“Reframing the dialogue between health and finance on investing in health systems”
Introductory Remarks

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The policy brief

• Objective is to help health policy makers understand the perspectives of national economic policy makers, and to frame evidence and structure arguments in a way that is likely to resonate with them.

• Emphasis is on the role of evidence, and not on the ‘political economy’ of influencing decisions.
The health system

• ‘... all the activities whose primary purpose is to promote, restore or maintain health’ (World Health Organization, 2000)

• Note – unambiguously includes public health actions,

• But excludes broader social determinants.
Beyond its intrinsic value, improved health contributes to social well-being through its impact on economic development, competitiveness and productivity. High-performing health systems contribute to economic development and wealth.
Health system scepticism from reputable sources

• Unnecessary tests and treatment explain why health care costs so much.

• Within the last decade medical professional practice has become a major threat to health

• At a conservative estimate, 20–40% of health resources are being wasted.

• An incurable disease.

• Ageing population leaves NHS spending under the weather.
Estonian Ministry of Finance

• “The purpose of the state’s fiscal and economic policy is to create conditions for sustainable economic growth that improves the welfare and standard of living of the people.”
Key objectives of finance ministries

1. Demonstrating good **stewardship** of **public resources**
2. Promoting **macroeconomic growth**
3. Supporting **societal well-being**
4. Ensuring **fiscal sustainability**
1. Demonstrating good stewardship of public resources

- **Key messages**
  - Health systems have a clear **beneficial impact on population health**
  - Health systems are becoming serious about **rooting out inefficiencies**

- **Challenges**
  - There **remain major inefficiencies** in spending in most health systems
  - There is **no single way of measuring health system efficiency**
2. Promoting macroeconomic growth

• Key messages
  – The health system is an important component of the economy
  – Health systems have a major beneficial impact on workforce productivity
  – Preventing dependency and supporting older people improves employment opportunities

• Challenges:
  – Quantifying the contribution of the health system to the economy is very difficult
  – A significant share of health spending goes towards individuals with no direct participation in the labour market
3. Supporting societal well-being

- Key messages
  - **Good health makes a crucial contribution to human welfare**
  - Universal health coverage **enhances social protection and reduces impoverishment**

- Challenges:
  - **Commonly used metrics such as GDP** do not recognize this contribution
4. Ensuring fiscal sustainability

- Key messages
  - A **healthy older population is likely to be less costly** than one which is in poor health
  - Maintaining health extends people’s ability to be **productive at older ages**

- Challenges:
  - Concern about the impact on public services of a **longer period of dependency**
Key messages for health policy makers

• Actively promote measurement of **health system inefficiency**, and implement meaningful policies to address sources of technical and allocative inefficiency

• Underline key direct role of health systems in **improving health**, especially where it contributes to workforce productivity and morbidity compression

• Underline key role in **promoting social protection, solidarity and equity** brought about by universal health coverage

• Emphasize key contribution of improved health and social protection to **population welfare**, and the inadequacy of traditional metrics such as GDP – as acknowledged by a growing economics literature
Where the evidence is weak

• Contribution of the health sector to the broader economy
  – Evidence difficult to produce, models highly dependent on framing assumptions. But sceptics too have little concrete evidence!
  – Health systems can prioritize programmes that improve workforce productivity (e.g. mental health)

• Health related policies to address social determinants of health
  – SDH very important, but few concrete policies reported, implementation is administratively and politically complex, and little evidence of success or otherwise.
  – A health system focus does not contradict the need for advocacy for ‘health in all policies’

• Morbidity compression
  – Keeping older people active should be a key priority – implies a shift of focus from survival to quality of life.
  – Should be tractable from a research perspective but surprisingly little evidence.
Key questions for your health system

1. Health systems can contribute directly to population welfare in two fundamental ways: longer and healthier lives and protection from the financial consequences of ill-health
   • Are these direct benefits being adequately measured and communicated?
2. Health systems have the capacity to contribute to human capital at all ages
   – children so they can maximize benefits from education
   – working-age people so they can be productive in the labour market
   – older people so they can be independent and contribute to society.
   • Are priorities being set with these broader economic perspectives in mind?
3. Health systems have available many mechanisms for reducing inefficiency, including measuring inefficiency and designing policies to improve efficiency
   • Are efficiency initiatives being implemented and pursued vigorously?