

Financing Universal Health Coverage (UHC) in the Caribbean: The Fiscal Space Issue

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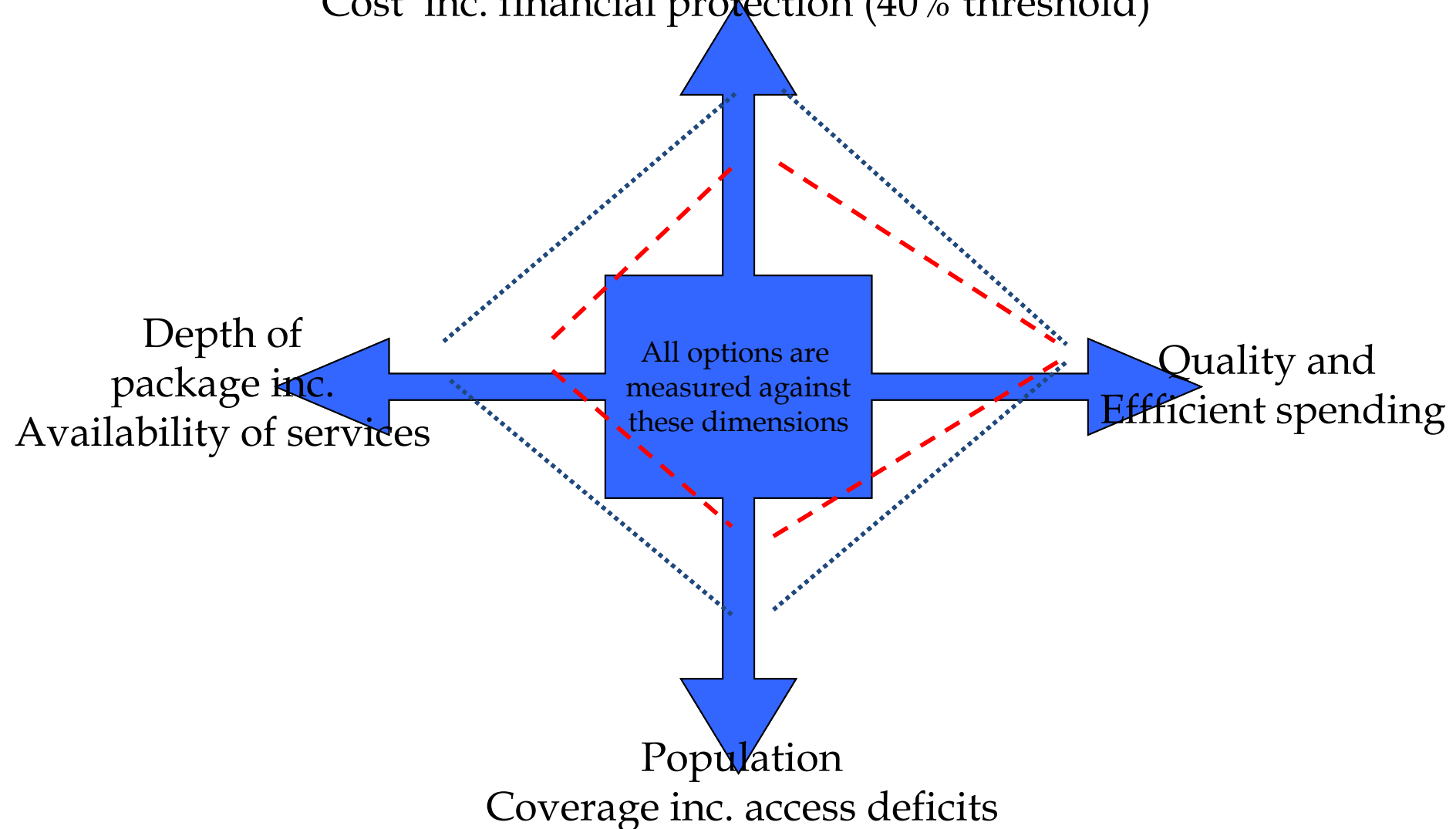
Organisation of Presentation

Slides	Issues Covered
1--5	UHC in Caribbean: Health Financing Context
6--9	Caribbean Fiscal Space Issues
10a, b, c	Likely Fiscal Space Options
Final	Reference Materials

1. Financing UHC Implications

All options stretch the policy blanket across these 4 dimensions...

Cost inc. financial protection (40% threshold)



2.TYPOLOGY OF HEALTH FINANCING SYSTEMS IN CARIBBEAN

Tax/Budget Financing	Social health insurance (SHI)	Hybrid (taxes, SHI and private health insurance)
Anguilla	Aruba	Antigua
Barbados	Bermuda	Bahamas
Belize	Cayman Is	BVI
Dominica	Curacao	Jamaica
Grenada	St Maarten	T'dad and T'bgo
Montserrat	Surinam	
St Kitts	Turks and Caicos Is.	
St Lucia		
St Vincent		
IN ALL COUNTRIES, FAIRLY HIGH LEVELS OF OUT OF POCKET PAYMENTS (mean--33%)		

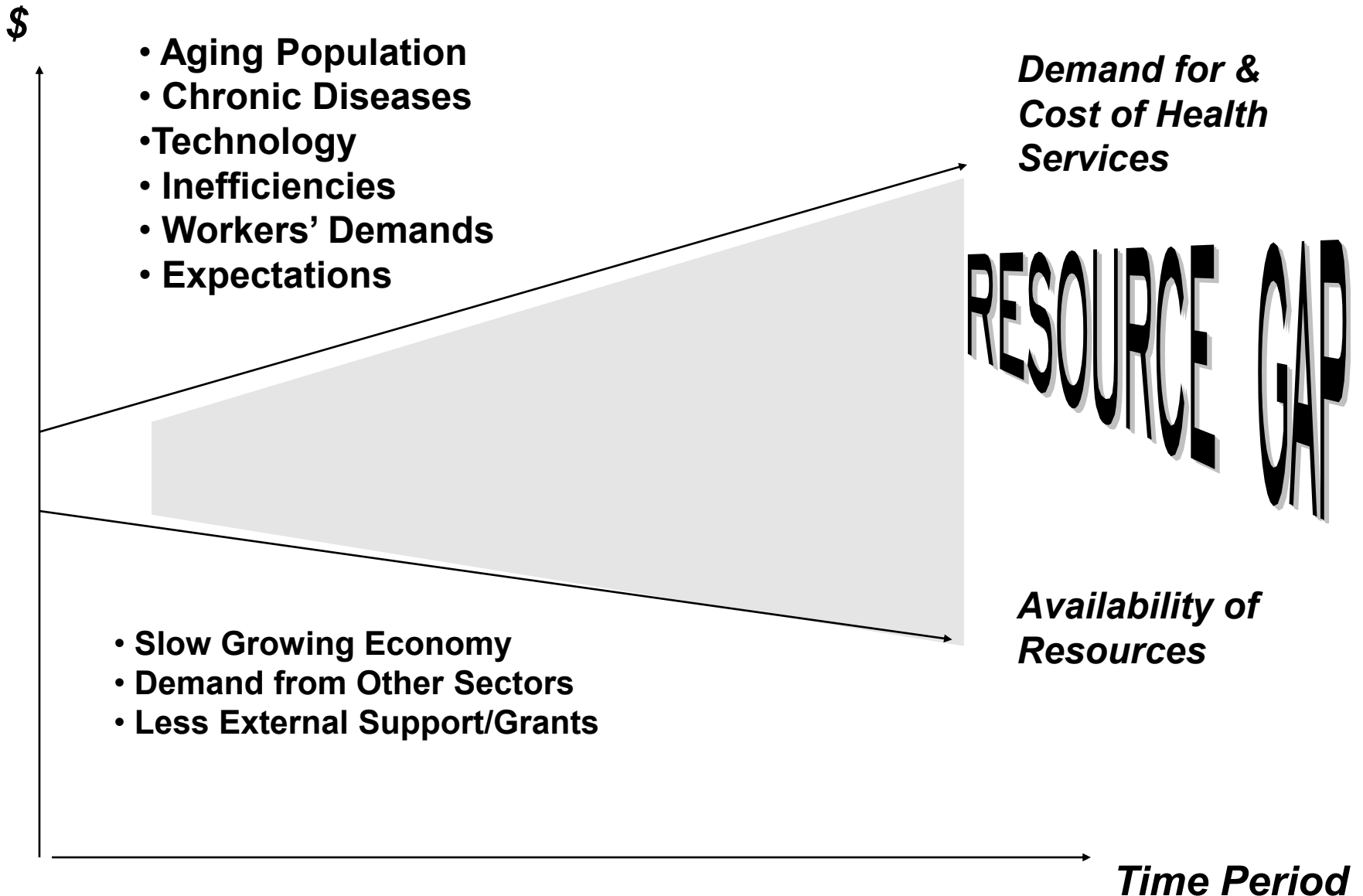
3. Health Spending Patterns (latest year available—PAHO, WHO)

Indicator	Range (%)	Mean (%)
Tot. Health Ex.%GDP	4.8—9.8	6.0 (n=16)
Gov.Health Ex.% THE	45---83	62 (n=16)
Priv.Health Ex.% THE	17-55	38 (n=16)
OOP Ex. % THE	15—48	33 (n=16)
Gov. Health Ex.% Tot. Gov. Ex.	5.5—18.7	10.7 (n=16)
Tot. Health Ex. Per capita (US\$)	\$122--\$2580	\$450

4. Health Spending vs. Outcomes (PAHO & WHO..2008/10)

Country	THE per cap. (US\$)	THE%GDP	Life Expec- tancy (Yrs)	Probability of Dying < 5 Yrs (per 1000)	Probability Of Dying 15—60 Yrs (per 1000)
Anguilla	800e*	5.7	81	NA	NA
Antigua	651	6.0	74	12	177
Bahamas	1481	7.2	76	12	164
Barbados	974	6.7	76	11	108
Belize	202	4.8	73	18	166
BVI	2581*	8.5*	79*	NA	NA
Dominica	337	6.0	74	10	147
Grenada	438	6.7	73	14	197
Guyana	122	8.1	67	35	257
Jamaica	256	5.2	71	31	177
Montserrat	990*	9.8	74	NA	NA
St Kitts/Nevis	651	5.8	74	15	138
St Lucia	407	7.0	74	20	139
St Vincent	279	5.2	73	12	160
Surinam	423	7.2	72	26	172
T&T	908	5.5	70	35	172
Bermuda	8500	9.2	79	5	na
USA	7164	15.9	79	8	106

5. *Health Financing Dilemma*

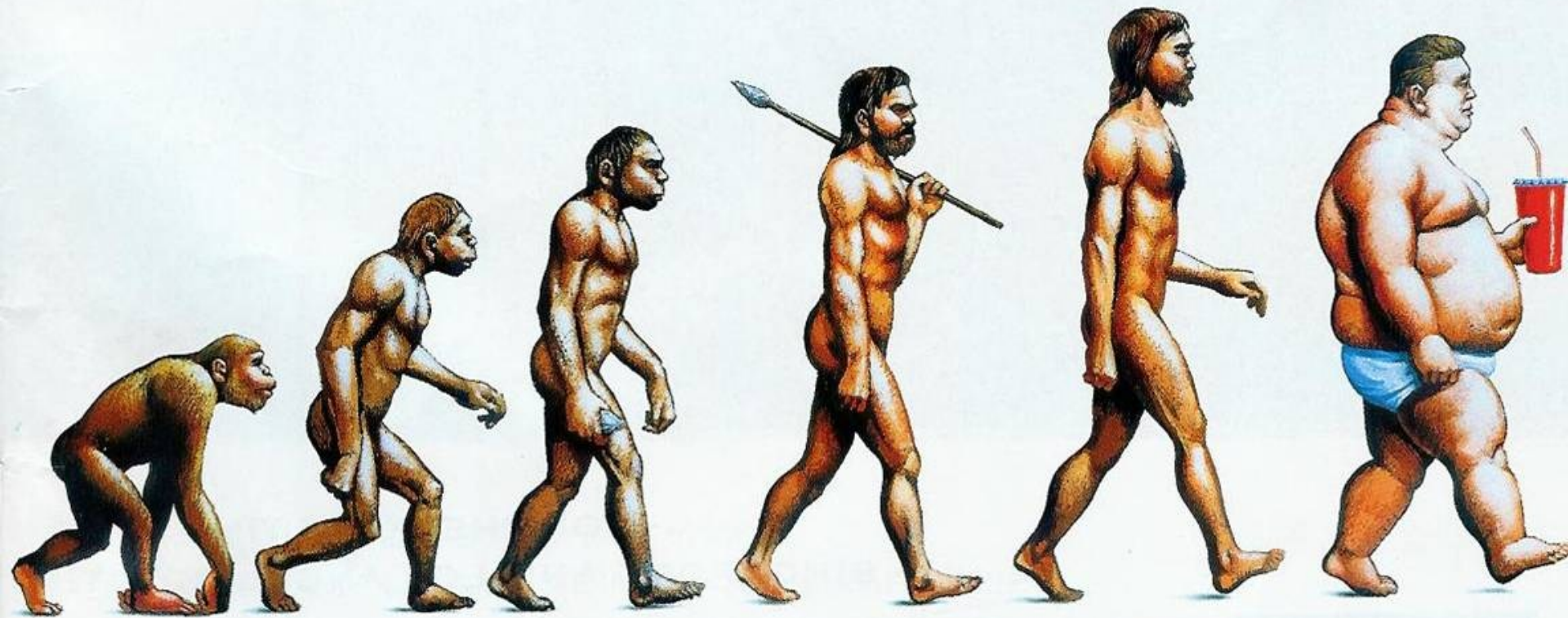


Where To Find the Cash to Care ??



The shape of things to come

The Economist, Dec. 2003



6. CREATING FISCAL SPACE

What Is Fiscal Space?

‘The availability of budgetary room that allows a gov’t to provide resources for a desired purpose without any prejudice to the sustainability of that gov’t financial position’ (Heller, 2005)

7.FACTORS INFLUENCING FISCAL SPACE

FACTORS	INFLUENCE
1. Ideology/Policy of gov't	* 'Welfare' state vs 'free market' vs Hybrid * Policy-'health as human right'; 'no one denied care'
2. Macroeconomic growth	* 'Rising tide lifts all boats' (more income and opportunities for gov't, businesses, households)
3. Scope of Gov't activities	* Sources and pattern of growth of revenue * Pattern of expenditure * These are largely reflected in annual budgets.
4. Scope of Social Security including health security (NHI/SHI)	* Range of benefits to be covered * Financing requirements –percentage payroll tax deductions and contribution floor-ceilings
5. Efficiency in allocation & spending given resources	* Optimal choices and evidence-based priorities * Value for money spending with minimal waste

8. Fiscal Environment (a)

Select Fiscal Indicators	Value (R=range; M=mean)
i) Total tax rev.% GDP	R:14.5--33.2; M: 23.9 (n=18)
ii) Corporate income tax rates (CYT)	R: 0%--50% (4 states with 0%) (n=16)
iii) Personal Income tax rates (PYT)	R: 0%--59% (5 states with 0%) (n=16)
iv) Countries with VAT Countries with sales and/or other consumption taxes	7; with rates from 0%--17.5% (n=16) 9; with rates from 0%--40% (n=16)
v) Import duties/external tariffs	0—30% (CARICOM) ...can be 150% on some goods
vi) Current account (fiscal)-latest 3 yrs	10 countries with negative balances; 3 positive balances (n=13)
vii) Public debt % GDP	R: 10%--140% (60% benchmark..EU)
viii) Debt repayments % budget	R: 11%--60% (N=13)
ix) External aid	R: 0—10% (N=13)

8. Macroeconomic Environment (b)

Select Macro Indicators	Value (R=Range)
i) Real GDP per capita growth rates per annum(1970-2010...WB)	All positive--6 countries above 1.5%; 8 below (n=14) However, latest 3 years----6 countries with negative rates; 8 countries with positive rates within 0.1% to 2%
ii) Unemployment (latest 3 years)	4%--20% (n=14)
iii) Poverty (latest years)	4%--25% (n=14)

8. Social Security Environment (c)

Payroll Deductions (% insurable wage)	Number of Countries
A. Social Security/National Insurance only	n=16
i) 5%--8%	4
ii) 8.1%--10.0%	7
iii) 10.1%--16.25%	5
B. SHI/NHI-related only:- 1.0%--9.0%	8 (n=8)

9. Outlook-Macro, Fiscal & Social Security Environment

Key Fiscal Space Factors	General Outlook
i) Real GDP growth	Moderate growth over last 4 decades; Slightly higher but uneven income distribution.
ii) Direct taxes	Trend to stabilisation and reduction. More efficient collections needed.
iii) VAT/Sales taxes	Some scope for increase or introduction. More efficient collections needed.
iv) Import duties	Trend to stabilisation OR reduction re: regional & int'l obligations (CSME,WTO, EPA).
v) Other taxes eg property; sin taxes	Some scope. More efficient collections needed.
vi) External Aid	Limited scope given 'graduation' of most states. (LIC-1; LMIC-2; UMIC-7; HIC-9...World Bank) Only HIV program receives significant aid.
vii) Public Debt	Cautious approach to foreign debt. Some scope for internal borrowing and debt-health swaps.
viii) Social security-payroll taxes (5—16.25%)	Limited scope. Focus--secure pension obligations. Business viability issues.

10a. LIKELY FISCAL SPACE OPTIONS

OPTIONS	LIKELIHOOD
a) Raising more revenue from taxes	➤ Depends on whether new sources can be generated eg higher taxes on telecoms; banks; travel; 'sinners'—alcohol; tobacco; fast foods; gambling ➤ Depends on more efficient collection
b) Reallocation of budget within sectors	> Limited scope given debt repayments as priority; education; national security
c) Debt-health swaps (as done for environment)	> Some scope on case by case basis
d) More efficient spending	> Main area for direct health activism

10b. EFFICIENT SPENDING STRATEGIES

A. DEMAND SIDE:-

- **More illness prevention, screening, health promotion**
- **Coalitions to confront social determinants of poor health—education; police; environment, sports and culture, food and nutrition**
- **Role of primary care team as gatekeepers**
- **More integrated/coordinated care networks**
- **Selective use of copayments/user fees**
- **More attention to access deficits for certain social groups eg poor and near poor; elderly; migrants (making use of key UHC measurement indicators)**

10c. EFFICIENT SPENDING STRATEGIES

B. SUPPLY SIDE:

- **Definition and delivery of essential package of services for all**
- **Less hospitalisation, more day surgery and step-down care facilities**
- **Purchasing efficiencies by financing agencies (MOH's, insurers) in equipment, pharmaceuticals, clinical services (along with quality audits and screening for fraud), pre-authorisation for overseas care;**
- **More pay for performance and innovation not capacity**
- **Targeted ICT solutions—purchasing, EMR's, telemedicine**
- **More public-private partnerships in care delivery and financing**
- **Regional collaboration in sharing services, centres of excellence, purchasing overseas inputs eg care, equipment, pharmaceuticals**
- **Explore other overseas treatment centres eg Costa Rica, Cuba, Panama; Jamaica, T'dad &T'bgo**

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