# FROM DOUBLE SHOCK TO DOUBLE RECOVERY - IMPLICATIONS AND OPTIONS FOR HEALTH FINANCING IN THE TIME OF COVID-19

#### **DISCUSSION PAPER**

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### Double Shock from COVID-19

### COVID-19 has resulted in both a health shock as well as an economic shock



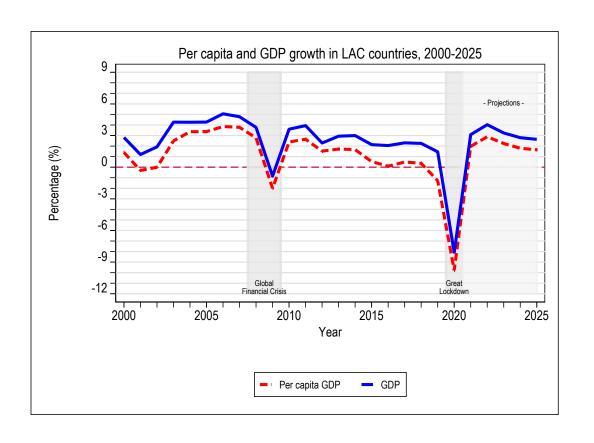


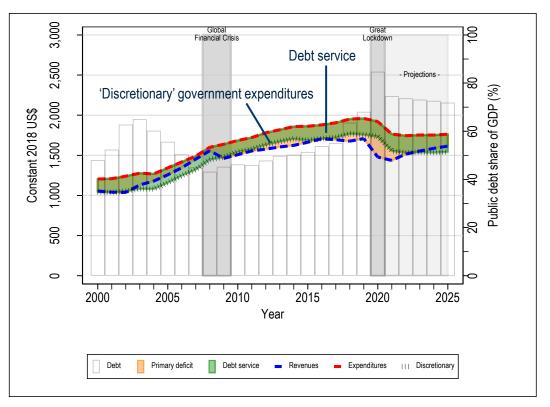
- Globally, ~191 million cases; ~4 million deaths.
- Long-term, lingering effects from infection leading to chronic conditions among some.
- Spillover impact on demand and supply of routine health interventions and services as well as on risk factors.

- Globally, massive economic contraction; uncertain prospects for recovery; lingering effect on levels of economic activity.
- Economic impact severe even in countries with low/no infections.
- Rising poverty, inequality; change in public financing landscape.



### Deep Economic Contraction with Fiscal Consequences







### Double Recovery from COVID-19

### Getting over the economic crisis depends on solving the health crisis



- In the short-term: an end to the pandemic can only come through enhanced surveillance, treatment of clinical cases, and strengthening delivery platforms and rolling out COVID-19 vaccines.
- In the long-term: progress toward universal health coverage (UHC) and sound population health are vital for a sustainable and inclusive longer-term economic recovery and poverty reduction.



- To deliver the levels of health spending necessary to solve the health crisis, health and finance officials must work together on a three-pronged agenda, coordinating across levels of government: increasing government funding for health, expanding overall fiscal space, and improving the equity, efficiency, and quality of health spending.
- Ensure sustained progress towards UHC.



## UHC is a 2030 Sustainable Development Goal (SDG)

SDG 3: 'ensure *healthy lives* and promote well-being for all ages'







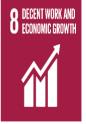








13 CLIMATE



14 LIFE BELOW WATER



15 LIFE ON LAND









UHC is a policy commitment that all people can use essential promotive, preventive, curative, rehabilitative, and palliative health services they need, of sufficient quality to be effective, while also ensuring the use of these services does not expose the individual to financial hardship.













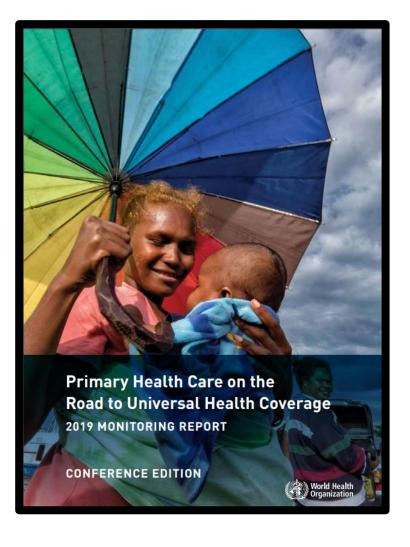
Target 3.8: **Achieve UHC** 

Indicator 3.8.1: Coverage of essential health services

Indicator 3.8.2: Financial protection when seeking care

The way a health system is organized and financed is critical for making progress towards UHC: moving away from reliance on user fees and out-ofpocket (OOP) financing at the time and place of seeking care towards higher public financing and 'negative user fees' (e.g., conditional cash transfers for incentivizing preventing and promotive care) are core elements, especially for enhancing access for the poor.

### Recommended UHC Monitoring Tracer Indicators



#### Reproductive, Maternal, Newborn, Child:

- Proportion with access to modern contraceptives
- Antenatal care coverage (4+)
- DTP3 vaccine coverage
- Care-seeking behavior for suspected pneumonia
   Hospital bed density

#### Infectious Diseases:

- TB effective treatment
- HIV treatment
- Proportion sleeping under bed net
- Access to improved sanitation
- Noncommunicable Diseases:
- Normal blood pressure

- Mean fasting plasma glucose
- Tobacco nonsmoking

#### Service Capacity & Access:

- Health worker density
- International Health Regulations (IHR) core capacity index

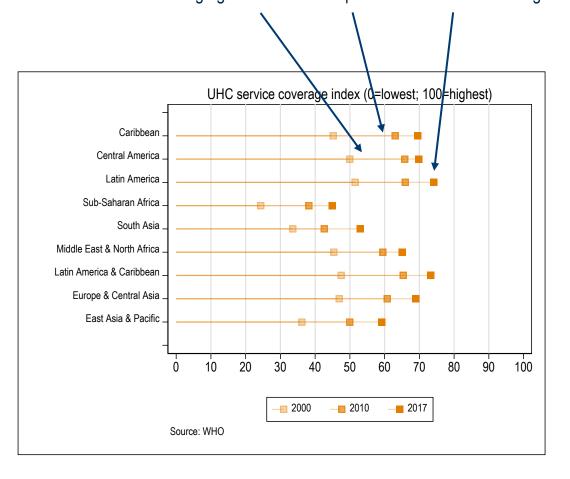
#### Financial Protection:

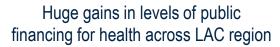
- Proportion with 'large' OOP spending as share of household budget
- Proportion of households impoverished or pushed deeper into poverty as a result of OOP spending

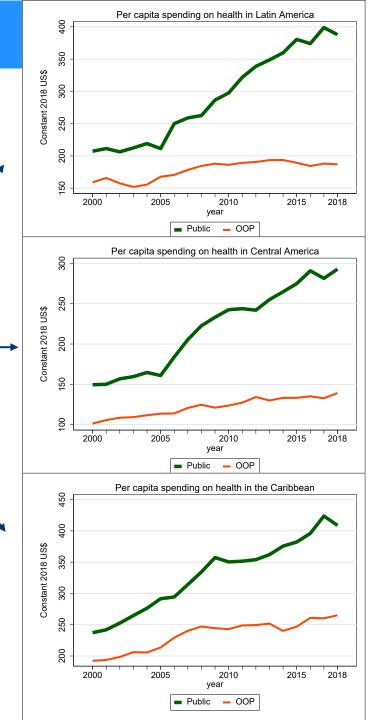


# Large Gains in UHC...

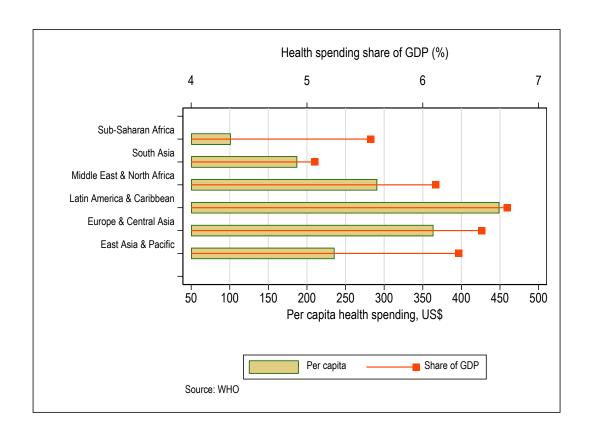


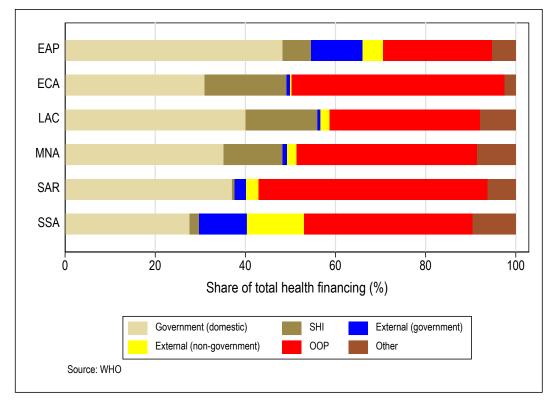






# ...But Challenges Remain with Health Financing



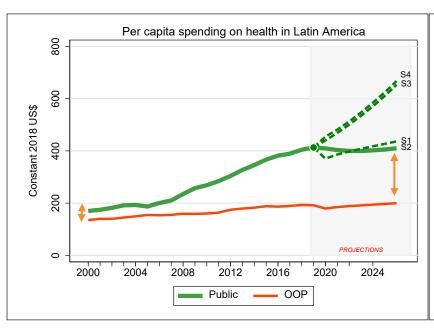


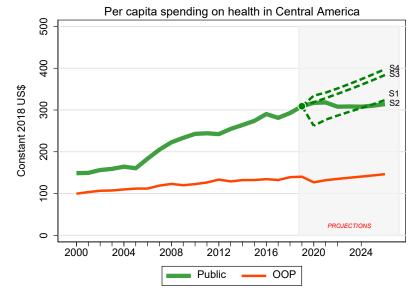
COVID-19 has put at risk several sources of health financing: public financing risks due to macro-fiscal stress and greater needs for financing vaccines and emergency response, external financing risks due to the economic shock in high-income countries; and risks to OOP spending due to lowering of incomes and greater foregone care; reprioritization of health in government budgets within and across sectors will be necessary.

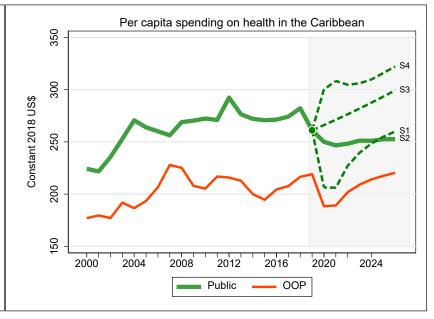


### Risks to Levels of Public Health Spending

Projections indicate that, in the absence of sustained reprioritization, growth in public spending for health could decline across many low- and middle-income countries in the region post-2020, including becoming negative in some cases, risking reversal of gains made towards UHC in recent years.









#### What Are Countries Doing? What Could Countries Do? What Are Lessons from Previous Crises for Health Financing?

#### Health financing policies to increase/sustain public spending on health

Health sector budgets

Social health insurance

**External financing** 

Tax policies:

↑ sustainability

Health financing policies:

↑ equity and efficiency

Improve focus on public health and

primary health care, including for

pandemic preparedness and pro-

active population risk stratification

Spending †linked to
UHC reforms: extending entitlements
and deepen of financial protection for
vulnerable populations

Coordination of spending decisions across levels of government

Draw on reserves, reduce reserve requirements

Delink contributions to entitlements

Increase contribution rates

Raise or abolish contribution ceilings

Extend contributions to all forms of earnings/income

Improve collection of contributions

↑ External financing
↑ Share of external
financing allocated to
health, including potentially
from additional fiscal space
generated through debt
relief

Introduce and/or increase rates of pro-health taxes

Reduce levies and taxes on medical goods and services

Remove subsidies on polluting fuels

Improve domestic revenue mobilization

Improve pro-poor incidence of public spending on health

Address quality and integration challenges

Improve health system resilience and population resilience (addressing NCDs/risk factors)

Improve budgeting and planning, budget execution, and monitoring





#### **What Makes the COVID-19 Crisis Different?**



Investment in health are critical for recovery not only in the short-term ...

...but also in the long-term

