MINISTERIAL LEADERSHIP IN HEALTH

HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH

HARVARD Kennedy School JOHN F. KENNEDY SCHOOL OF GOVERNMENT

Ministerial Forum for Finance Ministers
April 17 – April 20, 2016

Forum Summary

The annual Ministerial Forum for Finance Ministers is a core part of the Ministerial Leadership in Health Program, a joint initiative of the Harvard T.H. Chan School of Public Health and Harvard's Kennedy School of Government. The Forum aims to:

- Provide a non-official environment for serving ministers of finance to reflect on their role and leadership priorities, constraints and opportunities;
- Enhance the role of the finance minister in shaping the national health and socio-economic development agenda;
- Inform ministers' perspectives on affordable and sustainable health financing and value for money in health;
- Provide ministers with analytical tools and practical ideas for increasing health budget effectiveness and efficiency;
- Share international experience in leveraging investment in health for socio-economic development.

The fourth Forum took place at Harvard University April 17-20, 2016. The intensive four-day program focused on the following topics:

- Development of ministerial skills in transformational and authentic leadership;
- Organizing and delivering for policy implementation;
- Health budget priority setting and performance measures;
- Innovative health financing options and outcomes;
- Creating fiscal space & financial sustainability in health budgeting; and
- Prioritizing investment in primary health care.

Sessions were led by senior Harvard faculty, technical experts, and an Eminent Resource Group of distinguished long-serving former ministers. All sessions were conducted as interactive discussions involving all participants with the goal of facilitating shared experiential learning. All Forum discussions were off-the-record. What follows is a synopsis of the principal themes and points of discussion. The synopsis does not reflect the views of any specific participant.

Transformational Leadership: Leadership is a behavior that is independent of one's position. Access to decent quality public health services is a core responsibility and a major financial liability of any modern government. The minister needs to be a pro-active, transformational minister for achieving greater value for money, affordable sustainable financing and increased health services access, improved standards of care and better health outcomes.

There is a distinction to be made between the terms "position of leadership" and "position of authority." There is no such thing as a position of leadership; there are only positions of

authority in which one can exercise leadership. Society rewards officials and authority figures in their organizational life for never exercising leadership but instead for staying within the scope of authority and within observers' expectations of them. What becomes a challenge for the ministers is managing to "dance" on the edge of the scope of authority to push the boundary of what they care deeply about. Usually, exercising leadership requires one to take more risks than one is willing to take. However, more often than not, competing priorities between getting reelected and achieving health goals can allow ministers to create opportunities for leadership tradeoffs between meeting some of the requirements posed by other officials or cabinet members and creating some of their own.

The challenge of leading difficult transformational change is to be relentlessly optimistic, to always believe you can implement change, and to be brutally realistic about what that will take. Leadership requires a combination of optimism and realism. Optimism prevents realism from becoming cynicism, and realism prevents optimism from becoming naïve. The priority setting process is a process of value tradeoffs; it is about asking people to subordinate their values, preferences, beliefs about what is most important to somebody else's and it is not surprising that this is difficult for people to do. The power of persuasion becomes increasingly important in this context and can be effectively utilized using the 4 C's: credibility, common ground, compelling positions, and connections.

The minister must learn how to be authentic in his/her role. The separation between the public and private persona helps preserve humility. Authentic leadership is a character that for each human being is exhibited by the forces that have shaped him/her. Thus, ministers that better understand their life stories, their values and principles, their motivations and passions, etc. will be more likely to step up, lead effectively, and live an integrated and meaningful life.

Organizing for Policy Implementation: Most governments emphasize about 90 percent on policy formulation and 10 percent on implementation and delivery, thus underestimating the latter and often leading to failure. Delivery is a systematic process through which system leaders can drive progress and deliver results. It is critical to successful implementation of policy priorities that the minister assumes a lead role in planning and monitoring implementation strategy. 'Deliverology' is a system for maximizing the chances of success. It involves the following steps: 1) Prioritize; 2) Define success clearly; 3) Set strategy and policy; 4) Align the budget; 5) Ensure operational planning; 6) Use routines to drive progress; 7) Solve problems as they arise; 8) Persist; 9) Engage stakeholders and the public. Creating a culture of 'deliverology' requires ambition, focus, clarity, urgency, and irreversibility.

Based on the concept that built-in routines are the engines that allow delivery, even during a crisis, the ministers were introduced to an activity and prompted to position their government as one that operates by spasm or by routine. There was also an emphasis to constantly think how the country is organized in terms of operations and finances, what is the political profile of the country and who are the stakeholders. The ministers were also prompted to think about the absence of opposition as well as who holds the veto power, not only coalition support in reaching set goals. Another emphasis of this session was the importance of data collection and data analysis to inform activity focus, improve management and refine plans and targets.

In assuming the role of the minister, two pieces of wisdom were given to the ministers: 1) not to make a big mistake because the minister will be remembered by it and 2) not to spoil

what was working or achieved before their tenure. Investing in the health of their population touches on a lot of virtues for the government taking care and protecting its citizens.

Health Budget Priority Setting and Performance Measures: It is imperative that ministers of finance place high importance on health spending, support effective priority setting within the health budget, and actively measure performance because health spending affects the economy as a whole. Health spending makes up approximately 10-25% of government budgets, is a socially sensitive issue, and is perpetually insufficient. Furthermore, the bidirectional relationship between health and wealth has been well established. Thus, a critical question for ministers of finance to consider is how to create sufficient fiscal space for health. One option is to focus on improving overall economic conditions. Economic growth supports a larger government budget and increased tax revenues. While this can be an effective approach, the benefits are likely long term and the allocation of additional funds can be heavily politicized. Another alternative is to reprioritize health within the existing government budget. Again, this involves significant political maneuvering across other sectors. Another alternative is to raise more external sources of funding. While there is significant value of development assistance for health and innovative financing mechanisms, these are often tied to vertical programs or goals that do not necessarily align with national health priorities. All of these options support allocating more money towards health spending. While this strategy can be effective, the quantitative amount of health spending alone is not necessarily sufficient to support improved health outcomes. This has been demonstrated by the high variability in health outcomes across countries despite comparable GDP levels.

A more feasible, immediate, and cost-effective solution to creating fiscal space for health is to improve the efficiency of the existing health budget. This can be done by more effectively allocating the budget to priority areas and by improving efficiency and effectiveness of operations across all areas within the health sector. The potential gains from effectiveness and efficiency interventions in low income countries can come from changing the intervention mix, improving human resource productivity, improving medicines procurement, or improving supply chain management and reducing leakage. Enhancing health system efficiency to create fiscal space can create GDP improvement of 4% to 8% across various levels of economic development.

Once the issue of fiscal space has been addressed, health budget priorities must be set. This can be done by answering four questions: 1) What values underlie the government's priorities for the country? Options include utilitarian, liberal, and communitarian. 2) Based on these values, what goals for the healthcare system does the government hope to achieve? These can fall along the spectrum between effectiveness, efficiency, equity, and responsiveness. Questions 1 and 2 should help inform the last two questions: 3) Where should the government allocate its resources for health? 4) How should the government allocate its resources for health? Answering these four questions should help achieve improved health outcomes, improved economic outcomes, and improved political outcomes.

Health Financing Options and Outcomes: Health spending makes up an ever-increasing proportion of GDP and a greater share of national budgets. Balancing public expectations of accessible and affordable health care with the available national budget in a sustainable health financing formula is one of a finance minister's principal dilemmas.

These financing challenges are made more crucial by declining external budgetary support. This new budgetary reality underscores that many developing countries' national budgets have been skewed by the considerable increase in external funding for health over the past 15 years which is now tapering off requiring national governments to make up the budget shortfall from own resources. Sustainable health financing is obviously a function of what is affordable from national resources, but "what is affordable" is also a function of national priorities.

The current global push for endorsement by all nations of universal health coverage (UHC) intensifies the health financing dilemma for most developing countries. UHC has three dimensions: 1) Breadth (who is covered); 2) Scope (what services are covered); and 3) Depth (how much is covered). The push for UHC also raises fundamental challenges around the standards of care (quality), the range of government subsidized health services (the package), and the beneficiaries of government-backed health insurance (pro-poor versus equity

Financing options for public health services include donors, self pay or out of pockets payments, general tax revenue financing (including VAT, tobacco tax, or alcohol tax), insurance (social insurance or private insurance) and community-based financing (also including micro-financing). With regards to tobacco tax, particular attention was paid to the case of tobacco control. Tobacco tax is a proven, cost-effective method to counteract both the health and economic consequences of non-communicable diseases caused by tobacco. It is more cost-effective intervention than advertising bans, clean indoor air laws, information and labeling restrictions, and nicotine replacement therapy, regardless of income group.

It is crucial to understand that insurance coverage does not mean effective coverage. There is no argument that access to health care is a universal right, but what is more difficult is ensuring universal access to good quality care. The World Health Organization's (WHO) conclusion is that average inefficiency and waste could amount to 30%. Inefficiency results from procurement of drugs, supplies, construction and equipment, a corrupted drug supply chain and lack of organization and management of health care delivery, including absenteeism and patronage. Achieving and maintaining good standards of health service delivery requires that priority is given to investment in and maintenance of health infrastructure (clinics, health centers, medical equipment etc.); human resources (sufficient numbers of appropriately trained health personnel); procurement, supply and health management systems. Striving for health services quality, a government could consider contracting either private providers where public facilities are not available or inoperative such as hospitals, immunization and MCH clinics or private management for public hospitals and clinics. Performance Based Financing (PBF) is a concept borrowed from contracting providers to increase incentives for delivery of defined outcomes and is currently used in a lot of countries to promote efficiency in health service delivery.

Creating Fiscal Space & Financial Sustainability in Health Budgeting: The global health financing landscape is marked by large variations in health expenditures per capita, health expenditures as a proportion of GDP, and sources of financing for health expenditures. Since 1995, health's share of GDP has increased from approximately 6% to 7%. Furthermore, over the same period of time, public health expenditures as a proportion of GDP have been increasing while out-of-pocket expenditures as a proportion of GDP have been decreasing. It is imperative that ministers of finance place high importance on health spending, support effective priority setting within the health budget, and actively measure performance because health spending affects the economy as a whole. Health spending makes up

approximately 10-25% of government budgets, is a socially sensitive issue, and is perpetually insufficient. Furthermore, the bidirectional relationship between health and wealth has been well established.

Thus, a critical question for ministers of finance to consider is how to create sufficient fiscal space for health. Fiscal space can be defined by "room in a government's budget that allows it to provide resources for a desired purpose without jeopardizing the sustainability of its financial position or the stability of the economy (Heller (IMF, 2005))." One option is to focus on improving overall economic conditions. Economic growth supports a larger government budget and increased tax revenues. While this can be an effective approach, the benefits are likely long term and the allocation of additional funds can be heavily politicized. Another alternative is to reprioritize health within the existing government budget. Again, this involves significant political maneuvering across other sectors. Another alternative is to raise more external sources of funding. While there is significant value of development assistance for health and innovative financing mechanisms, these are often tied to vertical programs or goals that do not necessarily align with national health priorities. All of these options support allocating more money towards health spending. While this strategy can be effective, the quantitative amount of health spending alone is not necessarily sufficient to support improved health outcomes. This has been demonstrated by the high variability in health outcomes across countries despite comparable GDP levels.

A more feasible, immediate, and cost-effective solution to creating fiscal space for health is to improve the efficiency of the existing health budget. This can be done by more effectively allocating the budget to priority areas and by improving efficiency and effectiveness of operations across all areas within the health sector. The potential gains from effectiveness and efficiency interventions in low income countries can come from changing the intervention mix, improving human resource productivity, improving medicines procurement, or improving supply chain management and reducing leakage. Enhancing health system efficiency to create fiscal space can create GDP improvement of 4% to 8% across various levels of economic development.

Prioritizing Investment in Primary Health Care: Primary health care is the entry point into the health care system and the first source of care for most health needs. Health systems built on strong primary health care are more resilient, efficient, and equitable. Strong primary health care systems enable countries to achieve the SDGs and attain quality universal health coverage, support more equitable distribution of health, serve as an early warning mechanism to detect and stop disease outbreaks, and more. Growing evidence shows that investing in primary health care leas to high quality and cost-effective care for people and communities.

Despite the far-reaching benefits of strong primary health care, hospitals consume a much larger share of government health expenditure and total health expenditure. Low productivity of health workers, low availability of equipment and drugs, high user fees, all contribute to low utilization of public sector services. These interconnecting factors create a self fulfilling prophecy that tell a story of much investment in health but little value to show for the investments made. It is advisable to focus on strengthening universal primary health care and to shift to output based approaches to end this cycle. In this transition, the Ministry of Finance has a role to help the Ministry of Health bring about a stronger focus on primary health care and a stronger focus on requiring accountability and measurement of results.