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Conference Paper

Financing health care for the poor

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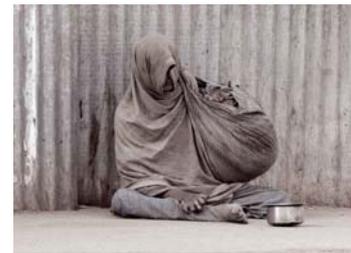


Social Insurance: Promoting Health and Welfare

Financing Health Care for the Poor

Summary

Worldwide, 1.3 billion people do not have access to effective and affordable health care. Low- and middle-income countries bear 93% of the world's disease burden, yet account for only 18% of world income and 11% of global health spending.



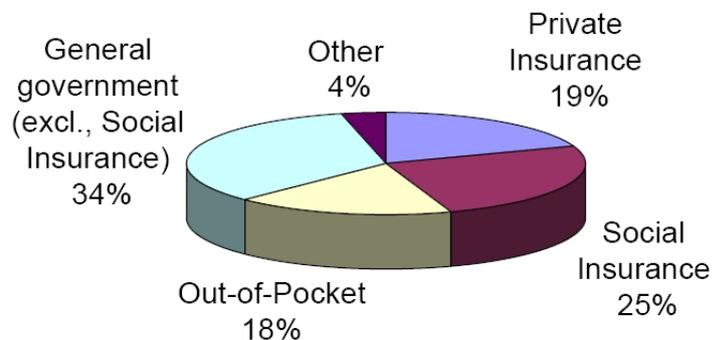
What systems of infrastructure, education and training are required in poor countries to support a well-functioning health care system?

What governance structures are necessary to encourage the right mix of public and private health care provision? What regulatory framework is needed to induce businesses to provide insurance, provision and finance for health in poor countries?

How can the fruits of medical knowledge and technologies be shared among rich and poor countries without destroying incentives to generate more knowledge?

What forms of international cooperation are conducive to the finance of health systems in developing countries? What international institutions are required to make health care for the poor an attractive opportunity for business?

Composition of World health expenditures (World spent US\$4.1 trillion on health in 2004)





Proposed Solutions

Expert Opinion

Despite decades of investments in public health care systems, catastrophic health costs (e.g., payments exceeding 40 % of a household's capacity to pay) are a common phenomenon in the developing world and drastically increase the risk of impoverishment, because these systems do not cover all relevant risks. In light of these perils, there is an urgent need to move away from excessive reliance on out-of-pocket payments (i.e., the share of health costs directly borne by patients) as a source of health financing.

One way out of this dead end is to foster the growth of nongovernment health care insurance in low-income countries. An innovative and promising approach is the community-based health insurance (CHI) that has been implemented in a number of Francophone West and Central African Countries. CHI is established through rather small local initiatives with voluntary membership. Programs have either been initiated by health care providers (e.g., hospitals), Non-Government Organizations, or local associations. Schemes are generally limited to a specific region and insurance packages only offer limited coverage for certain medical treatments. CHI is a promising approach to extend health care coverage to otherwise excluded individuals. Specifically, CHI has the potential to integrate a large part of the rural population that would otherwise be left with no or very little health care. Besides offering moderate premiums to their clients, CHI can generally adapt better to the specific needs of their clientele than large government programs can. Although health coverage will typically remain low, recent empirical studies show that these schemes can indeed increase accessibility to health care and are an important tool in reducing periodic expense shocks.

The innovative approach of CHI can only succeed with the provision of cost-efficient medication, especially to help treat cross-border pandemics such as HIV/AIDs. However, any legislation forcing pharmaceutical companies to participate in such programs would lead to patent infringement thereby reducing incentives to invest in research and development of new drugs. These problems can be overcome by NGOs purchasing and subsequently releasing patents for selected drugs.

Strategy Perspectives

A Few Suggestions to Lower Health Care Costs

Daniel Ariely

Professor of Behavioral Economics, Duke University; Visiting Professor, MIT Media Lab

A few suggestions to lower health care costs (note that since my area of research is individual behavior I have focused on these types of approaches):

Create a “doctor of the practice” degree where individuals could become rural medical practitioners by apprenticing with a physician for a year or so, but without the extensive medical training. With this lower barrier to the profession, there will be more practitioners in the field at a lower cost.

Make preventative health care a pre-condition for obtaining more advanced forms of health care. Ideally, this would make the need for preventative health care more salient, get people to take action, and reduce the overall cost of healthcare.



Help western hospitals donate their old equipment to a central organization that will redistribute it.

Create an end of life tax where people over 75 have to pay double for health care, and use this tax to offset the healthcare costs of populations in need.

Provide free clinics that have a limited scope of what treatments and services they can offer. These clinics would be used for routine check-ups and basic health care at a controlled cost. They would not have the capabilities to conduct procedures or operations. The idea here is to create a standard for care that can be delivered at a known cost.

Develop policies in order to help people die in a more dignified way. This will cut much of the cost of medicine in the western world as well.

Pharmaceutical Innovation and Meeting the Needs for Global Access

Harvey E. Bale

Former Director-General, International Federation of Pharmaceutical Manufacturers Associations

Key Messages

The research-based pharmaceutical industry is a key health care stakeholder, making a significant and unique contribution to health care on a global scale in three key areas.

1. Its primary role is innovation – to research and develop new medicines, including vaccines and products of biotechnology.
2. Improving health care in developing countries remains a priority concern of the global health community; thus, access to health care, including medicines, is on the agenda of not only policymakers, but also of many non-governmental organizations, including industry.
3. A third area of focus is on corporate good governance including adherence to high standards of regulatory and legal compliance, high ethical standards in clinical trials and promotion of medicines, working to prevent corrupt activities and addressing other issues that support good health care policies and better access to medicines.

Summary

While states have the primary role and obligation to improve global health, the research-based pharmaceutical industry plays a unique role: developing innovative, safe and effective medicines. Moreover, the industry works to reduce mortality and morbidity in the poorest nations through multi-stakeholder dialogue and partnerships. These partnerships enable each stakeholder to use its expertise in a concerted manner. Thus, they can make the joint effort an effective, far-reaching and beneficial undertaking for patients in developing countries, who benefit from the products or services of these partnerships. The factors that create the current, tragic state of health for many people living in the poorest countries are complex, and only in partnership with experts and institutions in other contributing fields can the research-based pharmaceutical industry play its part in creating meaningful access to medicines that will save or improve the quality of lives. Since the launch of the UN MDGs, the research-based pharmaceutical industry has collectively made available through its own funding over 1.3 billion positive health interventions in developing countries to save and improve the lives of people living in these countries.



Conclusions

Industry commits to continue to act responsibly in its sphere of capability and is committed to work collaboratively to make its novel preventative and therapeutic products available and accessible to the global patient community.

Lessons Learned

The enormous mortality and morbidity burden in the poorest developing countries can only be addressed by improving access to health care via a concerted, partnership-oriented strategy that is supported globally with financial resources as well as know-how about good practices, and with national and community efforts to increase poor people's access to essential health services.

Abstract

Hany El Banna

Founder and President, Humanitarian Forum; Co-Founder and President, Islamic Relief

Since the rise in food prices, has long term implications across several dimensions, including health and water, it is important to draft a long-term oriented and more comprehensive solution. Re-assessment of the civil society sector and recognition of its vital role is essential. Civil societies mirror the diversity of communities, in terms of their geographical coverage and social representation. They are the channel through which the local need is articulated, which in turn implies sustainability and continuity. While governmental terms come to an end, and business succumbs to market pressures, civil society is consistently adapted to the needs of local communities.

It is important to acknowledge the efforts of NGOs to date in pushing for sustainable development. However future success in addressing climate change and its deriving challenges requires NGOs to surpass their traditional role as lobby and pressure groups, and become equal partners in the decision making and implementation process. NGOs, together with governments and the business sector have the potential to combat human and environmental degradation. The potential of NGOs can only be realised with its assignment of greater power, and the provision of the right to veto governmental and business sector decisions.

The sharp increase in agricultural prices has had adverse human and environmental costs. Although population growth rates have contributed to this sharp increase, the impact of biofuel investment should not be underestimated. As a result efforts dedicated to environmental protection have contradicted those of poverty and hunger combat. Technology has a vital role to play in mitigating this contemporary paradox. Our major issue now is to how to empower the local communities. We need a positive transfer of technology to the poorer nations, to empower them to find solutions to their problem they are facing.

The sun represents a prime source of energy, and a natural endowment enjoyed by many poverty-stricken countries. Attempts to convert sun into energy date back to the 18th century, and interest in further development reemerged in the 1950s and 1970s. Despite solar technology representing a cost-effective means to overcome the deriving challenges of climate change, its potential has never been fulfilled. It is necessary to question this has not happened.

This source of energy is clean and environmentally friendly. A better environment means a better community health and less climate change related problems.



There are many forms of alternative medicines which proved to be effective. We can look further at this option and see if it can help in the problem of providing health care for poor people. Providing that they are scientifically been approved. This option might not get the endorsement of many, but it is sometimes the only available option when the medicines are very expensive or are not available.

Case Reports from Russia & Bhutan

Frederik Paulsen

Chairman, Ferring Pharmaceuticals

The case reports from Russia and Bhutan uncover basic problems with regard to financing health services.

The Russian case report concerns itself with the impossibility of financing specialized medical services (e.g. reproductive medicine) from the existing system.

The selected approach to a solution here is: Private Public Partnership. Whether or not such an approach can, and will, be both successful and sustainable must be discussed.

The Bhutanese case report, on the other hand, concerns itself with financing of the overall health care system. In comparison to other developing countries, Bhutan's health care system is surprisingly modern when one compares the maternal and infant mortality rates, availability of drinking water and the level of the populace's immunization. Here, however, a discussion of how to finance specialized medical services is far off.

In the case of Bhutan, outside experts were made available to the government to discuss approaches dealing with the sustainability and financing of the health care system.

In any case, ensuring a sustainable healthcare system will only be successful if it proceeds in keeping with the level of the country in question, i.e. is adapted to the structures of the region in need of support. High tech medicine for everyone – of the sort available in Western countries – will, however, remain a utopia for some time to come. Developing countries too must go through the process of a gradual step-by-step evolution of the health care system, rather than a sudden encompassing revolution.