

Sustainable Financing Framework for ASEAN healthcare amidst COVID-19 crisis

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In conversation with Franck Perraudin, Head of External Affairs Asia, Sanofi, Singapore



Stable and sustainable health financing is considered an essential component for achieving crucial health goals in population. Appropriately deployed healthcare financing (HCF) helps governments mobilize adequate financial resources for health, allocate them rationally, and use them equitably and effectively. Meticulous design and implementation of health financing policies can stabilize sustainability in healthcare financing which are essentially expected to provide access to key promotive, preventive, curative and rehabilitative health interventions.

The pernicious effect of COVID-19 is having a significant impact on the healthcare revenue cycle and financial operations. Expenditures are poised to rise further due to the aged population who are more vulnerable to the advent of communicable diseases. The ongoing COVID-19 outbreak likely continues through 2020 and into 2021, with governments rapidly accelerating into health and economic responses.

As the global crisis strikes, EU-ASEAN Business Council, KPMG and SANOFI, took an initiative to provide a broad range of insights and guidance to healthcare finance leaders on creating sustainable financing framework for ASEAN healthcare fraternity. BioSpectrum Asia took this opportunity to converse with Franck Perraudin, Head of External Affairs Asia, Sanofi who recognizes public health as an economic investment.

- **How do you define an ideal architecture of sustainable healthcare financing in the ASEAN region?**

The ASEAN region is facing unprecedented pressure on the financing of its healthcare systems. Expenditures are poised to rise further due to population ageing, the advent of both communicable and non-communicable diseases, and the commitment to achieve universal healthcare coverage (UHC) by 2030.

However, even if we correct this expenditure, inefficiencies in current healthcare systems, as well as growing demand, will continue to widen the gap. An ageing population and smaller taxable workforce, coupled with the informal economies found in Southeast Asia, won't get us much further ahead.

Sustainable healthcare financing should involve a holistic model that requires a fundamental change to the mentality and structure of how we approach healthcare sustainability. The holistic model involves two key areas – resolving inefficiencies and revisit financing models.

Resolving inefficiencies

- *“Health for wealth”*: Transform how healthcare is viewed – from a cost item to an economic investment as key driver of economy – to make healthcare a forefront agenda across ministries
- *Prevention*: Prioritize three main initiatives – immunization, encouraging healthy lifestyles, and early detection to reduce future healthcare expenditure
- *Nextgen healthcare service delivery models*: Promote the use of cost-effective delivery models such as primary care, self-care and digital interventions to share the load off hospitals
- *Human capital*: Develop and extend the role of health practitioners such as nurses and pharmacists to alleviate doctor shortages

Revisit financing models

- *Composite funding and emerging platforms*: Secure funds through both tax and social health insurance contribution, unify fragmented schemes, leverage private insurance to close the financial protection gap.
- Explore other novel funding models to complement traditional sources such as social impact bonds, crowdfunding, individualized healthcare savings accounts and earmarked plans.

• What are the measures to ensure that healthcare financing is sustainable under current COVID-19 situation?

At this current point in time, we need to spend whatever it takes to ensure the health of our healthcare workers and our people. However, while COVID-19 is placing our healthcare systems under tremendous pressure, as much as economies and life as we know it, there is also a strong need for all stakeholders involved to continue with discussions and actions – without seeking any detraction from the urgent work in ensuring COVID-19 management – on sustainable healthcare financing. It is a longer-term vision that needs the stage set now.

• Why is an ageing population of major concern to the sustainable healthcare financing mechanisms?

When a working-age population exceeds its dependent population, which mainly comprises children and retirees, a country is expected to reap what is known as a 'demographic dividend'. East Asian countries have already experienced a demographic dividend as a result of heavy investments in expanded access to programs such as family planning. For example, South Korea's GDP grew by 2,200 per cent between 1950 and 2008.

The demographic dividend is set to expire in silver nations, which include ASEAN countries such as Singapore and Thailand. Longer life expectancy is increasingly accompanied by greater disease burden, which factors into the now often-used Quality Adjust Life Years (QUALYs) model. For example, in Singapore average life expectancy increased from 76.1 in 1990 to 84.8 in 2017; Singaporeans now spend 10.6 years in ill-health, about 1.5 years more than in 1990.

Ageing populations coupled with the rise in Non-Communicable Diseases (NCDs) in an older population will place a further strain on healthcare systems. Prolonging the working years of a population due to good public health can serve to reverse the threat that an ageing society has on the economy. Furthermore, an aged population means a smaller taxable workforce that can contribute to national healthcare funding – and a major reason for the important need to evolve the current model of healthcare financing.

• How significant is a public-private partnership for sustainable healthcare to aid emerging APAC economies?

The key to achieving the holistic strategy to healthcare financing that I've outlined is the relationship between public and private sectors. In healthcare, public-private partnerships (PPPs) must evolve beyond infrastructure and include also services,

as well as directly into sustainable financing, in order to pivot from viewing healthcare as a cost item. We need to evolve into a “health-for-wealth” model, where health is seen as an economic driver that creates a more sustainable system for the future of our societies.

- **How is Sanofi strengthening its framework to address the emerging needs of medical innovations through sustainable healthcare financing?**

Discussions around health system financing are not complete without addressing the matter of access to medical innovation. Research shows that in developed markets between 2000 and 2009, pharmaceutical innovation is estimated to have single-handedly increased life expectancy by nearly two years. Now is the time for all countries and in ASEAN, in particular, to be investing in access to transformational interventions.

At the same time, access models need evolving too – medical innovation is nothing if it's not accessible by those who need it the most. Sanofi, as with others in the industry have a big role to play in actively driving the collective discussion on the possibilities for what this continued investment means for medical innovation and creating access to these innovative medicines.

- **Amidst drastic adverse impact of COVID-19 on the global economy what are the expected challenges and futuristic approaches to be followed by APAC healthcare financing system to maintain sustainability?**

As a start, our traditional roles and responsibilities, and ways of working will be kept aside as we all come together to address the impact that this pandemic had on not just the healthcare system, but on global economies and livelihoods. Health is after all the wealth of a nation.

When it comes to healthcare, both the public and private sectors need to work together to ensure a permanent, robust, professional and sustainable health system that protects the people by scaling up our research and testing capacity to ensure that we are able to deploy solutions faster, as well as ensuring a robust prevention strategy so that we have greater sustained preparedness for future pandemics.

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