Conference of Ministers of Finance and Health

Theme: Achieving Universal coverage

Session 7: Protecting the Poor against Catastrophic Health Expenditure

Date: 05 July 2012
Time: 8.30-10:00
Venue: Tunis, Tunisia

SESSION AIM

Provide an overview of promising innovations which can increase healthcare access for the poor and protect them against financial risks causing catastrophic health expenditures.

BACKGROUND

Household out of pocket expenditures in Africa can comprise as much as sixty per cent of total health expenditure and can be catastrophic for poor families faced with even common ailments. Countries attempting to protect poor people against catastrophic health expenditure make policy choices about resource-generation, risk-pooling, and provision, or purchasing of services. Resources can be raised through taxes, payroll deductions, household/corporate premiums, and donor funding. Various types of health insurance and other health financing mechanisms are being employed by low- and middle-income countries (LMICs) in Africa and around the world. The associated risk-pools can be linked to groups such as employers, or professional associations, or can be broad, including the entire population. Services can be provided by transferring budgets to public facilities or by purchasing services from public and private providers. There are also innovations concerning reaching services such as medicines to the poor.

LMICs must overcome unique hurdles to raise sufficient funds to expand coverage to the poor and protect them against catastrophic health risk. Tax-collection is generally challenging due to weak institutions and lack of public trust that resources will be well-spent. In addition, large informal workforces make automatic tax deductions impossible to implement on a widespread basis. However, some informal workers do in fact have resources to contribute. Thus, failure to reach better-off informal sector households limits revenue potential, particularly in the African context, where the informal sector often accounts for 70 to 80 percent of the population. Despite these challenges, many countries in Africa and around the world have increased government spending as a percentage of total health expenditures through a mix of prepayment mechanisms such as general taxes, earmarked taxes, payroll deductions, and household premium contributions, and most have reduced reliance on private household payments at the point-of-service.
Risk-pooling spreads health costs across households with different health profiles to prevent catastrophic expenditures that come with unexpected health events or chronic conditions while also enabling cross-subsidies from richer to poorer populations. Universal coverage is an objective that countries typically pursue incrementally and rarely achieve overnight. Broadly speaking, the major risk-pooling approaches used by LMICs are the “incremental, multiple pool” approach, starting with different pools for different target populations and expanding or combining them over time, or the “big bang, single-pool” approach with a single risk-pool designed to target all populations, rich and poor, formal and informal.

Allocation of funds or health insurance enrollment has no meaning if the required services are not made available to the people or the insured; in the case of insurance, re-enrollment will go down if services are poor. On the other hand, efficient and equitable provision of services such as medicines will considerably protect people, particularly the poor, against catastrophic expenditures.

The countries represented in this panel represent different pathways towards reducing catastrophic risk, particularly for the poor and disadvantaged groups.

**KEY DISCUSSION TOPICS**

- What is the health insurance experience to date in different countries?
- What are the most promising insurance mechanisms, particularly for protecting the poor and what are the challenges?
- How can the ministries of finance and health work together to expand healthcare access and protect the poor?
- How can best practice be shared amongst countries, and which agencies can assist?

**CHAIRS & SPEAKERS**

Chair: Therese Aya N’Dri-Yoman, Minister of Health, **Ivory Coast**
Co-Chair: Hon. Mohamed Ahmed Mailt, Deputy Minister of Finance, **Egypt**

Keynote Speaker: Dr. Luis G. Sambo, Regional Director for Africa, **WHO**, on behalf of **HHA** (15 mins)

Mr. Sylvester Mensah, CEO, **Ghana National Health Insurance Authority** (10 mins)

Dr. M. Pate, Minister of State for Health, Federal Republic of Nigeria (10 mins)

Dr. Ainura Ibraimova, Former Deputy Minister, **Kyrgyzstan** (10 mins)

Dr. Tran Van Tien, Vice Director, Department of Health Insurance, Ministry of Health, **Vietnam** (10 mins)

Dr. Sundararaman Thiagarajan, National Health Systems Resource Centre, National Institute of Health and Family Welfare, **India** (10 mins)
Open discussion (15 mins)