



**Asia-Pacific
Economic Cooperation**

2019/SOM3/LSIF/010

Agenda Item: 5.7

Innovative Healthcare Financing

Purpose: Information
Submitted by: LSIF Secretariat



**Life Sciences and Innovation Forum
Planning Group Meeting
Puerto Varas, Chile
17 August 2019**



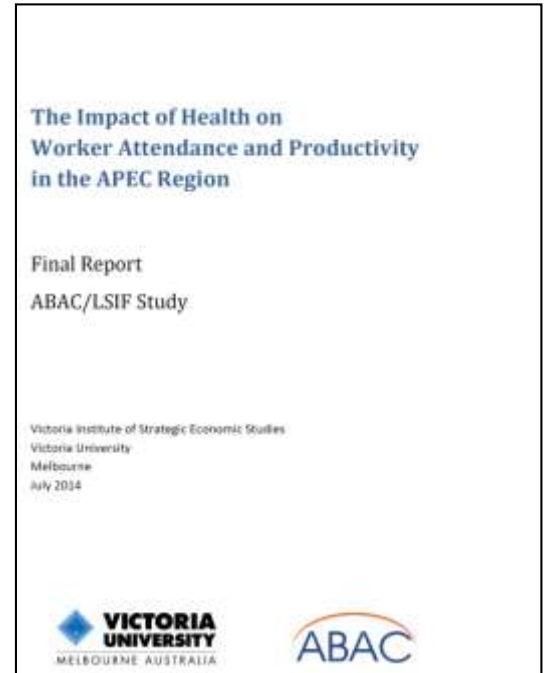
Innovative Healthcare Financing

**Life Sciences Innovation Forum Planning Group
August 17, 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)



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



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

Increased global attention on the issue

- Health financing featured in the G20 Finance Ministers meeting and the G20 Leaders' Summit communiqués.
- *“In particular the collaboration between finance and health authorities, with the appropriate contribution of the private sector and non-government organizations, is crucial for strengthening health financing, building on work by international organizations.”*
2019 G20 Finance Ministers Communique
- High-Level Meeting on UHC in New York in September with the theme *UHC: Moving Together to Build a Healthier World*.



2019 G20 Finance and Central Bank Governors Meeting

Thailand Study

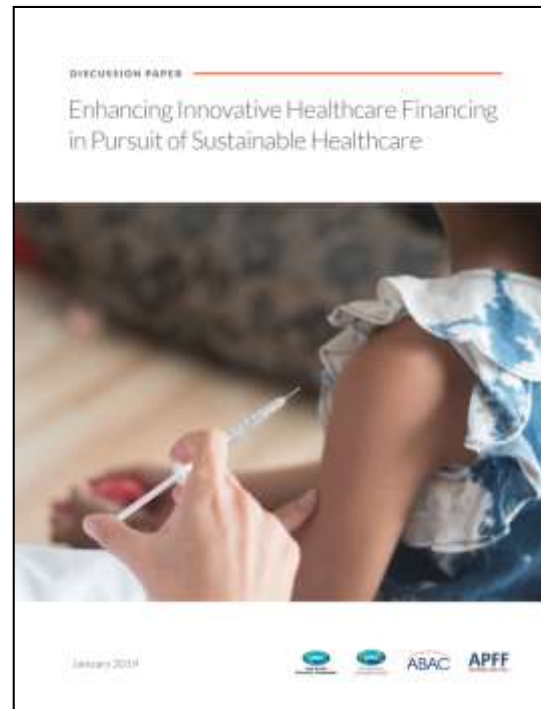
Produced study looking at:

- 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



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**



LSIF/APFF Dialogue on Healthcare Financing 2.0

- Engaging additional stakeholders from public and private sectors (e.g. ABAC members, financial services providers).
- New study from Columbia University on innovation and value.
- Additional case studies including those on cancer care.
- Frameworks to support better access to medicines.



LSIF/APFF Dialogue in Japan

- Opportunity to promote increased private sector engagement in healthcare system.
- Integration of environment, social, governance (ESG) **and health** factors into investment strategies.
- Complementary financing, new insurance products, and other mechanisms to support better health outcomes.
- Complement G20 Finance Track efforts on aging societies and financial innovation.



Collaboration with Japan's METI

- **Joint APFF-METI conference “Role of Financial Services in Enhancing Health and Productivity Management” held on January 28, 2019 in 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**

Recommendations

- Share information on health and productivity management.
- Explore options to increase data exchange and integration of medical and lifestyle information databases.
- Consider utilizing the APEC Checklist of Enablers for Alternative Health Financing.
- Explore links with work of the G20.
- Consider programs and initiatives to help increase fertility.
- Explore the use of risk sharing agreements to increase access to innovative medicines.



Summary

- **Objective:** Establishment of structures and adoption of best practices in APEC member economies to harness the private sector in creating innovative and sustainable health financing mechanisms and improving health and productivity.
- **Achievements:** Work programs initiated in Thailand and Japan. Workshops and associated studies and meeting reports with recommendations developed.
- **Upcoming activities in 2019:** Follow-up activity planned for Thailand in Q4.
- **Future outlook:** Welcome expressions of interest from additional APEC economies to work on healthcare financing issues.



Questions?