



# Health Systems 20/20 and Health Financing

## Health Financing Challenges

The way a health system is financed is critical to the achievement of better health outcomes. In recent years, major advances have been made in understanding and addressing financing constraints that keep people from accessing health services. Nevertheless, many challenges still exist in terms of how resources are generated, pooled, and used in the health system.

- In many developing countries, the level of spending is insufficient to ensure equitable access to basic and essential health services and interventions.

- The lack of effective risk-pooling mechanisms puts individual patients at financial risk of becoming poor due to their illness and the costs of health service utilization.
- Funding flows from payers to providers do not create appropriate financial incentives to deliver health services in effective, efficient, and equitable ways.
- Recent increases in international aid have provided a temporary solution to meet urgent needs for selected health interventions in developing countries. However, new funding flows also raise questions about how to sustain the increased expenditure in the future and how to integrate these selected health interventions into the overall health system.

## The Health Systems 20/20 Team's Approach

The principal aims of the project's work in health financing are to ensure that financial barriers do not prevent people from seeking needed health services, and to ensure that health services are delivered effectively, efficiently, and equitably among populations in need.

Health Systems 20/20 builds on the work of predecessor projects on health financing in the areas of:

- Tracking health expenditures (via National Health Accounts, or NHA, methodology) and informing policymakers' health resource allocation decisions.
- Reducing financial barriers and promoting equitable access to health services (via community-based health financing, social health insurance, and improved targeting of subsidies).



**Brief**



- Improving financial flows to priority services (via cost and cost-effectiveness analysis to address the mobilization and allocation of financing).
- Addressing ineffective incentives faced by providers, to provide high-quality health services (via improved provider payment mechanisms, performance-based financing, conditional cash transfers, accreditation, and strengthened management information systems).
- Leveraging opportunities from partners and donors (President's Malaria Initiative, GAVI Alliance, PEPFAR, Global Fund to Fight AIDS, Tuberculosis and Malaria, etc.) to optimize health resources and reduce financial barriers to the use of health care.

## Applying the Health Systems 20/20 Approach

### ■ Improving child health through community-based health insurance schemes in Rwanda

Health Systems 20/20 is implementing a demonstration project to promote and distribute a point-of-use (POU) water product in Rwanda through community-based mutual health insurance organizations, or MHOs. The project aims to expand POU product use and reduce diarrhea morbidity in children under five. Participating MHOs also hope to reduce costs associated with diarrhea care-seeking and improve their financial sustainability. Results from the evaluation will be shared with POU suppliers, policymakers, and MHO leaders throughout Africa who might consider replicating this approach.

### ■ Expanding social health insurance in India

Health Systems 20/20 is working with the USAID/India mission to assist states in designing and implementing health insurance schemes to improve financial access to health services for the poor. In Uttar Pradesh, Health Systems 20/20 works with the States Implementation of Family Planning Services Association (SIFPSA), which is piloting a health insurance scheme for residents of urban slums of

Allahabad. The scheme aims to cover approximately 20,000 households and run for three years. Technical assistance activities include working with SIFPSA on benefit design, provider payment mechanisms, standards of care, distribution and communication channels, and subsidy targeting.

### ■ Planning performance-based financing in Africa

Health Systems 20/20 was a co-sponsor, co-organizer, and technical lead for the Performance-Based Financing for Health Results Workshop held in Kigali, Rwanda in May 2007. Ten qualified teams from sub-Saharan African countries were selected through a competitive process. The workshop was strategically located in Rwanda, where performance-based financing is being implemented on a national scale. Each team prioritized health performance problems and defined up to ten indicators they would propose to link payment to evidence of improved results. The interest generated by this workshop is evidence that stakeholders the world over are exploring the performance-based financing option.

### ■ Estimating National Health Accounts in Rwanda

In Rwanda, Health Systems 20/20 assisted in the country's recent NHA estimation (using 2006 data) by leading data collection, data cleaning, and data analysis stages. In using methods and techniques espoused by the international community, this latest NHA in Rwanda produces high-quality, standardized information. While providing technical assistance to the Ministry of Health to complete this estimation, Health Systems 20/20 worked to build the ministry's capacity in the various technical areas to increase sustainability of NHA as a routine estimation in Rwanda. NHA continues to inform Rwanda's important policy and budget allocation decisions at the national, subnational, and international level.

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