



**Asia-Pacific
Economic Cooperation**

2020/LSIF/025
Agenda Item: D2 6.6

Innovative Healthcare Financing

Purpose: Information
Submitted by: LSIF



18th Life Sciences Innovation Forum
17–18 September 2020



**Asia-Pacific
Economic Cooperation**



**APEC 2020
MALAYSIA**

18TH APEC LIFE SCIENCES INNOVATION FORUM

Session 6.6: Innovative Healthcare Financing

Dr. Ryan MacFarlane, LSIF Private Sector Advisor

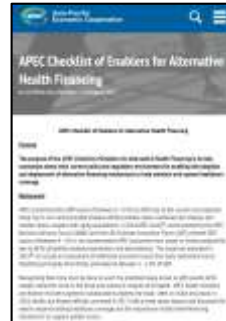
Background



2014 – 2015
Studies by ABAC and LSIF showing losses in GDP due to aging and projected rise in NCDs



2015 – 2017
Statements from APEC Leaders, Health and Finance Ministers calling for work to address the fiscal and economic impacts of ill-health



2017
APEC Checklist of Enablers for Alternative Health Financing endorsed



2018
Healthcare financing meeting in Thailand



2019
Thailand study released



2019
Healthcare financing meeting in Japan

Enhancing Innovative Healthcare Financing in Pursuit of Strong and Resilient Health Systems

- New project for 2020: *Enhancing innovative healthcare financing in pursuit of strong and resilient health systems* (LSIF 01 2020S)
- Series of capacity building webinars to help health and finance officials:
 - Identify innovative funding mechanisms that may be scaled and replicated in their own economies
 - Improve the policy and regulatory environment for enabling the adoption and deployment of innovative financing mechanisms
 - Establish structures and promote the adoption of best practices in APEC member economies to harness the private sector in creating innovative health financing mechanisms and partnerships
- Collaboration with ABAC and the Asia-Pacific Financial Forum



Healthcare Financing Webinar Series

- First webinar on July 15/16
- Speakers from:
 - HHS
 - Ministry of Health Malaysia
 - Sanofi
 - USAID



Webinar may be viewed on demand by registering at: <https://event.on24.com/wcc/r/2450350/0311DAC4FFADF7203B1DF38537E55528>

Healthcare Financing Webinar Series

- Addressing Inefficiencies:
 - More cross-ministerial collaboration (MOH, MOF, MOE)
 - Making prevention a reality
 - Nextgen healthcare services
 - Evidence based decision making
- Revisiting Financing Models:
 - Ramp up revenue collection
 - Composite fundraising, not just taxes, include private insurance
 - Innovative funding models



Healthcare Financing Webinar Series

- APEC Checklist of Enablers for Alternative Health Financing
- Private sector engagement
- Mobilizing private capital for health
- Blended financing
- Social impact bonds / Merck for Mothers



Healthcare Financing Webinar Series

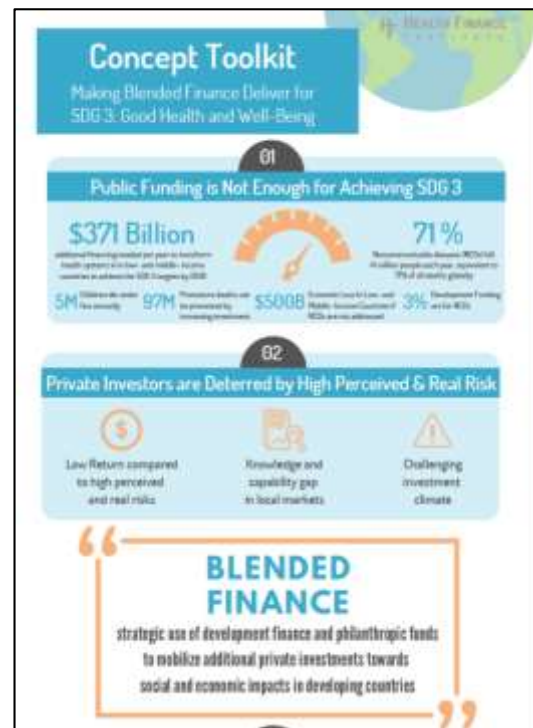
- Second webinar on August 5/6
- Speakers from:
 - Health Finance Institute
 - Janssen Pharmaceuticals
 - Quadria Capital
 - Nippon Life Insurance



Webinar may be viewed on demand by registering at: <https://event.on24.com/wcc/r/2539839/4A02648A49BF7553FF2FBD75CF74D2AF>

Healthcare Financing Webinars: Blended Finance

- Additional financing needed to transform health systems and avoid significant economic losses due to ill health
- Examples:
 - First loss capital
 - Guarantees
 - Advance market commitments
- Issues to address:
 - Stakeholder alignment → clear metrics, robust data
 - Incentives for investors → support from DFIs, first loss and guarantees
 - Private investment in health → stronger governance, greater transparency



Healthcare Financing Webinars: Social Impact Bonds

- **Explanation of social impact bonds**
- **Key stakeholders:**
 - Investors
 - Service providers
 - Evaluators
 - Outcome funders
- **Key factors:**
 - Clear outcomes
 - Shared understanding of policy problem
 - Data on eligible cohort and outcomes
 - Digital solutions can help in low-data settings



Social Impact Bonds: Example

- New Zealand's first social impact bond
- Designed to improve mental health through employment
- Janssen, two philanthropies, and the service provider were investors
- Key learnings:
 - Structured to ensure program would run for 2 years
 - Structured to allow for review of performance and agility to respond appropriately
 - Experience will help inform future outcome agreements



Innovation.
Imagine the possibilities.

Janssen invests in pioneering pilot social bond
22 February 2022

Janssen (Jag) Pty Ltd has become the first pharmaceutical healthcare provider to invest in a pioneering New Zealand Government initiative designed to help address 150,000 youth- and mental health issues.

Five Children's Fund (FCF) has been announced by the Government Services, Capital and Investment Services (CIS) Group, Janssen (operational until July 2022).

In a statement announcing the initiative, Mr. Joyce said the bond is an innovative approach to solving a social problem.

"Social bonds are an innovative method of providing social returns for people with mental health issues – a novel initiative to offset the contribution of a number of investors. They are a key element to a mental health strategy to improve outcomes for those with mental health issues, and a key part of our 'Living Well' strategy."

Janssen is one of four investors in the fully subscribed bond, along with the Janssen Foundation, the Janssen Philanthropy Fund, Project Investment Management (an investment firm), and the Janssen Foundation.

Janssen (Jag) Pty Ltd and Five Children's Fund (FCF) are pleased to announce that Janssen has led 100% of the bond's investment in the mental health and well-being of New Zealanders.

www.janssen.com.au | www.fivechildrensfund.co.nz | www.projectinvestment.com.au



Financial Services Sector Perspective

Quadria Capital

- Leading healthcare private equity firm
 - Profit with purpose by addressing healthcare gaps in terms of accessibility, affordability, awareness, and quality.
 - Business model innovations including
 - Building scale
 - Single specialty models
 - Out of hospital models



Nippon Life Insurance Company

- Provided examples of social investing
- Efforts to invest and finance ESG stocks and bonds
- How health can play a bigger role in ESG finance



Future Healthcare Financing Webinars

- Next webinar on innovative insurance schemes will be October 29th 8 pm MYT
- Economy focused webinar in November (Thailand)

Future Possible Topics

- Financing for advanced therapies
- FinTech and digital technologies
- Immunization financing
- Risk sharing and frameworks to increase access





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Thank you