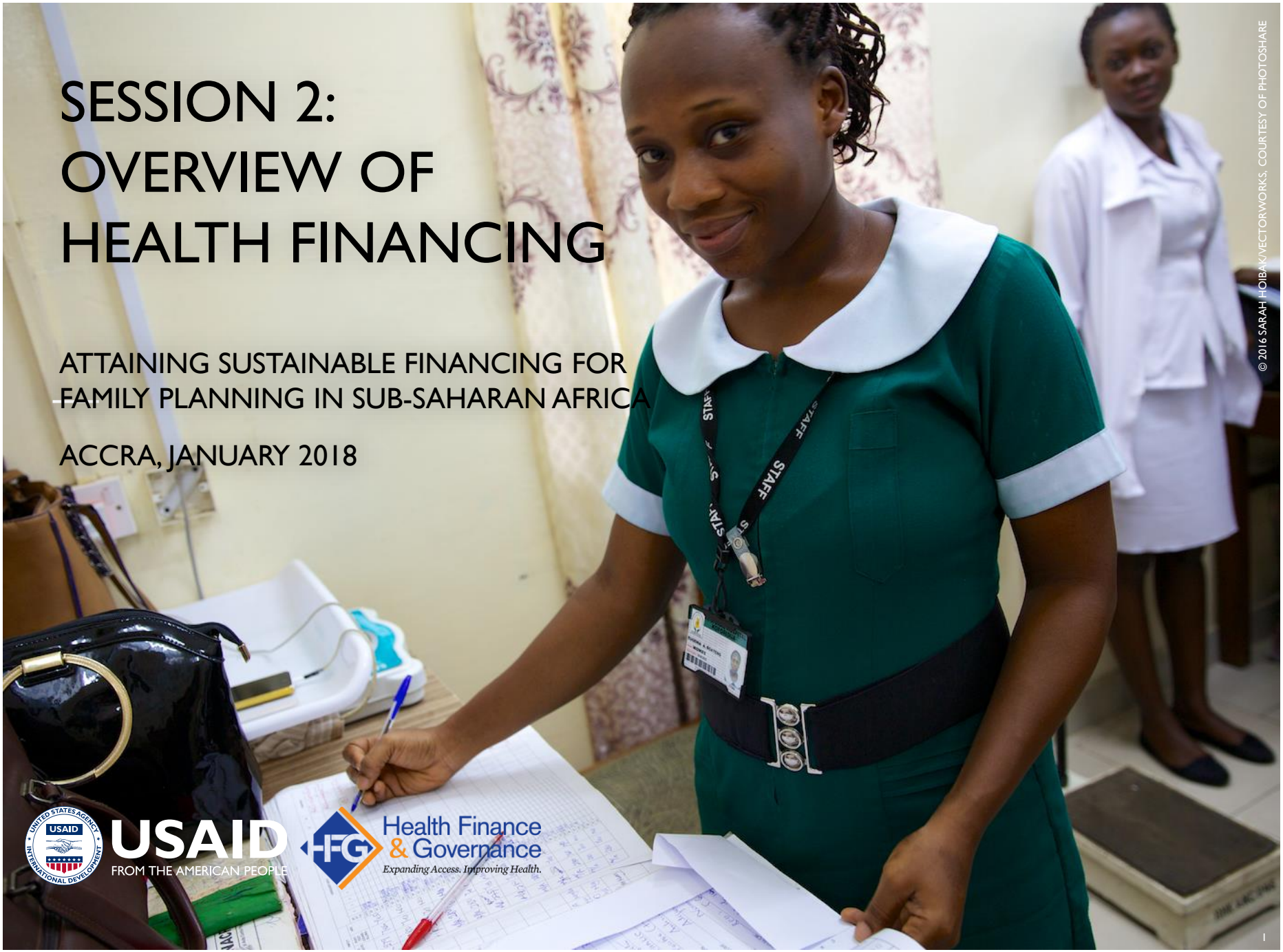
SESSION 2: OVERVIEW OF HEALTH FINANCING

ATTAINING SUSTAINABLE FINANCING FOR FAMILY PLANNING IN SUB-SAHARAN AFRICA

ACCRA, JANUARY 2018



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Health Finance & Governance
Expanding Access. Improving Health.

SESSION 2.1 Joint understanding of:

1. *Why health financing matters:* for individuals and systems

2. *What is health financing:* narrow and broad concepts

3. *What are health financing means and ends:* choices and implications

KAREN KASMAUSKI/MCSP

1. WHY HEALTH FINANCING MATTERS:

FOR INDIVIDUALS AND SYSTEMS

EXERCISE #1: HEALTH FINANCING MATTERS FOR INDIVIDUALS

Akwaaba!

Today, we are all Ghanaians:

Men and women

Young and old

Rich and poor

Healthy and sick

Do and do not want family planning services

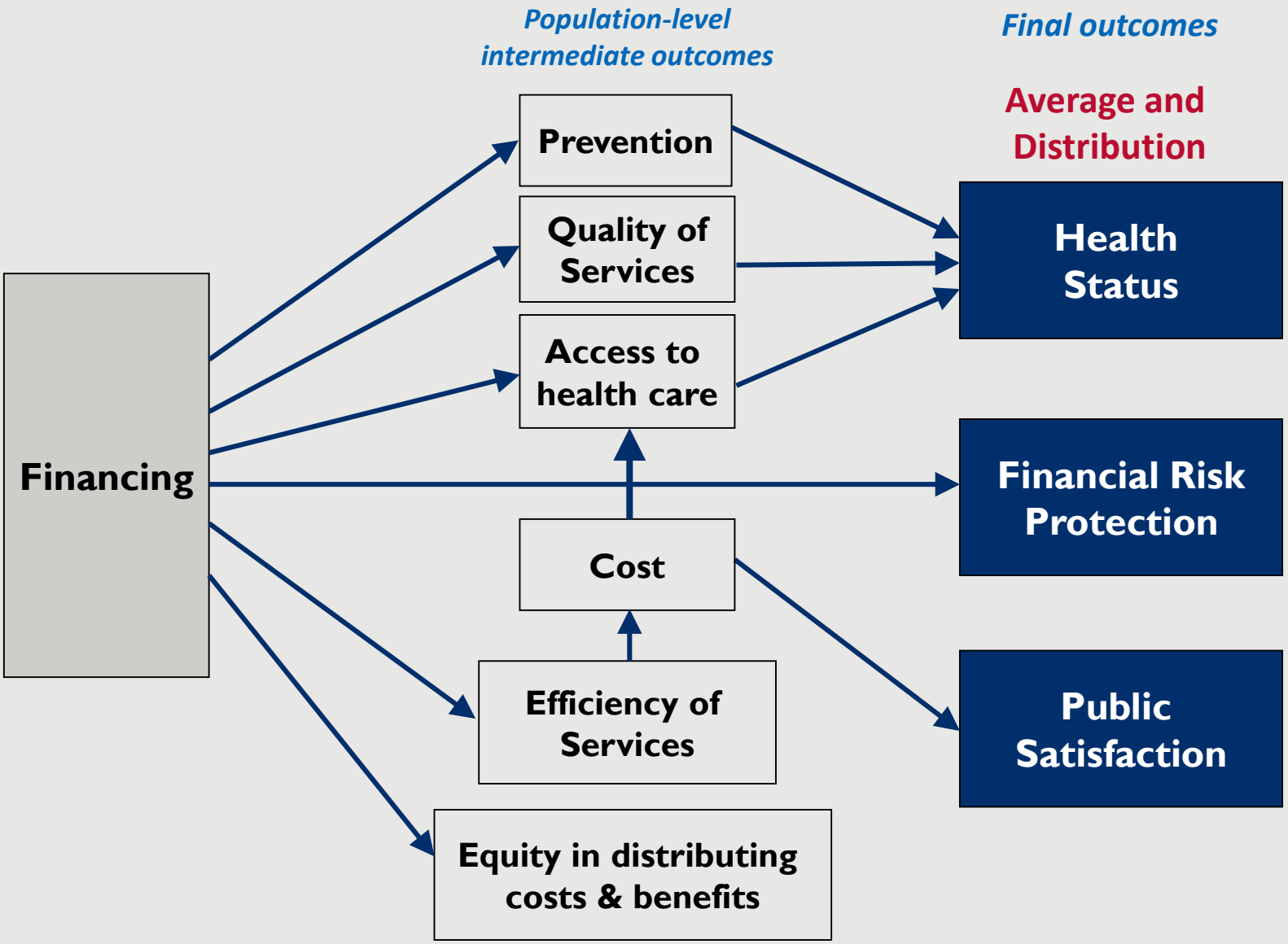
Volunteers:

- Read your identity card and name yourself
- Tell us if you want access to family planning services, and why health financing matters to the Ghanaian "you"

EXERCISE #1: HEALTH FINANCING MATTERS FOR INDIVIDUALS (con't)

- **Sources of funding:** Do I have to contribute, do I benefit?
- **Pooling:** Is my risk of need pooled with others' risks, and others' wealth?
- **Benefit packages**: Are the services I need covered?
- **Risk rating or "affordability" rating:** Do I pay based on my risk, or my ability to afford?
- **Loss/denial of coverage:** Can my coverage be taken away?

HOW DOES FINANCING AFFECT SYSTEM & FP GOALS?



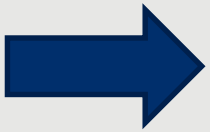
HEALTH FINANCING POLICY IS VITAL BECAUSE IT DETERMINES:

How much is available for health and health care?

Who controls the funds and how they are allocated?

Who manages how efficiently and effectively funds are used?

What financial incentives are given to patients and providers?



Who has access to health care, including FP?

How many people fall into poverty?

Will health care cost inflation be controlled?

2. WHAT IS HEALTH FINANCING?

NARROW AND BROAD CONCEPTS

NARROW CONCEPT:

FINANCING DEFINED AS MOBILIZING FINANCIAL RESOURCES

How much?

Where from?

Who controls?

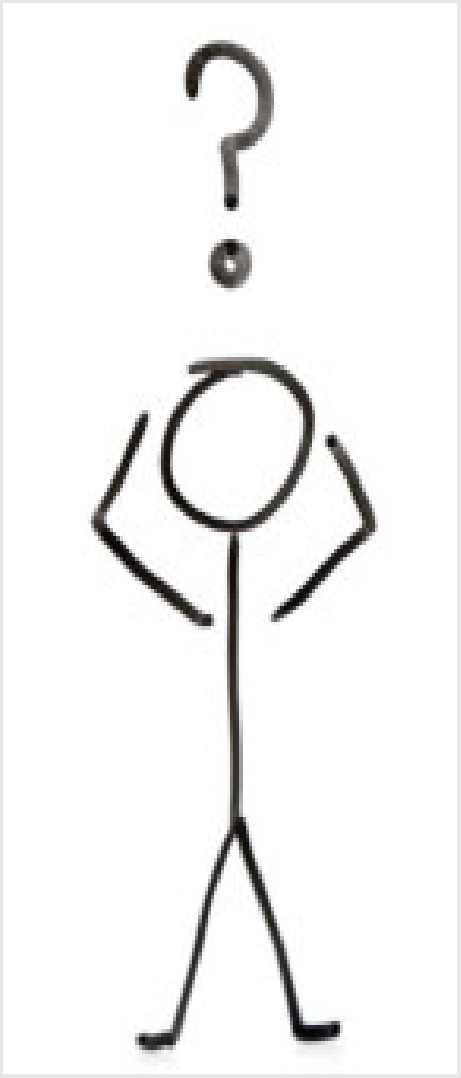
QUESTION: HOW MUCH SHOULD A COUNTRY SPEND ON UHC?

2001 Commission on Macroeconomics and Health:
US$34 per capita

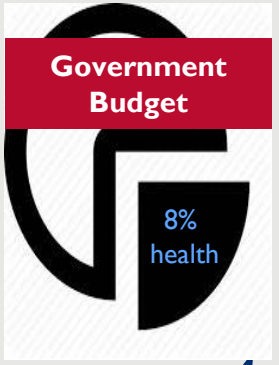
2011 Taskforce on Innovative Financing:
US$52 per capita

NEW!

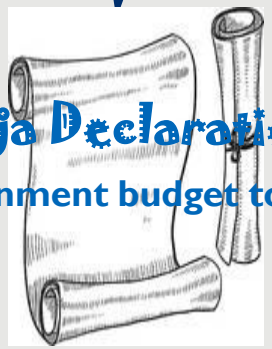
International Labor Office:
~US$250



WHO Eastern Mediterranean Office



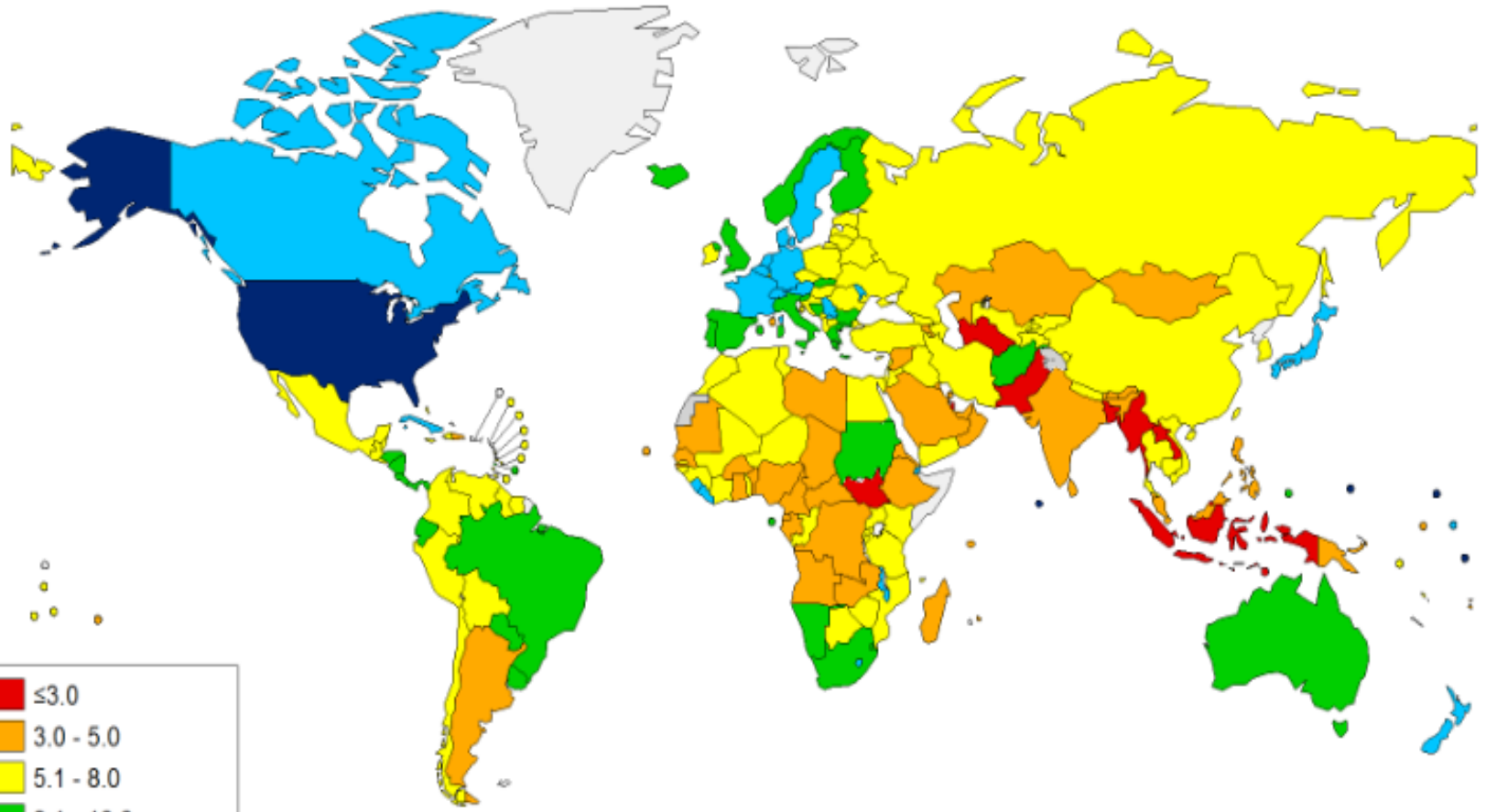
Minimum 5% of GDP



Abuja Declaration

15% government budget to health

Total expenditure on health as a percentage of the gross domestic product, 2014 *



* Based on data updated on 20 June 2016.

Data Source: Global Health Observatory, WHO
Map Production: Information Evidence and Research (IER)
World Health Organization

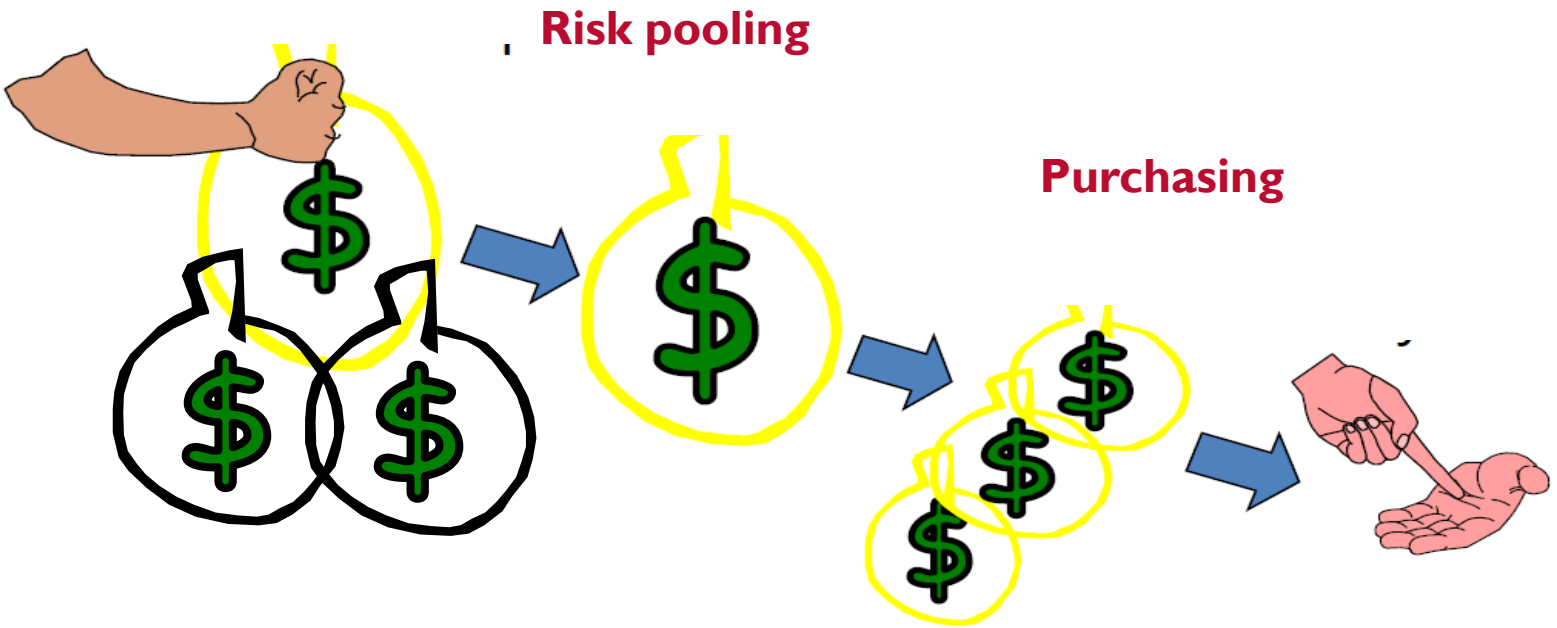
World Health Organization

TOTAL & OOP HEALTH EXPENDITURES (2014)

	THE per capita, PPP (constant 2011 int'l $)	Out-of-pocket health expenditure (% of THE)
Benin	86	39 %
Burkina Faso	82	39 %
DRC	32	39 %
Cote d'Ivoire	187	51 %
Ghana	145	27 %
Kenya	169	26 %
Madagascar	44	41 %
Malawi	93	11%
Mali	108	48 %
Mauritania	148	44 %
Niger	54	34 %
Senegal	107	37 %
Tanzania	137	23 %
Uganda	133	41 %

BROAD CONCEPT OF HEALTH FINANCING

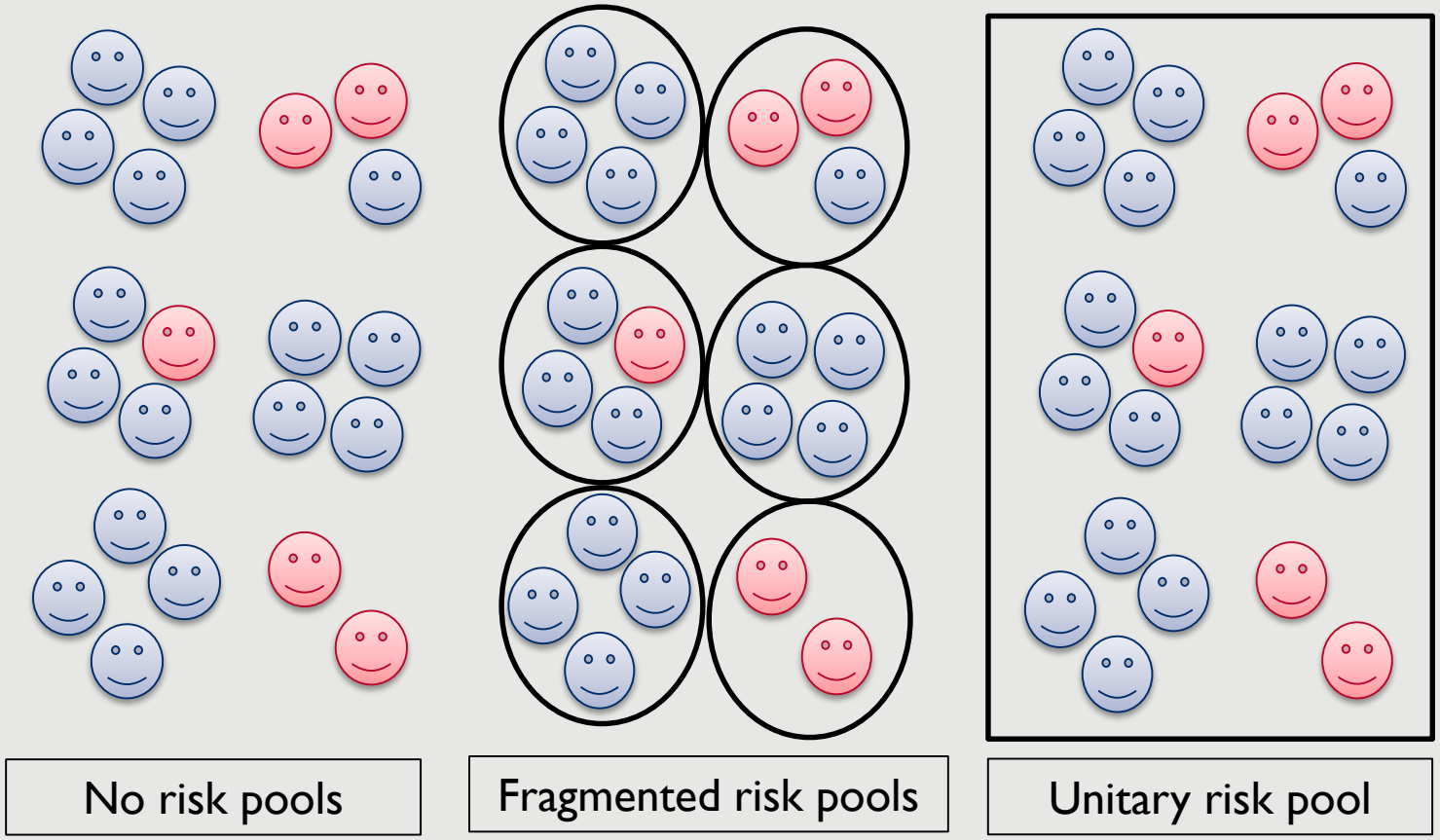
Resource mobilization



BROAD CONCEPT: FUNCTIONS AND OBJECTIVES

Functions	Objectives
Resource Mobilization	Raise *sufficient* and *sustainable* resources in an *efficient* and *equitable* manner
Risk Pooling	Pool health risks *equitably* and *efficiently*
Purchasing	*Allocate funds efficiently to provide individuals with a package of essential services to improve health status and to protect against impoverishment against unpredictable financial losses*

HEALTH FINANCING FUNCTIONS – POOLING

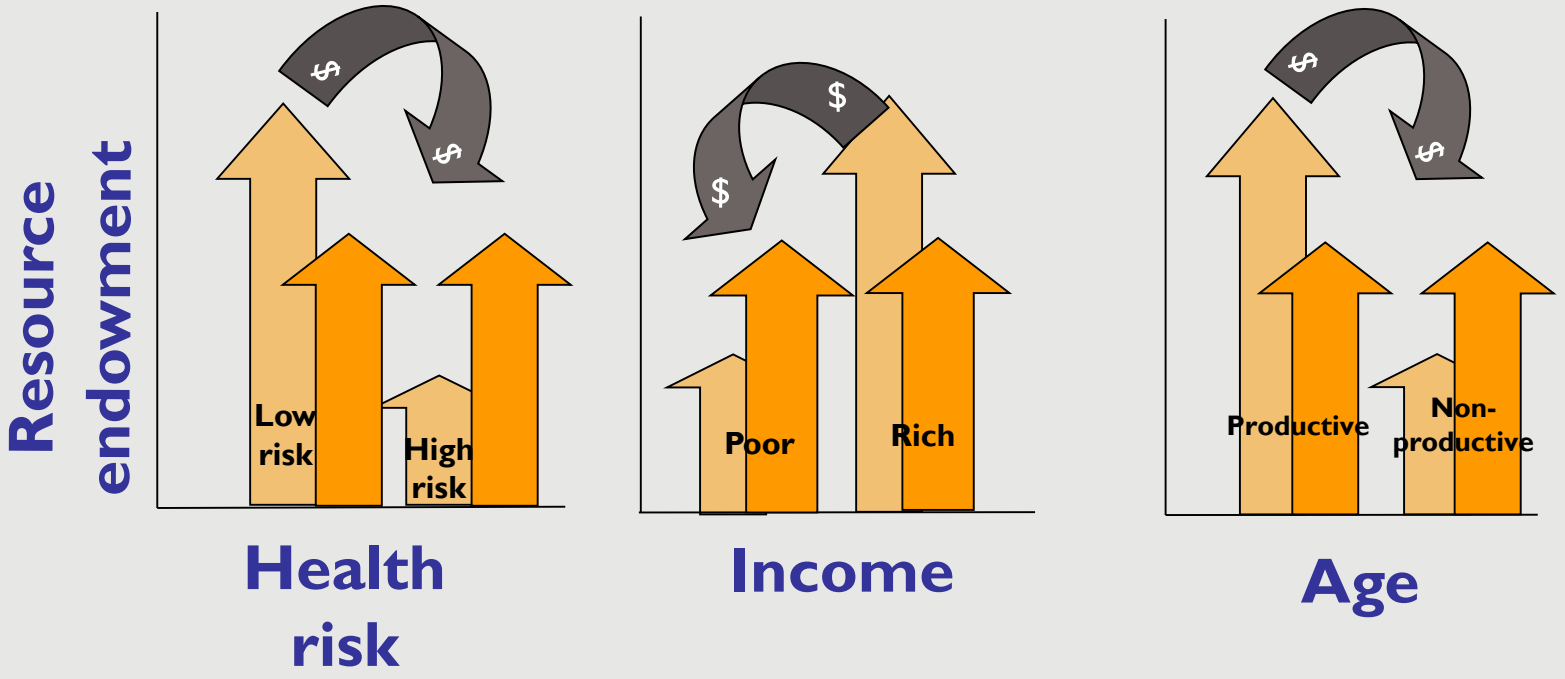


POOLING ALLOWS CROSS-SUBSIDIZATION FROM…

…low-risk to high-risk

…rich to poor

…productive to non-productive ages



HEALTH FINANCING FUNCTIONS – PURCHASING AND PROVIDER PAYMENT

Four key questions for purchasing:

1.	*For whom*?	Population coverage
2.	*What* (and what not)?	Benefits package
3.	*From whom*?	Health providers
4.	*How* to pay/price?	Provider payment mechanisms

Purchasers buy health services for groups ranging in size from one (out-of-pocket payments) to an entire population (single-payer)

PASSIVE VS. STRATEGIC PURCHASING

Purchasing: buying health services on behalf of the covered population

- **Packages of Services:** *what* services are purchased
- **Pricing:** *how much* are services purchased for
- **Contracting and PPMs:** *how* are services purchased

Strategic Purchasing: active, evidence-based engagement in defining these components in order to maximize societal objectives.

- **The "right" payment mechanism this year probably won't be right next year**

Adapted from WHO, 2006

PURCHASING MECHANISMS

	Supply Side	Demand Side
Input based	• Budgets • Contractual allocations • Capitation-based payments	• Vouchers • Conditional Cash Transfers
Output based	• Fee-For Service • Case-based Payment • Diagnosis-Related Group payments • Pay-for-Performance/RBF	

3. HEALTH FINANCING

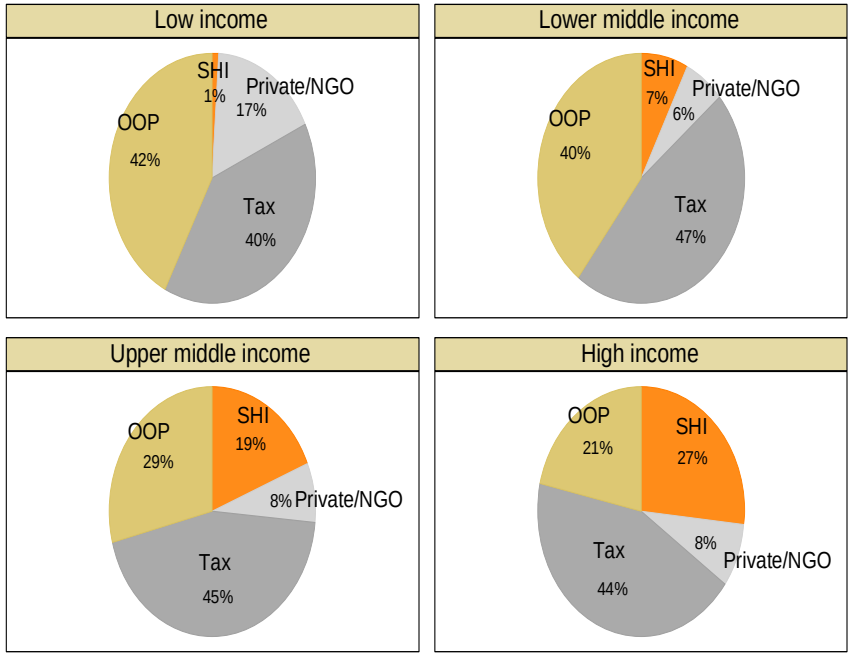
MEANS, ENDS, AND EXAMPLES

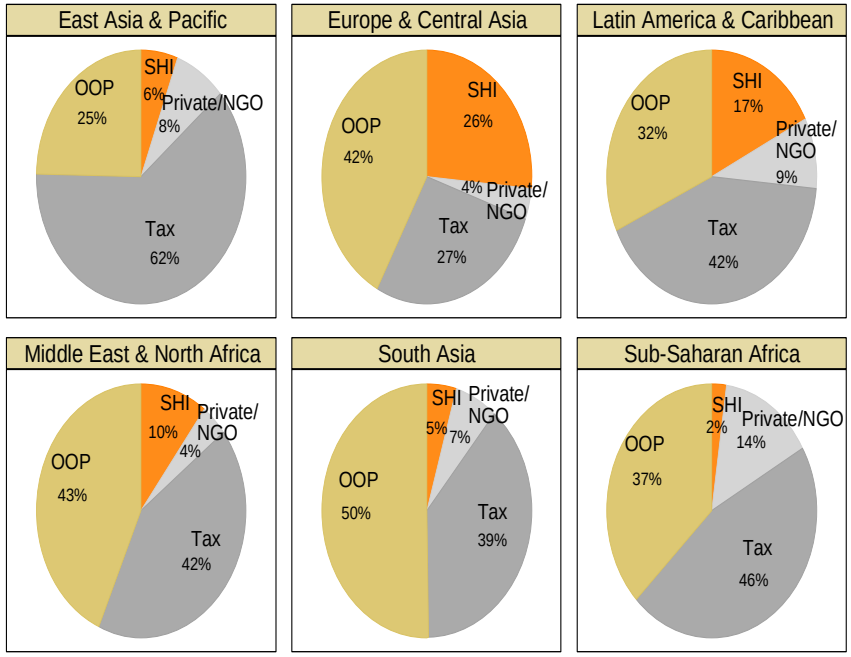
OPTIONS FOR RESOURCE MOBILIZATION

1. Out-of-pocket
2. General government revenues
3. Externally financed
4. Insurance:

    - Social insurance: Compulsory; Public or private management
    - Private: Voluntary
    - Community-based health insurance

NO COUNTRY USES ONE "PURE" MODEL OF HEALTH FINANCING…





Source: Tandon, A. (2016). Health Financing for Universal Health Coverage. Yerevan, June 2016.

SUMMARY IMPLICATIONS OF DIFFERENT REVENUE SOURCES

Tends to improve ↕ Tends to weaken	Equity	Risk Pooling	Reduce Risk Selection	Efficiency*
	General Rev	General Rev	General Rev	User Fee *(Sometimes hard to collect)*
	Social Ins	Social Ins	Social Ins	Social Ins
	CBHI	CBHI	CBHI	CBHI
	Private Ins	User Fees	Private Ins	Private Ins *(High Administrative Cost)*
	User Fee	User Fee	----------	Many general rev/ direct public provision plans are *inefficient*

*Efficiency factors include technical efficiency and administrative costs.

POP QUIZ: FINANCING BASICS

1. What are the three main health financing functions?

2. What is the difference between passive and strategic purchasing?

3. Which health financing function enables the wealthy to subsidize the poor, and the healthy to subsidize the sick?

4. BONUS: What's all this have to do with family planning?

TAKE HOME MESSAGES ON HEALTH FINANCING

1. Incredibly consequential policy issue (for individuals, health system, and family planning goals)

2. Many policy decisions, some much more difficult (sources, pooling, allocation and payment)

3. Ideological approaches likely to fail (pragmatism is key, but major gov't funding hard to avoid for UHC)

4. Tradeoffs on objectives of reform (with no clear "right" answer)

THANK YOU!

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