Innovative Healthcare Financing

Purpose: Information
Submitted by: LSIF

18th Life Sciences Innovation Forum
17–18 September 2020
Session 6.6: Innovative Healthcare Financing

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### Background

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>2014 – 2015</td>
<td>Studies by ABAC and LSIF showing losses in GDP due to aging and projected rise in NCDs</td>
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<td>2015 – 2017</td>
<td>Statements from APEC Leaders, Health and Finance Ministers calling for work to address the fiscal and economic impacts of ill-health</td>
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<td>2017</td>
<td>APEC Checklist of Enablers for Alternative Health Financing endorsed</td>
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<td>2018</td>
<td>Healthcare financing meeting in Thailand</td>
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<td>2019</td>
<td>Thailand study released</td>
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<tr>
<td>2019</td>
<td>Healthcare financing meeting in Japan</td>
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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
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
Thank you