

# **HEALTH FINANCING IN BARBADOS**

**October 2019**

**Planning and Research Unit**

# OUTLINE

- Introduction
- Overview
- Why health financing reform?
- Barbados' approach to health financing
- Barbados' health expenditure review
- Options for strengthening Barbados health financing system

# HEALTH FINANCING: PRINCIPLES AND OBJECTIVES

“**Health Financing**” refers to the function of a healthcare system that is concerned with the mobilization, accumulation and allocation of money to cover the health needs of the people, individually and collectively (WHO, 2010).

Attain and maintain - “Universal Health Coverage”

↑ raising sufficient funds for health

↓ financial catastrophe/burden

# OVERVIEW

- Commitment by Member States of the World Health Organization(WHO)in 2005: “ ... to develop health financing systems so that all people have access to services and do not suffer financial hardships paying for them ”
- Access and equity must be preserved
- Litmus test: Affordability and sustainability

# OVERVIEW cont'd

- Healthcare is free at the point of delivery in Barbados and is funded through the consolidated fund.
- Conversations about sustainability are oftentimes linked to affordability and fiscal and economic matters— how spending growth matches economic growth.
- The focus of health care policy is on sustaining health system performance within current and future financial constraints – it must not compromise the outcomes and ability of future generations to meet their own health and health care needs.

# WHY HEALTH FINANCING REFORM?

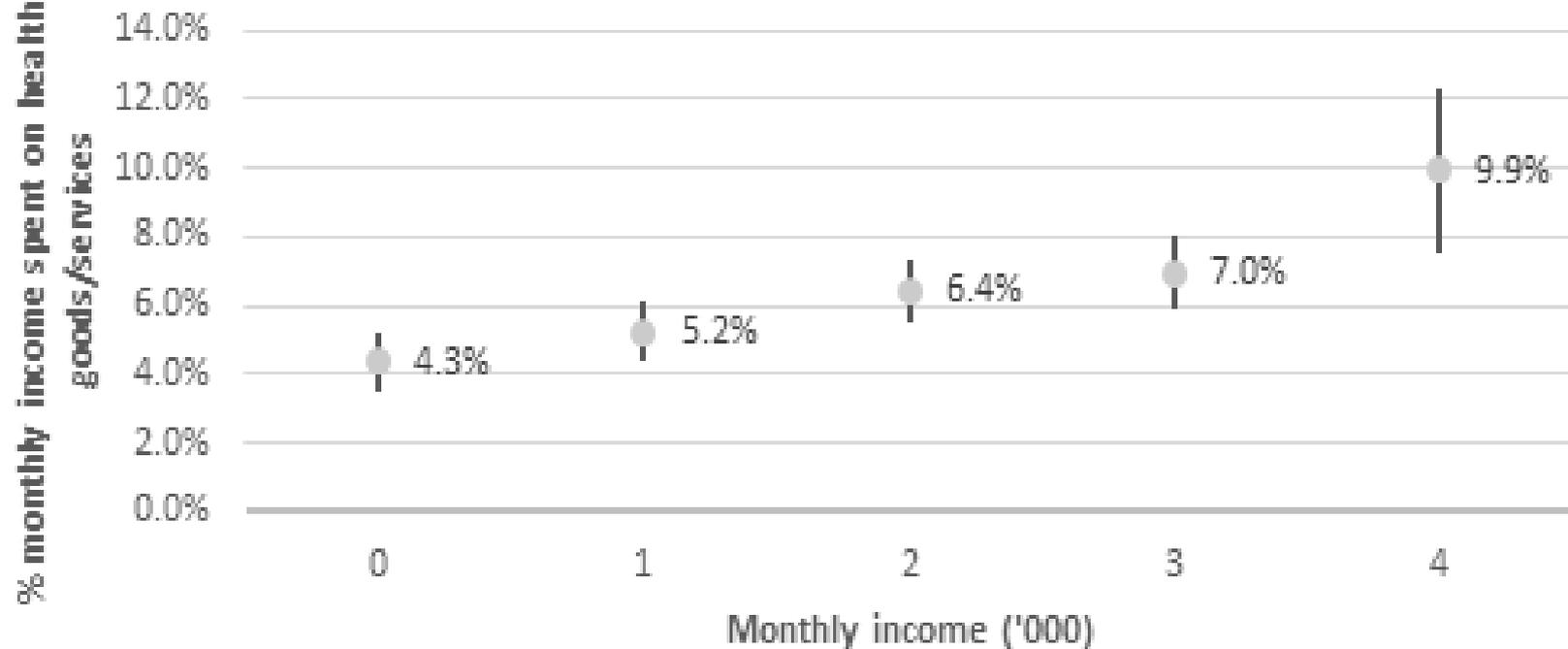
- Increase % of elderly persons
- Epidemiological shift- Increasing prevalence of non-communicable diseases (NCDs)
- New and reemerging communicable diseases
- New medical technologies
- Consumer demands
- Rising health care costs

# HEALTH EXPENDITURE

Indicator	Barbados 2012/13	Barbados 2016/17	2016 OECD average <sup>1</sup>
CHE per capita in US\$	1,271	1,116	3,882 <sup>2</sup>
CHE as % GDP	8.5%	7.0%	9%
Govt health spending as % CHE	55%	51%	73%
Govt health spending as % total govnt spending	11%	8%	n/a
OOP spending as % CHE	39%	43%	27%

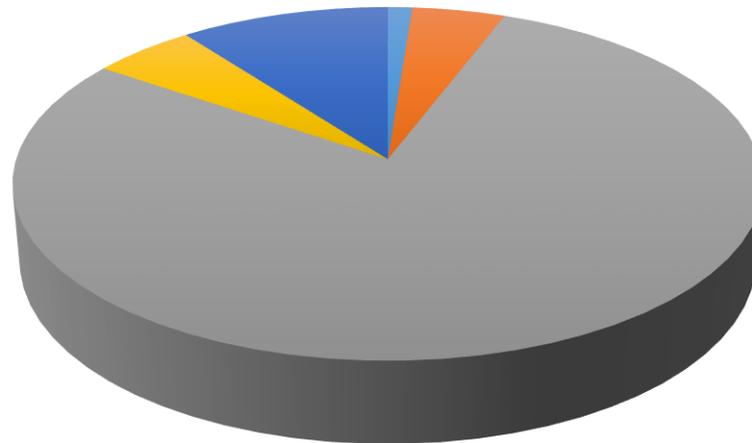
# HEALTH EXPENDITURE

## PERCENTAGE HEALTH SPENDING AGAINST MONTHLY INCOME



# WHERE ARE HOUSEHOLDS SPENDING OUT-OF-POCKET?

Private doctor's offices are the main provider for households paying out-of-pocket



■ QEH (private wing) ■ Private hospital ■ Private doctor's offices ■ Overseas ■ Other

# **BARBADOS' APPROACH TO UNIVERSAL HEALTH COVERAGE**

- Access to a range of preventive, curative, and rehabilitative services in the public sector for citizens and permanent residents
- Support through the Medical Aid Scheme to cover medical services not available locally
- Health financing system based on tax revenues to pay for the delivery of services to the population

# **BARBADOS APPROACH TO UNIVERSAL HEALTH COVERAGE:**

- Barbados Drug Service provides pharmacy services free of cost in the public sector at point of delivery for those 65 years and over, children under 16 years and persons living with diabetes, hypertension, cancer, asthma, epilepsy and glaucoma.
- Medical services are provided free of cost in the public sector at the point of delivery to all non-nationals in circumstances of genuine emergency, ante-natal care, immunisation, conditions of current public health significance and STI/HIV treatment.

# STRATEGIES FOR STRENGTHENING BARBADOS' HEALTH FINANCING SYSTEM

- Health Service Contribution rate (health levy) of 2.5 %
- Barbados is in the process of conducting a costing exercise in association with The University of the West Indies, HEU, Centre for Health Economics (UWI-HEU) Health Economics Unit
- Implement higher taxes on alcohol, tobacco and/or gambling
- Conduct an actuarial assessment of Barbados' long term healthcare financing

# STRATEGIES FOR STRENGTHENING BARBADOS' HEALTH FINANCING SYSTEM

- Reform the system of remunerating physicians and paying hospitals; and
- Strengthen the primary health care system,
- Eliminate inefficiencies through the redesign of clinical services at the QEH, the polyclinics and other institutions.
- Encourage administrative efficiency by minimizing duplication of functions and tasks.
- Developing national health information systems are necessary to make informed decisions.

# WAY FORWARD

- Pooling of funds is preferred to out-of-pocket payments
- Public/compulsory pooling is preferred to private pooling
- A single pool is preferred to fragmentation in pooling

# WAY FORWARD

- Creating a single national pool of funds earmarked for health can facilitate strategic direction and coordination throughout the health system.
- Health systems predominantly financed through employment-based social insurance contributions may benefit from broadening the revenue base to include income not related to earnings. A large informal sector could compromise the sustainability of the system.
- Develop the supporting policies, operational framework and legislation for the new health financing system.
- Roll out the new health financing initiative.

