

Invest More, Invest Better to Support the SDGs: Lessons from Universal Health Coverage

**Joint Leadership by MOF-MOH
G20/T20/UNGA UHC High Level Meeting in 2019**



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Contents

- Economic and social benefit of UHC beyond health
- Current progress of UHC
- Key considerations suggested to progress toward UHC through better health financing, and collaboration between finance and health ministries

Political Commitments on UHC made in 2019



G20 Osaka

Leaders' Declaration

- We affirm our commitment to the G20 Shared Understanding on the importance of UHC Financing in Developing Countries...
- A multi-sectoral approach, in particular the collaboration between finance and health authorities ... is crucial for strengthening health financing.

1st Joint Finance
and Health
Minister Meeting

Health

Finance



UNGA High-Level Meeting on UHC

Political declaration

- Pursue efficient health financing policies, including through close collaboration among relevant authorities, including finance and health authorities, to respond to unmet needs and to eliminate financial barriers to ...

Calling close collaboration among relevant authorities, particularly finance and health authorities

UHC (SDG target 3.8)

Universal Health Coverage

provide **all people** with access to

Needed Health Services

(including prevention, promotion, treatment and rehabilitation)

of **sufficient quality** to be effective

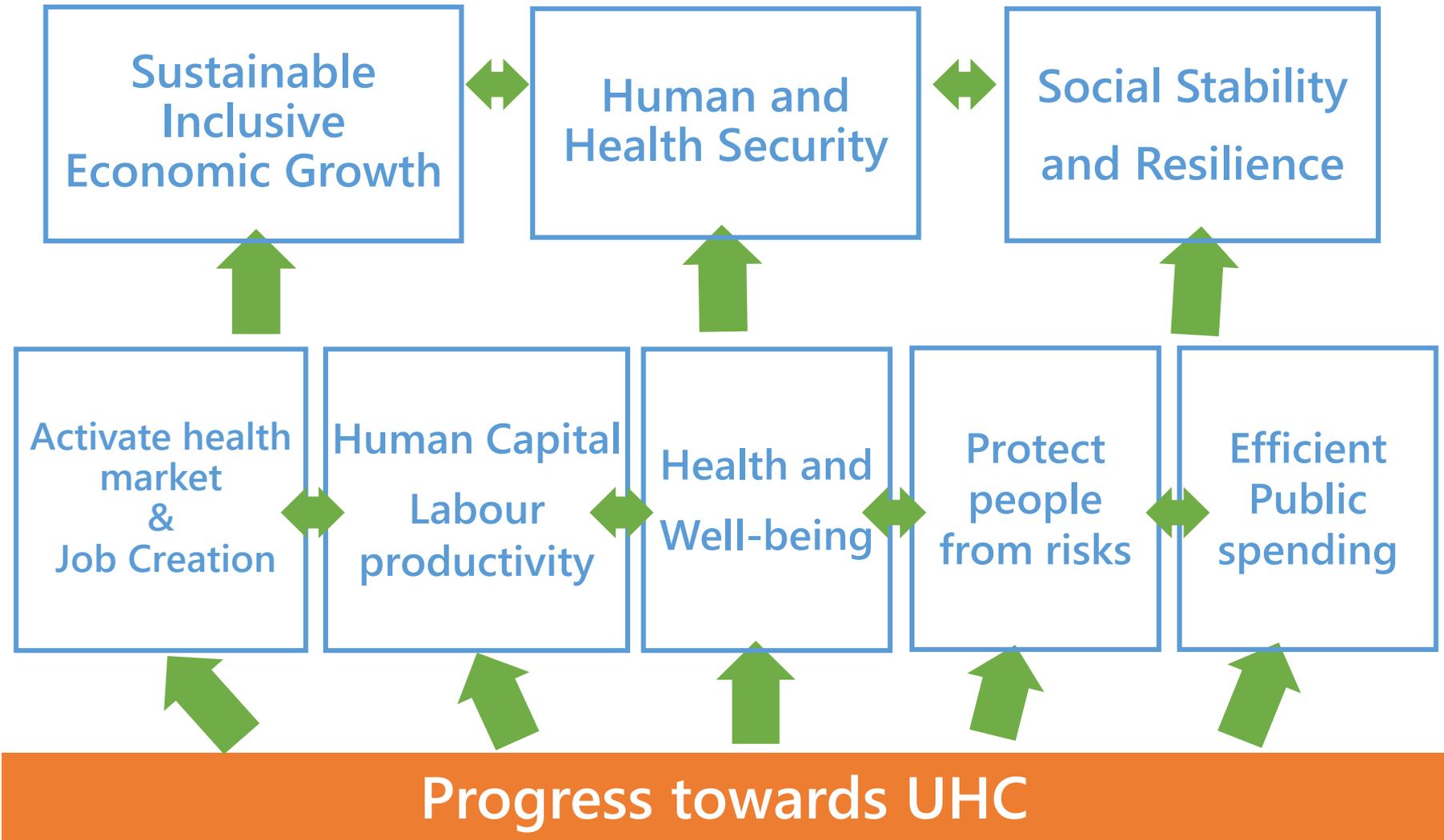
3.6 Billion people do not receive the essential health services they need

Financial Protection to ensure that the use of these services does not expose the user to financial hardship.

100 million people are pushed into extreme poverty every year from out-of-pocket payment

UHC is the foundation of health and human rights

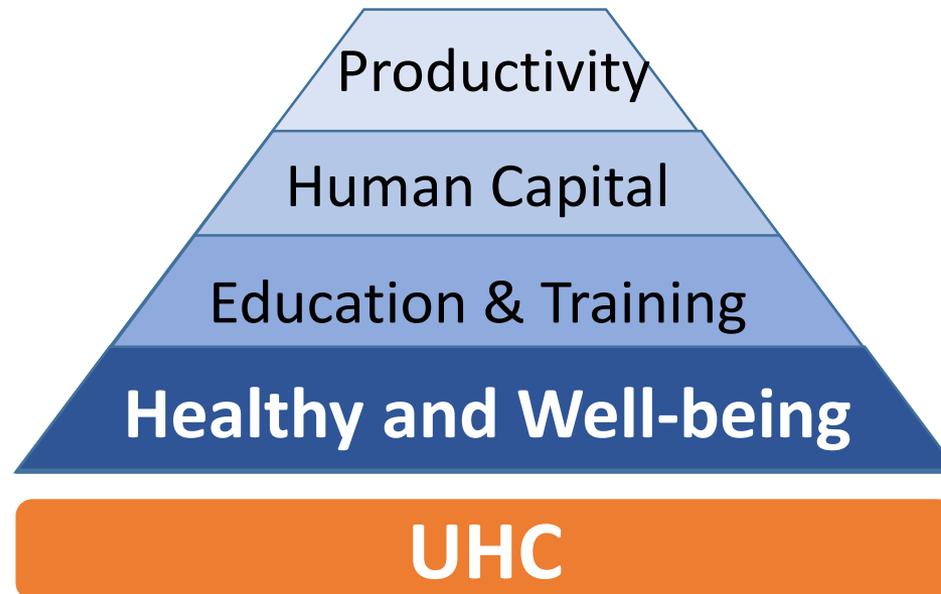
UHC - Engine for health and human capital, and pathway to Sustainable, Inclusive growth



Investment in health through UHC brings large economic benefit

Sustainable Inclusive
Economic Growth
economic benefit exceed costs by a
factor of about **9-20**.

(Source: Jamison, D. T., Summers, L. H., Alleyne, G., et.al. (2013). Global health 2035: a world converging within a generation. *Lancet*, 382(9908), 1898-1955. doi:10.1016/S0140-6736(13)62105-4)



The health sector continues to expand faster than the economy

Global spending on health

\$7.7
TRILLION

11%
OF GLOBAL GDP

Health spending as a share of global GDP, 2000 - 2016

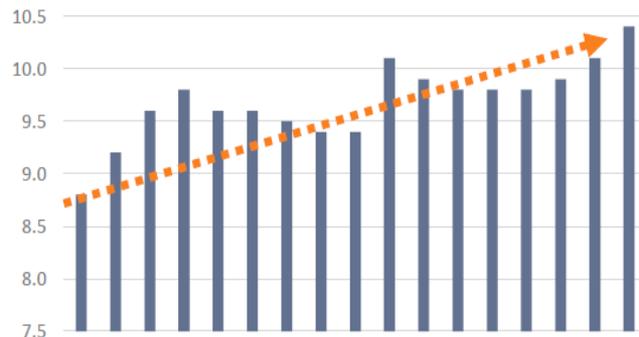
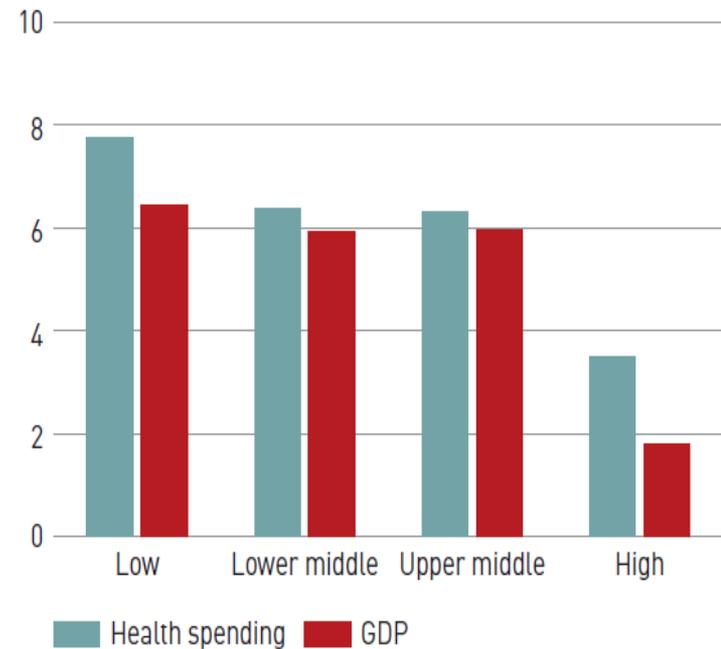


FIGURE 1.1 Health spending is growing faster than GDP

Real growth by country income group, 2000-2017 (%)



Source: WHO, 2019

Risk of Inaction – mitigating shocks, fiscal sustainability, resilience and social stability

COST PRESSURES

- Medical Technology Progress and Intellectual Property
- Ageing, NCDs
- Rising Users' expectations for more and better health services

NCDs accounted for
60% of health spending in OECD countries in 2011(OECD)

FISCAL CAPACITY CONSTRAINTS

- Limited capacity to raise tax revenue
- High dependency ratio
- Shift in DAH (Development Assistance for Health)

58 countries (40% of all LMICs) are currently or will face a transition from DAH programs in the next 5-10 years (UHC2030)

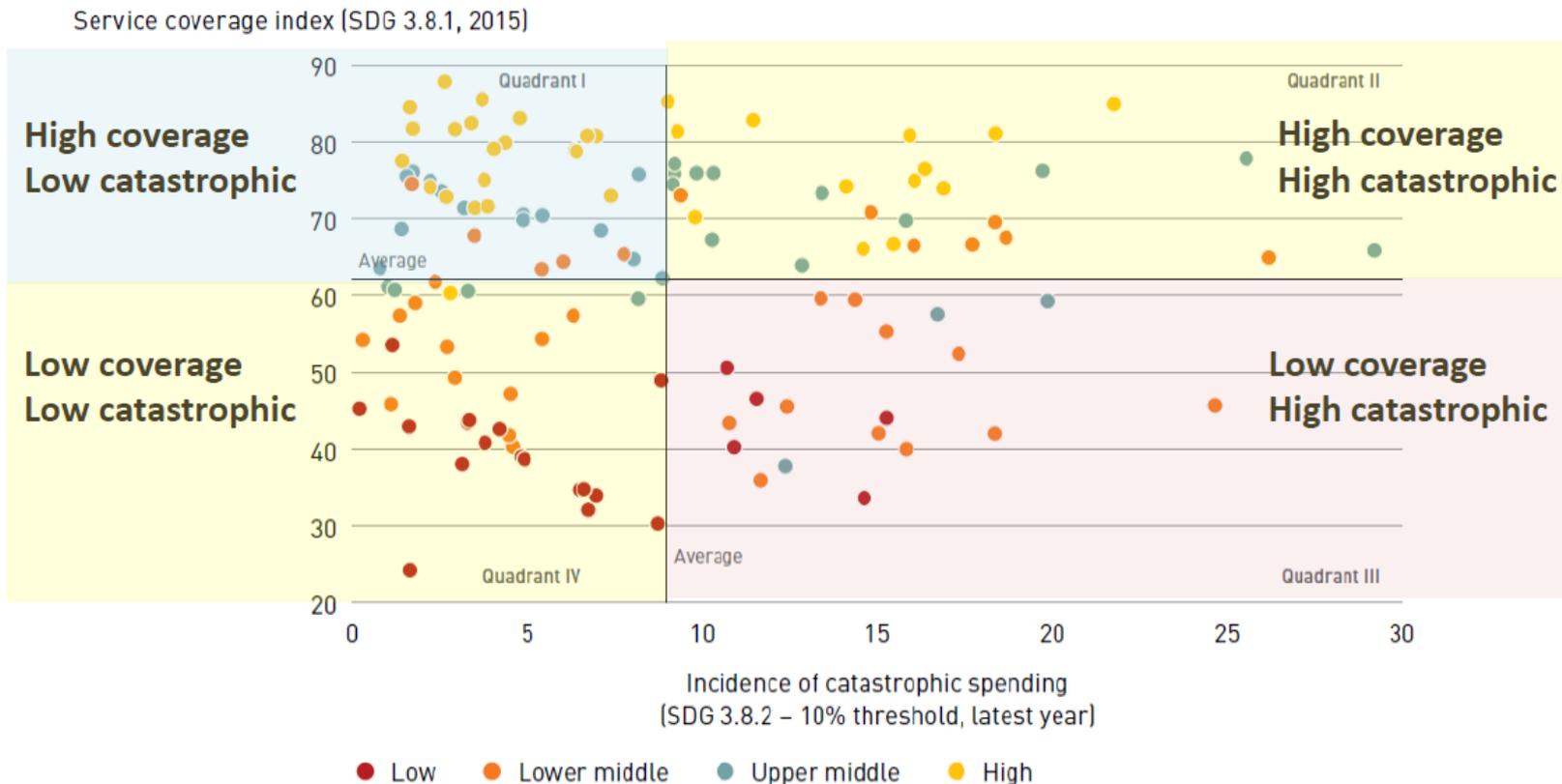
HEALTH SYSTEMS AND ECONOMIC SHOCKS

- Disease Outbreak
- Antimicrobial Resistance
- Forced displacement

- Cost of Ebola outbreak in West Africa 2014-15 : **US\$ 2.2B** (WHO)
- Losses from pandemics to be **\$60B/y** (WB)

UHC Progress (2019)

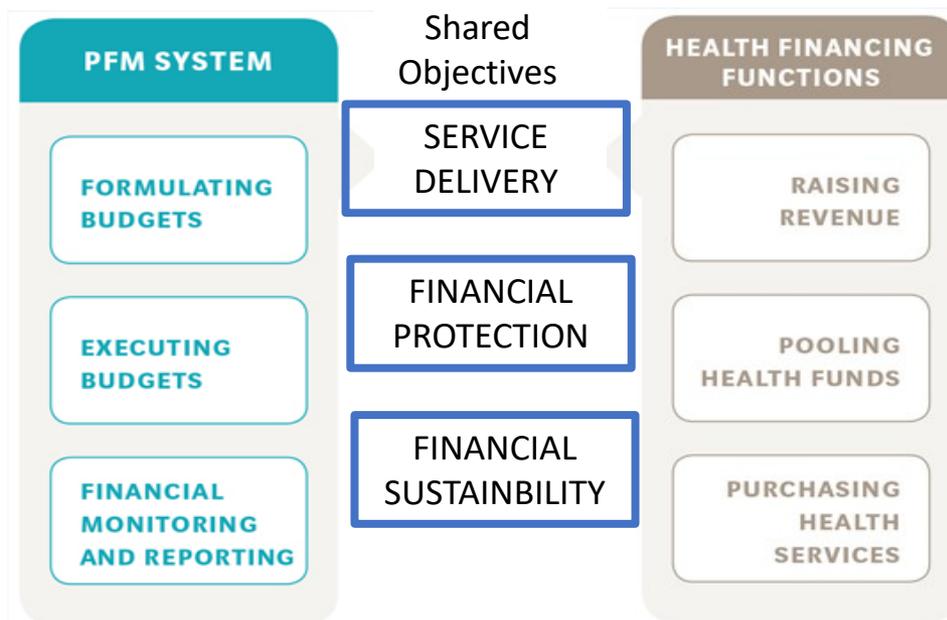
- Country leaders politically committed and legislations have been enforced in many countries.
- UHC service coverage index improved from 45 (of 100) in 2000 to 66 in 2017; an average annual 2.3% increase.
- Incidence of catastrophic health spending (OOP >10% of household budget) also increased from 9.4% to 12.7% during the same period.



Source: Primary Health Care on the Road to Universal Health Coverage. WHO. 2019.

How is joint leadership of finance and health ministries implemented at country level?

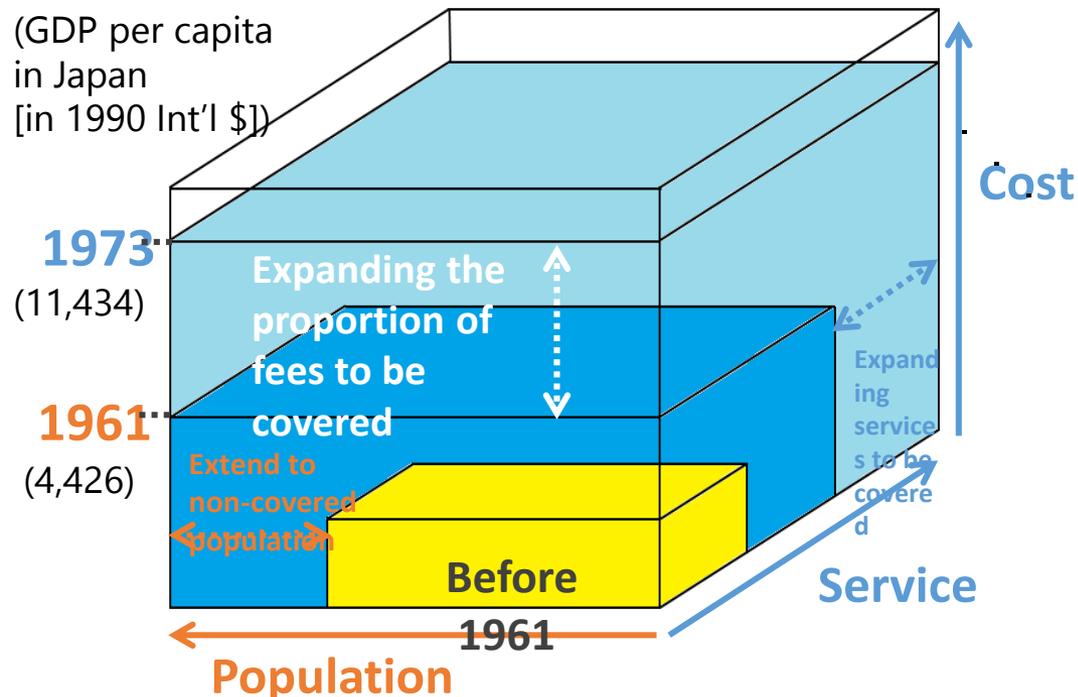
- MOH is in charge of designing high-quality, financially-sustainable, evidence-based, equitable and inclusive health policy. This mission cannot be completed by MOH alone.
- MOF has a joint responsibility in designing and securing financing sources for the health systems. In particular, fiscal sustainability and the need for broad coverage needs to be well-balanced, with due consideration to cost pressures that will arise from demographic changes and technological development.
- Two ministries to bring each expertize for whole-the-Government approach.



Key considerations suggested to progress toward UHC through better health financing

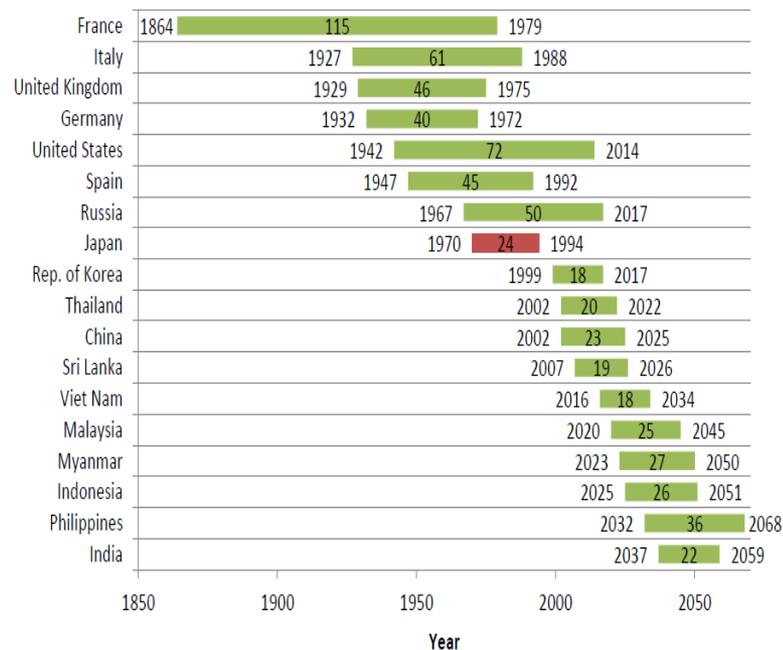
Power of an early start and preparedness for the future

Japan assured basic service to all population first. Then expand service and cost coverage.



(Source: Shimazaki (2015) Iryo-seisaku wo toinaosu [in Japanese], Utsunomiya [2015])

Asian countries are “Fast Ageing”
(Number of Years for the Proportion of Older Persons to Increase from 7% to 14%)



Source: ERIA Research Project Report 2018

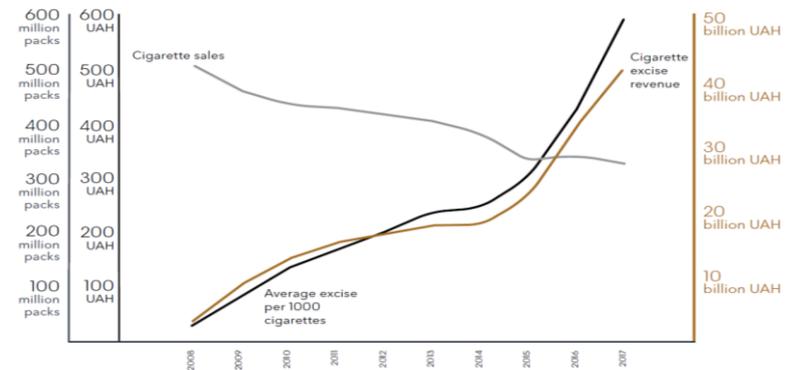
Invest More (Revenue Raising)

Prioritize reliable domestic financing in a fair and equitable manner

- **Domestic public finance** need to be prioritized as primary source (stability in the long run).
 - Chatham House analyzed Governments should secure **5% of GDP or US\$86 per capita** as domestic public health expenditure.
 - UN HLM : “adequately increase public spending (**additional 1% of GDP**) with a special emphasis on primary health care”
- Design **Best Mix** of domestic financing scheme considering revenue collection capacity and progressivity (tax (including health taxes (tobacco, alcohol, sugary beverage etc), insurance premium and co-payment). Close communication and Periodical review by MOF-MOH. Peer learning is encouraged. Strengthen capacity to mobilize revenue if needed.

Cigarette tax gradual increase in Ukraine. 2008-17

Figure 13: Cigarette Tax Increases Lead to Higher Revenues in Ukraine, 2008-2017



Note: Annual excise tax rates and revenues in current Ukrainian Hryvnia (UAH).
Source: World Bank Group 2017

Source: WHO, 2019

Health Service Financing Source of Japan

Services	Financing methods
Public health (prevention, health promotion)	<ul style="list-style-type: none"> ● Tax ● (co-payment) ● (social health insurance)
Medical care (treatment, rehabilitation)	<ul style="list-style-type: none"> ● Social health insurance ● tax-subsidy ● co-payment

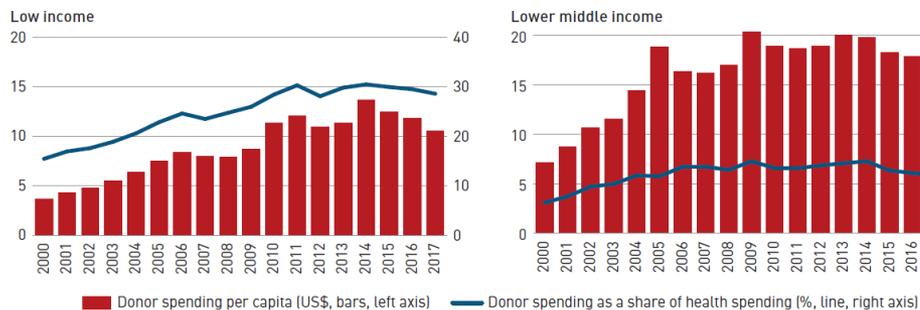
Source: Toibe

Invest More (Revenue Raising)

Strategically mobilize External Funding sources

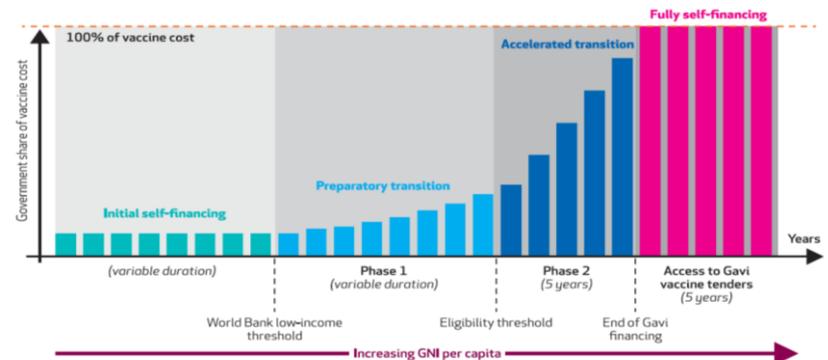
- Mobilize strategically to catalyze reliable domestic resource (including institutional capacity development)
- Complement gap that recipient government cannot address on its own
- Partnership arrangements or collaboration platforms for aligning aid strategies with domestic health financing and development needs
- Gradually transition to domestic financing as countries develop

Donor funding as a share of health spending for LIC/LMICs



Source : WHO

Gavi's transition model for vaccine supply



SOURCE Gavi. **NOTES** "WB low-income threshold" is the World Bank's threshold for status as a low-income country. GNI is gross national income. "Gavi vaccine tenders" are tenders issued primarily by UNICEF, Gavi's procurement agency, that invite vaccine manufacturers to submit offers to supply Gavi-supported vaccines for Gavi-supported countries.

Source: Gavi

Invest Better (Benefit Package and Purchasing/Resource Use)

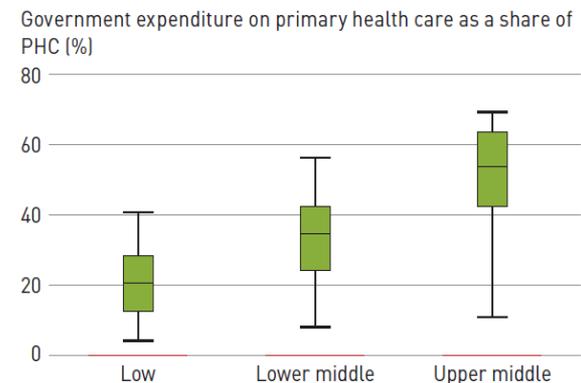
Improve Cost-effectiveness, efficiency, equity and stewardship in resource use

- Prioritize cost-effective services among competing needs and ensure quality
 - Primary Health Care, Prevention and Health Promotion
 - Select cheaper item in case of same effectiveness
- Ensure the resources are used “well (efficiency, equity, rational)”
 - For example:
 - Antimicrobial resistance will induce huge burden in future. Promote measures to reduce antimicrobial cost to patients and ensure that medicine are good quality, appropriate treatment guideline the drug to be used appropriately to prevent treatment failure, public education on AMR, improved stewardship on advertisement control of drug companies that encourage a high volume of sales.

Inefficient



FIGURE 4.6 Less primary health care is funded by government spending in low and lower middle income countries



Invest Better (Benefit Package and Purchasing/Resource Use)

- Promote development/use of technology (point-of-care diagnosis etc.)
- Strengthen institutional capacity to assess new health intervention and technology and negotiate prices
- Operational obstacles in PFM/budget management

Incorporate public health emergency preparedness and response, antimicrobial resistance action plan

- Health systems preparedness in health financing systems (full compliance with the WHO International Health Regulations (2005))
- Use external resources (WHO Contingency Fund for Emergencies and the WB Pandemic Emergency Financing Facility etc.) or national contingency reserves for rapid responses

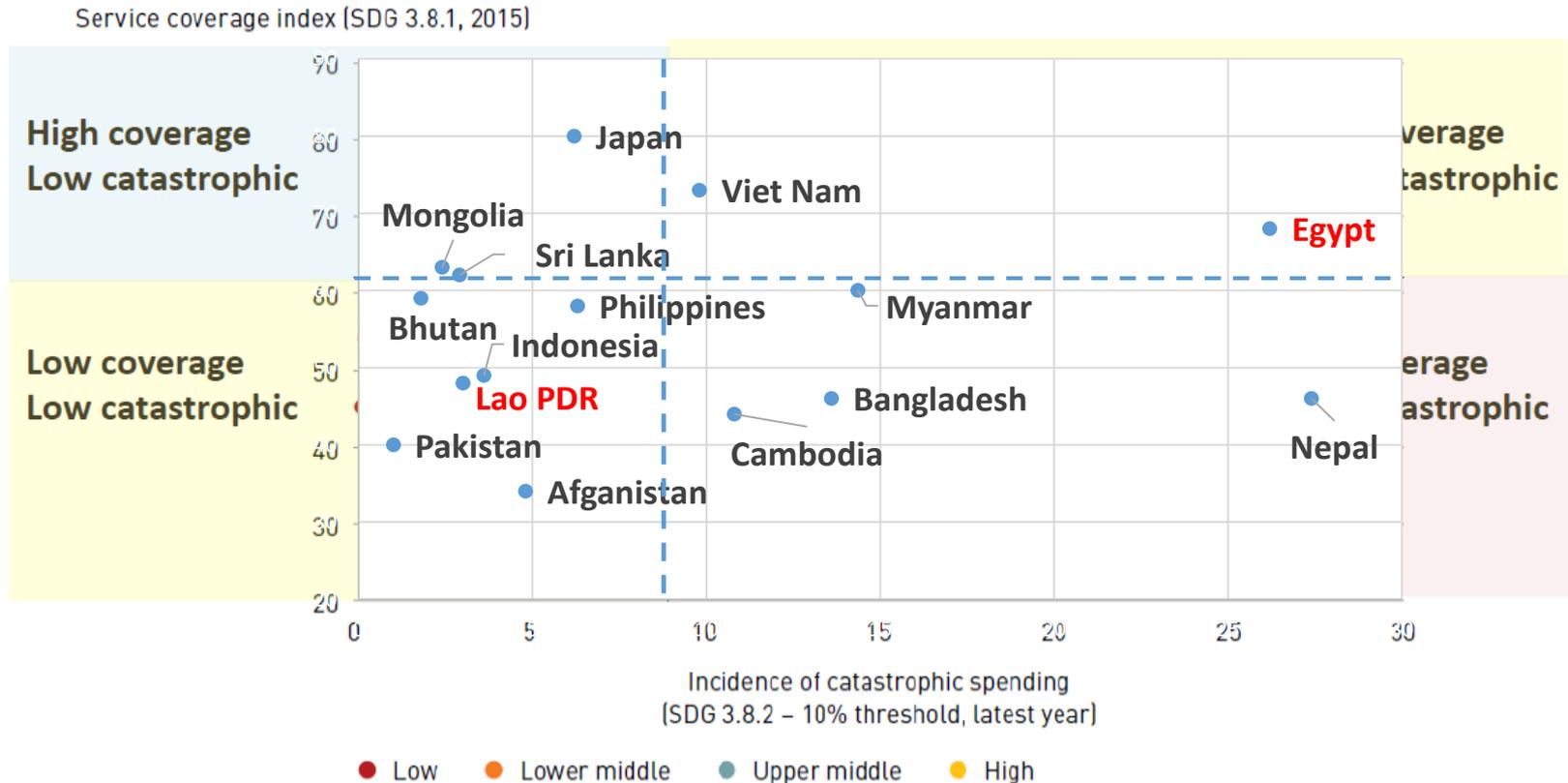
Building institutional capacity

- Collecting revenue and allocating expenditure in a timely and efficient manner
- Securing sufficient investment in both primary healthcare services and core public health functions, and for health workers and providers
- Analyzing and adjusting fiscal policies to possible financial risks
- Public Finance Management capacity (including mid-term), Performance-based management – Through joint effort for achieving UHC, PFM can be strengthened.
- Peer learning about effective strategies for health finance, support for strengthening health financing institutions, and tapering of support to avoid sudden shocks

Contribution of the private sector

- Institutionalize quality control, regulatory, governance and oversight mechanisms by the government in harnessing and engaging with the private sector
- Partnership with civil society actors can improve accountability and transparency, leading to greater access to care among poor and marginalized populations.

Two country presentations: Egypt and Lao PDR



Source: Primary Health Care on the Road to Universal Health Coverage 2019; Global Monitoring Report, WHO; WHO UHC Portal (Feb 10, 2020 access)