

Financing reform for Catastrophic Healthcare

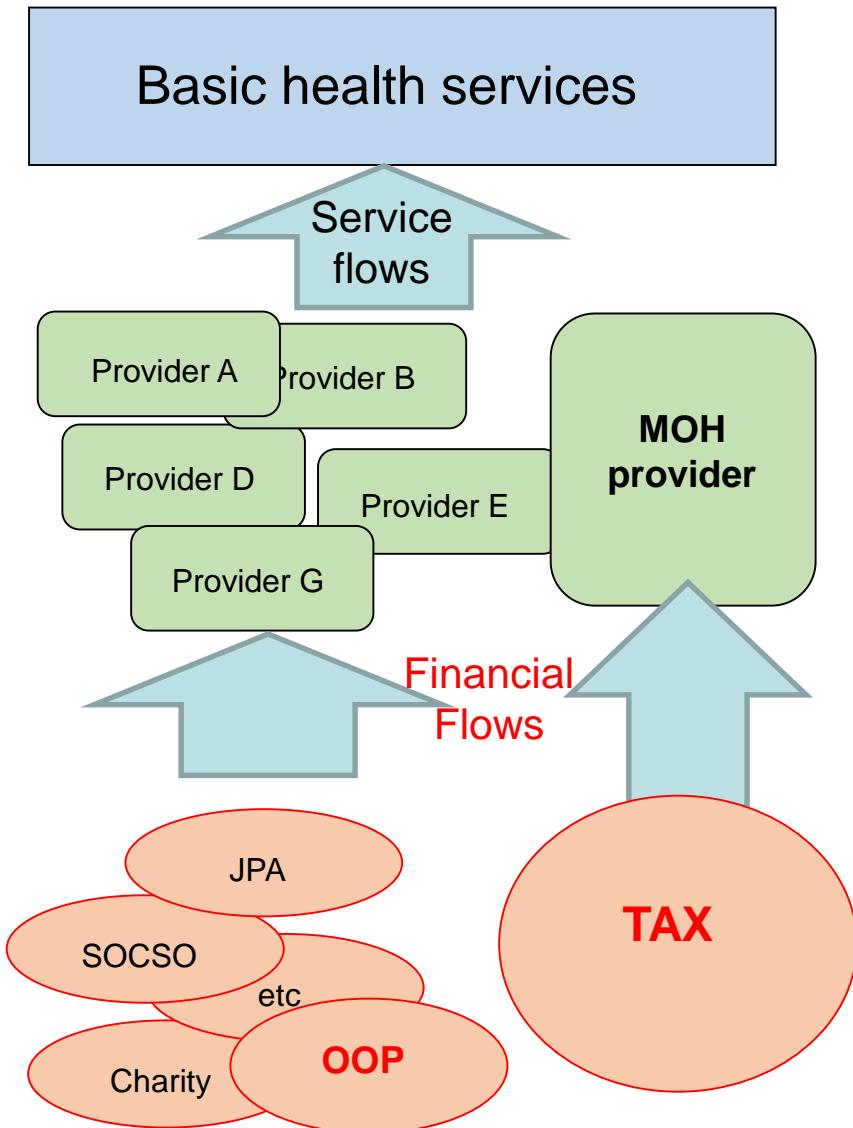
RoundTable 2: Health Financing UM 7 Aug2019

Dr. Lim Teck Onn FRCP, M Stat
Together Against Cancer
limteckonn@gmail.com

Contents

- Current health system for basic care
- Access to catastrophic healthcare & Financial drivers of access
- Financing reform, is it possible?

Our current multi-risk pools multi-provider health system for basic care



- 97% of children vaccinated
- 98% mom get antenatal care
- 99% of births by skilled health personnel
- 3.5 consults /person-year
- 119 discharges/1000 pop
- Access to prescription meds
- Access to basic surgeries (eg acute abdo, cataract)
- etc

And all these and more at modest cost of USD 1,805 per head, a mere 4% of M'sia's GDP

Current health system works reasonably well for basic care



But it is a tiered, socially segregated system



SAFETY NET



Highly differentiated healthcare market

- To each segment according to his income
- Though presumably everyone gets to the same “destination” on time, only at varying comfort

Healthcare basics

Healthcare can be categorized by its cost:

- A. **Basic care**: Routine every day healthcare such as vaccinations, common prescription medicines (eg for Diabetes, Hypertension, Asthma), out-patient visits and in-patient acute care incld surgeries & trauma.
- B. **Catastrophic care**: Care which incurs catastrophic health spending [*WHO: cost of care more than X% of median annual household income (M'sia RM60k)*]

But Malaysians need more than just basic care

Top 10 Causes of YLLs, Malaysia 2010

| # | Disease (require catastrophic care) | YLLs '000s | % total |
|--------------|---|---------------|-------------|
| 1 | Cardio & circulatory (IHD, Stroke, etc) | 887 | 24.1 |
| 2 | Infections (LRTI, HIV/AIDS, Typhoid, TB, Dengue) | 597 | 16.2 |
| 3 | Injuries (Road, Other transport, Drowning, Falls, Violence) | 427 | 11.7 |
| 4 | Cancers (Lung, Breast, CR, Liver & Leukemia) | 248 | 6.8 |
| 5 | Neonatal & childhood conditions | 166 | 4.5 |
| 6 | COPD & Asthma | 134 | 3.6 |
| 7 | Diabetes | 94 | 2.6 |
| 8 | Chronic kidney disease | 62 | 1.7 |
| 9 | Chronic liver disease (cirrhosis) | 42 | 1.1 |
| TOTAL | | 3671 | 100% |

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Access to CANCER care

| # | Disease | Treatment | Year | # need Rx | % Access |
|-----|---------------------------|---------------------------|------|-----------|----------|
| | Cancers | | | | |
| 1. | Chronic Myeloid Leukemia | Imatinib | 2012 | 973 | 96 |
| 2. | Resistant CML | Nilotinib | 2012 | 300 | 97 |
| 3. | B-cell NHL & CLL | Rituximab | 2012 | 1137 | 75 |
| 4. | Myeloma | Bortezomib | 2012 | 209 | 45 |
| 5. | Stage III/IV EGFR+ NSCLC | EGFR TKI | 2012 | 938 | 24 |
| 6. | Stage T1c to III HER2+ BC | Trastuzumab, Lapatinib | 2012 | 1508 | 21 |
| 7. | Stage IV Renal cancer | Sunitinib, Pazopanib | 2012 | 278 | 16 |
| 8. | Stage III/ IV Ovarian CA | Bevacizumab | 2012 | 295 | 13 |
| 9. | Stage IV Colorectal CA | Bevacizumab | 2012 | 1294 | 10 |
| 10. | Stage III/IV ALK+ NSCLC | ALK TKI Crizotinib | 2014 | 147 | 7 |

Ref: The elephant in the room- Universal coverage for Costly treatments in an upper middle income country. *BioAriv pre-print*

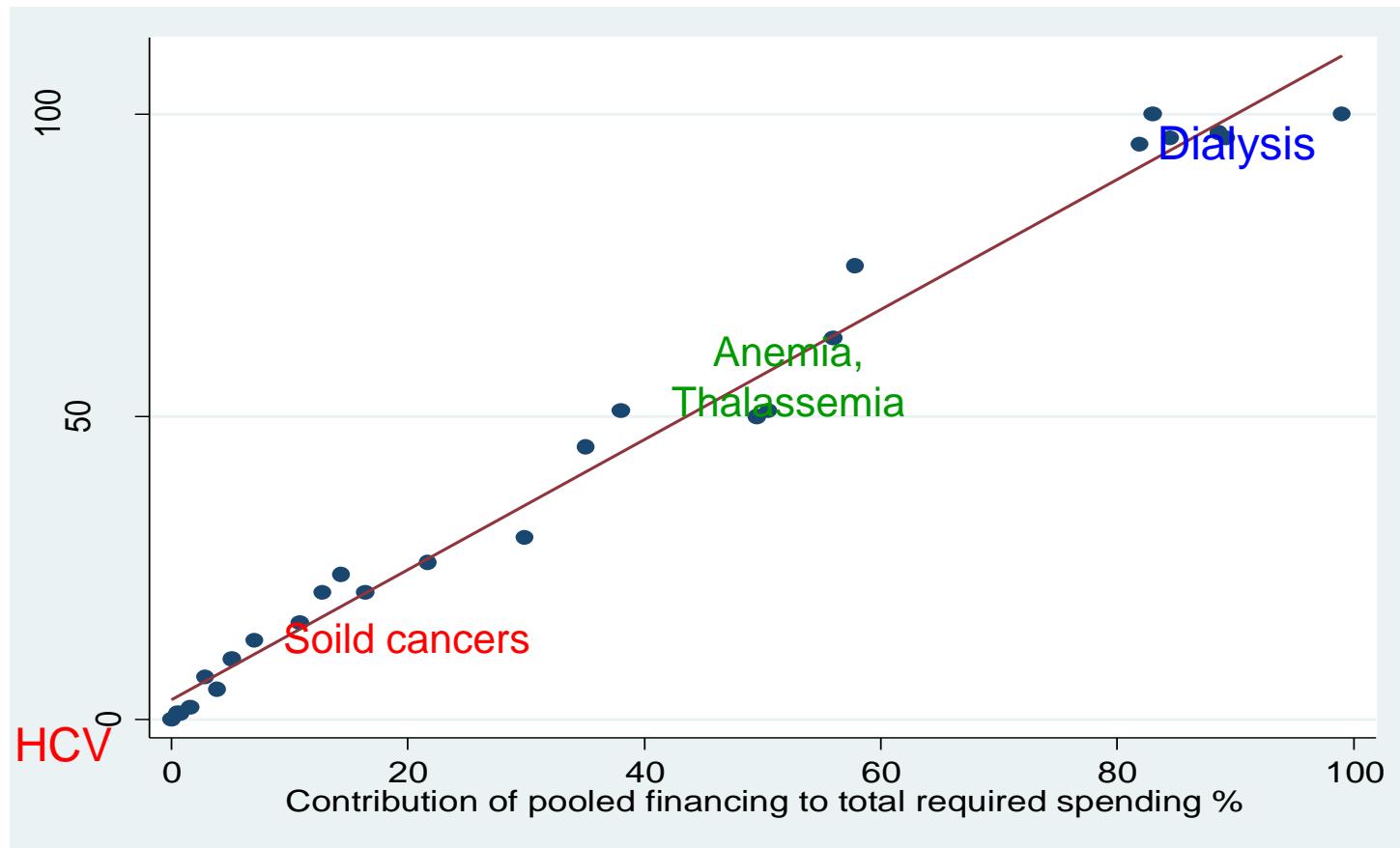
Access to NON-CANCER care

| # | Disease | Treatment | Year | # need Rx | %Access |
|-----|------------------------------------|---|------|-----------|---------|
| 1. | Transplant for organ failure | MMF, CsA, Tacrol. Abs. | 2012 | 2832 | 100 |
| 2. | Incident ESRD | Dialysis | 2012 | 6635 | 96 |
| 3. | Bilateral Cataract with VA<6/60 | Cataract surgery+ IOL | 2014 | 15000 | 95 |
| 4. | Anemia in prevalent ESRD | Epoetin Hb>10 | 2012 | 26381 | 63 |
| 5. | Coronary heart disease | PCI and CABG | 2015 | 37000 | 51 |
| 6. | HIV CD4 <350 cells/mm ³ | Anti-Retrovirals | 2014 | 42408 | 51 |
| 7. | Transfusion dependent Thalassemia | Iron chelators (DFP, DFX), | 2012 | 5700 | 50 |
| 8. | Hemophilia A and B age<18 | Prophylactic Factor VIII/IX replacement | 2013 | 1053 | 30 |
| 9. | Moderate/Highly active RA | Anti-TNF | 2012 | 1200 | 26 |
| 10. | End stage Knee OA | Knee replacement | 2015 | 34000 | 21 |
| 11. | Severe Psoriasis | Anti-TNF | 2012 | 696 | 5 |
| 12. | Ischemic Stroke | Alteplase | 2012 | 46000 | 1 |
| 13. | Chronic HCV | Interferon alfa | 2012 | 44000 | 2 |
| 14. | Refractory childhood epilepsy | Epilepsy surgery | 2014 | 945 | 1 |
| 15. | Chronic HCV | Sofosbuvir | 2015 | 45000 | 0 |

POOLED FINANCING (Health insurance)

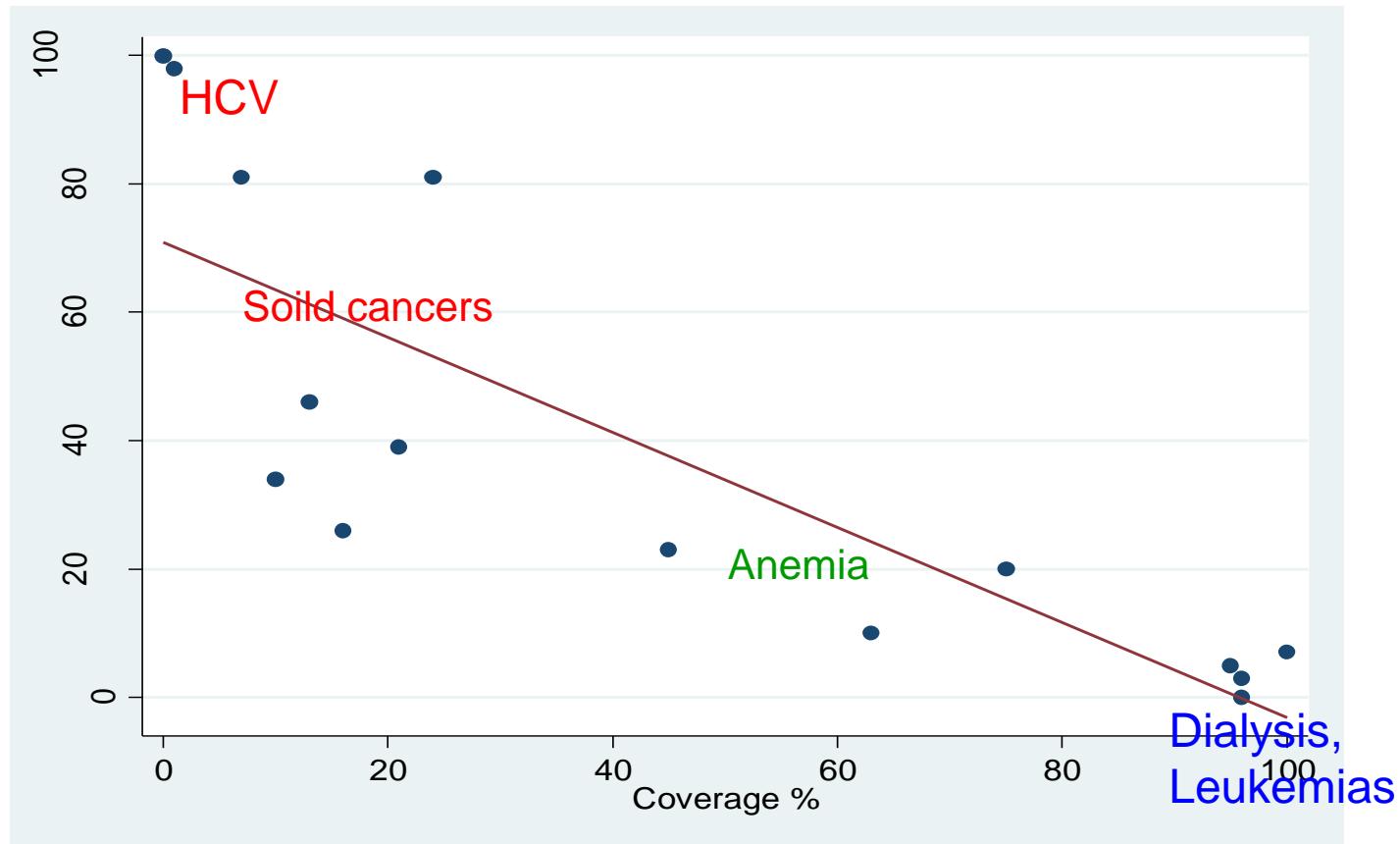
Just this factor accounts for 99% of the wide variation in Access to care

% Coverage related to % contribution by Pooled financing, $r=0.99$



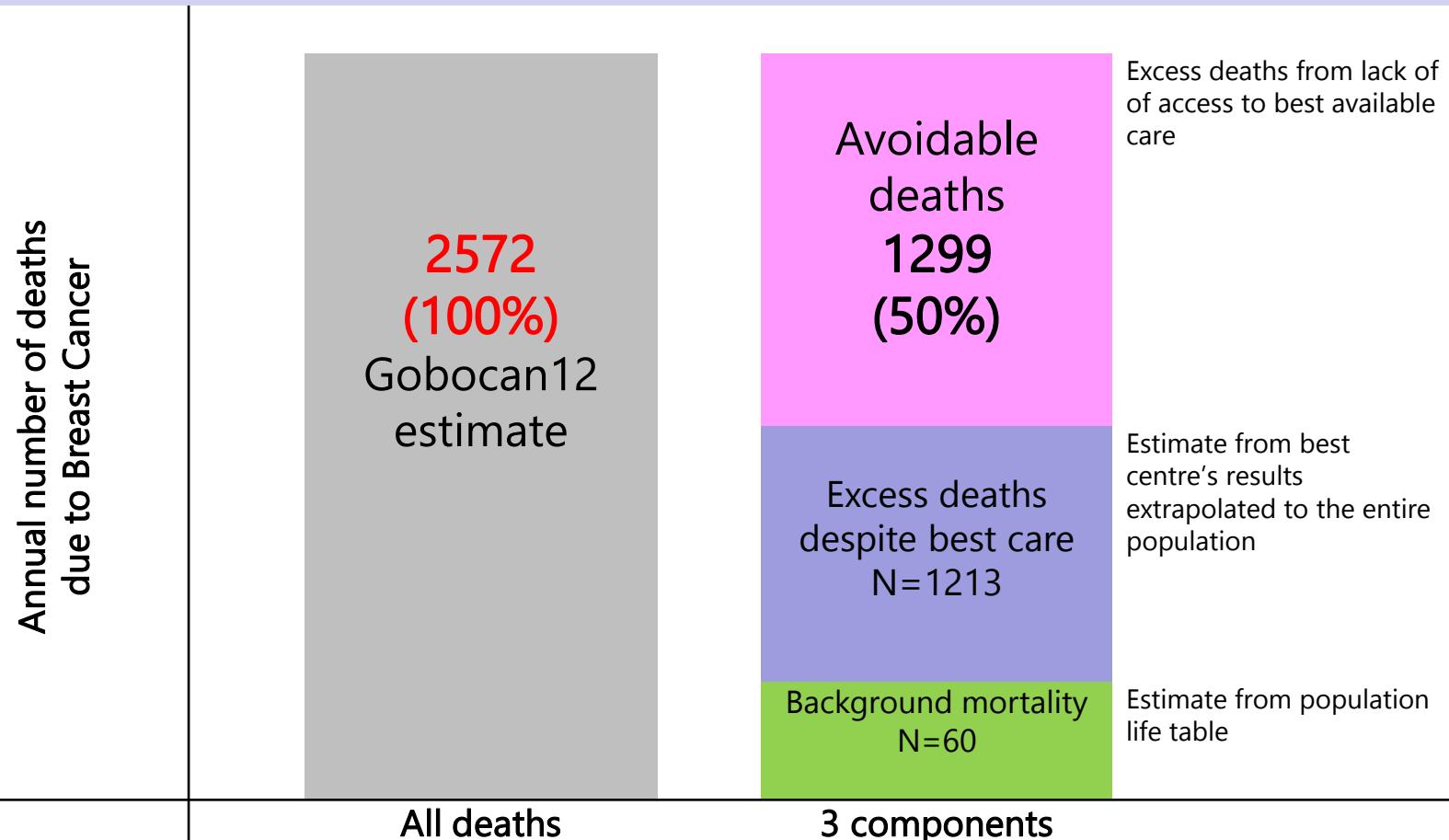
And access matters very much to your health

% Health Benefits forgone related to % Coverage



Breast Cancer Deaths in Malaysia (2012)

50 to 80% are avoidable



Source: Ho GF et al. What if all cancer patients in Malaysia have access to the best available care: How many deaths are avoidable? *Global J Health Science* 2017;9:32-39

Financial consequences of Cancer

ACTION study results for Malaysia

Out-of-pocket spending is pushing 51% of the households of surviving patients (at 12 months) in Malaysia into economic hardship (EH):

1 year following diagnosis and treatment

46% cancer patients had used up their personal savings

39% could not pay for medication

35% could not pay for medical consultation fees or tests

22% could not pay for rent or mortgage

19% discontinued treatment

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What is to be done?

TWO things need to happen

1.REFORM: More & Better pooled financing

2.LOWER treatment cost, which has 2 components

- (a) Cost of goods (medicines, devices etc)
- (b) Cost of health services

Market Failure in Pharmaceuticals

Much of it self inflicted

Efficient differentiated Market



Market failure

This costs
RM500k a year

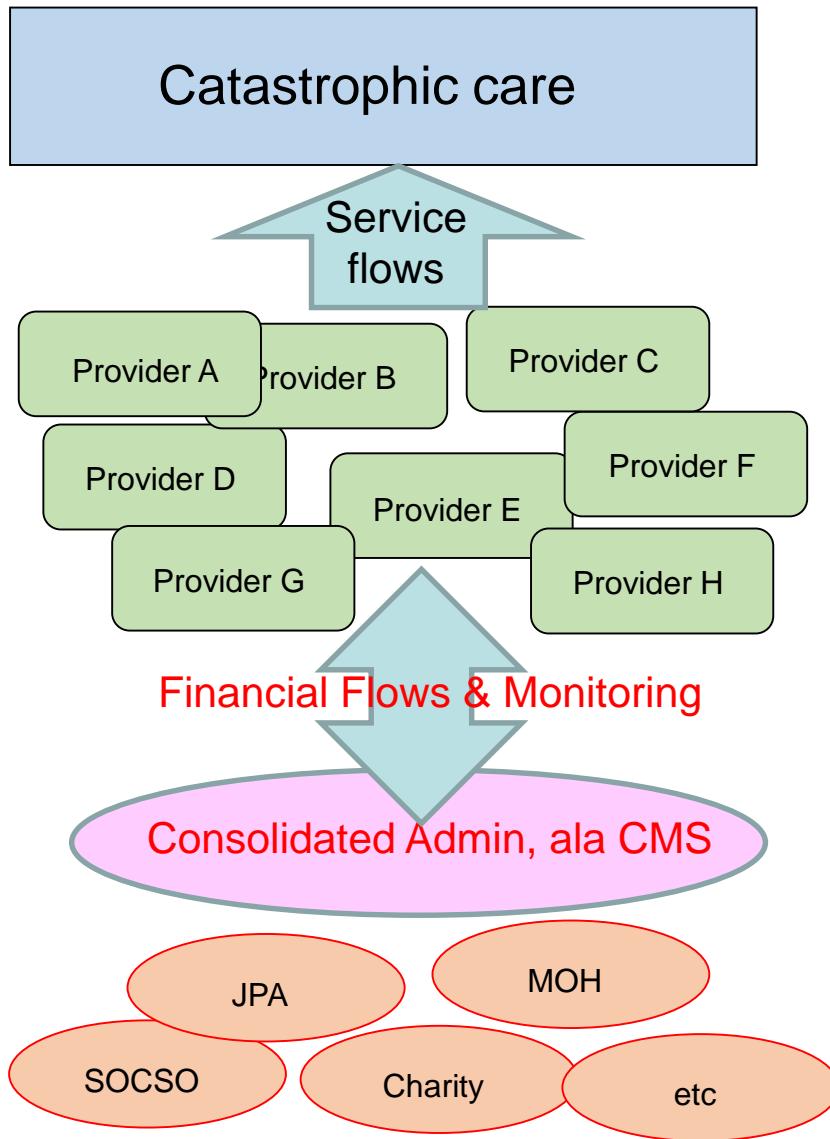


This is
NOT
allowed
in M'sia;
Either
you pay
or you
die

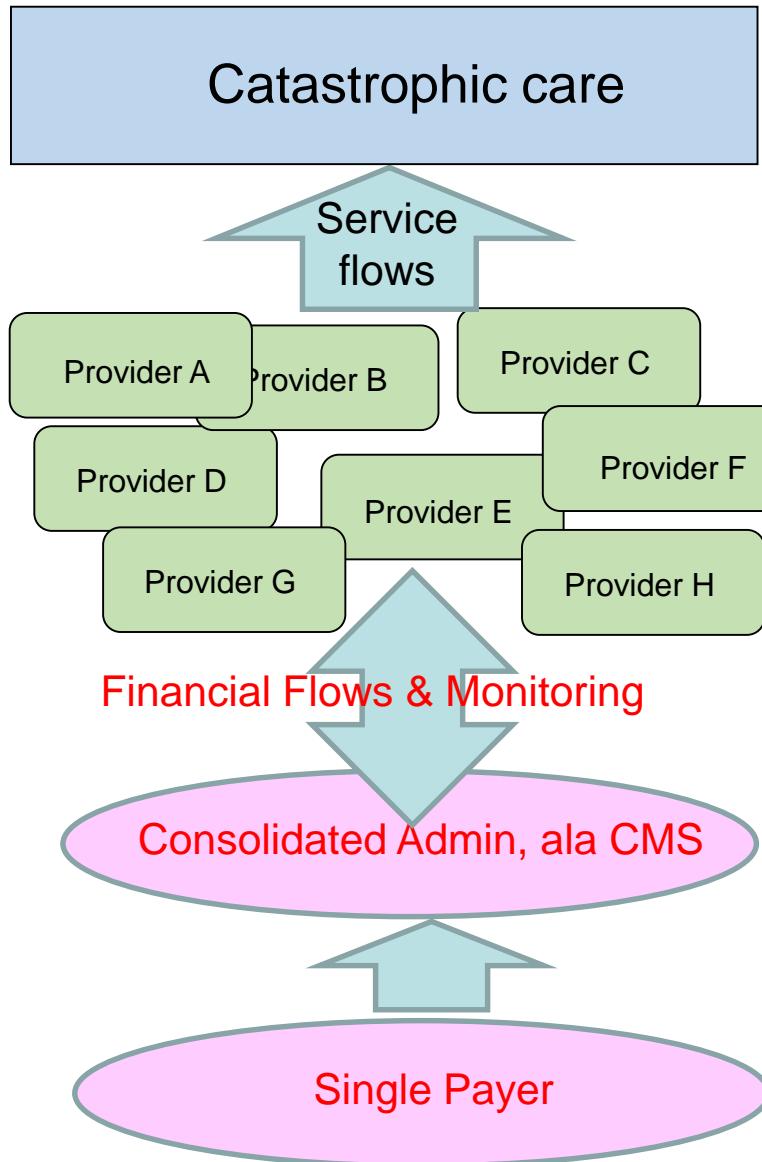


More & better Pooled Financing

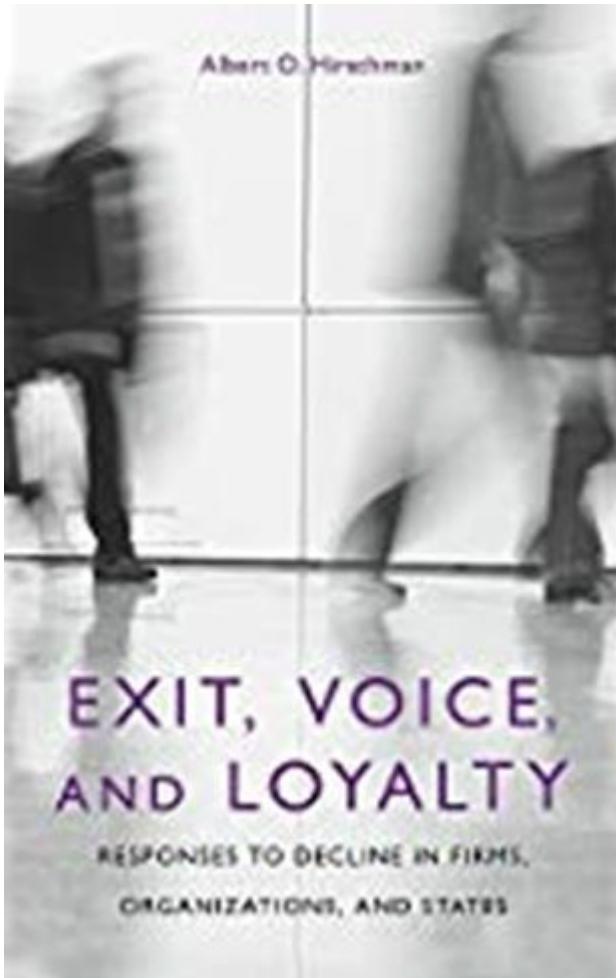
Model A: Consolidate Admin



Model B: Single payer



Mission possible?



Regardless of financing model, more funds needed in the pool

- Is there political will?
Hello, who is complaining? Just throw them some BRIM crumbs
- Does the social consensus exist? *Those who must contribute most to the pool has long exited*

Thank You

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from conference organizer or email me at

limteckonn@gmail.com