



## **African Contributions to Global Health**

### **Video Transcript**

#### **Health financing for Universal Health Coverage**

In some countries, such as the United States, access to health services is often restricted to those who have the ability to pay. This negatively affects families with limited means. The negative consequences include: Families who lack the ability to pay cannot access the health services that they need. Alternatively, high out-of-pocket payments for healthcare can push some families into poverty.

Universal Health Coverage, in short UHC, addresses these problems. In 2015, the World Health Organization defined Universal Health Coverage as:

“ensuring that all people have access to essential health services -- promotive, preventative, curative, rehabilitative and palliative -- of sufficient quality without financial hardship.”

The United Nations has included Universal Health Coverage among its 17 Sustainable Development Goals. UHC is a key aim of Goal No. 3, Good Health and Well-Being: "Ensure healthy lives and promote well-being for all ages."

The definition of Universal Health Coverage implies that access to quality health services should not vary widely across the population. As such, age, gender, socio-economic status, or rural or urban location should not affect individuals' ability to access high-quality health services.

No country has yet achieved Universal Health Coverage as defined or specified. However, countries can take strategic steps towards achieving Universal Health Coverage. One such toolset that may help to achieve the specified targets relates to how countries finance their health services. The four main health financing functions are revenue raising, pooling of resources, purchasing of services, and the design of benefit packages. We will go through all four of these instruments and see how they can help to achieve Universal Health Coverage.

The most important function of health financing is to raise adequate financial resources for health services. The amount of money countries spend on health is crucial for determining whether they can achieve Universal Health Coverage. It is recommended that low- and middle-income countries spend at least \$86 per capita on health. This graph from the WHO's global database shows how countries in Africa are doing in this regard.



How the money is raised is also important. Some countries rely predominantly on one of the following mechanisms: general tax revenues, voluntary health insurance prepayments, or out-of-pocket payments by households. These different mechanisms for raising revenue can influence progress towards Universal Health Coverage.

Once the money has been raised, the next step is pooling. Pooling refers to the accumulation of the funds raised. A critical aspect of pooling for Universal Health Coverage is risk pooling. In risk pooling, the healthy subsidise the sick and the rich subsidise the poor. Another dimension is whether participation in pooling should be mandatory or voluntary. Mandatory pooling means that you have a diverse mix in the pool, including healthy and sick people as well as the young and the elderly. Voluntary pooling means that only those who have the ability to pay or those who are sick contribute to the pools.

After funds have been raised and pooled, the next decision concerns how services are purchased. There are three key concepts relating to purchasing. Which services can be bought? Who are the service providers? And how will the service providers be paid?

There are two main types of purchasing: strategic purchasing and passive purchasing. Strategic purchasing allocates funds based on certain specifications: the needs of the population, the cost-effectiveness of health services, the performance of service providers, or the quality of services delivered. Passive purchasing allocates funds to service providers irrespective of the quality or the cost of the services.

After this decision on how to organise the purchasing of services come decisions relating to benefit design. The key questions addressed here are: Who is entitled to what service? And what type of services are in the benefit package? How benefits for populations are designed can have an impact on Universal Health Coverage. In this case, the services included need to be of high priority, cost-effective, represent a high financial burden, and its benefits are distributed equally.

Next, the public needs to learn what they are entitled to and what their benefits are when accessing these services. An important question, for instance, is whether they are obligated to pay in order to access these services. It is also important that the benefits to which individuals are entitled are accessible in practice. For instance, if beneficiaries are entitled to no-cost diabetic screening, the relevant services must be available at health facilities.

Universal Health Coverage is an objective which no country has yet attained. But on the journey to this goal, how the health financing system is designed, is critical. They allow for various solutions to be implemented that are adaptable to each country's own needs.