

Health Financing Within The Overall Health System

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June 2016



Outline

- ▶▶ Introduction
- ▶▶ Health System – Introduction
- ▶▶ Health System Building Blocks
- ▶▶ Defintion of Health Care Financing
- ▶▶ Health Care Financing in the context of Health System
- ▶▶ Conclusion



Objectives

- ▶▶ To define health system
- ▶▶ To understand the components of health system
- ▶▶ To define Health Care Financing
- ▶▶ To explain health care financing within health system



Health is a Right

- ▶▶ Health is a state of complete physical, mental and social wellbeing, and not merely the absence of disease or infirmity.
 - Article 25 of the Universal Declaration of Human Rights 1948 recognizes Health as a right.
- ▶▶ It is a fundamental human right and ... a most important world-wide social goal."
 - ▶ Alma Ata Declaration-1973



Health System – What is it?

- ▶▶ A health system consists of all organizations, people and actions whose *primary intent* is to promote, restore or maintain health.
- ▶▶ A good health system delivers quality services to all people, when and where they need them.
- ▶▶ The exact configuration of services varies from country to country, but in all cases requires a robust financing mechanism; a well-trained and adequately paid workforce; reliable information on which to base decisions and policies; well maintained facilities and logistics to deliver quality medicines and technologies.



Health System – Introduction, continued

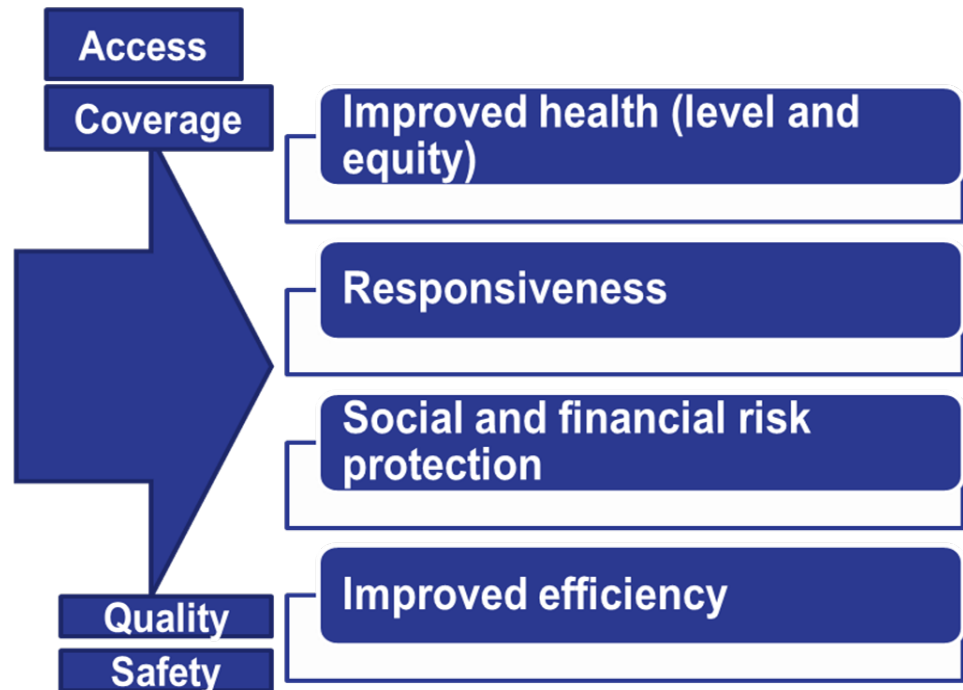
- ▶▶ Erroneously people tend to think that the public sector service delivery system is “the health system”
- ▶▶ Public sector is never the whole “health system”
 - ❖ Leaves out households
 - ❖ Private finance, private supply chain
 - ❖ Private workforce training
- ▶▶ Dysfunction of one affects others

Health Systems Building Blocks

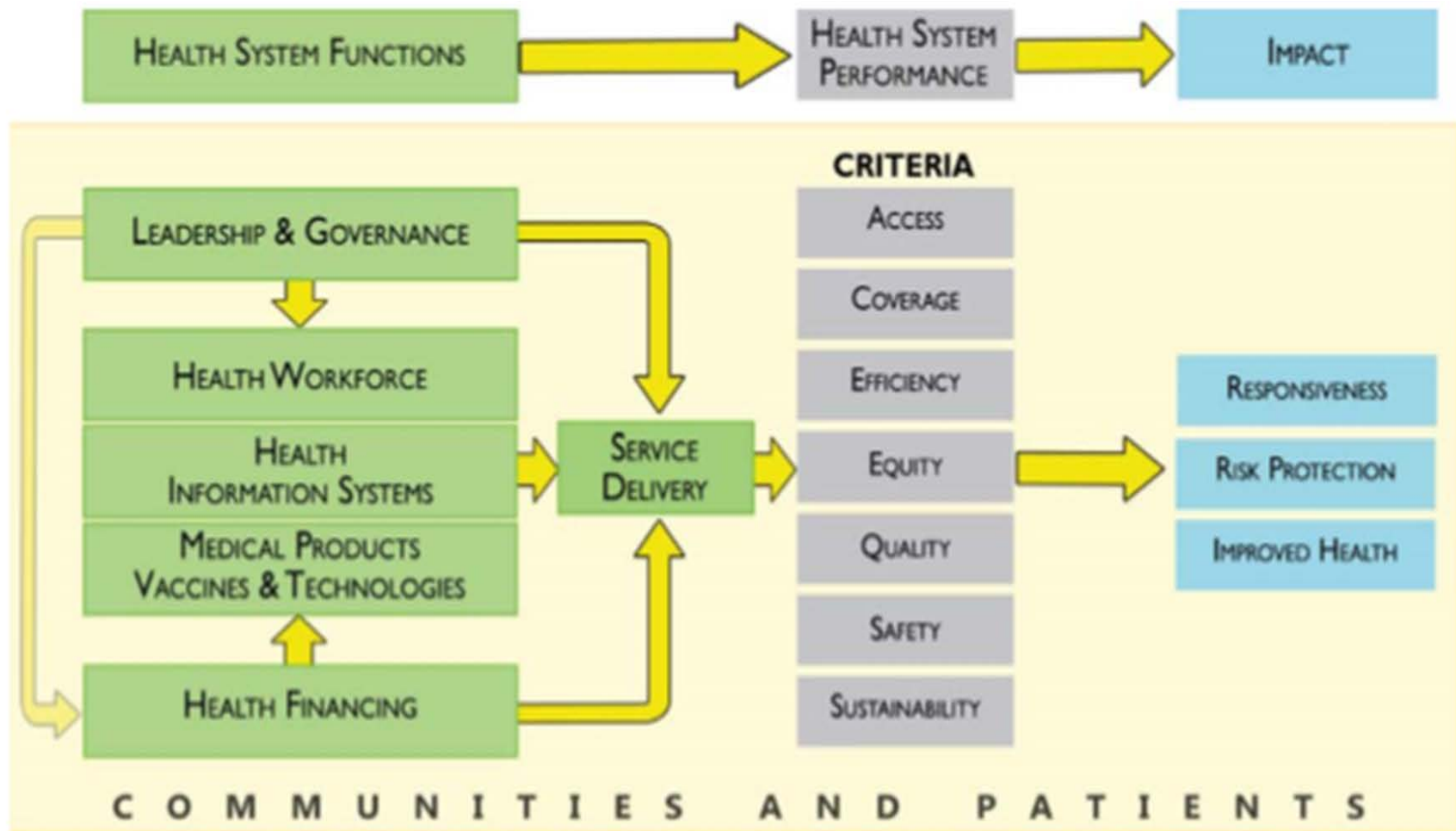
System building blocks



Overall goals/outcome



Building Block Interactions



1) Service Delivery

- ▶ Good health services delivery...



❖ Quality

Drugs, supplies, and equipment in stock

Health workers paid, supervised, motivated

❖ Access

Equitable and efficient financing

Rational planning, professional management based on data

2) Health Workforce

A well performing **health workforce** consists of...



▶▶ HR Management

Financing to hire adequate staff in National budget

▶▶ HR skills

Adequate drugs and supplies for effective workforce

▶▶ HR policies

Data tracking of human resources

3) Health Information System

A well performing **health information system**

- ▶ Ensures the production, analysis, dissemination and use of timely and reliable information

National Health Financing
information informing policy

Link use of data to resource
allocation, measurement of health
worker performance

Share data with community



Photo: David Lubinski, HMN

4) Medical Products, Vaccines and Technologies

Procurement and supply programs need to ensure...

- ❖ Equitable access
- ❖ Assured quality
- ❖ Cost-effective use.

Pro-poor financing of essential products

Local Capacity to Enforce Regulations

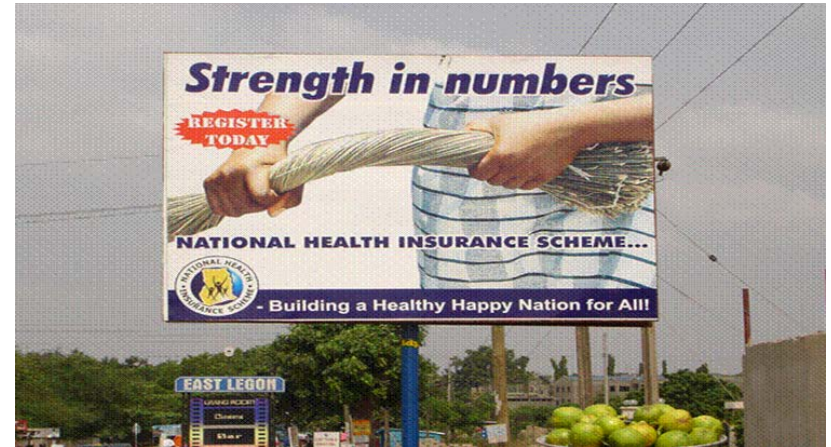
Health workers trained in cost-effective prescribing practices



5) Financing

A good health financing system...

- ▶ Raises adequate funds for health
- ▶ Ensures access to quality health care regardless of ability to pay
- ▶ Protects people from financial catastrophe
- ▶ Allocates resources and purchases goods and services in ways that improve quality, equity, and efficiency



Payment systems for reward health worker distribution and retention

Pro poor financing of essential products

Use data to allocate resources



6) Leadership and Governance

Effective leadership and governance ensures...

- ❖ strategic policy frameworks exist
- ❖ effective oversight and coalition-building
- ❖ provision of appropriate incentives
- ❖ attention to system-design, and accountability.

Availability of accurate data for policy and advocacy

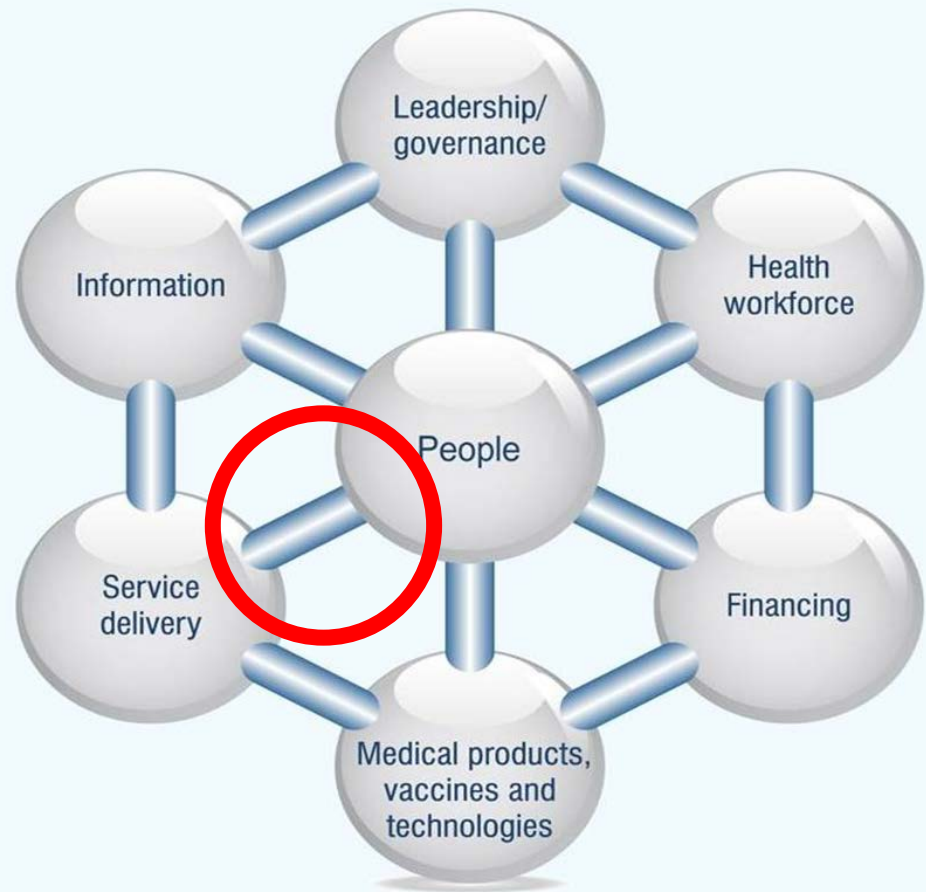
Regulation of health workers and medical products

Accountability to patients financing that empowers consumers

The "7th" Building Block – People

Individuals, households,
and communities as:

- ▶▶ Civil society
- ▶▶ Consumers
- ▶▶ Patients
- ▶▶ Payers
- ▶▶ Producers of health through knowledge, attitudes, behaviors, and practices



Graphic: Bob Emrey, USAID



Health Care Financing – Definition

- ▶▶ Health financing is one of the main functions of the health system.
- ▶▶ It is **defined as the raising or collection of revenue to pay for the operations of the health system.**
- ▶▶ It is a key determinant of health system performance in terms of equity, efficiency, and quality.
- ▶▶ Principal functions are:
 - ❖ Revenue collection from various sources,
 - ❖ Pooling of funds and spreading of risks across larger population groups, and
 - ❖ Allocation or use of funds to purchase services from public and private providers of health care.



Health Financing within the Health System

- ▶▶ Financing is a *“function of a health system concerned with the mobilization, accumulation and allocation of money to cover the health needs of the people, individually and collectively”*
- ▶▶ The purpose of health financing is *“to make funding available, as well as to set the right financial incentives to providers to ensure that all individuals have access to effective public health and personal health care”*



Health Financing within the Health System, Cont.

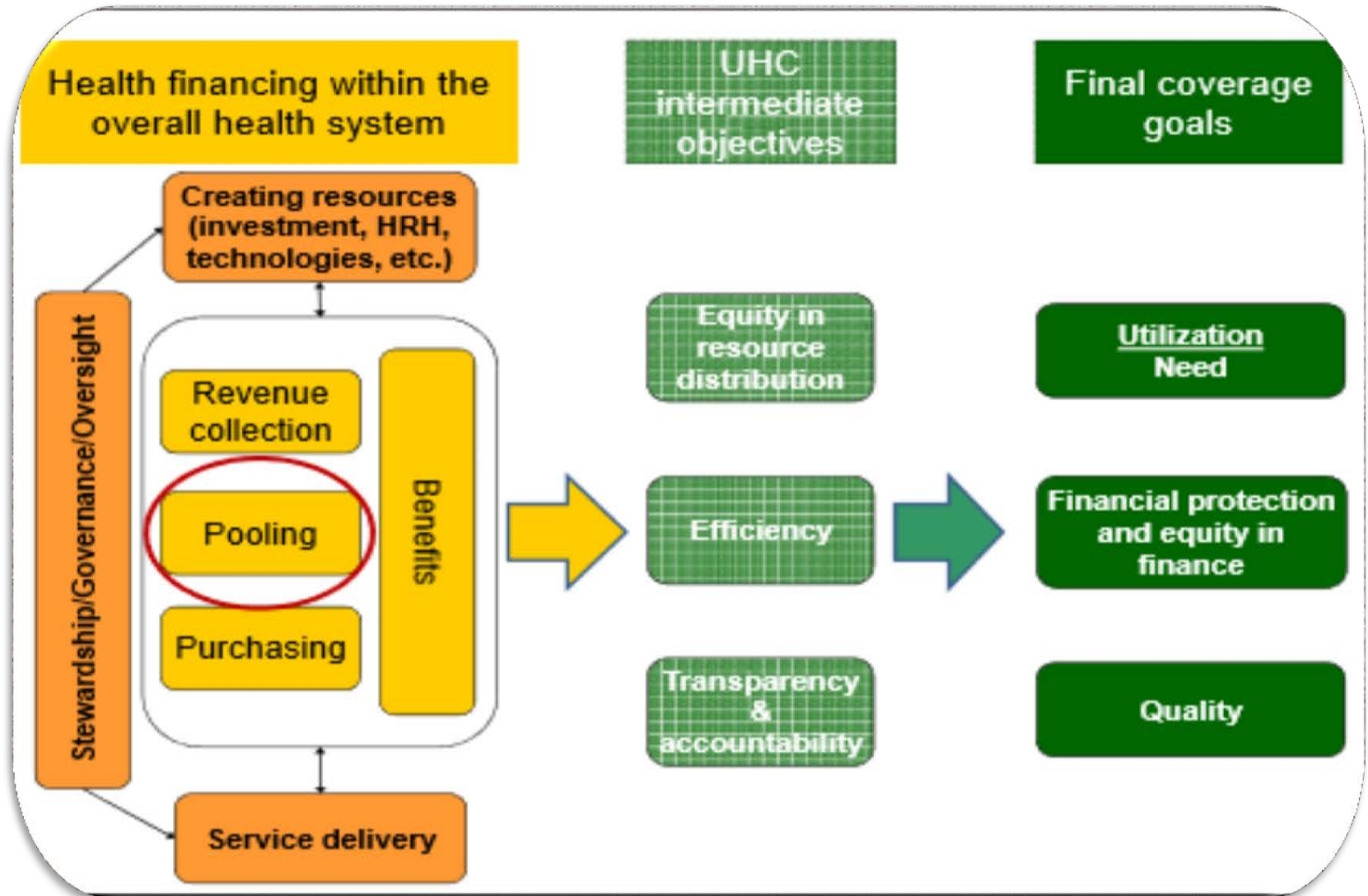
- ▶▶ A good health financing system raises adequate funds for health, so that people can use needed services protected from financial catastrophe or impoverishment associated with having to pay for them.
- ▶▶ It provides incentives for providers and users to be efficient
- ▶▶ The approaches that countries use to finance their health systems varies,
- ▶▶ There are variations in provision of the financial resources those systems need and the important institutional arrangements that create economic incentives in the operation of health systems.



Health Financing within the Health System, Cont.

- ▶▶ All health financing approaches should try to fulfill **three basic principles of public finance**:
 - 1) **Raise enough revenues** to provide individuals with the intended packages of health services that assure health and financial protection against catastrophic medical expenses caused by illness and injury in an equitable, efficient and financially sustainable manner;
 - 2) Manage these revenues **to pool health risks** equitably and efficiently; and
 - 3) Ensure the payment for or **purchase of health services** is carried out in ways that are allocatively and technically efficient.

Situating HCF within the overall Health system





National Health Act Provision for Health Care Financing



National Health Act Provision for Health Care Financing

Establishment of Basic Health Care Provision Fund.

- ❖ The Basic Health Care Provision Fund to be financed from:
 - Federal Government annual grant of not less than one per cent of its Consolidated Revenue Fund.
 - Grants by international donor partners; and
 - Funds from any other source.



National Health Act Provision for Health Care Financing

- ▶▶ Money from the Fund shall be used to finance the following:
 - ❖ 50 per cent of the Fund shall be used for the provision of basic minimum package of health services to citizens, in eligible 'primary or secondary health care facilities through the National Health Insurance Scheme (NHIS);
 - ❖ 20 per cent of the Fund shall be used to provide essential drugs, vaccines and consumables for eligible primary health care facilities;
 - ❖ 15 per cent of the Fund shall be used for the provision and maintenance of facilities, equipment and transport for eligible primary healthcare facilities;
 - ❖ 10 per cent of the Fund shall be used for the development of human resources for primary health care; and
 - ❖ 5 per cent of the fund shall be used for emergency medical treatment to be administered by a Committee appointed by the National Council on Health.



National Health Act Provision for Health Care Financing

- ▶▶ The National Primary Health Care Development Agency shall disburse the funds for 2nd, 3rd and 4th of above through State and Federal Capital Territory Primary Health Care Boards for distribution to Local Government and Area Council Health Authorities.
- ▶▶ For any State or Local Government to qualify for a block grant pursuant to such State or Local Government shall contribute:
 - ❖ In the case of a State, not less than 25 per cent of the total cost of projects; and
 - ❖ In the case of a Local government, not less than 25 per cent of the total cost of projects as their commitment in the execution of such projects.



National Health Act Provision for Health Care Financing

- ▶▶ The National Primary Health Care Development Agency shall not disburse money to any:
 - ❖ Local Government Health Authority if it is not satisfied that the money earlier disbursed was applied in accordance with the provisions of this Act;
 - ❖ State or Local Government that fails to contribute its counterpart funding; and
 - ❖ States and Local Governments that fail to implement the national health policy, norms, standards and guidelines prescribed by the National Council on Health.
- ▶▶ The National Primary Health Care Development Agency shall develop appropriate guidelines for the administration, disbursement and monitoring of the Fund with the approval of the Minister.



Conclusion

- ▶▶ Health care Financing is an important component of Health System Building Blocks
- ▶▶ It encompasses three basic functions of revenue collection, risk pooling and purchase of health services
- ▶▶ Countries go about these basic functions in diverse ways.
- ▶▶ It is however important to raise enough revenue to have a good health system that delivers quality services to all people, when and where they need them

Thank you

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