What's In, What's Out:
Designing Benefits for Universal Health Coverage
Key Messages for Donors and Advocates

CGD Policy Brief | October 2017

The health benefits package is the cornerstone of universal health coverage

Low- and middle-income countries have many health needs, but limited budgets

Low- and middle-income countries (LMICs) face a high and varied disease burden. Infectious and vaccine-preventable diseases still cause a significant portion of death and suffering, but the burden of chronic disease and injuries is quickly rising. Increasingly, citizens of these countries are demanding access to a broader range of health services to address all causes of ill health, including costly on-patent medicines and expensive technologies. But LMICs typically face severe budget constraints; they simply cannot afford to meet every healthcare demand of every citizen.

Achieving universal health coverage—and transitioning away from aid—requires tough tradeoffs

In this context, many LMICs now aspire to achieve universal health coverage (UHC), where all people have access to quality health services without risk of impoverishment. And many donors see UHC as crucial to sustaining health gains following a transition away from aid. But for UHC to become reality, resource-constrained countries will need to craft a package of publicly-subsidized benefits that is affordable given budget realities. Given the budget constraint, a dollar spent on dialysis, for example, will necessarily displace a dollar spent elsewhere—potentially on vaccines, primary health care, or family planning.

An explicit health benefits package can help bring UHC from rhetoric to reality

An explicit health benefits package (HBP) helps bridge this gap between the aspirational rhetoric of UHC and budgetary limitations. An HBP should be practical, not theoretical; it should lay out a list of services that can actually be provided to all eligible citizens within fiscal, infrastructure, human resource, and geographic constraints. When done right, the HBP thus defines the health services that a government can deliver—and that citizens can demand—given local realities. It helps ensure that health services are fairly and equitably delivered to all citizens by informing the poor and marginalized of their entitlements and reducing arbitrary variation in access.

The HBP can be the blueprint for health system reform and strengthening

A good HBP is more than a piece of paper; it is the guiding document for the entire health sector. Design of the HBP should be responsive to national health sector goals and priorities, offering a concrete plan to operationalize the right to health. Once formulated, the HBP can and should help guide which drugs, devices, and diagnostics are procured; how clinical guidelines are prepared; how health services are financed/reimbursed; and how the monitoring and evaluation system is organized.

How to decide?

Cost-effectiveness should be the starting point

Cost-effectiveness analysis relates the benefits of a health service or intervention to the cost—that is, it describes how much health an intervention will buy for each dollar. This allows a country to rank different interventions and select the treatments that will make its population as healthy as possible within its budget—a good starting point for the benefits plan. The cost-effectiveness threshold will be context-specific and vary by country. Importantly, countries should not default to use of GDP per capita thresholds; empirical research suggests they are often far too high to account for real resource constraints.

Encourage transparency and participation

Citizens care deeply about their health benefits, and a country is obligated to make the design process transparent and participatory. By following these good governance principles, a country can help citizens feel that the process is fair—and thus that the final outcome is acceptable. Policymakers should also listen to valid citizen preferences; sometimes, people will highly value interventions that are not "health-maximizing," but which offer greater financial risk protection or other non-health benefits.

Embed ethics throughout

An explicit HBP, based in part on cost-effectiveness criteria, is a tool to equitably promote the health and welfare of the population—itself an ethical imperative. Inefficient spending—high-cost drugs at the expense of primary or preventive care, for example—is too often driven by the demands of the relatively rich and powerful, diverting resources from the poor and vulnerable. Policymakers should also ensure that they respect a range of ethical considerations throughout the HBP design and implementation process, including fair processes and procedures; avoiding harms to individual patients; and offering respect and dignity for patients.

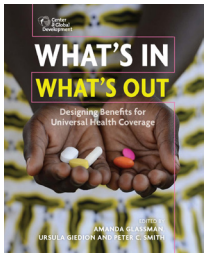
How can donors help?

Support HBP design with technical and financial resources

The HBP is a life-and-death document, intended to guide the operations of a country's entire health sector—comprising a significant portion of government spending and deeply impacting every citizen. Donors can help LMICs to make sure the process is fair and technically rigorous by offering financial and technical resources to aid the design process. This support could include funding for a Health Technology Assessment (HTA) agency or technical assistance from health economists, among other possibilities. Design of the HBP also offers a fantastic opportunity for South-South cooperation; countries undertaking this effort for the first time can learn from other LMICs with more extensive experience, for example Thailand, Chile, and Colombia.

Respect local cost-effectiveness thresholds and resource constraints

Through multilateral institutions like the Global Fund and GAVI, and through bilateral relationships, donors currently subsidize a wide range of drugs, diagnostics, and service delivery in LMICs. As countries approach aid "graduation," donors are understandably interested in sustaining existing programs and ensuring continuity of services. Nonetheless, donors must recognize that some current services will not be cost-effective by local standards, and that inclusion of the costliest services will necessarily displace spending on more cost-effective interventions. Donors should thus avoid placing undue pressure on countries to absorb all existing programs; advocacy should work within a country's HBP framework, emphasizing cost-effectiveness, non-health benefits (where they exist), long-term epidemiological dynamics, and other ethical considerations, such as equity, dignity, or stigma. Where a service or technology may not be locally cost-effective but nonetheless offers important global benefits or externalities—for example polio eradication or introduction of a new, more effective antibiotic—donors should consider maintaining subsidies even after aid transition.



What's In, What's Out: Designing Benefits for Universal Health Coverage, edited by Amanda Glassman, Ursula Giedion, and Peter C. Smith, is available from Brookings Institution Press and Amazon, and on cgdev.org/health-benefits.