



**Asia-Pacific
Economic Cooperation**

2018/SOM3/LSIF/008

Agenda Item: 6.13

Innovative Healthcare Financing and the 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
14 August 2018**



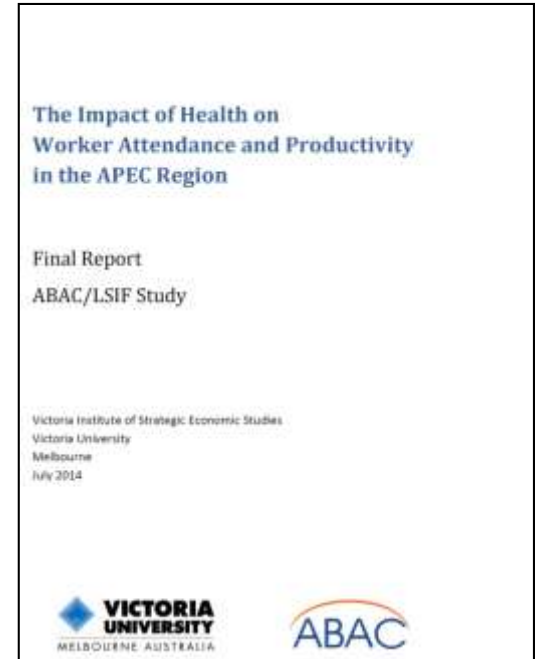
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Innovative Healthcare Financing / Fiscal and Economic Impacts of Ill Health

Fiscal and Economic Impacts of Ill-health

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

- **Studies in 2014 and 2015 commissioned by ABAC and LSIF showed losses in worker productivity due to absenteeism, presenteeism, 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**



Asia-Pacific Financial Forum (APFF)

- **ABAC proposed APFF's establishment.**
- **APFF addresses access to finance for SMEs; trade and supply chain finance; integration of capital markets; infrastructure development etc.**
- **Over 150 institutions including: financial services firms; finance, trade and justice ministries; regulatory authorities; MDBs; international organizations; and academic institutions.**
- **One of the primary workstreams is on insurance, retirement income, and healthcare financing.**



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)



Policy Tools

- In 2008, the LSIF developed the Enablers of Investment Checklist to assess and improve the environment for investment in the life sciences sector, thus boosting health and economic outcomes.
- In 2013, a similar process was developed for promoting investment in infrastructure with the ABAC Enablers of Investment Checklist.
- In 2017, that model was used to develop the APEC Checklist of Enablers for Alternative Health Financing which details some of the key performance indicators and questions to help assess the enabling policy environment in APEC economies.



Alternative Healthcare Financing Mechanisms

- Health promotion funds using excise taxes
- Health savings accounts
- Micro-insurance
- Blended financing
- Long-term insurance
- Product development funds



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



Proposed Work in 2018

- **Public-Private Dialogues:** As directed by APEC health and finance officials – initiate dialogues within APEC economies to address specific challenges around healthcare financing. Thailand’s Ministry of Finance has requested that a dialogue be held.
- **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:** Q4
- **Location:** Bangkok
- **Anticipated outcomes:** Meeting report with policy options and increased potential for public-private partnerships.

Discussion Topics

Developing an enabling policy, legal, and regulatory environment to promote and facilitate the deployment complementary financing mechanisms

- **Increasing Efficiencies and Promoting Good Governance**
 - Ability to tax and collect revenues and earmark for health purposes
 - Case studies on use of sin taxes / excise taxes for healthcare
 - Efficient healthcare supply chains and procurement
 - Balancing different funding systems
- **Addressing Barriers to New Financial Products**
 - Can take significant amount of time to get new products approved
 - Limitations on types of assets health insurers can invest in, limitations on reinsurance
- **Quality Data and Evidence**
 - What data and metrics should be collected and used
 - New models for calculating ROI for investments in health

Discussion Topics

Developing an enabling policy, legal, and regulatory environment to promote and facilitate the deployment complementary financing mechanisms

- **Private Sector Engagement**
 - Frequency of engagement between government and private sector
 - Governance of PPPs (single authority or multiple authorities)
 - Clear definitions for the roles and responsibilities within PPPs
 - Case studies



Questions?