Office of Aboriginal and Torres Strait Islander Health (OATSIH). Per person expenditure through ACCHOs services was \$426 for Indigenous Australians compared with \$1 for non-Indigenous Australians (AIHW 2008).

## **State/territory government expenditure**

State/territory government expenditure on health goods and services for Indigenous Australians is presented in Table 3.19.6 and Figure 3.19.2.

- In 2004–05, state and territory governments were estimated to have spent, on average, \$3,148 per Indigenous Australian compared with \$1,361 per non-Indigenous Australian. This represents an Indigenous/non-Indigenous expenditure ratio of 2:1.
- In all the major types of health goods and services, states and territories spent more per person for Indigenous people than for non-Indigenous people (Table 3.19.6). Expenditure on community health for Indigenous people was four times that for non-Indigenous people, expenditure on public health was three times that for non-Indigenous people and expenditure on admitted patient services in acute-care hospitals was twice that for non-Indigenous people.
- The Northern Territory (\$5,461) and South Australia (\$4,011) had the highest average expenditure per person for Indigenous people. Tasmania, which had the lowest average expenditure per person (\$891), was the only jurisdiction where the estimated expenditure per person for Indigenous Australians was lower than that for non-Indigenous people (\$1,285), but there is great uncertainty as to what is actually spent on health for Indigenous Australians in Tasmania and these numbers should be treated with great caution (Table 3.19.6; Figure 3.19.2).

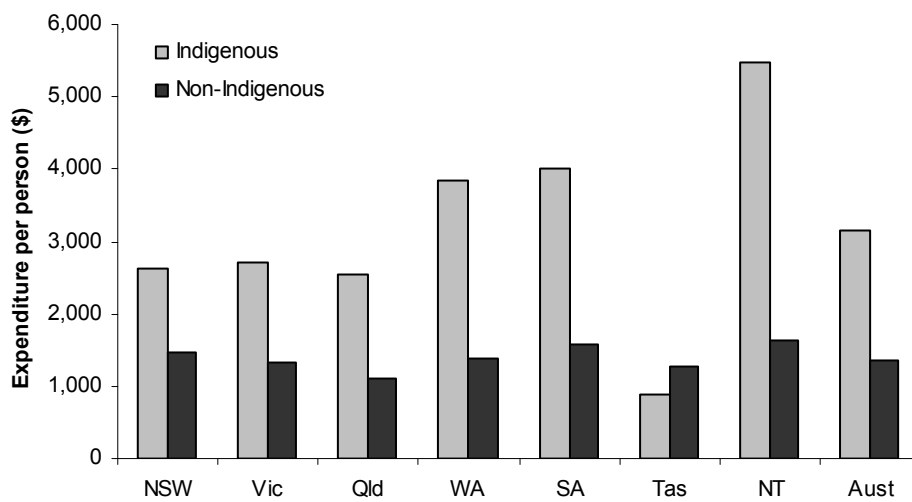
**Table 3.19.6: Estimated state/territory<sup>(a)</sup> health expenditure per person for Indigenous and non-Indigenous people, by type of service, 2004–05**

Health good or service type	Expenditure per person (\$)							Total
	NSW	Vic	Qld	WA	SA	Tas	NT	
<b>Hospitals</b>								
Admitted patient services <sup>(b)</sup>								
Indigenous	1,223	1,315	1,384	2,124	2,168	423	2,696	1,611
Non-Indigenous	879	870	640	728	768	708	754	802
Non-admitted patients								
Indigenous	571	397	427	744	634	98	404	510
Non-Indigenous	321	205	156	214	308	154	264	244
Public hospital services								
Indigenous	1,794	1,712	1,811	2,868	2,802	521	3,101	2,121
Non-Indigenous	1,200	1,075	796	941	1,076	863	1,018	1,046
<b>Patient transport</b>								
Indigenous	88	61	213	274	165	39	354	183
Non-Indigenous	58	61	80	51	55	61	97	62
<b>Community health</b>								
Indigenous	556	621	386	553	698	191	1,108	575
Non-Indigenous	127	110	141	228	213	168	225	147
<b>Public health</b>								
Indigenous	73	233	69	53	97	55	558	139
Non-Indigenous	41	44	41	52	53	54	151	46
<b>Dental</b>								
Indigenous	98	32	37	27	77	6	61	57
Non-Indigenous	20	21	32	27	33	58	40	26
<b>Research</b>								
Indigenous	9	43	6	9	21	2	21	12
Non-Indigenous	10	15	7	9	8	3	7	10
<b>Health administration n.e.c.</b>								
Indigenous	—	—	23	61	152	76	259	60
Non-Indigenous	—	—	10	61	130	78	91	24
<b>Total</b>								
<b>Indigenous</b>	<b>2,618</b>	<b>2,701</b>	<b>2,546</b>	<b>3,844</b>	<b>4,011</b>	<b>891</b>	<b>5,461</b>	<b>3,148</b>
<b>Non-Indigenous</b>	<b>1,456</b>	<b>1,327</b>	<b>1,108</b>	<b>1,369</b>	<b>1,567</b>	<b>1,285</b>	<b>1,629</b>	<b>1,361</b>

(a) ACT per person figures are not calculated, as the expenditure numbers for the ACT include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.

(b) Admitted patient expenditure adjusted for Aboriginal and Torres Strait Islander peoples under-identification, except for Tasmania.

Source: AIHW 2008.



(a) ACT per person figures are not calculated, as the expenditure numbers for the ACT include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.

Source: AIHW 2008.

**Figure 3.19.2: Expenditure per person by state and territory on health services for Indigenous and non-Indigenous people, 2004-05**

## Regional health expenditure

Estimated average health expenditures per person by remoteness area for Indigenous and non-Indigenous people are presented in Table 3.19.7 and Figure 3.19.3. This analysis is restricted to the 54% of health services expenditure data that can be apportioned according to the Australian Standard Geographic Classification Remoteness Areas. Note that some of the expenditure categories within this section are not directly comparable with estimates in other sections of this measure (see AIHW 2008).

- In 2004–05, average expenditures on health for Indigenous Australians were lowest in Major Cities and Inner Regional areas.
- Expenditure per capita on hospital care for Indigenous people was greatest in the more remote areas, as was expenditure by OATSIH through Aboriginal Community Controlled Health Services.
- Pharmaceutical Benefits Scheme (PBS) expenditures, were greater in more remote areas where the section 100 arrangements apply. Under section 100 of the *National Health Act 1953*, clients of approved remote area Aboriginal Health Services (AHSs) are able to receive PBS medicines directly from the AHS at the time of medical consultation, without the need for a normal prescription form, and without charge.
- Average per person expenditure on high-level residential care services was highest for Indigenous Australians in Remote and Very Remote areas.

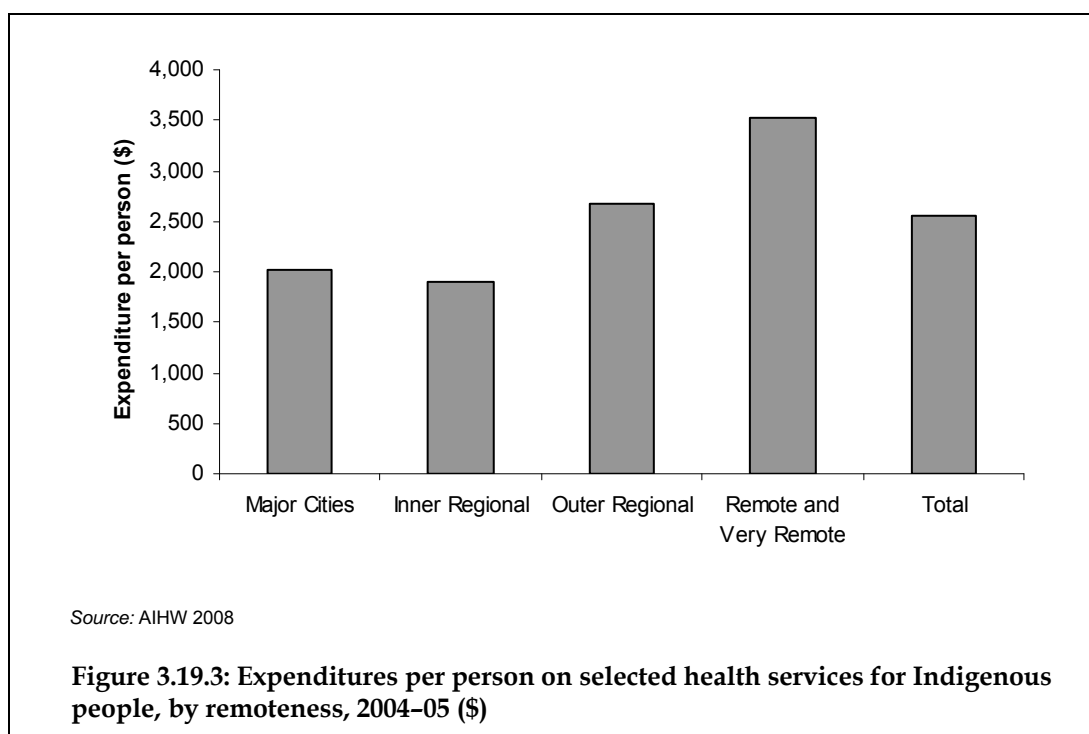
**Table 3.19.7: Expenditures per person on selected health services for Indigenous people, by remoteness, 2004–05 (\$)**

Service	Major Cities	Inner Regional	Outer Regional	Remote and Very Remote	Total
Hospitals <sup>(a)</sup>	1,390	1,215	1,743	2,394	1,703
OATSIH grants to ACCHOs	252	301	464	683	425
Medical services	227	227	268	168	221
PBS pharmaceuticals <sup>(b)</sup>	112	129	121	186	137
High-level residential care	48	31	79	84	61
<b>Total</b>	<b>2,029</b>	<b>1,903</b>	<b>2,674</b>	<b>3,516</b>	<b>2,547</b>

(a) By ASGC remoteness area of patient residence.

(b) PBS drugs include \$19.4 million of Section 100 Remote Area Health Services expenditure. Almost all of this expenditure occurs in Remote and Very Remote areas.

Source: AIHW 2008.

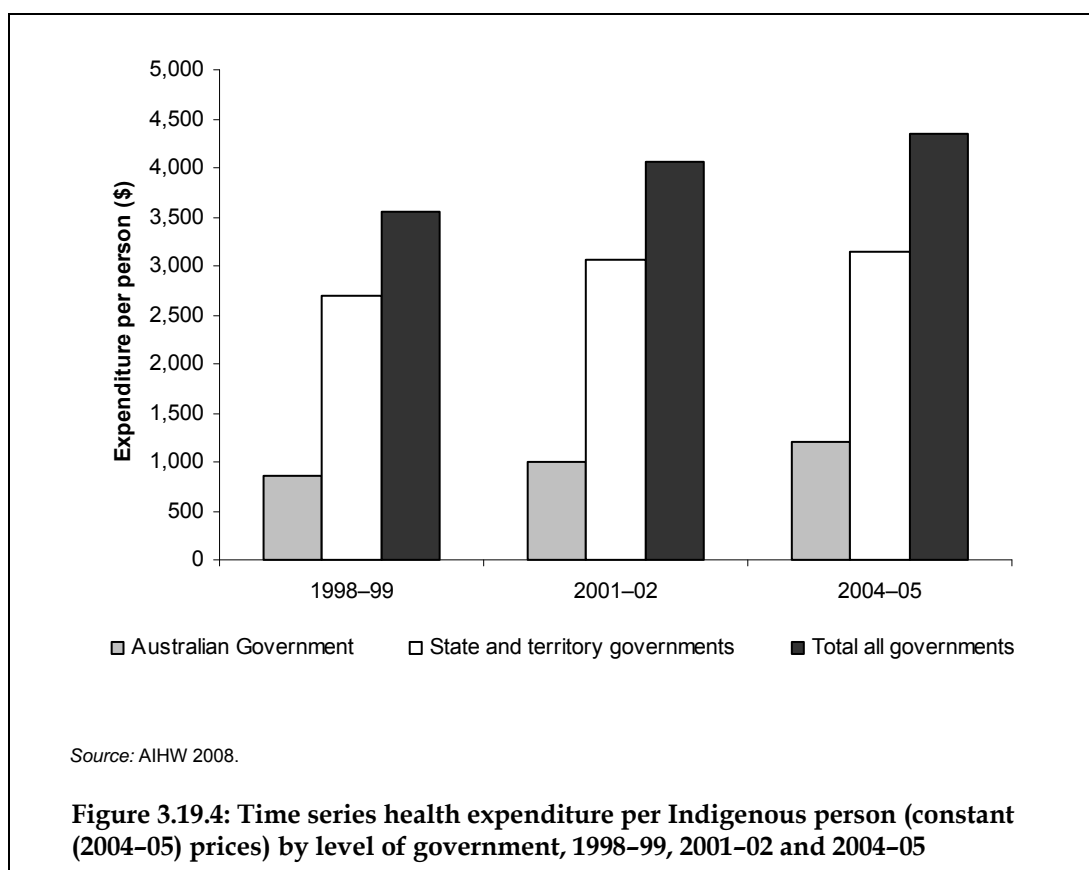


## Changes in health expenditure and funding over time

Health expenditure estimates for Aboriginal and Torres Strait Islander peoples have been produced for 1995-96, 1998-99, 2001-02 and 2004-05. Changes in expenditure and funding over time should be interpreted with caution as changes may, in part, reflect changes in the propensity of people to identify themselves as Indigenous or improvements in the ability of health-care providers to identify Indigenous people. It should also be noted that the methods used to develop the estimates of expenditure in respect to Indigenous Australians have changed significantly between years, particularly between 1995-96 and 1998-99. Although estimates for each of the four periods (1995-96, 1998-99, 2001-02 and 2004-05) have been included in some of the tables and figures below, discussion focuses on changes between 1998-99 and 2004-05.

### Total government health expenditure

- Estimated expenditures on health for Indigenous people increased between 1998-99, 2001-02 and 2004-05 (Figure 3.19.4). Estimated expenditure on health care for Aboriginal and Torres Strait Islander peoples rose by about 23% in constant prices between 1998-99 and 2004-05.



### Australian Government expenditure

- Estimates of average expenditure per person by the Australian Government on its two largest mainstream programs – Medicare and PBS – increased by 46% from an estimated \$249 in 1998-99 (in 2004-05 prices) to \$364 in 2004-05 (Figure 3.19.8 and Figure 3.19.5).
- The Australian Government has substantially increased the coverage and capacity of Indigenous-specific health services across Australia in urban, rural and remote areas since 1995-96. In 2007-08 total Commonwealth funding for Indigenous specific programs was \$491.8 million, a real growth of 245% since 1995-96 (Figure 3.19.6).

**Table 3.19.8: Average expenditure per person (constant prices<sup>(a)</sup> by the Australian Government on selected services, 1995–96, 1998–99, 2001–02 and 2004–05 (\$)**

Service	1995–96 <sup>(b)</sup>			Not comparable with later reports	1998–99			2001–02			2004–05		
	Indigenous	Non-Indigenous	Ratio		Indigenous	Non-Indigenous	Ratio	Indigenous	Non-Indigenous	Ratio	Indigenous	Non-Indigenous	Ratio
MBS <sup>(c)</sup>	131	486	0.3		198	483	0.4	191	489	0.4	224	494	0.5
PBS <sup>(d)(e)</sup>	26	135	0.2		51	152	0.3	75	226	0.3	140	273	0.5
MBS and PBS <sup>(c)(d)</sup>	156	621	0.3		249	634	0.4	266	715	0.4	364	767	0.5
OATSIH-funded ACCHOs	325	2	172.4		320	1	566.4	412	1	340.2	426	1	307.1

(a) Expenditure expressed in constant prices (2004–05)

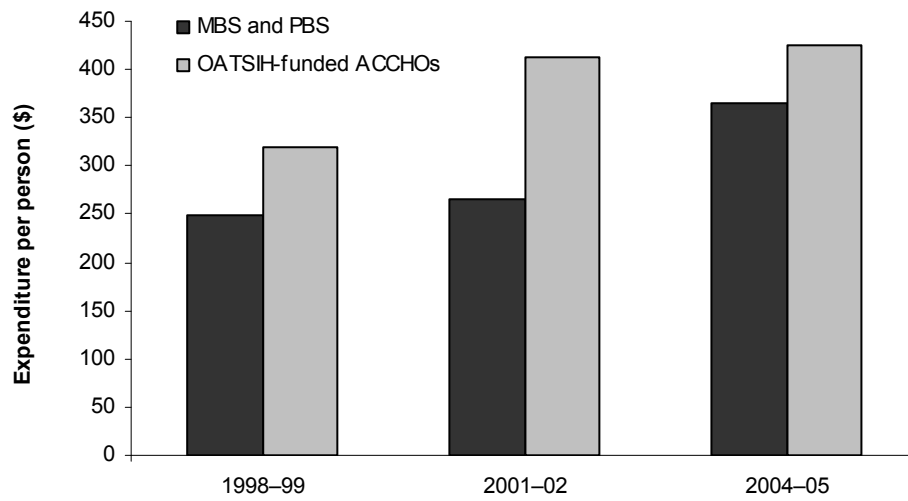
(b) Not comparable with later years. It is thought that the 1995–96 estimates are an under-estimate of these categories.

(c) Includes MBS benefits paid for specified dental services, optometry services and allied health.

(d) Does not include RPBS benefits for veterans.

(e) 1995–95 PBS data based on the revised current price estimate of \$9.3 million for PBS benefits for Aboriginal and Torres Strait Islander peoples in 1995–96 (AIHW 2001); down from the published \$9.8 million (Deeble et al. 1998).

Source: AIHW 2008.

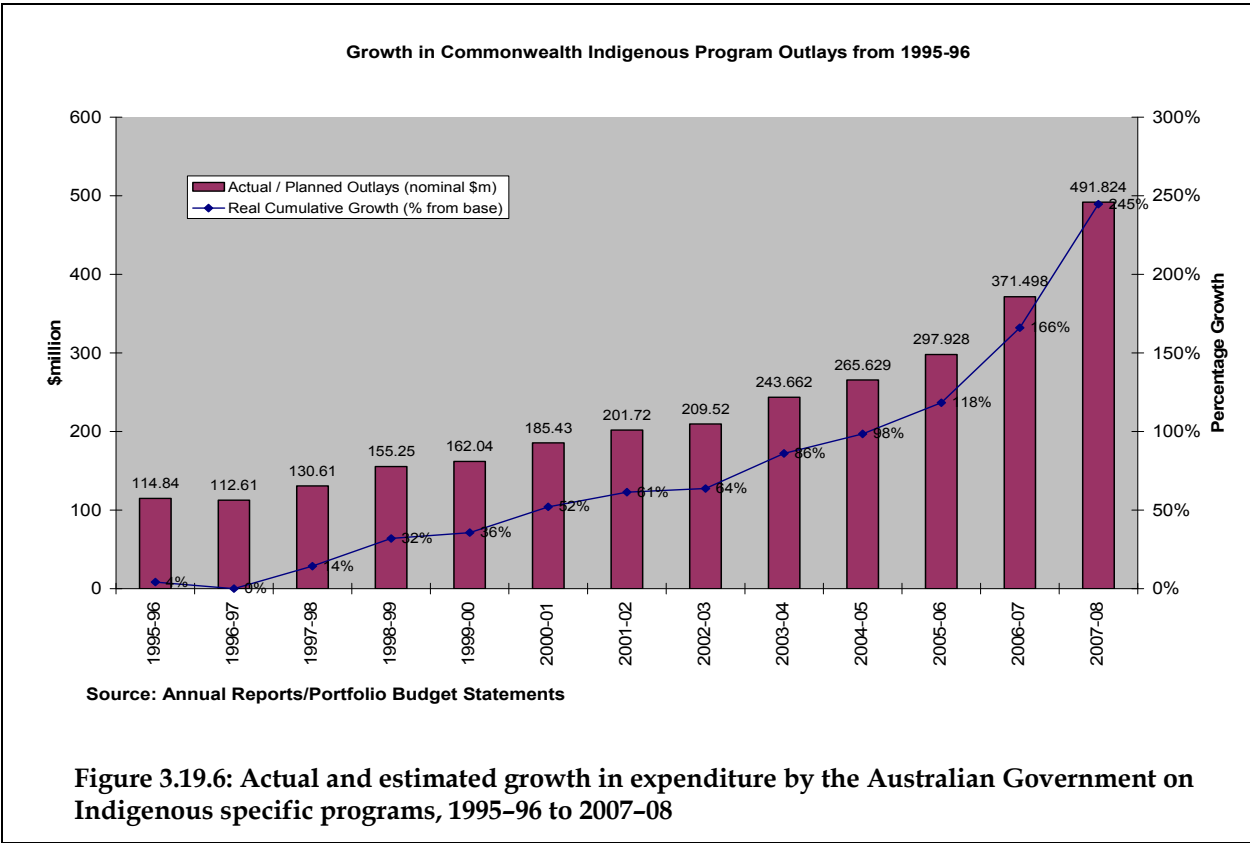


*Notes*

1. Expenditure expressed in constant prices (see AIHW 2008 for details).
2. MBS and PBS category includes MBS benefits paid for specified dental services, optometry services and allied health, and does not include RPBS benefits for veterans.

*Source:* AIHW 2008.

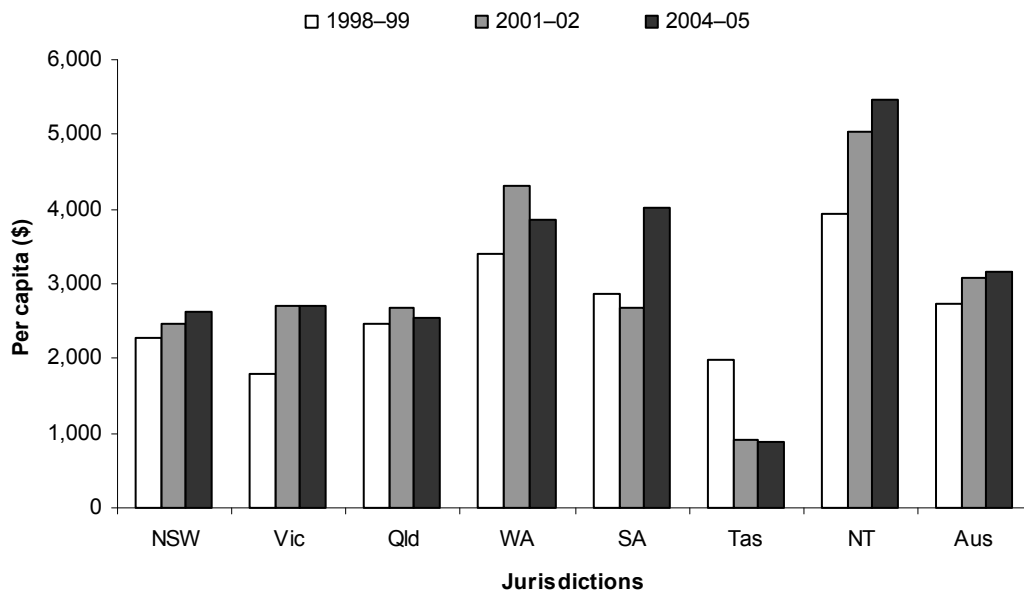
**Figure 3.19.5: Average expenditure per person (constant prices), incurred by the Australian Government on health for Aboriginal and Torres Strait Islander peoples in selected major programs, 1998-99, 2001-02 and 2004-05 (\$)**



**State/territory government expenditure**

Average per person expenditures incurred by state and territory governments on health for Indigenous people over the period 1998-98 to 2004-05 are presented in Figure 3.19.6.

- Average per person expenditures incurred by state and territory governments on health for Indigenous people increased between 1998-99 and 2004-05 from \$2,725 to \$3,148.
- Between 1998-99 and 2004-05 there were increases in the average per person expenditures on health for Indigenous people by all state and territory governments, with the exception of Tasmania for which there was a decrease in expenditure over this period.
- The Northern Territory government incurred the largest average per person expenditure on health for Indigenous people in 2004-05 (\$5,461).



- (a) ACT per person figures are not calculated, as the expenditure numbers for the ACT include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.
- (b) Admitted patient expenditure adjusted for Indigenous under-identification see Table A3.3 AIHW 2008.
- (c) Constant price estimates for 1998-99 and 2001-02 have been expressed in terms of 2004-05 prices.

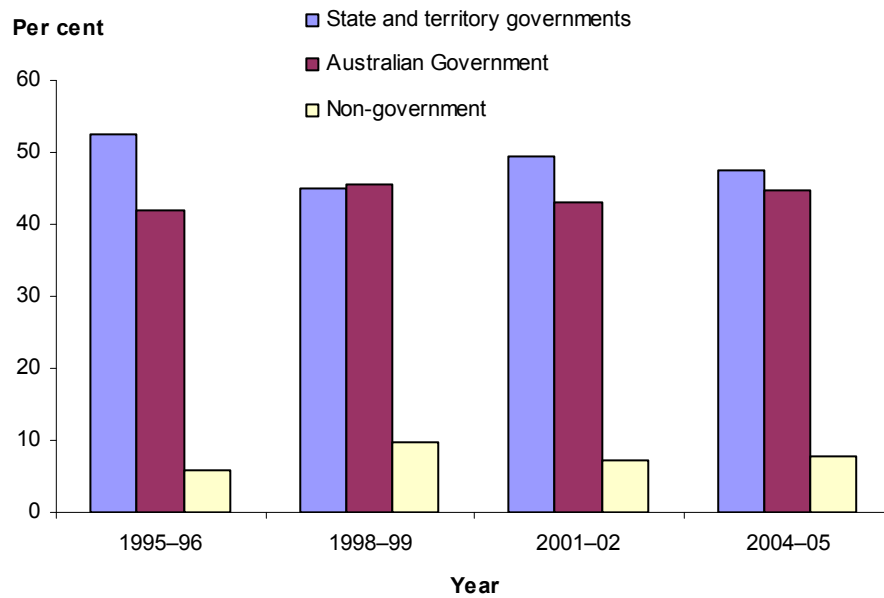
Source: AIHW 2008; AIHW 2005.

**Figure 3.19.7: Average expenditure per person, incurred by state/territory governments<sup>(a)(b)</sup> on health for Aboriginal and Torres Strait Islander peoples, constant prices<sup>(c)</sup>, 1998-99, 2001-02 and 2004-05 (\$)**

## Funding

- The share of the three main funding sources for health services expenditure for Indigenous people has varied little in the 9 years between 1995-96 and 2004-05 (Figure 3.19.8).

These comparisons should be treated with caution, however, due to changes in the willingness of people to identify as Indigenous in censuses over time, which affects the denominators of per person expenditure estimates.



Sources: AIHW 2008.

**Figure 3.19.8: Funding (current prices) of Indigenous health services expenditure, by level of government 1995-96 to 2004-05.**

## **Data quality issues**

### **Expenditure data**

#### ***Quality of data on Indigenous service use***

*For many publicly funded health services there are few details available about service users and, in particular, about their Indigenous status. For privately funded services, this information is frequently unavailable. For those services that do collect this information, recording Indigenous status accurately for all people does not always occur. The result is that there is some margin of error in the estimations of health expenditure for Aboriginal and Torres Strait Islander peoples and their corresponding service use.*

#### ***Expenditure estimates***

*There may be some limitations associated with the scope and definition of health expenditures included in this measure. Other (non-health) agency contributions to health expenditure, such as 'health' expenditures incurred within education departments and prisons, are not included.*

*Furthermore, although every effort has been made to ensure consistent reporting and categorisation of expenditure on health goods and services, in some cases there may be inconsistencies across data providers. These may result from limitations of financial reporting systems, and/or different reporting mechanisms. Reporting of health administration (n.e.c.) is one such example; in some cases, all the associated administration costs have been included in the estimates of expenditure on a particular health service category (for example, acute care services), whereas in other cases they have been separately reported.*

#### ***Estimation of Australian Government expenditure on Aboriginal and Torres Strait Islander peoples***

*For many areas of expenditure by the Australian Government, there were limited administrative data on the utilisation of the associated services by Aboriginal and Torres Strait Islander people. Accordingly, in many areas, estimates were made on the basis of survey data, or an approximation of Indigenous use was made, based on likely Indigenous access to the service.*

#### ***Estimation of MBS and PBS expenditure***

*Australian Government expenditures on Aboriginal and Torres Strait Islander people through the Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) are not easily quantified. Until very recently the administrative data collected through these programs have not included information on the Indigenous status of patients. Since November 2002, Indigenous people have been able to voluntarily identify through the Medicare system.*

*At the time of preparing this report, however, there were limited numbers of Indigenous Australians identified within Medicare data. Accordingly, in this report, the estimates of expenditure on Indigenous people through these programs are largely based on survey data. Future reports may be able to use the voluntarily identified Medicare data.*

*The national survey of general practitioner activity entitled *Bettering the Evaluation and Care of Health (BEACH)* is the principal source of data used in estimating the Indigenous share of MBS and PBS benefits.*

*(continued)*

## **Data quality issues (continued)**

### *Expenditure on public hospitals*

#### *Separations*

*The number and pattern of hospitalisations can be affected by differing admission practices among the jurisdictions and from year to year, and differing levels and patterns of service delivery.*

#### *Under-identification*

*The incompleteness of Indigenous identification means the adjustments must be made to the number of hospital separations recorded as Indigenous so as to more accurately estimate admitted patient expenditure for Aboriginal and Torres Strait Islander people.*

## **References**

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- Deeble J, Mathers C, Smith L, Goss J, Webb R and Smith V 1998. Expenditures on health services for Aboriginal and Torres Strait Islander peoples. AIHW cat. no. HWE 6. Canberra: AIHW & Department of Health and Family Services and National Centre for Epidemiology and Population Health.