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Efficiency in the context of Universal Health

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Universal health
Access and coverage for all

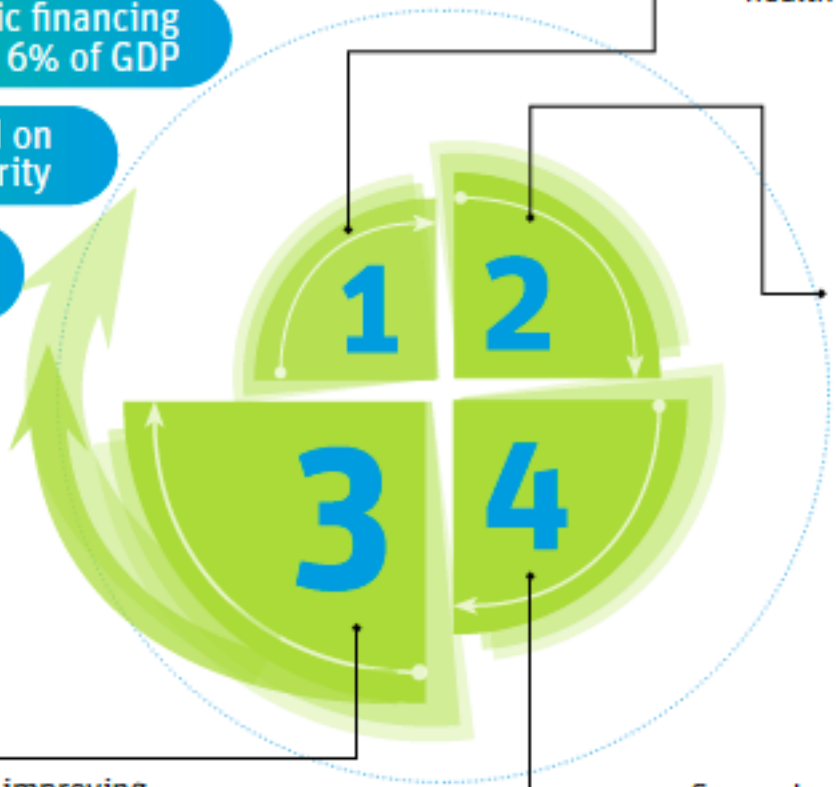
Some challenges in the region

- Segmentation and fragmentation of health systems and services
  - Strong presence of the private sector in the provision, financing
  - Small populations => small risk pools
  - Integration of priority programs
- Definition of the problem: inefficiencies in the organization of services expressed in health financing issues
  - Low response capacity of the FLC => focus on treatment ('hospitalization")
  - Decentralization (regionalization) => weak governance
  - Transparency and accountability => e.g. "subsidization" of private practice (use of public facilities)
- Weak stewardship = regulatory capacity of the NHA
  - Overseas care: low negotiation capacity, lack of transparency on entitlement
  - Weak or inexistent regulation of prices (tariffs), PPP, medicines – no risk adjustment
  - Lack of or insufficient skills of MoH technical teams in HF issues => reliance in consultants
- …….and more

Universal Health: a mandate

Regional Strategy for Universal health

- Eliminate direct payment, barrier to access
- Increase Public financing to 6% of GDP
- Pooling mechanisms based on solidarity
- Increase efficiency of the health system
- Rationalize incorporation of health technologies



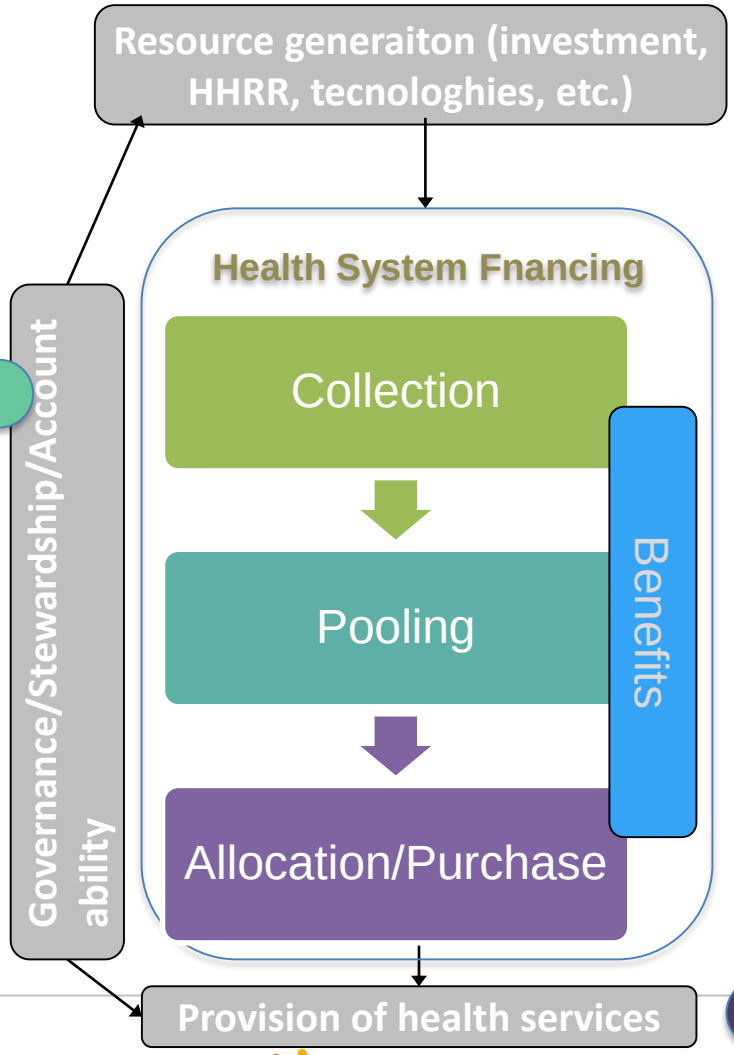
1. Expanding equitable access to comprehensive, quality, people -and community- centered health services
2. Strengthening stewardship and governance
3. Increasing and improving financing, with equity and efficiency, and advancing toward the elimination of direct payment...
4. Strengthening intersectorial coordination to address social determinants of health

Increasing access requires:

- The concurrent management of the three health financing functions:

COLLECTION - Sources of funding	• The sources of funding need to be sufficient, sustainable and primarily public (a target benchmark of 6% public financing in health has been adopted by PAHO Member States).
POOLING - Resources management - Coverage entitlement	• Arrangements need to include the largest share of the population in the least number of pools possible in order to guarantee cross subsidization across age, health and socioeconomic status
ALLOCATION/ PURCHASING - Allocation of resources to service providers	• Allocation of resources should favor incentives that promote equity and efficiency and need to be established in accordance with the defined set of benefits

HF Functions



SOURCES

- Who does provide the resources?
  - General government
  - Companies (insurers/ others)
  - Households
  - Rest of the world
- What type of resources?
  - Compulsory or voluntary?
  - transferences, contributions, soc sec, donations, subsidies, pre-payment premiums?

ADMINISTRATION

oes manage and
r the resources?
nistries
cal governments/regions
cial Security funds
re they organized and
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sbrution?

ALLOCATION

- What type of services?
  - Package of benefits
- Which providers to purchase from?
  - By type of care
- How are resources allocated amongst services?

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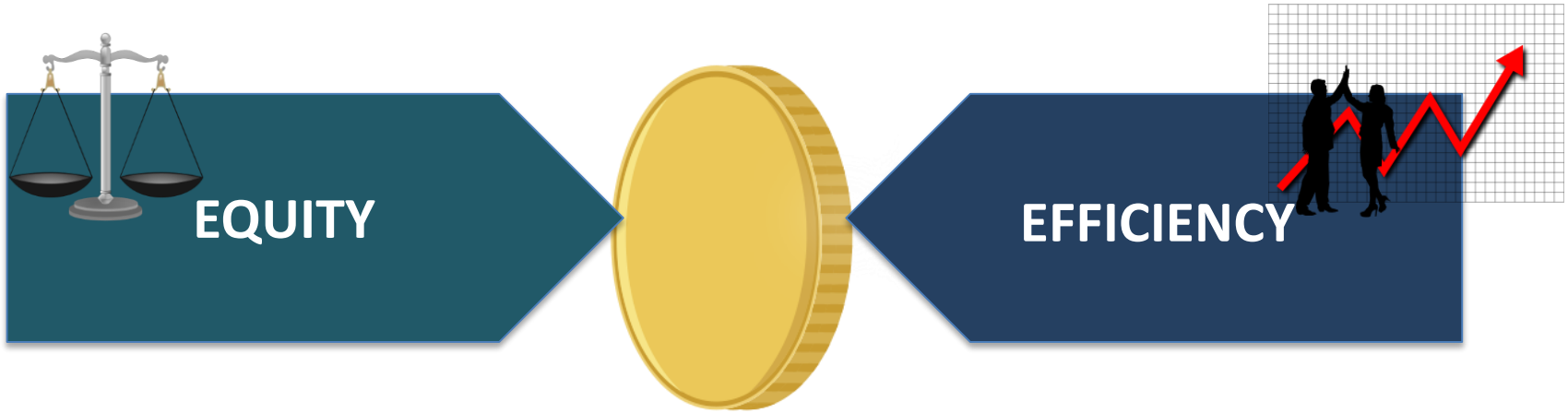
Objectives



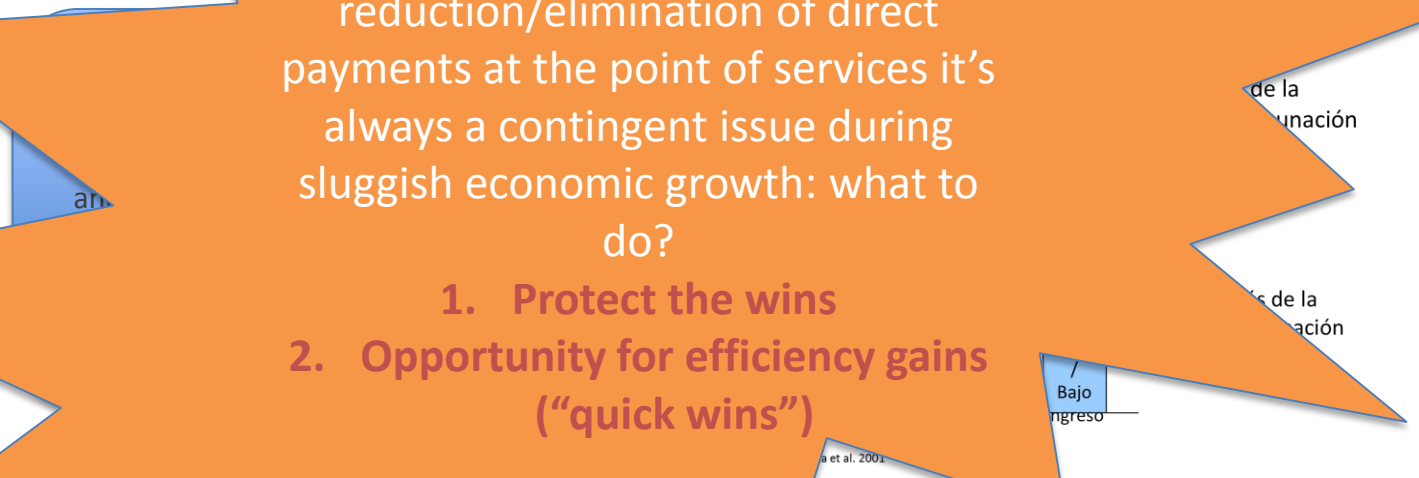
The proposal: investing in health and efficiency

- Increase "financial protection": **POOLING** and **ALLOCATION/PURCHASING**

1. **POOLING:** Replacing direct pa… wit… …ment mecha…isms, compulsor… …iding "opt-o… …ss-sub… …ation across age, health … …econ…

CHALLENGE: The reduction/elimination of direct payments at the point of services it's always a contingent issue during sluggish economic growth: what to do?

1. **Protect the wins**
2. **Opportunity for efficiency gains ("quick wins")**



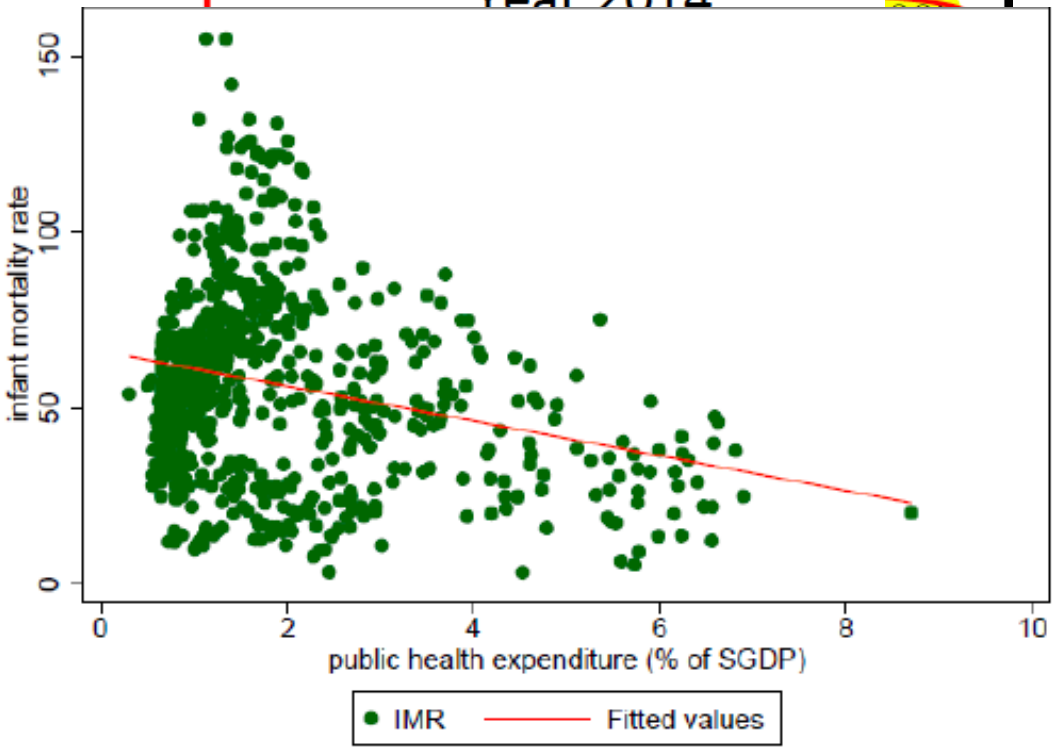
1. **ALLOCATIO… …ASING** …ansferring "cost containment" responsibility to the provide… …ough payment systems based on performance.

The arguments for the 6%GDP

- Scientific evidence in background papers for World Health Report (2010) of WHO: Xu, et al.

There is also evidence in the Region…

- Recent research shows evidence that increases in PHExp are associated with positive health outcomes: reduced cancer mortality, and reduced infant mortality



1. Maruthappu, M., Watkins, J., Noor, A. M., Williams, C., Ali, R., Sullivan, R., ... & Atun, R. (2016). Economic downturns, universal health coverage, and cancer mortality in high-income and middle-income countries, 1990–2010: a longitudinal analysis. The Lancet.
2. 2. Basu, D., Das, D., Basole, A., & Foley, D. K. (2015). The Effect of Public Health Expenditure on Infant Mortality: Evidence from a Panel of Indian States, 1983-84 to 2011-12.

- **Efficiency** implies:
  - **Increase** investment in the FLC to strengthen its response capacity – equipment, infrastructure, HHRR better motivated and better access to health technologies
  - **Replace** direct payments, with pooling mechanisms based in solidarity – risk distribution, reduce segmentation, transaction costs
  - **Allocate** resources according to the health objectives of people and community center models of care – payment by performance, risk adjusted mechanisms of payment, adequate **regulation**, informed price and tariffs setting
  - **Rationalize** the introduction and use of medicines and other technologies– economic evaluation, procurement mechanisms **optimization**, transparency and accountability
  - **Optimize** the use and **integrate** health information systems – costs to make productivity analysis; of expenditure and **management** with the epidemiological alert information system

Ten leading sources of inefficiency

Ref: World Health Report 2010, Chapter 4

Medicines: under-use of generics and higher than necessary prices	**Medicines**: use of sub-standard and counterfeit medicines
Medicines: inappropriate and ineffective use	**Services**: inappropriate hospital size (low use of infrastructure)
Services: medical errors and sub-optimal quality of care	**Services**: inappropriate hospital admissions and length of stay
Services & products: oversupply and overuse of equipment, investigations and procedures	**Health workers**: inappropriate or costly staff mix, unmotivated workers
Interventions: inefficient mix / inappropriate level of strategies	**Leakages**: waste, corruption, fraud

EFFICIENCY IN HEAL

TECHNICAL	PRODUCTIVE	DISTRIBUTIVE	AMIC	SOCIAL
• Combine in optim fashi	• Obtain the best results at	• Satisfy the specific needs		• Consider the contribution of health to
	product)			

CONTEXT

ACTORS

POWER

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Some examples

Quick efficiency ga

QUICK EFFICIENCY GAINS IN OUR CURRENT HEALTH SYSTEM

Opportunities for efficiency gains in the Australian health care system

Opportunities, reform actions and responsibilities	*Timeframes*	*Outcomes*
Health technology assessment		
Australian Government Minister for Health to:		
• accelerate work to review existing MBS and PBS items — giving priority to high-cost items that have not been subject to economic evaluation, or for which the benefits are relatively uncertain — reduce or remove subsidies where appropriate, and report on progress annually	• Immediate	• Treatments that are not clinically or cost effective — or that are harmful to patients — are not subsidised
• review and revise Australia's system for health technology assessment (HTA), with a focus on reducing unnecessary duplication and fragmentation, improving disinvestment mechanisms (giving consideration to the merits of an independent decision maker), and deterring clinicians from using MBS and PBS items in circumstances where they are not clinically and cost effective	• Within 1 year	• Patients potentially have greater access to higher-value health interventions • HTA processes achieve objectives at least cost
• share Australian Government HTA assessments with the states and territories	• Immediate	
Evidence-based guidance for clinicians		
Australian Government Minister for Health to establish expert panels of clinicians to assess and endorse clinical guidelines, and to advise on dissemination, implementation and review	• Within 1 year	• Better informed health professionals, fewer adverse events and less waste
Provider payment models		
• **Independent Hospital Pricing Authority** to introduce a quality and safety dimension to pricing within activity-based funding, subject to current work confirming the feasibility of doing so	• Within 2 years	• Safer and higher quality hospital services • More coordinated patient care, especially in primary care
• **Australian, state and territory health ministers** to trial and evaluate new payment models	• Ongoing	
• A comprehensive review of the Australian health care system — instigated by the **Australian Government Minister for Health** — would provide an opportunity to investigate ways to better align financial incentives with health policy objectives	• Review can commence immediately	
Preventive health		
• **Australian, state and territory governments** to routinely trial and evaluate prevention initiatives	• Ongoing	• Cost-effective investment in preventive health
• Options to strengthen incentives for cost-effective investment in preventive health to be considered as part of a comprehensive review of the health care system	• Review can commence immediately	

Pooling resources

Information + Transparency

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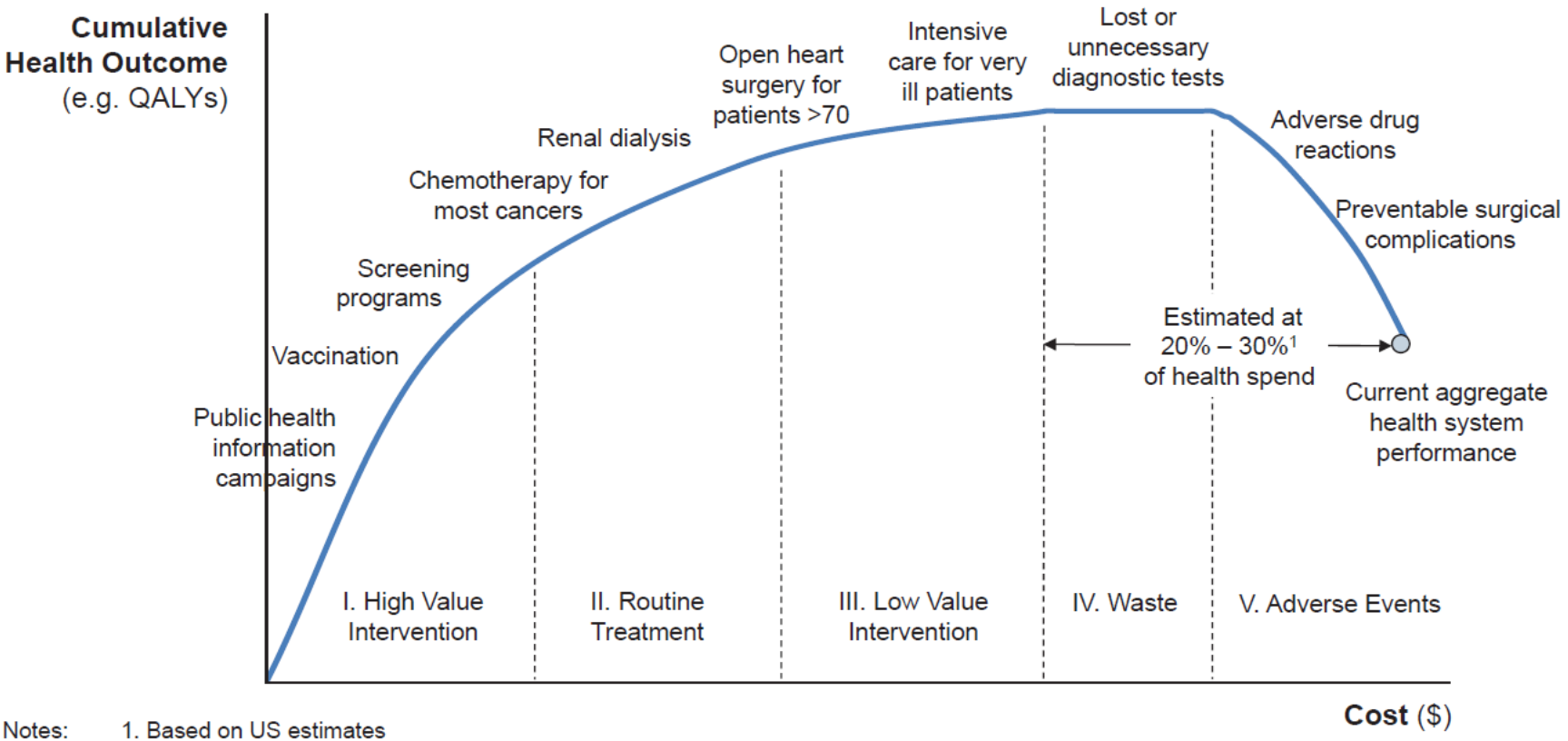
The importance of prevention and quality

Health outcomes are driven by productivity and cost-effectiveness of interventions

Health System Performance



Notes: 1. Based on US estimates

Source: Pacific Strategy Partners analysis; TO Tengs, et al, 'Five-hundred life saving interventions and their cost effectiveness', *Risk Analysis,* 1995, 15(3):369– 484; Institute of Medicine of the National Academies, *Best Care at Lower Cost: The Path to Continuously Learning Health Care in America*, 2012; DM Berwick & AD Hackbarth, 'Eliminating Waste in US Health Care', *Journal of the American Medical Association*, 2012, 307(14):1513-1516; Pricewaterhouse Coopers (PWC) Health Research Institute, *The Price of Excess: Identifying Waste in Healthcare Spending,* 2008

ANNEX 6.A1

Menu of policy options

OECD

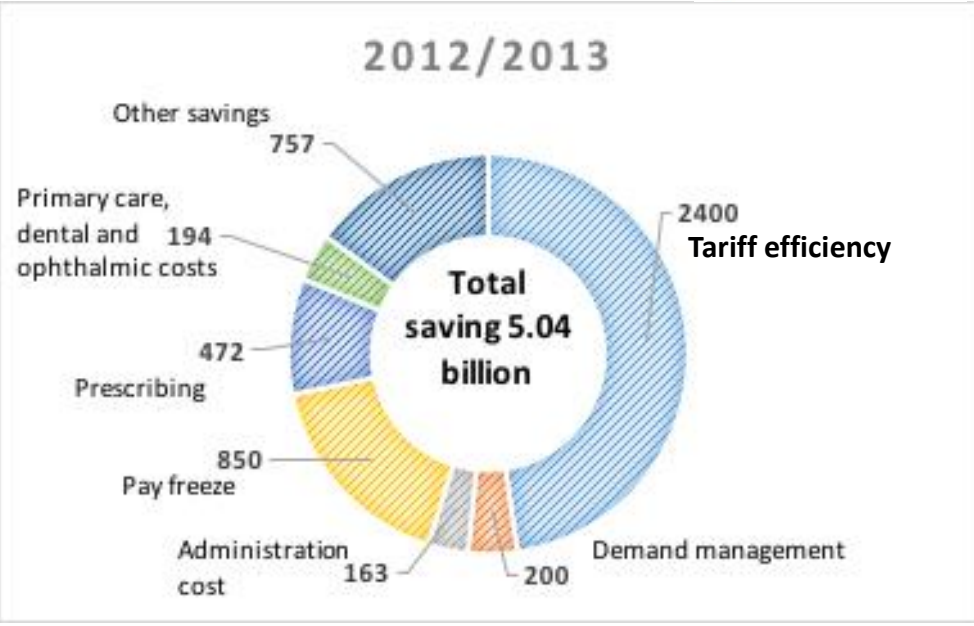
Table 6.A1.1. **Menu of policy options**

Area	Intervention	Concept	Country	Comment
Fiscal cushion	Counter-cyclical fiscal policy			
	Use-up accumulated surpluses in insurance fund/hospitals		Estonia	
Improve budget management and expenditure oversight	Improve expenditure monitoring, controls and oversight; Management; Improved budgeting eg. better links to outputs; Value for money monitoring			
	Performance based budgeting; performance monitoring; value for money monitoring			
Revenue	New increase taxes; earmarked or not			
	Increase insurance contributions, or broaden base, change limits, etc.			
	User fees introduce, increase or change			
Hospitals	Rationalisation	Consolidate low		
	More day surgery; shorter LOS			
	Increasing productivity eg doctor: patient ratio			
	Standardisation eg great variability in procedures, beds, admissions across countries			
Level of care	PHC gatekeeping			
	Try to shift balance of work to treat at appropriate level eg more at PHC, lower level hospitals	Demand manag		
	Self care; demand management tools, call-lines			
Reimbursement reform	Capitation for PHC	Supply side refo		
	DRG; capped DRG			
	Budget holding eg to control referrals			
Medicines	Central procurement			
	Tougher negotiation, benchmarking international and local			
	Generic policy			
	Essential drug lists (EDLs), treatment guidelines, appropriate use of medicines			

Table 6.A1.1. **Menu of policy options** (cont.)

Area	Intervention	Concept	Country	Comment
Benefit package	Use of HTA to exclude less cost-effective new interventions			
Capital equipment	Delay projects; don't over-capitalise; use of standardised designs; competitive purchasing and dealing with cartels			
Medical equipment	Delay purchase; essential lists EEL; servicing; appropriate technologies			
Personnel	Retrenchment; staff mix; lower level cadre substitution			
	Technically efficient allocation to match workloads			
	Freeze or reduce wage levels, benefits, salary freeze			
Laboratory	Protocols; cheaper inputs			Personnel costs are often largest cost driven in health systems
Administration	Consolidate; review multi-level administrations			
Funding pool consolidation		Reduce duplication		
Information systems		May help avoid duplicate tests, improve efficiency		
Coverage	Exclusion of certain groups eg wealthier			Generally discouraged priority to UHC
Prevention and public health		Rather prevent eg chronic dieases	United Kingdom (wanless)	In some cases countries reduced funding, which is likely to be counter-productive

UK: Quality, Innovation, Productivity and Prevention programme (QIPP)



Source: OECD 2015 Fiscal Sustainability of Health Systems Bridging Health and Finance Perspectives

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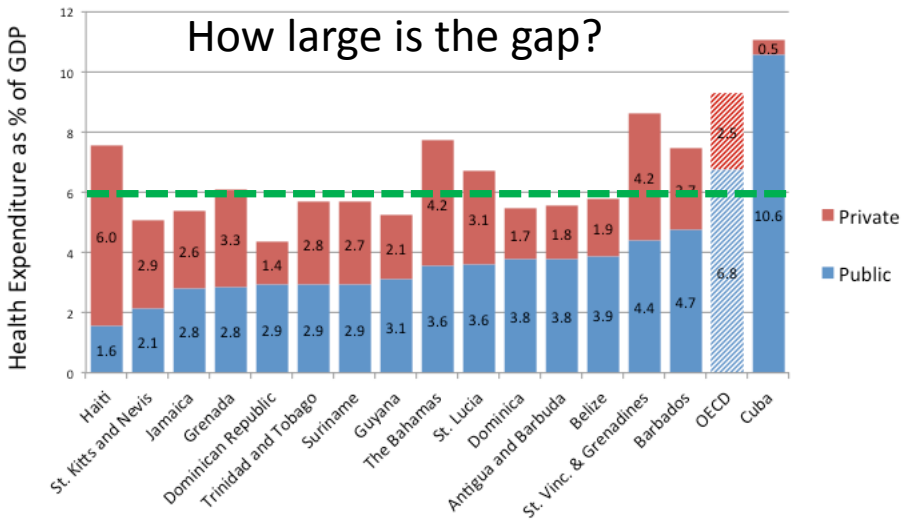
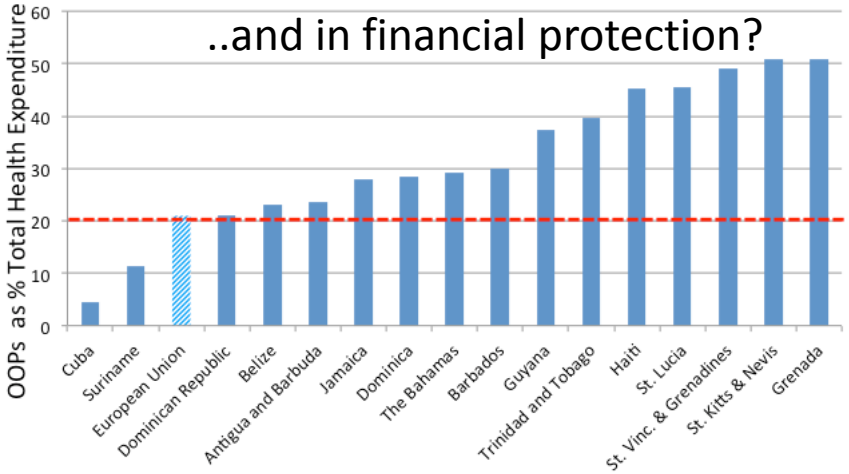
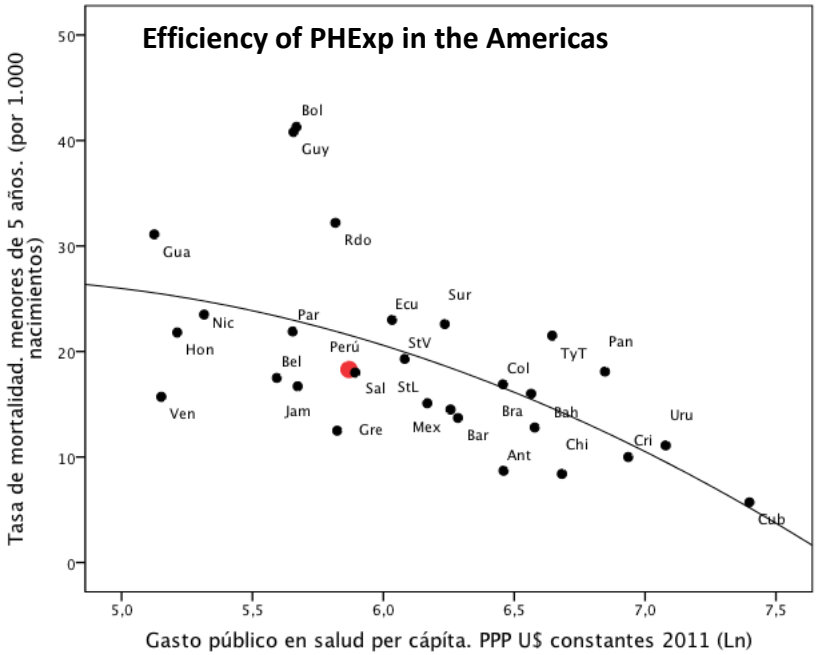
The Caribbean

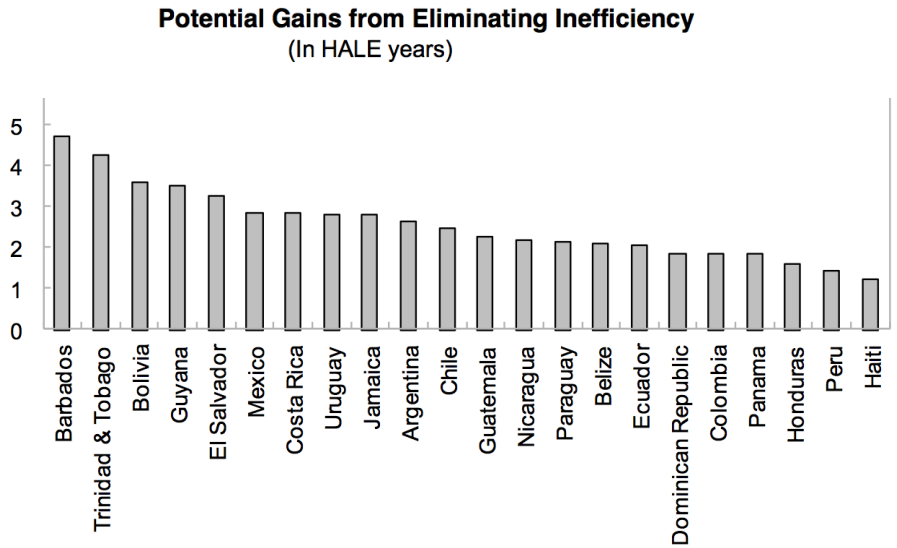
What does it mean (e.g.the Caribbean)?





- …some (few) evidence on efficiency

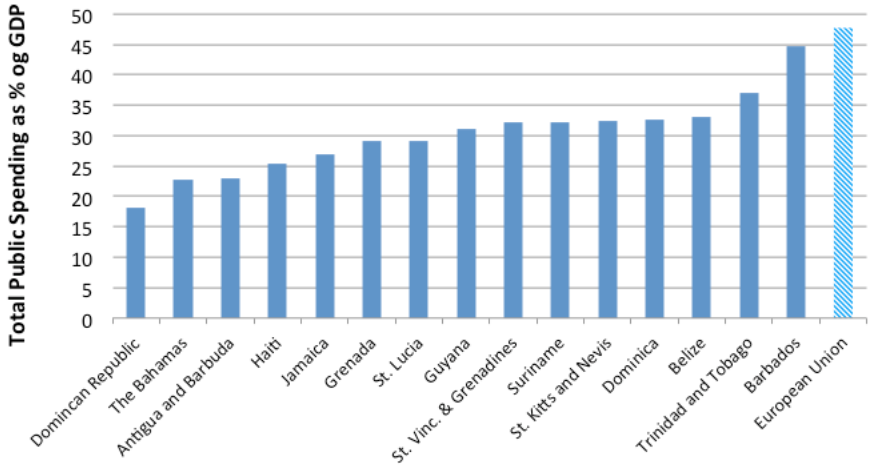




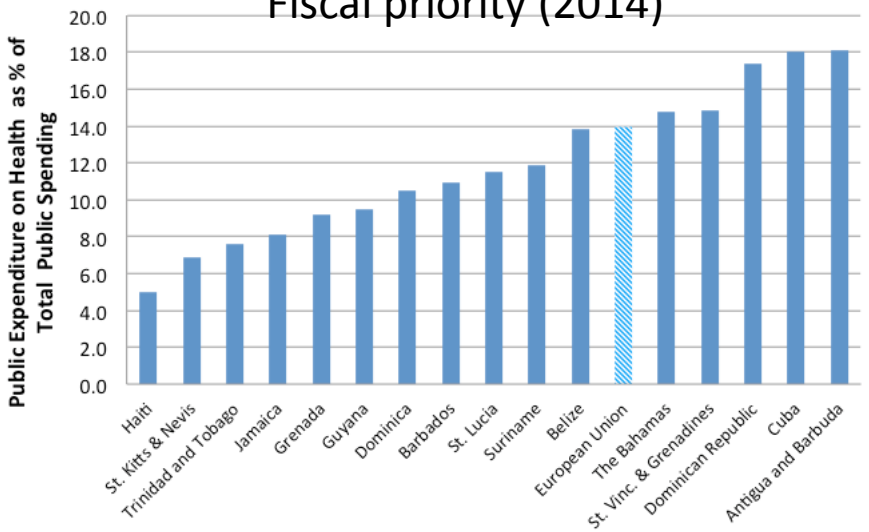
Questions to be asked (some examples)

- Is it feasible to increase fiscal space for health in the Caribbean?
- Are gains in efficiency enough?....well, it depends

Fiscal capacity (2014)



Fiscal priority (2014)

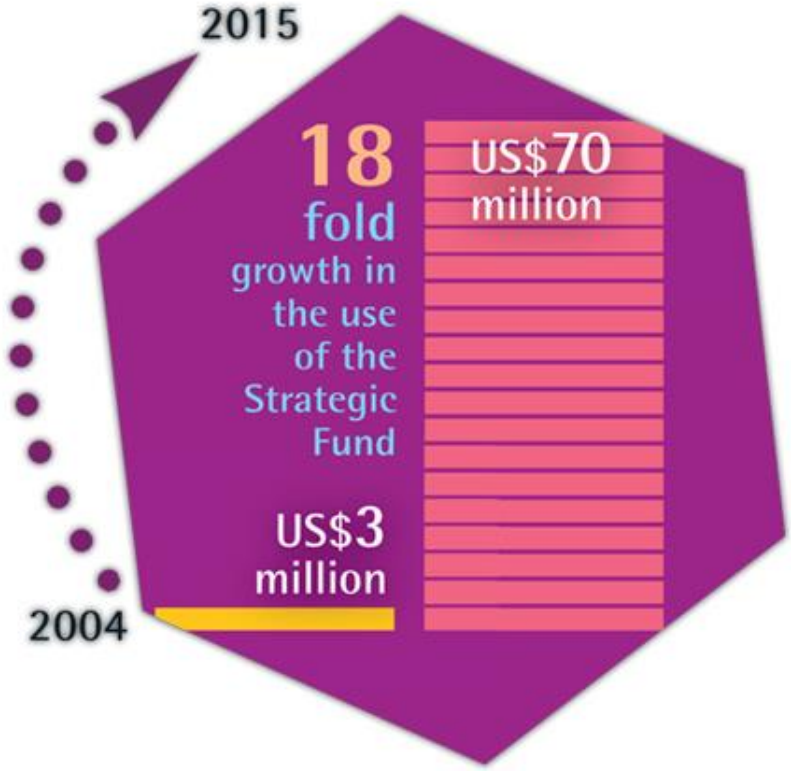


Some resources

PAHO Strategic Fund: effective and available resource

The Impact of the Strategic Fund on Prices

The Strategic Fund is effective in procuring at affordable prices, particularly generics. Competition in the pharmaceutical market exerts downturn pressure on prices and competitive prices are obtained and and performing international tenders.



Price per tablet for Darunavir 600 mg HIV/AIDS medicine paid by various countries in Latin America compared to the Strategic Fund.

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Conclusions and rcommendations

Conclusions and recommendations

- To adopt a comprehensive approach including health financing

Health system strengthening

- To generate more resources and advocacy for greater fiscal space

Increased investment in health

- To establish the necessary institutional arrangements

Efficient allocation of resources

- To strengthen the first level of care and moving decisively toward IHSS

Efficient allocation of resources

- To include the private sector as part of the network of providers

Efficient allocation of resources

- To adopt appropriate regulation and system-wide protocols of treatment

Efficient allocation of resources

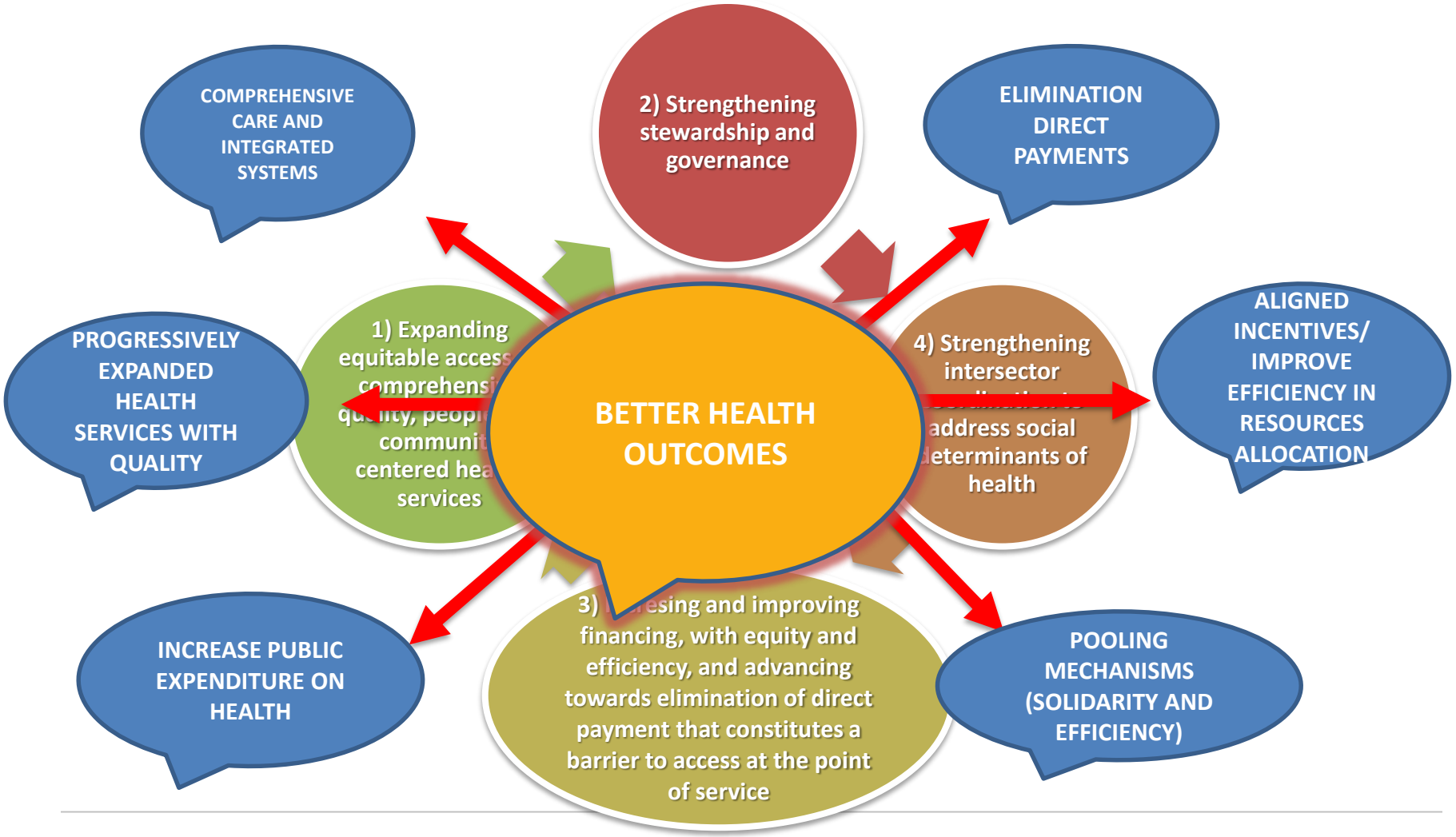
- To explore regional health care agreements

Efficient allocation of resources

- To explore regional platforms and procurement mechanisms

Efficient allocation of resources

Efficiency and Universal Health



Thank you!