



**Asia-Pacific  
Economic Cooperation**

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**2018/SOM1/LSIF/016**

Agenda Item: 7.10

## **Innovative Healthcare Financing / Fiscal and Economic Impacts of Ill Health**

Purpose: Information  
Submitted by: LSIF Advisor



**Life Sciences and Innovation Forum  
Planning Group Meeting  
Port Moresby, Papua New Guinea  
28 February 2018**





# **Innovative Healthcare Financing / Fiscal and Economic Impacts of Ill Health**

**Life Sciences Innovation Forum  
Planning Group Meeting**

**February 28, 2018**

# Presentation Overview

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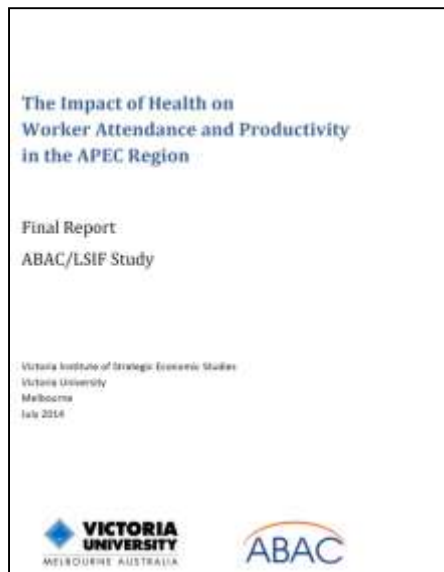
1. Background on the initiative
2. Update regarding engagement with Financing Ministers Process (FMP)
3. Plans for 2018



# Fiscal and economic impacts of ill-health

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

- 2014 study commissioned by ABAC and LSIF showed losses in worker productivity.
- Expanded in 2015 to show losses from 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 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 welcome continued dialogue with the APEC Life Science and Innovation Forum and Health Working Group on ways to address the fiscal and economic impacts of ill-health in 2017. (2016 Finance Ministers Statement)***

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



# 2017 HLM on Health and the Economy

7<sup>th</sup> HLM on Health and the Economy theme: health care financing reforms for community health towards sustainable development.

- Measuring returns on public investments in health
- Innovative financing mechanisms
- Broadening the tax base and collection capacity
- Health and financial literacy
- Private health insurance / microinsurance

Additionally HLM7:

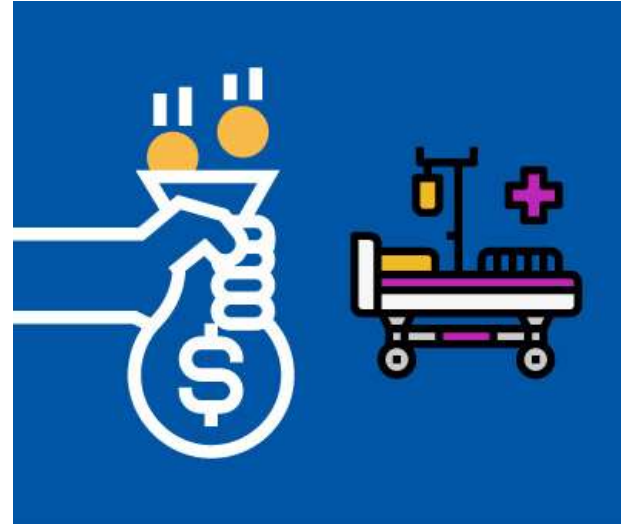
- Reviewed and endorsed the APEC Checklist of Enablers for Alternative Health Financing
- Welcomed engagement between LSIF, HWG and SFOM and proposal to launch task force



# Alternative Healthcare Financing Mechanisms

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- Health promotion funds using sin-taxes
- Health savings accounts
- Micro-insurance
- Donor seed funds
- Blended financing
- Long-term insurance
- Buffer funds
- Product development funds





# Social Investment and Alternative Financing

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## 1) Policy and practice of social investment

- How to best measure the broader economic impact of public investment in the health sector
- What data is needed and how can it be collected

## 2) Alternative financing mechanisms:

- Identify innovative alternative financing mechanisms
- Help economies assess their policy and regulatory environment to enable the adoption and deployment of alternative financing mechanisms to help maintain and expand healthcare coverage and reduce out-of-pocket payments



# 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



# 2017 Finance Ministers' and Leaders' Declarations

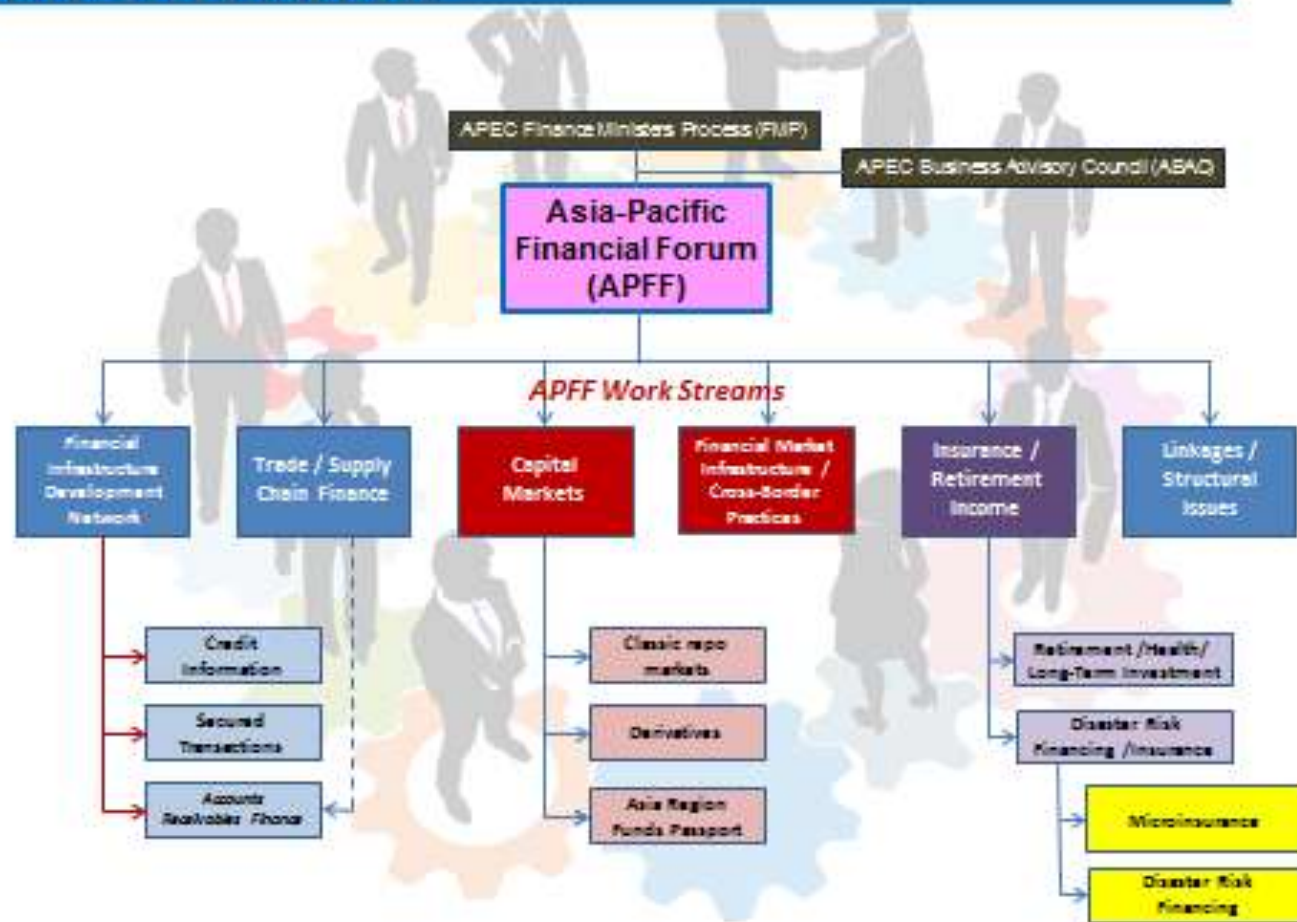
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***We welcome the exploratory dialogues between senior finance officials, Life Science and Innovative Forum (LSIF) and Health Working Group (HWG) to address the fiscal and economic impacts of the steep rise in chronic disease and of ageing societies 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)***

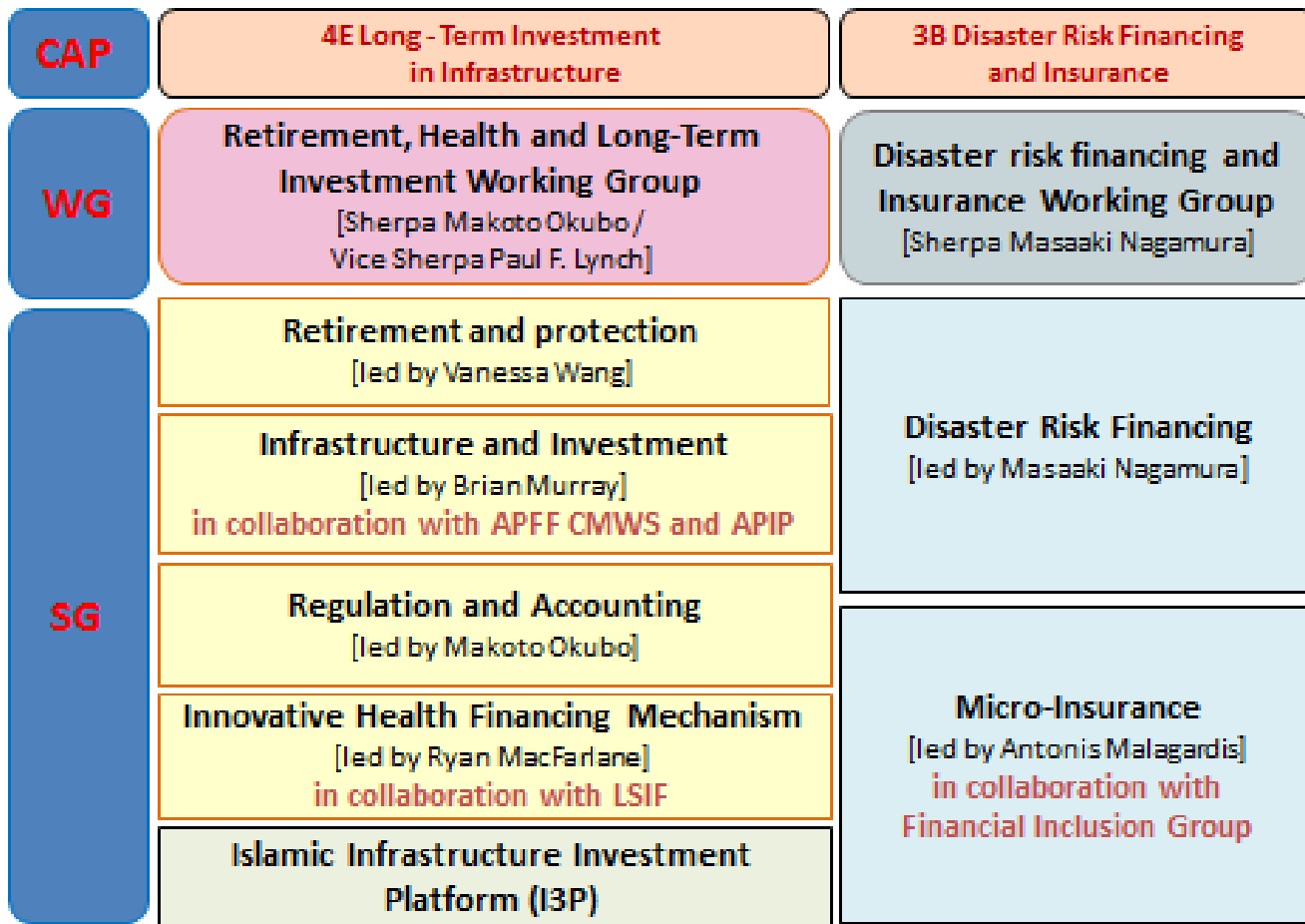
**We resolve to advance economic, financial and social inclusion, with a vision to build an inclusive, accessible, sustainable, healthy and resilient APEC community by 2030...We encourage APEC economies to invest in their health systems to increase productivity and economic growth. (2017 Leaders Declaration)**



# The APFF Structure



# APFF Insurance and Retirement Income WS [Sherpa Makoto Okubo]



# Proposed work in 2018

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- **Public-Private Dialogues:** Initiate dialogues within APEC economies to address specific challenges around healthcare financing. Planning on Thailand as initial pilot economy.
- **Participants:** Government officials; private sector (APFF members, insurance and micro-insurance providers, biopharmaceutical industry, healthcare providers, legal and consulting firms); multilateral develop banks and international institutions (World Bank, ADB, WHO, OECD); academic institutions and other stakeholders.
- **Timing:** Q2/Q3
- **Location:** Bangkok
- **Anticipated outcomes:** Meeting report with economy specific recommendations

# Tentative Meeting Topics

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- Policies to improve government coordination
- Policies to maximize efficiency in public health care investment
- Policies to promote private sector engagement in developing health care solutions
- How to best acquire and use data and evidence to make decisions
- Tools to help measure returns on investment in health to better inform decision making on the deployment of health resources
- New technologies and health delivery systems
- Policies to best balance different funding systems that include public insurance, access to private insurance, out-of-pocket payments as well as charity and aid



**Questions?**