Health care financing

Strategic issues

Universal health care coverage remains the overarching goal of health financing policies in the Western Pacific Region. The *World Health Report 2010*, launched globally in November 2010, gives governments practical guidance on ways to finance health care so more people get the care they need. It stresses that all countries, at all stages of development, can make important steps to move towards universal coverage. This is consistent with the *Health Financing Strategy for the Asia Pacific Region (2010–2015)*.

There are three fundamental and interconnected health financing challenges. First, sufficient funds need to be raised to cover at least the cost of delivering essential health interventions. Second, these funds should be raised in such a way that they minimize financial risks and barriers to access. This means minimizing reliance on direct out-of-pocket payments for health care, particularly for the poor and other vulnerable groups. Third, resources for health should be spent more efficiently and equitably, so that health outcomes for all are maximized given available resources.

Action and results

With the *World Health Report 2010* and the *Health Financing Strategy for the Asia Pacific Region (2010–2015)*, the main strategic directions for health financing in the Region are now well elucidated. The regional strategy is available in Chinese, French, Khmer, Lao, Mongolian and Vietnamese. Further, health financing country profiles covering the period 1997–2007 have been developed for all Member States in the Western Pacific Region. These profiles analyse trends in health expenditures and provide snapshots of key health financing issues in each country. Given the widespread interest in these profiles by countries and partner agencies, the profiles will be updated and expanded to cover the period 1995–2009.

Region-specific health financing experiences and achievements provided important input for the *World Health Report 2010*. After its official release, the report was launched in six countries where priority on health financing reform is supported by WHO. These countries were Cambodia, China, the Lao People’s Democratic Republic, Mongolia, the Philippines and Viet Nam; countries where, despite some recent improvements, government spending on health remains relatively low and reliance on out-of-pocket payments correspondingly high. Following these activities, a WHO action plan to support countries in implementing universal coverage was developed.

In addition to improving the overarching strategic directions in health financing, many countries have been actively reforming their health financing systems with the support of WHO. In China, important strides have been made towards universal coverage. The Government has invested substantially to not only expand health insurance membership, but also increase the share of costs covered by health insurance. Further, public health programmes have been expanded and more equitably financed through the use of equalization grants and fiscal transfers.

In the Lao People’s Democratic Republic, a national health financing strategy is under revision, based on the National Health Sector Development Plan. The strategy consolidates various policy initiatives related to health financing, including a free maternal and
The financial burden of health payments

Each year, millions of families in the Western Pacific Region fall into financial hardship due to the cost of health care. An estimated 80 million people suffer financial catastrophe and 40 million are impoverished each year in the Region because they have to pay for health care, according to a 2007 study. And this is happening despite the Region’s impressive economic growth.

But even more powerful than the numbers are the individual stories. Take the case of the Aguila family in the Philippines. One of their sons complained of joint pain and inflammation. Self-medication and a traditional healer offered no relief. The family finally brought their son to a regional hospital. After no improvement, they visited a private hospital, which undertook a CT scan, X-rays and consultations with various specialists. Finally, he was diagnosed with rheumatic fever and rheumatic heart disease. The family had to spend US$ 600 on the various tests, consultations and transportation for an illness that could have been diagnosed by a general practitioner with minimal lab tests.

A similar story is that of Dou Huhai from China, as reported in the WHO Bulletin. Dou, a factory worker, caught his left hand in a punching machine, crushing two of his fingers. Taken to hospital, a doctor told him it was going to be possible to salvage most of his fingers. But when he discovered that Dou could not pay for the operation and had no insurance coverage, the doctor performed a simple amputation. In China, substantial investment in the health system is improving access to care. In the Philippines, spending increases are limited, but there are promising signs that health is being pushed higher up the government’s agenda.

Having a better understanding of how households are affected by health payments is critical, so that precise policies can be designed to stop health care from causing financial difficulties. That is why WHO has been working with countries and other development partners to improve country capacities in analytical financing work. As part of this support, Cambodia, China, the Lao People’s Democratic Republic, Mongolia, the Philippines and Viet Nam have been conducting studies on the financial burden of health payments, having previously completed training activities. These studies not only estimated absolute figures, for instance, about 1.15 million families in Viet Nam faced financial catastrophe in 2008 because of health care costs. But they also showed that key determinants of financial hardship or lack of access to care, such as households caring for the elderly and young children, as well as poor and near-poor families, were typically the most at risk.

The six countries have started to use this evidence to influence policy in the form of policy briefs and discussions with key stakeholders. These have been consistent with recommendations from the WHO Health Financing Strategy for the Asia Pacific Region (2010–2015) and the World Health Report 2010, both of which emphasize the need to move away from heavy reliance on direct out-of-pocket payments if universal coverage is to be achieved.
child health care policy. Further, there are ongoing policy discussions on options to reduce the fragmentation of existing social health protection mechanisms (various health insurance schemes and health equity funds) by merging them into a single scheme.

WHO continued to support the implementation of the hospital financial management system in Mongolia, and supported actions to strengthen social health insurance coverage and to improve health service benefit and quality.

Equitable access to quality health service by all people is an important goal of the national development plan of the Philippines. The new administration aims to attain universal coverage in the next three years. In December 2010, the Department of Health issued an administrative order to implement the Aquino Health Agenda: Achieving Universal Healthcare for all Filipinos. It focuses on expanding social health insurance coverage especially to the poor and vulnerable with public subsidies. In May 2011, WHO together with development partners organized a senior policy seminar in support of the universal health care agenda.

Over the past year, progress was made in developing and applying WHO tools and methodologies. The WHO methodology for analysing the financial burden of health payments was introduced and applied in the six priority countries of Cambodia, China, the Lao People’s Democratic Republic, Mongolia, the Philippines and Viet Nam. This assessed access to care, catastrophic health expenditure and impoverishment incidences associated with ill health. A particular focus was on capacity-building, with countries taking the lead in such analyses. The studies suggest that despite some reductions in out-of-pocket payments, health care remains as the likely leading cause for households falling into financial hardship. For example, in Viet Nam, it is estimated that 1.15 million households faced catastrophic health expenditure and over 740 000 households were impoverished due to direct out-of-pocket health payments alone in 2008. These numbers are high compared to similar estimates made in 2006. The results of the six country studies were discussed between countries and with other development partners during a workshop held in Manila in March 2011. Following the workshop, policy briefs on the reduction of direct out-of-pocket payments, catastrophic health expenditure and impoverishment were developed and disseminated for policy use in different country settings.

Complementing this work on evaluating the financial burden of health payments, training was provided to assess the organizational and institutional aspects of health financing, using the Organizational Assessment for Improving and Strengthening Health Financing approach developed by Headquarters. It was introduced to the Region during an intercountry workshop held in Viet Nam, with subsequent technical support to implement this tool in Mongolia.

Health financing support to the Pacific islands focused on developing National Health Accounts (NHA). This was done in partnership with the Asian Development Bank (ADB), where NHA tools, technical notes and reference documents guiding NHA development in the Pacific were developed. A framework to institutionalize NHA in Fiji, the Federated States of Micronesia and Vanuatu was developed and implemented with the
production of a second round of NHA reports covering 2006–2007. Further, NHA experts in Pacific island countries agreed to expand opportunities to share country- and region-specific expertise, skills and experiences. More broadly, the region has contributed to the revision of a System of Health Accounts that aims to set global standards for NHA development and production of reports applicable for all countries.

WHO continued to monitor the health impacts of the recent global economic crisis, notably in Cambodia, China, Fiji and the Philippines. The results suggest that the global economic crisis has not had serious negative impacts on the health sector in Asia, as of 2010, due to timely responses from governments, including the protection of government health budgets.

In consultation with countries and experts, the WHO Regional Office developed MacroHealth, a simulation tool for assessing the fiscal space available for the health sector, given macroeconomic and public finance constraints. The software has been used in the Lao People’s Democratic Republic, Malaysia and the Philippines, and following interest will be applied in other countries. Policy briefs on health investment, fiscal space and budget support were derived from this tool.

The work of the Health Care Financing unit was expanded to other technical units, divisions and institutions. For example, a regional training workshop on tobacco taxation was co-organized with the Tobacco Free Initiative. Technical input was also provided on cross-cutting work related to health system bottlenecks to delivering essential interventions for noncommunicable diseases. Together with the Health Services Development unit, technical input was provided to discussions on Malaysia’s health sector transformation. Contributions were also made to discussions on health systems strengthening and attainment of Millennium Development Goals 4 and 5 in Cambodia, China, the Lao People’s Democratic Republic, Mongolia, the Philippines and Viet Nam.

The unit contributed to the publication of an ADB book on poverty and sustainable development in Asia and social health protection in the Asia Pacific region. Technical support was provided to increase national capacities in health care financing and social health protection through various activities, including social health insurance training courses.

**Future directions**

WHO supports countries to develop adequate, sustainable and equitable health financing contributing to universal coverage. With strategic directions provided by the *World Health Report 2010* and the *Health Financing Strategy for the Asia Pacific Region (2010–2015)*, the focus is now on country-specific activities. Clear road maps to universal coverage, with movement from fragmented to more consolidated social health protection, are necessary for most countries in the Region. In countries with low government spending on health, it is also important to assess the feasibility and returns from increased spending. And for all countries in the Region, there is a need for an increased focus on potential efficiency gains. Of particular importance is the reform of provider payments, such that they create incentives for health workers to deliver appropriate care. More critical assessments of what health services are included in government-funded benefit packages are also needed. All these efforts are expected to be carried out in close partnership with other United Nations organizations and development agencies, and in such a way that national capacities are strengthened.
Equity, poverty, gender, human rights

Strategic issues

The Region has witnessed steady economic progress in recent decades, but benefits of this growth have not been adequately shared across all population groups. Similarly, the benefits of health gains achieved over this period have been unequally distributed, increasingly leaving behind the poor and those from marginalized groups. Health inequities are increasing and are likely to remain a defining challenge in the foreseeable future. Equity, gender and human rights issues in health thus remain critically relevant in the Region.

The Region faces important challenges in reducing inequities in access to health services and in health outcomes. Weak or inefficient health systems continue to put the poor and other socially excluded population groups at a disadvantage.

Some progress has been made, but more is needed. Health must be recognized as central to development. In addition, countries and areas must ensure more equitable access to health services for all sections of the population and address financial or social barriers to access, including poverty, gender and ethnicity.

Action and results

The overall approach of WHO has been, first, to build the awareness, skills and capacity of technical programmes and countries on poverty, equity, gender and human rights issues in health and to develop, disseminate and promote the use of tools to support this work. A regional meeting on social determinants of health was held in Manila in June 2011, as part of the Region’s activities in the lead-up to the World Conference on Social Determinants of Health, to be held in October 2011 in Brazil.

Workshops were held to strengthen the capacity of Ministry of Health staff in Mongolia, the Philippines and Solomon Islands on equity, gender and human rights. Efforts to increase awareness and knowledge of trade and health were supported in the Philippines, in terms trade in health services, and in the Philippines and Viet Nam, in terms of the implications of intellectual property provisions in trade agreements. Cambodia, China, Mongolia and Viet Nam were supported to translate selected technical materials into local languages.

Secondly, implementation support was provided to technical programmes and countries to address poverty, equity, gender and human rights in their policies, programmes and actions. A new area of work was initiated on health in prisons. A draft framework for conducting health assessments in prisons was developed and piloted jointly with the tuberculosis programme in Mongolia and the Philippines, using TB services as an entry point. Gender analysis and actions are being integrated into maternal, child and neonatal health planning at the district level and micro-planning at the health centre level in the Lao People’s Democratic Republic. Work on gender-based violence was supported in Viet Nam and in the Pacific island countries under the UNiTE campaign. In Papua New Guinea, the focus was on gender-based violence, especially sexual violence. Kiribati, Solomon Islands and Viet Nam participated in a workshop on prevention of intimate partner and sexual violence against women. Support on gender mainstreaming was provided to the Division of Health Security and Emergencies, and to the Malaria, other Vectorborne and Parasitic Diseases unit in the Philippines. Joint activities on disabilities were undertaken with the injuries and violence prevention and nursing programmes. Cambodia was supported to review draft legislation to implement certain flexibilities related to TRIPS, the trade-related aspects of intellectual property rights.
A third approach has been to strengthen capacity in equity analysis, monitoring and measurement, as well as the collection, analysis and use of health information that is disaggregated by relevant social stratifiers. In collaboration with Headquarters, financial and technical support was provided to seven participants from four countries in the Region, namely China, Malaysia, the Philippines and Viet Nam, to attend a global policy dialogue meeting in Washington, DC, in October 2010, designed to strengthen evidence to improve women’s health through gender and health statistics. Follow-up activities were developed. The Regional Office participated in and made a presentation at the Global Forum on Gender Statistics, organized by the United Nations Statistics Division. A chapter on equity issues in achieving the Millennium Development Goals (MDGs) was written for inclusion in the regional MDG progress report. In the Philippines, use of the Urban Health Equity Assessment and Response Tool (HEART) was scaled up to seven cities.

An equity focus informs the Region’s work in health systems strengthening and primary health care, with the goal of universal access to quality services for improved health outcomes for all.

**Future directions**

Awareness, capacity and commitment in Member States and technical programmes on issues related to equity, human rights and gender in health remain relatively weak. Continued support and advocacy are needed.

Future work will include providing technical support for practical solutions to measure, analyse and monitor health inequities. There are several examples of successful collaboration with other units and technical programmes to work on these cross-cutting issues. This approach will be strengthened and continued in the future.