

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

Session 6: Financing Solutions for Healthcare Innovations: Role of innovative/blended financing models

June 2024

Table of Contents

S.No.	Contents
1	Health Financing mechanisms in Asia Pacific
1.1	Overview of current Health Financing scenario in Asia Pacific
1.2	Key Components and Objectives of Health Financing
1.3	Need for innovative financing solutions
2	Innovative ways of Financing
2.1	Types of Innovative Financing Solutions
2.2	Case studies: Successful financing strategies in Healthcare Innovation
3	Future trends and Opportunities

Health Financing mechanisms in Asia Pacific



Overview of Health Financing in Asia Pacific

\$ 2.4 trillion

Healthcare spending in Asia Pacific by 2025, growing at projected CAGR of 8.1% (2020-25) ¹

Two-third

of health expenditure is financed by governments or compulsory insurance schemes across Asia Pacific ¹

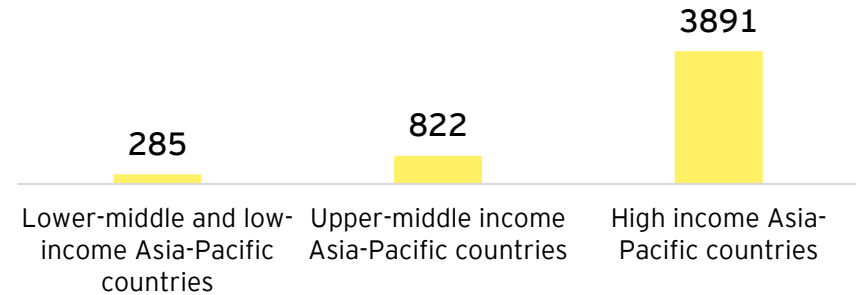
More than 20%

of global healthcare spending in Asia Pacific by 2030 ¹

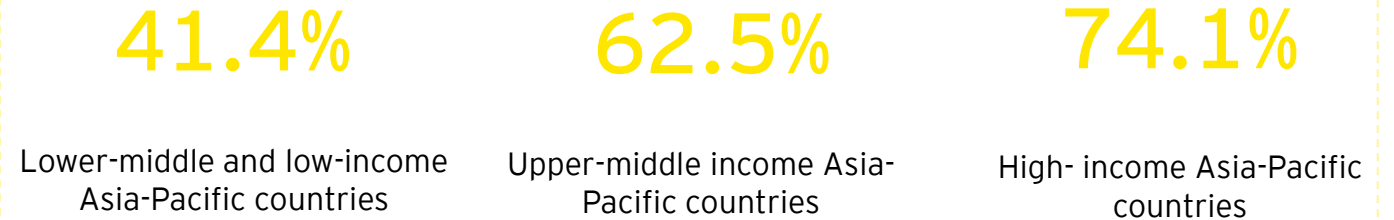
6.4%

average annual growth in real health expenditure in GDP per capita over 2010-18 ¹

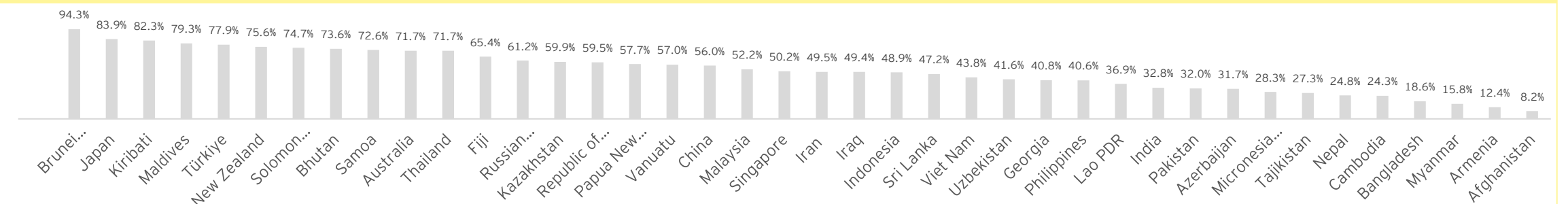
Health Spending USD per person per year ²



% increase in public spending (2010-19) ²



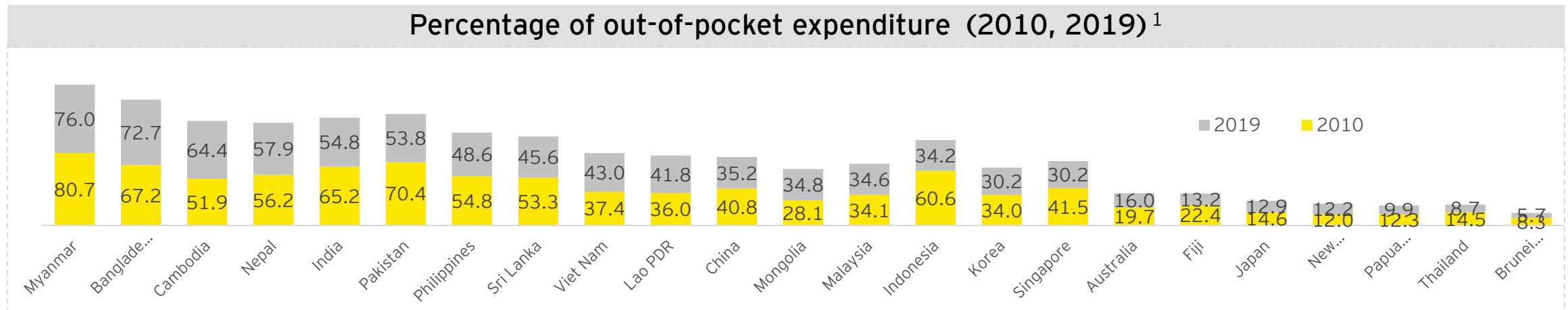
Public Health spending in Asia-Pacific Countries (2019) ³



Source:

1. Health expenditure | Society at a Glance: Asia/Pacific 2022 | OECD iLibrary (oecd-ilibrary.org)
2. Health at a Glance: Asia/Pacific 2022: Measuring Progress Towards Universal Health Coverage | OECD iLibrary
3. World Health Organization (via World Bank)

Overview of Health Financing in Asia Pacific



The overall average OOPE for these APAC countries was **38.4%** in **2010** which decreased to **35.1%** in **2019**

Universal Health Coverage ²

More than 1/3rd

of the population in Asia and the Pacific is not effectively protected by a health-care scheme

Nearly 1.6 Bn

people are not covered under any healthcare scheme

60%

of healthcare workers need to cover their own health-care costs in times of illness

Key measures to achieve Universal health coverage (UHC) in the Asia-Pacific region include health financing reforms, expansion of health services, health insurance schemes, public-private partnerships and community empowerment and participation

Source:

1. Health at a Glance: Asia/Pacific 2022: Measuring Progress Towards Universal Health Coverage | OECD iLibrary
2. Universal health care in Asia and the Pacific, UNESCAP (2023)

Key components and objectives of healthcare financing

Key Components of Healthcare Financing



Public/ Government Funding

Public and Private Insurance

Out of pocket payments

Employer based Insurance

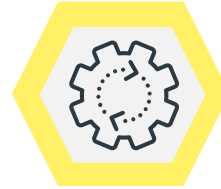
Philanthropy (NPO/NGO, Foundations)

International Aid

Health savings accounts

Community Financing

Objectives of Healthcare Financing



Access to care



Universal Coverage



Healthcare Equity



Efficiency



Quality of Healthcare services



Improving Healthcare Outcomes



Provision of Preventive Healthcare



Strengthen Healthcare Innovation and Research



Support public health initiatives



Strengthen Health Infrastructure

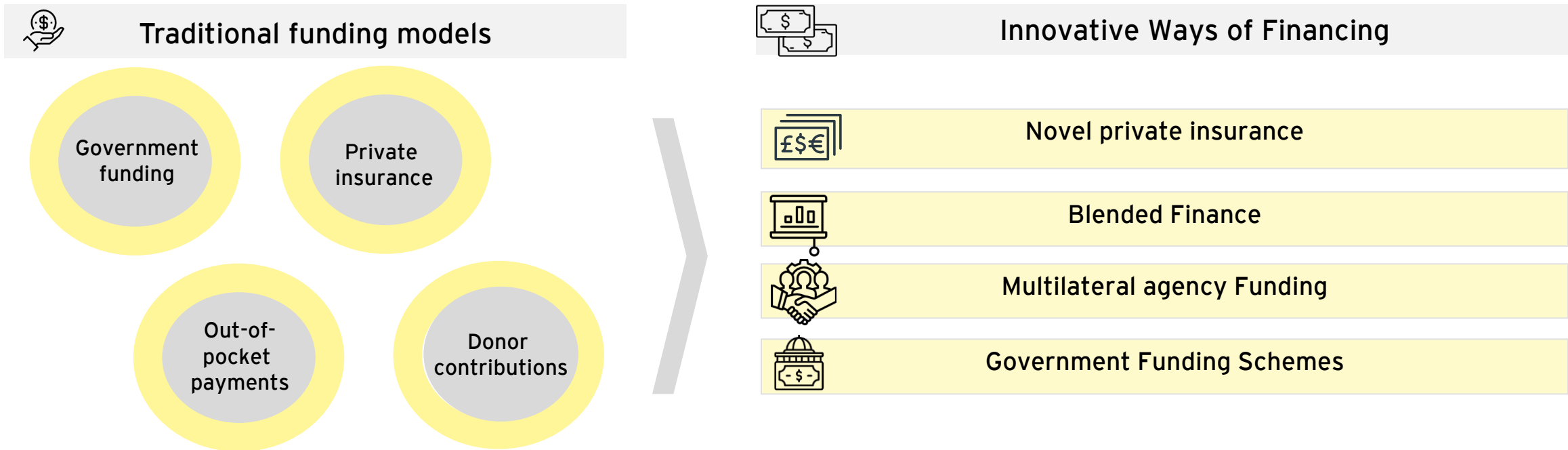


Strengthen Health Workforce

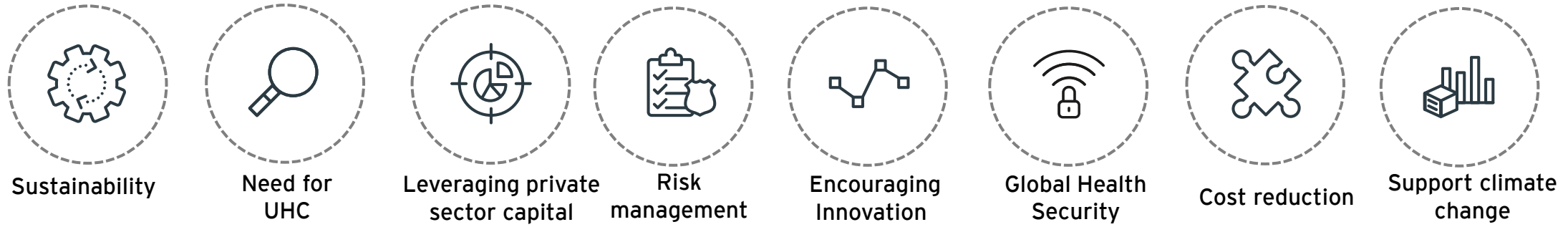


Economic Stability

Need for Innovative Financing Solutions



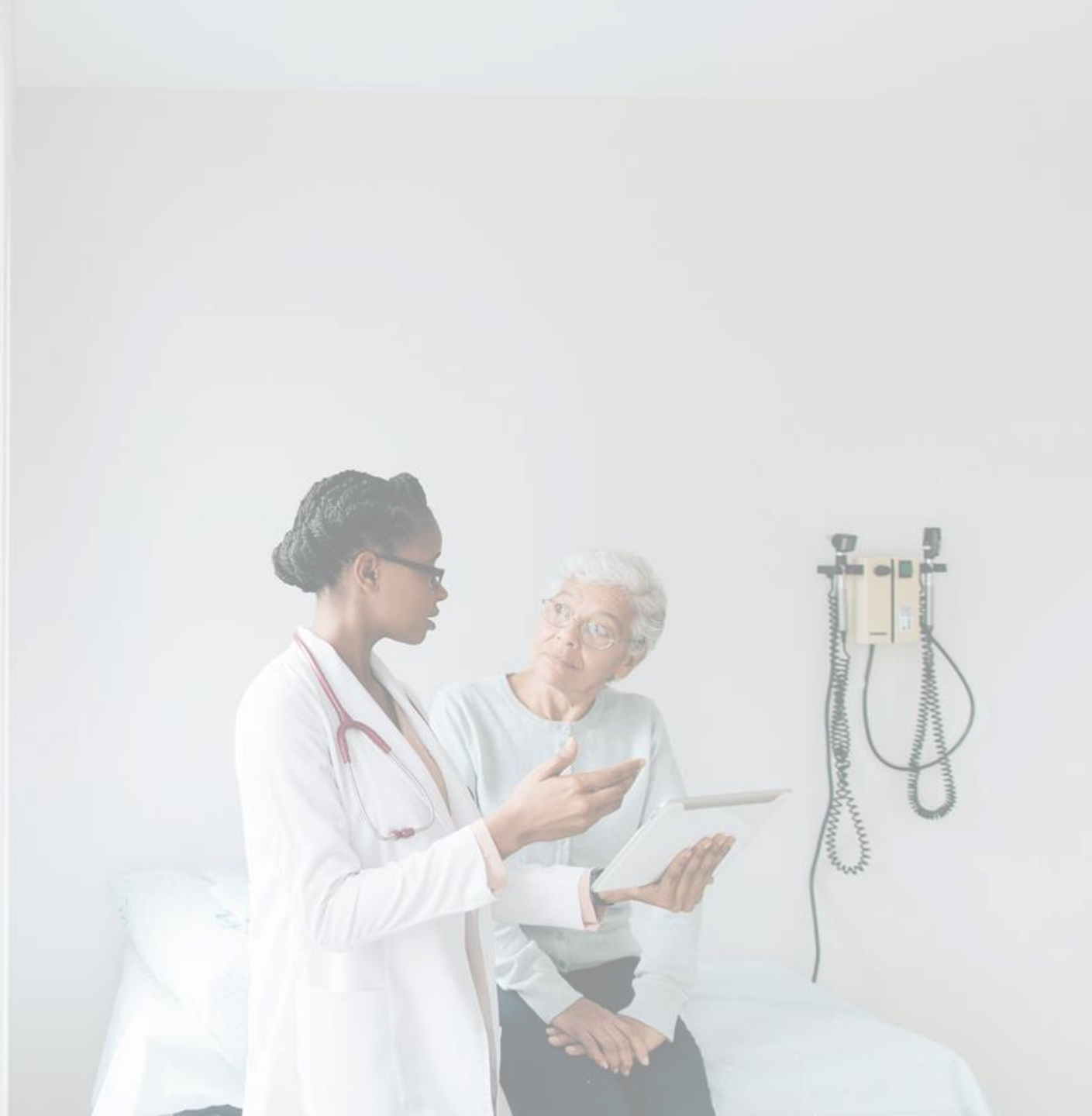
Need for Innovative Financing Mechanisms



UHC- Universal Health coverage

Source: Health financing challenges in Southeast Asian countries for universal health coverage

Innovative ways of Financing



Novel Private Insurance



Novel private insurance is designed to meet specific needs, address gaps in coverage, and provide more flexibility and customisation to specific needs incorporating modern technology, data analytics and consumer needs. It provides coverage for either products/services that are not typically covered (e.g. diagnostics) or for patient groups who are not typically covered by traditional private insurance (e.g. preexisting conditions)

1. Microinsurance

- Designed to provide financial protection and improved access to health care for the low-income and remote areas
- Has grown significantly with advent of mobile/digital technology

2. New integrated technology inclusion

- Integration of new technologies in enhancing health insurance, provision of services and quality healthcare
- Telemedicine, use of artificial intelligence, EHR/EMR, Digital therapeutics

3. Public-private insurance partnerships

- Collaborative arrangements between government and private insurance companies
- To expand access to insurance, improve healthcare delivery and promote public health
- Subsidized insurance programs

4. Pre-existing conditions coverage

- Provide coverage for patients with pre-existing conditions, that would not usually be included
- Innovative health benefit packages
- Integrated care approach

Case Studies on Novel Private Insurance

ManuSilver Care - Hongkong¹



Program Design and Offerings

- **Critical illness insurance plan** tailored for seniors
- Protection against cancer and degenerative diseases like dementia and Parkinson's disease
- **12 months special care program** that includes training on caregiving skills, regular visits by nurses and advise on customised home care plans

Amae health insurance Diabetes - Mexico²



Program Design and Offerings

- Mexico has one of the highest rates of death attributable to diabetes and a correspondingly high measure of DALYs.
- RGA Latin America partnered with a local insurance company and launched **Amae, a digitally delivered insurance product**
- Amae provides access to a comprehensive **platform of personalized services, such as diet and exercise plans, lab tests, and medical monitoring, and a wellness rewards program through an online platform.**

Key Stakeholder

**Manulife
Hong Kong**



Outcome

- **Protection and healthcare support** for degenerative diseases
- Protection for **cancer** (Early and late stage)
- Simplified application process with **no medical examination required**
- Provision of overseas care

Key Stakeholder

**RGA Latin
America**

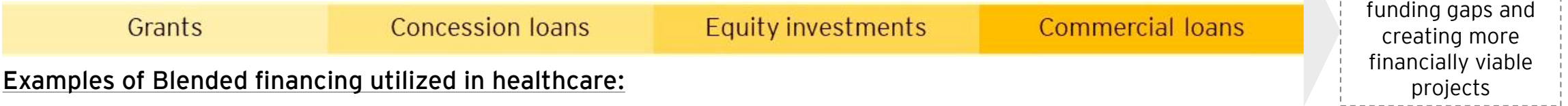


Outcome

- One of a kind Type 2 Diabetes insurance product
- **Covers 6 diabetic complications** and perform **two A1C tests per year** ensuring adequate management
- Improved access to **consultations, health promotion and diagnostics**

Blended Finance

Blended financing in healthcare refers to the strategic combination of different types of funding, often from both public and private sources, to address healthcare challenges and improve access to quality healthcare services.



Examples of Blended financing utilized in healthcare:



Public Private Partnership

- ▶ Governments can partner with private sector entities for provisioning and financing of healthcare services .
- ▶ Can involve the construction and operation of healthcare facilities, outsourcing of specific services, or joint investment in healthcare infrastructure.



Impact Investing

- ▶ Impact investors provide capital to healthcare enterprises that demonstrate the potential for both financial returns and positive social or environmental impact.
- ▶ Can support the expansion of healthcare services, the development of innovative healthcare technologies, or the improvement of healthcare delivery models.



Donor Fundings

- ▶ Philanthropic organizations, bilateral aid agencies, and multilateral development banks provide grants and concessional financing to support healthcare projects in low- and middle-income countries.
- ▶ Can be used to strengthen healthcare systems, improve access to essential medicines and vaccines, and respond to health emergencies.

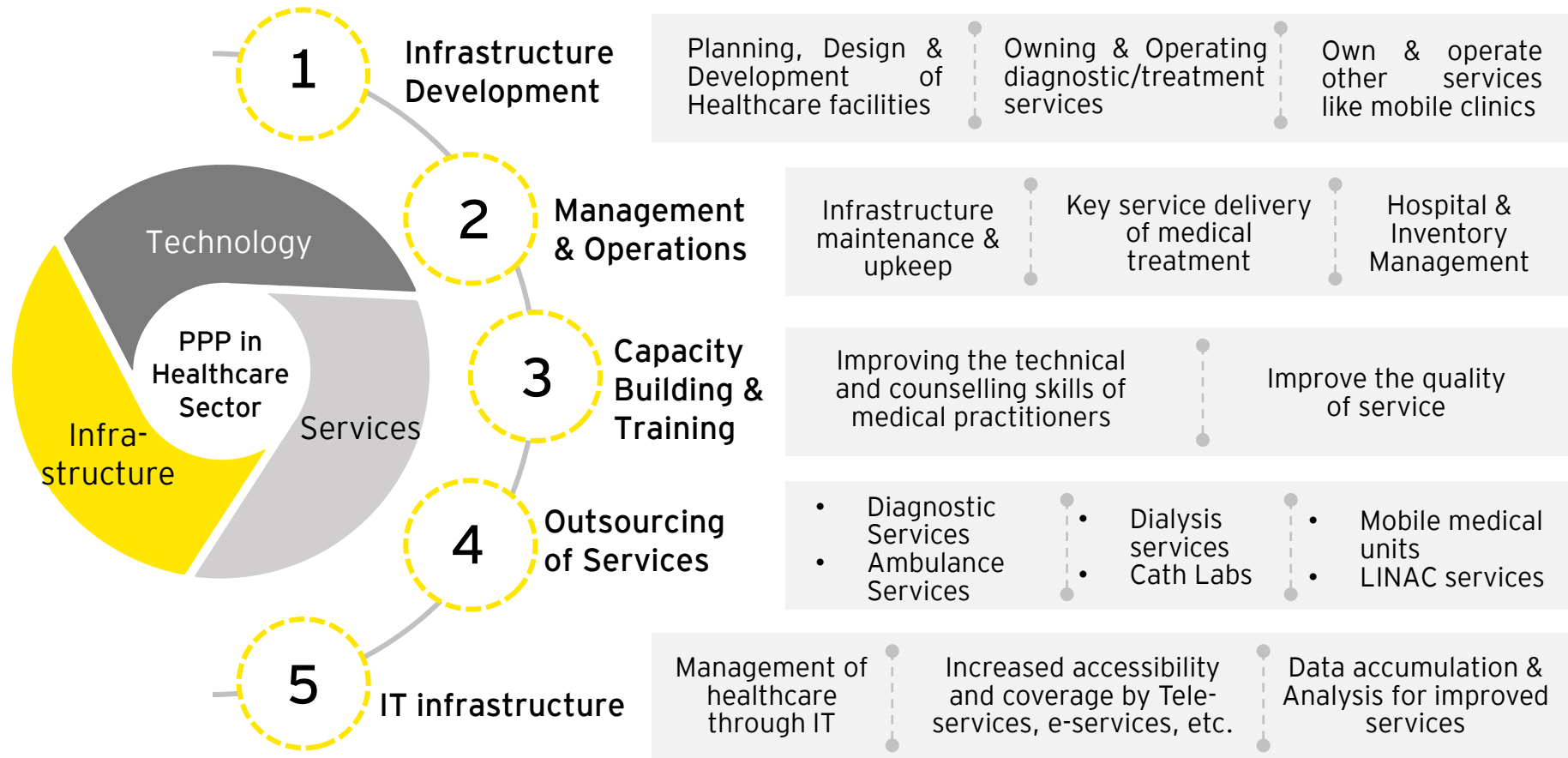


Development Impact Bonds

- ▶ Involve investors providing upfront financing for healthcare interventions with the expectation of financial returns based on the achievement of predefined health outcomes.
- ▶ Align the interests of investors, service providers, and payers in improving healthcare outcomes while managing financial risk.

Blended Finance Public-Private Partnerships

Public-private partnerships (PPPs) in healthcare involve collaborations between government healthcare agencies or ministries and private sector entities to address various healthcare challenges, improve access to healthcare services, enhance the quality of care, and promote public health.



Some examples of fundraising partnerships led by non-profit organisations

- African Access Initiative
- The SDG500 Platform Investment Opportunity
- The CoWIN portal, a technology-backed portal for the world's largest COVID-19 vaccination drive in India

Blended Finance Development Impact Bonds

Development Impact bonds

US\$
370
million

- Results-based financing structure for external financing of public services in low and middle-income countries
- Fund public services through contracts where private investors provide upfront flexible funding to service providers, and outcome funders repay these investors based on the outcomes achieved by people receiving services.



Examples

DIBs have been applied in:

- **Cameroon** (Kangaroo Bond): Maternal and child care especially for newborns
- **India** (Utkrist Bond) to support improved maternal and child health services.
- Has also been applied to nutrition outcomes in India.

Development Impact Bonds can be used to finance a range of initiatives, such as:

Improving Health Outcomes:

Fund projects focused on improving specific health outcomes, such as reducing maternal and child mortality, increasing vaccination rates, or combating the spread of infectious diseases like HIV/AIDS, malaria, or tuberculosis.











Expanding Access to Healthcare Services:

Support to expand access to essential healthcare services, particularly regions with limited healthcare infrastructure. This may involve funding the construction of healthcare facilities, training healthcare workers etc.

Innovative Healthcare Delivery:

Finance projects that pilot and scale innovative healthcare delivery models, technologies, or interventions. This may include telemedicine initiatives, mobile health applications, community health worker programs, or integrated healthcare systems.







Multilateral Agency Funding in Health

Key Areas of Work	 Asian Development Bank	 The World Bank	 JICA	 AIIB	 World Health Organization*	 The Global Fund*	 Gavi*	 Bill & Melinda Gates Foundation*	 UNDP*	 Unicef*
Immunization Programs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Disease Prevention and Control	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Poverty Reduction	✓	✓	✓	✓			✓	✓	✓	✓
Maternal and Child Health	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Health System Strengthening	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Research and Development	✓	✓	✓	✓		✓	✓	✓	✓	✓
Water, Sanitation, and Hygiene	✓	✓	✓	✓			✓	✓	✓	✓
Infrastructure Development	✓	✓	✓	✓			✓	✓	✓	✓
Education	✓	✓	✓				✓	✓	✓	✓
Environmental Protection	✓	✓		✓			✓	✓	✓	✓

(*These multilateral agencies do not provide loans. They offer grants and technical assistance)

Examples of ADB support to Asian countries in the Health sector

ADB (Asian Development Bank) has been involved in various healthcare projects in countries across Asia and the Pacific region. These projects aim to improve healthcare infrastructure, services, and access to healthcare for populations in need. The key functional areas of ADB in some of the countries are highlighted in the matrix below:

Some key areas	 Sri Lanka	 Bangladesh	 India	 Indonesia	 Vietnam	 Kazakhstan
Health System Strengthening	✓	✓	✓	✓	✓	✓
Disease Prevention and Control	✓	✓	✓	✓	✓	✓
Research and Development	✓	✓	✓	✓	✓	✓
Maternal and Child Health		✓	✓	✓	✓	
Primary Healthcare Services		✓	✓	✓	✓	✓
Health Financing and Insurance			✓	✓	✓	✓
Elderly Care	✓	✓		✓	✓	
Infrastructure Development	✓	✓	✓	✓		
Immunization Programs	✓	✓	✓	✓	✓	✓

Source: Projects | Asian Development Bank (adb.org)

Government Funding Schemes



Multi-partner contribution funds

Government funds disbursed for predetermined conditions, generated or collated through innovative means for-patients financial assistance in the form of local, state, or federal government grants and other entities, to build sustainable financial support for the niche healthcare and rare disease area.



Examples across the globe

- The **United Nations Multi-Partner Trust Fund (Health4Life Fund)**, is being established to catalyse country action for the prevention and control of NCDs and improving mental health.
- In Nigeria, a **Cancer Health Fund** was introduced to create a sustainable funding source to lift affordability restriction of standard of care for indigent patients and at the same time, strengthening the country's cancer care ecosystems.



Tax-based innovation funds

Tax-based innovation funds are government funds allocated for specific disease or innovative medicines. They are collected through general or specific taxation, such as taxes on promotional spend from pharmaceutical companies to address healthcare challenges, improve patient outcomes, and drive advancements in medical science.



Examples across the globe

- Public funding by **Italy's NHS**
- In **Thailand**, **ThaiHealth** as an autonomous health promotion agency is the first to be established in the ASEAN region. It utilizes an innovative health promotion financing system through a two percent (2%) surcharge levied on excise tax from alcohol and tobacco.
- The **Philippines** has allocated additional funds from health taxes for expanding UHC, especially for vulnerable populations.

Innovative government funded programs in India for NCD's



Ayushman Bharat - Health and Wellness Centres

To provide comprehensive primary care services to the last mile

0.17 Mn + Functional HWCs

88.3 Mn + Teleconsultations conducted through 'e-Sanjeevani'

870.8 Mn + NCD Screening for 30+ aged individuals

16 Mn + Yoga and Wellness Sessions

0.24 Mn + Health and Wellness Ambassadors trained

Free Diagnostics Initiative

To provide accessible, affordable and quality diagnostic services in all public health facilities up to district hospitals.



Free X-Ray, CT Scan



Free Pathological Services



Free Teleradiology

Almost all services are implemented in **all States and UTs** either through **in-house mode** or **Public Private Partnership mode**

Pradhan Mantri National Dialysis Program

Launched on 07th April 2016 for the provision of free dialysis services to the poor

748 Districts

1,485 Centres

10,077 Hemodialysis machines

2.33 Mn Patients availed dialysis services

27.02 Mn Hemodialysis sessions held

More than **3,300** Million have been approved in the year 2016-17.

NPCDCS Program

Launched in 2010 with focus on strengthening infrastructure, human resource development, health promotion, early diagnosis, management and referral of NCDs

696 District NCD Cells

707 District NCD Clinics

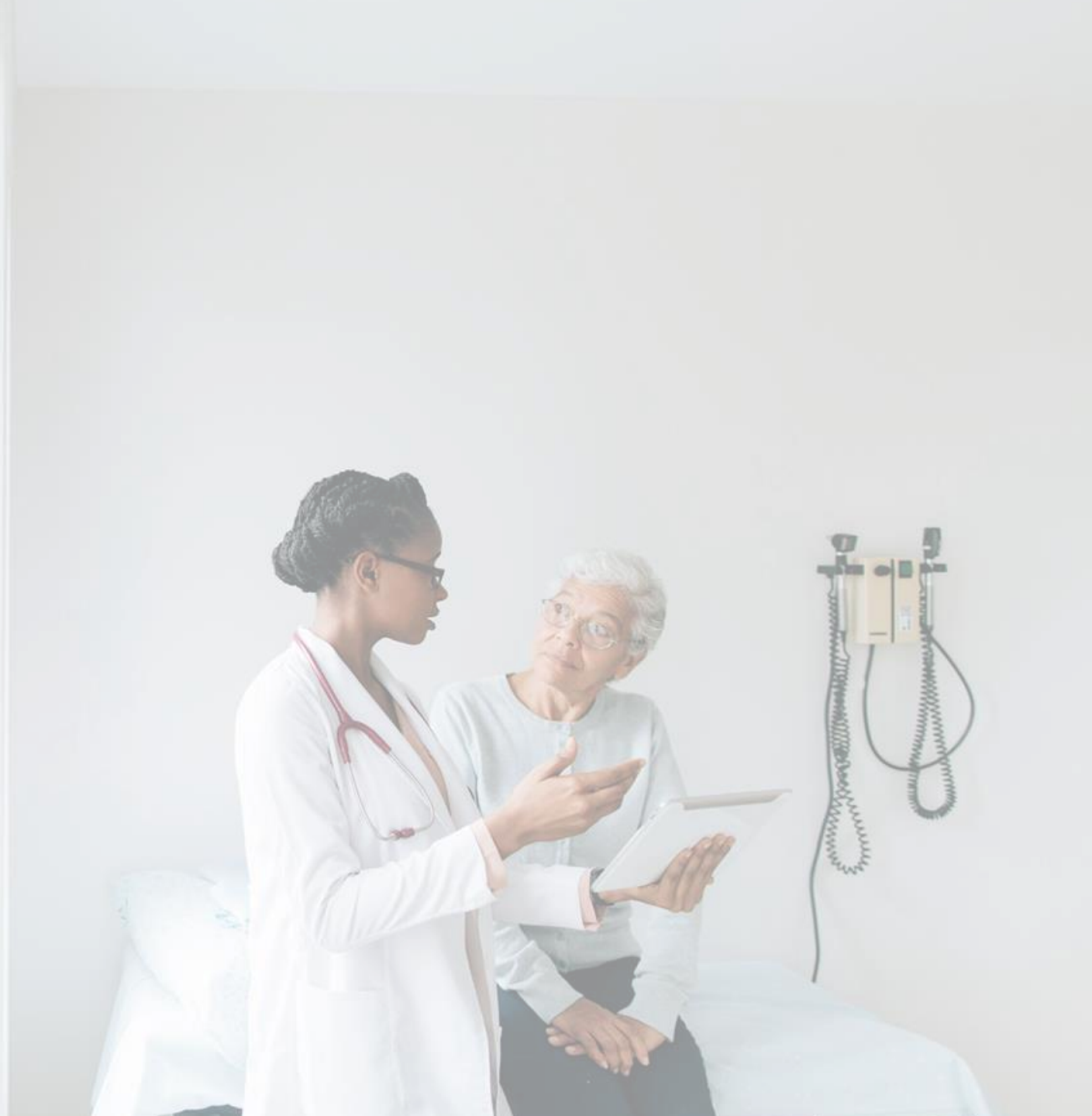
193 Cardiac Care Units

268 Day Care Units

66.1 Mn + Population screened (Till 30.09.2022)

Total fund provided to States/UTs, under Flexible Pool (2021-22) Rs. **5,611.8** Million

Future trends and opportunities



Way Forward

Leveraging innovative financing mechanisms is essential for fulfilling the healthcare needs

1 Aiming for Universal Health Coverage

- ▶ Strengthen public funding
- ▶ Convergence of insurance schemes
- ▶ Coverage of missing population
- ▶ Catering to specific needs

2 Encouraging Public private partnerships

- ▶ Leverage private sector to strengthen infrastructure, workforce, medical services, technology etc.
- ▶ Risk pooling

3 Technology Integration to reduce OOPE

- ▶ Use of AI, EHR/EMR
- ▶ Telemedicine, Telehealth
- ▶ Accessibility, Affordability, Availability

4 Sustainable funding

- ▶ Long term sustainability
- ▶ Adapt to changing health conditions/needs

5 Global cooperation

- ▶ Adoption of learnings from other countries across the globe

6 Focus on preventive care and alignment of SDGs

- ▶ Cost effective
- ▶ Reduces need for expensive treatments
- ▶ Contributes to overall Global health

7 Supporting Climate Change

- ▶ Climate resilient Health systems
- ▶ Integrating climate health risks