High-Performance Health Financing Systems for UHC

Driving Sustainable, Inclusive Growth in the 21st Century

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G20 Seminar on Innovation for Inclusive Development
Tokyo, January 6, 2019
Human capital is the most important investment that countries can make for future prosperity and quality of life.

Human capital represents about \( \frac{2}{3} \) 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.
Universal Health Coverage –
An engine for health and human capital creation …

Universal Health Coverage

Health services
Of quality and according to need

Financial protection
Contributions to prepaid pooled financing based on ability to pay

priority to those with greatest needs
High Performance Health Financing Systems: Driving Inclusive Growth in the 21st Century

... with additional contributions to sustainable, inclusive growth.

Universal Health Coverage

Health

Jobs

Poverty reduction

Health sector efficiency

Health security

Human capital

Income equality

Fiscal discipline

Macro stability

Sustainable Inclusive Growth
Invaluable lessons from UHC in Japan

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 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 and underlies Japan’s policy of Proactive Contribution to Peace. Japan regards health as an indispensable element of human security.

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. 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 best 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 1961 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.

Japan’s Prime Minister Shinzo Abe

Crucial role of finance ministry in achieving universal health coverage

Taro Aso

Size and growth of health sector – an asset for all countries

Global Health Economy

$7.7 trillion
Health spending

10.4% of global GDP

Health spending growing as a share of GDP 2000 - 2016

Global Health Workforce

~60 million
formal jobs

70% for women

Health workforce growing as a share of total employment 1990 - 2009

Source: OECD
But the promise of the health economy remains starkly unfulfilled in lower income countries

Weak health financing stewardship: Leadership, coordination, institutional capacity, technical expertise

- **INSUFFICIENCY**
  - LICs: 2015: $7, 2030: $90
  - LMICs: 2015: $25, 2030: $117

- **INSOLVENCY**
  - 100 million impoverished annually from paying for care when sick
  - $\frac{1}{2}$ trillion out-of-pocket expenditures annually
  - $1.25 - $2.5$ trillion

- **INEFFICIENCY**
  - 20% - 40% waste

- **INEQUITY**
  - 88% - 8%
And systems everywhere are ill prepared for the brave new world

Cost pressures
- NCD burden
- Aging
- Technology
- Expectations

Fiscal stagnation
- Aging
- Informal workforce
- “Gig” economy

Economic shocks
- Pandemics
- Antimicrobial resistance
- Migration

Inequalities
- Urban-rural
- Rich-poor
- Gender

COSTS of NCDs
4% OF GLOBAL GDP ANNUALLY

Costs of Ebola epidemic in 3 African countries
$2.2 BILLION IN 2015
From traditional ‘one-size fits all’….to modern higher performing Health Financing Systems

O. v. Bismarck

w. Beveridge

High Performance Health Financing Systems: Driving Inclusive Growth in the 21st Century
Building High-Performance Health Financing Systems - Scaling what works

Wide-spread implementation of proven HF principles and policies

Mobilizing
- Grow domestic resources
- Prepay and pool – public and private

Pooling
- Create larger pools for greater efficiency and equity

Purchasing
- Invest in frontlines FIRST
- Secure basics of public financial management
Building High-Performance Health Financing Systems: Developing system resilience

Financing to make systems ready and responsive to risks

Pandemic preparedness

Win-win-win taxes

Multi-sector approaches
Building High-Performance Health Financing Systems: Accelerating innovations

Developing new financing approaches to emerging and long-standing challenges

Cashless health contributions!
Crowding in the informal sector

Population-based payments!
Sparking innovations in service delivery

Big Data mining on claims!
Monitoring performance and driving deep learning
Building High Performance Health Financing Systems - Joint leadership of Ministries of Finance and Health

New ways of working together

Scaling what works
- Find the right mix of revenue sources
- Define and enforce good practices in budget formulation - allocate based on needs and what works

Developing system resilience
- Develop contingency financing mechanisms
- Set taxes on products harmful to health
- Identify expenditure priorities across sectors to enhance health impact

Accelerating innovations
- Digital financial inclusion
- Automate billing and payment systems
- Prediction to improve value for money

High Performance Health Financing Systems: Driving Inclusive Growth in the 21st Century
Building High Performance Health Financing Systems:
Strengthening global support

- Close biggest financing gaps
- Link to domestic resources – from substitution to additionality!
- Grow local health financing capacities
- Invest in high potential innovations e.g. cashless contributions

A massive financing gap for basic health services

2015 $7
2023 $13
$90

Re-strategize Development Assistance for Health

Faster, more efficient surge financing
Seize scale efficiencies e.g. regional diseases surveillance
Build back better in crisis settings

Smarter global financing for health security

The World Bank creates a new form of finance
Pandemic bonds, a new idea

Fighting disease with finance
An Opportunity for G20 Leadership

1. Scaling what works
2. Developing system resilience
3. Accelerating innovation
4. Leading jointly
5. Strengthening global support
6. Fit for purpose assessment

- Identify risks
- Develop and test a framework
- Learn from responses
INCLUSIVE GROWTH

- High Performance Health Financing Systems
- Better health, faster poverty reduction, at low cost
- Increased human capital
- Increased international competitiveness
- Growing middle class
- Greater fiscal capacity