



INVESTING IN HEALTH

The OECD perspective

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Outline

- Demonstrating the benefits of health spending
- Fiscal sustainability constraints
- Solutions for sustainable UHC
- Health-in-all policies



DEMONSTRATING THE **BENEFITS** OF HEALTH SPENDING



Increase efficiency, reduce waste

WASTE

\$690 billion
wasted per year in the US

IoM (USA), 2012

\$300 billion
lost to mistakes or
corruption worldwide per
year

European health care fraud and
corruption network, 2010

20-40% of total
health spending could be
saved

World Health Organization, 2010



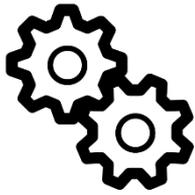
Spending more on health a worthwhile investment, but value-for-money is crucial

- Investing in health crucial for **economic development**
- Yet many LAC countries could **spend more on health**
- Countries' push for **UHC** is commendable, but **value-for-money** needs to be demonstrated

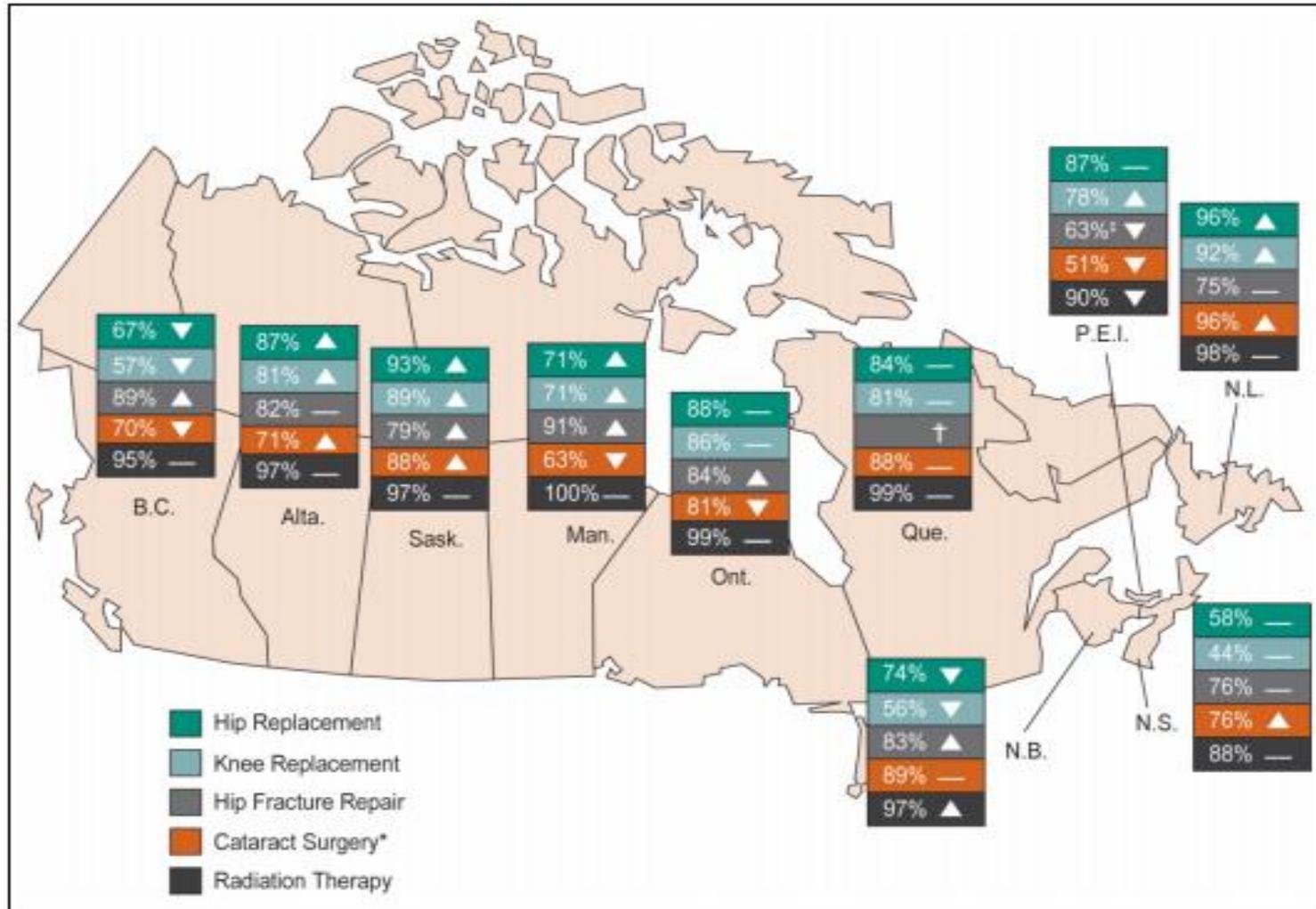


Monitoring and incentives for improved accountability

- **Open comparison of health-related data** a powerful tool to monitor quality of care
- **Financial incentives and sanctions** can incentivise performance across localities
- Consolidated national **information infrastructure** required



The Performance Measurement Framework in Canada





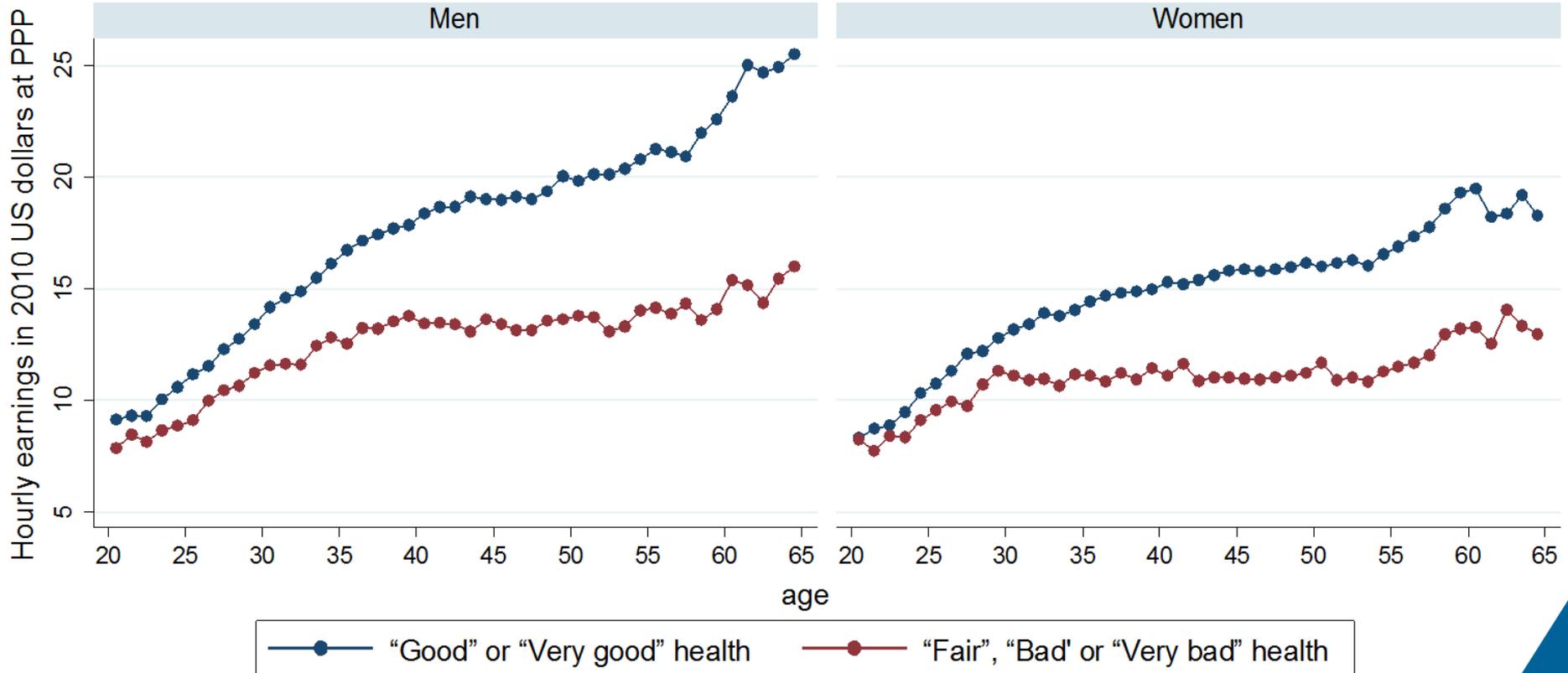
Benefits go beyond health sector: *e.g. labour market impacts*

	Employment	Wages	Absenteeism
Obesity	Lower probability of employment (causal)	Larger wage penalties (causal)	More sickness absences, esp. for women (causal)
Alcohol	Long-term light drinkers have better employment opportunities	Moderate drinking positively associated with wages	Absences 20% higher among abstainers, former and heavy drinkers (causal)
Smoking	Heavy smokers more likely to be unemployed (causal)	Smokers earn 4-8% less than non-smokers (causal)	Smokers 33% more likely to be absent from work than non-smokers (causal)



Poor health status leads to lower wage gaps at all ages

Gross hourly earnings by age and health status



Source: EU-SILC 2004-2012



UNDERSTANDING **FISCAL** **SUSTAINABILITY** CONSTRAINTS



Fiscal space and fiscal sustainability

- **Fiscal space...** availability of **budgetary room** that allows a government to provide resources for a desired purpose without any prejudice to the sustainability of a government's financial position [IMF].
- **Fiscal sustainability...** ability of a government to **maintain public finances** at a credible and serviceable position over the long term. High and increasing debt levels as main red flag [~EC, IMF, OECD].

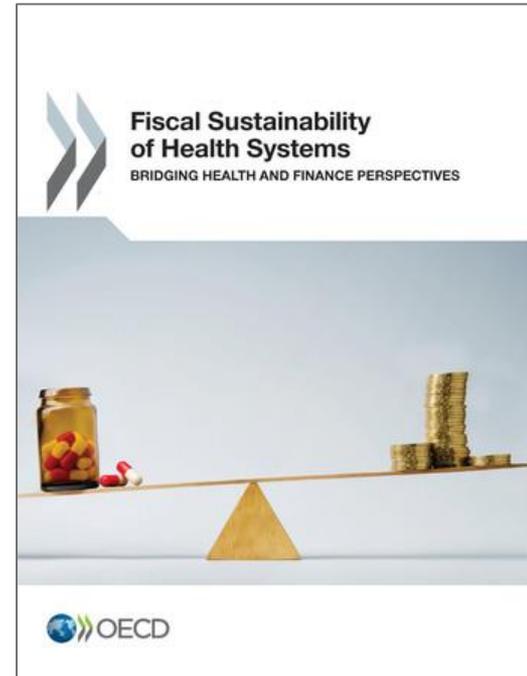
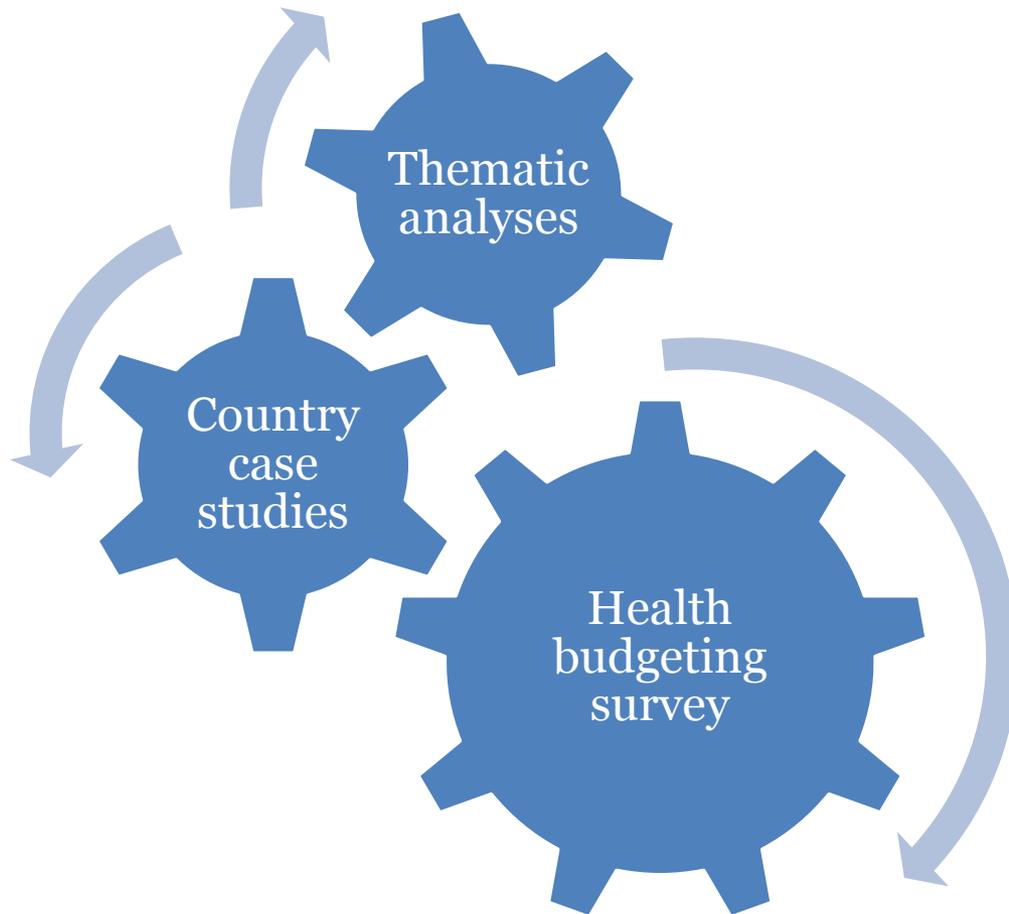


3 broad policy options

1. **Reallocate** public funds from other areas; **raise more revenues** for health
2. Deliver better **value for money** and eliminate waste
3. **Reassess the boundaries** between public and private spending



The OECD Joint Network on Fiscal Sustainability of Health Systems



www.oecd.org/health/health-systems/fiscal-sustainability-of-health-systems



FINDING SOLUTIONS FOR **SUSTAINABLE UHC**



Prioritise spending on cost-effective interventions

- Avoid unsustainable capital investments
- Better to focus spending on core services
 - Define **limited set of essential services**
 - **Transparency**: ensure population well informed of this benefit package



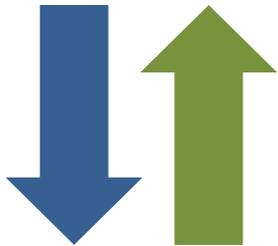
Financing expansion in a federal context: Mexico's Seguro Popular



National

Central level funding transparent and tied to demand

- Costed benefit package as quality assurance mechanism



Regional

Federal-state negotiation helped target funds to state needs

- State transfer has fixed and per person components



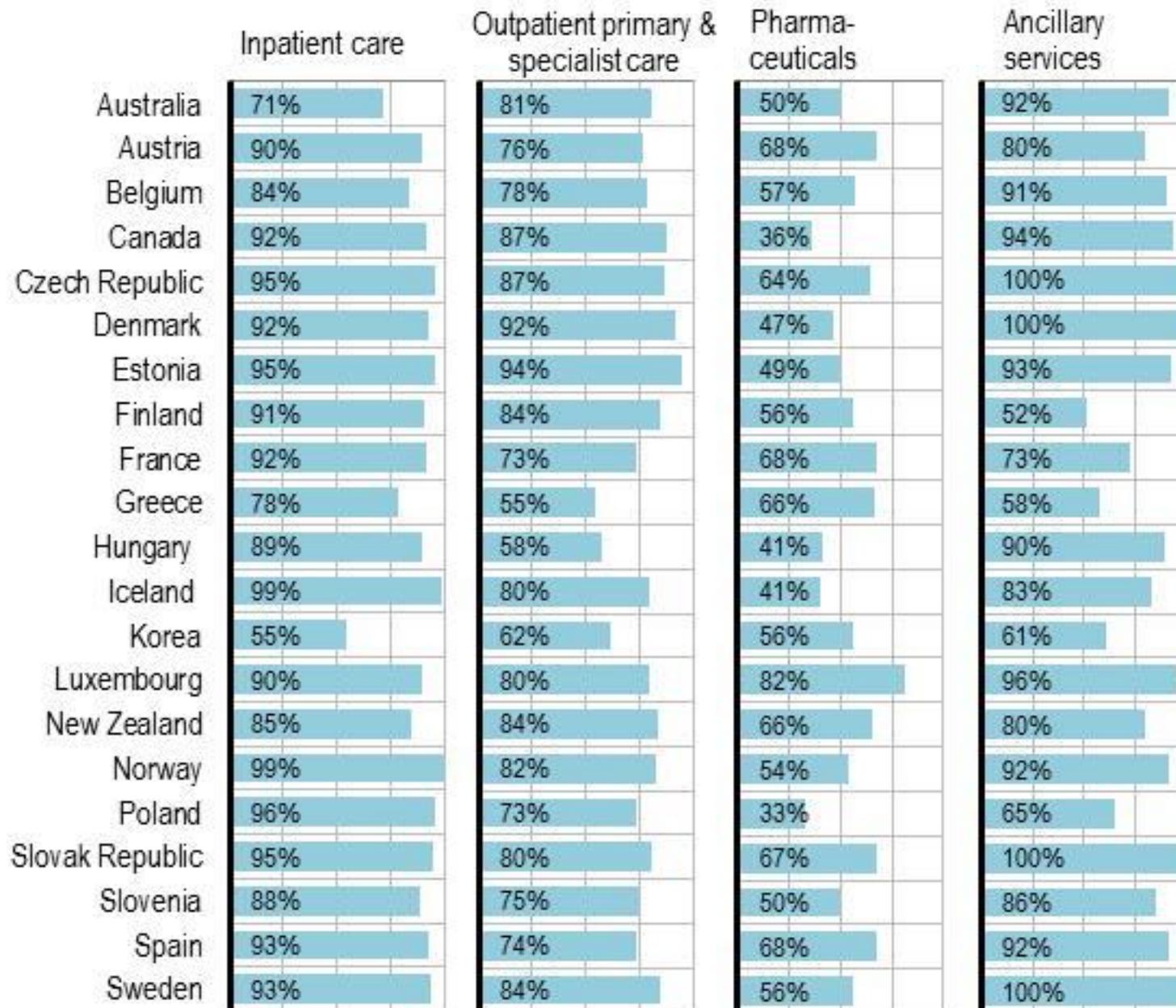
Chile: universal and full coverage for limited **essential** package



	Mandatory contribution	Additional Premiums	AUGE health services	Primary health services (non-AUGE)	Other medical and dental					
Fonasa										
Group A						None	None	100% covered with public providers	100% covered with public providers	
Group B						7% up to a maximum contribution of US\$140/month		100% covered with public providers	100% covered with public providers / Covered at 50-75% for private providers	Varying Co-payments with public providers / Covered at 50-75% for private providers
Group C										
Group D										
Isapres	Private premium + AUGE premium	100% covered with public providers	Varies by health plan	Varies by health plan						

Source: Fonasa, Health Plan Coverage. <http://www.fonasa.cl/>

Basic primary health coverage in OECD countries, % of THE





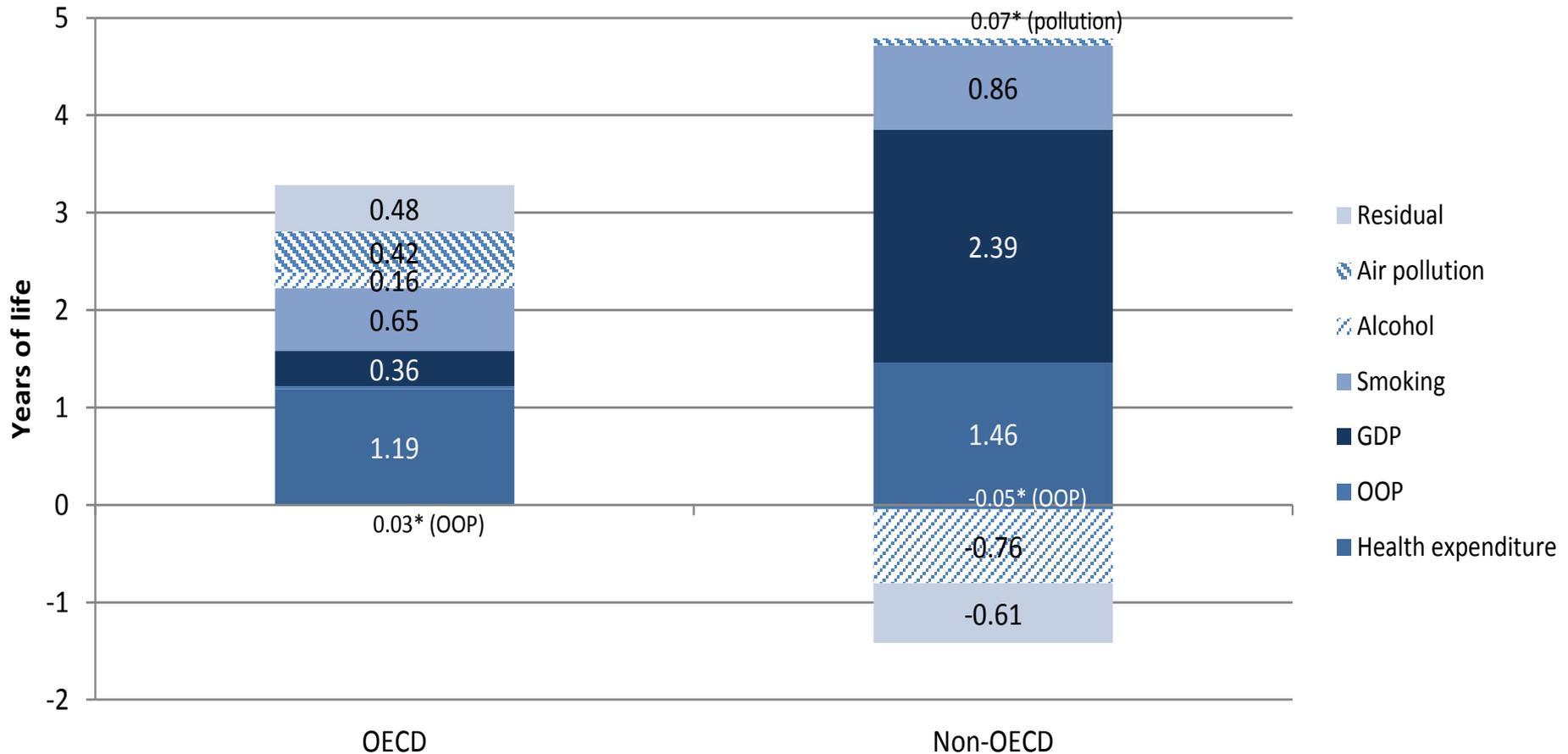
HEALTH IN ALL POLICIES





Importance of *health spending* to life expectancy in OECD countries, and *income* in non-OECD countries

Contribution of factors to changes in life expectancy from 2000 to 2013



* Indicates variable did not have a statistically significant effect



CONCLUDING THOUGHTS



Conclusions

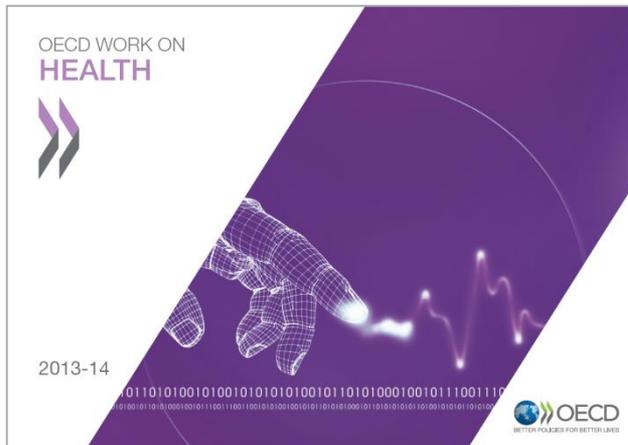
- Demonstrate **value-for money**
- Adapt to **fiscal sustainability** constraints
- **Prioritise** spending on limited set of cost-effective interventions
- Take a **wider perspective** on health investments



Thank you

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