



# Financial risk protection in the African Region

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There are two aspects to universal health coverage: access to all the quality health services needed and the absence of financial hardship.<sup>1</sup> Monitoring access to health services has been on the radar of health policy-makers for some time. Investment in multiple instruments, notably demographic and health surveys, has made this useful information regularly available to guide policy in many countries. However, there is still much to know about services other than those for reproductive, maternal and child health and additional investment in routine information systems could be very useful. Additionally, information on the quality of care is also urgently needed.

The other key aspect of universal health coverage – the absence of financial hardship associated with seeking care – has also emerged as an important assessor of health systems performance since 2000.<sup>2</sup> The absence of financial hardship, or financial risk protection, is the embodiment of the notion that the use of health services should not come at

the expense of other essential necessities such as nutritious food or children's education.

Comparable indicators of financial risk protection, both from a time series as well as an international perspective, have simplified the task for analysts.<sup>3</sup> However, the data necessary for this type of exercise are still missing in many countries, or are not collected regularly enough. In other countries, the ministries of health still have not fully committed to monitoring financial risk protection.

## Catastrophic health expenditure in the region

The availability of evidence on financial risk protection in the African Region is limited. To date, fewer than 20 countries have produced data on financial risk protection using the methodology developed by WHO.<sup>4</sup> Excluding the four countries with detailed reports on catastrophic health expenditure

**SUMMARY**—The absence of financial hardship (as well as the availability of quality health services) is a necessary prerequisite for universal health coverage. Information on this indicator is not widely available in the African Region. However, with support from WHO methodology some countries are now producing reports on catastrophic health expenditure. The findings are used to inform policy development on such issues as user fees and the expansion of prepayment and pooling mechanisms designed to encourage UHC. This article looks at studies from Burkina Faso, Mauritania, Senegal and Uganda, which show a number of interesting findings and also the positive impact of targeted policies in improving financial risk protection.

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presented in this edition of the *African Health Monitor*, the average catastrophic health expenditure in the remaining countries with available data is around 3.0%, with a range extending from almost 0% to around 8%. However, this figure still hides important disparities: the incidence among the poorest quintiles in these countries was over 4.5%, while it was less than 2% in the richest quintiles. Impoverishment due to out-of-pocket (OOP) health expenditures was around 1%.<sup>4</sup>

While these figures may not seem large, if applied to the whole region, they imply that more than 25 million Africans face catastrophic health expenditures, while over 8 million are impoverished due to OOP health expenditures. These numbers become even more daunting when we consider how many people, particularly poor people, must have forgone the use of health services due to financial barriers to access. Indeed, the situation of vulnerable populations is particularly worrying, as highlighted in the four studies on catastrophic health expenditures in this issue.

But this information on financial risk protection has been used constructively in many countries. The state of financial risk protection has influenced a wide range of policies on issues such as user fees, availability and cost of pharmaceutical products and, of course, the expansion of prepayment and pooling mechanisms aimed towards achieving universal health coverage. Indeed, without up-to-date information on financial risk protection, the need for and impact of these and other health systems policies is not evident. In the end, even with good intentions, the only way to be sure about being on the path to universal health coverage is through investing in monitoring and evaluation, including in this important domain of financial risk protection.

## Evidence from Burkina Faso, Mauritania, Senegal and Uganda

The four studies on catastrophic health expenditures presented in this issue of the *African Health Monitor* highlight this key point. The study from Mauritania found

that despite the existence of coverage mechanisms for the poor, such as the waiving of user fees, the burden from OOPs is most pronounced among the poor. In fact, in all four countries, it is the poor who are most at risk of catastrophic health expenditures. The study from Uganda also found that the removal of user fees is not necessarily sufficient in the short term to reduce the incidence of catastrophic health expenditure – it needs to be accompanied by other mechanisms in order to be translated into a reduced burden from OOPs. In some of these studies, others factors – such as households with disabled members, those with female heads, those living in rural areas or with members who were hospitalized – were also found to be more at risk of facing catastrophic health expenditure. In the three West African countries, the incidence of catastrophic health expenditure ranged from 1.43% to 4.11% among all households, while impoverishment was between 1.52% and 1.78%.

The three West African studies also indicate that medication accounts for the biggest share of OOPs, which is something that is often not adequately appreciated by policy-makers. At the same time, hospitalizations also create financial problems for households. More positively, these studies support the beneficial effect of certain policies. For example, evidence from Burkina Faso and, to a certain extent, Senegal suggests that households with children under five are better protected from catastrophic health expenditure, which could be linked to policies targeted towards providing free care for children in these countries.

Finally, these studies also highlight that, in addition to being most at risk of catastrophic health payments, the poorest households – who often live in rural areas – also use health services the least. In addition to the financial barriers, geographic and other types of barriers could also explain this effect. Indeed, the study from Mauritania found that the burden from transportation expenditures could be significant. Removal of these barriers would increase the use of health services, but may also increase the incidence of catastrophic health expenditures, particularly among the

poorest. Policies should thus envisage not only improved access to health services, but also better financial protection for all.

## Ownership of the evidence and the study process

Overall, these studies provide much food for thought for policy-makers. The ministries of health of the countries where the studies were conducted have been involved and have provided guidance from the very beginning, so as to align the studies with their information needs. All the actors involved in the studies also benefitted from the involvement of the WHO, which provided extensive knowledge transfer and technical assistance to build national capacity for these studies. Additionally, these studies gained greatly from the fruitful collaboration between analysts at national statistical offices and the policy-makers and specialists in the ministries of health. This process has led to full ownership of the results at the country level, as well as a commitment to use information on financial risk protection in guiding and evaluating policy.

Indeed, all countries in the African Region should aim to monitor and evaluate financial risk protection in their own settings, with a view towards achieving universal health coverage. The WHO continues to strive to support countries in this through customized knowledge transfer and other follow-up activities, as was done for these four countries. To this end, WHO is planning to organize another workshop on household survey analysis for monitoring financial risk protection. More information can be obtained on this and other related activities from the WHO's Regional Office for Africa. 

### References

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