EXPLORING POSSIBLE REGIONAL COLLABORATION TO CONTAIN HEALTH CARE COSTS

JOSEPH MTHETWA

SENIOR PROGRAMME OFFICER – HEALTH AND PHARMACEUTICALS

SADC SECRETARIAT

POLICY DIRECTION FOR HEALTH PROGRAMME

- SADC Member States share a common vision of deepening regional integration. In 1997 'health' was included in its Programme of Action.
- SADC Protocol on Health was signed in 1999
- SADC Health Policy was approved in 2000
- SADC Member States have made strong commitments in the area of HIV such as the Maseru Declaration on HIV and AIDS in 2004
- SADC Developed the Implementation Plan for SADC Protocol on Health in 2007
- First SADC Pharmaceutical Plan was approved in 2007, revised in 2015

POLICY DIRECTION IN SADC REGION

- Universal health coverage can be defined as providing financial protection from the costs of using health services for all people of a country as well as enabling them to obtain the quality health and HIV services that they need.

- Governments in SADC commit themselves to giving the entire population access to a defined package of health benefits with financial protection.

- Member States have the vision to integrate the health related components of the HIV Response into the health policy and planning framework.

- Ambitious as it seems, the UHC agenda is now largely taken over by SADC Member States, and embedded in the SADC Protocol on Health.

- In order to pursue its policy objectives in health and HIV, Member States, within the institutional and policy framework of SADC, dealt with the question of how to finance these concurrent but part-overlapping policy agendas of scaled up HIV Response and universal health coverage, against a backdrop of plateauing external financial support especially for HIV.

- Member States developed financing strategies that are sustainable, in the sense that planned costs of programme implementation are covered by identified sources of health and HIV funding, and this over the short to medium term.

SADC EPIDEMIOLOGICAL CONTEXT

- HIV & AIDS, TB and malaria
- Region continues to experience the most severe HIV prevalence (9 most infected countries)
- Tuberculosis is experiencing a resurgence (TB/HIV Coexistence; MDR, XDR TB (8 SADC Countries among 15 with highest TB Incidence)
- Malaria is endemic across the remaining seven SADC Member States.
- Increasing Burden of NCD

SADC ECONOMIC CONTEXT

The SADC economies	Part and parcel and a driving force of the African economic space
Annual GDP	Second fastest growing region in the world (5,1%)
Investment Opportunity	Promising particularly in Health Sector

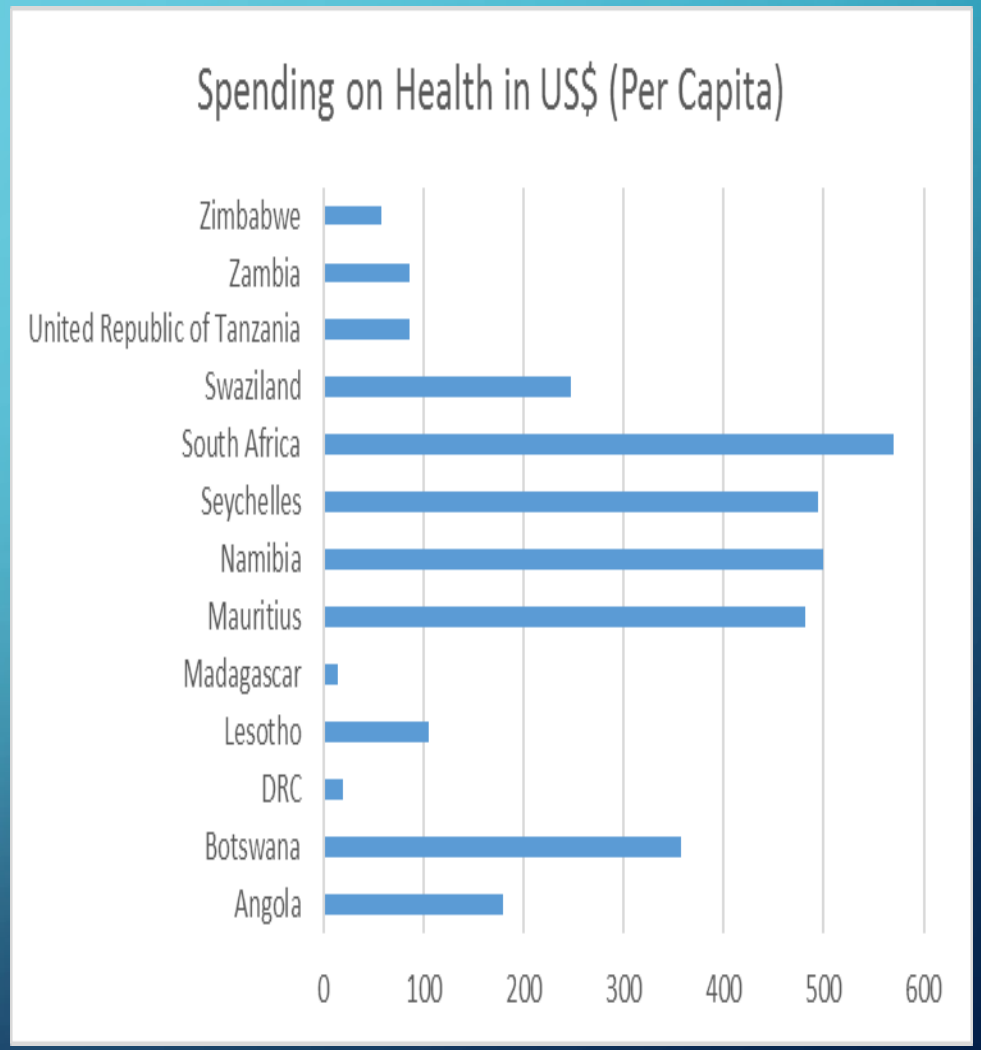
Expenditure and fiscal space for health and HIV

Per capita health and HIV spending varies widely across SADC countries.

Especially in function of the countries' economic status.

Epidemiological profile.

Total health expenditure per capita is lowest in the DRC (19 USD in 2014) and highest in South Africa (570 USD).



- The main sources of funding for health in SADC Member States are governments, households, international donors, and the private sector (companies).

- 47% of total health expenditure, although with large variations between countries.

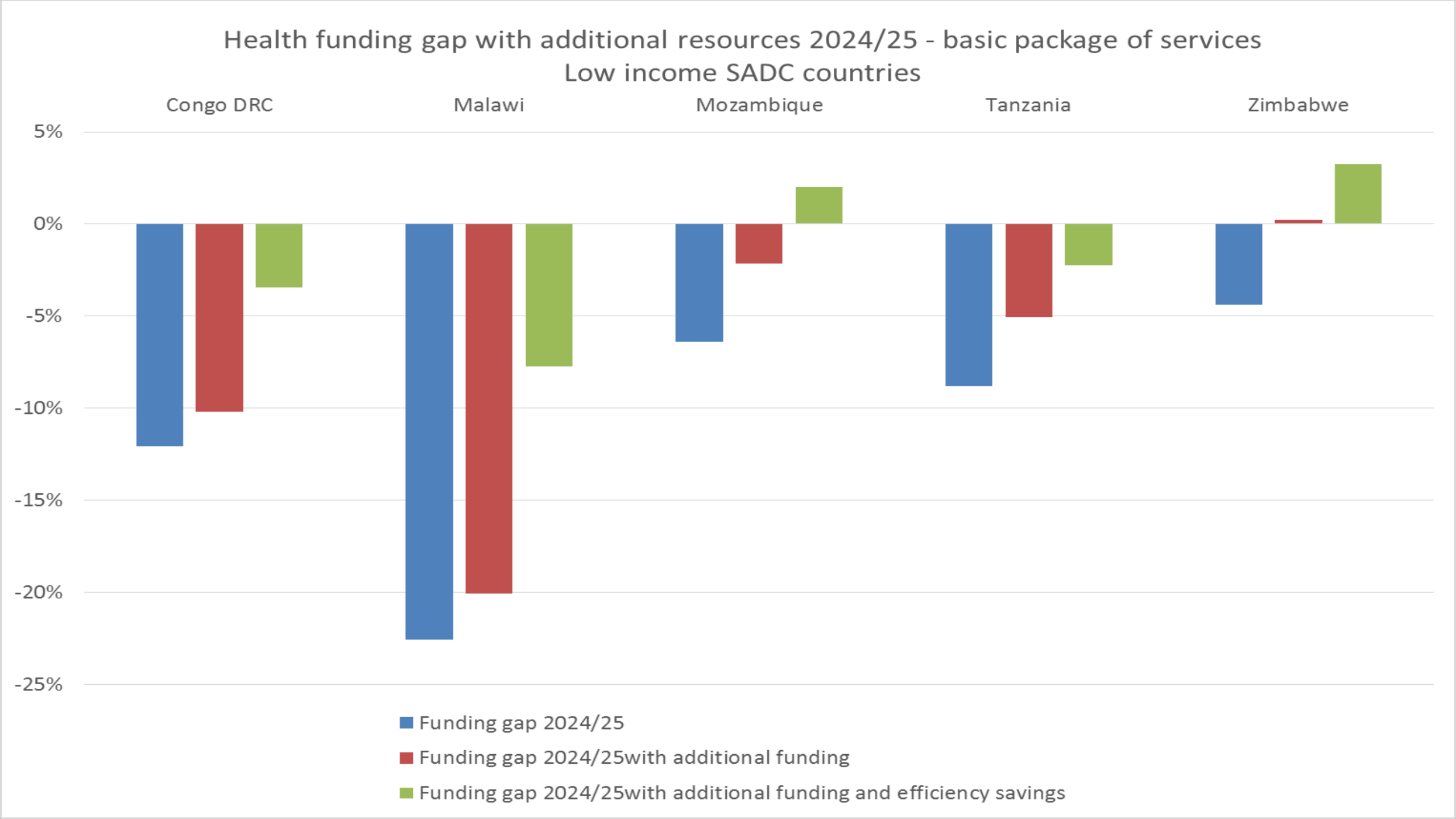
- Government accounts for 87% of total health expenditure in 2013/14 in the Seychelles; this is 62% in Angola, but only 12% and 18% in Tanzania and Malawi respectively.

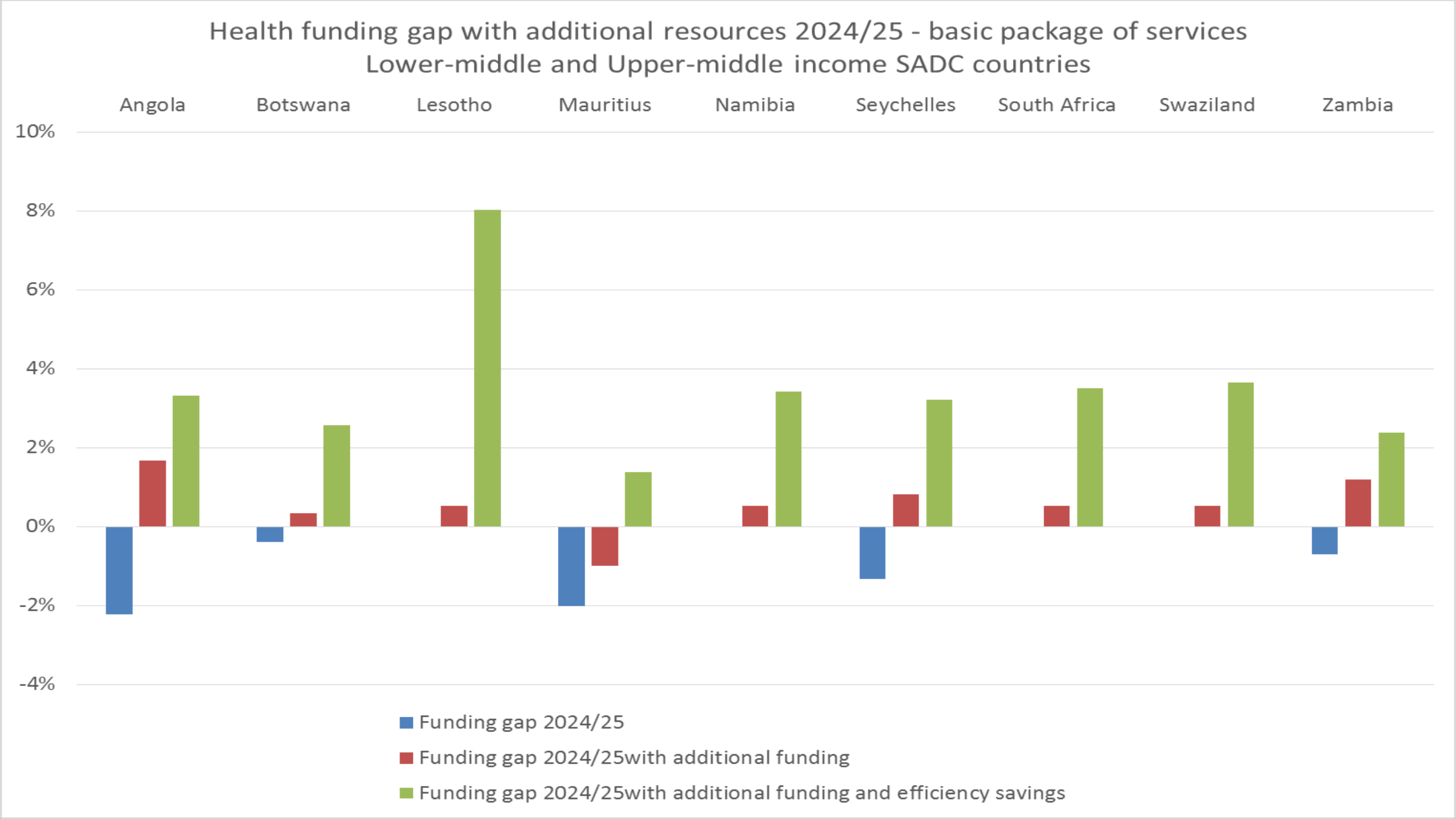
FUNDING FROM IDP/ICP/DONORS

- Contributions from international donors: 6% across SADC
- Angola 2% of total health expenditure; South Africa 2%; Mauritius 4%.
- Highly donor dependent: Mozambique 70% of total health expenditure is from international sources; 52% in Malawi and 37% in Tanzania
- Large majority of spending on HIV services is funded by international donors (DRC 97%; Mozambique 93%; Zambia 80%).
- Other countries finance HIV expenses mostly themselves, with high shares of government spending in total HIV spending (South Africa 78%; Angola 70%; Namibia 64%).

DOMESTIC SOURCES FOR ADDITIONAL FISCAL SPACE FOR HEALTH AND HIV

- In SADC we consider four domestic sources to increase resources for health and HIV.
  - FIRST: Most Member States have room to increase general government expenditure for health and HIV. All Member States have signed up to the Abuja Declaration yet only four have achieved the target to allocated 15% of general government expenditure to health and HIV. Those countries that have reached this target can move beyond it.
  - SECOND, Innovative sources of funding are levies and hypothecated taxes earmarked for health and HIV. While many different types exist, air passenger taxes, mobile phone levies, tobacco and alcohol taxes, public mainstreaming and direct private sector contributions are popular in the region.
  - THIRD efficiency savings are increasingly recognised as an important potential source of fiscal space. Moreover, more efficient health systems are often more effective in human resources for health, drugs and medical supplies, and strategic purchasing of health services.
  - FOURTH, although deficit spending for health and HIV is still rare, Member States with low debt sustainability levels are in a position to raise additional revenue on national and international financial markets.


Health funding gap with additional resources 2024/25 - basic package of services
Low income SADC countries
Congo DRC
Malawi
Mozambique
Tanzania
Zimbabwe
5%
0%
-5%
-10%
-15%
-20%
-25%
Funding gap 2024/25
Funding gap 2024/25with additional funding
Funding gap 2024/25with additional funding and efficiency savings


Health funding gap with additional resources 2024/25 - basic package of services
Lower-middle and Upper-middle income SADC countries
Angola
Botswana
Lesotho
Mauritius
Namibia
Seychelles
South Africa
Swaziland
Zambia
10%
8%
6%
4%
2%
0%
-2%
-4%
Funding gap 2024/25
Funding gap 2024/25with additional funding
Funding gap 2024/25with additional funding and efficiency savings

	Business as usual		Additional resources		Policy focus		
	2014/15	2024/25	2014/15	2024/25	Additional domestic resources	Equity in financing and access	Additional development partner resources
Angola							
Botswana							
DRCongo							
Lesotho							
Malawi							
Mauritius							
Mozambique							
Namibia							
Seychelles							
South Africa							
Swaziland							
Tanzania							
Zambia							
Zimbabwe							

Sustainable financing for UHC

All Member States:

- ✓ have five-year health financing strategies towards achieving UHC goals
- ✓ define an appropriate benefit package including health and HIV services that defines the population entitlement within an UHC policy objective
- ✓ develop detailed costed plans for universal coverage
- ✓ identify funding sources for UHC and develop a coherent funding strategy over five-years
- ✓ assess the potential for efficiency savings in the health system and develop a plan of action with quantified efficiency gains, including the assessment for potential integration of HIV and health services
- ✓ assess the fiscal potential of innovative sources of funding for UHC
- ✓ assess the potential for increased government contributions for health and HIV towards the Abuja Declaration target
- ✓ develop a strategy to mobilize additional resources

MINIMUM POLICY STANDARDS FOR HEALTH SYSTEMS REFORM TO SUPPORT SUSTAINABLE FINANCING IN SADC

- ❑ SADC updates the Pharmaceutical Business Plan
- ❑ SADC established regional process for the development and implementation of Standard Treatment Guidelines and Essential Medicines Lists, including for HIV and TB
- ❑ SADC fast-tracks the operationalization of there gional pooled procurement strategy
- ❑ SADC has an established SADC Medicines Regulation Harmonization Initiative (Zazibona Collaborative Dossier Evaluation)
- ❑ SADC has developed policy on regional production and public drug procurement

Human Resources for Health

- develop or update a coherent Human Resources for Health policy and regulatory frameworks
- develop plans to increase pre-service training for human resources for health towards achieving WHO staffing norms
- develop task shifting policies
- develop HRH performance management policies
- develop rural area HRH retention policies
- develop policies to manage international HRH migration

- **Integrated approach to Universal Health Coverage: All Member States**

❑ Are developing a Universal Health Coverage Implementation Strategy

❑ are carrying out a UHC situational analysis

❑ have developed a comprehensive PPP policy framework

IMPLEMENTATION AND COORDINATION MECHANISM: STAKEHOLDER ROLES AND RESPONSIBILITIES

- **Ministries of Health**
  - Develop a health and HIV financing strategy
  - Define a Basic Benefit Package
  - Develop a costed action plan for UHC
  - Assess health system efficiencies
  - Develop a plan for health and HIV system efficiency savings
  - **Assess the fiscal potential of innovative sources of funding**
  - Develop an action plan to put in place innovative sources of funding
  - Develop a strategy to mobilize additional resources from development partners
  - Support the update of the Pharmaceutical Business Plan
  - Support the development of Standard Treatment Guidelines and Essential Medicines Lists
  - Support the development of a Regional procurement strategy
  - Support the development of SADC Medicines Regulation Harmonization Initiatives
  - Support the development of Policy on regional production and public drug procurement
  - **Develop or update a Human Resource policy and regulatory framework**
  - Develop a funded plan for in-service training
  - Develop task-shifting policies
  - Develop Human Resources of Health performance management policies
  - **Develop a funded rural area retention policy**
  - Develop policy to manage international migration
  - Carry out a UHC situational analysis
  - Support the development of a UHC implementation strategy and plan
  - Develop a comprehensive PPP policy framework
  - Support the development of a UHC donor compact
  - Coordinate all health stakeholders in the development of strategic documents and in the implementation process

MINISTRIES OF FINANCE

- Gradual increase in GGHE/GGE through increased dialogue with line Ministries on key priorities and mechanisms for funding Health and HIV
- Determine, together with MoH how to channel investments in health towards unlocking key bottlenecks in the health system including delivery, systems and capacities for managing finances
- Support the development of a health financing strategy
- Support the development of a costed action plan for UHC
- Support the assessment of health system efficiencies
- Support the development of a plan for health system efficiency savings
- Support the assessment of the fiscal potential of innovative sources of funding
- Support the development of an action plan to put in place innovative sources of funding
- Support the development of an HRH policy and regulatory framework
- Support the development and funding of a plan for in-service training
- Support the development and funding of rural area retention policy
- Support the development of a UHC implementation strategy and plan
- Support the development of a UHC donor compact
- Strengthen coordination of financial support from external sources e.g. donors and other stakeholders

NATIONAL AIDS COMMISSION

- Develop a Feasibility study on an HIV Trust Fund
- Support the development of a health and HIV financing strategy
- Support the development of a Basic Benefit Package
- Support the assessment of health and HIV system efficiencies
- Support the development of a plan for health and HIV system efficiency savings
- Support the assessment of the fiscal potential of innovative sources of funding for health and HIV
- Support the development of an action plan to put in place innovative sources of funding
- Support the agreement on a gradual increase in GGHE/GGE
- Support the update of the Pharmaceutical Business Plan
- Support the development of Standard Treatment Guidelines and Essential Medicines Lists
- Support the development of a Regional procurement strategy
- Support the development of SADC Medicines Regulation Harmonization Initiatives
- Support the development of Policy on regional production and public drug procurement
- Support the development of an HRH policy and regulatory framework
- Support the development of a plan for in-service training
- Support the development of Task-shifting policies
- Support the development of a UHC implementation strategy and plan
- Support the development of a comprehensive PPP policy framework
- Support the development of a UHC donor compact
- Coordinate all HIV stakeholders' input into the development of strategic documents and in the implementation processes

SADC SECRETARIAT

- Update of the Pharmaceutical Business Plan
- Develop Standard Treatment Guidelines and Essential Medicines Lists
- Develop a Regional procurement strategy
- Develop SADC Medicines Regulation Harmonization Initiatives
- Develop a Policy on regional production and public drug procurement
- Monitor and port on the implementation of two consecutive five-year Member State Health and HIV financing plans, the Drugs and medical supplies and Human Resources for Health, and UHC implementation strategy
- Facilitate knowledge and information sharing on health and HIV financing

INTERNATIONAL DEVELOPMENT PARTNERS

- Support the health and HIV financing strategy
- Support the Regional UHC strategy

PRIVATE SECTOR ENGAGEMENT IN UHC

- The non-state sector plays a significant role in delivering health care to people in developing countries.
- This poses significant challenges and opportunities in terms of the safety, effectiveness and cost of health services.
- There is a need to build systematic knowledge about patient demand for healthcare from private providers, the performance of private providers, the outcomes of regulatory interventions and the political economy of pluralistic health systems.

- The question now is: how will countries deliver on this agenda, and what role can and should the private sector play given that: Private financing of health care represents 40 to 70 percent of health spending in low and middle-income countries.

- As countries transition to more public financing, we need to think of this private financing as domestic resources and maximize their outcomes for UHC – say for example by making sure quality is ensured at all times.

- The private sector currently provides between 50 to 80 percent of care in many countries. How do we leverage this existing private health infrastructure for UHC?

THE PRIVATE SECTOR: AN ESSENTIAL BUT UNTAPPED PARTNER FOR UNIVERSAL HEALTH COVERAGE

- Around the world, an estimated **400 million people lack access to basic health services,** and millions more are driven into poverty because of high out-of-pocket healthcare costs. For those of us who can count on health insurance or the private resources to cover gaps in coverage when unexpected personal or family health crises hit, it's difficult to imagine the stress and hopelessness that people face when unable to help loved ones cope with either acute episodes or chronic conditions—or have to choose between paying for healthcare and paying for other necessities of daily life.

- Universal health coverage (UHC) strives to address this challenge, protecting people from financial hardship that can result from seeking health services.

- Furthermore, UHC includes improving the quality of health care and addressing health inequities that result from geographic location, economic disparities and gender.

- Among these partners, **the private sector is often overlooked as a critical collaborator in enabling mixed health systems to improve population health in sustainable ways.**

- For the last three decades, the private sector has been increasing its contributions to improving the health of communities around the world.

- Aside from providing health services and creating innovative finance mechanisms, companies provide expertise, human capacity, funding, research and other resources that support mixed health systems.

- Let’s embrace the opportunity to work together now so that the human right to health is not compromised by accidents of geography or persistent inequalities in the distribution of health resources.