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# ADB – JAPAN FUNDS WEEK

27 JUNE – 1 JULY 2022

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**TOWARDS A PROSPEROUS AND  
RESILIENT ASIA AND THE PACIFIC**

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# Universal Health Coverage

## Session 3: ADB–Japan Scholarship Program Symposium Knowledge for Development

 **ADB–JAPAN FUNDS WEEK**  
27 JUNE – 1 JULY 2022  
TOWARDS A PROSPEROUS AND RESILIENT ASIA AND THE PACIFIC



# Presentation Outline

- What is UHC and why does it matter?
- How has Asia Pacific region performed on UHC?
- What are the lessons learned?
- What can and should ADB do to support UHC?

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# What is UHC?

Defining UHC: UHC is about “... ensuring that all people can use the *promotive, preventive, curative, rehabilitative*, and *palliative health services they need*, of sufficient quality to be *effective*, while also ensuring the use of these services does not expose the user to *financial hardship*.”

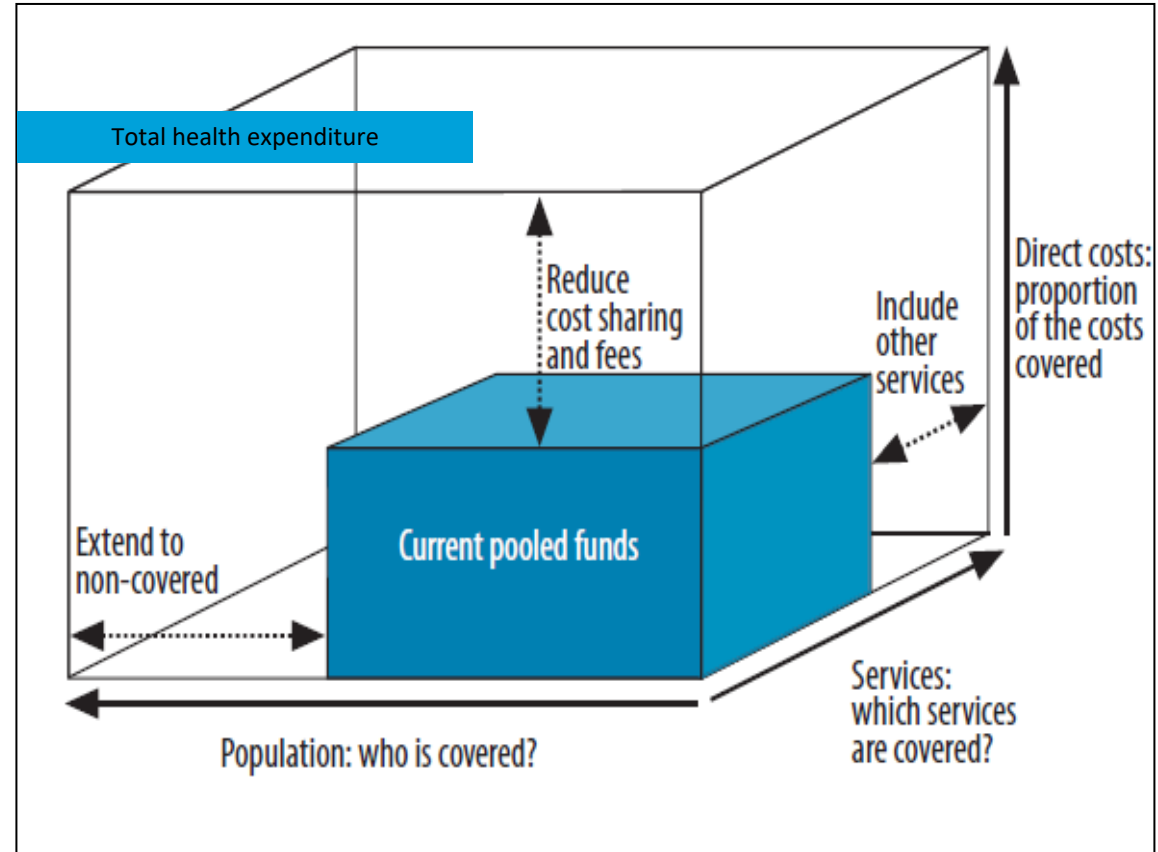
# Conceptualizing UHC

## *Three Dimensions:*

**Population coverage**  
("breadth");

**Service coverage**  
("scope");

**Financial coverage**  
("depth").



# Why does UHC matter?

- Good health is a key element of quality of life
- Healthy population is prerequisite for a nation to be wealthy
- Healthcare expenditures pose greater pressure on the poor and the vulnerable
- Without UHC, fighting poverty is like “filling a leaky bucket”

# UHC is an SDG

**SDG 3:** 'ensure *healthy lives* and promote well-being for all ages'



*Target 3.8:*  
Achieve UHC

*Indicator 3.8.1:*  
Coverage of essential  
health services

*Indicator 3.8.2:*  
Financial hardship  
when seeking care

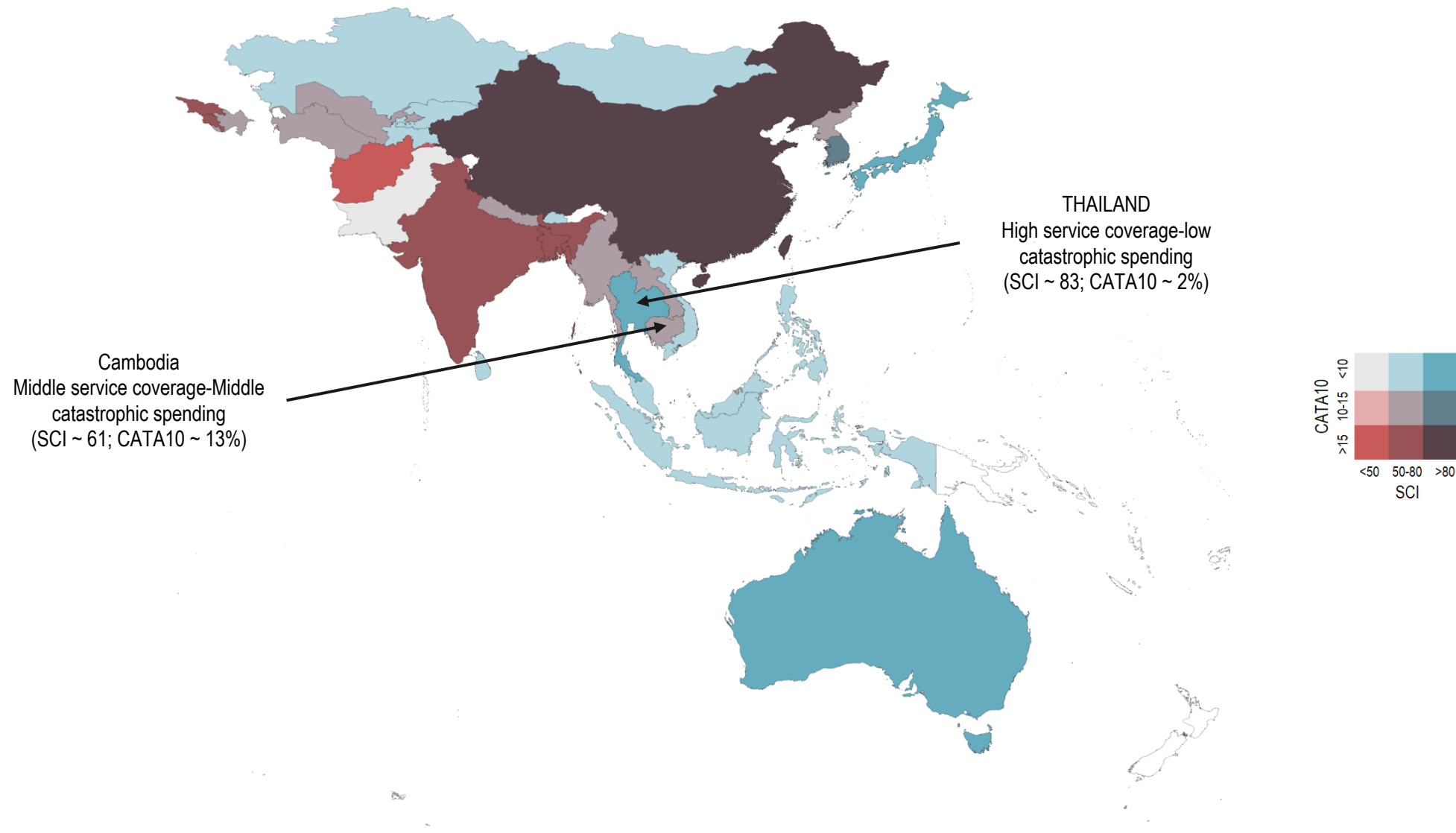


# Presentation Outline

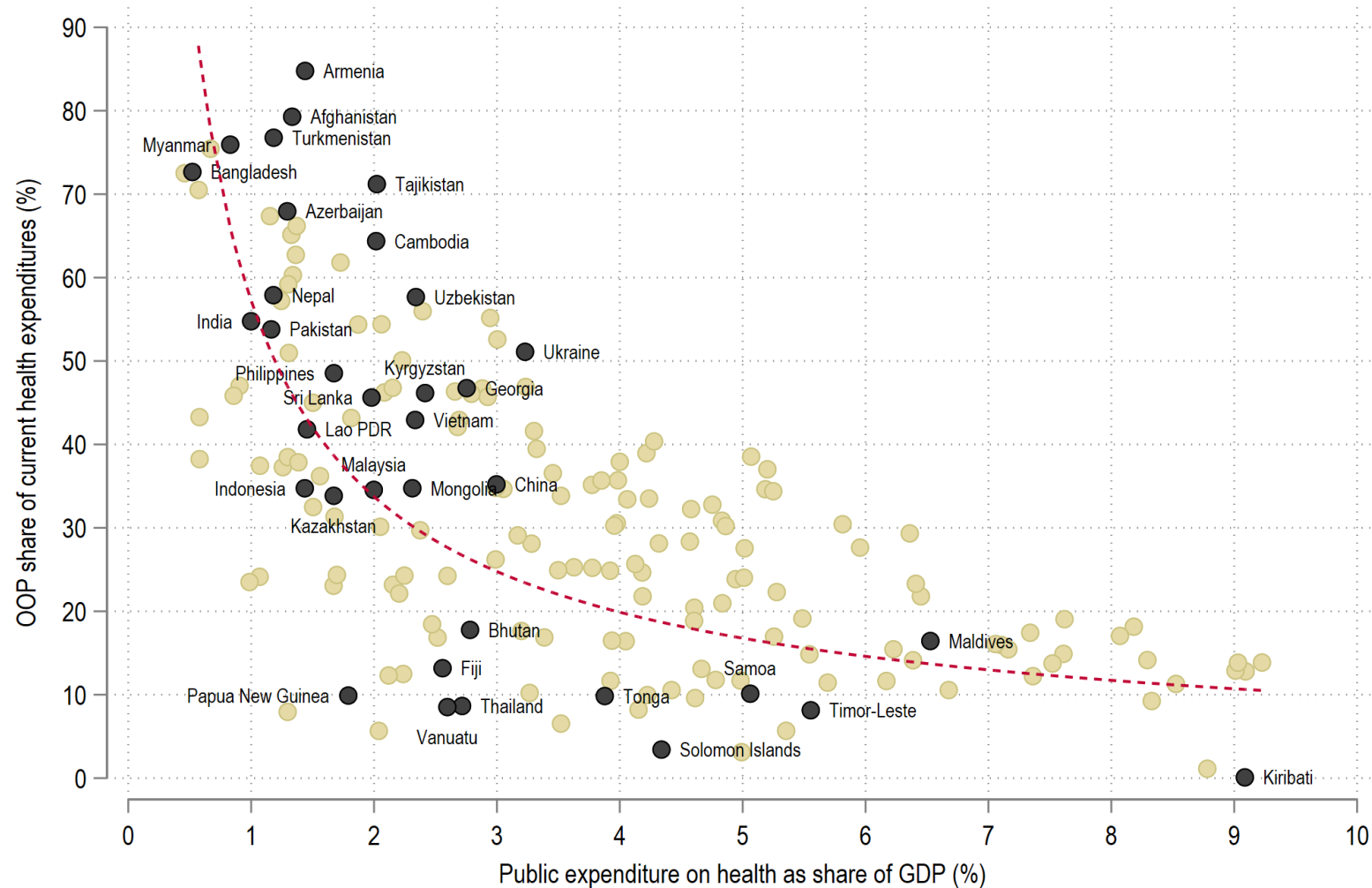
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# UHC Attainment in Asia-Pacific

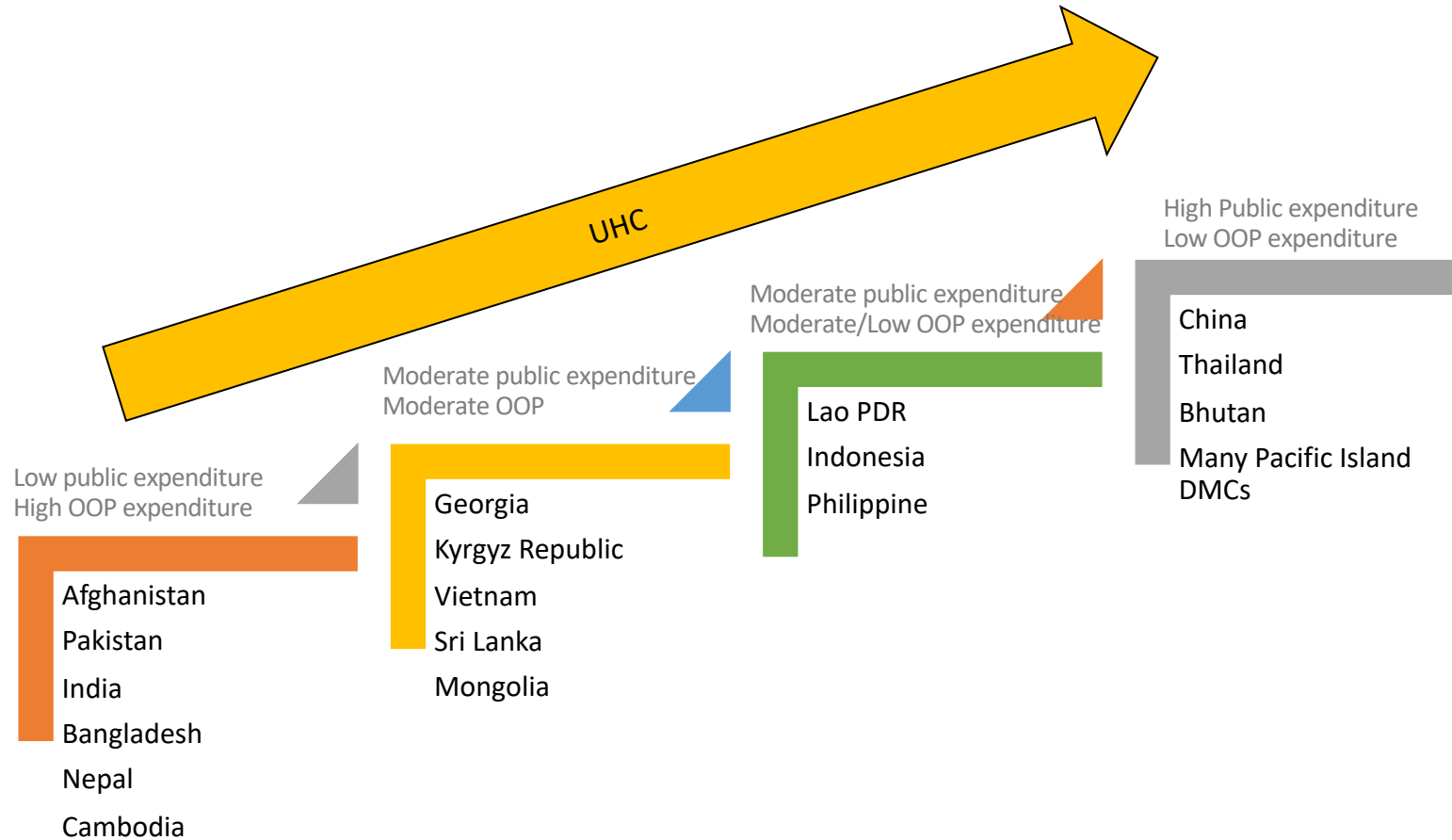
## Service Coverage Index and Catastrophic Health Spending at 10%



# Greater public expenditure reduces out-of-pocket expenditure...



# Financial protection remains a critical gap in UHC in most countries....



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# 1. Public financing plays a key role in UHC...

- Without adequate public financing, UHC cannot be achieved.
- Compulsory prepayment along with full subsidization for the poor is needed.
- Voluntary health insurance plays a relatively marginal/complementary/supplementary role for UHC.
- Social Health Insurance  $\neq$  UHC: many countries don't use insurance modality (e.g., Brazil, Malaysia, UK, etc.).

## 2. Covering the near-poor and vulnerable (not just poor) is important...

- Lot of 'heaping' just above the poverty line across many countries. Even small health-related (or even other) financial shocks → impoverishment.
- Financial protection necessary also for near-poor: the difference in average household consumption even between the 40th percentile and 80th percentile is significantly less than typical cost of hospitalization.

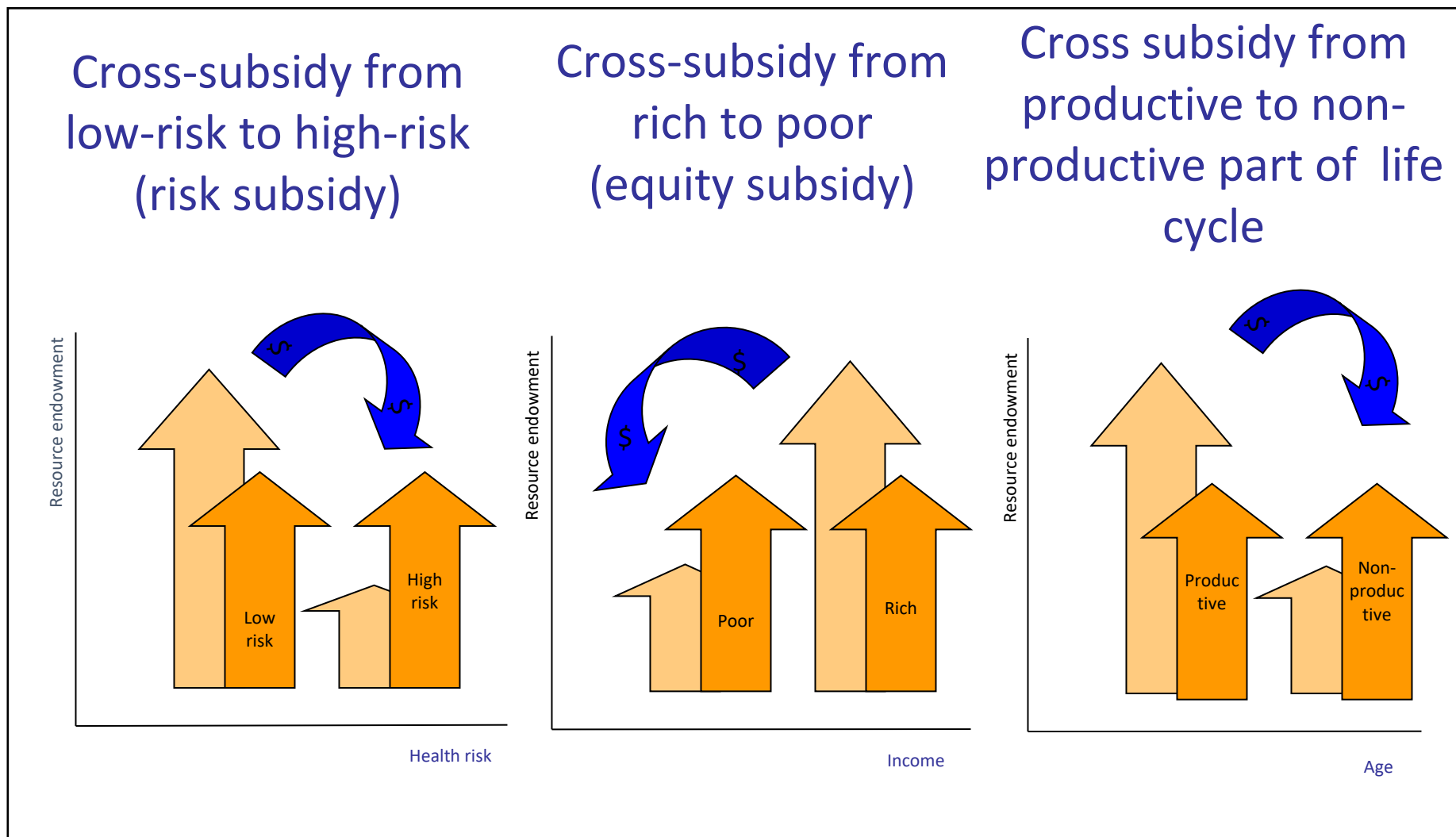
### 3. Strong Primary Health Care is critical for achieving UHC..



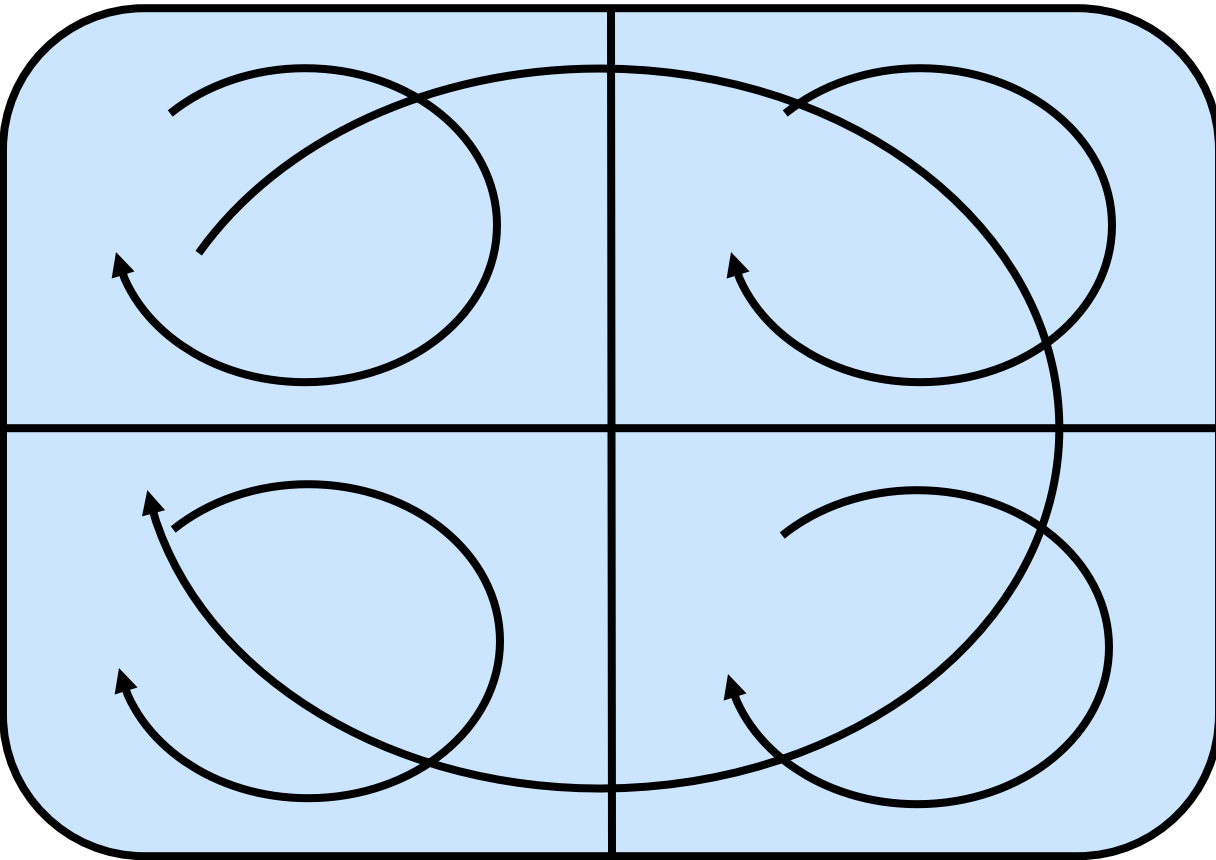
- UHC can only be sustainably achieved by building stronger, equitable and resilient PHC-oriented systems.
- Substantial investment in primary health care is required.



# 4. Risk pooling & Redistribution Necessary for UHC



# 5. Fragmentation reduces redistributive capacity



Source: Joe Kutzin

Aim of pooling is to improve financial protection and equity in resource distribution

Pooling structure determines redistributive capacity

For UHC objectives, a good pooling arrangement is compulsory, large, and covers diverse health risks

Fragmentation is the enemy and can be addressed through reforms in the pooling of funds...

## 6. Some Common Problems with Prepayment/Pooling need to addressed...

### *Adverse Selection*

- Low-risk individuals may opt-out of risk pool.

### *Cream Skimming*

- Risk pooling agencies (such as insurance companies) may want to seek out healthier members to keep costs and expenditures low.

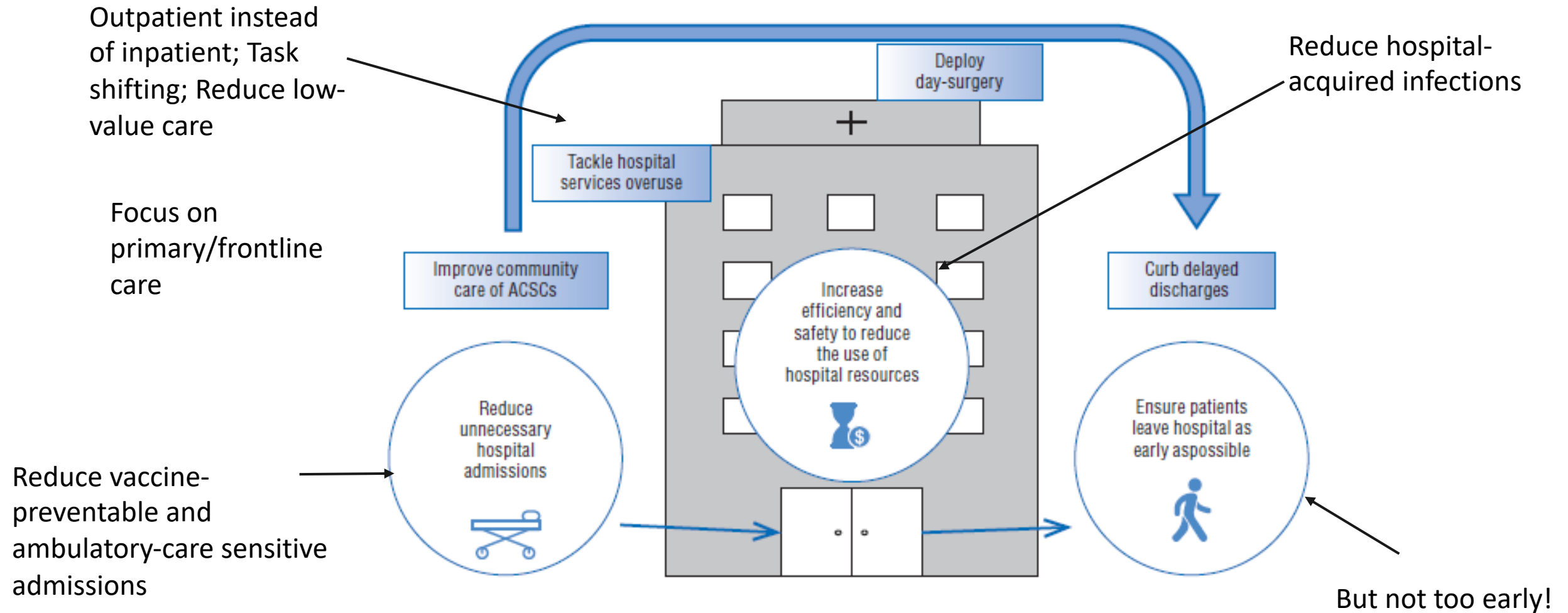
### *Moral Hazard*

- Excessive consumption of medical services by individuals under prepayment systems.

### *Principal-Agent Problem*

- Information asymmetry between supplier (doctor) and demander (patient), hence potential for 'overutilization' of diagnostic tests and other care.

# 7. Improving health system efficiency is needed to ensure good services...



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## DMCs need and willing to take support for achieving UHC...

- Policy regime needs reform in many DMCs
- Capacity for implementing reforms needs to be strengthened in most DMCs
- Large financing gaps for achieving UHC exist in almost all DMCs

# ADB instruments are highly suited for supporting the march towards UHC...

- Achievement of UHC needs a whole-of-society approach involving both public as well as private sector: ADB can work with both
- ADB's Results-Based and Policy-Based Lending modalities can ensure support for policy reforms as well as achievement of results
- ADB's Technical Assistance program can help with sector analysis and capacity building
- ADB is uniquely placed to provide regional assistance that can help in cross learning and sharing of resources

# Thank you!

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