

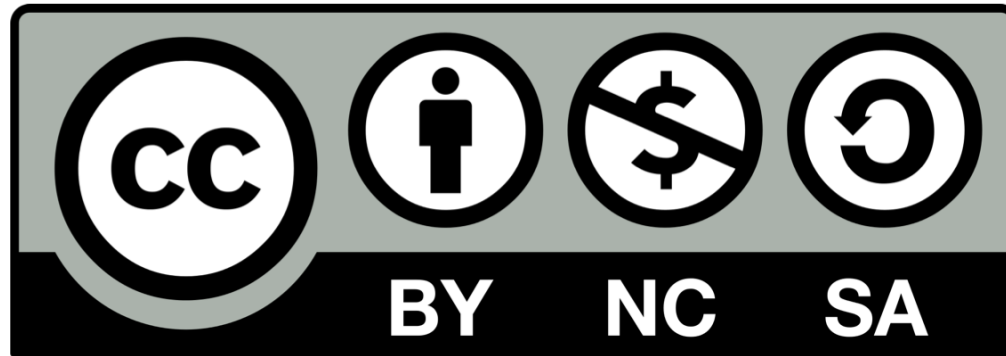
Introduction to Health Economics

Cost of Health Care Production
And Delivery



TVEE
TEACHING VACCINE
ECONOMICS EVERYWHERE

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Outline

- Why rising costs of vaccines & vaccine preventive diseases
- Cost containment measures
- New technologies and cost implication
- New vaccine adoption, implications, and considerations

Issues in Vaccine Financing

- The new commitments from international community on sustainable immunization financing
- New GAVI policies on transition and eligibility or graduation
- An increasing menu of vaccines currently on board
- Interest in new and unconventional financing sources has grown, e.g.. Trust funds, endowment funds, etc.

Components of Immunization costs

- Vaccines and injectable supplies
 - Delivery to the country
 - Custom clearance and relevant taxes
 - Procurement fees
 - Etc.
- Immunization delivery
 - Health workers, Trainings and planning,
 - Management and supervision, Social mobilization, Supply chain and logistics, Transportation costs, Cold chain and refrigeration equipment and other capital costs

What influences costs of vaccines/immunization?

- Facility volumes or vaccine volumes
 - Number of kids to be vaccinated affects unit costs
 - Population coverage- easy and cheaper to vaccinate in dense populations
- The vaccine or immunization delivery platform
 - Whether you undertake an outreach or routine/static immunization
 - School based or rather facility based delivery for HPV?
 - Coverage , vaccine schedules, and hard-to-reach
- New vaccines introduction
 - Enormous start up costs if they may not use same existing platform
 - Start up activities like training, social mobilization, etc.
 - New cold chain investments may be necessary

What influences costs of vaccines/immunization?

- New technologies
 - Expensive, although effective
 - Present new cost or affordability challenges
- Procurement/pricing systems
 - Issues of subsidies from financing institutions
 - Bargaining/ strategic/ bulk purchasing
 - Pricing policies/ regulations
 - Procurement through third parties
 - Degree of competition within vaccine manufacturers
 - Issues of tiered pricing (GAVI versus non-Gavi)

Cost Containment Measures

- Strategic procurements/purchasing
 - Pooled procurement e.g. through agents like UNICEF or PAHO
- Domestic production and procurement
- Task shifting and integrated service delivery
- Tiered pricing
- Opening up markets and ensuring their competitiveness
- Subsidization
- Adopt new vaccines with caution!!