



World Health
Organization

REGIONAL OFFICE FOR
Europe

WHO Barcelona Office
for Health Systems Strengthening

Can people afford to pay for health care?

New evidence on financial protection in Europe

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Sessió Tècnica de CSC
Barcelona, 20 February 2020



New evidence on financial protection

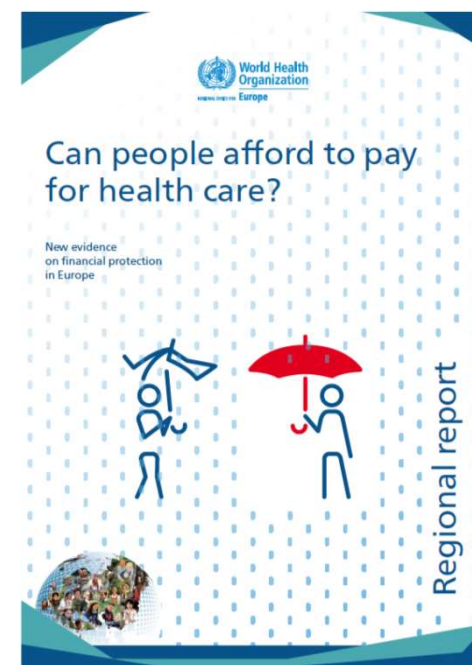


New numbers generated using a refined method

Numbers systematically reported in EU, OECD and Observatory publications

Country-level analysis for the story behind the numbers

Comparative regional analysis



ALB | AUT | CRO | CYP | CZH | DEU | EST | FRA | GEO | GRE | HUN | IRE
KGZ | LVA | LTU | POL | POR | MDA | SVK | SVN | SWE | TUR | UKR | UK
– extending to a further 10-15 countries by 2021

Universal Health Coverage (UHC)

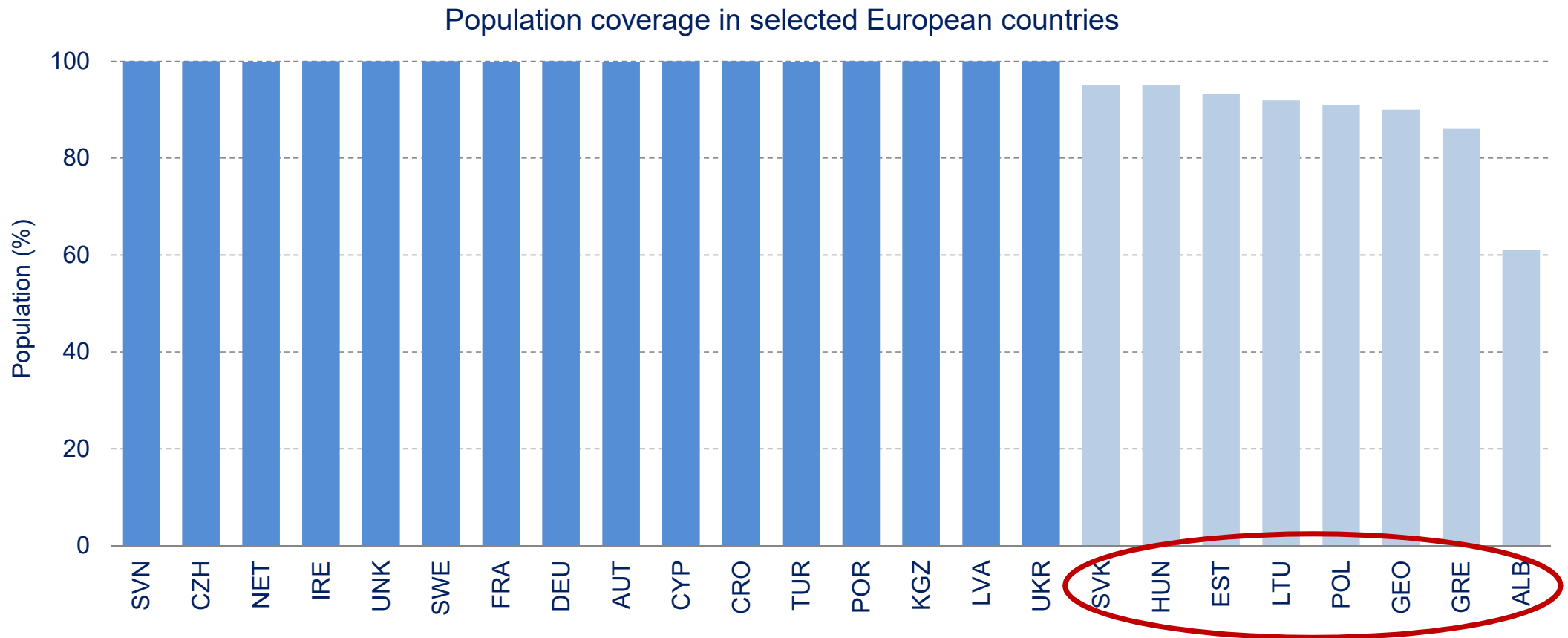
- ✓ **all people** should have
- ✓ **access** to needed health services of good quality
- ✓ **without financial hardship**



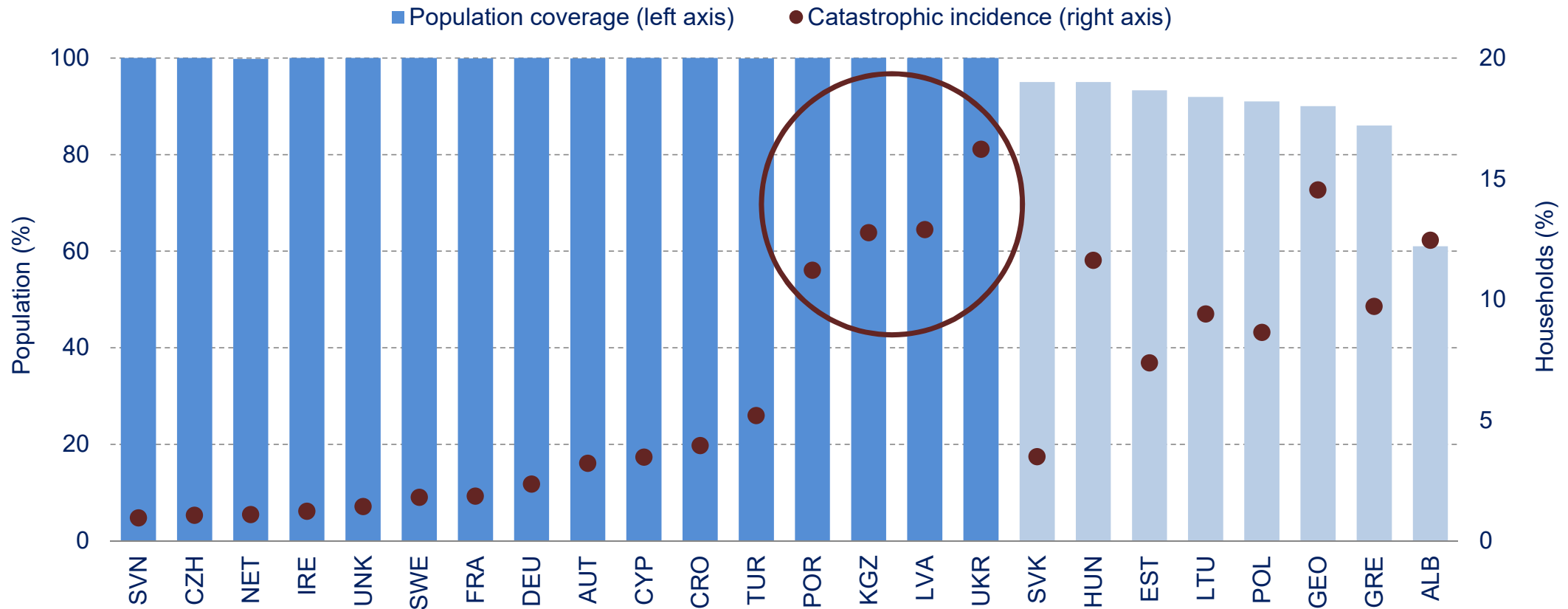
Leaving no one behind



UHC is not only about population coverage



Financial hardship may be experienced in countries with 100% population coverage – a prerequisite, not a guarantee





Everyone needs a strong umbrella

UHC means no one should experience:

**Financial
hardship**



**Unmet
need**



Where there are out-of-pocket payments, **some people** will face one or the other or even both

Can people afford to pay
for health care?

Who? What? How?

Out-of-pocket payments (OOPs)



Photo: Chris Thomond, The Guardian

- **any** formal or informal payment
- made at the time of using **any** health service
- supplied by **any** health care provider

What is financial protection?



Protection from catastrophic and impoverishing out-of-pocket payments when using health care

Catastrophic out-of-pocket payments:

OOPs that are
>40% of
a household's
capacity to pay

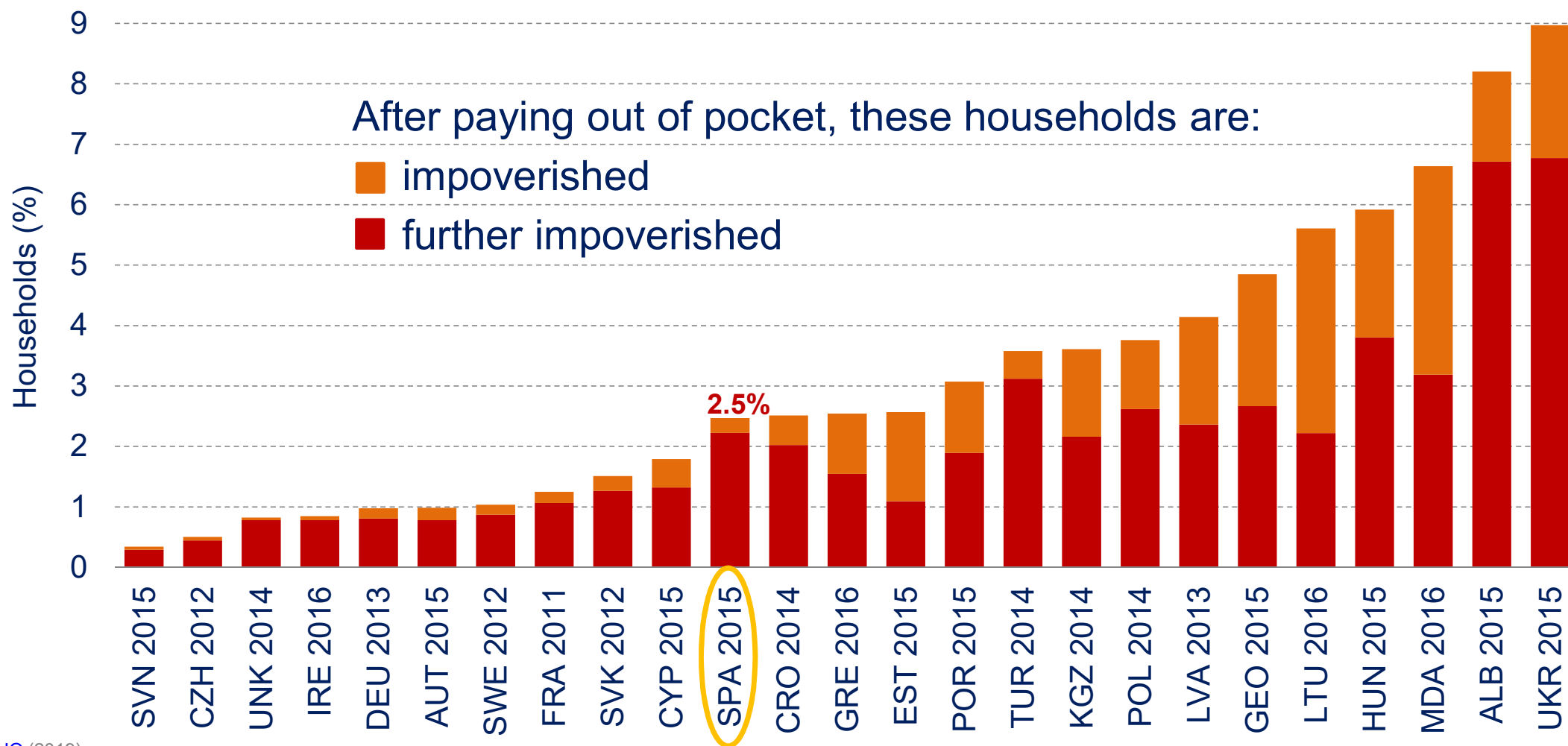
Impoverishing out-of-pocket payments:

push households
below
the poverty line
or further below it

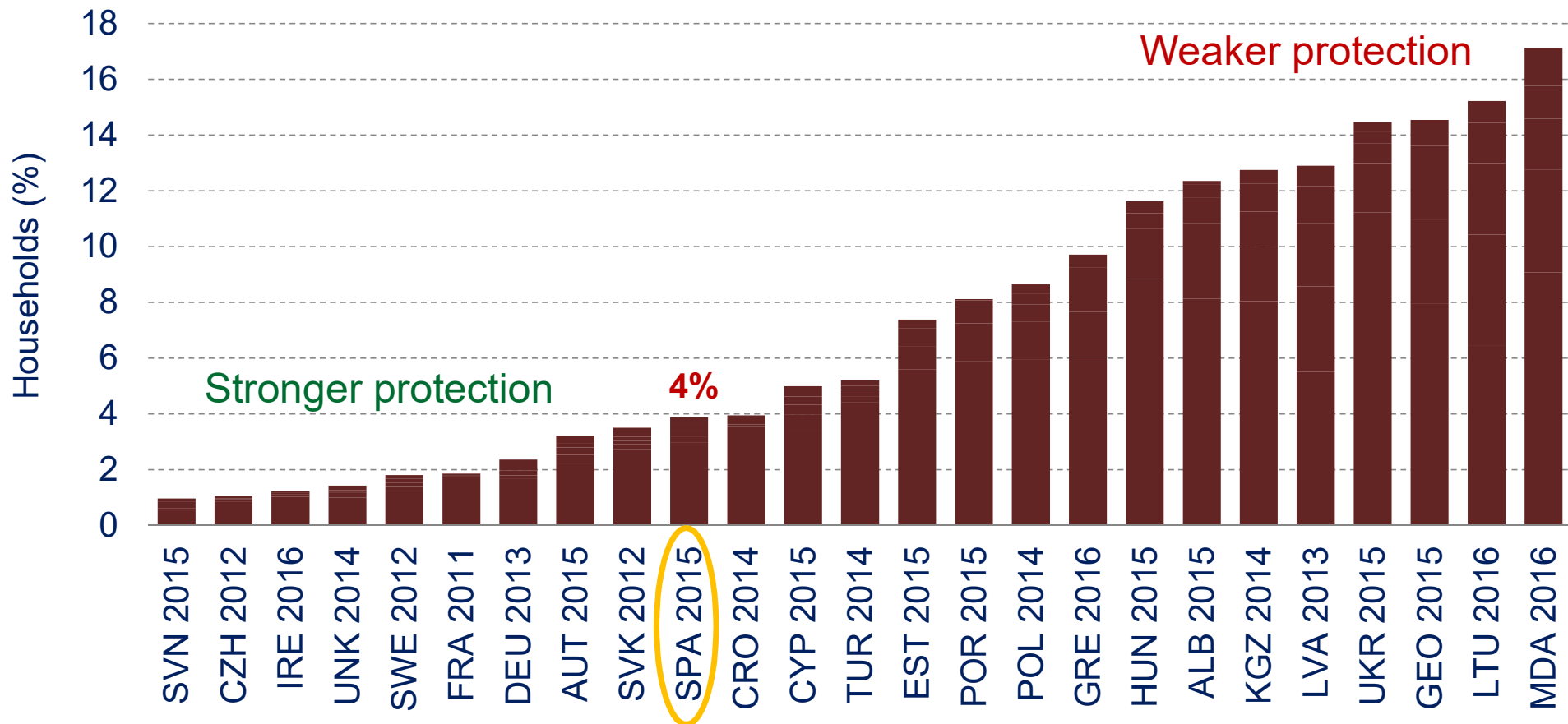
How many households experience impoverishing out-of-pocket payments?

After paying out of pocket, these households are:

- impoverished
- further impoverished

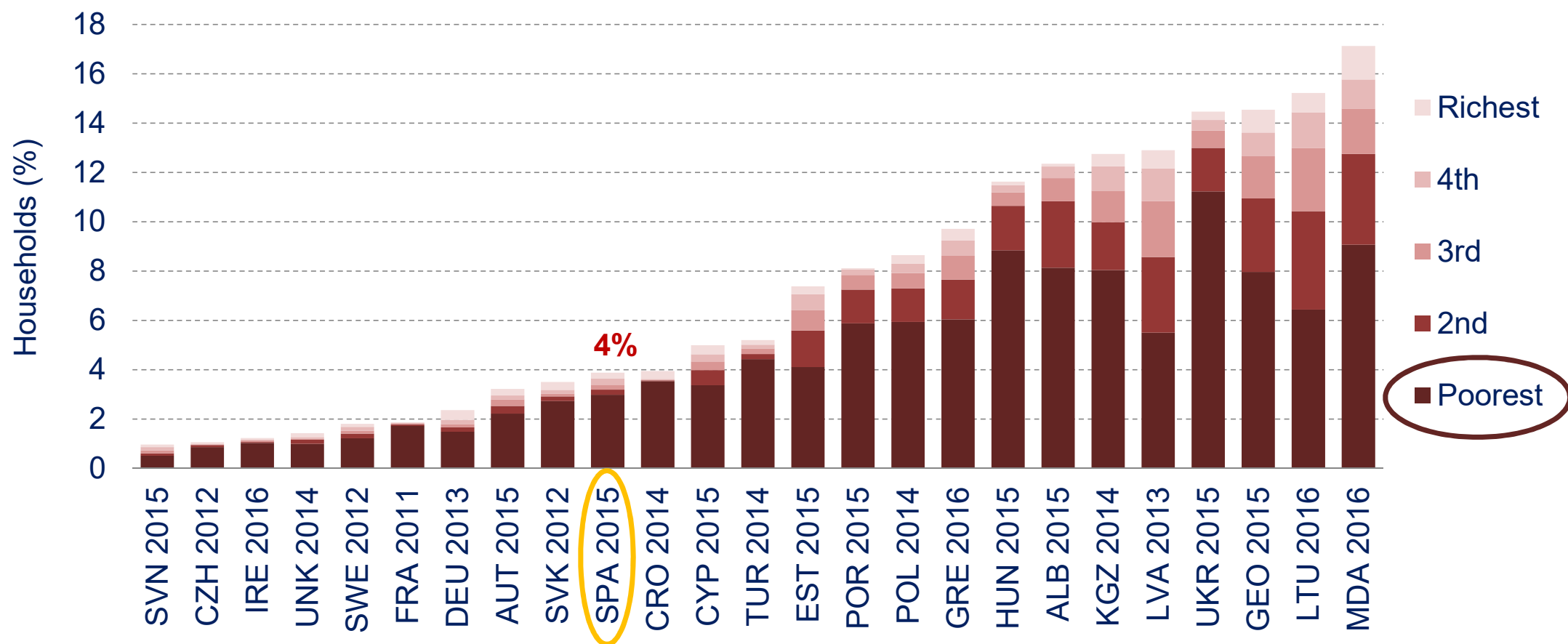


How many households experience catastrophic out-of-pocket payments?

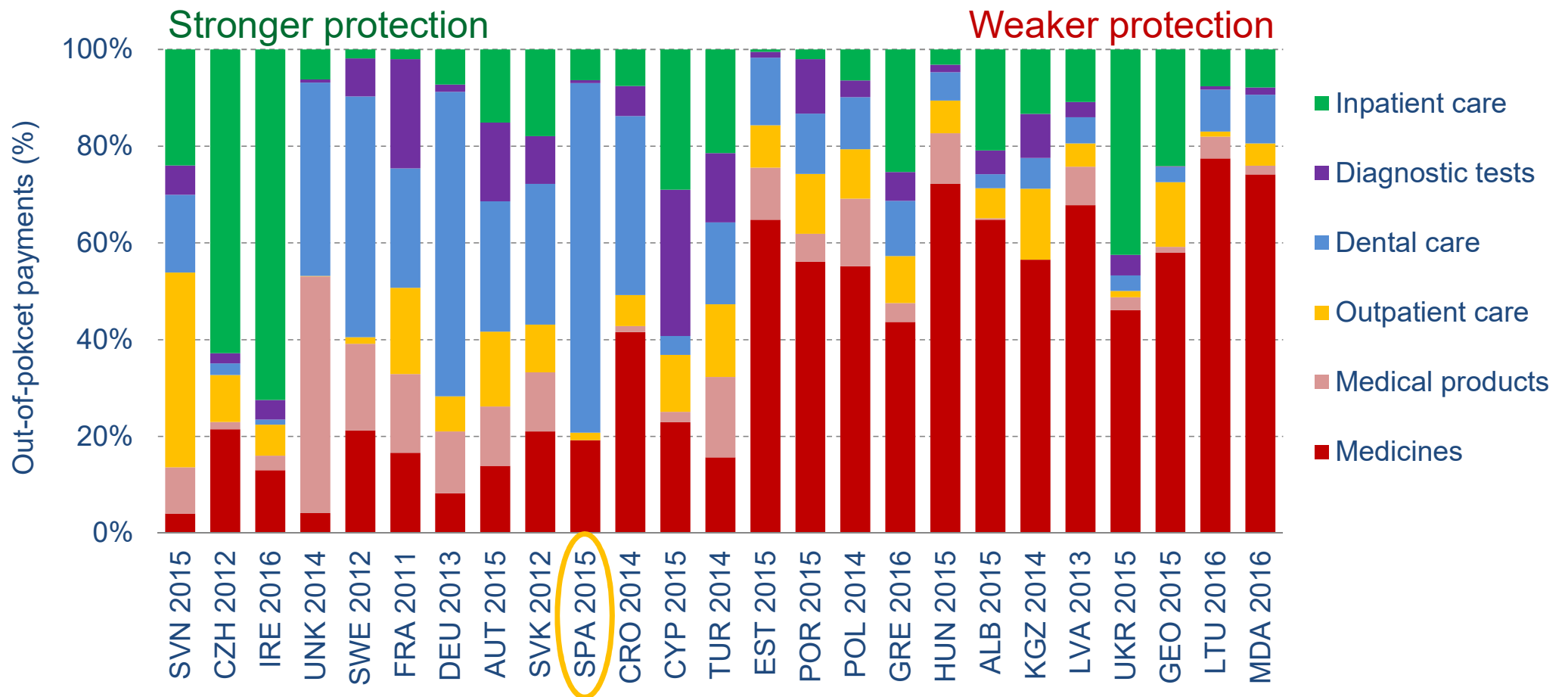


Who experiences catastrophic spending?

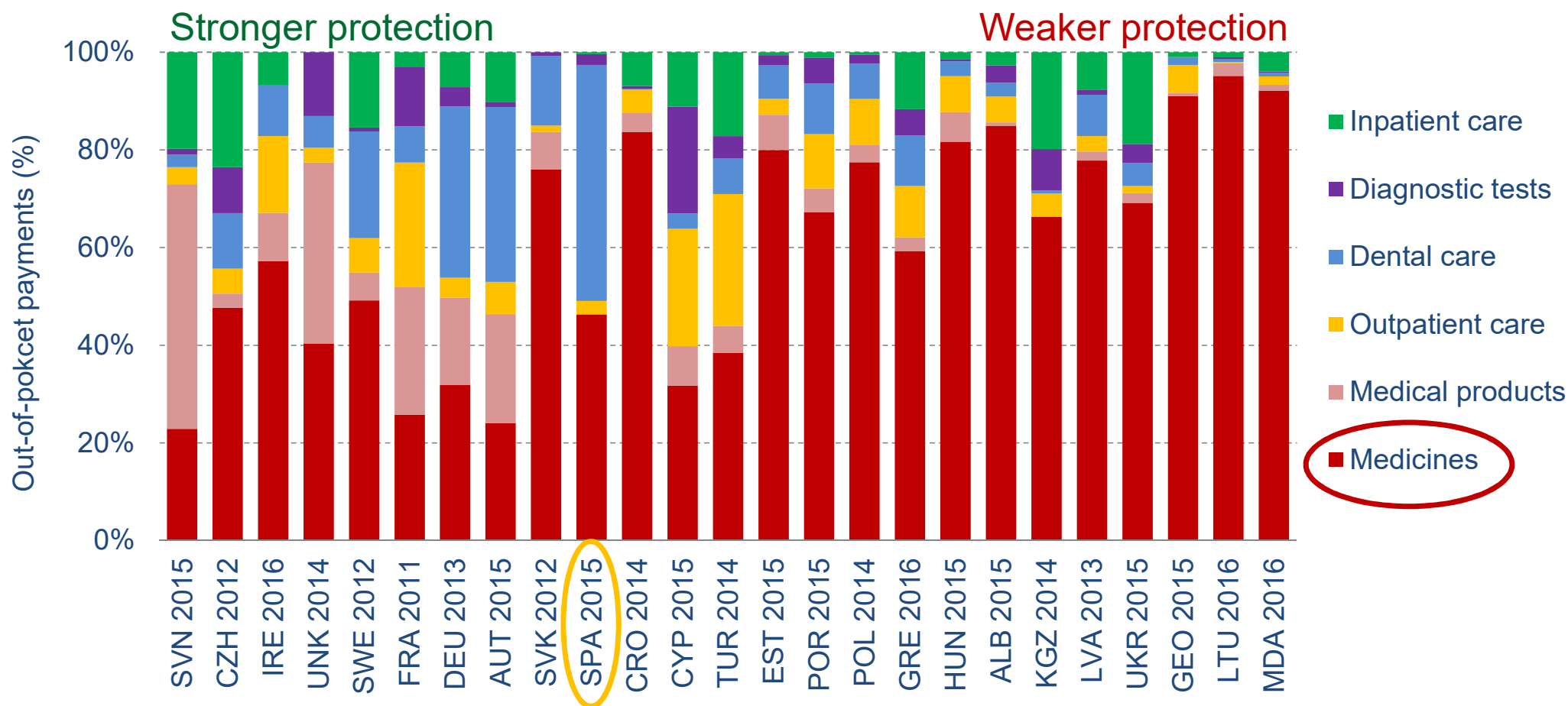
Poor people suffer the most (when using the WHO Europe method)



What are households with catastrophic spending paying for?

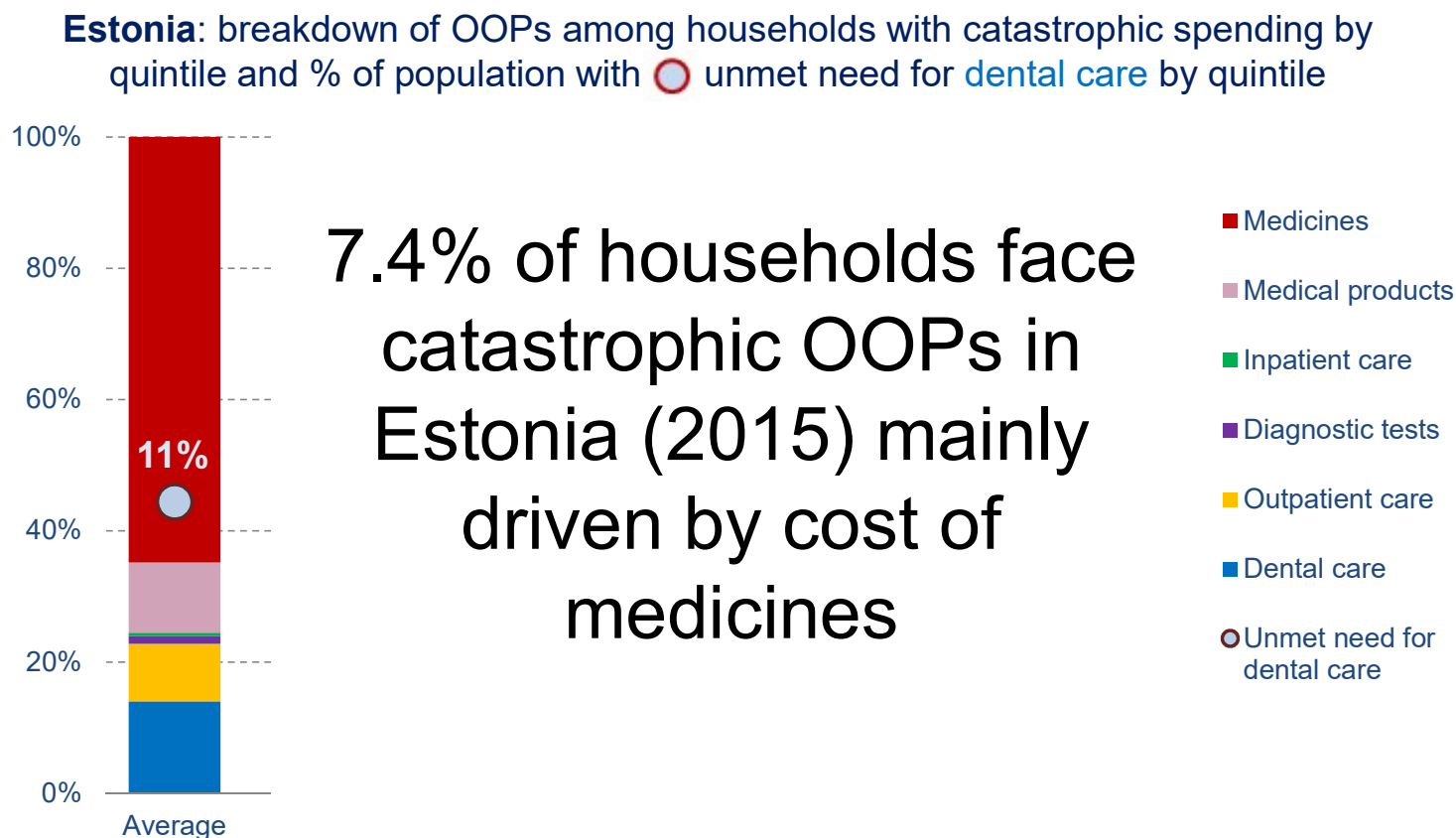


What are the poorest households with catastrophic spending paying for?



Unmet need must be part of the analysis: **Estonia**

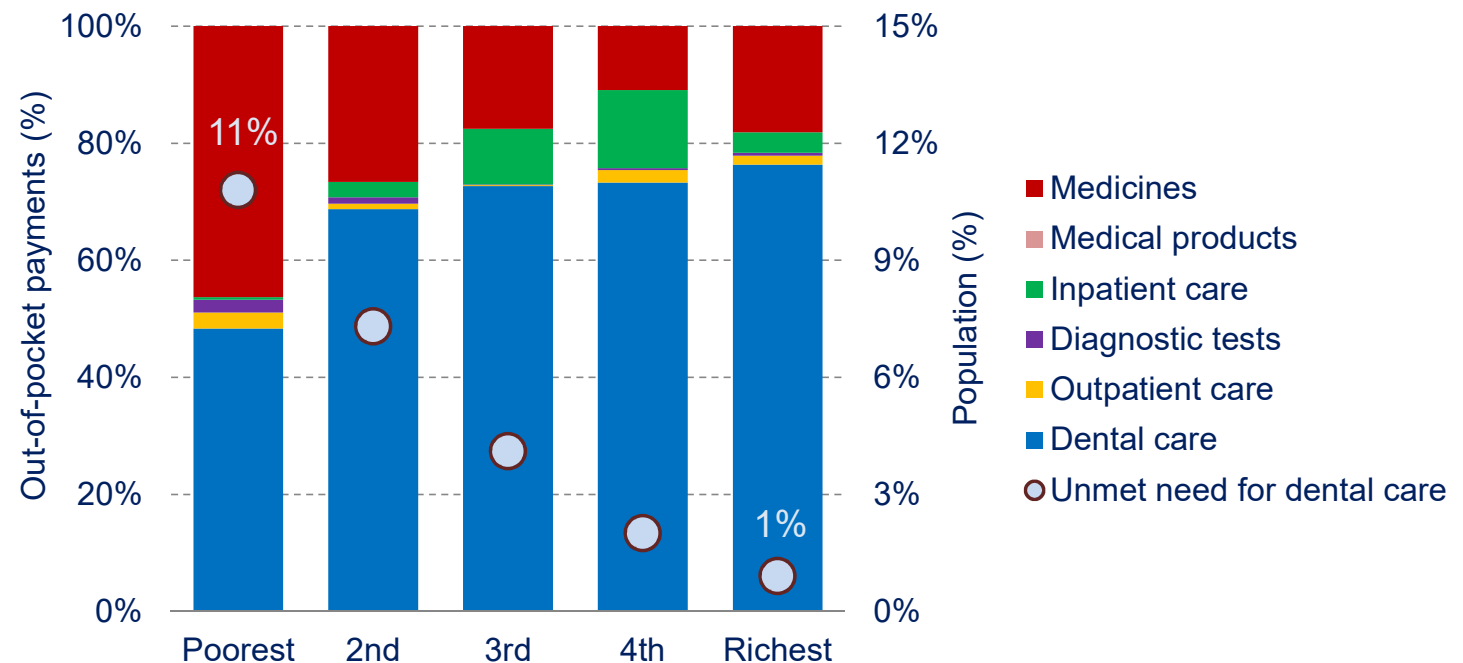
Gaps in coverage
can lead to
financial hardship
for the rich and
unmet need for
the poor



Gaps in coverage can lead to financial hardship **and** unmet need for the poor: **Spain**

Spain: breakdown of OOPs among households with catastrophic spending by quintile and % of population with  unmet need for dental care by quintile

Poor people **are** paying for dental care – but unmet need for dental care is still much higher among the poor than the rich

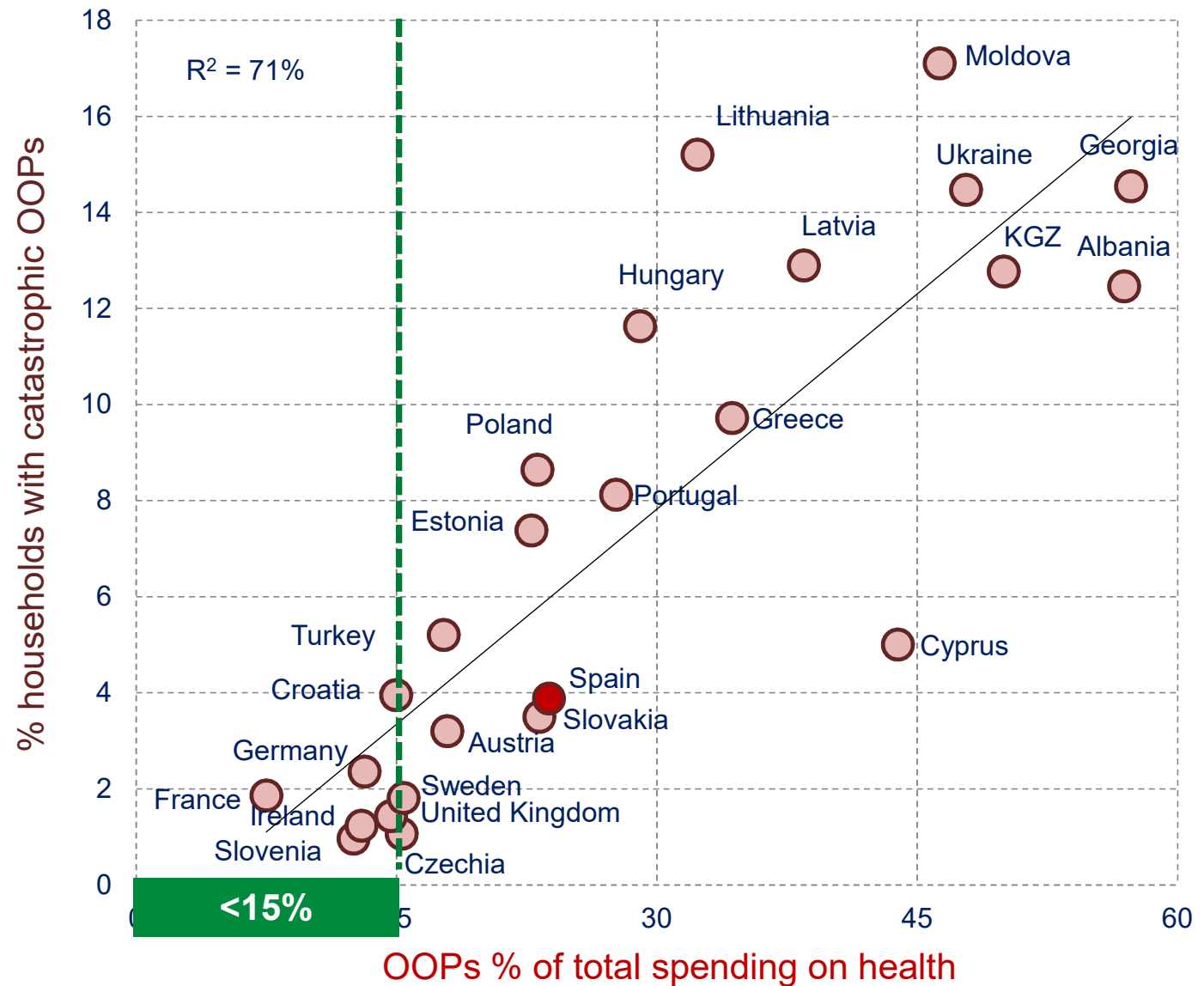


How can countries
strengthen financial protection?

The share of households with catastrophic out-of-pocket payments (OOPs) varies

It is closely linked to the OOP share of total spending on health

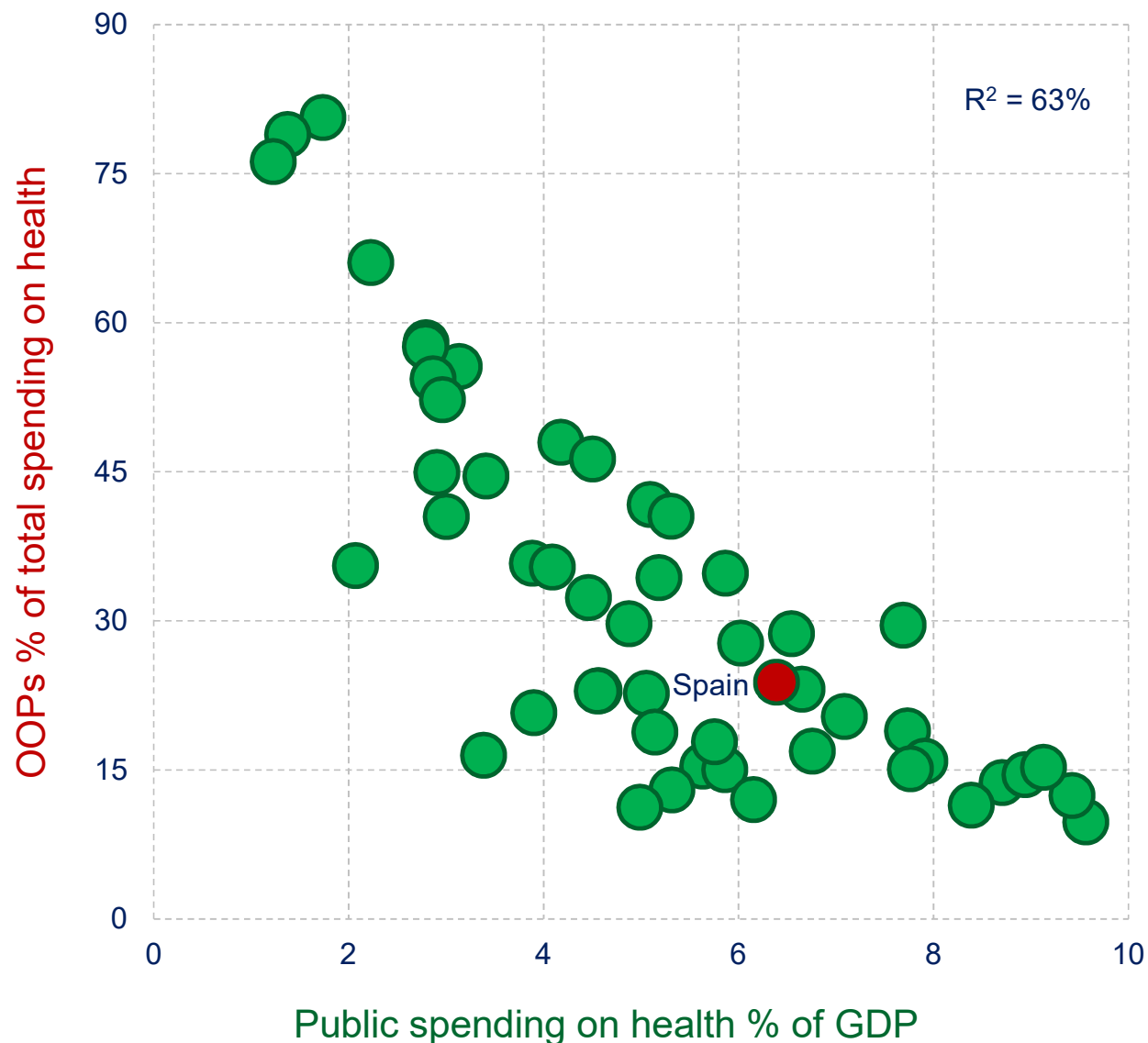
And lowest where OOPs <15% of total spending on health



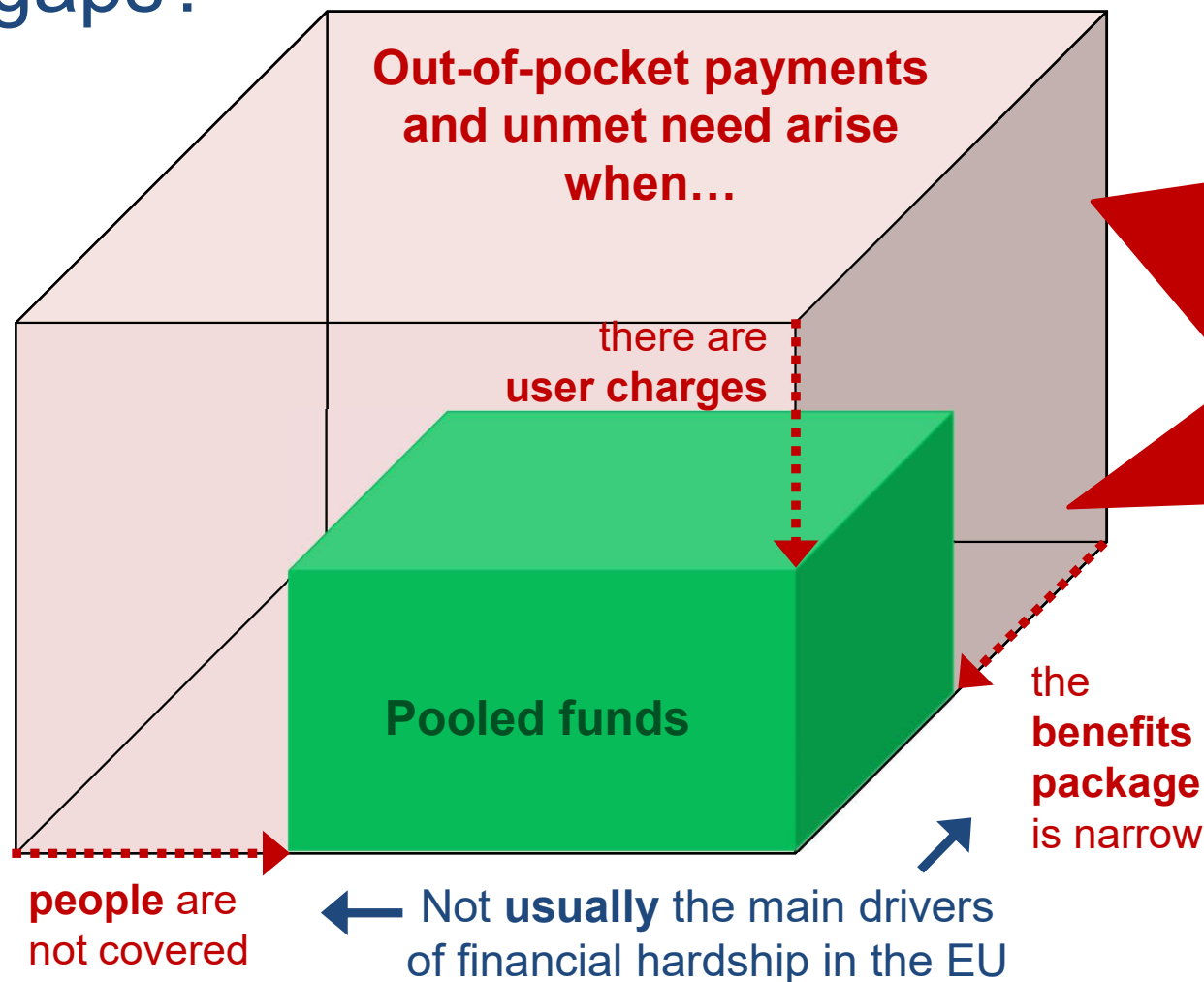
Higher public spending on health **reduces OOPs**

But will it **reduce financial hardship** – for the people most in need of protection?

Yes, if countries use evidence to **re-design coverage policy**



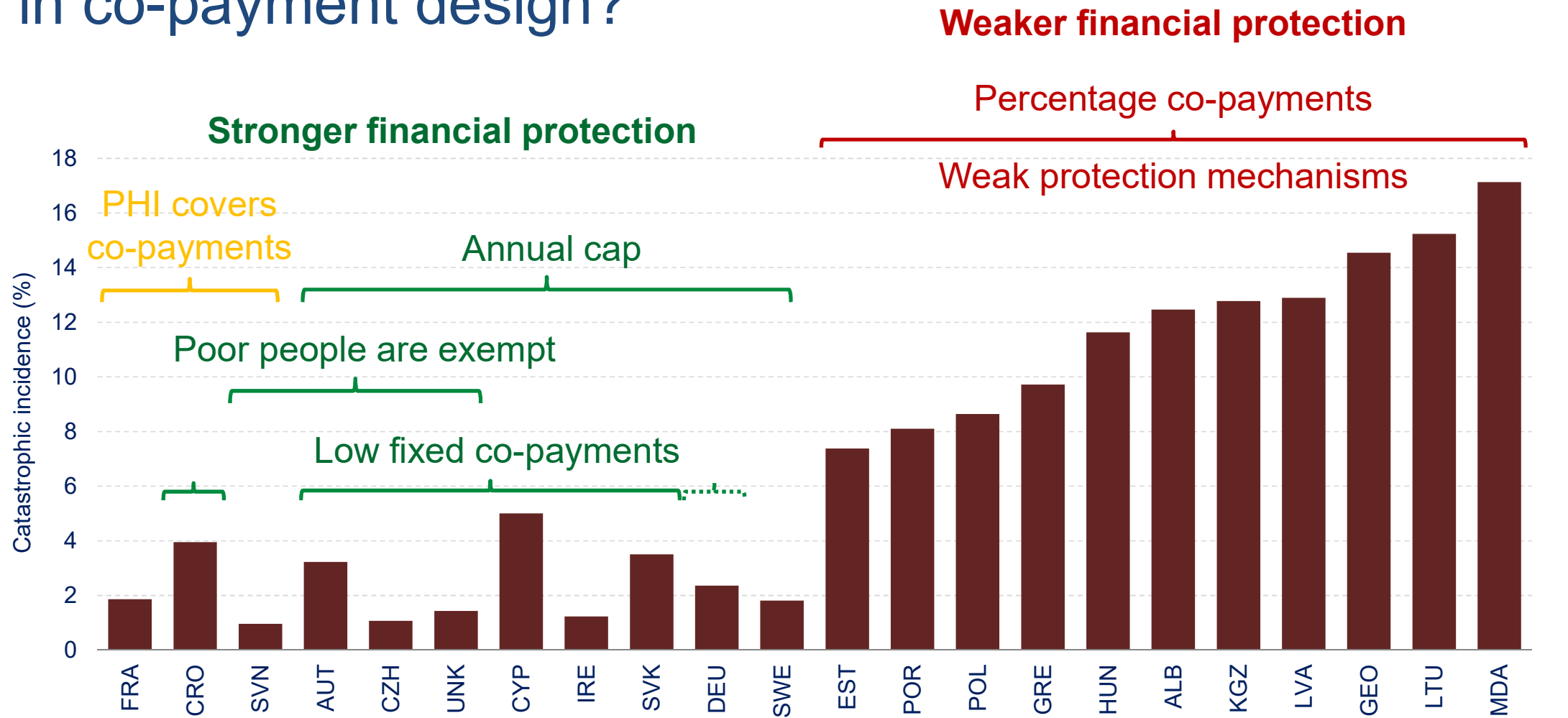
Where are the coverage gaps?



All EU countries make people pay for outpatient prescriptions

Dental care

Where are the weaknesses in co-payment design?



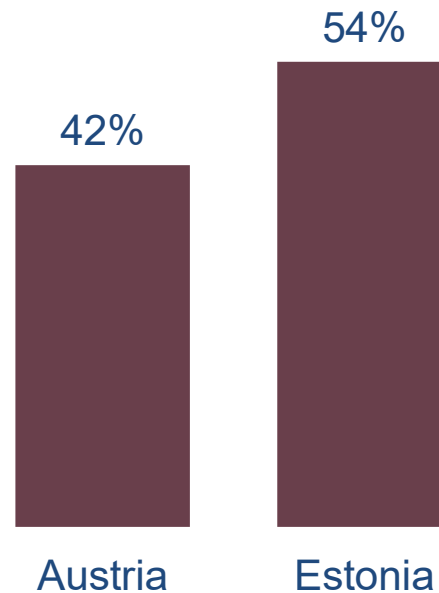
1 Use exemptions to protect the people most in need

Even **low** co-payments
can cause hardship

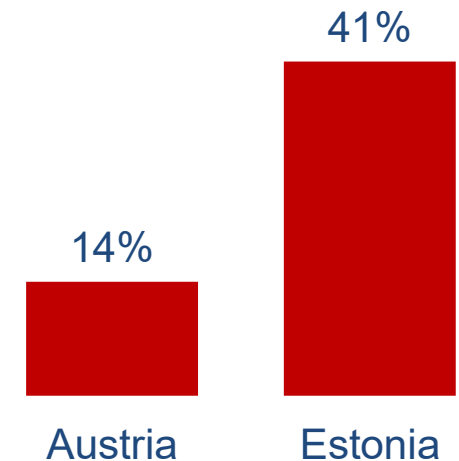
No economic case for
making **poor people** or
regular users pay

Is **age** a good proxy?

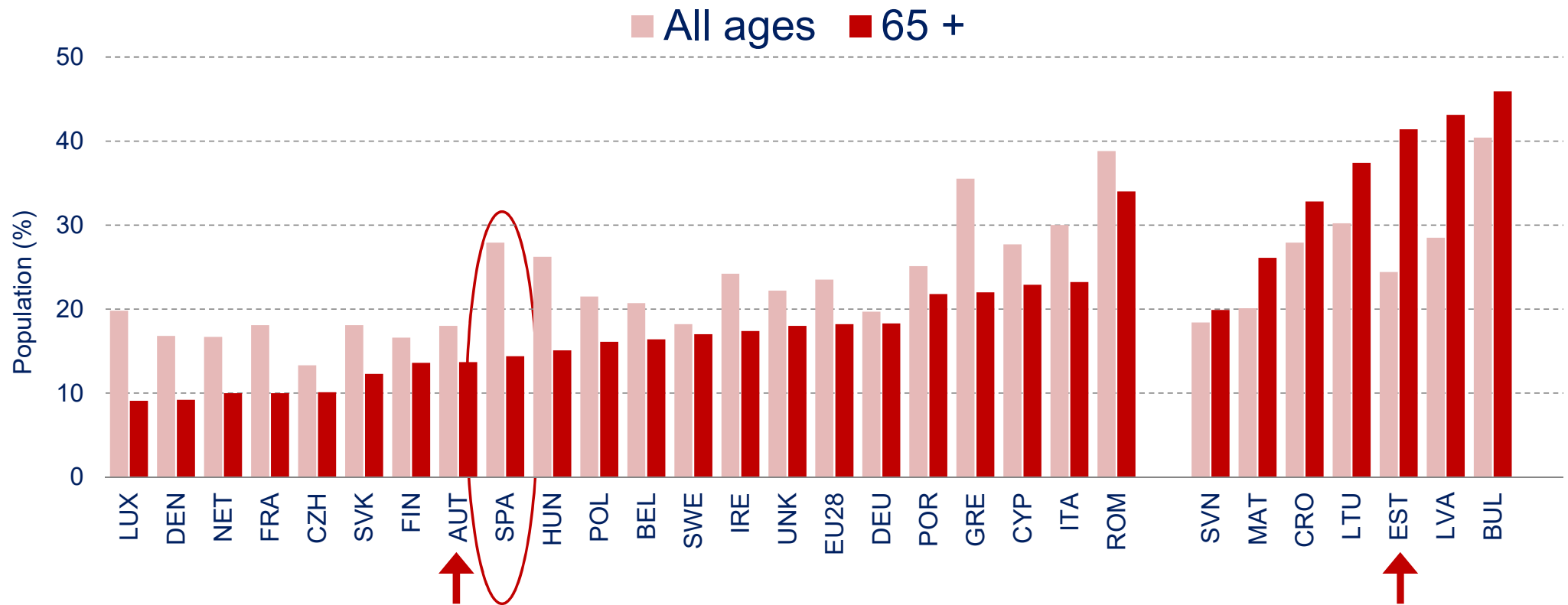
Catastrophic health
spending mainly affects
people aged 60+ in both
countries



But the risk of poverty
among older people is
low in Austria



Older people are not usually at higher risk of poverty or social exclusion



As a minimum, exempt social beneficiaries

2 Use caps to protect everyone



Cover all co-payments

Link to income

Make it automatic

Monitor & adjust

3 Avoid percentage co-payments



people pay
for inefficiencies



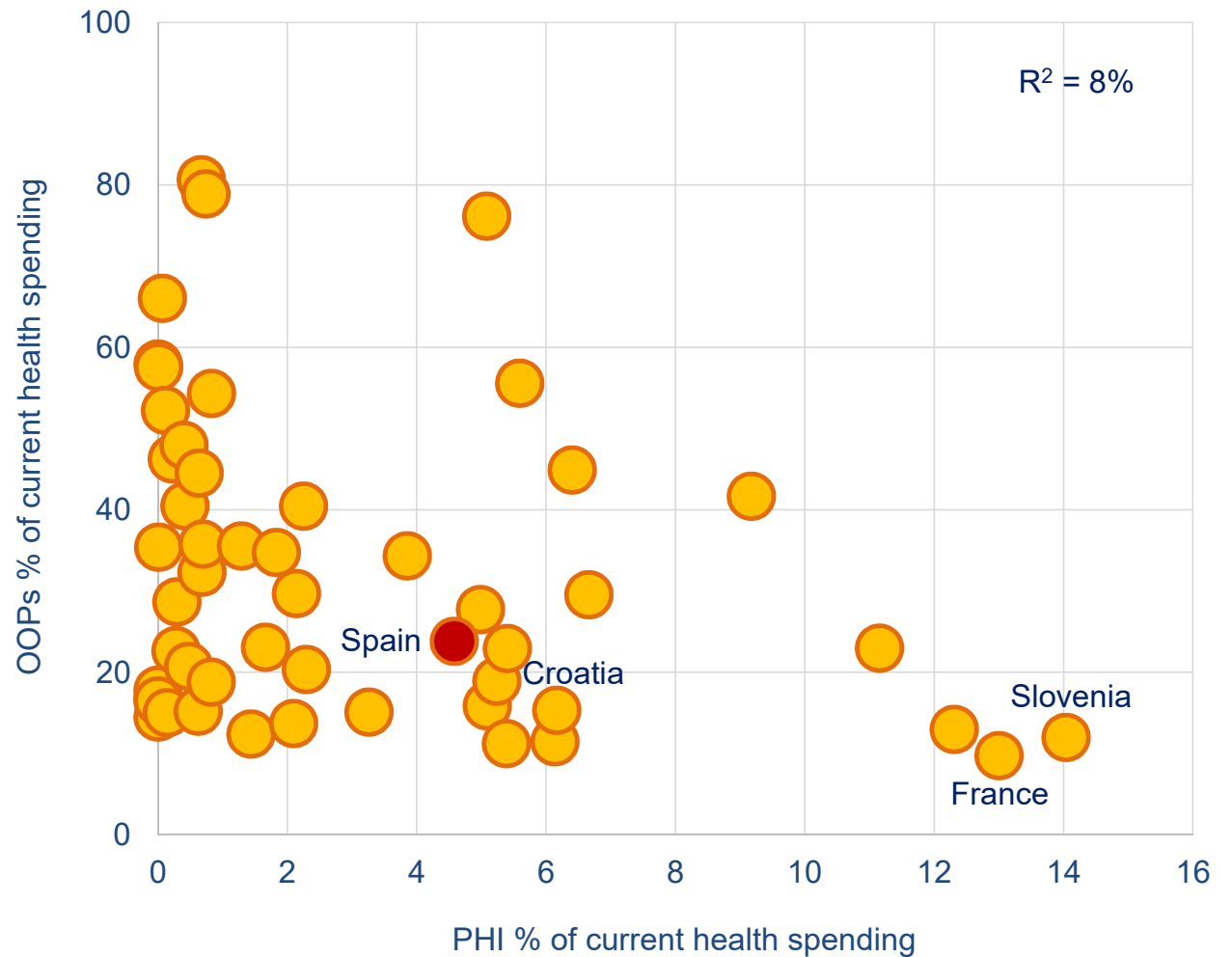
people are protected
from inefficiencies

What about private health insurance (PHI)?

Across countries,
**PHI does not reduce
OOPs**

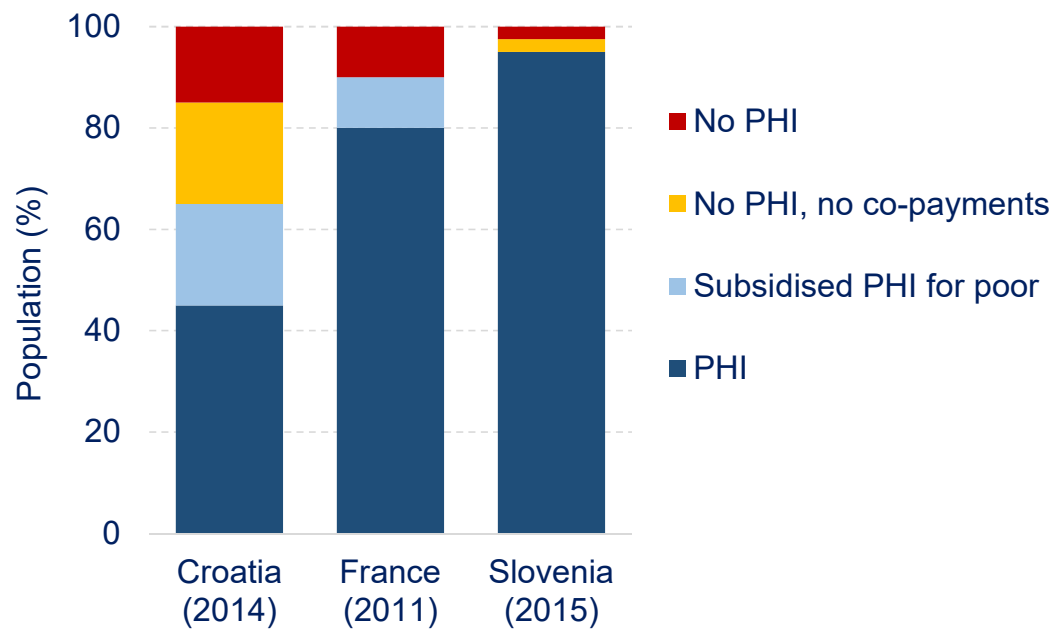
It usually **increases
inequalities** in access

It can **undermine**
publicly financed
coverage

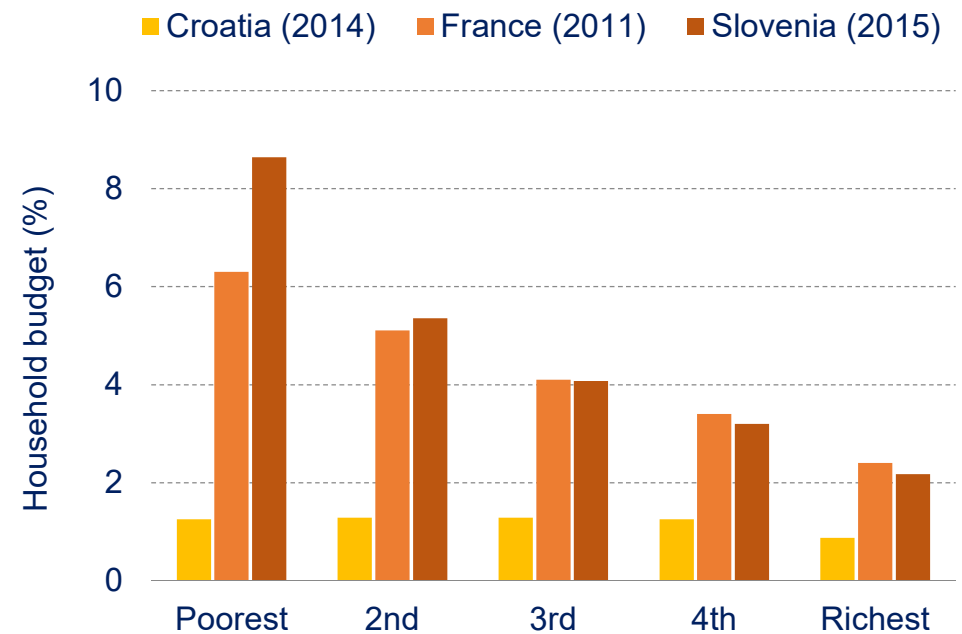


PHI covering co-payments can be effective – but **only** if it covers **everyone** needing protection

Hard work: subsidies for poor people & heavy regulation



Even with pro-poor subsidies, premiums are regressive



Guiding principles for re-designing coverage policy



Protect people, not diseases

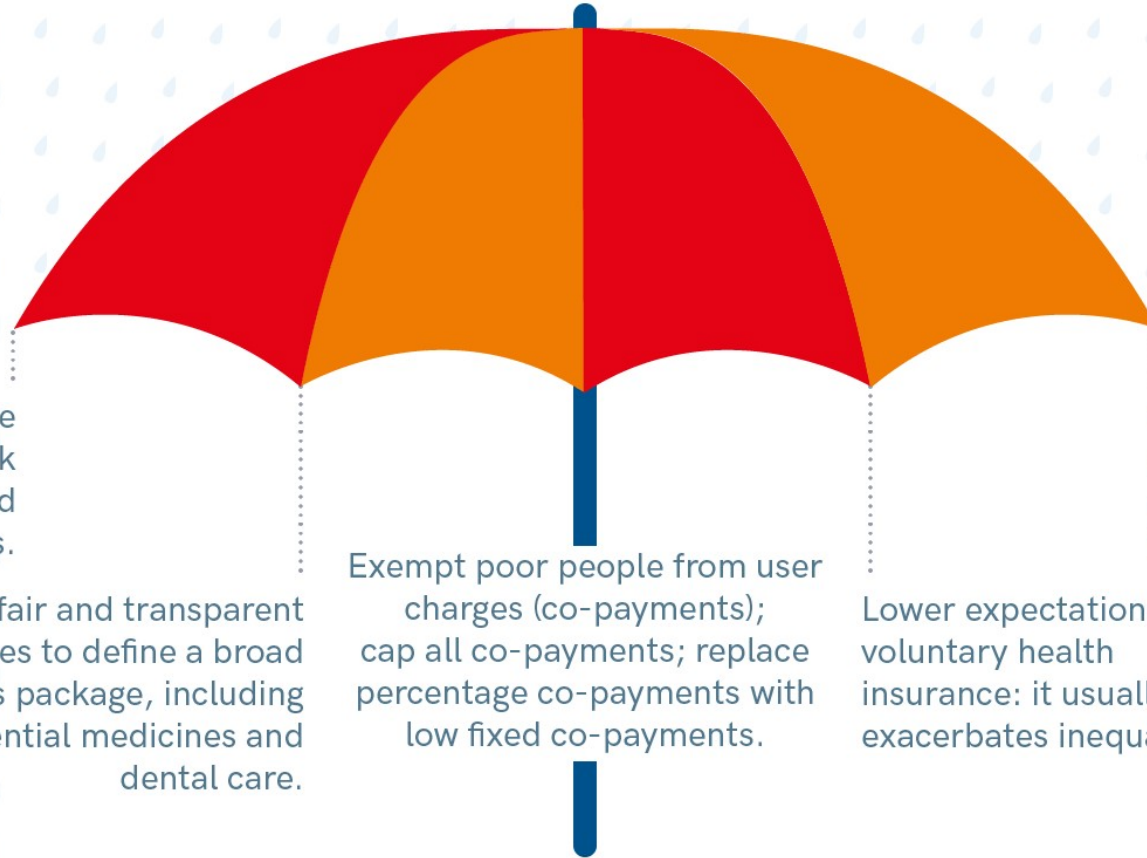


Keep it simple



Eliminate administrative obstacles

The policies most likely to protect people from financial hardship caused by out-of-pocket payments for health care...



Cover the whole population. Break any link between entitlement and payment of contributions.

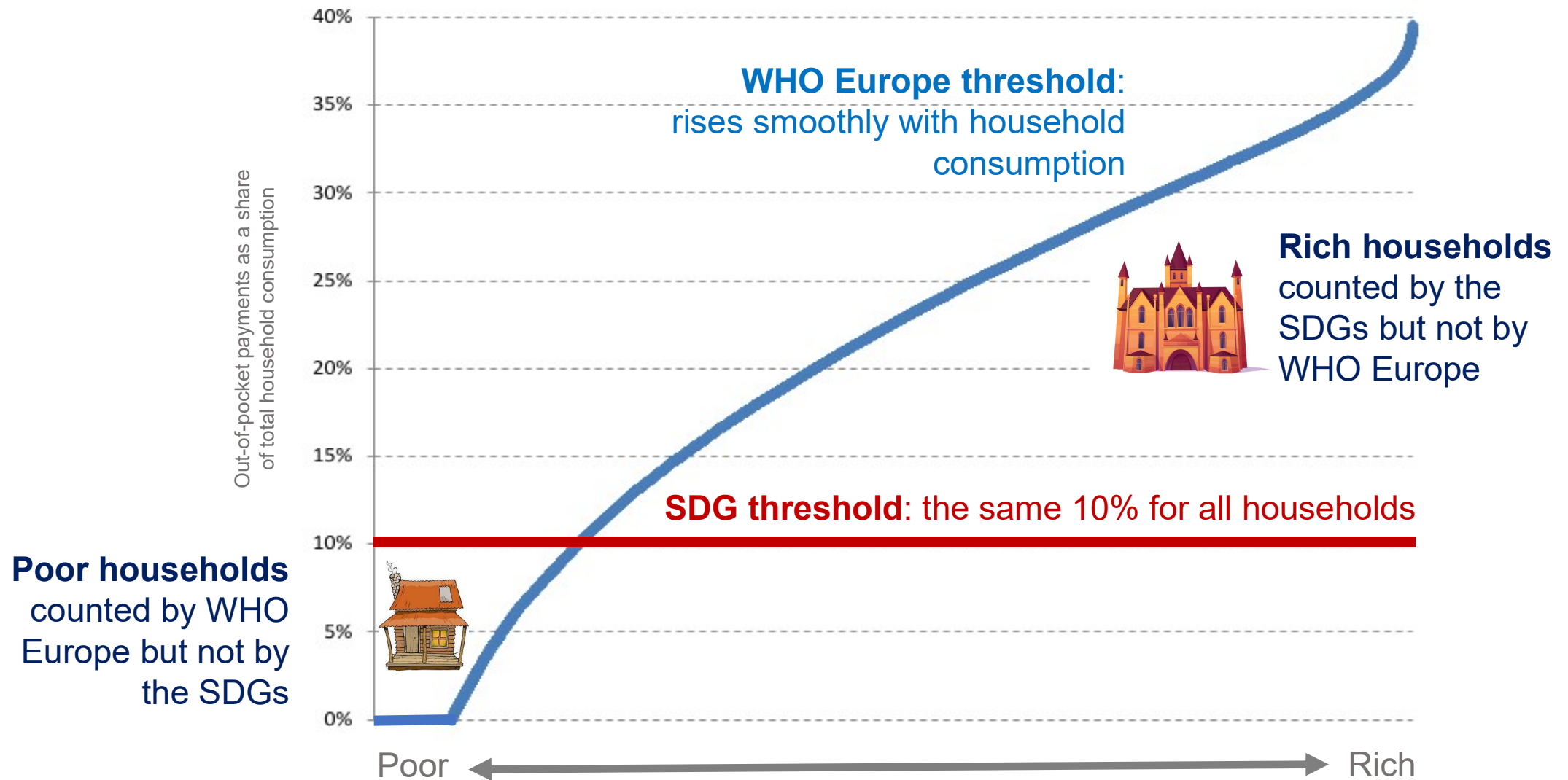
Use fair and transparent processes to define a broad benefits package, including essential medicines and dental care.

Exempt poor people from user charges (co-payments); cap all co-payments; replace percentage co-payments with low fixed co-payments.

Lower expectations about voluntary health insurance: it usually exacerbates inequalities.

Support changes to coverage policy with adequate public investment in the health system.

Why do results differ between the SDG and WHO Europe methods?



SDG method

$$\frac{\text{Out-of-pocket payments}}{\text{Total consumption or income}} > 10\%$$

WHO Europe method

$$\frac{\text{Out-of-pocket payments}}{\text{Total consumption} - \text{normative amount for food, utilities \& rent}} > 40\%$$

The SDG metrics suggest that richer households suffer more than poorer households

