

Strategic Plans for the Caribbean with focus on Health Financing Programs

15th Caribbean Conference on National Health Financing Initiatives

BUCARAMANGA, COLOMBIA

4-7 October 2023



Pan American
Health
Organization



World Health
Organization

REGIONAL OFFICE FOR THE Americas

Guillermo A. Sandoval, PhD

Advisor – Health Economics and Financing

Office of the Subregional Program Coordination, Caribbean

Context and Background



WHAT IS HEALTH FINANCING?

- An essential function to support the development and ongoing functioning of a health system
- Attempts to organize complex mechanisms involving **sources of revenues, pooling of funds, and payment or purchasing systems** across the health system (flow and arrangement on funds)

CRITICAL SUCCESS FACTORS (HEALTH FINANCING REFORMS)

- Guided by a country vision and objectives
- Focus on the **entire population**
- Solid diagnosis of performance issues within the health system, including population **health needs**
- NOT a model – rather a **coordinated health system transformation**
- Iterative, phased approach (take years...)
- Multi-stakeholder approach (including MOF)
- Dedicated staff (e.g. working group)
- Good data and information
- Public engagement
- Simplicity key to policy design and implementation

Public financial management *enabler*

Revenue Raising

- **Public sources** key to UHC
- Budgetary space for health – policymakers have active role
- **Out-of-pocket payments regressive**
- Direct taxes progressive, and indirect taxes regressive
- New taxes – work if earmarked
- Beyond earmarking political commitment key to fund the health sector

Pooling Revenues

- Maximize the redistributive capacity of prepaid funds
- Best if pools are **large, diverse in risk mix, compulsory**
- Fragmentation a barrier to redistribution, inefficient
- Best to pooling together general budget revenues and compulsory insurance contributions
- Reducing fragmentation is not enough – supply side inequalities, alignment with purchasing arrangements, and mitigation strategies all essential

Purchasing Services

- **Strategic purchasing critical and information-intensive activity**
- Effective strategic purchasing requires (a) appropriate (and clear) institutional structure, (b) well-designed and implemented operational systems to carry out purchasing functions, (c) provider autonomy, (d) evolving institutional and technical capacity, and (e) political will
- Health provider payment systems – match objectives, incentives, unintended consequences, and capacity of providers

Benefit Design

- **Includes services and population groups, and conditions of access (including rationing)**
- With multiple schemes, critical to minimize duplication
- Policies on benefit design – aligned and coordinated with other policies e.g. payment mechanisms
- Unfunded mandates and benefits not available impact population trust
- **User charges and co-payments disproportionately affect the poor and patients with (multiple) chronic conditions**

Sources: Kutzin J., Witter S., Jowett M., Bayarsaikhan D. Developing a national health financing strategy: a reference guide. Geneva: World Health Organization; 2017. WHO advanced course on health financing for UHC 2023.

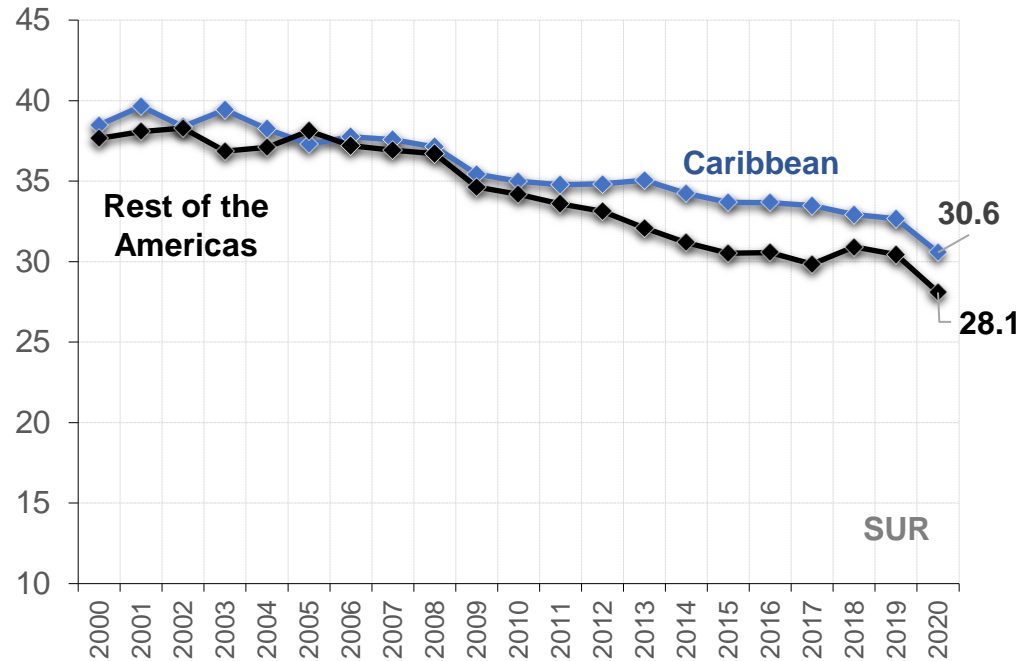
Key challenges/ issues that constraint progress in health financing and UHC



- **Small economies**, remote geography, and **size of population** (implications for efficiencies, economies of scale, quality of care, distribution and retention of providers, incentives, supply chain management/prices, access to capital, borrowing)
- **Demand pressures** (e.g. high burden of NCDs, aging)
- Relatively **fragmented and uncoordinated** financing and delivery (inefficiencies)
- High **out-of-pocket expenditure** (avg. 31% of health expenditure; some 55%)
- **Public debt** (~88% of GDP) and **informal employment** rate (~ 50%)
- **Limited supply of services** → limited expertise and capacity in certain medical specialties → out-of-country care services → out-of-pocket spending
- Migration of **health professionals**
- **Gaps in data and research** needed to design and implement health financing reforms (e.g. private sector costs and utilization, demand for out-of-country services, unmet demand)

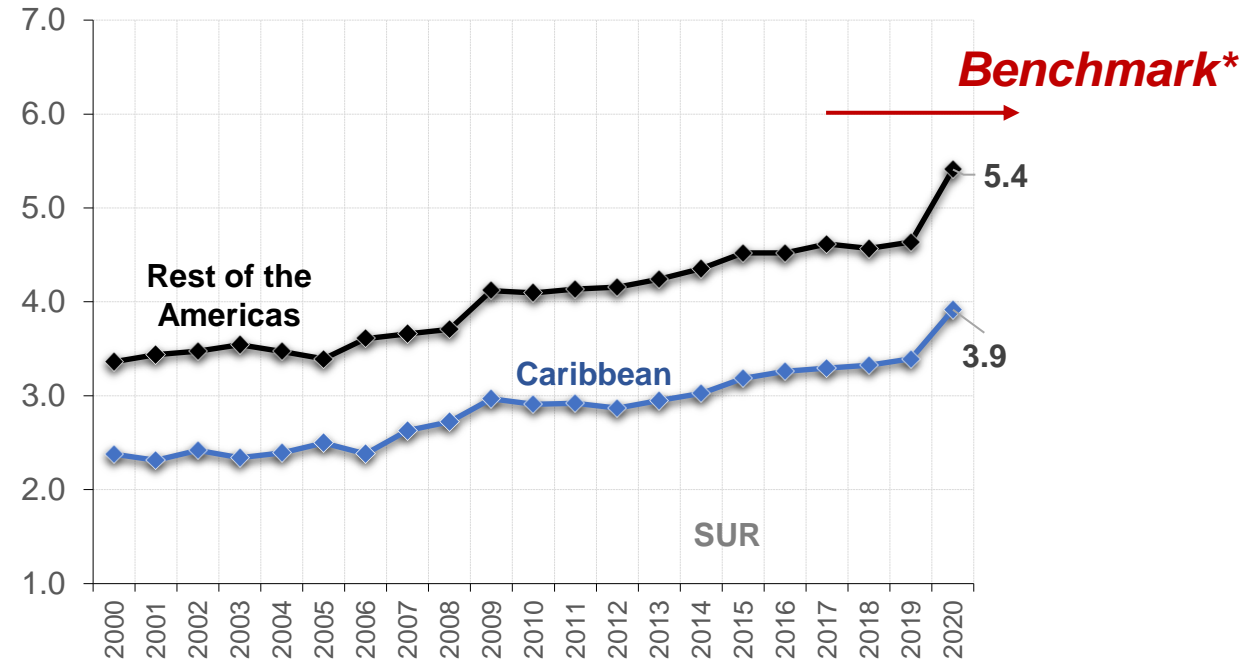
Two key indicators - health financing

Out-of-pocket expenditure (as % of total health expenditure) – simple average



Source: WHO, Global Health Expenditure Database

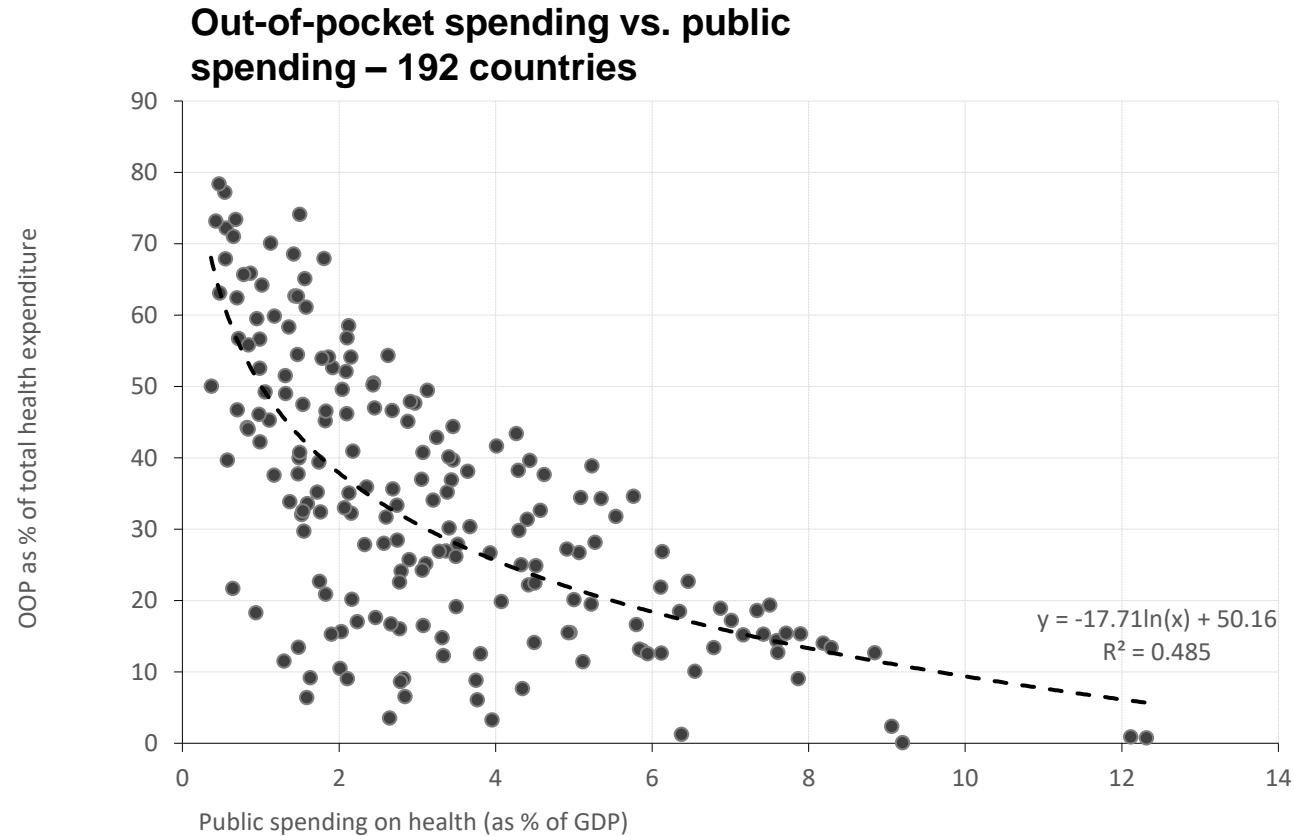
Public spending in health (as % of GDP) – simple average



Source: WHO, Global Health Expenditure Database

*66th SESSION OF THE REGIONAL COMMITTEE OF WHO FOR THE AMERICAS, 2014

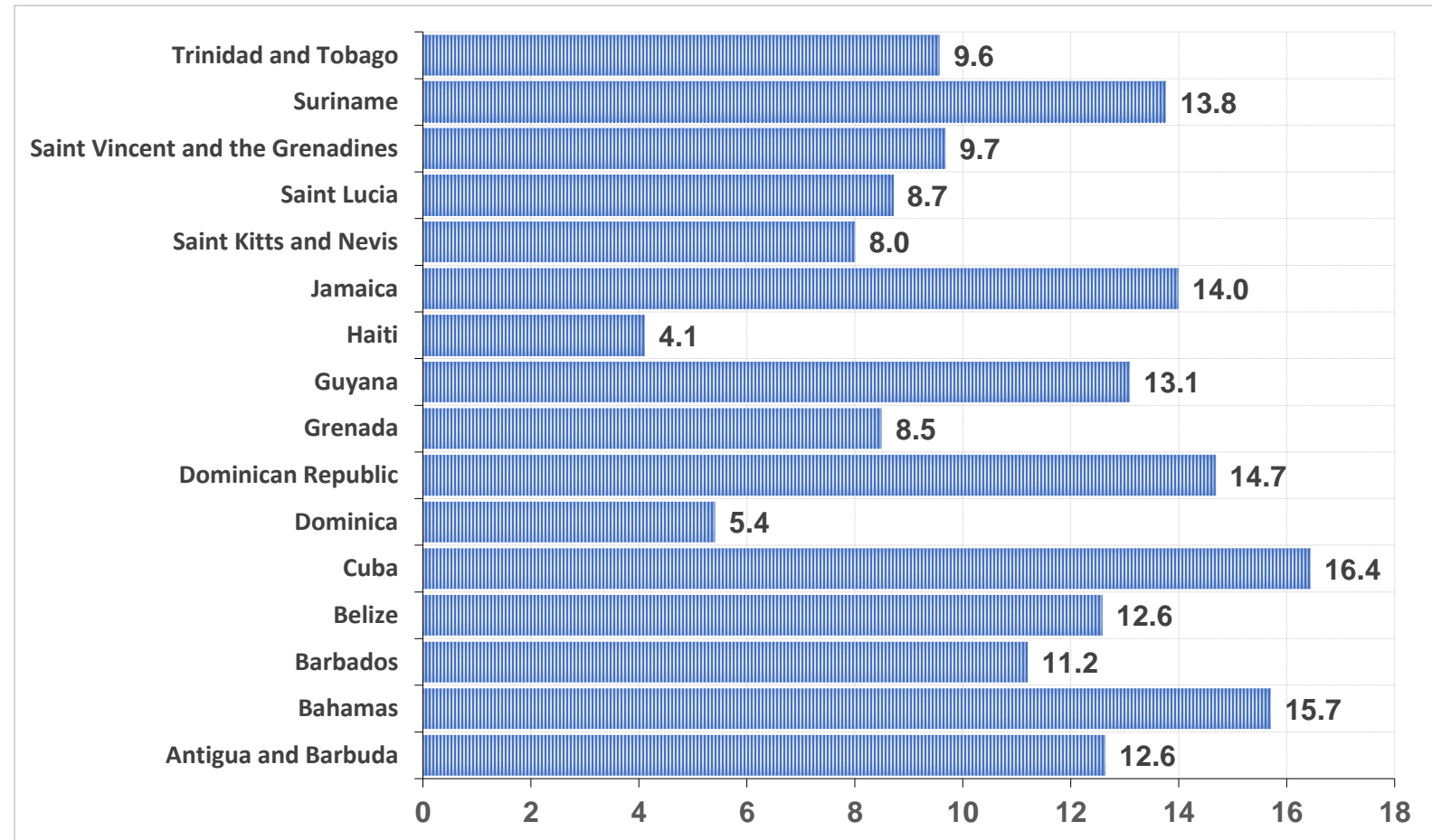
OOP and public spending on health



Source: World Health Organization. Each dot represents a country's 21-year average (from 2000 to 2020)

Government health budget (prioritization)

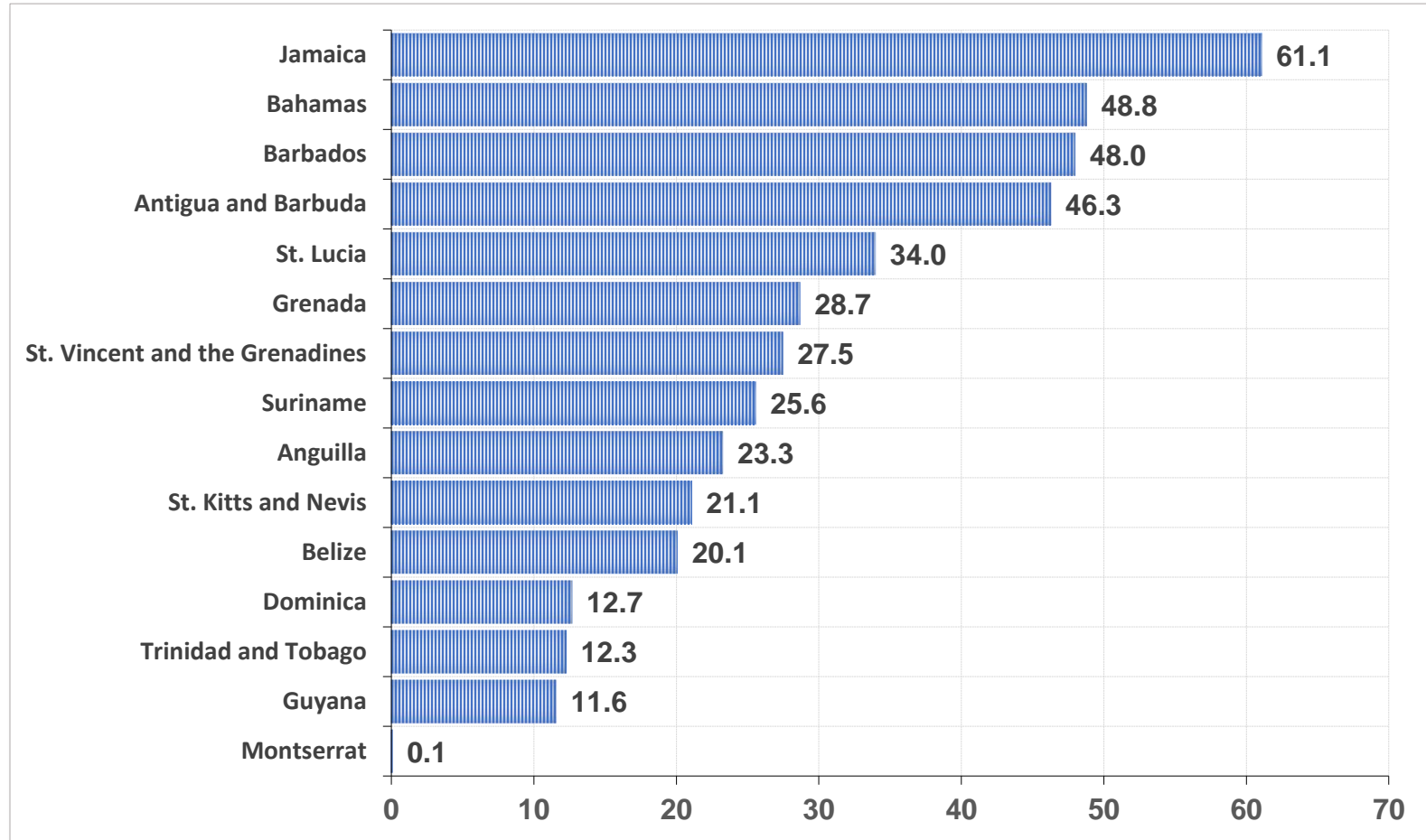
Government Health Expenditure as % General Government Expenditure, 2020



Source: WHO, Global Health Expenditure Database

Public debt: a constraint to development

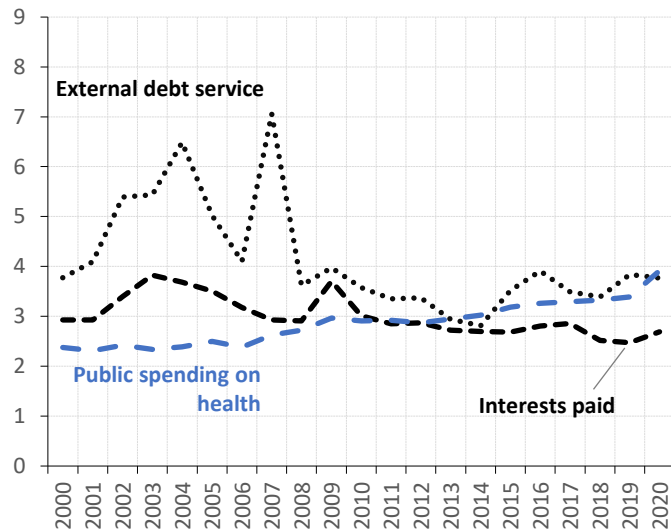
Average service of total debt, 2010-2019
(percentage of government income)



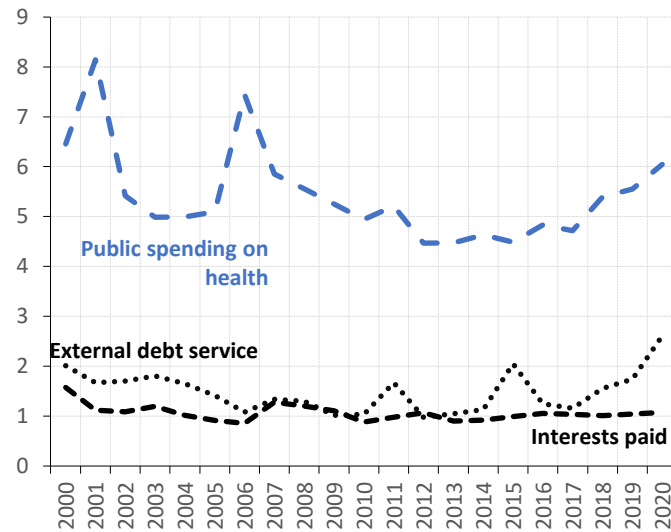
Source: ECLAC – on the basis of official figures

Public debt service and spending on health

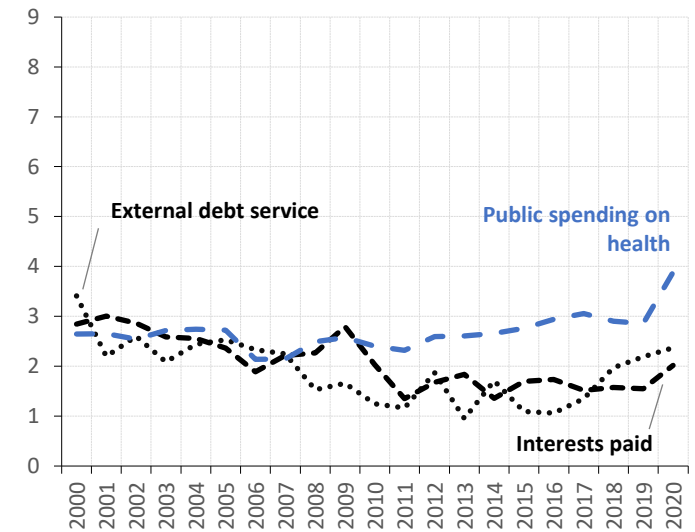
Caribbean
Indicators as % of GDP



Pacific
Indicators as % of GDP



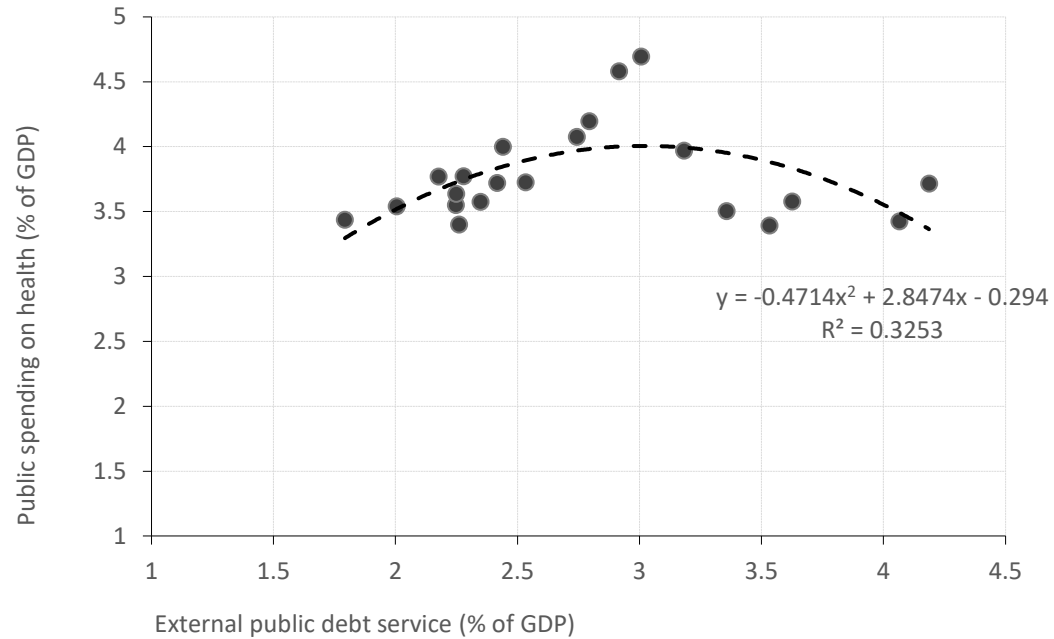
AIS
Indicators as % of GDP



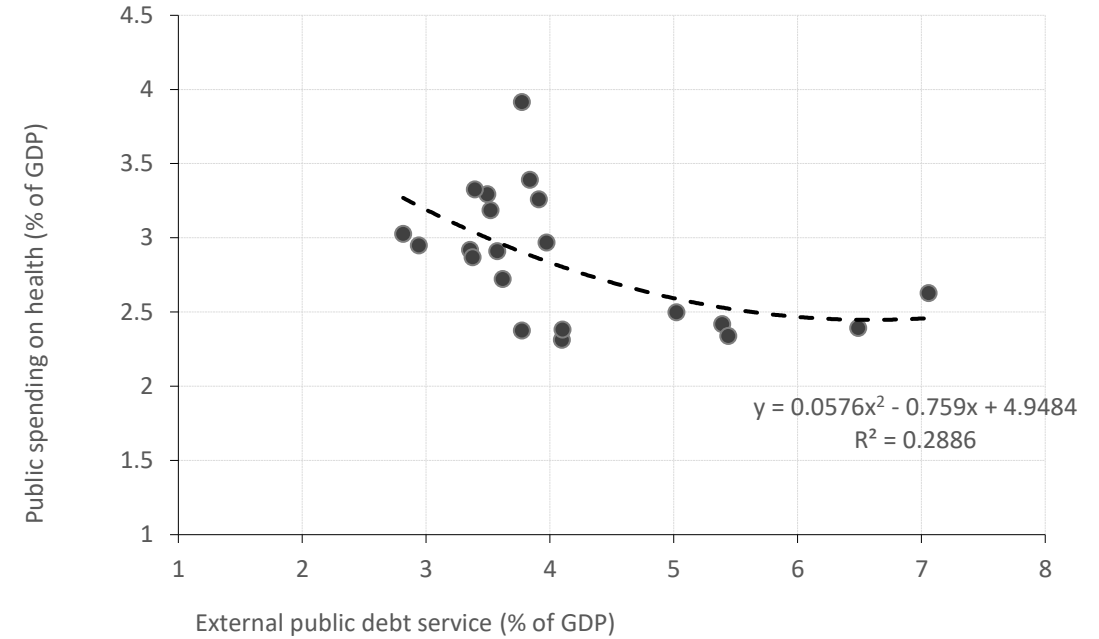
Source: International Monetary Fund, World Bank, World Health Organization

Public debt and health financing

External debt service and public spending on health – **all SIDS**



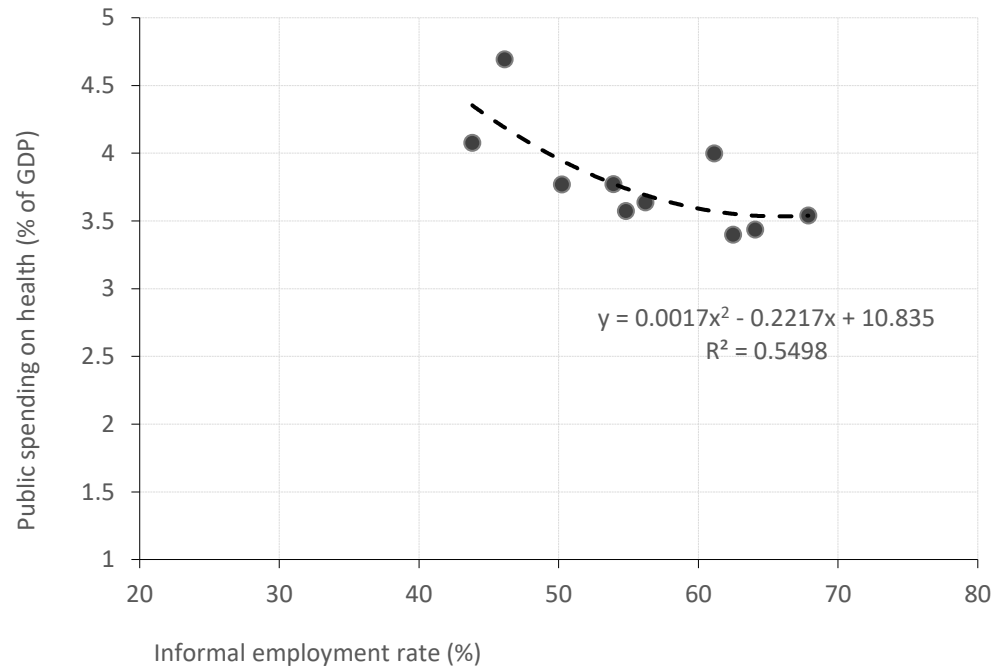
External debt service and public spending on health – **Caribbean**



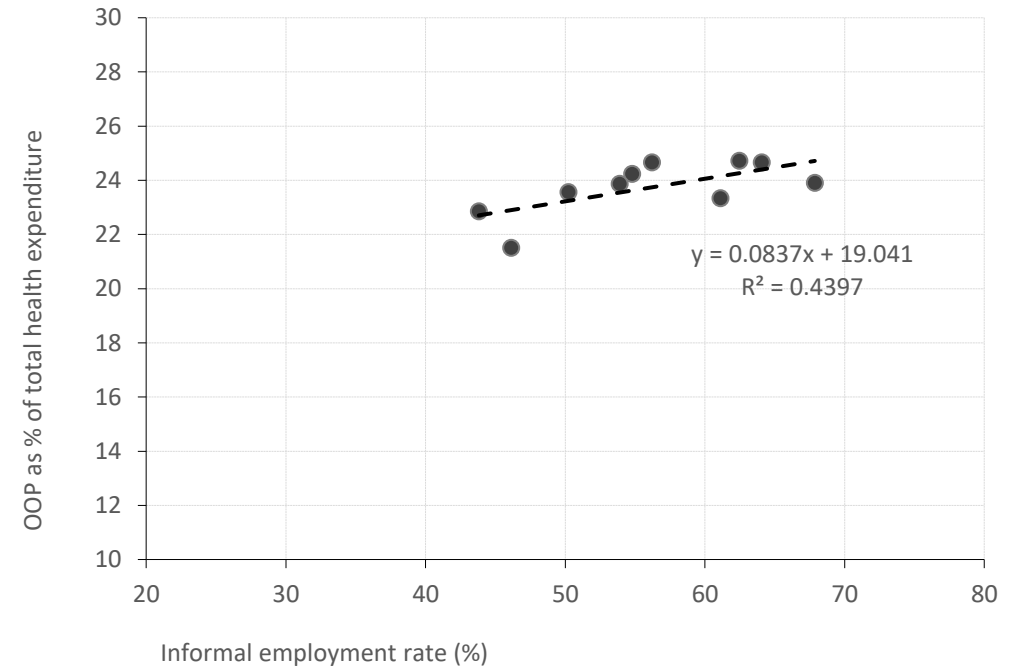
Source: World Bank, World Health Organization. Each dot represents the average of SIDS/year.

Informal economy and health financing

Informal economy and public spending on health – all SIDS

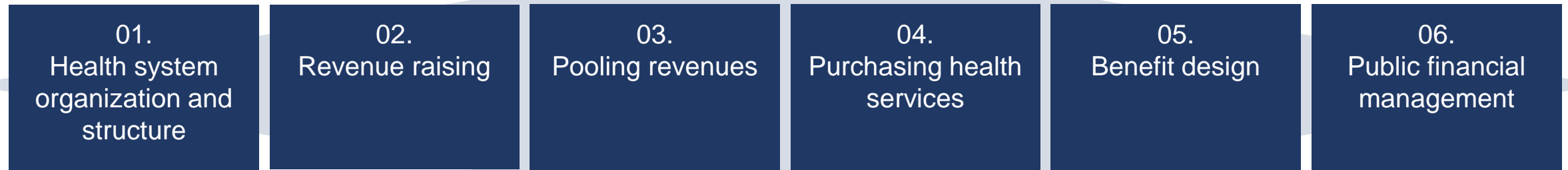


Informal economy and out-of-pocket spending – all SIDS



Source: International Labor Organization, World Health Organization. Each dot represents the average of SIDS/year.

Scope of health financing activities



- Scalability of Caribbean Island/State health systems (e.g. health care beyond borders, distribution of providers)
- **Health financing gap (i.e. demand for health and availability of resources)**
- Health infrastructure investment models

- Sources of health financing
- **Social security contributions**
- Tax-related reforms and initiatives, including tax collection reforms (fiscal space)
- Re-prioritization of health within the government budget (fiscal space)

- Pooling arrangements and design (e.g. size, diversity, compulsory models)
- Pooling fragmentation
- **Models for public-private cross-subsidies**

- **Provider payment and incentive schemes and models (e.g. capitation)**
- Supply mechanisms and management of medical technologies (e.g. strategic procurement and purchasing systems)

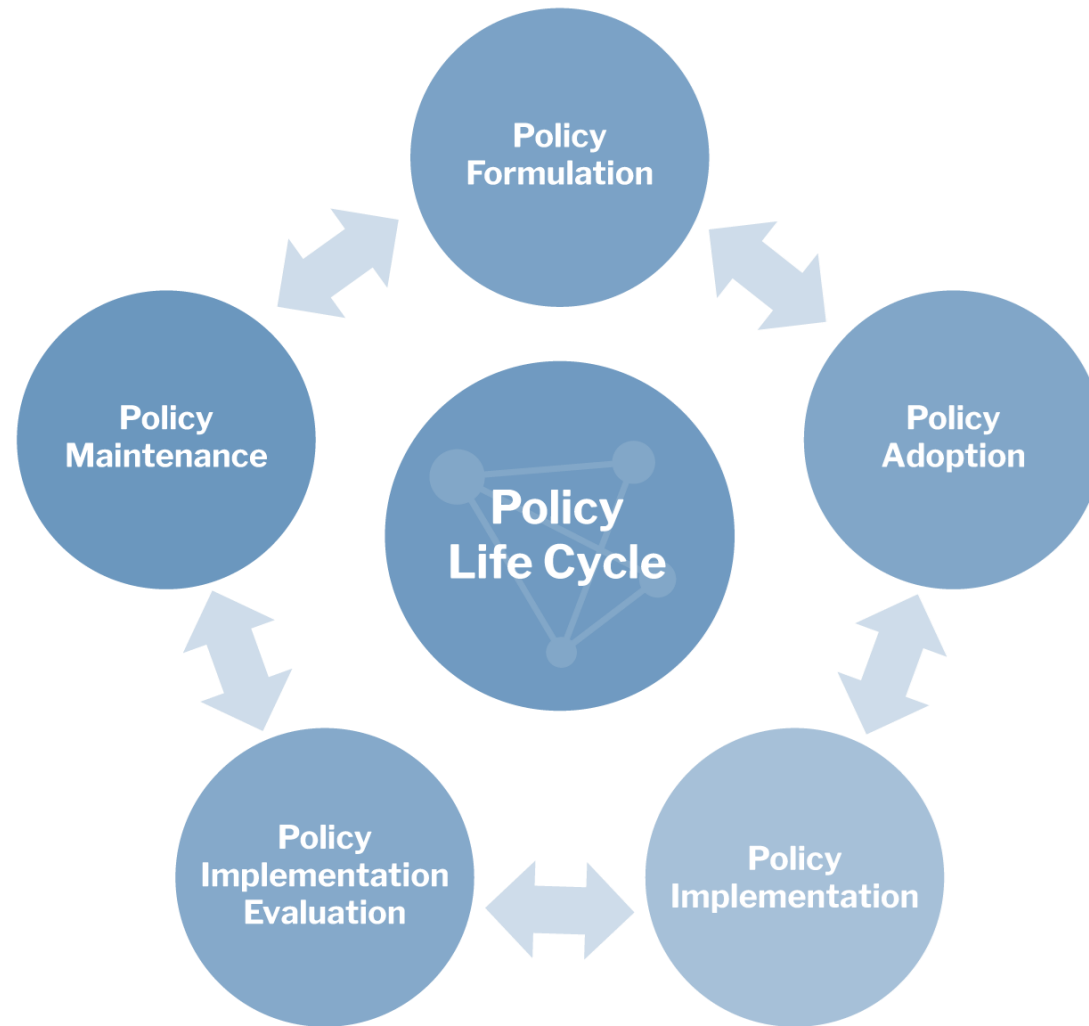
- Benefits entitlements and conditions of access (e.g. co-payments)
- Cost-effectiveness analysis
- **Measures to make direct co-payments and user charges more equitable**

- **Budget formulation and expenditure management systems**, including priority setting processes, output-based budgeting, and execution and reporting systems

Thematic EXAMPLES (of scope)

Approach to Technical Cooperation:

Policy Development Process



A SIMPLIFIED VIEW OF THE POLICY PROCESS

Source: Harvard Catalyst

Technical cooperation: sources of revenues/pooling

- Review of **current revenue sources**, and the mechanisms (e.g. premiums/contributions) and **operational processes** through which these resources are directed toward the delivery of services (e.g. state health insurance)
- Innovating financing

Technical cooperation: purchasing

- Assessment of all **provider payment and incentives models** and mechanisms used across the system (e.g. NHI) and the operational processes involved (e.g. claims processing protocols, payments, processing)
 - Fee for service
 - Capitation
 - Budget
 - Performance-based incentives
 - Case-mix payments

Technical cooperation: benefits

- **Costing analysis of service delivery** across health care providers, alongside an analysis of providers' budgets and sources of revenues
- Review of the **different packages of benefits** used across the system (public and private)
- Assessment of **current procurement models** used in the country for medicines, medical supplies and other commodities
- Review of the current **model and processes involved in the acquisition of medical technologies** and equipment

Technical cooperation: health system organization

- Estimation of the **current demand for healthcare services**, including unmet demand
- A **system-level mapping** of health financing schemes/arrangements and delivery of healthcare services, alongside **patient utilization patterns** (public and private)
- **Development of care protocols and implementation of evidence-based clinical guidelines** to support improvements in the quality of care provided (e.g. HEARTS initiative)
- Establishing a comprehensive **national database** for planning and performance assessment – encompassing utilization, costing, and epidemiology
- **Local healthcare capacity** and out-of-country services

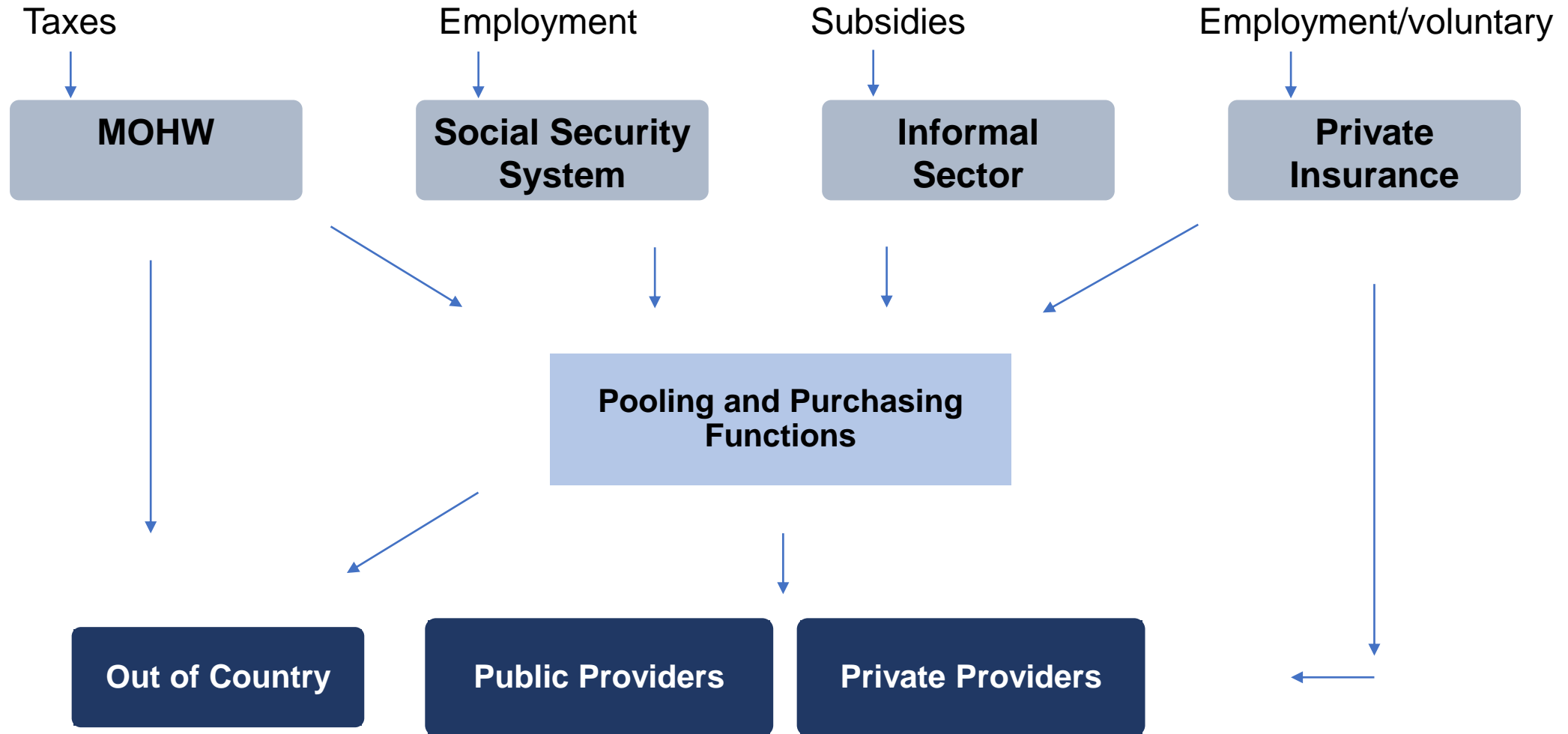
Technical cooperation: public financial management

- Review and enhance the **financial budget planning** system within the health sector

Main mechanisms to channel/support technical cooperation

- Focus more on the policy development process (problem formulation/understanding)
- Develop and use of evidence
- Promote sharing of country experiences
- Build capacity in the region
- Strengthen collaboration: public/private providers and funders
- Review political economy implications of policy options

Streamlined model





Pan American
Health
Organization



World Health
Organization

REGIONAL OFFICE FOR THE Americas

Thank you !