

# The Japan-World Bank Group Partnership Program on Universal Health Coverage (UHC): Global Conference on Inclusive and Sustainable Growth through UHC

Key Policy Messages, December 5-6, 2013, Tokyo

## INTRODUCTION

Following the occasion of the 50th anniversary of Japan's own achievement of UHC (in 1961), the Japan-World Bank Group Program on Universal Health Coverage (UHC) was conceived as a joint effort by the Government of Japan and the World Bank Group to respond to the growing demand from low- and middle-income countries (LMICs) for technical advice on the design and implementation of UHC policies and strategies. The goals of UHC are to ensure that all people can access quality health services, to safeguard all people from public health risks, and to protect all people from impoverishment due to illness, whether from out-of-pocket payments for health care or loss of income when a household member falls sick.

Ensuring universal access to quality, affordable health services is the key to ending extreme poverty by 2030 and boosting shared prosperity—both in low-income countries and in middle-income countries, where most of the world's poor live. Countries as diverse as Brazil, France, Japan, Thailand, and Turkey that have achieved UHC are showing how these programs can serve as vital mechanisms for improving the health and welfare of their citizens, and lay the foundation for economic growth and competitiveness grounded in the principles of equity and sustainability. The good news is that many LMICs are also challenging themselves, measuring outcomes, and achieving remarkable progress.

## KEY POLICY MESSAGES

Under the Japan-World Bank Group Partnership Program on UHC, 11 countries<sup>1</sup> from low-, middle- and high-income groups were selected to represent a diversity of geographic and economic conditions. These countries are committed to the goals of UHC, and are willing to explore and share their experiences with others. While each country's health system brings with it its own unique history and confronts its own set of challenges, each country's experiences offer valuable insights into some of the common challenges and opportunities faced by other countries at all stages of UHC. The following key policy messages emerge from these studies:

- UHC adoption and expansion requires strong political leadership and long-term commitment, since the it involves a continuous process of carefully crafted political compromises that manages the threat of conflict among diverse interest groups, and brings together key stakeholders to negotiate difficult trade-offs.
- While economic growth helps with coverage expansion, it is not a sufficient condition for ensuring equitable coverage. Countries need to work pro-actively and continuously on policies that redistribute resources and reduce disparities across households in both payments for and access to health care.
- The process of moving towards UHC requires a balanced approach to revenue generation efforts and coverage-enhancing expenditure management. Even in countries that are under-spending on health care, stringent measures to manage costs are required to ensure the fiscal sustainability of UHC.
- Delivering effective health services to move towards UHC requires a coordinated approach to scale up health workforce capacities to meet the demands created by UHC targets. "Scaling up" goes beyond just adding new staff: It should take into account the labor market conditions, including the training capacity and the type of training, and the skill mix of health workers that reflects the local conditions and community needs. And, importantly, it should take into consideration the working environment, the workers' own career aspirations, and both financial and non-financial incentives for higher performance.
- The process of moving towards UHC requires investments in a robust primary care and public health protection system to improve access, control preventable diseases, and manage health care costs.

## LESSONS FROM JAPAN

In Japan, the growth of democratic movements and a commitment to social solidarity in the post-World War II period provided the impetus to achieve UHC. UHC also has been a key component of a broader effort to address problems of

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<sup>1</sup> The 11 countries are Bangladesh, Brazil, Ethiopia, France, Ghana, Indonesia, Japan, Peru, Thailand, Turkey and Vietnam.

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economic inequality that emerged in the shadow of economic prosperity. Japan achieved UHC in 1961, and the country's investment in health has laid the foundation for sustained economic development, social stability, and the creation of a healthy middle class, which are key ingredients for sustained economic growth. The following lessons highlight some salient lessons from Japan's experience:

- Japan has improved equity in health coverage over the years through subsidies from the general budget and fiscal transfers across schemes to harmonize benefits and copayment rates across the different health insurance programs. Today, all have entitlements to essentially the same benefits. However, Japan is now facing growing disparities in contribution rates across different insurance groups, highlighting the difficulties in maintaining equity in a health care system with multiple insurance programs.
- Japan tightly manages its health care expenditures through its single payment system, which consists of a national fee schedule that is revised biennially. This system not only sets prices but defines the benefits and conditions for reimbursement, and payments are regularly audited against these conditions in order to mitigate inappropriate utilization of services. Japan's stringent management of health spending has helped the country sustain UHC during periods of economic recession. However, emerging fiscal pressures due to Japan's rapidly ageing population will require reforms to introduce means-based schemes in differentiating contributions and copayments, in addition to the current age-based ones. In this respect, Japan has been considering measures such as enhanced fiscal transfers from insurers with wealthier contributors to those with poorer ones, restrictions on budgetary support to those better-off insurers, and means-based differentiation of copayments by the elderly.
- In Japan, some 80 percent of the hospitals and nearly all its clinics are in the private sector, but they are integrated under Japan's single payment system, which is the source of more than 90 percent of their revenues. Public sector hospitals receive additional revenues in the form of subsidies from the government budget, which has allowed some to operate inefficiently. To resolve this issue, national hospitals were transferred into an independent non-profit agency in 2004, which has significantly improved their managerial accountability and efficiency, without increasing patients' out-of-pocket payments.
- Japan's public health centers have played an important role in reducing preventable health risks and improving maternal and children's health, thus complementing the service coverage provided under the health insurance programs.

### CONCLUSION

**As countries commit to UHC and move towards that goal, they confront continuing challenges of making trade-offs and balancing competing demands.** Policy makers often confront decisions that can be coverage-enhancing or coverage-eroding. Successful countries have made choices that are, for the most part, coverage-enhancing, and have learned from past challenges and have adapted their approaches accordingly. Learning from other countries, and adapting the lessons to local conditions, can help countries make progress towards UHC, make better strategic policy decisions, and navigate real-world implementation challenges more effectively.

**Every country in the world can aspire to UHC, to improve the health and welfare of all their citizens and realize inclusive and sustainable growth.** It is not too early for low-income countries with low levels of coverage to aim for UHC, as they can start the process of building institutional capacity, learn from the experiences of other countries, and adapt innovative approaches emerging across the globe that can speed up coverage expansion. UHC priorities, strategies, and implementation plans will differ from one country to another, depending on local context. But these key policy messages can help all countries develop and refine their unique approaches towards UHC, especially toward making their policies accountable and measurable for results. The global community is committed to work together to support LMICs in their efforts to move towards UHC. The Government of Japan and the World Bank Group stand ready to assist countries in achieving this goal.

Towards this end, Japan and the World Bank Group will organize the "Global Flagship Course on Health Systems Strengthening and Sustainable Financing" in Tokyo from December 9 – 17, 2013. The course will provide an interactive learning experience for LMICs policy makers, development partners, and other key stakeholders, in the design, implementation, and evaluation of their countries' strategies for achieving UHC.