



**Asia-Pacific
Economic Cooperation**

2021/SOM1/LSIF/013a
Agenda Item: D2 6.1

Innovative Healthcare Financing - Presentation

Purpose: Information
Submitted by: LSIF



**Life Sciences Innovation Forum Planning
Group Meeting
24-25 February 2021**

Join, Work, Grow. Together.
Haumi ē, Hui ē, Tāiki ē.



**Asia-Pacific
Economic Cooperation**



**NEW ZEALAND
APEC 2021**

APEC LIFE SCIENCES INNOVATION FORUM: PLANNING GROUP MEETING

Session 6.1: Innovative Healthcare Financing

Background

Promoting innovative healthcare financing in pursuit of strong and resilient health systems



2014 – 2015

Studies 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

2020

Healthcare financing webinar series

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

- *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 Webinars

- Developed a series of webinars on innovative healthcare financing.
- Topics include addressing inefficiencies; encouraging private sector investment; blended finance and social impact bonds; the role of private insurance.
- Presented several studies by USAID, KPMG, Health Finance Institute as well as presentations from industry (biopharmaceutical, financial services, and private equity), NGOs and governments.



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



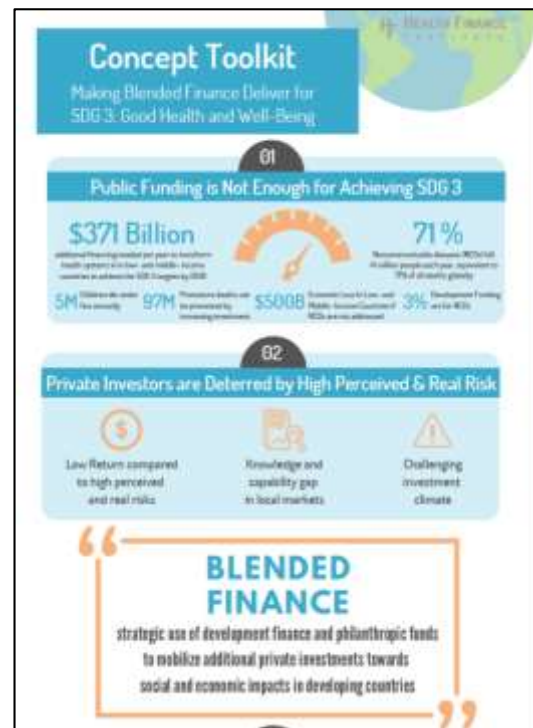
Healthcare Financing Webinar Series

- 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 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

HEALTH FINANCE INSTITUTE

SOCIAL IMPACT BONDS

What does it take to set up a social impact bond?

In recent years, socially-minded investors have developed green, SDG, Arctic, and social impact bonds (SIBs) to leverage private finance for addressing social or environmental issues and measuring achievement of positive outcomes. SIBs are the use of bonds to fund a social impact activity, public-private partnership, or program to resolve an ongoing, recurring social issue and create an impact. While social impact bonds are designed to be distinct from the focus of impact bond, a high-impact investment, the health sector is beginning to focus on the SIBs in developing countries.

WHO IS INVOLVED?

Essential actors in establishing a SIB are investors, service providers, evaluators, and outcome funders. SocialFinance.org/etd/1 provides a helpful overview of the types of organizations that fill these roles.

- Investors**
Foundations or philanthropists, multilaterals, bilateral or intergovernmental financial institutions, impact investing firms, banks, investment funds, institutional investors
- Service providers**
Nonprofit, international organizations, nongovernmental organizations, development organizations, charities, community organizations
- Evaluators**
Research institutes, academics, professional services firms
- Outcome Funders**
Foundations or philanthropists, multilaterals, bilateral or intergovernmental financial institutions

Beyond the essential actors, there might also be intermediaries, technical assistance, lawyers, and other actors involved depending on the needs of the SIB.

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



Healthcare Financing Webinar: Role of Private Health Insurance

- The role of private health insurance in addressing out-of-pocket spending
- Commercial health insurance in the context of 'Healthy China 2030'
- Innovative approaches to insurance for healthcare solutions



Total attendance across three webinars in 2020:

- 439 registrants / 337 attendees

Healthcare Financing 2021 Work Plan

2021 Healthcare Financing Webinar Series

- Q1 2021: Role of digital / fintech / insurtech
- Other possible topics: Financing for cancer/rare diseases; drug funds; MEAs; revisit blended financing or commercial insurance.



Healthcare Financing 2021 Work Plan

APEC Healthcare Financing Roadmap

- Introduction
- 2021 – 2023 plan
- Objectives and metrics
- Annex of previous tools, studies, and activities



Healthcare Financing 2021 Work Plan

APEC Health & Finance Virtual Policy Dialogue

- Invite LSIF, HWG and interested Finance Ministers
Process officials
- Review lessons learned, best practices and
relevant case studies from webinar series
- Discuss implementation of potential solutions in
APEC economies
- Date: TBD – Q4 2021



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Thank you
tēnā koutou