

Introduction to Universal Health Coverage and Financing

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Outline:

- ◆ Part I: Health Care Financing – Evolution and Concepts
- ◆ Part II: Universal Health Coverage – What's in the Name?
- ◆ Part III: Social Health Insurance as Financing Instrument for Universal Health Coverage
- ◆ Concluding remarks



Outline:

- ◆ **Part I: Health Care Financing – Evolution and Concepts**
- ◆ Part II: Universal Health Coverage – What's in the Name?
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Health Care Financing in Health System Thinking

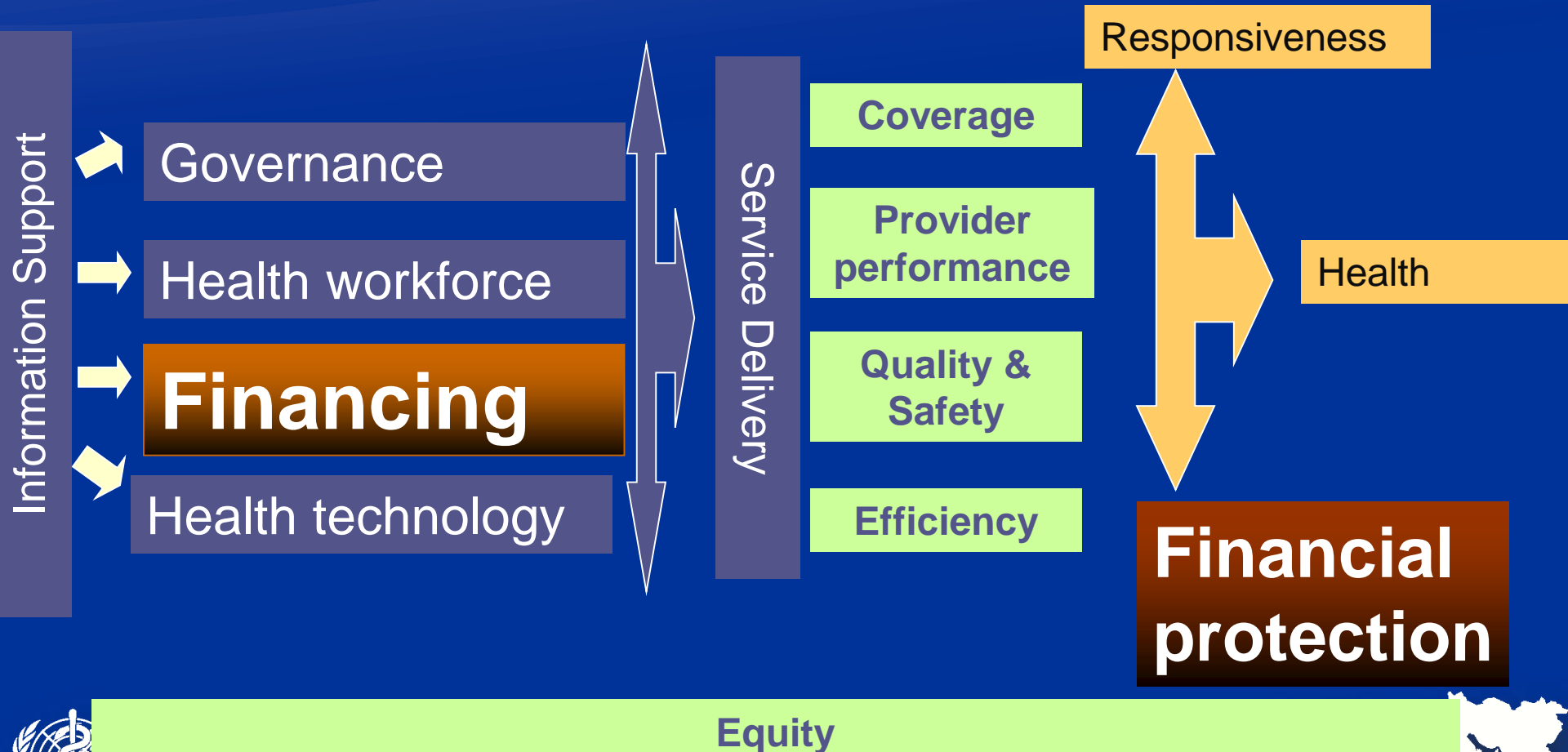


HEALTH SYSTEM CONCEPTUAL FRAMEWORK

Social Determinants of Health

SYSTEM BUILDING BLOCKS

GOALS OF HEALTH SYSTEM



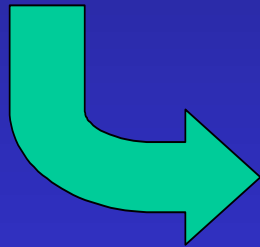
Health Financing: a Definition

- ◆ **Health Financing** is the component of the health system that is concerned with how financial resources are generated, allocated and used



The Financing Function

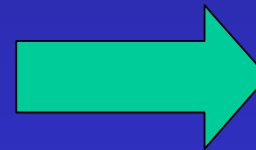
“Collection”



“Pooling”



“Purchasing”

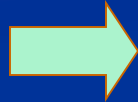


Health Financing Functions: Definitions

Functions

Objectives

Collection



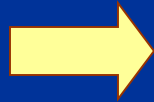
Raise *sufficient* and *sustainable* revenues to provide social health protection for all

Pooling



Manage the revenues collected to *equitably* and *efficiently* pool health risks

Purchasing

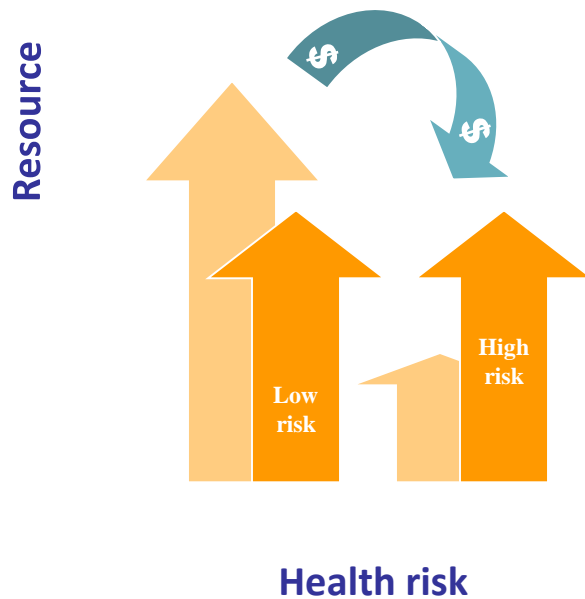


Purchase right services and provide right *incentives* to public and private providers and users to behave the right way

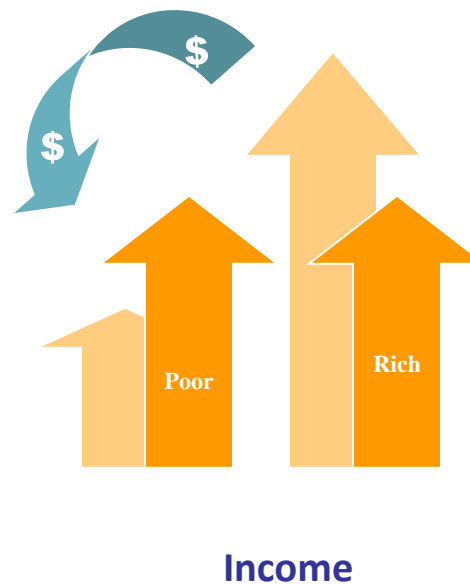


What do We Mean by Pooling?

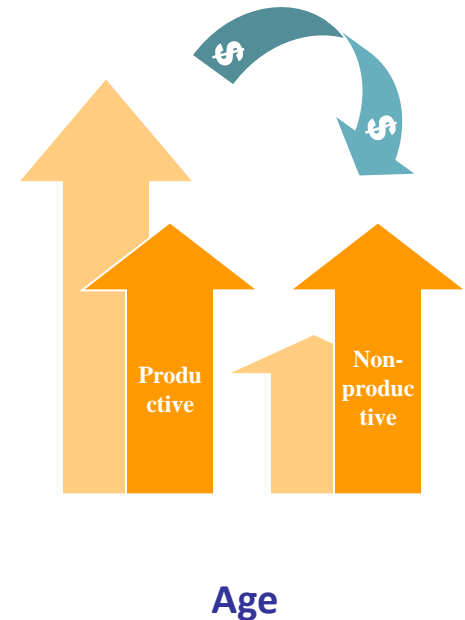
Cross-subsidy from
low-risk to high-risk
(risk subsidy)



Cross-subsidy from
rich to poor
(equity subsidy)



Cross subsidy from
productive to non-
productive part of the
life cycle

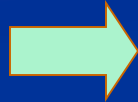


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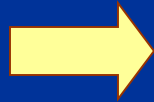
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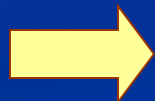


Purchase right services and provide right *incentives* to public and private providers and users to behave the right way



The *FOUR* Questions of Purchasing:

Purchasing



Assure the purchase of health services is strategic and both *allocatively* and *technically* efficient

Answers FOUR Question:

1. What services to buy
2. For whom to buy
3. From whom to buy
4. How to pay



Health Financing Options

- **Direct Out-of-Pocket Payments at point of service**
(e.g., prevailing system in many low-income countries)

- ♦ **GENERAL REVENUE**
Australia
country
Greece

- ♦ **HEALTH**
—
System
, Japan,
, Turkey,...)

MIXED SYSTEM



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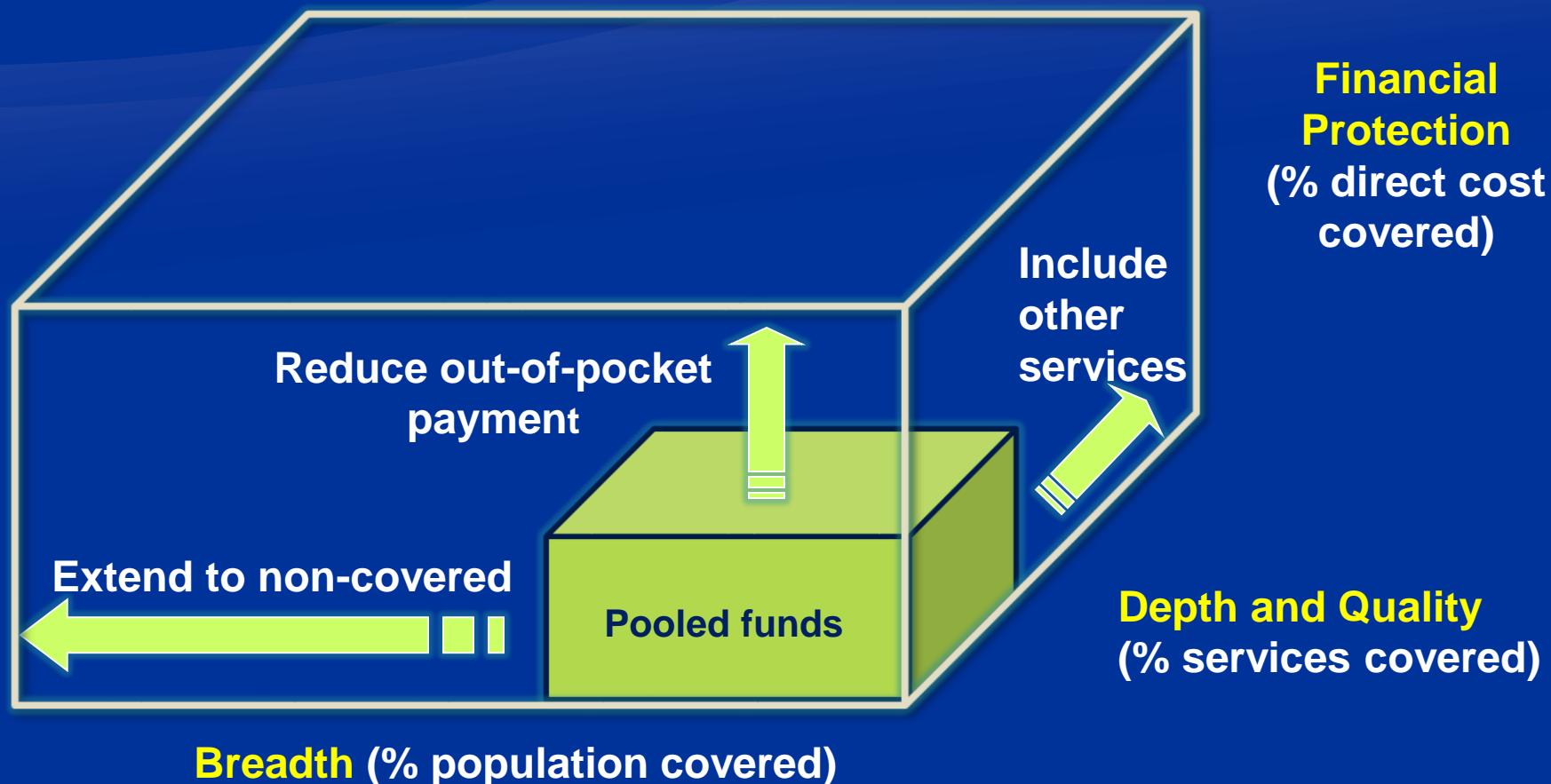


Universal Health Coverage – a Renewed Commitment

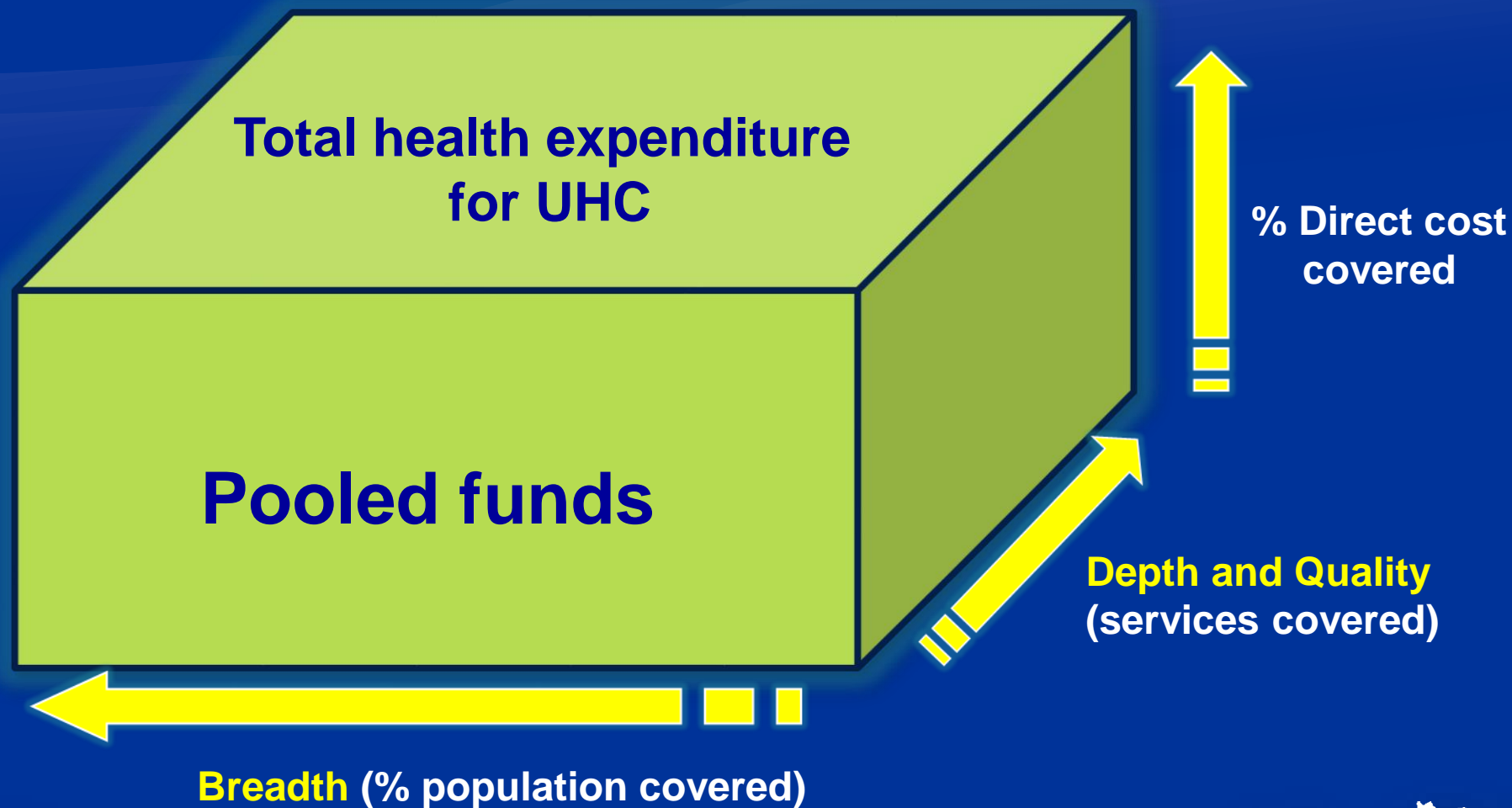
- ◆ A World Health Assembly Resolution in 2005 urged countries to develop their health financing systems to:
 - ◆ Ensure **all** people have **access** to needed services **without the risk of financial hardship** linked to paying for care
- ◆ Aspiration to attain UHC was in WHO's constitutions of 1948; in the Alma-Ata declaration of 1978



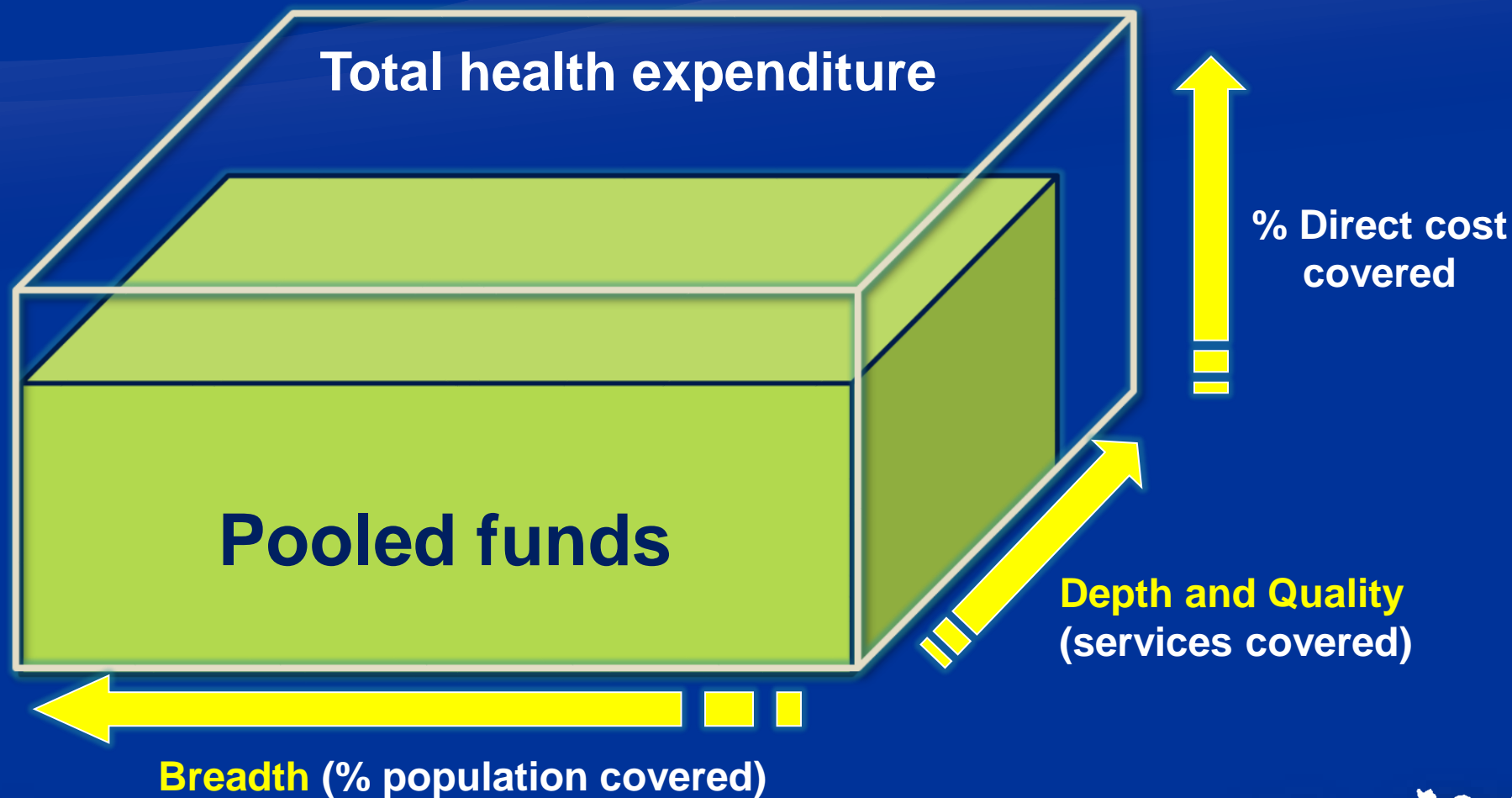
The Three Dimensions of UHC



Achieving UHC – Realistic? Possible?



Universal coverage to be understood as: covering all, for most services, at reasonable cost

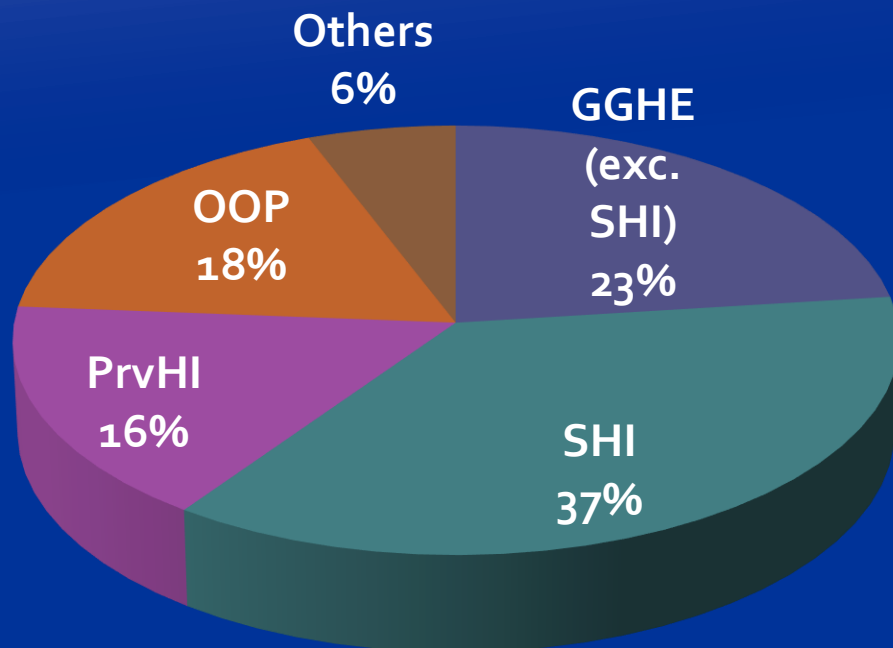


Health Expenditure: the World and in EMR

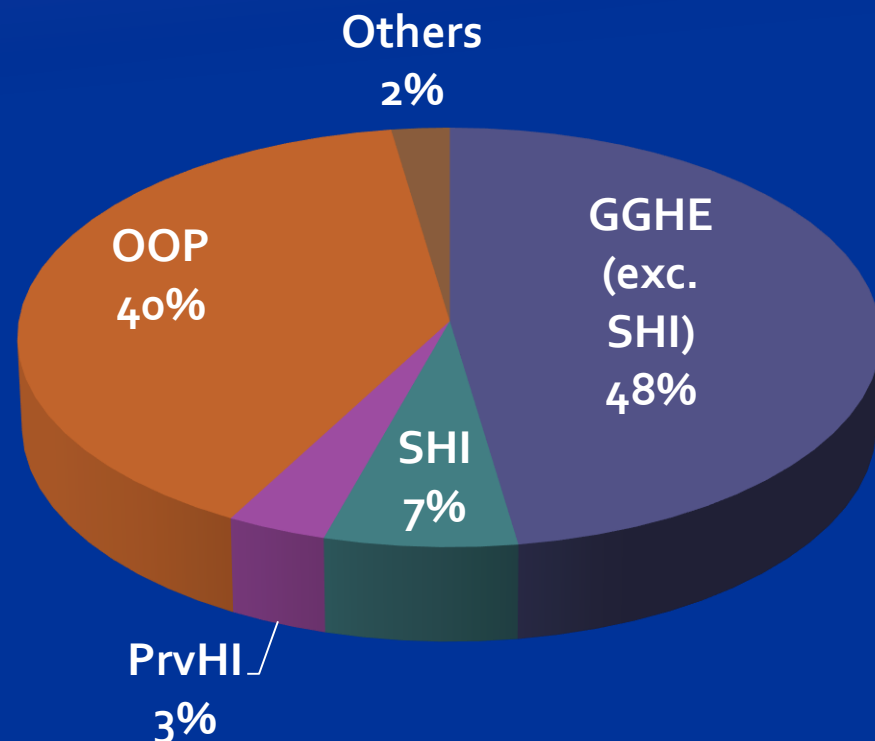
- ◆ In 2011, the World spent US\$ 6,97 trillion on Health – more than double 2001 (US\$ 3.05 trillion)
- ◆ In 2011, EMR spent US\$ 124.1 billion on Health – more than 2.5 times than in 2001 (US\$ 49.3 billion)
- ◆ Nevertheless:
 - ◆ 1.3 billion poor with no access to needed services worldwide
 - ◆ 150 million individuals face financial hardship & 100 million push in poverty because of out-of-pocket worldwide
 - ◆ 20-40% of health resources wasted worldwide
 - ◆ In EMR, 17.5 and 6.5 million individuals face financial hardship and are impoverished annually, respectively.



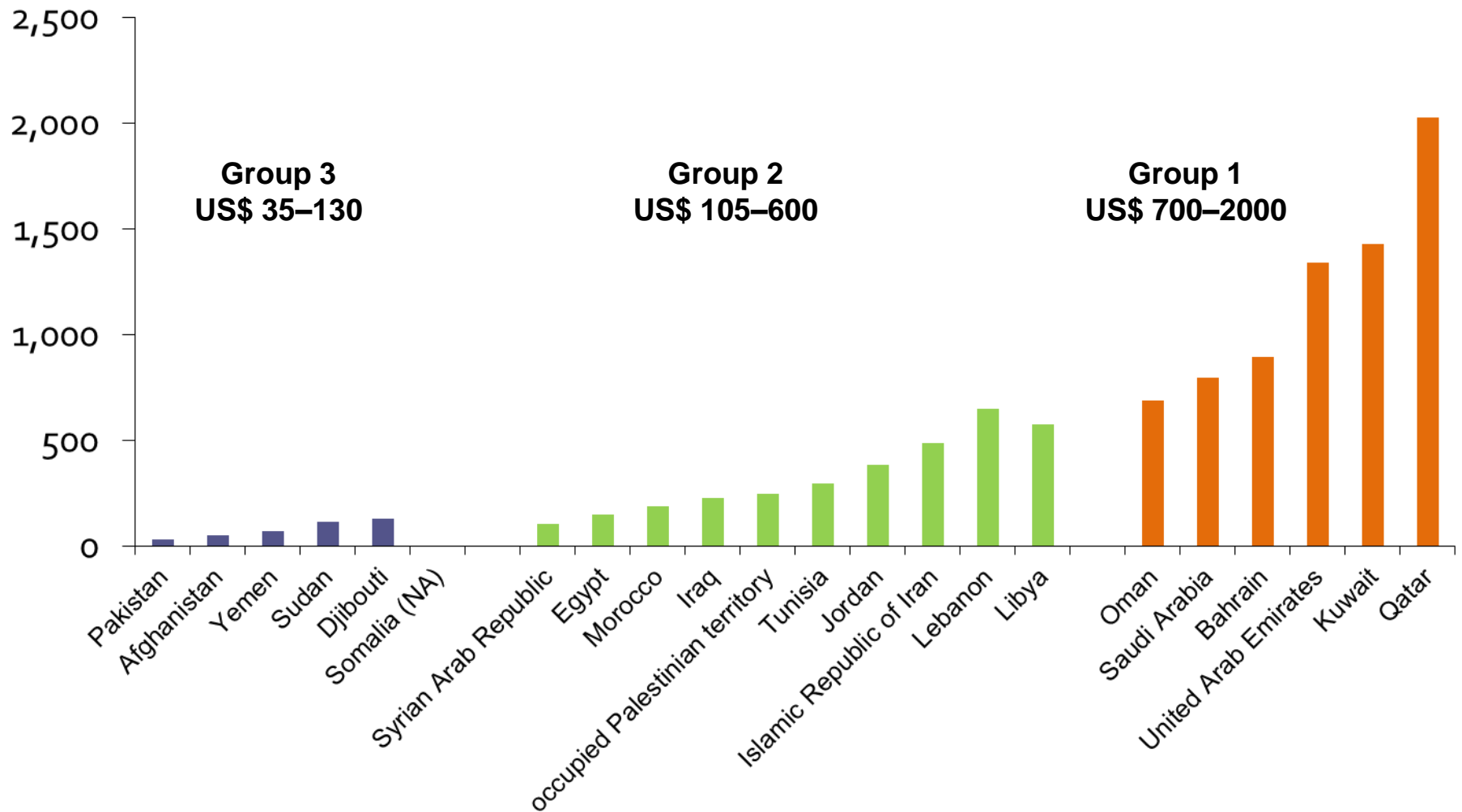
Distribution of World Health Expenditures (US\$ 7 trillion) by Financing Scheme 2011



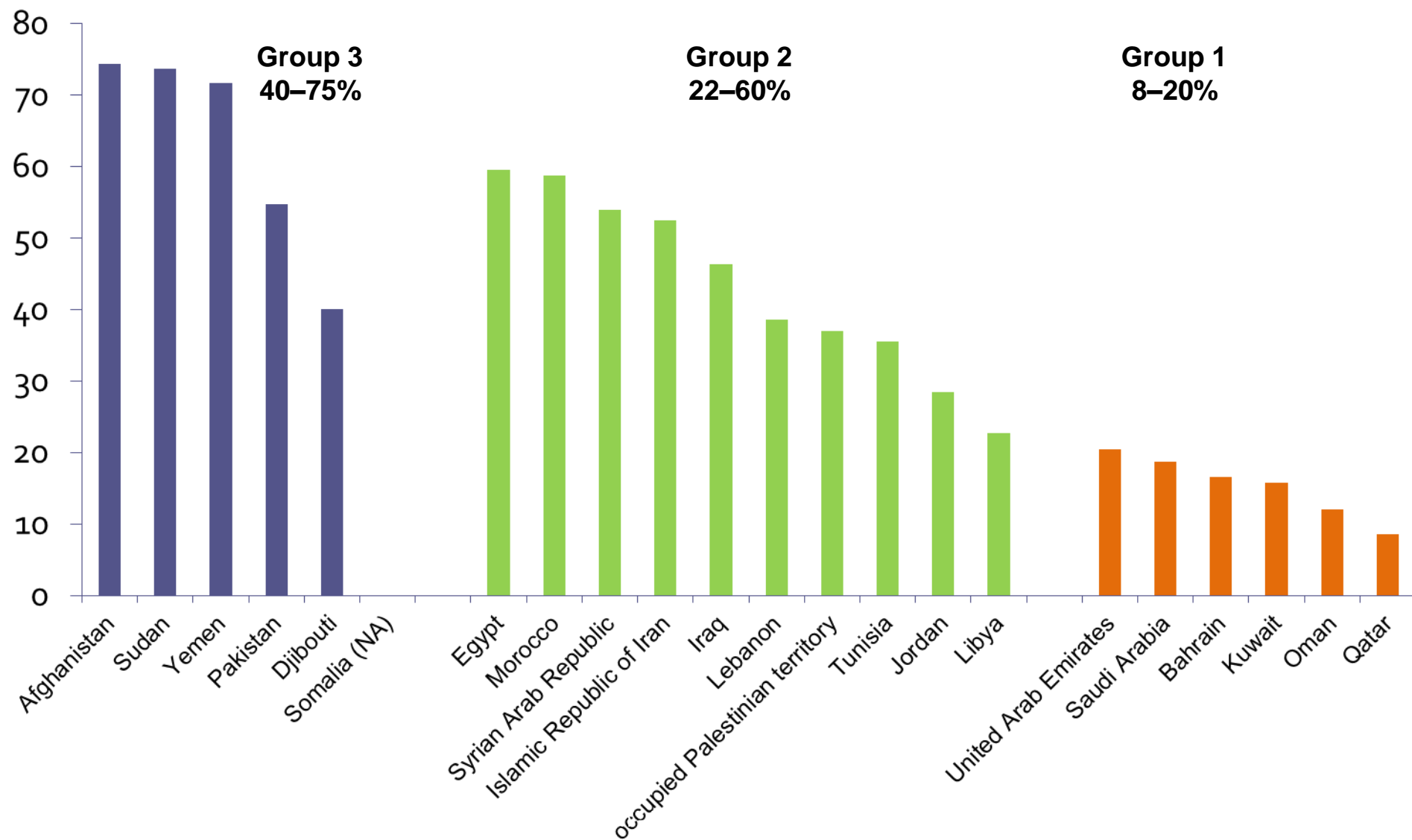
Distribution of EMR Health Expenditures (US\$ 124 billion) by Financing Scheme 2011



Share of out-of-pocket expenditure in total health expenditure by country group, 2012



Share of out-of-pocket expenditure in total health expenditure by country group, 2012



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- ◆ Part I: Health Care Financing – Some Related Terms
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Social Health Insurance – a Definition

- ◆ From prepayment-based not-for-profit schemes to a pure **Bismarckian system**
- ◆ Bismarkian System is a system of national social security introduced in the 19e by the German empire under the then Chancellor Bismarck
- ◆ ... a legally **mandatory** system the covers the **majority or the entire** population through health insurance run by a designated **third-party payer**, and involves **non-risk related contributions** that are kept **separate from taxes**

(European Observatory on Health Systems and Policies, 2005)



Social Health Insurance – a Pragmatic Definition

- ◆ Concentration on common features/elements:
 - ◆ Concept of social **solidarity** is essential
 - ◆ Publicly mandated membership for a **designated** population
 - ◆ Reliance on **compulsory** earmarked payroll contributions, with possible **subsidization** from governments and donors
 - ◆ Clear **linkage** between contributions and a set of defined rights for the insured population
 - ◆ Presence of an **independent** or quasi-independent **funds**
 - ◆ Management involves some degree of **autonomy** from the government
 - ◆ **Open enrollment** – nobody can be denied coverage



Some Conducive Features of SHI for UHC

- ◆ Effective way to raise additional resources for health:
 - ◆ Individuals are more willing to be taxed if associated with specific entitlements (a benefit tax)
 - ◆ Protected from budget negotiations
 - ◆ Unutilized funds not returned to MOF at the end of the year
- ◆ Many technical and managerial features that enhance financial protection – mandatory prepayment for salaried populations with explicit policies to fund coverage for the non-salaried population
- ◆ Improve efficiency compared to tax-based financing systems (Beveridgean system); e.g., Jamaica, Kenya and Malaysia



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Concluding remarks

- ◆ UHC calls for ensuring that “**all people**” are covered by the two dimensions of financial risk protection and services
- ◆ **Several approaches** to pursue the goal of UHC exist
- ◆ SHI has many **features** that facilitate the Move towards UHC



Thank you

