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# **Health Financing** : A sustainable social protection measure for vulnerable urban poor in Bangladesh

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# GDP growth and rapid urbanization

GDP Growth Rates of Some Neighboring Countries of Bangladesh

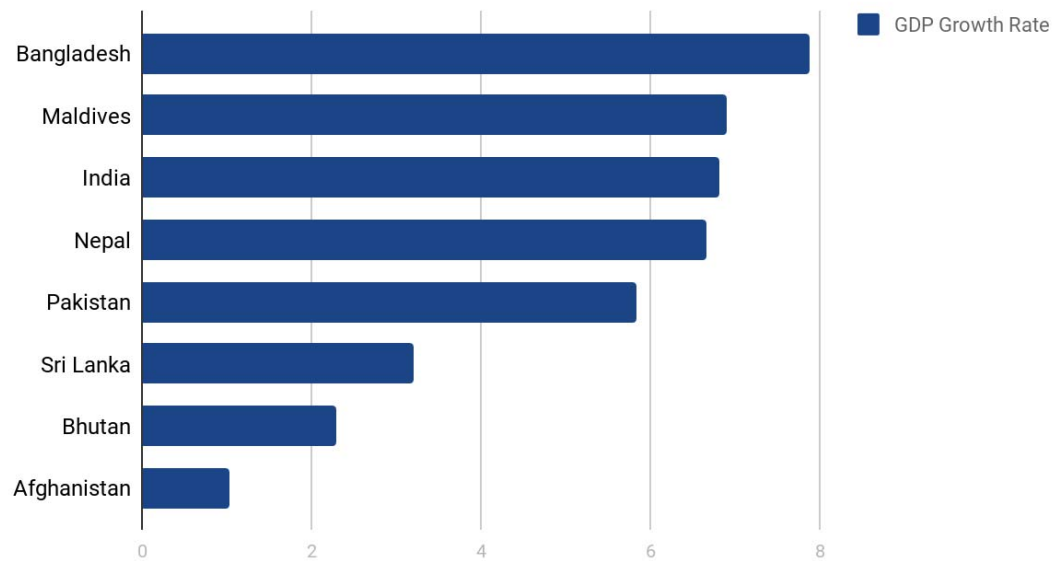
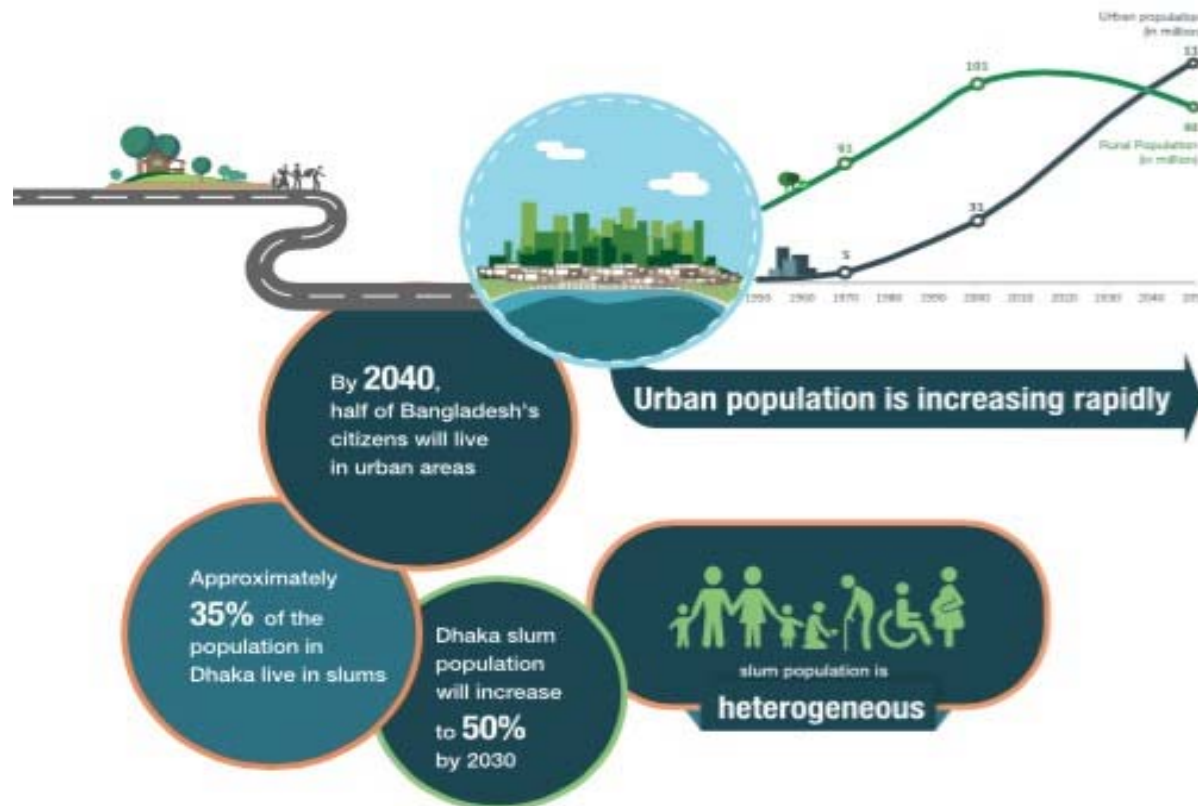


FIGURE: GDP Growth Rates of Some Neighbouring Countries of Bangladesh / Source: The World Bank (2018)

- Bangladesh experienced faster urbanization than South Asia as a whole
- The country is witnessing rapid economic growth in last several decades towards it's middle income country journey
- Urbanization will continue to grow with the same pace


# Mega projects and climate change are the major drivers of urbanisation



Courtesy: UHSSP

- In recent years several government mega projects e.g. metro rail, Padma bridge, Dhaka elevated expressway, Karnaphuli underwater tunnel etc. are steering the rapid urbanisation in major cities in Bangladesh.
- On the other hand climate changes are forcing many people to migrate towards urban areas all over the country and hence contributing in small or large urban areas.

## **But healthcare services are becoming rarer for the people living in extreme poverty in urban areas!**

- The urban slum population is growing twice as fast (**7%**) as the population in the rest of urban areas (**3.3%**).
  - More than **89%** of the people living in extreme poverty mentioned that they were facing significant barriers to access health care services (EU H&N 2017)
  - Financial barriers were dominating to accessing quality health services due to high expense
  - In absence of adequate primary health care services, medicine pharmacies are becoming the major health service provider and increasing pressures on tertiary facilities
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Findings:


## Health voucher scheme costing and utilisation

- **HVS in Dhaka**: Total annual cost € 685,991 for 21,629 households. **Cost per household € 32**. Treatment cost - 93% of total cost and total fixed cost is only 7%
- **HVS in Chattogram**: Total annual cost € 269,278 for 8,495 beneficiary households annually. **Cost per household here is also € 32**. Fixed costs 7.23% that was largely attributable to staff salary, while the variable costs constituted 92.77% of the total cost.

Concern Worldwide with BRAC has implemented health financing schemes in selected urban areas under a European Union funded project (**Dec. 2016-Mar. 2020**). The benefit packages were: health voucher scheme (HVS) fully funded by the project and micro-health insurance (MHI), enrollees paid an agreed annual premium for **essential health services** through **local NGO health facilities** and **private providers**.

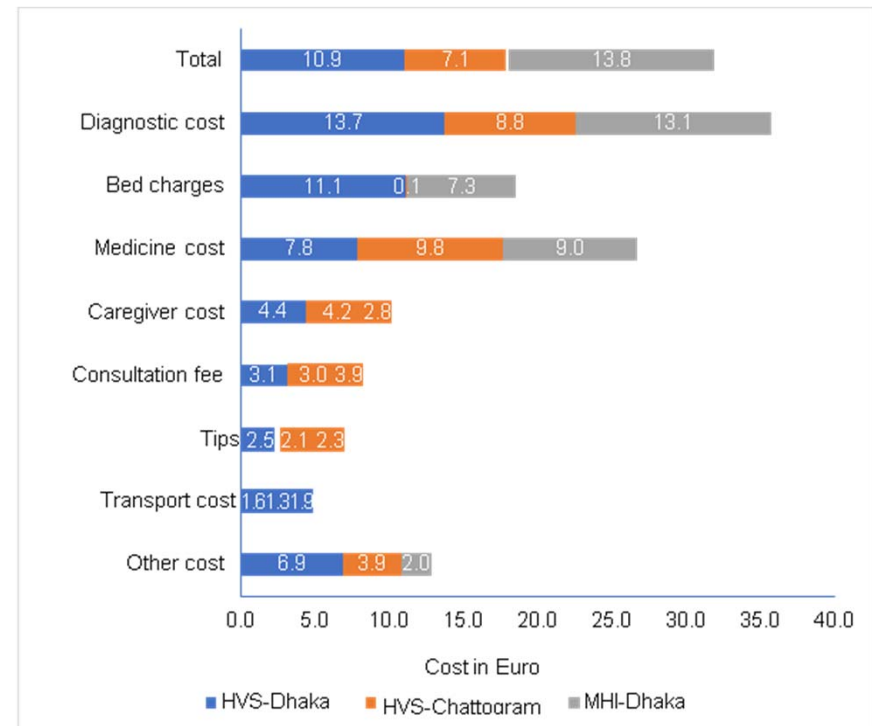
Findings:

## **Micro health insurance (MHI) costing and utilisation**


- MHI Scheme was implemented only in Dhaka City
  - A total cost of € 60,988 for 4,000 households resulting in an average cost of **15 Euro** per household per year.
  - Total fixed costs constituted 17% of the total scheme costs. Staff cost covered the largest share (12%) followed by software (4%) and training (2%). Treatment cost covered the largest share with 77.50% of the total costs.
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# Reduced Out of Pocket (OOP) expenditure

- Both the schemes (HVS and MHI) have reduced Out of Pocket expenditure of the urban extreme poor households
- These savings contributed to meet their other urgent family needs as social protection.



# How to achieve sustainable social protection through health financing?

- Health financing in the form of health voucher or micro health insurance scheme demonstrates **a cash free protection** for the people living in extreme poverty in urban areas against any health related vulnerabilities
  - With small premiums, **quality health services** can be ensured through micro health insurance schemes
  - With trusted services it was proved that even people living in extreme poverty are **willing to pay the premiums**. BRAC has scaled up the MHI initiatives in more urban and rural areas
  - In comparison to rural areas, in urban areas people living in extreme poverty are **deprived to access** major government social protection scheme
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# Conclusion



- HVS or MHI can be the **cost effective sustainable solution** to ensure better social protection means for urban extreme poor to ensure Universal Social Protection.
- While building new PHC facilities with proper medical facilities and personnel are not happening in many years, local government institutions (e.g. City Corporation or Municipality) should come forward with these **cash less options** to save the people living in extreme poverty to achieve Universal Health Coverage.

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