High-Performance Health Financing for Universal Health Coverage

Driving Sustainable, Inclusive Growth in the 21st Century

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WORLD BANK GROUP
Moving towards Universal Health Coverage (UHC) contributes to human capital development, sustainable and inclusive growth and development, and prevention, detection and response to health emergencies …

We affirm our commitment to the G20 Shared Understanding on the importance of UHC Financing in Developing Countries …

As articulated in the Shared Understanding, a multi-sectoral approach, in particular the collaboration between finance and health authorities … is crucial for strengthening health financing.

G20 Leaders' Declaration, Fukuoka, Japan, June 8-9, 2019
Japan’s global leadership role on UHC - Rooted in decades of experience and lessons

Japan’s vision for a peaceful and healthier world

Health is fundamentally a global issue. Recent outbreaks of Ebola virus disease and Middle East respiratory syndrome have reminded us that global health issues require collective action. The world must unite and countries must establish resilient and sustainable health systems, ensuring that each individual is secure and receives the highest attainable standard of health. Japan has been a long-standing advocate of human security[1] and has taken concrete action on the ground in support of this principle. Human security protects the vital core of all human lives in a way that enhances freedom, fulfillment, and capabilities[2] and underlies Japan’s policy of Proactive Contribution to Peace. Japan regards health as an inextricable element of human security[2].

In September, 2015, the United Nations General Assembly adopted the 2030 agenda for sustainable development, which includes universal health coverage (UHC), to which Japan attached great importance during the negotiation process[3]. Achieving UHC requires comprehensive changes to systems, human resources, and public awareness. To catalyse such changes, leaders must commit to leave no one behind in the drive for the highest attainable health gains. The Sustainable Development Goals (SDGs) have created an opportunity to connect sectors and empower individuals, families, and communities. It is crucial that we agree on a monitoring and evaluation framework so that the impact of UHC against investment is measurable and thus attainable.

Crucial role of finance ministry in achieving universal health coverage

Universal health coverage (UHC) is now accepted as a core goal for all countries around the world—as one of the Sustainable Development Goals (SDGs) for health (target 3.8). Low-income and middle-income countries (LMICs) are now adopting policies and strategies to help achieve this important goal. Japan is committed to supporting countries to achieve this goal, as part of its national commitment to human security, as Prime Minister Shinzo Abe emphasised in this journal. Japan’s past experiences in achieving UHC in 1964 provide policy lessons for other countries. One point that has not been adequately highlighted previously, however, is the crucial role of a nation’s Finance Ministry in achieving and sustaining UHC.
High-performance health financing for UHC - Driving sustainable, inclusive growth in the 21st century

PART 1: TIME TO ACT

- Health financing, UHC, and the economy
- Missed opportunities
- Emerging and intensifying challenges

PART 2: A ROADMAP FOR ACTION

- Priorities for country action
- Priorities for country and partner collaboration
- An agenda for G20
Universal health coverage – Engine for health and financial protection

**Universal Health Coverage**

**HEALTH SERVICES**
Coverage with quality services according to need

**FINANCIAL PROTECTION**
Contributions to prepaid and pooled financing based on the ability to pay

Priority to those with the greatest needs
High-performance health financing - Necessary for progress toward UHC

- Funding adequate and sustainable
- Pooling sufficient to spread the financial risks of ill-health
- Spending efficient and equitable

To ensure desired levels of service coverage with quality, and financial protection for all people
Human capital –
The most important investment for future prosperity and quality of life

**HUMAN CAPITAL**
represents about 2/3 of global wealth

**THE HUMAN CAPITAL INDEX**
ranks countries by level of human capital measured by health and education outcomes, creating demand amongst ministries of Finance to invest in people

**HUMAN CAPITAL PROJECT**
supports countries increase the level and improve the yields of their investment in people
High Performance Health Financing for UHC

Health – One of the largest public expenditure items and largest, fastest growing sectors of the global economy

Health as a share of government spending

<table>
<thead>
<tr>
<th>LICs</th>
<th>LMICs</th>
<th>UMICs</th>
<th>HICs</th>
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<tbody>
<tr>
<td>6.8%</td>
<td>8.1%</td>
<td>11.7%</td>
<td>15.0%</td>
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Global spending on health

$7.7 TRILLION
11% OF GLOBAL GDP

Health spending as a share of global GDP, 2000 - 2016
Beyond health and human capital - Pathways to sustainable, inclusive growth

- Reduced poverty
- Reduced income inequality
- Less need for precautionary savings
- Increased consumption

- Improved health security

- Increased labor mobility
- Increased rate of labor market formalization
- Improved financial discipline
High Performance Health Financing for UHC

UHC for sustainable inclusive growth – An unfulfilled promise in developing countries

3.6 BILLION PEOPLE
DO NOT RECEIVE
THE ESSENTIAL HEALTH SERVICES
THEY NEED

100 MILLION PEOPLE
ARE PUSHED INTO
EXTREME POVERTY EVERY YEAR
FROM OUT-OF-POCKET PAYMENTS

Source: WHO and World Bank, 2017
Slow progress toward UHC – Result of insufficient, inefficient and inequitable health financing

**Insufficient**
- LICs & LMICs 2030
  - Domestic Government Expenditure: $41.2 B
  - UHC Financing Gap: $176.3 B

**Inefficient**
- 20%-40% Waste
- $1.5 - 3 TRILLION

**Inequitable**
- $1/2 TRILLION
- $80 per capita annually

**Weak leadership, governance, and organizational capacity**
Emerging and intensifying challenges – Driving up health care costs and constraining fiscal capacity

**COST PRESSURES**
- Rising expectations
- Technological progress
- Aging
- NCD burden

**FISCAL CAPACITY CONSTRAINTS**
- Limited capacity to raise tax revenue
- Persistent informality
- Automation
- High dependency ratios

**HEALTH SYSTEM AND ECONOMIC SHOCKS**
- Disease outbreaks
- Antimicrobial resistance
- Forced displacement

**COSTS of NCDs**
4% OF GLOBAL GDP ANNUALLY

**COSTS OF EBOLA EPIDEMIC IN 3 AFRICAN COUNTRIES**
$2.2 BILLION IN 2015
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Scale what works

Wide-spread adaptation and implementation of proven health financing principles and policies

**MOBILIZING**
- Meet thresholds for public spend
- Redirect private “pay as you go” to “pre-pay”
- Eliminate costly subsidies e.g. energy

**POOLING**
- Guarantee coverage from prepaid and pooled funds
- Larger pools for efficiency and equity

**SPENDING**
- Prioritize financing of primary and community health services
- Smarter procurement
Broaden the vision of health financing

**ACCELERATE GAINS THROUGH WHOLE OF GOVERNMENT APPROACH (WGA)**

- Adopt WGA financing policies for health
- Reap efficiencies through WGA to budgeting

**MAKE HEALTH-FINANCING FUTURE FIT**

- Anticipate future challenges and opportunities
- Adapt policies and management strategies
Strengthen leadership, governance, and organizational capacity

NEW WAYS OF WORKING TOGETHER

SCALE WHAT WORKS
- Right mix of revenue
- Equitable, efficient allocation

SHED WHAT DOES NOT WORK
- Fossil fuel subsidies

DEVELOP RESILIENCE AND SUSTAINABILITY
- Contingency financing
- Health taxes

ACCELERATE INNOVATIONS
- Digital financial inclusion
- Automated billing/payments
- Prediction to seize more value

STRENGTHEN GOVERNANCE AND ORGANIZATIONAL CAPACITY
- Demand for investing in health
- Public financial management (PFM)
- Whole of Government Approach (WGA)
Closing the UHC 2030 financing gap in LICs and LMICs

LICs & LMICs

- Domestic Health Expenditure: $41.2 B
- Tax System Reform and Prioritization of Health: $47.2 B
- Health Taxes: $9.5 B
- Elimination of Fossil Fuel Subsidies: $4.5 B
- UHC Financing Gap: $114.3 B

Total Domestic Health Expenditure: $176 B

Total: $114.3 B
Health-finance R&D - accelerate innovations

- EXPAND EVIDENCE ON WHAT WORKS
- EVALUATE STRATEGIES TO IMPROVE RESILIENCE AND SUSTAINABILITY
- GENERATE NEW SOLUTIONS TO LONG-STANDING AND EMERGING CHALLENGES

Big Data mining on claims!  Monitoring performance and driving deep learning
Cashless health contributions!  Crowding in the informal sector
From Volume to Value!  Outcome-based payments!
Increase quantum and yield of DAH

**INCREASE LEVELS**

Target to greatest needs

**INCREASE YIELD**

First strengthen DRUM (Domestic Resource Use and Mobilization) – aligned strategy across all global financing mechanisms for health – GFF, Gavi, GFATM, IDA.

- 3–5% of DAH to secure local finance capacity

Research and development to accelerate innovation

- Can $100 million per year in “fintech for health” close the $100 billion UHC financing gap in 2030?
Smarter financing of global health security

Faster, more efficient surge financing

- WHO CFE
- WB PEF

Seize scale efficiencies

- Regional disease surveillance
- CEPI

Pandemic outbreak

Regional diseases surveillance
An agenda for the G20

FINANCE MINISTERS AND CENTRAL BANK GOVERNORS CAN:

1. Convene biennial UHC financing resilience and sustainability dialogues between ministers of finance and health
2. Sponsor a UHC financing innovation portfolio
3. Champion more and better DAH that catalyzes sustainable domestic resource mobilization
High Performance Health Financing for UHC