

## 6 Non-government expenditure

This chapter provides estimates of expenditure on health for Aboriginal and Torres Strait Islander peoples incurred by the non-government sector. In this study, the estimates of non-government expenditure include the co-payments for Medicare medical services, benefit-paid pharmaceuticals and residential aged care facilities. They also include expenditure on largely non-subsidised privately provided health goods and services, such as private hospital care and non-hospital services provided by dentists and other health professionals (e.g. physiotherapists, acupuncturists, audiologists).

Expenditure by the non-government sector on health goods and services for all people in 2001–02 was estimated at \$21.7 billion. Of this, \$120.8 million (0.6%) was expenditure on health services for Aboriginal and Torres Strait Islander peoples (Table 6.1).

Many of the health goods and services that contribute to non-government expenditure are items where access is influenced by private health insurance status. These include private hospital care, dental services and other professional services. Because of their very low level of private health insurance coverage (at about 15–20% of Indigenous people), estimates of expenditure by Indigenous people are low (AIHW unpublished analysis of the NHS).

On a per person basis, the average non-government expenditure for Indigenous Australians was \$263.44 in 2001–02, compared with \$1,140.06 for non-Indigenous people – a ratio of 0.23:1.

Non-government expenditure on medical services for Aboriginal and Torres Strait Islander peoples was estimated at \$15.9 million, or \$34.62 per person, compared with \$127.26 per person for non-Indigenous people – an Indigenous/non-Indigenous per person ratio of 0.27:1.

For MBS services, the expenditure on Indigenous Australians was estimated at \$4.0 million, an average of \$8.79 per person, compared with an average of \$84.80 for non-Indigenous people. Indigenous people used, on average, substantially fewer medical services than non-Indigenous people; almost half of these services were provided through the ACCHSs without charge and a high proportion of the remainder were bulk-billed. The ‘non-Medicare’ component of this expenditure was entirely through payments to medical practitioners by providers of injury compensation insurance. The estimated funding of health for Indigenous Australians under compulsory motor vehicle and workers’ compensation insurers was \$11.8 million. This was an average of \$25.82 per Indigenous person; for non-Indigenous people it was \$42.46 per person.

The estimates of non-government expenditure on pharmaceuticals were for items dispensed out-of-hospital. As explained earlier, this includes patient co-payments under the PBS and RPBS. But most was in respect of items for which no benefits were paid under those schemes, including under-co-payment PBS items, private scripts and over-the-counter medicines. Average expenditure per person for Indigenous Australians was \$62.82 – equivalent to 27% of the average non-government spending on pharmaceuticals for non-Indigenous people (\$228.94 per person).

Non-government expenditure on dental services for Aboriginal and Torres Strait Islander peoples was estimated at \$21.6 million (0.6% of total expenditure). The majority of this expenditure was for private dental procedures for individuals, which are usually funded by out-of-pocket payments or through ancillary benefits paid by private health insurance funds.

The average non-government expenditure per person for dental services was \$47.11 for Indigenous Australians and \$193.27 for non-Indigenous people.

Non-government expenditures on private hospital services did not include co-payments for medical services provided by private doctors during such hospital care. These were included in the estimates of non-government expenditure on medical services. Non-government expenditure on private hospital services for Indigenous people in 2001–02 was estimated at \$11.5 million, representing an average of \$25.01 per person, which is just 9% of the average for non-Indigenous people (\$266.40).

**Table 6.1: Estimated non-government expenditure on health services for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, total and per person, 2001–02**

Health good or service type	Expenditure (\$ million)			Expenditure per person (\$)		
	Indigenous	Non-Indigenous	Indigenous share (%)	Indigenous	Non-Indigenous	Ratio
Private hospitals <sup>(a)</sup>	11.5	5,049.5	0.2	25.01	266.40	0.09
Medical services	15.9	2,412.1	0.7	34.62	127.26	0.27
MBS services	4.0	1,607.3	0.3	8.79	84.80	0.10
Other medical services	11.8	804.7	1.5	25.82	42.46	0.61
Community health services <sup>(b)</sup>	0.3	55.8	3.2	0.56	0.41	1.38
Dental services <sup>(b)</sup>	21.6	3,663.4	0.6	47.11	193.27	0.24
Other professional services	10.8	1,819.4	0.6	23.58	95.99	0.25
Pharmaceuticals	28.8	4,339.5	0.7	62.82	228.94	0.27
Benefit-paid items	6.7	834.1	0.8	14.63	44.00	0.33
All other pharmaceuticals	22.1	3,505.4	0.6	48.19	184.94	0.26
Aids and appliances	14.2	2,324.8	0.6	30.93	122.65	0.25
Services for older people	7.7	792.4	1.0	16.75	41.81	0.40
Patient transport	0.3	7.7	0.5	0.56	2.94	0.19
Health administration (nec)	3.7	800.2	0.5	8.06	42.21	0.19
Other health services (nec) <sup>(c)</sup>	6.2	344.7	1.8	13.46	18.18	0.74
<b>Total</b>	<b>120.8</b>	<b>21,609.5</b>	<b>0.6</b>	<b>263.44</b>	<b>1,140.06</b>	<b>0.23</b>

(a) Includes public (psychiatric) hospitals.

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

(c) Includes health research and other health services (nec).

Source: AIHW Health expenditure database.