

# Political Economy of Health Care Financing Reforms

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# Presentation outline

- ▶▶ Session objectives
- ▶▶ An overview of political economy in public policy
- ▶▶ Political economy of health care financing reform – revenue, pooling and purchasing
- ▶▶ How to overcome political economy obstacles
- ▶▶ Important feature of political economy of reforms to note

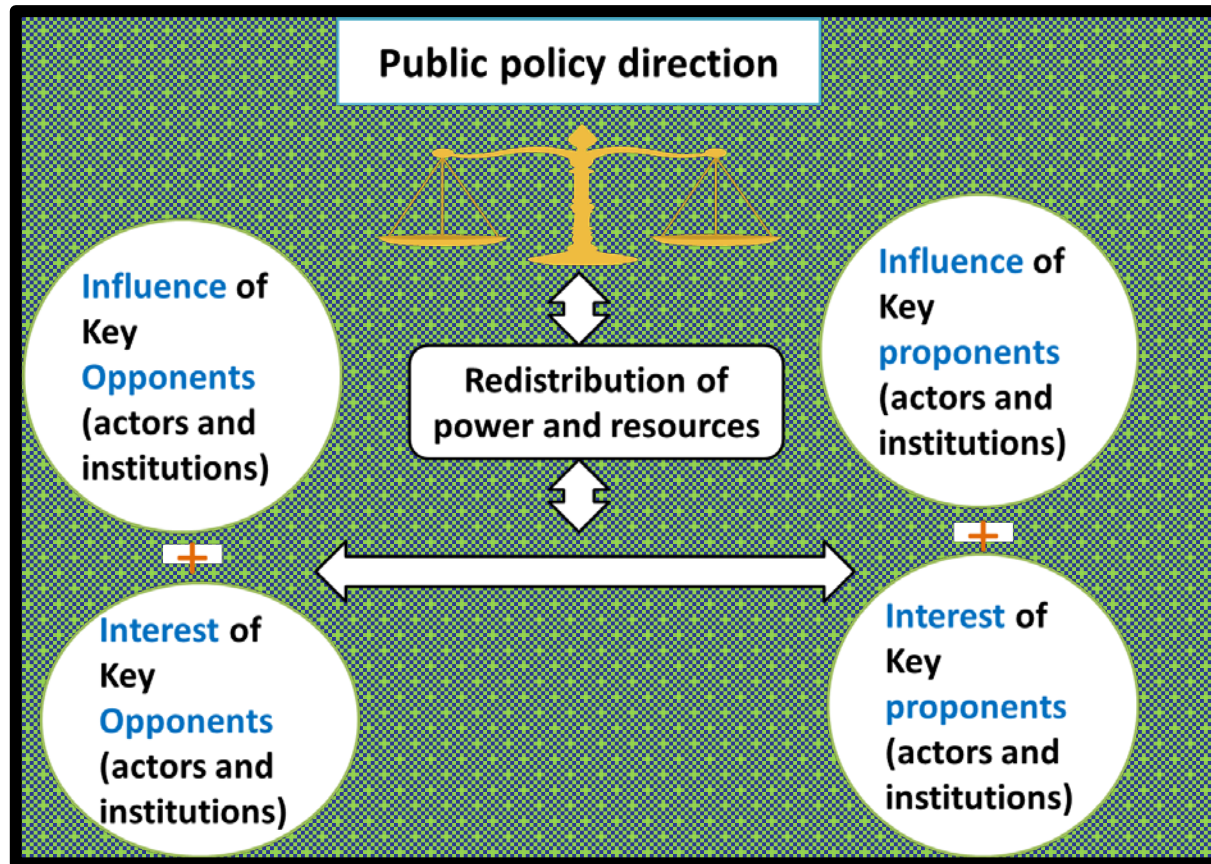


# Session objectives

- ▶▶ To understand the concept of political economy
- ▶▶ To understand application of political economy in health care financing reforms
- ▶▶ To identify health care financing policy options or reforms that generate political economy debates
- ▶▶ To understand how to overcome political economy challenges

# An Overview of Political Economy of Public Policy I

Political Economy is the outcome of interplay of **interest** and **influence** of **key actors** and **institutions** on distribution of **power** and **resources** and their impact on specific public policy or societal development as a whole.





# An Overview of Political Economy of Public Policy II

## ▶▶ Interest: Value-based desire

### ❖ Basis for value

- ▶ Economic capital
- ▶ Political capital
- ▶ Altruistic value (e.g. social entrepreneurship)
- ▶ Identity-based value (Ethnic, religious, geographical, race, nationality, gender, class, blood relation etc.)
- ▶ Mixed or confounding (one interest masking the other)

## ▶▶ Influence: Power, Control

### ❖ Sources of influence

- ▶ Resources and wealth
- ▶ Position
- ▶ Knowledge
- ▶ Social network

# Examples of Contemporary Public Policy Debates in Nigeria



Remove fuel subsidy

Devalue the Naira

Restructure the country

Don't remove fuel subsidy

Don't devalue the Naira

Don't Restructure the country

*They are all political economy debates ...*



# Political Economy of Health Financing Reform – Revenue Raising

## Policy options that generate political economy debates

- ▶▶ Whether or not to earmark funds for health/health insurance
- ▶▶ Release of earmarked money for health/health insurance
- ▶▶ Premium contribution from civil servant
- ▶▶ Premium contribution from private employers for their employees
- ▶▶ Premium contribution by informal sector



# Political Economy of Health Financing Reform – Pooling

## Policy options that generate political economy debates

- ▶▶ Mandatory participation in health insurance scheme
- ▶▶ Should donor contribute part of their budget to the pool?
- ▶▶ Which population group should government subsidize?
- ▶▶ Implications of transition from “free” health scheme to health insurance schemes
- ▶▶ Do small pools want to migrate to bigger pools?
- ▶▶ Can one tier of government pool funds for another tier of government?





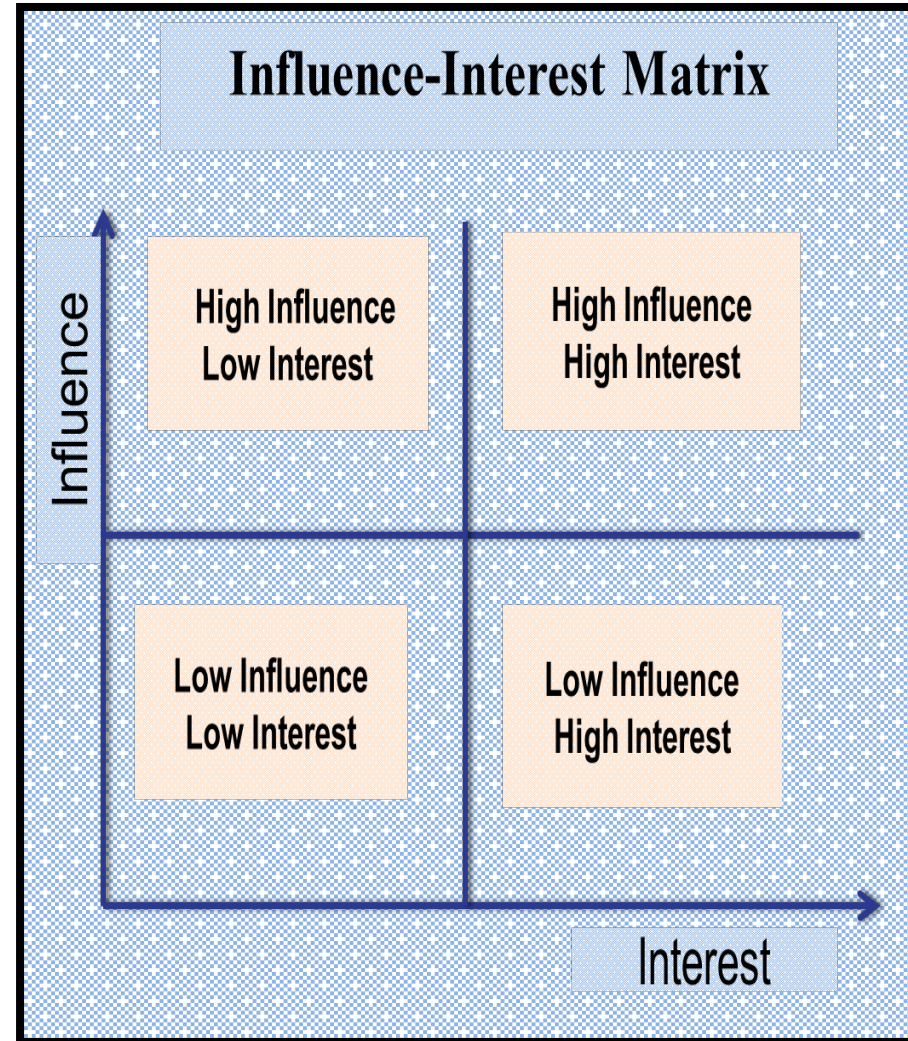
# Political Economy of Health Financing Reform – Purchasing

## Policy options that generate political economy debates

- ▶▶ Who should purchase? Public, private or both?
- ▶▶ What services should be included in the benefit package?
- ▶▶ What provider payment mechanism to adopt? Who bears the risk? The purchaser or the provider?
- ▶▶ Roles of different cadre of health workers in service provision?
- ▶▶ Should there be a new purchaser or existing organizations should purchase?

# How to Overcome Political Economy Obstacles

- ▶ Analyze policy options and identify those that generate political economy debates
- ▶ Identify Key actors and institutions that have stakes
- ▶ Analyze influence and interest of the key actors and institutions
- ▶ Engage and negotiate with the actors and institutions effectively
- ▶ Create win-win incentives as much as possible





# Important features of political economy of reforms to note:

- ▶▶ Reforms have benefits and costs;
- ▶▶ Reform creates winners and losers but with creative cooperation everybody can be a winner;
- ▶▶ It may enhance influence of some and diminish influence of others but with win-win spirit everybody will be happy at last;
- ▶▶ Human beings are naturally averse to loss of power and resources;
- ▶▶ Reforms could involve important and difficult trade-offs;
- ▶▶ Remember that some people tagged enemies of progress are pursuing legitimate interests.

Thank you

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