Hörmansdörfer, Cindy, Dr. med., MPH, M.A.
Project Manager at the Sector Initiative “Systems of Social Protection”, German Technical Cooperation (GTZ) GmbH, Eschborn, Germany
Project Manager im Sektorvorhaben „Systeme der Sozialen Sicherheit“ bei der Deutschen Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, Eschborn, Deutschland

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Is it feasible to finance Social Health Protection for the poor? The GTZ approach to overcome the “illness poverty trap”

Abstract:

Weltweit fehlt etwa 1,3 Milliarden Menschen ein angemessener und bezahlbarer Zugang zur Gesundheitsversorgung. Insbesondere generieren hohe Zuzahlungen für Gesundheitsleistungen jedes Jahr schwere finanzielle Engpässe bei etwa 150 Millionen Menschen, wobei die meisten von ihnen unmittelbar in die Armut getrieben werden. Um diesen Teufelskreis zu durchbrechen, hat die GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit) in den letzten Jahren eine Reihe von spezifischen Ansätzen entwickelt, die ein hohes Maß an Partizipation und Nachhaltigkeit zum Ziel haben. Hierzu gehören die Förderung und Ausweitung von sozialen und Gemeinde basierten Krankenversicherungen, von Mikroversicherungsschemata und von sozialen Cash-Transfers. Dabei werden maßgeschneiderte Lösungen entwickelt, welche den jeweiligen politischen und sozio-ökonomischen Kontext des Landes respektieren. Die Strategien zeigen Wirkung: In vielen Entwicklungs- und Transformationsländern wurden bereits bedeutsame positive Resultate nachgewiesen, die beweisen, dass die Absicherung armer Bevölkerungsabschnitte gegen Krankheitsrisiken möglich und sinnvoll ist.

Founded in 1975 and federally owned, the ‘Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH’ operates as an international cooperation enterprise for sustainable development. GTZ promotes complex reforms and change processes in order to improve people’s living conditions on a sustainable basis. While the headquarters is located in Eschborn, Germany, more than 11,500 people work for GTZ in over 120 countries. The ‘German Federal Ministry for Economic Cooperation and Development (BMZ)’ is GTZ’s major client. Among others it directly finances the Sector Initiative ‘Systems of Social Protection’ whose objective is to promote and strengthen social protection systems in developing and transition countries.

Background

Worldwide, 1.3 billion people are deprived access to adequate and affordable health services[1]. The vast majority of them lives in developing and transition countries and belongs to the poor section of society[2]. Among them, children, single parents, and the elderly, as well as people with disabilities and people affected by chronic disease, such as HIV/AIDS, are significantly over-represented[3]. A range of access-preventing barriers may be identified[4]. Often, there is a direct link to inadequate or inexistent health care services, especially in rural areas. As such, the quality of health care provision or the range of medical, surgical, and pharmaceutical interventions may be substantially compromised[4]. At the same time, long-distance travel in combination with infrastructural deficiencies may present a considerable barrier to seeking medical treatment[4]. However, the most important barrier people face is of a financial nature. If the cost for obtaining medical services is high, most notably through out-of-pocket payments, many people refrain from seeking initial or continuous medical care[4]. Every year, high out-of-pocket payments for health services generate severe financial hardship for 150 million people[5]. Most of them are pushed into poverty as a direct consequence[5].

It must be highlighted that out-of-pocket payments could easily be prevented by a comprehensive prepayment system, for example by a social health insurance scheme. Based on the principle of solidarity, people pay according to their means and receive services according to their needs[6]. Most developing and transition countries have a more or less well developed social health insurance scheme; however, these are regularly linked to the professional sector, and include civil servants and private sector employees. The vast majority of the population, such as the self-employed, the undocumented workers and the unemployed, remain excluded[4]. Although a fraction of these groups may have access to private health insurance schemes, most of them rely on their own financial and social resources in times of illness. These resources are however often severely compromised. On the one hand, people are frequently forced to sell their meagre possessions and ultimately the very basis of their livelihoods in order to meet the costs of medical treatment[4]. On the other hand, social networks are increasingly weakened by migration, conflict, HIV/AIDS, and poverty. The escalating disintegration of informal social arrangements leaves many people without any social protection at all[7]. The

remaining networks are often overstretched. Girls, women, or the elderly frequently carry a multiple burden to care for family and community members, while their opportunities to seek formal employment and to generate their own income are substantially reduced[8].

To summarise, the frequent exclusion of the poor from social protection systems facilitates and reinforces the acute and chronic poverty of millions of people and at the same time severely compromises the economic development of the respective countries[9]. But there is a second catch: In comparison to more affluent social classes, poor people are more regularly affected by illness[10]. Inadequate nutrition, housing and sanitation, unsafe water and a lack of information about disease prevention and treatment all negatively affect the health status of poor people. Further influencing factors are the lack of employment standards and the related higher rate of accidents, stress, social exclusion and unemployment[10]. At the same time, lack of medical treatment frequently results in extended periods of illness leading to both the incapacity to work and the loss of income. It must be underlined that people with disabilities and people living with HIV/AIDS are particularly affected by the latter. As a result, the poor population in developing countries is caught up in a vicious circle – the "illness poverty trap"[4].

Breaking the vicious circle- the GTZ approach

Within recent years, German technical cooperation has successfully identified and developed specific approaches to overcome this vicious circle. In close cooperation with national and international partners GTZ currently implements the following strategies in developing countries:

Extending Social and Community-based Health Insurance Coverage

Health insurance systems are a key component of poverty reduction. GTZ enables partner countries in Africa, Asia, and Latin America to establish, organise, and elaborate health care systems financed on the basis of solidarity. Primary targets are the inclusion of the informal sector and the strengthening and scaling up of existing health insurance schemes. GTZ's services include capacity development, policy advisory work, planning support, feasibility studies, introduction and reform of social health protection systems, building management capacity and evaluating health

insurance schemes. Within this framework, GTZ has developed and implemented the following instruments:

1. **SimIns** allows simulation of the financial development health insurance schemes. It illustrates the implications of initial policies, assesses the impact of these schemes on the overall structure of health financing and on public finance, and allows the determination of contributions, utilisation rates, and health care costs.
2. **InfoSure** is a monitoring and evaluation tool, which supports the design, implementation, surveying and continuous monitoring of health insurance schemes. It allows for the discovery of innovative approaches and structural weaknesses as well as for new developments within and across different health insurance schemes.
3. **'Centre for Health Insurance Competence' (CHIC)** is a concept for networking of smaller private or public health insurers on a regional level. It assists its members by taking charge of management and technical support, by developing insurance products and quality standards and by carrying out seminars and training events. It also represents the interests of local initiatives at a political level.

Micro-insurance schemes

Micro-insurance schemes are usually self-financed and administered autonomously. They are generally small in size and confined to local communities or self-organised bodies of interest, such as informal workers' associations or micro-credit groups. Micro-insurance schemes may, however, also be run by private commercial insurers. Their low contribution rates make them affordable to low and very-low income groups. GTZ supports the development and integration of different micro-insurance models and products into comprehensive insurance systems which protect individuals in the case of illness, death and old age, loss of housing or means of production due to fire or other natural hazards. In close collaboration with international organisations and other bilateral donors, GTZ contributes to the development of common donor guidelines and innovative insurance products and participates in the design and analysis of case studies.

Social Cash Transfers

GTZ designs basic social protection interventions in order to help the most vulnerable in society to overcome crises without long-term loss of income, and to prevent them from adopting coping mechanisms which have a negative impact on human capital. Social cash transfer schemes provide regular cash grants to destitute households with no or little self-help potential. The target groups of this work stream are the poorest of the poor, who are beyond the reach of self-help promotion. Support is particularly focused on older people, people with disabilities, and families affected by HIV/AIDS. The programmes are a contribution to protecting people's livelihoods and safeguarding children's opportunities to develop. An important objective is to financially enable households to care for ill or disabled family members and to assist the affected people in improving their health status.

Impact

The implementation of these strategies has had a proven positive impact in a series of countries. By respecting the specific political and socio-economic context of the respective country, customised solutions could be implemented, guaranteeing the highest degree of participation and sustainability. Impact studies have shown that social cash transfers and social and community-based health insurance schemes generate a positive preventive effect against internal and external crisis situations, helping to improve the coping mechanisms of the poor.

Access to health care provision as well as financial protection in times of illness has significantly improved in many countries, especially for the poor segments of the population.

Through the development and strengthening of social and community-based health insurance schemes the percentage of insured members of the informal sector has increased considerably. In the Philippines, for example, around 75% of the approximately 250 million inhabitants are now affiliated to the national health insurance scheme PhilHealth. In Kyrgyzstan, 60% of the insured derive from poor households. The financial burden of the poorest 40% of the population has decreased from 7.1% to 4.9% from 2003 until 2006. In addition to improving access to health, SimIns, InfoSure, and CHIC have significantly improved the quality of health insurance schemes in a series of countries.

Social cash transfer schemes have also attained extremely successful results. In Zambia, GTZ assisted the government to implement a scheme in which social cash

transfers are distributed to 11,000 households, generating significant improvements in the nutritional status of the beneficiaries, increasing children's school attendance and boosting the local economy. At the same time, by reacting to demand-side deficiencies, social cash transfers constitute an important instrument for the continuous utilisation of health services. In particular, the respective families are able to pay for transport in order to attain access to health care providers. In other countries, such as Mexico and El Salvador, cash transfers are conditional, bound to regular school attendance or preventive medical check-ups. Studies in El Salvador confirmed a consecutive increase in school attendance between 6% and 23%. Preventive medical check-ups for children and pregnant women rose more than 40%. To sum up, the strategies implemented by GTZ resulted in a significant impact on access to health services and consequently on the health status of the poor sections of society in the countries of intervention.

Conclusion

GTZ's work demonstrated that poor people are insurable and that it is possible to develop customised strategies which are able to break the poverty-illness-trap. As part of the continuous improvement of this methodology, GTZ is currently developing concepts for a stronger link between health insurance and social protection schemes for an even more holistic and coherent approach in the future.

Providing for Health Initiative (P4H)-
An International Partnership in Social Health Protection

Only modest progress has been made in meeting the Health Millennium Development Goals (MDGs) despite increased international funding for - and commitment to - health. P4H was welcomed at the G8 Summit in Heiligendamm in June 2007 as a means to work towards sustainable and equitable financing of health systems and improved access to quality health services.[1]

On behalf of the BMZ, GTZ works together with the WHO on the further development and implementation of P4H. The principal objective is to strengthen health systems—their organisation, governance and financing—by putting appropriate social health protection mechanisms in place with a view to achieving universal coverage. The initiative will support partner countries in their efforts to incorporate social health protection into national health plans and programmes, including those programmes which are being financed in the framework of internationally agreed health sector support. Through this, P4H will also contribute towards harmonising international health sector support in accordance with the Paris Agenda.

Specific objectives of P4H are:

- to enhance harmonisation of external and domestic funds for expanding social health protection
- to increase and improve utilisation of domestic and international resources (e.g. vertical funds such as the GFATM, GAVI, SWAps) for the development of equitable and sustainable social health protection structures
- to provide timely coordinated support for the formulation of pertinent policy options and the implementation of national strategies;
- to facilitate sharing of experiences on social protection in health and learning across countries.

[1] Growth and Responsibility in Africa. G8 Summit Declaration (8 June 2007), Paragraph 62: http://www.g-8.de/Content/DE/Artikel/G8Gipfel/Anlage/Abschlusserkl_C3_A4rungen/WV-afrika-en.html

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