

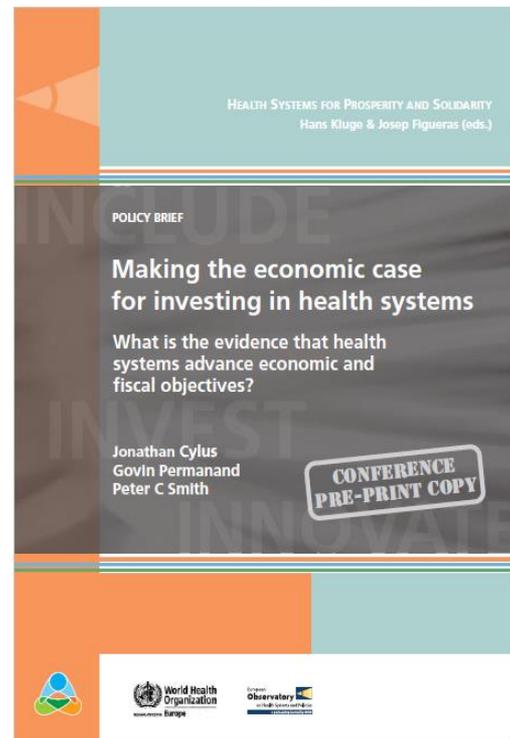
**“Reframing the dialogue between health
and finance on investing in health systems”
Introductory Remarks**

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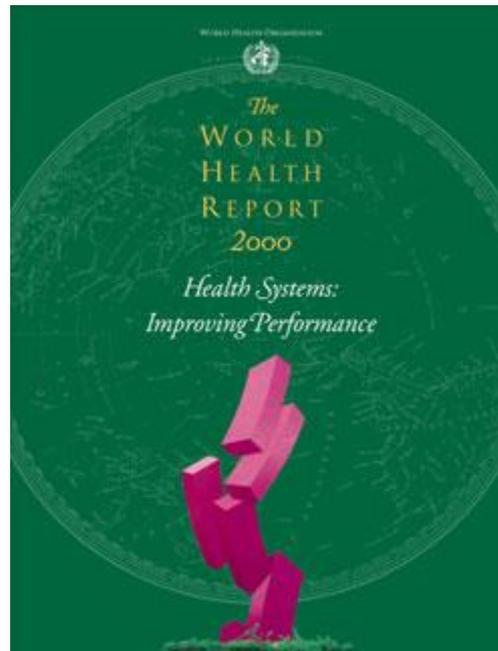
The policy brief

- 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.



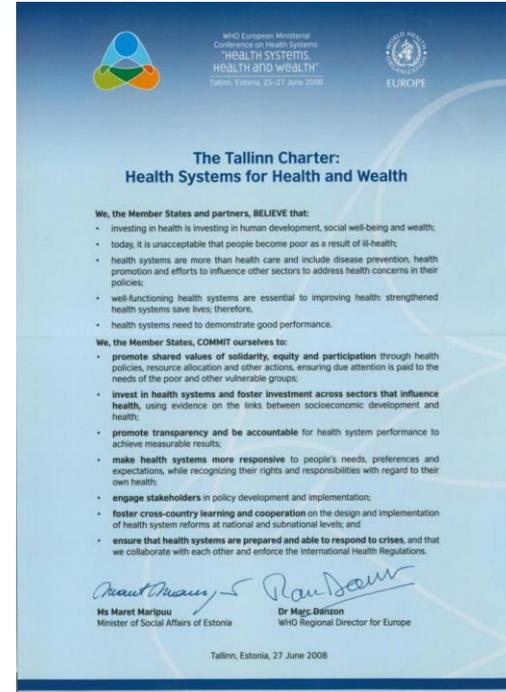
The health system

- *'... 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.



From the Tallinn Charter 2008

- *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.*

SCIENTIFIC
AMERICAN.

THE LANCET



The
Economist

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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.”



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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?