



HLSP – Health Economics and Financing

Health financing is a key function of health systems and, as such, plays a key role in influencing health sector performance. Although funding for health in low income countries is often extremely low – in 2003 per capita public spending on health was \$10 or less in 44 countries – problems of underfunding are compounded by the fact that resources are often misallocated, used inefficiently or simply fail to reach their intended destination.

Many countries continue to rely heavily on out of pocket payments despite the fact that this is widely recognised as an inequitable and inefficient way of funding health care. Efforts to replace this with insurance based mechanisms which pool risk remain poorly developed. Future funding prospects are reasonably good as growth prospects in poor countries are better than they have been for some time, and commitments made at the Gleneagles G8 summit have the potential to significantly increase donor support for health.

Initiatives such as Poverty Reduction Strategy Papers (PRSPs) and Heavily Indebted Poor Countries (HIPC) have already begun to channel more resources towards the social sectors. However, such gains need to be set against increasing demands created by aging and growing populations, challenges posed by new threats such as SARs and avian influenza and by new technologies and products which offer major opportunities to improve health outcomes but often at a high cost.

HLSP Ltd

HLSP is an international professional services firm specialising in health and health systems development in particular. Established in 1985, it is resourced by around 160 senior technical and administrative staff of many different nationalities. HLSP has regional offices in Bangladesh, China, Kenya, Thailand and India.

At any given time, we are working in around 30 countries, and we have experience in over 100 countries. We have extensive experience of providing technical services and managing complex projects for a range of clients. The decentralised nature of HLSP's operation enables us to respond quickly to the specific needs of a country and ensure that technical assistance is relevant to the setting in which it is provided. Since November 2003 HLSP has been part of the Mott MacDonald Group.

HLSP – Lead Specialists

HLSP has an established team of Lead Specialists in a number of critical areas including: aid effectiveness, health systems, health financing and economics, HIV and AIDS, communicable diseases and maternal and newborn health. The team assures technical quality, contributes to specialist learning and ensures that lessons learnt during the course of our work are synthesised and utilised to guarantee that the latest knowledge and practice guides our work.

HLSP Institute

Learning is further supported by the HLSP Institute which has focused particularly on the new aid architecture and how it supports progress towards the achievement of the Millennium Development Goals (MDGs). The Institute has in-house expertise in developing and applying knowledge through applied research and support for scaling up evidence based interventions within the health sector.

What is health financing?

The financing of health services is only a means to an end. It matters because the way it is done plays a key role in determining access to basic health services and can also help protect the population against the often heavy financial costs associated with ill health.

Financing refers to the ways in which revenue is collected, is pooled between different users and in which providers are paid. It influences access in two ways:

- on the **supply** side by ensuring that essential services are adequately financed and delivered,
- on the **demand** side by reducing financial barriers to access and by making sure that funds are raised and services delivered in ways which are affordable to all.

Analysis of financing approaches can help inform debate about priorities and shed light on how financing policies might be made more efficient and more pro poor. In particular it can help examine:

- *which services should be provided* – considering factors such as cost effectiveness, affordability and access by the poor
- *how revenues are raised* – whether from general taxation, indirect taxation, social insurance or out of pocket expenditure
- *how these resources are allocated and used*
- *how providers are reimbursed for delivering services* – whether by salary, fee for service, capitation, diagnostic related groups, global budgets

Who are we?

HLSP has a number of in house specialists and associates supporting our work in this area. We also draw on our extensive database to ensure that the necessary skills are available for each assignment.

The following list gives a flavour of the current project work our team has been undertaking:

Mark Pearson – supporting the Government of West Bengal to develop a medium term expenditure framework.

Veronica Walford – working on a background paper for DFID to revise its health strategy looking at the evidence on burden of disease among the poor and the most cost effective approaches to address these.

Cheri Grace – providing analytical support to DFID on appropriate financial mechanisms, including Advanced Market Commitments and Product Development Partnerships, to strengthen incentives for the development and uptake of technologies to meet priority health needs of developing countries.

Emma Denton – providing support to the development and implementation of the GAVI Health Systems Strengthening (HSS) window of support, and the work of the GAVI HSS Global Task Team.

Dan Whitaker* – advising a number of Chinese cities on possible models for municipal social health insurance schemes. Also recently reviewed the entry of the Global Fund into the common fund in Mozambique.

Catriona Waddington – working with the Government of Ethiopia on a variety of economic issues including harmonisation of financing and the merits of various aid instruments.

Chris Atim – working with USAID on strengthening governance systems to improve health service delivery in 3 African countries; also making inputs into Gates Foundation project on capacity building for making evidence based decisions on new vaccines and other technologies.

Diane Northway – working in Cambodia to improve the performance of Ministry of Health staff through appropriate use of financial incentives.

*associate consultant

What do we do?

HLSP has a wide range of experience in leading financing related assignments or working as part of multidisciplinary teams addressing health systems issues at both country and global levels. We have worked in both the public and private sector for a range of clients including the World Bank, WHO, DFID, EC, GAVI and the Global Fund.

Assignments have ranged from the development of national health accounts (NHA), national health insurance systems, community health financing initiatives to the regulation of private health financing and provider payment mechanisms. We have also contributed economic and financial inputs as part of sector strategy reviews and public expenditure reviews.

Major highlights of our work include:

Expenditure analysis

We have been involved in **national health accounts** exercises in a number of countries including Serbia, in various states in India and at state level in Nigeria. At the global level we have recently worked with the Stop TB Partnership and Roll Back Malaria to estimate donor funding patterns and trends for these diseases. We have also contributed to, or managed, **public expenditure review** exercises in Tanzania and a number of states in India including Orissa, Andhra Pradesh, West Bengal and Karnataka.

Financial programming

We have recently been working with the Governments of Pakistan and West Bengal to strengthen their **medium term fiscal framework** (in collaboration with Price Waterhouse Coopers on the former) and were previously involved in similar work in Kosovo. In Bangladesh we helped develop a Medium Term Budgeting and Expenditure Framework and helped strengthen district capacity in planning, budgeting and financial management.

Support for sector programmes

We have worked extensively on the review, development and improvement of financing instruments as part of our work in sector wide approaches (SWAPs) and sector support. This has included work at the country level through participation in annual reviews and through strengthening financial management systems in the DFID Strengthening Health and Population for the Less Advantaged (SHAPLA) project in Bangladesh and working with the Ministry of Health to take forward the harmonisation agenda in Ethiopia.

At a broader level, we have been responsible for managing a programme of PRSP training on behalf of a number of donors, which has included the delivery of modules on financing modalities. We carried out a review of the status of SWAPs in health and an assessment of how concepts and operational principles have changed in the last decade, based on document review and interviews with in-country informants and with donor agencies. The paper provides quantitative information on where and how the SWAp “label” is being used. Based on our expertise in this field we have also developed CD-ROM based training tools to improve understanding of SWAPs processes including the financing arrangements which underpin them.

Economic appraisal

We have carried out economic appraisals of a number of proposed donor interventions including DFID's support to the Global Fund and its HIV and AIDS programme in Vietnam.

Analysis of financing mechanisms

In terms of overall financing policy options we recently prepared a background paper for the Asia 2015 Conference, this considered the policy options for scaling up health services to reach the health-related MDGs in Asia. We recently provided inputs for the African Heads of State meeting in Abuja, May 2006.

HLSP's work on specific mechanisms includes a recent review of international experience with **user fees** and we have been involved in supporting the Government of Kenya assess the case for adopting **social health insurance** and to assess the impact of recent changes in its user fee policy. As part of the DFID Resource Centre contract HLSP hosted a workshop on social health insurance. We have also carried out reviews of **community health financing** approaches in Uganda, assessed the economic and financial implications of **social marketing** and examined how **private health insurance** might contribute towards government goals in India.

As part of the DFID funded Partnership for Transforming Health Services (PATHS) project we have helped the National Health Insurance Scheme develop, and put in place, a modified organisational structure to enable more effective delivery and implementation, and wider availability, of health insurance in Nigeria.

In Albania, we provided support to the **National Health Insurance Institute** on behalf of DFID. We contributed to the development of the national health insurance system through advice on its structure; financial modelling of insurance income; and alternative provider payment mechanisms including capitation payments for primary care.

We have also helped assess the scope for innovative mechanisms and approaches such as **franchising** TB and HIV and AIDS services in sub Saharan Africa

Capacity building

Capacity building forms a core part of all our work, however, we have also worked in a number of countries specifically to help build up capacity in the field of health economics and financing. We recently implemented the Strengthening Health Economics Capacity project in Brazil which aims to develop skills and networks in this area and we also provided significant input in Ceará state. We have helped support the Policy and Strategy Planning Unit in Orissa and the Health Economics Unit in Bangladesh (through the SHAPLA project) in developing capacity in health economics. At the global level we have contributed regularly to the World Bank's Flagship Course and have developed, and recently updated, guidance on economic issues within the health sector for DFID economists. We have also supported WHO's Strengthening District Health Financial Management project. We continue to work closely with local consultants in many settings.

Pharmaceuticals

We have worked on a number of assignments to help think through how essential drugs can be made more accessible to people who need them in low income countries. This has included a review of the existing and potential impacts of a variety of equitable pricing mechanisms for pharmaceuticals and more detailed work on the potential role advance purchase commitments might play in making new drugs available. For a full list of publications see

http://www.dfidhealthrc.org/shared/know_the/publications.html#access

Global health partnerships

We have worked extensively with a range of global health partnerships. We carried out a review of the Stop TB partnership in 2004. More recently we reviewed global health partnerships in general for DFID including a specific component on economic and financial issues. We have also worked closely with GAVI reviewing their experiences with the use of Financial Sustainability Plans and helping them explore options for supporting health systems strengthening.

Health systems strengthening

We implemented a DFID project in the Russian Federation to Improve Equity in Health Financing. This project was working to strengthen the process of health service commissioning throughout the Russian Federation through improved commissioning procedures and guidelines and greater efficiency and equity in health insurance systems. Technical assistance includes provider contracts, the regulation of private health financing, risk equalisation formulae and consumer protection.

Knowledge products

We have also developed a number of knowledge products as part of the Resource Centre contract and through the HLSP Institute. These have included papers assessing the role for benefit incidence analysis in measuring the poverty focus of health programmes, national health accounts, medium term expenditure frameworks and on how to develop pro poor approaches to resource allocation, on the equity implications of different approaches to financing health services and on demand side initiatives. We have also produced a CD-ROM providing guidance on a range of issues related to the use of different aid instruments.

A more detailed list is presented below:

HLSP Institute: relevant knowledge products

Product	Brief description
Abolishing user fees in Africa? It depends....	A review of the case for reducing or abolishing user fees setting out some of the factors that need to be considered to make such a move a success.
The role of the Private Finance Initiative in the delivery of health services in the UK	A review of the UK PFI programme and assessment of its potential role.
TB and malaria: trends in donor funding	A review of current donor flows for these diseases and a review of their implication.
Understanding the 'demand side' in service delivery. Definitions, frameworks and tools from the health sector 2004	A review of the six main approaches to demand-side projects and programmes, including the need to change user behaviour to improve health outcomes. The paper concludes with comment on the implications that the demand-side approach has for development agencies, arguing that this approach poses major challenges to governments and others as to how aid instruments are deployed.
Private provision in its institutional context - lessons from health 2004	This paper aims to contribute to the development of common understanding of the reality in countries where most poor people live and to formulate practical strategies for meeting the needs of the poor. The paper concludes that the evolution of appropriate institutional arrangements and accompanying beliefs and expectations will take a long time and involves many stakeholders, and that an important first step is to develop a realistic language for understanding problems and assessing options for change.
Multiple public-private job-holding of health care providers in developing countries. An exploration of theory and evidence 2004	Examines the systematic and individual causes of multiple job-holding and evidence on its prevalence through an analysis of country-level conditions. It proposes more action in terms of research, innovative implementation and evaluation, and the participation of health workers in a varied strategy of policy development and implementation, in order to identify feasible ways forward.
Experience of contracting with the private sector - a selective review 2004	A review of experiences of social agencies contracting with the private sector to provide health care services, and focuses on the capacity of this mechanism to improve access to services by the poor. Case studies from Georgia, Cambodia and Suriname are highlighted, among other country experiences which reflect a range of potential methods for using contracting to benefit the poor. Lessons which can be learned from these experiences are outlined and simple guidelines for contracting suggested.
Accreditation and other external quality assessment systems for healthcare: review of experience and lessons learned 2003	Describes where External Quality Assessment (EQA) fits in the broader set of levers that exist for engaging with health care providers and organisations in developing countries in order to improve quality and affordability of care.
Human resources in the health sector: an international perspective 2002	Attempts to map out selected issues relating to the planning and management of human resources in health by combining an international perspective with issues and trends emerging from individual countries.
Allocating public resources for health: developing pro-poor approaches 2002	The way in which a country finances its health care can have a major bearing on the access to health services enjoyed by its poor. This paper focuses on a specific area of health financing, the allocation of public resources, and the extent to which different approaches enable poor people to access essential services. It attempts to set out how a country might, if it wishes, begin to allocate public resources in ways which promote better access by the poor to essential services.
DFID Health insurance workshop 2002	Report on a stakeholder workshop involving participants from Zimbabwe, Kenya, Ghana and Uganda.
Which health policies are pro-poor 2000	A multi donor workshop on pro poor health systems.
Contracting and performance management in the health sector: a guide for low and middle income countries 2000	A discussion of the benefits and problems of contracting for services, providing guidelines for using commissioning and contracts to improve performance and accountability, and a model contract for adaptation and use.
Making the most of the private sector (2000, conference report)	This report provides an analysis of the problems and opportunities of the rapid private sector growth occurring in many countries, and presents case study materials from Pakistan, India, Uganda and Cambodia. Prepared with LSHTM's Health Economics and Financing Programme, joint conference organisers.
DALYs and Essential Service Packages 1999	A review of the value and limitations of using the DALY (Disability Adjusted Life Year) as a measure of health status and health intervention effectiveness, and its role in developing an Essential Service Package for health care.
National Health Accounts: what are they and how can we use them? 1999	This paper provides a better understanding of the systematic approach in mapping the flow of health sector funds.
Human resources 1999	A review of experiences in improving staff performance and motivation.
Health sector reform: improving hospital efficiency 1998	Short issues paper.



Contact

Mark Pearson
Lead Specialist
Health Economics & Financing

HLSP
5-23 Old Street
London
EC1V 9HL
United Kingdom

T +44 (0)20 7253 5064
F +44 (0)20 7251 4404
E mark.pearson@hlsp.org

www.hlsp.org