Understanding Healthcare Financing

2. WHO Policy and Guidance on Healthcare Financing

The World Health Organization in the World Health Report 2000 describes recent trends: "In the past decade or so there has been a gradual shift of vision towards what WHO calls the 'new universalism'. Rather than all possible care for everyone, or only the simplest and most basic care for the poor, this means delivery to all of high-quality essential care, defined mostly by criteria of effectiveness, cost and social acceptability. It implies explicit choice of priorities among interventions, respecting the ethical principle that it may be necessary and efficient to ration services, but that it is inadmissible to exclude whole groups of the population."

The Secretariat Report to the Fifty-eighth World Health Assembly defines the goal of coverage:

http://www.who.int/health_financing/documents/cov-wharesolution5833/en/index.html

"**Universal coverage** is defined as access to key promotive, preventive, curative and rehabilitative health interventions for all at an affordable cost, thereby achieving equity in access. The principle of financial-risk protection ensures that the cost of care does not put people at risk of financial catastrophe. A related objective of health-financing policy is equity in financing: households contribute to the health system on the basis of ability to pay. Universal coverage is consistent with WHO's concepts of health for all and primary health care."

The World Health Assembly in 2005 adopted **Resolution 58.33** on "**Sustainable health financing, universal coverage and social health insurance**"

http://www.who.int/health_financing/documents/cov-wharesolution5833/en/index.html

The WHO "URGES Member States:

(1) to ensure that health-financing systems include a method for prepayment of financial contributions for health care, with a view to sharing risk among the population and avoiding catastrophic health-care expenditure and impoverishment of individuals as a result of seeking care;

(2) to ensure adequate and equitable distribution of good-quality health care infrastructures and human resources for health so that the insurees will receive equitable and good-quality health services according to the benefits package;

(3) to ensure that external funds for specific health programmes or activities are managed and organized in a way that contributes to the development of sustainable financing mechanisms for the health system as a whole;

(4) to plan the transition to **universal coverage** of their citizens so as to contribute to meeting the needs of the population for health care and improving its quality, to reducing poverty, to attaining internationally agreed development goals, including those contained in the United Nations Millennium Declaration, and to achieving health for all;

(5) to recognize that, when managing the transition to universal coverage, each option will need to be developed within the particular macroeconomic, sociocultural and political context of each country;

(6) to take advantage, where appropriate, of opportunities that exist for collaboration between public and private providers and health-financing organizations, under strong overall government stewardship;

(7) to share experiences on different methods of health financing, including the development of social health-insurance schemes, and private, public, and mixed schemes, with particular reference to the institutional mechanisms that are established to address the principal functions of the health-financing system;

The Secretariat Report to the Fifty-eighth World Health Assembly describes **strategies to achieve universal coverage**:

“Several options for establishing universal coverage exist, which can be classified into two broad strategies. The first is use of general tax revenue as the main source of finance for risk pooling, a system also referred to as tax-funded health financing. The second is introduction of social health insurance, used here to describe the situation where specific contributions for health are collected from workers, self-employed people, enterprises and the government, and are pooled into a single, or multiple, “social health insurance fund”.

“In the first option, all citizens (and sometimes residents) are typically entitled to services, so coverage is automatically universal. With social health insurance, entitlement is linked to a contribution made by, or on behalf of, specific individuals in the population. Universality will be achieved only if contributions are made on behalf of each member of the population. For this reason most social health insurance schemes combine different sources of funds, with government often contributing on behalf of people who cannot afford to pay themselves. Social health insurance may be managed in various ways, including through a single government insurance fund or through multiple nongovernmental or parastatal funds.

“Ultimately, a country’s decision on how to modify its health-financing system should be guided by decisions on collection, pooling, and purchasing, and the associated organizational arrangements that are most likely to lead to universal coverage in the context of that particular country, taking account of its society’s values and collective objectives.”

There is a wealth of material on the WHO site on Health Financing Policy.

http://www.who.int/health_financing/en/

There is a very useful collection of papers on healthcare financing at

http://www.who.int/health_financing/documents/list/en/index2.html