

# FROM DOUBLE SHOCK TO DOUBLE RECOVERY - IMPLICATIONS AND OPTIONS FOR HEALTH FINANCING IN THE TIME OF COVID-19

DISCUSSION PAPER

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*Christoph Kurowski  
David B. Evans  
Ajay Tandon  
Patrick Hoang-Vu Eozenou  
Martin Schmidt  
Alec Irwin  
Jewelwayne Salcedo Cain  
Eko Setyo Pambudi  
Iryna Postolovska*



Ajay Tandon

*Global Practice on Health, Nutrition, Population*

*World Bank*

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# Double Shock from COVID-19

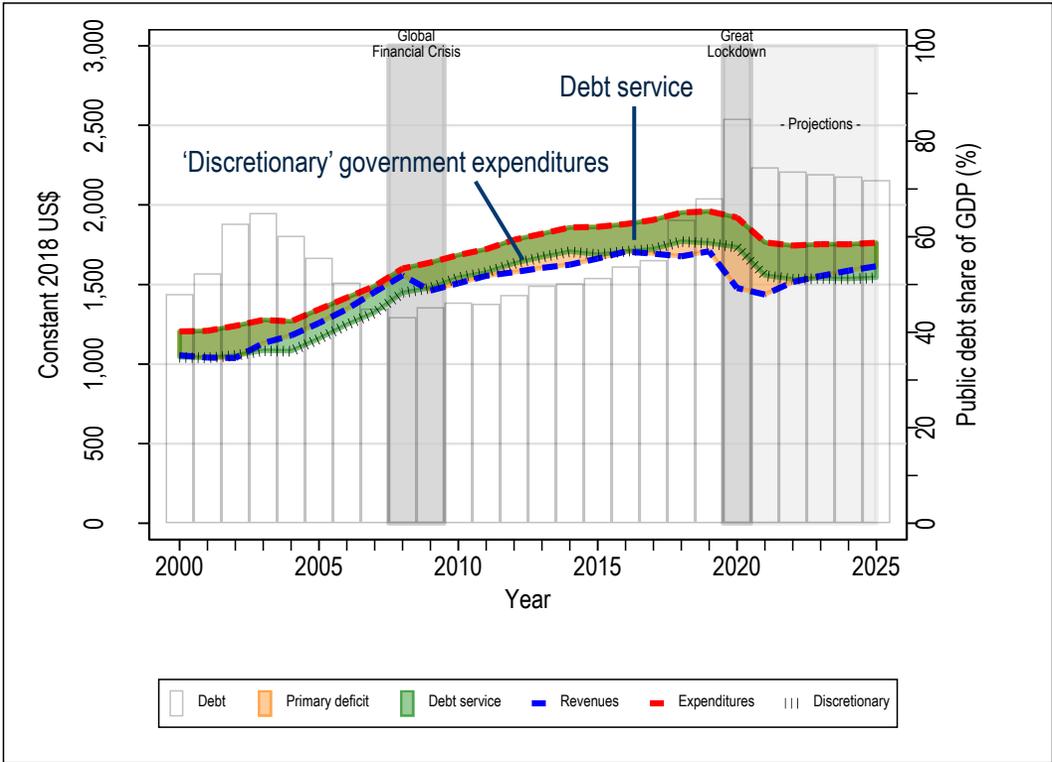
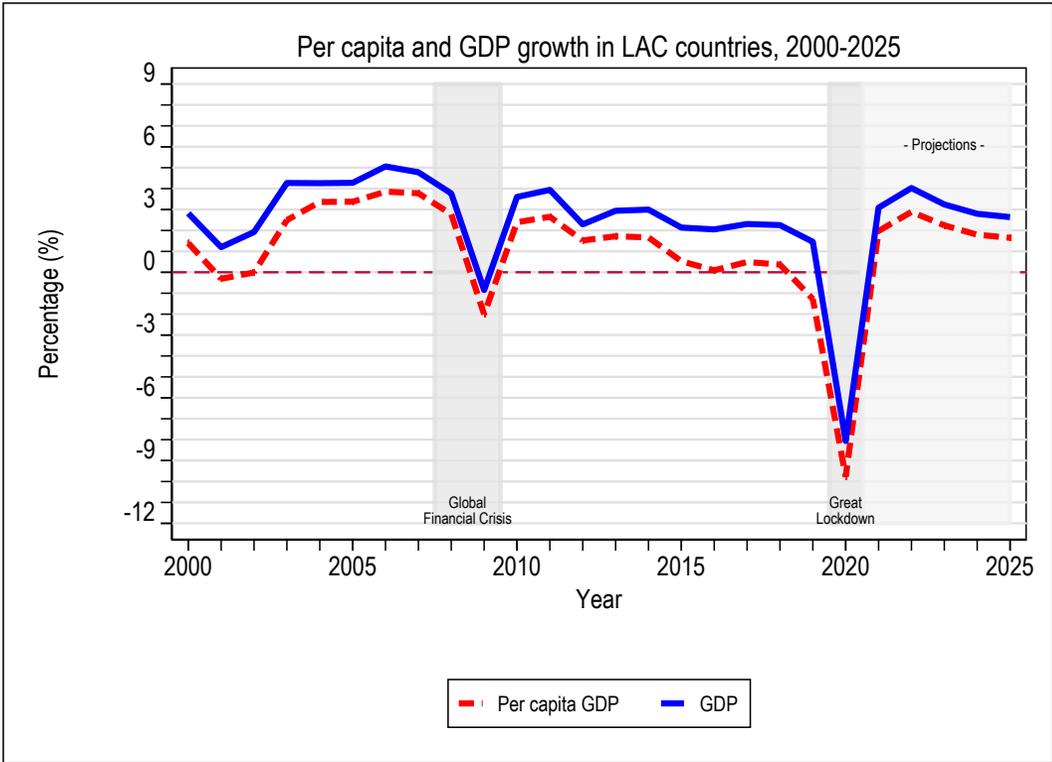
COVID-19 has resulted in both a **health shock** as well as an **economic shock**



- Globally, **~191 million cases**; **~4 million deaths**.
- **Long-term**, lingering effects from infection leading to chronic conditions among some.
- **Spillover** impact on demand and supply of **routine health** interventions and services as well as on **risk factors**.

- Globally, **massive economic contraction**; uncertain prospects for recovery; lingering effect on levels of economic activity.
- Economic impact severe even in countries with low/no infections.
- Rising **poverty**, inequality; change in **public financing landscape**.

# Deep Economic Contraction with Fiscal Consequences



# Double Recovery from COVID-19

Getting over the **economic crisis** depends on solving the **health crisis**



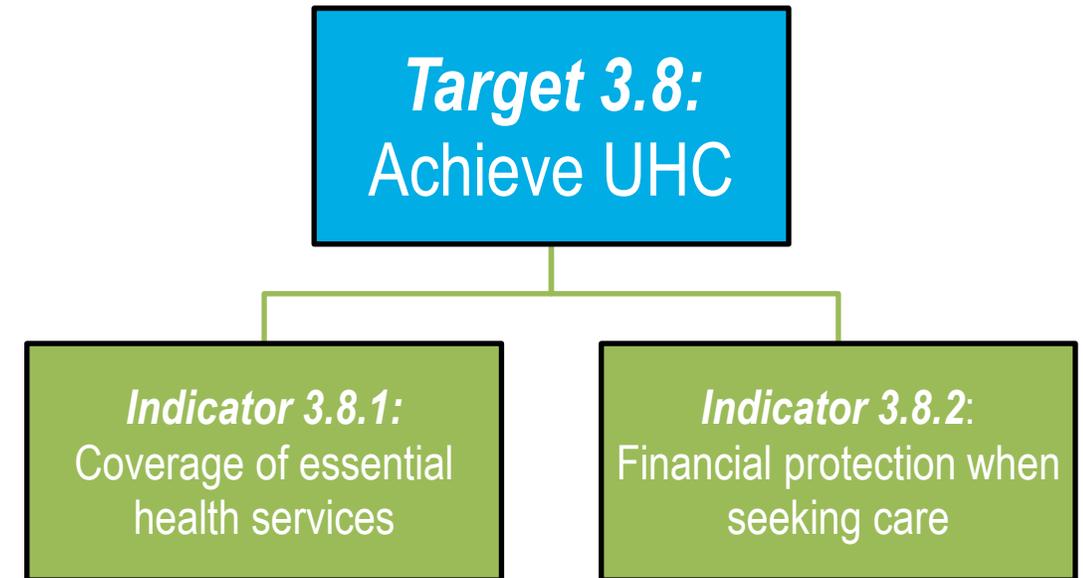
- In the short-term: an end to the pandemic can only come through enhanced **surveillance**, **treatment** of clinical cases, and strengthening delivery platforms and rolling out COVID-19 **vaccines**.
- In the long-term: progress toward **universal health coverage (UHC)** and sound population health are vital for a sustainable and inclusive longer-term economic recovery and poverty reduction.
- To deliver the levels of health spending necessary to solve the health crisis, health and finance officials must work together on a **three-pronged** agenda, coordinating across levels of government: **increasing government funding for health**, expanding overall **fiscal space**, and improving the **equity**, **efficiency**, and **quality** of health spending.
- Ensure **sustained progress** towards UHC.

# UHC is a 2030 Sustainable Development Goal (SDG)

**SDG 3:** 'ensure *healthy lives* and promote well-being for all ages'



UHC is a policy commitment that all people can use **essential** promotive, preventive, curative, rehabilitative, and palliative **health services** they need, of sufficient **quality** to be effective, while also ensuring the use of these services does not expose the individual to **financial hardship**.



The way a health system is **organized** and **financed** is critical for making progress towards UHC: moving away from reliance on user fees and **out-of-pocket (OOP) financing** at the time and place of seeking care towards higher **public financing** and 'negative user fees' (e.g., conditional cash transfers for incentivizing preventing and promotive care) are core elements, especially for enhancing access for the poor.

# Recommended UHC Monitoring Tracer Indicators



## Reproductive, Maternal, Newborn, Child:

- Proportion with access to modern contraceptives
- Antenatal care coverage (4+)
- DTP3 vaccine coverage
- Care-seeking behavior for suspected pneumonia

## Infectious Diseases:

- TB effective treatment
- HIV treatment
- Proportion sleeping under bed net
- Access to improved sanitation

## Noncommunicable Diseases:

- Normal blood pressure

- Mean fasting plasma glucose
- Tobacco nonsmoking

## Service Capacity & Access:

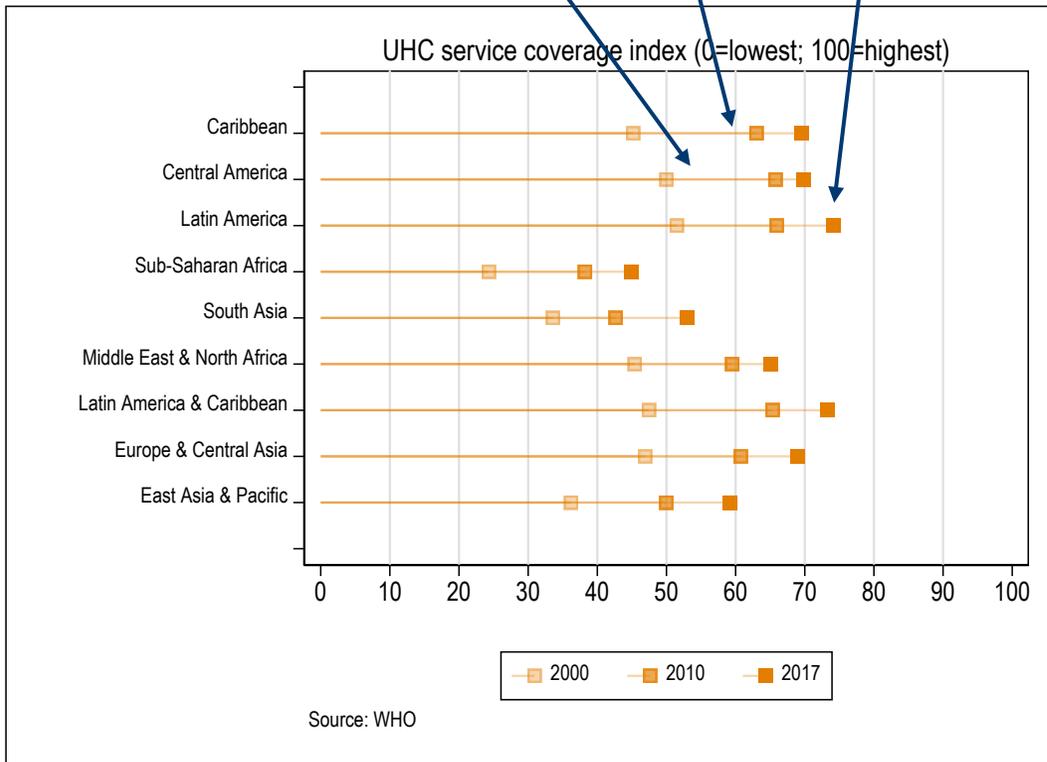
- Hospital bed density
- Health worker density
- International Health Regulations (IHR) core capacity index

## Financial Protection:

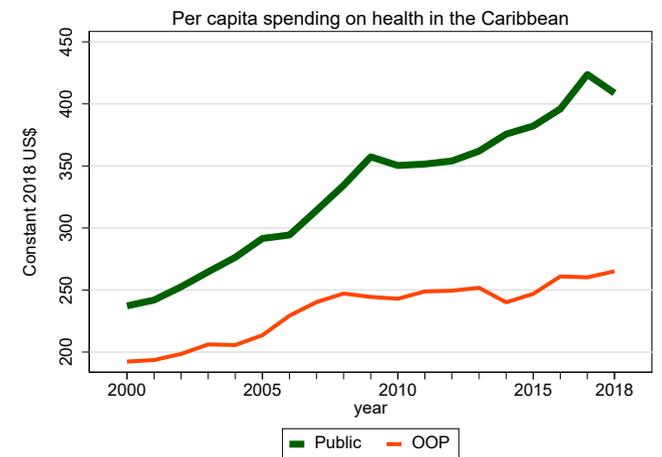
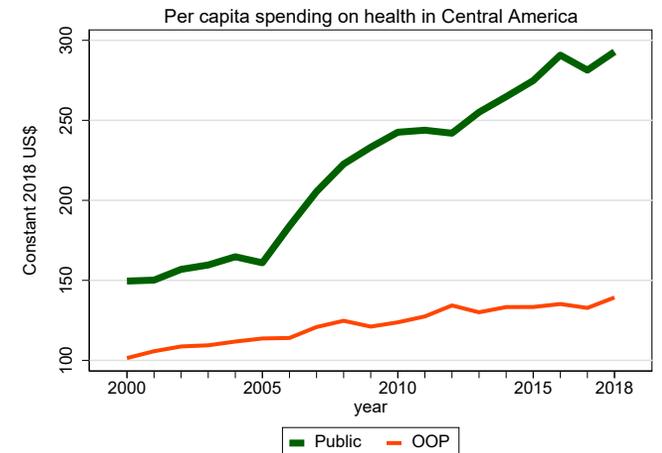
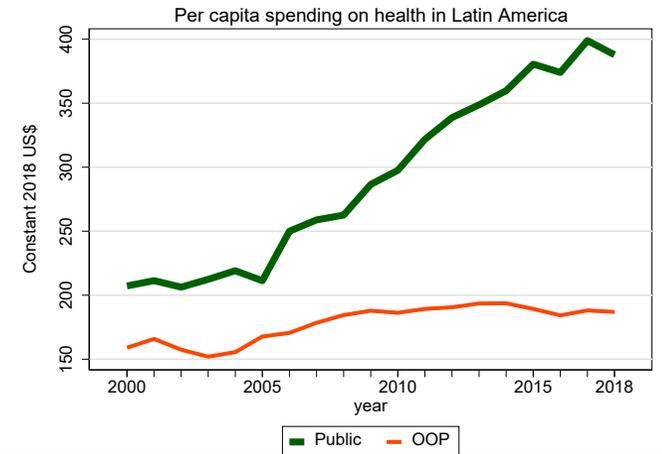
- Proportion with 'large' OOP spending as share of household budget
- Proportion of households impoverished or pushed deeper into poverty as a result of OOP spending

# Large Gains in UHC...

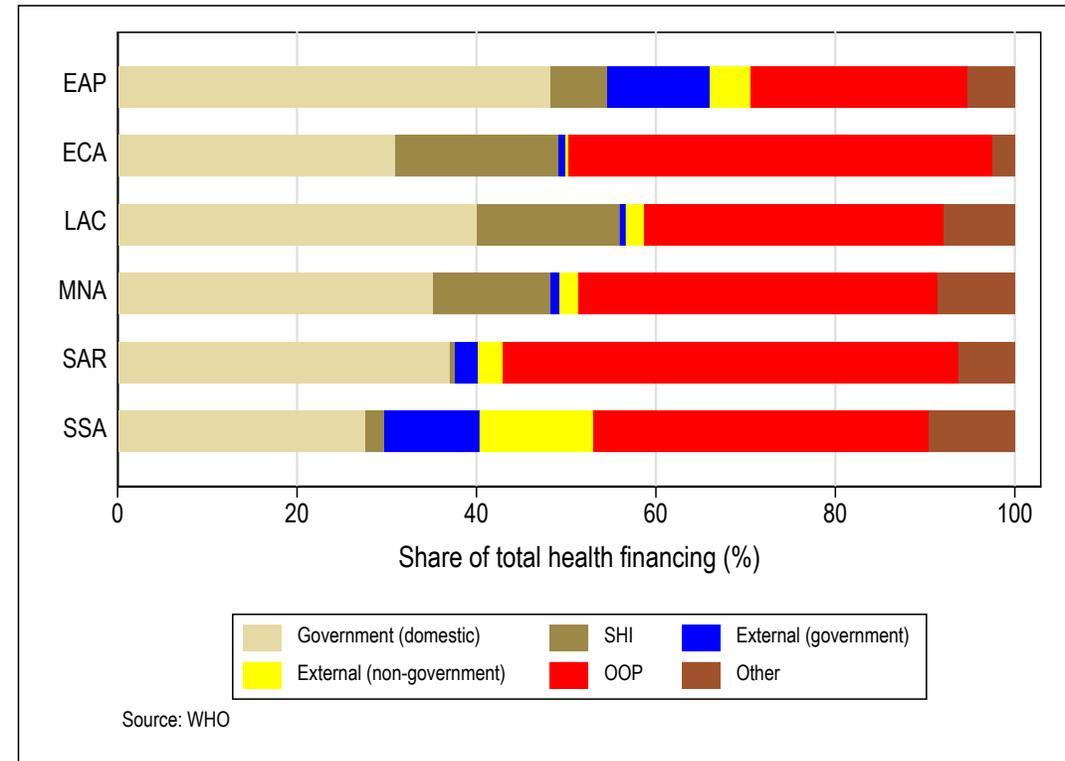
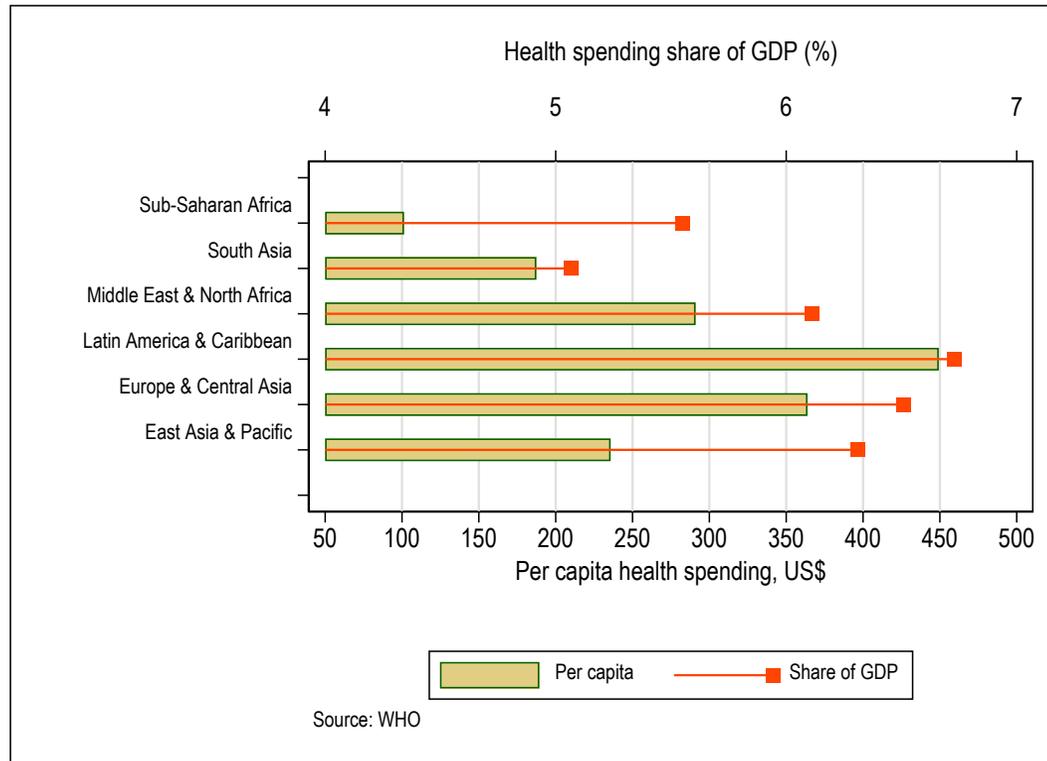
Large gains in UHC over past few decades in LAC region



Huge gains in levels of public financing for health across LAC region



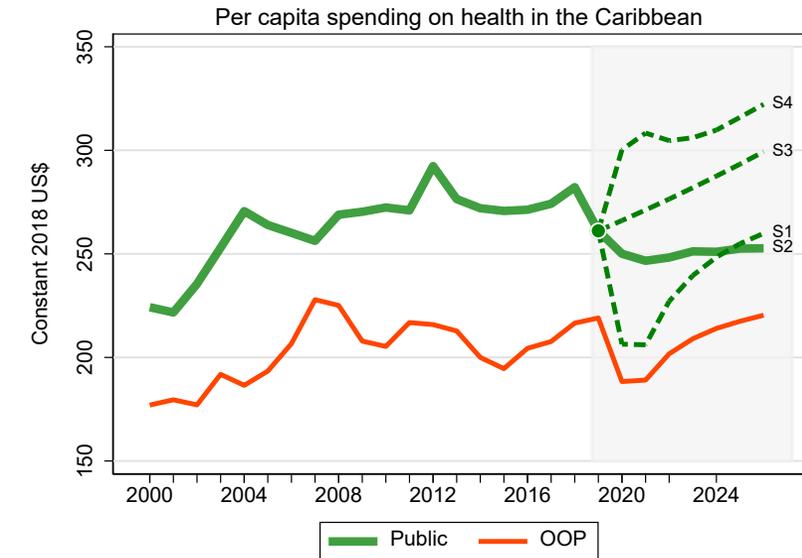
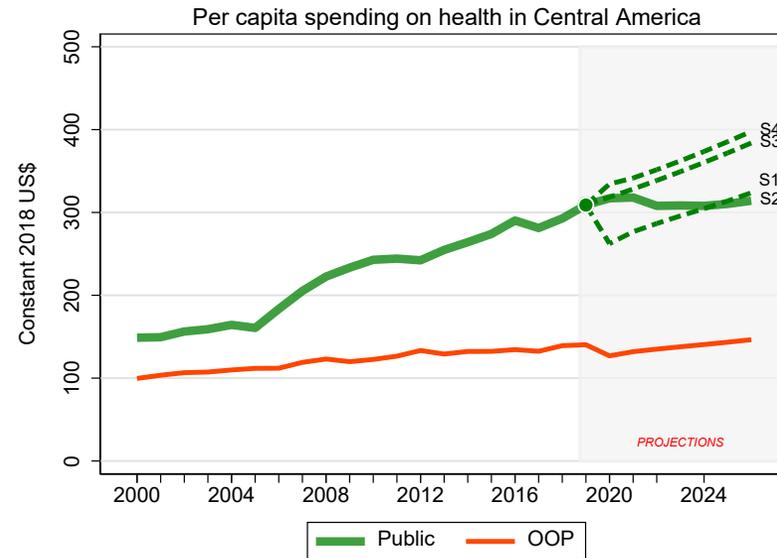
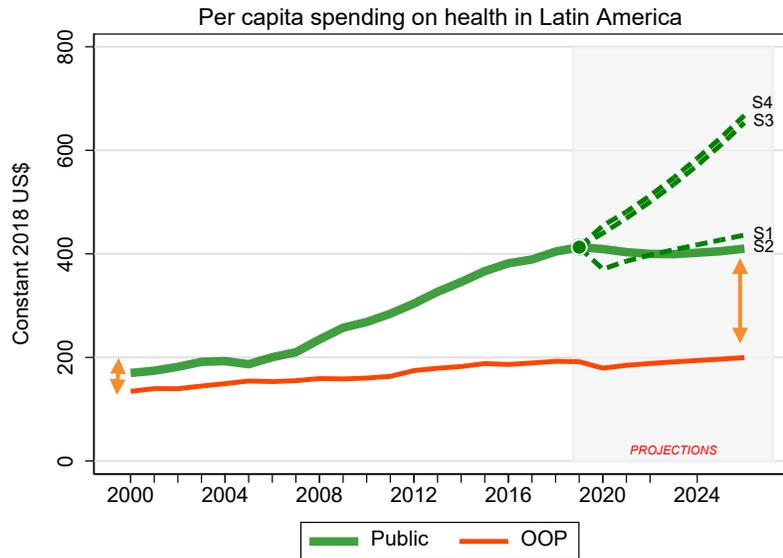
# ...But Challenges Remain with Health Financing



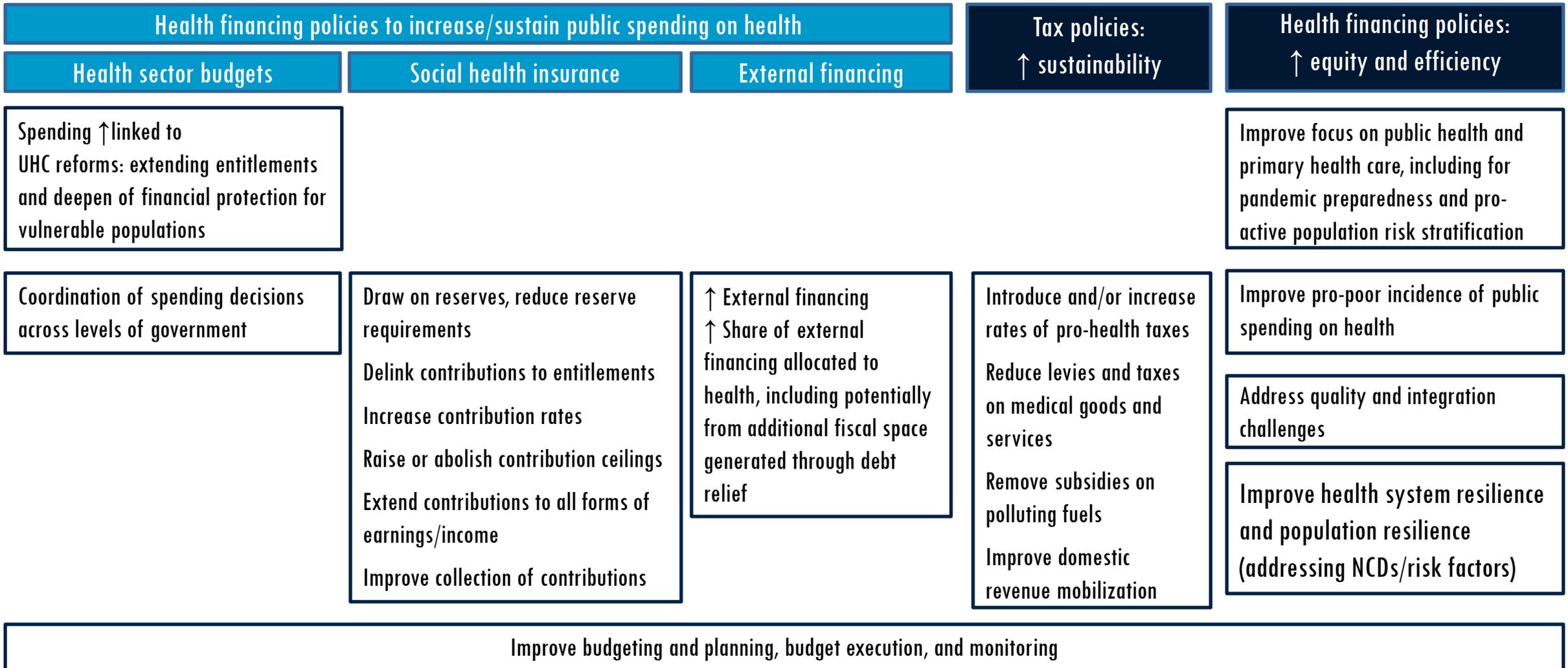
COVID-19 has put at risk several sources of health financing: **public financing risks** due to macro-fiscal stress and greater needs for financing vaccines and emergency response, **external financing risks** due to the economic shock in high-income countries; and **risks to OOP spending** due to lowering of incomes and greater foregone care; **reprioritization** of health in government budgets within and across sectors will be necessary.

# Risks to Levels of Public Health Spending

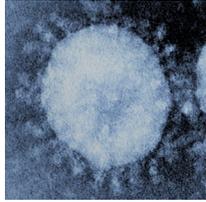
Projections indicate that, in the absence of sustained reprioritization, growth in public spending for health could decline across many low- and middle-income countries in the region post-2020, including becoming negative in some cases, risking reversal of gains made towards UHC in recent years.



# What Are Countries Doing? What Could Countries Do? What Are Lessons from Previous Crises for Health Financing?



# What Makes the COVID-19 Crisis Different?



Investment in health are critical for recovery not only in the short-term ...

...but also in the long-term

