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

Per capita and GDP growth in LAC countries, 2000-2025

Year

Percentage (%)
-12 -9 -6 -3 0 3 6 9

Per capita GDP GDP

Year

Debt Primary deficit Debt service Revenues Expenditures Discretionary

‘Discretionary’ government expenditures

Debt service

Constant 2018 US$
0 500 1,000 1,500 2,000 2,500 3,000

Public debt share of GDP (%)
0 20 40 60 80 100

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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’

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-of-pocket (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

**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:**
- Hospital bed density
- 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...

Large gains in UHC over past few decades in LAC region

Huge gains in levels of public financing for health across LAC region

Source: WHO

UHC service coverage index (0=lowest; 100=highest)

Per capita spending on health in Latin America

Per capita spending on health in Central America

Per capita spending on health in the Caribbean

Source: WHO
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**
  - Spending ↑ linked to UHC reforms: extending entitlements and deepen of financial protection for vulnerable populations
- **Social health insurance**
  - 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**
  - ↑ External financing
  - ↑ Share of external financing allocated to health, including potentially from additional fiscal space generated through debt relief

**Tax policies:**
- ↑ sustainability
- Improve focus on public health and primary health care, including for pandemic preparedness and pro-active population risk stratification

**Health financing policies:**
- ↑ equity and efficiency
- 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)

**Coordination of spending decisions across levels of government**

**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 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.

COVID-19 Response

Immunization

Surveillance & reporting

Health system strengthening

Service delivery platform

Health Management Information System

HIGH-PERFORMANCE HEALTH FINANCING*

1. HUMAN CAPITAL

2. WORKFORCE, LABOR MARKETS

3. POVERTY, EQUITY

4. WIDER BENEFITS FOR THE ECONOMY

5. EFFICIENCY, FINANCIAL DISCIPLINE

6. HEALTH AND HUMAN SECURITY

PROGRESS TOWARDS UHC

SUSTAINABLE INCLUSIVE GROWTH

HEALTH FINANCING GLOBAL SOLUTIONS GROUP

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