

Open and inclusive: Fair processes for financing universal health coverage



Executive summary

Does fairness matter? This report argues that, in key areas of public policy making, it does. And that, in policy decisions related to health financing, there are ways for countries to bring fairness about.

The report offers guidance on fair processes for decisions relating to health financing for universal health coverage (UHC). It opens by making the case for why fair processes matter for health financing. It argues that procedural fairness contributes to fairer outcomes, strengthens the legitimacy of decision processes, builds trust in authorities, and promotes the sustainability of reforms on the path to UHC. The report then describes key health financing decisions with an impact on equity in service coverage and financial protection, where issues of procedural fairness are particularly important. Next, it offers principles and criteria for assessing the processes around these health financing decisions and provides guidance on how to make them fairer. Finally, the report examines how key criteria for fair processes have been used in health financing decision-making in select countries.

The case for fair process

UHC means that all people can use the promotive, preventive, curative, rehabilitative, and palliative health services they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose people to financial hardship. Health financing is pivotal for progress towards the two pillars of UHC – coverage with services and financial protection. How well health financing arrangements can support progress towards these goals depends on choices in the three health financing functions of revenue mobilization, pooling, and purchasing. The overall level of health spending and the sources of revenue matter. Without adequate and sustainable levels of public spending on health, progress towards UHC goals will stall. Policies which promote sufficiently large pools to allow cross-subsidization and spreading of financial risks enable progress towards UHC. In purchasing, efficient use of resources, equitable service coverage, and financial protection for all people can be promoted through the development of guaranteed packages and the definition of payment methods, contracting conditions, and benefits.

The concern for a fair process is motivated by the many potential benefits such a process can deliver. This report highlights four. First, fair processes can contribute to more equitable outcomes because they can help address common sources of *inequitable* outcomes. Specifically, a fair process can prevent powerful stakeholders from shaping the decision process to suit their own interests and instead help promote the voices of the poor and marginalized. Second, procedural fairness can strengthen the legitimacy of processes by encouraging decision-making that follows accepted rules and procedures and by requiring authorities and institutions to justify policy choices through public reasoning, the rational exchange of ideas, and public communication. Third, fair processes can build trust in authorities across society at large. Trust is built by treating people affected by decisions with respect; explaining the rationale for decisions reached; and ensuring that all affected constituencies are heard, with no one's interests misrepresented or neglected. Fourth, fair processes promote the implementation and sustainability of reforms. By creating space for voice from all constituencies, including those whose preferred solutions are not finally adopted, the sustainability of decisions is increased.

Key decisions for equity

Key health financing decisions across revenue mobilization, pooling, and purchasing have especially important equity impacts.

In revenue mobilization, such choices include:

- changes to the range of taxes and charges, their rates, and any exemptions from payment
- decisions on eligibility for public/state transfers to households and the size of these payments or in-kind transfers
- choices on budget allocations to health at all levels of government.

In pooling, equity may be affected by changes in:

- who is covered from pooled funds
- out-of-pocket payments on services in a guaranteed set
- differences across pools in the range of services covered or out-of-pocket payments levied on the package, or changes in risk equalization procedures or the size of government subsidies to different pools in an effort to equalize benefits
- decisions to develop a new pool(s), where the new pool has different benefits or contributions.

In purchasing, areas especially important for equity include:

- decisions on what personal services are specified and delivered (range, location, quality) under the guaranteed set, including conditions of access
- choices that modify the range, location, or quality of essential public-health operations
- changes in provider contracting, monitoring, payment methods, and rates.

Principles and criteria for fairer processes

This report proposes principles and criteria for fairer processes in financing UHC (figure ES1). Three principles – equality, impartiality, and consistency over time – form the foundations of a fair process. Equality calls for equal access to information, equal capacity to express one's views, and equal opportunity to influence decisions. Impartiality requires that vested interests—including corporate powers—do not unduly influence the outcomes of decision-making processes. Consistency over time requires rules and procedures by which decisions are made to be stable and predictable, at least over the medium term, and not to change on an ad hoc basis and without justification.

Guided by these principles, the report proposes seven criteria organized in three domains that can help design and assess decision-making processes (figure ES1). The first domain, information, is concerned with reason-giving, transparency, and accuracy of information. The second domain, covering participation and inclusiveness, is about creating opportunities for the public to express diverse opinions and perspectives. The third domain, which includes revisability and enforcement, is about oversight of the process.

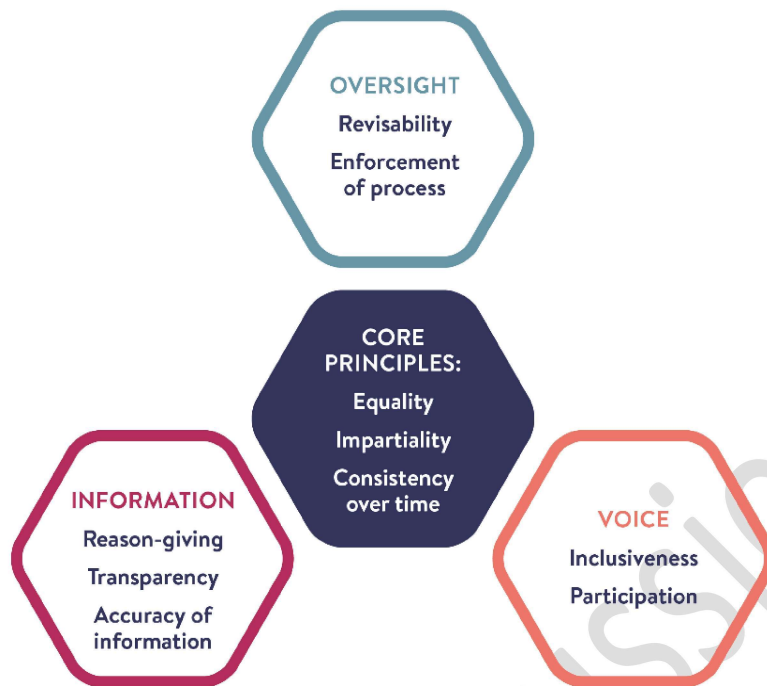


Figure ES1. Principles and operational criteria of procedural fairness

Country experiences and lessons

Case studies from The Gambia, Kerala state in India, Mexico, South Africa, Tanzania, Thailand, and Ukraine, as well as examples drawn from the literature from a wide range of other settings, demonstrate key lessons and experiences that are relevant across countries. First, country experiences show that fair process requires, at a minimum, accuracy of information, reason-giving, and transparency. These three criteria, forming the information domain, are the foundation for meaningful participation and inclusiveness. Second, optimal mechanisms for direct public participation in health financing decisions can sometimes be difficult to implement due to resource constraints. Moreover, some decisions, such as how to pay providers, may be viewed as technical and can reasonably be delegated to technical experts and agencies. In these cases, securing inclusiveness of views and evidence, accuracy of information, transparency, and reason-giving become especially important.

Third, meeting the informational needs of a fair process requires progressively strengthening institutions and capacity for data collection, analysis, and research, so that participatory spaces are informed by a broad and locally responsive evidence base. Fourth, legal frameworks establish the foundations for rules and regulations, but must be supplemented by national and sub-national institutional arrangements and capacity to promote all three domains of procedural fairness. Fifth, implementation of oversight mechanisms for decision-making processes is not well documented. While primary legislation, for example mandating independent external review, is in place in many settings, more evidence is needed about how better oversight can contribute to improving procedural fairness over time. Finally, experiences in some countries confirm that it is possible to develop fairer processes under conditions where democratic procedures are nascent or where there are wide socio-economic inequalities with powerful elites.

The way forward

Fair process contributes to fairer outcomes, strengthens legitimacy, builds trust, and promotes the sustainability of health financing policies on the path to UHC. In closing, this report highlights opportunities for four key groups of actors to foster this agenda: governments, civil society, international partners, and scholars.

Governments can use the report's seven criteria as a framework to review their existing regulations, institutions, and processes. While it may sometimes appear expedient to make decisions behind closed doors or to fast-track reforms, evidence suggests clear benefits of a fair process. Country examples in the report can facilitate knowledge sharing and illustrate how procedural fairness has been strengthened for similar decisions in other settings.

While oversight functions rest with governments, civil society actors play a key role. They can use the report's principles and criteria to monitor procedural fairness in health financing and hold governments accountable. To measure progress, civil society actors can collaborate with other stakeholders to adapt indicators, making them locally meaningful and actionable. They can also work with governments to engage the public more actively and directly in decisions that will benefit from broad participation.

International partners can use the report's criteria to examine their own processes, particularly for decisions relating to what to fund and how to channel money to activities in recipient countries, where global commitments are not always translated into practice. Using the report's findings, international partners can provide technical and financial resources to enable countries to strengthen regulatory frameworks and set up robust institutional mechanisms to meet procedural fairness criteria. In some cases, this may mean longer timelines – for example, for developing a health financing strategy or a new tax law – but rushing timelines can result in unfair processes and inequitable outcomes.

Finally, scholars from different disciplines can use the report's interdisciplinary lens to consider how their respective fields can contribute to fair processes for financing UHC and expand their future contributions. This may involve gaining deeper understanding of how the principles and criteria proposed in the report can support fairer policies and outcomes; how they can be applied in various settings in a feasible and sustainable way; and how to improve them over time.

In sum, this report presents common ground and an opportunity for policy makers, practitioners, researchers, and civil society to come together, collaborate, and take forward fair processes for financing UHC. Building on previous major publications that emphasize the value of public engagement and inclusive representation in building trust and enhancing the sustainability of political systems, this report takes a comprehensive view of procedural fairness. It describes how countries can apply the range of criteria proposed to improve the fairness of their health financing decision-making for UHC.