



# Health Systems 20/20 and Financial Risk Protection

## The Challenge

Having a public health system does not mean that health care is free – in most developing countries in Asia and sub-Saharan Africa, out-of-pocket (OOP) spending by households accounts for a third to half of total health expenditure. This happens in part because limited government budgets require public facilities to charge user fees, and facility stock-outs of supplies such as drugs mean patients must buy them elsewhere. Even poor patients opt for fee-charging private facilities if the location is closer or the facility perceived to be of better quality. OOP expenditures are especially challenging for the poor: trying to pay for health care – be it acute, chronic, or short-term but important preventive care like antenatal or well-child services – can leave a family more impoverished, burden them with debt, or jeopardize their livelihoods by forcing them to sell assets like herd animals. The alternative is that the ill family member delays or forgoes seeking care.

There are many ways to protect households from the financial risk of illness – risk pooling mechanisms like insurance and prepayment schemes, targeted subsidies, or adequate financing of free services – if the mechanisms are designed and implemented appropriately. Since the 1990s, many groups and even entire countries in sub-Saharan Africa have tried to establish viable community-based or national health insurance schemes. While some experiments have flourished, others have failed for lack of financial management and contracting capacity, a realistic benefits package, quality of care mechanisms, ability to cover the poor, and other constraints.

## The Health Systems 20/20 Approach

The World Health Organization’s call for universal coverage in 2005 accelerated interest in health insurance and other forms of risk pooling among developing-country health policymakers. Health Systems 20/20 works with countries and subnational groups to establish or strengthen social health insurance programs, community-based prepayment schemes, voucher programs, conditional cash transfers, and other financial risk protection mechanisms that make health care more affordable. It does this through the following types of activities:

- *Increasing understanding* among policymakers and implementers of the pros and cons of various financial protection mechanisms;
- Helping to *implement* mechanisms correctly; and
- *Collaborating with international partners* to expand financial protection.



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**Brief**

In particular, Health Systems 20/20 helps countries ensure that these mechanisms expand the poor's access to priority services, such as maternal and child health care, that will allow countries to meet the health Millennium Development Goals.

## Applying Our Approach

Examples of Health Systems 20/20's support to improve use of financial risk protection mechanisms for health include:

- Health Systems 20/20 has led two health insurance workshops, for countries from Anglophone and Francophone Africa, with participation of the World Bank, World Health Organization, African Development Bank, and Ministerial Leadership Initiative. During the workshops, the country teams developed a blueprint – realistic, concrete action plans – for moving their health systems toward universal coverage. The World Bank will publish Health Systems 20/20's step-by-step *Health Insurance Handbook: How To Make It Work*, produced for the workshops. The guide takes policymakers and health insurance designers in middle- and low-income countries through the considerations and tasks that go into designing a strong health insurance program.
- Mali has a tradition of community-based health insurance (CBHI) schemes, some successful, others not. To strengthen its institutional framework for CBHI, Health Systems 20/20 partnered with the World Bank, the MLI, and myriad Malian stakeholders to develop a national CBHI policy and a budgeted operational plan. The government approved the policy in early 2011. Mali will subsidize CBHI premiums to make health insurance more available to lower-income households. The national association of CBHI schemes, UTN, will lead plan implementation. Mali is only the second country in Africa to subsidize CBHI.
- Several sub-Saharan Africa countries have adopted policies exempting C-sections from user fees; Mali did so in 2005.

A Health Systems 20/20 evaluation in Mali found that, to be successful, a targeted fee exemption policy must be integrated with other financial and nonfinancial actions, such as transport and patient education:

*"With the free [C-section] policy, many women are visiting health facilities. The change is very noticeable."*

*"Paradoxically, the costs of prescription drugs come back even higher than the costs of a cesarean."*

*"We are not very far from a health facility, but access is not easy because of road conditions."*

*"In our culture...giving birth at a facility is a sign of weakness."*

Focus group discussants

A recently released Health Systems 20/20 evaluation of the Malian policy's effects found that while C-section rates have increased, financial and nonfinancial barriers to facility-based delivery persist. The study points out that better targeting of user fee exemptions is needed

to ensure that the most vulnerable population can access the health services. Policies also must be carefully planned to avoid problems once implementation begins – for example, transport, communication, and cultural barriers must be addressed – and costs of sustaining the policy properly estimated.

- Despite great advances in financing of HIV services, people living with HIV/AIDS (PLHIV) face disproportionately high OOP expenditures for care and exclusion from social protection such as insurance. India is exploring options to sustain HIV/AIDS services and better integrate PLHIV into social protection benefits, including insurance. To help them explore options, Health Systems 20/20 published *Risky Business? Financial Protection for People Living with HIV/AIDS, A Review of International Experiences*, which describes aspects of incorporating HIV coverage and recommends ways for India to better mainstream HIV into the insurance sector.
- Despite its name, Egypt's Health Insurance Organization (HIO) has been a provider as well as payer of health care for much of its nearly 50-year existence. Now, it is becoming purely an insurance entity, responsible for designing, pricing, negotiating, contracting, and paying for services covered under Egypt's social health insurance scheme. To help ensure HIO financial sustainability and equity of the care it finances, Health Systems 20/20 has trained HIO medical auditors to evaluate provider compliance with contract requirements and accreditation standards, and utilization and case managers to review medical records and evaluate whether the diagnosis and treatment are justified.

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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