



# Financing Health Research

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# The State of Health Research

Like the health system:

- Underfunded
- Fragmented among different institutions (pre NUHRA)
- Influenced by the Market vs health needs
- Scant baseline data
- Scant burden of disease data
- Needed Information not readily available for Health policy decisions

# Health research




- Reforms should be focused on the mandate to achieve Universal Health care or Health for ALL in 3 years

# How much do we need?

- WHO recommendation: 2% of National Health Expenditure: 2007 P234B -> 2% = P4.7B
- We are spending 0.33% of NHE – PNHRS TWG
- In 2008 – P98.4 M

# Why is health research underfunded: The big picture



- A fundamentally sound economy?
- Or a fundamentally backward stunted economy

# Our Economic policies

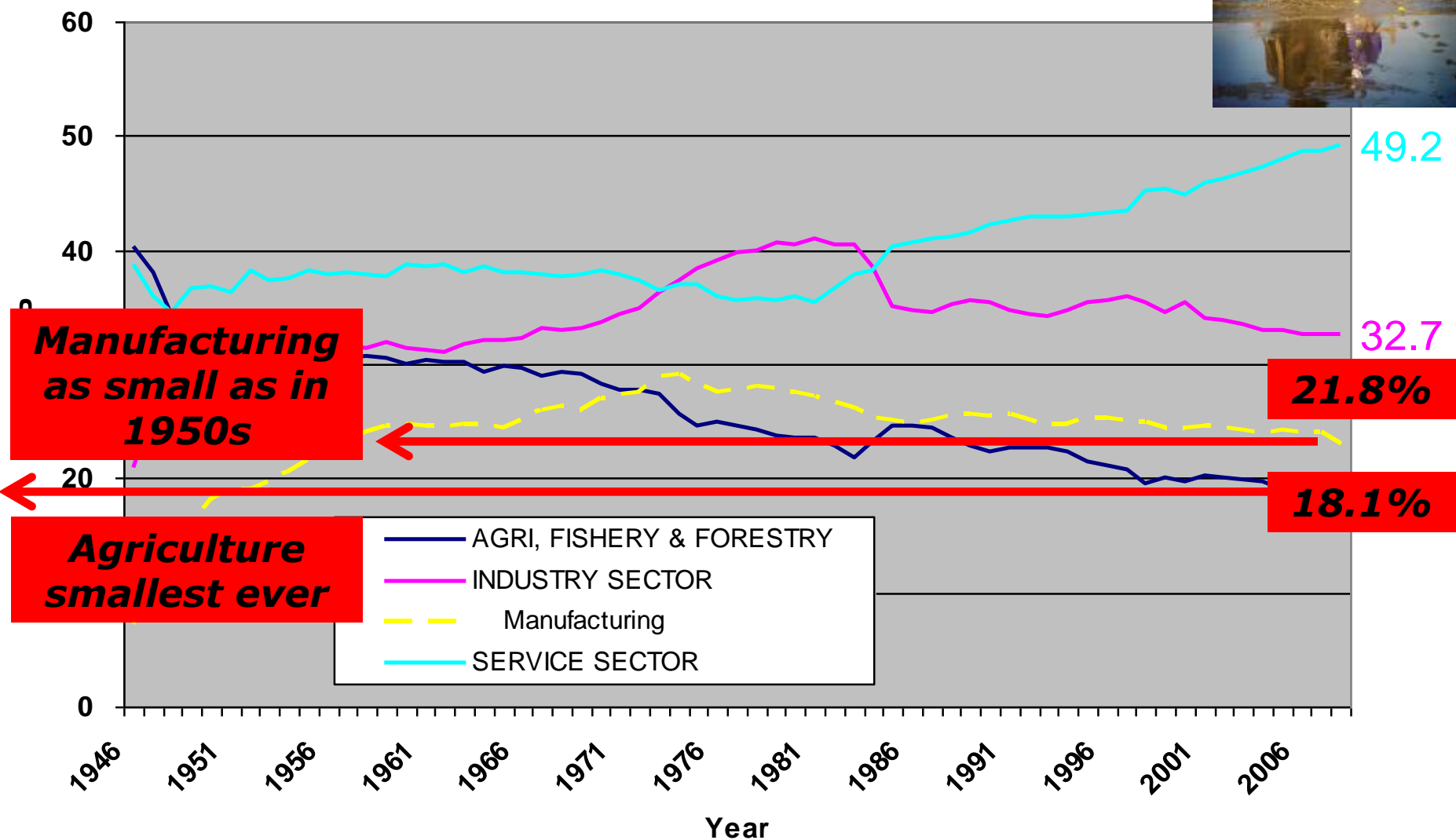
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- Foreign Investment dependent
- Export oriented
- Concentrate on Comparative advantage
- Free trade

And the result?



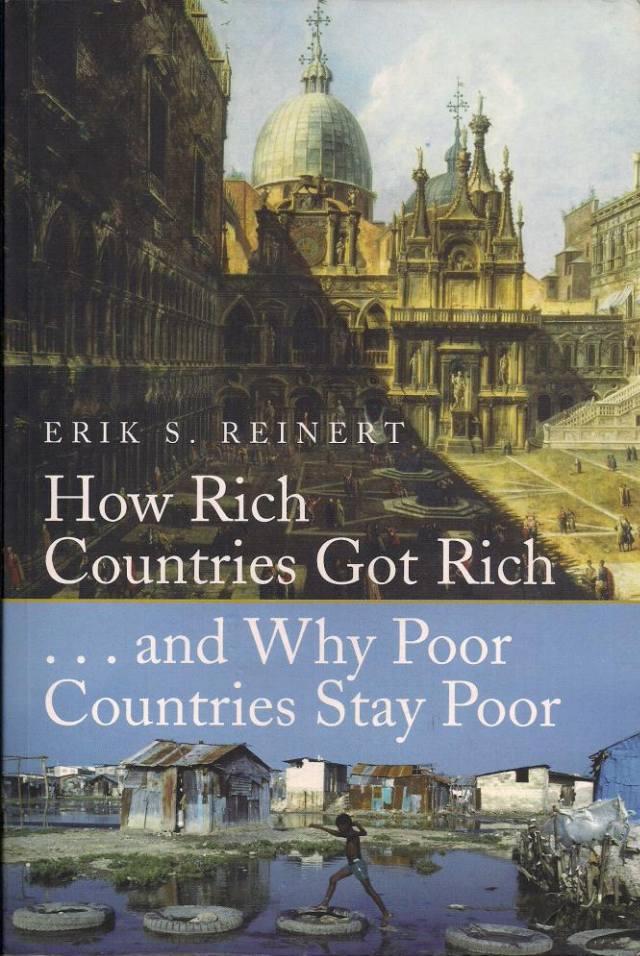
## Gross Domestic Product, by industrial share (% of GDP, 1946-2008)



**Manufacturing as small as in 1950s**

**Agriculture smallest ever**

- AGRI, FISHERY & FORESTRY
- INDUSTRY SECTOR
- - - Manufacturing
- SERVICE SECTOR



# How Countries Got Rich; Why Countries Stay Poor

- ❑ Countries that industrialize became rich
- ❑ Countries that remained agricultural remained poor ...
- ❑ Countries developed by government intervention, by protecting their industries,
- ❑ These countries did not practice Free Trade

Erick Reinert,  
Norwegian Historical  
Economist



# To address our poverty

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“The government’s anti-poverty strategy must focus on agriculture and rural development through **asset reforms (agrarian reform, urban land reform and ancestral domain reform)** accompanied by reforms in the agricultural sector, such as investments in productivity improvements and supporting infrastructure.”


- **The Philippine Midterm Progress Report on the MDGs 2007**
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# To address our poverty

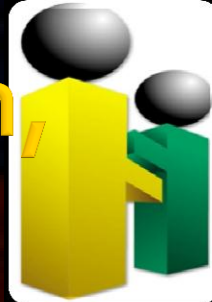
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- Agrarian reform with modernization to address rural poverty**
  - A domestic market of 90 million people**
  - Foundation for a domestic oriented National Industrialization**
  - In Health, we were manufacturing ampicillin and vaccines, we can manufacture EKGs**
  - A tiger Economy -> more money for health, more money for health research**
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# Financing Research: the sectoral picture

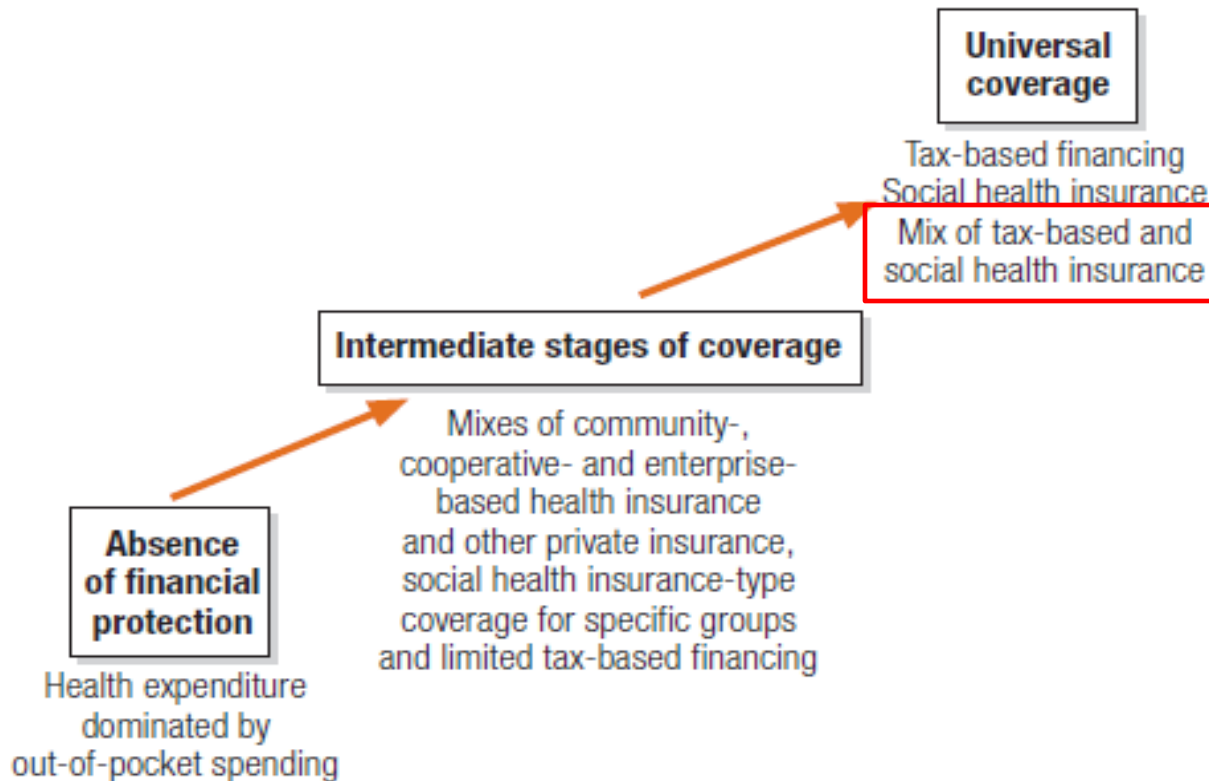


# Carrin et. Al, WHO Special Bulletin November 2008 86(11)



Guy Carrin et al.

Fig. 1. Key health financing options at different stages of the evolution towards universal coverage<sup>26</sup>



# PhilHealth

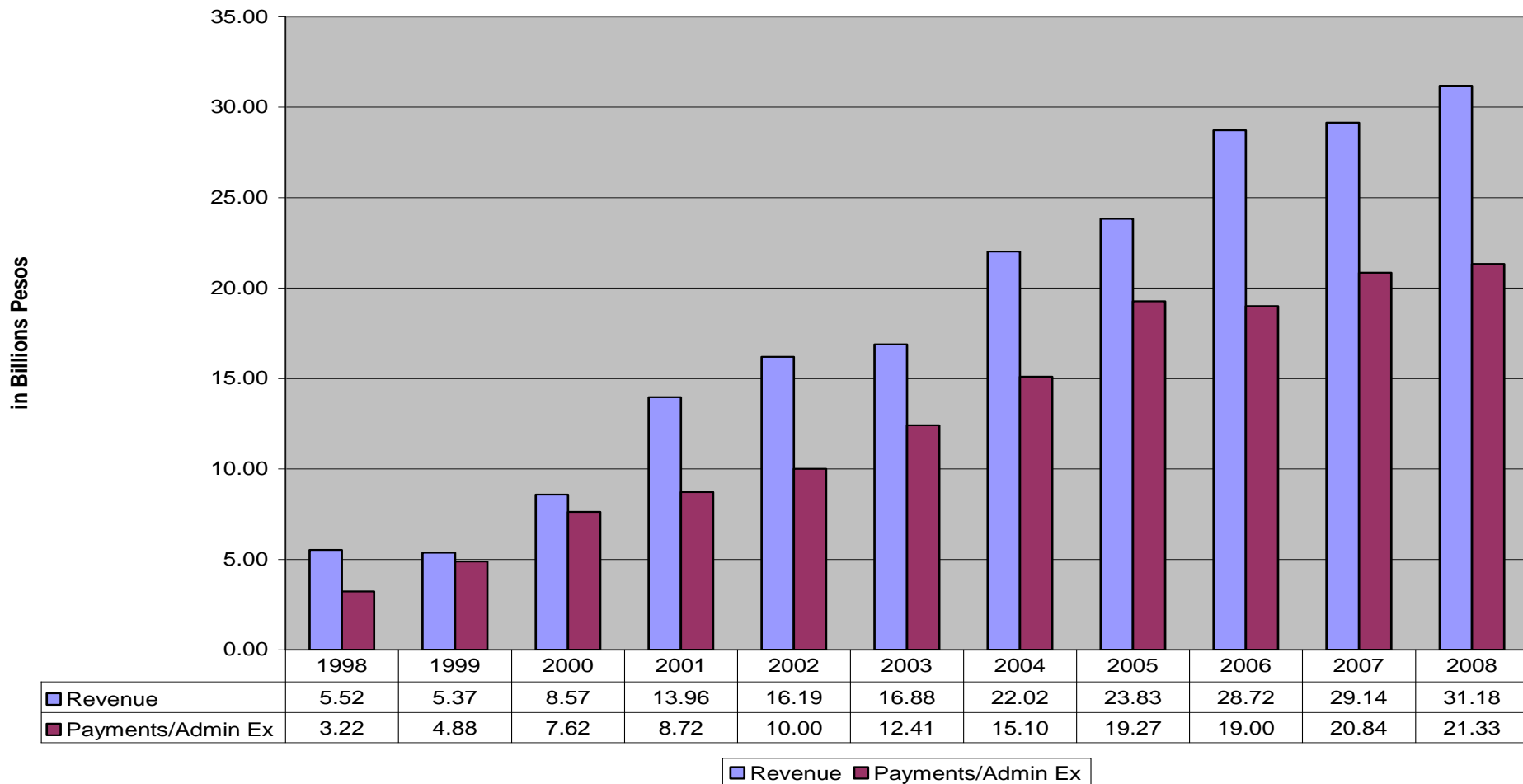
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- **P130 B health fund in 2009**
- **Almost 4X the DOH budget**

# PHIC Revenues Expenses 1998 - 2008

## (in billions)

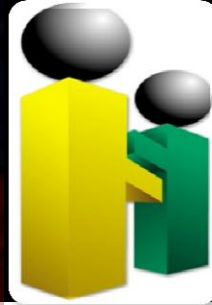
PHIC Revenues vs Expenses 1998-2008



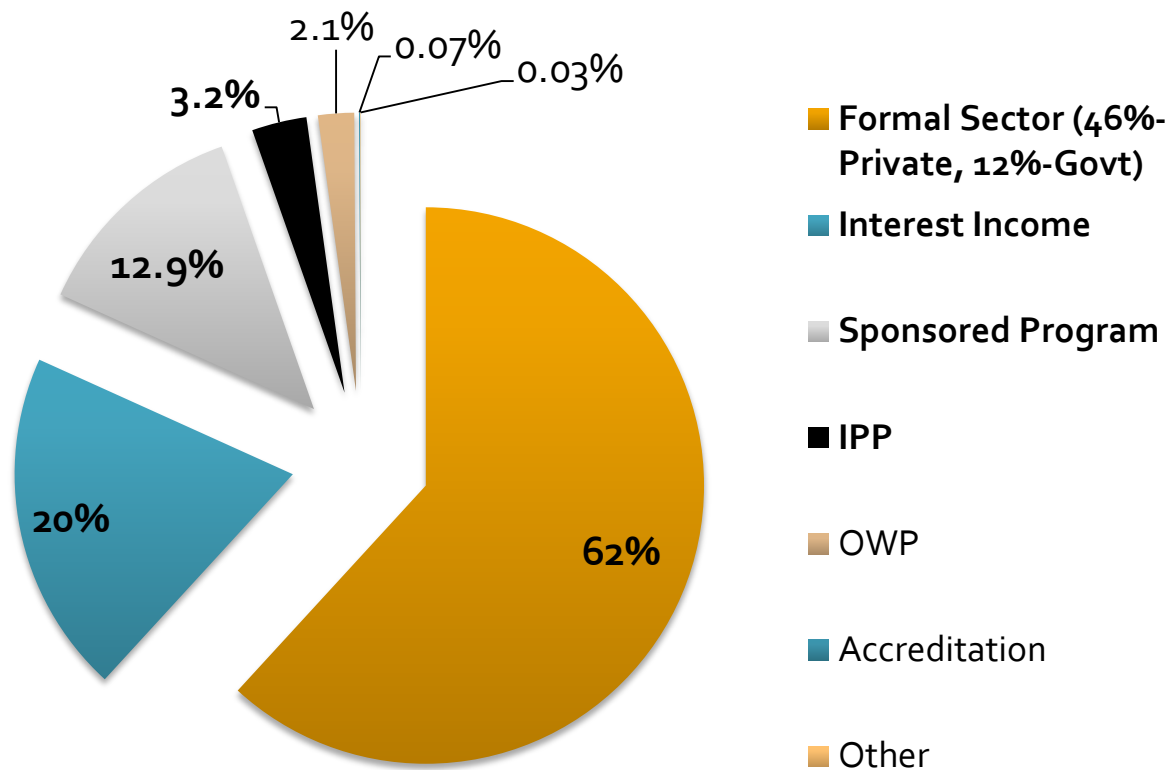
# PhilHealth

- **Remove salary cap of P30,000 a month**
  - ▣ **10% of families with average annual income of P617,000**
  - ▣ **2.5% = P26B**
- **We can generate additional P26B by removing the salary cap**

# Implications on PHIC Revenue



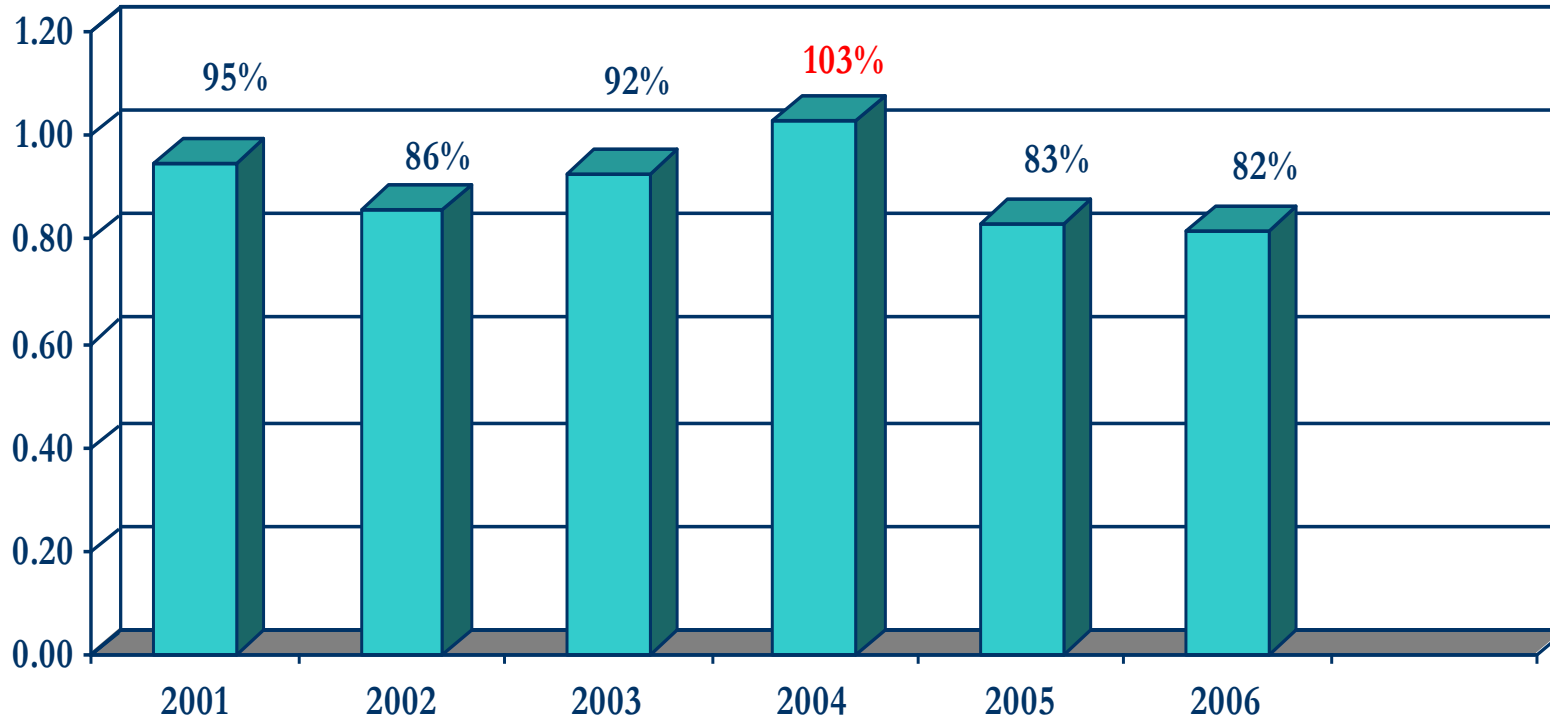
Distribution PHIC Revenues 2006



From "Validation of PhilHealth Performance Areas Using 10 Key Performance Areas for the Years 2004 – 2006", Paterno, et al



# Admin expense



■ Admin Expense as Percentage of the Limit Mandated by Law with Bad Debts Removed

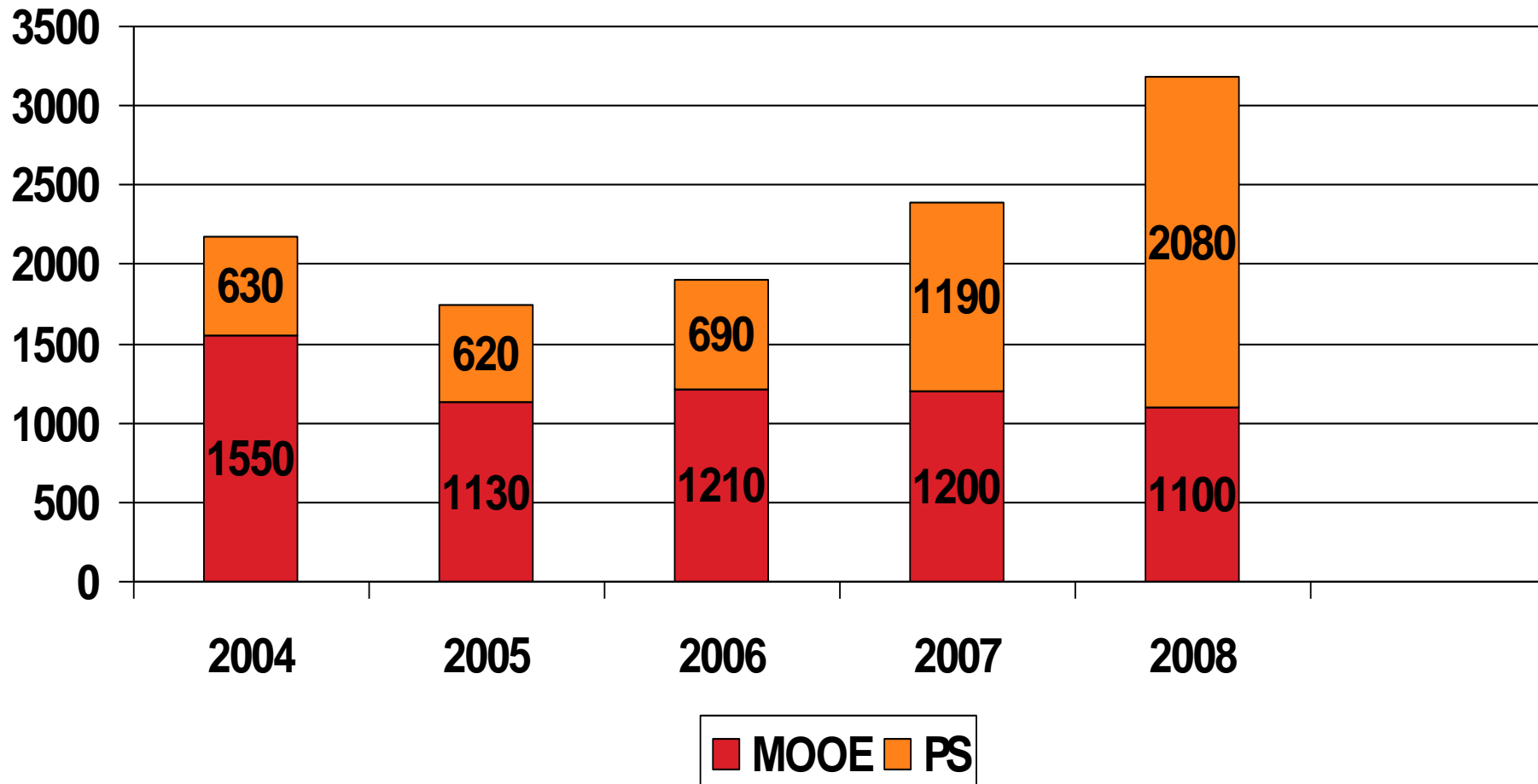
**12% of collections and 3% of interest earnings of the previous year**

# Utilization of Allowable admin expenses

- For 2001 – 2007, PhilHealth did not utilize P1.60 Billion in allowable administrative expenses or an average of about P228 Million per year
- In 2008, PHIC exceeded its allowable administrative expenses by some P48M
- Still average of P170 million per year

# PHIC Admin expense

(in millions)



# Universal PhilHealth coverage by 2013

- There should no longer be a distinction between PhilHealth members and ALL Filipinos
- Relevant health research will benefit ALL Filipinos
- Health research necessary to achieve Universal Health Care
- PhilHealth should be a significant contributor to health research, specially research that addresses health inequities and advances Universal Health Care.

# Prospects of Passing PNHRs bill

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- Bright in the light of P-Noy's commitment to achieve UHC
- Bright if all the stakeholders recognize value of health research  
-> improvement of health status



□ Thank you...