Financing health systems in response to NCDs

Health Systems Respond to NCDs: Experience in the European Region
WHO. Sitges, 16-18 April 2018

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WHY INVESTING IN HEALTH IS IMPORTANT
Ill-health worsens an individual’s economic prospects throughout the lifecycle.

- **Young infants & children**
  - Cognitive development
  - Educational outcomes

- **Adolescents and Youth**
  - Core skills development
  - On-the-job-training

- **Adults**
  - Employment prospects
  - Wage prospects
  - Absence from work
  - Presenteeism

**Intergenerational transmissions**
Ratio of NEET to non-NEET youth, 15-29 years old, who report poor health, 2014

Source: OECD Society at a Glance 2016
## Poor health damages labour market outcomes

### Unemployment
- Unemployed in UK ~2x as likely to have long-standing illness/disability (UK Office for National Statistics 2012)
- Being unemployed further worsens mental health

### Absence from work
- Across 15 OECD countries, 11 days lost per person in 2013
- Rates particularly high in Germany (18) & Norway (16)

### Presenteeism
- Estimated to have cost US economy $150bn pa in early 2000s (Hemp 2004)
- Worse for those in mental ill-health

### Lower wages
- Men in good health earn 8% more than peers in bad health, difference widens to 16% by age 64
- For women, gaps rise from 4% to 15% respectively

Disadvantage compounds over life course

Wages and Employment, by age & health status (OECD average, males)

Source: OECD Ageing Unequally project (EU-SILC 2005-13 data)
NOT ALL HEALTH SPENDING IS A GOOD INVESTMENT
Investing more in health is critical. BUT resources need to be effectively spent

- Very low levels of health spending is undesirable
- But diminishing returns as health spending increases
- Tackle ineffective spending and waste

Source: Health at a Glance 2017
Where to invest less: 20% of health spending ineffective or wasteful

- Adverse events probably occur in 1/10 hospitalisations, add between 13 and 17% to hospital costs and up to 70% could be avoided.
- Geographic variations in rates of cardiac procedures (x3) and knee replacements (x5) are for a large part unwarranted.
- Up to 50% of antimicrobial prescriptions are unnecessary.
- 12% to 56% of emergency department visits are inappropriate.
- Share of generics in reimbursed drugs varies between 10% and 80%.
- Administrative expenditure on health varies more than seven-fold.
Where to invest less: Clinical, Operational, Governance waste

Waste occurs when...

- Patients do not receive the right care
- Benefits could be obtained with fewer resources
- Resources are unnecessarily taken away from patient care
- Duplication of tests and services
- Low-value care: ineffective, inappropriate, not cost-effective
- Avoidable adverse events
- Discarded inputs, e.g. purchased drugs
- Overpriced input (e.g. generic vs brand)
- High cost inputs used unnecessarily (HR, hospital care)
- Administrative waste
- Fraud, abuse and corruption
Where to invest more

Prevention reduces the incidence of NCDs

- Example: alcohol prevention policies help to reduce the number of cases of alcohol-related diseases and injuries

Germany, average per year for 2010-2050

Source: Tackling Harmful Alcohol Use, OECD, 2015
Where to invest more
Prevention reduces health care costs

- Alcohol prevention policies help to reduce health care costs compared to a situation where NCDs are treated when they appear

Germany, 2010-2050

Source: Tackling Harmful Alcohol Use, OECD, 2015
Where to invest more

Primary care and people-centred care

Health care close to people’s homes -- Less reliance on hospital settings

Co-ordinated care pathways

Patient participation

Better measurement of health system outcomes for patients
NCD FINANCING: CROSS-SECTORIAL COLLABORATION
Sustaining health investments requires effective dialogue with finance ministries

Traditionally…

• Finance ministries focus on *cost containment*
• Health ministries focus on how to *increase spending*

**Shift dialogue towards enhancing productivity**

**Improving budgetary practices** for health critical:

• Predictability of resources available for health
• Performance agreements linked to spending
• Clear budget structure that is *not* overly specified
• Delegation of detailed *allocation decisions* to MoH
• Effective health spending *reporting systems*
And broader inter-sectoral collaboration

**Health care** (e.g. GP counselling for obesity, treatment of alcohol dependence, Patch for smoking cessation)

**Education** (e.g. health programmes for awareness and building capacity with regards to unhealthy choices)

**Nudging/Information** (e.g. food labelling, cigarette plain package)

**Regulatory policies** (e.g. advertising bans, smoke-free areas)

**Fiscal measures** (e.g. taxation on unhealthy products, subsidies for healthy food)

**Public-Private Partnership** (e.g. EPODE consortium in Europe facilitate private/public cooperation to tackle childhood obesity)
### My talk today

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<td>But 20% of spending is wasted; tackling NCDs requires spending in prevention, high-performing primary and people centred care</td>
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Thank you!

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