نقابة صيادلة لبنان
Order of Pharmacists of Lebanon

Towards a National Pharmaceutical Strategy in Lebanon

Appendix B – Access to Medications and Financing

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Access to Medications and Financing

Public risk-pooling entities are losing their role in financial protection against illness because of compromised funding mechanisms. The current healthcare funding mechanisms have been compromised by the steep depreciation of the local currency, thus the need to ensure adequate and equitable funding that would balance the collected revenues with healthcare expenditures. There is a need to establish sustainable and equitable funding for healthcare at public risk-pooling entities, standardize enlistment principles, and unify and centralize the bidding process for all public funds while prioritizing local production if available. In addition, authorities should supply PHCs with locally produced medications when available and less expensive.

Government transfers

Several public risk pooling entities are funded wholly or partially by government transfers. Accordingly, the government collects tax and non-tax revenues and decides on yearly budgets to allocate to each of the relevant risk-pooling entities, such as the Ministry of Public Health, the Armed Forces, the Civil Servants Cooperative, and other relevant bodies. In addition, the government subsidizes 25% of the healthcare expenditures of the maternity and sickness fund at the National Social Security Fund (NSSF).

Firstly, the government has defaulted on several yearly payments to the NSSF. Accordingly, and in an attempt to restore the fund's ability to afford the actual cost of the healthcare provided to their beneficiaries, the government should aim to settle, the soonest, NSSF's dues, which should happen in an agreement on the further relevant details among the concerned parties.

Secondly, the government has to allocate adequate funding, in the local currency, for the concerned public risk-pooling entities, considering the depreciation of the local currency. This allocation should account for the purchasing power of the local currency, the evidence generated from a thorough needs assessment, and previous years' expenditures reports. Conversely, this brings forward the questionable ability of the government to allocate adequate funds; thus, the importance of finding new funding mechanisms hypothecated directly for healthcare, contrary to the current model where funding healthcare relies mainly on general taxation. Furthermore, whereas the local tax system relies on regressive taxation mostly, bringing additional funds should consider an equitable funding approach, not through the addition of non-equitable taxes.

Thirdly, the government should rely on global evidence to generate additional and sustainable funding for healthcare and medications. The taxation of harmful behaviors, for example, has compiled a significant load of evidence globally, with a clear double impact on health and healthcare, i.e., reducing harmful behaviors at the population level (which is considered a paramount input for health production) and generating adequate funding earmarked for healthcare and medications.

National health insurance contributions through the NSSF

The steep depreciation of the local currency has diminished, in general, the purchasing power of the salaries of the employees in the private sector. In addition, the correction of the salaries' real value is expected to happen at a relatively slow pace. While this significantly affects individuals and households, it does also affect the ability of the Maternity and Sickness Fund at the NSSF to afford the actual cost of the healthcare benefits package they offer to their beneficiaries. Accordingly, the

NSSF has to revisit its current contribution model to ensure equitable and adequate funding for the Maternity and Sickness Fund, restoring the trust of its beneficiaries and re-gaining its role of financial protection against illness.

Firstly, the design of the contribution system should be revisited to minimize contribution evasion, a problem currently plaguing the NSSF. Secondly, the NSSF should look at ways to increase funding in a progressive manner, e.g., revisiting the upper ceiling for contributions or rendering the contribution system progressive rather than proportional. However, any decision should factor-in the potential impact on the labor market. Thirdly, co-payments also play a funding role, though it also holds other purposes, i.e., addressing the moral hazard of patients and prescribers. The current co-payment system at the NSSF is regressive by nature; it depends on the medical condition, and the payable amount by the patient is proportional to the price of the intervention while completely disregarding the individual or household's income. Moving forward, reforms should consider three points taken from a regional report by the European WHO regional office. First, poor people or people with chronic conditions should be exempted from co-pay. Second, annual caps should be set to keep co-pays under an affordable ceiling and avoid catastrophic spending on healthcare. Third, co-payments should be absolute and not a percentage from treatment cost. An alternative for this third payment, is to make the co-pay depend on salaries rather than treatment cost. Experts should be consulted on that matter.

Finally, NSSF beneficiaries are currently paying additional charges, which are not officially part of the co-payment, because of the difference between the price fixed in the local currency by the NSSF and the higher price charged by the providers. This additional amount is caused by the depreciation of the local currency that could represent an affordability obstacle from the patient's perspective, thus the need for the NSSF to secure additional revenues and rationalize some interventions (i.e., lab tests, MRI, etc.) to afford the actual cost of healthcare and medications (digitalization is a must).

Out-of-pocket payments

It is of primary importance for the government to ensure that public risk-pooling entities will not lose their role of financial protection against illness. Otherwise, the rate of catastrophic spending on healthcare and the impoverishment rates due to healthcare expenses will considerably rise.

Foreign aid

While the government strives to build sustainable funding mechanisms, foreign aid could play a prominent role in bridging the gap while ensuring that no patients are left behind. This matter should not push the government to displace or reduce the allocated budget for healthcare and medications; instead, foreign aid should be added on top of the locally allocated budget. Authorities should regulate drug donations while respecting priorities, ensuring quality, and reducing waste. They should encourage and facilitate fundraising or donations for drug financing, especially for the disease areas where frequent stock ruptures of critical medications are witnessed. Donations of medicines should be accepted based on WHO guidelines (World Health Organization, 2011) [1].

[1] World Health Organization. Guidelines for Medicine Donations Revised 2010, vol. 2020. WHO, Geneva, Switzerland. 2011. https://www.who.int/publications/i/item/978924150198-9

Management of scarce resources with efficiency and equity

Funding for healthcare is not hypothecated (earmarked/dedicated). There is a shortage of many acute, chronic, and medications used for catastrophic conditions like cancer and dialysis. It is more important than ever, at this stage, for the risk-pooling entities to seek efficient investment decisions while ensuring equitable access to healthcare. Thus, the need for the development of an explicit decision-making framework for assessing health technologies. The process should rely on evidence, reward value, and ensure multi-stakeholder involvement. Optimizing the efficiency of investments in health technologies would enable risk-pooling entities to treat more patients better. Additionally, patients with equal needs should be treated equally (horizontal equity). Thus, the government should strive for more equitable access to healthcare across the fragmented healthcare system. In addition, the government and the health system should seek to provide people with higher health needs more healthcare than those with lesser needs (vertical equity). Developing laws related to the taxation of harmful behaviors earmarked for healthcare would be useful to secure the availability of medications and ensure adequate and equitable funding to balance collected revenues and healthcare expenditures. Promoting public-private partnerships and involving international support agencies such as the WHO is also important.