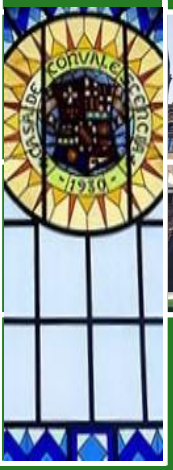


Barcelona, May 14-18, 2012

Health Financing in the European Region: Objectives and Policy Instruments

Joseph Kutzin, Tamas Evetovits
Melitta Jakab, Matthew Jowett

World Health Organization
REGIONAL OFFICE FOR Europe

The Barcelona Course in Health Financing

Outline

- Why is health financing policy important?
- Empirical overview health financing trends in the European Region
- Universal coverage as the overarching theme
- Key health financing policy challenges

Part I: Framework

Three questions to drive our framework

1. What objectives should drive health financing policy and reforms?

2. What is the content (what are the instruments) of health financing systems?

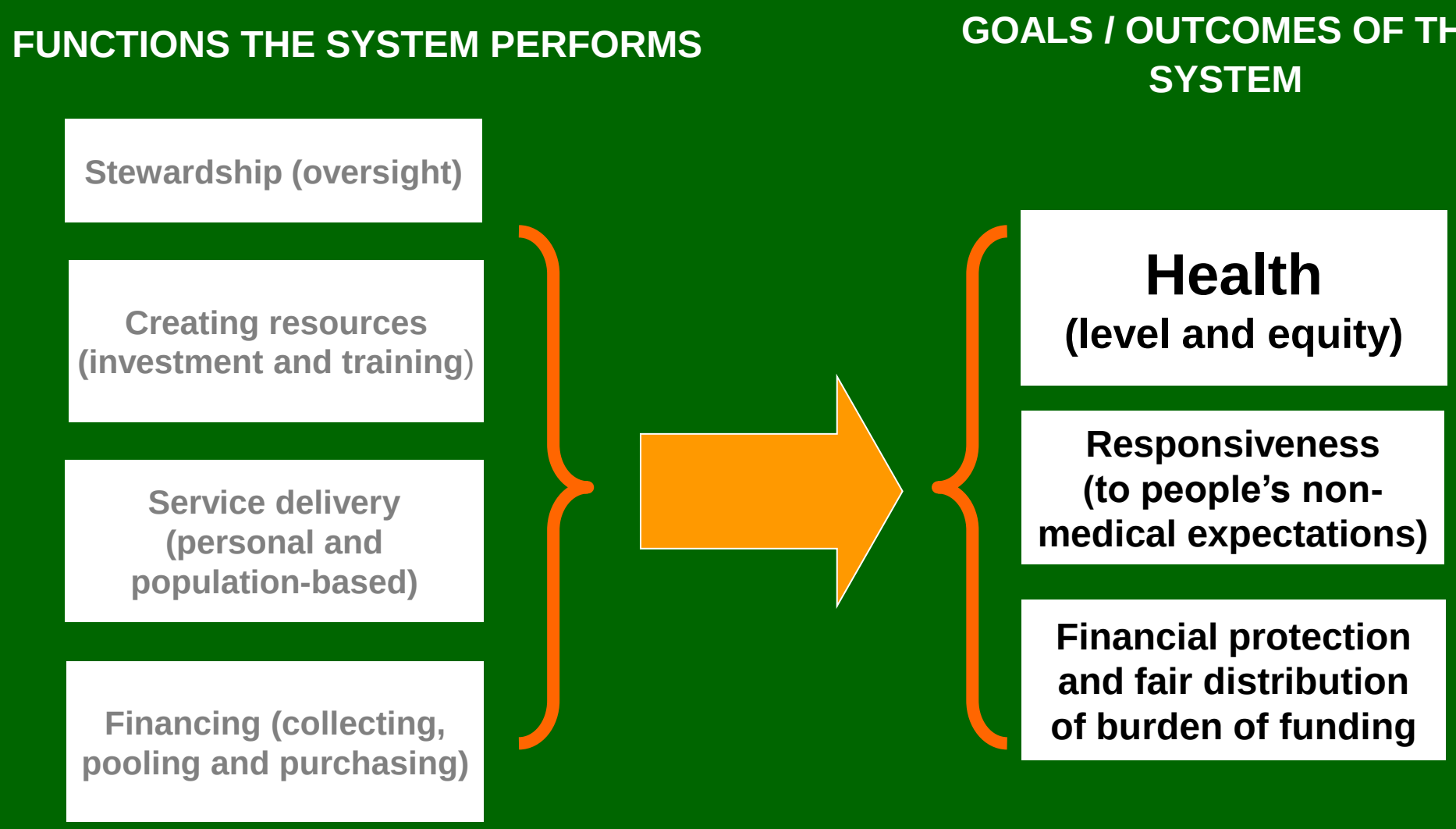
3. What constraints do countries face to their ability to attain the objectives or implement certain reform measures?

Always start with your objectives: a normative question

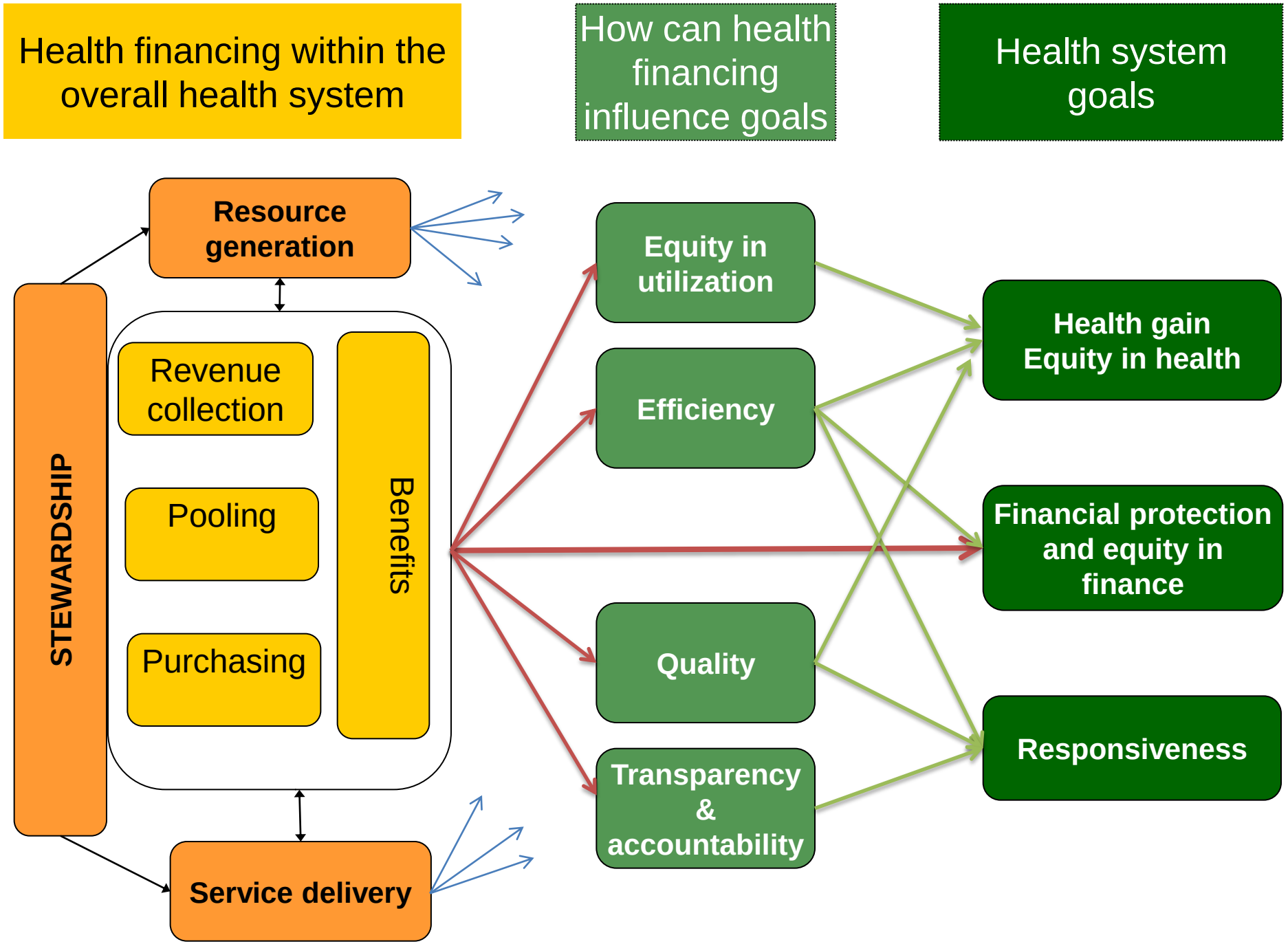
What should be the objectives of health financing policy? In other words, what should health financing systems (and related reforms) be trying to achieve?

Where to look for this normative guidance?

Goals of health systems, as per WHO's World Health Report 2000



Adapted from P. Travis


Health financing within the overall health system
How can health financing influence goals
Health system goals
Resource generation
STEWARDSHIP
Revenue collection
Pooling
Purchasing
Benefits
Service delivery
Equity in utilization
Efficiency
Quality
Transparency & accountability
Health gain Equity in health
Financial protection and equity in finance
Responsiveness

Derived objectives of health financing policy
(pathways between health financing and system goals)

- Direct/final goals
  - Promote protection against financial risk
  - Distribute the burden of funding the system relative to individual capacity to contribute
- Intermediate objectives
  - Distribute health services in relation to need
  - Promote efficiency (in organization, service delivery, administrative arrangements, …)
  - Promote quality
  - Be transparent, understandable, accountable

The objectives will be addressed in all sessions, but some have specific focus

Time	Monday May 14	Tuesday May 15	Wednesday May 16	Thursday May 17	Friday May 18
9:00 - 10:30	**9:00 Registration** **9:45 OPENING CEREMONY** **Keynote presentation** Prof. Guillem Lopez-Casasnovas, University of Pompeu Fabra	**REVENUE COLLECTION** (M. Jowett)	**PURCHASING I** (T. Evetovits)	**BENEFIT DESIGN** (M. Jakab)	**SPOTLIGHT** Governance aspects of health financing: some highlights (A. Rossetti) **OWN COUNTRY POSTER VIEWING AND VOTING** (Moderators: M. Jowett, M. Jakab, T. Evetovits)
10:30 - 11:00	Coffee break		Coffee break	Coffee break	Coffee break
11:00 – 12:30	**OVERVIEW** Health financing in the European region: Objectives and policy instruments (J. Kutzin, T. Evetovits, M. Jowett, M. Jakab)	**POOLING** (J. Kutzin)	**PURCHASING II** (T. Evetovits) **SPOTLIGHT** Pay-for-performance (M. Jakab)	**PRICING AND REIMBURSEMENT MEDICINES** (P. Kanavos)	
12:30 – 13:30	LUNCH	LUNCH	LUNCH	LUNCH	LUNCH
13:30 – 15:00	**SPOTLIGHT** Impact of financial crisis on heath systems (T. Evetovits)	**SPOTLIGHT** Informal payments: measurement issues and policy options (N. Markova)	**KEYNOTE SESSION** **Prof. William Hsiao** (Harvard University) **Hanno Pevkur** Minister of Social Affairs, (European Observatory and LSE Health) (Facilitated by M. Jakab & T. Evetovits)	**SPOTLIGHT** Catastrophic and impoverishing health expenditures (M. Jowett)	**WRAPPING UP** Key messages (J. Kutzin) **Priorities in health system strengthening** Hans Kluge, Director of Division of Health Systems and Public Health ...tions & Certificates
	Coffee break	Coffee break		Coffee break	
15:00- 16:00	**FISCAL CONTEXT AND SUSTAINABLITY TRADE-OFFS** (J. Kutzin)	**PLENARY DISCUSSION OF CASES 1 & 2** (M. Jakab & T. Evetovits)		**CARE COORDINATION: THE MISSING LINK** (T. Evetovits)	
16:00-17:00	**GROUP EXERCISE CASE 1 & 2** (M. Jakab & T. Evetovits)	**GROUP EXERCISE CASE 3 & 4** (M. Jakab & T. Evetovits)	Free	**OWN COUNTRY CASE PREPARATION TIME** (Team)	
Evening			**Course dinner**		

Quality, efficiency

Financial protection

Financial protection

Transparency

Quality, efficiency

What is the content of health financing systems?

Classifications or models

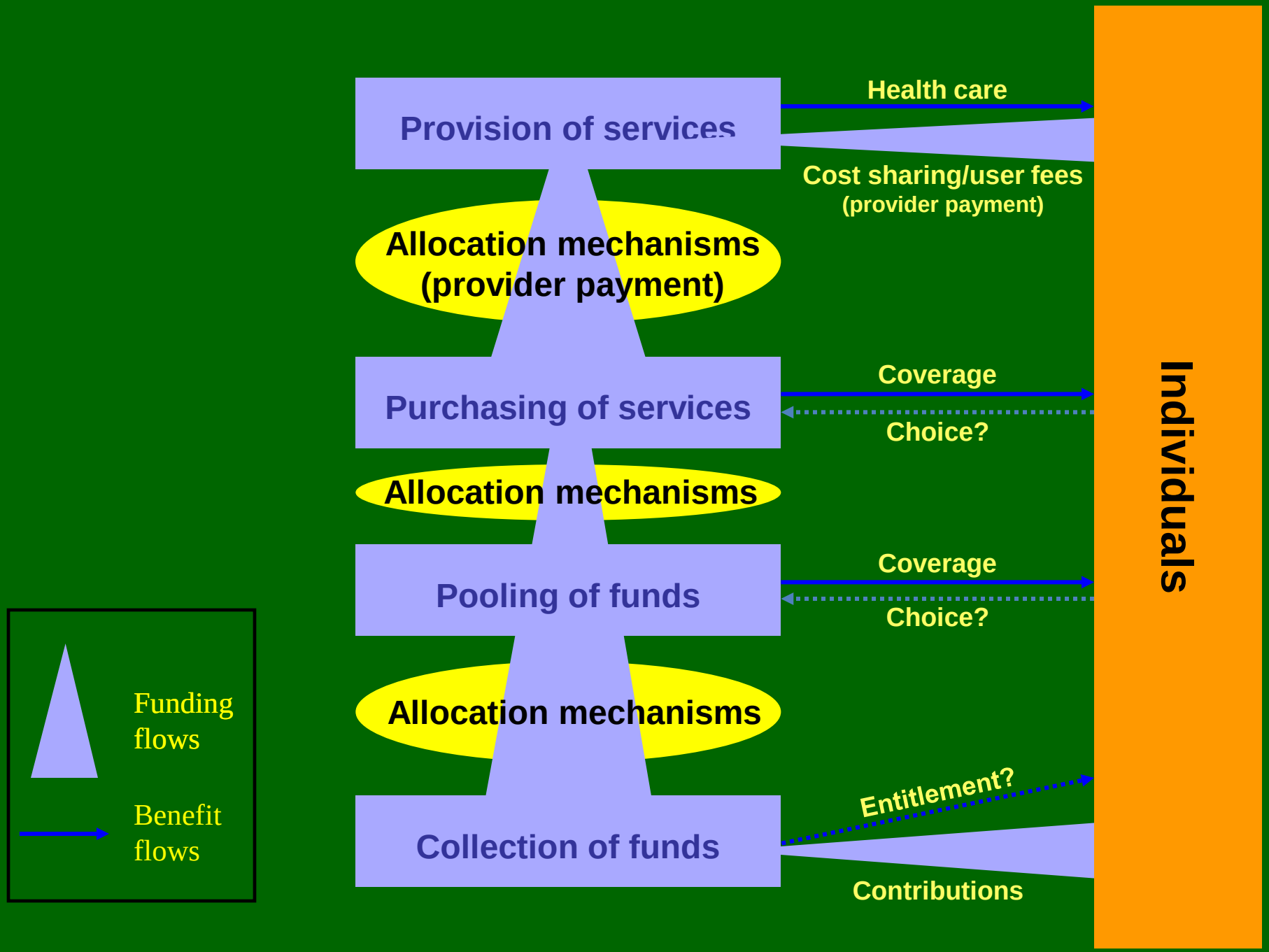
- "National Health System"
- "Social Health Insurance System"
- "Semashko System"

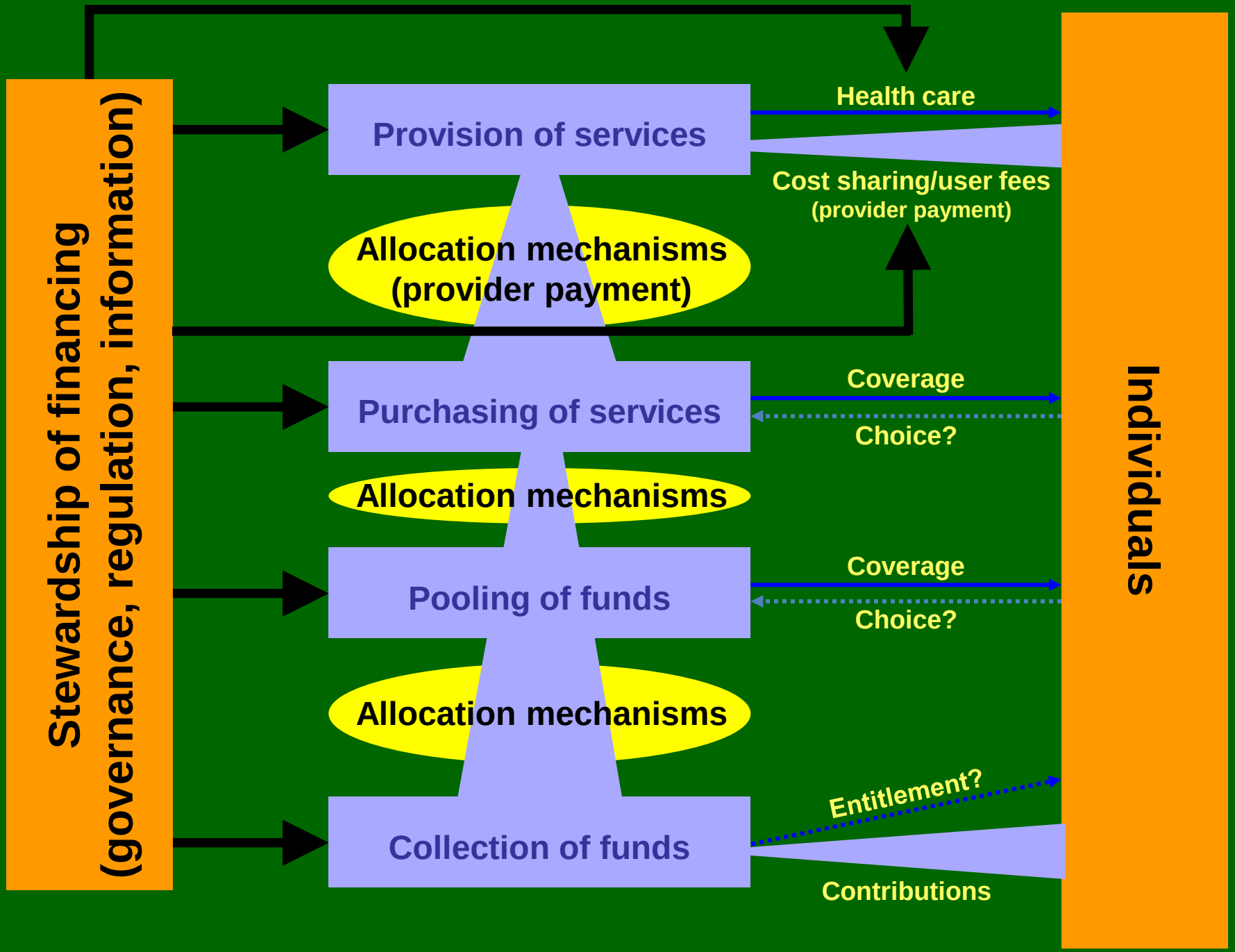
Functions and policies

- Collection
- Pooling
- Purchasing
- Benefits and copayments

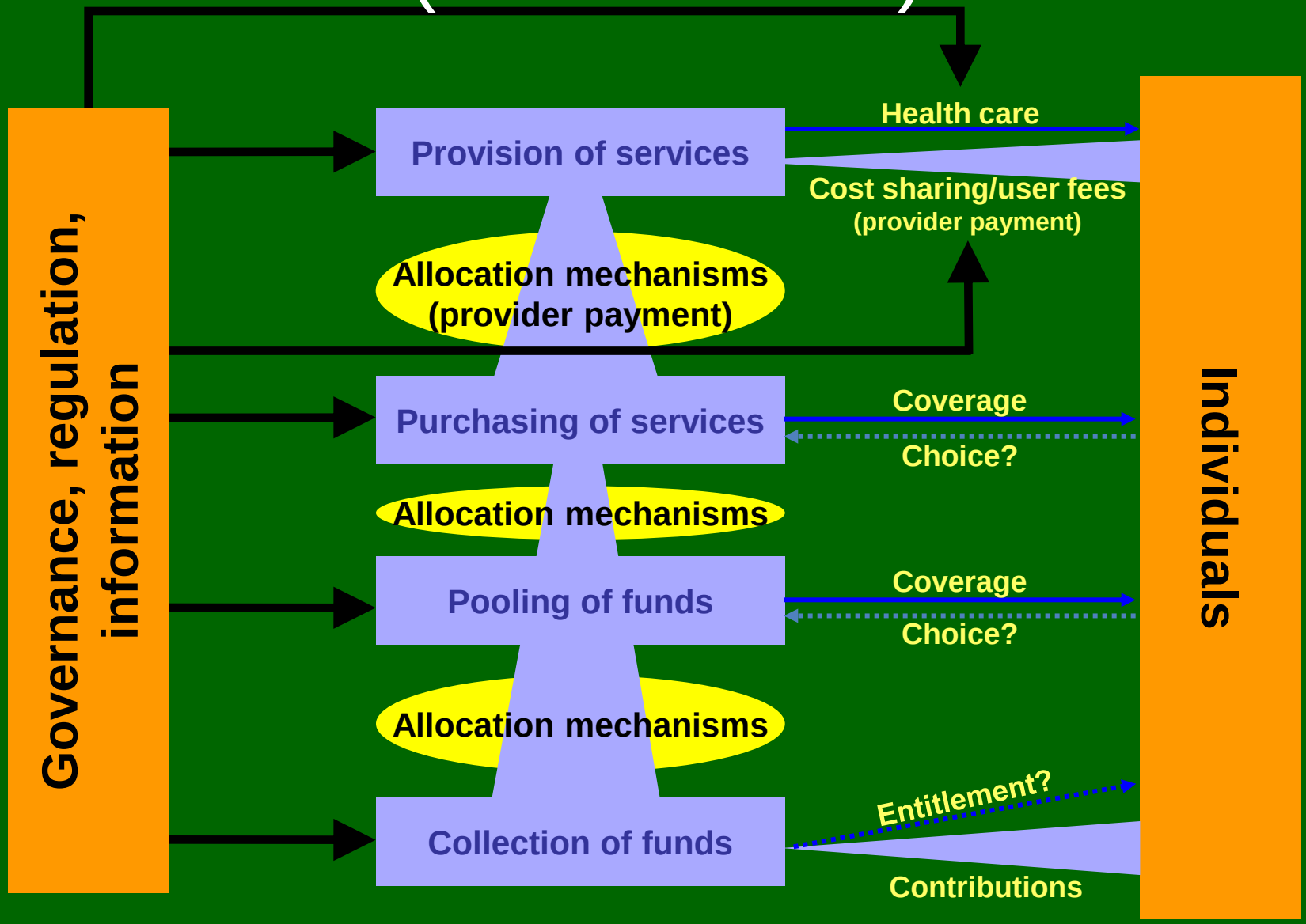
Are German citizens *more insured* than British citizens, just because they call their system "insurance"?

- Understand systems (and reform options) in terms of functions, not labels or models


Provision of services
Allocation mechanisms (provider payment)
Purchasing of services
Allocation mechanisms
Pooling of funds
Allocation mechanisms
Collection of funds
Health care
Cost sharing/user fees (provider payment)
Coverage
Choice?
Coverage
Choice?
Entitlement?
Contributions
Individuals
Funding flows
Benefit flows


Stewardship of financing
(governance, regulation, information)
Provision of services
Health care
Cost sharing/user fees
(provider payment)
Allocation mechanisms
(provider payment)
Purchasing of services
Coverage
Choice?
Allocation mechanisms
Pooling of funds
Coverage
Choice?
Allocation mechanisms
Collection of funds
Entitlement?
Contributions
Individuals

Policy choices in health financing (lots of them!)



Fiscal context, the financial crisis, and political considerations

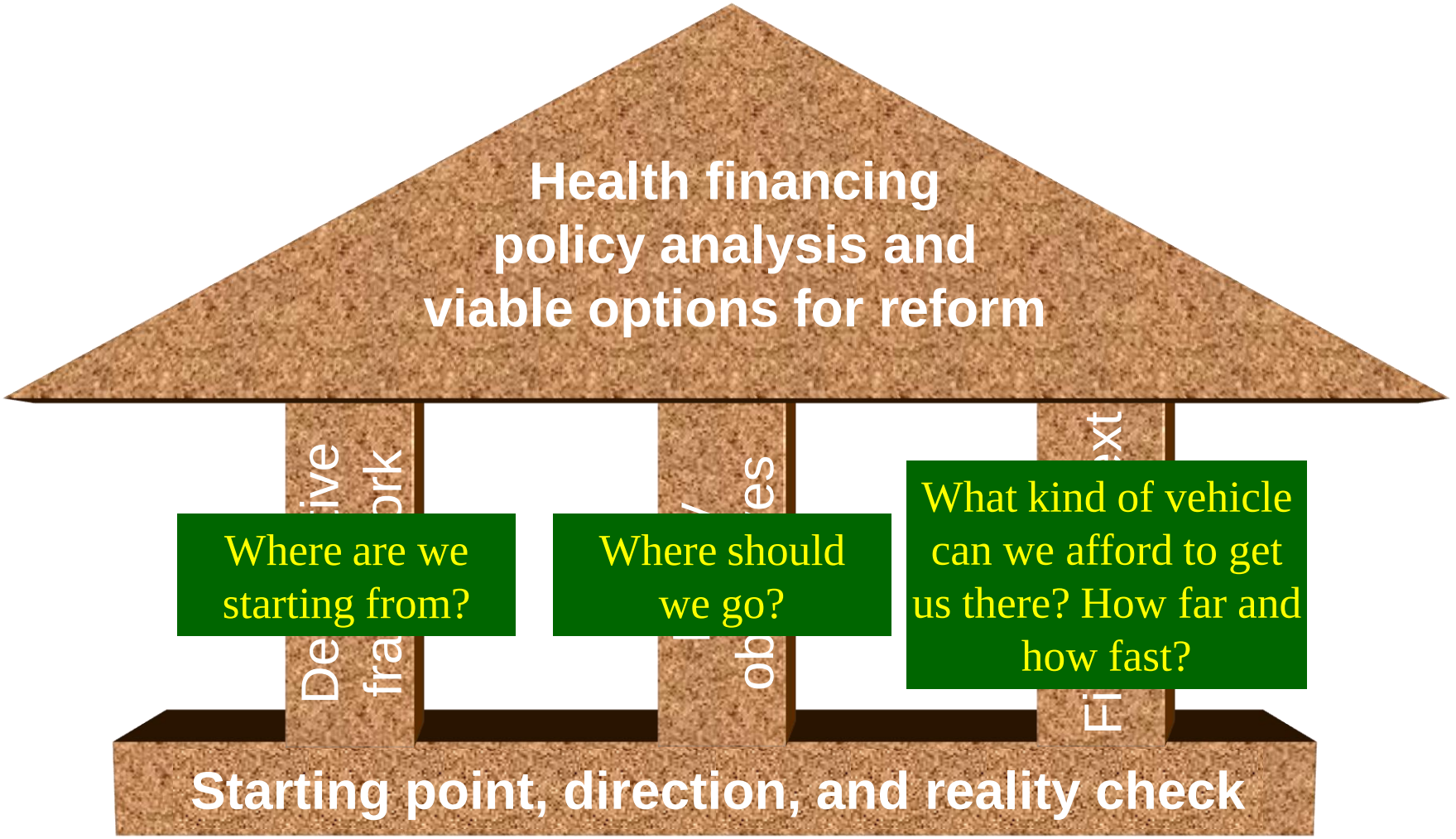
Time	Monday May 14	Tuesday May 15	Wednesday May 16	Thursday May 17	Friday May 18
9:00 - 10:30	**9:00 Registration** **9:45 OPENING CEREMONY** **Keynote presentation** Prof. Guillem Lopez-Casasnovas, University of Pompeu Fabra	**REVENUE COLLECTION** (M. Jowett)	**PURCHASING I** (T. Evetovits)		**SPOTLIGHT** Governance aspects of health financing: some highlights (A. Rossetti) **OWN COUNTRY POSTER VIEWING AND VOTING** (Moderators: M. Jowett, M. Jakab, T. Evetovits)
10:30 - 11:00	Coffee break	Coffee break	Coffee break	Coffee break	Coffee break
11:00 – 12:30	**OVERVIEW** Health financing in the European region: Objectives and policy instruments (J. Kutzin, T. Evetovits, M. Jowett, M. Jakab)	**POOLING** (J. Kutzin)	**PURCHASING II** (T. Evetovits) **SPOTLIGHT** Pay-for-performance (M. Jakab)	**PRICING AND REIMBURSEMENT OF MEDICINES** (P. Kanavos)	**PARTICIPANT PRESENTATIONS** (Moderators: M. Jowett, M. Jakab, T. Evetovits)
12:30 – 13:30	LUNCH	LUNCH	LUNCH	LUNCH	LUNCH
13:30 – 14:30	**SPOTLIGHT** Impact of financial crisis on heath systems (T. Evetovits)	**SPOTLIGHT** Informal payments: measurement issues and policy options (N. Markova)	**KEYNOTE SESSION** **Prof. William Hsiao** (Harvard University) **Hanno Pevkur** (Minister of Social Affairs, Estonia) **Sarah Thomson** (European Observatory and LSE Health) (Facilitated by M. Jakab & T. Evetovits)	**SPOTLIGHT** Catastrophic and impoverishing health expenditures (M. Jowett)	**WRAPPING UP** Key messages (J. Kutzin) **Priorities in health system strengthening** Hans Kluge, Director of Division of Health Systems and Public Health Evaluations & Certificates
	Coffee break	Coffee break		Coffee break	
15:00- 16:00	**FISCAL CONTEXT AND SUSTAINABLITY TRADE-OFFS** (J. Kutzin)	**PLENARY DISCUSSION OF CASES 1 & 2** (M. Jakab & T. Evetovits)		**CARE COORDINATION: THE MISSING LINK** (T. Evetovits)	
	ROUP EXERCISE CASE 1 & 2 (... Jakab & T. Evetovits)	**GROUP EXERCISE CASE 3 & 4** (M. Jakab & T. Evetovits)	Free	**OWN COUNTRY CASE PREPARATION TIME** (Team)	
Evening			**Course dinner**		

Political concerns

Financial crisis

Fiscal context

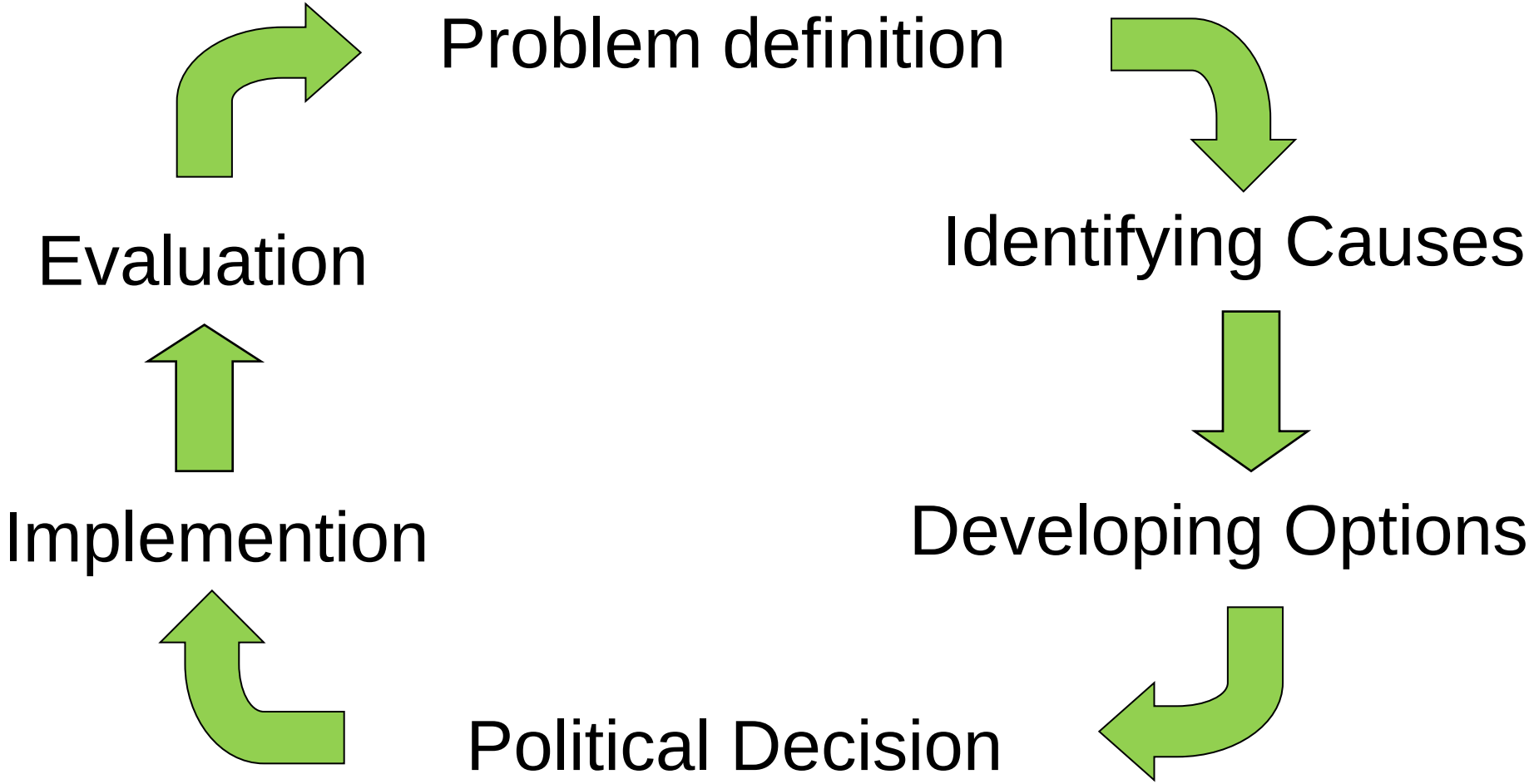
Summary: three pillars for approaching health financing policy



Applying the framework

Problems, solutions and the policy cycle

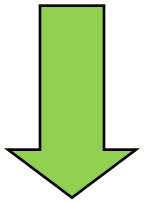
The policy cycle from textbooks...



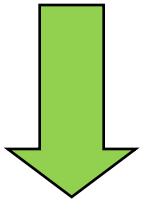
Source: Marc J. Roberts, Harvard School of Public Health

...and from real life when things go wrong

Favourite solution



Political decision



Implementation

Adapted from Marc J. Roberts, Harvard School of Public Health

Getting the diagnostics right

- Separate ends and means
  - define problems at the level of objectives
- Avoid means-driven reforms
- Performance problems usually have multiple causes
  - explore all causes of the problem

Avoid means-driven reforms

- Health system reform is often defined by politicians pursuing ‘new’ ideas they picked up somewhere…
  - ‘the problem is that we do not have social health insurance’,
  - ‘the problem is that we do not have case-based payment’,
  - ‘the problem is that we do not have gate-keeping in primary care’,

- …and they implement them without knowing whether these reforms will eventually improve the performance of their health system

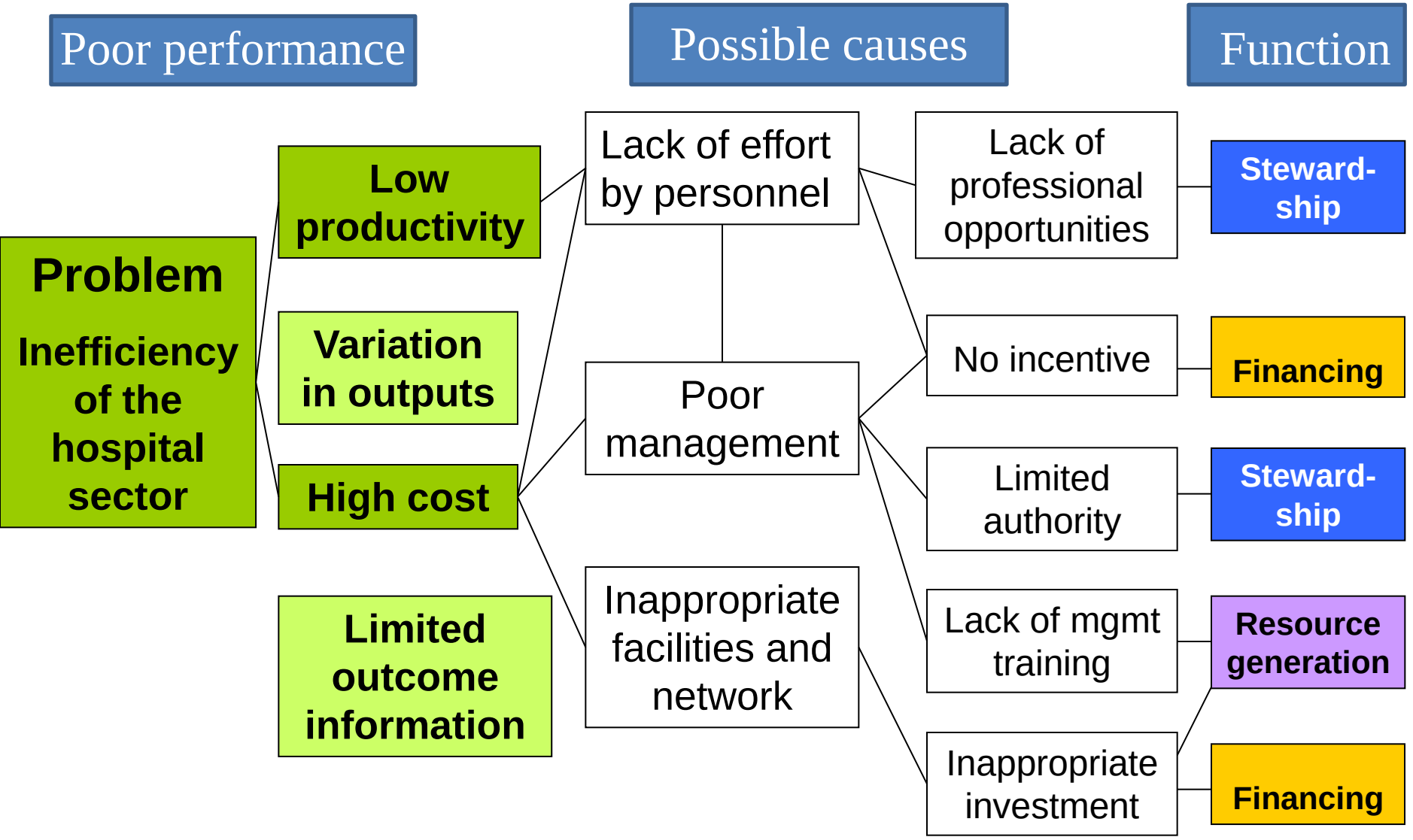
- These reforms are means-driven, as they do not begin with the diagnosis, but the therapy

„To a man
with a hammer,
every problem
looks like a nail”

Systematic exploration of causes

- Diagnostic journey - diagnostic tree
  - Also called results chain, logical pathway etc.
- Start with performance problems
- Ask why five times
- Go from causes, to causes of causes
- Look for the root cause of the performance problem

Diagnostic tree as a tool



Getting the therapy right

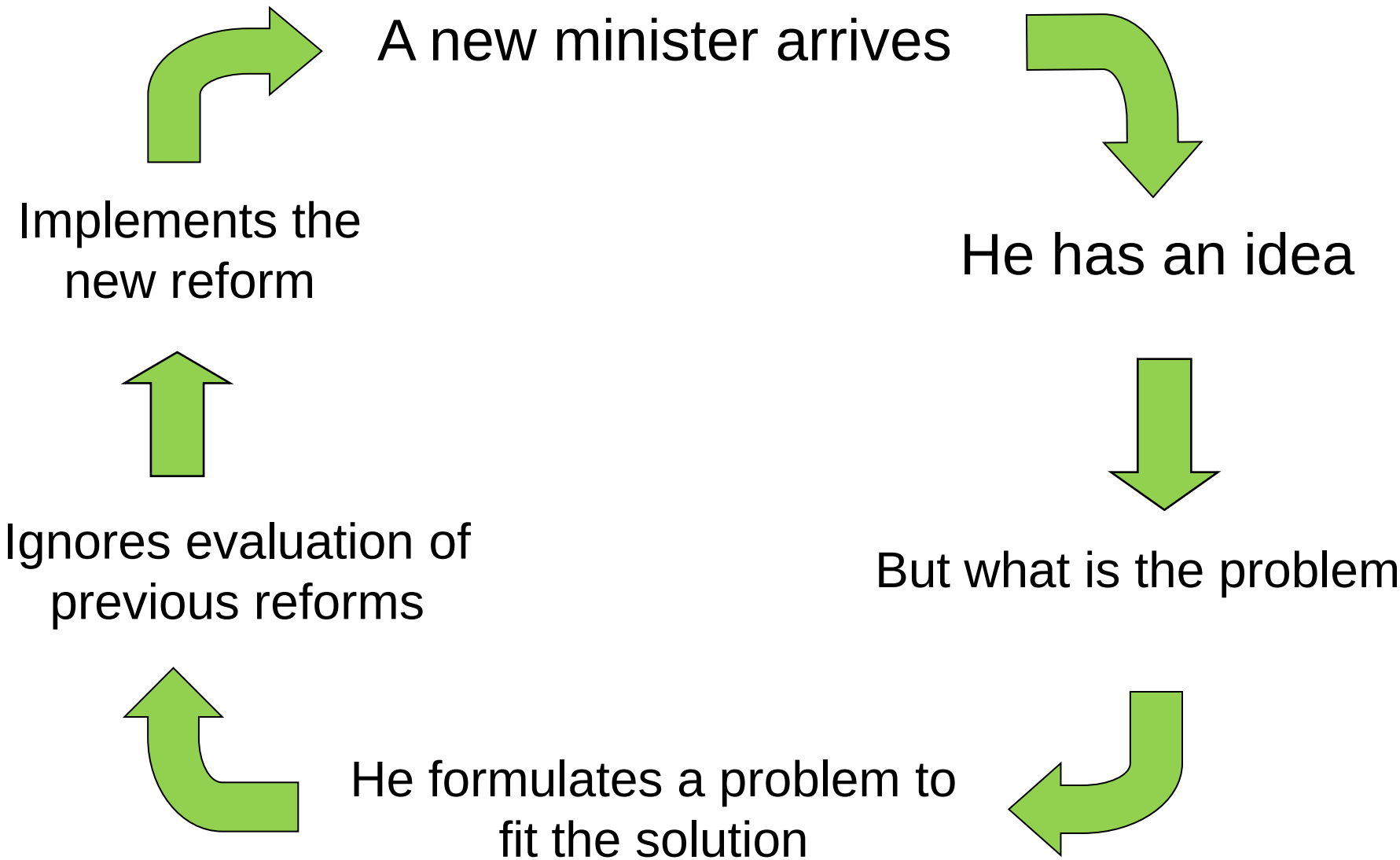
Single instruments deliver limited results, if any

Comprehensive set of well-aligned instruments are more likely to deliver long-term effects

No matter how evidence-based and technically sound is the proposal, successful implementation is highly dependent on the political context

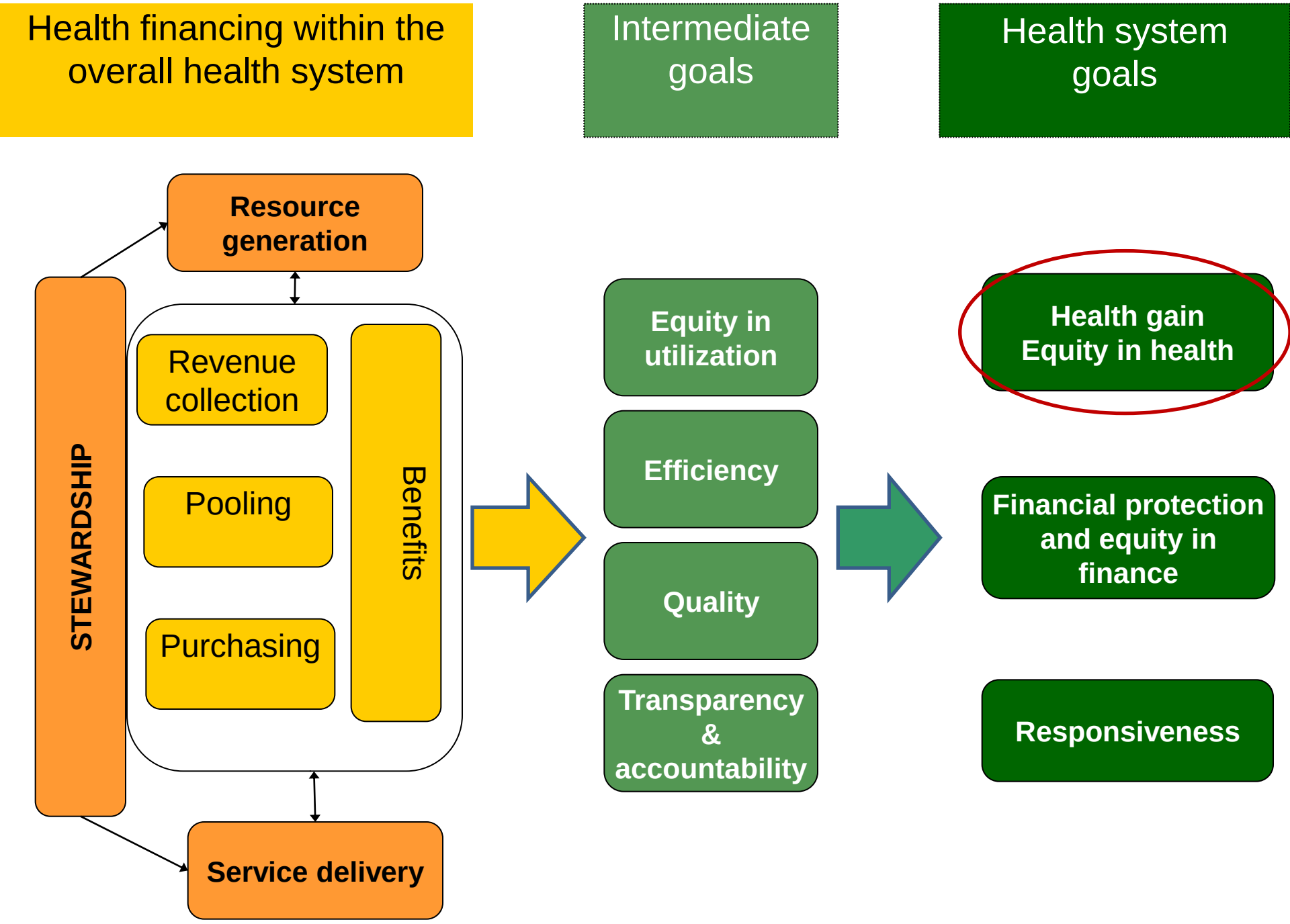
Exploring the value foundations helps identify the problems that matter and the solutions that are politically feasible

An alternative policy cycle to avoid



Adapted from Marc Roberts by Miklós Szócska

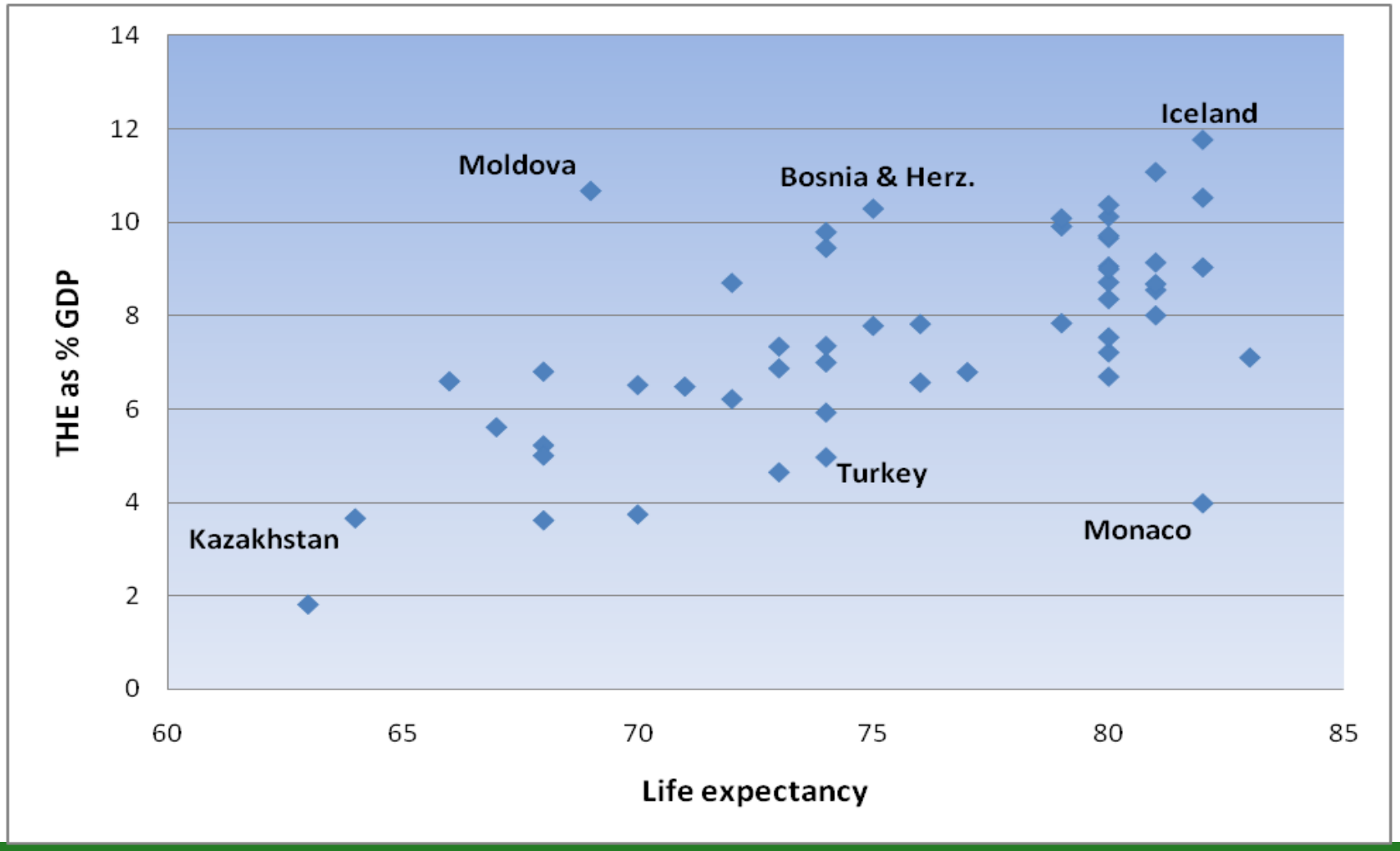
Part II: Empirical overview


Health financing within the overall health system
Intermediate goals
Health system goals
Resource generation
STEWARDSHIP
Revenue collection
Pooling
Purchasing
Benefits
Service delivery
Equity in utilization
Efficiency
Quality
Transparency & accountability
Health gain
Equity in health
Financial protection and equity in finance
Responsiveness

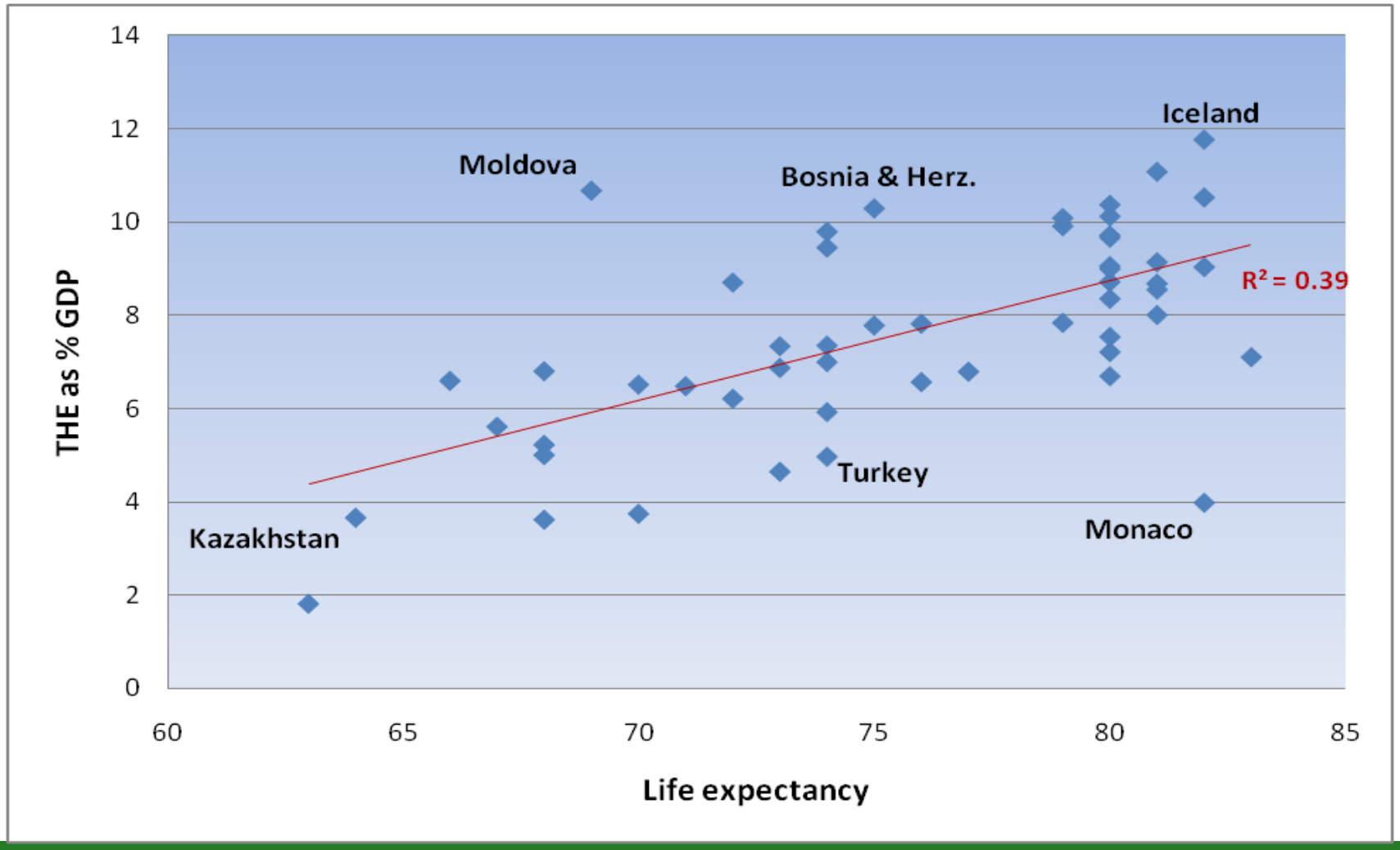
Health gain across Europe since 1945

GAPMINDER – life expectancy across time

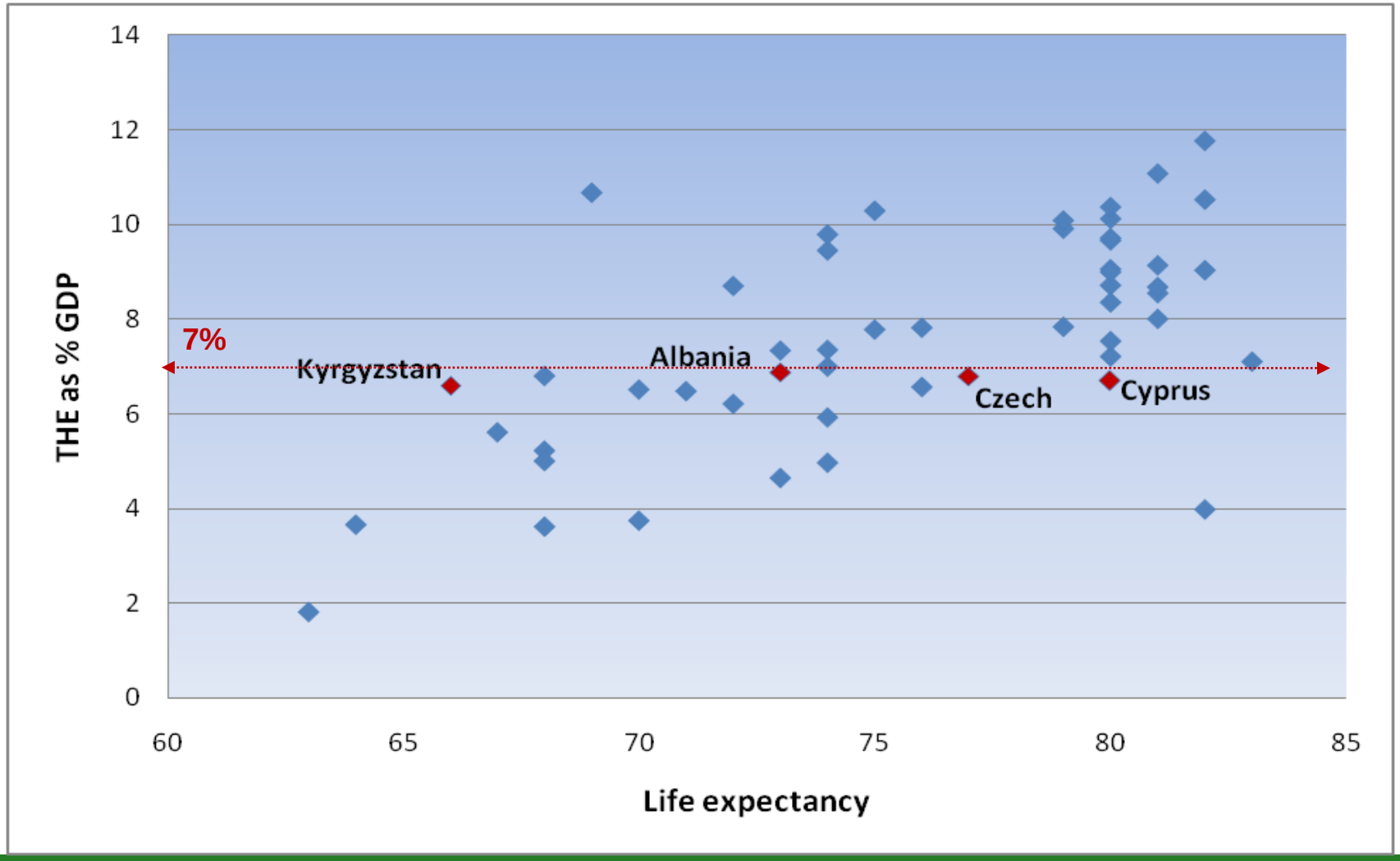
How much life expectancy for the money?



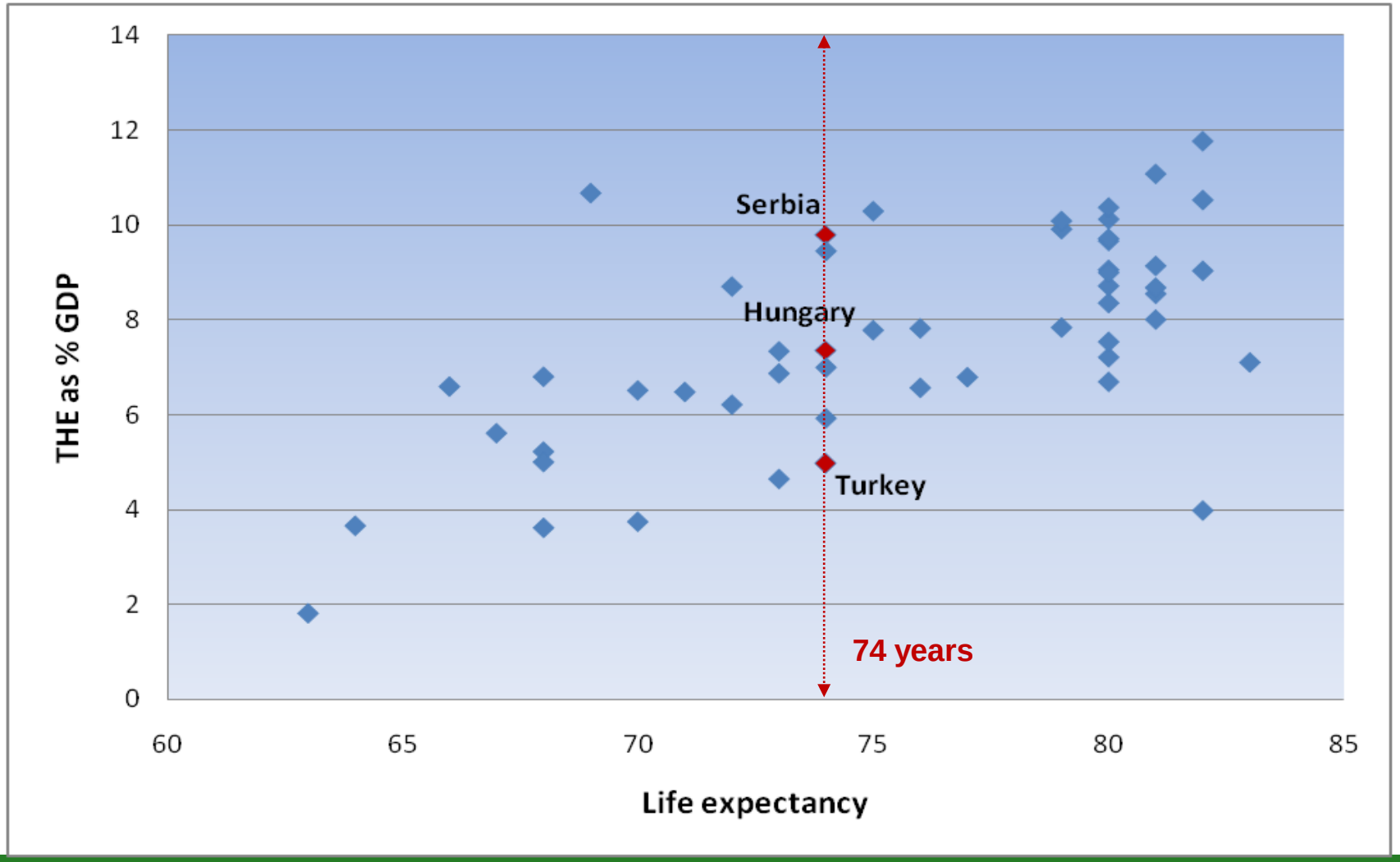
How much life expectancy for the money?



How much life expectancy for the money?



How much life expectancy for the money?



Inequalities in health

BBC Mobile | News | Sport | Weather | Travel | TV

NEWS

Watch ONE-MINUTE WORLD NEWS

News Front Page

Africa
Americas
Asia-Pacific
Europe
Middle East
South Asia
UK
Business
Health
Medical notes
Science & Environment
Technology
Entertainment
Also in the news

Video and Audio

Programmes
Have Your Say
In Pictures
Country Profiles
Special Reports

Related BBC sites
Sport
Weather
On This Day
Editors' Blog
BBC World Service

Page last updated at 09:25 GMT, Thursday, 28 August 2008 10:25 UK

E-mail this to a friend Printable version

Social factors key to ill health

The life expectancies of children living a few miles apart

Cannot play media. You do not have the correct version of the flash player. Download the correct version

Social factors - rather than genetics - are to blame for huge variations in ill health and life expectancy around the world, a report concludes.

The World Health Organization (WHO) has carried out a three-year analysis of the "social determinants" of health.

The report concludes "social injustice is killing people on a grand scale".

For instance, a boy living in the deprived Glasgow suburb of Calton will live on average 28 years less than a boy born in nearby affluent Lenzie.

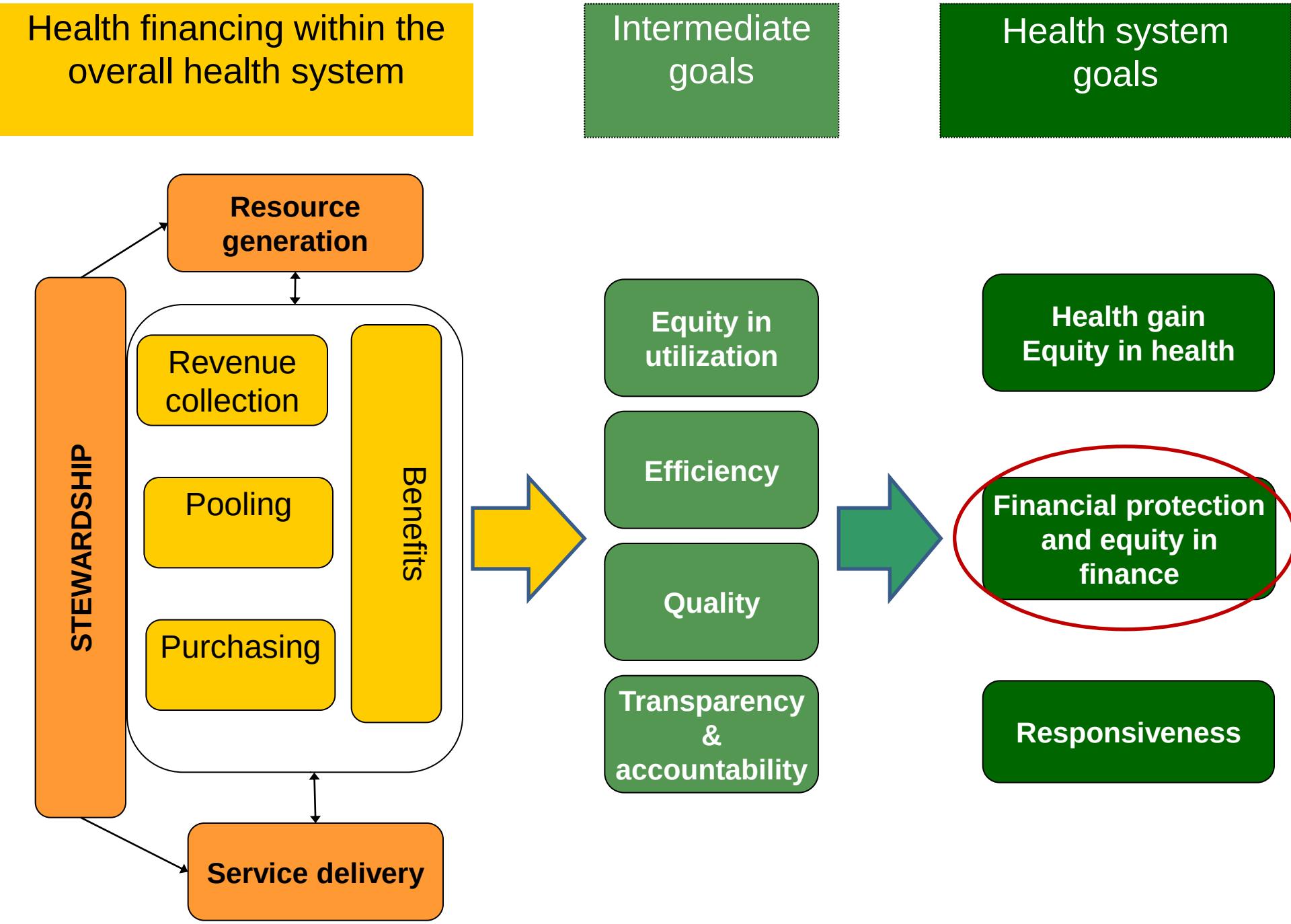
Policy issues

Health inequalities determined by a wide range of factors beyond health systems; societal, environmental etc

Despite this, health systems have a critical role to play in tackling inequalities and inequities

Health financing policy can have an important influence on health gain and levels of inequality in health

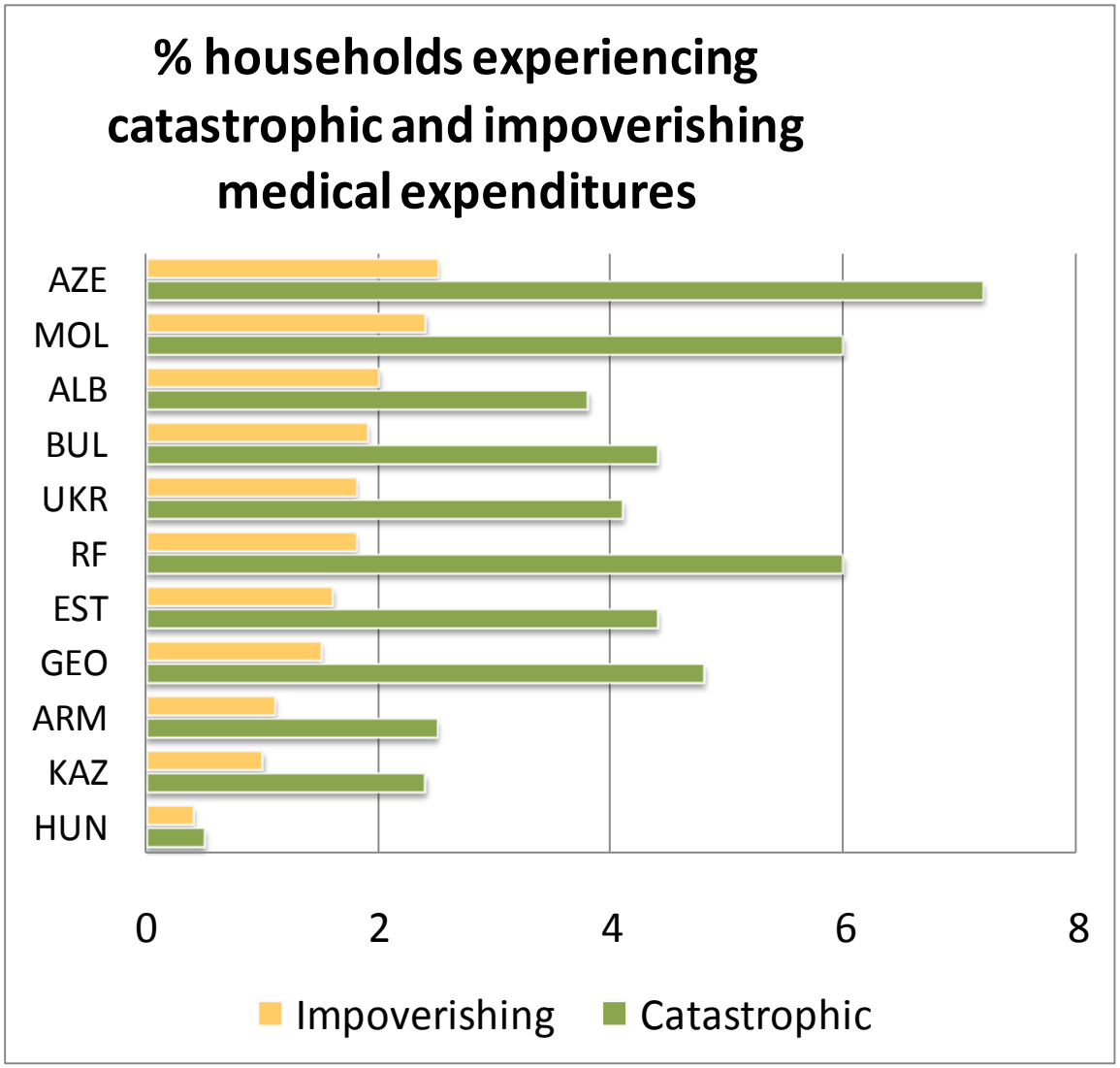
Several sessions address this, including Spotlight session on catastrophic and impoverishing health expenditures


Health financing within the overall health system
Intermediate goals
Health system goals
Resource generation
STEWARDSHIP
Revenue collection
Pooling
Purchasing
Benefits
Service delivery
Equity in utilization
Efficiency
Quality
Transparency & accountability
Health gain
Equity in health
Financial protection and equity in finance
Responsiveness

What is financial protection?

- Financial protection is the degree to which households are protected from financial risk when ill
- Important policy issue highlighted in a number of regional and global commitments
  - Tallinn Charter, World Health Report 2000, World Health Report 2010, etc.
- Two measures based on household data are increasingly used to assess degree of financial protection
  - Catastrophic medical expenditures
  - Impoverishing medical expenditures

Financial protection

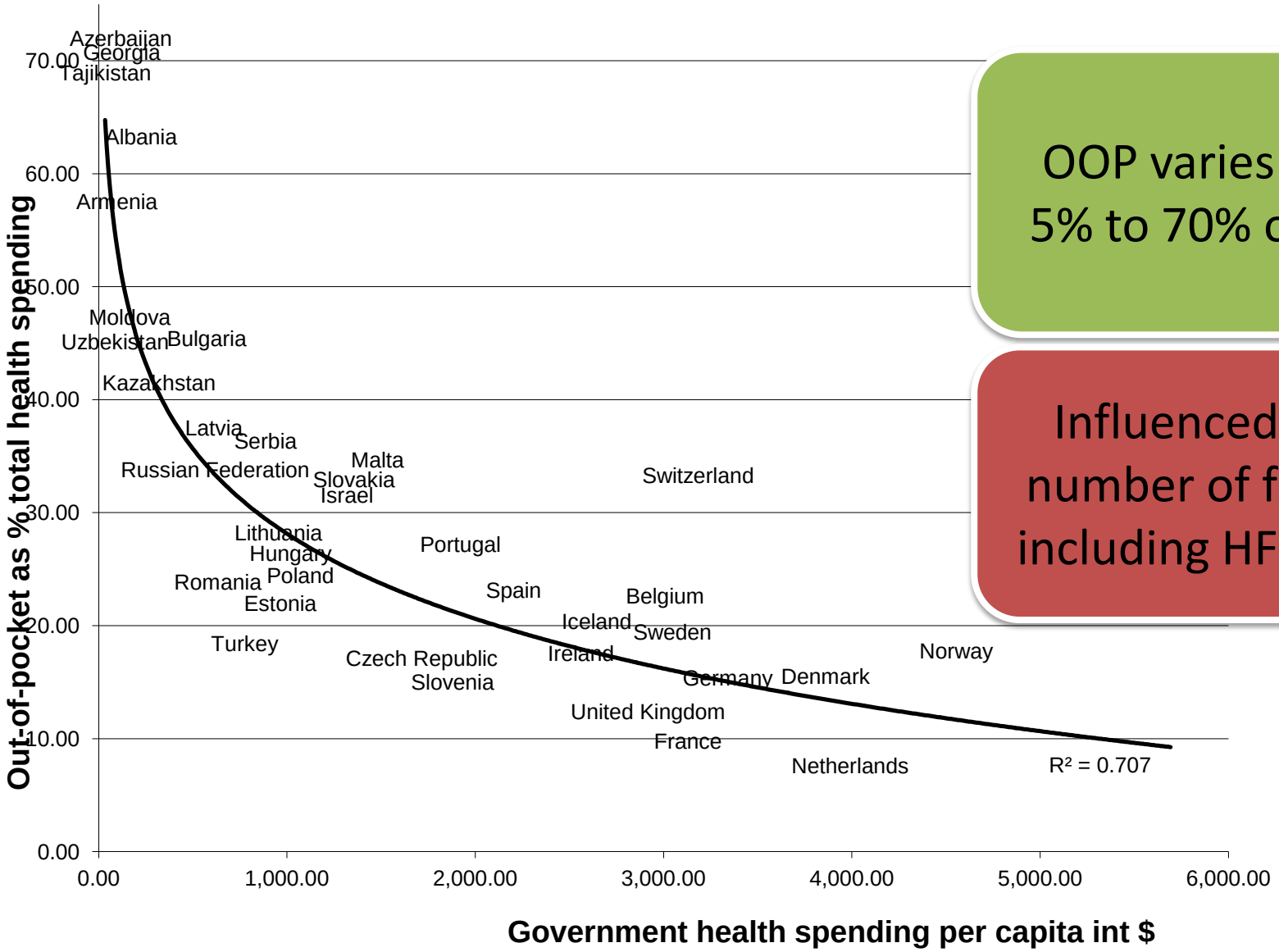


19 mn people face catastrophic
&
7 mn people face impoverishing expenditures

Out-of-pocket payments are the main cause with outpatient medicines representing the greatest share

Source: WHO Global estimates

Wide variation in OOP



OOP varies from 5% to 70% of THE

Influenced by a number of factors including HF policy

Source: WHO estimates for 2010, countries with population > 600,000

Policy issues

Comprehensive health financing policy is a key instrument to improve financial protection

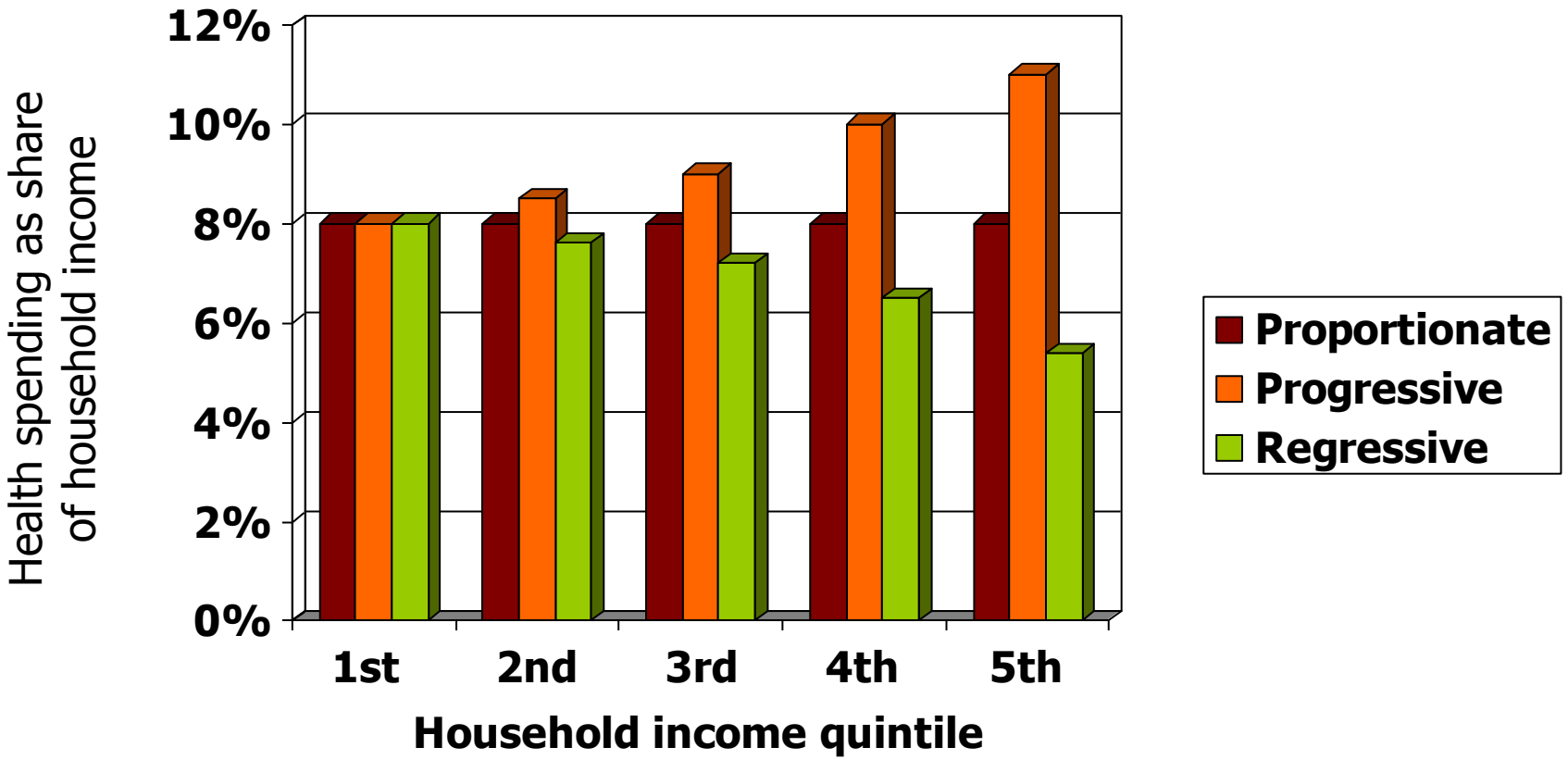
Single instruments unlikely to succeed

- Designing an equitable and pro-poor benefit package
- Optimizing the revenue mix
- De-fragmenting the pooling of funds
- Using purchasing instruments for efficient use of resources
- Reducing inefficiencies in the health system

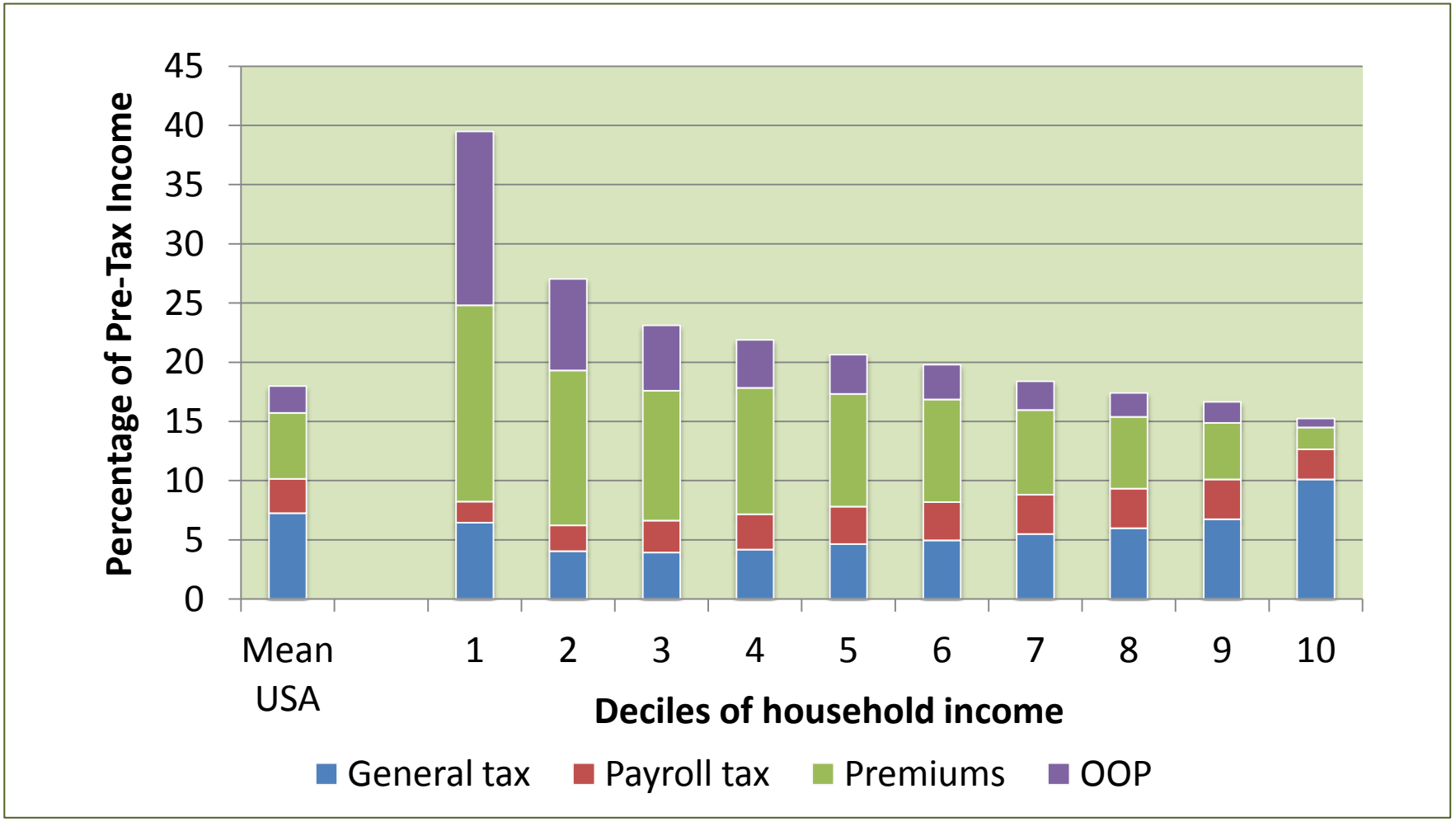
What is equity in health financing?

- Households pay for health care through taxes, payroll taxes, out-of-pocket payments, and insurance premiums
- The question of equity in financing is about who bears the financial burden of health care payments?
- What is viewed equitable depends on the social values of the society
- In most European countries, health care payments according to ability to pay are considered equitable (proportionate and progressive payments)

Getting the basics right



Progressivity of revenue mix in US



Source: T. Selden. 2009. "Using Adjusted MEPS Data to Study Incidence of Health Care Finance. Slide Presentation from the AHRQ 2009 Annual Conference (Text Version). December 2009. Agency for Healthcare Research and Quality, Rockville, MD

Progressivity in OECD countries

- Most OECD countries have proportionate health care financing arrangements

- GT and SI perform similarly close to proportionate
  - GT is slightly more progressive associated with design rather than inherent nature of the instrument

- Two countries deviate significantly: Switzerland and the USA - associated with high share of private insurance and out-of-pocket payments

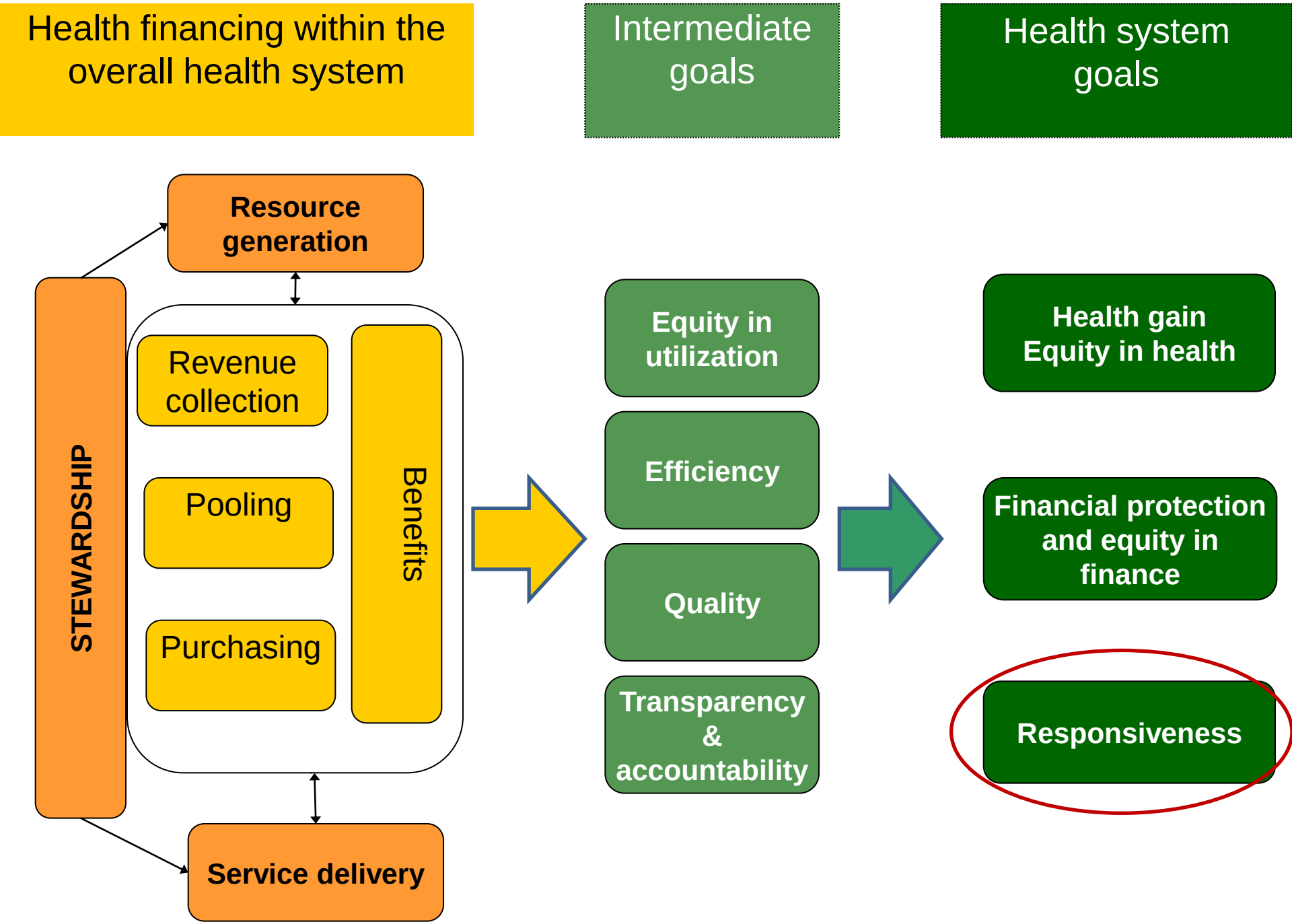
Policy issues

Health financing policy is a key instrument to improve the balance of the health financing burden

The choice of revenue sources is a key determinant of equity in financing

Pooling and purchasing arrangements that support more efficiency create greater scope for re-distribution

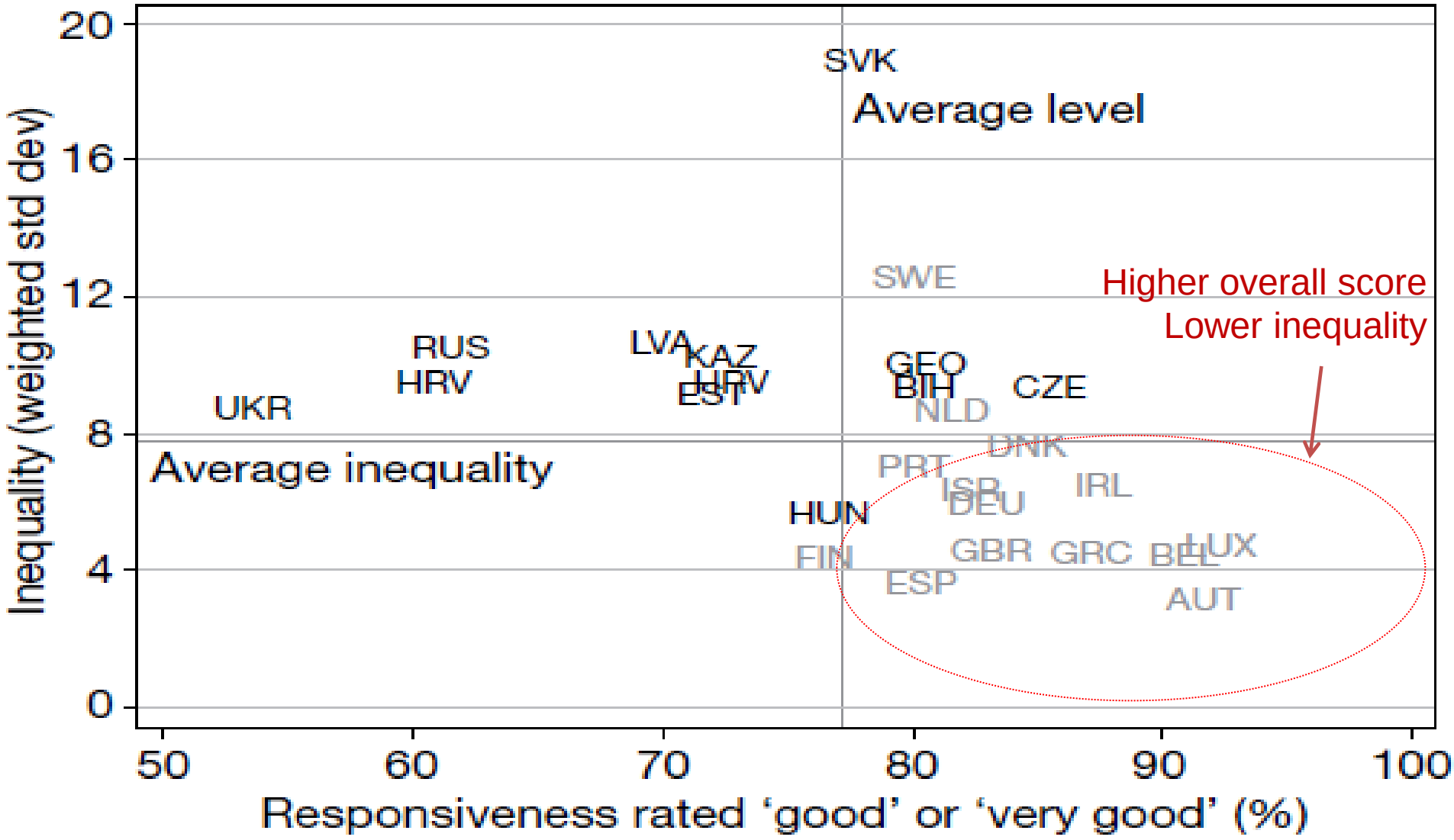
The structure of benefits affects utilization which in turns affects acceptability of financial burden


Health financing within the overall health system
Intermediate goals
Health system goals
Resource generation
STEWARDSHIP
Revenue collection
Pooling
Purchasing
Benefits
Service delivery
Equity in utilization
Efficiency
Quality
Transparency & accountability
Health gain
Equity in health
Financial protection and equity in finance
Responsiveness

What is health system responsiveness?

- Covers non-health, non-financial outcomes
- Responsiveness in captured through Eight dimensions
- World Health Survey 2002 measured responsiveness in 65 countries for ambulatory and inpatient services
- Two scores: i) overall score for each indicator , and ii) a separate score for each income quintile

Responsiveness scores for ambulatory care in 25 European countries



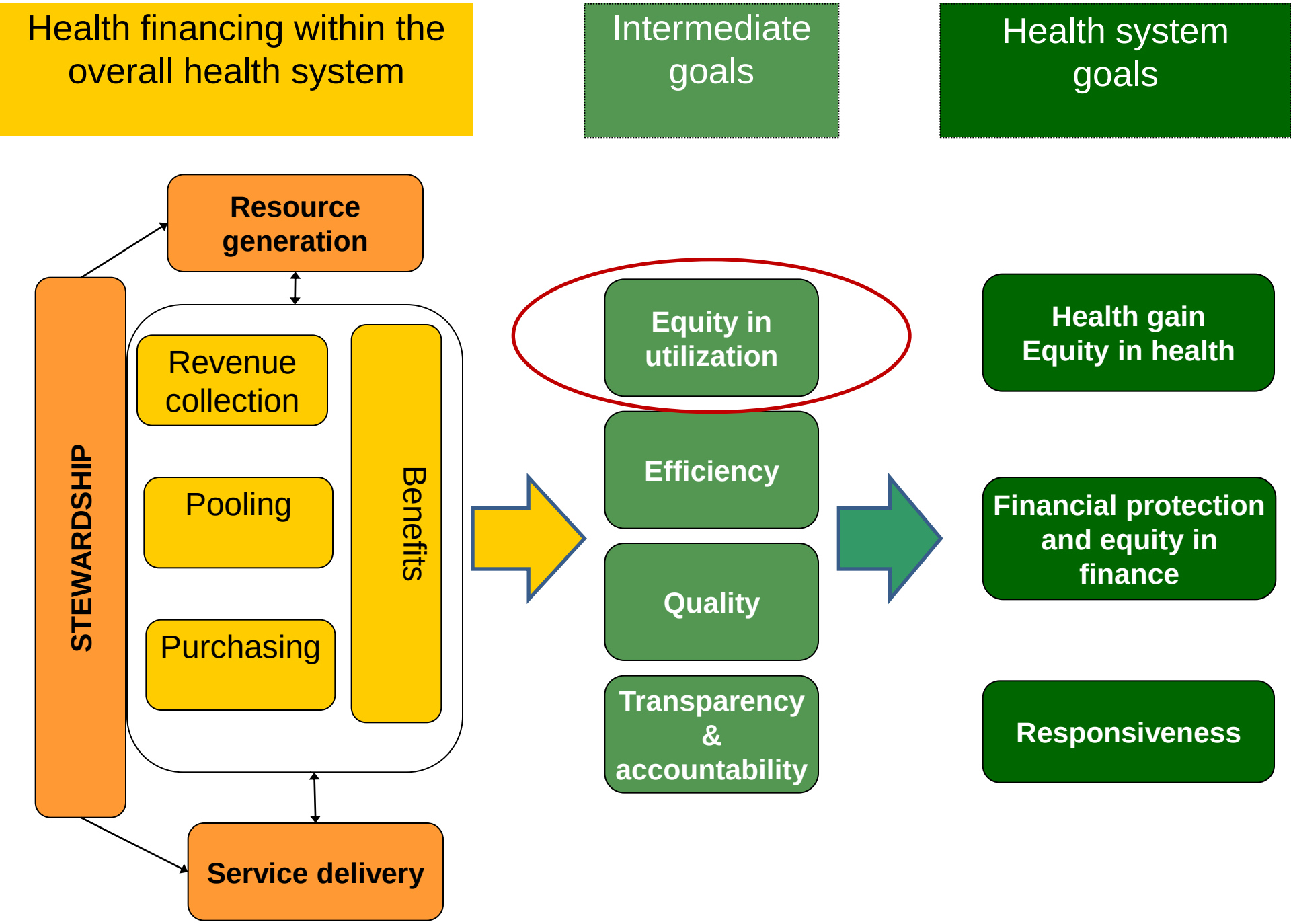
Policy issues

Health financing policy has implications for health system responsiveness

Design of benefits and contributions influences overall perception of the health system

Health financing policy, and purchasing instruments influence choice of provider and waiting lists

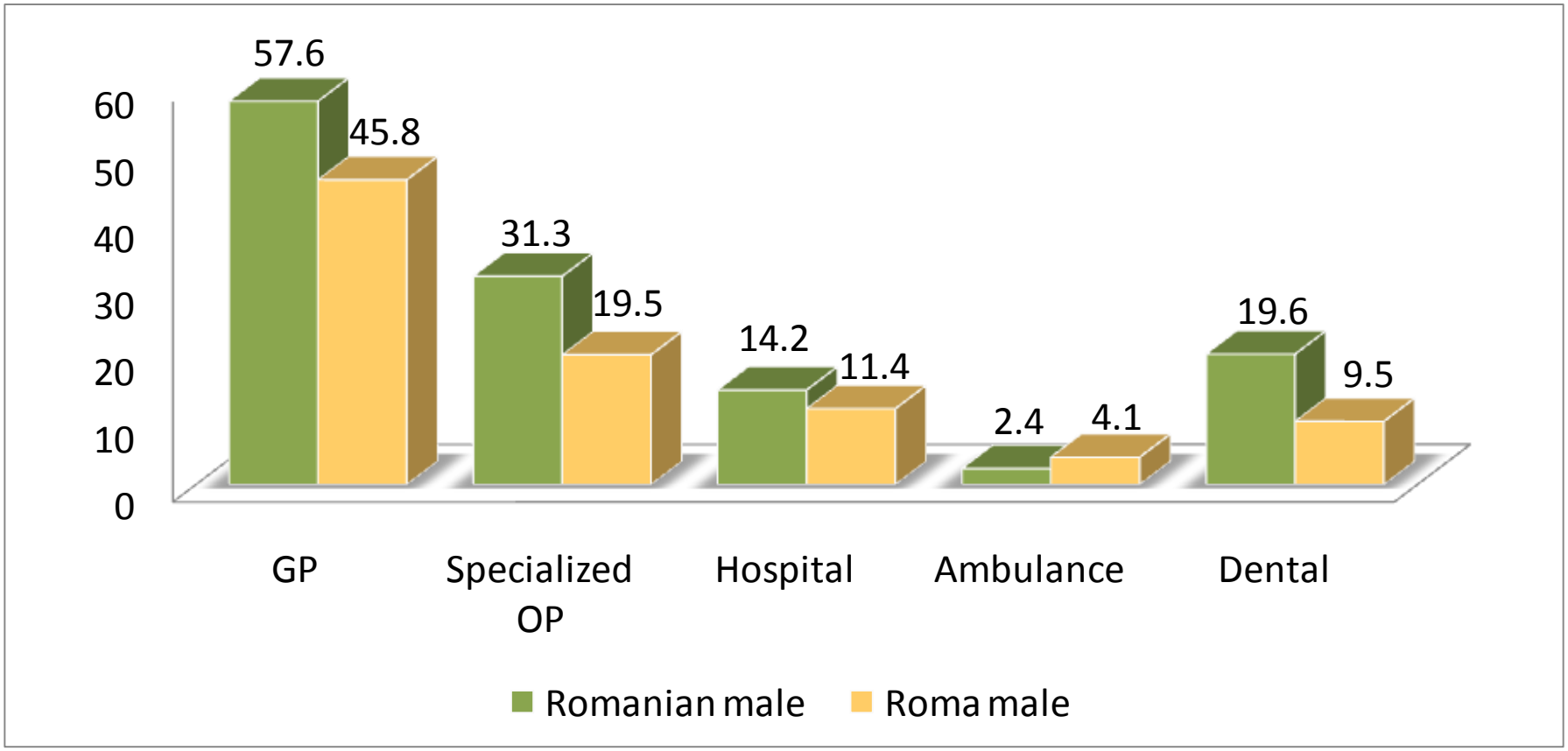
Recently increased use of results-based-financing can also enhance patient experience


Health financing within the overall health system
Intermediate goals
Health system goals
Resource generation
STEWARDSHIP
Revenue collection
Pooling
Purchasing
Benefits
Service delivery
Equity in utilization
Efficiency
Quality
Transparency & accountability
Health gain
Equity in health
Financial protection and equity in finance
Responsiveness

Equitable utilization of services

- Utilization of services in case of need and not based on ability to pay
- Inequalities in utilization persist across the region along many dimensions
  - Socio-economic status
  - Geographic dimensions
  - Gender
  - Specific populations subject to social exclusion: Roma, migrants, drug users, CSW´s
- Contributing factor to the health divide

Health care utilization in Romania is lower among the Roma



WHO. 2010. "Poverty and social exclusion in the European region: health systems respond"

Frequently encountered access barriers

- Cost of care seeking
  - Formal cost sharing (incl. for medicines)
  - Informal payments
  - Travel costs
- Lack of facilities, personnel and medicines
- Geography (travel time, roads, means of transport)
- Lack of knowledge (about entitlement, conditions, health perception, etc.)
- Cultural factors

Policy issues

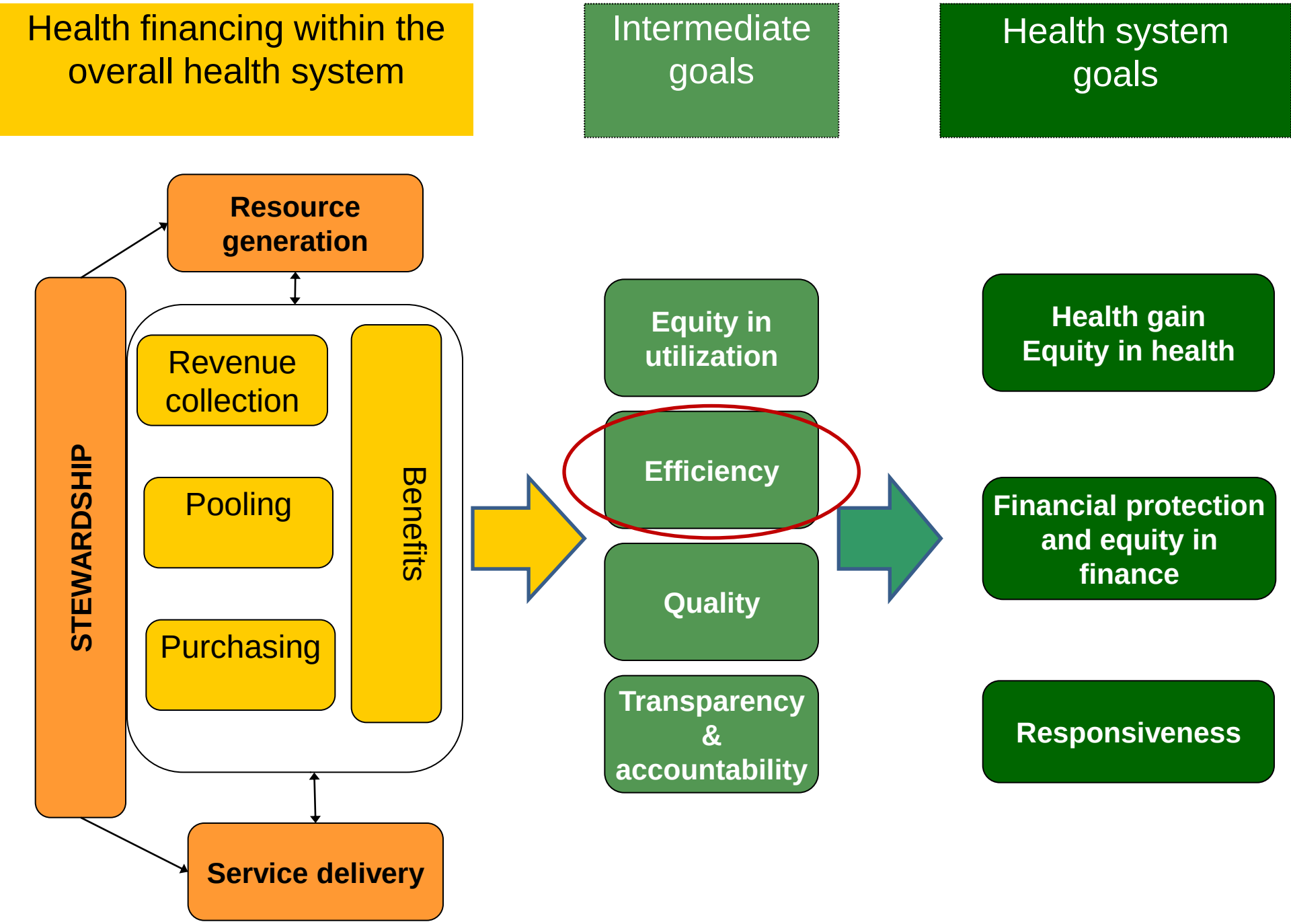
Health financing policy can mostly address financial barriers to care

Other health system functions play a large role

Benefit design is a key instrument to ensure equitable access…

…with well designed revenue collection, pooling and purchasing arrangements to enable effective coverage

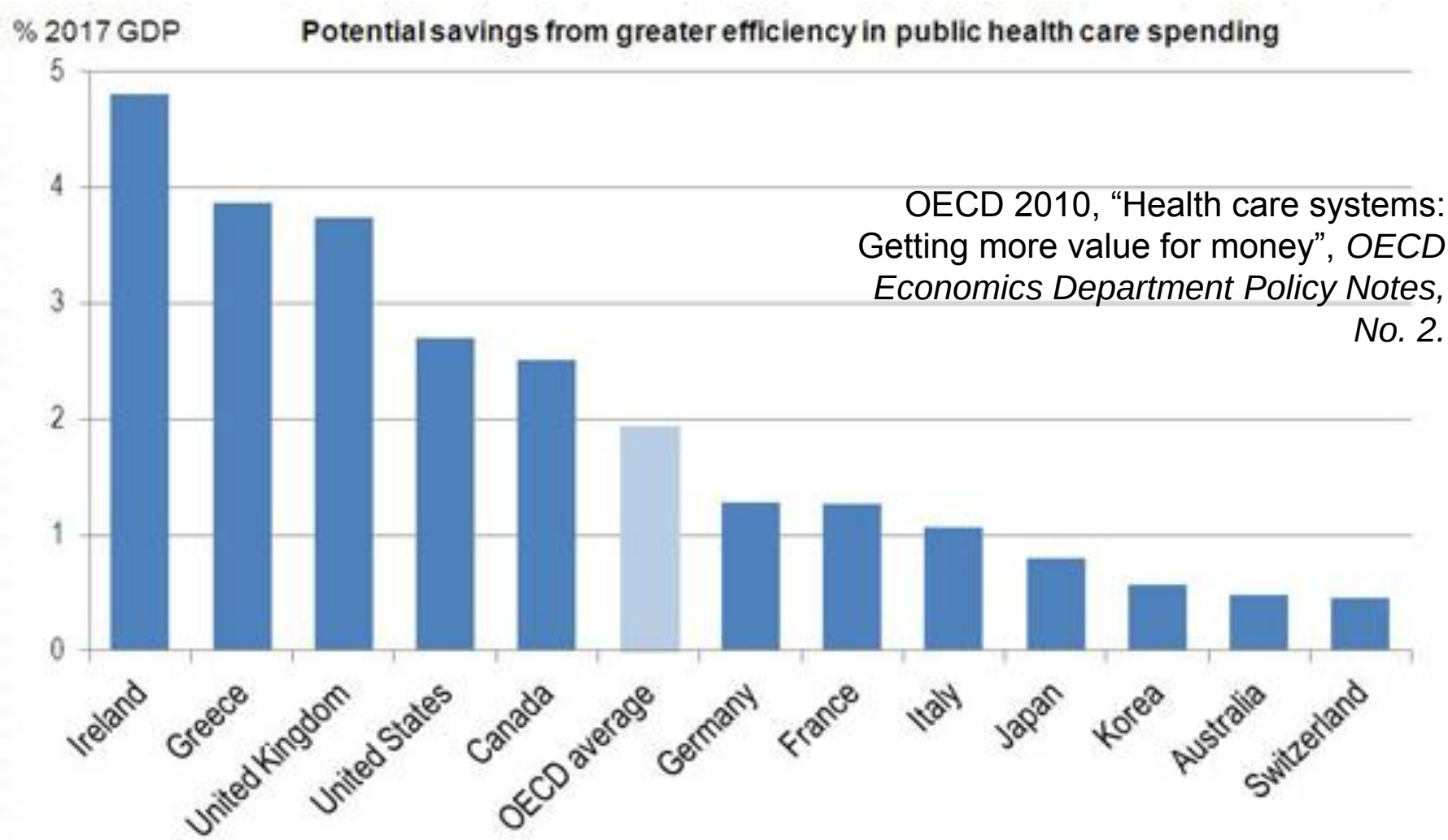
(in)equality in utilization affects acceptability in the distribution of the financial burden


Health financing within the overall health system
Intermediate goals
Health system goals
Resource generation
STEWARDSHIP
Revenue collection
Pooling
Purchasing
Benefits
Service delivery
Equity in utilization
Efficiency
Quality
Transparency & accountability
Health gain Equity in health
Financial protection and equity in finance
Responsiveness

What is efficiency?

- Efficiency means getting the most from available resources
- How much of our resources (inputs) do we use to produce the outputs of a health system? Can apply this analysis at the level of entire system or individual facility
- “Effectiveness” and “efficiency” are often confused in use
- Frequently used efficiency measures at facility level:
  - Bed occupancy rate
  - Visits per physician
  - Cost per admission

Efficiency: room for improvement?



OECD 2010, "Health care systems: Getting more value for money", *OECD Economics Department Policy Notes, No. 2.*

Ten leading sources of inefficiency

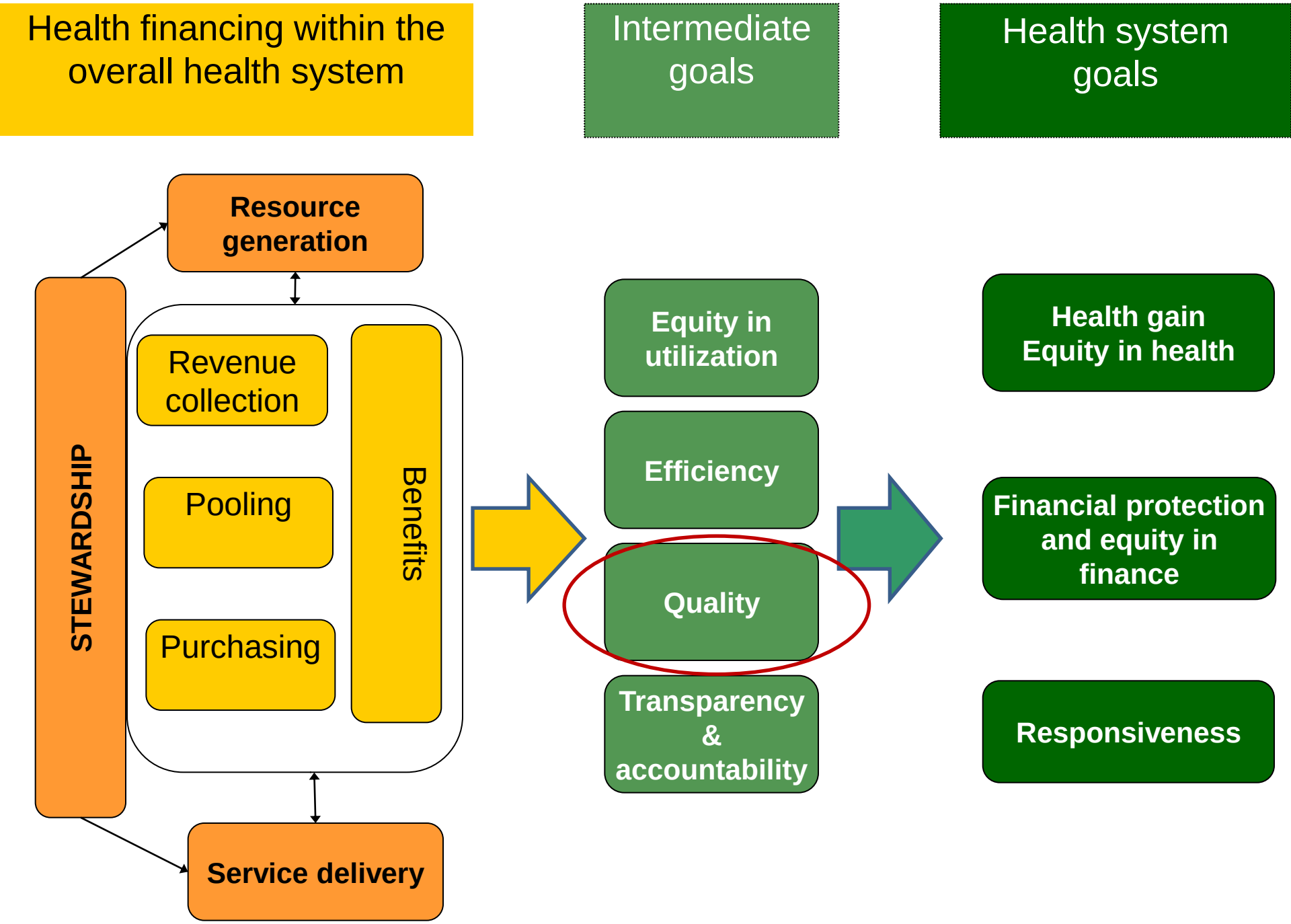
Ref: World Health Report 2010, Chapter 4

Medicines: under-use of generics and higher than necessary prices	**Medicines**: use of sub-standard and counterfeit medicines
Medicines: in appropriate 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

Policy issues

Health financing policy is a key instrument to increase efficiency

- Limit public spending on ineffective interventions
- Emphasize cost-reducing preventive actions
- Balance spending on infrastructure with spending on medicines and supplies
- Influence appropriate use of different levels of health system
- Reinforce treatment protocols in service delivery


Health financing within the overall health system
Intermediate goals
Health system goals
Resource generation
STEWARDSHIP
Revenue collection
Pooling
Purchasing
Benefits
Service delivery
Equity in utilization
Efficiency
Quality
Transparency & accountability
Health gain Equity in health
Financial protection and equity in finance
Responsiveness

Promote quality through explicit incentives

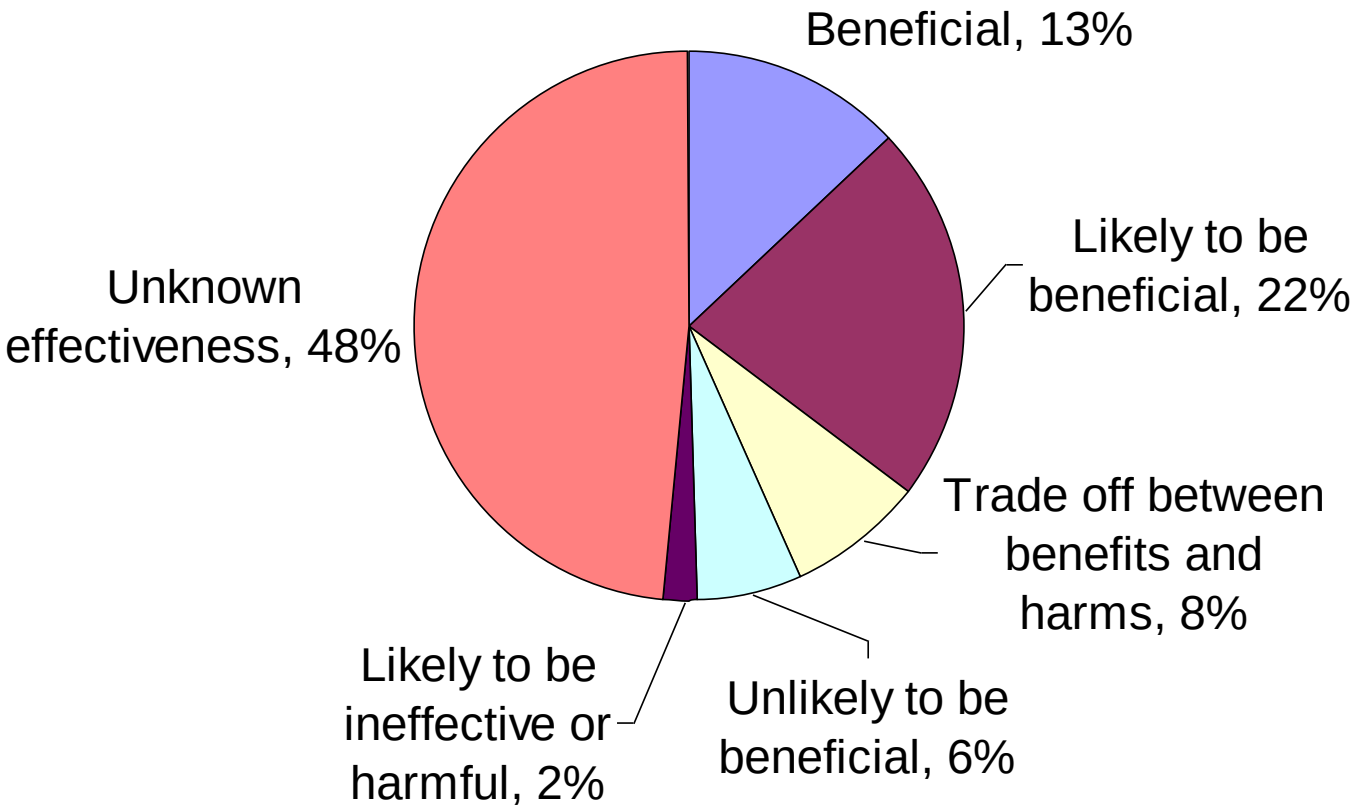
Clinical quality (effectiveness)

- Outcomes
- Inputs of the care process (doctors, skills, guidelines, equipment, drugs, supplies)
- Practice of evidence-based clinical decision making

Service quality

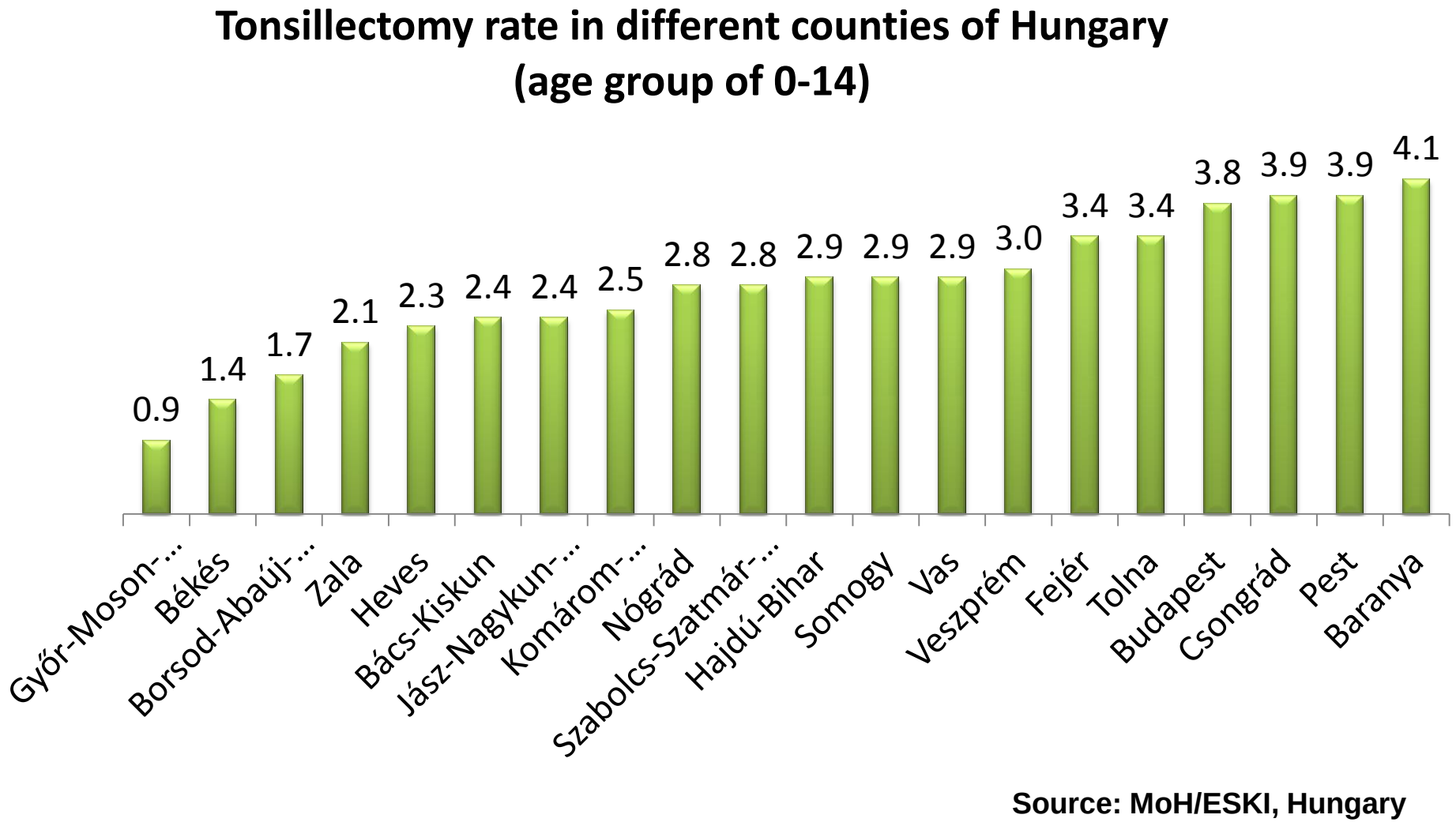
- Time spent with and information provided to patients
- Amenities
- Convenience and waiting times
- Dignity, politeness and emotional support

Uncertainty of clinical effectiveness



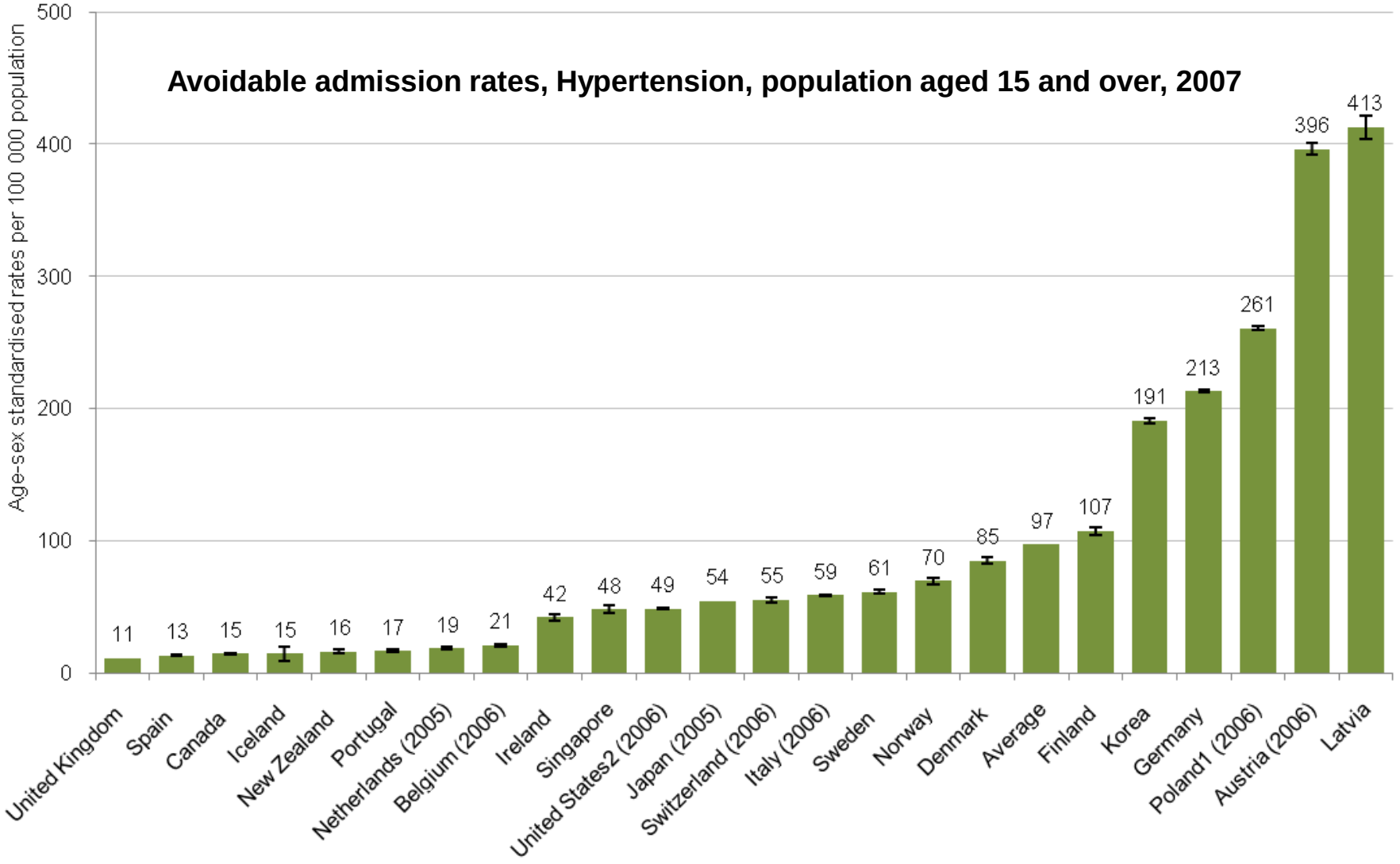
Source: BMJ 2007

Variation in clinical practice: mostly not justified, but costly



Source: MoH/ESKI, Hungary

Primary care sensitive conditions



1. Includes transfers from other hospital units, which marginally elevates rates. 2. Does not fully exclude day cases.

Source: OECD Health Care Quality Indicators Data 2009.

Medical errors

- Medical errors: 8%-12% of hospitalizations in Europe
- Healthcare associated infections: 5% of hospital patients on average every year

Reducing the rate of medical errors below 10% everywhere in the European Union would

- prevent more than 750 000 harmful medical errors/year
- lead to the reduction of over 3.2 million days of hospitalization
- 260 000 fewer incidents of permanent disability
- 95 000 fewer deaths per year

Source: RAND Europe and European Commission

Policy issues

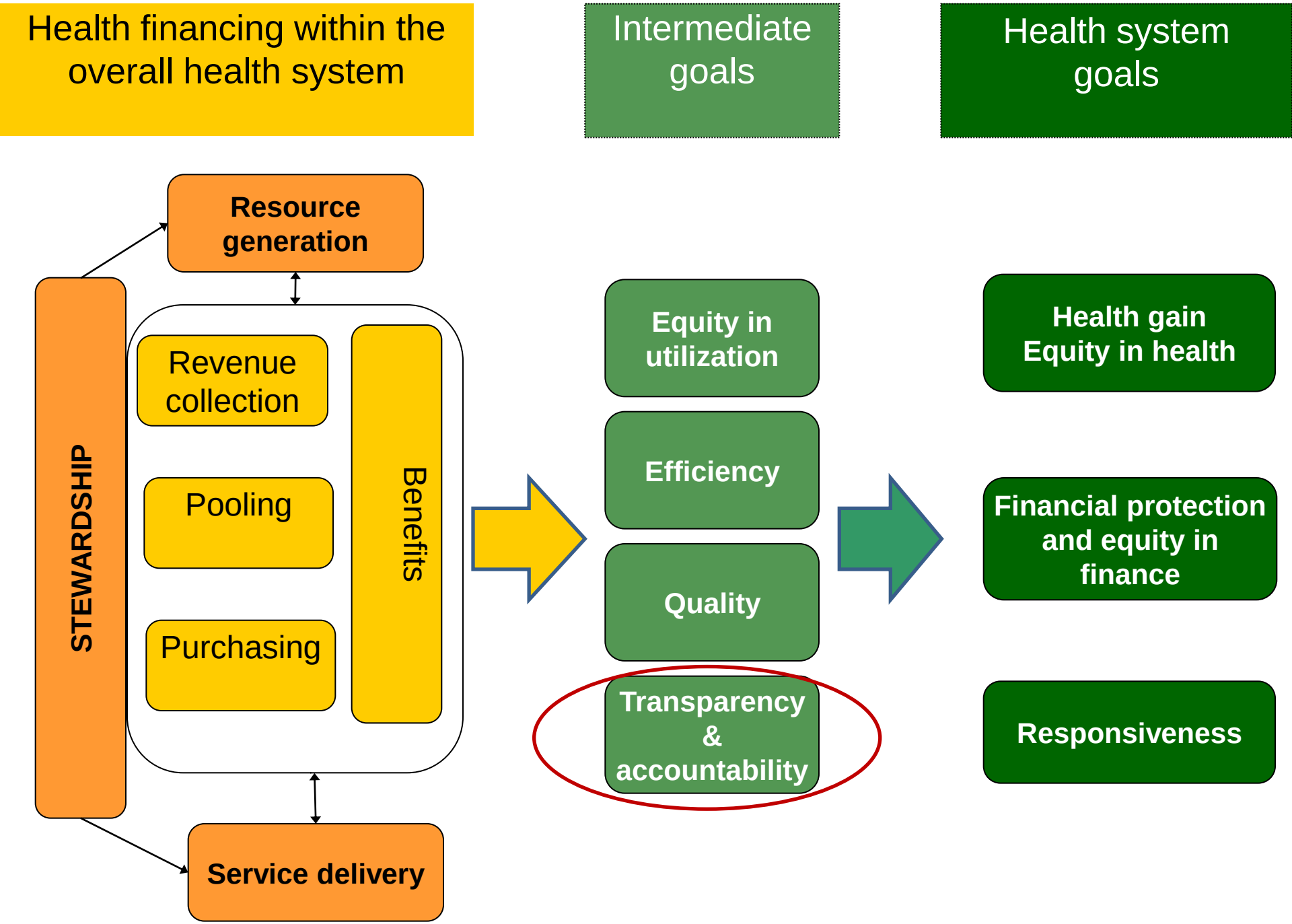
Health financing policy is relevant for improving quality, primarily through purchasing

What balance of clinical and service quality?

What role for financial incentives?

Pay for performance – no payment for poor performance?

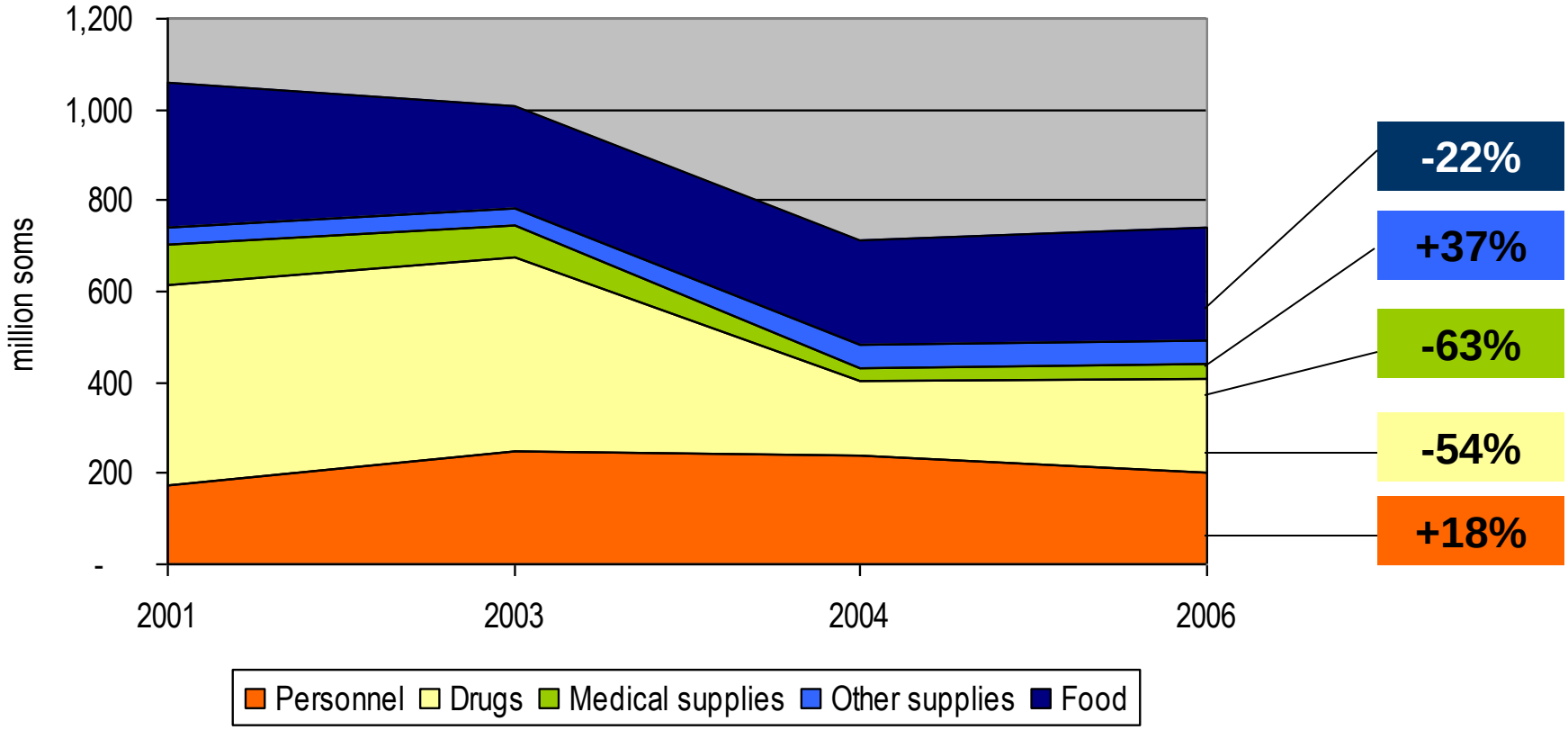
What role for trust and the sense of duty?


Health financing within the overall health system
Intermediate goals
Health system goals
Resource generation
STEWARDSHIP
Revenue collection
Pooling
Purchasing
Benefits
Service delivery
Equity in utilization
Efficiency
Quality
Transparency & accountability
Health gain Equity in health
Financial protection and equity in finance
Responsiveness

Focal issues from HF perspective

- People may have inadequate understanding of their entitlements and obligations
- Accountability of health financing agencies often weak e.g. reporting, making data public, audits
- Unofficial payments are a direct reflection of poor transparency
- Poor transparency and accountability fuels corruption and fraud, and is common in “unresponsive” health systems.

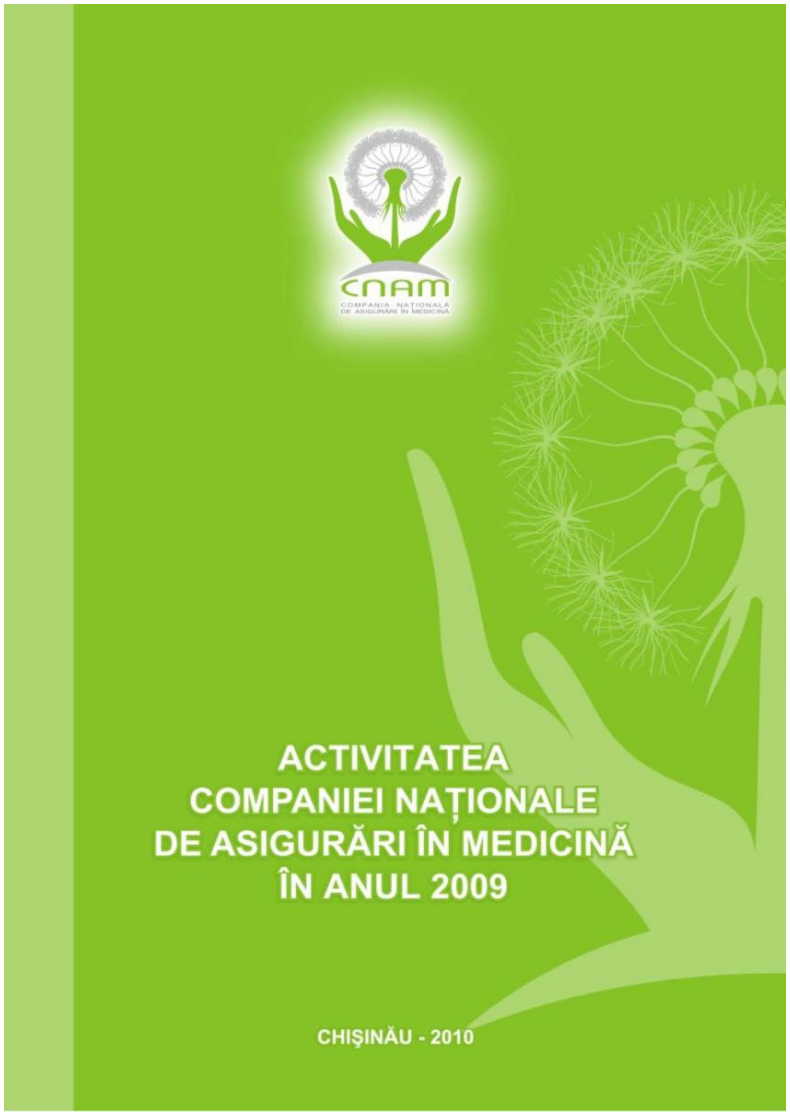
Comprehensive health financing policy can reduce informal payments

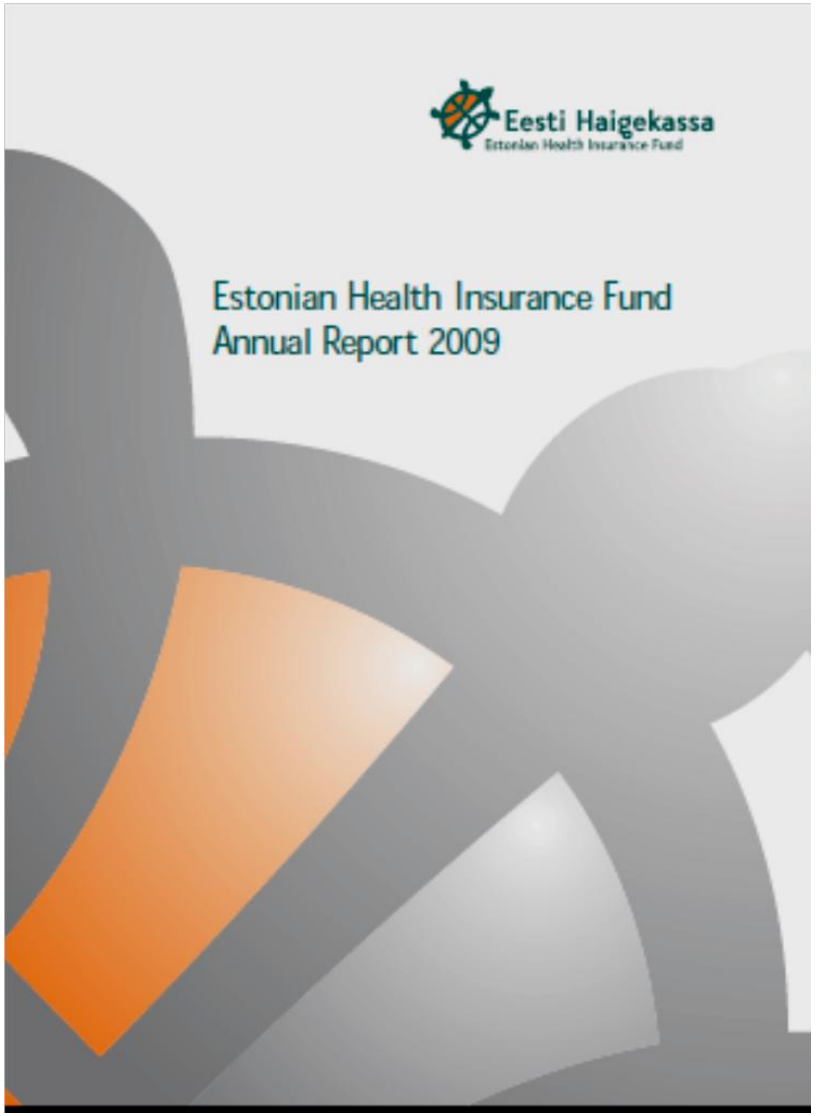


Source: Jakab, Kutzin 2009. "Trends in Informal Payments in the Kyrgyz Republic 2001-06"

* Total volume is presented in real terms calculated in 2001 prices using GDP deflator

Accountability in health financing institutions





Policy issues

Health financing policy is important to improve transparency

- Avoiding unfunded mandates in benefit design that leads to informal payments
- Simple design and communication about health service entitlements and obligation
- Clear governance arrangements including for appointment of facility managers
- Enhanced use of evidence (monitoring, analysis) and systematic public reporting

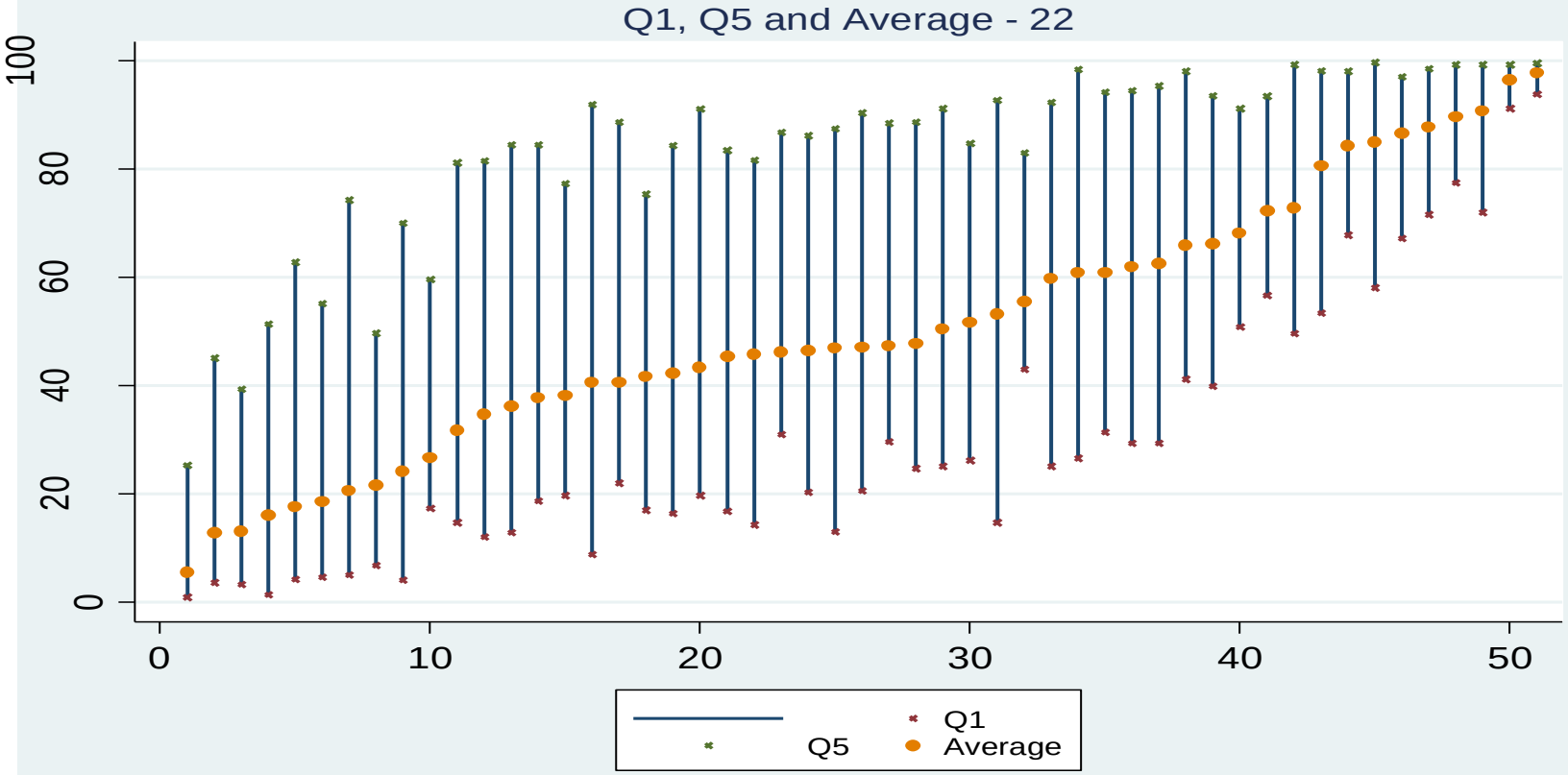
Part III: Universal coverage

Global dimensions

How it fits in our framework

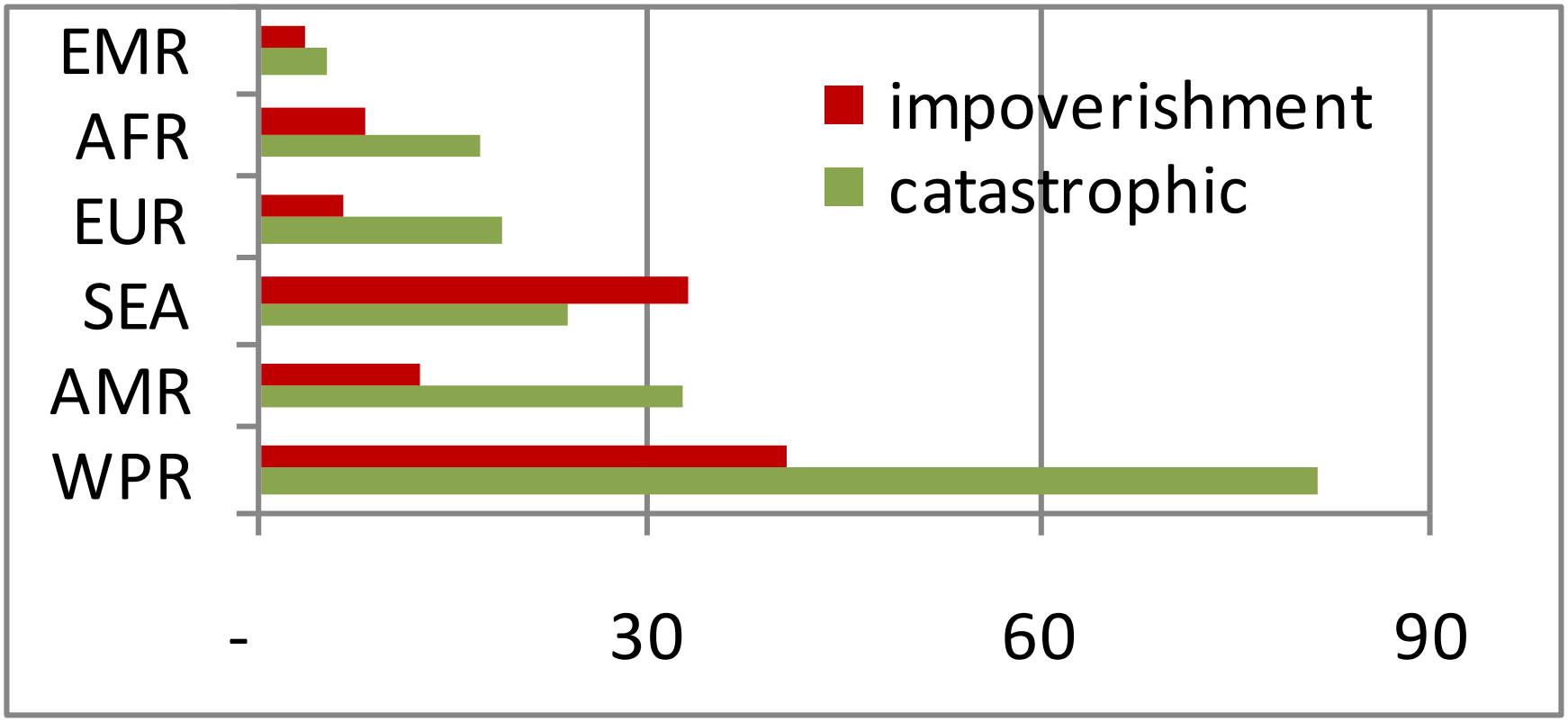
The global dimension: millions miss out on needed health services

Percentage of births attended by medically trained persons



Source: Latest available DHS for each country (excl. CIS countries)

Millions more suffer financially when they use health services



Definition: Financing for Universal Coverage

- "Financing systems need to be specifically designed to:
  - Provide all people with access to needed health services (including prevention, promotion, treatment and rehabilitation) of sufficient quality to be effective;
  - Ensure that the use of these services does not expose the user to financial hardship“

– World Health Report 2010, p.6

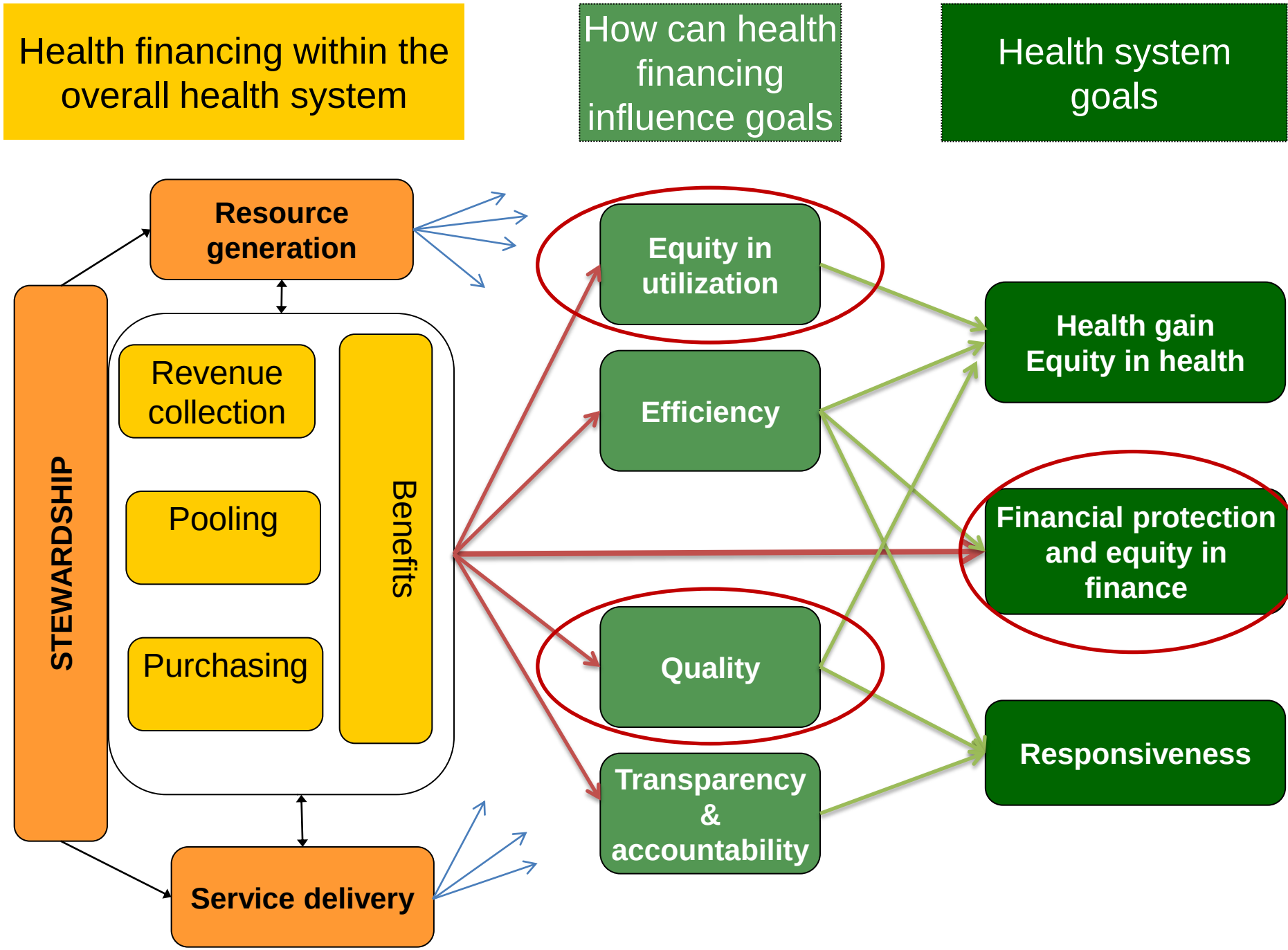
Definition embodies specific aims (universal coverage objectives)

- Access (reduce gap between need and utilization);
- Quality (sufficient to make a difference); and
- Financial protection…
- …for all

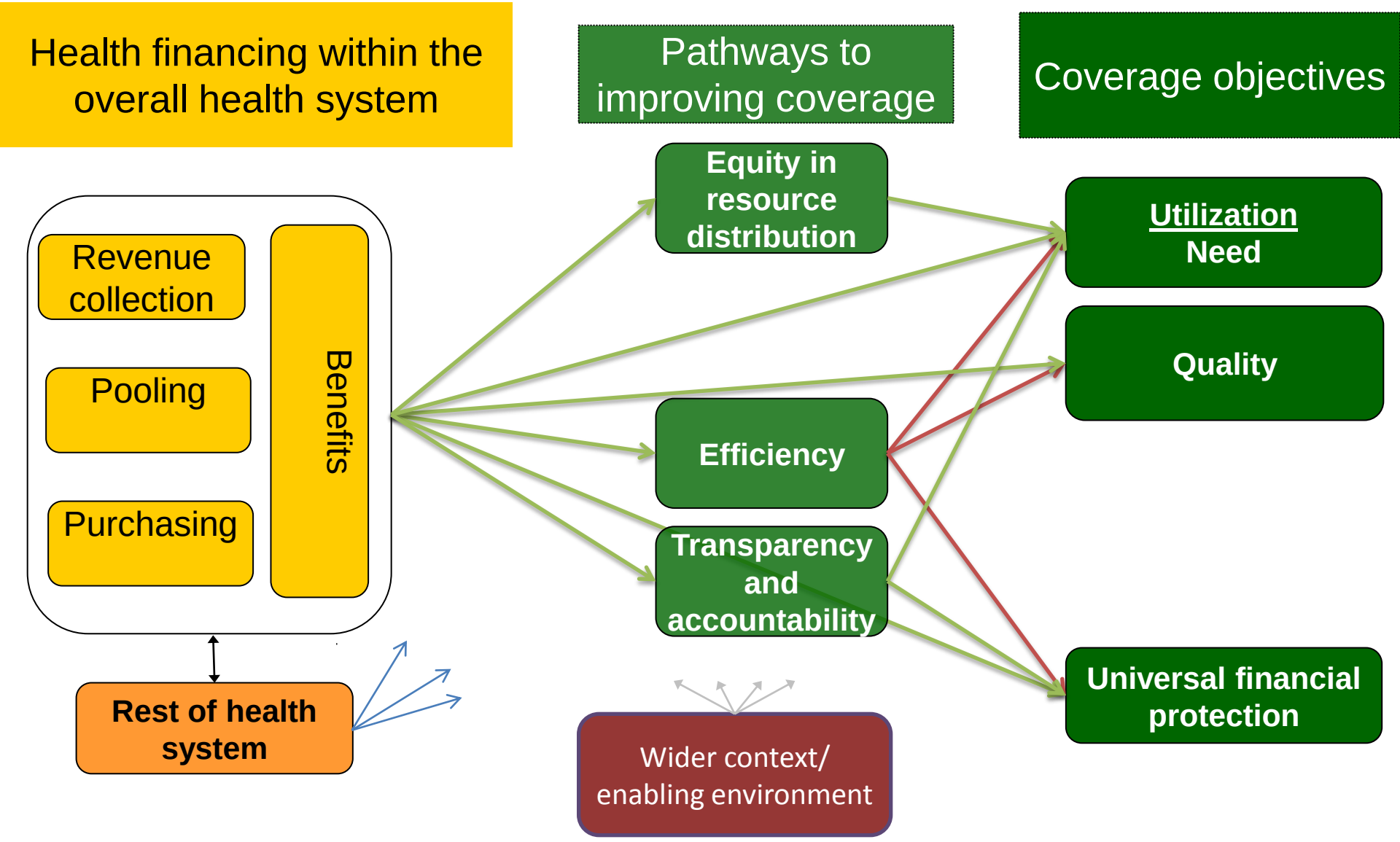
- Unattainable??

A direction, not a destination

- No country fully achieves all the coverage objectives
  - And harder for poorer countries
- But all countries want to
  - Reduce the gap between need and utilization
  - Improve quality
  - Improve financial protection
- Thus, moving “towards Universal Coverage” is something that every country can do


Health financing within the overall health system
How can health financing influence goals
Health system goals
Resource generation
STEWARDSHIP
Revenue collection
Pooling
Purchasing
Benefits
Service delivery
Equity in utilization
Efficiency
Quality
Transparency & accountability
Health gain Equity in health
Financial protection and equity in finance
Responsiveness

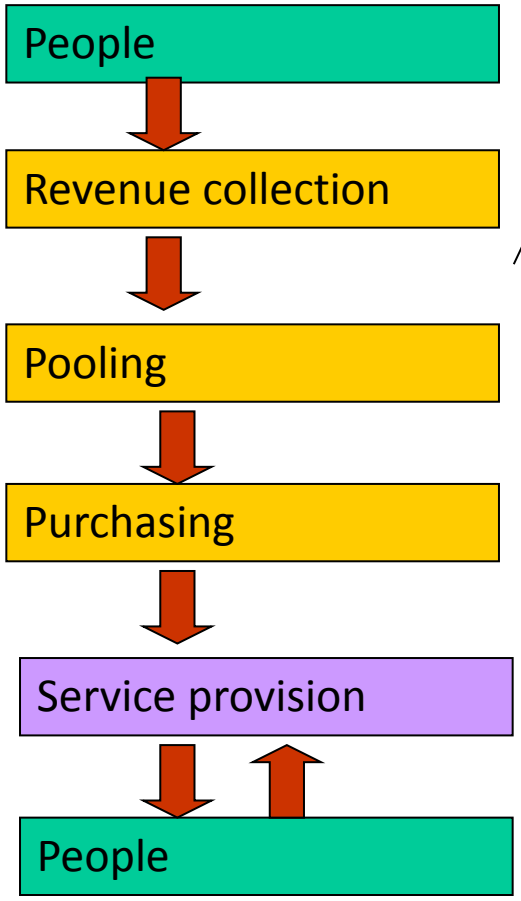
How health financing arrangements can promote effective universal coverage



Implications of this way of looking at things

- The “goal” of universal coverage may be seen as a means to the ends of improving health (and equity in health) and financial protection
  - Reduce the gap between utilization and need, in part by improving equity in resource distribution, and by improving people’s knowledge of their rights/entitlements
  - Improve quality
  - Promote universal financial protection
  - Improve efficiency to enable greater attainment of all of these

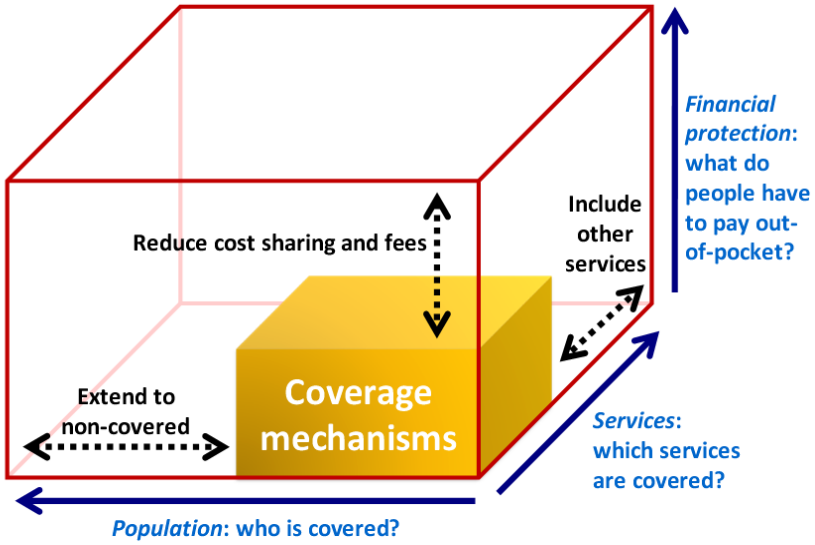
What kinds of choices need to be made?



and also this:

Reforms to improve how the health financing system performs

This



Breadth, depth and scope of coverage; level and distribution of utilization, extent of catastrophic and impoverishing payments…

In summary

- Health financing policy can make important contributions towards achieving all health system objectives
- Think about health financing policy in terms of functions rather than labels
- Although the region displays great variation in health system performance, there are many similarities in reform objectives and constraints