

**PAHO REGIONAL FORUM**  
**Universal health:**  
**An indispensable Investment for Sustainable Human**  
**Development**

**INVESTING IN HEALTH**  
*THE CARIBBEAN EXPERIENCE*

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December 7-8<sup>TH</sup>, 2015, Washington DC.



# BASIC FACTS ABOUT THE REGION

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- Population of English-speaking Caribbean.
- The range of population is 5,000 (Montserrat) to 2,800,000 (Jamaica).
- The combined national income of the region has been estimated at US\$ 70 billion.
- .The range of per capita income is \$3,993 (Guyana) to \$42,300(BVI).
- Health expenditure in the region has been estimated at 6% GDP.
- The range of per capita health expenditure is \$250(Guyana) to \$1621 (Bahamas).
- The region is not one of poor countries

# Caribbean Causes of Death

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Region has made the epidemiological transition and the mortality profile is similar to the developed countries.

Caribbean Causes of Death (2013)

Disease/Condition	% contribution
Heart Disease	15.7
Cancer	14.6
Stroke	10
Diabetes	10
HIV/AIDS	6
Hypertensive Disease	6
Accidents	4
Homicide	3
Respiratory Infections	2
Respiratory Diseases	2

# UH BIAS OF THE CARIBBEAN REGION

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- Long before 2005 countries of the Eng-spk Caribbean have had a bias towards UH.
- The dominance of the public sector in the financing and delivery of healthcare was always linked to the stated objective of covering everyone.
- In reality, partly because of quality challenges, the public health sector has never really covered the entire population.
- The significant levels of private health spending in the region attest to this.

# UH CHALLENGE IN THE REGION

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- In one country SLC results repeatedly show that almost 50% of persons in lower income groups do NOT access the public health system as first port of call when health care needs arise.
- In the same country more than 80% of spending on primary care is in the private sector.
- Responding to this reluctance to access “free care” constitutes the drive to UH in the region today.
- What is needed is increased investment in quality of care.

# INVESTMENT WHERE?

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- Usually we identify four broad targets of investment.
- Data from a few countries have shown the following ranges for expenditure:
  1. Primary Care : 15% - 25%
  2. Secondary/Tertiary Care : 60% - 78%
  3. Public Health/Health Promotion : 2% - 4%
  4. Vertical Targets : 5% - 10%

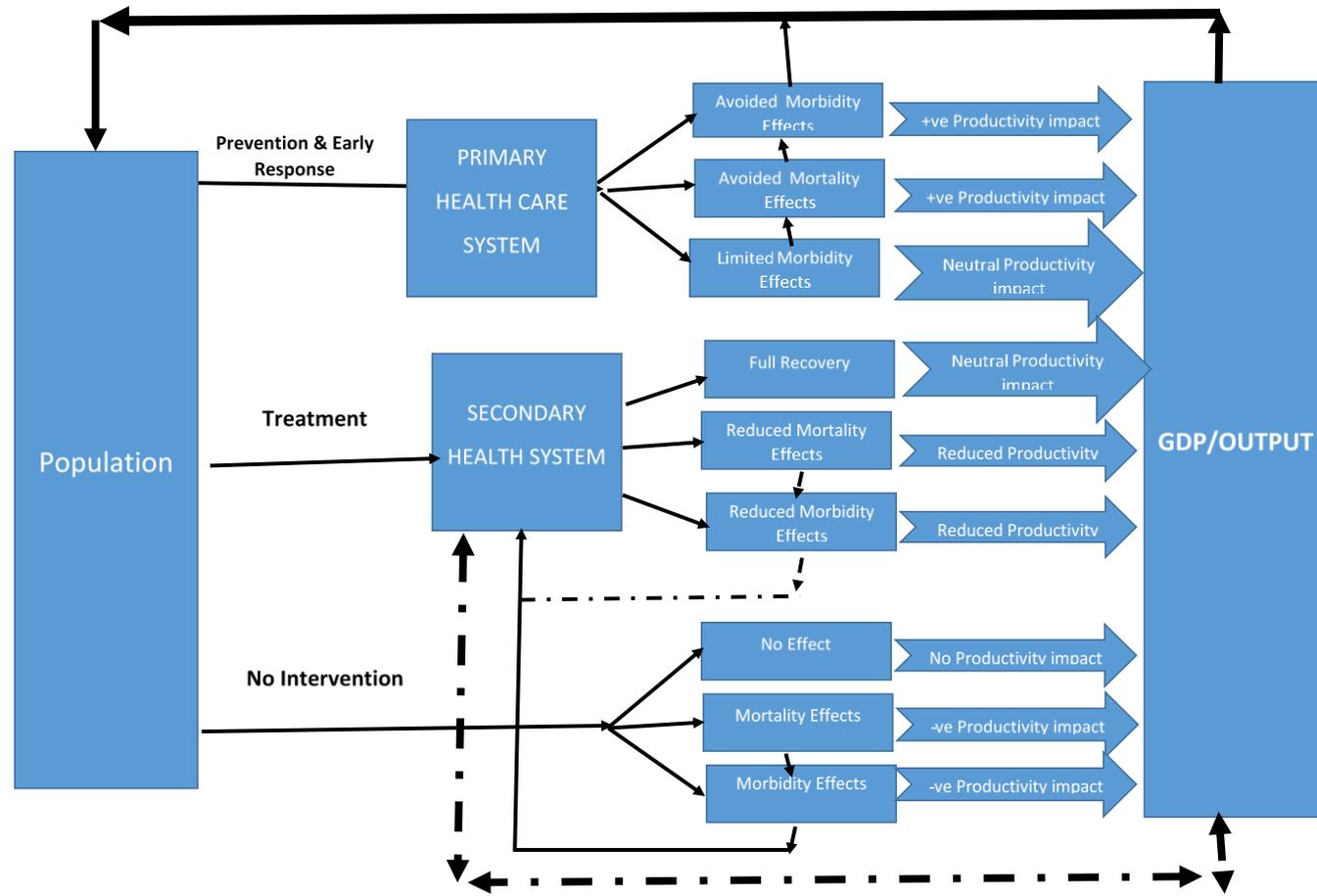
# INVESTMENT RETURNS

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- Our argument is that investment in health yields two separate but related streams of returns
- One stream contributes to the state of health enjoyed as a result of the investment
- The second stream contributes to the productivity impact on the national income
- The diagram below illustrates

# MORBIDITY AND THE NATIONAL INCOME: *INVESTMENT OPTIONS*

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# Case for Skewing Health Investment

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- Early preventative intervention via the PHC system brings the highest returns in terms of avoided mortality and reduced to no morbidity impact. This will translate into positive impacts on labour productivity and output
- The No Intervention option brings with it the highest risk of mortality and morbidity effects and the highest likelihood of entry into the secondary health care system with reduced productivity levels being the likely outcome.
- This option brings significant costs to the Health System and huge losses in terms of productivity and output reductions.
- Secondary intervention is assumed to be mainly neutral to productivity.

# RETURNS TO INVESTMENT

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- Diagram basically indicates that the impact of morbidity on the national income works through the labour force and the accumulation of capital (savings).
- Also three channels through which primary care reduces hospital admissions: preventive and promotive activities, secondary preventive activities, early detection activities.
- Diagram suggests that a good working hypothesis is that the investment returns are highest for primary care and public health/health promotion.

# RETURNS TO INVESTMENT

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- Our expectation is that vertical targets are third and that last on the list would be secondary/tertiary care.
- On the one hand, the reason for this ranking is allied to the case that can be made linking primary care and public health to labour productivity and capital accumulation.
- On the other hand, the demographic profile of hospital admissions suggests that many of the persons admitted are already out of the labour force, making the output of hospitals neutral to productivity.

# UH INVESTMENT ADJUSTMENT

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## □ Investment Context:

1. Non-communicable diseases (NCDs) are the predominant health concern of the Caribbean region, and
  2. Incidence of these diseases is likely to have a catastrophic impact on both the health system and the economy.
- Adjusting to UH will therefore require a structure of investment which calls for a significantly smaller allocation to secondary/tertiary care.
  - Fact is that hospitals are not the answer to the epidemic of NCDs which now confronts the region, and if UH is to have maximum impact on population health, our future investment has to reflect this fact.

# UH AND HOSPITAL CARE

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- Because of the ‘universal’ element in UH it is imperative that we find ways of minimizing the health financing requirement.
- This will not happen if we continue to invest in new hospitals.
- It will happen if we adopt an efficiency orientation in the health system and if we adopt an effective health promotion strategy, with emphasis on personal responsibility for health and on legislation that motivates a healthy food and drink industry.

# EFFICIENCY AND THE UH BENCHMARK

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- PAHO has suggested that a useful benchmark for countries leaning to UH would be a 6% of GDP level of spending by the public sector.
- If we assume that the PAHO 6% benchmark did not take into account the WHO estimate of 40% waste in health spending it can be said that under conditions of efficiency the public expenditure benchmark would be **3.6%**.
- One of the challenges we face is to give this benchmark a more scientific basis, possibly linking it with efficiency indicators.
- In situations where resources are extremely limited there is always greater pressure to move the health system on to an efficient basis of operation.

# EFFICIENCY AND THE UH BENCHMARK

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- In the present environment of economic stringency the pace of movement to UH in the Caribbean is vulnerable to two concerns:
  1. That countries cannot afford any increased allocation to health and
  2. The general sense that countries are not getting value for money from present expenditures
- The efficiency orientation suggested will address both these concerns since the **UH financing requirement will be minimized** and any additional expenditure will be within a management framework that is geared to deliver **value for money**

# Efficiency and UH

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Where regional health systems have taken necessary steps to bring about efficiency – a modern **health information system** with monitoring and evaluation built in – we will have one step closer to UH.

- In the Caribbean where the average **overall** health spending level is just about 6% and where public spending is averaging 3.5%, almost equal to the **efficient** UH benchmark. The challenge will be to convert the present nominal level of spending into an efficient one and the first step is getting the **investment structure** right.
- The HEU, Centre for Health Economics has made a commitment to support the countries of the region in their effort to make **health system efficiency** one of the pillars of Universal Health in the Caribbean.

# Concluding Statement

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- Presentation has proposed **three** principles that should guide our thinking as we seek to determine the investment required for establishing UH in the Caribbean:
  1. The drive to UH requires a higher level of effective investment in health and this begins by improving efficiency in the health system;
  2. The drive also requires a change in the structure of investment away from a bias towards hospitals to a bias in favour of primary care, public health and health promotion
  3. Increased investment in UH will not only impact on population health. It will also impact positively on productivity, and hence on national income.

A major research effort is needed to strengthen the