Health Financing in Jamaica: Strides since 2000

Country Presentation - Jamaica
MIXED HEALTH CARE DELIVERY SYSTEM

• Typical of the Caribbean, the island has both a large public sector and large private health sector.
• Public health delivery is nearly entirely funded by taxes which support hospital, public health and regulatory/stewardship services, and health centres
• With the exception of NHF there is no subsidy for the large out-of-pocket payments levied in the private sector
## Jamaica at a Glance

<table>
<thead>
<tr>
<th>Services</th>
<th>Provision/Agencies</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public health</td>
<td>Public</td>
<td>Taxes/budget</td>
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<tr>
<td>Ambulatory care (GPs, Specialists)</td>
<td>Private and public</td>
<td>Out of pocket; taxes-budget, insurance</td>
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<tr>
<td>Inpatient Care</td>
<td>Public and private</td>
<td>Taxes-budget, out of pocket, insurance</td>
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<td>Drugs and Diagnostics</td>
<td>Private and public</td>
<td>Out of pocket, insurance, taxes-budget, NHF</td>
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<td>Overseas care</td>
<td>Private, public</td>
<td>Insurance, out of pocket, taxes-budget</td>
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<tr>
<td>Training-Research</td>
<td>Public, Private</td>
<td>Taxes-budget, out of pocket, grants</td>
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</tbody>
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## Financing Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>1999</th>
<th>2004</th>
<th>2006</th>
<th>2009</th>
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<tbody>
<tr>
<td>GHE</td>
<td>50.3</td>
<td>56.7</td>
<td>54.7</td>
<td>55.8</td>
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<tr>
<td>Pvt. Insurance</td>
<td>12.6</td>
<td>14.56</td>
<td>14.85</td>
<td>10.82</td>
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<tr>
<td>OOP</td>
<td>34.5</td>
<td>27.54</td>
<td>28.85</td>
<td>31.38</td>
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<tr>
<td>External Sources</td>
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Threats to Social Protection in Health

• Limited private health insurance (19.5%). In 2010, all quintiles recorded declines in health insurance coverage relative to 2009 except for Quintile 4 which remained comparatively flat

• Clear preference for the private sector as it relates to ambulatory care (visits to private doctors and specialists) and pharmaceutical services, where payment is based on user fees

• More than 1% of all households had to spend on health, half or more of their full monthly capacity to pay

• Invariably the reason is high out-of-pocket spending (30% of THE)
The User Fees Experience

• The public sector is largely funded through taxation with additional revenue generating only over 10% of total budget.
  – Fees contribution to the budget had risen steadily since then (1%) to a peak of 15%

• Public sector User fees were temporarily abolished during the 1970s but reinstated in 1984.

• User fees in the public are nominal charges that are far less than true economic cost as well as the private sector pricing for similar services.
OOP Fees Removal in MOH

• Since the inception savings to users is >J$11B (US$110M)

• Out-of-pocket payment to MOH was about 24% of total out-of-pocket

• Waiting time is the largest source of dissatisfaction with delivery of care (31%), especially at the pharmacies (Is this key non-price barrier to accessing care in the public sector)

• The dilemma of equality vs equity remains – for e.g. is there need for a transportation subsidy system for health visits for the poorest
Impact of OOP (30% of THE)

In 2001 1.2% of households was made impoverished (WHO, 2004)

Source: Xe Xu, 2003
Equity

• When adjusted for level of consumption, the poorest (Q1) spend twice out-of-pocket in comparison to the wealthiest (Q5) for health care. Only about 4.2% of Q1 have health insurance, 42.2% for Q5.

• Pro-rich bias (Harvey, 2004; Chao, 2013), they receive better income protection when they visit and use government facilities and programmes.

• If catastrophic health care spending is defined as ≥ 5% non-food consumption then the danger of catastrophic health spending is very real for all quintile groups except Q5 (richest).
Regressivity in Health Payment

- Do we blame it on the private sector
- High OOP paid in private sector
- Only 19.5% of the population insured
- High Wage informality
- High tax dodging rate
- Revenue is largely consumption tax and PAYE
- Exemption is not a feature of the private sector
Jamaican Ranking 2000

ATTAINMENT OF GOALS
• DALE - 36
• Health Dist - 87
• Level of responsiveness - 105 – 107
• Dist. of responsiveness - 73 – 74
• Overall Goal attainment - 69
• HE per capita - 89

PERFORMANCE
• Level of Health - 8
• Overall health system performance - 53
Fairness of Financing/Contribution

- Fair financing means only equity in how the financial burden of supporting a health system is shared
  - The country was ranked 115th. The cause was predominantly due to the high out-of-pocket payment
WHR 2000

• Jamaican health systems achieved admirable value for money given the level of resources spent on health services – approx. 5% of GDP. Other Caribbean countries have higher health exp. (approx. 6% of GDP) in addition to their high adult literacy but did not perform uniformly better than Jamaica

• Like the other islands Jamaica has an inadequate pooling mechanisms characterized by a high percentage of out-of-pocket payments in total health expenditure

• As a group the Caribbean islands not performing well in respect of how the health system’s respond to patients’ expectations (such as autonomy, respect for dignity, confidentiality, quality of amenities)
Health Financing Timeline

- 2002 – PATH (conditional cash transfer programme)
- 2003 – National Health Fund
  – NI Gold
- 2004 - User Fees revised
- 2007 – removal of out-of-pocket fees for minors
- 2008 – Removal of all out-of-pocket fees (fees to third party payers retained)
- Capital A funding of Compassionate Fund (MOH/NHA)
- Increased health coverage through Life insurance companies offering critical illness plans
Assessing fairness of Financing - 1999 to 2009

Health Financing Contribution
Assessing fairness of Financing - 1999 to 2009: Examining Q1 vs. Q5
Assessing fairness of Financing- 1999 to 2009: All Quintiles
Cumulative HFC: 1999/ 2009
## Assessing fairness of Financing - 1999 to 2009

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<thead>
<tr>
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<th>1999</th>
<th>2004</th>
<th>2006</th>
<th>2009</th>
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<tbody>
<tr>
<td>HFC1</td>
<td>0.0671</td>
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<td>HFC2</td>
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<tr>
<td>HFC5</td>
<td>0.054</td>
<td>0.064</td>
<td>0.0621</td>
<td>0.0491</td>
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Inferences

• Jamaica has improved on its FFC since 1999
• Policy initiatives such as NHF and removal of fees has had a positive impact
• FFC could have been greater enhanced with more targeted interventions as oppose to sweeping interventions
• NHIP as was designed in 1999 would likely further enhance FFC if revisited
Two sides of the same coin

• Health Financing is an issue primarily because financial resources are scarce

• Therefore in searching for a financing mechanism solution revenue generation capability is paramount

• Given Jamaica’s macroeconomic status and projections- the search for additional revenue sources will be challenging
Two sides of the same coin

• Cost Containment must now be fully included in the Health Financing Debate- at least for Jamaica
  – Effective provider reimbursement mechanisms
  – Effective inventory management
  – Effective staff engagement system
  – Effective service delivery structures
  – Health promotion
Moving Forward

• GOJ currently looking at alternatives
  – Alternative financing model
  – Alternative (additional) financing sources

• Assessment criteria for alternatives
  – Extent of additional payment burden
  – Existing administrative capacity
  • Collection
  • Pooling
  • Purchasing
  – Public acceptance
Fragmentation of Funding

Time to streamline the following health financing streams:

- NHF/JADEP
- MOH Budget Allocation (special attention to Overseas assistance and compassionate fund)
- GEASO
- Government Pensioners Scheme
- Cornwall Regional HMO
- PATH
- NI Gold
- Private Health Insurance/motor vehicle accident insurance/major illness
- MPs’ Constituency Fund
Projected Policy Issues

• Road map to UHC
  – Health Financing requirements (All inclusive NHIP??)
  – Essential service package
  – Appropriate mix and quality of staffing
  – Adequate administrative mechanism to manage and monitor the health sector
  – Capitalize on a Regional approach
Broad Issues

• GOJ must decide on best fit financing mechanism in difficult macroeconomic climate
• GOJ looking towards Universal Health Coverage as integral to the post millennium development agenda