BERLIN RECOMMENDATIONS FOR ACTION

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# Table of Contents

Berlin Recommendations for Action ................................................................. 2

Background ............................................................................................................. 3
  - Problem Statement .................................................................................................. 3
  - Social Protection in Health ...................................................................................... 4
  - Social Protection and Health Sector Reform ............................................................ 5
  - Socio-economic Impacts of Social Protection in Health ........................................ 5
  - Financing Social Protection in Health in Developing Countries ............................. 5
  - Prerequisites for Implementation ........................................................................... 6

Areas Of Action ...................................................................................................... 7
  - Extension of coverage ............................................................................................ 7
  - Impact of HIV/AIDS ............................................................................................... 7
  - Good Governance .................................................................................................... 8

Roles and Activities ............................................................................................... 9
  - Governments .......................................................................................................... 9
  - Workers and Trade Unions ...................................................................................... 9
  - Employers and Employers' Organizations .............................................................. 9
  - Voluntary Health Insurance ................................................................................... 9
  - Social Security Institutions .................................................................................... 10
  - Civil Society Groups .............................................................................................. 10
  - Health Care Providers ......................................................................................... 10
  - Development Partners ......................................................................................... 10
  - Technical Cooperation ........................................................................................... 11
  - Networking and Advocacy ..................................................................................... 11
  - Monitoring and Evaluation .................................................................................... 12
  - Capacity Development and Exchange of Experience ............................................ 12
Berlin Recommendations for Action

In December 2005 the International Conference on Social Health Insurance in Developing Countries was held in Berlin. The conference was convened by the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH together with the International Labour Office (ILO) and the World Health Organization (WHO). It was held in the context of the Resolution and Conclusions concerning social security of the International Labour Conference (ILC) in 2001 and the Global Campaign on “Social Security and Coverage for All”1; the World Health Assembly (WHA) Resolution on “Sustainable Health Financing, Universal Coverage and Social Health Insurance 2005”2; and the GTZ initiatives on Social Health Insurance. The conference is a concrete contribution to the implementation of the recommendations made in the above mentioned Resolutions. Both resolutions urge to work towards universal coverage and sustainable health financing, and to share experiences on different methods of health financing, including the development of social health insurance schemes, and private, public, and mixed schemes.

The conference brought together 234 Ministers, Deputy Ministers, Heads of Department, Directors-General, Directors, Chief Executive Officers (e.g. in the field of health, finance, labour, planning, development) and national authorities from developing countries and countries in transition, social partners and stakeholders of international co-operation. The broad spectrum of participants enabled the consideration of a wide range of perspectives on accomplishments so far, challenges ahead and policies needed to address them.

These recommendations for action result from this conference.

Background

Problem Statement

Health and social security are human rights. Both health and social security are tools and indispensable prerequisites for poverty reduction, economic growth and development. The overwhelming importance of addressing health and poverty is also reflected by the Millennium Development Goals (MDG) adopted by the international community in 2000. They range from halving extreme poverty (MDG 1) to reduce child mortality (MDG 4), improve maternal health (MDG 5), and combat HIV/AIDS, malaria and other diseases (MDG 6), all between 1990 and 2015. Still, the extent of premature death and ill health in developing countries is staggering. Specifically for the poor, the risk of severe illness and earlier death from disease is considerably higher than for those who are financially better off. Poor people are more exposed to health risks as they are often experiencing bad working conditions, living in inadequate sanitary conditions, have no access to clean water and suffer from malnutrition.

In addition, worldwide 1.3 billion people do not have access to effective and affordable health care; including drugs, surgeries, and other medical interventions because people cannot afford to pay or governments cannot afford to provide them with the coverage necessary. This is exacerbated by the fact that half of the world's population is without social security coverage at all. The poor are the most vulnerable as they are less able to recover from the financial consequences of out-of-pocket payments and loss of incomes associated with ill health. In order to cope with illness related expenditures they often have to cut down expenditures on necessities like food and clothing or take their children out of school as they cannot afford to pay the school fees anymore. It is estimated, that every year, more than 150 million individuals in 44 million households face financial catastrophe as a direct result of having to pay for health care. About 25 million households or more than 100 million individuals are pushed into poverty by the need to pay for services.

If trends continue, the majority of poor countries will not meet the MDGs for health. Especially many countries in Sub-Saharan Africa are lagging behind badly and face the additional burden of HIV/AIDS.

A question that remains of utmost importance is therefore, how national health systems can ensure universal coverage that is defined as access to essential health promotion, and, preventive, curative and rehabilitative health interventions for all. In this context, a country’s health financing system is a key determinant of population health and well-being. In many developing countries, the level of spending is still insufficient to ensure equitable access to basic and essential health services and interventions. Despite the Abuja Commitment to allocate 15% of total government expenditure to health, in most countries government spending remains far below that target. There is also a growing international consensus that development assistance for health must be increased significantly if the MDGs for Health should be met. However, in addition to the level of spending, the way how a health system is financed is crucial for universal coverage.
Social Protection in Health

The conference acknowledged that the extension of social protection in health is the key strategy to reduce financial barriers to access health care and moving towards universal coverage (i.e. universal health protection). Social protection in health comprises a variety of financing mechanisms. Besides tax-funded health financing, social health insurance in a broad sense is one important option for countries to ensure social protection in health thereby contributing to universal coverage. Community-based and employer schemes are complementing options. Within each of these broad categories identified in terms of financing sources lies a range of options for organizing arrangements for pooling funds and purchasing services. Further options lie in mixed arrangements that use these different sources of funds in an explicitly complementary manner.

Irrespective of the financing mechanisms employed, social protection in health involves a shift towards enhanced risk-sharing and risk-pooling, i.e. increasing the share of prepayment in total health expenditure and reducing the reliance on out-of-pocket-payments. The strategy also involves subsidies and cross subsidies within or between risk-pools.

Social protection in health is essentially a matter of shared societal values and procedures towards an overall more equitable distribution of wealth and resources. Important underlying values include equity and solidarity, which in turn can contribute to social justice. According to the principle of solidarity everyone should have access to an adequate package of healthcare and no family should be catastrophically burdened by the cost of illness. The principle of solidarity is directly related to equity in financing and financial risk-protection. The former means that people should contribute on the basis of their ability to pay rather than according to whether they fall ill. Achieving the latter ensures that the cost of care does not put people at risk of financial catastrophe.

While progress towards increased social protection in health based on these principles and values can be made in systems funded from general revenues, payroll tax revenues, or a combination, social health insurance is generally based on the additional principle of responsibility and participatory governance by social partners and insured. In many systems, governance includes the delegation of functions from the state to public, non-state institutions, such as independent or quasi-autonomous health insurance organisations, ruled by public law and civil society groups (e.g. mutual health organisations, co-operatives), professional associations (e.g. medical doctors), workers' and employers' organizations and the private sector (e.g. private providers). It often involves a wide range of actors, thereby strengthening participation and decentralization in social protection as well as reducing the burden on governments (though of course accountability relations between the insurance fund(s) and the government with regard to the use of public funds must be clear). In this context regulations based on social dialogue are crucial for defining policies, assigning roles and responsibilities.
Social Protection and Health Sector Reform

The extension of social protection in health needs to be embedded in a comprehensive strategy of health sector reform and enabling social and economic policies. In many developing countries, this strategy could involve an increase in the level of health spending in developing countries (in case clear accountability mechanisms are put in place), an improvement of human resources within the health sector and an ensured availability of a regular supply of medicines and equipment. Furthermore, reliable data and information management systems are needed to measure progress, target interventions and formulate policy objectives. Beyond the health sector, the broader determinants of ill-health such as social exclusion of specific groups (e.g. the rural population, ethnic minorities, migrants, and unemployed), low levels of education, unequal gender relations, high risk behaviour, malnutrition and an unhealthy environment necessitate the inclusion of a health promotion strategy in any social protection policy.

Socio-economic Impacts of Social Protection in Health

Social protection in health not only improves upon the health status of people, but also directly contributes to the ambitious goal of halving poverty by 2015 as it protects people from the impoverishing effects of the direct and most of the indirect financial costs of illness. Better health of the population increases the productivity of the labour force, thus protecting and promoting their income generation. At a macroeconomic level social protection in health bears a potential to foster economic growth via three channels: Firstly, by reducing inequalities and promoting a better overall health status, it enhances human capital formation, thereby increasing overall economic productivity. According to estimates by the WHO Macroeconomic Commission on Health a 10% increase in life expectancy leads to an additional 0.3-0.4 percentage points increase in annual per capita income. This causes a difference of 1.6% in annual growth rates between a typical high-income country with an average life expectancy of 77 years and a typical low-income country with an average life expectancy of 48 years. Secondly, by preventing sickness-related income variations, social protection in health stabilises internal demand and may subsequently lead to higher consumption levels and accumulation of assets. Thirdly, it contributes to social cohesion and social peace, which are prerequisites for sustainable economic growth.

Financing Social Protection in Health in Developing Countries

Some basic social protection in health is possible and affordable in any country, but it requires a strong political will. Combining contribution-based financing with tax-financed subsidies enables the coverage of population groups or specific epidemiological necessities. A mix of financing methods could share the burden of health care expenditures among a broader tax base while also promoting greater potential for cross-subsidy by having contributors and non-contributors in the same pool. Employing different financing mechanisms for different groups demands a careful coordination. Potential difficulties which might arise (e.g. different interests and solidarity attitudes between formal and informal...
sector workers) need to be taken into consideration at an early stage.

However, specifically in low-income countries, domestic financial resources might not be sufficient to finance approaches to include the poor. Depending on country-specific needs, external funds can assist in financing measures of social protection in health. Innovative financing mechanisms like the proposed International Finance Facility or debt for health swaps can provide additional financial resources. All external funds should be provided in a predictable way and ensuring longer term support. However, external inflows of funds must not substitute national funding. Moreover, transfer of funds must be made in such a way to ensure sustainability and that they still benefit the sector they have originally earmarked for. In the long term, all schemes should become as financially independent of external funding as possible.

**Prerequisites for Implementation**

Irrespective of the financing method applied, making progress towards universal coverage is a long term process that can only be successful in case progress is made on all necessary areas required. Realistic options and scenarios have to be developed within the particular macroeconomic, socio-cultural and political context of a country. A number of factors determine the speed and form of transition: the political will, the effectiveness of government stewardship, the institutional and legal framework, the relative acceptance of the values and concepts of equity and solidarity in society, the population’s confidence in government and its institutions, the health care infrastructure as well as the availability of skilled administrative, medical and nursing personnel to facilitate the effective implementation of a nationwide system of social health protection. Another critical factor is of course the ability to collect insurance contributions or tax revenues, which in turn is dependent on the structure of the economy, particularly on the relative size of the informal and formal sector. The manner by which countries coordinate mechanisms for revenue collection, pooling of prepaid funds, and purchasing of services has critical implications for the extent to which financing systems contribute to health gain, financial protection, and other performance objectives. Certainly, economic growth enhances governments' and people’s capacity to contribute to a health financing system, irrespective of whether this is via general tax revenues, payroll or other forms of earmarked taxation, or voluntary contributions.
Areas Of Action

For countries aiming to promote and expand universal health protection under their leadership, the conference recommends the following areas of actions:

Extension of coverage

In order for social protection in health to be an effective instrument to reduce poverty and to contribute to the achievement of the MDGs extending coverage to the poor and otherwise excluded remains the foremost challenge to partners and donors. However, national governments assume the primary responsibility to initiate, promote and facilitate the extension of coverage. Although various options exist for achieving universal coverage, a common characteristic of successful systems is that some part of the financial contributions of households is prepaid and pooled. Solidarity-based social health insurance schemes offer among others an effective, fair and flexible contribution to the realization of universal coverage. When implementing a social health insurance scheme, marketing the insurance principle is essential. Within the basic principles of social health protection, including equity, dignity, and sustainability, each country should determine a national strategy for working towards universal coverage. Indeed, in accordance with the WHA and ILC Resolutions, when managing the transition to universal coverage, each strategy will need to be developed within the particular macroeconomic, socio-cultural and political context of each country. In this context, it is necessary to develop scenarios that are politically acceptable and affordable by different income groups as well as economically feasible. Furthermore, any strategy must be linked to proposal for controlling the costs of health care and by linking it to preventative schemes.

Impact of HIV/AIDS

In many developing countries, particularly in sub-Saharan Africa, the HIV pandemic is having a dramatic effect on every aspect of society. Strengthening national capacities to address and effectively combat HIV/AIDS is of fundamental importance; otherwise the pandemic will undermine the financial sustainability of national health systems in developing countries. Recognizing that the fight against HIV/AIDS cannot be won without external resources, creating operative links between global health initiatives like the GFATM (Global Fund to Fight Aids, TB and Malaria) and national health and HIV/AIDS financing mechanisms could provide new opportunities to strengthen countries' national programmes. In this context, national health financing systems, including social health insurance funds, can provide effective fund management structures. On the other hand, resources from global financing mechanisms could be used to expand the benefit package, complementing the benefits offered from domestic compulsory sources.
Areas of Action

Good Governance

The introduction or expansion of solidarity-based health financing systems, and accordingly the funding of systems through some form of compulsion, i.e. direct contributions or taxes, is a complex task that involves broad changes in a country’s institutional (e.g. legislative and regulatory requirements) and organisational frameworks (e.g. relationships between public and private providers, health insurance organisations, and patients). The effectiveness of Government stewardship as well as skilled administrative personnel, are crucial for successful reforms. Furthermore, public confidence in the health financing system is a key factor for its success. For confidence to exist, good governance is essential. Therefore, all systems should conform to certain basic principles: benefits should be secure and non-discriminatory; funds should be managed in a sound and transparent manner, with administrative costs as low as practicable, clear lines of accountability and a strong role for social partners.
Roles and Activities

The extension of social protection in health and the quest for universal coverage requires the involvement and commitment of a variety of actors. National dialogue between policy makers, employers and workers’ organisations, key actors from the private sector and from various civil society groups, health care providers, and development partners is essential for the overall sustainability of national health systems. Social dialogue can create social consensus and the political will to act in favour of social protection in health.

Governments

State legislative and executive bodies have a priority role in facilitation, promotion and extension of health protection, including legislative decisions on its form. Overall government stewardship and a strong political will to engage in health financing reform are essential for steering the implementation of sustainable systems of social protection. Moreover, governments need to ensure that incentives are in place to encourage providers to supply only the services that are required, at a high level of quality and low costs (efficiency).

Workers and Trade Unions

Trade unions are vital in advancing the principles of solidarity and social justice among their members and in society at large. Workers and trade unions should be included in participatory forms of decision-making. In the case of social health insurance, this may include a direct vote in the governance of social health insurance schemes through deciding on the board of these schemes. Further participatory decisions should include ensuring adequate distribution of available funds and that benefits correspond to needs. Trade unions could also support governments in establishing measures to extend coverage to people not covered so far (e.g. workers in the informal economy, rural population) and in taking account of gender-related aspects.

Employers and Employers’ Organizations

Employers should be included in social dialogue and, where social health insurance schemes are present, should be included in decisions with regard to the boards of such schemes. Further, employers should respect national and international labour standards. Supporting the establishment of social protection systems is also an element of corporate social responsibility.

Voluntary Health Insurance

Voluntary health insurance (e.g. private for profit or community-based) can offer supplementary insurance packages or complement a basic benefit package to that funded
from compulsory sources. In some countries privately owned health insurers are critical agents in the implementation of public compulsory health insurance. Community-based health insurances might be important organizational devices in extending coverage to the excluded in particular in the informal economy. They can make the concept of insurance known to the population and increase coverage in the medium term, though of course the potential for such expansion of coverage is limited as with all forms of voluntary health insurance.

**Social Security Institutions**

Due to their institutional interest social security institutions are a cornerstone in any coverage extension strategy. They need to be at the centre of capacity-building and training strategies.

**Civil Society Groups**

Civil society groups (e.g. religious bodies, non-governmental organisations, cooperatives) play a key role in promoting the principles of equity and solidarity in society. They should participate in national dialogues to further the extension of coverage to excluded groups.

**Health Care Providers**

Private and public health care providers should be adequately equipped to provide quality health care services, including the treatment of specific diseases (e.g. HIV/AIDS). Health care providers also need to be acquainted with the principles of modern health care purchasing arrangements, including the procedures of accreditation, contracting and payment mechanisms' advantages and limits within a third party payment agreement.

**Development Partners**

Development partners need to strengthen their efforts and commitments to enable countries to develop fair financing health systems. This includes offering technical cooperation as well as further knowledge and capacity development to partner countries. External funds should be made available to partner countries on a predictable and longer term basis. In line with the Paris declaration on aid harmonisation, development partners should work together more closely and harmonise their agendas.

National and international organizations and agencies sharing the values of equity, universality and solidarity in health are invited to join the global partnership and cooperate at the international, regional and country level. At this conference in Berlin, the international community suggested to support countries and pursue advancements within the described priority areas of actions by the following activities:
Technical Cooperation

A central problem in organizing health financing is that governments and other decision-making authorities often face limited capacities and experience to develop socially balanced and pro-poor health care systems. In principle, technical cooperation and collaboration at regional, country and community level to strengthen capacities and expertise in the development of health financing systems should be demand driven and originate from country level as a result of broad consultation between partners and donors. It includes the following activities:

- Providing comprehensive policy advice to interested partners on the introduction and reform of social protection in low and middle income countries, thereby taking into account the legal and regulatory framework as well as the macroeconomic dimension of social protection and health care delivery.

- Collaborating in analysing the benefits and costs of different methodologies in health financing, covering collection of revenues, pooling, and purchasing of services (including contracting), extending protection to those at greater risk of non-use of needed services or impoverishment, health insurance coverage and registering members, designing the benefits package, costing of the benefits package, assuring the provision of good quality health care, and setting up efficient fund management structures.

- Intensifying efforts for financing health promotion and disease prevention including environmental issues.

- Jointly applying tools in order to support the planning, implementation, evaluation and monitoring of social health protection systems.3

- Carrying out feasibility studies to analyse systematically the political and socio-economic conditions, needs and expected costs related to the introduction of a health insurance system or the expansion of a tax-based system and examining the potential for linking up existing local, regional and national as well as public and private approaches to social protection.

Networking and Advocacy

A high priority is placed on national and international collaboration and cooperation, including donor harmonisation. Networking as well as activities to advocate and promote social health protection will be pursued by the following activities:

3 Available tools comprise, for instance, of InfoSure, an Internet based information and evaluation tool for assessing health insurance systems; SimIns, a simulation tool used to forecast trends in an insurance scheme’s income and costs over the medium term (up to 10 years), national health and social budget models, policy tools for designing, implementing and improving social protection mechanisms and governance such as social dialogue and STEP tools to administer, monitor and evaluate micro insurance schemes.
Roles and Activities

- Contributing to the creation and ongoing development of national and international network structures encouraging the flow of information and dissemination of e.g. policy papers, practical guidelines, studies and working papers.

- Working closely with national and international partners to exploit synergies and develop coherent strategies.

- Cooperating on the international level to position social protection, including social health insurance, more prominently on the development agenda.

- Establishing and strengthening partnerships between government authorities and academic institutions as well as non-governmental institutions to produce more relevant evidence on the feasibility, costs and benefits of social protection systems.

Monitoring and Evaluation

Regular monitoring and evaluation is necessary to know what progress has been made, and how performance can be improved in the future. Whereas monitoring should be part of any country driven initiative, evaluation efforts could be part of a broader learning initiative. Activities should focus on:

- Introducing mechanisms and developing indicators to monitor progress, evaluate impacts, and document the results of financing reforms aimed at improving social protection, including social health insurance.

- Establishing national benchmarks, which clearly define targets of success (e.g. issues such as increase of the level of health sector spending, reduction of the rate of out-of pocket-payments, reduction of poverty arising due to health expenditures and increased equity in health care utilization are to be specified).

Capacity Development and Exchange of Experience

The development of adequate arrangements for social protection, adapted to the country's preferences and needs is a lengthy and complex process. Knowledge needs to be developed in a process of continuous dialogue, fostered by the following activities. All activities should be build on the existing.

- Sharing experiences on different methods of health financing, including the development of social health insurance schemes, and private, public and mixed schemes as well as other innovative approaches to extend financial protection and coverage to the poor and those working in the informal economy.

- Evaluating and documenting findings and results from national and regional-specific experience, and using these findings for effective policy advice.

- Analysing concepts of social health protection and impacts on poverty reduction.
- Organizing seminars and workshops on various issues in social protection and health care financing for decision-makers, executives and social partners as well as training of professionals (e.g. within the institutions ILO has set up).

- Creating sustainable and continuing mechanisms, including international conferences, subject to availability of resources, in order to facilitate the sharing of experiences and lessons learnt with regard to health financing reforms aimed at promoting universal health protection.