

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 2009 report – *Expenditures on health for Aboriginal and Torres Strait Islander people 2006–07*, published by the Australian Institute of Health and Welfare (AIHW 2009).

Health Expenditure Data

The report on expenditure on health services for Aboriginal and Torres Strait Islander people is produced every two years. The latest report covers expenditure for the 2006–07 financial year and was published in the AIHW report *Expenditure on health for Aboriginal and Torres Strait Islander people 2006–07* (AIHW 2009).

There are a number of difficulties in reporting on Indigenous Health expenditure, including limitations in the scope and definition of health expenditure, as well as inconsistencies in reporting expenditure on health goods and services across data providers. Under-identification and under-coverage of Indigenous Australians in health data collections (such as hospital separations) are further issues that affect data quality. 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 Indigenous people. The attribution of expenditure to Indigenous people either on an overall population or per capita basis should also be treated with caution, as Indigenous population estimates have similar issues of under-coverage and under-identification (AIHW 2009).

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.

Expenditure on health and high care residential aged care for Aboriginal and Torres Strait Islander people amounted to \$2,976 million in 2006–07. This was equivalent to 3.1% of the national expenditure on health and high care residential aged care. In 2006–07, the average expenditure per person on health and high care residential aged care was \$5,696 for Aboriginal and Torres Strait Islander people. For non-Indigenous people, the average expenditure per person was \$4,557. The ratio of Indigenous to non-Indigenous expenditure per person was 1.25. For the Australian Government schemes of Medicare and the Pharmaceutical Benefits Scheme (PBS), total benefits paid per Aboriginal and Torres Strait Islander person were 59% of the amount spent on non-Indigenous people.

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.

- It should be noted that the definition of health expenditure has changed from the 2008 *Aboriginal and Torres Strait Islander Health Performance Framework*. For the 2010 report, health expenditure now excludes high-care residential aged care expenditure (AIHW 2009). However, for the purposes of comparison information on high-care residential aged care is also presented.
- Expenditure on health goods and services for Aboriginal and Torres Strait Islander people during 2006–07 was estimated at \$2,909.7 million (Table 3.19.1) or 3.3% of total health expenditure. Almost three-quarters of this expenditure (72%) was related to two major program areas – goods or services provided in hospitals (\$1,483 million) and community health services (\$620 million).
- On a per person basis, average expenditure on health goods and services for Indigenous people was \$5,568.5, which was 31% higher than the expenditure for non-Indigenous Australians (\$4,247) (Table 3.19.2).
- In four 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 6.5; patient transport with a ratio of 2.7; public health (which includes services such as alcohol and drug services, cancer screening and environmental health) with a ratio of 2.5; and public hospitals with a ratio 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 and medications were both around 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, 2006–07

Health good or service type	Total expenditure (\$ million)			Indigenous share (%)
	Indigenous	Non-Indigenous	Total	
Hospitals	1,483.1	33,687.6	35,170.7	4.2
Public hospital services ^(a)	1,450.9	26,565.3	28,016.2	5.2
Admitted patient services ^(b)	1,123.5	20,817.0	21,940.5	5.1
Non-admitted patient services	327.4	5,748.3	6,075.7	5.4
Private hospitals ^(c)	32.3	7,122.3	7,154.5	0.5
Patient transport	115.9	1,672.4	1,788.3	6.5
Medical services	220.8	16,544.5	16,765.3	1.3
Community health services	620.1	3,706.3	4,326.4	14.3
Other professional services	22.3	3,250.8	3,273.1	0.7
Dental services	72.9	5,676.2	5,749.1	1.3
Medications	129.4	12,481.0	12,610.3	1.0
Aids and appliances	21.0	3,004.6	3,025.6	0.7
Public health	110.9	1,700.2	1,811.0	6.1
Research	32.1	2,317.0	2,349.1	1.4
Health administration	75.7	2,294.0	2,369.7	3.2
Other health services (n.e.c.) ^(d)	5.5	141.9	147.4	3.7
Total health	2,909.7	86,476.4	89,386.1	3.3
High-care residential aged care	66.7	6,305.1	6,371.8	1.0
Total health and high-care residential aged care	2,976.4	92,781.5	95,757.9	3.1

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

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

(c) Includes state/territory government expenditure for services provided for public patients in private hospitals (\$249.5 million).

(d) Other health services (not elsewhere classified) include expenditure on health services such as family planning.

Source: AIHW 2009 (Health expenditure database).

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, 2006-07

Health good or service type	Indigenous		Non-Indigenous		Ratio
	Amount (\$)	Per cent	Amount (\$)	Per cent	
Hospitals	2,838.3	51.0	1,654.6	39.0	1.72
Public hospital services ^(a)	2,776.6	49.9	1,304.8	30.7	2.13
Admitted patient services ^(b)	2,150.0	38.6	1,022.4	24.1	2.10
Non-admitted patient services	626.5	11.3	282.3	6.6	2.22
Private hospitals ^(c)	61.7	1.1	349.8	8.2	0.18
Patient transport	221.8	4.0	82.1	1.9	2.70
Medical services	422.6	7.6	812.6	19.1	0.52
Community health services	1,186.7	21.3	182.0	4.3	6.52
Other professional services	42.8	0.8	159.7	3.8	0.27
Dental services	139.5	2.5	278.8	6.6	0.50
Medications	247.5	4.4	613.0	14.4	0.40
Aids and appliances	40.3	0.7	147.6	3.5	0.27
Public health	212.2	3.8	83.5	2.0	2.54
Research	61.5	1.1	113.8	2.7	0.54
Health administration	144.8	2.6	112.7	2.7	1.29
Other health services (nec) ^(d)	10.5	0.2	7.0	0.2	1.51
Total health	5,568.5	100.0	4,247.3	100.0	1.31
High-care residential aged care	127.6	..	309.7	..	0.41
Total health and high-care residential aged care	5,696.1	..	4,557.0	..	1.25

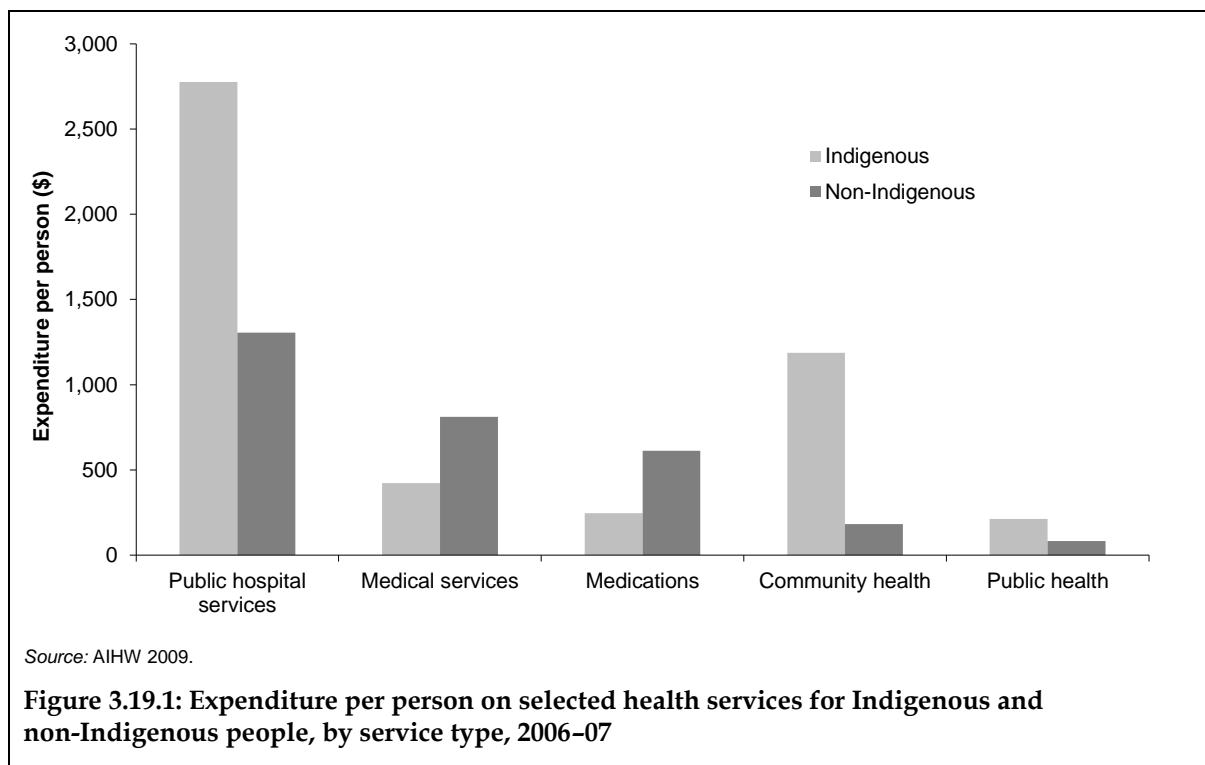
(a) Excludes dental services, community health services, patient transport services, public health and health research undertaken by the hospital.

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

(c) Includes state/territory government expenditure for services provided for public patients in private hospitals (\$249.5 million).

(d) Other health services (not elsewhere classified) include expenditure on health services such as family planning.

Source: AIHW 2009 (Health expenditure database).



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 2006–07, the total expenditure on primary health services for Indigenous people was 1,358 million while for secondary and tertiary health services, the total expenditure was 1,439 million (Table 3.19.3).
- In 2006–07, 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 marginally higher for secondary/tertiary care – 1.4:1 compared with 1.3:1 (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 \$2,513 per person compared with \$1,444 per person for non-Indigenous people. Expenditure on primary medical services and medications was lower for Indigenous people (\$342 and \$224 per person, respectively) than for non-Indigenous people (\$525 and \$509 per person, respectively) (Table 3.19.4).

Table 3.19.3: Estimated expenditure on primary and secondary/tertiary health services, by area of expenditure and Indigenous status, 2006–07

Service	Expenditure per person (\$)					
	Primary			Secondary/tertiary		
	Indigenous	Non-Indigenous	Indigenous share (%)	Indigenous	Non-Indigenous	Indigenous share (%)
Hospitals	170.1	4,298.6	3.8	1,313.0	29,389.0	4.3
Admitted patients	..	..	..	1,149.3	26,514.8	4.2
Non-admitted patients	170.1	4,298.6	3.8	163.7	2,874.2	5.4
Patient transport	57.9	334.5	14.8	57.9	1,337.9	4.2
Medical services	178.4	10,683.6	1.6	42.4	5,860.9	0.7
Community health services	620.1	3,706.3	14.3	..	..	..
Dental services	72.9	5,676.2	1.3	n.a	n.a	n.a
Other professional services	11.2	1,625.4	0.7	11.2	1,625.4	0.7
Medications	117.3	10,352.9	1.1	12.1	2,128.1	0.6
Aids and appliances	19.1	2,492.3	0.8	2.0	512.3	0.4
Public health	110.9	1,700.2	6.1	..	..	..
Total health^(a)	1,357.9	40,869.9	3.2	1,438.5	40,853.6	3.4
High-care residential aged care	..	..	..	66.7	6,305.0	1.0
Total health and high-care residential aged care^(a)	1,357.9	40,869.9	3.2	1,505.2	47,158.6	3.1

(a) Excludes expenditure on research, health administration and other health services not elsewhere classified.

Source: AIHW 2009.

Table 3.19.4: Estimated expenditure per person on primary and secondary/tertiary health services, by area of expenditure and Indigenous status, 2006–07

Service	Expenditure per person (\$)					
	Primary			Secondary/tertiary		
	Indigenous	Non-Indigenous	Ratio	Indigenous	Non-Indigenous	Ratio
Hospitals	325.6	211.1	1.54	2,512.7	1,443.5	1.74
Admitted patients	..	..	..	2,199.4	1,302.3	1.69
Non-admitted patients	325.6	211.1	1.54	313.3	141.2	2.22
Patient transport	110.9	16.4	6.75	110.9	65.7	1.69
Medical services	341.5	524.7	0.65	81.1	287.9	0.28
Community health services	1,186.7	182.0	6.52	..	..	..
Dental services	139.5	278.8	0.50	..	..	..
Other professional services	21.4	79.8	0.27	21.4	79.8	0.27
Medications	224.4	508.5	0.44	23.1	104.5	0.22
Aids and appliances	36.5	122.4	0.30	3.8	25.2	0.15
Public health	212.2	83.5	2.54	..	..	..
Total health^(a)	2,598.7	2,007.3	1.30	2,753.0	2,006.5	1.37
High-care residential aged care	..	..	..	127.6	309.7	0.41
Total health and high-care residential aged care^(a)	2,598.7	2,007.3	1.29	2,880.6	2,316.2	1.24

(a) Excludes expenditure on research, health administration and other health services not elsewhere classified.

Source: AIHW 2009.

Funding of health services

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

- Governments provided an estimated 93.4% of the funding used to pay for health goods and services for Aboriginal and Torres Strait Islander people during 2006–07; 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 (42% and 44%, 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 over half (51%) of the funding for Aboriginal and Torres Strait Islander people, compared with 24% for non-Indigenous Australians. Non-government sources, on the other hand, provided a much lower share of the funding for services for Indigenous people (6.6%) than for non-Indigenous people (31.8%). 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 2006–07 were public hospital services (\$1,451 million), community health services (\$620 million) and medical services (\$221 million).
- For non-Indigenous people, the top three areas of funding were public hospital services (\$26,565 million), medical services (\$16,545 million) and medications (\$12,481 million). Of the hospital funding, almost one-quarter (21%) was by private hospitals, compared with only 2.2% 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, 2006–07 (\$ 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	510.7	12,727.4	940.9	14,587.4	31.5	6,372.8	1,483.1	33,687.6
Public hospital services ^(a)	502.8	10,238.3	936.4	14,342.3	11.6	1,984.8	1,450.9	26,565.3
Private hospitals	7.9	2,489.1	4.4	245.1	19.9	4,388.0	32.3	7,122.3
Patient transport	15.0	173.8	97.5	1,092.9	3.4	405.7	115.9	1,672.4
Medical services	179.8	12,912.7	—	—	41.0	3,631.8	220.8	16,544.5
Community health services	272.0	143.0	347.5	3,291.4	0.5	271.9	620.1	3,706.3
Dental services	1.7	480.4	30.8	501.0	40.3	4,694.8	72.9	5,676.2
Other professional services	5.7	821.1	—	—	17.3	2,429.7	22.3	3,250.8
Medications	93.6	6,423.9	—	—	35.8	6,057.0	129.4	12,481.0
Public health	54.7	941.2	56.0	629.1	0.2	129.9	110.9	1,700.2
Research	20.6	1,814.0	8.1	317.5	3.5	185.5	32.1	2,317.0
Aids and appliances	4.0	422.4	—	—	17.1	2,582.2	21.0	3,004.6
Health administration	63.5	1,247.5	9.5	300.4	2.7	746.2	75.7	2,294.0
Other health services (n.e.c.)	—	—	5.5	141.9	—	—	5.5	141.9
Total health	1,220.7	38,107.3	1,495.8	20,861.6	193.2	27,507.5	2,909.7	86,476.4
High-care residential aged care	43.8	4,769.3	—	—	22.9	1,535.7	66.7	6,305.1
Total health and high-care residential aged care	1,264.6	42,876.6	1,495.8	20,861.6	216.1	29,043.2	2,976.4	92,781.4

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

Source: AIHW 2009.

Australian Government expenditure

On a per person basis, expenditure on health goods and services by the Australian Government amounted to \$1,350 per Indigenous person in 2006–07, compared with \$1,181 for non-Indigenous people. In 2006–07, the total expenditure funded through Aboriginal Community Controlled Health Organisations (ACCHOs) services for Indigenous Australians was \$249.5 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 \$478 for Indigenous Australians compared with \$2 for non-Indigenous Australians (AIHW 2009).

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 2006–07, state and territory governments were estimated to have spent, on average, \$3,846.0 per Indigenous Australian compared with \$1,650.5 per non-Indigenous Australian. This represents an Indigenous/non-Indigenous expenditure ratio of 2.33:1.
- In all the major types of health goods and services, states and territories overall spent more per person for Indigenous people than for non-Indigenous people (Table 3.19.6). Expenditure on community health for Indigenous people was almost four times that for non-Indigenous people, expenditure on public health was almost three times that for non-Indigenous people and expenditure on admitted patient services in acute-care hospitals was more than twice that for non-Indigenous people.
- The Northern Territory (\$6,279.8) and South Australia (\$5,177.0) had the highest average expenditure per person for Indigenous people. Tasmania, which had the lowest average expenditure per person (\$1,103.5), was the only jurisdiction where the estimated expenditure per person for Indigenous Australians was lower than that for non-Indigenous people (\$1,661.7), 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 health expenditure^(a) per person for Indigenous and non-Indigenous people, by type of service, 2006–07

Health good or service type	Expenditure per person (\$)							Total
	NSW	Vic	Qld	WA	SA	Tas	NT	
Hospitals								
Admitted patient services^(b)								
Indigenous	1,489.6	1,662.5	2,058.6	2,589.3	2,654.3	619.2	3,405.4	2,101.7
Non-Indigenous	1,054.1	995.8	955.9	941.0	933.1	1,071.2	942.2	999.5
Non-admitted patients								
Indigenous	553.7	517.6	494.1	748.3	1,231.9	109.6	803.6	626.5
Non-Indigenous	355.0	232.8	207.0	217.5	391.6	171.9	234.4	282.3
Public hospital services								
Indigenous	2,043.4	2,180.1	2,552.7	3,337.6	3,886.2	728.7	4,209.0	2,728.3
Non-Indigenous	1,409.2	1,228.6	1,162.9	1,158.5	1,324.7	1,243.1	1,176.6	1,281.8
Patient transport								
Indigenous	112.9	75.6	251.8	190.6	226.4	38.8	352.1	193.5
Non-Indigenous	73.9	75.6	95.0	50.4	75.2	64.2	102.7	75.8
Community health								
Indigenous	766.9	701.7	501.8	501.0	723.9	257.4	1,018.0	665.3
Non-Indigenous	173.5	131.5	183.8	228.9	161.9	230.0	225.5	174.3
Public health								
Indigenous	78.5	259.0	77.9	56.3	90.4	65.2	634.1	155.4
Non-Indigenous	48.1	52.6	54.6	62.4	65.6	72.4	140.4	55.2
Dental								
Indigenous	93.1	35.5	45.2	28.6	78.6	3.7	64.2	59.4
Non-Indigenous	19.1	23.9	33.5	30.0	34.1	37.0	35.5	26.0
Research								
Indigenous	12.0	69.4	9.6	12.2	32.9	9.7	2.5	15.5
Non-Indigenous	13.0	24.9	9.3	30.0	13.0	14.9	0.8	15.6
Health administration n.e.c.^(c)								
Indigenous	0.0	0.0	21.0	23.7	138.6	0.0	0.0	..
Non-Indigenous	0.0	0.0	9.4	24.9	118.2	0.0	0.0	..
Total^(d)								
Indigenous	3,107.0	3,321.3	3,460.0	4,223.6	5,177.0	1,103.5	6,279.8	3,846.0
Non-Indigenous	1,741.3	1,537.0	1,548.6	1,599.4	1,810.5	1,661.7	1,808.3	1,650.5

Note: ACT per person figures are not calculated because the expenditure numbers for the ACT include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.

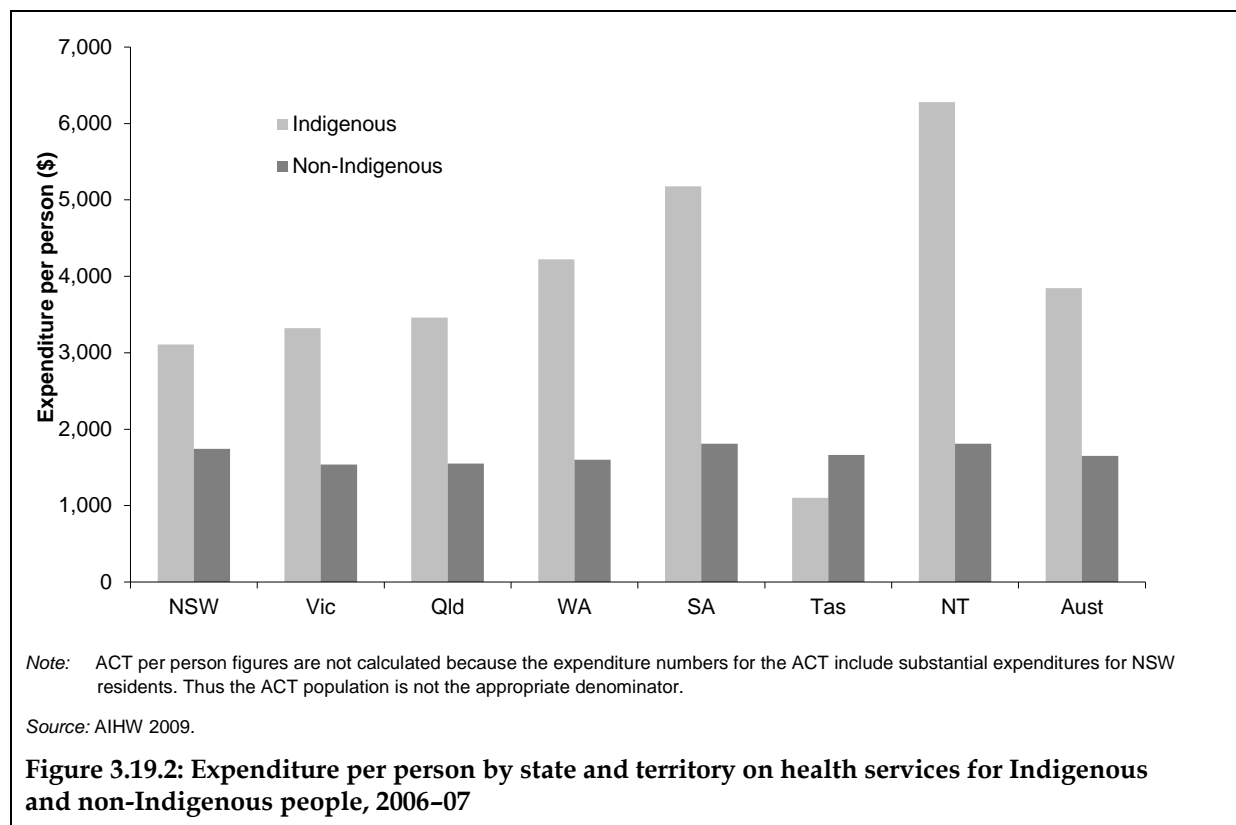
(a) Expenditure by state and territory governments.

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

(c) Health administration costs by NSW, Victoria, Tasmania and the NT are zero, as these jurisdictions have allocated administrative expenses into the functional expenditure categories in the table.

(d) Includes 'Other health services, n.e.c.'

Source: AIHW 2009.



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 57% 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 2010).

- In 2006-07, average expenditures on health for Indigenous Australians were lowest in *Inner regional areas* and *Major cities*.
- Expenditure per capita on hospital care within public hospitals for Indigenous people was greatest in the more remote areas; however, in private hospitals, expenditure per capita was the least in *Remote* and *Very remote* areas for Indigenous Australians.
- 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.

Table 3.19.7: Expenditures per person on selected health services^(a) for Indigenous people, by remoteness, 2006–07 (\$)

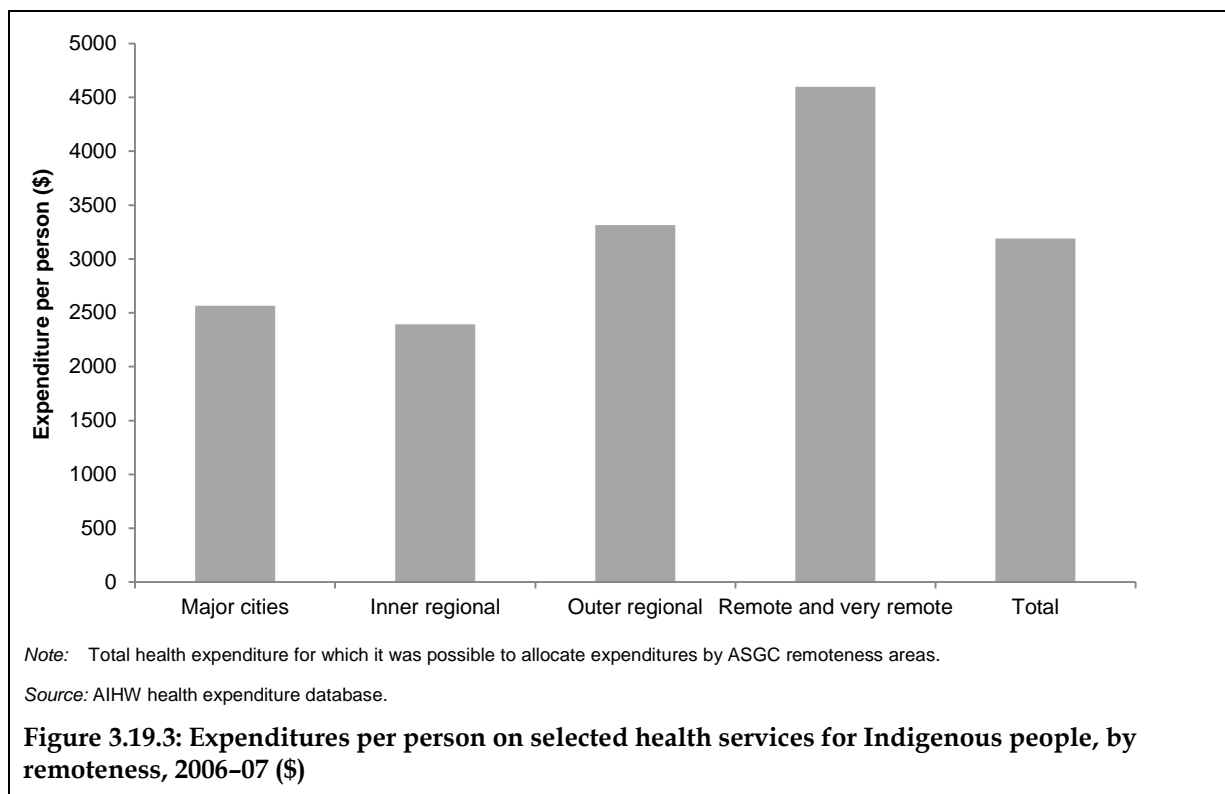
Area of expenditure		Major Cities	Inner regional	Outer regional	Remote and Very remote	Total
Admitted patient services						
Public hospital	Indigenous	1,731.30	1,569.00	2,119.80	3,234.40	2,150.00
	Non-Indigenous	965.40	1,122.80	1,216.60	1,139.50	1,022.40
	Ratio	1.79	1.40	1.74	2.84	2.10
Private hospital	Indigenous	55.60	51.40	109.60	35.70	61.70
	Non-Indigenous	369.00	338.50	258.70	190.80	349.80
	Ratio	0.15	0.15	0.42	0.19	0.18
OATSIH grants to ACCHO	Indigenous	268.80	321.90	569.70	804.70	477.60
	Non-Indigenous	0.60	1.70	6.60	54.00	2.30
	Ratio	451.40	192.90	86.90	14.90	209.10
MBS ^(b)	Indigenous	350.20	310.20	338.40	299.20	326.60
	Non-Indigenous	590.30	524.20	468.20	388.90	562.60
	Ratio	0.59	0.59	0.72	0.77	0.58
PBS ^(c)	Indigenous	158.60	141.80	178.30	223.20	175.20
	Non-Indigenous	285.10	319.30	284.20	200.10	290.20
	Ratio	0.56	0.44	0.63	1.12	0.60
Total selected health	Indigenous	2,564.40	2,394.30	3,315.80	4,597.20	3,191.00
	Non-Indigenous	2,210.40	2,306.40	2,234.20	1,973.30	2,227.40
	Ratio	1.16	1.04	1.48	2.33	1.43

(a) Excludes areas of health expenditure such as community health services, patient transport and public health services.

(b) Excludes other health services provided through Medicare such as optometry, dental and allied health services.

(c) Excludes RPBS, methadone, co-payments and highly specialised drugs dispensed from public and private hospitals.

Source: AIHW health expenditure database.



Changes in health expenditure and funding over time

Health expenditure estimates for Aboriginal and Torres Strait Islander people have been produced for 2004-05 and 2006-07. Changes in expenditure and funding over time should be interpreted with caution because 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 between 2004-05 and 2006-07.

Total government health expenditure

- Estimated expenditures on health for Indigenous people increased between 2004-05 and 2006-07 (Figure 3.19.4).
- The real Australian Government expenditure per person for Aboriginal and Torres Strait Islander people grew by 7.3% (or \$92) between 2004-05 and 2006-07.
- The real state and territory government expenditure per Aboriginal and Torres Strait Islander person grew by 10.5% (or \$365) between 2004-05 and 2006-07, but the 2004-05 data excluded depreciation.

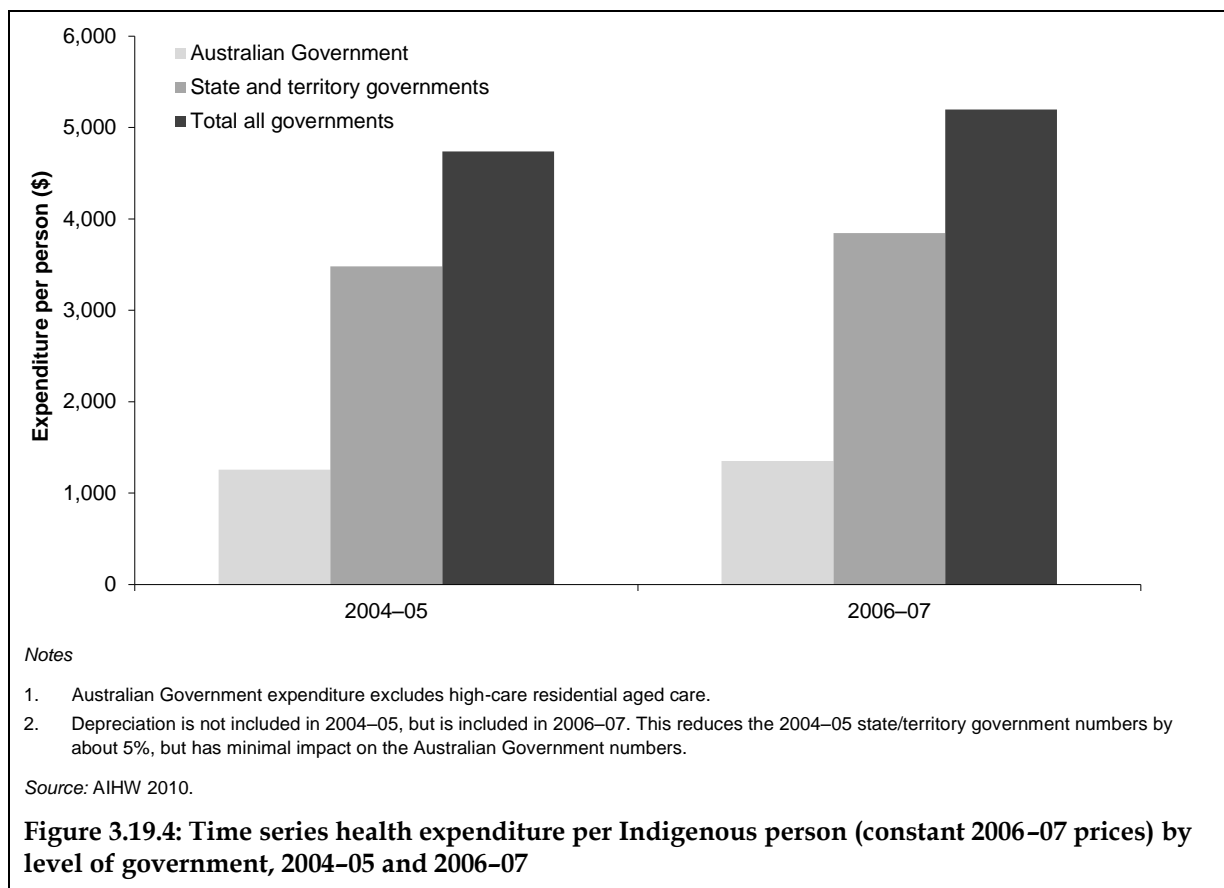


Table 3.19.8: Time series health expenditure per Indigenous person (constant 2006-07 prices) by level of government, 2004-05 and 2006-07

	2004-05	2006-07
Australian Government	1,257.9	1,349.8
State and territory governments	3,480.6	3,846.0
Total all governments	4,738.5	5,195.8

Notes

1. Australian Government expenditure excludes high care residential aged care.
2. Depreciation is not included in 2004-05 but is included in 2006-07. This reduces the 2004-05 state/territory numbers by about 5%, but has minimal impact on the Australian Government numbers.

Source: AIHW 2009.

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 (Table 3.19.9 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 \$492 million: a real growth of 245% since 1995-96 (Figure 3.19.6).

Table 3.19.9: Average expenditure per person (constant prices) ^(a) by the Australian Government on selected services, 1995–96, 1998–99, 2001–02 and 2004–05 (\$)

Service	1995–96 ^(b)			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 ^(c)	131	486	0.3		198	483	0.4	191	489	0.4	224	494	0.5
PBS ^{(d)(e)}	26	135	0.2		51	152	0.3	75	226	0.3	140	273	0.5
<i>MBS and PBS^{(c)(d)}</i>	<i>156</i>	<i>621</i>	<i>0.3</i>		<i>249</i>	<i>634</i>	<i>0.4</i>	<i>266</i>	<i>715</i>	<i>0.4</i>	<i>364</i>	<i>767</i>	<i>0.5</i>
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)

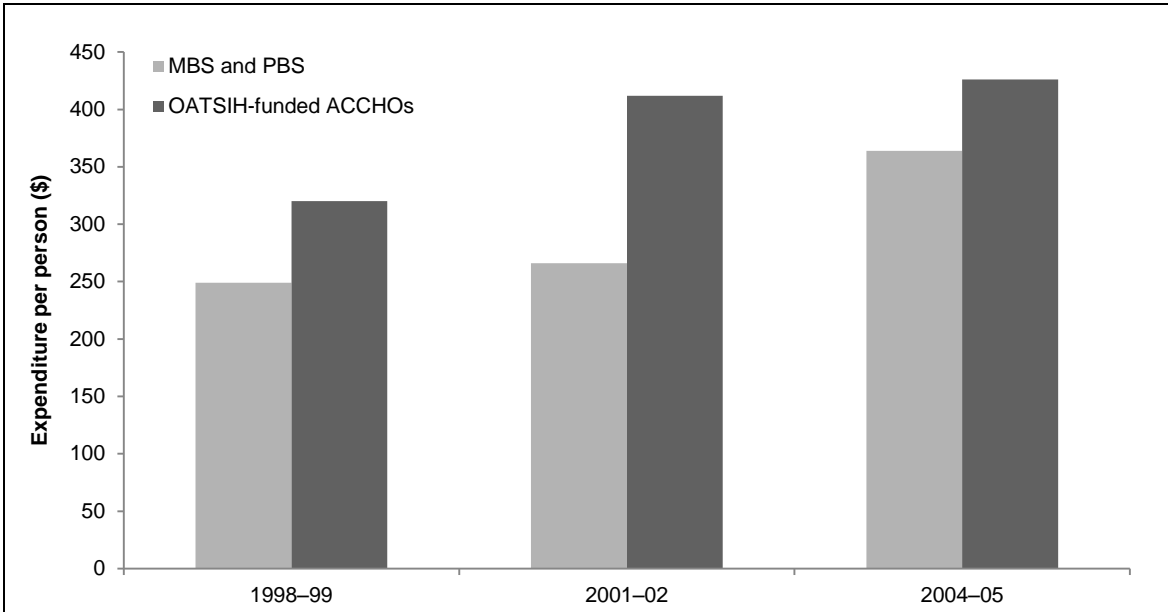
(b) Not comparable with later years. It is thought that the 1995–96 estimates are an underestimate of these categories.

(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 people in 1995–96 (AIHW 2001); down from the published \$9.8 million (Deeble et al. 1998).

Source: AIHW 2008.

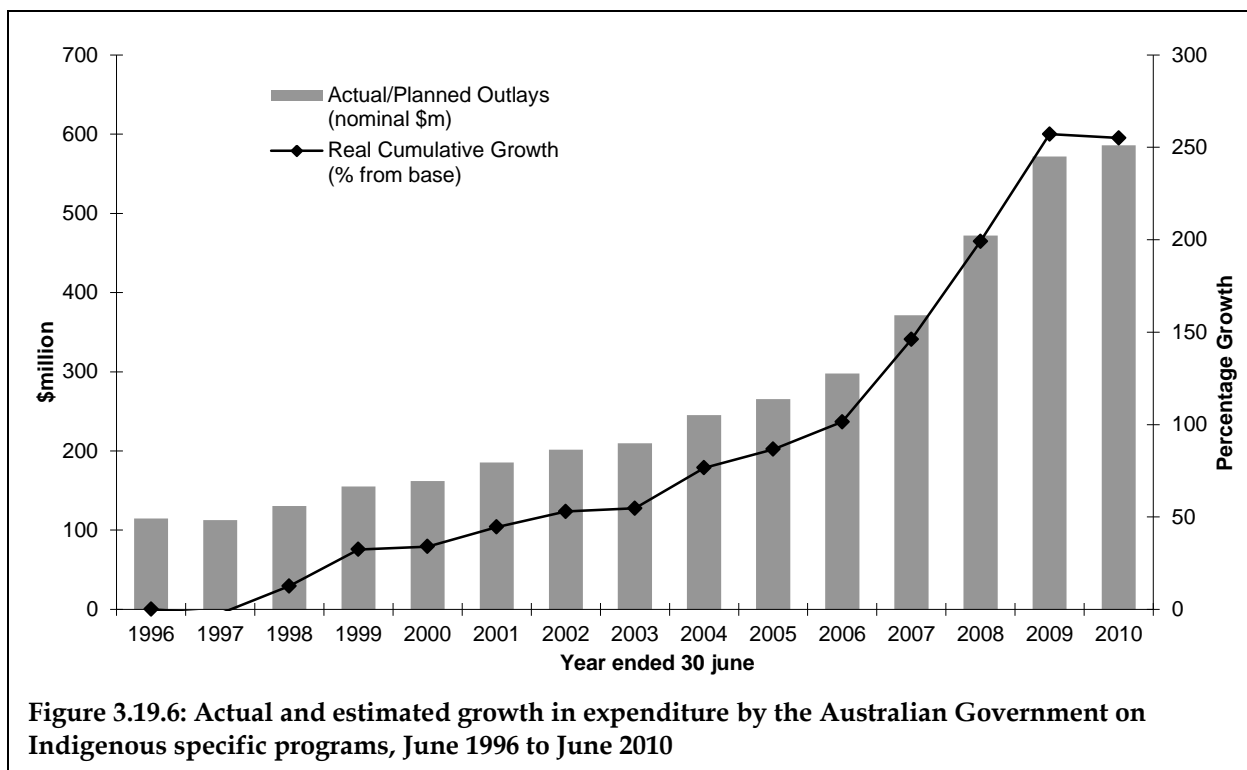


Notes

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, but 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 people in selected major programs, 1998-99, 2001-02 and 2004-05 (\$)



State/territory government expenditure

Health expenditure per Aboriginal and Torres Strait Islander person incurred by state and territory government programs and Australian Government programs over the period 2004–05 and 2006–07 are presented in Figure 3.19.7 and Table 3.19.10.

- Between 2004–2005 and 2006–07, per person health expenditure for Indigenous persons on state and territory government health programs (including public hospitals, community and public health and other expenditure) and Australian Government health programs (including ACCHO, MBS and PBS, and other expenditure) all increased.
- Over this period, the largest increase in this expenditure was incurred by state and territory governments on admitted patient services in public hospitals. Expenditure increased from \$1,781 per person in 2004–05 to \$2,102 in 2006–07. Community and public health expenditure increased from \$790 to \$821 and other expenditure increased from \$909 to \$923 over the same period.

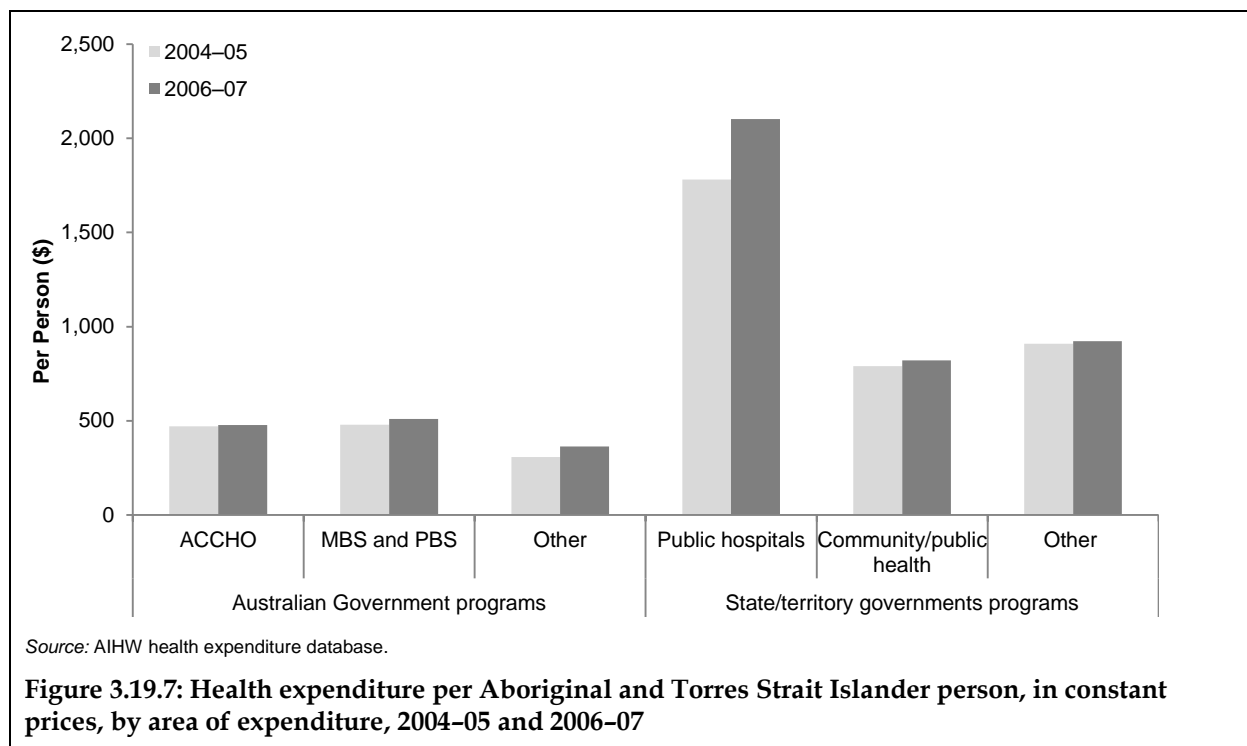


Table 3.19.10: Health expenditure per Aboriginal and Torres Strait Islander person, in constant prices, by area of expenditure, 2004-05 and 2006-07

	2004-05	2006-07
Australian Government programs		
ACCHO	471	478
MBS and PBS	480	509
Other	307	363
State/territory governments programs		
Public hospitals – admitted patient services	1,781	2,102
Community/public health	790	821
Other	909	923

Source: AIHW health expenditure database

Funding

- The share of the three main funding sources for health services expenditure for Indigenous people has varied little between 2004-05 and 2006-07 (Figure 3.19.8).

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

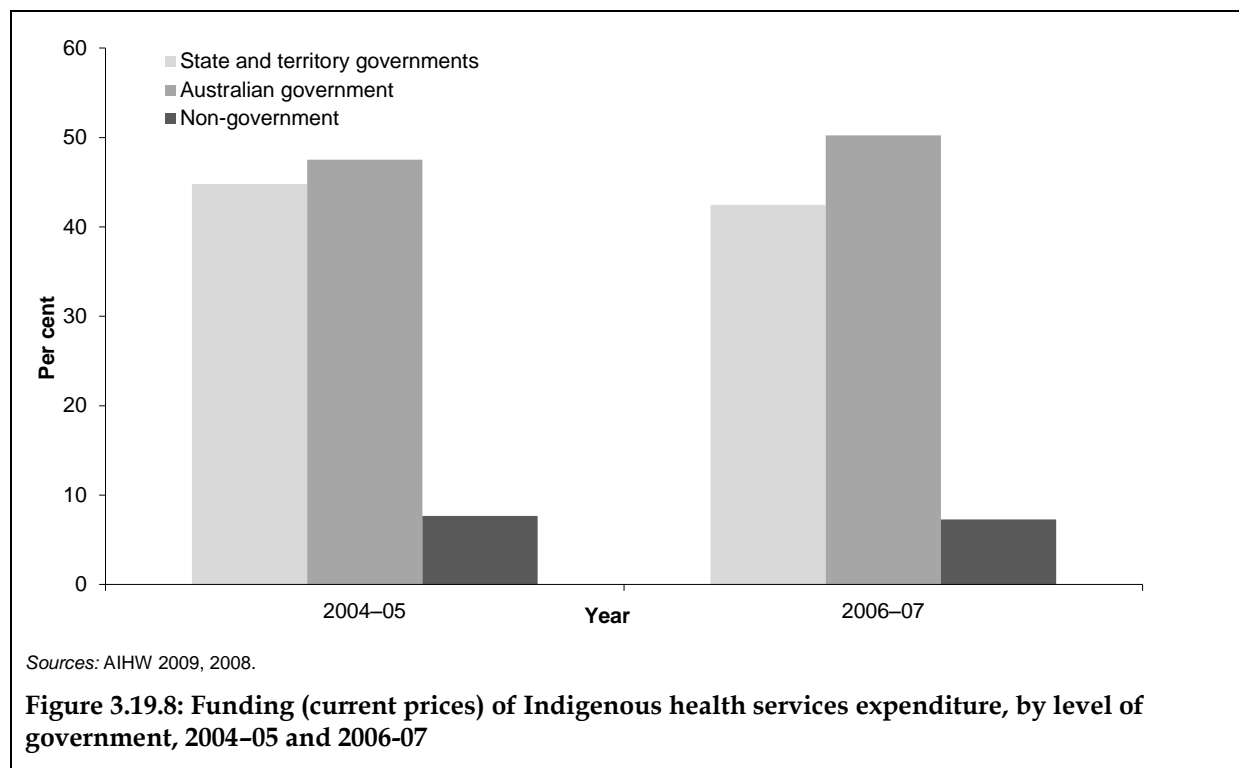


Table 3.19.11: Funding (current prices) of Indigenous health services expenditure, by level of government, 2004-05 and 2006-07

	2004-05	2006-07
	Per cent	
State and territory governments	44.8	42.5
Australian government	47.5	50.3
Non-government	7.7	7.3

Sources: AIHW 2008, 2009.

Data quality issues

Health Expenditure Data

Health expenditure data are affected by most of the reservations about data relating to Aboriginal and Torres Strait Islander peoples. The issue of poor Indigenous identification means that the attribution of expenditure to Indigenous people either on a population or per capita basis must be treated with caution. This single factor is arguably the major important data quality issue, affecting as it does nearly all health and population based measures. Reliable Indigenous status data is a major requirement to produce reliable, consistent and valid information on most aspects of Indigenous health. The “completeness of identification of Indigenous Australians varies significantly across states and territories” and in administrative health data collections (SCRGSP 2009).

Quality of data on Indigenous service use

For many publicly funded health services, there is incomplete information 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 Indigenous 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.

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

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 (AIHW 2009).

Under-identification

Estimates of the level of Indigenous under-identification were used to adjust some reported expenditure. In some states and territories, a single state wide average under-identification adjustment factor was applied. In others, differential under-identification factors were used, depending on the region in which the particular service(s) were located. In some jurisdictions, no Indigenous under-identification adjustment was considered necessary.

Comparison with estimates for 2004–05

This indicator provides separate estimates of expenditure for health, and for health and high care residential aged care services.

This allows comparison with estimates with health and high care residential aged care expenditure in the 2004–05 report as well as presentation of estimates that relate more directly to estimates in the AIHW’s Health expenditure Australia 2007–08 (AIHW 2009).

There has also been a change in the method for estimating MBS and PBS expenditure. The method involves the use of Medicare Voluntary Indigenous Identifier (VII) data to estimate expenditure on medical services. Services include general practitioner (GP), specialist, pathologist and imaging services, and prescription pharmaceuticals provided to Aboriginal

and Torres Strait Islander people (see Appendix B, AIHW 2009). This change may have contributed to the increase in estimated MBS and PBS expenditure reported in 2006–07 compared with 2004–05. This change may have contributed to the increase in estimated MBS and PBS expenditure reported in 2006–07 compared with 2004–05.

List of symbols used in tables

- n.a. not available
- rounded to zero (including null cells)
- 0 zero
- . . not applicable
- n.e.c. not elsewhere classified
- n.f.d. not further defined
- n.p. not available for publication but included in totals where applicable, unless otherwise indicated

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List of tables

- Table 3.19.1: Expenditure on health (current prices) for Indigenous and non-Indigenous people, by type of health good or service, 2006–072107
- 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, 2006–072108

Table 3.19.3:	Estimated expenditure on primary and secondary/tertiary health services, by area of expenditure and Indigenous status, 2006–07	2110
Table 3.19.4:	Estimated expenditure per person on primary and secondary/tertiary health services, by area of expenditure and Indigenous status, 2006–07	2111
Table 3.19.5:	Health funding (current prices) for Indigenous and non-Indigenous people, by service type and broad sources of funding, 2006–07 (\$ million).....	2113
Table 3.19.6:	Estimated state/territory health expenditure per person for Indigenous and non-Indigenous people, by type of service, 2006–07	2115
Table 3.19.8:	Time series health expenditure per Indigenous person (constant 2006-07 prices) by level of government, 2004–05 and 2006–07	2119
Table 3.19.9:	Average expenditure per person (constant prices) by the Australian Government on selected services, 1995–96, 1998–99, 2001–02 and 2004–05 (\$)	2120
Table 3.19.10:	Health expenditure per Aboriginal and Torres Strait Islander person, in constant prices, by area of expenditure, 2004–05 and 2006–07.....	2123
Table 3.19.11:	Funding (current prices) of Indigenous health services expenditure, by level of government, 2004–05 and 2006-07	2124

List of figures

Figure 3.19.1:	Expenditure per person on selected health services for Indigenous and non-Indigenous people, by service type, 2006–07.....	2109
Figure 3.19.2:	Expenditure per person by state and territory on health services for Indigenous and non-Indigenous people, 2006–07	2116
Figure 3.19.3:	Expenditures per person on selected health services for Indigenous people, by remoteness, 2006–07 (\$).....	2118
Figure 3.19.4:	Time series health expenditure per Indigenous person (constant 2006–07 prices) by level of government, 2004–05 and 2006–07.....	2119
Figure 3.19.5:	Average expenditure per person (constant prices), incurred by the Australian Government on health for Aboriginal and Torres Strait Islander people in selected major programs, 1998–99, 2001–02 and 2004–05 (\$)	2121
Figure 3.19.6:	Actual and estimated growth in expenditure by the Australian Government on Indigenous specific programs, 1995–96 to 2007–08.....	2122
Figure 3.19.7:	Health expenditure per Aboriginal and Torres Strait Islander person, in constant prices, by area of expenditure, 2004–05 and 2006–07.....	2123
Figure 3.19.8:	Funding (current prices) of Indigenous health services expenditure, by level of government, 2004–05 and 2006-07	2124