Overview of Key Health Care Financing Issues in the Middle East & North Africa Region

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Revisiting the Goals of Health Financing Systems

- Mobilize and allocate resources to optimize health outcomes within limited resources (quality and efficiency)
- Extend social protection in health for the poor and vulnerable
- Ensure effective financial protection for the general population
Total Health Expenditure as Percent of GDP, 2003

Tota Health Expenditure as % GDP

per capita GDP, 2003 (Current US$) log scale
Health Expenditures as % GDP, 2003
Selected MENA Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Percent GDP</th>
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<tbody>
<tr>
<td>Qatar</td>
<td>2.7</td>
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<tr>
<td>Iraq</td>
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<td>United Arab Emirates</td>
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<td>Oman</td>
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<td>Kuwait</td>
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<td>Saudi Arabia</td>
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<td>Libya</td>
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<td>Bahrain</td>
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<td>Algeria</td>
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<tr>
<td>Morocco</td>
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<tr>
<td>Syria</td>
<td>5.1</td>
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<tr>
<td>Tunisia</td>
<td>5.4</td>
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<tr>
<td>Yemen, Republic</td>
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<td>Djibouti</td>
<td>5.7</td>
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<td>Egypt</td>
<td>5.8</td>
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<tr>
<td>Iran, Islamic Republic</td>
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<tr>
<td>Jordan</td>
<td>9.4</td>
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<td>Lebanon</td>
<td>10.2</td>
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</tbody>
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Government Expenditure on Health as Percent of GDP, 2003

Out of Pocket Spending as % Total Health Expenditure, Selected MENA Countries 2003

- Yemen, Republic: 56.4
- Lebanon: 56.1
- Egypt: 53.5
- Syria: 51.8
- Morocco: 50.1
- Iran, Islamic Republic: 50.0
- Iraq: 50.0
- Tunisia: 45.1
- Jordan: 40.6
- Libya: 37.1
- Djibouti: 33.1
- Qatar: 22.8
- Kuwait: 20.5
- Bahrain: 18.8
- Algeria: 18.3
- United Arab Emirates: 17.8
- Oman: 9.5
- Saudi Arabia: 6.9
Key Functions of a Health Financing System

Revenue Collection • Administrative efficiency • Progressive collection • Encouraging contributions from informal sector

Risk Pooling • Minimizing adverse selection • Risk management

Budget Allocation, Redistribution • Equity & efficiency goals • Policy on subsidy & social targeting • Risk equalization

Purchasing • Aligning provider incentives with quality & efficiency outcomes • Ensuring accountability
Health Revenues

- Ministries of health/health insurance funds have an interest in securing maximum, stable revenues.

- Ministries of Finance have an interest in minimizing economic inefficiencies:
  - Tax burden & administrative costs
  - Distortions on labor market

Growing interest in social health insurance, private insurance...
Social Insurance (Payroll) Taxes as Share of Total Labor Cost is already high in the MENA Region…

- Eastern Europe & Former Soviet Union (13)
- Egypt
- North Africa & the Middle East (13)
- Latin America & the Caribbean (19)
- East Asia & the Pacific (16)
- Sub-Saharan Africa (29)
When Contributions Are Linked to Coverage, Many Have No Insurance...
Managing the Risk Pools

- Existence of multiple risk pools
  - By different categories of beneficiaries
  - By different administrative entities
  - Historical and political precedents

- Reform agenda in some MENA countries: Harmonize or consolidate multiple funds (e.g., Tunisia, Lebanon)
Trends toward Greater Pooling under Social Insurance Reform

- Consolidating multiple public funds into a single fund
  - Strengthens the Risk Pool
  - Increases Leverage of Purchaser
  - Reduces transaction costs
- But it could lead to a large & inefficient bureaucracy
Budget Allocation and Redistribution

- How well is the social targeting/social protection program working?
  - Coordination between health & social affairs
  - NGO/civil society

- How are the benefits package determined, and priority interventions selected?
  - Evidence-based or interest-based?
Purchasing

- Involves a complex realignment of incentives and accountability - challenging political economy
- Relatively limited reforms in the MENA Region

- Contracting with autonomous providers (private for profit, nonprofit)
- “Internal market” – realignment of incentives within a public entity
Implementing Payment Systems: Complementary Inputs

Pooling of Funds

Quality Systems

Management Information Systems

Provider Autonomy/Civil Service Reforms
Meeting Health Financing Needs in a Conflict / Post-Conflict Situation

- How to provide emergency support without undermining national institutional capacities or creating over-dependencies on external financing
- Addressing increased health needs due to conflict: short & long-term effects
- How to maintain health reform initiatives under emergency / conflict situations?
Goal: A Reformed Health System

- Political Economy
- Governance & Accountability
- Institutional Capacity

Current Situation
Thank you!

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