



**Joint Statement of the 7th APEC High-Level Meeting on Health & the Economy
23-24 August 2017, Ho Chi Minh City, Viet Nam**

1. Health Ministers of Papua New Guinea, Philippines, Thailand, United States, and Viet Nam; the State Minister of Health, Labour, and Welfare of Japan; Deputy Health Ministers of Malaysia and Chinese Taipei; senior officials from other member economies; academic and industry leaders; and representatives of non-governmental and international organizations met in Ho Chi Minh City, Viet Nam on 23-24 August 2017 for the 7th APEC High-Level Meeting on Health and the Economy (HLM7). The meeting was chaired by the Minister of Health of Viet Nam and organized jointly by the Health Working Group (HWG) and the Life Sciences Innovation Forum (LSIF). The overall objective of the meeting was to share and discuss the health care financing reforms for community health towards sustainable development.
2. Universal health coverage (UHC)¹ has become a major policy priority in many APEC economies in recognition of the role of healthy populations in supporting economic growth and prosperity. UHC is a key tenet of APEC's Healthy Asia Pacific 2020 (HAP2020) initiative agreed in 2014. HAP2020 specifically called on APEC economies to strengthen health systems to support UHC, providing the whole population with access to safe, effective, quality, affordable and sustainable primary health care. Many economies have committed to UHC and are as a result reviewing, analyzing, and modifying health financing arrangements in their economies. Achieving UHC requires political commitment to building a strong public financing system which ensures that essential services are available and accessible to all, and are provided and used in an equitable and efficient manner. Economies also can harness supplementary and complementary public and private innovative solutions with recognition that every economy and population has a unique health profile and health system.
3. HLM7 recognized that there are lessons from international experience which can help inform and shape health financing reforms that support progress towards UHC in APEC economies. The HLM7 provided an opportunity for APEC economies to come together to share these experiences, including innovations in health financing (supplementary, complementary, and alternative) which some economies have introduced. In this context, HLM7 defined

¹ Universal health coverage (UHC) means that all people in a society are able to obtain the health services that they need, of high-quality, without fear that the cost of paying for these services at the time of use will push them into severe financial hardship.

supplementary insurance or financing as additional to that provided by government; complementary financing as that supporting the operation and delivery of publicly funded systems; and, alternative financing mechanisms as innovative ways of drawing revenue to the public or private health financing system.

4. HLM7 specifically examined the fundamental challenge of raising sufficient revenue for health. The meeting found that while the economic case for increasing investment in health has never been stronger, many APEC developing economies still maintain below recommended levels of public health expenditure. Developing economies are effectively facing a financial cliff as they graduate from eligibility for multi-lateral and bilateral donor funds just as they are facing increasing burdens of non-communicable diseases (NCDs) and aging societies. Public financing systems also are strained from the aftermath of natural disasters, which seem to strike economies in the region disproportionately to the rest of the world.
5. HLM7 considered that to appropriately leverage additional funding for health care, economies need to ensure that they have the capacity to effectively collect and manage revenues from multiple sources and to adequately prioritize health in the budget request process. They also need to develop health financing policies and regulatory arrangements to enable private financing to play a supplementary and/or complementary role, where appropriate. At HLM7, the clear message from potential investors, including social impact investors, is that they will only consider entering a health financing “market” if the government has made clear its commitment to contribute to the financing of the health interventions needed to combat the rise in non-communicable diseases and aging societies.

Prioritizing Health by Measuring Returns on Public Investments in Health

6. HLM7 agreed that health should be a priority in government budgets because of the productivity and broader economic and societal gains from a healthy workforce. Many participants considered that health should be measured as a long term investment with returns collected in the form of longer healthier lives, a more productive workforce, and the development of a valuable sector for jobs and growth. Between 2000 and 2011, about a quarter of the growth in full income in low-income and middle-income economies resulted from Value Life Years (VLYs)² gained. The rapid rise in NCDs in the region almost mandates greater investment in health to prevent additional GDP growth losses.³ Yet there is considerable variation across APEC

² A VLY is the value in a particular economy or region of a 1-year increase in life expectancy. In low-income and middle-income economies, one VLY is estimated to be 2.3-times the per-person income.

³ A 2014 APEC study, commissioned by the APEC Business Advisory Council (ABAC) and the LSIF, showed GDP losses of between 4-6% in six representative APEC economies from losses in worker productivity due to NCDs (disability-related

(Continued...)

economies in the extent to which health is prioritized in government budgets. In the Asia-Pacific region, governments spend just over USD 930 per person per year on health, against USD 3,618 in OECD countries. This amounts to 4.7% of gross domestic product, on average, in the Asian region, compared to 9.3% in OECD countries in 2014.^{4 5}

7. HLM7 observed that many health authorities continue to defend their budget requests with a relatively narrow societal impact. However, treasuries want to see the economic return on investment (ROI) of public funds in the health sector and, increasingly, the broad economic and societal impact. To effectively prioritize health in the budget process, governments need to examine the case for increased public investment in health by showing measurable economic and societal returns. HLM7 explored how APEC economies could measure economic and productivity returns through currently available cost-benefit models.
8. HLM7 noted that treasuries in some economies have adopted a “social investment” approach to the health sector, which entails also counting the broader societal impact of public investments in the sector, a method that is often used for measuring public investments in education. HLM7 agreed that more holistic assessments of the full economic and societal costs and full economic and societal benefits of investing in health are needed. HLM7 called for further work on developing metrics for measuring the return on public investment in health and developing tools to improve those measurements and ensure they are user-friendly.

Mobilizing Resources for Health through Innovative Financing Mechanisms

9. Maximizing public healthcare investment is dependent on good governance practices and models of health care delivery that drive efficiency and eliminate waste. In some situations, UHC requires economies to move towards predominant reliance on mandatory, prepaid, and pooled revenues for health care, derived from government budgets, social health insurance contributions, or a combination. While recognizing the importance of building such systems, HLM7 explored case studies of innovative ways public and private financing can help to expand health coverage in APEC economies. With careful design to ensure complementarity to public funding mechanisms, innovative, alternative health financing mechanisms, such as health promotion funds using sin-taxes, health savings accounts, micro-insurance, donor seed funds,

presenteeism and absenteeism). The study was extended in 2015 to include an assessment of additional economic losses from early retirement due to disability (principally from NCDs), estimated at between 2-2.5% of GDP.

⁴ The 34 OECD member countries are: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

⁵ Health at a Glance Asia/Pacific 2016 – Measuring Progress Towards Universal Health Coverage
<https://www.oecd.org/health/health-at-a-glance-asia-pacific-23054964.htm>

blended financing, long-term insurance, and social impact bonds, among others, have the potential to allow economies to leverage their limited resources to expand health coverage and thus enable both a broader package of benefits to address the health challenges from the rise in NCDs and aging populations and increased participation.

- a. Broadening the tax base and collection capacity. In APEC economies there is considerable potential to increase government revenue by being more efficient in the collection of existing taxes, expanding the range of taxes and charges including broadening the tax base. HLM7 noted that APEC economies could improve domestic resource mobilization in the short term by implementing measures to combat tax evasion and illicit financial flows.
- b. Health and Financial Literacy. In some developed and developing APEC economies, out-of-pocket (OOP) payments accounted for at least 30% of total healthcare expenditure.⁶ Globally, OOP spending on adverse health events drives 100 million people into poverty every year.⁷ Innovative healthcare financing and in particular long term healthcare financing could greatly improve this statistic. HLM7 considers that significant shifts in mindset and culture will be required for citizens to embrace health insurance or other means of private protection from future adverse health events. HLM7 noted that economic, social and financial inclusion is a key priority for APEC. One of the key components of financial inclusion is the element of trust between purchaser and provider. This is especially so in the purchase of forward protection for health. In addition to using health savings accounts as a transition mechanism, HLM7 considered that much of the success in this area will require promotion by the government and the development of trust between the government, the general public, and the private sector. HLM7 noted that the private sector could play an important role in improving health and financial literacy and recommended the formation of public-private partnerships to undertake community and economy-wide education programs, including the provision of faculty and school programs at the primary, secondary and tertiary education levels.
- c. Microinsurance. Progress towards UHC is best facilitated through large pools covering populations with diverse health risks and funded from public sources. For

⁶ Langenbrunner, John C.; Somanathan, Aparnaa. 2011. Financing Health Care in East Asia and the Pacific : Best Practices and Remaining Challenges. Directions in Development ; human development. World Bank. <https://openknowledge.worldbank.org/handle/10986/2321>

⁷ Xu K, Evans DB, Carrin G, Aguilar-Rivera AM, Musgrove P, Evans T. Protecting households from catastrophic health spending. Health Aff. 2007;26:972–983. doi: 10.1377/hlthaff.26.4.972. <http://content.healthaffairs.org/content/26/4/972>

fiscally challenged economies, however, public revenues are often not able to provide adequate funding for health and options to bring in complementary financing should be considered. Microinsurance for health offers the potential to promote local accountability for those who choose to join. In practice, however, microinsurance has never been a source of significant funding for health systems. For it to play a complementary role, governments need to define clearly what is to be publicly funded, and for whom, and put in place the appropriate regulatory environment to facilitate microinsurance. HLM7 noted that in many economies, microinsurance is regulated by central banks, and advocates a role for the Central Bank Governors and Deputies in the cross-fora dialogue on ways to address the fiscal and economic impact of ill health

- d. Private Health Insurance. Private sector participation in the health insurance market is small in most economies, and typically plays one of three roles. First, in a few economies, mandatory social health insurance systems use private insurance companies as back office support. In this context (e.g. the Netherlands, Czech Republic and Switzerland), the private insurers are not an additional source of funding but rather work in partnership with government to operate the compulsory insurance system. Second, it can offer those able and willing to pay the option to insure for services or providers that are not covered by the main publicly funded system. Third, private insurance can provide funding that is explicitly complementary to the public system, by providing a mechanism to cover relatively high patient co-payments in the public system. In the two economies where this arrangement is widespread, France and Slovenia, private insurance reduces some of the pressure on public budgets for additional funding of the health system.
10. The policy and regulatory environment for the adoption and deployment of alternative financing mechanisms is uneven in the APEC region. Accordingly HLM7 reviewed and endorsed for appropriate consideration an *APEC Checklist of Enablers for Alternative Health Financing* as a tool to assist economies determine the appropriate policy and regulatory environment for private parties to enter into the health financing space. HLM7 referred the *Checklist* to the APEC Finance Ministers' Process for review and consideration.
 11. HLM7 welcomed the exploratory discussion between the LSIF and HWG and the SFOM on May 2017 in Ninh Binh, Viet Nam and the proposal to launch a task force to further work in two tracks: (1) health as a social investment and (2) alternative financing mechanisms. HLM7 agreed that the adoption of complementary and alternative financing mechanisms would help

relieve the pressure on government budgets and, at the same time help address the health challenges associated with the steep rise in NCDs and aging societies. Accordingly, HLM7 discussed the possibility of participation in the meetings of the APEC Finance Ministers' Process in October 2017 in Hoi An, Viet Nam to discuss projected outcomes of the two track areas of work.

12. HLM7 considers that best practice models could be developed through this cross-fora collaboration, including for the measurement of the returns to the economy and society on investment in health; sustainable public-private partnerships; and the enabling environment for innovative financing mechanisms. Much of the governance of these models rests with the finance ministries but their development requires significant collaboration with health policy and delivery experts. Participants at HLM7 observed that in cross-fora collaborations of this nature, the region was once again showing global leadership.

Healthy Asia-Pacific 2020

13. HLM7 reaffirmed its commitments to the Healthy Asia-Pacific 2020 Initiative, developed in 2014 to help mitigate threats to the region's trade and economic security. It calls for a whole of government, whole of society, and whole of region approach to health. The HAP2020 Roadmap, welcomed by Leaders in 2015, outlines a set of actions and critical success factors to help APEC economies develop and maintain sustainable, high performing health systems. HLM7 welcomed a wide range of initiatives and partnerships underway to achieve the goals set-forth in HAP2020 and its Roadmap.
14. *Non-Communicable Diseases:* HLM7 reaffirmed its commitment to implement the 2011 APEC NCD Action Plan and emphasized that government leadership at all levels is essential for harmonizing and aligning efforts of all sectors and society on NCD prevention and control. HLM7 called on APEC economies to continue to coordinate and work with partners in civil society, the private sector, and international organizations to test and scale up innovative ways of delivering effective care for NCDs, especially through primary health care. HLM7 recognized that to ensure progress towards Universal Health Coverage (UHC) goals, health systems must develop sub-acute, chronic, and rehabilitative capacity. This is a major challenge for many APEC economies where health systems are structured to deliver acute rather than chronic care and the current health workforce has limited capacity to form integrated health care teams able to address the double burden of non-communicable disease and infectious diseases. HLM7 thus welcomed work on an APEC Health Workforce Development Hub to drive the formation and implementation of a multidisciplinary and innovative health workforce development agenda targeted to the health needs of APEC developing economies.

15. *Mental Health*: HLM7 welcomed the progress of the APEC Digital Hub for Mental Health to advance the needs identified by APEC economies, including integration of best practices into primary care and community-based settings. HLM7 affirmed its support for building capacity in workplace mental wellness as a driver of economic and business productivity. HLM7 recognized Canada for its continued leadership in this area of work.
16. *Women's Health*: HLM7 reaffirmed the value of APEC Healthy Women, Healthy Economies (HWHE), in particular the sharing of innovative implementation experiences in support of policies and programs in the HWHE Policy Toolkit. HLM7 called on additional economies and other stakeholders to implement HWHE policies and programs.
17. *Adolescent and Youth Health and Wellbeing*: HLM7 noted the findings of a 2017 Lancet report that examined the potential economic returns of developing economies embracing a societal approach to the health and wellbeing of adolescents. The study found that improving the physical, mental and sexual health of adolescents aged 10 to 19 -- at a cost equivalent to US\$4.60 per person, per year -- could result in a 10-fold economic return. Investments in health and education will not only transform the lives of adolescents in resource-poor settings, but will also generate high economic and social returns. HLM7 recognized the importance of investing in the health and wellbeing of adolescents and youth.
18. *HPV and Cervical Cancer*: HLM7 welcomed continued APEC efforts to promote HPV prevention and cervical cancer prevention and control, recognizing that cervical cancer causes millions of deaths each year and disproportionately affects the lowest-income women within most developing economies. HLM7 noted the findings of the 2017 Lancet study which found that the HPV immunization is one of the best investments that can be made in adolescent health in developing economies. HLM7 further noted the importance of APEC economies instilling public confidence in vaccination programs so that such programs can reach their full public health potential.
19. *Healthy Aging*: HLM7 welcomed the outcomes of the *International Workshop on Adaptation to Population Aging* hosted by Viet Nam in July 2017. APEC economies recognized the need to reorient their healthcare systems by improving access to community-based primary care which can address the needs of growing elderly populations with chronic conditions and to help extend healthy lives. HLM7 noted the importance of encouraging community-based integrated care and functional recovery care including human resource development, promotion of necessary healthcare services and improvement of access to medicines such as through Asia Health and Wellbeing Initiative (AHWIN) proposed by Japan. HLM7 noted that APEC economies should strengthen policies and implement programs to improve the promotion of healthy life styles

including quality nutrition and promote access to primary care and preventative health interventions such as vaccination and diagnostic screening.

20. *Antimicrobial Resistance*: HLM7 observed that Antimicrobial Resistance (AMR) is among the most serious public health challenges facing the APEC region today, affecting hundreds of millions of patients and resulting in significant health and economic costs. HLM7 welcomed APEC's efforts to date to raise awareness of the public health and financial costs associated with healthcare-associated infections; sharing the best practices of robust antibiotic stewardship programs and infection prevention and control measures; promoting public-private partnerships and multi-sectoral solutions to combating AMR; and supporting efforts to strengthen infectious disease surveillance and reporting capabilities. HLM7 welcomed continued work to develop a support package of antibiotic stewardship programs' best practices; identify ways to accelerate both antibiotic and diagnostic development; explore innovative financing options and incentives to promote appropriate use and enhance access to new antibiotics, vaccines, and diagnostics; and further support the development and implementation of APEC economies' AMR plans, strategies, initiatives and activities aligned with the WHO Global Action Plan on AMR.
21. *Tuberculosis*: HLM7 recognized that the global tuberculosis burden amounts to \$12 billion annually, with \$1 billion attributed to losses in productivity and \$11 billion from loss of income due to death. HLM7 recognizes tuberculosis as a public health priority in the APEC region and calls on APEC economies to partner with civil society, the private sector, and international organizations to accelerate efforts to eliminate tuberculosis.
22. *HIV/AIDS*: Since the beginning of the epidemic, more than 70 million people have been infected with the HIV virus and about 35 million people have died of HIV. At the end of 2016, globally, 36.7 million people were living with HIV. In many APEC economies, HIV/AIDS is among top causes of the burden of diseases, that has negatively affected economic development. HLM7 called on APEC economies to accelerate efforts to achieve 90-90-90 targets by 2020 (90% of all people living with HIV know their HIV status; 90% of people with diagnosed HIV infection receive sustained antiretroviral therapy; 90% of people receiving antiretroviral therapy have viral suppression) to help ending the AIDS epidemic by 2030.
23. *Malaria and Dengue*: HLM7 supported the call to action by the Asia Pacific Leaders Malaria Alliance (APLMA) to eliminate Malaria by 2030. HLM7 recognized that malaria elimination will strengthen regional economic prosperity by saving more than a million lives and creating cost savings and social benefits of almost US\$300 billion. HLM7 noted that malaria medicines are becoming ineffective and immediate acceleration is required to safeguard regional health security. Multidrug-resistance to malaria threatens the enormous gains made during the past

decade and could undermine the global investments of US\$41 billion made since 2000. Among the estimated 2.5 billion people at risk of dengue globally, more than 70% reside in the Asia Pacific. Dengue also remains a public health priority in the APEC region. The global incidence of dengue has increased 30-fold over the last 50 years, but the true magnitude of the disease burden is highly underestimated. The dengue vaccine represents a major advance for disease control and is a critical tool to help achieve or surpass the WHO objectives to reduce Dengue mortality by 50% and morbidity by 25% by 2020 worldwide. HLM7 encouraged APEC economies to consider innovative models and public-private partnerships to finance effective vector control measures and dengue vaccination programs.

24. *Rare Diseases*: HLM7 welcomed the launch of a new APEC initiative to address barriers to the diagnosis and treatment of rare diseases in the region. HLM7 noted that such efforts will improve the economic and social inclusion of those affected by rare diseases, including caregivers, and ensure a more inclusive Healthy Asia Pacific 2020. HLM7 welcomed the development of an action plan to facilitate greater alignment of domestic policies and best practices and to provide a framework for regional collaboration.
25. *Blood Safety*: HLM7 commended the LSIF's work since 2014 to improve the safety and sustainability of the blood supply and welcomed the *APEC Hanoi Recommendations on Implementation of Good Manufacturing Practices for Blood and Blood Products* and the *APEC Recommendations for Enhancing Access to Safe Therapy for Persons with Immunodeficiency and Bleeding Disorders*. HLM7 recognized the invaluable contribution of industry in supporting the blood safety network, and welcomed the initiative's ongoing and future work on advancing implementation of domestic blood policies and quality systems development. HLM7 called for a progress report from LSIF on implementation of the APEC Blood Supply Chain 2020 Roadmap by August 2018.
26. *Safe Surgery*: HLM7 welcomed regional initiatives and partnerships to address surgical safety and called for improved access in the APEC region to safe, effective, and timely surgical care noting that safe surgery can save lives, prevent disability, and promote economic growth. HLM7 also noted the importance of continued training of health workers working in surgical settings and of partnerships that can build long-term capacity, improve surgical standards and transform healthcare systems over time.
27. *Regulatory Convergence*: HLM7 welcomed the report of the LSIF High Level Dialogue on Innovation, Regulatory Systems, and Regulatory Convergence held 21 August 2017 in Ho Chi Minh City. HLM7 reaffirmed that regulatory systems and regulatory convergence can enable and accelerate life sciences innovation, making new medical products available to patients, and

urged a redoubling of efforts to meet the convergence goal set by APEC in 2011. To that end HLM7 urged the LSIF's Regulatory Harmonization Steering Committee to develop a set of performance indicators and track progress as a matter of priority. HLM7 also welcomed the establishment of the APEC Regulatory Science Center of Excellence (CoE) network to build skilled human capacity in regulatory sciences and encourage regulators, industry and academia to all actively participate, as faculty or participants.

28. *Secondary Use of Medical Data:* HLM7 welcomed progress with the development of a framework by the LSIF in collaboration with the Electronic Commerce Steering Group to enable responsible and secure sharing of medical data for secondary analysis to facilitate health and life sciences research.

Looking Ahead

29. The 8th APEC High-Level Meeting on Health & the Economy will be held during the Third Senior Officials' Meeting and Related Meetings (SOM 3) in August 2018 in Port Moresby, Papua New Guinea.

APPENDIX

1. *Checklist of Enablers of Alternative Health Financing*