



## The Potentially Large Health and Financial Risk Protection Benefits of Universal Public Finance

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### Summary

The health interventions that a government finances have far reaching implications. Here, we review the findings from a recent article (Verguet, Olson, et al. *Lancet Global Health* 2015)<sup>1</sup> that explores the impact such decisions have on health gains and financial protection.

### Background

It is important for national health policies to include the protection from financial risks associated with healthcare expenses.<sup>2,3</sup> Out-of-pocket expenses can lead to impoverishment as families use coping strategies (e.g. borrowing) to manage health-related expenses. One way to address this issue is through universal public finance, where the government finances an intervention irrespective of who is delivering or receiving it. Governments can fund this through taxation, social insurance, and/or donor funds, for example. By fully financing interventions, universal public finance can increase coverage among poor populations.<sup>4,5</sup>

### What is Extended Cost Effectiveness Analysis or ECEA?

Traditionally, cost-effectiveness analysis of health interventions focuses on health improvement and estimates an intervention cost per health gain (in dollars per death averted or dollars per disability-adjusted life-years averted). Extended cost-effectiveness analysis (ECEA)<sup>6,7</sup> supplements such traditional economic evaluation methods with equity and financial risk protection evaluation (e.g. number of poverty cases averted by health interventions). ECEA can then enable the design of benefits packages that quantify financial risk protection and health gains that can be purchased for a given expenditure on specific interventions.

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#### Disease Control Priorities-Ethiopia (DCP-E)

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## ECEA in Ethiopia

In the paper,<sup>1</sup> the authors applied ECEA to measure health and financial protection benefits of nine interventions that are partially or fully publicly financed by the government of Ethiopia.

### Methods

Interventions were selected based on national priorities. These included: measles vaccination; rotavirus vaccination; pneumococcal conjugate vaccination; diarrhea treatment; malaria treatment; pneumonia treatment; Caesarean section surgery; tuberculosis directly observed treatment short course; and hypertension treatment. For each, the authors analysed the effects of universal public finance, a situation in which individuals would not spend any out-of-pocket payments on direct medical costs.

### Results

Based on the study, measles and pneumococcal conjugate vaccinations were the two interventions that prevented the highest numbers of deaths per \$ spent. By contrast, diarrhea treatment would prevent the smallest number of deaths per \$ spent. Conversely, Caesarean section would avert the highest number of poverty cases because the associated out-of-pocket costs were large and the number of pregnant women in need of Caesarean section was substantial. Similarly, tuberculosis and hypertension treatments led to the second and third highest numbers of poverty cases averted, respectively, because these led to substantial out-of-pocket payments. Measles vaccination averted the smallest number of poverty cases, because the out-of-pocket payments by the beneficiary were small.

### Next Steps

The Federal Ministry of Health of Ethiopia is currently assessing the health gains and financial risk protection benefits of potential interventions to be included in the country's essential health services package (EHSP). Using ECEA to quantify the health and non-health benefits of interventions can contribute to Ethiopia's EHSP revision. Interventions with

high impact on mortality and poverty would be good candidates for the EHSP.

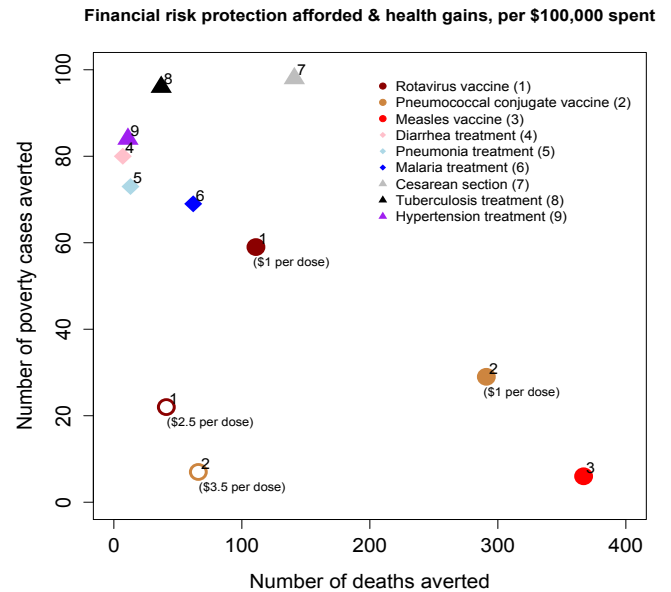


Figure 1. Poverty cases averted versus deaths averted, per US\$100,000 spent (in USD 2011), per intervention provided through universal public finance in Ethiopia. Source: Verguet, Olson, Babigumira, et al. (2015).

### References

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