

MINISTRY OF HEALTH



SEYCHELLES NATIONAL
HEALTH ACCOUNTS REPORT
2013

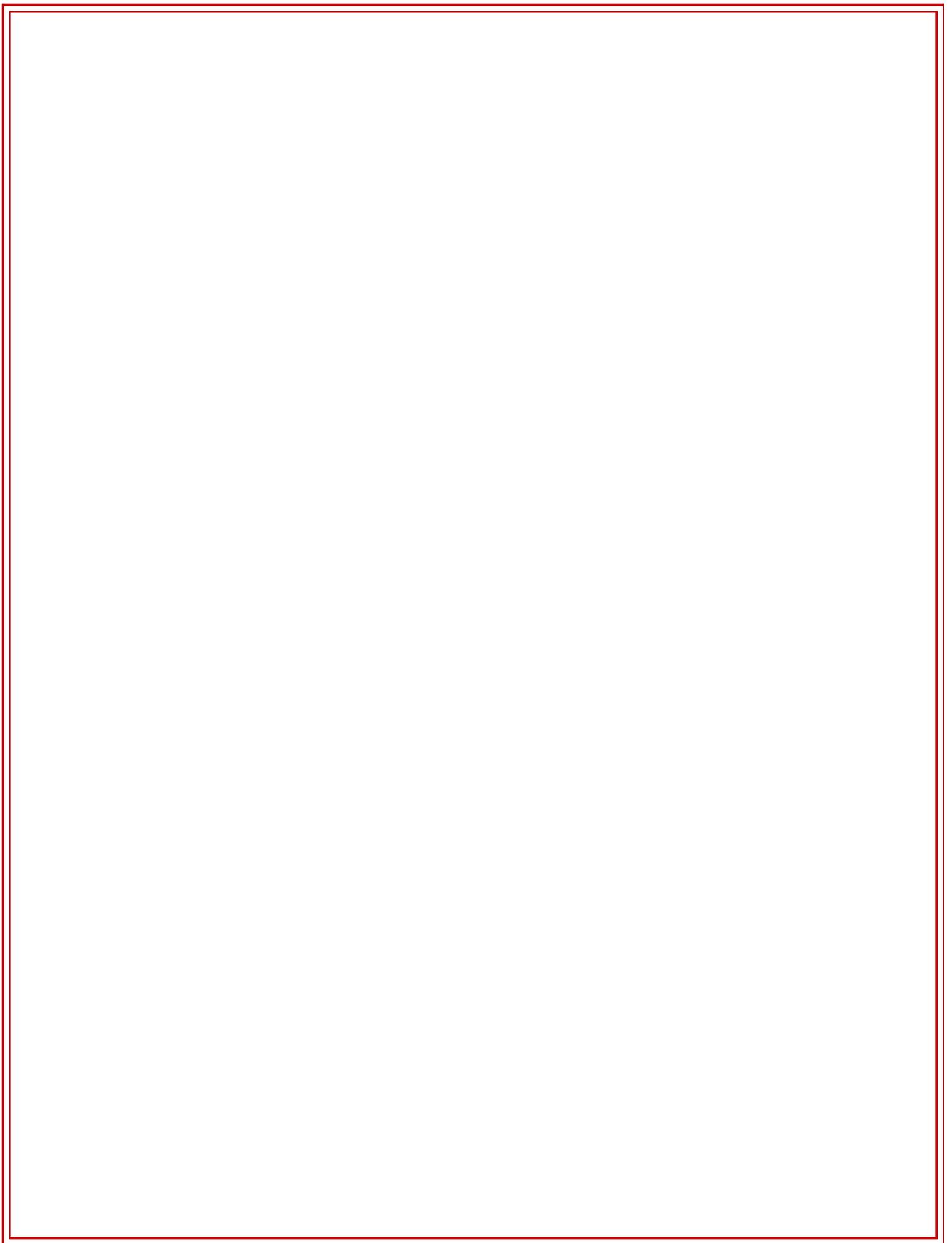


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LIST OF ACRONYMS

CVD	Cardiovascular Diseases
ECSA-HC	East Central and Southern Africa – Health Community
FP	Factors of Provisions
FS	Revenues of Financing Schemes
GDP	Gross Domestic Product
GOS	Government of Seychelles
HC	Health Care Functions
HDI	Human Development Index
HF	Financing Schemes
HK	Gross Capital Formation
HP	Health care Providers
MDGs	Millennium Development Goals
NHA	National Health Accounts
NPI	Non-Profit Institutions
NGOs	Non-Governmental Organizations
OOP	Out-Of-Pocket Payments
SCR	Seychelles Rupees
SHA	System Health Accounts
TCHE	Total Current Health Expenditure
THE	Total Health Expenditure
WHO	World Health Organization

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DEFINITIONS

Revenues of Financing Scheme (FS) revenue-raising mechanisms: “funds received or collected through specific contributory mechanisms. “e.g. collection of various taxes.

Financing scheme (HF) (PAYMENT METHODS) : a financial system in which revenues are used to funds/ pay purchase, health related activities. It is the financing arrangement through which health services are paid for and obtained by people. For examples direct payment by household, and third-party financing arrangement such as health insurance taxation.

Financing agents (FA) : institutional units that manage one or more financing schemes: they collect revenues and/or purchase services under the rules of the given health care financing scheme(s). This includes households as financing agents for out-of-pocket payments.

Health care providers: Health care providers encompass organisations and actors that deliver health care goods and services as their primary activity, as well as those for which health care provision is only one among a number of activities. They vary in their legal, accounting, organizational and operating structures.

Health care functions: Goods and services: The types of goods and services provided and activities performed. Some of these goods, services and activities are curative, rehabilitative and preventive.

Factors of Provision: INPUTS: These are inputs used in the provision of health care. These inputs include labour, capital and materials and external services – to provide health care goods and services. It refers not only to health-specific resources but also to the non-health specific inputs needed to generate health services, all of them equally important for efficiency purposes. Some examples are:

- Labour involved in health care, security, maintenance and other services;
- Capital consumed, including buildings and medical and office equipment;
- Medical materials such as sutures and syringes, as well as non-medical inputs such as electricity, water and cleaning supplies;
- Externally purchased services, which may include laboratory services, legal services and any outsourced support services, such as food preparation for patients, cleaning and security or garden services, administration and so on.

To be able to function, providers also have to cover other expenditure on inputs, such as the payment of taxes (e.g. VAT). Thus, the factors of health care provision account for the total value of the resources, in cash or in kind, used in the provision of health care goods and services. It is equal to the amount payable to health care providers by the financing schemes for health care goods and services consumed during the accounting period.

Spending on factors of provision is related to the current spending for the provision of goods and services. The spending for capital to be used in the provision of future periods should be separated from the use of resources for the current provision of health care, as in the other ICHA classifications.

Gross Capital Formation: Gross Capital Formation (HK) is defined as the types of the assets health providers have acquired during the accounting period and that are used repeatedly or continuously for more than one year in the production of health services.

Total current health expenditure (TCHE): Total Current Health Expenditure.

Total Health Expenditure (THE): Total Health Expenditure = TCHE + Capital Expenditure

ACKNOWLEDGEMENTS

The Ministry of Health acknowledges the cooperation, commitment and support of the Multisectoral Team comprising:

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Special thanks go to Mrs Veneta Cherilova, Health Economist, WHO Geneva who conducted the training and guided the multisectoral team on the SHA 2011, the new NHA methodology that was used in this exercise. She also assisted in the data compilation.

A very special thank you to all the non-governmental, bilateral, parastatal organisations and employers and their staff who took time off to meet with us and provided information for compiling this report.

EXECUTIVE SUMMARY

This report details the results of Seychelles National Health Accounts for the financial year 2013. The only other set of National Health Accounts were compiled for the 2009 financial year. This set of accounts provides information on the distribution of funding for health care from public, private, and donor sources and serves to inform the government on health expenditure trends to improve health system management and resource allocation.

Seychelles has a pluralistic health care system, with different public and private providers and financing agents. The major health care provider is the Government (Ministry of Health). The health service is financed by the government of Seychelles, external sources (donors & rest of the world), parastatals and the private sector (households and NGOs). In 2013, Seychelles spent SCR609.8 million on health care. This is equivalent to 4.5 percent of GDP or SCR5,982 (US\$496) per capita. Out of the Total Health Expenditure, 93 percent was financed by government, 7 percent by the private sector including household out-of-pocket payments, and 0.3 percent from international partners.

The Ministry of Health managed 91.8% of total health spending and other minor financing agents were not-profit institutions accounting for 3.7% of health expenditure and parastatal firms at 1.5%. The Seychelles Hospital received the highest amount with SCR329.6 million (59% percent of the total current health expenditure), followed by Public Health Centres with SCR 119.4 million (21 percent), Government Health Administration with SCR 32.8 million (6 percent) and the Rest of the World as providers of Overseas Treatment accounted for SCR 22.9 million (4 percent) in 2013.

In terms of functions, inpatient care took the lion's share with 43 percent of the total health spending; followed by outpatient care with 23 percent. Private pharmacies accounted for 12% of total health spending whereas private dental care accounted for only 2% of spending. Spending on prevention and public health and health administration accounted for 6 percent and 5 percent respectively of total health expenditure.

Of the total out of pocket (OOP) expenditure of SCR12.2 million, SCR6.7 million (55%) was spent on overseas treatment, SCR2.8 million (23%) on medicines and appliances, SCR2.21 million (18%) on private medical practitioners and SCR 0.5 million (4%) on private dental care.

This report is organized as follows:

- Section one: provides an overview of the socio-economic background of the country and its situation in 2013 in terms of common indicators such as GDP per capita. It highlights the demographic and health trends and gives a brief overview of the organisation of the health system.
- Section two explains the concept of the National Health Accounts and presents the similarities and differences between the SHA1.0 used to present the 2009 National Health Accounts and SHA 2011 used to present the 2013 System of Health Accounts. It summarises

the Ministry of Health's efforts to institutionalise the National Health accounts before presenting the methodology used to compile the 2013 National of Health Accounts.

- Section three analyzes the findings of this exercise. It examines Government contributions in term of budget allocation to the health sector in relation to the National Budget as part of the African States commitment to the Abuja Declaration, 2001 which stipulates that 15 percent of the National Budget should be committed to health sector. It evaluates the National Health Accounts results through the four basic matrices: financing sources, financing agents, health providers and health functions which answer the questions:
 - Where does the money come from?
 - Who manages and organizes the funds?
 - Who uses the health fund to deliver care?; and
 - What types of health services are being provided and to whom?
- Section four addresses the policy implications based on the findings, provides recommendations on areas that the government need to address to overcome some of the challenges in the institutionalization of National Health Accounts in Seychelles.

1 Background Information

The 2013 Seychelles National Health Accounts report is the second edition of the Seychelles National Health Accounts, the first edition having been in 2012 based on 2009 data. It is a result of the Ministry of Health's efforts to institutionalise National Health Accounts in Seychelles.

This document presents the findings of the National Health Accounts for the year 2013 and is intended to provide evidence-based information for policy makers and other stakeholders. The 2013 results are compared to the 2009 results wherever possible in order to identify trends in health care expenditure.

1.1 SOCIO-ECONOMIC STATUS

With its land area of 444 km², the Republic of Seychelles consists of an archipelago of about 116 islands situated in the South-Western Indian Ocean. Seychelles is more than 1,500 km from the East Coast of Africa, indicating its remoteness from the mainland continent. The country's exclusive economic zone covers an area of 1.4 million km² in one of the world's major tuna fishing grounds.

The main islands are Mahe, Praslin and La Digue and together they share the bulk of all economic activities. Victoria, the capital of Seychelles, is located on Mahe, the largest of the three main islands. Whilst the three main islands are permanently inhabited, the remaining islands are sparsely populated and some are uninhabited.

The Gross Domestic Product (GDP) in 2009 was 10,725.84 (SR Million) compared to 17,014.70 (SR Million) in 2013. The Gross Domestic Product per Capita was 189, 109 (SR). The Total Health Expenditure as % of GDP in 2009 was 3.3% compared to 2013 which was 4.5%. (**Table 1**). In 2013, Seychelles was classified as an upper- middle-income country. Tourism, fisheries and offshore trading are the main pillars of the economy.

Although Seychelles is categorized as an upper-middle income country, with a high Human Development Index (HDI), the economy is very vulnerable and fragile to external economic shocks such as the rise in fuel and food prices at the global level.

1.2 HEALTH STATUS

All Seychellois citizens receive free medical care at the point of use as enshrined in the constitution. The health services are locally provided by the Government. In 2013, the Government spent roughly 11% of its national budget on health care services. The Health system comprised a network of health care delivery institutions at primary, secondary and tertiary levels. In addition the private health sector plays a vital role in the delivery of health services. The performance of the health system is particularly remarkable in the area of primary health care, based on MDG indicators: life expectancy was 73 years in 2013 and maternal mortality was almost zero over the past years.

In spite of the high health systems performance, the prevalence of non-communicable diseases is on the rise. Cardiovascular disease (CVD) is the leading cause of death, accounting for 32% of all mortality followed by cancer.

Communicable diseases, such as HIV/AIDS, remain a challenge. HIV/AIDS is a concentrated epidemic with prevalence of 0.87 amongst the general population with high prevalence amongst people who inject drugs and men who have sex with men.

From a public health perspective, vector borne diseases such as dengue, chikungunya are at bay. However, leptospirosis remains a problem with 28 cases in 2013.

2 Methodology

2.1 CONCEPT OF SYSTEM Health Accounts (SHA)

Health Accounts provide a systematic description of the financial flows related to the consumption of health care goods and services. Their intent is to describe a health system from an expenditure perspective. One priority is to develop reliable, timely data that is comparable both across countries and over time.

2.1.1 Similarities and differences between SHA 1.0 and SHA 2011

The tool to prepare the National Health Accounts changed from SHA 1.0 in 2009 to SHA 2011 in 2013. The changes to the System Health Accounts (SHA) 2011 reflect changes in health at global level.

SHA 2011 facilitates systematic assessment of mobilization, management and usage of finances such as financing arrangements, institutional units and the revenue-raising mechanisms. It also introduces a number of changes and improvements compared with SHA 1.0. Firstly, it reinforces the relationship between consumption, production and financing of health care services that is at the root of the System of Health Accounts and its description of health care and long-term care expenditure, that is, what is consumed has been provided and financed. Secondly, SHA 2011 offers more complete coverage within the functional classification in the areas such as prevention and long-term care. Thirdly, SHA 2011 improves the breakdown of health care expenditure according to beneficiary characteristics, such as disease, age, gender, region and socioeconomic status. Therefore, the results using the two different editions of the tool are not comparable.

2.2 NHA Development and Institutionalization in Seychelles

In 2000 and 2004, with the support of WHO and ECSA-HC respectively, training was organized for compiling NHA in Seychelles, but due to resource constraints, this did not materialize.

In 2011, with the assistance of the World Bank and WHO, in-depth training was given to a Technical Team on the concepts and methodology of NHA and guidance provided on the compilation of a preliminary set of NHA for the year 2009. It must be noted that the compilation of NHA is one of the identified components of the Health Sector Reform Programme.

As part of institutionalization, in 2013, Mr. Jean Malbrook, the Economist of the Ministry was appointed as focal person for NHA. In 2014, the team was strengthened with the appointment of Mrs. Patricia Rene, Chief Allied Health Officer, as Coordinator of the NHA Team. A Technical Working Group was appointed with multisectoral representation in order to assist with data collection and analysis. A Core Team, comprising of some key members of the Technical Working Group, was set up to provide technical direction, clean data, prepare the final report and support the visiting consultant.

With the introduction of the new SHA 2011 methodology, in January 2013 the focal person, Mr. Jean Malbrook attended training in Hammamet, Tunisia. In June 2014, three members of the Core Team, Mrs Patricia Rene, Mr Jean Malbrook and Dr. Cornelia Atsyor, attended training on SHA 2011 in Johannesburg, South Africa. The team subsequently conducted training for the other members of the multisectoral technical working group prior to data collection.

In addition, the Core Team received technical support from a Health Economist from WHO Geneva, Mrs. Veneta Cherilova. During two missions, she conducted hands-on training on using the HAPT and SHA 2011.

2.3 Data collection

A multisectoral team, made up of health, other government and non-government sector representatives, was formed and all members assisted with data collection. With the support of the WHO, a smaller team from the large multisectoral team, after additional training in SHA methodology and software orientation, made up the Technical Core Team, whose role was to provide technical direction, enter and analyze the data.

Two types of data were collected: primary data was collected through questionnaires and face to face interviews of representatives of relevant entities, whilst secondary data were collected from institutional routine data management systems. Data collected were in the form of soft and hard copies.

2.3.1 Primary Data Collection

The Primary data were collected from the following:

- Donors
- NGOs/Civil Society
- Employers

- Insurance companies and
- Private medical practitioners.

2.3.2 *Secondary Data*

The secondary data sources for the NHA 2013 exercise were obtained from:

- **Ministry of Finance:** provided the audited accounts for 2013 for all government Ministries from which health related expenditure was extracted
- **National Bureau of Statistics:** provided the results of the **2010 Household Budget Survey** from which out of pocket expenditure for health was obtained
- **Epidemiology and Statistics Unit:** provided information on inpatient and out-patient service utilization and disease specific expenditure.

In addition, members of the Core Team analysed attendance from a sample of health centres in order to compile disease distribution information.

2.4 DATA LIMITATIONS

The data for compilation of the 2013 National Health Accounts has the following limitations:

1. The administration of health funds is centralized and therefore availability of disaggregated expenditure data was limited and assumptions were made to come up with disease specific expenditure. The implications are that the disease distribution used throughout the workings may not accurately reflect the actual disease patterns encountered during service provision.
2. Government health sector expenditure data reflects spending for the health sector rather than the national health expenditure. For example, Ministry of Education has a Health Promotion Officer who undertakes health related activities but the budget is integrated into the education budget and not reported as health expenditure. The same applies to other government sectors and therefore the information does not reflect all government health expenditure.
3. Access to data from private health facilities was difficult as private health service providers were hesitant to provide information on service provision and expenditure. Private companies are also reluctant to provide information for fear of tax implications.
4. Information on NGO contributions was not readily available.

3 Results of the National Health Accounts (NHA) Seychelles, 2013

3.1 Capture of private sector health expenditure

Table 1: Respondents by category, NHA 2013

Categories	Number Targeted	Number respondents	Percent Response rate
Donors	19	6	32
NGOs/Civil Society	30	3	10
Insurance Companies	3	1	33
Employers	34	9	26
Medical practitioners	20	6	30
Total Entities	106	25	18

Source: NHA 2013

Table 1 presents the profile of respondents for primary data collection. The average response rate was poor at 18%. This indicates that more needs to be done to capture information on private sector health expenditure.

3.2 Government budget allocation, 2009-2013

In 2013, government allocated a budget of SCR496.2 million to the Ministry of Health. Table 2 shows the percentage of government budget allocated to the Ministry of Health from 2005 - 2013. In absolute terms, the national budget allocated to health care has nearly doubled in 2013 compared to 2009 when the last NHA was compiled. However, the health budget as a proportion of the national budget has decreased from 11.5% in 2009 to 9.2% in 2013.

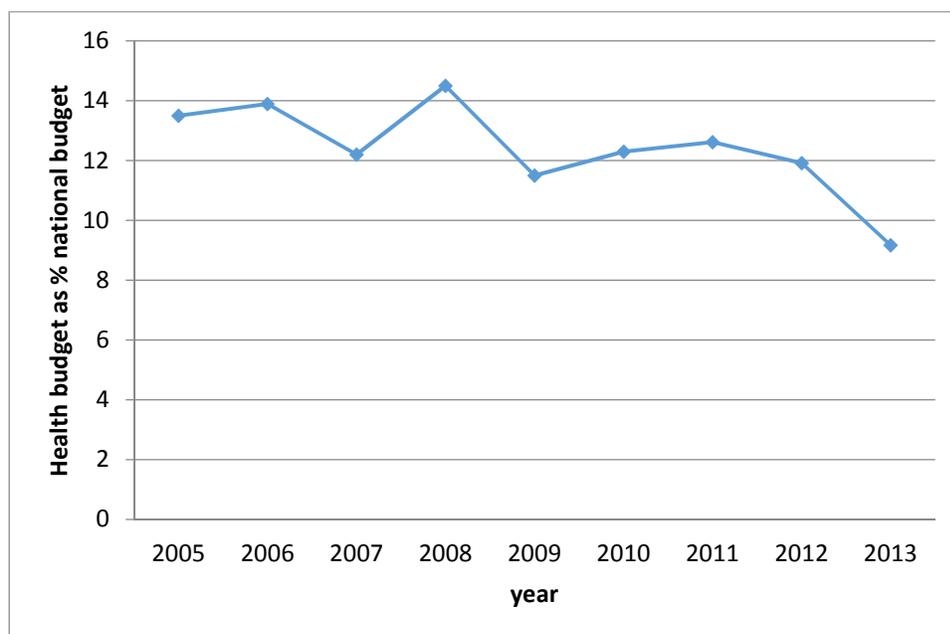
Table 2: Percentage of Health Budget to National Budget, 2009-2013

Year	Health Budget (HB) SCR'000	National Budget (NB) SCR'000	HB/NB (%)
2005	159,912	1,181,508	13.5
2006	183,866	1,320,413	13.9
2007	180,000	1,479,086	12.2
2008	219,963	1,512,726	14.5
2009	276,969	2,412,213	11.5
2010	325,958	2,631,033	12.3
2011	379,635	3,077,658	12.62
2012	423,950	3,557,983	11.92
2013	496,186	5,412,155	9.17

Source: Ministry of Finance, Seychelles 2014

Figure 1 shows the trend in the proportion of total health budget to national budget since 2005. It shows that there has been a decline in the proportion of national budget allocated to health since 2005. In 2008, the percentage of budget allocated to health was 14.5% which was closer to the Abuja Declaration target of at least 15% of annual budget allocated to health.

Figure 1: Health budget as % national budget, 2005-2013



Source: Ministry of Finance, Seychelles 2014

3.3 Comparing 2013 with 2009 NHA indicators

In 2013, the total current health expenditure (TCHE) was SCR555.26M (USD \$46.04M) and the capital expenditure was SCR 54.49M (USD \$ 4.52M). The capital expenditure was funded entirely by public funds.

Table 3: Comparison of indicators, 2009 & 2013

Indicators	2009	2013
Population (mid-year estimate)	87,298	89,949
GDP at current market prices (million rupees)	10,725.84	17,014.70
SCR/USD (Exchange rate)	13.61	12.06
Total current health expenditure, TCHE (million rupees)	353.41	555.26
Total current health expenditure, TCHE (million US dollars)	25.97	46.05
Per Capita THE (rupees)	4,048.27	5,981.64
Per Capita THE (USD)	297.45	495.99
Total Health Expenditure (THE) % of GDP	3.20%	4.50%
GOS expenditure on health as % of total government expenditure	9%	11%
Total Government Health Expenditure (million rupees)	306.57	513.32
Total Private Health Expenditure (million rupees)	25.22	22.69
Expenditure from rest of the world (million rupees)	10.1	19.25
Capital Formation (million rupees)	28.71	54.49

Source: Seychelles NHA Data 2009 & 2013, NSB, CBS

Table 3 compares indicators in 2013 to 2009 when the last national health accounts were compiled. All indicators show that there has been an increase in expenditure on health generally except for total private health expenditure which has gone down from SCR25.2 million in 2009 to SCR22.7 million in 2013. Total health expenditure (THE), as percentage of GDP, has gone up from 3.2% to 4.5%. Government expenditure on health as percentage of total government health expenditure has increased from 9% in 2009 to 11% in 2013. It is to be noted that, the health budget component from other sectors was not captured in the budget information used for the analysis in 2013 and the size of that component is not known.

Table 4: Comparison of indicators (Seychelles and other selected countries) – 2013

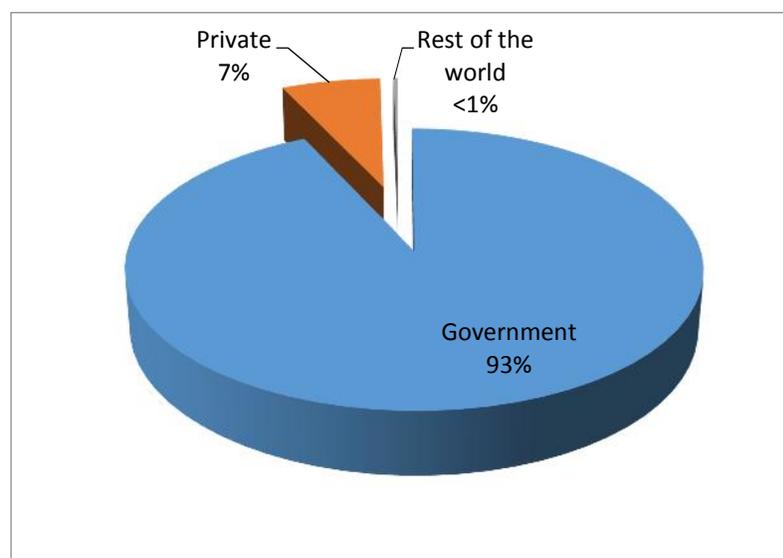
	Cyprus	Seychelles	Mauritius	Maldives	Barbados	Luxembourg
Population ('000)	1,141	90	1,224	345	285	530
THE % of GDP	7.4	4.5	4.8	10.8	6.8	7.1
Gov. Exp. on Health as % of General Gov. Exp.	7.5	9	9.5	16.3	11.6	13.6
Gov. Exp. as % of THE	46.3	93	49.1	57.6	61	83.7
THE per Capita (US \$)	1,884	496	463	720	1,007	7,981
GDP per Capita (US \$)	31,198.1	24,626.8	17,713.9	13,555.7	13,393.7	91,047.6

Source: WHO NHA Data & Seychelles NHA Data 2013

Table 4 shows how well Seychelles compares with other countries in some of the main NHA indicators.

3.4 Financing sources: Where do the funds come from?

Figure 2: Health Expenditure by financing source, 2013



Source: NHA 2013, Seychelles

In 2013, the health sector in Seychelles was financed by the traditional sources: public (government), private (companies, households), and donors (local and international). Government contributed the major share of resources to finance health care (see figure 1). The percentage contribution from international donors has decreased seems very low at 0.3% in 2013 whereas contribution from private (companies and households) sources is 7%.

3.5 Financing agents: who manages the health funds?

Financing agents receive funds from financing sources and deploy them for provision of health services and products. Table 4 gives the breakdown of all health financing agents in 2013. The Ministry of Health was the major financing agent managing 91.8% of total health spending. The minor financing agents are not-for-profit institutions accounting for 3.7% of health expenditure and parastatal firms at 1.5%.

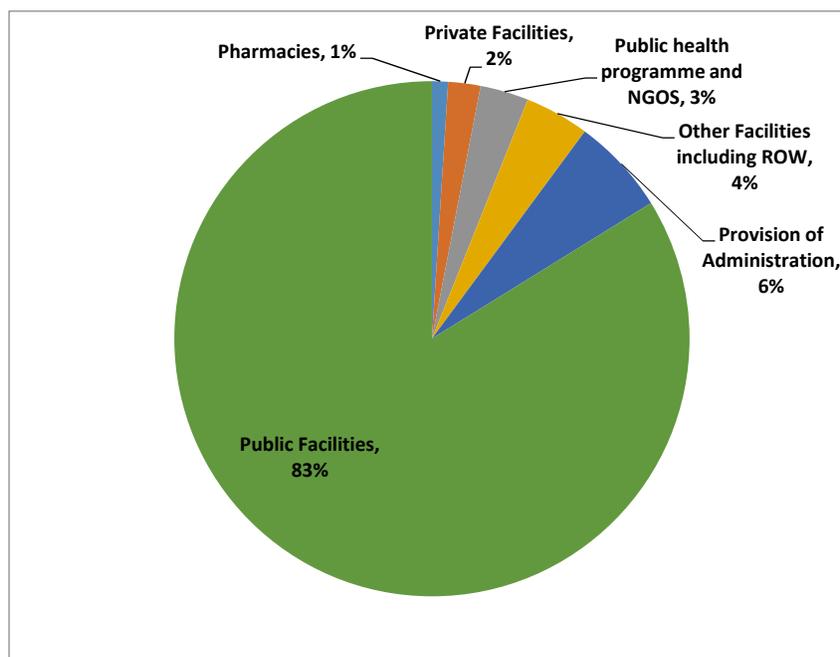
Table 4: Health expenditure by financing agent

Financing agent	Health expenditure SCR '000,000	% TCHE
Ministry of Health	509.69	91.8
Ministry of Education (NIHSS)	3.69	0.7
Private Institutions	0.3	0.1
Out of Pocket	12.16	2.2
Non-Profit Institutions, NGOs	20.3	3.7
Parastatal Firms	8.55	1.5
Rest of the World	0.58	0.1
Total current health expenditure (TCHE)	555.27	100.0

Source: NHA 2013, Seychelles

3.6 Health care providers: who uses health funds to deliver care?

Figure 2: Health Expenditure by health provider, 2013



Source: NHA 2013

Figure 2 gives a breakdown of health expenditures by health providers and the corresponding percentage share. The major providers that received funds from the financing agents for delivery of health services during the period under review are categorized as:

- **public facilities** which include government hospitals and health centres,
- public health programs and health administration;
- private facilities which include offices of private physicians,
- Civil Society and
- Rest of the World.

The Seychelles Hospital received the highest amount with SR329.6 (59 percent), followed by Public Health Centres with SCR119.37m (21 percent) and Government Health Administration with SCR32.78m (6 percent) (Table 5). This confirms that government is the leading and major provider of health care services in Seychelles.

Table 5: Comparison of health expenditure by Health Care Providers, 2009 and 2013

Health Providers	2013	
	Amount in SCR Million	% of THE
General hospital (Seychelles Hospital & cottage hospitals)	329.60	59%
Mental Health Hospital	0.01	0%
N.E Point - Special Hospital (including Home for Elderly)	15.41	3%
Offices of physician	9.11	2%
Offices of other health practitioners	0.17	0%
Offices of dentists	0.30	0%
Public health centres	119.37	21%
Traditional medicines	0.00	0%
Private pharmacies	4.84	1%
GOS as provider of public health programs	18.86	3%
Government administration of health	32.78	6%
Institution providing health related services	1.91	0%
Rest of the world	22.87	4%
NGOs as providers of public health programs	0.03	0%
All other miscellaneous sales and other suppliers of pharmaceuticals	0.00	0%
Grand Total	555.26	100

THE=Total health expenditure;

Source: NHA 2013

Table 5 shows that in 2013, the percentage share of expenditure for hospitals was 59% and a 21% share for public health centres. It is to be noted that health centres provide curative and rehabilitative care in addition to preventive care.

Table 6: Overseas treatment indicators, 2005-2013

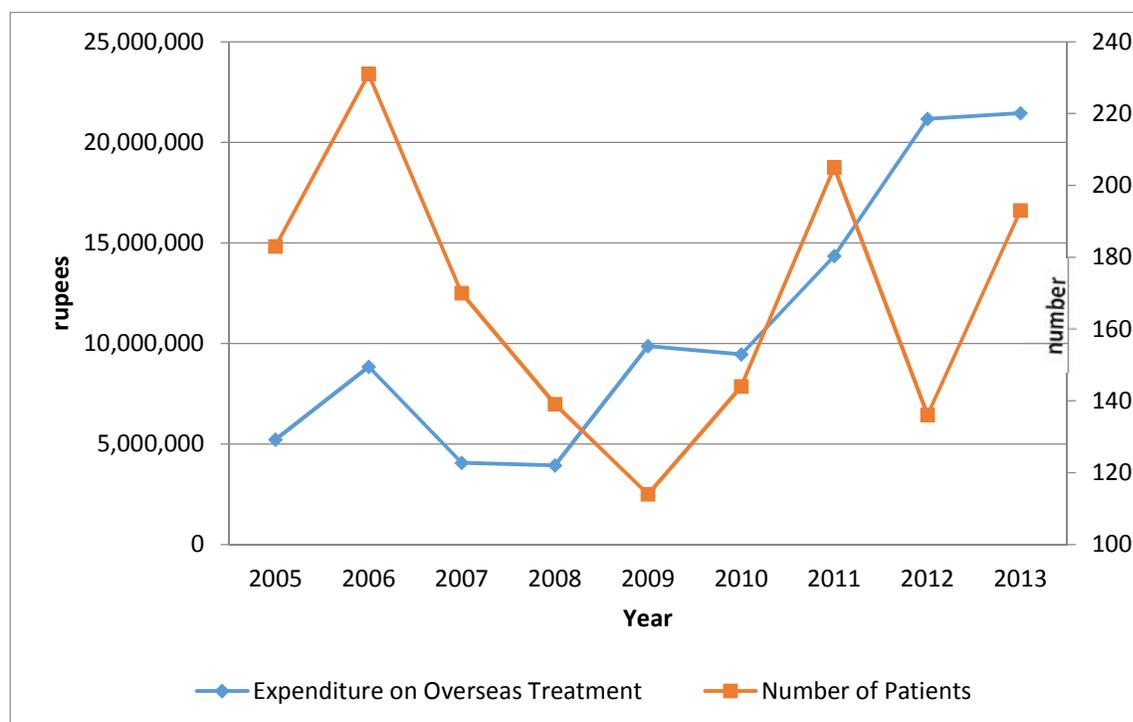
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Population	82,852	84,600	85,032	86,956	87,298	89,770	87,441	88,303	89,949
Expenditure on Overseas Treatment SCR' 000	5,217	8,842	4,066	3,931	9,871	9,459.6	14,345.1	21,161.2	21,449.6
Number of Patients	183	231	170	139	114	144	205	136	193
Average Cost per Patient (SR)	28,508	38,277	23,918	28,281	86,588	65,691	69,976	155,597	111,138
Overseas Treatment Per Capita (SR)	63	105	48	45	113	105	164	240	239

Source: Overseas Treatment Unit, Health Care Agency, Seychelles

Expenditure on overseas treatment continues to take up a significant share of health expenditure. The Rest of the World as providers of Overseas Treatment accounted for SCR 22.9 million in 2013 and overseas treatment in most cases is fully funded by government. There are instances where patients finance their own treatment overseas; however, patients are increasingly seeking refund from government.

Table 6 breaks down government expenditure on overseas treatment from 2005 to 2013. It shows that expenditure on overseas treatment has more than doubled between 2009 and 2013. In 2013, government spent SCR21.5 million on Overseas Treatment, assisting 193 patients compared to SCR9.9 million in 2009 assisting 114 patients. Figure 3 shows that between 2009 and 2013, the number of patients going on overseas treatment has gone up but not as steeply as the expenditure on overseas treatment which means that overseas treatment is getting more expensive. The average cost of treatment per patient has also increased from SCR 86,588 in 2009 to SCR111,138 in 2013.

Figure 3: Overseas treatment expenditure and number of patients, 2005-2013



Source: Ministry of Health Seychelles 2013

3.7 Functions: services and products purchased with health funds

The Health Functions for 2013 were:

- inpatient care which includes services delivered to inpatients during their stays at health providers;
- outpatient care which refers to services delivered to outpatients by physicians;
- dental care;
- pharmaceutical/medical goods;
- preventive and
- public health services which refers to maternal child health, family planning and counselling, social health programs; prevention of communicable and non-communicable diseases;
- health administration; and
- capital formation.

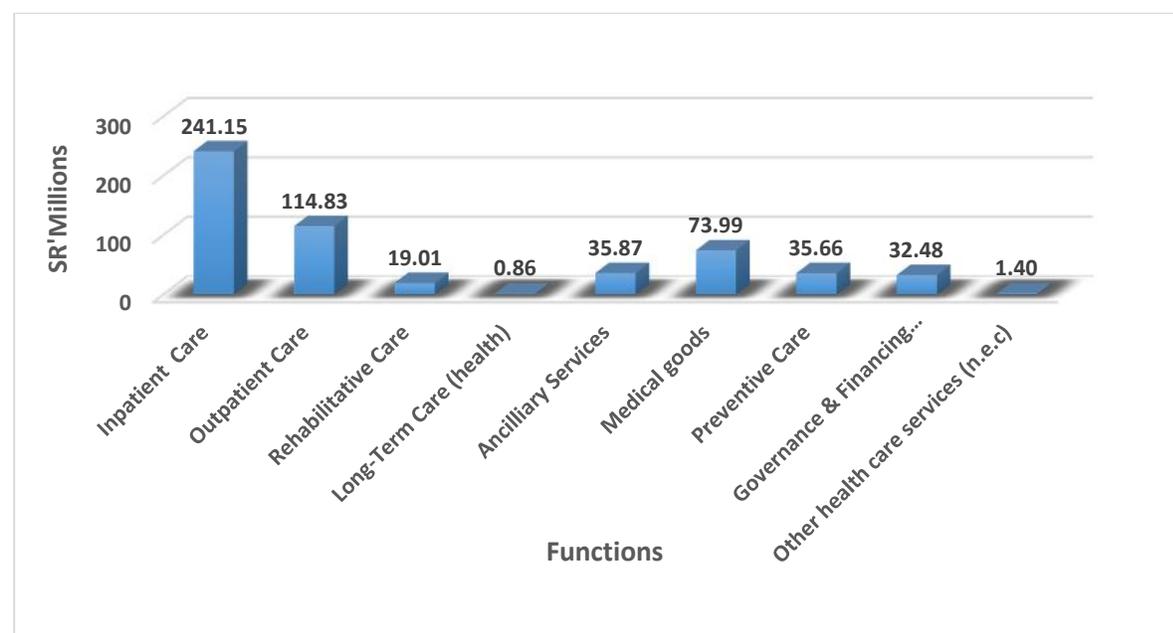
Table 7: Health Expenditure by Function, 2013

Function	2013	
	Health Expenditure (SR Million)	Percentage (%)
Inpatient	261.02	43
Outpatient	137.86	23
Dental care (private)	14.24	2
Pharmaceuticals (private)	73.99	12
Prevention and public health	35.66	6
Health administration	32.48	5
Capital formation	54.49	9
Total Health Expenditure	609.74	100

Source: NHA data, Seychelles, 2013

Table 7 and Figure 4 show health expenditure by function for 2013. Inpatient care took the lion's share with 43% of the total health spending. This was followed by outpatient with 23%. Expenditure on private pharmaceutical represents 12% of health expenditure in 2013 which may be a reflection of more households self medicating. Expenditure on prevention and public health was 6% in 2013, which is a positive development but yet more resources need to be allocated to prevention and public health in order to address the challenges of non-communicable diseases which is leading the morbidity and mortality trend in Seychelles.

Figure 4: Health expenditure by health functions, 2013



Source: NHA 2013

3.7.1 Out of pocket expenditure

Table 8: Out of Pocket Expenditure by type of health function– 2009 & 2013

Type	2009		2013	
	Out of Pocket Expenditure (SR Million)	Percentage (%)	Out of Pocket Expenditure (SR Million)	Percentage (%)
Overseas treatment	5.7	31.1	6.72	55
Private doctors	4.7	25.4	2.21	18
Dental care (private)	1.2	6.6	.47	4
Medicines and appliances (private)	6.8	37.0	2.76	23
Total out-of-pocket	18.4	100.0	12.16	100

Source: NHA data, Seychelles 2009 & 2013

Table 8 gives a breakdown of the out of pocket expenditure by type of health function for 2009 and 2013. The Out of pocket (OOP) expenditure has decreased from SCR18.4 million in 2009 to SCR12.2 million in 2013. In 2013, of the OOP expenditure, SCR6.7 million (55%) was spent on overseas treatment, SCR2.8 million (23%) on medicines and appliances, SCR2.21 million (18%) on private doctors and SCR0.5 million (4%) on private dental care. Compared to 2009, overseas treatment has taken up a larger share, over 50%, of OOP expenditure to the detriment of local private health services. It appears that in addition to households continuing to pay substantial amounts for private health, increasingly people are seeking overseas treatment as opposed to local private health services and it will be important to understand the reasons for this behaviour.

3.8 Inputs: Health expenditure by factors of production

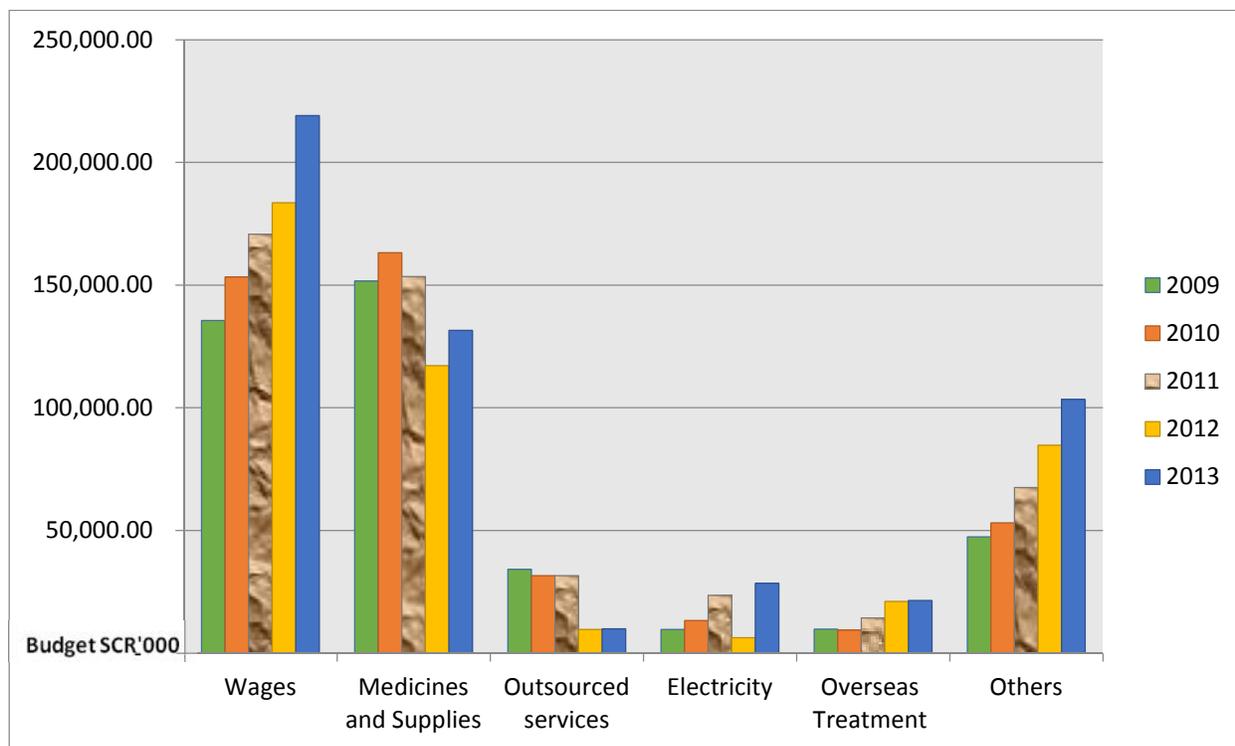
Table 9: Factors of Health Care Provision

Factors of health care provision	SCR million	% expenditure
Compensation of employees	238.41	42.9
Materials and services used	287.93	51.85
Consumption of fixed capital	0.03	0.01
Other items of spending input	4	0.72
Unspecified factors of health care provision	24.9	4.48
Total	555.27	99.96

Source: Seychelles NHA 2013

Table 9 indicates that 51.8% or the majority of health expenditure goes to materials and services and 42.9% is spent on salaries. Figure 5 presents the budget breakdown for the period 2009 to 2013. It shows that wages and salaries is the largest cost driver and has increased by just over 60% between 2009 and 2013.

Figure 5: Health expenditure by inputs, 2009-2013



Source: Ministry of Finance, Seychelles 2013

It is interesting to note that after remaining stable between 2009 and 2011, expenditure on outsourced services has reduced by almost 60% by 2013, whereas expenditure on electricity has nearly tripled over that same period. Expenditure on the category “others” has also doubled between 2009 and 2013. This category will need to be disaggregated in future reports in order to improve understanding of the cost drivers in this group.

4 Conclusions and Recommendations

4.1 Conclusion

This is the second set of national health accounts compiled for Seychelles and it is another firm step towards its institutionalisation. The following conclusions can be drawn from this set of accounts:

1. It is confirmed that health expenditure is rising substantially and in 2013 government was the leading financier and manager of health in Seychelles with the highest percentage contribution to total health expenditure.
2. The bulk of health expenditure is on curative care with prevention receiving very little attention. The majority of health funds, 59%, is used to deliver health care in hospitals versus only 21% of expenditure being done in health centres. In addition, 43% of expenditure was used to purchase inpatient services with prevention accounting for only 6% of expenditure.
3. Despite provision of free health care for all citizens, out of pocket expenditure is significant and 55% of this went towards payment of overseas treatment in 2013.
4. Expenditure on overseas treatment continues to increase as a result of an increase in number of patients and an increase in the cost of treatment per patient suggesting that overseas treatment is getting more expensive.
5. Wages and salaries remains the largest cost driver of health expenditure and has increased by 60% from 2009. Monitoring of the behaviour of all inputs is required.

The challenges involved in compiling these health accounts and the results have significant implications for the health system. It emphasises the need to allocate firm resources to institutionalising national health accounts.

4.2 Recommendations

The National Health Accounts generate information that is crucial for policy development and decision-making in the health sector and therefore its preparation needs to be mainstreamed and seen as an important function of the health sector. As such, it must be allocated resources and its implementers held to a high level of accountability similar to other policy development functions. In addition, it must have visibility. The following recommendations are being put forward:

1. Accelerate implementation of the recommendations made in the 2009 National Health Accounts report, which remain largely unimplemented and relates to:
 - a. Increased fiscal space for prevention and public health services and increase private sector involvement in this area.

- b. The need to promote and develop the quality of local health services especially given the increasing trend for households to seek overseas treatment.
- c. Improve regulatory mechanism for private health providers particularly those involved in multiple provision of services. Private providers need to account for provision of services to the Public Health Authority which is the regulator of health care practices.
- d. Increased emphasis on waste control through a wastage policy.
- e. Improve resource tracking mechanisms for health by strengthening the health management information system.

Institutionalisation

- 2. The Ministry of Health should redouble its efforts to build capacity to compile annual health accounts. Specifically, it is recommended that the Ministry implements a plan of action with resources allocated for the institutionalisation of the national health accounts, which will have the following components:
 - a. The intersectoral NHA committee is maintained and its status elevated to an executing board i.e. the **National Health Accounts Board** or other appropriate appellation. It will be made up of sector focal points, properly appointed and remunerated.
 - b. Institute monthly meetings for the NHA Board and require submission of regular statistical (expenditure) reports from each committee member.
 - c. Identify a dedicated person, preferably with statistics or economics background, to service the NHA Board, maintain the NHA secretariat, collect and collate information all year round for the compilation of the national health accounts, coordinate training of NHA board members and health sector staff. The person will maintain a strict calendar of activities to ensure the timely compilation of annual national health accounts.
 - d. Develop and implement a capacity development plan for NHA board members and managers and frontline staff in key areas in the health service. Capacity development should be comprehensive ranging from NHA concepts, implementing the NHA, to data collection; information systems; standards for data collection and information analysis and record keeping at service level. Staff will be trained based on to their role.
 - e. Disseminate the National Health Accounts findings widely among public and private sector organisations and health staff through appropriate policy briefs. Special attention should be given to dissemination among private health practitioners, non-governmental organisations, bilateral and multi-lateral partners and some key employers. This will also serve to increase awareness of NHA and hopefully contribute to improve data capture from private sector sources.

- f. Explore mechanisms to capture health expenditure information in non-health sectors of government.

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1. Ministry of Finance Audited Report 2013
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3. WHO Global Health Expenditure website : <http://www.who.int/health-accounts/ghed/en/>
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Annexes

1. Table 1: Health expenditure by funding source and financing agent
2. Table 2: Health Expenditure by financing agent and health provider
3. Table 3: Health care expenditure by health care function, 2013
4. Table 4: Health expenditure by Provider and Function
5. Table 5: Health expenditure by function and funding source
6. Table 6: Financing Agents by Capital Account (consider deleting)

Appendices

Table 1: Health expenditure by funding source and financing agent

Financing schemes	Revenues of health care financing schemes							
	(SCR million)							
	Transfer from government domestic revenue (allocated to health purposes)	Transfer distributed by government from foreign origin	Compulsory prepayment (other & unspecified)	Voluntary prepayment	Other domestic revenues	Direct foreign transfers	All financing schemes	Share of health financing
Government schemes & compulsory contributory government financing schemes	513.32	0.06	0.5				513.88	92.55
Voluntary health care payment schemes				0.02	5.64	18.91	24.57	4.43
Household out-of-pocket payment					12.16		12.16	2.19
Rest of the world financing schemes (non-resident)					0.34	1.57	1.91	0.34
Unspecified financing schemes			2.74				2.74	0.49
All health financing schemes	513.32	0.06	3.24	0.02	18.15	20.48	555.26	100
<i>Share of Financing Scheme</i>	92.45	0.01	0.58	0	3.27	3.69	100	

Source: NHA 2013

Table 2: Health Expenditure by financing agent and health provider

Financing schemes SCR million							
Financing agents	Government schemes and compulsory contributory health care financing schemes	Voluntary health care payment schemes	Household out-of-pocket payment	Out-of-pocket excluding cost-sharing	Rest of the world financing schemes (non-resident)	Unspecified financing schemes (n.e.c.)	
Hospitals	323.97	2.9				2.74	329.61
Residential long-term care facilities	13.29		0.86	0.86	1.25		15.41
Providers of ambulatory health care	125.89	0.38	2.69	2.69			128.96
Providers of ancillary services			1.88	1.88			1.88
Retailers and Other providers of medical goods		1.94	2.9	2.9			4.84
Providers of preventive care		18.86					18.86
Providers of health care system administration and financing	28.23	0.41	3.82	3.82	0.31		32.78
Rest of economy	0.03						0.03
Rest of the world	22.46	0.07			0.34		22.87
Unspecified health care providers (n.e.c.)		0.03					0.03
	513.88	24.57	12.16	12.16	1.91	2.74	555.26

Source: NHA 2013

Table 3: Health care expenditure by health care function, 2013

Health care function	Amount SCR million	% of Total Health Expenditure, THE
Inpatient	241.15	43.4
Outpatient	114.83	20.7
Rehabilitative Care	19.01	3.4
Long-Term Care (health)	0.86	0.2
Ancillary Care such as clinical laboratory and diagnostic imaging	35.87	6.5
Medical goods non-specified by function (pharmaceuticals, medical equipment, therapeutic appliances)	73.99	13.3
Preventive Care	35.66	6.4
Health administration	32.48	5.9
Other health care services not elsewhere classified	1.40	0.3
Total	555.25	100.1

Source: NHA 2013

Table 4: Health expenditure by Provider and Function

Health care providers, Seychelles Rupees (SR), Million												
Health care functions	Hospitals	Residential long-term care facilities	Providers of ambulatory health care	Providers of ancillary services	Retailers and Other providers of medical goods	Providers of preventive care	Providers of health care system administration and financing	Rest of economy	Rest of the world	Unspecified health care providers (n.e.c.)	All providers	Share of HC
Curative care	228.59	7.98	96.55						22.87		355.99	64.11
Rehabilitative care	1.95	5.32	11.74								19.01	3.42
Long-term care (health)		0.86									0.86	0.16
Ancillary services (non-specified by function)	32.03		1.96	1.88							35.87	6.46
Medical goods (non-specified by function)	64.7		4.41		4.84			0.03			73.99	13.33
Preventive care	1.83	1.25	13.39			###	0.32				35.66	6.42
Governance, and health system and financing administration							32.46			0.03	32.48	5.85
Other health care services not elsewhere classified (n.e.c.)	0.51		0.9								1.4	0.25
All HC	329.61	15.41	128.96	1.88	4.84	###	32.78	0.03	22.87	0.03	555.26	
Share of HP	59.36	2.78	23.22	0.34	0.87	3.4	5.9	0.01	4.12	0		100

Source: NHA 2013

Table 5: Health expenditure by function and funding source

Financing schemes Seychelles Rupees (SR), Million						
Health care functions	Government schemes and compulsory contributory health care financing schemes	Voluntary health care payment schemes	Household out-of-pocket payment	Rest of the world financing schemes (non-resident)	Unspecified financing schemes (n.e.c.)	All HF
Curative care	348.9	2.67	1.33	0.34	2.74	355.99
Rehabilitative care	19	0.01				19.01
Long-term care (health)			0.86			0.86
Ancillary services (non-specified by function)	33.98		1.88			35.87
Medical goods (non-specified by function)	68.68	1.94	3.37			73.99
Preventive care	15.08	19.32		1.25		35.66
Governance, and health system and financing administration	28.23	0.12	3.82	0.31		32.48
Other health care services not elsewhere classified (n.e.c.)		0.51	0.9			1.4
All HC	513.88	24.57	12.16	1.91	2.74	555.26

Source: NHA 2013

Table 6: Financing Agents by Capital Account (consider deleting)

Capital Account, Seychelles Rupees (SR), Million	Financing Agents, Seychelles Rupees (SCR) Million				
	General government	Corporations (Other than insurance corporations) (part of HF.RI.1.2)	Rest of the world	Total financial agents	Share of Capital account (%)
Gross capital formation	54.23	0.05	0.21	54.49	
Infrastructure	52.36			52.36	96.09
Machinery and equipment	1.87	0.03	0.21	2.12	3.89
Computer software and databases		0.02		0.02	0.03
Total	54.23	0.05	0.21	54.49	
Share of financing agent	99.52	0.08	0.39		100

Source: NHA 2013

