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Developing & Implementing Health Financing Strategies

What have we learned about cross-country exchange and use of data?

HFG Series:

Advances in Health Finance & Governance

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About the Health Finance and Governance Project

The Health Finance and Governance (HFG) Project works to address some of the greatest challenges facing health systems today. Drawing on the latest research, the project implements strategies to help countries increase their domestic resources for health, manage those precious resources more effectively, and make wise purchasing decisions. The project also assists countries in developing robust governance systems to ensure that financial investments for health achieve their intended results.

With activities in more than 40 countries, HFG collaborates with health stakeholders to protect families from catastrophic health care costs, expand access to priority services – such as maternal and child health care – and ensure equitable population coverage through:

- Improving financing by mobilizing domestic resources, reducing financial barriers, expanding health insurance, and implementing provider payment systems;
- Enhancing governance for better health system management and greater accountability and transparency;
- Improving management and operations systems to advance the delivery and effectiveness of health care, for example, through mobile money and public financial management; and
- Advancing techniques to measure progress in health systems performance, especially around universal health coverage.

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About this series

HFG's Advances in Health Finance & Governance series is designed to highlight learning and lessons from the HFG project in nine core areas: domestic resource mobilization, strategic health purchasing, health financing strategies, expanding coverage through health insurance, financial data for decision making, governance, institutional capacity building, workforce and efficiency, and building understanding for universal health coverage.

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Developing and Implementing Health Financing Strategies:

What have we learned about cross-country exchange and use of data?

Executive Summary

Low- and middle-income countries are developing health financing strategies to map out how they will pay for universal health coverage. This brief discusses three activities that are valuable for producing sound strategies: convening multi-sectoral committees to oversee the strategy development process, exchanging health financing experiences among peer countries, and investing in routine production of health financing data.

Key Lessons

1. **THE HEALTH FINANCING STRATEGY DEVELOPMENT PROCESS SHOULD BE OVERSEEN BY MULTI-SECTORAL COMMITTEES** working towards clear, agreed-upon objectives.
2. **COMPARISONS WITH PEERS CAN POSITIVELY INFLUENCE A COUNTRY'S DECISIONS** about which health financing priorities and reforms to include in its strategy.
3. **HEALTH FINANCING STRATEGY DEVELOPMENT ACTS AS A CATALYST FOR HEALTH FINANCING DATA GENERATION AND USE.**

Introduction

This brief shares lessons learned from the Health Finance and Governance (HFG) project's experiences supporting the development of health financing strategies in six countries. Health financing strategies define how resources will be collected, pooled, and used to purchase health services for the population and typically result from a structured policy-making process. HFG has learned that assembling multi-sectoral committees to oversee the strategy development process and agree upon common objectives is an essential first step; that health financing priorities and reforms are influenced by comparisons with peer countries; and that countries are actively generating and using national health financing data to inform their strategies. Thus, the documentation of countries' experiences navigating the health financing policy-making process and the capacity to facilitate cross-country exchange of information and conduct data analyses significantly contributes to national efforts to develop and implement health financing strategies.

HFG's role varied by country, depending on the stage of development or implementation of the strategy, the specific needs of each country in its context, and the roles played by other external partners (see Table 1).

Table 1: HFG Roles in Health Financing Strategies

COUNTRY	HFG'S ROLE	OTHER PARTNERS
BANGLADESH	Facilitated technical working groups, facilitated completion workshop, facilitated dissemination	World Bank
BOTSWANA	Facilitated technical working group meetings, capacity building, technical assistance, and analysis	WHO, UNAIDS
CAMBODIA	Capacity building for strategy working group	International Labour Organization, GIZ, Japan International Cooperation Agency (JICA), WHO, World Bank
NIGERIA	Technical assistance for defining health financing strategy theory of change and governance framework	WHO, World Bank
TANZANIA	Technical assistance for defining strategy objectives; guidance on revenue sources, earmarking, and role of private sector	Providing for Health (P4H), GIZ, WHO, USAID Health Policy Project
VIETNAM	Support for planning for strategy implementation	WHO, EU, World Bank

Stakeholders representing various interests discuss health financing approaches at a workshop in Nigeria. Such inclusiveness during strategy development makes for smoother implementation down the road.

Photo: Frank Ribas for Communication for Development

Lessons Learned in Developing and Implementing Health Financing Strategies

Lesson 1

The health financing strategy development process should be overseen by multi-sectoral committees working towards clear, agreed-upon objectives.

The strategy development process should ideally incorporate the voices of as many affected stakeholders as possible. While this is true for many strategy or policy development processes, inclusiveness is especially important for health financing strategy development due to the wide variety of actors who are required to implement and are ultimately affected by health financing reforms (Kutzin et al. 2017). For example, health financing strategies may ask ministries of finance or local governments to identify additional resources for the health sector, require private insurance companies to adapt to regulatory changes, prescribe changes to how public and private health care providers are compensated, or require cooperation from labor unions, social security agencies, and employers to reform national or social insurance schemes.

The countries discussed in this brief made use of a broad group of stakeholders in the strategy development process by convening a new or co-opting an existing multi-sectoral committee or technical working group to guide the process. The composition of the committees differed by country, based on local political dynamics, structure of the health system, and the context for strategy development. As expected, ministries of health were key players in all multi-sectoral committees and ministries of finance were involved in most.

Table 2: Key Themes in Health Financing Strategy Objectives

Country	Sustainability	Equity	Efficiency	Quality	Governance	Financial protection/ pooling	Private / inter-sectoral cooperation
BANGLADESH			●			●	
BOTSWANA	●		●			●	●
CAMBODIA	●				●		
NIGERIA	●		●		●	●	●
TANZANIA	●	●	●		●	●	
VIETNAM		●		●		●	

The strategy development process in Tanzania included the ministry that oversees local governments because local entities contribute resources for financing healthcare in the country. Botswana's health financing technical working group included regulatory agencies, such as the Competition Authority, responsible for enforcing antitrust law, and the Non-Bank Financial Institutions Regulatory Authority, responsible for regulating insurance companies. These agencies would have to approve any attempts to establish fixed rates for provider reimbursement for health services or change regulations on private insurance companies. Cambodia's multi-sectoral working group was unique because it was chaired by the Ministry of Economy and Finance as part of a broader effort to develop a strategy for financing social protection in the country.

Given the multitude of stakeholders typically involved in health financing strategy development, both international guidance (Kutzin et al. 2017) and HFG experience suggest that agreement on specific objectives that respond to a country's health financing challenges is essential for the development of a coherent strategy. All of the countries discussed in this brief diagnosed the performance of their health systems and agreed on one to eight specific objectives for the strategy upon initiating the process. The objectives differed by country depending on the context. For example, one of Botswana's objectives included strengthening public-private partnerships, while Tanzania's included establishing an institutional structure and defined roles for moving towards a single national insurance system.

Nevertheless, HFG observed some similarities across the countries. Table 2 summarizes general themes included in the objectives adopted by the six countries discussed in this brief, demonstrating that increasing financial protection through expansion of risk pooling or insurance appears most frequently in health financing strategy objectives, followed by efficiency and sustainability.

Given the multitude of stakeholders typically involved, agreement on specific objectives that respond to a country's health financing challenges is essential for the development of a coherent health financing strategy.

Lesson 2

Comparisons with peers can positively influence a country's decisions about which health financing priorities and reforms to include in its strategy.

In addition to facilitating health financing strategy development processes, HFG also brought considerable technical know-how and understanding of strategies for mobilizing resources for health, pooling arrangements, and purchasing mechanisms implemented throughout Africa, Asia, Eastern Europe, and Latin America. Countries developing strategies attempted to emulate health financing arrangements of exemplar countries and learn from the decisions of peer countries in the same region or with similar levels of development.

Tanzania asked HFG for examples of country experience to assist with the development of content for HFS subsections on revenue sources and the role of the private sector. Regarding revenue sources, HFG provided information from more than a dozen countries that use earmarked taxes to finance health, including, for example, the Philippines' supplementary "sin taxes" on alcohol and tobacco that pay for the membership of the poor in the PhilHealth national health insurance program (Kaiser et al. 2016). Regarding the private sector, HFG provided information about the roles that private actors play in service and input provision, public-private partnerships, conducting accountability for performance (e.g., civil society monitoring or transparent data), and financing (e.g., bank lending for infrastructure and equipment); the many examples came from other sub-Saharan countries including Cameroon, Kenya, Madagascar, and Senegal (Makinen and Kelley 2010), Ghana (Makinen et al. 2011), and Republic of the Congo (Makinen et al. 2012). HFG carefully selected the examples and provided guidance on which ones might be most relevant to the Tanzanian context. The country team used this information when drafting the health financing strategy, to formulate how Tanzania would handle the issues of revenue sources and earmarking and the role of the private sector (R4D 2015).

Cambodia's social protection multi-ministerial working group, supported by HFG capacity building, produced a social protection strategy framework that was approved by the Royal Government of Cambodia (2017). An important element of the strategy framework was the creation of a national social protection council to oversee the implementation and performance of the social protection program. The working group asked HFG for countries' experiences to identify options for designing the council. HFG researched, organized, and disseminated to the working group experiences from 13 countries in Africa (2 countries), the Americas (4), Asia (6), and Europe (1) with similar councils. The experiences highlighted how the councils defined their operational mandates, decision-making processes and powers, council structures, monitoring and evaluation subjects and indicator selection, and secretariat support. The working group used the information to define options for Cambodia's national social protection council, for presentation to the council at its inaugural meeting.

Although HFG found no common pattern to the sequencing of interventions in Chile, Mexico and Turkey, it did establish that all three countries were successful because they focused on no more than three interventions at any one time.

In Botswana, HFG facilitated discussions with the technical working group on health insurance designs in Ghana, Thailand, Chile and other countries to explore their relevance for the country. The HFG team documented examples from these countries to demonstrate the various decisions the working group would have to make about insurance design if Botswana were to pursue similar reforms. The technical working group also invited private medical aid schemes to have a prominent role in the health financing strategy development process, partly inspired by the working group's observations of neighboring South Africa's attempts to reform its health system. Botswana's working group wished to

avoid the medical aid schemes' resistance to change, as experienced during South Africa's reform process.

In Vietnam, where the health financing strategy is nearly completed (awaiting only final edits and formal approval), the Ministry of Health asked HFG for advice on how to sequence the reforms called for in the strategy, based on experience from other countries. HFG researched, analyzed, and summarized observations on how health financing strategy components had been sequenced in three middle-income countries (Chile, Mexico, and Turkey) that have made significant progress toward attaining universal health coverage. Although it found no common pattern to their sequencing of interventions, it did establish that all three countries were successful because they focused on no more than three interventions at any one time. As a result, Vietnam chose to sequence the implementation of its strategy components, beginning with improving efficiency by reforming provider payment and defining a benefits package, and with enacting reforms to improve quality.

Furthermore, Vietnam benefited from an HFG interview with Mexico's former Minister of Health Julio Frenk. Of particular value to Vietnam was Dr. Frenk's advice that both supply and demand should be addressed in an integrated fashion, and that obtaining early and publicized "wins" is essential to keeping momentum through reform implementation, which can take a decade or longer. Finally, Vietnam asked HFG to draw upon international experience in formulating the implementation plans for its provider payment sub-strategy.

Lesson 3

Health financing strategy development acts as a catalyst for health financing data generation and use.

Anecdotal evidence observed during HFG's work suggests that developing health financing strategy increases demand for national health financing data in low- and middle-income countries. While requests for these data to inform strategy development initially came from international partners, HFG observed that national stakeholders began to interpret and use the data to identify health financing challenges and compare their country's performance with that of other, similar countries. Ensuing discussions and interaction generated demand from national stakeholders for more, updated, and complete health financing data.

National health accounts (NHA) is one type of data demanded and used by national stakeholders leading health financing strategy development. NHA data informed five of the six strategies discussed here (all but Cambodia's Social Protection Strategy Framework). In Vietnam and Botswana, NHA data informed situational analyses that were the basis for sub-strategies for addressing health financing challenges. For example, Vietnam's NHA data showed that a large share of total health spending came from out-of-pocket spending and that much more spending was on curative care than on preventive services (Le Taun 2016). In Botswana, NHA data demonstrated substantial inequities in per capita spending between the public and private health sectors, and the data were used to compare Botswana's high per capita expenditure and poor health outcomes with lower expenditure and better outcomes in other countries (Ministry of Health, Republic of Botswana 2012; Ministry of Health and Wellness , Republic of Botswana 2016). Tanzania used NHA data in its strategy's results framework section to show baseline and target values for NHA indicators (DPP 2012).

Actuarial analysis is another source of data for which health financing strategy development

While requests for national health financing data to inform HFS development initially came from international partners, HFG observed that national stakeholders began to use the data to identify challenges and compare their country's performance with that of similar countries.

A man pulls out his health insurance card to pay for medicines at an outpatient clinic in Ninh Binh Province, Vietnam.

Photo: Linh Pham for Communication for Development

processes created demand. The Tanzania strategy team called for actuarial analyses to be performed to set and revise contribution levels from various financing sources, to estimate the cost of fully subsidizing a benefits package for the poor, and as a part of regular "supportive" research for the reformed financing system. Vietnam (Kelly et al. 2017) and Botswana asked HFG to perform actuarial analyses to inform definition of their benefits packages while ensuring financial viability.

Demand for a variety of other health financing data was generated through strategy development processes. Vietnam closely studied actual spending on high-cost services to identify inappropriate and expensive pharmaceutical prescribing practices. Botswana made use of a financial gap analysis that showed the funding shortfall for providing the existing essential health services package (Cali and Avila, 2016). In Tanzania, the development of a cost estimation spreadsheet model was used to simulate multiple scenarios of alternative benefits packages for different segments of the population and to show how the benefits might be increased over time. Cambodia did not conduct any specific analyses of benefits package costs or actuarial studies for its strategy, but implicitly called for these kinds of analyses to be performed as the strategy is implemented.

Conclusion and Recommendations

The HFG project's support for health financing strategy development across these six countries demonstrated that multi-sectoral committees are well situated for leading inclusive strategy development processes and that comparisons of health financing priorities and approaches to peer countries is an essential input for health financing strategies.

Furthermore, the project's experiences suggest that health financing strategy development processes can be catalysts for increasing demand and use of health financing data among low- and middle-income countries. These lessons lead to recommendations for countries developing health financing strategies and international partners assisting them (Table 3).

Table 3: Recommendations for Health Financing Strategy Development and Implementation

1. HEALTH FINANCING STRATEGY DEVELOPMENT PROCESSES SHOULD BE THOROUGHLY DOCUMENTED AND DISSEMINATED TO AID DIFFUSION OF BEST PRACTICES. Case studies from different countries focusing on the process for developing health financing strategies would be useful resources for countries seeking to design their strategy development processes based on best practices of others. These case studies should focus on the structures employed for leading and coordinating the process, the stakeholders included, and the methods used for reaching agreement on strategy objectives.
2. ADVISORS WITH IN-DEPTH KNOWLEDGE OF GLOBAL HEALTH FINANCING ARRANGEMENTS CAN ASSIST COUNTRIES TO DETERMINE WHICH INTERNATIONAL REFORMS AND POLICIES ARE MOST APPLICABLE TO THEIR CONTEXT. Both international and domestic health financing expertise can help countries developing health financing strategies to focus on relevant international examples and avoid imitating policies that are inappropriate or a poor fit for their health financing challenges.
3. AS DEMAND GROWS FOR HEALTH FINANCING DATA, COUNTRIES MAY CONSIDER INVESTING IN CAPACITY TO PRODUCE AND ANALYZE THE DATA. In the HFG project's experience, much of the health financing data used in developing an HFS was collected and analyzed with international assistance. Countries will need to invest more in the regular and routine production and analysis of health financing data to monitor the impact and revisit their HFSs in the future.

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