

COST AND FINANCING OF NCDs and RISK FACTORS IN THE CARIBBEAN

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ORGANISATION OF PRESENTATION

- **Review of Costs of NCDs in the Caribbean**
- **Current Funding Arrangements**
- **Range of Options: Public, Private and Regional**
- **Key Research Areas to Support Policy Action**
- **Take Aways**

REVIEW OF COSTS OF NCDs (1)

1. In a study on diabetes in the Bahamas, Barbados, Guyana, Jamaica and Trinidad and Tobago, Barcelo et al. (2003) found that:
 - a) Direct (treatment) and indirect (foregone earnings) costs for these countries amounted to US\$1 Billion or 3% GDP
 - b) Per capita direct cost was US\$687 or more than twice total health spending per capita (US\$302).

2. Similarly in a regional study on the economic burden of diabetes and hypertension, Abdulkadri et.al (2009) found that:

Direct and indirect costs stood at US\$1.4 billion, or 5.2% GDP

REVIEW OF COSTS OF NCDs (2)

3. In a World Bank study on the EC countries (2011) and on Jamaica (2012) it was found that

- In EC States, average per cap. health expend. on diabetics (US\$536) was 1.3 times total per cap. health expend. (US\$435)
- In Jamaica, households with NCD patients spent US\$742 per capita on health bills vs average population spending of US\$200
- In St Lucia, 36% of out of pocket health spending by households was incurred for NCDs treatment

4. In an Economist Intelligence Unit (2009) study of 8 countries it was seen that for 5 leading cancers (lung, breast, colorectal, prostate and cervical) total direct and indirect costs of ranged from US\$1.4 million in Guyana to US\$17.6 million in Trinidad and Tobago

CURRENT FUNDING ARRANGEMENTS (1)

A. Public Measures:

- Budget allocations to Ministries of Health for programs incl. NCDs
- Prescription drug plans in Barbados (1980); Jamaica (2003); Trinidad and Tobago (2003); the Bahamas (2010)
- Income replacement– grant funds by Social Security Orgs. to members for sickness, disability, invalidity and early retirement

B. Private Measures:

- Direct Out-of-pocket spending
- Private insurance payments—general and ‘critical illness’ insurance
- Business spending on workplace health as well as grants/donations for community health–wellness activities

CURRENT FUNDING STRATEGIES (2)

C. Community Measures:

- Spending by national NGOs–CSOs eg Cancer Societies
- Spending by regional bodies including –
 - Healthy Caribbean Coalition
 - University of the West Indies, incl TMRI,CDRC

D. Regional–Subregional Measures:

- Spending by multi–national organisations –
 - The Caribbean Public Health Agency (CARPHA)
 - The Organization of Eastern Caribbean States (OECS) Secretariat
 - CARICOM Secretariat

CONTEXT OF FUNDING REQUIREMENTS

Present context characterized by :–

- Resource–constrained Caribbean economies—
 - *fiscal space constraints (low or negative growth; high debt);*
 - *general double–digit unemployment and poverty levels*
 - *Reduced access to concessionary funds: some countries classified by the World Bank as ‘high–income’*
 - *Competition for resources, inter–ministerial and intra–health*
- Adoption of goals of UHC–UAH
- Introduction of National Strategic Action Plans for NCDs

APPROACH TO FUNDING

New funding strategies can be considered in terms of

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1. Modification of current measures and priorities, mainly strengthening the primary level of care
2. Adoption of new funding measures for the health system
3. Measures aimed at improved overall revenue collection
4. Improved efficiency throughout the system

IMPROVING EFFICIENCY

- ▶ WHO estimate of waste in health spending: 20 – 40 %
- ▶ For the Caribbean this would be waste between \$1 billion and \$2 billion
- ▶ We cannot seriously move to undertake new funding without first addressing this possible waste
- ▶ However, we need to complement waste reduction with an improved collection of revenues
- ▶ Recent reviews seem to paint the current environment as one where there is room for greater efficiency, given the evidence of
 - Weak governance and stewardship
 - Fragmentation and poor quality of services in some countries
 - Fragmented, disjointed NCDs programs
 - Emphasis on medication and treatment vs prevention and early detection
 - Low emphasis on target-setting, monitoring and evaluation.

NEW FUNDING FOR HEALTH: PUBLIC OPTIONS (1)

Six measures suggested:

1. In 2007 the Caribbean Heads of Government agreed on a regional framework for responding to NCDs – the POS Declaration. One measure proposed was an increase the tax-take from sales of tobacco and alcohol products.
2. Impose additional levies on betting, gambling and lottery games
 - Example is CHASE (culture, health, arts, sports, education) Fund in Jamaica which allocates 20% of lottery proceeds to health
3. New levies to curtail salt, sugar, trans-fats in processed and other obesogenic foods: majority of these products attract zero or minimal duties when imported and normal sales taxes when produced locally

NEW FUNDING FOR HEALTH: PUBLIC OPTIONS (2)

4. Expand covered services beyond prescription drug plans, to include:–

- Health promotion–preventive activities (as in the National Health Fund in Jamaica and the National Drug Plan in the Bahamas)**

5. Enlist support from Social Security Orgs (SSO) to strengthen the national capacity to respond to major health challenges including NCDs

NEW FUNDING FOR HEALTH: PUBLIC OPTIONS (3)

6. Adopt **more** performance-based funding for NCD activities using Results-based criteria. Examples include:

- a) Paying providers for performance in relation to NCD protocols, as is the case with Belize's National Health Insurance
- b) Proposed conditional cash transfers to NCD patients for illness management, as is the case in the Bahamas
- c) Proposed World Bank-funded pilot community NCD programs, as is the case in St Lucia and Dominica

NEW FUNDING FOR HEALTH: PRIVATE OPTIONS

Four measures suggested:

1. Re-formulation of insurance benefit packages to emphasise illness prevention and wellness
2. Regulations to outlaw cherry-picking by insurance companies
 - Admittedly these may induce premium adjustments in group and individual policies
3. Also, increase scope for multi-year commitments to community and workplace wellness promotion activities
4. Promote increased investment in workplace wellness as good for business and foster development of business trust funds/foundations with multi-year funding for selected health programmes

NEW FUNDING FOR HEALTH: REGIONAL OPTIONS

Three measures suggested:

1. Regional fund for Public Health from a **Human Resource Protection** (HRP) Tax

The HRP tax will be dedicated to fund some of the prevention and health promotion activities of the Caribbean Public Health Agency (CARPHA) and of the CARICOM Health Desk.

The case for this tax will benefit from

- a) evidence highlighting the contribution of human resources to private sector production and profits
- b) Demonstrating current low funding of public health

With a regional income estimate of close to \$70 billion, with the economic impact figures shown earlier (between 3% and 5% of GDP) and with the HRP tax costing less than 1% of GDP, the case should be a difficult one to make.

NEW FUNDING FOR HEALTH: REGIONAL OPTIONS

2. From experience of other countries, funding may also be derived

from regionally-agreed levies on

a) cruise ship arrivals

b) telecommunications and

c) financial transactions

3. Access expanded PAHO Strategic (Revolving) Fund for medicines and equipment: possible greater use of the Fund for cancer, diabetes, hypertension medications–supplies than at present, and for other conditions, as agreed.

DIMENSIONS OF THE HEALTH FINANCING CHALLENGE

- ▶ First is the resource mobilization dimension which is seen as responding to reduced fiscal space by exploring new public sector revenue opportunities and using a combination of regulations and incentives to increase contributions from the private sector
- ▶ Second is the efficiency dimension which amounts to keeping the financing requirement as low as possible, thereby creating more financing space
- ▶ Undertaking the research to strengthen advocacy for adequate funding

RESEARCH TO STRENGTHEN ADVOCACY (1)

1. Costing of an expanded list of NCDs (beyond diabetes, hypertension and cancers): getting closer to the full cost
2. Using National Health Accounts to arrive at a comprehensive picture of sources and uses of funds (public and private) in NCDs programs
3. Using the OneHealth Tool to link strategic objectives and targets of disease control and prevention programmes to the required investments in health systems. The Tool can thus be used to inform sector wide national strategic health plans and policies.

RESEARCH TO STRENGTHEN ADVOCACY (2)

4. There is also a need to carry out the research that will strengthen the regional response to the NCD epidemic.

The need here is to counteract the small-country bias which increases the unit cost of different aspects of the NCD response and which weakens leverage with big companies linked to NCD epidemic

RESEARCH TO STRENGTHEN ADVOCACY (3)

5. Given resource constraints in the countries of the region, financing reform points to the need for research to:–

- a) Build an advocacy arsenal which includes painting the dire epidemiological picture for next 10 and 20 years, as well as the economic impact of these developments.
- b) Derive projections on the epidemiological benefits from adopting the suggested NCD response programme, as well as the cost of mounting this response.
- c) Enhance partnerships with private sector, Social Security and NGOs, under enhanced regulation by the national health authority
- d) Emphasize the adoption of an efficiency-oriented management style

THREE TAKE-AWAYS

1. Carry out the economic research which would make known both the significant impact of the NCDs on the society, as well as the benefits of a timely response .
2. Adopt systems which will boost efficiency and increase revenue collection
3. Decide on time frame for introducing new revenue measures to strengthen the regional commitment to health, possibly starting with:
 - a) **Human Resource Protection Tax**
 - b) **Levies** on cruise ships, telecomm and financial transactions
 - c) **Increased taxation** of alcohol, tobacco and obesogenic foods

THANK YOU