11:00-12:30 | Roundtable 7
Innovative options for health financing
(Press Hall, Tower 1)
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Financing for NCDs

• Solutions are national – maximize untapped sources and potential:
  – National budgets
  – Private sector
  – Civil society

• Significant economic impacts and savings
  – Health system impact: ~40-50% of health care expenditure
  – Key future cost driver of health expenditures
  – NCD & non-health economic impacts: agriculture, environment, urban planning
  – Long term planning required to deal with equity, poverty, pensions
  – Avert future NCDs → achieve savings (prevention argument)

• Taxation: Reduce consumption; increases revenue

• Efficiency gains: integrated health care and Primary Health Care, use of generics, supply chain, etc → saves money for countries, use for NCDs
Financing for NCDs

• Generic medicines – lower cost
• Diabetes – a particular challenge
  – closely associated with obesity and urbanization
  – already consuming nearly 15% of the national health budgets in some countries. Prevalence is skyrocketing in rich and poor countries alike.
• NCDs are preventable: short, medium, longer term gains
• But, increasingly wiping out economic benefits and investments:
  – High health expenditures, lost productivity, and premature death
  – 9 out of 10 of all premature NCD deaths in developing countries
• Economic – health development relationship
  – Economic growth improves health only when the right policies are in place, policies that explicitly consider the consequences for health.
• Significant out-of-pocket costs and household burden
% share of NCDs of health expenditures

Source: WHO, 2011; 5 major NCDs: cardiovascular, cancers, endocrine/metabolic, respiratory, and mental health/neurological diseases.
Options for raising more domestic funds for health

• Increase government budget allocation for health/NCD
  - Parliamentarian champions
  - Civil society support
  - Investment cases and deliverables: prevention, treatment, savings (short and long term)
  - Political commitments (e.g. Abuja Declaration)

• Raise revenue for health more efficiently – e.g. increase the total availability of resources
  - World Health Report 2010: Efficiency gains in hospitals can result in up to 40% savings. Can be used to support NCD 'best buys'

• New revenue
  - Tobacco and alcohol excise taxes
    -- 28 countries use tobacco taxes for health (WHO data, 2009)
  - Any new revenue should be additional
Private sector and Civil Society Role

**Private Sector**
- Public-private collaborations/partnerships
- Company wellness programs: employees, families, communities
- Principles for private sector actions. They should (WHO):
  - manufacture and provide affordable healthy products by reducing salt levels, eliminating trans-fats, decreasing saturated fats and limiting free sugars;
  - responsible market of food and non-alcoholic beverages to children
  - improve access to essential technologies and medical products at affordable costs;
  - implement work place wellness programmes that promote physical activity and healthy diets;
  - provide accurate and understandable information to consumers;
  - promote tobacco-free workplaces;
  - implement and promote programs to prevent harmful use of alcohol.

**Civil society**
- self-help, social mobilization
- political support for countries regarding NCDs
- patient support and education
- palliative care
National Examples – World Health Report 2010

• **Indirect taxes**
  ✓ Ghana funded its national health insurance partly by increasing the **value-added tax (VAT)** by 2.5%

• **"Sin" taxes on tobacco and alcohol**
  ✓ A **50% increase in tobacco tax** alone would yield an additional **US$ 1.42 billion** for just **22 low income countries** for which sufficient data exists. Twice current external aid for health
  ✓ Could increase government health budget by up to 25%
  ✓ Increase of **40% in alcohol excise tax** in **12 LIC**: reduce consumption by 10% and increase tax revenue three times = 38% of total health spending (note: where informal market significant)

• **Excise tax on unhealthy food (sugar, salt)**
  ✓ Excise tax on unhealthy foodstuffs and ingredients.
  ✓ Romania is proposing to implement a **20% levy on foods high in fat, salt, additives and sugar**. Could reduce consumption of harmful foods and improves health

• **Currency transaction levy**
  ✓ Seen as feasible in many countries, e.g. **India** could raise US$ 370 million per year from a very small levy (0.005%)

• **Solidarity levies**
  ✓ Gabon raised US$ 30 million for health in 2009 partly by imposing a 1.5% levy on financial transactions abroad
  ✓ Mobile phone levies
National Efforts -- NCD

• **ThaiHealth Promotion Foundation**
  – Receives 2% of total National tax revenue on alcohol and tobacco products

• **Egypt Tobacco Tax increase**
  – At least a third of additional revenues to fund National Health Insurance

• **Greece Tobacco Tax and Lottery Funds for Health**
  – Since 1985, use of part of funds for health

• **WHO:**
  – Driver to increase tobacco taxes to 70% of retail price
  – *(World Bank): Demand reduction:* Every 10% increase in tobacco taxes yields….
    4% decrease in consumption (developed countries) or
    8% decrease (developing countries)
  – Tax funds may be used for National Tobacco Control activities
Innovative Financing and NCD's

• **What is innovative financing for development?**
  – Principles of additionality, sustainability, predictability …
  – Pooled global funding: UNITAID, IFFIm, Advance Market Commitment (AMC)…
  – Requires strong political leadership (e.g. G8, G20)

• **No strong linkages (yet) between the major global innovative financing mechanisms and NCDs**
  – Existing major mechanisms focus (for now) on health MDG’s
  – Opportunity for NCDs?
    • National innovative financing systems
    • New ideas (global)
Global Solidarity Tobacco Levy (STL)

- **New concept**
  - Countries consider contributing a very small amount of national tobacco tax revenue to support a global pooled mechanism for NCDs: "Global Solidarity Tobacco Levy"
  - Dedicated to NCDs and tobacco control purposes in low/lower middle income countries
  - Purely voluntary for countries to consider contributing to a pooled mechanism

- **A WHO-developed concept**
  - Follows recommendation of the 2009 High-Level Task-Force on Innovative Financing for Health Systems
  - Builds upon existing tobacco excise systems in Member States
  - **Complementary** to need to increase national tobacco excise taxes (and **not** a substitute for large increases in national tobacco taxes)
Global Solidarity Tobacco Levy (STL)

- **NCD response to the innovative financing challenge?**
  - Could raise in excess of US$ + 7 billion additional revenue per year if applied in all the G20+ countries

- **How?**
  - Part of larger tobacco tax increases in countries
  - For countries with high tobacco taxes, part of their normal increases
  - Example: A small amount can create significant revenue (either for national use or contributions to pooled mechanism):
    - Additional **US$0.05** applied in high-income G20+ countries would raise US$ 4.3 billion
    - Additional **US$ 0.03** applied in upper-middle income G20+ countries would raise US$ 1.7 billion
    - Additional **US$ 0.01** applied in the G20+ lower-middle income countries would raise US$1.6 billion
The Global Solidarity Tobacco Levy (STL)

• **Launch as a pilot**
  – If several path-finding countries and key stakeholders (G20, BMGF, Bloomberg Philanthropies, Civil Society etc) take the concept forward, can pilot
  – STL requires "champions"-- as was the case for past successful launches of major innovative financing systems: IFFIm (UK), UNITAID (France), AMC's (Italy) etc …

• **Timing**
  – The time is right – year 2011 the year of NCD's.
  – UN High Level Meeting on NCDs (September 2011)
  – If member states are interested, could be operational by end 2012
The Global Solidarity Tobacco Levy (STL) and related mechanism

• The concept now to be discussed further by Member States. Guidance on:
  – political feasibility
  – how to invest the funds
  – how to govern the funds
• WHO concept assesses several options
We look forward to thoughts and feedback
– Member States
– Civil Society
– Foundations
– Private Sector
– Innovative Financing professionals
– … / …
Thank you