

Health Systems and Social Protection in Health

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May 16, 2001

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STEP

Latin America and the Caribbean Region

Strategies and Tools against Exclusion and Poverty

International Labor Organization



Presentation

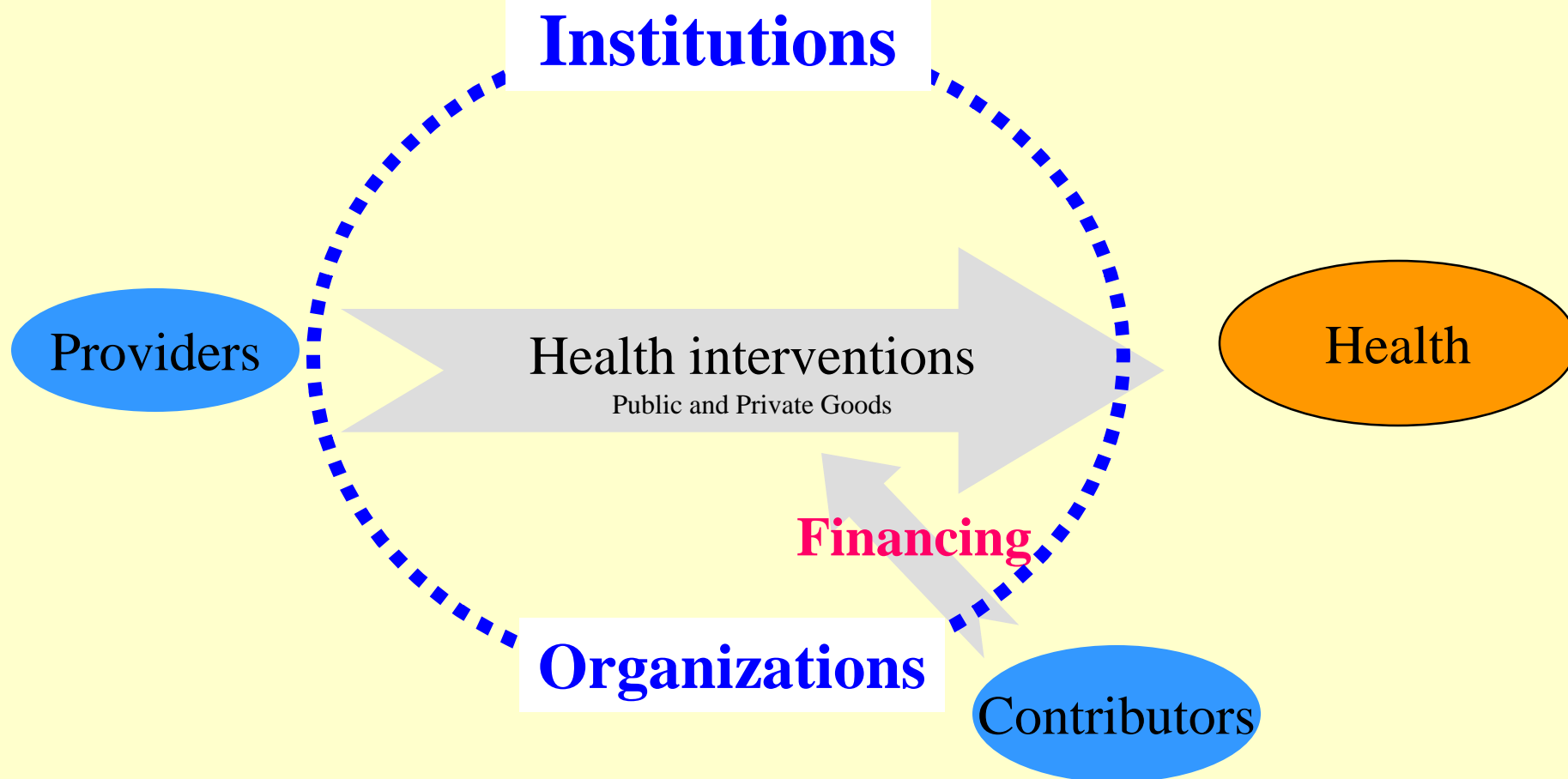
- STEP
- From health to social protection in health: the vertical v/s system approach discussion
- The goal of financial protection in health systems
- The importance of pooling



STEP program

- Global program of ILO on **extending social protection in health** and **combating social exclusion** through a synergic combination of conceptual and research work as well implementation of deeply rooted local and community based projects
- 35 Field and research projects in 19 countries in 4 regions (Africa, Asia, Latin America and Eastern Europe)
 - Bangladesh, India, Nepal, Philippines, Argentina, Haiti, Dominican Republic, Chile, Gambia, Ghana, Kosovo, Tanzania, Mauritius,, Benin, Mali, Senegal, Burkina Faso, Guinea and Albania

Health Systems as contributors to health

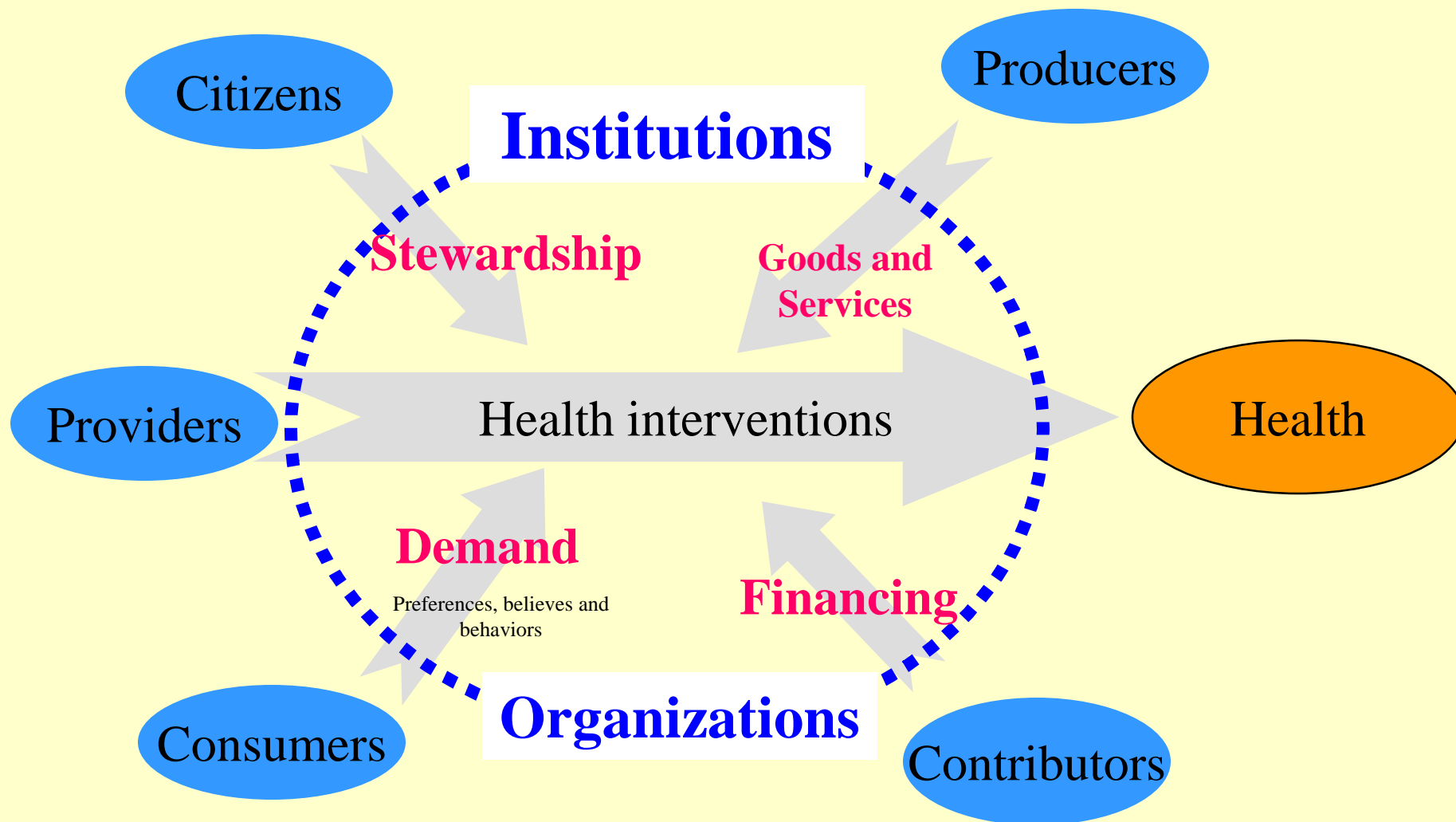


Systems organize its financing through specific organizational and institutional arrangements for

- **Collecting Revenues**
- **Pooling resources**
- **Purchasing Services**



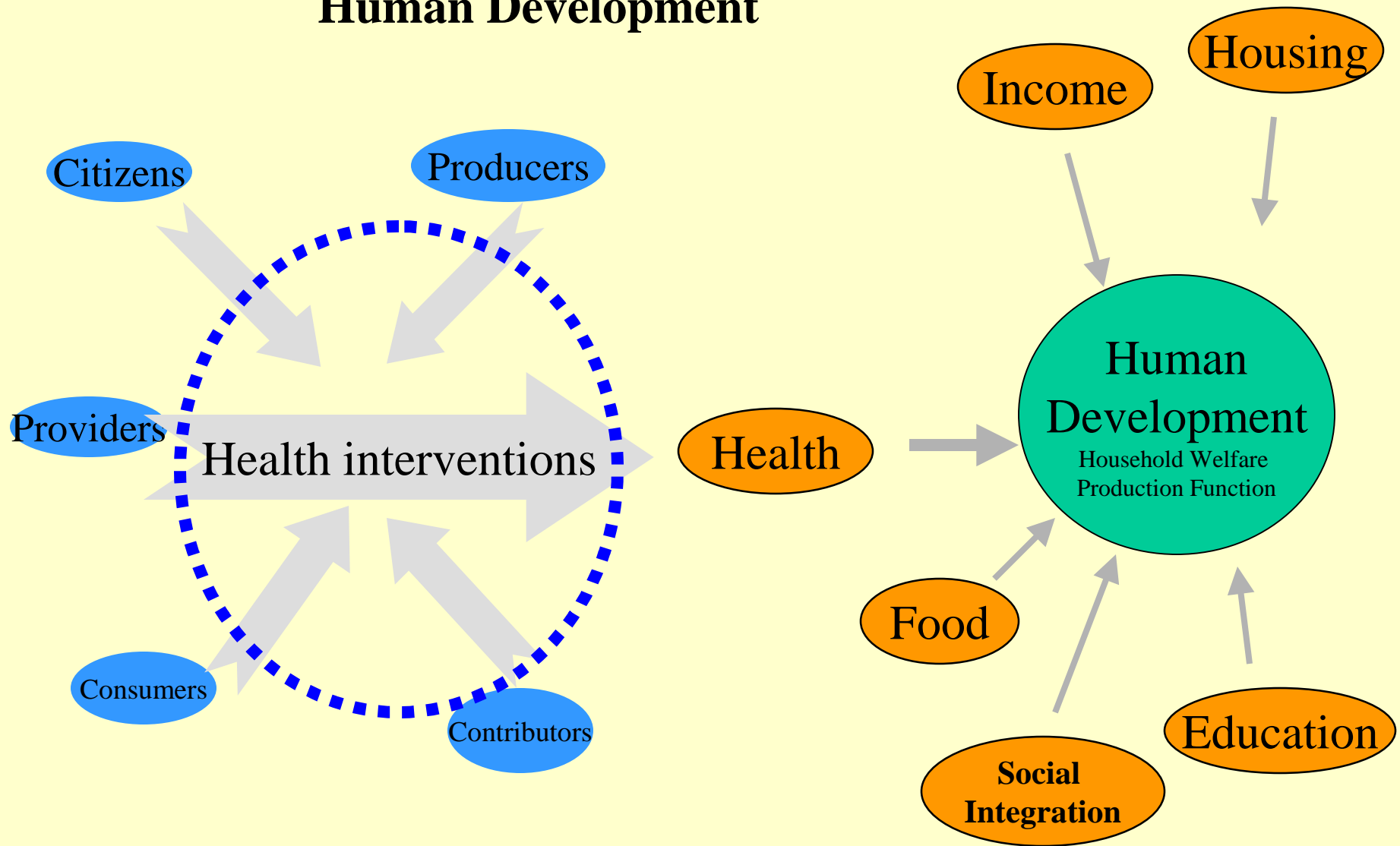
Health Systems as contributors to health



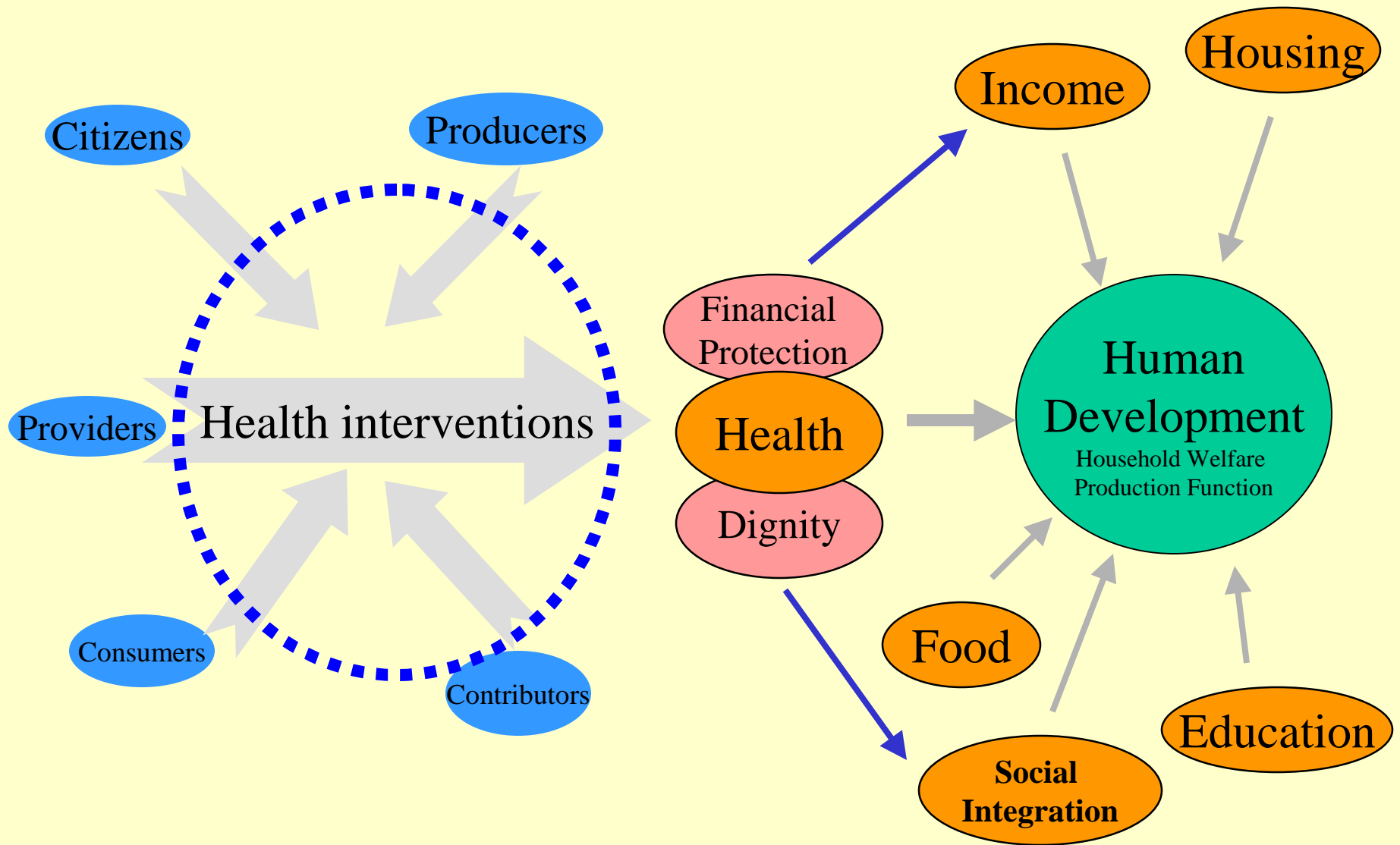
Health goal approach to health systems

- Health systems ultimate (only?) goal is improving health status
- The systems approach and particularly the health reform efforts of the 90's has failed as it is not clear it is actually contributing to improve health status
- Emphasis on cost/effectiveness (restricted to health as the main benefit) and on vertical programs as the main strategy.
- Often, this approach seems to assume that even vertical programs do not exist in a vacuum and require well functioning systems to succeed.

Health Systems as contributors to Human Development



Social Protection in Health



The Objectives of Social Protection in Health

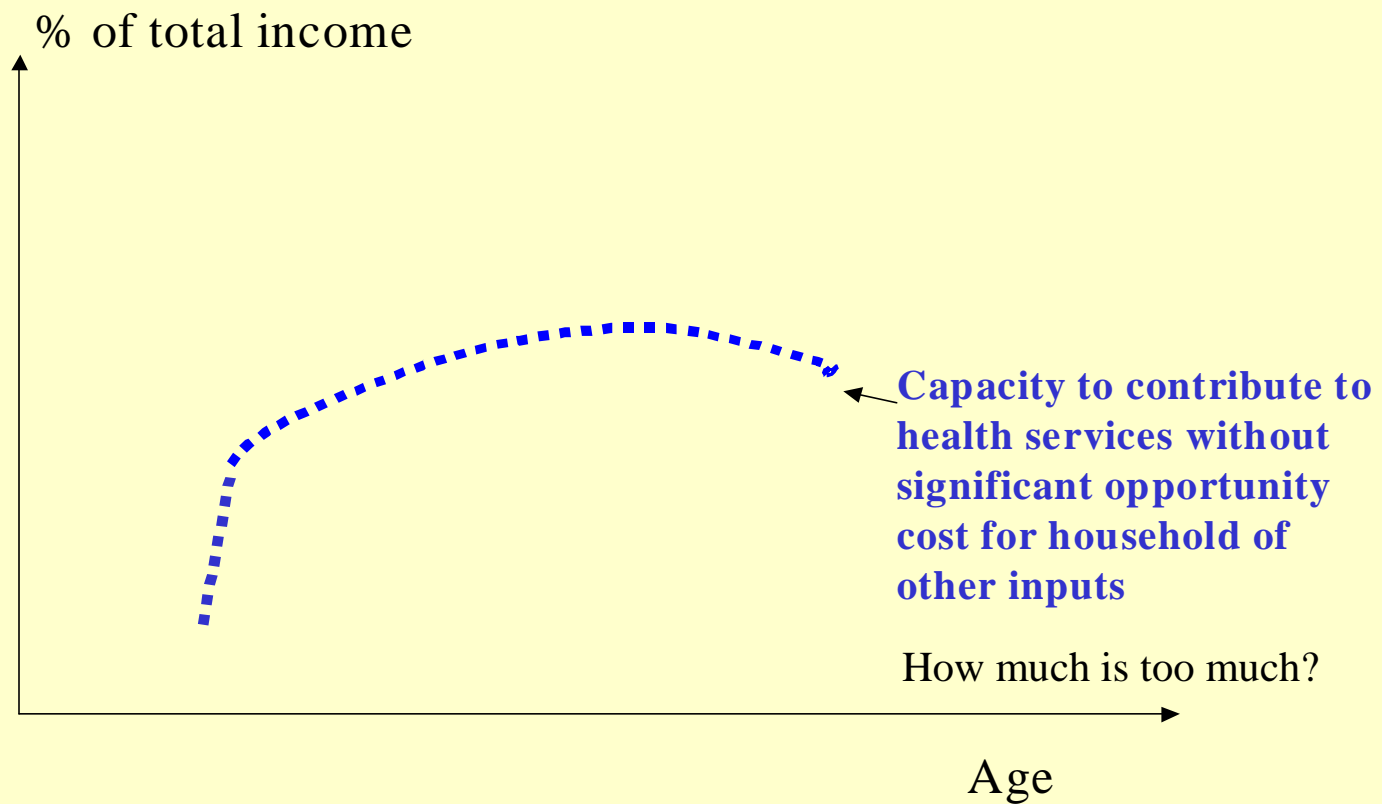
STEP-ILO Framework for Extending Social Protection in Health

- To **maintain and improve the health status** of all workers (formal or informal) and their families not only as an essential component of their human capital but as an essential part of the Human development goal of socio-economic development objectives.
- To do so through **financial protection** for workers and their families, in a way that lack of capacity to pay would not become a barrier to access to health services or that excess contribution would force them into poverty or make it impossible for them to overcome it.
- All under **strict respect for the dignity, freedom and human rights** of workers and their families.

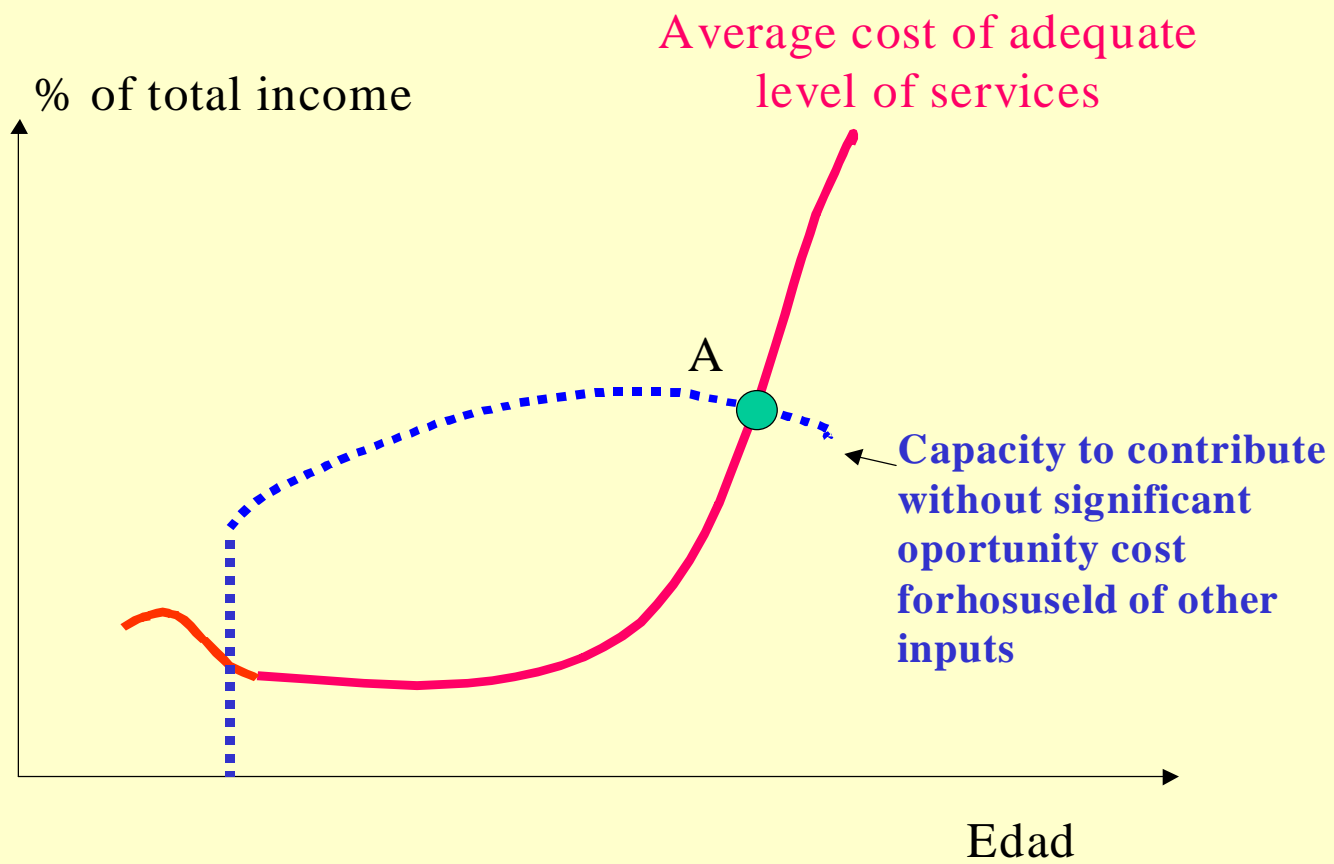
Financial Protection

- **Financial protection** for workers and their families, formal or informal, so lack of capacity to pay would not become a barrier to access to a socially acceptable minimum level of health services or that excess contribution would force them into poverty or make it impossible for them to overcome it.
- **Different approaches**
 - Fair Financing (WHO, WHR2000)
 - Equity in Financing (IBRD)
 - Financial Protection (ILO/STEP)

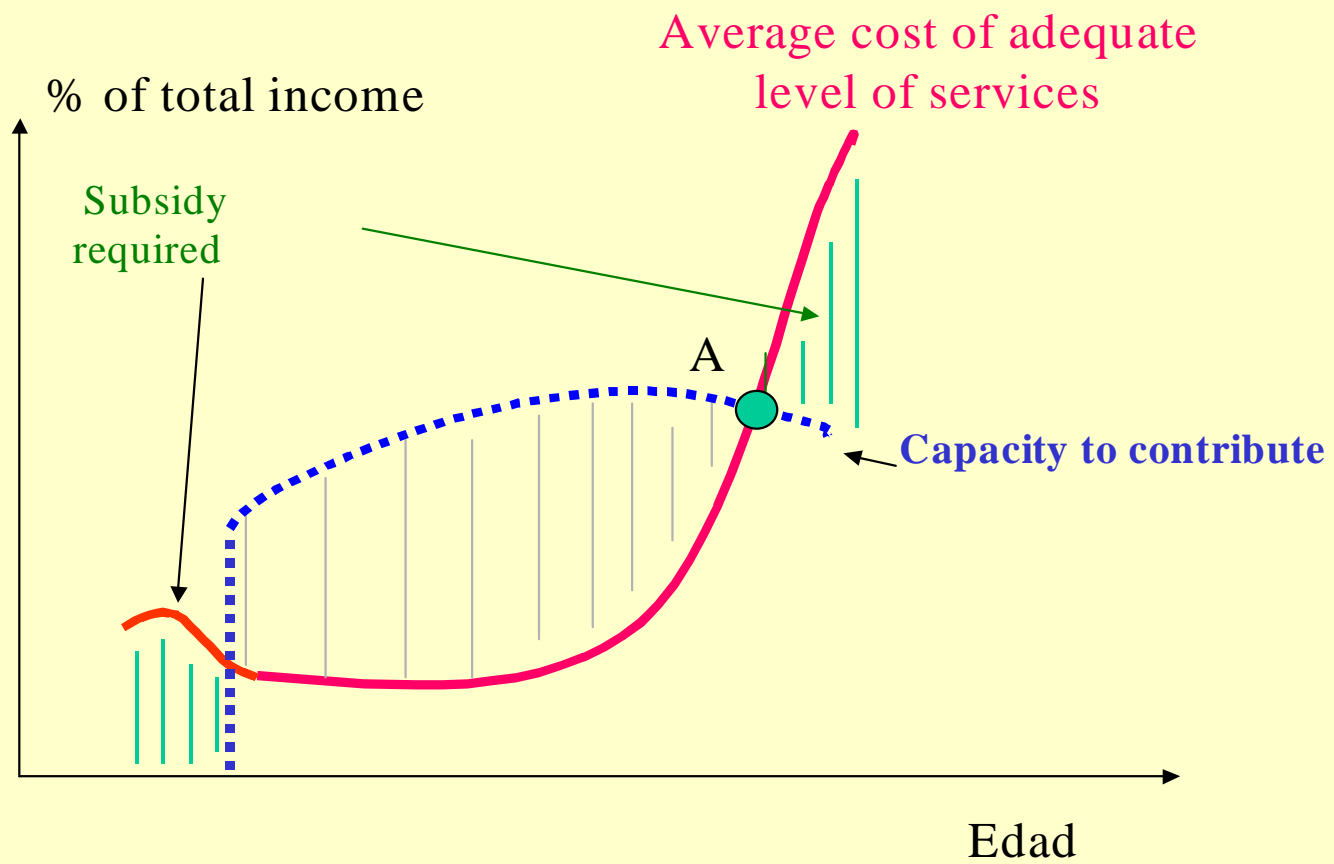
Financial Protection



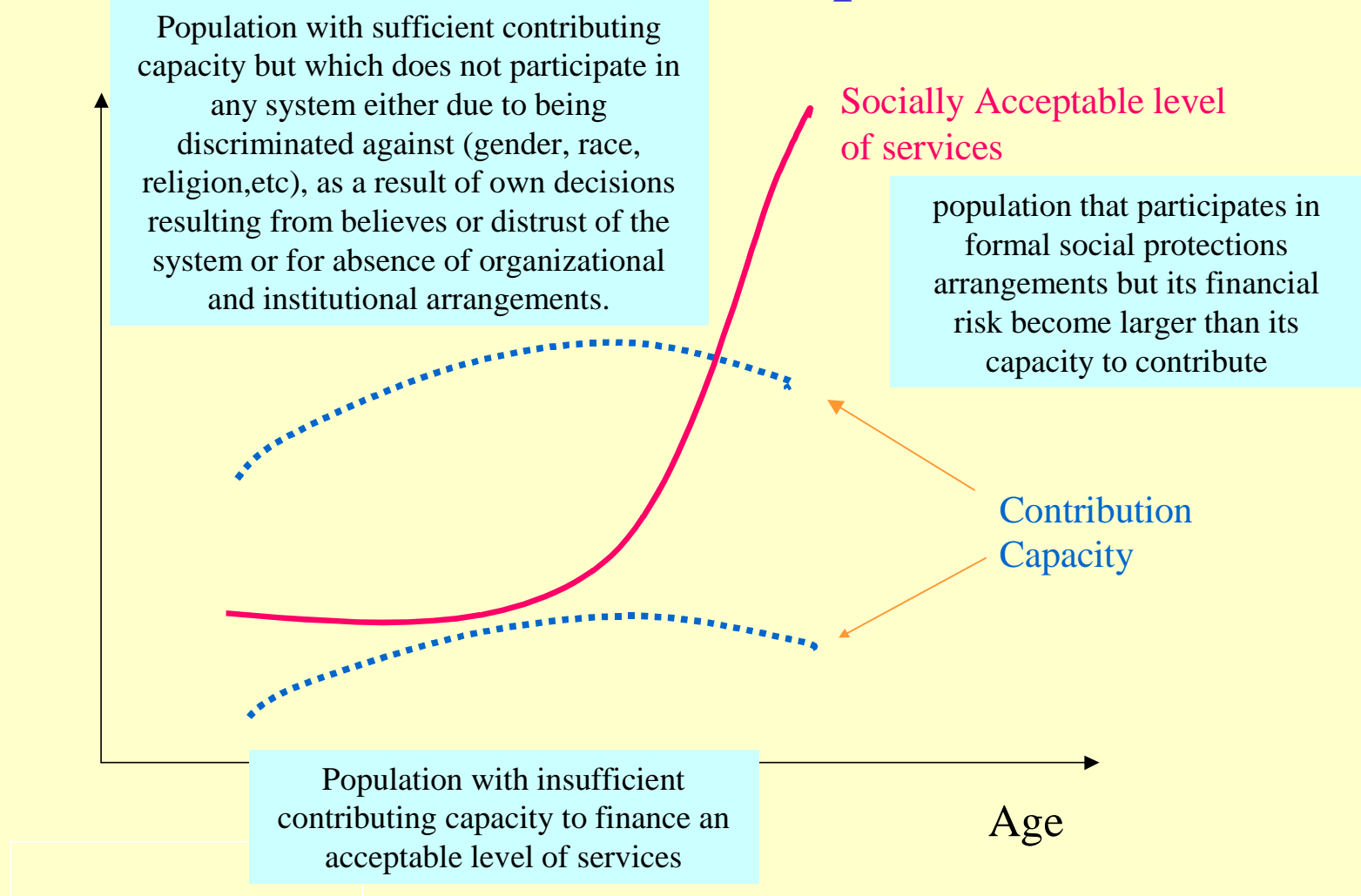
Financial Protection



Financial Protection



Different Populations, different causes of exclusion from financial protection

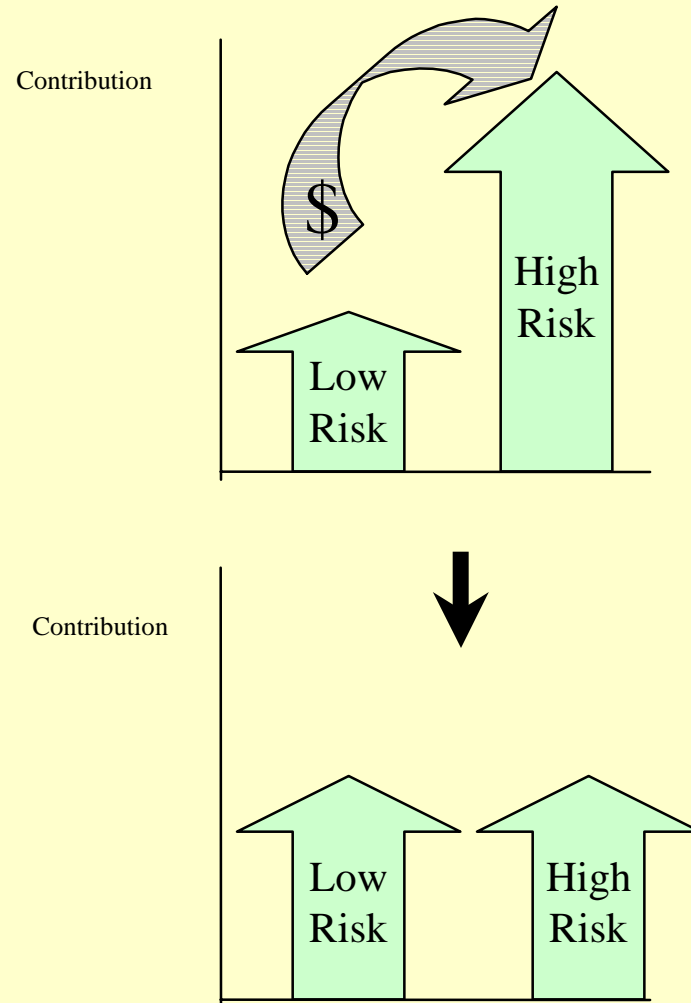


Pooling

- Pooling is the accumulation and management of revenues in such a way as to ensure that the risk of having to pay for health care is borne by all members of the pool and not by each contributor individually.

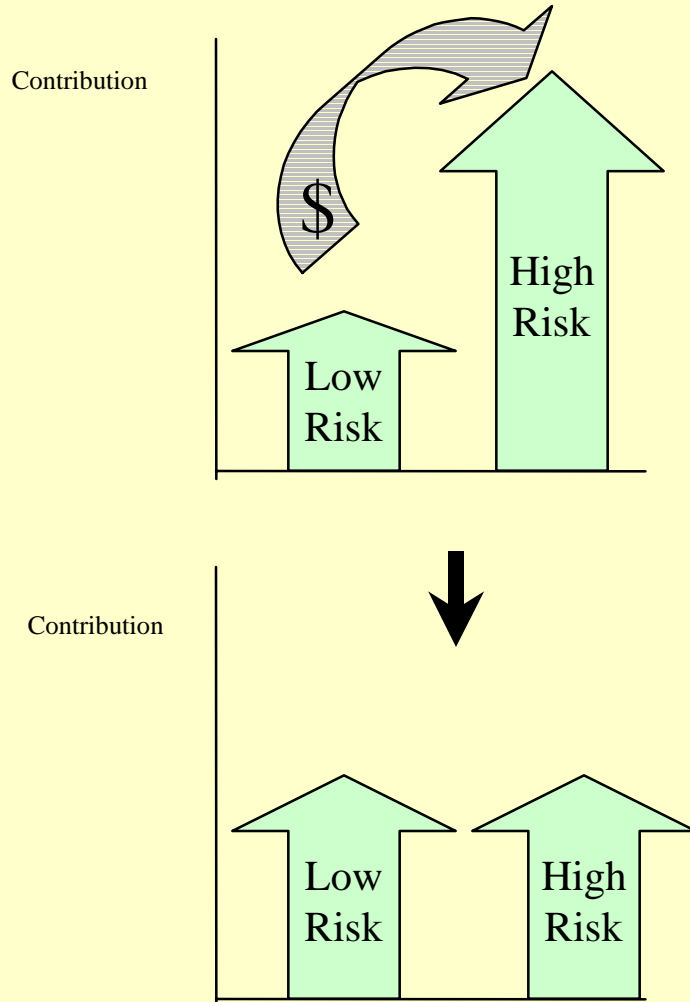
POOLING

CROSS SUBSIDIES FROM LOW TO HIGH RISK



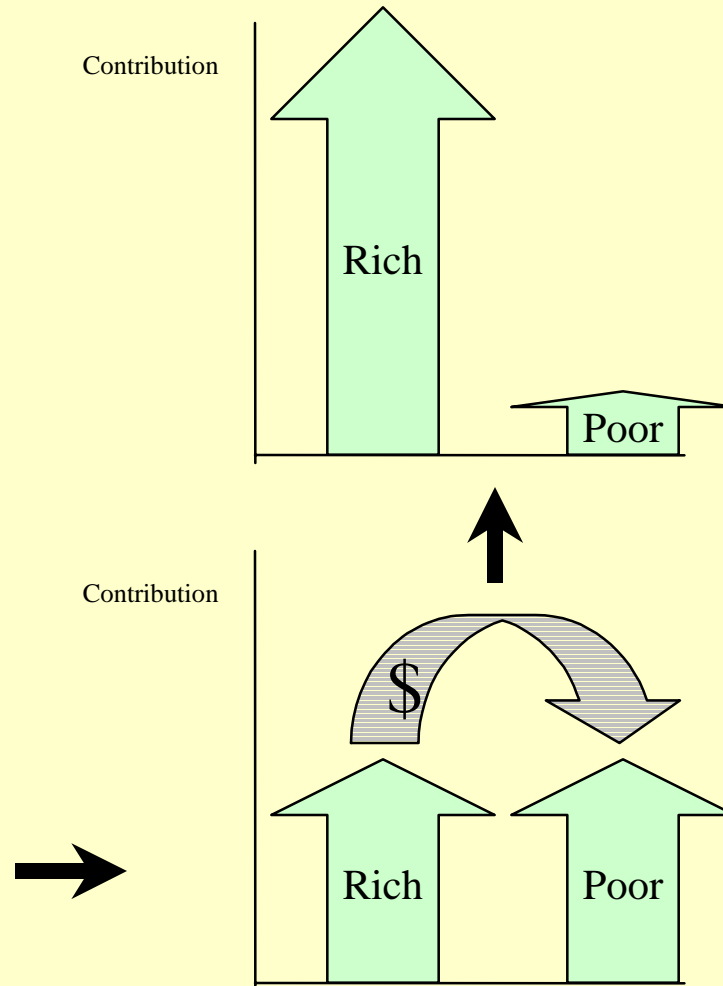
POOLING

CROSS SUBSIDIES FROM
LOW TO HIGH RISK



EQUITY

CROSS SUBSIDIES FROM
RICH TO POOR



Efficiency gains of Pooling and large pools from reducing uncertainty

$$P\$ = \overbrace{\sum(Pe * p * q)}^{\text{Actuarial Costs}} + \underbrace{\mathbf{e} + (CF + CM + CC + CI)}_{\text{Administrative Costs}} + T_x + U$$

Size of the Risk Pool

Efficiency gains of Pooling and large pools from economies of scale

$$\text{P\$} = \underbrace{\sum(\text{Pe} * \text{p} * \text{q})}_{\text{Actuarial Costs}} + \underbrace{\text{e} + (\text{CF} + \text{CM} + \text{CC} + \text{CI})}_{\text{Administrative Costs}} + \text{Tx} + \text{U}$$

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Bargaining
capacity with
providers

Claim
Processing

Service
utilization
information

Possible causes of exclusion from Social Protection in Health

<p>Failure in GHP (The socially defined minimum health service utilization defined by society, including quality, opportunity and financial conditions)</p>	<ul style="list-style-type: none"> • Incompatibility between the characteristic of the intervention and the financial-organizational arrangements • Not inclusion or lack of adequate definition of priority interventions • Failure in Demand
<p>Utilization</p>	<ul style="list-style-type: none"> • Failure in supply
<p>Financial Protection</p>	<ul style="list-style-type: none"> • Failure in the low to high risk cross-subsidization (risk pooling) • Failure in the income cross-subsidization (equity) • Failure in the Purchasing –Provider interaction

Requires System Approach

- This multiple goal approach requires a systemic approach as exclusion from effective social protection in health can occur for multiple causes not necessarily linked to one disease in particular.
- Technical, Institutional and Organizational