On the Concept of Universal Coverage

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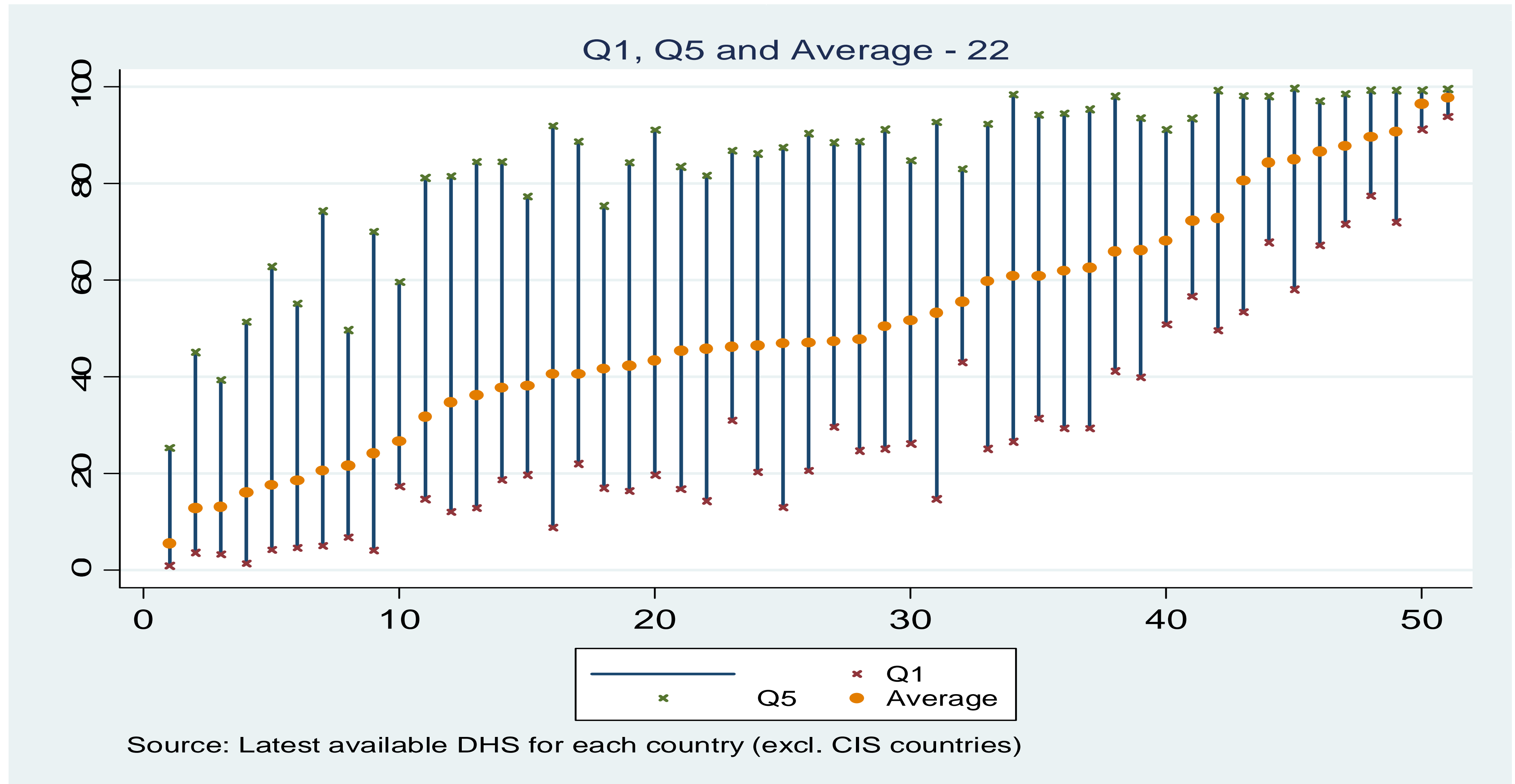
Millions miss out on needed health services

Percentage of births by medically trained persons



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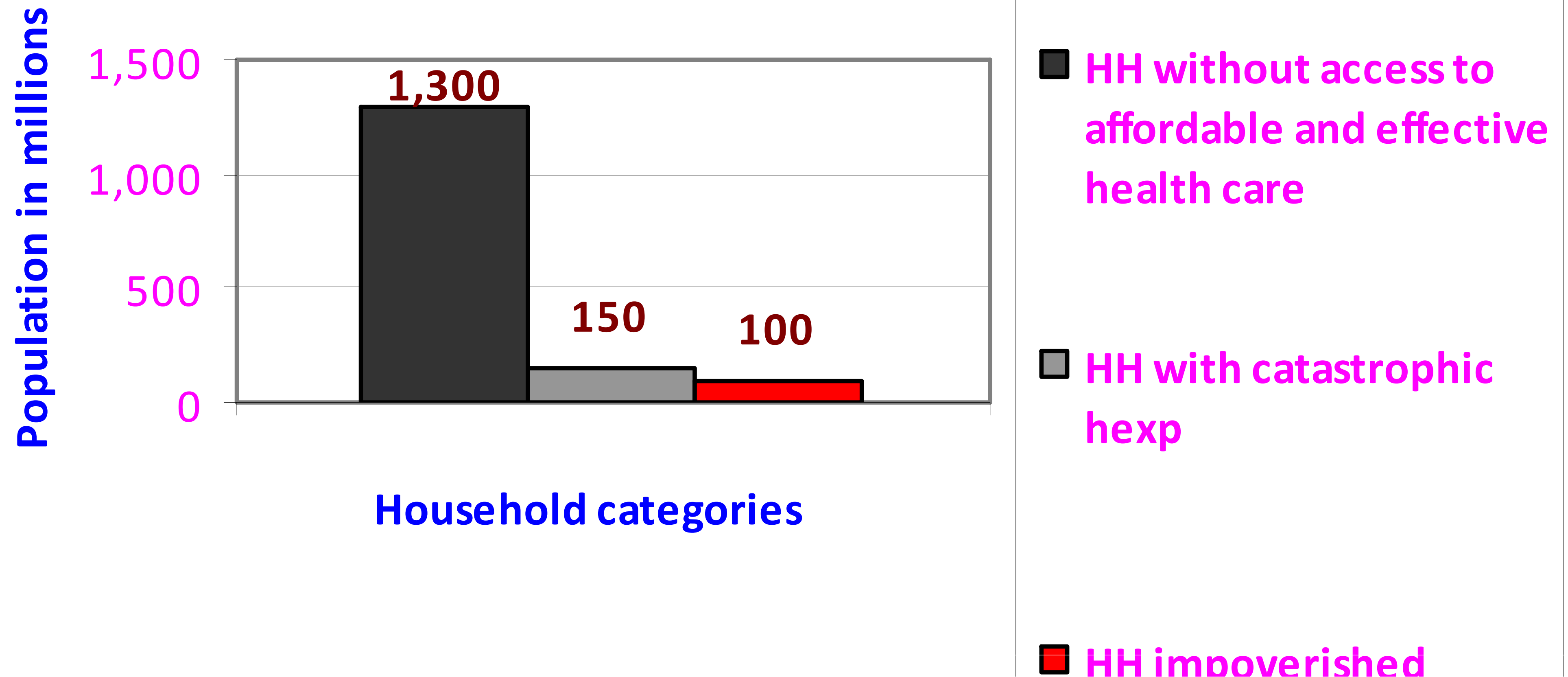
Millions are pushed into poverty by using health services



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Diagnosis

❶ **Exclusion linked to factors outside the health system** – inequalities in income and education and social exclusion associated with factors such as gender and migrant status.

❷ **Weak health systems:** Insufficient health workers, medicines and health technologies. Ineffective service delivery. Poor information systems and weak government leadership.

❸ **Health financing systems that do not function.** The other parts (health system building blocks) cannot function if the financing system is weak.

Universal Coverage

Defined in the World Health Assembly as:

- ☑ **All people have access to needed services**
- ☑ **without the risk of financial ruin linked to paying for care**

Universal Coverage = coverage with health services; with financial risk protection; for all

Two resolutions have urged countries to develop their health financing systems to move closer to Universal Coverage and protect the gains they have made

The World Health Report 2010

www.who.int/whr/2010

Three Fundamental Health Financing Challenges for Achieving Universal Coverage

1. Raise sufficient funds for health;
2. Ensure/maintain financial risk protection – i.e. ensure that financial barriers do not prevent people using needed health services nor lead to financial ruin when using them;
3. Minimize inefficiency and inequity in using resources, and assure transparency and accountability.

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1: *Insufficient funds:* *low-income countries*

- **A set of essential health services focusing on the Millennium Development Goals would cost on average US$ 42 per capita in low-income countries in 2009, rising to US$ 65 in 2015.**
  - **Despite the vast scale up in aid for health since 2000, 31 of the 49 low-income countries spend less than US$ 35 per capita**
  - **Only 8 have any chance of reaching the required funding from domestic sources by 2015 - even assuming rapid growth of their domestic economies.**
  - **More, and more predictable external funds for health are urgently needed.**

Raising sufficient Funds: Domestic Options

1. **Increase priority for health in budget allocations (***45 governments devote less than 8% of their spending to health, and 14 devote less than 5%)*
2. **Find new or diversified sources of funds e.g.**

– **Sales taxes:** *Ghana funded its national health insurance partly by increasing the value-added tax (VAT) by 2.5%*

– **"Sin" taxes, particularly on tobacco and alcohol:** *a 50% increase in tobacco tax alone would yield an additional US$1.42 billion just 22 low income countries for which sufficient data exists – allowing government health expenditure to increase by 25%.*

– **A currency transaction levy would be feasible in many countries -** *India could raise US$ 370 million per year from a very small levy (0.005%)*.

– **Solidarity levies -** *Gabon raised $30 million for health in 2009 partly by imposing a 1.5% levy on companies handling remittances from abroad*

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2. Increase or maintain financial risk protection

- Reduce out of pocket payments at the point of service
- Increase "prepayment" through health insurance and/or taxes with pooling – 15-20% OOPs/Total Health Expenditure
- Recent experience in Brazil, Chile, China, Colombia, Costa Rica, Ghana, Kyrgyzstan, Mexico, Republic of Moldova, Rwanda, Thailand, Turkey and Sierra Leone show that major advances can be made even in low- and middle-income countries.
- Community and micro insurance have not proved capable of being financially sustainable – pools too small.
- It is difficult to ensure universal coverage without making contributions (taxes and/or insurance) compulsory.
- There will always be poor who cannot contribute and must be subsidized from pooled funds – generally from tax revenues

3: Reduce Inefficiency

- **10 common causes of inefficiency including:**
  - ***Spending too much on medicines and health technologies, using them inappropriately, using ineffective medicines and technologies***
  - ***Leakages and waste, again often for medicines***
  - ***Hospital inefficiency particularly over-capacity***
  - ***De-motivated health workers, sometimes workers with the wrong skills in the wrong places***
  - ***Inappropriate mix between prevention, promotion, treatment and rehabilitation, or between levels of care***

- **If all types are present, efficiency gains would effectively result in increasing the available funds for health by 20-40%. i.e. substantially more health for the money could be obtained by reducing inefficiency**

4: Reduce Inequity: Protect the poor and vulnerable

- **Special attention needs to be paid to the poor and vulnerable**

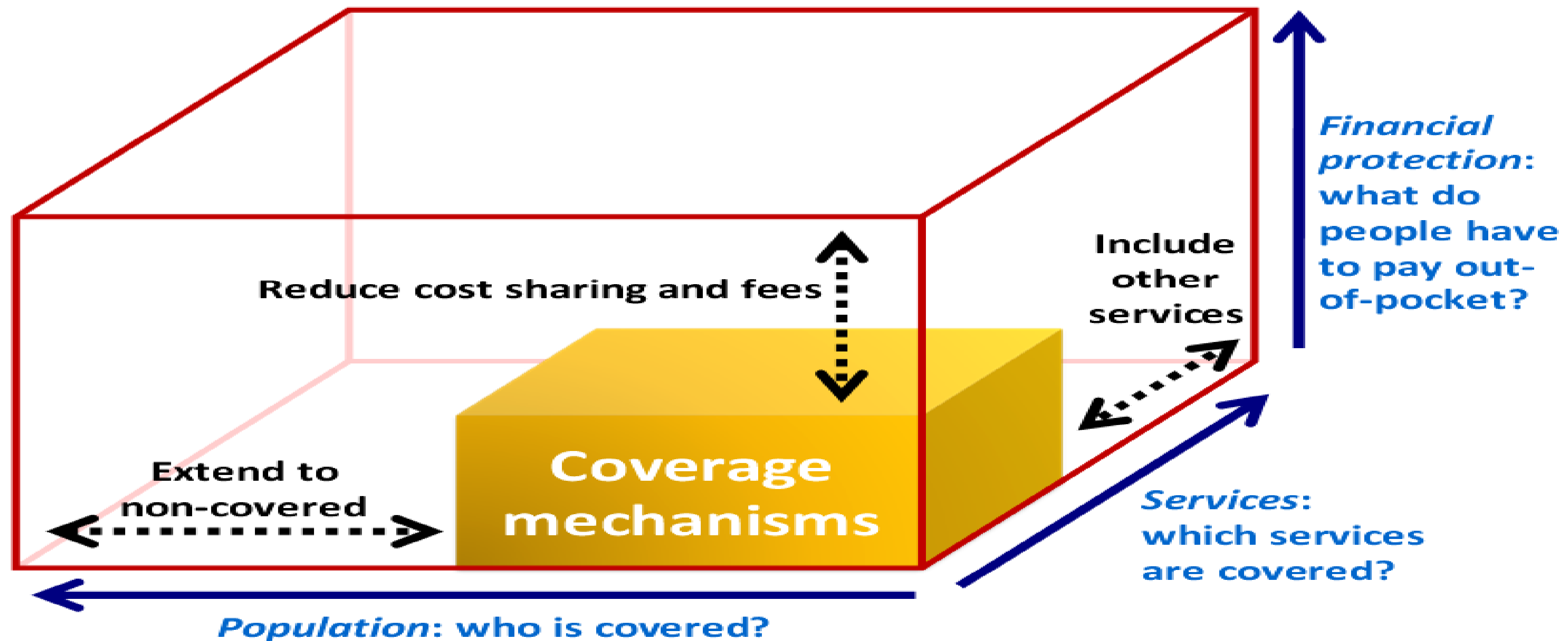
Options (in addition to prepaid and pooled resources) to ensure greater coverage and lower financial barriers:

- **Free or subsidized services** (e.g. through exemptions or vouchers) for specific groups of people (i.e. the poor) or for specific health conditions (i.e. child or maternal care) e.g. Sierra Leone.
- **Subsidized or free enrolment in health insurance** –e.g. Mexico, Thailand
- **Cash payments** to cover transport costs and other costs of obtaining care reduce some financial barriers for the poor. Sometimes these are paid only after the recipient takes actions, usually preventive, that are thought to be beneficial for their health or the health of their families.

Universal Coverage and Social Protection

- **Financial risk protection is an important component of social health protection**
- ***BUT* pooling funds to spread risks won't be sufficient if not sufficient funds for health, or if resources used inefficiently or inequitably**
- **Need to focus on all three areas – raising funds; pooling them to spread risks and reduce financial barriers; efficiency and equity in use**

The Three Dimensions (policy choices) of Universal Coverage



WHR 2010 Conclusions

- **Every country could do something to move closer to universal coverage or maintain the gains they have made, through:**
  - ***Raising more funds for health AND/OR***
  - ***Reducing financial barriers to access and increasing financial risk protection AND/OR***
  - ***Improving efficiency and equity.***
- **The global community can do more to increase funding to low-income countries**
- **AND it needs to get more efficient in the way it holds and channels funds to countries, to reduce the transaction costs aid imposes on recipients, and to support the development of domestic financing capacities**

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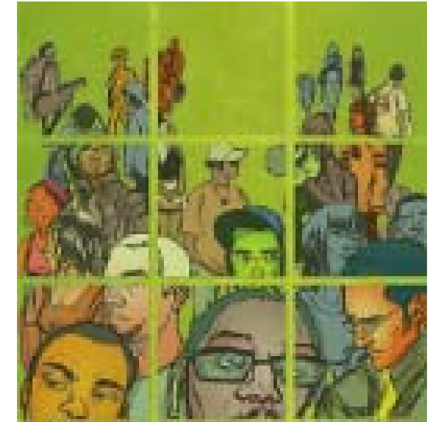

Thank you

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What can the international community do? *Global solidarity with improved global efficiency*

- Keep current promises: Much of the current deficit in funding in low income countries would disappear if bilateral donors kept their existing promises. Increased, predictable and stable flows for health are necessary.

- Innovative international financing such as that undertaken by the Millennium Foundation is valuable to supplement traditional sources.

- Get more efficient at the global level – e.g. at least stop continually introducing more global initiatives with more secretariats, with funding being channelled through an increasing number of initiatives and mechanisms.

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Global solidarity to build capacity in recipient countries

1. Reduce the costs imposed on countries in accessing external funding - Rwanda has to report on 890 different health indicators to the various donors, almost 600 for HIV and malaria alone. Vietnam had 400 aid missions to review health projects in 2009.

2. Actively support countries to develop and implement domestic health financing strategies, and consistent health plans, to move more quickly towards universal coverage.
3. Buy into these plans and channel funds to countries in ways that build domestic financing capacities and institutions, rather than bypassing weak systems – e.g. fund Sector Wide Approaches, General Budget Support, health insurance systems.

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