

Rethinking health financing for UHC and healthier societies: The critical role of Primary Health Care

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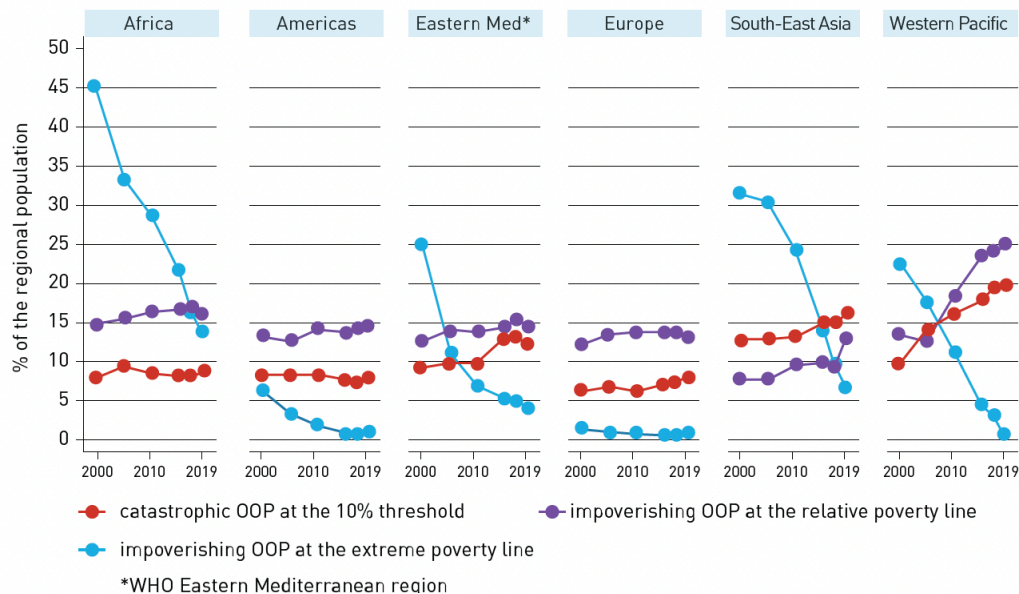
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Service coverage in WPRO has improved, but financial risk protection has worsened

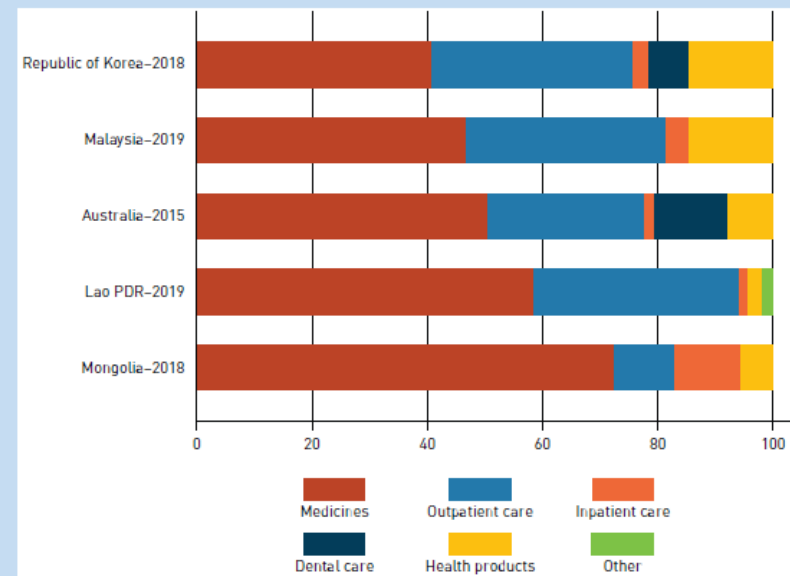
Fig. 4.1. Progress in the incidence of catastrophic and impoverishing OOP health spending by WHO region, 2000–2019



OOPs driven by spending on medicines and outpatient care

Increase in catastrophic and impoverishing spending greatest in Western Pacific region

Fig. 4.8. Composition of OOP health spending, the latest year available, evidence from various countries



Source: Background data prepared by WHO for the forthcoming WHO Western Pacific Region report on financial protection (2021)

The Lancet Global Health Commission on financing primary health care: putting people at the centre



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Health financing

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The importance of Primary Health Care

- Expanding access to frontline providers through increased public funding is the most efficient and equitable way of improving health outcomes
- Up to 75% of projected health gains from SDGs can be achieved through PHC (Stenberg et al Lancet Global Health 2019)
- PHC provides a platform for improving population health, and for managing the evolving burden of disease
- PHC services are more pro-poor than hospital care

The challenge

Limited priority given to health in public spending; political and professional pressures favour hospitals

Insufficient
funding for PHC



Allocate more
resources to
PHC

Funding often
captured by
hospitals



Allocate equitably,
ensure allocations
reach PHC level

PHC funding is
fragmented,
Inflexible,
inefficient

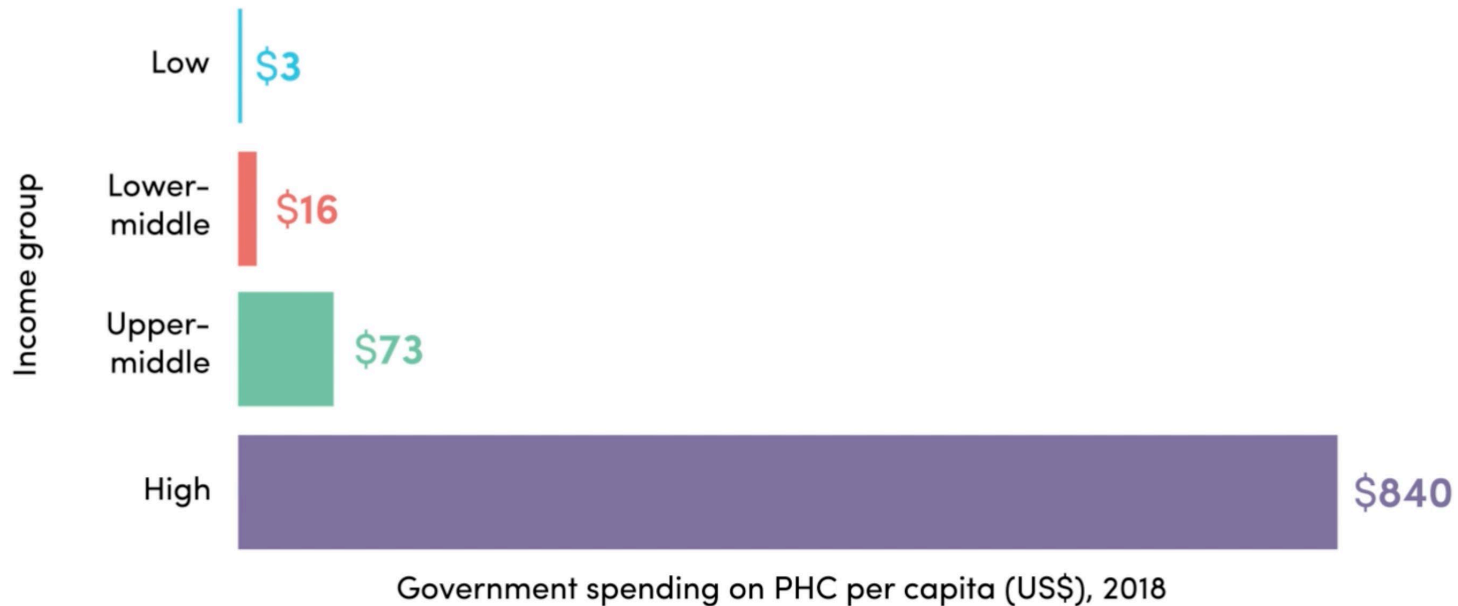


Align funding
flows, incentives

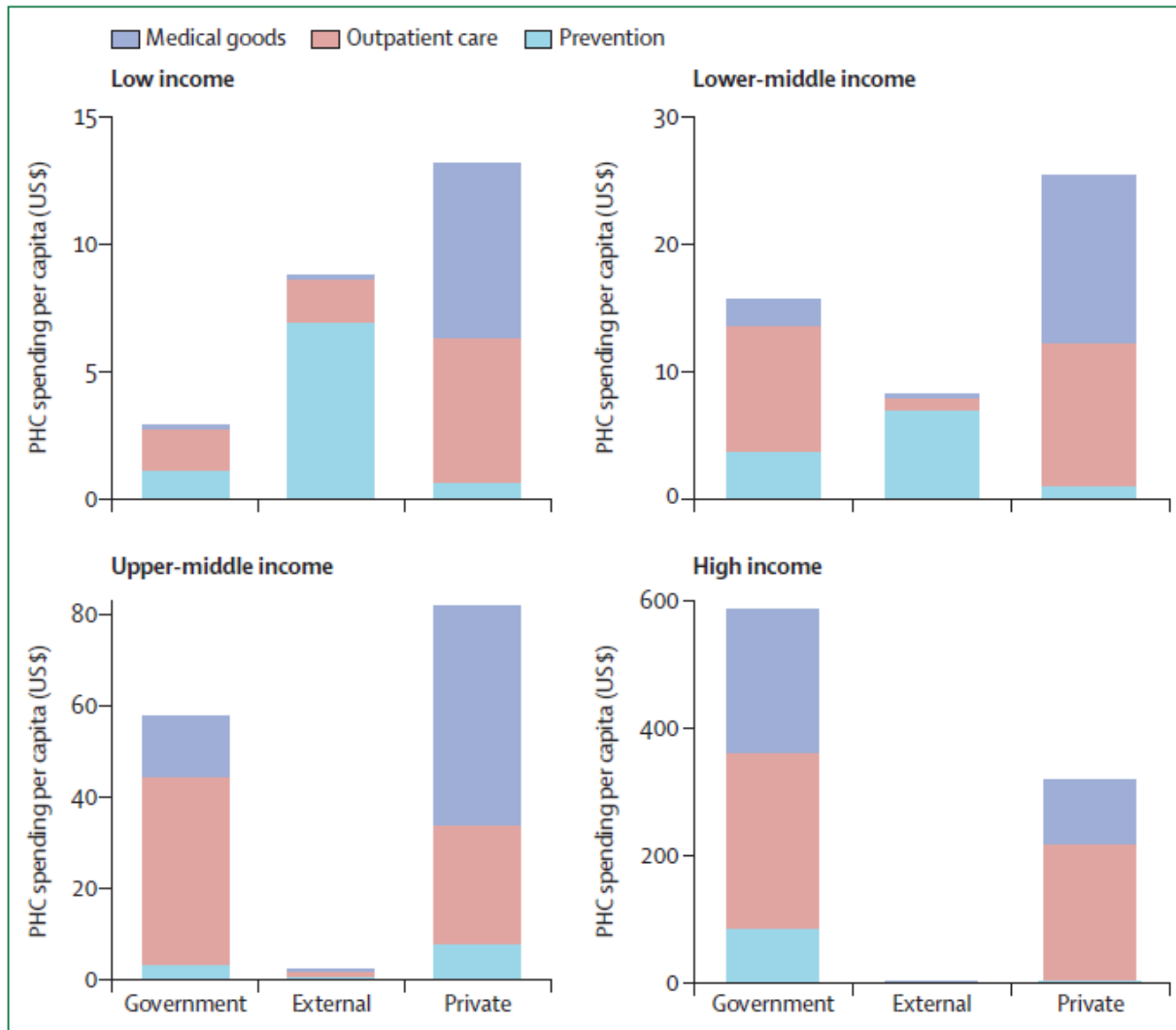
Better financing for people-centred PHC

Insufficient funding for PHC

Government spending on PHC in low- and lower-middle income countries is very low



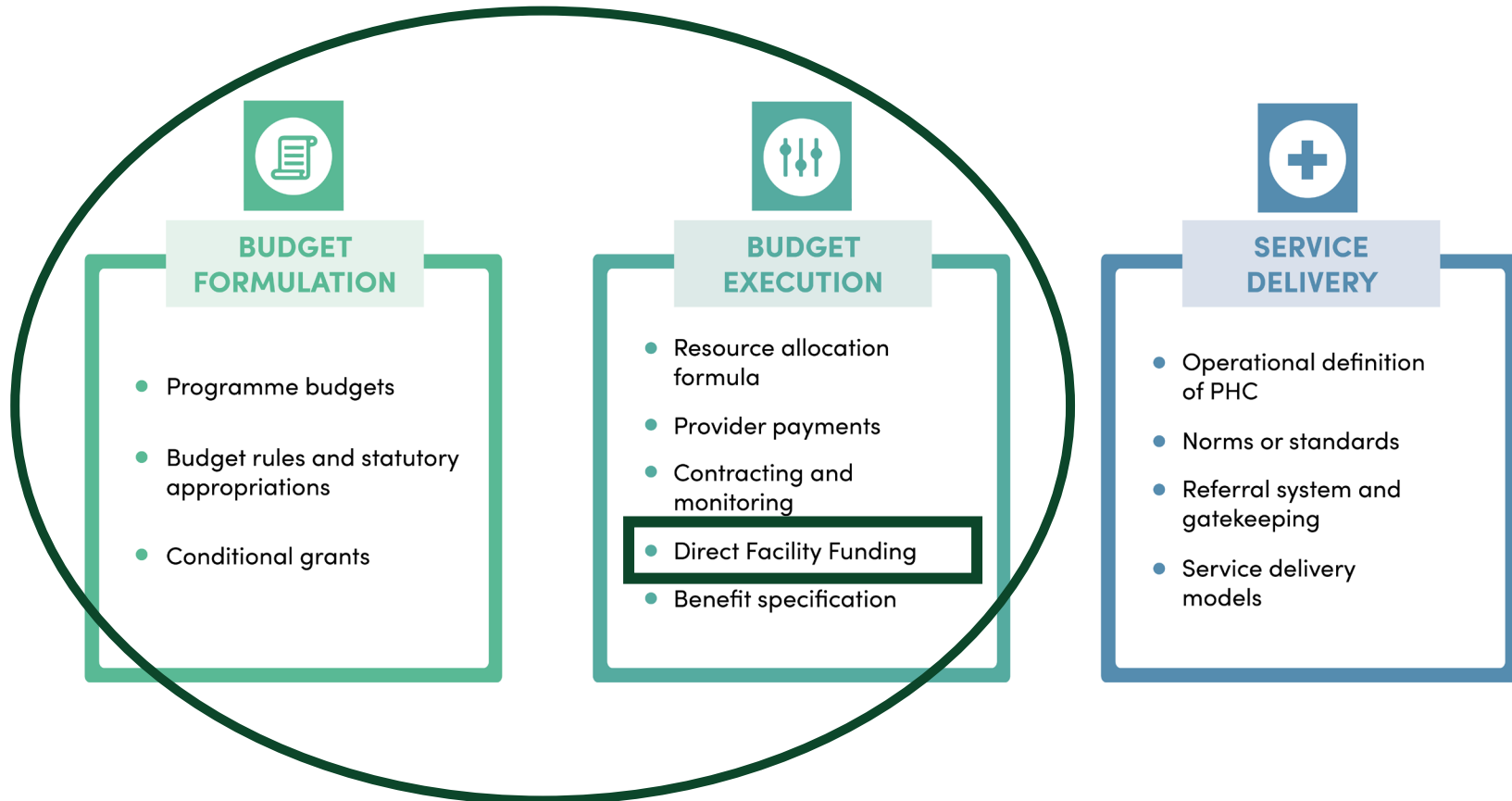
PHC funding is fragmented, inflexible, inefficient



Financing for PHC is highly fragmented:

- Low government spending and high OOP
- High share of external spending (in LICs)
- Patients pay for drugs, donors for prevention, governments for outpatient care
- As countries grow richer, government share of funding comes to dominate

Allocating more resources to PHC



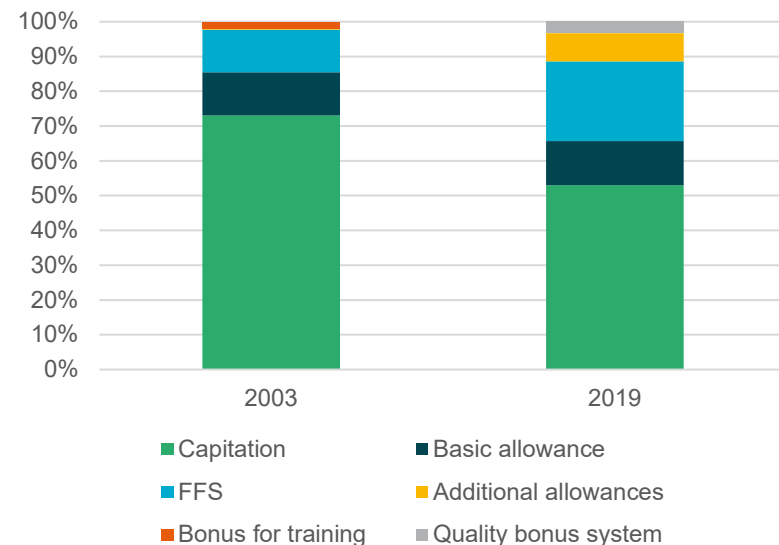
Spend more: Allocate more resources to PHC

- Ensure clear allocation of responsibility for PHC within the MoH
- Prioritize PHC within government budget processes
- Use funding to increase accessibility and quality of primary care services free at the point of use, to make them more attractive than paying out-of-pocket
- Include essential medicines in service package, review essential drugs lists, address procurement practices throughout the system

Paying providers: Blended payment with capitation at the core

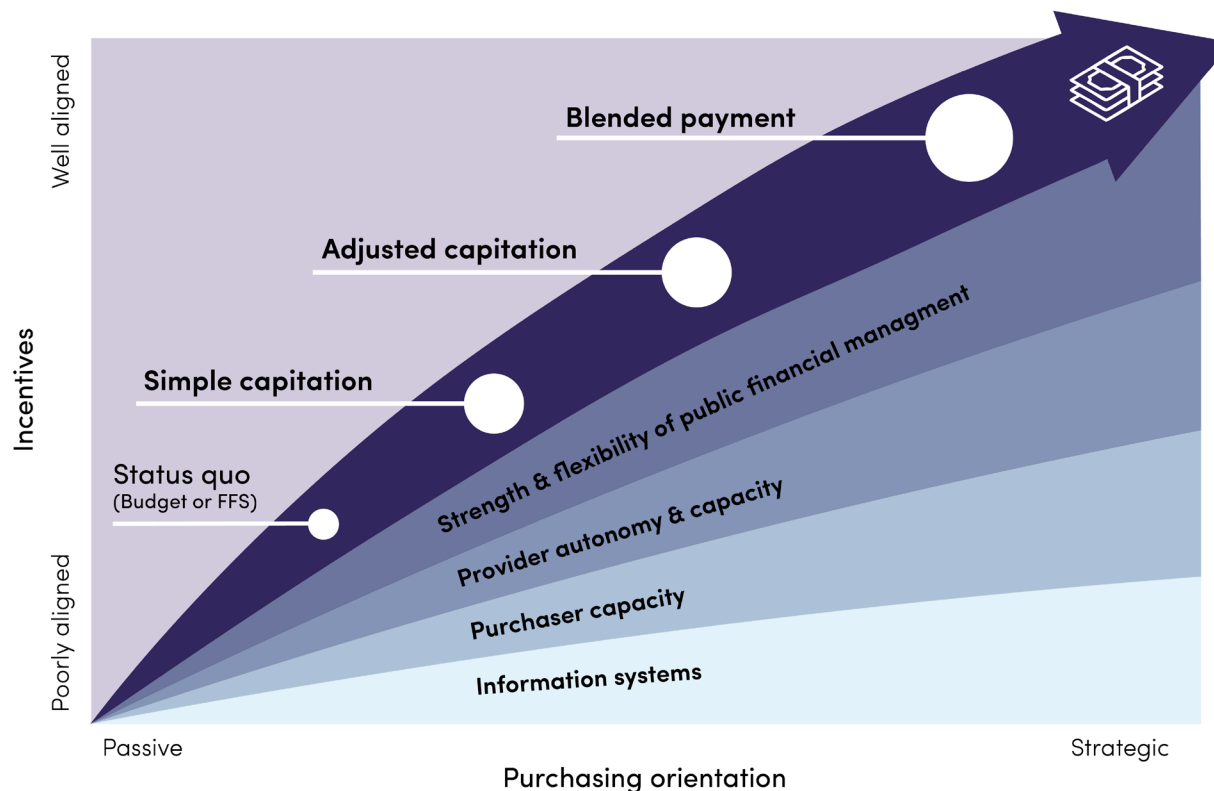
- PHC providers can be paid through line-item budget, fee-for-service, capitation, pay-for-performance
- Capitation places people at the centre
- But all payment systems have weaknesses: Blending can mitigate

Estonia's blended PHC payment system



Spend better on PHC: Allocate equitably, purchase strategically

- Introduce a budget line for PHC, if this does not already exist
- Use population-related resource allocation formula to allocate funding to local level (ie capitation-based)
- Allocate budget, define spending rules, give local decision-making authority, monitor performance
- As management capacity permits, develop a more strategic purchasing approach



Designing a politically informed strategy for people-centred PHC financing arrangements

- **What is the problem to be addressed?** What ideas exist for changing PHC financing? What technical strategy/strategies would achieve this – over time?
- Who are the **stakeholders with an influence over the problem?** What are their **positions on the topic, and what is relative power?**
- What **could help to shift incentives to promote the changes** pursued?
- What **social and economic conditions that underpin the political process could present opportunities or constraints** for the proposed change?
- What are the **most likely pathways for change?** What are possible entry points to move the reform forwards? How can a window of opportunity be used to generate/ sustain political momentum?
- How **to sequence** the strategies?

Putting people at the centre of PHC financing arrangements: Key messages

