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BetterHealthSystems
Strategies that Work

A series of briefs exploring the impact of Health Systems 20/20 worldwide

Financing Liberia's Health Care

POST-CONFLICT PROGRESS

After signing the 2003 peace accord, Liberia's government engaged with international partners to rehabilitate the health system. The civil war resulted in an estimated 86 percent of the population being displaced, the collapse of the country's economy, and the complete destruction of the systems that have a direct influence on health, including housing, water, electricity, sanitation, roads and education (African Development Bank et al. 2008). The health system was severely disrupted as health workers fled, medical supplies became unavailable, and health facilities were vandalized. After the war, only 51 of the 293 public health facilities remained operational and only 30 physicians stayed in country to serve the population of three million (Kruk et al. 2010).

Since 2003, the government has made tremendous progress in rebuilding the health system, beginning with the creation of the first National Health Policy and Plan, which calls for improving the health status of Liberians by providing a basic package of health services (BPHS) on an equitable basis (Ministry of Health and Social Welfare, MOHSW, n.d.). Between 2006 and 2010, the country's infant and under-five mortality rates declined steadily. By 2010, the total number of new or reconstructed health facilities had increased to 550. Preventable conditions such as malaria and malnutrition, however, continue to be the underlying causes of death and disease.

"Most of the complex policy issues facing developing and fragile post-conflict countries relate to health care financing… It is my hope that stakeholders in the health sector would use the National Health Accounts findings to refocus their resources to cost-effective interventions that will accelerate our pace to achieving the Millennium Development Goals."

Dr. Walter T. Gwenigale, Minister of Health and Social Welfare, Republic of Liberia
Excerpted from his forward to the *Liberia National Health Accounts 2007/2008* final report

GENERATING EVIDENCE TO INFORM POLICY

Like other post-conflict countries, such as Afghanistan and Sierra Leone, Liberia enjoyed increased support from donors immediately after conflict (Kruk et al. 2010). The ongoing challenge, however, has been to harness the higher levels of foreign assistance to shift from providing humanitarian relief to rebuilding the health system. Since 2009, Health Systems 20/20 has worked with the MOHSW to build a sustainable health system. A key factor in sustainability is establishing a sound healthcare financing system to ensure that health services provided are affordable for the country and protect individual households from catastrophic spending.

Health Systems 20/20 has pursued an integrated strategy to generate data-based evidence in health financing and to ensure an open and collaborative policy process. Intense capacity building was integrated into all activities to leave behind skills and expertise among the Health Financing Task Force and the MOHSW's legal unit. Health Systems 20/20 presented options for risk pooling and improving equity, facilitated a political consultative process to develop and vet the policy, and built the capacity of the ministry's financing and legal staff.

To gather the evidence necessary to inform a national health financing policy, the MOHSW, in partnership with Health Systems 20/20, conducted two rounds of National Health Accounts (NHA). In addition, the MOHSW did a case study on catastrophic health expenditures, a benefit incidence analysis (BIA) on public health investments, and a modeling of the economic impact of high fertility. The results from these different analyses informed the recommendations for the health financing policy and answered the following key questions.

How much is Liberia spending on health? Liberia's per capita health expenditure rose from $3.4 per year in 2003 to $29 in 2008. In 2006, total health expenditure was 6.46 percent of the gross domestic product. While health spending per capita is higher than in other low-income countries, which average about $25 per person, there are concerns about efficiency as well as equity because many Liberians in rural areas still did not have access to the BPHS.

What are the sources of health spending? Almost half the health expenditures comes from external sources. Total government spending on health has nearly quadrupled between 2005/06 and 2007/08 in absolute terms, from $4.9 million to $18.9 million (MOHSW and Health Systems 20/20 2009). The share of government health spending out of total government spending, however, has remained about 7-8 percent (MOHSW and Health Systems 20/20 2009). Foreign assistance will likely remain flat or decline over time. As a result, to ensure that the health system is sustainable, domestic investment should increase (MOHSW 2010).

Are households protected financially? Despite the free BPHS, 29 percent of total health expenditures came from household out-of-pocket spending, and 12 percent of households exceeded the catastrophic threshold, with an average overshoot of 8.6 percent. Catastrophic health expenditures are defined as health care expenses that constitute 10-20 percent of a household's available income (Xu et al. 2003). In Liberia,

the free care policy has increased access to health services, but its ability to protect Liberians from catastrophic costs is limited. The BIA revealed that throughout Liberia, rural populations have less access to health services than urban populations do.

DEVELOPING A FINANCING POLICY

In 2010, the MOHSW and Liberia's Health Financing Task Force developed the first Health and Social Welfare Financing Policy and Plan by synthesizing the evidence described above, facilitating consultative workshops, providing feedback on the draft policy, and supporting consultations with the Ministry of Finance (MOF) (MOHSW 2012). Health Systems 20/20 worked closely with its counterparts to support this collaborative process. As of February 2012, the final version of the new policy was in the Liberian Cabinet, where it is in the final stage of review and endorsement. For an overview of the draft policy, see Table 1.

Adequate regulation, enforcement, and a legal framework are necessary for the implementation of the financing policy. Liberia is currently operating under the Public Health Law of 1975, which does not reflect the country's current health policies or institutional arrangements. Health Systems 20/20 partnered with the International Senior Lawyers Project (ISLP) to build the capacity of the office of the general counsel within the MOHSW. ISLP has provided outlines for amending the Public Health Law, developed a legislative approval process and timeline for the proposed amendments, and helped to create goals for Liberia's public health laws based upon laws and regulations from other African countries.

In addition, Health Systems 20/20 is building the capacity of the Ministry's Division of Health Financing and Policy to improve its stewardship of the health system. Training on the statistical program SPSS has been provided to enable staff to undertake basic quantitative analysis of survey data. As part of building the presentation skills and knowledge of health financing issues of the members of the division, bi-monthly rounds of technical presentations have been facilitated by Health Systems 20/20. Based on the skills developed, two team members served as co-trainers for the second round of NHA excercises. Today, Liberia is poised to implement a new health financing policy that will further strengthen its health system by promoting sustainability and strategies to deliver quality health services.

TABLE 1. SUMMARY OF THE DRAFT HEALTH AND SOCIAL WELFARE FINANCING POLICY AND PLAN

Objectives	Examples of Key Strategic Intervention Areas
Adequacy, Predictability, and Sustainability	• Analyze, cost, and plan in detail the investment needs for implementing the National Health and Social Welfare Policy and Plan and negotiate for government budgetary allocation in the context of the Medium-term Expenditure Framework (MTEF).
	• Establish a common planning cycle that includes the projection of donor support with a medium-term horizon.
	• Negotiate with MOF the government budgetary allocation for health and social welfare in the context of an MTEF.
	• Explore the viability of additional revenue mechanisms, such as the VAT levy, mobile phones tax, and sin taxes.
	• Review policy of charging user fees at primary health care facilities and clarify the fee structure appropriate for secondary and tertiary care facilities.
Equity	• Design, pilot, and scale up health insurance mechanisms suitable for Liberia, including social and community-based health insurance schemes.
	• Develop and institute population-based resource allocation formulas to ensure equity by level and area.
Efficiency and Effectiveness	• Pool resources from all sources, including the major disease prevention and control programs to facilitate resource allocation into a single, comprehensive exercise.
	• Gradually expand performance-based contracting as a primary provider payment mechanism.
	• Cost the essential health and social welfare packages to inform resource allocation and institutionalize the costing capacity of the MOHSW to ensure its continuity.
Monitoring and Evaluation	• Undertake key studies (Public Expenditure Review, Public Expenditure Tracking Survey, NHA, BIA) regularly to monitor and evaluate health and social welfare financing activities.
	• Review and incorporate key financing indicators and integrate with the HMIS.

Source: Abridged version of the provisions in the draft policy and plan, currently under review by the cabinet.

Looking Ahead

In more than 50 countries, Health Systems 20/20 has partnered with governments and local organizations to build better health systems. We recognize that each country's story is unique. Our staff combines expertise and flexibility to craft solutions that strengthen individual health systems and eliminate barriers to the use of priority health services, such as for HIV/AIDS, tuberculosis, reproductive health, and maternal and child health care.

At this time of global economic uncertainty, health systems need to be even more efficient and, increasingly, must provide more services with fewer resources. To meet these challenges and build sustainability, Health Systems 20/20 collaborates with our partners to assess their health system, identify its strengths and weaknesses, and then choose the most effective strategies and tools to build a more effective health care delivery system.

Strengthening health systems is a process, not an outcome. Since 2006, Health Systems 20/20 has worked hand-in-hand with our partners to cultivate and grow the next generation of health leaders in their countries. While each country will progress at its own pace, depending on its health care needs, resources, and leadership, our goal remains the same everywhere – healthier men, women, and children.

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About the *Better Health Systems: Strategies that Work* Series

The Better Health Systems *briefs explore Health System's 20/20 strategies and tools, why they work, and how they contribute to better health systems. Collectively, the series will distill valuable lessons learned in an effort to share the project's wisdom with our partners and colleagues. For more information, please visit www.healthsystems2020.org.*

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About Health Systems 20/20

Health Systems 20/20 is USAID's flagship project for strengthening health systems worldwide. By supporting countries to improve their health financing, governance, operations, and institutional capacities, Health Systems 20/20 helps eliminate barriers to the delivery and use of priority health care, such as HIV/AIDS services, tuberculosis treatment, reproductive health services, and maternal and child health care.

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