Appendix 1: Scope of report

The meaning of ‘health’

Words in different contexts and in different communities can have quite different meanings, and this is to be expected. There is, for example, no one correct meaning of the word ‘health’. Dictionaries reflect this and provide several meanings for ‘health’.

In order to aid communication, it is helpful to agree on the meaning of the word ‘health’ when used in a particular context. In the case of this report, a narrow understanding of the words ‘health’ and ‘health services’ has been taken so that the expenditure data contained in the report is as comparable as possible. This report’s definition used is different from ‘health’ as defined by the National Aboriginal Health Strategy Working Party (NAHSWP 1989)—

> Health is not just the physical well-being of the individual, but the social, emotional, and cultural well-being of the whole community. This is a whole-of-life view and it also includes the cyclical concept of life-death-life.

The NAHSWP definition of health is quite rightly used in setting policy with regard to Aboriginal and Torres Strait Islander health. A more narrow definition has been used in this report to attempt to describe the expenditure on health services for Aboriginal and Torres Strait Islander people in comparison with that for non-Indigenous people. In order to explain more fully the definition of ‘health services’ used in this report, three possible understandings of ‘health services’ are described below—health services 1, health services 2 and health services 3.

Health services 1 is the definition used in this report.

Health services 1 refers to services where the primary purpose is to diagnose, or treat pathological conditions, or restore the function of the human body that has been affected by disease or injury, or to prevent injury or disease.

Health services 2 refers to services where the primary purpose is to enhance the participation of people in society who have activity limitations that have been, or are due to disease or injury. The primary purpose is not to change the physical or psychological functioning of the body, though these services may have some impact on physical or psychological functioning. Health services 1 is excluded from this category.

Health services 3 refers to services where the primary purpose is to bring about ‘a state of complete physical, mental and social well-being’. This is the 1946 World Health Organization (WHO) definition of health (and very similar to the NAHSWP definition of health). This definition emphasises that the health achieved here is not merely the absence of disease or infirmity. This concept of health is a broad concept and closely corresponds to what others call ‘well-being’ or ‘life satisfaction’ and to

what economists call 'utility'. Health services 3 is defined here to be exclusive of health services 1 and health services 2.

These definitions of 'health services' can be related to the WHO classification ICIDH Beta 2 draft International Classification of Functioning and Disability (WHO 1999).

Health services 1 relates to the impairment dimension of the ICIDH. Impairments are problems in significant losses in body function or structure. They can involve an anomaly, defect, loss or other significant deviation in body structures. They represent a deviation from certain generally accepted population standards in the biomedical status of the body and its functions.

If the primary purpose of the activity is to remedy impairment, then the activity is health services 1. This is often referred to as activities that change functioning 'within the skin'.

Health services 2 relates to the limitation dimension of the ICIDH, e.g. services such as wheelchairs and taxi services for people with paraplegia to enable mobility.

Health services 3 relates partly to the participation restriction dimension of the ICIDH. In the ICIDH, participation restrictions are defined to be limitations due to disease or injury. But the domains of participation can be applied to limitations due to other causes.

It would have been possible to define the above health service categories as overlapping, e.g. health services 1 could have been defined to be a subset of health services 2, and health services 2 could have been defined to be a subset of health services 3. However, the use of the words 'primary purpose' and other exclusion clauses in the definitions above make the categories mutually exclusive, and this was done so these definitions can be related to the Government Purpose Classification (GPC).

An employment creation program would be classified as health services 3 because the primary purpose of the program is to enhance social and economic well-being. A consequence of the program (and hence a secondary purpose) is an improvement in the physical and mental health (narrowly defined) of the participants, but the primary purpose is broader.

Child protection activities could be classified as health services 2 or health services 3. It would be health services 2 if it was considered the children have activity limitations due to injury or threat of injury and the primary purpose of the child protection is to remove the activity limitations. But it could be considered that the primary purpose of removing the threat of injury was to bring about a state of complete physical, mental and social well-being in which case the child protection would be health services 3.

The GPC is a means of classifying all government expenditure according to the principal purpose of the expenditure. It is a mutually exclusive classification so that an expenditure classified to one category cannot also be classified to another category. These Government Purpose categories can be distributed according to the below schema of 'health services'. The major categories are listed in Table A1.1 below.

Table A1.1: Government Purpose Classification in relationship to health services

Government Purpose Classification (GPC) code	Name of GPC category	Type of health services
25	Health	Health services 1
2622	Welfare services for the aged	Health services 2
2623	Welfare services for people with a disability	Health services 2
2621	Child protection part of family and child welfare services	Health services 2
2621	Child care and family support part of family and child welfare services	Health services 3
2629	Welfare services not elsewhere classified	Health services 3
231	Police and fire protection services	Health services 3
232	Law courts and legal services	Health services 3
233	Prisons and corrective services	Health services 3
24	Education	Health services 3
261	Social security	Health services 3
271	Housing and community development	Health services 3
272	Water supply	Health services 3
273	Sanitation and protection of the environment	Health services 3
279	Other community amenities	Health services 3
281	Recreation facilities and services	Health services 3
282	Cultural facilities and services	Health services 3
283	Broadcasting and film production	Health services 3
333	Labour and employment affairs	Health services 3
343	Natural disaster relief	Health services 3
21	General public services	
22	Defence	
29	Fuel and energy	
30	Agriculture, forestry, fishing and hunting	
31	Mining and mineral resources other than fuels, manufacturing, and construction	
32	Transport and communications	
331	Storage, saleyards and markets	
332	Tourism and area promotion	
341	Public debt transactions	
342	General purpose inter-government transactions	
349	Other purposes n.e.c.	

Source: GPC from Australian Bureau of Statistics.
n.e.c.: not elsewhere classified

Most of these expenditure categories fit in one or other of health services 1, health services 2 or health services 3.

This illustrates how central considerations of health are to many government activities, and emphasises that improving health status should be an inter-sectoral effort.

In the Service Activity Report (SAR) completed by ACCHSs, agencies provided a list of the activities they undertook. Many of these activities would be classified to the GPC health category 25, i.e. they would fit under the health services 1 definition. However, some of these activities would be classified to other GPC categories such as 'Housing and community development' or 'Law courts and legal services', so would fit under health services 3.

Table A1.2 sets out some of the activities in the SAR along with the GPC codes to which they would be classified.

Table A1.2: Service Activity Report health-related activity and the Government Purpose Classification

GPC Code	SAR health-related activity	GPC category
25	Clinical health services	Health
25	Access to specialist and ancillary health services at your service	Health
25	Preventive care programs	Health
25	Screening programs	Health
25	Pharmaceutical services	Health
	Health-related and Community Support Services	
25	Group activities	Health
24	School-based activities	Education
25	Transport (e.g. to medical appointments)	Health
25	Attending medical appointments with patients to provide support	Health
25	Meeting patients who have travelled long distances	Health
25	Accommodation for visiting patients	Health
25	Medical evacuation services	Health
2629	Funeral assistance and arrangements	Welfare services not elsewhere classified (n.e.c.)
2629	Deceased transportation	Welfare services n.e.c.
2712	Community development work	Aboriginal community development
282	Cultural promotion activities	Cultural facilities and services
273	Environmental health	Sanitation and protection of the environment
2711	Support for public housing issues	Housing
232	Legal/police/prison advocacy services	Law courts and legal services
2629	Homelessness support and temporary shelter services	Welfare services n.e.c.
2629	Welfare services and food provision	Welfare services n.e.c.
2623	Services for people with disability	Welfare services for people with a disability
25	Men's health groups	Health
25	Women's health groups	Health

(continued)

Table A1.2 (continued): Service Activity Report health-related activity and the Government Purpose Classification

GPC Code	SAR health-related activity	GPC category
25	Detoxification	Health
2622	Services for older people	Welfare services for the aged
261	Centrelink	Social Security
25	Bush medicine/bush tucker	Health
	Emotional and Social Well-being	
26	Emotional and social well-being services	Welfare services
26	Grief and loss counselling	Welfare services
26	Family counselling	Welfare services
26	Family violence counselling	Welfare services
26	Youth activities and youth counselling	Welfare services
25	Substance misuse counselling and promotions	Health

Source: GPC from the Australian Bureau of Statistics.

There are many social determinants of health such as unemployment, low income, poor working conditions, limited educational skills, fractured family relationships and oppressive social conditions and attitudes. Where should activities to ameliorate such factors be classified? Most of these activities—such as actions to reduce unemployment, income support to reduce poverty, and education to improve skills and functioning—are part of health services 3. They are not part of health services 1 or 2. It is true that changes to these social determinants of health will lead to improvements in the physical and mental functioning of people, but the primary purpose of these activities is not to change physical and mental functioning, but to change the social factors themselves. Changing the social factors will improve health, even in the narrow sense of 'health', but the primary purpose of the activity is not concerned with improving narrow health. It is concerned with improving social, emotional, physical and cultural well-being.

The GPC is a means of monitoring Government expenditure in all areas that affect Aboriginal and Torres Strait Islander health, and because of its structure it is comprehensive and enables valid comparisons to be made. This Aboriginal and Torres Strait Islander health services expenditure report focuses on health services 1—which is defined by GPC category 25. Comparisons of health services for the Aboriginal and Torres Strait Islander population and the non-Indigenous population are made. The definitions for GPC category 25 are applied regardless of whether the expenditure is carried out by a health sector or welfare sector or other organisation. It is only the nature and primary purpose of the activity that is relevant to determining where a particular activity is allocated.

Ideally comparisons would also be made for the other GPC categories which are relevant to Aboriginal and Torres Strait Islander health, such as education, community development and welfare services, but this report is not able to

undertake that task. This work has partially been done in the Commonwealth Grants Commission draft inquiry into Indigenous funding.

Primary and secondary/tertiary care

For the purposes of this analysis, those health practitioners who have first contact with people provide primary health care. Included in primary health care are general practitioners (GPs) and all community and public health services. Secondary/tertiary health care is provided by those to whom primary health care workers refer people—i.e. they are a secondary or tertiary point of contact for health services. These include admitted patient care, specialist care and diagnostic services. The allocation of expenditures to primary and secondary/tertiary care is displayed in Table 1.7.

Expenditure for Aboriginal and Torres Strait Islander people

Primary expenditures included all allocations to community health and public health, all Medicare outlays on GP services and GP pathology, 90% of the cost of PBS drugs and appliances, and 50% of the costs for non-admitted patients and patient transport.

Secondary/tertiary expenditures include all allocations to acute-care institutions for admitted patients, mental health institutions, high-care residential aged care and all Medicare expenditures on specialists and diagnostic imaging. It also includes 50% of the cost for non-admitted patients and patient transport and 10% of the cost of Pharmaceutical Benefits Scheme (PBS) drugs.

Expenditure for non-Indigenous people

Non-Indigenous primary and secondary expenditure is split in a similar way to that of Aboriginal and Torres Strait Islander people.

Primary expenditure includes all allocations to community and public health and all outlays for GP services and GP pathology. Also included in primary expenditures are 90% of PBS drug outlays, 50% of the allocations to acute-care institutions for non-admitted patient services and 20% of the cost of patient transport.

Secondary expenditures on non-Indigenous people include all expenditures on admitted patient services in acute-care institutions, mental health institutions, high-care residential aged care and all outlays on specialist consultations and diagnostic imaging. The remaining 80%, 50% and 10% of patient transport, non-admitted patients and PBS drugs respectively are also defined as secondary health care for non-Indigenous people.

Table A1.3: Composition of areas of expenditure, by sector, 1998–99

Expenditure category by program	Composition
State/Territory Government	
Acute-care institutions	
Admitted patient services	Includes designated psychiatric units, nursing home type patient care and other admitted patient services. (Includes DVA-funded patients)
Non-admitted patient services	Accident and emergency services, outpatient services and other non-admitted patient services
Mental health institutions	Public psychiatric hospitals and psycho-geriatric nursing homes
High-care residential aged care	The high-intensity care component of residential aged care homes which are owned and operated by State Governments
Patient transport	
Community and public health	Community health, community mental health, dental services and public health
Health research	Health research in acute-care institutions and other health research
Administration	Central administrative costs of health authorities
Local government	
High-care residential aged care	The high-intensity care component of residential aged care services which are operated by local governments
Community health	Community health, community mental health and dental services provided by local governments
Public health	Public health services such as environmental health inspection provided by local governments
Commonwealth Government	
Public acute-care institutions—blood fractionation products	Provision of blood fractionation products, mainly for admitted patient services in acute-care institutions. The Commonwealth Serum Laboratory (CSL) is paid to do this by the Commonwealth Government.
High-care residential aged care	The high-intensity care component of residential aged care services. These services are operated by non-government agencies but most of the expenses are met by Commonwealth Government subsidies. The residential aged care services operated by State and local governments and partly funded by Commonwealth Government subsidies are included in State and local government programs
Medicare—medical	Medical services subsidised by Medicare
Medicare—optometrical	Optometrical services subsidised by Medicare
Medicare—dental	Dental services subsidised by Medicare
Other medical services	Medical services (non-Medicare) supported by the Commonwealth such as Practice grants for GPs and financial assistance for life-saving medical treatment
Pharmaceutical Benefits Scheme (PBS)	Pharmaceuticals subsidised by the PBS
Patient transport	Funding for the Royal Flying Doctor Service (RFDS)
Community health—Indigenous specific	Funding for Aboriginal Community Controlled Health Services (ACCHSs) and Aboriginal Coordinated Care Trials
Community health—other	Programs including health care access for survivors of torture and trauma, and services to rural, remote and other special needs groups

(continued)

Table A1.3 (continued): Composition of areas of expenditure, by sector, 1998–99

Expenditure category by sector	Composition
Public health	
Health research	National Health and Medical Research Council funding for health research, payments to CSL for antivenom production and influenza research, international search for unrelated bone marrow, social and economic microsimulation modelling, and funding for the Australian Institute of Health and Welfare
Administration	
Private sector	
Private hospitals	
Dental and other professional services	Includes private dental, physiotherapy, naturopathic, chiropractic and other health professional services
Non-PBS medicines and appliances	Non-PBS medicines include the non-subsidised PBS drugs ('under $20 drugs'), private scripts, over-the-counter pharmaceuticals, vitamins and minerals and herbal preparations. Appliances include devices such as spectacles, hearing aids, wheelchairs, bandaids, etc.
Medical (compensable, etc.)	Medical services for workers compensation and third-party insurance patients
Administration	Administration costs of private health insurance funds

Expenditure estimates

The expenditure estimates in this report for the total population are based on recurrent health data from the AIHW Health Expenditure Database, but differ in some respects to the data published the Health Expenditure Bulletins. For example, the expenditures in this report do not include that portion of health research which is funded by the universities from their own internal resources. Also the data in *Health Expenditure Bulletin 17* is based on more up-to-date data than the estimates in this report, and uses more accrual data than this report which for government expenditure is largely on a cash basis. In addition the presentation of the data in this report is different, as much of the data here are based on expenditure by Commonwealth, State, local government or private sector program, whereas the Health Expenditure Bulletin presents data by area of expenditure and source of funds. The relationship between expenditure described by program as compared to by area of expenditure is detailed in Table A1.3.