

# Health Care Financing

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Health Promotion Leadership  
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# Outline

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- Conceptual Framework
- Issues and Challenges
- Regional response
- Health Promotion Financing



# Conceptual framework

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## □ Goals of Health Systems:

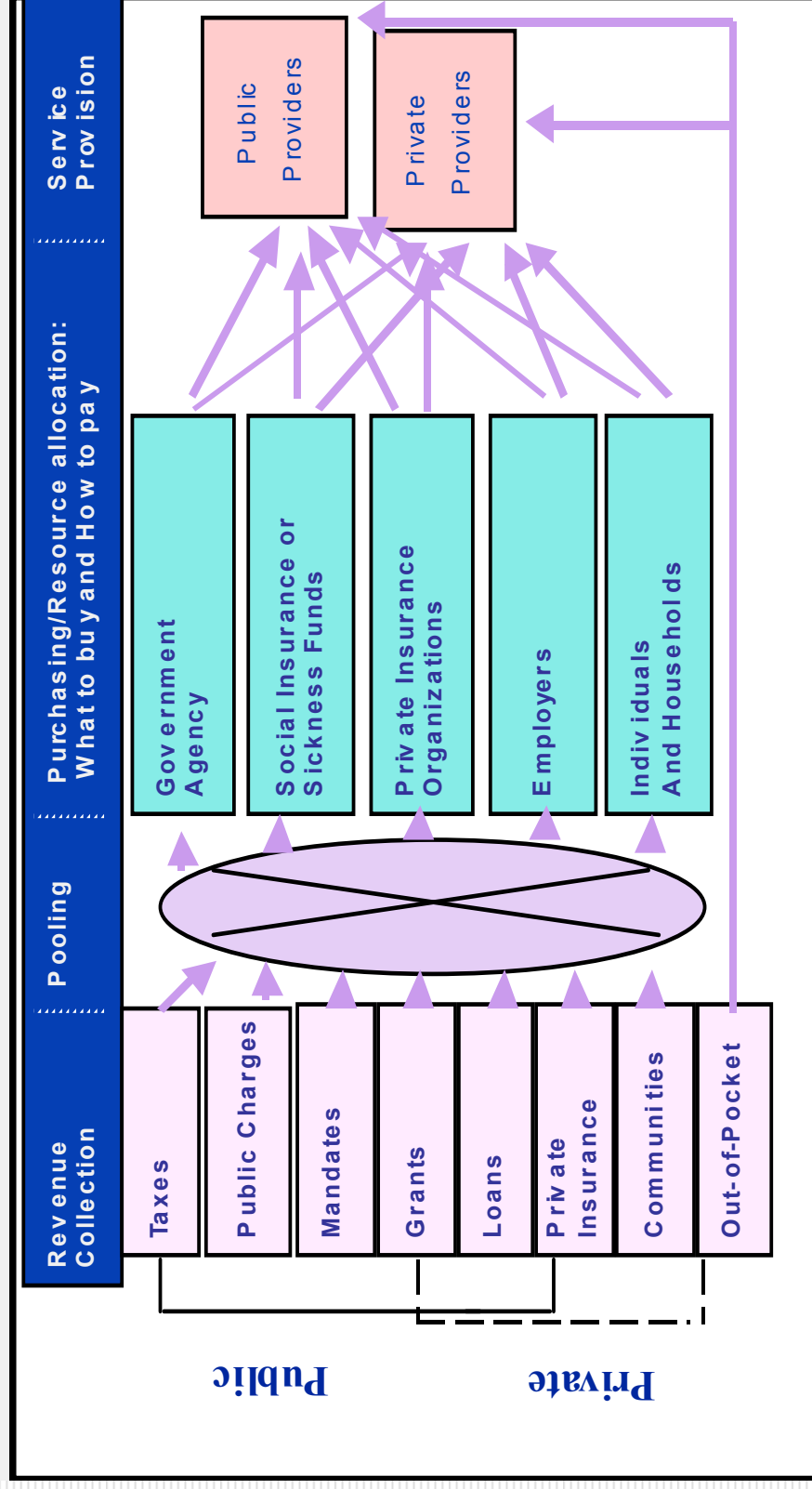
- Improving the health
- Responding to people's expectation
- Providing financial protection

## □ Functions of Health Systems

- Stewardship
- Creating Resources
- Delivering Services
- Financing /revenue collection, pooling,  
and purchasing/



# Health system financing sub functions



# Health care financing functions

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- Health care financing contributes to health improvements by generating adequate resources to finance health services.
- Health care financing affects health conditions of the population by creating the different financial incentives for health service providers and patients.
- A good health care financing promotes a variety of social goals such as social protection, solidarity, and equity.



# Issues and challenges

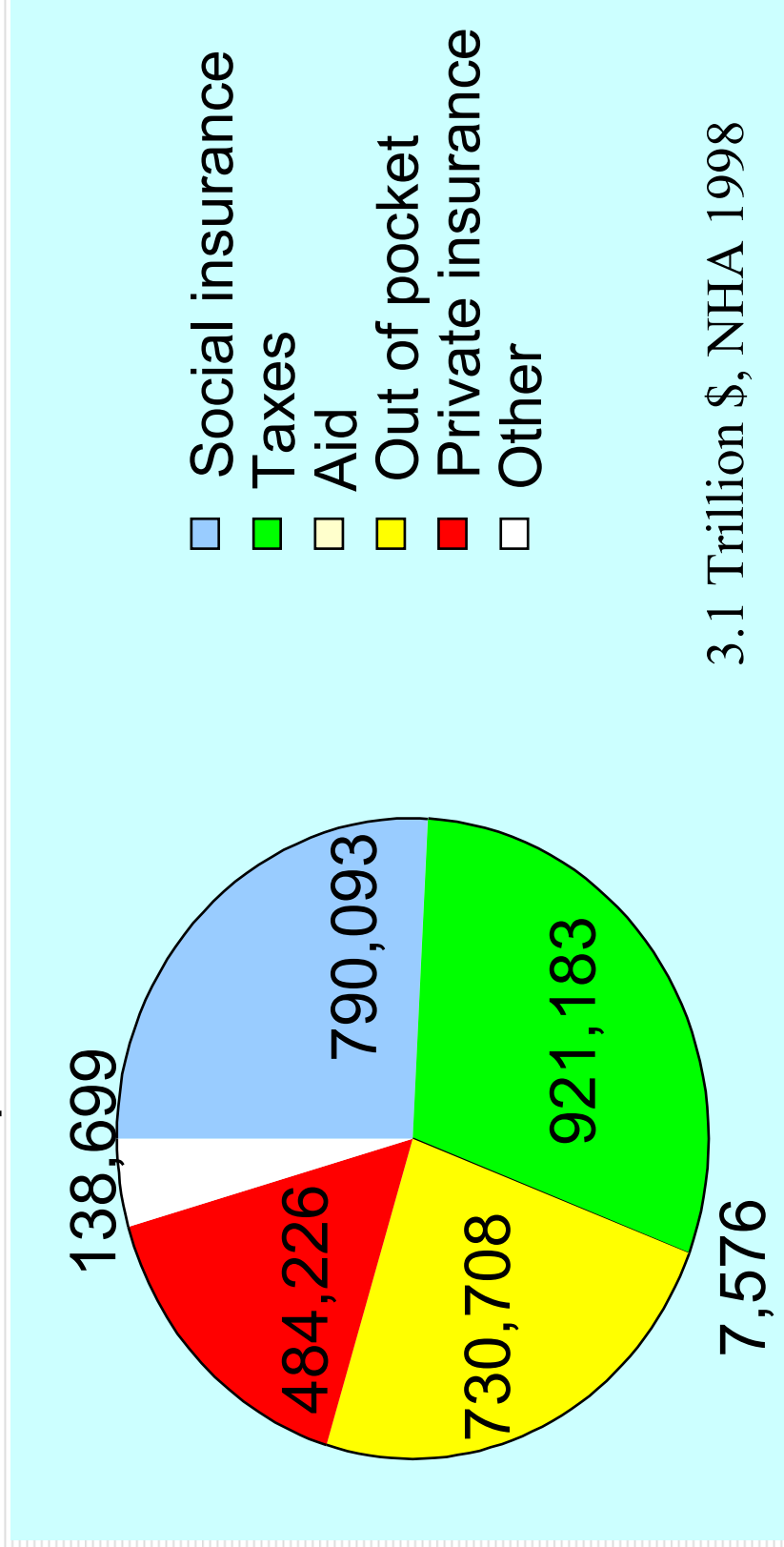
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- ❑ Level of total health spending
- ❑ Allocation and use of limited financial resources
- ❑ Financial protection against high medical costs
- ❑ Role of government in financing and provision
- ❑ Reliable and up-to-date data and information
- ❑ Capacity and capability in resource management



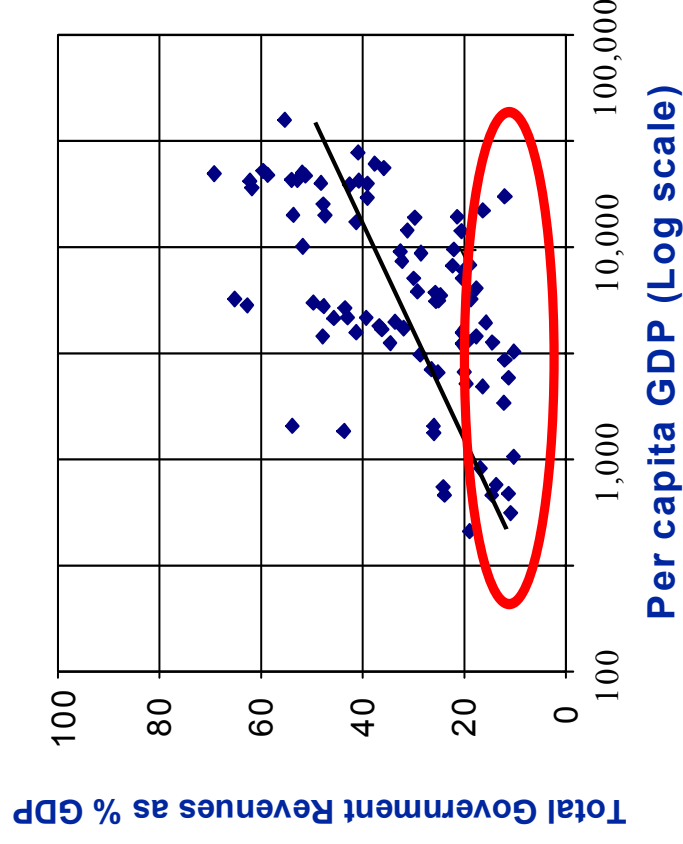
# Global sources of funding, 1998

Health care expenditure has risen from 3% of



# Low-Income Countries Have Weak Capacity to Raise Revenues

- Governments in many countries often raise less than **5% of GDP** in public revenues; and



Source: World Bank



<b>National health expenditure estimated as % of GDP</b>		
<b>2-5 %</b>	<b>6%-7%</b>	<b>8%-11%</b>
Brunei Darussalam, Cambodia, China, Cook Islands, Fiji, Laos, Malaysia, Mongolia, Papua New Guinea, Philippines, Singapore, Solomon Islands, Vanuatu, Viet Nam	Niue, Palau, Republic of Korea, Samoa, Tonga, Tuvalu	Australia, Japan, Marshall Islands, Micronesia, Nauru, New Zealand
<b>Source: World Health Report, 2002</b>		
<i>World Health Organisation</i>		



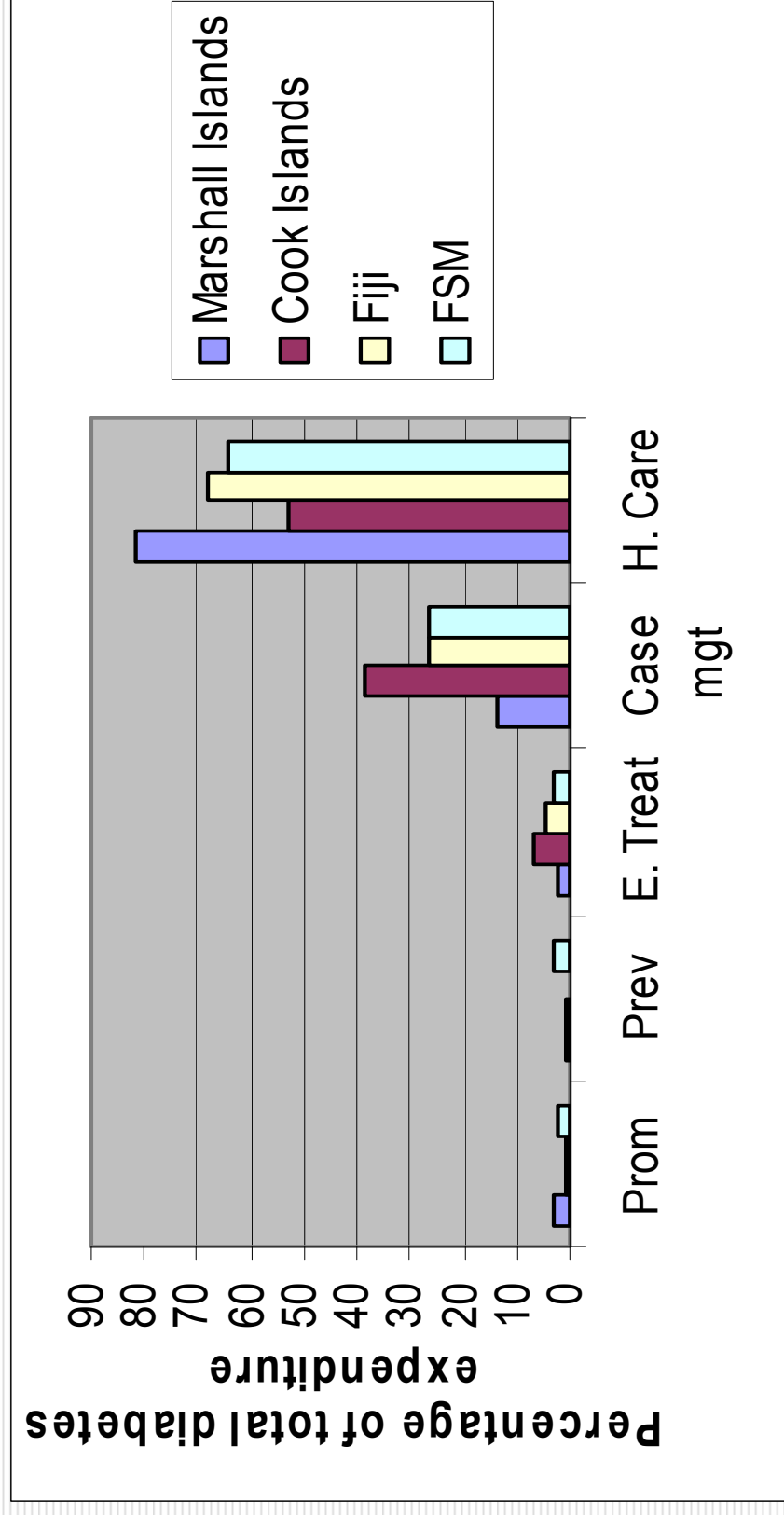
# Allocation and use of resources

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- Asia and Pacific Region spend less than 10% of resources on public health services including health prevention and promotion. /ADB /
- In developing countries often less than a quarter of government health spending is devoted essential and public and preventive health service /World Bank/



# Diabetes cost study /WPRO-2001/



# Macroeconomics and Health Report

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- Insufficient overall spending in LI & LDC
- The proportion of total health revenue coming from budget is relatively low, 55% versus 71% in high income countries
- Private spending is high in low income countries and it tends to be out of pocket payment



# Private out of pocket spending

	Total HE, %	Private HE, %	Public Total HE, %
Cambodia	100.0	90.6	9.4
India	100.0	82.2	17.8
Viet Nam	100.0	80.0	20.0
Indonesia	100.0	76.3	23.7
China	100.0	75.1	24.9
Tonga	100.0	54.0	46.0
Philippines	100.0	51.5	48.5
Sri Lanka	100.0	51.0	49.0
Thailand	100.0	42.6	57.4



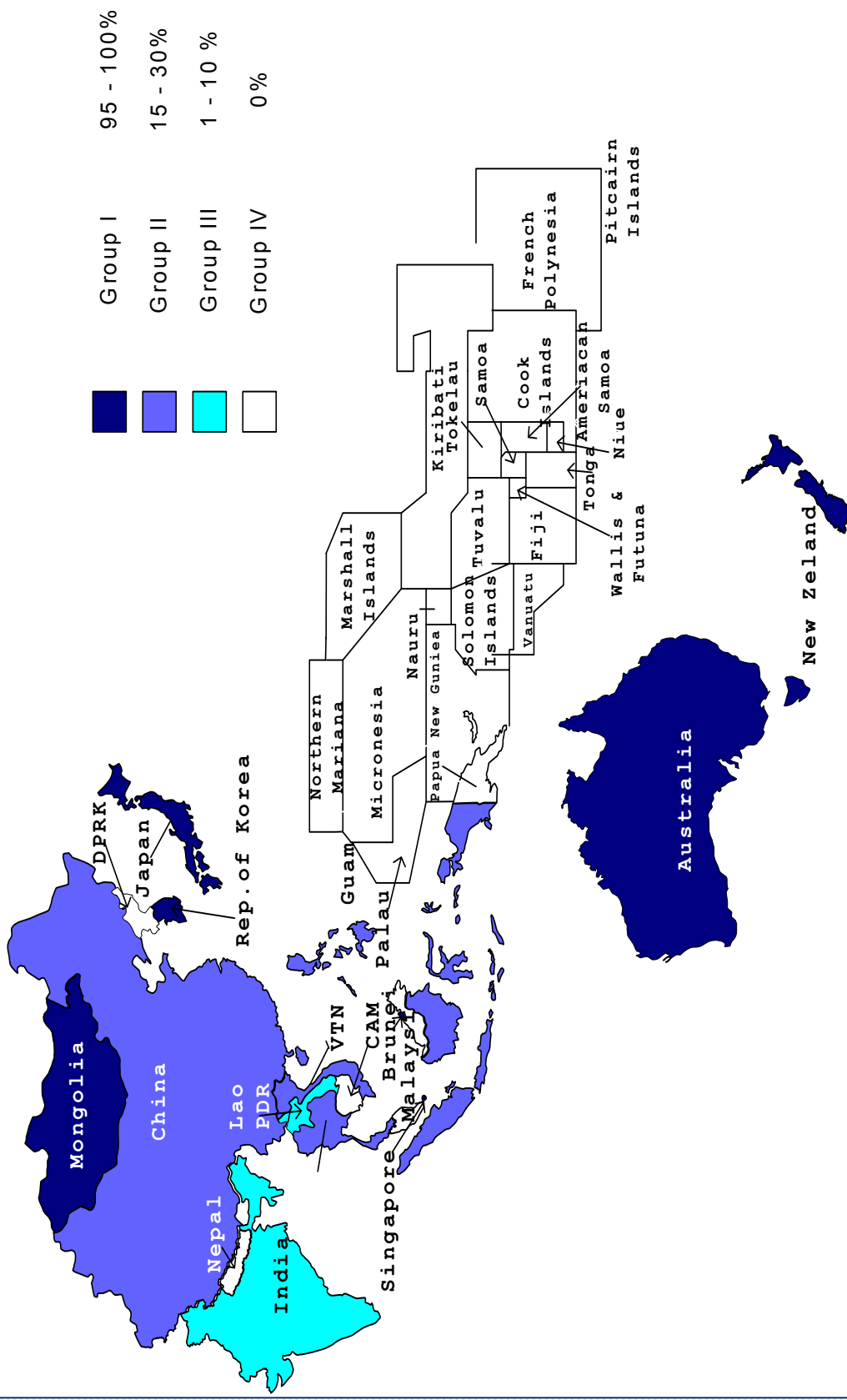
# Low financial protection

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The rapid increase in health care expenditure has not been accompanied by a similar trend in financial protection for everyone against health care costs.



# Coverage of Social Insurance in Asia and the Pacific



# Regional policy and strategies

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## Health care financing priority areas

- ❑ Policy and advocacy
- ❑ Public financing
- ❑ Private out of pocket payments
- ❑ Social health insurance
- ❑ Data and information ( NHA)
- ❑ Managerial capacity and capability



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**Issues and challenges: The current level of total health spending in most developing countries still inadequate to provide comprehensive health services for the population**

**Policy objectives: To increase resource mobilization, allocation and investment in health from internal and external sources**



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**Strategies:** Awareness about the linkages between economic and health development; Setting health and investment priorities; Targeting specific population groups.

**Actions:** Advocate CMH findings; Undertake country specific studies providing concrete data and evidences; Establish inter-sector coordination mechanisms; Provide evidence based policy options, recommendations, guidance etc.



# Integrating health promotion into health systems financing

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- Health improvements will be largely achieved through effective public health interventions including health prevention and promotion measures
- It is critically important to ensure sustainable health promotion funding arrangements within a health system



# How to ensure the sustainability

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## a) Revenue Collection

- ❑ Allocation from traditional sources
- ❑ Expansion to other available sources
- ❑ Establishment of new sources  
( such as tobacco taxation)

More resources for HP activities



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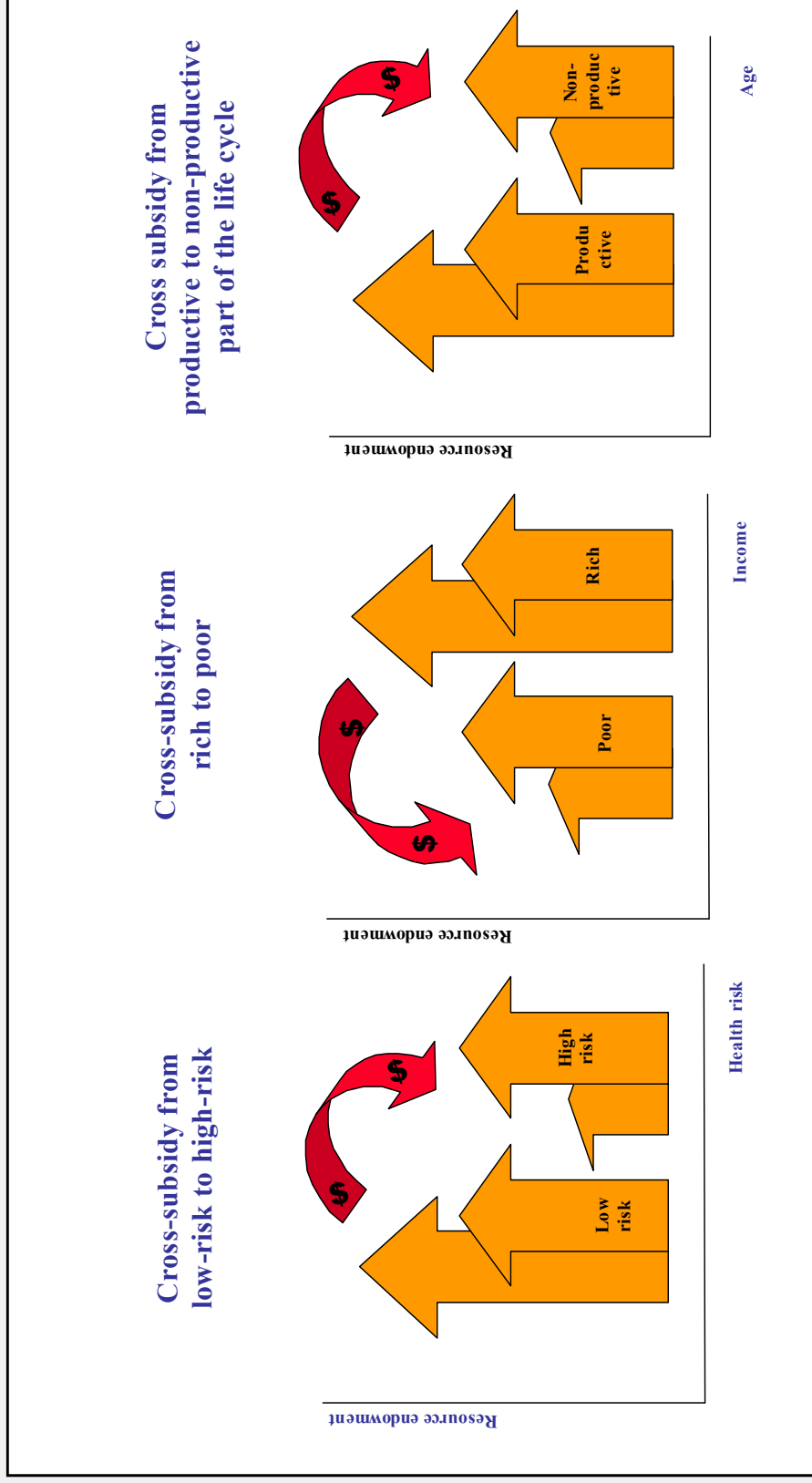
## b) Pooling sources

- General and Earmarked Tax Revenue
- Health Insurance
- Community Resources
- External Funding

Potential  
sources for  
HP  
financing



# Pooling through prepayment



## c) Purchasing health services

- More focus on population needs and population health effects
- Effectively address risk factors for CD and NCD
- Maximise health within available resources

Increased availability of health preventing and promoting services



# Purchasing Services

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- Availability of money and level of spending are not only determinants of health. The same level of health can be achieved at reasonably low cost. Use and allocation is also important.
- There is a need to produce and disseminate more information, evidence, best practices and interventions which provide the highest value for money
- Purchasing is strategic activity that involves authority, choices, awareness, information and economic transaction.



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# Thank You

[www.prolead.org](http://www.prolead.org)

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