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CHARTING THE COURSE: RETHINKING HEALTH FINANCING FOR SOCIAL WELL-BEING AND SUSTAINABLE DEVELOPMENT

Universal health coverage (UHC) is a shared commitment among countries and areas to ensure equitable and adequate access to health and financial protection for all. Over the past decade, many countries in the Western Pacific Region have implemented health financing strategies to expand population coverage of national health-care schemes and improve the pooling of funds for greater resource mobilization for health. Despite this progress, the [2023 Global Monitoring Report on Tracking Universal Health Coverage](#) suggests that the Region is witnessing a worsening trend of financial protection and growing risks of inequity in service coverage just before the onset of the COVID-19 pandemic. Meanwhile, the pandemic has further underscored the crucial link between health and economic growth. Countries with strong health-care systems and robust health financing strategies have been better equipped to mitigate the negative impact on health and the economy.

With just seven years until the 2030 deadline to achieve the Sustainable Development Goals (SDGs), ambitious investments in health are needed to build more responsive and resilient health systems that can cope with future challenges and sustain progress towards the UHC and SDG health goals. At the World Health Assembly in May 2023, WHO launched the [final report of the WHO Council on the Economics of Health for All](#). The report recommended policy choices that will determine whether the world continues to struggle with the consequences of major health challenges or succeeds in creating a new political economy based on Health for All. All stakeholders must take action to continually update their collective understanding and consensus on the evidence and value of investing in health and leaving no one behind.

The panel discussion aims to build a shared view of common elements and functions of health financing strategies designed to create a healthier and safer Region. Member States are invited to share their insights and perspectives on health financing for social well-being and sustainable development.

1. CURRENT SITUATION

Globally, while service coverage has improved over the past 20 years, the proportion of people facing financial hardship due to out-of-pocket health spending has increased. With rising poverty and shrinking incomes resulting from the current global economic recession and health systems struggling to provide continuity of health services, the fallout from the COVID-19 pandemic is likely to halt the progress made towards universal health coverage, particularly among disadvantaged populations.

The UHC performance indicators in the Western Pacific Region, measured by service coverage indices and financial protection indicators, followed a similar pattern to the global trend. On average, non-Pacific island countries in the Region have relatively higher indices on service coverage; however, they experience higher levels of financial hardship. Among Pacific island countries and areas, the overall level of service coverage is relatively lower, and the monitoring of financial protection has been lacking, and/or out of date.

Public spending in health and health financing policy design matter for the progress of UHC. Despite differences in development stages and starting points of their health systems, policy-makers in the Region share common imperatives when designing their health financing systems for UHC. Efforts were made to ensure equitable access and financial protection for all – sustaining adequate public spending on health despite changing population demographics and fiscal constraints, and augmenting health financing arrangements both within and outside of the health sector to enable inclusive social protection and sustainable economic growth. In addition, there is strong recognition that health financing mechanisms are critical enablers to implement the recently endorsed regional frameworks on reaching the unreached and the primary health care in the Western Pacific.

2. ISSUES

In the Region, the average growth of government expenditure in health has stagnated. The risk of inadequate prioritization for health may be exacerbated by the economic contraction and looming stagflation from COVID-19 and other macro-fiscal challenges. The current financial climate hinders governments' ability to protect people from enjoying the benefits of investments to promote good health. This situation is likely to result in escalating health-care expenses and increasing risks of individuals falling into poverty.

With one in five people of the Region incurring catastrophic health spending in 2019, countries must be bold in enacting strategies to strengthen financial protections. Out-of-pocket payments can lead to financial hardship among those using health services and can create financial barriers to access, resulting in unmet needs. On average, most non-Pacific island countries in the Region fund a third of their health system with household out-of-pocket health spending. Gaps in the current coverage and entitlement policies (such as populations not covered by any public financing schemes, co-payments posted on the poor, overpriced medicines, care-seeking at the private sectors, etc.) have resulted in increased out-of-pocket spending at the household level.

Utilization of existing health budgets is sometimes inefficient and reduces the health impact and value. Inefficiencies – such as the overuse of hospital or specialist services, low-value care, fragmented financing, public financial management bottlenecks, inappropriate provider payment mechanisms and perverse incentives – still plague health systems. These inefficiencies contribute to ballooning expenditures and long-term unsustainability. Dynamic efforts to advocate and implement health financing mechanisms should be pursued.

As countries in Western Pacific Region undergo epidemiological transitions, the current health systems are not well prepared to cope with the growing health challenges of ageing, noncommunicable diseases and health security. Financing is an enabler of reforms and frameworks, such as ensuring that UHC goals of equity and reaching the unreached are achievable. As such, elevating health financing in ministries and government agendas is critical.

The Regional Committee is invited to share lessons from countries on how health financing reforms are responding to policy objectives in a dynamic environment, reflecting on the changes required to mitigate negative trends in financial protection and explore the future features of a well-functioning health financing system for all.