

Relevance and the Design of National Health Accounts

- Hallmark of NIPA's is Relevance:
 - Depression & WWII and the development of national income and gross national product
 - Monetary Policy, changes in technology, inflation, and the development of chain price and improved industry estimates
- Relevance should be our guide in moving forward with health satellite accounts
 - Increasing share of GDP going to pay for increased medical care costs. As baby boomers continue to age, the strains on public funds from programs like Medicare will generate debates on how to best allocate scarce resources to meet the increased demands from the population
 - Our per-capita expenditures are among the highest in the world, raising questions about whether all those health dollars are really needed.
- Future policy discussions would benefit from accurate data on the costs and benefits of treating illnesses.
 - BEA/CMS harmonization of medical care in NIPA's with National Health Expenditure Accounts would help provide a common set of metrics for discussing this set of issues.
 - BEA/CMS work to cross-walk from NIPA medical product and service expenditures to disease-specific cost of treatment could prove quite helpful in projecting future costs by providing a tighter link between the demographics of the population and other factors to the prevalence of diseases and, ultimately, the cost of treating those diseases.
 - BEA/BLS work to further improve medical care prices would help to identify how much of the increase in medical expenditures is increased quantity vs. price of treatment.
 - BEA could develop a satellite account (in the tradition of Cooper and Rice and Mushkin et al.) that would include direct and indirect costs of illness by disease category. These indirect costs are critical when weighing the costs and benefits of treating specific diseases—an important step in allocating scarce dollars.
- BEA estimates, combined with the epidemiological and health-status measurement work by the Cutler/Rosen National Health Accounts effort would quantify how these dollars of treatment translate into increases in welfare.