HEALTH SYSTEMS GOVERNANCE & FINANCING

Thinking through sustainability and transition

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31 March 2017
Geneva, Switzerland

World Health Organization

Main messages up front

- Concept of fiscal sustainability applies at level of overall public sector; gets slippery at level of one sector such as health; even moreso at subsector level (e.g. HIV, TB)
- We have be concerned with both revenue and efficiency as means to sustain progress
- Appropriate unit of analysis for both is entire system and population, not program or scheme (a Minister of Health perspectitve)
- “Transition” isn’t really a concept (has no special implications)
- We (this group) have to get the sustainability question right

What is needed to take these issues in a more productive direction?

1. Get the questions right
2. Use the appropriate unit of analysis

- Without these two fundamentals, all the tools and techniques we have at our disposal can easily be misused

SUSTAINABLE HEALTH FINANCING (??) FOR UHC IN THE CONTEXT OF TRANSITION

Growing attention to financial sustainability and transition from aid

- Recognition of limits of donor funding, especially given global financial / economic situation
  - Refining how aid is targeted – a concern for all funding agencies, e.g. Development Continuum, Equitable Access Initiative, agency transition strategies
  - Addis Ababa Action Agenda: strengthen domestic tax systems, crack down on tax avoidance, illicit flows

- Note: not really an issue for WHO, so we are well-positioned as a disinterested party to play our neutral advisory role (not a donor; we don't transition)

Response of global health community has largely focused on revenues

- Targets like $86/capita or 5%/6% of GDP
- Growing number of health programs and partners exploring the same issues
  - Domestic resource mobilization, “innovative financing”, donor funding, earmarked taxes, investment cases…
  - …for sustainability of their program
  - …and often with disease-specific approaches to revenue raising…
  - …and despite emerging evidence that earmarking is not an effective strategy in the medium term (washes out, e.g. Ghana VAT health levy earmark)

Some concerns

- Insufficient differentiation between global advocacy and how to approach finance/revenue issues at country level
  - Global “gaps” may be useful for fundraising, but not clear that this is a useful way to engage national finance ministries
- We can’t (or shouldn’t) be arguing that every important disease needs its own tax and revenue stream
- Sustainability is not only a revenue question; we have to think about managing expenditures better
- Need comprehensive rather than piecemeal engagement between health and finance (trying to build on Regina’s point from yesterday – how can we support this?)

Approaches to Health System Goals

Final goals *a la* WHR 2000

- Health
- Responsiveness
- Financial Protection

"UHC goals"

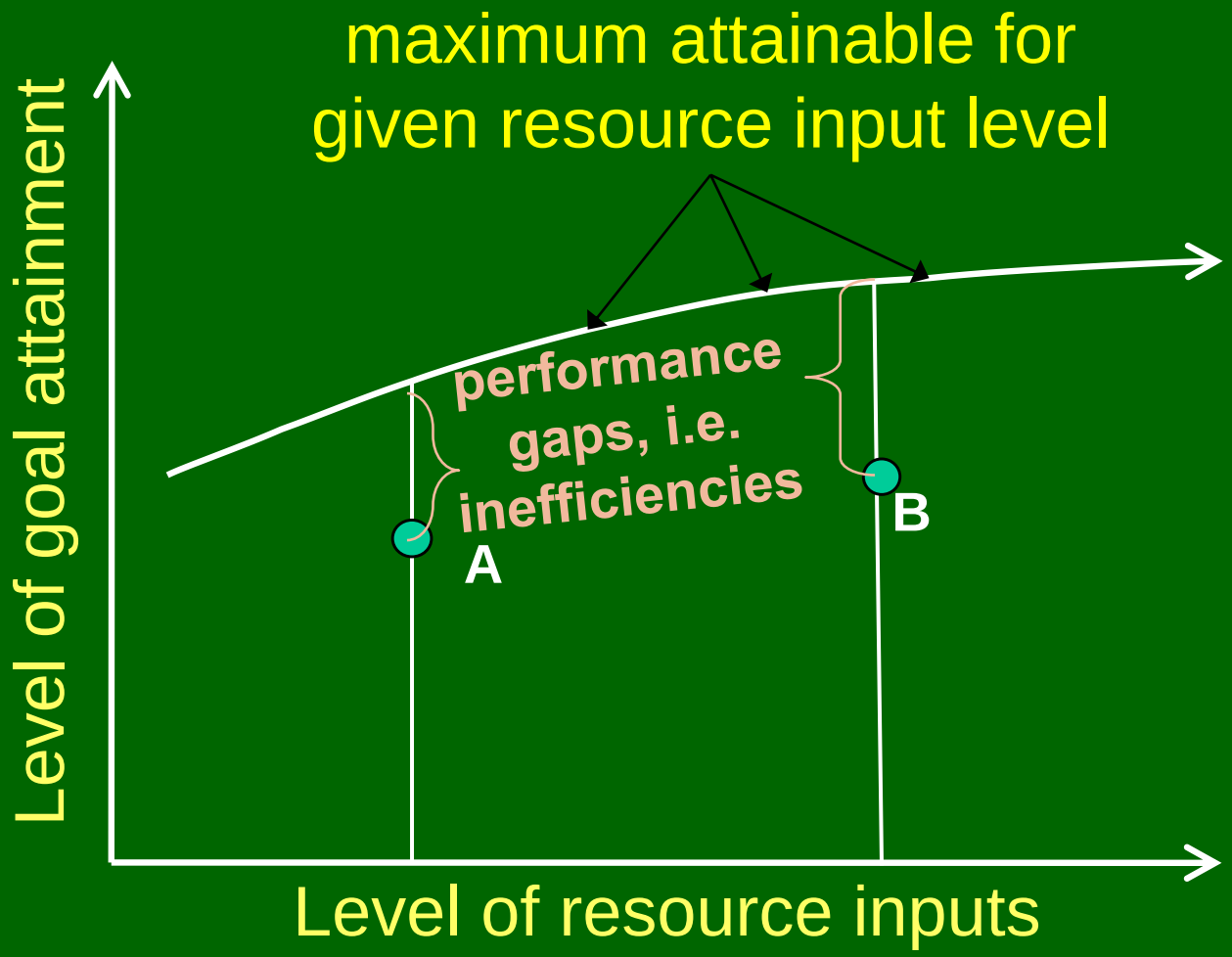
- Equity in the use of services relative to need
- Quality
- Financial protection

What about sustainability?

Useful to think of fiscal sustainability as a constraint, not a goal

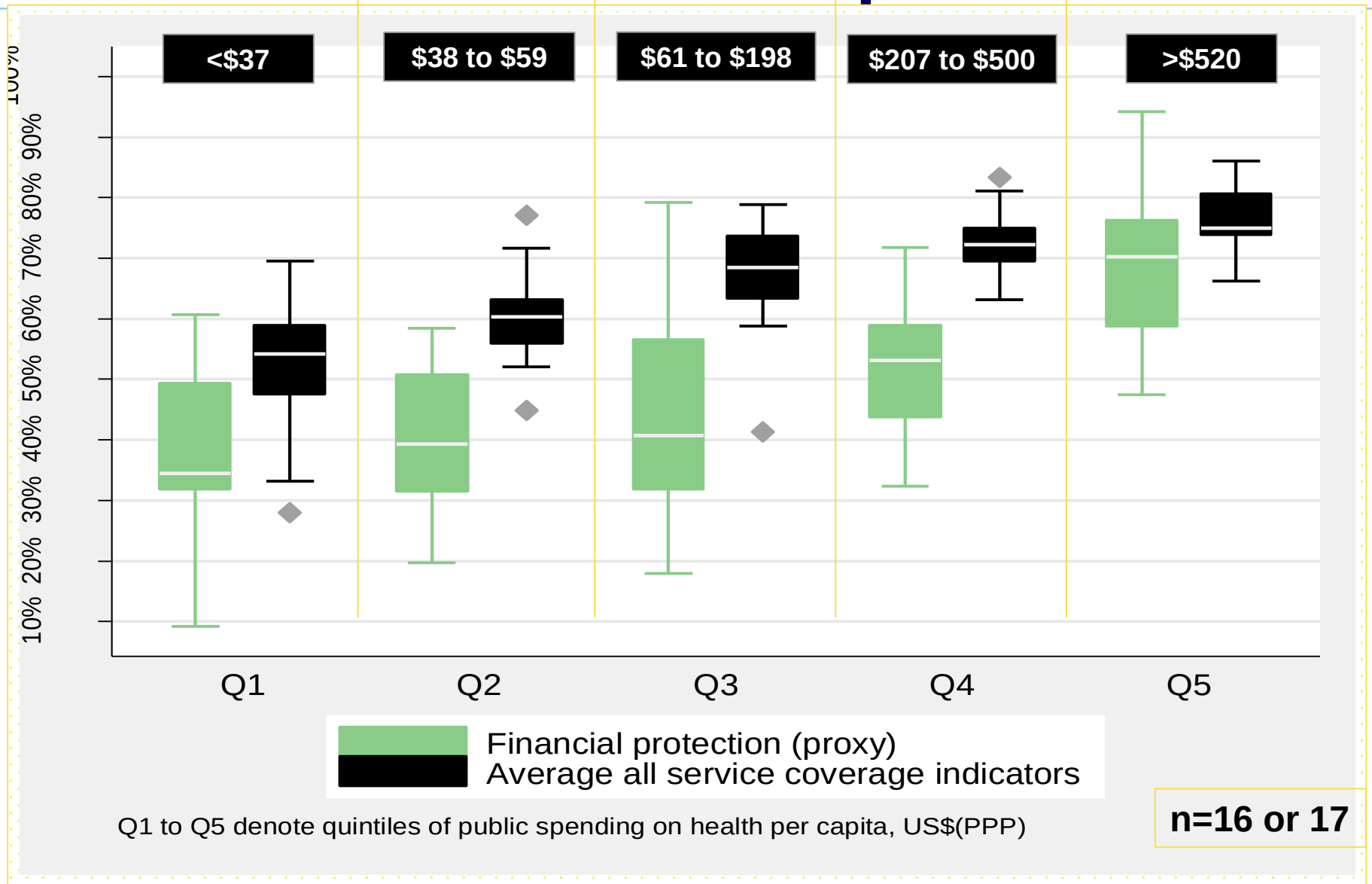
- We're not trying to maximize fiscal sustainability
  - That's easy – just don't spend anything on health
- And we're not trying to maximize health, responsiveness, financial protection AND sustainability
- It is much more useful to frame fiscal sustainability in terms of the budget constraint
  - Maximize mix of health system goals subject to the constraint of living within our budget
- This shifts the focus from "sustainability" to efficiency, a much more useful basis for action

An efficiency agenda is central to the ability of governments to sustain progress on their coverage goals (not their programs)



Adapted from P. Travis

Not just a concept: empirically, wide variation in performance at similar expenditure levels

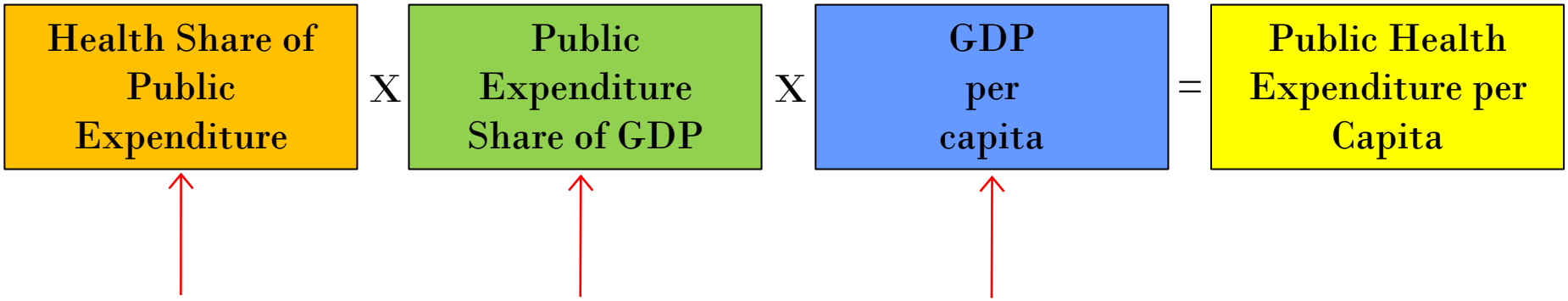


Jowett et al. (2016). Spending targets for health: no magic number. WHO.

Service coverage: systematic increase in performance with increased public spending; also systematic fall in variation across countries (less poor performers).

Financial protection: performance increases in Q4 and Q5. High variation remains.

Determinants of domestic public spending on health



Public policy/ political choice

Fiscal context

Economic context

Thus, a “fiscally sustainable” level of health spending is, at least in part, a choice

- What government can afford depends both on its fiscal capacity and public policy priorities
- What countries choose to sustain has important implications for financial protection and service coverage
- Fiscal limits matter, and absolute levels also matter

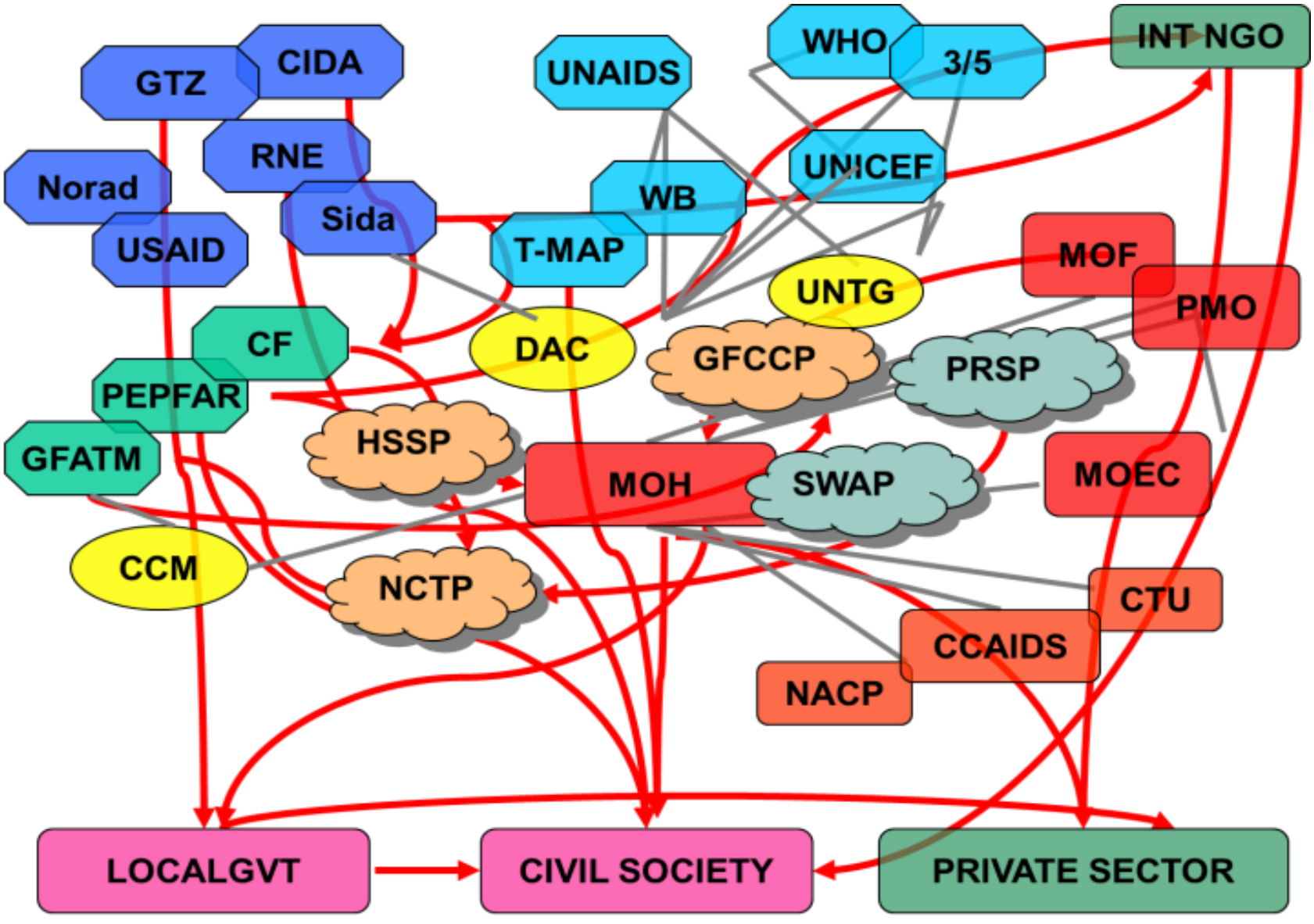
Interpreting "sustainable health financing" from a health policy perspective

- Fiscal sustainability applies to the public sector as a whole
  - Changing resource allocation priorities can change extent to which something can be "sustained"
  - So it's a bit slippery at the level of one sector, and even more so for sub-sectors (HIV, immunization, TB, …)
- Concept is not useful without reference to what you are trying to achieve
  - If budget balance per se is an objective, then just cut the budget
  - So what are we trying to sustain? Sustainability is not meaningful without reference to policy objectives

Getting the sustainability question right

- Not this:
  - How can we make the TB (or HIV, or immunization, or MCH, or…) program sustainable?
- Instead this:
  - How can we sustain increased effective coverage of priority interventions?
  - Because almost certainly, we can't do it with 5 procurement systems, 3 information systems, fragmented governance, distorted HRH incentives, etc. etc.
  - And because just cutting costs ≠ efficiency
- Can this group reach and promote country/agency consensus on this fundamental point?

There seems to be an inverse relation between a country's level of income and the complexity of its financial flows: commit to move away from this



Source: WHO: Mbewe

What a “UHC lens” brings to this issues

- Unit of analysis is the system, not the program or single disease
  - Budget dialog makes sense at sectoral level, not disease-by-disease – comprehensive fiscal framework rather than program-specific, avoiding fascination with any single revenue raising mechanism no matter how “innovative”
  - Assess progress at level of population, not for “scheme members” or program beneficiaries
  - Similarly with efficiency, need a whole system, whole population unit of analysis (the ***cross-programmatic approach***)

Different implications of transition vs non-transition from external aid

Ajay's facts about the practical consequences for OOPS and need to respond, thus…

Priorities for Countries in Transition

- Diversify and strengthen domestic resource mobilization
- Improve efficiency to get more from their health spending

Priorities for Countries not in Transition

- Diversify and strengthen domestic resource mobilization
- Improve efficiency to get more from their health spending

Transition is a political opportunity: use it to renew efforts to do what we should be doing anyway

- Domestic financing, domestic HSS

CONCLUSIONS AND SOME POSSIBLE ISSUES FOR THIS GROUP TO ADDRESS

An approach to sustaining improvement through the transition

- Ensure that the sustainability and transition agenda is not only about revenues; the expenditure/institutional side (improving efficiency) must be part of the dialog
- Ensure unit of analysis is system level, not program level
- Maintain or even increase accountability for results that is typically associated with “health programs”, focusing on
  - Clear accountability for ensuring delivery of priority, quality services to the populations that need them (strategic purchasing as a possible focus)
  - Reduce costs to the system of doing this (e.g. addressing duplication and overlap) so that progress towards coverage goals can be sustained

Possible issues for this group

- Push technical agenda; how to…
  - …design external aid with eye to incentives for domestic budgetary response, fungibility (system rather than project unit of analysis)
  - …focus on strengthening national capacity for comprehensive rather than piecemeal engagement between health and finance
  - …avoid undue fascination with innovative things and focus on fundamentals
- Bring political weight of multi-partner/country platform
  - Build consensus for getting the question right, with the right unit of analysis (and somehow make this sexy)
  - Build consensus on core guiding principles, relevant to all contexts, of health financing for UHC

EXTRAS

We can define principles to guide health financing reforms for UHC

- More reliance on compulsory sources
- Less fragmentation in pooling
- More strategic purchasing of services
  - Allocations link increasingly to data on provider performance and health needs of population they serve
  - Manage expenditure growth, avoid open-ended commitments
- More unified governance
- If system is not moving in these directions, it is less likely to sustain progress towards UHC (negative definition)

So…

- Is it necessary and possible to come to a workable definition of what is meant by “sustainable health financing”, or are the guiding principles sufficient?
- Should we think of sustainability more in institutional than financial terms (adaptability, resilience, learning…)?
- Would having clear working definitions be useful (the “so what” question)?
- Value added from this group in this domain? Country/ agency consensus around core guiding principles?

Ideas/issues that this group could address?

- Political: multi-agency/country position on need for system-wide approach to revenue issues
- Regina's point on budget dialog (strengthen MOH capacity for engagement, how to make sexier than dialog on donor funding)
- Thinking through fungibility and incentives in external aid