THE REPUBLIC OF UGANDA

MINISTRY OF HEALTH

NATIONAL HEALTH ACCOUNTS:

KEY MESSAGES

(FY2010/11 & 2011/12)

NATIONAL HEALTH ACCOUNTS: KEY MESSAGES

Issue No.1

Introduction

The overall purpose of the National Health Accounts (NHA) study initiative is to reduce health inequalities affecting the poorest populations in the region by focusing on supply and demand-side interventions, particularly changes in policy, new interventions, the expansion of proven and cost-effective healthcare packages, and the delivery of incentives for effective health services.

Interpreting Data for Policy Purposes

The NHA report describes several critical components of the Uganda's Health Care System. The estimation of expenditures and financing flows by NHA provides a solid indicator of the "financial health" of a health system and this can be used as a strategic planning tool for the Government of Uganda (GoU).

The value of NHA is not the findings themselves but the "so what?" questions that the findings can answer. For example, GoU spends 1.4 percent of its GDP on health care. This information in itself is not as meaningful as the answer to "*so what* if Uganda spends so much on health care?"The full value of NHA is in a three-step process – obtaining NHA results, interpreting the results, and implementing appropriate policy.

NHA report indicators

The Uganda NHA production committee selected indicators to be included in the NHA 2011-12 and NHA 2010/11 report .The indicators highlight important issues and condense the complex data to a series of 'snapshots' of the health system. They were selected based on policy priorities identified within the MoH, critical factors affecting health system performance and international conventions for reporting NHA.

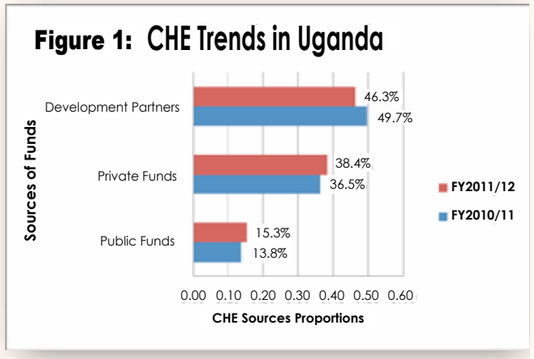
Policy Issues from National Health Accounts

- Revenue Generation: How much is available? Who is paying?What are theModes of payment?
- Pooling and Allocation: Extent of risk pooling and cross-subsidization
- Purchasing: What services are purchased? Who provides?Who is benefitting from these services?
- Expenditure distribution by diseases:What types of services were consumed?What types of inputs have been used for the production of health care services?

Current Health Expenditure (CHE) Trends in Uganda

Current health expenditure (CHE) measures the economic resources spent by a country on healthcare services and goods, including administration and insurance. CHEfor Uganda includes, for example, salaries for nurses, medical supplies like gloves, the costs of a nation-wide vaccination programme and hospital cleaning services, among many others. CHE excludes capital expenditure on health care.

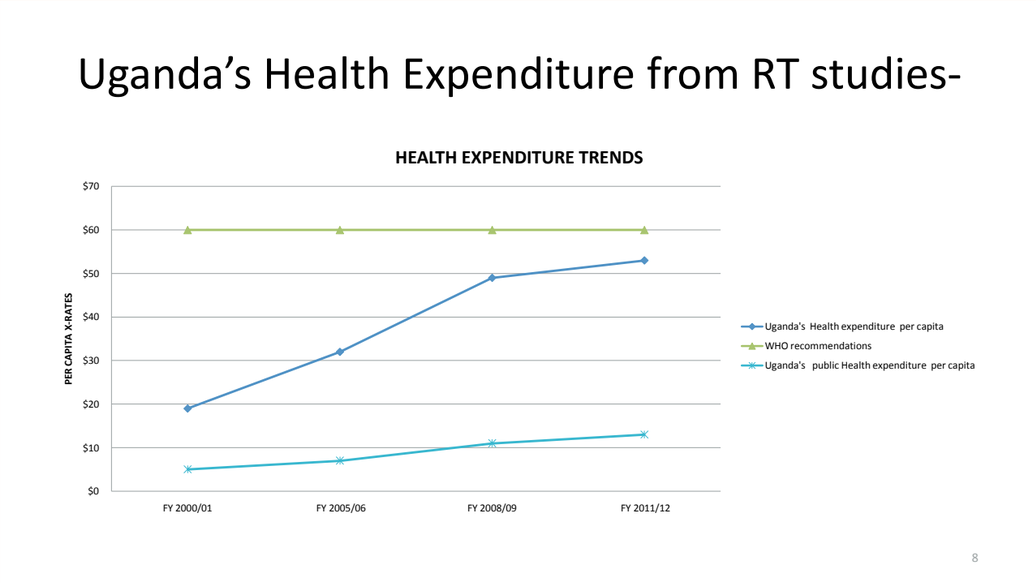
Figure 1: CHE Trends in Uganda



- The CHE in Uganda was UGX 4,751 billion in 2011/12, with per capita spending of UGX 130,723($50.1)[1] and UGX 4,585 billion in 2010/11 with per capita spending of UGX 130,448 ($51).
  While the Private funds (including Households' Out-Of-Pocket (OOP) expenditure) increased, Development partner contribution reduced from 49.7% in 2010/11 to 46.5% in 2011/12.
- The CHE as a ratio of GDP[2]was at 10% for 2010/11 and this 8.9% for 2011/12. This ratio provides an indication on the proportion of the health sector contributing to the overall economic activity.

[2]GDP is the Gross Domestic Product of a country

GDP per capita is often considered an indicator of a country's standard of living. The estimated CHE per capita, in US dollar terms, decreased from US$ 51 in 2010/11 to US$ 50 in 2011/12. This means that the health expenditure meant for every Ugandan, on average, reduced by 2%.



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This per capita health expenditure is *below the minimum recommended WHO per capita expenditure on health for low-developing countries of US$ 60 per capita for health*.

Revenue of Financing Schemes

The major source of revenue in 2010/11 and 2011/12 for the health sector came from the Health Development Partnerswhich averages 49% of totalcurrent health expenditure (CHE). Government health financing has increased from 13.8% in 2010/11 to 15.3% in 2011/12 and remained at1.37% as a share of GDP for both years.

In the private sector, most of the funding comes from Households, which accounted for 90% of the Private Current Health Expenditure (PCHE) over the period 2010/11 to 2011/12. Over the period from 2010/11 to 2011/12 PCHE increased by 1.9%. The total PCHE as a percentage of CHE was 36.5% (UGX1,673 billion) in 2010/11 and 38.4% (UGX1,824 billion) in 2011/12 and in both years accounted for 3.5% of the GDP on average.

Financing Schemes

SHA 2011 explains health care financing schemes as"*the main types of financing arrangements through which people obtain health services or can get access to health care*." A financing scheme defines who is obliged to participate in the scheme, what the basis for entitlement to health care is and what benefits the scheme offers as well as the rules on raising and pooling the contributions.Health care financing schemes include direct payments by households for services and goods and third-party financing arrangements.

Government financing schemes were the major schemes and accounted for 48.5% and 45.5% of the CHEin 2010/11and 2011/12 respectively. The health system in Uganda is, mostly, financed through the national budget. This increased from 22% and 25% compared with the previous NHAs showing that government is increasingly gaining more space in determining priority areas in which funds should be allocated to.

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- The value of RT is not the findings themselves but the “so what” policy questions that the findings can answer.
- For example, Government of Uganda public health financing stands at (UGX.36,000) i.e $13 per capita on health care or 9% of the national budget. This information in itself is not as meaningful as the answer to “*so what* if Uganda spends so much on health care?”
- The full value of RT is in a three-step process – obtaining RT results, interpreting the results, and implementing appropriate policies.
- An integrated resource tracking approach taking into account various RT tools may be ideal for EAC to create a win- win situation for all stakeholders

NHA Secretariat.

Planning department-Ministry of Health @ 2015

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The increases were mostly due to *development partners’ funds which came through the Government consolidated funds and were reflected in Government current health expenditure (GCHE) as cash grants and general budget support*.

The total GCHE as a percentage of CHE was 13.8% (UGX 633billion) in 2010/11 and 15.3%% (UGX.724 billion) in 2011/12 and in both years on average account for 1.37% of current GDP.

Households are the dominant financing schemes in the private sector which accounts for 33.4 % of CHE in 2010/11 and 37.4% of CHE in 2011/12. Household Out-of-pocket (OOP) are direct payments (in cash) made by users of health at the time of service being provided. Other private funds are mainly through private insurance firms (1%) and private firms for their employees (10%).

Partners (also known as Rest of the World in the SHA 2011 financing schemes classification) as a percentage of CHE account for 2.6% in 2010/11 and 5.7% in 2011/12.This excludes partners who give support under general budget support.

Current Health Expenditure by Providers

Health Care Providers encompass all organizations and actors that deliver health care goods and services as their primary activity, as well as those for which health care provision is only one among a number of activities (SHA 2011).

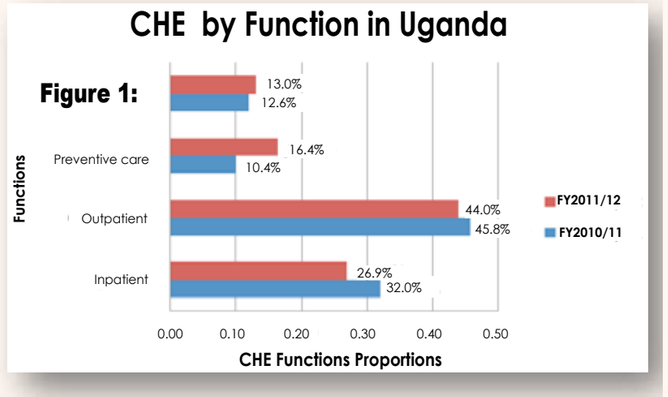
- Hospitals, health units, private clinics and other providers of health goods and providers of ambulatoryhealth care remain the top providers in terms of accounting for health expenditure.

In 2011/12, hospitals expended an additional 1,001 billion in their current expenditure relative to 2010/11. Hospital spending increased as a percentage share to CHE from 39% in 2010/11 to 58% in 2011/12. Expenses incurred by the Clinics and other providers of health care recorded a decrease of expenditure by 410 billion from UGX519billion in 2010/11 to UGX109 billion in 2011/12. Ambulatory Health Care expenditure increased from 578 billion 2010/11 to 967 billion in 2011/12. Most health service delivery takes place at lower level but still half of the health expenses takes place at hospital level hence the inequity in resource allocation with potential for widening disparities.

Current Health Expenditure by Function

The largest part of health spending by function is for **curative care** that includes inpatient and outpatient care.

- Inpatient care is mainly financed by the private sector (including funds from development partners, households, private firms and health insurance), which accounted for 90% in 2010/11 compared and 91% in 2011/12.



SHA 2011 explains Preventive care is any measure that aims to avoid the occurrence or the severity of injuries and diseases and their complications. In Uganda, there has been a shift in the policy to emphasize **preventive care**.

- However, in spite of the nominal increase for preventive from UGX457 billion to UGX778 billion between 2010/11 and 2011/12 the proportion of expenditure for preventive health care fell slightly from 45.8% to 44% and it is also still far below what was spent on curative care.The expenditure mostly includes primary and secondary prevention programmes.

Outpatient care was also mainly financed by the private sector with private shares of 85% in 2010/11 compared to 96 % in 2011/12. Note that Households spend almost 95% of their OOP health expenditure on outpatients' care that probably explains the high percentage.
There was also a slight decline in the proportion of expenditure health goods dispensed to outpatients expenditure increased, and public health services and governance, health systems and financing administration expenditure drastically declined. However CHE on ancillary services more than doubled probably due to increased demand for medical investigations.

The third major component of health spending by function is **medical goods**. This category includes only pharmaceutical and therapeutic appliances and comprises sales of medicines and other health goods from private pharmacies and other clinics.

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This is because under the SHA guidelines, *expenditure on pharmaceuticals during an inpatient episode of care is categorized as inpatient expenditure*. Drug consumption under government facilities are coded to inpatient and outpatient care and not included under this category.

Thus, it is important to note that *the expenditure on medicines included in this category accounts mainly for clinic sales by private pharmacies and drug shops*.

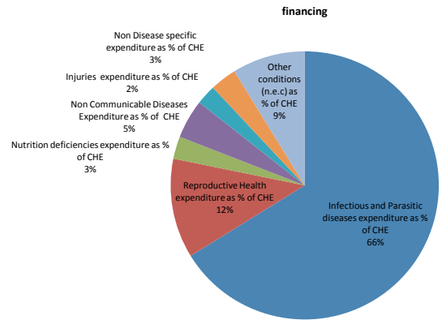
- Uganda spent UGX 303 billion or 6.5% of CHE in 2011/12 on health goods to outpatients. This has increased in percentage terms since 2010/11 (6%) despite the decrease in dollar value. The increase in Uganda is either an increase in drug prices or increased quantity of purchased drugs. Nevertheless this is an important indicator to monitor since in the private sector this is largely financed by households out of pocket expenses.

Results show that information, education and counseling programmes accounted for on average 38% of total preventive care expenditure in 2010/11 and 2011/12 . The second largest portion of preventive care was spent on risk, surveillance and disease control programmes on average about 32%. There was a decrease in expenditure for early disease detection programmes, immunization and monitoring for the year 2011/12 compared to 2010/11.

Current Health Expenditure by disease and conditions

Analysis of the current health expenditure (CHE) by disease and conditions indicate that HIV/AIDS takes the largest portion of expenditure at 36% of CHE in 2010/11 and 37.5% of CHE in 2011/12, followed by expenditure on Malaria 21% in 2010/11 and 20% in 2011/12. Non-Communicable Diseases(NCDs) expenditure accounts for 3.8% of CHE in 2010/11 and 4.8% in 2011/12 and the lowest expenditure was on injuries and nutrition at an average of 2.4% (UGX114 billion) during the period under review. This calls for the need to increase funding for nutrition and NCDs.

Disease based costs -RT 2013



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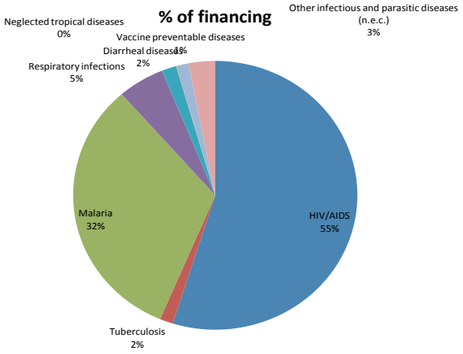
Parasitic and infectious diseases financing



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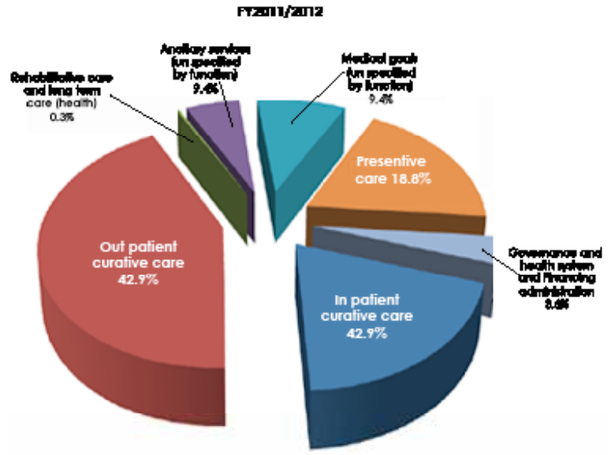
Other Health care system administration and financing expenditure includes activities in overall administration of the health care sector, including administration of health financing such as formulation, supervision, coordination, administration and monitoring of overall health policies and budgets which accounts for UGX 315 billion or 43% of GCHE in 2011/12.Rest of the Economy[1] accounted for 20% of GCHE in 2010/11.

The staff costing spent on salary and wages is distributed across all providers and is incorporated into expenditures of health providers.

Government Current Health Expenditure by disease and conditions

In 2010/11 inpatient care accounted for 21% of Government expenditure on health (GCHE) whilst outpatient accounted for 46% of GCHE. There were no major differences in 2011/12 since inpatient was 19% of GCHE whilst outpatient was 43%.

In-patient services are mostly provided at hospitals and inpatient expenditure has increased in shillings value in 2011/12 although the percentage declined against the GCHE. The outpatient services which are provided at hospitals and ambulatory health centers and clinics and have also increased in shillings value but in terms of percentage remained constant,on average,at about 44% of GCHE. The increase in outpatient expenditure in percentage terms may relate to the increase in the support to primary health care services.



ALERT

The increase in costs do not necessarily indicate improved *efficiency* nor does it measure the*quality of health care* delivered; this will require more in-depth studies and analysis which can assist in developing some monitoring and evaluation system to monitor these two critical services in terms of both costs and quality.

[1]*Rest of the Economy* refers to industries or organizations that offer health care as a secondary activity.

Government contributes 15% of the finances to the disease based costs and the development partners and the private sector contribute 85% of the funding. The major contributor to the CHE from the development partners is USAID at 61% (UGX1,392 billion); followed by Belgium at 10%(UGX226 billion) and Global fund at 7%(UGX148 billion) in 2010/11. These figures remained constant in 2011/12.

Reproductive Health expenditure accounted for 12.4% (UGX 569 Billion) of the CHE in 2010/11 and 12% (566 Billion) of the CHE in 2011/12. Much of the expenditure under reproductive health was for maternal conditions followed by perinatal conditions. Government finances about 14% of the reproductive health expenditure and the rest of the finances comes from the private sector (rest of the world) 76%.

Curative services incur the largest expense at 67% in 2010/11 and 62% in 2011/12. Curative services comprise of both inpatient and outpatient services. The increase in preventive care expenditure in 2011/12 is attributed to the increase in support to government under Global Fund and GAVI for malaria control and immunization respectively.

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NHA Secretariat.

Planning department-Ministry of Health @ 2015

In this *Issue 2,* we will reveal how the money which is pooled by Government of Uganda is spent. We will show, in this issue the sources of these funds, the services purchased in the FY2010/11 and FY2011/12, the providers of these services and what the expenditure pattern implies to every Ugandan. This is done because the value of NHA is not the findings themselves but the "so what?" questions that the findings can answer.

The general analysis and findings of NHA for Uganda in the FY2010/11 and FY2011/12 which includes household health expenditure can be found in the *Issue 1*.

Government Health Expenditure (GHE)

Analysis of Government spending shows that, over the four (4) year period, Government Health Expenditure (GHE) has increased in nominal value while decreasing in the real value. This means that the value of Government's expenditure on health in FY2011/12 (UGX 724 billions) was less than the value of what Government had spent in FY2008/09. In other words, the value of shillings spent by GOU has increased while its value has reduced which points to the depreciation of our currency.

Table 1 Government Health Expenditures (UGX), FY2008/09 to FY2011/12

Billions of UGX	Financial Year			
	2008/09	2009/10	2010/11	2011/12
Nominal value (current)-UGX	**450**	**473**	**633**	**724**
Total Government expenditure(TGE)-UGX	4,949	6,318	8,972	9,273
TGCHE per capita $	12.4	11.2	9.1	9.0
% of TGE	9%	7%	7%	8%

GHE when reflected as a percentage of Total Government Expenditure (TGE) averaged to 8% and has remained relatively constant over the period from FY2008/09 to FY2011/12. (Table 1)

The trend indicates that the GHE per capita has been reducing in the 2 years of study mainly due to high population increase annually. The World Health Organization (WHO) in its research suggests that universal health coverage and equal access to health care maybe attained if Governments spend at least 10% to 15% of TGE on health (World Health Report 2010). The WHO Commission of Macro Economics on Health suggests that TGCHE per capita should be at least $34 for Sub-Sahara African countries to steadily move towards UHC and HSSIP suggested a minimum of $17 per capita to attain high health status in Uganda.

The increase and decrease is largely driven by fluctuations in Government revenues (thus affecting the Government fiscal position) over those years, but less aligned with the health status of the population and the increasing (financial) needs for people with chronic diseases. The drop in 2009/10 was due to substantial increase in TGE.

As a percentage of GDP, GHE has averaged 1.5% over the period 2008/09 to 2011/12. The percentage has remained relatively constant without any significant increase over the last 4 years. (Table 1)

Government Current Health Expenditure by Sources

The GCHE also includes expenditures against development partners as cash grants which channeled through the Government system (budget support) and reflected in the annual budget. Over the two year period the GCHE averaged of 40% funding directly from Government domestic revenues and 60% funding distributed by Government from foreign origin through project funding/off budget support.

Government Current Health Expenditure by Providers

Hospitals which include regional referral hospitals, Health units, NGO hospitals, and General hospitals, mental and specialized hospitals/Institutions account for the largest share of Government spending. This was also the case as reported in the Uganda Health Account reports for 2008/09 and 2009/10 and thus, for the last 3 years health care facilities remain the major recipient of government health spending.

Hospital expenditure equates to 37% of GCHE in 2011/12. Of this value 23% is spent on Regional referral hospitals, 66% in primary health care hospitals and 11% in specialty hospitals/Institutions.

From 2010/11, there was an increase in funding to primary health care facilities perhaps asa result of additional human resource recruitment. In 2011/12 there was an increase in ambulatory care expenditures arising from reforms to strengthen primary health care by increasing the effectiveness of the services provided at healthcenters through investigations.

Providers of ambulatory care refer to expenditures at health centers. In 2011/12 this accounts for 14% of GCHE and equates to UGX105 billion, an increase of expenditure by 4% from 2010/11.

The ambulatory care expenditure consisted of both health centers managed by government and PNFP facilities. This expenditure includes spending on ancillary services. Ancillary services refer to expenditures for laboratory services, imaging services and patient transportation. The bulk of ancillary expenditure pertain to the cost of consumables and reagents for both imaging and laboratory services.

Providers of preventive care expenditures were included under health systems administration. There was a massive increase in these expenses in 2011/12. The main reason is due to increase in expenditures in the on-going preventive programs such communicable and Non-Communicable Diseases (NCDs) and also inclusion of new programs such as Global Fund/TB Program and GAVI reflected within the Government system from 2011/12.