

SPPI for Residential care services and Social work services without accommodation— Experience from Statistics Finland

Siiri Pesonen

Statistics Finland

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1. Introduction

The importance of social services has been increasing in the Finnish economy—the share of social services in total market output has increased from 0,9 per cent to 1,4 per cent between 2010 and 2021¹. In 2020, Statistics Finland began to explore the expansion of producer price indices for services (SPPI) into social service industries, with pilot surveys sent out in 2022. Indices for these services have been published since the beginning of 2024.

Social service activities are placed under section Q Human health and social work activities of NACE Rev. 2. They are divided into two divisions, *87 Residential care activities* and *88 Social work activities without accommodation*. These two divisions encompass a wide range of services, from residential care for the elderly to refugee support.

There are several reasons behind expanding the SPPI to include the social service industries. First, as their significance in the Finnish economy is growing, so is the need for accurate deflators for them in national accounts. Second, the producers and buyers of these services are interested in the development of market prices as PPIs are often used as the inflation clause in contracts. In Finland, the state is legally obligated to provide social services. In addition to the social services produced by the public sector, some services are outsourced to the private sector. These contracts require a suitable index. Third, the social and health service system in Finland has undergone reform, creating a need for policymakers and researchers to obtain data on price development for their analyses.

This paper aims to describe how the development of producer prices of social services is measured in Finland. Classification and related issues are discussed in section 2. Section 3 outlines the market conditions of social services in Finland, and sample and weights are covered in section 4. Pricing methods and quality adjustment are discussed in section 5. Finally, section 6 concludes.

2. Classification

Producer price indices at Statistics Finland are compiled according to the European Classification of Products by Activity, CPA Rev. 2.1. Correspondence tables between CPA, CPC and ISIC classifications are available in the Appendix.

¹ Statistics Finland, annual national accounts. Data is available here:
<https://pxdata.stat.fi:443/PxWeb/sq/52c0ce34-606c-4723-9911-f1c0dd7386a8>

2.1. 87 Residential care services

In CPA Rev. 2.1, division 87 is made up of four product groups (3-digit level) which are not further divided into more product classes (4-digit level). A common feature of all services in this division is the inclusion of accommodation.

Group *87.1 Residential nursing care services* contains just one subcategory (6-digit level) with the same name. According to the Eurostat definition², the subcategory includes combined accommodation and medical services provided without on-site supervision by a medical doctor. Examples of these services are nursing homes, homes for the elderly with nursing care, convalescent homes, rest homes with nursing care.

87.2 Residential care services for mental retardation, mental health and substance abuse is further divided into two subcategories based on the client's age. According to Eurostat, the subcategories include services for children (87.20.12) and adults (87.20.13) from facilities providing treatment for alcoholism or drug addiction, psychiatric convalescent homes for the emotionally disturbed, mental retardation facilities, and mental health halfway houses.

87.3 Residential care services for the elderly and disabled contains three subcategories—the first is for the elderly, the second is for disabled children, and the third for disabled adults. Residential care services for the elderly include social assistance that provides round-the-clock care in residential institutions for elderly individuals, including services provided by continuing care retirement communities, and homes for the elderly with minimal nursing care. Residential care services for the disabled involve round-the-clock social assistance provided by residential institutions for children and young persons (87.30.12) and adults (87.30.13) with physical or intellectual disabilities, including those having disabilities in seeing, hearing, or speaking.

Group *87.9 Other residential care services* consists of three subcategories. The first subcategory, *Other social work services with accommodation for children and young people* (87.90.11), includes orphanages, homes for children in need of protection, and juvenile correction homes. The second subcategory, *Social work services with accommodation for mistreated women* (87.90.12), and the third subcategory, *Other social work services with accommodation for adults* (87.90.13), cover services such as homes for single mothers and their children, temporary homeless shelters, halfway group homes for persons with social or personal problems, halfway homes for delinquents and offenders, and other social rehabilitation services.

² All definitions for CPA rev. 2.1 classification are available at https://showvoc.op.europa.eu/#/datasets/ESTAT_Statistical_classification_of_products_by_activity_2.1_PA_2.1%29/data

2.2. 88 Social work services without accommodation

Division 88 consists of social services excluding accommodation —the services take place either at the client’s own residence, on business premises, or in other public spaces. The following descriptions are from CPA Rev. 2.1.

Group *88.1 Social work services without accommodation for the elderly and disabled* consists of 5 subcategories: visiting and assistance services for the elderly (88.10.11) and for persons with disabilities (88.10.14), day-care centre services for the elderly (88.10.12) and for disabled adults (88.10.15), and vocational rehabilitation services for persons with disabilities (88.10.13).

Group *88.9 Other social work services without accommodation* is divided into two classes, which are further divided into a total of seven subcategories. Class *88.91 Child day-care services* is divided between day-care services for the children without disabilities (88.91.11), day-care services for the disabled children and young people (88.91.12), and baby-sitting services (88.91.13). Class *88.99 Other social work services without accommodation n.e.c.* includes guidance and counselling services related to children (88.99.11), welfare services without accommodation (88.99.12), vocational rehabilitation services for the unemployed (88.99.13), and other social services without accommodation n.e.c (88.99.19).

According to the Eurostat definition, subcategory 88.99.11 *Guidance and counselling services n.e.c related to children* includes guidance and counselling services delivered to individuals and families—typically the parents of children—in their homes or elsewhere. Such services may address behavioral and other issues related to children, including broken-home issues, school challenges, developmental concerns, prevention of cruelty to children, crisis intervention services, and adoption services.

88.99.12 *Welfare services without accommodation* is defined to include services such as eligibility determination services related to welfare aid, rent supplements and food stamps; day facility services for the homeless and other vulnerable groups; household budget counselling services; credit and debt counselling services; and community and neighboring services.

88.99.19 *Other social services without accommodation n.e.c* includes other social services excluding accommodation, such as marriage guidance services, support for individuals on parole or probation, social assistance services to disaster victims, refugees, and immigrants —including temporary shelter services— as well as charitable services like fund-raising or other support aimed at social work.

2.3. Our experience with classifying services in practice

Most of the product groups are clearly defined. However, we had some challenges with differentiating between *87.1 Residential nursing care services* and *87.3 Residential care services for the elderly and disabled* in the Finnish system. Part of the issue rose from the Finnish translations of CPA Rev. 2.1.

Depending on the resident's needs, the following residential care services are offered in Finland: assisted living (for those who do not need round-the-clock care), 24-hour service housing (for those who require round-the-clock care), and institutional care for situations when neither of the former options are suitable. We encountered challenges in categorizing a specific service, 24-hour service housing, within the classification. 24-hour service housing falls somewhere in the middle of the spectrum between residential care and institutional care. It is closer to the former in terms of living environment but closer to the latter in terms of the nursing care provided.

First, we will discuss terminology and translations. The Finnish terminology in CPA Rev. 2.1 is not fully aligned with industry terminology—residential care and residential nursing care are both translated to "*Laitoshoitopalvelut*", which refers to institutional care (laitos = institution). In the Finnish system, however, institutional care implies that round-the-clock nursing care from medical professionals is available, and facilities without such care are not suitable for the patients. Facilities providing institutional care may resemble hospitals more than homes, as they offer more advanced treatments, and patients may not have personal living areas furnished with their own furniture and personal items. Institutional care for the elderly in Finland has been declining; it is now only provided long-term to individuals whose care cannot be accommodated at home or in service homes³. Furthermore, the term is rarely used in market services today, leading some enterprises to express confusion about the terminology, stating that they do not provide any services under division 87.

Second, let's discuss how we drew the line between residential care (87.30) and residential nursing care (87.10) services. The core content and exclusion notes for CPA Rev. 2.1 do not have Finnish translations. Since the Finnish names of the product classes are not descriptive enough for respondents, we attempted to apply the classification to the Finnish system using the national version of the industrial classification, NACE Rev. 2, known as the Standard Industrial Classification TOL 2008.

An alternative term for residential care services is assisted living, which aims to maintain residents' functional capabilities. According to the definition of class 87.30, residential care services for the elderly range from providing minimal assistance to offering round-the-clock care. Residential care

³ Source: Ministry of Social Affairs and Health, <https://stm.fi/laitoshoito>. Accessed on July 29th 2024. Only available in Finnish and Swedish.

facilities generally provide a long-term living arrangement with services such as housekeeping, dining services, and minor nursing assistance. Residents have their own apartments or rooms with bathrooms, for which they pay rent.

In contrast, residential nursing care facilities provide care for individuals with more serious medical issues who require more frequent assistance. Residents may remain there either for long-term or for short-term rehabilitation. The goal is for patients to return to a more home-like setting with less intensive medical care once their serious medical issues have been addressed. This definition applies to both institutional care services and 24-hour service housing.

One key factor in our interpretation of the classification was the core content notes in the national version of NACE Rev. 2. Included in the list of services under 87.1 is *long-term nursing care for the elderly at wards of primary health centers when they operate as separate economic units*⁴. These facilities employ medical doctors who are responsible for the care of the residents, and they are a fitting example of institutional care in Finland. However, these services are no longer provided for patients long-term; they have been replaced either by a combination of hospital/health center care and 24-hour service housing or by institutional care services. When comparing the example service under 87.1 with the current system, 24-hour service housing is, in many ways, more similar to residential care than to long-term nursing care in hospital wards.

Therefore, after discussing the matter with industry experts, we identified the main differentiating aspect between the definitions of residential care services and residential nursing care services as whether the client has their own home-like living space. We defined the service groups in the pilot survey as 87.3 residential care services and 87.1 institutional care services. According to this description, residential care services with round-the-clock care (referred to as 24-hour service housing) are included in group 87.3.

Our interpretation indicates that we do not primarily focus on whether the care provided is minimal. However, it can also be argued that the most important differentiating factor is that nursing care is consistently available. Under this interpretation, 24-hour service housing falls under 87.1 residential nursing care services.

As we will see in the section 3.2, group 87.3 is significantly larger than 87.1 in terms of turnover and number of staff, supporting our current way of classifying 24-hour service housing under 87.3 residential care services. However, it is possible that the classifications are not aligned with the current system, and 24-hour service housing should also fall under class *87.10 Residential nursing*

⁴ This definition is under category *87101 Residential nursing care activities for the elderly*. It is found only in the Finnish and Swedish versions of the classification. TOL 2008 classification is available here: <https://www2.stat.fi/en/luokitukset/toimiala/>

care services in the industrial classification. Another possible explanation is that both services are provided by the same enterprises, but only one primary industry can be selected.

3. Market description

3.1. Social services in Finland

According to the Ministry of Social Affairs and Health, the state's responsibility to promote welfare, health, and security is rooted in the Constitution. Since the beginning of 2023, the Wellbeing Service Counties, the City of Helsinki⁵ and the HUS Group⁶ have been responsible for organizing public health and social services. Before 2023, these services were provided by municipalities and hospital districts. Several laws, including the Social Welfare Act 1301/2014, specify the services that Wellbeing Service Counties must offer.

The production of health and social services is supported by government funds. The maximum client charges are set by law. Health and social services are free of charge, have a fixed cost, or the fee depends on the client's income. In 2020, client charges covered only about three per cent of the total costs of social and health services⁷, meaning the prices paid by clients do not reflect the actual costs.

The public sector can produce health and social services themselves or buy them from private companies. Private enterprises can offer social services to the public sector as well as directly to consumers. The majority of social services in Finland are provided by the state and the proportion of services households purchase directly from private enterprises is small. According to the Ministry of Social Affairs and Health, private companies account for about 22 per cent of the entire health and social services sector⁸. This figure includes services sold to both the public sector and households.

The importance of the private sector is particularly high in residential care services for the elderly and the disabled—private enterprises accounted for half of the total value of the services provided by the public sector in 2020⁹. Private enterprises also play a significant role in child welfare services with accommodation (71 per cent), substance abuse services (43 per cent), and other social services, including those for refugees (58 per cent). The private sector plays a smaller role in providing visiting

⁵ Finland is divided into 21 wellbeing service counties who are responsible for organizing health, social and rescue services for their residents. In addition, the City of Helsinki and Åland organize these services for their areas. Source: The Ministry of Social Affairs and Health

⁶ The HUS group is a joint authority for Helsinki and Uusimaa region and is responsible for providing specialist medical care. The Ministry of Social Affairs and Health

⁷ Source: The Ministry of Social Affairs and Health. <https://stm.fi/talous-ja-toiminta/palvelujen-menot-ja-rahoitus> Accessed on July 18th, 2024. Available only in Finnish.

⁸ Source: <https://stm.fi/en/private-providers-of-health-and-social-services> Accessed on July 18th 2024. Note that healthcare services are also included in this figure.

⁹ Source: The Finnish Association of Private Care Providers (HALI ry).

and assistance services for the elderly (14 percent) and institutional care for the elderly and disabled (10 percent and 12 percent, respectively).

The remainder of the paper focuses on social services provided by the private sector, as public services are excluded from the Finnish SPPI.

3.2. Market landscape

The market output of social services has steadily increased between 2010 and 2021 as shown in Figure 1¹⁰. The share of market output from private enterprises (referred to as non-financial corporations) has also grown—in 2010, 55 per cent of the market output came from private enterprises, while by 2021, this share had increased to 70 per cent. During the same period, the role of non-profit institutions declined from 32 per cent to 18 per cent. As a result, private production of social services has grown both in volume and share over the past decade.

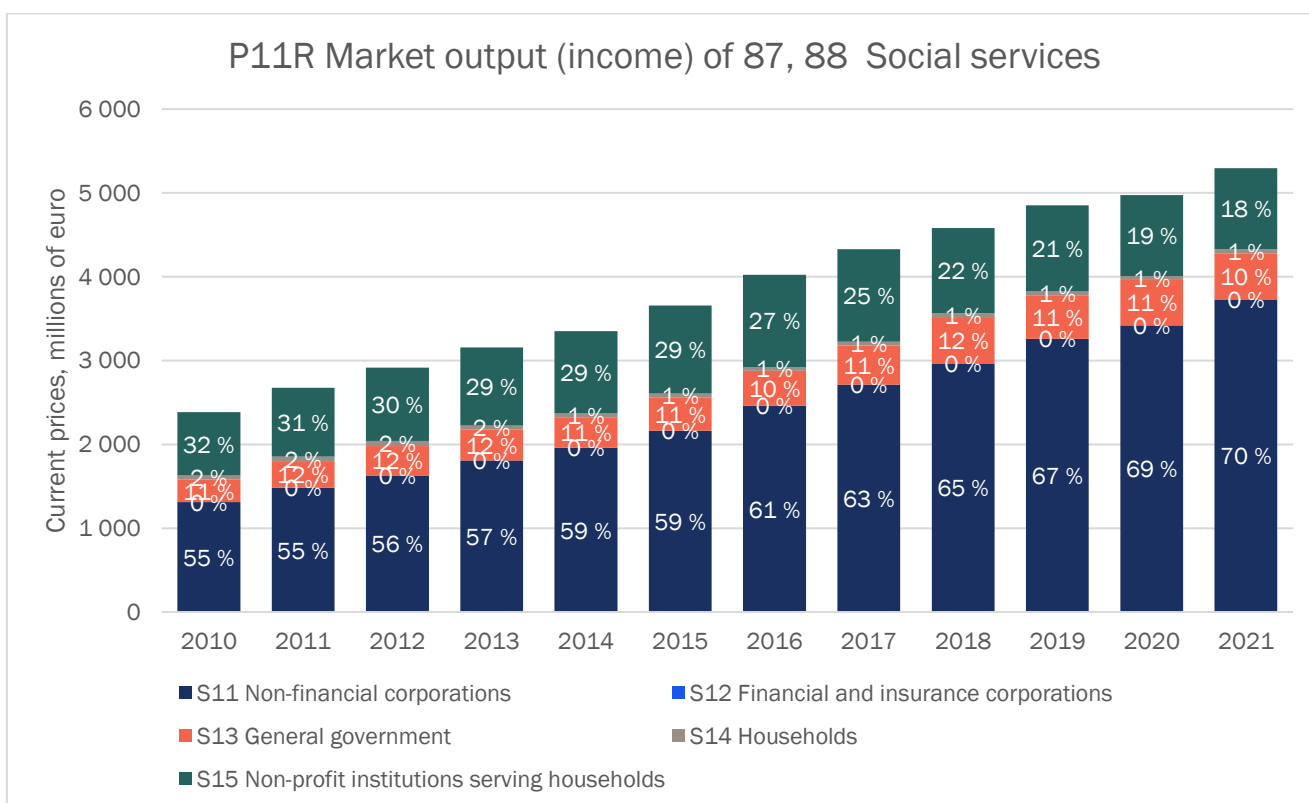


Figure 1 Market output of 87, 88 social services, 2010-2021¹¹. Source: Statistics Finland, annual national accounts. Data labels indicate the share of market output of social services by sector per year.

Table 1 shows the number of enterprises, total turnover, and number of staff for each of the TOL 2008¹² groups under social services by industry in Finland in 2021. Group 873 Residential care

¹⁰ Note that non-market output is excluded from the figure.

¹¹ Data is available here: <https://pxdata.stat.fi:443/PxWeb/sq/fb9ee746-af8d-442f-a355-8a2138d630d6>

¹² The national version of NACE Rev. 2

services for the elderly and disabled is the largest group in terms of both turnover and staff size. Group 889 *Other social work services without accommodation* has the highest number of enterprises. Group 871 *Residential nursing care services* has the fewest enterprises, the smallest turnover, and the fewest employees among these social service industry groups.

Table 1 Size of CPA groups of social services¹³ in 2021. Source: Statistics Finland, business register.

NACE industry	Number of enterprises	Sum of turnover, 1 000 €	Sum of staff/year
871	43	144 000	2 200
872	278	453 000	6 100
873	296	1 492 000	23 000
879	547	526 000	6 000
881	703	274 000	4 400
889	963	655 000	10 400

4. Sample and weights

4.1. Sample frames

The following sections describe the enterprises for each group under divisions 87 and 88. The data comes from Statistics Finland's Business Register for the year 2021 with enterprises selected based on their main industry classification, which follows the national version of NACE Rev. 2 (TOL 2008). The numbers differ from those in Table 1 because inactive enterprises—those with zero turnover or staff in 2021—are excluded.

4.1.1. 87 Residential care services

As Table 2 shows, fewer than 40 enterprises had 871 *Residential nursing care activities* as their main industry in 2021. The market is concentrated, with fewer than 20 per cent of the enterprises accounting for 70 per cent of the total turnover.

¹³ Source: Statistics Finland, business register. Data is based on the main industry of the enterprise. Bankrupt's estates, foreign corporate entities and their branch offices are excluded. The number of enterprises also includes enterprises which have not been active during the year (turnover or number of staff is 0 in 2021).

Table 2 Sample frame for industry 871 Residential nursing care activities

871 Residential nursing care activities				
Size based on turnover (€)	Number of enterprises		Sum of turnover	
	count	share	in 1 000 €	share
total	38		149 744	
under 250 000	3	8 %	634	0 %
250 000 - 500 000	2	5 %	740	0 %
500 000 - 1 mil	11	29 %	8 872	6 %
1 mil - 2 mil	10	26 %	15 098	10 %
2 mil - 3 mil	2	5 %	5 294	4 %
3 mil - 4 mil	2	5 %	5 294	4 %
4 mil - 5 mil	2	5 %	9 552	6 %
over 5 million	6	16 %	104 258	70 %
Size based on staff	Number of enterprises		Sum of staff per year	
	count	share	sum	share
total	36		2 296	
under 5	4	11 %	8	0 %
5 - 10	4	11 %	29	1 %
10 - 20	11	31 %	163	7 %
20 - 30	5	14 %	121	5 %
30 - 40	3	8 %	100	4 %
40 - 50	0	0 %	0	0 %
over 50	9	25 %	1 876	82 %

Table 3 shows that industry 872 Residential care activities for mental retardation, mental health and substance abuse is more fragmented.

Table 3 Sample frame for industry 872 Residential care activities for mental retardation, mental health, and substance abuse

872 Residential care activities for mental retardation, mental health, and substance abuse				
Size based on turnover (€)	Number of enterprises		Sum of turnover	
	count	share	in 1 000 €	share
total	252		497 386	
under 250 000	21	8 %	2 068	0 %
250 000 - 500 000	32	13 %	11 737	2 %
500 000 - 1 mil	70	28 %	51 930	10 %
1 mil - 2 mil	58	23 %	82 265	17 %
2 mil - 3 mil	27	11 %	68 106	14 %
3 mil - 4 mil	27	11 %	68 106	14 %
4 mil - 5 mil	7	3 %	31 179	6 %
over 5 million	10	4 %	181 995	37 %
Size based on staff	Number of enterprises		Sum of staff per year	
	count	share	sum	share
total	226		6 102	

	under 5	41	18 %	100	2 %
5 -	10	49	22 %	365	6 %
10 -	20	62	27 %	861	14 %
20 -	30	30	13 %	738	12 %
30 -	40	19	8 %	648	11 %
40 -	50	7	3 %	294	5 %
	over 50	18	8 %	3 096	51 %

The market of 873 *Residential care activities* is also highly concentrated with the largest 13 per cent of enterprises making up over 80 per cent of the total turnover in the industry. Data is shown in Table 4.

Table 4 Sample frame for industry 873 Residential care activities for the elderly and disabled

873 Residential care activities for the elderly and disabled					
Size based on turnover (€)		Number of enterprises		Sum of turnover	
		count	share	in 1 000 €	share
total		246		1 522 658	
	under 250 000	30	12 %	2 225	0 %
250 000 -	500 000	16	7 %	5 978	0 %
500 000 -	1 mil	56	23 %	42 184	3 %
1 mil -	2 mil	49	20 %	68 793	5 %
2 mil -	3 mil	28	11 %	69 695	5 %
3 mil -	4 mil	28	11 %	69 695	5 %
4 mil -	5 mil	6	2 %	27 082	2 %
	over 5 million	33	13 %	1 237 007	81 %
Size based on staff		Number of enterprises		Sum of staff per year	
		count	share	sum	share
total		218		23 062	
	under 5	19	9 %	25	0 %
5 -	10	29	13 %	224	1 %
10 -	20	61	28 %	887	4 %
20 -	30	28	13 %	666	3 %
30 -	40	18	8 %	619	3 %
40 -	50	10	5 %	434	2 %
	over 50	53	24 %	20 208	88 %

Other residential care activities are more likely to be provided by smaller enterprises—almost half of the enterprises have a turnover of less than 500 000 EUR. The largest 3 per cent of the enterprises account for 37 per cent of the total turnover, as shown in Table 5.

Table 5 Sample frame for industry 879 Other residential care activities

879 Other residential care activities				
Size based on turnover (€)	Number of enterprises		Sum of turnover	
	count	share	in 1 000 €	share
total	439		555 296	
under 250 000	112	26 %	12 456	2 %
250 000 - 500 000	80	18 %	28 941	5 %
500 000 - 1 mil	125	28 %	84 835	15 %
1 mil - 2 mil	58	13 %	84 396	15 %
2 mil - 3 mil	21	5 %	52 203	9 %
3 mil - 4 mil	21	5 %	52 203	9 %
4 mil - 5 mil	8	2 %	34 235	6 %
over 5 million	14	3 %	206 027	37 %
Size based on staff	Number of enterprises		Sum of staff per year	
	count	share	sum	share
total	362		6 027	
under 5	151	42 %	249	4 %
5 - 10	84	23 %	630	10 %
10 - 20	60	17 %	879	15 %
20 - 30	25	7 %	604	10 %
30 - 40	13	4 %	455	8 %
40 - 50	6	2 %	277	5 %
over 50	23	6 %	2 933	49 %

4.1.2. 88 Social work services without accommodation

Group 881 is significantly more fragmented than any of the groups under division 87 *Residential care activities*. Two-thirds of the enterprises had a turnover of less than 250 000 EUR, accounting for 11 per cent of the total turnover. In terms of staff, two-thirds of the enterprises employ fewer than 5 people. However, just three enterprises accounted for one-third of the total turnover. Data is shown in Table 6. The largest category under the group is 88101 *Home help services for the elderly and disabled*, which accounts for about 90 per cent of the group's total turnover.

Table 6 Sample frame for industry 881 Social work activities without accommodation for the elderly and disabled

881 Social work activities without accommodation for the elderly and disabled				
Size based on turnover (€)	Number of enterprises		Sum of turnover	
	count	share	in 1 000 €	share
total	567		288 240	
under 250 000	372	66 %	32 087	11 %
250 000 - 500 000	84	15 %	29 680	10 %
500 000 - 1 mil	58	10 %	39 919	14 %
1 mil - 2 mil	29	5 %	40 288	14 %

Size based on staff	Number of enterprises count	share	Sum of staff per year sum	share
2 mil - 3 mil	9	2 %	21 581	7 %
3 mil - 4 mil	9	2 %	21 581	7 %
4 mil - 5 mil	3	1 %	12 726	4 %
over 5 million	3	1 %	90 379	31 %
total	411		4 477	
under 5	263	64 %	446	10 %
5 - 10	77	19 %	550	12 %
10 - 20	38	9 %	551	12 %
20 - 30	14	3 %	334	7 %
30 - 40	4	1 %	140	3 %
40 - 50	6	1 %	268	6 %
over 50	9	2 %	2 189	49 %

Like its neighbor, group 889 *Other social services without accommodation* is also largely made up of small enterprises. As shown in Table 7, nearly 60 per cent of the enterprises have a turnover of less than 250 000 EUR. However, 3 per cent of the enterprises account for more than half of the total turnover. The largest category under the group is 88911 *Child day-care homes*, which accounts for about 60 per cent of the group's total turnover. 88999 *Other social work activities without accommodation* represents a quarter of the group's total turnover.

Table 7 Sample frame for industry 889 *Other social work activities without accommodation*

889 Other social work activities without accommodation				
Size based on turnover (€)	Number of enterprises count	share	Sum of turnover in 1 000 €	share
total	743		640 637	
under 250 000	428	58 %	40 038	6 %
250 000 - 500 000	119	16 %	42 007	7 %
500 000 - 1 mil	103	14 %	71 942	11 %
1 mil - 2 mil	54	7 %	78 487	12 %
2 mil - 3 mil	7	1 %	17 225	3 %
3 mil - 4 mil	7	1 %	17 225	3 %
4 mil - 5 mil	6	1 %	27 012	4 %
over 5 million	19	3 %	346 702	54 %
Size based on staff	Number of enterprises count	share	Sum of staff per year sum	share
total	569		10 484	
under 5	308	54 %	568	5 %
5 - 10	97	17 %	697	7 %
10 - 20	82	14 %	1 124	11 %
20 - 30	31	5 %	777	7 %
30 - 40	13	2 %	444	4 %

40 -	50	4	1 %	172	2 %
	over 50	34	6 %	6 701	64 %

4.1.3. Sampling method and cut-off

The main sampling method used is PPS (Probability Proportional to Size) sampling, where the probability is based on the enterprise's turnover. The sample frame is derived from the Business Register and is based on the main industry classification. The sample was drawn at the division level, with a cut-off set at around 70 percent. Enterprises with a turnover of less than 400 000 EUR and fewer than five staff-years were excluded. This means that a big share of enterprises from division 88 were left out from the sample frame. It was accepted that some five-digit level categories might not be represented in the samples—National Accounts were satisfied with deflators for services which are significant relative to the entire economy. Judgmental sampling may also be used in the Finnish SPPI to ensure that all significant enterprises are included in the sample.

4.2. Pilot survey

At Statistics Finland, the pilot survey differs from the regular price survey. It is an Excel file, sent back either as an email attachment or by regular mail. Regular mail was less popular, with about 10 per cent of the responses received by post. The response rate for the pilot survey was 80 per cent, higher than expected, as typically only 50-60 per cent of new enterprises respond to pilot surveys. After the pilot survey, respondents receive email invitations to complete the online survey every month or, in some cases, less frequently.

Two pilot surveys were conducted, one for each division. The pilot survey consists of two parts. The first part focuses on weights, where enterprises are asked to allocate their turnover among the main service groups within the division. For social services, the main service groups correspond to the four-digit level classes of CPA Rev. 2.1. The national version of NACE Rev. 2 (TOL 2008) was used to describe the service groups.

The second part of the pilot survey regards defining the specific services whose price development will be monitored. Services were requested for those service groups whose share of the total turnover was at least 20 per cent. The enterprises were given examples of how the services should be defined (as shown in Figure 2). Statistics Finland then classified the services into 6-digit level subcategories.

2) Choosing representative services into the price survey

EXAMPLE 1 - Service group 87.10 Residential nursing care services

Place in institutional care for an elderly person with dementia, institution A, staff-to-patient ratio 0,65

EXAMPLE 2 - Service group 87.30 Residential care services for the elderly and disabled

Place in a service home, including cleaning and meals. Staff available during daytime.

Figure 2 Examples for defining a service under division 87

4.3. Weights

The Finnish SPPI is an annual chain index. This means the weight structure is updated every year. Macro-level weights are based on National Accounts' annual supply and use tables. The most recent final data is used, typically from year $t-2$ ¹⁴.

Elementary weights are assigned at the enterprise and CPA subcategory level. In other words, individual services do not have their own weights. Elementary weights are generally compiled from the structural business statistics called Statistics on Service Industry Commodities. In this survey, respondent enterprises divide their total turnover among service groups according to the CPA product classification. Some industries are sampled annually while others are included biannually. Therefore, elementary weights are updated annually or biannually depending on the industry.

Elementary weights are initially collected in the pilot survey. These weights were collected on a 4-digit class level. Since individual services are classified at the 6-digit subcategory level, in some cases, the class-level weights were divided among subcategories by Statistics Finland. Divisions 87 and 88 are planned to be added into the Statistics on Service Industry Commodities for 2023 and will be collected biannually.

5. Pricing methods and quality adjustment

Two pricing methods are used: direct use of prices of repeated services and contract pricing. Many services are sold to the public sector under long-term contracts, with prices typically changing once per year. Nearly all services included in the survey are part of the B2B index series as the share of B2C sales is low.

¹⁴ For example, weight structure used in 2024 indices is compiled to represent the structure of the economy of December 2023. Supply and use tables for 2021 were used and price-adjusted to represent 2023 December.

An example of contract pricing in the social service industry is the use of so-called service vouchers. A service voucher is a payment commitment from the public sector, which can be used to pay for health and social services provided by private enterprises. Private enterprises sign up to become eligible service providers for the Wellbeing Service Counties. Once a consumer has received a service voucher, they choose which enterprise's service to use it for. The value of a service voucher may be fixed or in some cases depend on the income of the consumer. However, service vouchers are legally required to fully cover the cost of services that Wellbeing Service Counties must provide to their residents¹⁵. Only these types of services are currently included in the SPPI. If a service in the SPPI price collection is paid for with a service voucher, its price remains unchanged until the value of the voucher or the service content is renegotiated between the service provider and the Wellbeing Service County. Service vouchers are not yet very common, however, as only about 2 per cent of all health and social services are paid with them.¹⁶

Common reasons for price changes include annual salary increases under collective labor agreements and the renegotiation of service agreements between the service provider and the public sector. The latter typically requires quality adjustment. In these cases, we request an estimate of the pure price change from the respondent enterprise.

Another situation requiring quality adjustments is legislative changes. In Finland, for example, the minimum staff-to-patient ratio is mandated by law. This legislation has been undergoing reform, and further changes are expected. We have been fortunate so far, as the current legislation has been in effect since the beginning of our data collection. To control for such changes, we have instructed respondent enterprises to include staff-to-patient ratios and other price determinants in their service descriptions.

6. Conclusion

In a country where social services are primarily provided by the public sector by law, incorporating social services into the SPPI was relatively straightforward. The most challenging aspect of the expansion, in our experience, was aligning the nomenclature with the social services system, particularly concerning residential care and residential nursing care services. Over the past years, the terminology in the Finnish social service industry has evolved, creating a gap between current

¹⁵ Source: The Ministry of Social Affairs and Health, <https://stm.fi/palveluseteli> (in Finnish and Swedish). Accessed on August 5th, 2024.

¹⁶ Source: The Finnish Association of Private Care Providers (HALI ry), <https://www.hyvinvointiala.fi/palveluseteliopas-hyvinvointialueille-palvelusetelin-hyodyt-laajempaan-kayttoon/> (in Finnish)

practices and the classifications. NACE Rev. 2.1 and the corresponding version of the CPA classification are expected to resolve issues with Finnish translations and definitions.

It is advisable to discuss market services in detail with industry and classification experts to ensure consistency between statistics. In the Finnish SPPI, a review of the classification for 24-hour service housing may be required. If the living environment of the facilities is found to be less significant than the intensity of care provided, some services may need to be reclassified from residential care to residential nursing care. A similar assessment may be necessary for the industrial classification of these service providers, which could impact several other statistics.

The timing of the expansion introduced additional challenges, as the social and healthcare system in Finland was, and continues to be, under reform. Therefore, it is essential to monitor the ongoing development of the social service system and maintain dialogue with industry experts and respondents to ensure the quality of the indices.

Appendix

Appendix 1 Classification concordance table for CPA, CPC and ISIC, CPA division 87

CPA 2.1	CPA 2.1 name	CPC 2.1	CPC 2.1 name	ISIC 4	ISIC4 name
87.10.10	Residential nursing care services	93210	Residential health-care services other than by hospitals	8710	Residential nursing care facilities
87.20.11	Residential care services for children suffering from mental retardation, mental health illnesses and substance abuse	93301	Residential care services for children suffering from mental retardation, mental health illnesses or substance abuse	8720	Residential care activities for mental retardation
87.20.12	Residential care services for adults suffering from mental retardation, mental health illnesses and substance abuse	93303	Residential care services for adults suffering from mental retardation, mental health illnesses or substance abuse	8720	Residential care activities for mental retardation
87.30.11	Welfare services delivered through residential institutions to elderly persons	93221	Residential care services for the elderly	8730	Residential care activities for the elderly and disabled
87.30.12	Welfare services delivered through residential institutions to disabled children and young people	93222	Residential care services for young disabled persons	8730	Residential care activities for the elderly and disabled
87.30.13	Welfare services delivered through residential institutions to disabled adults	93223	Residential care services for disabled adults	8730	Residential care activities for the elderly and disabled
87.90.11	Other social work services with accommodation for children and young people	93302	Other social services with accommodation for children	8790	Other residential care activities
87.90.12	Social work services with accommodation for mistreated women	93304	Other social services with accommodation for adults	8790	Other residential care activities
87.90.13	Other social work services with accommodation for adults	93304	Other social services with accommodation for adults	8790	Other residential care activities

Appendix 2 Classification concordance table for CPA, CPC and ISIC, CPA division 88

CPA 2.1	CPA 2.1 name	CPC 2.1	CPC 2.1 name	ISIC 4	ISIC4 name
88.10.11	Visiting and assistance services for the elderly	93491	Other social services without accommodation for the elderly	8810	Social work activities without accommodation for the elderly and disabled
88.10.12	Day-care centre services for the elderly	93491	Other social services without accommodation for the elderly	8810	Social work activities without accommodation for the elderly and disabled
88.10.13	Vocational rehabilitation services for persons with disabilities	93411	Vocational rehabilitation services for persons with disabilities	8810	Social work activities without accommodation for the elderly and disabled
88.10.14	Visiting and assistance services for persons with disabilities	93493	Other social services without accommodation for disabled adults	8810	Social work activities without accommodation for the elderly and disabled
88.10.15	Day-care centre services for disabled adults	93493	Other social services without accommodation for disabled adults	8810	Social work activities without accommodation for the elderly and disabled
88.91.11	Child day-care services excluding day-care services for the disabled	93510	Child day-care services	8890	Other social work activities without accommodation
88.91.12	Day-care services for disabled children and young people	93492	Other social services without accommodation for disabled children	8810	Social work activities without accommodation for the elderly and disabled
88.91.13	Baby-sitting services	93510	Child day-care services	8890	Other social work activities without accommodation
88.99.11	Guidance and counselling services n.e.c. related to children	93520	Guidance and counselling services n.e.c. related to children	8890	Other social work activities without accommodation
88.99.12	Welfare services without accommodation	93530	Welfare services without accommodation	8890	Other social work activities without accommodation
88.99.13	Vocational rehabilitation services for the unemployed	93412	Vocational rehabilitation services for unemployed persons	8890	Other social work activities without accommodation
88.99.19	Other social services without accommodation n.e.c.	93590	Other social services without accommodation, n.e.c.	8890	Other social work activities without accommodation