

*Letter to Editor***Financing for Healthcare in Sub-Saharan Africa and South Asia: Risk Pooling & Risk-Sharing Arrangements; Essential Strategy for Overcoming Poverty Costs**Ali Ahangar¹ Ali Mohammad Ahmadi^{2*} Amir Hossein Mozayani³ Sajjad FarajiDizaji⁴

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Dear Editor,

Health as a key aspect of development and economic wellbeing of individuals and nations is increasingly being recognized in the world, and countries in Sub-Saharan Africa and South Asia, are increasing investment actions and reforms to improve health outcomes (1). One of the most urgent challenges faced by many low- and middle-income countries is how to provide healthcare for the more than two billion poor people who live in Sub-Saharan Africa and South Asia area. As much as over 80 percent of total healthcare expenditure in Sub-Saharan Africa and South Asia comes from direct out-of-pocket payment by people. A crucial concept in health financing is that of pooling, and the larger the degree of pooling, the less people will have to bear the financial consequences of their own health risks (1). Health financing systems encompass various degrees of risk sharing. According to the method recommended by WHO, there are three categories of risk-sharing: a) low risk sharing, b) medium risk sharing, and c) advanced risk-sharing (5). There are essentially four classes of approach to risk pooling; (no risk pool, unitary risk pool, fragmented risk pools, integrated risk pools), under which fragmented risk pools are compensated for the variations in risk to which they are exposed. The evidences argue that the unitary risk pool is an ideal.

In summary, as risk pooling becomes progressively more integrated, the uncertainty associated with healthcare expenditure can be reduced (2). This matter, particularly in Sub-Saharan Africa and South Asia regions, is a major cause of catastrophic health costs and impoverishment (1). There has been the lack of risk pooling and risk sharing in general, with a high (and in many cases increasing) reliance on direct contributions from households. Jowett (4) points out that private spending in Africa has increased from 55% to 72% in Asia. He concludes that government expenditure is being substituted by private spending, even where economies are growing. Between the years 2000-2014, the degree of risk-sharing has increased in Sub-Saharan Africa (from 1.68 to 2.21 of the total 5 points Likert), and South Asia has experienced low risk-sharing (from 1.50 to 1.83) (5). This rapid increase in these regions was coincided with an increase in the share of public expenditure of GDP and of the total expenditures in Sub-Saharan Africa (41.95% to 46.84%) and South Asia (28.25% to 37.55%). There has also been a reduction in the share of private expenditure of the total expenditures, particularly Out-of-Pocket, in Sub-Saharan Africa (45.58% to 39.01%) and South Asia (65.27% to 56.55%). In addition, the Global

Fund and the World Bank increased their disbursements of Development assistance for health (DAH) between the years 2015 to 2016 by 8.6% and 32.1%, respectively. Across health areas, Sub-Saharan Africa received the most DAH of any region (38.8%), followed by South Asia (6.1%) (6). In order to achieve the health goals more effectively in health systems, sufficient resources must be generated, risks must be pooled effectively, and resources must be allocated to services that use health costs more efficiently. Health systems in low-income countries, such as Sub-Saharan Africa and South Asia regions, differ from those in high income countries, such as Europe and Central Asia region, in terms of the availability of resources and access to services. Thus, problems related to financial arrangements in low-income countries can substantially be different from those in high-income countries (7). And finally, adopting and operating financing policies based on greater risk pooling/sharing arrangements (such as pre-payment schemes and public funds) is recommended in low and lower-middle income countries, and particularly in Sub-Saharan Africa and South Asia regions.

Conflict of Interest

Authors declare no conflict of interest.

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