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Patients in Cambodia and Laos have high out-of-pocket expenditure for health care.

Asia Pacific agrees health-financing plan

Nations in WHO’s Asia-Pacific region have promised to boost funds for health and reduce the number of people being pushed into poverty by health-care costs. Margaret Harris Cheng reports.

When US President Barack Obama decided to cancel a much-anticipated visit to his strongest Asian Pacific allies and stay in Washington, DC, to push his health reform bill through US Congress, his excuse was probably the one thing that resonated most powerfully with his disappointed hosts.

Health financing is one of the biggest concerns for both developed and developing countries in the region. In relative terms, Asia Pacific is the costliest part of the world in which to fall ill because the out-of-pocket payments patients are obliged to pay are much higher than elsewhere.

In mid-March WHO’s Regional Office for the Western Pacific (WPRO) released a health-financing strategy for the Asia-Pacific region (2010–15), developed jointly by the southeast Asian and the western Pacific regions and agreed to by all their member states.

The plan is an ambitious one. It asks member states to reduce out-of-pocket spending to no more than 30–40% of total health expenditure, raise health expenditure per country to at least 4–5% of gross domestic product (GDP), develop systems to cover over 90% of the population by some form of prepayment, and put in place “extensive safety-net provisions” for “especially vulnerable sectors of the population”.

Few governments in the Asia Pacific region spend more than 5% of GDP on health and almost half spend less than 2% of GDP on health care. Many of the countries spending little public money on health, such as Burma, Laos, India, Bangladesh, the Philippines, Cambodia, China, and Vietnam, have very high levels of private health expenditure, much of it out of pocket. In 2007, out-of-pocket payments accounted for 49% of health expenditure in China, 54% in the Philippines, 62% in Vietnam, and more than 70% in Laos.

“Fewer countries in the Asia Pacific region spend more than 5% of GDP on health...”

Poorer countries with high out-of-pocket expenditures (Laos and Cambodia) should consider to define a services package that reflect their public health priorities, such as maternal and child health, and can be afforded by the country. This package should become available in particular for the poor without any financial barriers”, says Henk Bekedam, the director for Health Sector Development for WHO Western-Pacific Region. “As countries become richer those packages can be expanded. European countries in their early and poorer days achieved universal coverage by gradually expanding their packages. It can be financed by a mixture of increased government funding, creating insurance schemes, or expanding safety nets, like the hospital equity funds in Cambodia and Laos.”

Although many countries in the region have enjoyed rapid economic growth, the new wealth has not been shared evenly. An estimated 900 million people still live on less than US$2 per day, and these people are hardest hit by the high out-of-pocket costs in the region. A 2007 Asian Development Bank study found that catastrophic health care costs pushed an estimated 39·5 million people below the poverty line in India.

“In 2005, about 80 million people faced catastrophic health expenses and some 50 million people were impoverished in the Asia Pacific region because of out-of-pocket payments, which are associated with poor health status and use of health services”, notes the health financing strategy document. “Rates of impoverishment due to health care costs in China and Vietnam are some of the highest in the world.”

In China, the government has recognised that the rapidly widening gap between rich and poor may lead to social and political unrest, launching reforms aimed at improving insurance coverage last year. Although rural health cooperative schemes were developed some years ago, the reimbursement levels were initially very low leaving the rural poor heavily indebted.

Chinese patients end up with high out-of-pocket payments because they have to pay health-care providers directly, both for medical care and for pharmaceutical drugs, which are both prescribed and dispensed by the health-care provider, a common situation in Asia. The Chinese Government has set up a 16-city pilot to study the effectiveness of paying the provider directly by the government or the health insurer. “Now that China is putting a lot of resources into the system it’s a time to change the way the provider is paid”, says Bekedam.

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