World Health Organization

TECHNICAL BRIEF

Addressing persistent inequalities in service coverage and deteriorating financial protection in health

April 2023

Since 2015, the United Nations Sustainable Development Goals (SDGs) have driven efforts to improve health protection and care across the world. But while the health sector has made steady progress on increasing the coverage of essential health services until 2015 (SDG indicator 3.8.1), while at the same time financial protection worsened as tracked by SDG indicator 3.8.2 for catastrophic health spending. Tackling these problems is therefore a defining challenge for current efforts to achieving universal health coverage (UHC) following the COVID-19 pandemic and in a time of economic contraction *(1)*. The priority is to substantively reorient health systems towards primary health care (PHC) and to strengthen universality while focusing on policies which protect the poor and vulnerable.

Key messages

- Prior to the COVID-19 pandemic, global progress towards UHC was mixed.
- Deteriorating levels of financial protection is observed in many countries.
- Persistent inequalities remain in terms of access to essential health services.
- Health inequalities will be compounded by the currently constrained fiscal situation and limits on public spending on health in the near term.
- Fragmented, poorly designed health financing and coverage policies, and inadequate budgeting processes still dominate many health systems.
- Phasing out fossil fuel subsidies would support climate resilience with savings supporting UHC.

Background and challenges

Progress towards UHC means both improved service coverage i.e. use of needed services, and improved financial protection for patients. However, the trend globally is movement towards steady gains in service coverage but with worsening financial protection *(1)*. In addition, a slowdown in service coverage has been observed since 2015, with persistent inequalities in coverage. In addition, disruptions to service coverage due to COVID-19 have been observed *(2)*.

The trend of increasing service coverage but deteriorating financial protection prior to COVID-19 is largely explained by a greater reliance on private out-of-pocket payments (OOPs): such payments deter some people on other basic needs, in some cases pushing many households into precarious financial circumstances and (further) into poverty. In 2019, about one billion people faced catastrophic health spending due to OOPs as they spent more than 10% of their household budget on health out-of-pocket, slightly above the 2017 global number. In addition, those unable to pay themselves forego necessary treatment, increasing unmet health needs *(1)*. This trend highlights the critical role of public funding for UHC.

The increased reliance on OOPs noted above is highly regressive, disproportionately impacting the poor and those with the greatest health needs, especially those with chronic conditions. Within overall increases in service coverage, which projections show are now slowing, inequalities are reducing but not quickly enough.

Since 2019, economic growth has slowed dramatically, largely because of the COVID-19 pandemic. And while many countries are now recovering, increased levels of debt mean that public funding for health will remain limited in the near term. Indeed, around one in four countries will see government spending remain lower than before COVID-19. This situation is projected to last until 2027, with many countries facing rising interest payments on debts incurred, which will reduce their overall government spending capacity by between 15% and 30% *(3)*.

Another problem is that too many health systems in low- and middle-income countries rely on a disjointed patchwork of different benefit packages, which leads to overly complex health financing policies. Fragmentation undermines a health system's ability to respond rapidly to crises, and multiple uncoordinated and inadequate coverage policies leave many people exposed to high OOPs. Health budgets rarely direct funds to priority population groups or services, and in many countries budget execution is chronically below expected levels.

Key actions and policy recommendations

Safeguard access to services and financial protection despite constrained fiscal capacity by:

- **Mitigating expected increases in debt servicing**. This is critical as the expected growth in public debt servicing will severely constrain efforts to invest in the critical foundations of health systems, address coverage gaps, and protect the poor and vulnerable.
- **Reviewing fiscal policies to support UHC and climate resilience**. Introducing or increasing taxes on the consumption of unhealthy products is a cost-effective way of promoting better health and raising additional public revenues; for example, phasing out fossil fuel subsidies can support climate resilience, and savings can be redirected to support UHC or other government priorities.
- **Putting in place pro-UHC health financing and coverage policies**. Evidence from previous crises shows this is possible if there is the necessary political will *(4)*. Measures include establishing universal packages of essential health services, prioritizing interventions which ensure that the poor and vulnerable can access services, and putting explicit limits on OOPs.
- **Making health budgets work more effectively**. Countries can align budgets with priority interventions such as PHC to drive UHC and protect the poor and vulnerable. Measures include introducing programme- or output-based budgeting *(5)*. Similarly, countries should address any significant underspending in their health budgets.

Transform health systems to focus on PHC, build resilience and address inequalities by:

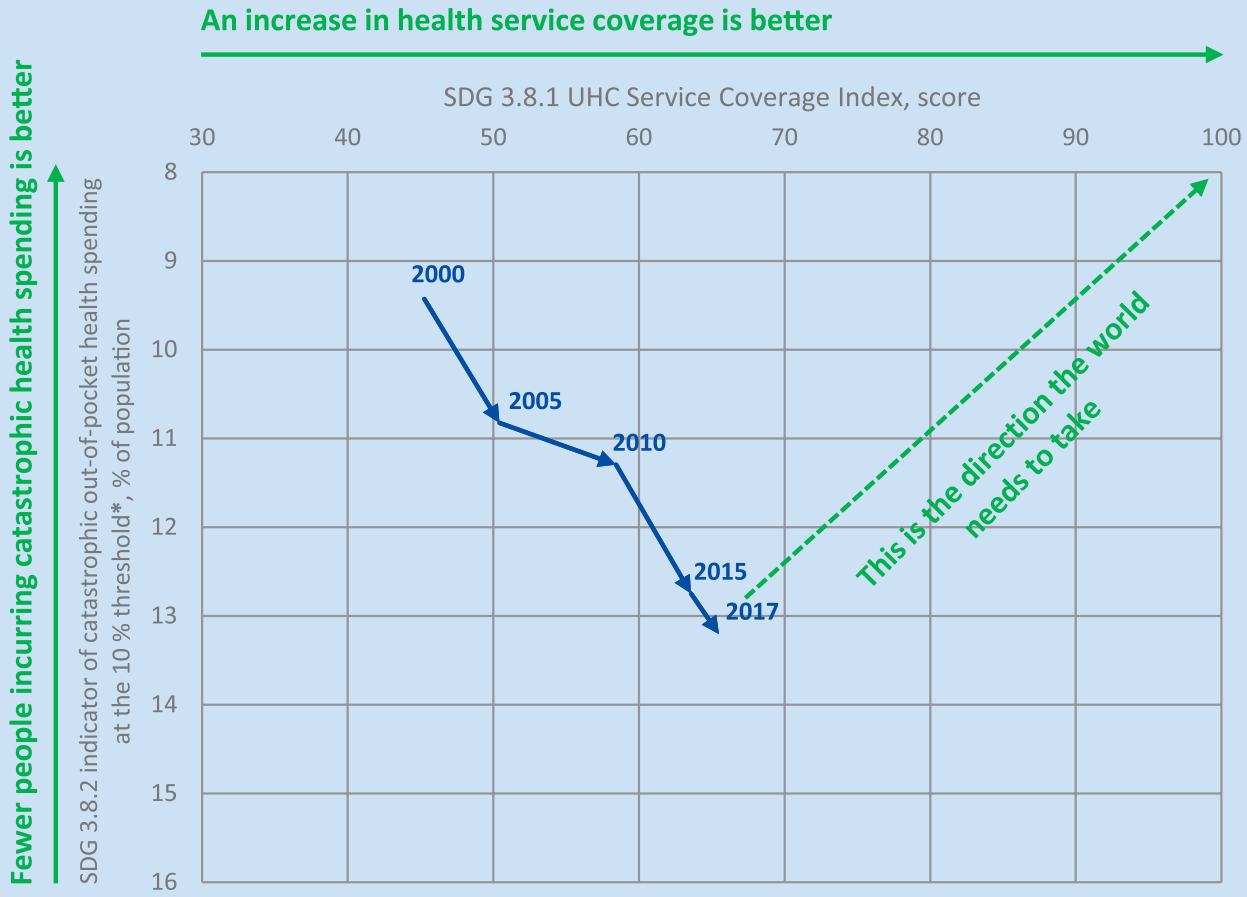
- **Increasing budget allocations for PHC**. While 90% of essential health services can be delivered through PHC, most health spending focuses on secondary and tertiary care; furthermore, almost half of all countries faced persistent disruption to PHC services during the COVID-19 pandemic *(2)*. Making PHC universal, ideally with no (or very limited) user charges, and backing this up with adequate budget allocations, could prevent more than 60 million deaths over the next decade *(6)*.
- **Correcting the widespread inefficiencies which plague many health systems**. Fragmented health systems, especially those with multiple stand-alone programmes, lead to poorly integrated health services.

This in turn leads to other problems such as foregone care when health problems are missed, and more expensive care due to inadequate prevention and early treatment.

- **Intensify monitoring of service coverage and financial protection with a focus on inequalities.** Critical for this is the availability of disaggregated estimates – on a range of criteria such as income or gender – for which greater investment is required.

Figures

Figure 1. A mixed global performance on universal health coverage (UHC)



Note: SDG = Sustainable Development Goal. *The vertical axis corresponds to the global population-weighted incidence rate of catastrophic health spending *defined as the proportion of the population with household out-of-pocket health expenditure exceeding 10% of household budget. The horizontal axis corresponds to the global population-weighted average UHC service coverage index.*

Source: Figure ES.1 *(1) SDG indicator 3.8.1: WHO global service coverage database, 2021 update; SDG indicator 3.8.2: WHO and World Bank global financial protection database, 2021 update.*

References and resources

1. Tracking Universal Health Coverage: 2021 global monitoring report. Geneva: World Health Organization and International Bank for Reconstruction and Development/The World Bank; 2021. (https://www.who.int/publications/i/item/9789240040618).
2. Third round of the global pulse survey on continuity of essential health services during the COVID-19 pandemic: World Health Organization (https://www.who.int/publications/i/item/WHO-2019-nCoV-EHS_continuity-survey-2022.1)
3. Kurowski C, Evans D, Tandon A, Eozenou PH-Vu, Schmidt M, Irwin A, Cain J, Pambudi E, Postolovska I. From Double Shock to Double Recovery – Implications and Options for Health Financing in the Time of COVID-19: Technical Update – Widening Rifts (English). Health, Nutrition and Population Discussion Paper. Washington, D.C: World Bank Group; September 2022. (http://documents.worldbank.org/curated/en/099414309202218567/IDU04f3c5cd20bb9c045af0ac71072ea00a06cdb).
4. Thomson S, Figueras J, Evetovits T, Jowett M, Mladovsky P, Maresso A, Cylus J, Karanikolos M, Kluge H. Economic Crisis, Health Systems and Health in Europe: Impact and implications for policy. Copenhagen, Open University Press; 2015.
5. Barroy H., Blecher M, Lakin J, editors. How to make budgets work for health? A practical guide to designing, managing and monitoring programme budgets in the health sector. Geneva: World Health Organization; 2022.
6. Stenberg K, Hanssen O, Bertram M, Brindley C, Meshreky A, Barkley S, Tan-Torres Edejer T. Guide posts for investment in primary health care and projected resource needs in 67 low-income and middle-income countries: a modelling study. Lancet Glob Health. 2019 Nov;7(11):e1500-e1510. doi:10.1016/S2214-109X(19)30416-4.
7. Resolution WHA64.9. Sustainable health financing structures and universal coverage. Agenda Item 13.4. In: Sixty-Fourth World Health Assembly, Geneva, 24 May 2011.

For further information:
healthfinancing@who.int and *uhc_stats@who.int*

World Health Organization
Avenue Appia 20
1211 - Geneva 27

World Health Organization