

USAID MEDICINES, TECHNOLOGIES, AND PHARMACEUTICAL SERVICES (MTaPS) PROGRAM

Improved Access. Improved Services. Better Health Outcomes.

Approaches and Tools for Strengthening Pharmaceutical Systems

Strengthening Pharmaceutical Systems **Financing**

Dr. Kwesi Eghan

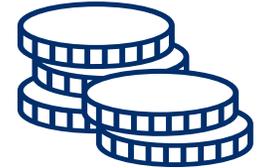
Principal Technical Advisor,

USAID MTAaPS



Why is strengthening financing of pharmaceuticals important? (I)

- The pharmaceutical system is a subsystem of the broader health system.
- As such, strengthening the pharmaceutical system is necessary to strengthen a country's health system.
- Sustainable and equitable access to effective, safe, quality-assured, and affordable medical products and pharmaceutical services is the central tenet of pharmaceutical systems.
- Strong financing systems can help provide such access and expand health coverage by mobilizing, pooling, defining benefits, allocating, and using pharmaceutical resources in a timely and efficient manner.



Why is strengthening financing of pharmaceuticals important? (2)

- Many low- and middle-income countries (LMICs) face the challenge of high costs of medicines, further compounded by economic instability, expanding population size, and heavy disease burdens.
- ✓ In LMICs, less than one-third of pharmaceutical expenditures (PEs) is publicly funded, whereas higher income countries have more of their PEs covered by public budgets (60% is publicly funded).
- ✓ USD 13 to 25 per capita or USD 77.4 to 151.9 billion is needed to finance the basic package of essential medicines across all LMICs (*Lancet* 2017, 389, 403-76). The reliance on private households and donor financing in LMICs to cover these expenses are thus neither sustainable nor equitable.

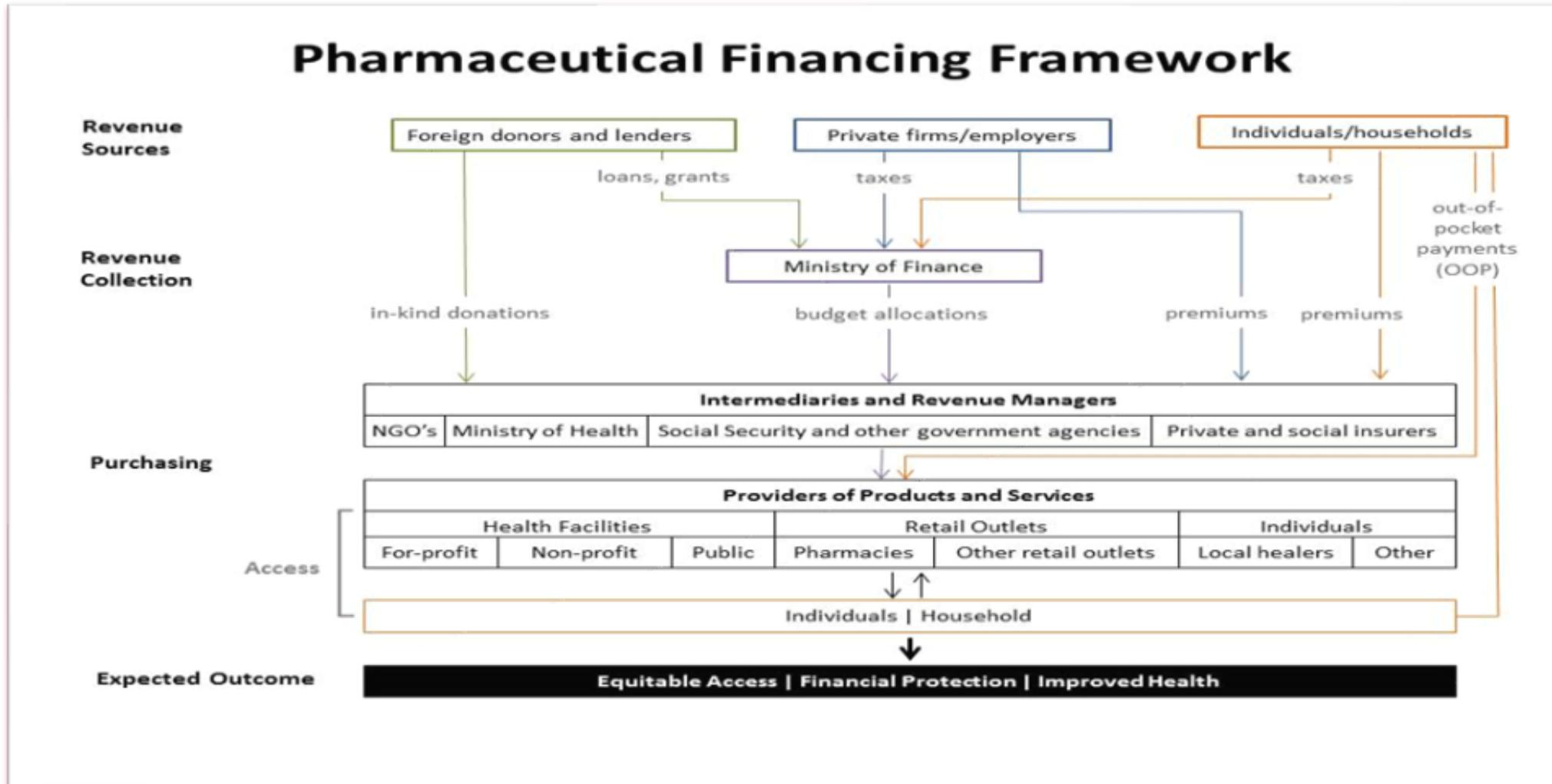
One key point of intervention that pharmaceutical financing mechanisms target is inequitable out-of-pocket expenses for essential medicines by households.

Why is strengthening financing of pharmaceuticals important?



Finance interventions are important to generate the financial evidence needed to stimulate the political will to allocate sufficient resources to health (and medicines in particular), mobilize resources efficiently, and support necessary system reforms.

Core Components of Pharmaceutical Financing



Approaches and tools MTaPS has been using to strengthen pharmaceutical system financing (I)

USAID MTaPS employs a systemwide approach of intervening across all components of the pharmaceutical system to help countries and health systems achieve health financing objectives. Key strategies include:

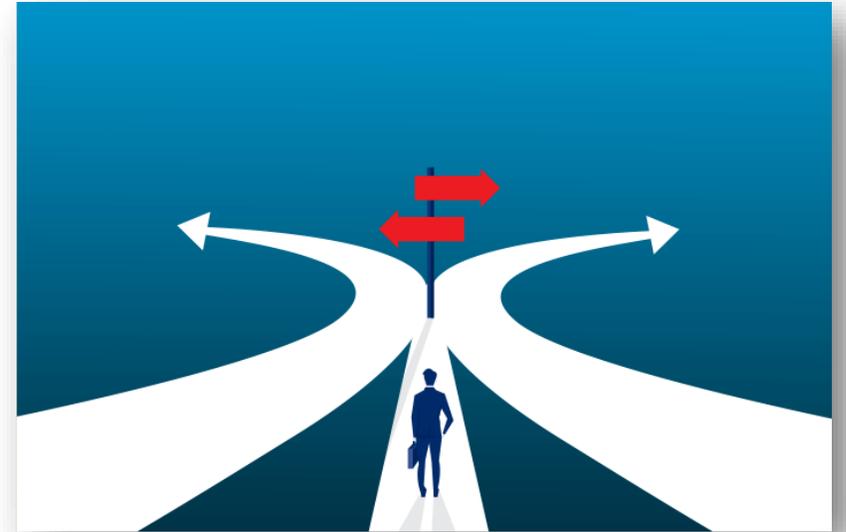
- ✔ Aligning pharmaceutical financing strategies with overall health system objectives
- ✔ Strengthening countries' systems for efficient pharmaceutical resource allocation and use
- ✔ Improving the availability and use of evidence-based medicine financing strategies and pharmacy benefit programs
- ✔ Implementing viable approaches to reduce financial barriers to access to medicine
- ✔ Strengthening in-country human resources and institutional capacity to mobilize additional and sustainable financial resources



Approaches and tools MTaPS has been using to strengthen pharmaceutical system financing (2)

MTaPS is applying these strategies to two key areas of intervention:

- defining an essential pharmaceutical package to support a country's efforts to achieve universal health coverage
- increasing the availability of quality data on pharmaceutical expenditures (PE) and the capacity of stakeholders to use such data for financial decision-making.



Approaches and tools MTaPS has been using to strengthen pharmaceutical system financing (3)

- **A basic health benefits package (HBP)** is a set of health services and medical products that the population is entitled to receive with specified financial protection, whether by public funding or another financial coverage arrangement (e.g., insurance).
- Defining an HBP helps ensure that a country's resources are leveraged for highly valued services and medical products; to expand coverage to underserved populations; and to provide explicit entitlements for all beneficiaries.
- As a large portion of HBPs and health budgets, pharmaceutical benefit packages require special attention and should be defined in an evidence-based and transparent manner.
- Pharmaceutical benefit packages should be costed as part of the HBP and the resources made available to finance their availability.
- Tracking PEs allows decision-makers to understand the supply and demand causes of pharmaceutical spending within health systems and enhance the appropriate use of these limited resources by LMICs.

Case study on improving pharmaceutical financing decision making

Pharmaceutical Expenditure (PE) Tracking in Burkina Faso

MTaPS and the Local Health System Sustainability (LHSS) Project worked with the national procurement and distribution agency to enhance PE tracking for increased accuracy.

Revised methodology allowed for a more detailed analysis of PEs showing that for 2018:

- Total PE (TPE) was more than twice what estimates produced using previous methodology
- Only 6% of pharmaceuticals procured and consumed in that year accounted for 80% of TPE.
- **Inequitable spending across regions with less resources allocated to poorer regions.**
 - Mounoun, with a 60% poverty rate, accounted for only 7% of TPE, although it represents 9.3% of the country's population and has a lower per capita pharmaceutical spending than the national average.
 - Wealthier Centre Nord region (22% poverty rate) represents a similar population size (9.1%). However, it has the highest per capita medicine spending in the country. Less resources were allocated to poorer regions.

The improved methodology enables decision makers in Burkina Faso to reprioritize resources according to evidence of how current funding is spent, what types of products are purchased, how it aligns with disease burden and who benefits from the purchases.



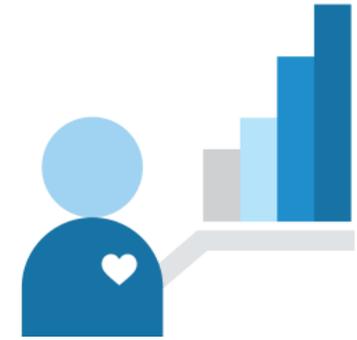
How can you apply these approaches and tools?

Tools

- **Estimating Financial Outlays for a Defined Pharmaceutical Benefits Package** (MTaPS, 2021): This two-part resource provides a review of existing tools for estimating financial outlays for a defined pharmaceutical benefits package (part 1) and guidance for estimating expected financial outlays for a defined pharmaceutical benefits package (part 2).
- **Key Steps for Defining Pharmaceutical Benefits Packages** (MTaPS, 2021): This document provides countries interested in moving toward a well-articulated, evidence-based pharmaceutical benefits package the guidance to define one.



How can you apply these approaches and tools?



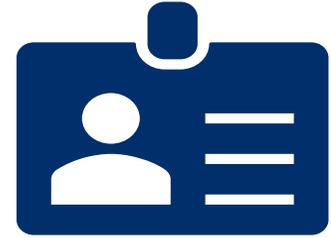
- **OneHealth Tool (United Nations, first released 2012)**: This tool provides guidance for planners on the required investments in health systems that align with strategic objectives and targets of disease control and prevention programs. It provides a framework for scenario analysis, costing, health impact analysis, budgeting, and financing of strategies for major diseases and health system components.
- **Guide to Tracking Pharmaceutical Expenditures in a Health System** (USAID Systems for Improved Access to Pharmaceuticals and Services Program, 2014): This guide provides guidance on establishing a process for systematically and comprehensively tracking pharmaceutical expenditure.
- **Estimating Pharmaceutical Expenditure Using SHA 2011 Framework** (MTaPS and LHSS, forthcoming)

Resources

- ✓ [Pharmaceutical Expenditure Tracking in Burkina Faso \(2018 Data\)](#) (November 2021)
- ✓ [Pharmaceutical Benefits and Benefits Packages in Asia: A Cross-Country Mapping of Coverage Arrangements](#) (January 2021)
- **e-Learning and video resources**
 - Pharmaceutical Systems Strengthening 101 (available in [English](#) and in [French](#)): This course introduces learners to the basic principles of PSS, including how address pharmaceutical system problems; advances universal health coverage; combats antimicrobial resistance, HIV and AIDS, malaria, tuberculosis, and other public health threats; and promotes maternal and child health.
 - [How Good is Your Pharmaceutical Expenditure Data?:](#) In this webinar, MTaPS and LHSS convened global and country-level experts to share insights and lessons on producing pharmaceutical expenditure data and promoting its use for decision making.



Who to Contact



Kwesi Eghan, *Principal Technical Advisor*
keghan@mtapsprogram.org