Health care financing reform

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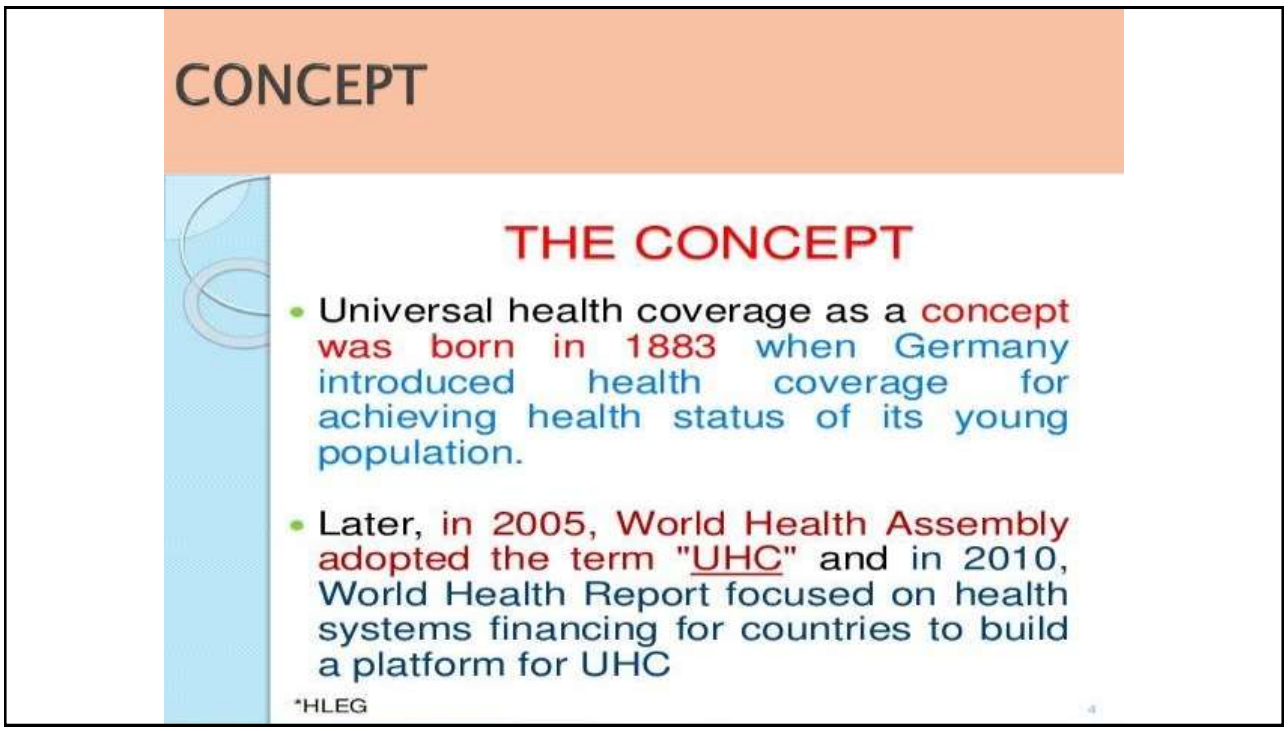
Aim of The Presentation

- Universal Health Coverage
- Financing & financing reform
- Egyptian System Deficiencies
- What may work

Universal Health Coverage UHC

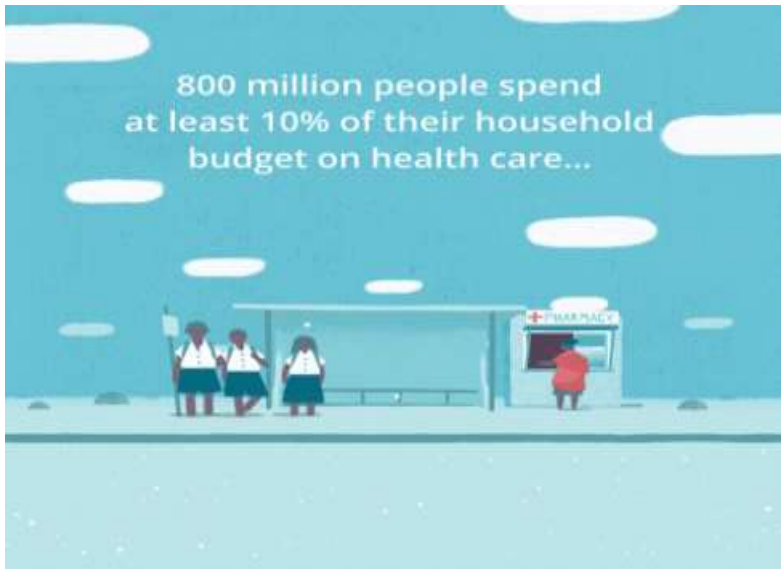
UHC means that all people and communities receive the quality health services they need, without financial hardship.

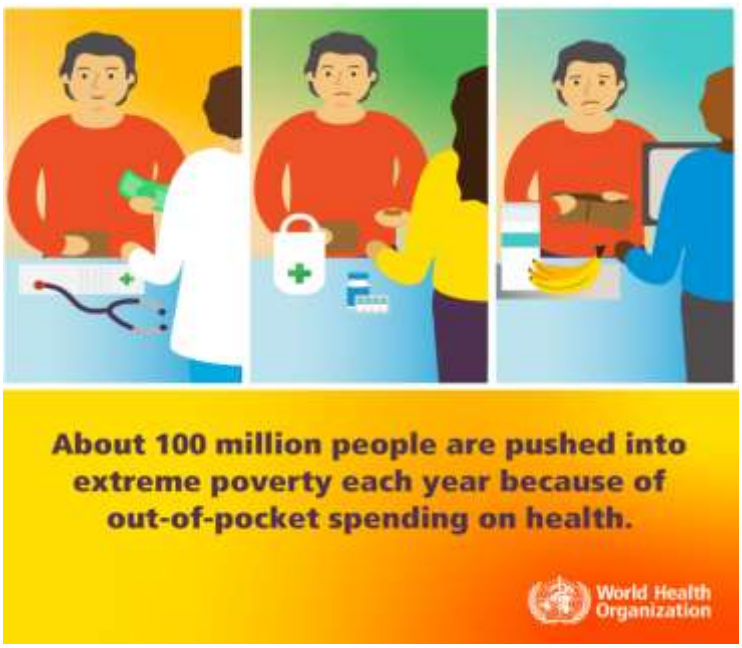


SDGs 2030

Facts About UHC

- No country fully achieves all the coverage goals embedded in definition of UHC But countries want to
- Reduce the gap between need and utilization (equity)
- Improve quality
- Improve financial protection .. Thus, moving towards UHC requires health system strengthening actions to make progress on a combination of these objectives


800 million people spend
at least 10% of their household
budget on health care...

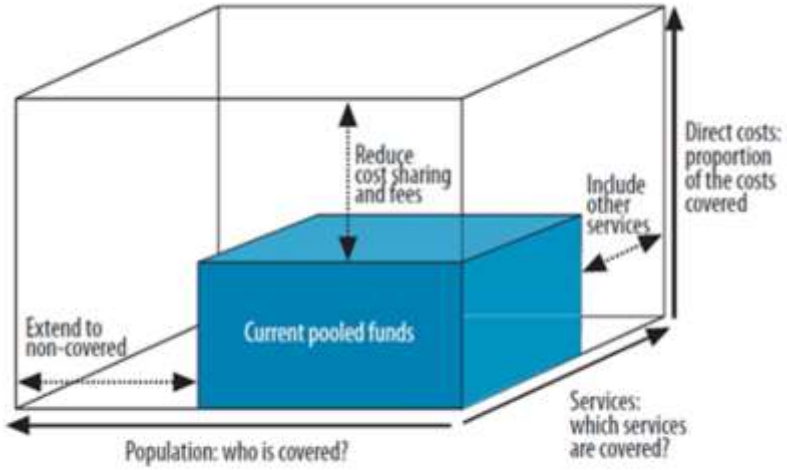

About 100 million people are pushed into
extreme poverty each year because of
out-of-pocket spending on health.
World Health
Organization

UHC

Key barriers to UHC achievement include

- poor infrastructures and availability of basic amenities
- out of pocket payments and catastrophic expenditures
- shortages and maldistribution of qualified health workers
- prohibitively expensive good quality medicines and medical products
- low access to digital health and innovative technologies

- Health financing reform is an inherently **political process** that alters the distribution of entitlements, responsibilities and resources across the health sector and beyond.



Three dimensions to consider when moving towards universal coverage

Health Financing Reform

Health financing involves four health system functions and policies:

- Revenue raising
- Pooling
- Purchasing
- Benefit design

Health Financing Reform

- ***Raising revenues*** for health refers to policies for mobilizing financial resources from households (e.g taxes), businesses, and external sources (funds) to pay health system expenditures.
- ***Pooling*** refers to the accumulation and management of pre-paid revenues to spread financial risk for paying for certain health services across a group so that the pooled funds can be used to help pay for health care

Health Financing Reform

- ***Purchasing*** relates to the arrangements used to pay for health services, including health workers and providers, on behalf of the population.
- ***Benefit design*** is a policy choice that refers to the services covered by pooled funds, and commonly also includes specifying eligibility groups, point of service costs, and patient cost sharing.

These four functions are used to characterize health financing in any country.

Important guidelines& concepts in the reform process

Three policy principles to guide health financing reform

- Move towards predominant reliance on **public compulsory funding** for UHC
- **Reduce fragmentation** to enhance redistributional capacity (more prepayment, fewer prepayment schemes) and reduce administrative duplication
- Move towards **strategic purchasing** to align funding and incentives with promised services, promote efficiency and accountability, and manage expenditure growth to sustain progress

Revenue Sources

To meet SDGs countries must spent

60 dollars/capita/year

What to do

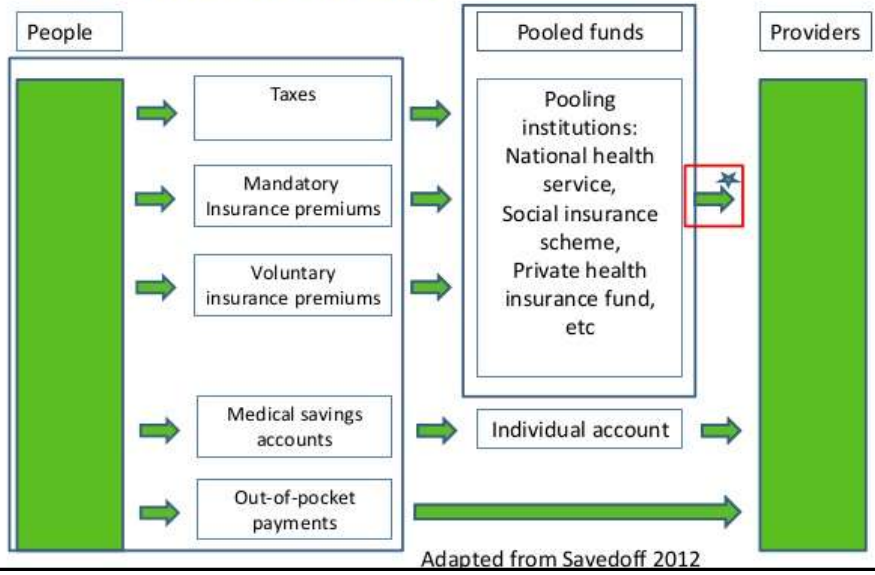
- Increase tax system (Informal sector/grey economy problem in developing countries)
- Low tax potential/effort (non compliance or administrative constraints)
- Sin taxes (Alcohol & tobacco)

Revenue Sources (cont.)

- Developed countries donations 0.7% of GDP official development assistance ODA), WHO, World Bank, UNICEF…etc
- Private Donations
- Private voluntary health insurance, community based health insurance, or informal sector contributions to national schemes

- To sustain progress, attention to efficiency
- **"Strategic purchasing"** as a critical strategy for this – linking provider payment to information on either/both their performance and population health needs

PURCHASING IS INTEGRAL TO HEALTH FINANCING



Adapted from Savedoff 2012

How to encourage optimum use of resources

- 20-40% of pooled funds are wasted on inefficiencies related to medicine (increase generic use)
- Selling medicine with profit (supplier induced demand)
- Health workforce distribution (Maldistribution in remote & rural areas)
- Primary Health care workers (training/ goal keepers of UHC)

Reducing pool fragmentation

- Aim is to increase redistributive capacity by reducing barriers – improve equity
- Also can improve efficiency by reducing duplication
- It only increases potential for improvement – needs to be aligned with provider payment and supply side development in order to realize the gains
- Easier said than done – politically challenging threat to vested interests, and often need to rely on compensating measures rather than taking this on directly, especially in early stages of reform

EGYPT

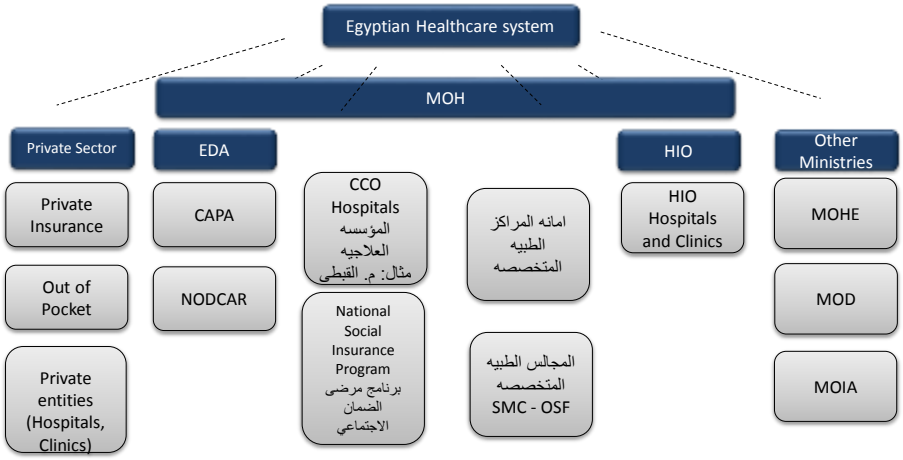
The constitution of 2014, article 18 has put **Egypt** on track for progressing towards UHC, while the new Social Health Insurance (SHI) law, recently endorsed, established the legislative structure to fulfill the constitutional mandate and will be an important instrument to make UHC a reality. The new law reorganizes the health system structure into new "**Social Health Insurance Organization** (SHIO)"; a new "Public Provider Organization"; a new "**Accreditation and Monitoring organization "**, besides "the **Ministry of Health and Population** (MOHP)" which takes charge of oversight of the whole health system together with provision of public, preventive, ambulance, and emergency health services.

Egyptian System Deficiencies

- Large regional disparities
- Health system is fragmented & complex
- Too little is spent on health
- Money is spent on health inefficiently & inequitably
- There are too many beds (hospital occupancy rate below 40%) & there is misdistribution of HR
- There are few incentives for efficiency
- Efficiency & quality problems in the pharmaceutical sector

Egyptian Healthcare System Overview

The healthcare system in Egypt is highly fragmented with numerous payers and service providers. The below diagrams illustrate current shape of healthcare system:



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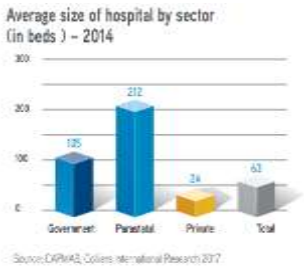
Hospitals Mapping in Egypt

Sector	Number in 2015
Private hospitals	**1,407**
Public hospitals	**661**
Total hospitals	**2,068**
Total number of beds	**126,500**
Number of beds per 1,000 population	**1.38**
Public inpatient admissions	**2,318,620**
Average length of stay in hospitals, (days)	**4.5**
Surgical procedures	**765,150**



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Egyptian Healthcare System Overview

Payors and service providers

Payors	Service Providers
1. MOH (The Ministry of Health) coming from the ministry of finance (MoF)	1. The MOH hospitals and outlets
2. The Health Insurance Organization (HIO)	2. The HIO hospitals and outlets
3. Out of pocket payments (OOP) households	3. Private hospitals and outlets (and private clinics)
4. The Ministry of Higher Education	4. Non-governmental organizations (NGOs) involved in health, which are nonprofit organizations as (Al-Gam3yia Elshar3ya)
5. Syndicates	5. Military and Police
6. Key accounts (Egyptair, Petrol,..etc)	6. Key Accounts (Petrol and Big entities like Egypt-air)
7. Military and Police	7. Other ministries hospitals (including the MOHE)
8. Other ministries	

- The MOHP owns and operates a large network of hospitals and outpatient facilities, Other public sector entities run their own facilities following the MOHP regulation while the private sector facilities have their own set of regulations and standards. There is a growing private market composed of hospitals, outpatient clinics, pharmacies, and traditional healers.

Egyptian Healthcare System Overview

Where does money come from?

- Egypt has a total of 2068 governmental and private hospitals and 5000 primary healthcare units.
- Egypt has a mixed and fragmented health system with multiple sources of financing, financing agents, and providers. The financing sources include:

Government spending that comes from MOF as part of the national budget allocation spending by households as premium payments for insurance as well as direct spending on health

Out-of-pocket spending by households as premium payments for insurance as well as direct spending on health

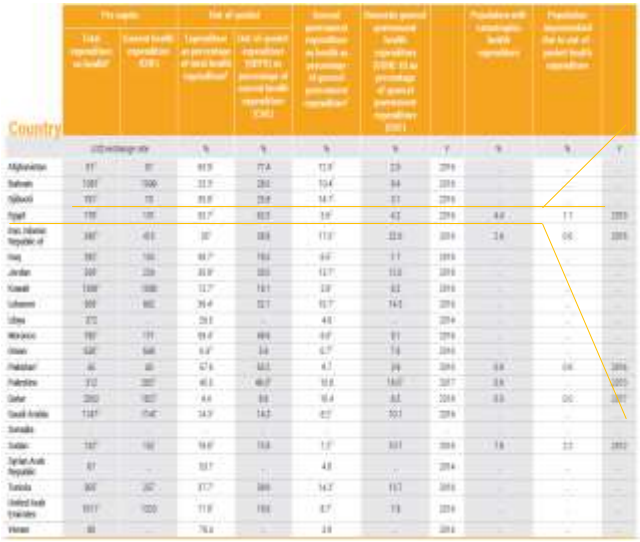
Private Insurance plans

Donations

A dedicated cigarette tax that goes to HIO budget

Egypt ranked (89) internationally out of 138 countries in the index of achieving basic requirements of health and basic education in 2016-2017

Healthcare System Overview



According to the data collected in 2013

Total expenditure on health Per capita	$ 178
Current health expenditure (CHE) Per capita	$ 131
Out-of-pocket expenditure (OOPS) as percentage of current health expenditure (CHE)	62%
General government expenditure on health as percentage of general government expenditure	5.6%

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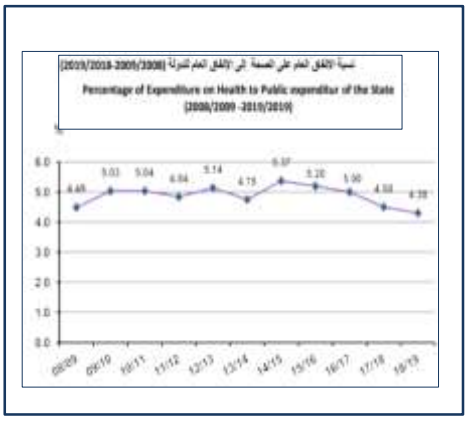
Healthcare System Overview

The State Public Expenditure on Health According to the State Public Budget (2017/2018 - 2018/2019)

Unit : MIL. L.E.

Item	18/19	18/17	البيان
The State public expenditure	1 424 828	1 207 138	الانفاق العام للدولة
Public Expenditure on Health	61 811	54 922	الانفاق العام على الصحة
Percentage of Public expenditure on Health to Public expenditure (%)	4.3	4.5	نسبة الانفاق العام على الصحة إلى الانفاق العام (%)



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Healthcare funding and Expenditure

Health economics and health systems financing

Egypt has been challenged by a low public investment in health, with large out-of-pocket expenditure. Healthcare spending accounted for 4.3% of GDP in 2018.

	2018
Total health expenditure (THE) as % Gross Domestic Product (GDP)	4.3%
General government expenditure on health (GGHE) as % of THE	51%
Private expenditure on health (PvtHE) as % of THE	49%
GGHE as % of General government expenditure	4.6%
Social security funds as % of GDP	18%
Out of pocket expenditure as % of PvtHE	90.07%
Out of pocket expenditure as % of THE	62%
Private insurance as % of PvtHE	61.8%
General government expenditure on health as % of GDP	38.2%

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Egyptian Healthcare System Overview

Egyptian Drug Market

تغطي الشركات الدولية واحتكارات الدواء العملاقة 60% من احتياج السوق المصري
International pharmaceutical companies

تغطي شركات القطاع العام 4% من السوق المصري
Public sector drug companies

تغطي شركات الدواء المصرية الخاصة 36% من السوق المصري
Egyptian private drug companies

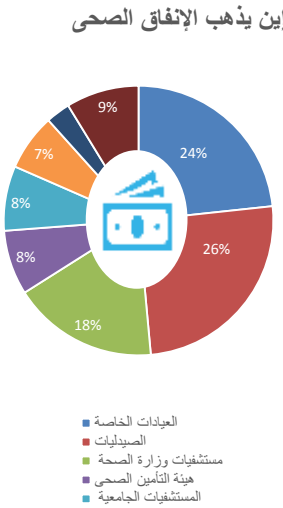
Healthcare funding and Expenditure
Numbers and Facts

73 مليار جنيه إجمالى موازنة قطاع الصحة لسنة 2019/2020

بزيادة 11 مليار و52 مليون عن موازنة السنة الماضية

تخصيص مبلغ 23 مليار جنيه لهيئة التأمين الصحي بزيادة 6 مليارات عن العام المالي السابق

Healthcare funding and Expenditure
Where Does The Money Go?



Almost half of all health spending goes to private outpatient clinics and private pharmacies, with 24% of the private clinics and 26% of pharmacies.

Then comes the Ministry of Health hospitals with 18% of the expenditure and the Health Insurance Authority with 8% of the total expenditure.

Only the main hospitals (8%) and private hospitals (7%) are the main recipients of spending.

The administrative expenses of the Ministry of Health are about 3%. The rest (about 9%) goes to multiple destinations

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Emerging Evidence of what may work

- ❖Balance between public & private finance
- Co-payments for publicly paid services
- Privately paid services -- Cross subsidy
- ❖Provide financial incentives for efficiency & quality
- ❖Strengthen Primary health care

Emerging Evidence of what may work (cont.)

- ❖Contain drug costs
- No single solution
- Broad reference pricing, regulating wholesale retail margins, substitution for generics, prescription guidelines & monitoring, feedback to physicians
- ❖Proactive policies to optimize hospital capacity

Emerging Evidence of what may work (cont.)

❖Management & governance reforms of health care providers

- Decentralization, autonomy.

❖Other policies to improve quality & access

❖ **EVIDENCE BASED MEDICINE**

To Summarize ''Egyptian Healthcare System Overview''

Health Sector Reform Strategy