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Section B

World Development Report (WDR) 1993—Rationale

World Bank, WDR 1993—Rationale

- Learning objectives
 - Identify three reasons/purposes for involvement of the state in the health sector
 - Compare and contrast the nature of the health interventions incorporated in the PHC declaration of 1978 with those in the World Bank WDR of 1993
 - Rank selected health interventions on the basis of value per resources expended

- Some economic terms to know
 - Public goods
 - Externalities
 - Market failures

World Bank, World Development Report (WDR) 1993

- Importance of the Report:
 - Heralded the entry of the Bank into the health sector as a major player
 - Introduced the disability adjusted life year (DALY) as a measure of the burden of disease

WDR 93: Health Improvements of the Last 50 Years

	1950	2000
Life expectation (poor countries)	40 years	66 years
Under-five mortality (poor countries)	280 per 1000	90 per 1000

Health Services Is One Factor in This Success, but ...

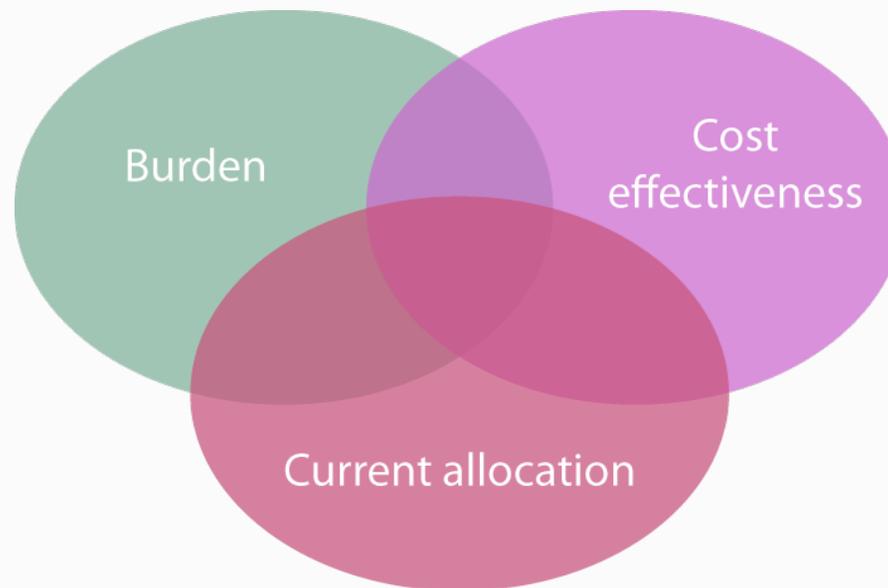
- Health services is one factor in this success, and an important one, BUT major problems
 - Misallocation—public money spent on interventions of low cost-effectiveness (surgery for cancer vs. treatment for TB)
 - Inequality—poor lack access to basic health care; more investments on tertiary care
 - Inefficiency in the health sector
 - ▶ Brand name drugs
 - ▶ Underutilization
 - Exploding costs

Evidence of Inefficient Allocation

- “... many deaths under age 5 in LDC’s could be averted by interventions costing \$10 or less (based on cost-effectiveness studies). Actual health expenditure averages \$50,000 per death averted (based on mortality and health sector spending) in the U.S.” – WDR 1993

How to Reallocate

- How to reallocate for Country Y
 - Need data on burden, on effectiveness of the intervention, and on costs



State Involvement in Health Sector

- In 1990
 - Health spending worldwide \$1.7 trillion (2008, 4.1)
 - 8% of world output
 - \$1.0 trillion—public sector

Annual Health Spending, 1990

	Annual health spending per person in 1990
Africa and Asia	\$10 (\$16 in 2008)
USA	\$2,700 (\$6,100 in 2008)
Within Africa <ul style="list-style-type: none">▪ Tanzania▪ Zimbabwe	\$4 \$42

Justification of State Role

- Provision of public goods
 - Examples include health information and communicable disease control (spraying for malaria, immunization)
 - Large externalities
- Public financing of essential clinical services (highly cost-effective to improve health of the poor—poverty reduction)
- Correct private market failures
 - Uncertainty and insurance market failure

Investing in Health: Key Messages from WDR 93

- Enable households to improve health
 - Policies that benefit the poor
 - Expand investment in education, especially for girls
 - Promote rights and status of women
- Improve government spending on health
 - Reduce expenditures on tertiary care and specialist training
 - Finance and implement a package of public health expenditures
 - Finance and ensure delivery of a package of essential clinical services
 - Improve management of services through decentralization and contracting
- Promote diversity and competition
 - Encourage social or private insurance
 - Encourage competition among suppliers
 - Provide information on provider performance, on costs and effectiveness of different interventions, and on accreditation of institutions and providers

Investing in Health: PHC, Alma Ata 1978

Text Box 16.1: The Eight Elements of PHC in the 1978 Alma Ata declaration

- Education on prevailing health problems and methods of preventing and controlling them
- Provision of food supplies and promotion of proper nutrition
- Adequate supply of safe water and provision of basic sanitation
- Maternal and child health care, including family planning
- Immunization against the major infectious diseases
- Prevention and control of locally endemic and epidemic diseases
- Appropriate treatment of common diseases and injuries
- Provision of essential drugs and supplies

Investing in Health: WDR 93

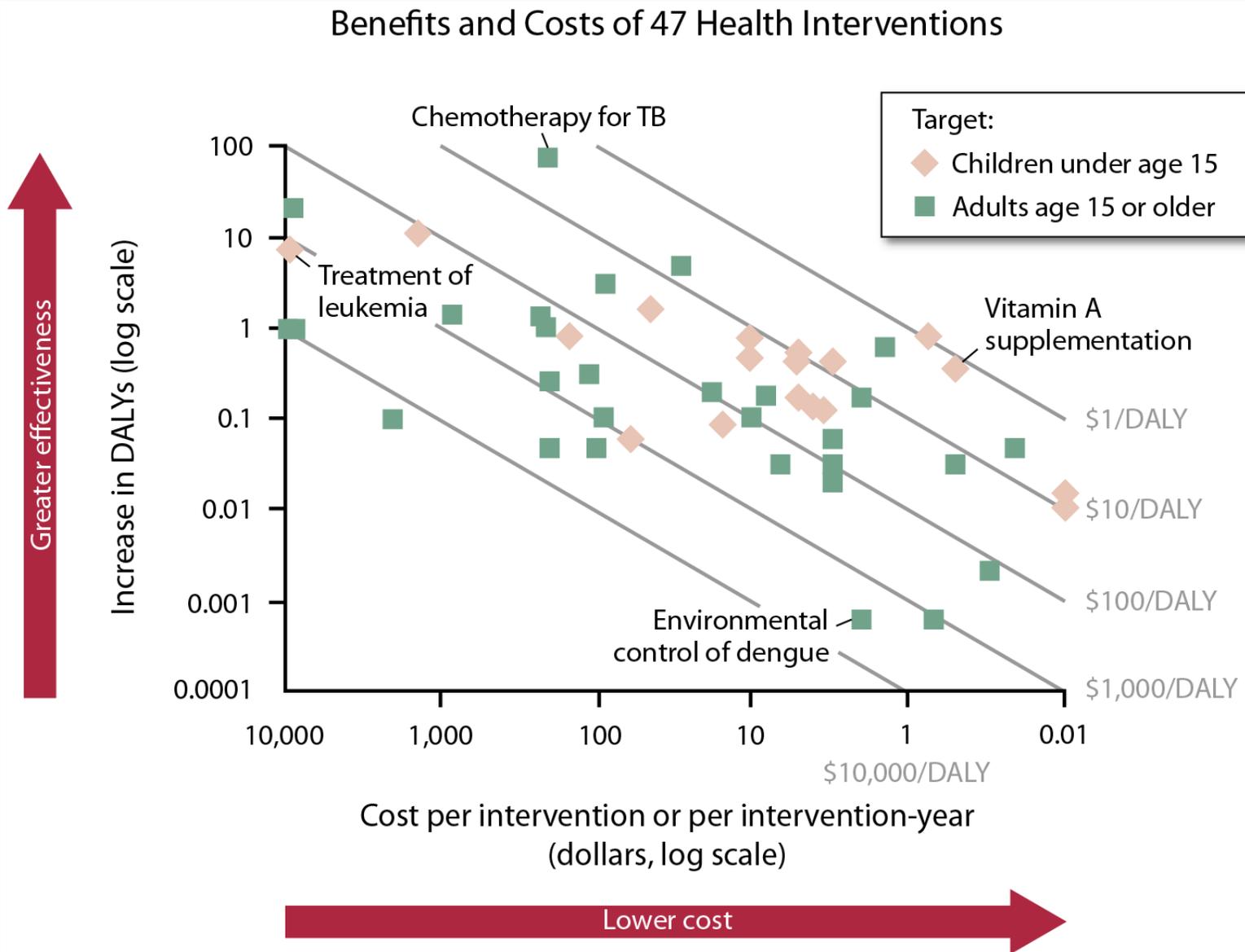
- Package of public health interventions
 - Immunizations
 - School-based health services
 - Information and selected services for family planning and nutrition
 - Reduction in smoking and alcohol
 - Regulatory actions, information and limited public investments to improve household environment
 - AIDS prevention
- Package of essential health services
 - Maternal care
 - Family planning
 - TB control
 - STI control
 - Serious child illness (IMCI)

Investing in Health: WDR 93

Estimated costs and health benefits of the minimum package of public health and essential clinical services in low- and middle-income countries, 1990			
Group	Cost (dollars per capita per year)	Cost as % of income per capita	Approx. reduction in burden of disease (%)
Low-income countries ¹			
▪ Public health	4.2	1.2	8
▪ Essential clinical services ²	7.8	2.2	24
▪ Total	12.0	3.4	32
Middle-income countries ³			
▪ Public health	6.8	0.3	4
▪ Essential clinical services ²	14.7	0.6	11
▪ Total	21.5	0.9	15

¹Income per capita = \$350; ²The estimated costs and benefits are for a minimum essential package of clinical services. Many countries may wish, if they have the resources, to define their essential clinical package more broadly. ³Income per capita = \$2,500; Source: World Bank calculations.

Benefits and Costs of 47 Health Interventions



Adapted by CTLT from World Bank (1993). *World Development Report 1993*. Oxford University Press.