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# Policy

## HEALTH POLICY PROJECT



Photo by: Matt Tomalty

## Health Finance and Costing

### Overview

The global economic crisis has strained government budgets in developing countries by reducing sources of revenue, even as they attempt to fund the burgeoning demand for health services. At the same time, external funding is being reduced and countries are being asked to take on greater financial responsibility for health services. However, the burden of healthcare costs paid by individuals remains high. Governments, local stakeholders, and international partners should continue to expand affordable and sustainable access to priority health services to prevent the burden of rising out-of-pocket healthcare costs for individuals and families, particularly among poor households. Health programs should maximize efficiency and effectiveness—doing more with less by holding down costs without sacrificing overall impacts.

In this context, generating practical data on the cost of alternative models of service delivery (costing) and their impacts (economic evaluation) is essential as countries grapple with tough decisions about which interventions will not be not only most effective but can also be successfully implemented with available resources. Strengthening health finance systems and using innovative financing mechanisms to generate resources promotes sustainability in the face of donor decline.

### What We Do

The Health Policy Project (HPP) assists governments in developing sustainable policies that increase overall financial resources for health and work with policymakers and stakeholders to explore, compare, and design equitable and affordable health finance strategies. We seek to maximize the efficiency, effectiveness, and equity of health programs by improving health finance systems and helping policymakers and program managers more accurately estimate the cost and impact of their public health responses. While our main focus areas are HIV, maternal health, and family planning and reproductive health (FP/RH), improvements in health finance and costing help strengthen the health system as a whole. We

- Design and apply tools, approaches, and strategies to accurately determine the cost and impact of health programs
- Build the capacity of national, regional, and local counterparts to generate, utilize, interpret, and present timely and accurate costing data for evidence-based decision making and advocacy
- Provide reliable country- and intervention-specific cost data to support realistic budgeting and resource allocation

- Encourage the integration of economic analysis into budgeting and planning processes
- Generate data on the cost of health services for key populations, such as men who have sex with men and female sex workers
- Collaborate with stakeholders to identify resource restraints and funding gaps
- Help mobilize the financial, human, and material resources needed to carry out health policies and programs
- Work to improve systems for tracking allocation and expenditures
- Build host-country capacity to generate and use economic analysis for health financing

## Supporting “Next-Generation” Health Financing Policies

Governments in developing countries recognize the need to create alternative financing strategies to pay for healthcare costs and ensure access to health services for a new generation of young families. HPP support helps governments explore different policy choices to achieve this goal. We provide critical analyses and primary data from household and facility surveys that help generate healthcare financing policies for poor populations who may not otherwise be able to participate in forms of health insurance. We also provide assistance to health secretariats, who coordinate consultations with an array of stakeholders and oversee the health financing policy process.

## Costing and Evaluating Programs and Services

Accurate data on the costs associated with HIV, FP/RH, and maternal health policies and programs are crucial to maximizing efficiency and effectiveness. This information enables decisionmakers to understand the costs of a strategy or program and set more realistic budgets. Economic evaluation and analyzing cost-effectiveness also allows decisionmakers to reliably weigh the potential costs and impacts of different program designs and resource allocation scenarios. Integrating costing into the planning process helps avoid disconnects between policy goals and resource allocation, which undermine effective implementation of health policies and services.

HPP’s costing work is threefold: we generate cost data; design tools, approaches, and strategies to improve

the generation of cost data; and build local capacity to generate and use cost data.

## Championing Efficiency and Effectiveness in National Health Programs

HPP works to maximize the efficiency and effectiveness (E<sup>2</sup>) of national health and HIV programs. Our goal is to craft an E<sup>2</sup> methodology that helps close the gaps in financing and program results. At the country level, HPP compiles evidence of what has worked in E<sup>2</sup>, models the potential effect of changes to interventions and the mix of strategies, and applies those evidence-based solutions to the program. This approach provides clear and tangible actions for making national health programs more efficient and effective. At the global level, we seek to provide evidence demonstrating the importance of using an E<sup>2</sup> approach.

## Mobilizing Resources

While helping countries make the most of available resources, HPP also contributes to resource mobilization. We support the adoption of innovative health financing mechanisms, help decisionmakers and advocates identify and address financing gaps, and design and apply tools and models to demonstrate the social and economic impacts of increasing investments in HIV, FP/RH, and maternal health. We also build host-country capacity in advocacy and policy dialogue to support future resource mobilization efforts.

## How to Work with Us

For over 40 years, Futures Group has managed large and complex international health and development projects for a range of major development players, achieving significant results on the ground in more than 100 countries. Host-country partners with interest in receiving project assistance should contact their USAID Mission. All Missions may participate through field support. For information on how to work with the Health Policy Project please contact:

### USAID

Linda Cahaelen, ScD  
AOR, USAID/Washington  
lcahaelen@usaid.gov  
Tel: +1 (202) 712-4138

### Futures Group

Suneeta Sharma, PhD  
Director, Health Policy Project  
ssharma@futuresgroup.com  
Tel: +1 (202) 775-9680

## Contact Us

Health Policy Project  
One Thomas Circle NW, Suite 200  
Washington, DC 20005  
[www.healthpolicyproject.com](http://www.healthpolicyproject.com)  
[policyinfo@futuresgroup.com](mailto:policyinfo@futuresgroup.com)

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