

Summary Report Of Saudi Health Accounts 2019 - 2021

OCT 2022

Saudi Health Council

National Health Information Center

Kingdom of Saudi Arabia

Abbreviations

AH	Arabic Hijrī
CHE	Current Health Expenditure
CHI	Council of Health Insurance
FP	Factors of Provision
FS	Revenues of Financing Schemes
GDP	Gross Domestic Product
GGHE	General Government Health Expenditure
HC	Health care functions
HF	Financing schemes
HP	Healthcare Providers
KSA	Kingdom of Saudi Arabia
ICHA	The International classification for health accounts
MoH	Ministry of Health
MOF	Ministry of Finance
n.e.c.	Not elsewhere classified
NHA	National Health Accounts
NPISH	Non-Profit Institutes Serving Households
OECD	The Organization for Economic Co-operation and Development
OOP	Household expenditures on health - Out-Of-Pocket
PFCE	Private Final Consumption Expenditure
SR	Saudi Riyal
THE	Total Health Expenditure
SHA 2011	System of Health Accounts, completed in 2011
SHC	Saudi Health Council
SDGs	Sustainable Development Goals
UN	United Nations
UNICEF	United Nations International Children's Emergency Fund

US\$	United States Dollar
WHO	World Health Organization

Glossary

Ambulatory care providers: comprising entities that are primarily engaged in providing health care services directly to patients in an outpatient and/or primary health care settings. This includes as well general medical practitioners and medical specialists who are providing the services in outpatients clinics, primary health care centers, day-cases and home care services.

Ancillary Services: A variety of services such as laboratory tests, diagnostic imaging and patient transport, mainly performed by paramedical or medical technical personnel with or without the direct supervision of a medical doctor.

Capital Formation: Investment in health care facilities and equipment creating assets typically used over a long period of time.

Curative Care: Medical and paramedical services delivered during an episode of curative care. An episode of curative care is when principal medical intent is to relieve the symptoms of injury or illness; to reduce severity of an illness or injury; or to protect against exacerbation and/or injury which could threaten life or normal function. This includes Ambulatory, outpatient, inpatient, and Emergency episodes.

Current Health Expenditure (CHE): Comprises all services such as curative care, rehabilitative care, prevention and public health, and ancillary health care. It also includes expenditures made for the administration of these services, drugs and medical goods that are provided for the public, as well as salaries and fees of health personnel. It excludes investment expenditures.

Financing agents (FA): Institutional, public or private units that manage health financing schemes.

General government health expenditure (GGHE): Covers all general government entities that produce or purchase health care services.

Gross domestic product (GDP): The value of all goods and services provided in a country by residents and non-residents without regard to their allocation among domestic and foreign claims.

Factors of provision (FP): The types of inputs used in producing the services or activities conducted inside the Health Accounts boundary.

Health care financing schemes (HF): Components of a country's health financial system that use the funds to pay for, or purchase, the activities inside the health accounts boundary.

Health care functions (HC): services provided and activities performed within the health accounts boundary.

Health care providers (HP): Entities that receive fund in exchange for or in anticipation of producing the activities inside the health accounts boundary.

Out-of-pocket (OOP) expenditure: Direct payments of households, including gratuities and payments in-kind, made to health practitioners and suppliers of pharmaceuticals, therapeutic appliances, and other goods and services within the health care boundaries. Includes household payments to public services, nonprofit institutions or non-governmental organizations, but excluding Insurance Copayment by patients which would be covered under other funding sources.

Providers of health care system administration and financing: comprises entities that are primarily engaged in regulating the activities of agencies that provide health care and in the overall administration of the health care sector, including the administration of health financing.

Retailers and other providers of medical goods: comprises of specialized establishments whose primary activity is the retail sale of medical goods to the general public for individual or household consumption or utilization; includes (i) pharmacies, (ii) retail sellers and other suppliers of durable medical goods and medical appliances and (iii) all other miscellaneous sale and other suppliers of pharmaceuticals and medical goods

Revenues of financing schemes (FS): Revenues of health financing schemes received or collected through specific contribution mechanisms.

Total Health Expenditure Expenditure that arises out of the addition of investment expenditures to current health expenditures (CHE + Capital Formation).

1. Introduction:

1.1 National Health Accounts

Health accounts' health expenditures encompass all activities whose primary purpose is to restore, improve, and maintain health for the nation and for individuals during a defined period of time (WHO, 2000). Records of expenditures for these activities, or a basis for estimating them, are required regardless of the type of institution or financing entity, which includes traditional, complementary, and alternative medicine. It also includes preventive and long-term care. Health accounts also track the flow of health resources by using financial data compiled from various entities in the health system.

1.2 System of Health Accounts

A System of Health Accounts 2011 (SHA 2011) is a tool developed by World Health Organization (WHO) to track and review the flow of total health funding and/or spending by individual country with respect to health care provision and delivery within Governmental and Private Health Care Sectors, third sector, and direct payment through OOP. SHA 2011 is used to support member state countries of World Health Organization to make the concept of health accounts more adaptable to rapidly evolving health systems around the world by further enhancing the cross-country comparability of health expenditure and financing data and thereby increasing the information base for its analytical use. SHA 2011 is an international framework that improves accountability and governance of health resources by defining standard criteria for classifying expenditures and answering policy-related questions about how resources are mobilized and managed.

1.3 Purposes and objectives of the SHA 2011

SHA 2011 provides a standard for classifying health expenditures according to the three axes of consumption, provision and financing. It gives guidance and methodological support in compiling health accounts. More specifically, the purposes of the System of Health Accounts 2011 are to:

- Provide a framework of the main aggregates relevant to international comparisons of health expenditures and health systems analysis;
- Provide a tool, expandable by individual countries, which can produce useful data in the monitoring and analysis of the health system;
- Set an approach that better reflects the complex and changing systems of health care financing.
- Eliminate ambiguities regarding some of the financing categories.
- Providing new approaches for country-specific analysis and is sufficiently flexible to accommodate future changes.
- Define internationally harmonized boundaries of health care for tracking expenditure on consumption.

In order to pursue these purposes, SHA 2011 provides the basis for collecting, categorizing and estimating all the monetary flows related to health care expenditure.

1.4 **The main goal and the specific objectives of this report**

The main goal of this report is providing a tool to track and monitor health spending in Kingdom of Saudi Arabia, looking at different perspective of health financing, across multiple streams, regardless of the entity or institution that financed and managed that spending.

The main objectives is to support healthcare leaders and policy makers in Saudi the opportunity to improve planning and allocation of resources throughout the healthcare system, thereby increasing efficiency and accountability.

Specifically, the NHA is expected to answer the following policy questions:

- How are resources mobilized and managed for the national health system?
- Who pays and how much is paid for health care?
- Who provides goods and services, and what resources do they use?
- How are health care funds distributed across the different services, interventions and activities that the health system produces?
- Which health providers benefit from health care expenditure?

2 Methodology

2.1 System of Health Accounts (SHA2011)

Health resources tracking is the process of measuring health spending and the flow of financial resources among health sector actors. Health resource tracking is a vital component of health systems strengthening as it provides stakeholders with information on the value of health care products and services purchased and patterns in the financing, provision, and consumption of health care resources. The System of Health Accounts - SHA 2011 is a statistical reference manual giving a comprehensive description of the financial flows in health care. It provides a set of revised classifications of health care functions, providers of health care products and services and financing schemes. The SHA classifications build on common concepts, boundaries, definitions and accounting rules for measuring consumption of health care services. The use of SHA clearly enhances the coherence and comparability of health care expenditure statistics over time on the national and international levels.

Based on the ninth article of the mandate of the National Health Information Center issued by the Council of Minister's Resolution No. 333 dated 10/19/1434 AH, the National Health Accounts Unit was established on 1/1/1437 AH, and its main task is to develop national health accounts systems that help track health expenditures and promoting the concept of cost accounting, health economics, and optimal use of resources. This unit also works on developing and supervising these accounting systems and principles and enabling their application into health authorities in the governmental and private sectors in the Kingdom. To achieve this main goal, the study was developed following the World Health Organization's methodology "System for Health Accounts 2011 (SHA 2011)" which uses a tri-axial recording of each transaction to enable understanding of resource flows between financing, provision, and consumption.

2.2 Data Collection

The health accounts study for fiscal year of 2019, 2020, and 2021 was conducted to support the health strategic planning in the KSA and providing data for health-financing policy analysis, reforms and strategies in order to attain national health development goals and objectives such as universal health coverage.

The data collection was directed to gather data from all the main sources which can be involved in the health systems in KSA, specially the ministry of finance covering all governmental ministries and agencies, health insurance and households. The data collection is the primary and most important step for the study, and the approach of data collection was different for different fields of study, depending on the required information. The most critical objective of data collection is ensuring that information-rich and reliable data is collected for statistical analysis so that data-driven decisions can be made for the study. Survey templates as maintained by WHO were reviewed and tailored to be compatible and consistent with the Saudi health care delivery system, then distributed to all data sources to be used to collect data directly from the respondents.

According to the health system profile in KSA, the expenditures on health were tracked from the following sources:

1. Governmental Sector (All health Care Providers and Gov. entities)
2. Health Insurance by CHI
3. Household expenditures on health (OOPs)

The NHA team developed simple data collection sheet that can be answered by the data sources and covered all the requirements to complete the study, and the team tracked the data from difference sources to conduct the double check and to ensure the quality of data, so the data which was collected from:

- **Government sources:** The team collected data from the ministry of finance and MOH in addition to collect the data from some entities to compare between the data which was shared by the MOF and from the source itself using the data collection sheet.

- **Health Insurance:** the team tracked the data of the compulsory insurance from the Council of Health Insurance (CHI) as the data is updated for the fiscal year 2019, 2020, and 2021.
- **Household expenditures on health (OOPs):** for this component of Health Expenditure, NHA team in NHIC have reviewed various options in how to calculate it. In Saudi, payment systems and options are very advanced comparing to many countries around the world. Health care services consumers have different options to pay for health services such as direct cash, Mada, Visa, MasterCard and other credit cards, online shopping, and in-app purchases. Therefore, using data sources from Saudi Central Bank financial reports could not be accurate and reflecting the real situation of OOP in Saudi since these data would be impacted by the inclusion of Copayment during clinical visits and episodes. While this significant component of any Health Expenditure require a national survey exercise which usually conducted by General Authority of Statistics in most countries, and due to lack of such data for the said years. The NHA team in collaboration with the technical team from WHO have conducted an extrapolation using the following methodology:
 - Review the results of the World Health Survey which was conducted on 2019 by Ministry of health
 - Identify the figures of the Private Final Consumption index (PFCI) for the years of 2018, 2019, 2020, and 2021
 - Calculate the growth rate of PFCI from a year to another in which it will be multiplied by the OOP of the preceding year

Data Quality:

NHA Team has set 3 main quality principles to be applied throughout various stages of data processing as follows:

- **Completeness:** Level at which desired data attributes are supplied. The HA team organized the exceptional effort to collect the data covering all required sources and for each data sources the team tried to collect the data from different source to conduct the double check and choose the validated figure.
- **Credibility:** Extent to which data is considered credible and true.
- **Consistency:** Assesses whether various dataset facts match.

Factors associated with data quality

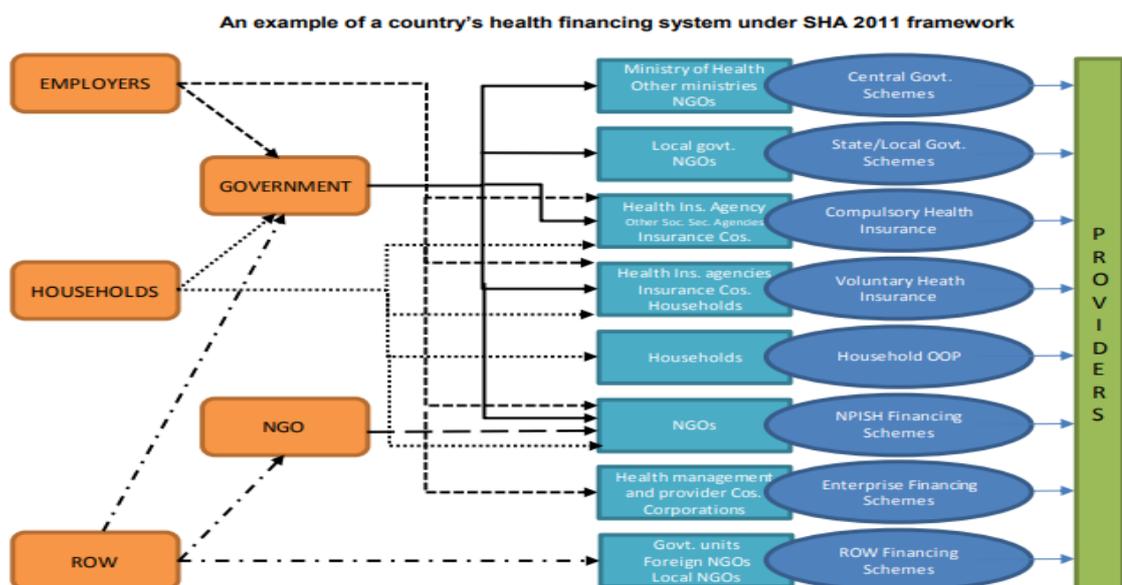
- Scope of 'health' expenditure (boundary)
 - It is necessary to delineate a common boundary of the health care system that will permit international comparisons concerning both the amount and the structure of expenditures for health care goods and services. Central to the framework are three classifications related to health care functions, provision and financing, which will be subsequently referred to as the core classifications or the core framework. Other classifications complement these. In total, SHA 2011 distinguishes three main groups of classifications:¹
 - The core framework, encompassing the three classifications that measure current health care expenditure by functions, providers and financing schemes;
 - Capital formation, with its related classification of assets;
 - And other classifications that allow for the compilation of additional indicators in the extension of the core accounting framework.

Analysis Tool

Following System of Health Accounts 2011 (SHA 2011), there are improved change of the health financing systems to get better mobilization and allocation of the resources necessary to meet current and future health needs of the population has led countries to introduce new mechanisms for the raising, pooling and purchasing functions, as well as more innovative institutional arrangements. The aim of any accounting framework is to mirror such structures, enabling health accountants and analysts to obtain a clear picture of health care financing and provide policy-relevant information concerning the structure and flows of funds. Resulting indicators – comparable both across countries and over time – can contribute to an assessment of how health care financing systems ultimately perform. In this sense, the new financing framework under A System of Health Accounts 2011 can be regarded as bringing the statistics in line to meet the changing reality.²

For illustration purposes, the following graph is demonstrating an example of the financing system of the health system under the systems of the health accounts 2011.

Figure 1: Financing system as per SHA 2011



The tool that was used to analyze the data is the Health Accounts Production Tool (HAPT) which is a software application developed by USAID and WHO that supports member state countries undertaking a health accounts exercise. The HAPT facilitates the production of health accounts by mapping national health expenditures by the SHA 2011 core and any defined country-specific classifications. The Health Account Analysis Tool complements the HAPT by automatically producing graphs and charts for informing the policy process. Both tools are available for download from the WHO website (WHO, 2016).³

The HA team at National Health Information Center (NHIC) followed SHA2011 classifications to develop the following tables:

1. Revenues of financing schemes by financing schemes [FSXHF] table. This table shows the revenues by type received by schemes and answers “how are revenues mobilized, and which schemes are used”
2. Financing schemes by Health care providers [HFXHP] table. This table shows the flow of funds from the managing schemes to the health care providers, and answers “which schemes funds who?”
3. Financing schemes by Health care functions [HFXHC] table. This table shows the flow of funds from the financing schemes to the health care services purchased for these funds, and it answers “which schemes are used?”
4. Health care providers by Health care Functions [HPXHC] table. This table shows the CHE by type of provider and by function. It shows how expenditures on different health functions are channeled through the various types of providers, and answers “who provides what?” This table provides a summary perspective of the health market in a country, i.e. what is the structure of its health care needs and who are the providers involved.
5. Factors of provision by Public and private provider group [FP] table. This table shows the cost of resources used to produce the health care functions purchased. It is a key monitoring tool in determining overall system performance, and it provides a basis for the analysis of the efficiency of production and resource use.

3 General findings

Key indicators as results of HA 2019, 2020, and 2021:

National health accounts traces the financing flows of the agents who decide on the use of the funds. NHA strategy is to track records of transactions, without double counting and in order to reaching a comprehensive coverage.

Health financing is a critical component of health systems. National health accounts provide a large set of indicators based on information about expenditure collected within an internationally recognized framework. These accounts are a synthesis of the financing and spending flows recorded in a health system's operation, from funding sources and agents to the distribution of funds between providers and functions of health systems.

These indicators reflect government and total expenditure on health resources, access and services, including nutrition, in relation to government expenditure, the country's wealth, and the population.

For Calculating the OOP, and due to the lack of health household surveys for the years 2020 and 2021 as mentioned earlier, *the teams in the national health accounts, and the General Administration of Statistics at the Ministry of Health*, worked together on **methodology for calculating the household and out-of-pocket expenditures (OOP) on health services in the Kingdom of Saudi Arabia for the years 2020 and 2021.**

According to the Global Health Survey 2019, which was recently launched by the Ministry of Health. The results showed that the average household expenditure on health is approximately **191 Saudi Riyals monthly**, which is equivalent to **2,292 Saudi Riyals annually**. Considering the number of families participating in this survey, which is 9,339 families and a total of 34,902 individuals, the average number of members per family is approximately 4 persons. Therefore, Estimates the per capita expenditure for the year 2019, as follows:

- Total per capita expenditure for the year 2019 (Total OOP) = (monthly household expenditure * 12) / average number of family members under study * number of populations for the year 2019

$$34,218,169 [4 (12 191)] = 34,218,169 573 = 19,607 \text{ billion riyals}$$

Constitutes about *12% of the total Saudi health spending for the year 2019.*

- The values of private final consumption for the years relevant to the study were determined by reviewing the data published on the General Authority for Statistics website is as follows:

. Year 2019 = 938,161 Saudi riyals.

. Year 2020 = 887,150 Saudi riyals

. Year 2021 = 944,789 Saudi riyals

- Estimating of household expenditure on health for the year 2020, calculates the variable in private expenditure between 2019 & 2020 then multiply by the household expenditure on health for the year 2019:

$$\text{OOP 2020} = ((\text{PE 2020}/\text{PE 2019}) \text{ OOP 2019})$$

$$= (887,150/938,161) * 19,607 = 0.9456 * 19,607 = 18,540 \text{ SR (in billion)}$$

Constitutes about *11% the total Saudi health spending for the year 2020.*

$$= 18,540 / \text{total population (TO CALCULATE PER CAPITA OOP)}$$

$$= 18,540 / 35,013,414 = 529.5 \text{ SR (in 2020)}$$

- Estimating of household spending on health for the year 2021, calculates the variable in private spending between 2020 & 2021 then multiply by the household spending on health for the year 2020:

$$\text{OOP 2021} = ((\text{PE 2021}/\text{PE 2020}) \text{ OOP 2020})$$

$$= (944,789 / 887,150) * 18,540$$

$$= 1.06497 * 18,540 = 19,744 \text{ SR (in billion)}$$

Constitutes about *10.3% of the total Saudi health spending for the year 2021*

$$= 19,744 / \text{total population (TO CALCULATE PER CAPITA OOP)}$$

$$= 19,744 / 34,110,821 = 578.7 \text{ SR (in 2021)}$$

Table 1: General Health Expenditure Indicators:

Item	2019	2020	2021
Population ⁵	34,218,169	35,013,414	34,110,821
GDP (in SR Trillion)	2,641,937	2,602,469	3,084,098
GDP/Capita	77,208	74,327	90,414
THE (in SR billion)	175,172	184,564	194,401
THE/GDP	6.6%	7%	6.5%
THE/Capita	5,121	5,261	5,699
GGHE (in SR billion)	133,090	143,277	149,657
GGHE/THE	76%	79%	77%
GGHE/GDP	5 %	5.5%	4.9%
GGHE/Capita	3,889	4,092	4,387
OOPs (in SR million)	19,607	18,540	19,744
OOPs/THE	10%	10%	11%
Health Insurance (in SR million)	22,475	18,724	31,869
Health Insurance / THE	13%	12%	13%

Table 2: Total Health Expenditure 2019 – 2021:

2021	2020	2019	المؤشر
194,401,594,705	184,564,199,147	175,172,090,137	اجمالي الانفاق الكلي الصحي

Table 3: Percentage of Govt., Private, & OOP Expenditure 2019 – 2021:

2021		2020		2019		المؤشر
TOTAL	%	TOTAL	%	TOTAL	%	
194,401,594,705	100%	184,564,199,147	100%	175,172,090,137	100%	اجمالي الانفاق الكلي الصحي
149,657,594,705	77%	143,277,199,147	78%	133,090,090,137	76%	اجمالي الانفاق الحكومي
25,000,000,000	13%	22,837,000,000	12%	22,475,000,000	13%	اجمالي الانفاق للقطاع الخاص
19,744,000,000	10%	18,450,000,000	10%	19,607,000,000	11%	اجمالي الانفاق الفرد على الصحة من الجيب (OOP)

Table 4: Health Governmental Expenditure by Sector:

Indicators	2019		2020		2021	
	%	TOTAL	%	TOTAL	%	TOTAL
Total Health Expenditure	100%	168,942,000,000	100%	174,177,947,358	100%	201,149,616,748
Total Governmental Expenditure	75%	126,860,000,000	79%	137,003,947,358	74%	149,536,616,748
Total Private Expenditure	13%	22,475,000,000	11%	18,724,000,000	16%	31,869,000,000
Total OOP	12%	19,607,000,000	11%	18,450,000,000	10%	19,744,000,000
MOH	68.3	86,663,839,779	72.0	98,708,848,200	67.1	100,382,526,234
Ministry of Education	1.6	2,082,956,537	1.6	2,220,494,784	0.9	1,397,909,768
KFSH&RD	5.6	7,044,555,710	4.6	6,307,187,026	4.9	7,285,651,958
SRCA	1.6	1,990,199,541	1.4	1,981,372,464	1.6	2,361,173,909
Ministry of Human Resources	0.5	597,201,638	0.5	651,138,891	0.5	711,401,602
Other Gov. Ministries & Agencies	4.6	5,857,384,344	4.4	6,025,030,189	4.4	6,544,894,738

Comparative analysis:

In order to give an overall overview of the Saudi Health financing system, this study focus on comparing current findings with available 2019 regional and international published data, since most countries have not yet released health financial data of the years 2020 & 2021:

Figure 1: Saudi Arabia comparing to other G20 Countries as per THE/GDP:

مقارنة نسبة الإنفاق على الصحة من الناتج المحلي الإجمالي مع دول مجموعة العشرين (G20)

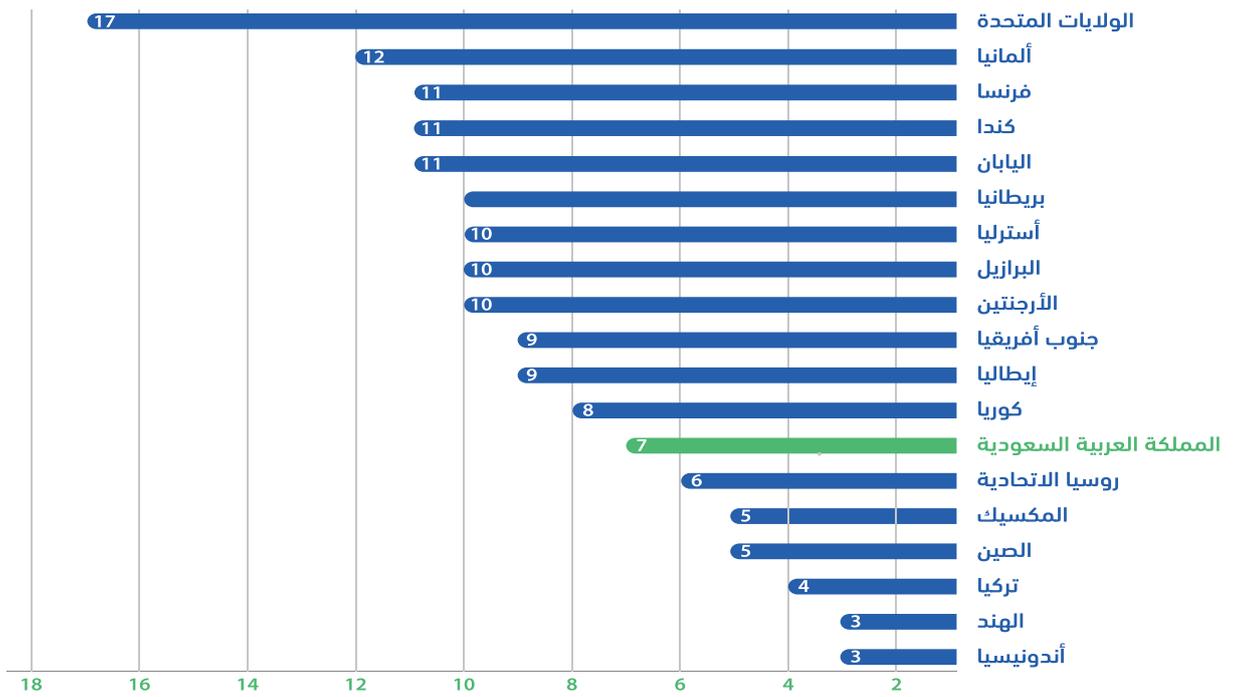


Figure 2: Saudi Arabia comparing to other OECD Countries as per THE/GDP:

مقارنة نسبة الإنفاق على الصحة من الناتج المحلي الإجمالي
مع دول منظمة التعاون والتنمية الاقتصادية OECD

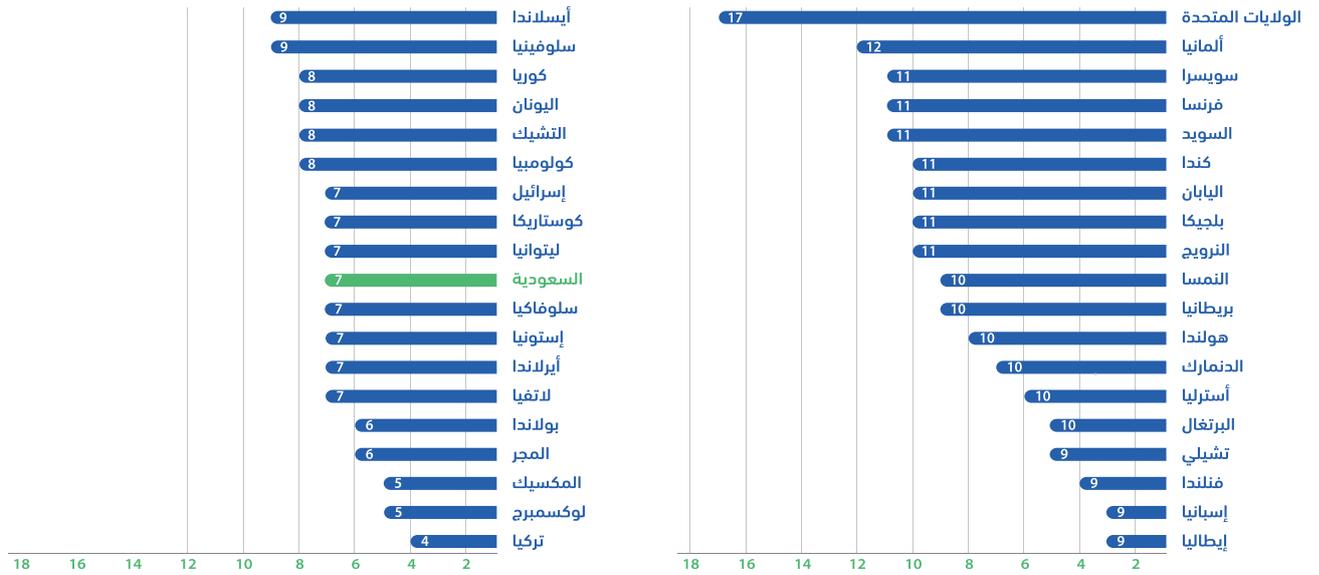


Figure 3: Saudi Arabia in comparison with other Gulf Countries⁴

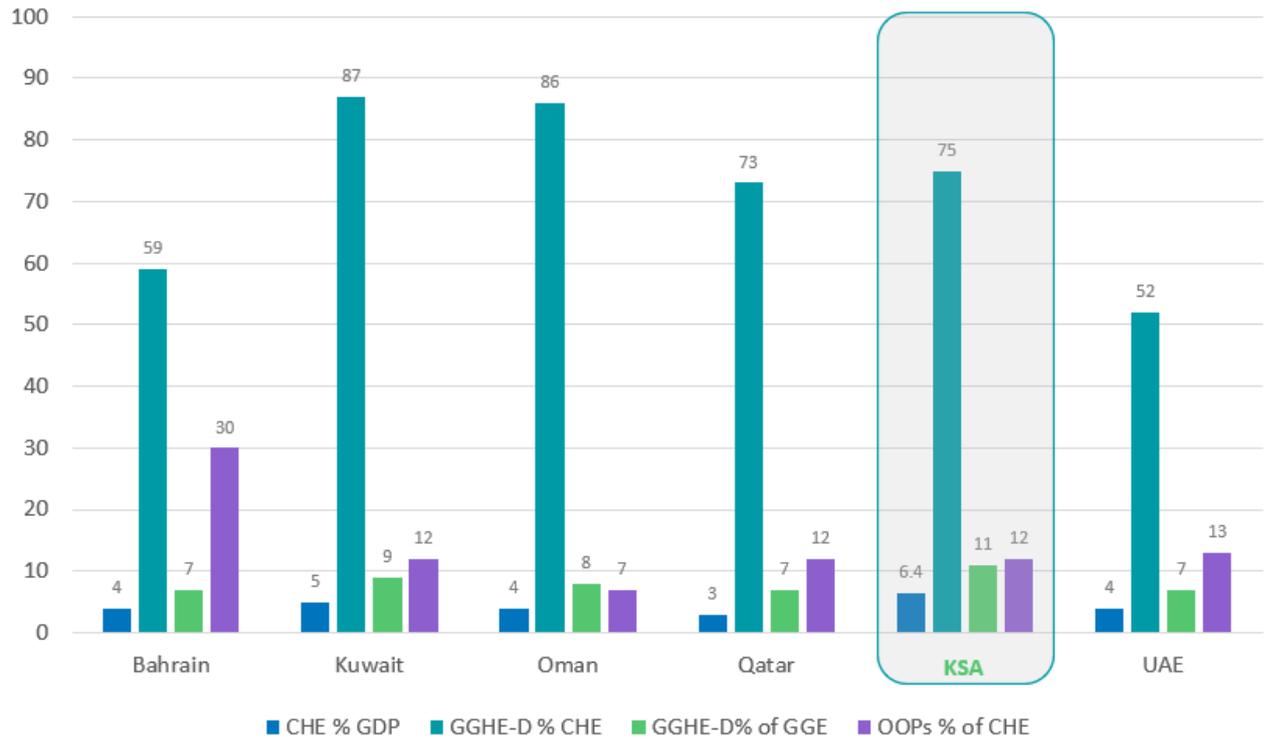


Figure 4: Comparing findings of NHA 2019 with some EMRO Countries

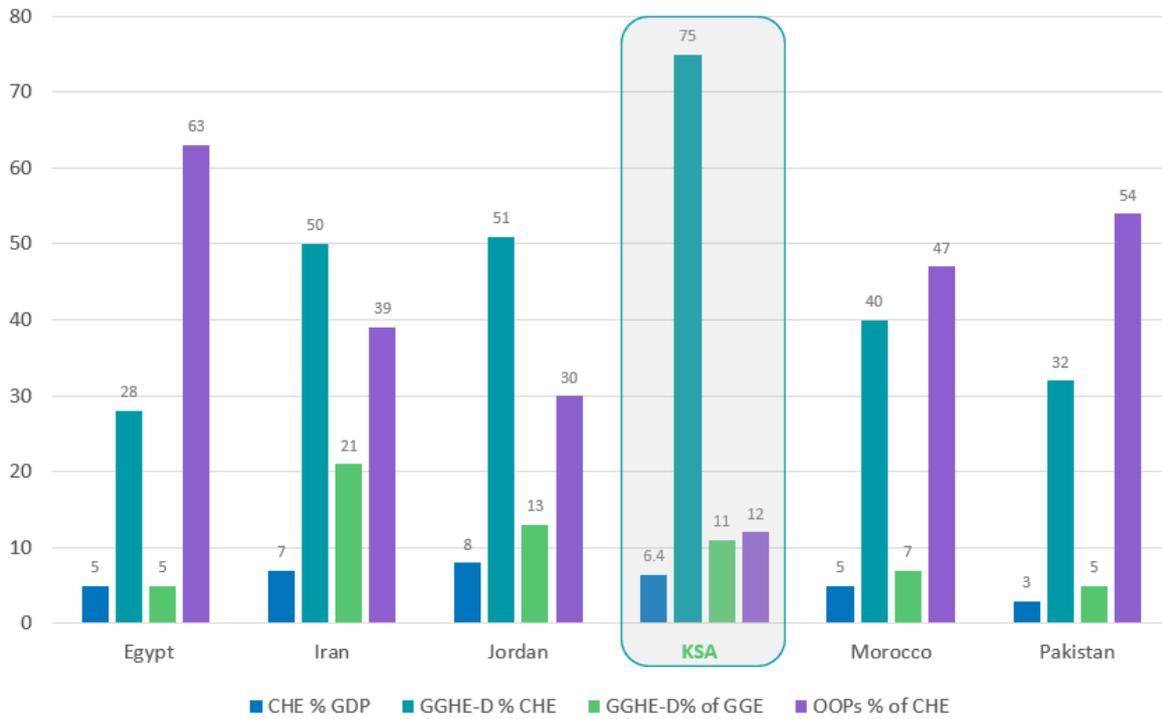
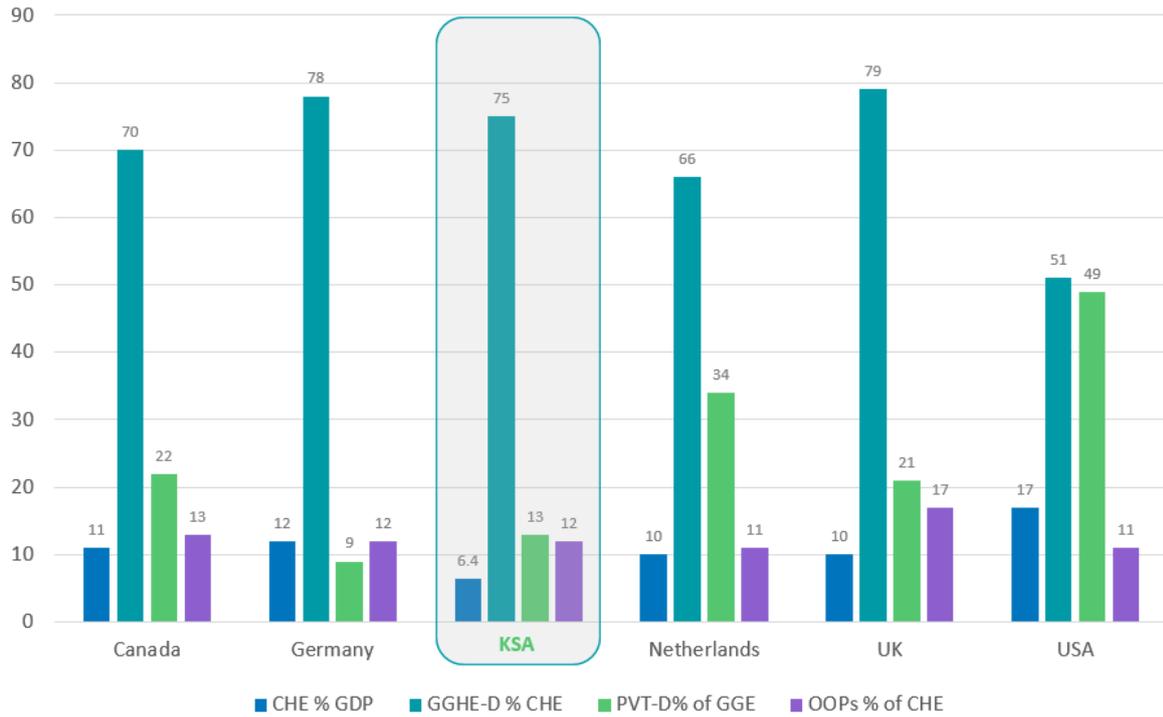


Figure 5: Comparing findings of NHA 2019 with High Income Countries



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