



World Health
Organization

WHO Symposium on Health Financing for UHC
A closer look at fiscal space and public finance issues in
health
Montreux, 12 November 2019

Fiscal space for health: considerations for implementation (1)

Hélène Barroy, WHO

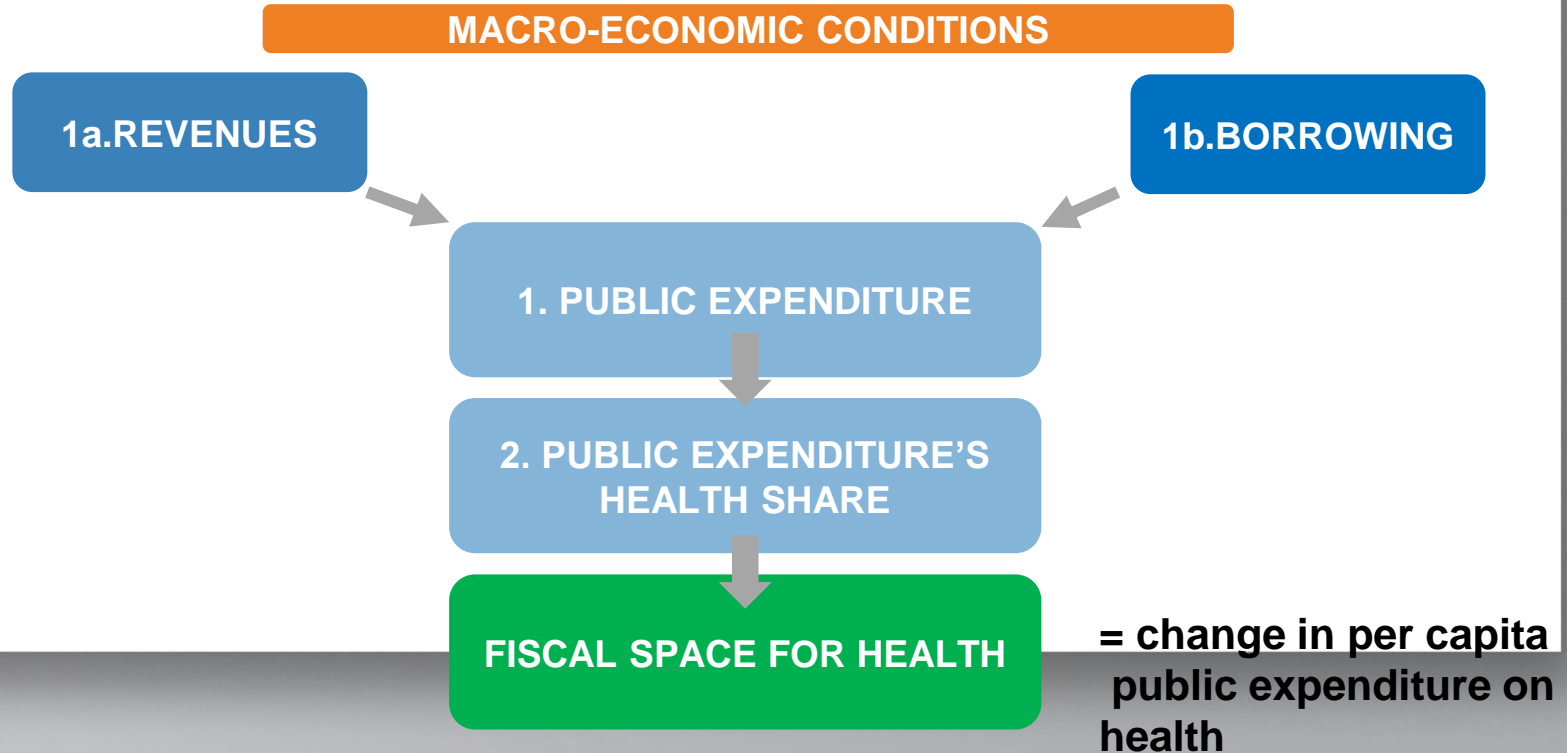
With Sanjeev Gupta (CGD) and Sanhita Sapatnekar
(WHO)

Key question: nuts and bolts of FSH

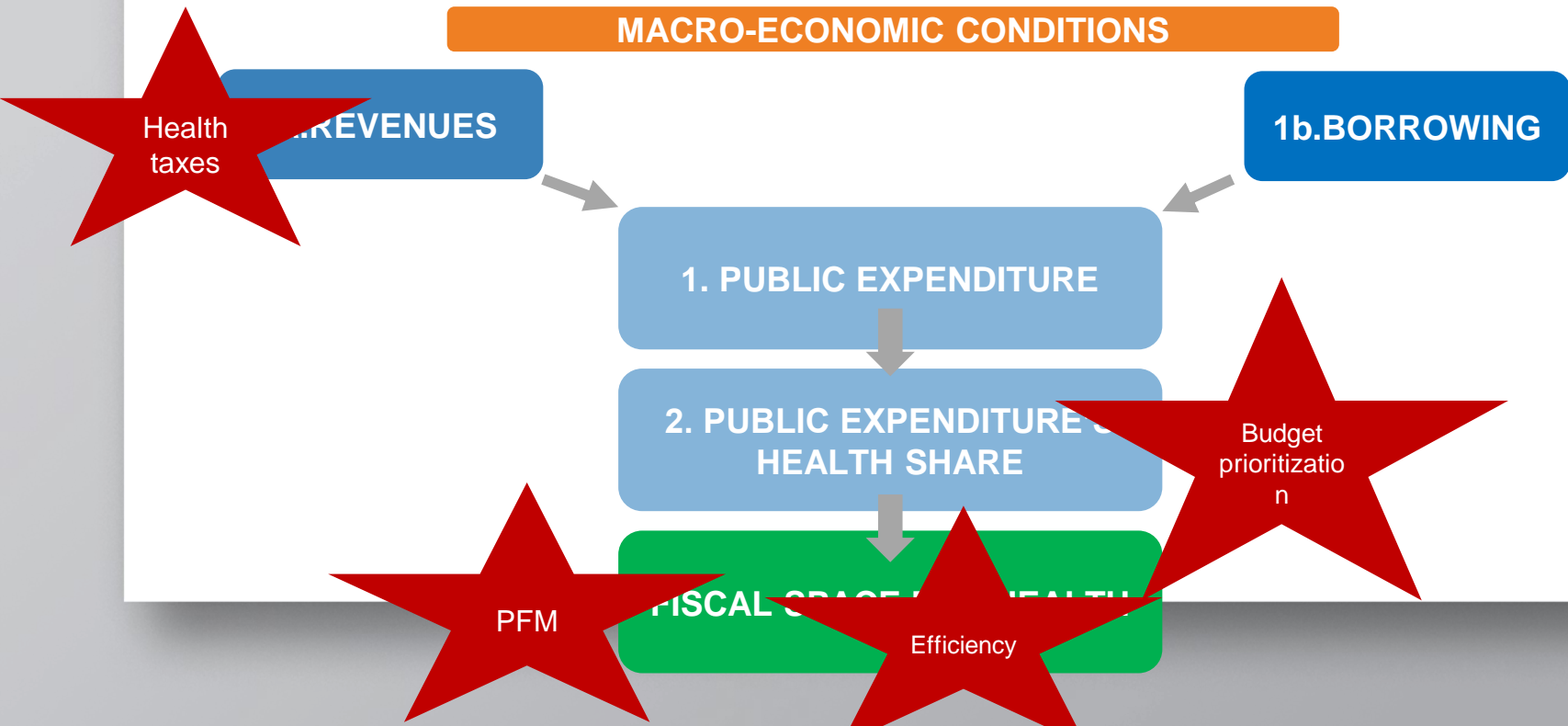
- » Drivers of Fiscal Space for Health (FSH) defined (Tandon & Cashin, 2010) and assessments helpful to contextualise HF reforms
- » But...how can health stakeholders engage in this agenda?
- » Understanding the nuts and bolts of domestic FSH can help **define policy levers** and **clarify MOH engagement** in FSH agenda.



What is the budgetary process of FSH?

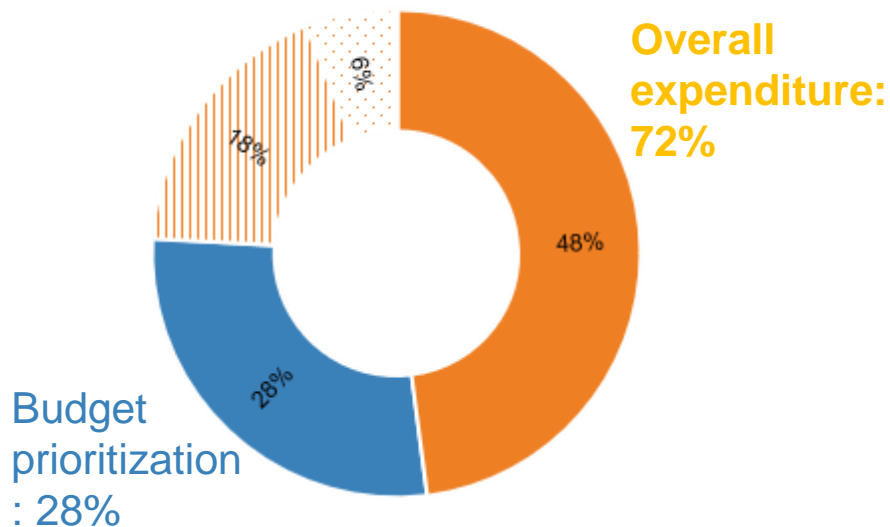


How can MOH engage in this process?



Is budget re-prioritization effective for FSH?

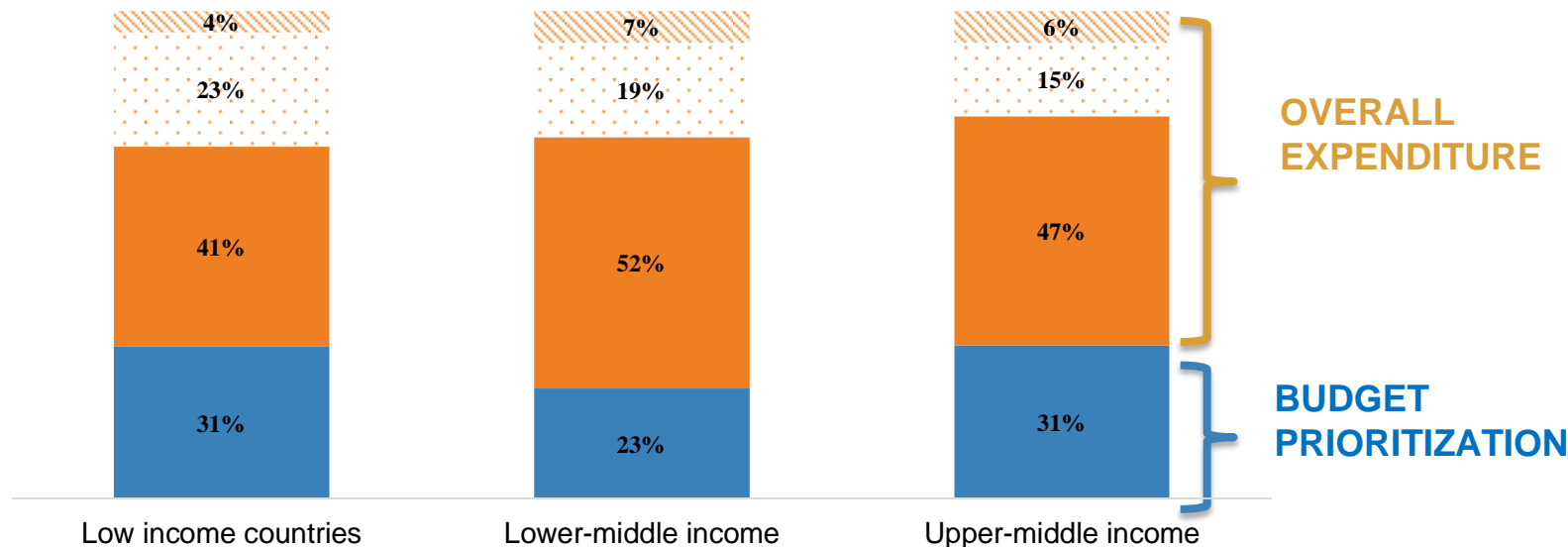
Budget decomposition of FSH - 82 LMICs (2000-2016)



- » FSH mostly **attributable** to growth in overall expenditure
- » **Smaller gains** from budget re-prioritization
- » **Inverse relationship** between gains and MOH policy levers

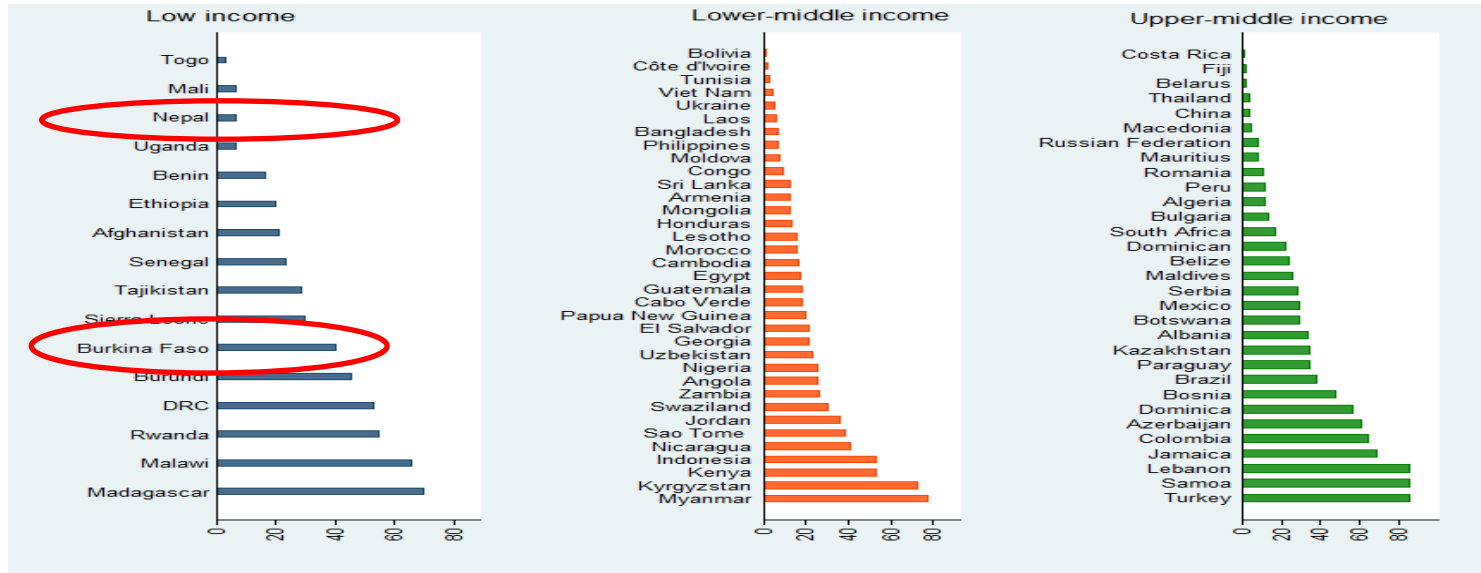
Same patterns across income groups

Budget decomposition of FSH by income group



Variations across countries

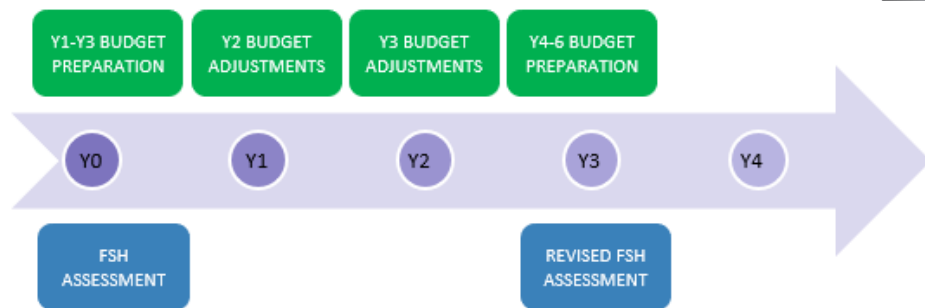
Contribution of budget re-prioritization to FSH expansion in LMICs (2000-2016)



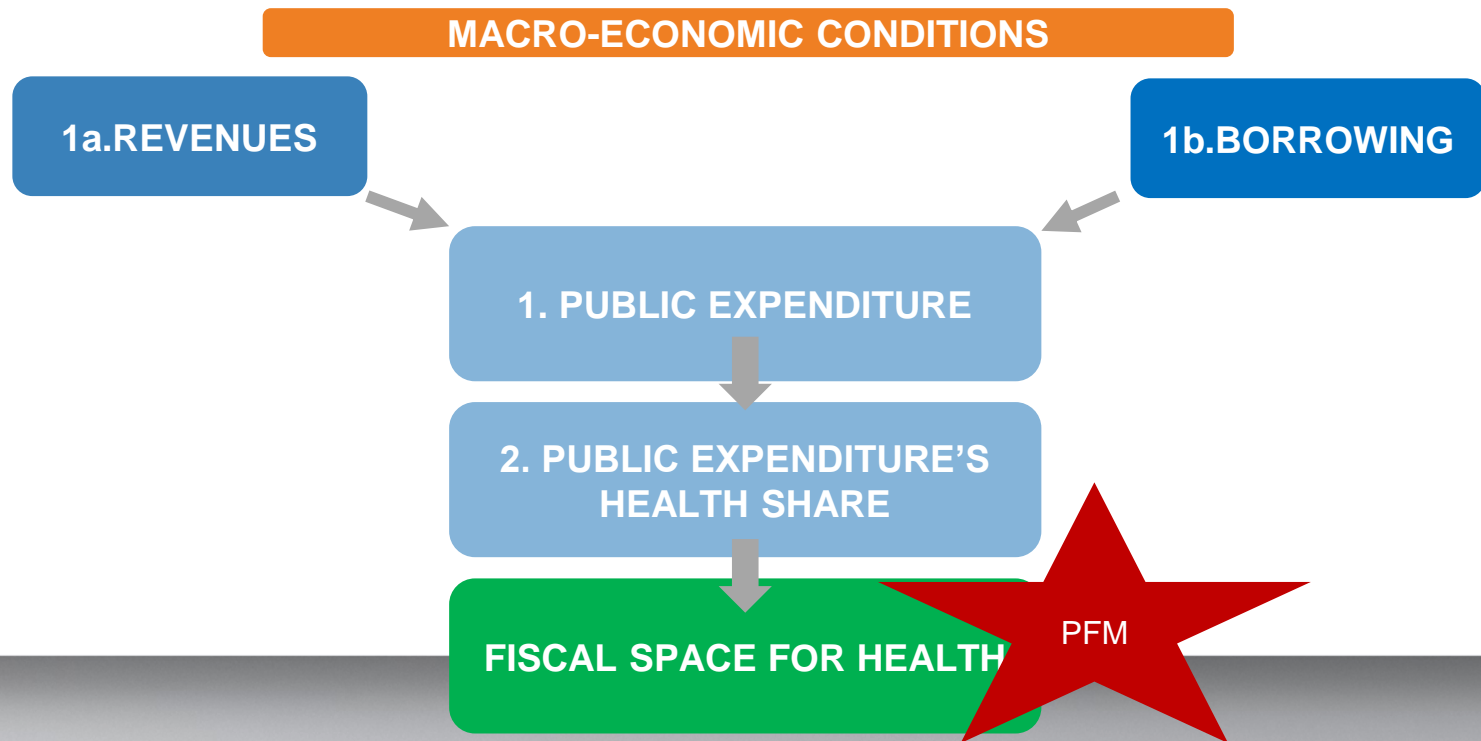
Post-Abuja: future of “budget advocacy” for health ?

- ✓ Putting expectations from budget re-prioritization into country context
- ✓ Revisiting the use of target-based approaches
- ✓ **Aligning FSH assessments with budgeting process for greater influence**

Aligning FSH assessment and budget calendar



What else can MOH do for FSH?



Why does PFM matter for FSH?

- » Fiscal Space and PFM often conceptualized independently, while they **affect one another**
- » Poor PFM is bad for FSH:
 - Poor budget execution, no rationale for increased budget allocation
- » Good PFM often presented as enabler of fiscal discipline, but can also **create “budgetary space”**

How can MOH reconnect PFM & FSH agendas?

HEALTH BUDGET ALLOCATION

1. Strengthening health budget planning, budgeting & costing
2. Aligning budget allocations with efficient & priority services
3. Limiting historical budgeting
4. Transforming budget structure for flexible use

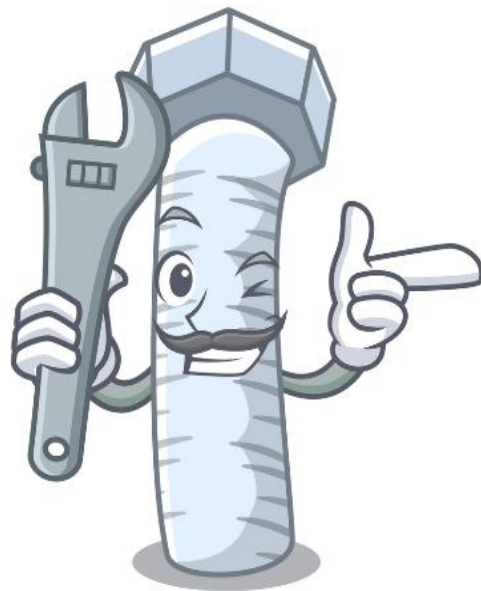


HEALTH BUDGET EXECUTION

1. Ensuring effective and timely funding flows up to providers
2. Using flexibility for re-allocation across budget lines
3. Using digitalization for direct facility financing
4. Enhancing financial management of providers

Some preliminary take aways

- » Better understanding of FS & FSH processes helpful to re-position MOH engagement in FSH agenda
- » FSH is mostly a non-health question, but targeted actions by MOH can support expansion
- » **Budget re-prioritization efforts to be contextualized** and aligned with domestic budget processes for better effectiveness
- » **Integrating PFM improvements in the FSH dialogue** offers new practical opportunities for freeing-up resources in the sector.



Thank you!



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Fiscal space for health: considerations for implementation (2)

Jonathan Cylus, LSE/Eur. Observatory

With Hélène Barroy, WHO

Efficiency: Why so popular for fiscal space?

- » Simple definition of health system efficiency:
 - » Minimizing inputs while producing same or more outputs (or maximizing health system outputs for given level/mix of health system inputs)
- » Most directly within the scope of the health system
 - » Perception that a large share of health spending is not put to good use
 - » Resources can be “re-purposed” to improve health
- » But in practice, does it work that way?

When do efficiency gains translate into fiscal space?

- » 1. When inputs are reduced!
 - » Although more output with more input can increase fiscal space through demonstrating good stewardship
- » 2. When there are financial gains for the system overall!
- » 3. When PFM rules permit financial gains to be retained by the health sector for discretionary purposes!

A positive example: Lithuania

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- » 2009/10 plan to reduce medicines prices
- » 15 million Euros saved in 2010; 19 million Euros saved in 2011

So.....

- » Health Insurance Fund decides to cover new medicines with savings
- » Cover 100% of cost of medicines that were previously covered 80 or 90%
- » Improve accessibility of some devices

1. Inputs are reduced! ✓
2. There are financial gains! ✓
3. PFM rules permit financial gains to be retained by the health sector for discretionary purposes! ✓

Is this the exception or the rule?

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- » Sometimes inputs need to increase to improve efficiency
 - » IT investments, creating a primary care system
- » Sometimes efficiency gains in one area do not translate into financial gains at system level
 - » Reductions in hospital beds might put extra pressures on LTC
- » Sometimes the savings do not stay in the health sector
 - » Slowing the rate of health spending growth through efficiency “savings”

A lot of the times it is hard to follow the money....

In summary

- » Efficiency gains have the potential to increase fiscal space...
- » ... but there is no guarantee
- » Aside from efficiency gains translating into financial gains for the system, important for PFM rules enabling the health sector to keep (and re-invest)

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4th Meeting of the Collaborative Agenda on Fiscal Space, Public Financial Management and Health Financing

12 – 14 November 2019

EUROTEL, Grand Rue 81, Montreux, Switzerland

Background information

Public revenues are central to financing progress towards universal health coverage (UHC). Mobilizing fiscal space through domestic revenues has therefore gained importance in the post-2015 global health agenda. However, weaknesses and rigidities in public financial management (PFM) systems often constrain the efficient use of such revenues, making PFM reform central to the UHC agenda. Motivated by this, WHO's Department of Health Systems Governance and Financing convened a series of meetings in Montreux, Switzerland, on Fiscal space, PFM and Health Financing policy since 2014 to share knowledge and provide guidance to country related reforms. The first meeting was held in December 2014, building on existing work and dialog on these issues with partner agencies. A follow-up was held in April 2016, to discuss key issues aimed at enhancing productive dialog as countries seek to move towards UHC. In

<https://www.who.int/news-room/events/detail/2019/11/12/default-calendar/collaborative-agenda-on-fiscal-space-pfm-and-health-financing-2019>



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