

3.15 Expenditure on Aboriginal and Torres Strait Islander health

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 2005 report – *Expenditures on health for Aboriginal and Torres Strait Islander people 2001–02*, published by the AIHW (AIHW 2005).

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 Aboriginal and Torres Strait Islander people either on a overall population or per capita basis should be treated with caution as it is an estimate (AIHW 2005).

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 3.15.1 and 3.15.2 below.

- Expenditure on health goods and services for Aboriginal and Torres Strait Islander peoples during 2001–02 was estimated at \$1,789 million (Table 3.15.1) or 3% of total health expenditure. Almost three-quarters of this expenditure (72%) was related to two major program areas – services provided in hospitals (\$850 million) and community health services (\$440 million).
- On a per person basis, average expenditure on health goods and services for Aboriginal and Torres Strait Islander peoples was \$3,901, which was 18% higher than the expenditure for non-Indigenous Australians (\$3,308).
- In four major program areas, average expenditure on services for Indigenous people was greater than for non-Indigenous Australians (Figure 3.15.1). These were community health services, which had an Indigenous to non-Indigenous expenditure ratio per person of 6:1; public health (which includes services such as alcohol and drug services, cancer screening and environmental health) with a ratio of 3:1; and admitted and non-admitted patient services in acute-care hospitals, both with ratios of 2:1. 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, pharmaceuticals and private dental services was less than half that for non-Indigenous Australians.

Table 3.15.1: Total expenditure on health, Indigenous and non-Indigenous people, by type of health good or service, current prices, 2001-02

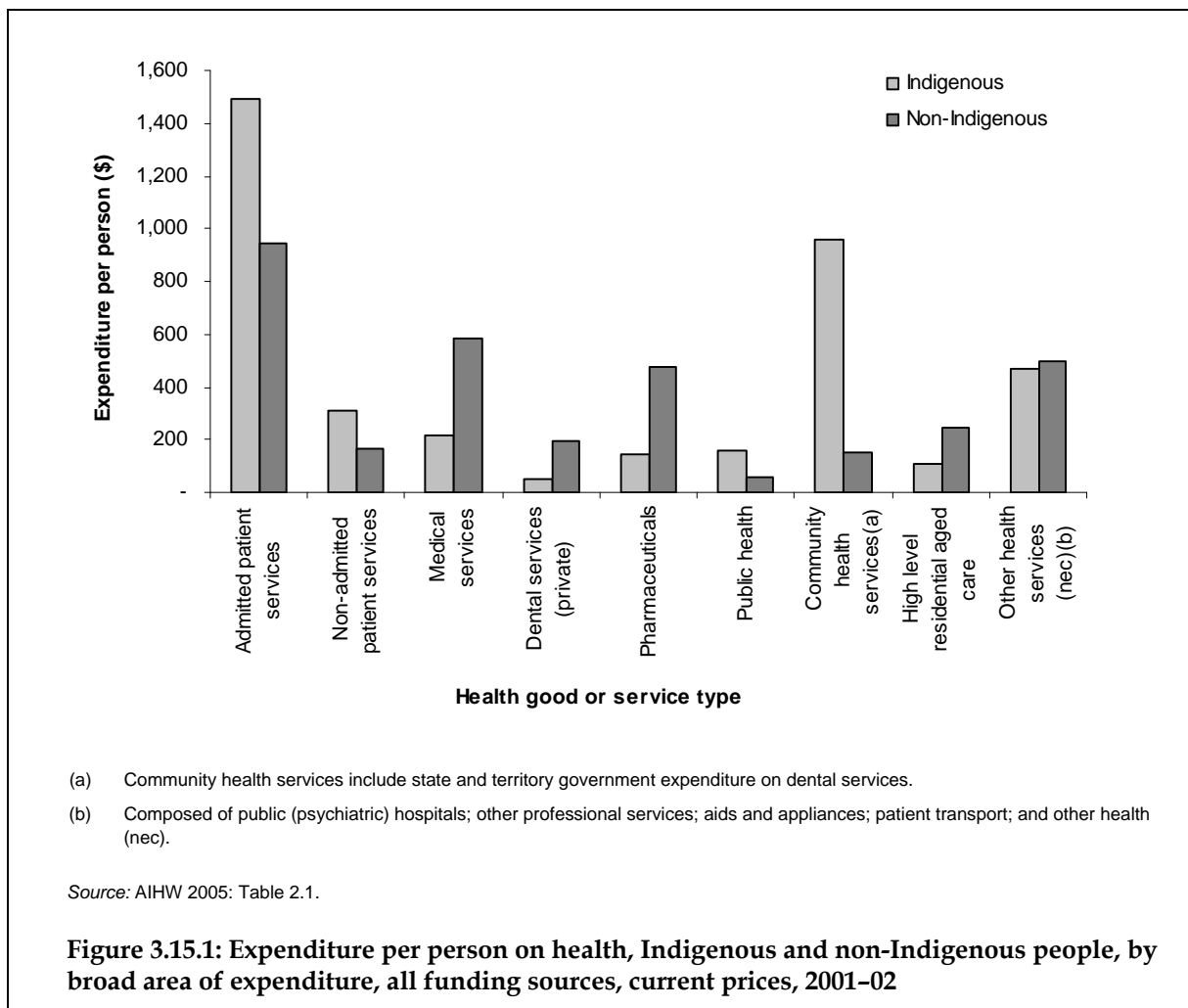
Health good or service type	Total expenditure (\$ million)			Expenditure per person (\$)		
	Indigenous	Non-Indigenous	Indigenous share (%)	Indigenous	Non-Indigenous	Ratio
Hospitals	849.5	21,456.9	3.8	1,852.75	1,132.01	1.64
Admitted patient services	682.5	17,927.4	3.7	1,488.38	945.80	1.57
Private hospitals	11.5	5,057.1	0.2	25.08	266.80	0.09
Public hospitals	671.0	12,870.2	5.0	1,463.30	679.00	2.16
Non-admitted patient services	142.4	3,116.5	4.4	310.57	164.42	1.89
Emergency departments	34.6	615.7	5.3	75.51	32.48	2.32
Other services	107.8	2,500.8	4.1	235.06	131.94	1.78
Public (psychiatric) hospitals	24.7	413.0	5.6	53.80	21.79	2.47
Medical services	99.6	11,112.5	0.9	217.19	586.27	0.37
Medicare benefit items	75.9	9,185.4	0.8	165.47	484.60	0.34
Other	23.7	1,927.2	1.2	51.72	101.67	0.51
Community health services ^{(a)(b)}	439.9	2,810.5	13.5	959.30	148.27	6.47
Dental services (private) ^(a)	21.8	3,734.2	0.6	47.59	197.01	0.24
Other professional services	16.9	2,252.4	0.7	36.76	118.83	0.31
Pharmaceuticals	66.2	9,011.6	0.7	144.36	475.43	0.30
Benefit-paid ^(c)	42.3	5,471.8	0.8	92.20	288.68	0.32
Other pharmaceuticals	23.9	3,539.8	0.7	52.16	186.75	0.28
Aids and appliances	15.8	2,474.0	0.6	34.51	130.52	0.26
High level residential aged care	49.9	4,591.6	1.1	108.83	242.24	0.45
Patient transport	62.8	892.7	6.6	136.95	47.09	2.91
Public health activities	72.5	1,029.9	6.6	158.15	54.33	2.91
Other health services (nec)	50.6	1,458.9	3.4	110.44	76.97	1.43
Health administration (nec)	43.1	1,883.6	2.2	93.99	99.37	0.95
Total	1,788.6	62,708.9	2.8	3,900.83	3,308.35	1.18

(a) Community health services include state and territory government expenditure on dental services.

(b) Includes \$186.3 million in OATSIH expenditure through the Aboriginal Community Controlled Health Services (ACCHS). The Indigenous ratio for the non-ACCHS component of community health is estimated at 4.06:1 and for the non-ACCHS component of the total at 1.07:1.

(c) Includes estimates of benefits via the PBS and RPBS.

Source: AIHW 2005: Table 2.1.



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, etc. Because distinctions are not always easy to make, there is some approximation in these estimates.

- In 2001-02, 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 – 1.23:1 compared with 1.14:1 (Table 3.15.2). 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 \$1,697 per person compared to \$1,050 per person for non-Indigenous people. Expenditure on primary medical services and pharmaceuticals was lower for Indigenous

people (\$181 and \$130 per person respectively) than for non-Indigenous people (\$373 and \$395 per person respectively).

Table 3.15.2: Estimated expenditure on primary and secondary/tertiary health services, by area of expenditure and Indigenous status, 2001–02

Health good or service type	Primary				Secondary/tertiary			
	Total (\$ million)		Per person (\$)		Total (\$ million)		Per person (\$)	
	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous
Hospitals	71.2	1,558.3	155.29	82.21	778.3	19,898.6	1,697.47	1,049.80
Admitted patient services	n.a.	n.a.	n.a.	n.a.	682.5	17,927.4	1,488.38	945.80
Non-admitted patient services	71.2	1,558.3	155.29	82.21	71.2	1,558.3	155.29	82.21
Public (psychiatric) hospitals	n.a.	n.a.	n.a.	n.a.	24.7	413.0	53.80	21.79
Medical services	82.9	7,071.0	180.79	373.05	16.7	4,041.6	36.40	213.22
MBS services	59.2	5,143.8	129.06	271.37	16.7	4,041.6	36.40	213.22
Other	23.7	1,927.2	51.72	101.67	n.a.	n.a.	n.a.	n.a.
Community health services ^{(a)(b)}	439.9	2,810.5	959.30	148.27	n.a.	n.a.	n.a.	n.a.
Dental services (private) ^(c)	21.8	3,734.2	47.59	197.01	n.a.	n.a.	n.a.	n.a.
Other professional services	8.4	1,126.2	18.38	59.42	8.4	1,126.2	18.38	59.42
Pharmaceuticals	59.6	7,479.6	129.93	394.61	6.6	1,532.0	14.44	80.82
Aids and appliances	14.2	2,053.4	31.06	108.33	1.6	420.6	3.45	22.19
Services for older people	n.a.	n.a.	n.a.	n.a.	49.9	4,591.6	108.83	242.24
Patient transport	31.4	178.5	68.48	9.42	31.4	714.1	68.48	37.68
Public health activities	72.5	1,029.9	158.15	54.33	n.a.	n.a.	n.a.	n.a.
Total^(d)	801.9	27,041.7	1,748.96	1,426.64	892.9	32,324.7	1,947.45	1,705.36
<i>Ratio Indigenous:non-Indigenous</i>	<i>1.23:1</i>				<i>1.14:1</i>			

(a) Includes expenditure on dental services by state and territory governments.

(b) Includes \$186.3 million in OATSIH expenditure through ACCHS.

(c) Excludes expenditure of dental services by states and territories.

(d) Excludes expenditure on health administration and health services (nec).

Source: AIHW 2005: Table 2.3.

Australian Government expenditure

On a per person basis, the Australian Government spent an estimated \$888.39 per Aboriginal and Torres Strait Islander person in 2001–02, compared with \$1,027.67 for non-Indigenous people. In 2001–02, the total expenditure on Office of Aboriginal and Torres Strait Islander Health (OATSIH) funded ACCHS services for Indigenous Australians was \$166 million. Per person expenditure on OATSIH funded ACCHS services was \$362 for Indigenous Australians compared to \$1 for non-Indigenous Australians. Spending through OATSIH's major Indigenous-specific funding programs also showed substantial increase over the period.

State/territory government expenditure

State/territory government expenditure on health goods and services for Indigenous Australians is presented in Table 3.15.3 below.

- In 2001–02, state and territory governments were estimated to have spent, on average, \$2,749 per Indigenous Australian compared with \$1,141 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 Aboriginal and Torres Strait Islander peoples than for non-Indigenous people (Table 3.15.3). Expenditure on community health services for Indigenous people was four times that for non-Indigenous people, expenditure on public health activities 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 (\$4,522) and Western Australia (\$3,850) had the highest average expenditure per person for Indigenous people. This is, at least in part, explained by the large proportions of their Indigenous population living in remote areas. Tasmania, which had the lowest average expenditure per person (\$816), was the only jurisdiction where the estimated expenditure per person for Indigenous Australians was lower than that for non-Indigenous people (\$1,478), but the uncertainty as to what is actually spent on health for Indigenous Australians in Tasmania is huge and these numbers should be treated with great caution.

Table 3.15.3: Estimated state/territory health expenditure per person for Indigenous and non-Indigenous people, by program, 2001–02 (\$)

Health good or service type	Expenditure per person (\$)								
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Acute care hospitals									
Indigenous	1,317.78	1,338.43	1,573.16	2,748.22	1,429.21	458.48	1,778.69	2,788.15	1,754.12
Non-Indigenous	891.78	868.17	699.11	922.95	650.52	826.46	1,024.99	796.61	834.16
Total	900.52	865.34	734.07	1,016.57	658.91	851.47	1,028.13	1,363.22	855.88
Admitted patient services									
Indigenous	978.01	968.80	1,218.67	2,387.24	1,174.54	230.55	1,503.47	2,677.39	1,443.55
Non-Indigenous	700.87	725.11	548.33	761.88	512.51	585.87	849.03	726.21	669.74
Total	706.55	726.52	576.22	848.57	518.94	611.34	850.96	1,281.21	688.01
Non-admitted patient services									
Indigenous	339.77	369.63	354.49	360.98	254.66	227.93	275.22	110.76	310.56
Non-Indigenous	190.91	143.06	150.78	161.07	138.00	240.59	175.95	70.40	164.42
Total	193.96	144.37	157.85	168.00	139.97	240.12	177.17	82.01	167.87
Emergency departments									
Indigenous	70.40	162.32	—	165.37	152.72	20.73	—	95.70	75.51
Non-Indigenous	40.24	34.19	—	35.69	74.30	21.88	—	52.17	32.48
Total	40.86	34.93	—	40.19	75.63	21.84	—	64.69	33.50
Other non-admitted patient services									
Indigenous	269.38	207.31	—	195.66	101.94	207.19	—	15.06	135.37
Non-Indigenous	150.67	108.87	—	125.38	63.70	218.71	—	18.24	101.14
Total	153.10	109.44	—	127.82	64.34	218.28	—	17.32	101.95
Public (psychiatric) hospitals									
Indigenous	54.41	—	62.83	63.55	194.03	15.65	—	—	53.80
Non-Indigenous	23.63	—	34.64	29.87	52.68	14.01	—	—	21.79
Total	24.26	—	35.62	31.03	55.07	14.07	—	—	22.54
Services for older people									
Indigenous	2.01	14.40	16.52	133.78	4.82	—	—	—	25.51
Non-Indigenous	6.76	20.66	32.81	66.90	26.92	—	—	—	22.16
Total	6.66	20.62	32.25	69.22	26.54	—	—	—	22.23
Patient transport									
Indigenous	71.71	45.38	154.14	25.78	72.45	26.25	46.67	275.16	109.45
Non-Indigenous	46.99	35.60	61.21	4.25	23.06	57.18	28.88	52.27	40.71
Total	47.49	35.66	64.44	5.00	23.90	56.04	29.10	116.37	42.33
Public health activities^(a)									
Indigenous	67.01	281.66	61.78	67.65	78.31	39.79	67.26	424.86	122.65
Non-Indigenous	33.75	40.79	33.99	32.72	43.61	43.70	71.00	100.17	37.59
Total	34.43	42.19	34.96	33.93	44.20	43.56	70.96	193.55	39.60
Community health services									
Indigenous	659.09	697.83	497.68	495.97	353.75	201.55	570.07	955.13	594.93
Non-Indigenous	136.41	134.17	196.99	69.64	86.53	420.91	249.94	256.20	146.25
Total	147.13	137.43	207.42	84.42	91.05	412.82	253.86	457.20	156.84

(continued)

Table 3.15.3 (continued): Estimated state/territory health expenditure per person for Indigenous and non-Indigenous people, by program, 2001–02 (\$)

Health good or service type	Expenditure per person (\$)								
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Health research									
Indigenous	13.49	3.73	10.15	25.78	97.87	—	21.05	52.57	22.84
Non-Indigenous	14.59	3.73	10.16	22.40	13.46	—	21.12	3.74	11.38
Total	14.57	3.73	10.16	22.51	14.88	—	21.12	17.79	11.65
Health administration (nec)^(b)									
Indigenous	—	—	22.43	87.69	158.00	47.94	—	—	29.39
Non-Indigenous	—	—	16.28	43.98	44.56	102.52	—	—	13.22
Total	—	—	16.49	45.50	46.47	100.51	—	—	13.60
Other health services (nec)									
Indigenous	3.41	16.77	2.15	201.73	—	25.85	54.72	26.11	36.31
Non-Indigenous	3.82	4.55	1.37	101.46	—	13.54	30.19	4.71	13.38
Total	3.81	4.62	1.40	104.94	—	13.99	30.49	10.86	13.93
Total									
Indigenous	2,188.92	2,398.19	2,400.84	3,850.16	2,388.43	815.49	2,538.46	4,521.98	2,749.00
Non-Indigenous	1,157.72	1,107.68	1,086.57	1,294.16	941.33	1,478.31	1,426.13	1,213.70	1,140.63
Total	1,178.87	1,109.60	1,136.80	1,413.12	961.02	1,492.45	1,433.66	2,158.99	1,178.61
State funding of private hospital services									
Indigenous	0.26	0.38	1.95	18.38	0.01	3.91	—	—	3.43
Non-Indigenous	6.25	0.57	11.07	37.09	1.38	46.25	0.04	—	9.12
Total	6.12	0.57	10.75	36.44	1.36	44.69	0.04	—	8.99

(a) Expenditure data on public health activities were sourced from the National Public Health Expenditure Project and Government Procurement Card reporting mechanisms.

(b) Health administration expenditure was allocated differently across jurisdictions.

Source: AIHW 2005: Table 5.2.

Regional health expenditure

Estimated average health expenditures per person by remoteness area for Indigenous and non-Indigenous people are presented in Table 3.15.4 and Figure 3.15.2. This analysis is restricted to the 52% of health services expenditure data that can be apportioned according to the Australian Standard Geographic Classification Remoteness Areas. It should be noted that some of the expenditure categories within this section are not directly comparable with estimates in other sections of this measure (see AIHW 2005).

- In 2001–02, average expenditures on health for Indigenous Australians were lower in major cities and inner regions, but substantially higher in outer regional, remote and very remote areas, compared with expenditure per person on non-Indigenous people.
- Expenditure on admitted patient services in public acute care hospitals for Aboriginal and Torres Strait Islander peoples was greatest in the more remote areas, as was expenditure by OATSIH through Aboriginal Community Controlled Health Services.
- Medicare expenditures for Aboriginal and Torres Strait Islander peoples were greatest in major cities and inner and outer regional areas, most likely because of better access to private general practitioners in these areas. Pharmaceutical Benefits Scheme (PBS)

expenditures, on the other hand, 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 expenditures on services for older people were higher for Indigenous Australians than for non-Indigenous Australians in remote and very remote areas.

Table 3.15.4: Estimated average health expenditures per person on selected health services, Indigenous and non-Indigenous people, by remoteness, 2001–02 (\$)

Area of expenditure		Major cities ^{(a)(b)}	Inner regional ^(b)	Outer regional ^(a)	Remote and very remote	Total
Admitted patient services						
Public hospitals	Indigenous	973.18	844.17	1,557.72	2,416.18	1,463.30
	Non-Indigenous	645.01	713.07	808.74	813.29	679.00
Private hospitals	Indigenous	47.34	29.54	15.53	4.57	25.08
	Non-Indigenous	277.18	280.44	194.35	142.11	266.80
OATSIH ^(c)	Indigenous	173.26	211.84	288.78	546.80	306.47
Medicare (medical only) ^(d)	Indigenous	170.96	173.34	175.16	111.41	156.68
	Non-Indigenous	427.04	363.26	322.22	255.22	399.80
PBS ^(e)	Indigenous	57.52	60.65	62.08	110.58	73.23
	Non-Indigenous	217.71	236.75	216.59	155.14	220.29
Services for older people (Australian Government expenditure only)	Indigenous	53.33	23.10	78.58	114.49	69.20
	Non-Indigenous	176.72	215.17	138.17	46.65	178.20
Total for selected health services	Indigenous	1,475.60	1,342.64	2,177.85	3,304.03	2,093.95
	Non-Indigenous	1,743.66	1,808.69	1,680.08	1,412.42	1,744.09
Ratio Indigenous:non-Indigenous		0.85	0.74	1.30	2.34	1.20

(a) Darwin is included as an outer regional area under ARIA+.

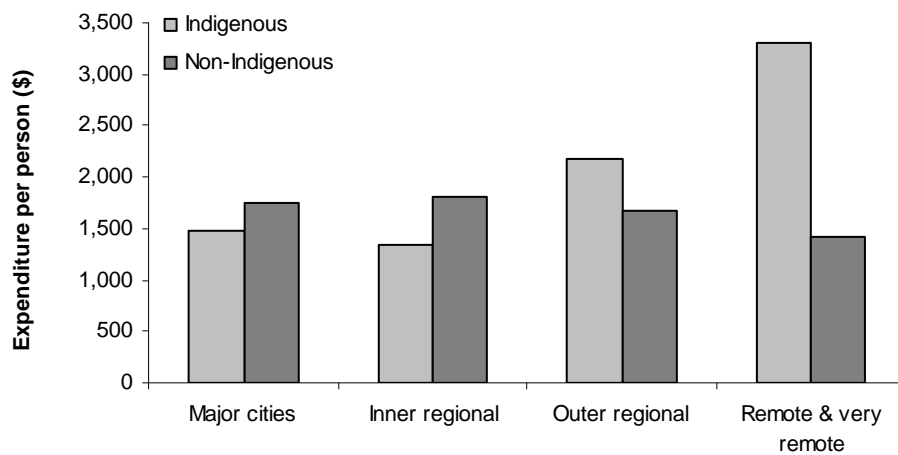
(b) Hobart is included as an inner regional area under ARIA+.

(c) OATSIH expenditure on Aboriginal Community Controlled Health Services.

(d) Excludes Medicare benefits for optometry and dental services.

(e) Excludes benefits paid through special supply arrangements of the PBS (other than payments to remote area AHSs under section 100 of the *National Health Act 1953*).

Source: AIHW 2005: Table 7.2.



Source: AIHW 2005:Table 7.2

Figure 3.15.2: Estimated average health expenditures per person on selected health services, Indigenous and non-Indigenous people, by remoteness, 2001-02

Funding of health services

Funding for health goods and services for Aboriginal and Torres Strait Islander people is presented in Table 3.15.5 below.

- Governments provided an estimated 93% of the funding used to pay for health goods and services for Aboriginal and Torres Strait Islander peoples during 2001–02 while non-government sources such as out-of-pocket spending and insurers provided the remainder of the funding (Table 3.15.5).
- The Australian Government's funding was similar for Indigenous and non-Indigenous Australians (43% and 48% respectively), while 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 (50%) of the funding for Aboriginal and Torres Strait Islander peoples, compared with 20% for non-Indigenous Australians. Non-government sources, on the other hand, provided a much lower share of the funding for services for Indigenous people (7%) than for non-Indigenous people (33%). 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 Aboriginal and Torres Strait Islander peoples on publicly provided services, particularly public hospitals which are funded by the states and territories and have a higher use by Indigenous Australians. 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 2001–02 were services to admitted patients in acute care hospitals (\$683 million), community health services (\$440 million) and non-admitted patient services in acute care hospitals (\$142 million).
- For non-Indigenous people, the top three areas of funding were admitted patient services in acute care hospitals (\$17,927 million), medical services (\$11,113 million) and pharmaceuticals (\$9,012 million). Of the admitted patient services funding, more than one-quarter (28%) was by private hospitals, compared with only 2% in the case of Indigenous people.

Table 3.15.5: Health funding for Indigenous and non-Indigenous people, by service type and broad sources of funding, current prices, 2001-02 (\$ million)

Health good or service type	Australian Government funding		State/territory government funding		Non-government funding		Total funding = total expenditure	
	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous
Admitted patient services	294.0	7,977.0	373.4	5,628.8	15.1	4,321.6	682.5	17,927.4
Private hospitals	6.2	1,753.8	1.6	172.9	3.7	3,130.5	11.5	5,057.1
Public hospitals	287.8	6,223.1	371.8	5,456.0	11.4	1,191.1	671.0	12,870.2
Non-admitted patient services	58.9	1,459.8	75.6	1,484.3	7.9	172.4	142.4	3,116.5
Emergency departments	13.9	307.3	18.8	273.6	2.0	34.7	34.6	615.7
Other services	45.1	1,152.4	56.8	1,210.7	5.9	137.7	107.8	2,500.8
Public (psychiatric) hospitals	—	0.2	23.6	394.6	1.1	18.2	24.7	413.0
Medical services	84.5	8,876.3	—	—	15.1	2,236.2	99.6	11,112.5
Community health services ^(a)	167.7	40.5	271.9	2,762.5	0.3	7.5	439.9	2,810.5
Dental services (private) ^(b)	1.5	349.1	—	—	20.3	3,385.1	21.8	3,734.2
Other professional services	6.6	556.5	—	—	10.2	1,695.9	16.9	2,252.4
Pharmaceuticals	36.0	4,690.2	1.5	0.7	28.7	4,320.8	66.2	9,011.6
Services for older people	30.5	3,379.2	11.7	420.0	7.7	792.4	49.9	4,591.6
Patient transport	12.6	121.0	47.6	327.7	2.6	443.9	62.8	892.7
Public health activities	31.2	557.5	41.3	472.3	—	—	72.5	1,029.9
Other health services ^(c)	47.9	1,958.0	39.1	719.2	22.5	3,139.3	109.6	5,816.6
All health goods and services	771.5	29,965.2	885.7	12,210.2	131.4	20,533.5	1,788.6	62,708.9
<i>Share of total funding</i>	<i>43.1</i>	<i>47.8</i>	<i>49.5</i>	<i>19.5</i>	<i>7.3</i>	<i>32.7</i>	<i>100.0</i>	<i>100.0</i>
Expenditure per person (\$)	1,682.54	1,580.88	1,931.66	644.18	286.63	1,083.29	3,900.83	3,308.35
Ratio Indigenous:non-Indigenous	1.06:1		3.00:1		0.26:1		1.18:1	

(a) Includes funding of dental services by states and territories.

(b) Excludes funding of dental services by states and territories.

(c) Includes health administration (nec), aids and appliances, and other health services (nec).

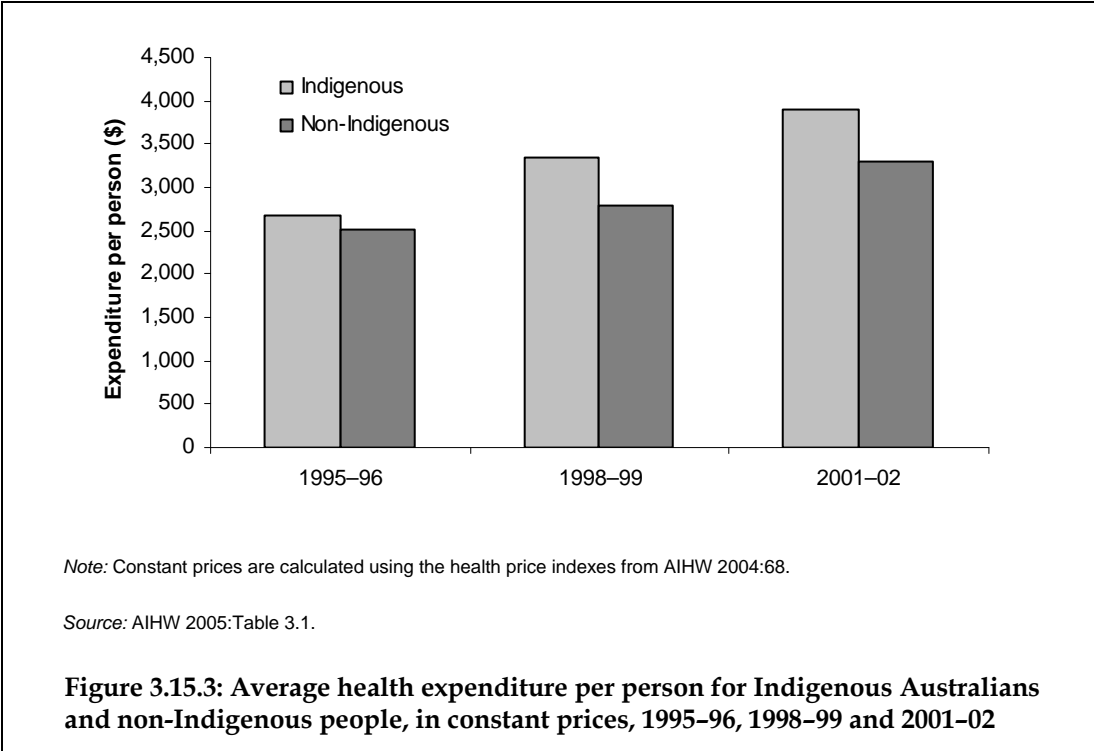
Source: AIHW 2005: Table 2.4.

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 and 2001–02. 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. While estimates for each of the three periods (1995–96, 1998–99 and 2001–02) have been included in the tables and figures below, discussion focuses on changes between 1998–99 and 2001–02.

Total government health expenditure

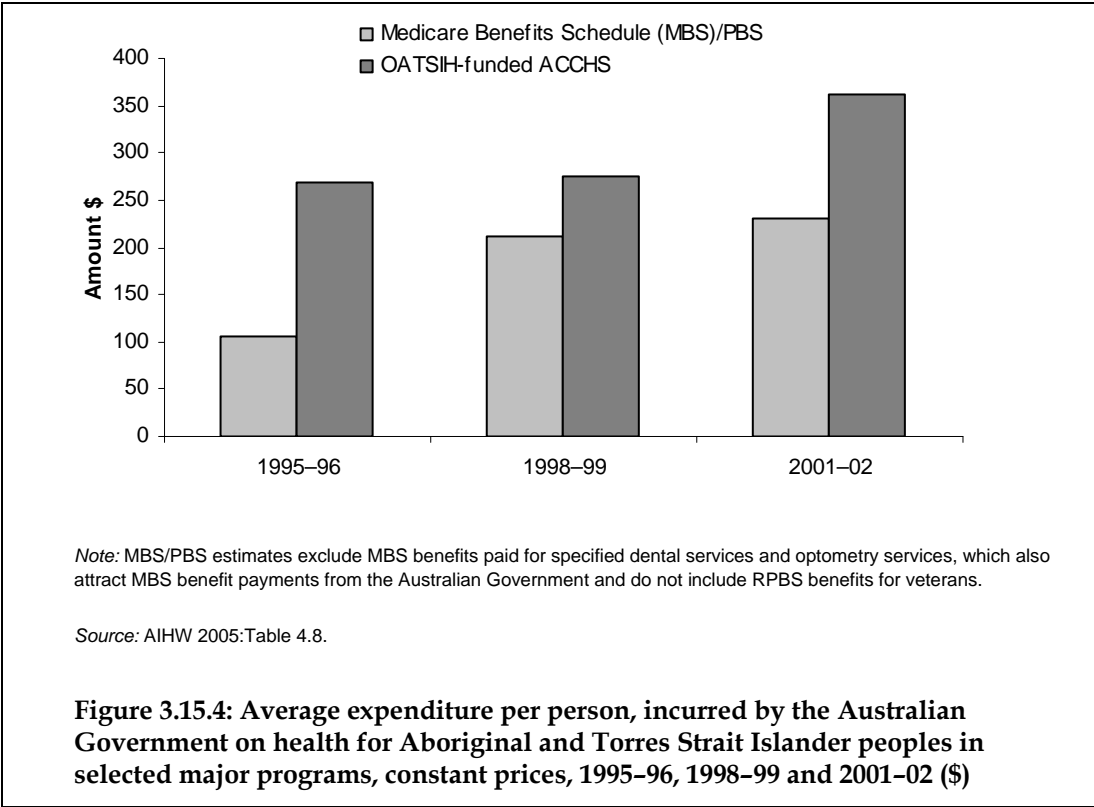
- Estimated expenditures on health for both Indigenous and non-Indigenous people increased between 1995–96, 1998–99 and 2001–02 (Figure 3.15.3). Estimated expenditure on health care for Aboriginal and Torres Strait Islander peoples rose by about 17% in constant prices between 1998–99 and 2001–02, while average expenditures for non-Indigenous people increased by around 19% per person in constant prices over the same period.
- The ratio of estimated Indigenous to non-Indigenous expenditures per person was 1.08:1, 1.22:1 and 1.18:1 in 1995–96, 1998–99 and 2001–02 respectively.

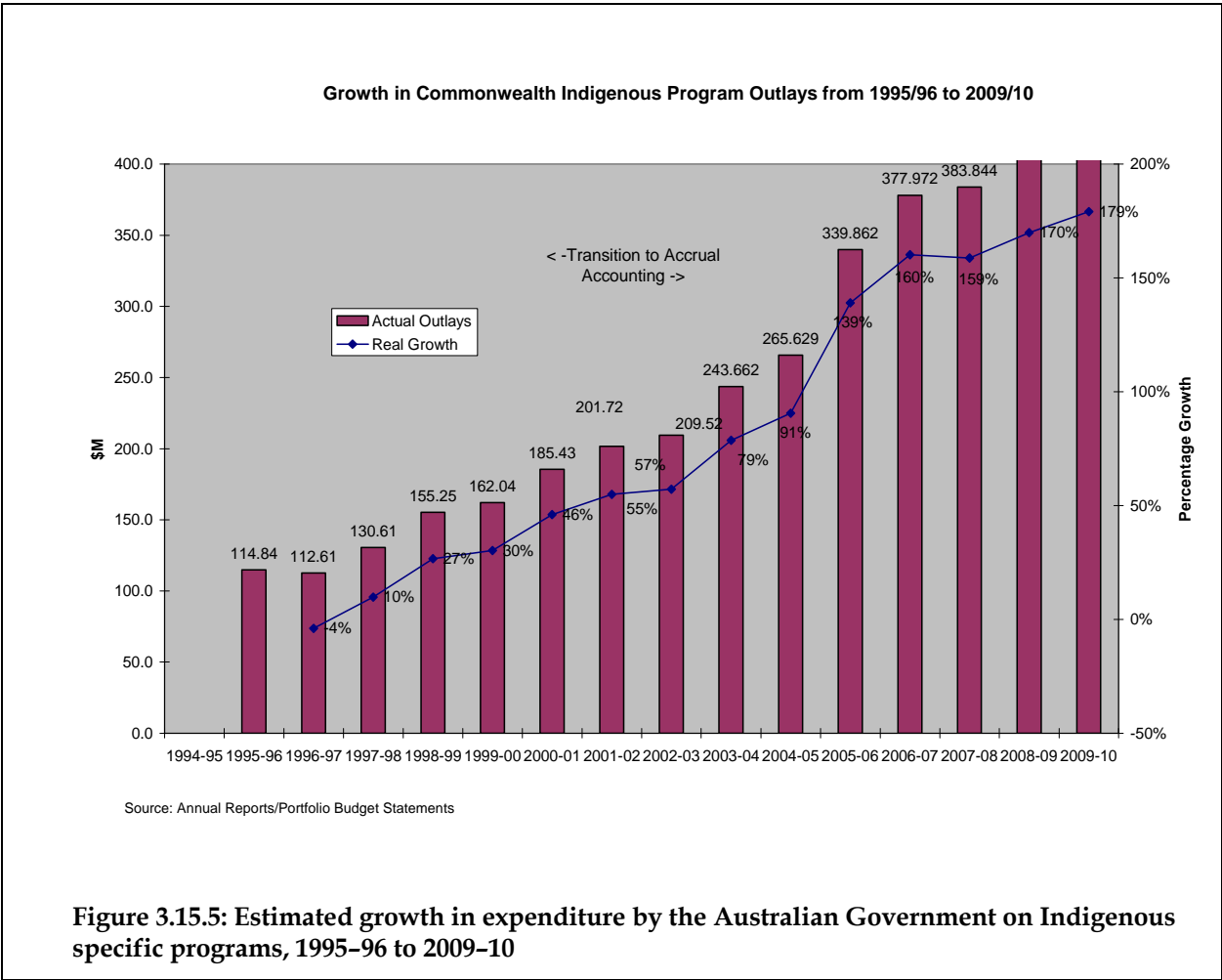


Australian Government expenditure

- Estimates of average expenditure per person by the Australian Government on its two largest mainstream programs – Medicare and PBS – increased by 9.8% from an estimated \$211 in 1998–99 to \$232 in 2001–02 (Figure 3.15.4).
- 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 that time, program funding for Indigenous health has increased by over \$260 million, a real increase of 160% (see Figure 3.15.5). Total program funding of \$485.8 million has been allocated in the 2006–07 Budget for Indigenous-specific health programs across the Health and Ageing portfolio, including the OATSIH funding of \$377.97 million.

These funds are in addition to the funding provided through mainstream programs, such as Medicare and the PBS, which are becoming more responsive to meeting the health needs of Indigenous Australians.

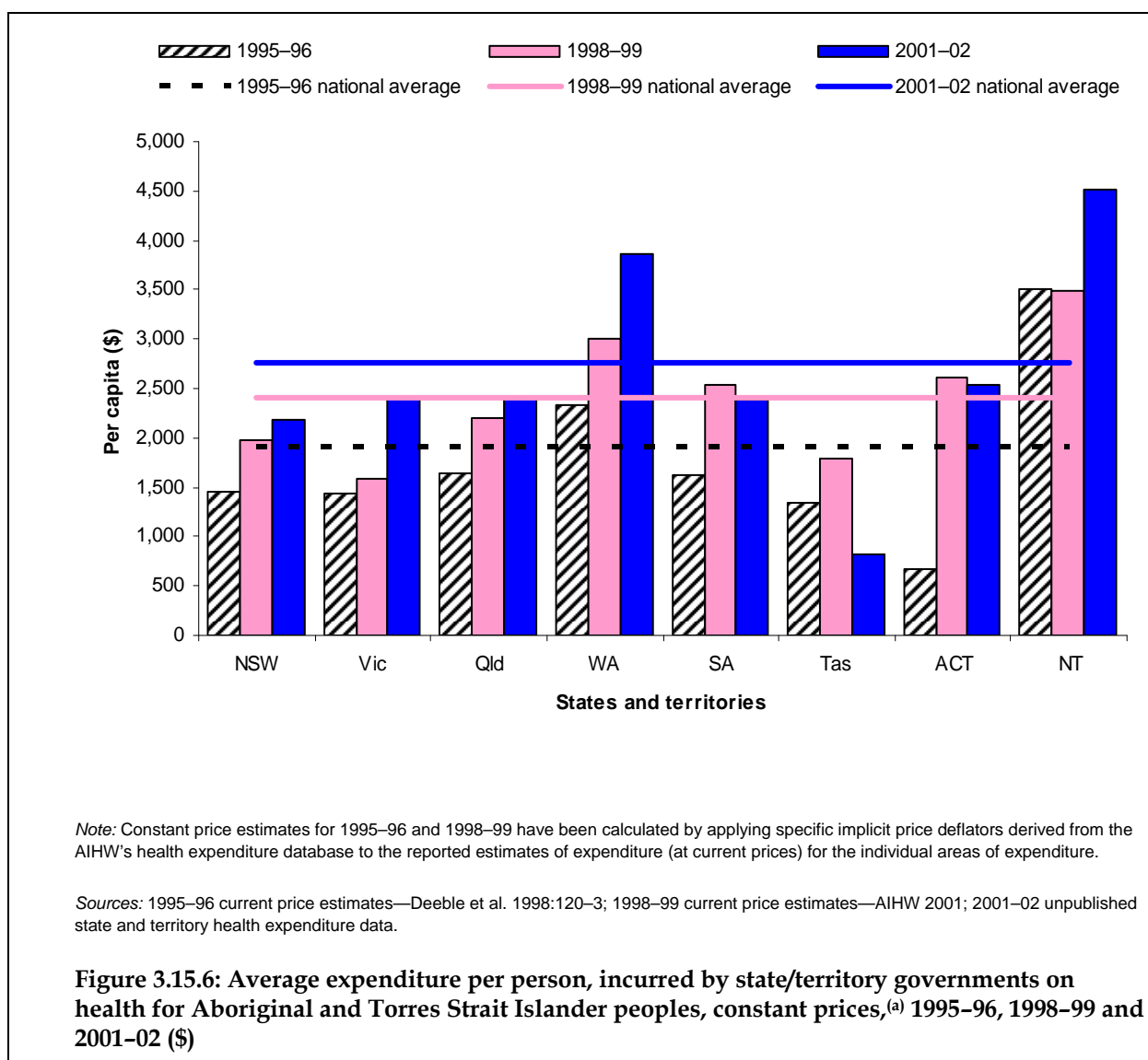




State/territory government expenditure

Average per person expenditures incurred by state and territory governments on health for Indigenous people over the period 1995-96 to 2001-02 are presented in Figure 3.15.6.

- Of the four jurisdictions with reported average per person expenditures above the national average in 1998-99 (Western Australia, South Australia, Australian Capital Territory and Northern Territory), only Western Australia and the Northern Territory remained above the national average in 2001-02.



Funding

- There have been some shifts in the share of Australian Government, state and territory government and non-government funding per Indigenous persons between 1998-99 and 2001-02 (Table 3.15.6). State and territory governments' share of funding per Indigenous person has increased over this period (from 45% to 50%), while Australian Government and non-government shares of funding per Indigenous person have declined slightly (from 45% to 43% for Australian Government and from 10% to 7% for non-government).

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.

Table 3.15.6: Average funding per Indigenous person, constant prices, and shares of funding, by source of funds, 1995–96 to 2001–02

Year	Australian Government		State and territory governments		Non-government	
	Amount (\$)	Share (%)	Amount (\$)	Share (%)	Amount (\$)	Share (%)
1995–96 ^(a)	1,120.69	42.0	1,398.08	52.3	152.37	5.7
1998–99	1,512.08	45.3	1,503.00	45.0	322.58	9.7
2001–02	1,682.54	43.1	1,931.66	49.5	286.63	7.3

(a) There were substantial changes in estimating methods between 1995–96 and 1998–99.

Source: AIHW 2005: Table 3.3.

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 people 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, while 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 (nec) 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 people

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, Aboriginal and Torres Strait Islander people have been able to voluntarily identify through the Medicare system.

(continued)

Data quality issues (continued)

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 Aboriginal and Torres Strait Islander people through these programs are largely based on survey data. Future reports may be able to use the voluntarily identified Medicare data.

The national, continuing survey of general practitioner activity entitled Bettering the Evaluation and Care of Health (BEACH) is the principal source of data used in estimating the Aboriginal and Torres Strait Islander share of MBS and PBS benefits.

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

- AIHW (Australian Institute of Health and Welfare) 2001. Expenditures on health services for Aboriginal and Torres Strait Islander peoples 1998–99. AIHW cat. no. IHW 7. Canberra: AIHW and Department of Health and Aged Care.
- AIHW 2004. Health expenditure Australia 2002–03. Health and Welfare Expenditure Series no. 20. AIHW cat. no. HWE 27. Canberra: AIHW.
- AIHW 2005. Expenditures on health for Aboriginal and Torres Strait Islander people, 2001–02. Health and Welfare Expenditure Series no. 23. AIHW cat. no. HWE 30. Canberra: AIHW.
- 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.