

Political Economy of Health Care Financing Reforms

Gafar Alawode ,February
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Abt Associates Inc.

In collaboration with:

Avenir Health | Broad Branch Associates | Development Alternatives Inc. (DAI) | Johns Hopkins Bloomberg School of Public Health (JHSPH) |
Results for Development Institute (R4D) | RTI International | Training Resources Group, Inc. (TRG)



Outline

- ▶▶ Session objectives
- ▶▶ An overview of political economy of 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

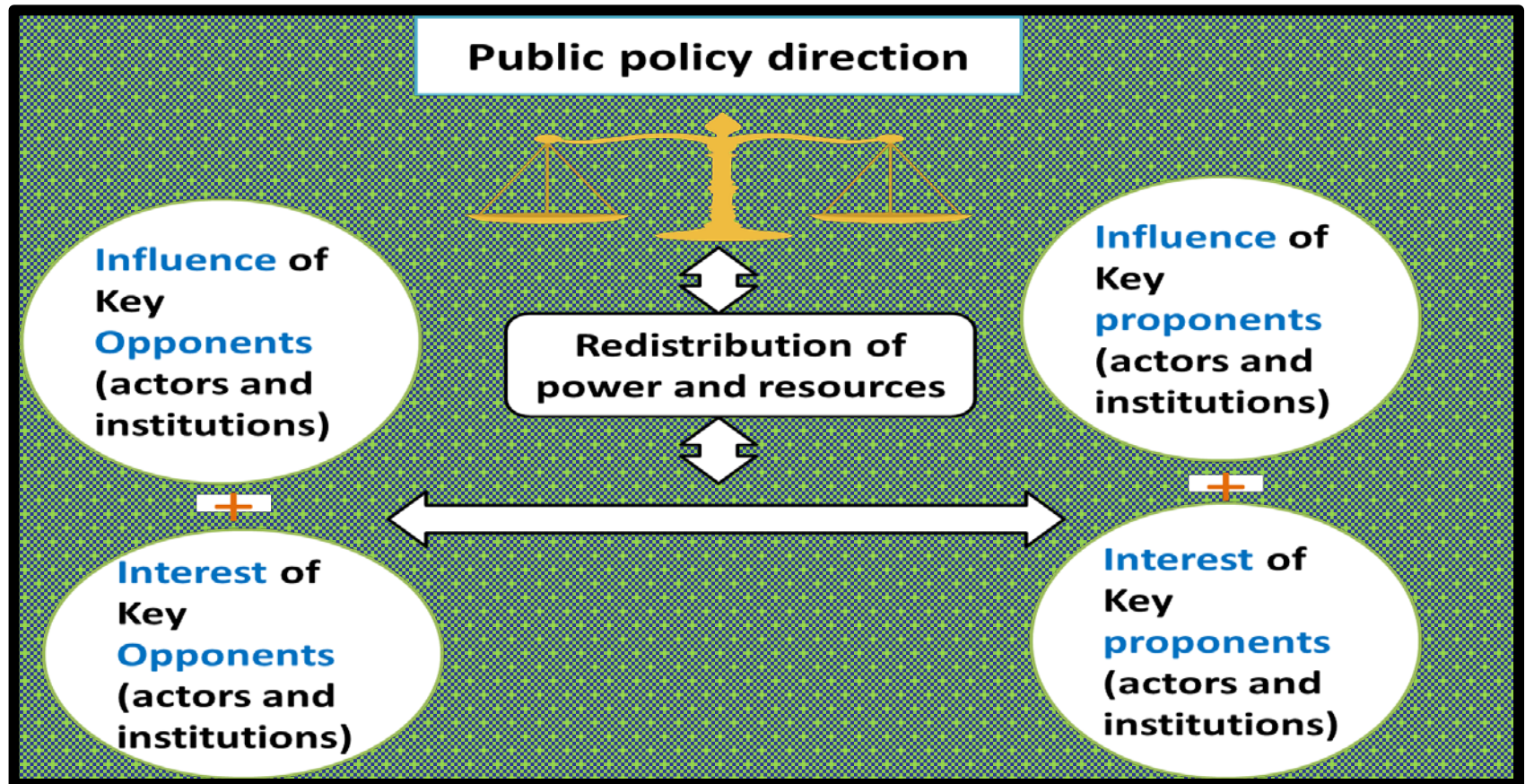


Session objectives

- ▶▶ 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 of public policy is the interplay of interest and influence of key actors and institutions on distribution of power and resources and their impact on specific public policy and vice versa.





An Overview of Political Economy of Public Policy II

▶▶ Interest: Value-based desire

❖ Bases for value

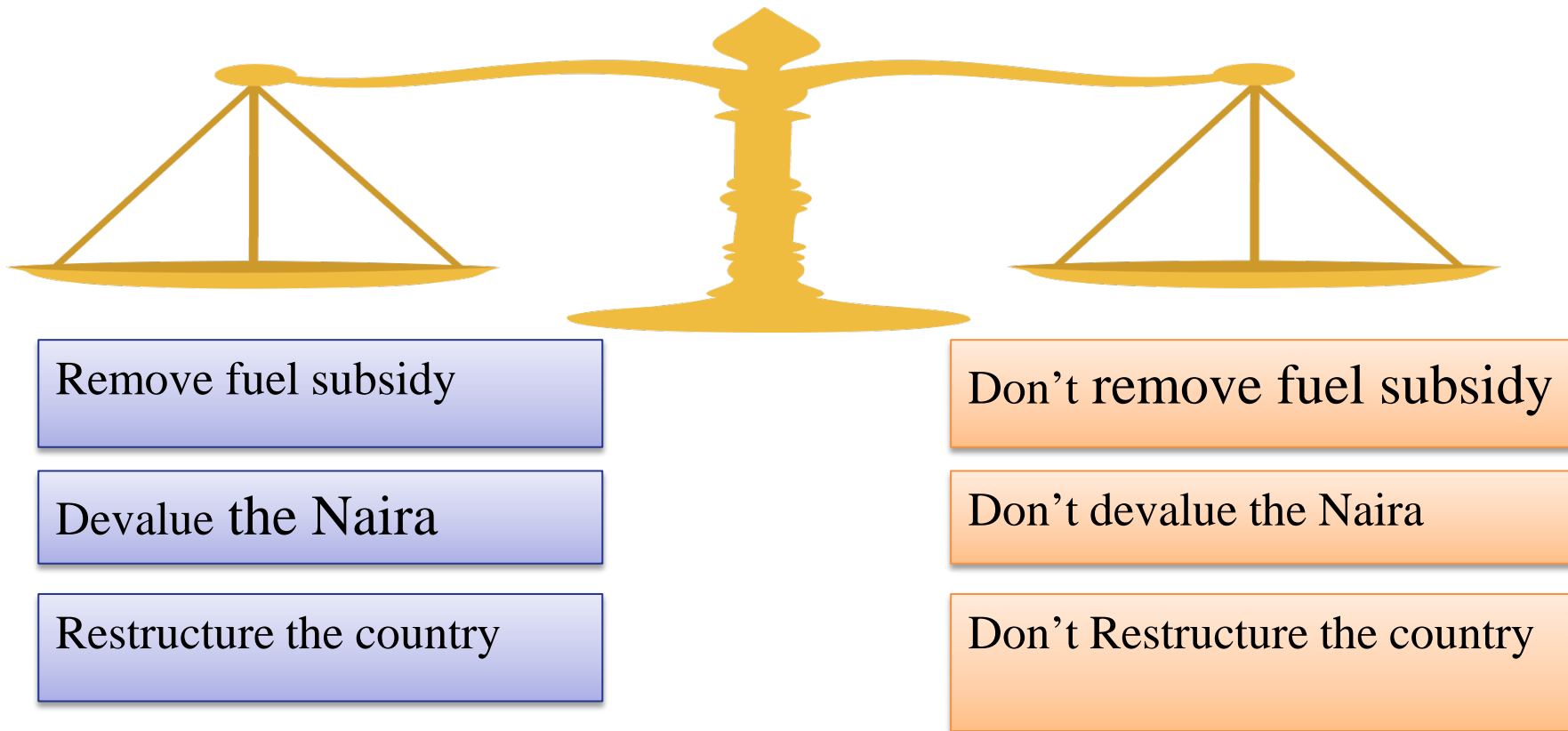
- ▶ Economic capital
- ▶ Political capital
- ▶ Altruistic value (e.g. social entrepreneurship)
- ▶ Identity-based value (Ethnic, religious, geographical, race, nationality, gender, class, blood relation etc.)
- ▶ Mixed or confounding (one interest masking the other)

▶▶ Influence: Power, control

❖ Sources of influence

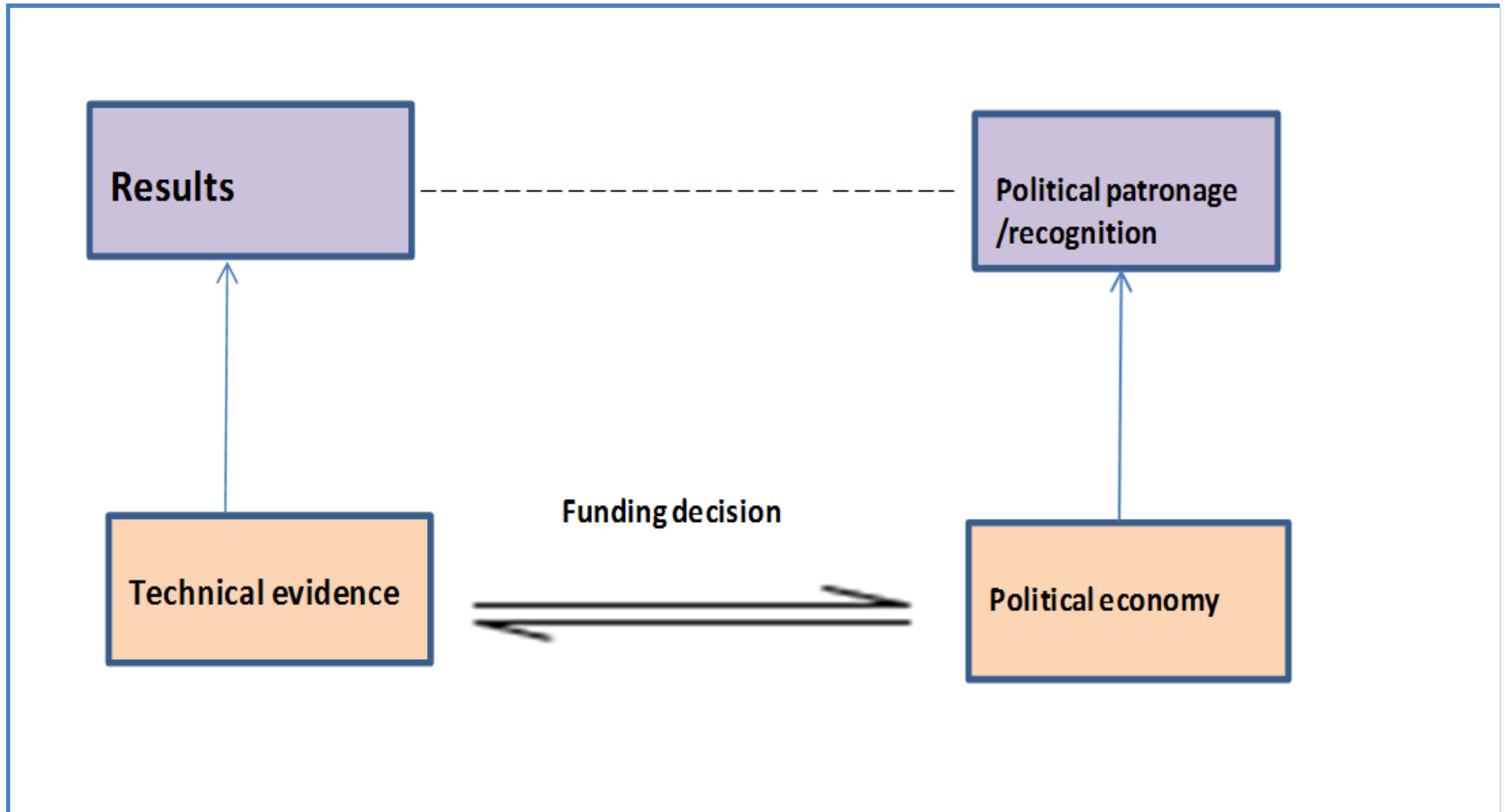
- ▶ Resources and wealth
- ▶ Position
- ▶ Knowledge
- ▶ Social network

Examples of Contemporary Public Policy Debates in Nigeria



They are all political economy debates.....

The Drivers of Decision Making



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?

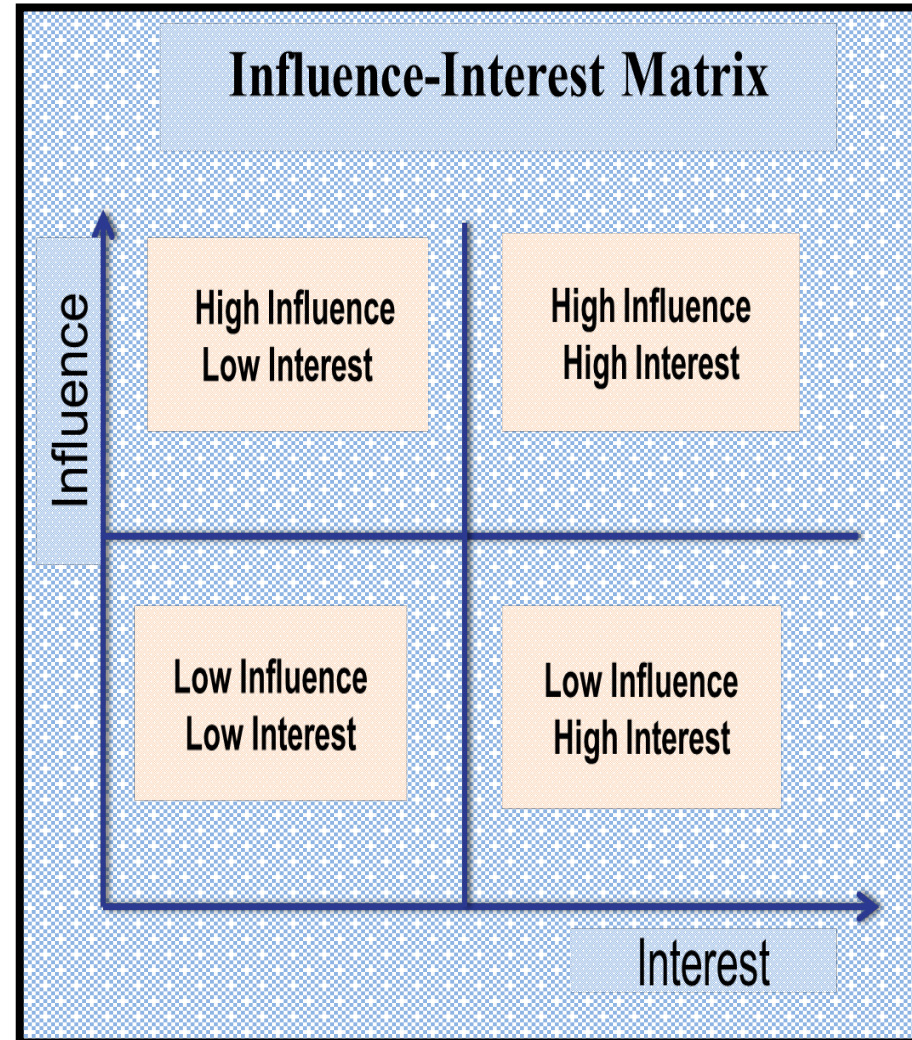
Political Economy of Health Financing Reform – Purchasing

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?
- ▶▶ Should state health insurance scheme report to the Governor or the SMOH?

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.



Introduction of public policy without preparing for the political economy consequences is tantamount to declaration of war with an empty arsenal.....

Thank you

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