Health Financing policy developments in Mozambique

International Agenda

Health Financing analysis

Perspectives

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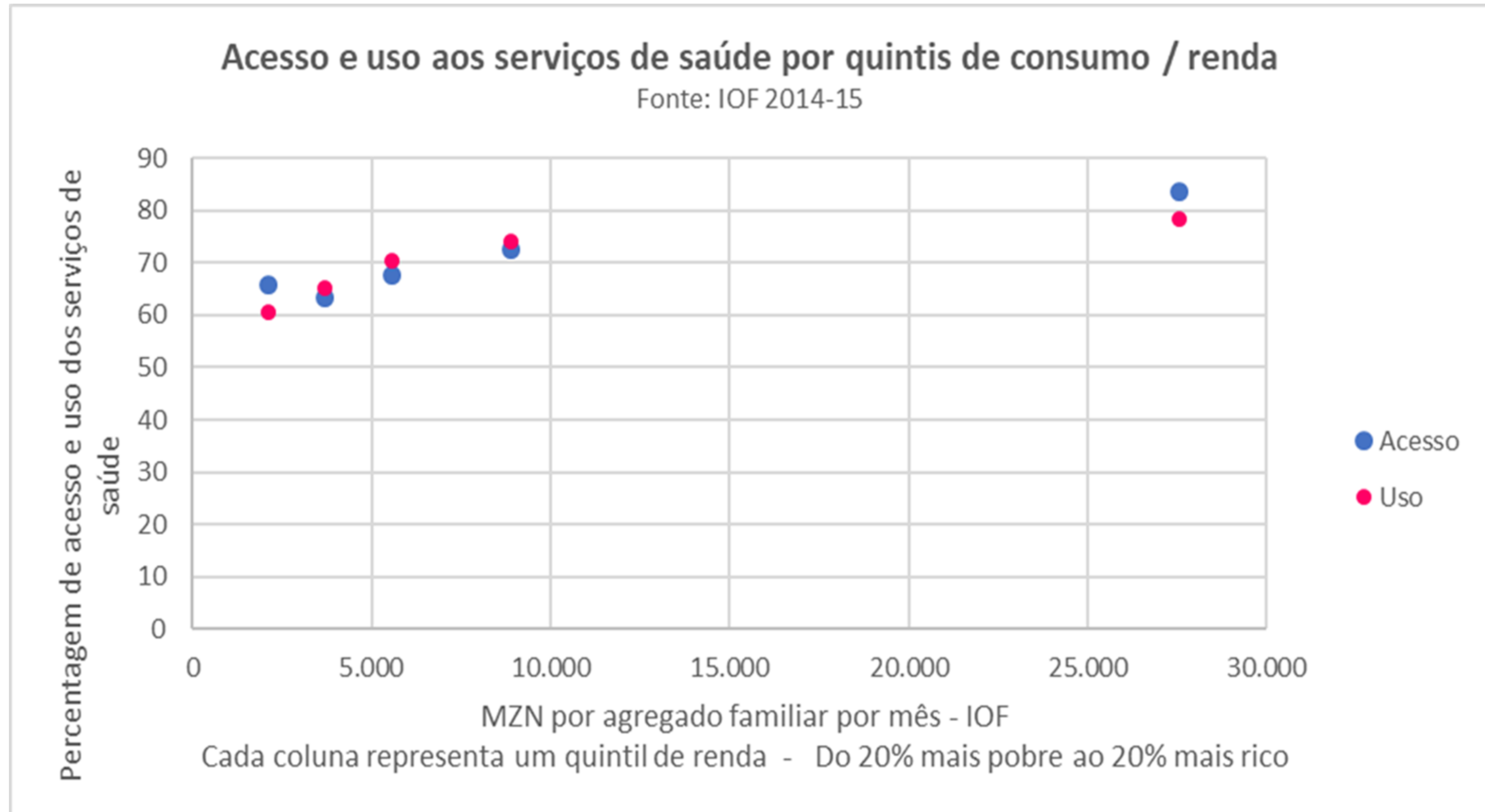
I. Some UHC and Health financing data

UHC Perspective

Consumption/income disparity is much more intense than inequality in access and use of health services

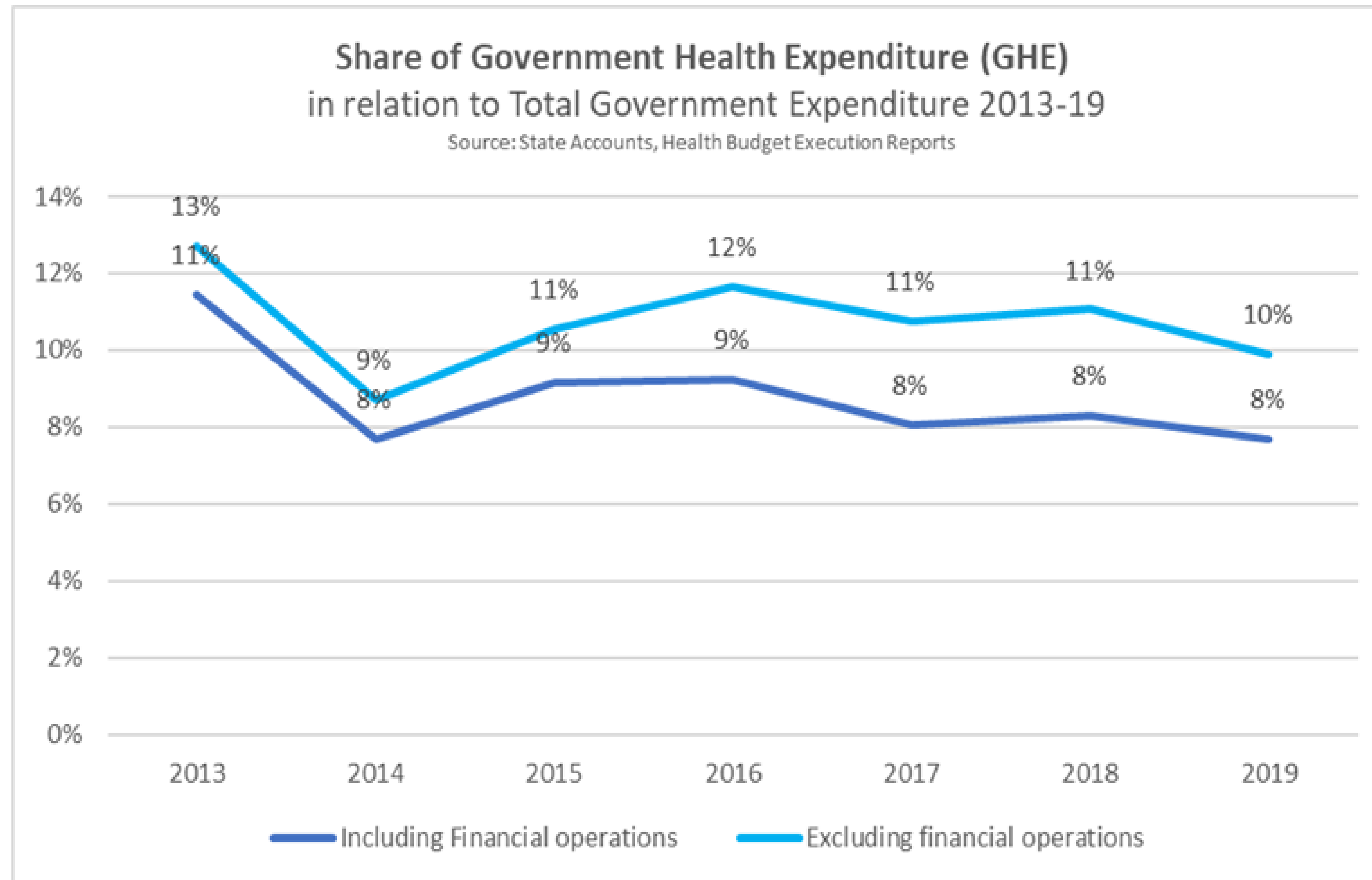
High reditributive capacity of NHS



Health as a share of Govt. Expenditure

(Incl. External funds)

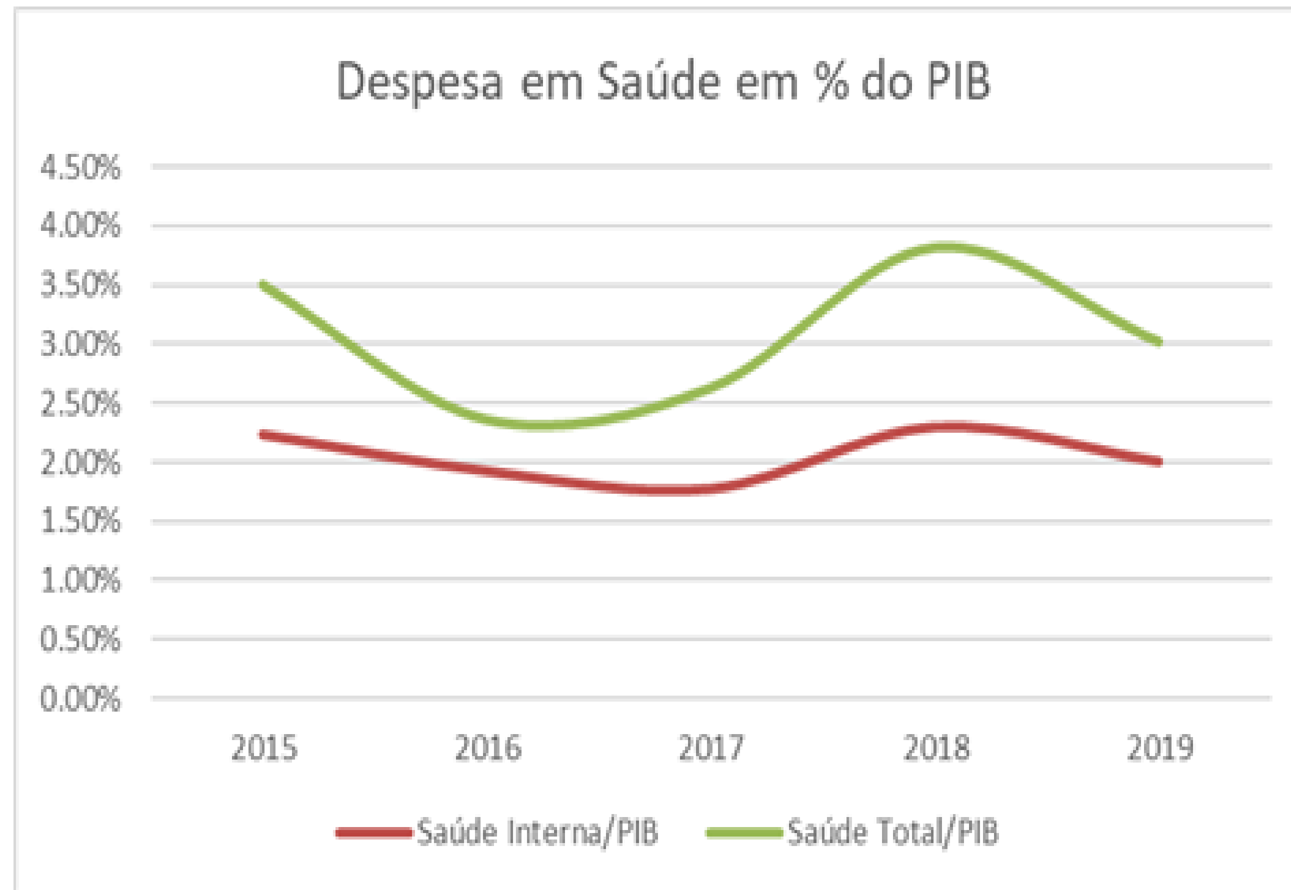
MoF data



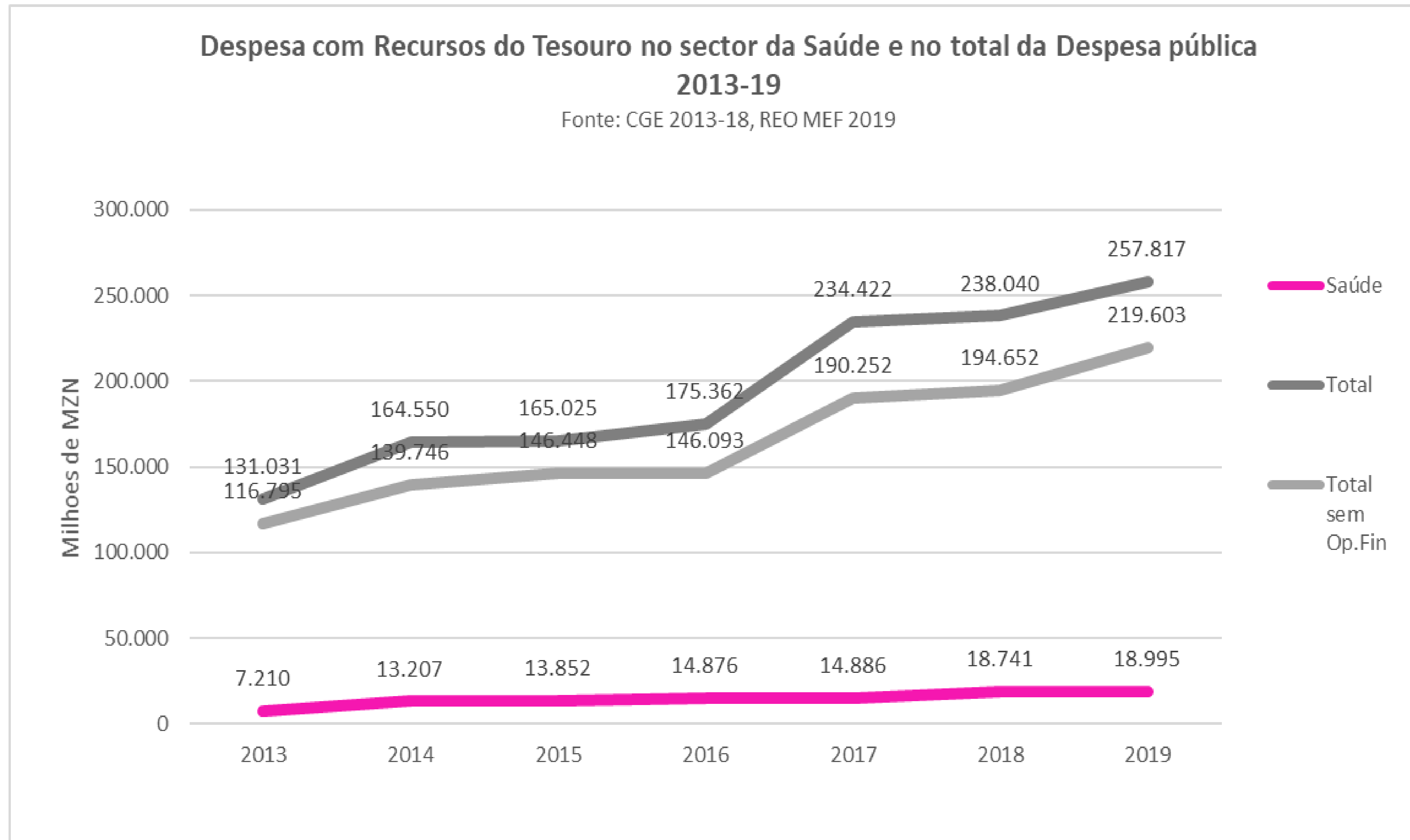
Health expenditure as share of GDP

This measure is relevant as it compares with wealth – It links with revenue collection

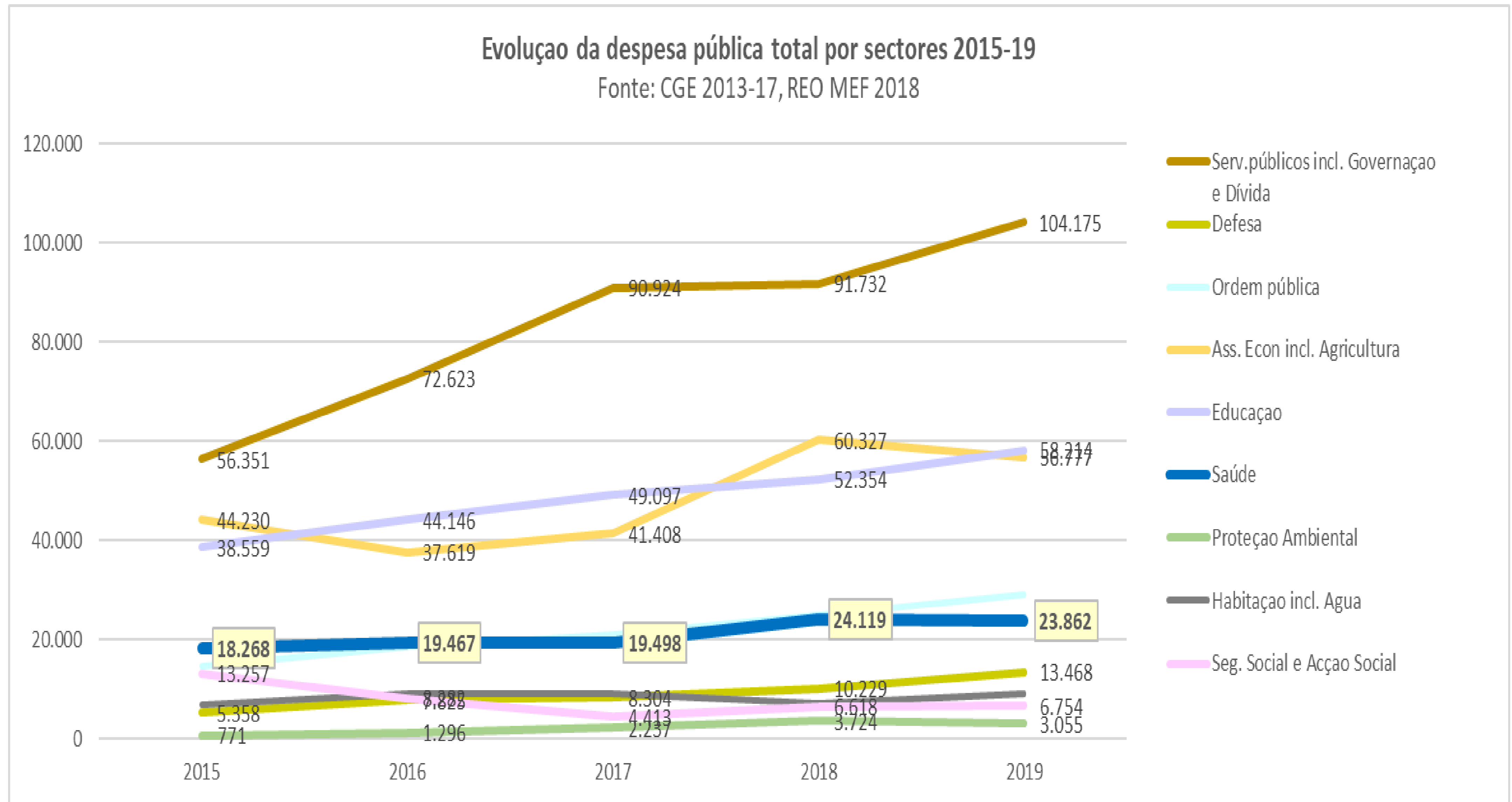
Benchmarks are around 5-6% of domestic GDP to Health – Mozambique spends 2%



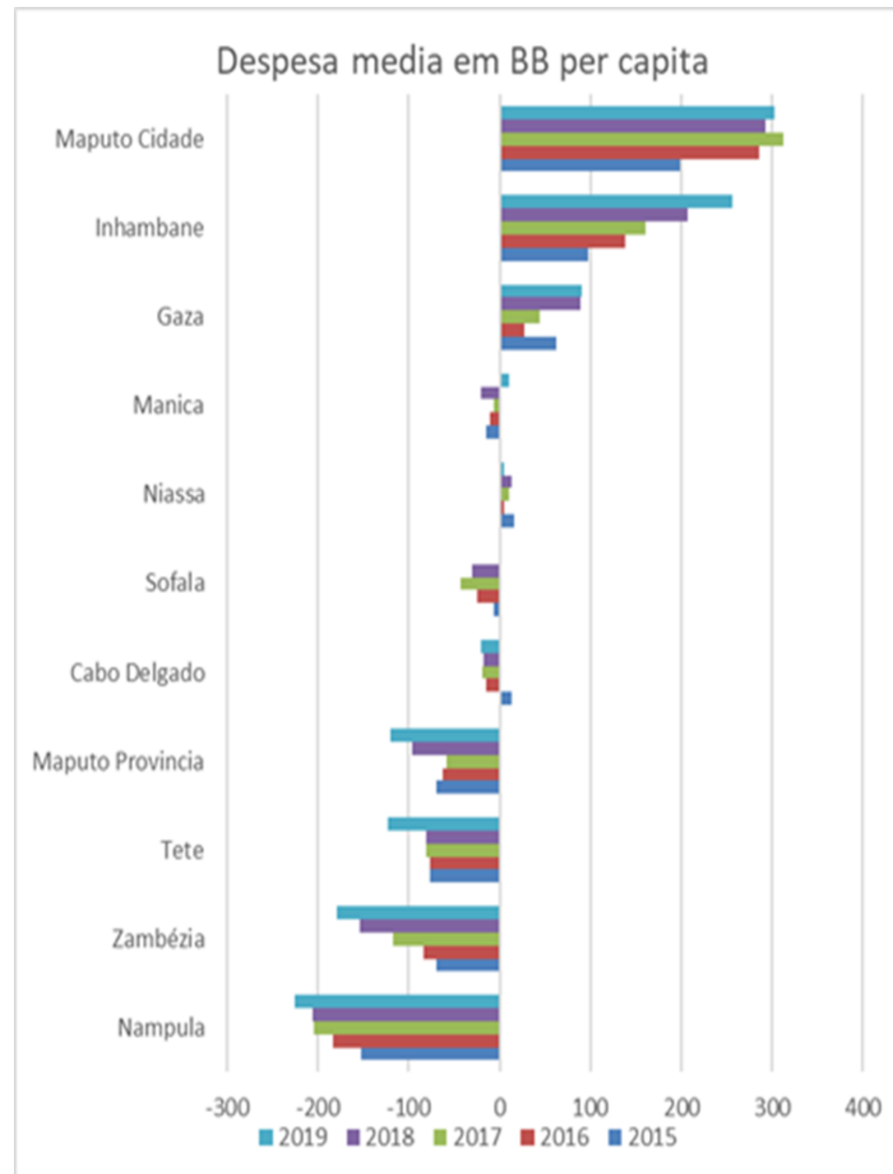
Total and Health expenditure with Domestic resources



Financial operations, debt service, governance, defence and security concentrate the Budget increases
MoF data



Territorial inequalities are also relevant and perpetuated over time
Differences in MZN compared to mean per capita expenditure (522 Mzn in 2019)



II. International Agenda in relation to Health Financing Update

Global Action Plan for Healthy Lives and Wellbeing for all (GAP)

Proposed in 2019 by 12 UN Agencies and Funding mechanisms (GAVI, GFF, GF)

Accelerator 1 – **Sustainable Health Financing**

1. Enhancing Domestic Resource Mobilization –DRM
   - Supporting people's and communities voice for appropriate domestic allocations to health
   - Evidence-based **dialogues** between Budget and health officials to accelerate **fiscal reforms** and mobilize funds

2. Increasing efficiency
   - Enhanced support for countries to increase the efficiency and effectiveness of health spending
   - Enhanced support to countries to improve PFM in the public sector (quality of expenditure)

3. Facilitating consensus building and knowledge sharing
   - Evidence-based consensus and knowledge sharing on what works and what does not work in health financing policies for UHC. Shared learning agenda.

4. Joint programming

   Greater utilisation of joint funding mechanisms to leverage additional external funds for health

III. Health Financing strategy

III. Health Financing Strategy 2020-30

Status: *Approved at technical levels at MoH. Pending of high-level approval.*

Process: *Internal with support of partners, especially WHO and WB.*

Objectives

I. Ensure universal access to health services with quality

1. **Benefit package** focused on Primary Health, quality of services, equity in resource distribution (one package for all)

   *From a HF perspective, it is important to transit to **explicit rationing**: To delimitate what is funded with pooled funds, what will be rationed (waiting lists, exclusions) and what will be required to be funded with fragmented funding (user fees)*

2. Reform of the user fee system
   - Improvement of user fee management – Publicly available information, use of national procedure
   - Simplification of user fees (reduced number of user fees and equal in all the country)
   - Follow WHO guidelines on user fees: **Low and flat** (not as a share of the cost, **known in advance**)

2. Health Financing Strategy 2020-30

II. Improve efficiency in health services delivery

- **Routine measurement of efficiency** in the delivery of health services – **Performance** of health service providers of different levels (Districts, hospitals, health units) compared to benchmarks and to expenditure.

- **Improvement of Planning and budgeting instruments**, including:
  - Program-oriented budgeting
  - Priority to primary health, as an efficient way to achieve health gains (prevention)
  - Application of allocation criteria to progressively reduce inequities in expenditure

- **Introduction of strategic allocation mechanisms to incentivize governance for quality**
  - Funding mechanisms based on providers' information, prioritizing per capita allocation at primary level
  - Introduction of additional incentive mechanisms to public providers that show positive performance in quality and quantity of services provided, compared to previsouly agreed benchmarks.

2. Health Financing Strategy 2020-30

III. Ensure sufficient funding for the health sector

- Prioritize Health in the State Budget
  - Permanent **negotiation between MoH and MoF** on allocation and transfer of sufficient funds to the sector, based on costed needs*
  - Promote debates on the relevance of health financing at Parliament

- Increase and earmark health-related taxes

  Main objective is to **reduce the burden of NCD**, not the collection itself (1%)
  - Increase existing taxation on alcohol, tobacco, sodas and substitutes of breastfeeding
  - Tax new products under existing ICE: Canned food and processed meat
  - Assess other taxes on polluting activities, ultra-processed food and car insurance

- Align external funding with service provision
  - Mobilize external funding to cover the needed resources to fund the benefit package
  - Promote the alignment of external funding with national procedure (inscription, reporting, on-budget)
  - Prioritize the use of external funding for strategic investments rather than recurrent expenditure

2. Health Financing Strategy 2020-30

III. Ensure sufficient funding for the health sector

- Progressively introduce a Social Health Insurance (SHI)
  - Rationale: To **complemente tax-based funding** of the National Health Service.
  - It will be necessary to design **institutional arrangements** of the SHI scheme and pay special attention to its **distributive effects** (Avoid two-tier system, upward redistribution, etc.)
- Introduce “compensation mechanisms” for NHS
  - Billing system to receive payments from private sector for services offered at public facilities

Challenges to implement the HFS

- Limited capacity at DPC to lead HF-related technical work

(i.e: assessment of HF policy proposals, measurement, scenarios, coordinate with other Depts, Ministries, etc.)

- Complex analysis and decision-making processes that involve many stakeholders and political economy considerations (i.e: Reform of user fees, redistribution)

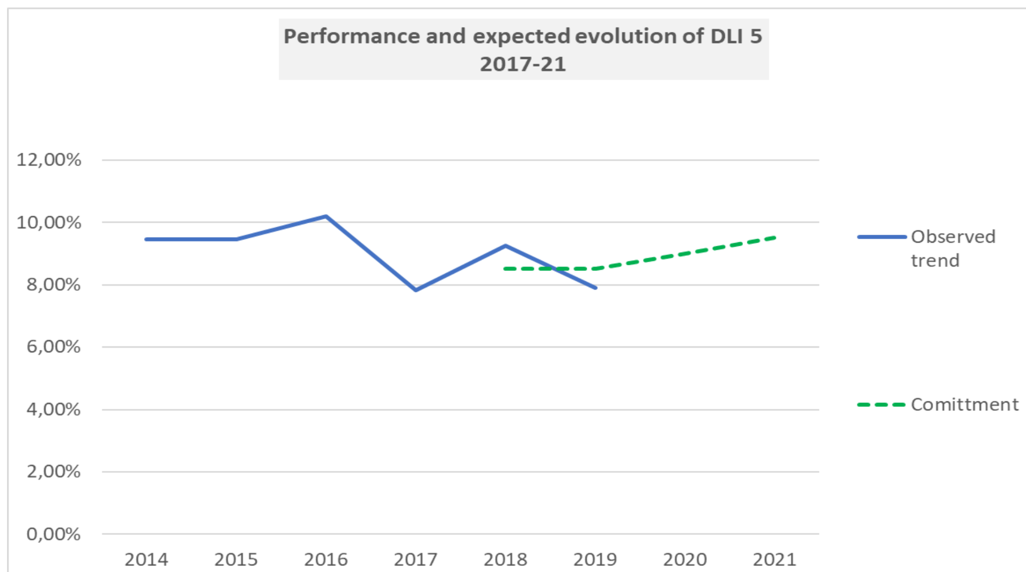
- Political context, especially in the center and north of the country makes it difficult to prioritize health (Internal security, defence, governance)

- Economic context, with expected -20% in revenue collection in 2020 (IMF report, May 2020)

Joint action on sustainable health financing

It is relevant that partners include health financing in the dialogue with MoH:

- The need that MoH **advocates for more funding to MoF** and strenghtens its HF analysis capacities
- **Demand clarity on achievements in internal and reachable measures to increase effectiveness and efficiency** in health spending i.e. HR management, meds procurement, performance measurement, how the sector responds to SARA with available funds, etc.)
- The DLI5 (Domestic effort to health) is a good entry point to which partners could align. It has worsened in 2019, due to stagnant allocations and increasing debt. *MoH, as part of the Government, can advocate for more internal resources.*



$$DLI\,5\,(\%) = \frac{Govt.\,Health\,Expenditure\,with\,Domestic\,revenue}{Govt\,Expenditure\,Domestic - Fin.\,Op,\,and\,Debt\,service}$$

Thank you

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