



**Asia-Pacific
Economic Cooperation**

2019/SOM1/FDM/023

Agenda Item: 9.3

Enhancing Innovative Healthcare Financing in Pursuit of Sustainable Healthcare

Purpose: Information
Submitted by: LSIF



**Finance and Central Bank Deputies' Meeting
Santiago, Chile
7-8 March 2019**



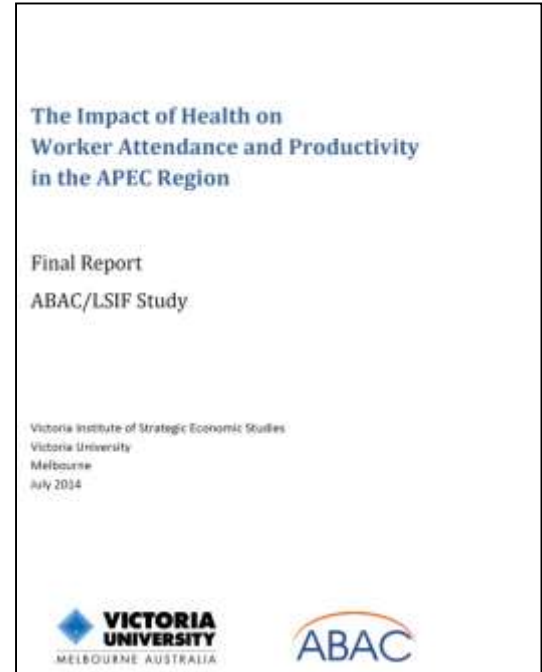
Enhancing Innovative Healthcare Financing in Pursuit of Sustainable Healthcare

**Finance and Central Bank Deputies Meeting
March 8, 2019**

Fiscal and economic impacts of ill-health

LSIF and ABAC have collaborated to show the significant predicted impacts of NCDs and aging

- Studies commissioned by ABAC and LSIF showed losses in worker productivity and early retirement due to disability.
- APEC economies face GDP losses of between 6 – 8.5% by 2030 due to the current and projected steep rise in NCDs.
- Capacity of governments, businesses, and individuals to provide health and retirement benefits is being stretched.



APEC Ministers and Leaders Recognize Issue

We recognize the importance of our health systems in promoting the development of human capital and inclusive growth and look forward to further work in 2016 to address the fiscal and economic impacts of ill-health. (2015 Leaders Declaration)

We look forward to further work on ways to address the fiscal and economic impacts of ill health. (2016 Leaders Declaration)

We welcome the exploratory dialogues between senior finance officials, Life Science and Innovative Forum (LSIF) and Health Working Group (HWG) to address the fiscal and economic impacts of the steep rise in chronic disease and of ageing societies in APEC economies. We encourage further dialogue with interested economies to share best practices and explore innovative, sustainable health financing solutions (2017 Finance Ministers Statement)



2018 Progress

- Established Thailand Initiative
 - Expand role of private sector and explore use of alternative financing models to increase access to healthcare.
- Convened Dialogue
 - Ministry of Finance, Ministry of Public Health, Ministry of Science and Technology, health and insurance industry, academia and NGOs.
- Developed Study and Recommendations



Thailand Study

Produced study looking at:

- Demographic challenges and burden of disease
- Value of investments in healthcare
- Comparison of health expenditure in APEC region
- Innovative healthcare financing mechanisms
- Maximizing efficiencies in healthcare investment
- Investing in prevention
- Addressing barriers to new financial products
- Quality data and evidence
- Public-private partnerships
- Frameworks to enable increased access



Alternative funding mechanisms

Fiscal Measures	Financing	Insurance
Sin Taxes Tobacco, Sugar, Salt, Alcohol	Grants Global financing facilities Crowdfunding	Universal / long-term healthcare insurance
Airline ticket levies	Bonds Health impact bonds Development bonds	Partial / limited / micro health insurance
Financial transaction tax	Blended Capital Buffer funds Product development partnerships Loan facilities	Health Savings Account

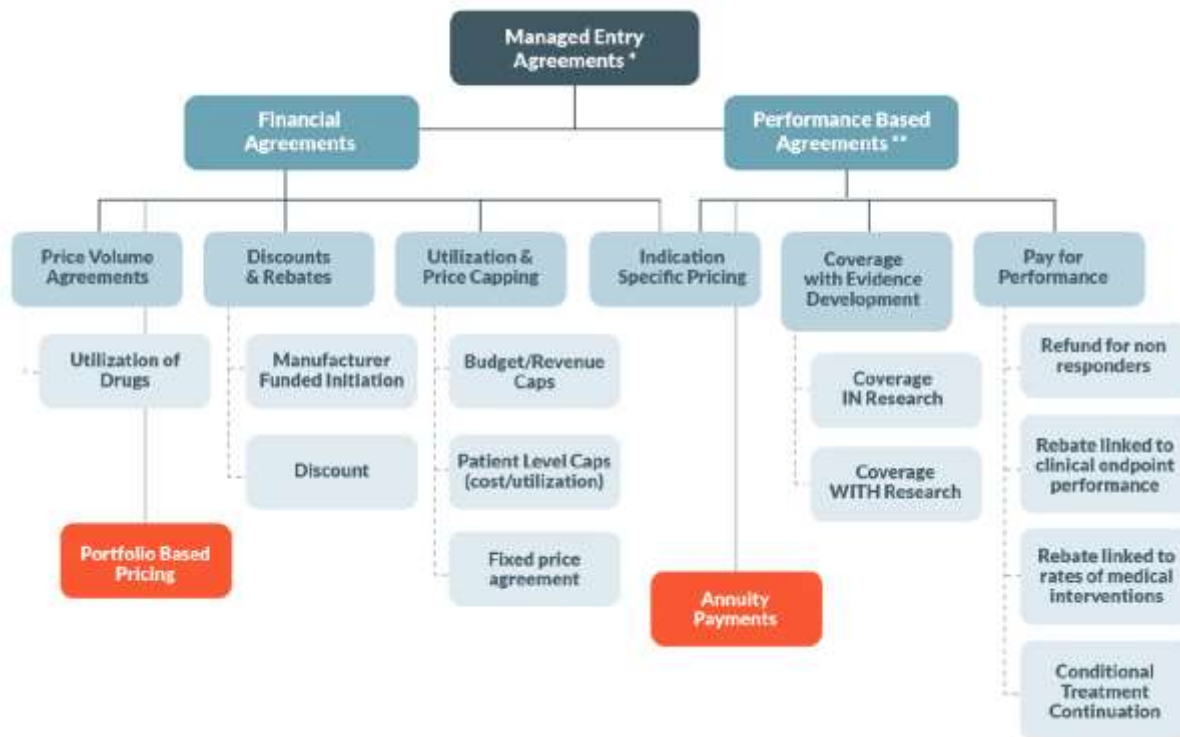
Enablers for Alternative Health Financing

APEC Checklist of Enablers for Alternative Health Financing includes six broad principles:

1. Political will and government coordination
2. Good governance
3. Private sector engagement
4. Legal and regulatory frameworks
5. Health and financial literacy
6. Quality data and evidence

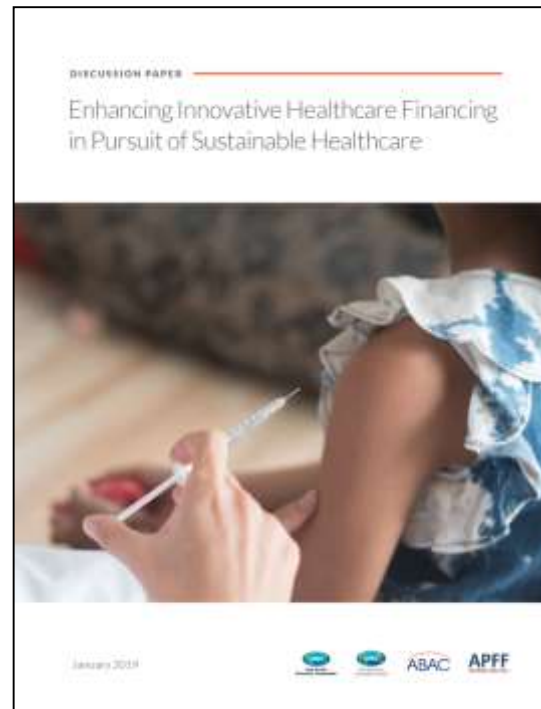


Frameworks to Enable Increased Access



Recommendations

- **Review budget allocations to align with increased incidence of disease**
- **Consider secondary and tertiary benefits of good health**
- **Identify gaps in coverage and whether innovative funding mechanisms may help close those gaps**
- **Utilize APEC Checklist of Enablers for Alternative Health Financing**
- **Work with private sector to expand private health insurance market and accelerate insurance product approval process**
- **Establish task force with private sector participation to explore use of alternative financing mechanisms**



Proposed work in 2019 - Thailand

- Presented study and recommendations to Thailand's Ministry of Finance in January, 2019
- Plan to hold follow-up dialogue in Q3 or Q4 of 2019.



Proposed work in 2019 - Japan

- **Joint APFF-METI conference “Role of Financial Services in Enhancing Health and Productivity Management”**
- **January 28, 2019 Tokyo, Japan**
- **Session 1: Economic and Social Challenges Facing APEC Economies from NCDs and Aging Populations**
- **Session 2: Innovative Approaches to Insurance and Health Care Solutions**
- **Session 3: Promoting Financial Market Support for Health and Productivity Management in Corporate and SME Sectors**
- **Session 4: Innovative Health Care Financing Mechanisms**





Questions?