

## Preliminary

To IARIW 2008, session 7A Measurement of Non-Market Services: Outputs and Outcomes

### Abstract

**Title:** *Methods of measuring non-market services – as basis for a discussion of the use of outcome to estimate the quality change component illustrated by different methods of measuring non-market health and education services in Denmark.*

**Author(s):** Kamilla Heurlén and Henrik Sejerbo Soerensen

**Institution/Country:** Statistics Denmark

A new paradigm with output measurement of non-market services is a reality. When measuring output it implies the need for quality corrections. One of the proposals is to use the concept of outcome to adjust for quality changes.

The aim of the paper is to provide a solid basis for a discussion of how to make sound quality corrections when measuring non-market output in national accounts. Based on empirical results it will be sought to quantify the scope of effects on output dependent on the choice of method applied for quality correction.

Three different methods and the results are compared and evaluated. The three methods are:

1. The input method - the current method in the Danish national accounts
2. The output method *without* quality correction
3. The output method with quality correction

The paper will discuss some of the implications using outcome as a parameter for quality corrections. The choice of method – and the weight of impact – to adjust for changes in quality will hardly be anything but a subjective choice, which can be argued not to be robust.