

Sri Lanka's Health Sector Issues, Challenges and Future

Dr Ravi P. Rannan-Eliya

Director

Institute for Health Policy

www.ihp.lk

Ceylon Chamber of Commerce
Colombo

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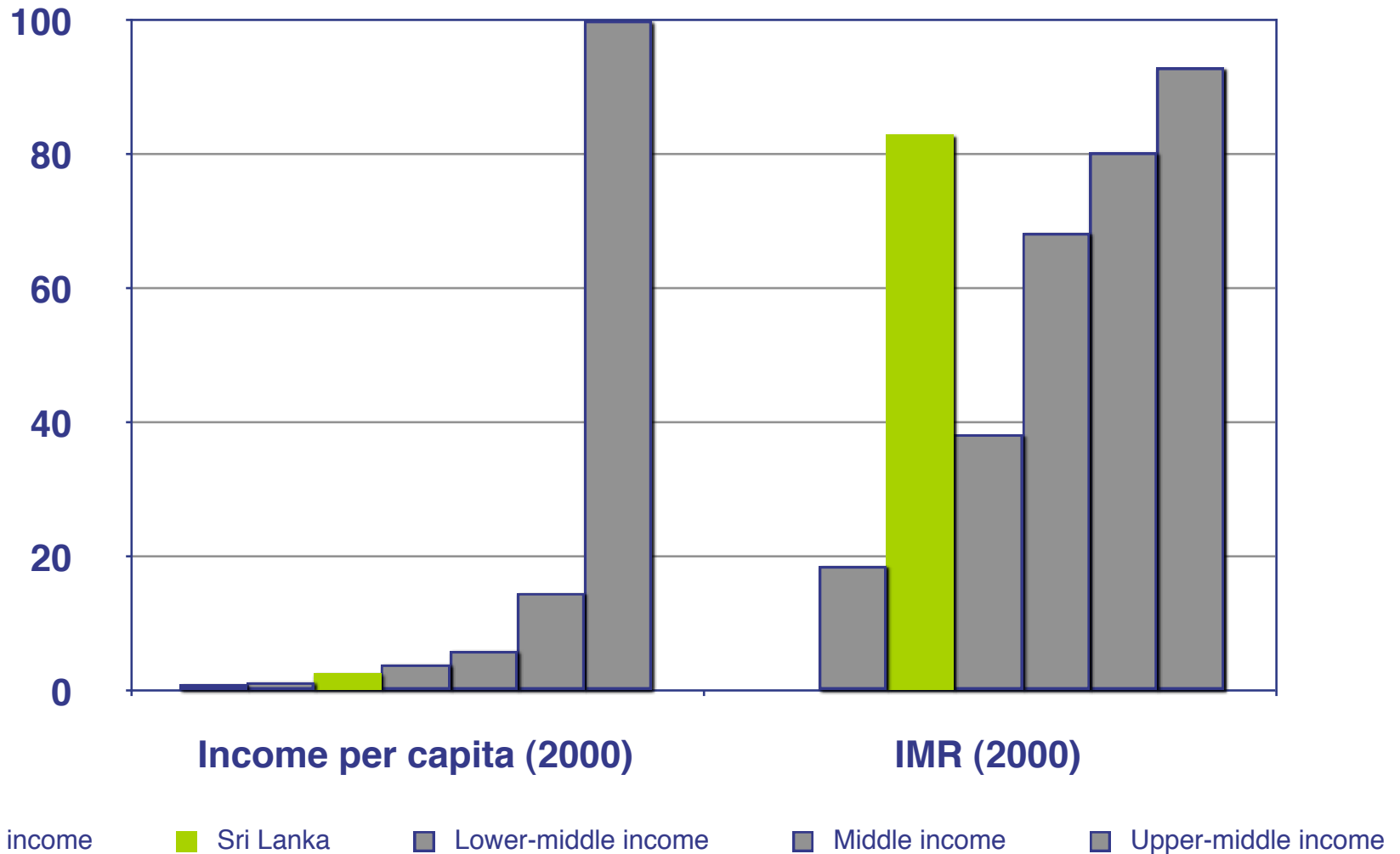
Outline

- **A performance assessment**
- **Links to development and governance**
- **Strategic issues**
- **Way forward**

A Performance Assessment

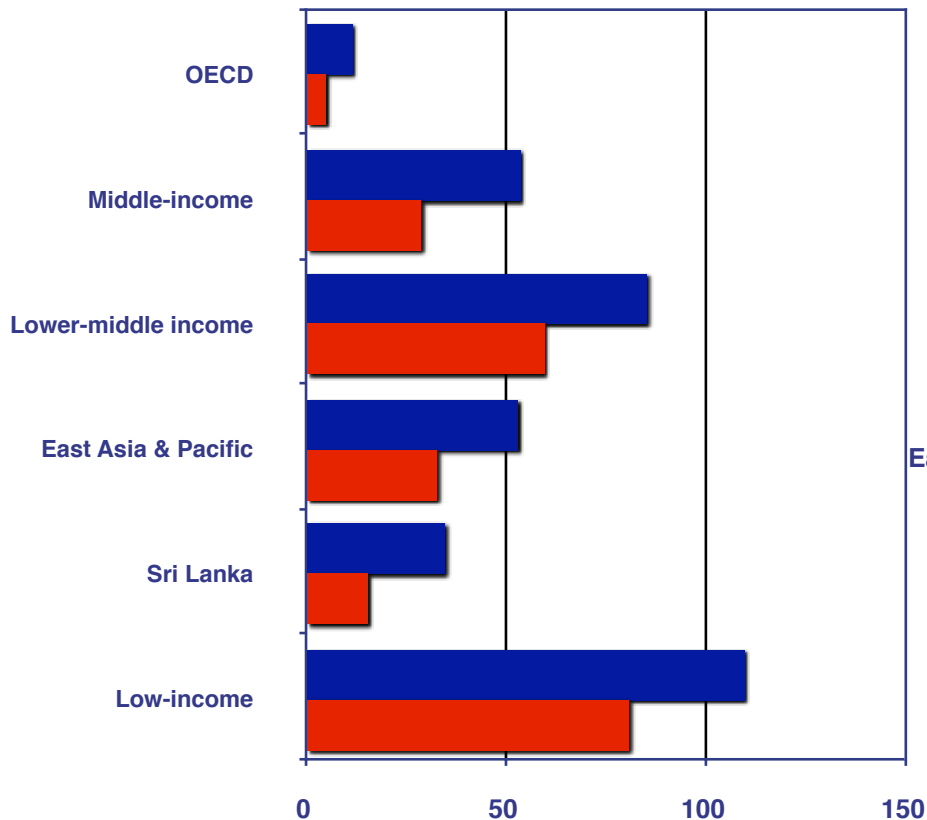
- **Health outcomes**
- **Financing and cost**
- **Services and efficiency**
- **Equity**

Impact on our health

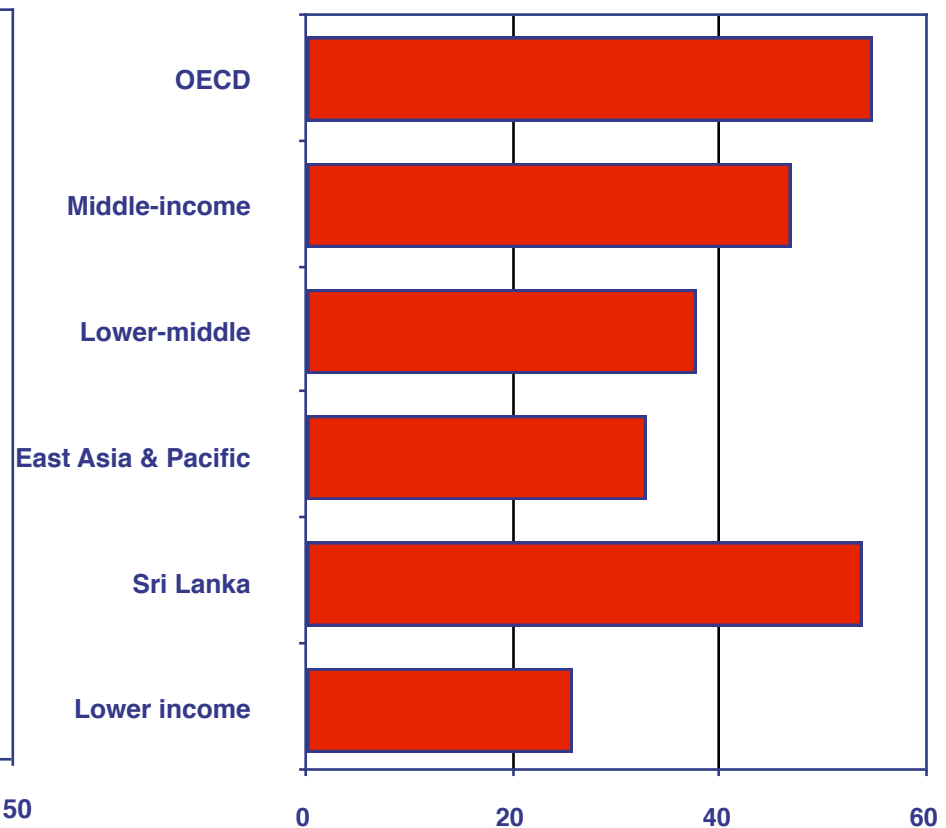


Performance over time

IMR 1980, 2002



IMR reduction % 1980-2002



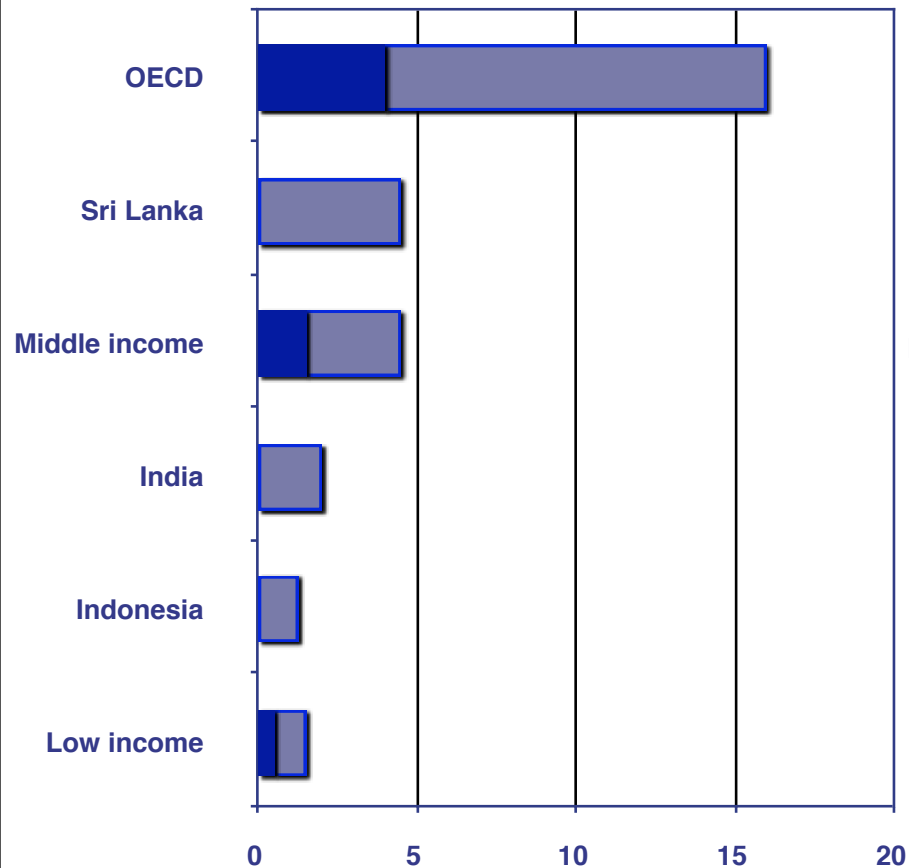
■ 2002 ■ 1980

Is it the health system?

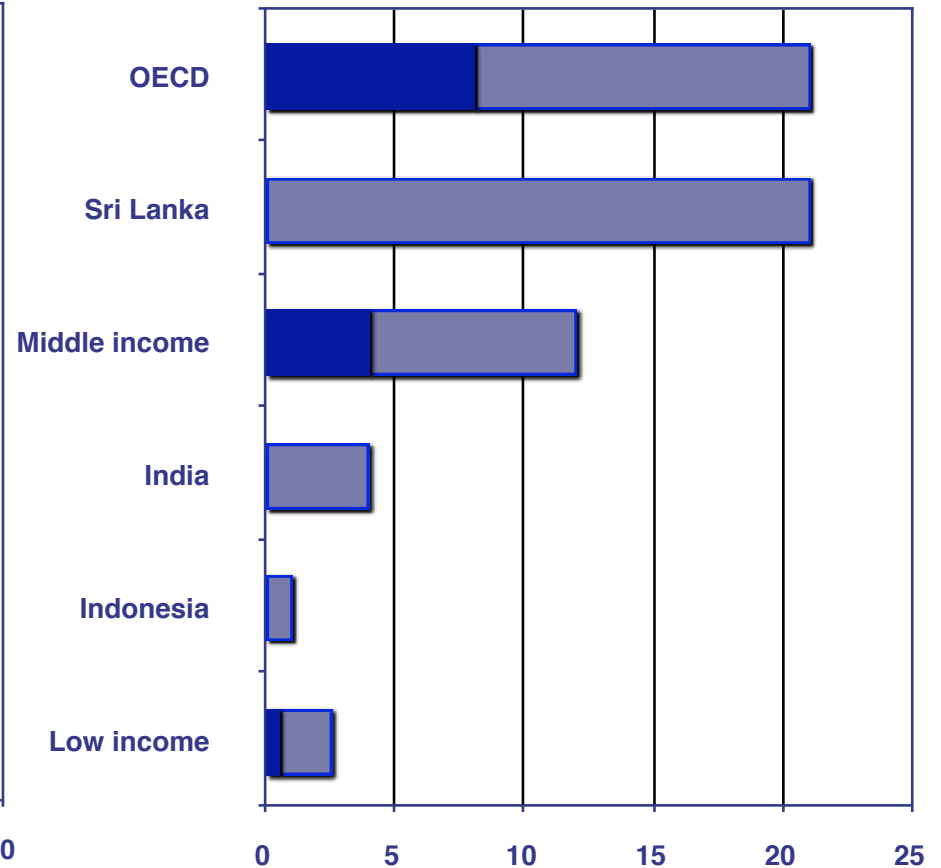
- **YES**
- **Education, nutrition, geography, women and culture do matter, but Sri Lanka does even better**
- **Critical factors**
 - High levels of use of modern services
 - Few barriers to use by poor

High use of services

Outpatient utilisation



Inpatient utilisation



Low

High

What does it cost?

- **National health expenditure in 2002**

- 3.6% of GDP
- Per capita 3,010 rupees (US\$ 31)

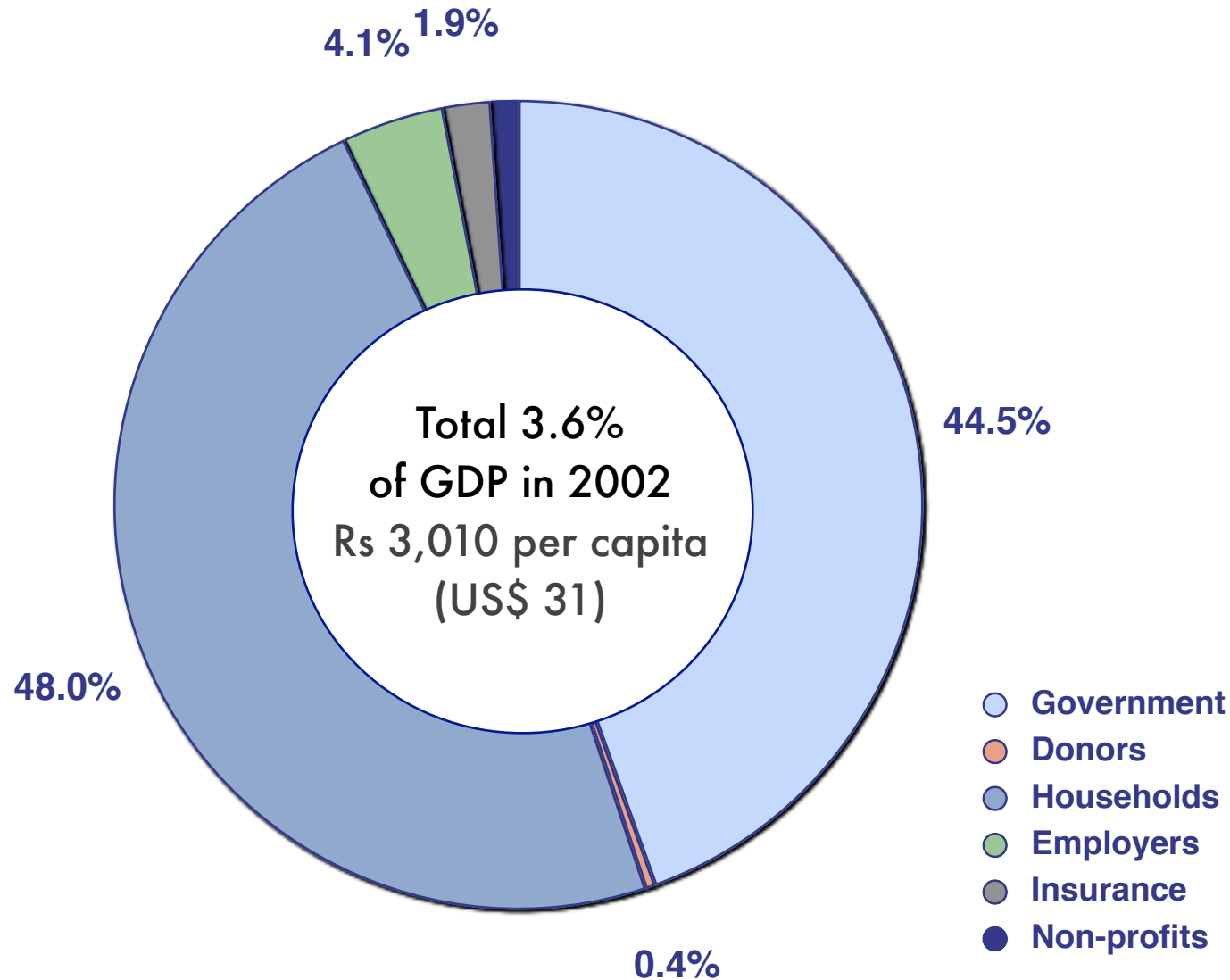
- **Government spending**

1990 1.7% of GDP

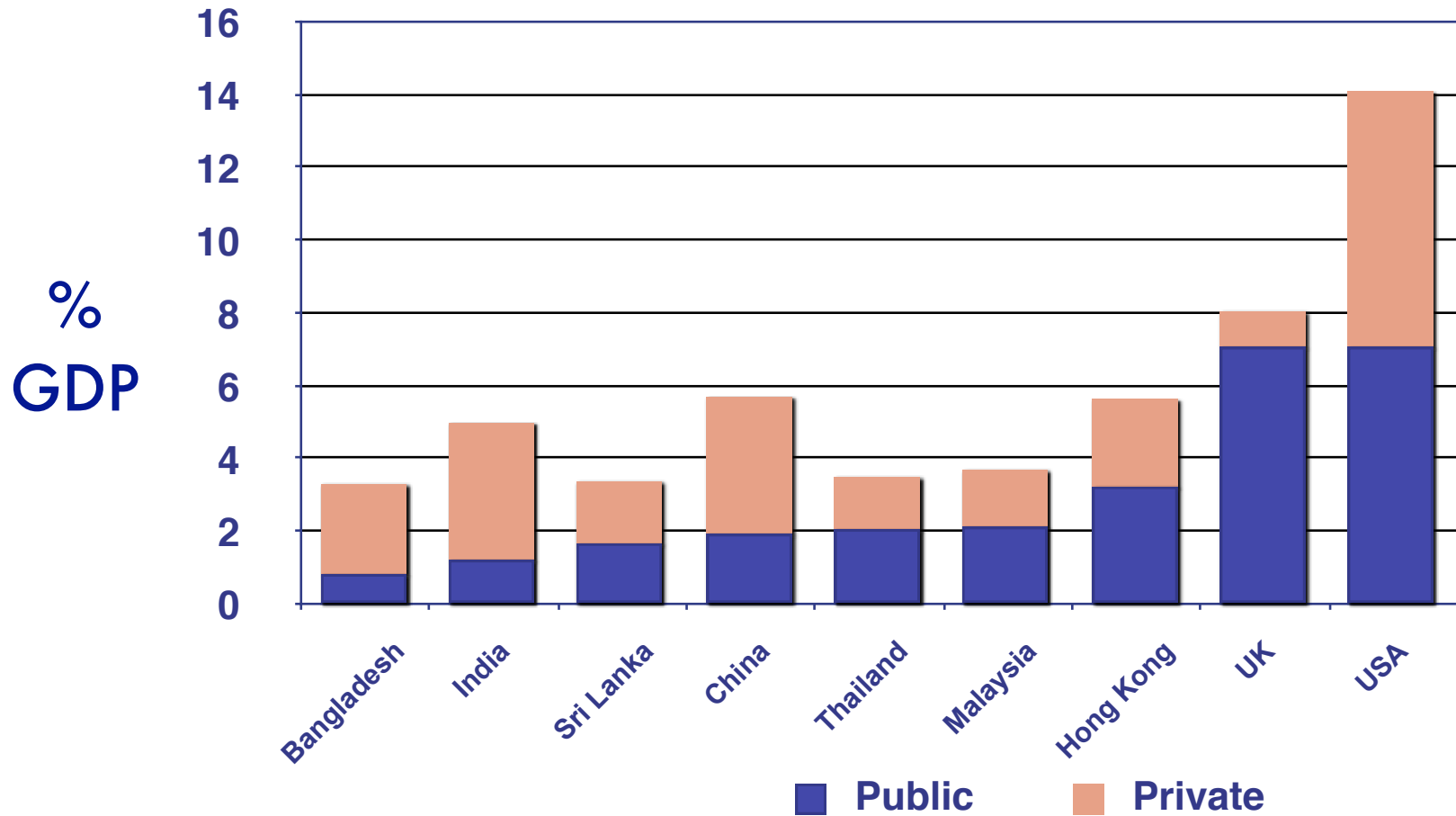
1995 1.6% of GDP

2002 1.6% of GDP

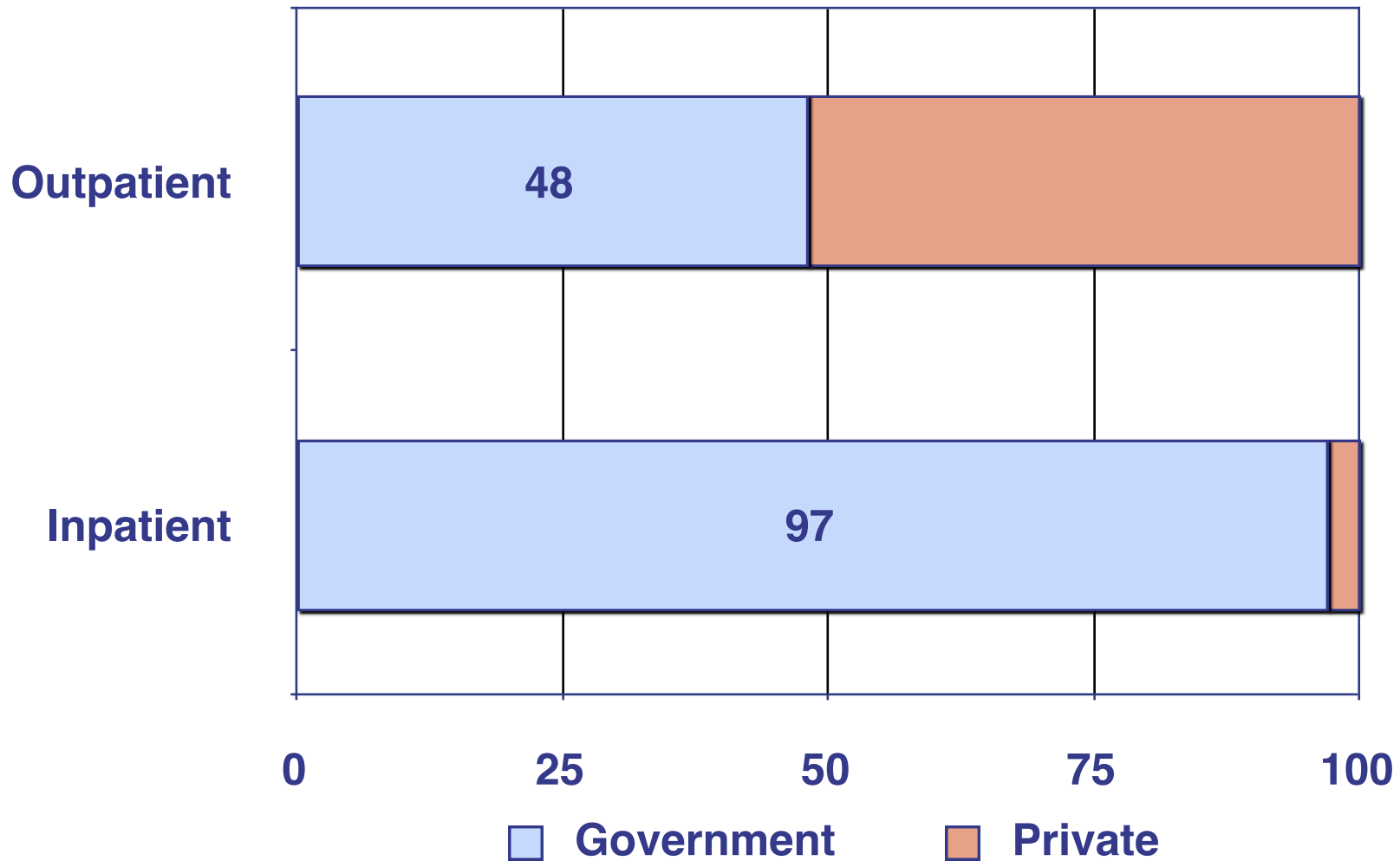
Who pays?



How does spending compare?



Who provides?



Efficiency

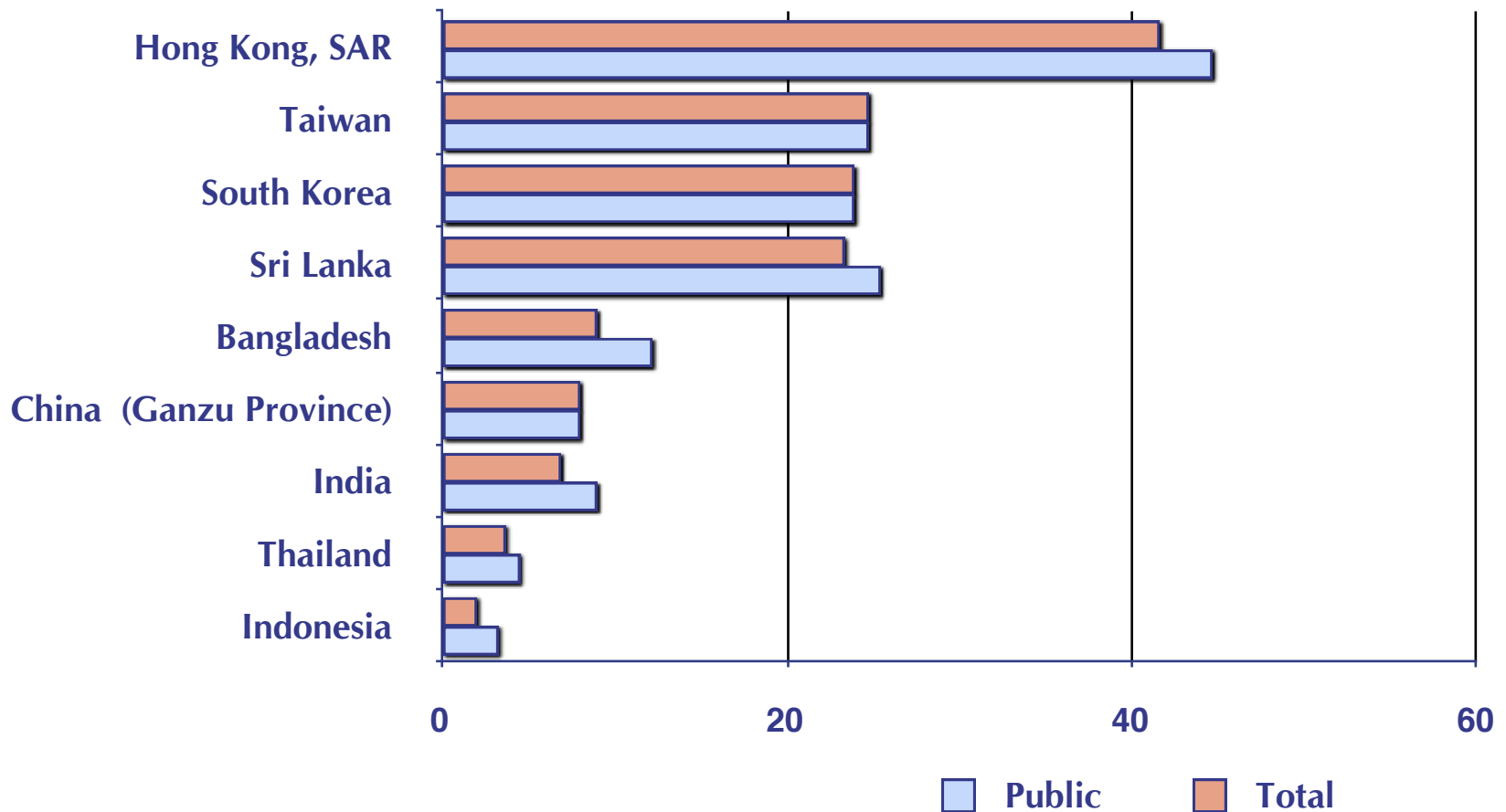
- **Macro-level**
 - Health sector is by international standards highly efficient in its use of resources
 - Achieves high levels of output at acceptable quality with minimal resources
 - High levels of labour productivity
 - Intensive use of physical inputs
- **Micro-level**
 - Range of inefficiencies

Equity

Do Government
Services
Reach the Poor?

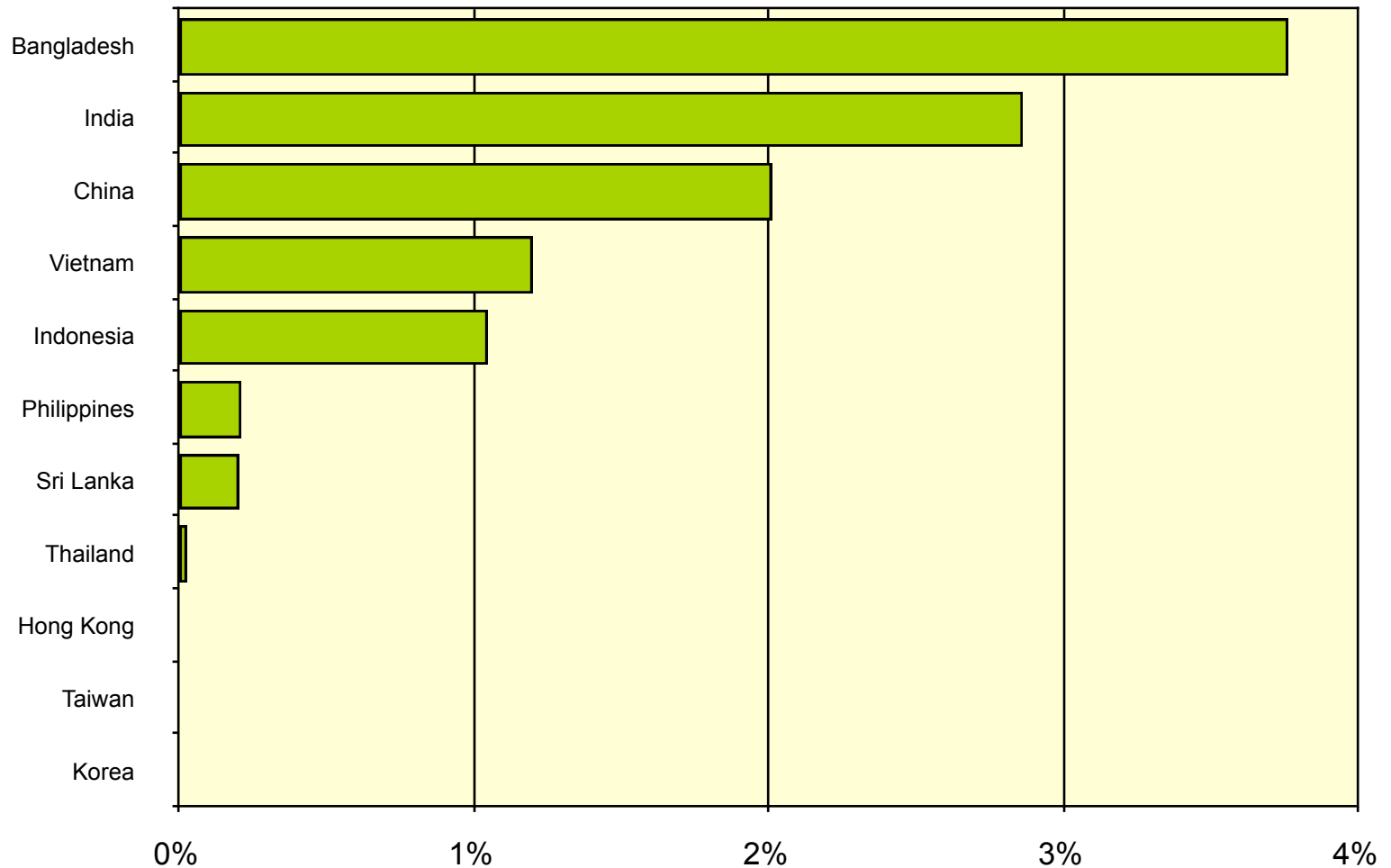
Targeting of public subsidies

Share (%) of inpatient spending reaching poorest quintile



Poverty impact

Percent of households pushed below PPP\$1 poverty line by medical spending



A score card

- **Effectiveness, efficiency**
 - Delivers exceptional health outcomes
 - Delivers high volumes of outputs for minimal inputs
- **Equity**
 - Reaches the poor better than most developing countries
 - Protects effectively against impoverishment

The GMOA: A case of Dr Jekyll and Mr Hyde?

- **Critical to performance of sector has been staff commitment and professionalism**
- High by international standards
- **But has been retained despite politicization of public sector**
- GMOA central to the sector's struggle to slow-down politicisation
- Most strikes not about pay, but appointments and rules

Linkages to development

- **Health system a factor in political stability**
 - Engenders social solidarity
 - Mitigates worst features of poverty
- **Global experience**
 - High-growth economies have generally balanced market-led industrialization, with commitment to public funding of health services
 - Germany, Japan, Korea, Taiwan, Hong Kong
 - Temporary exceptions - Thailand, China, Singapore

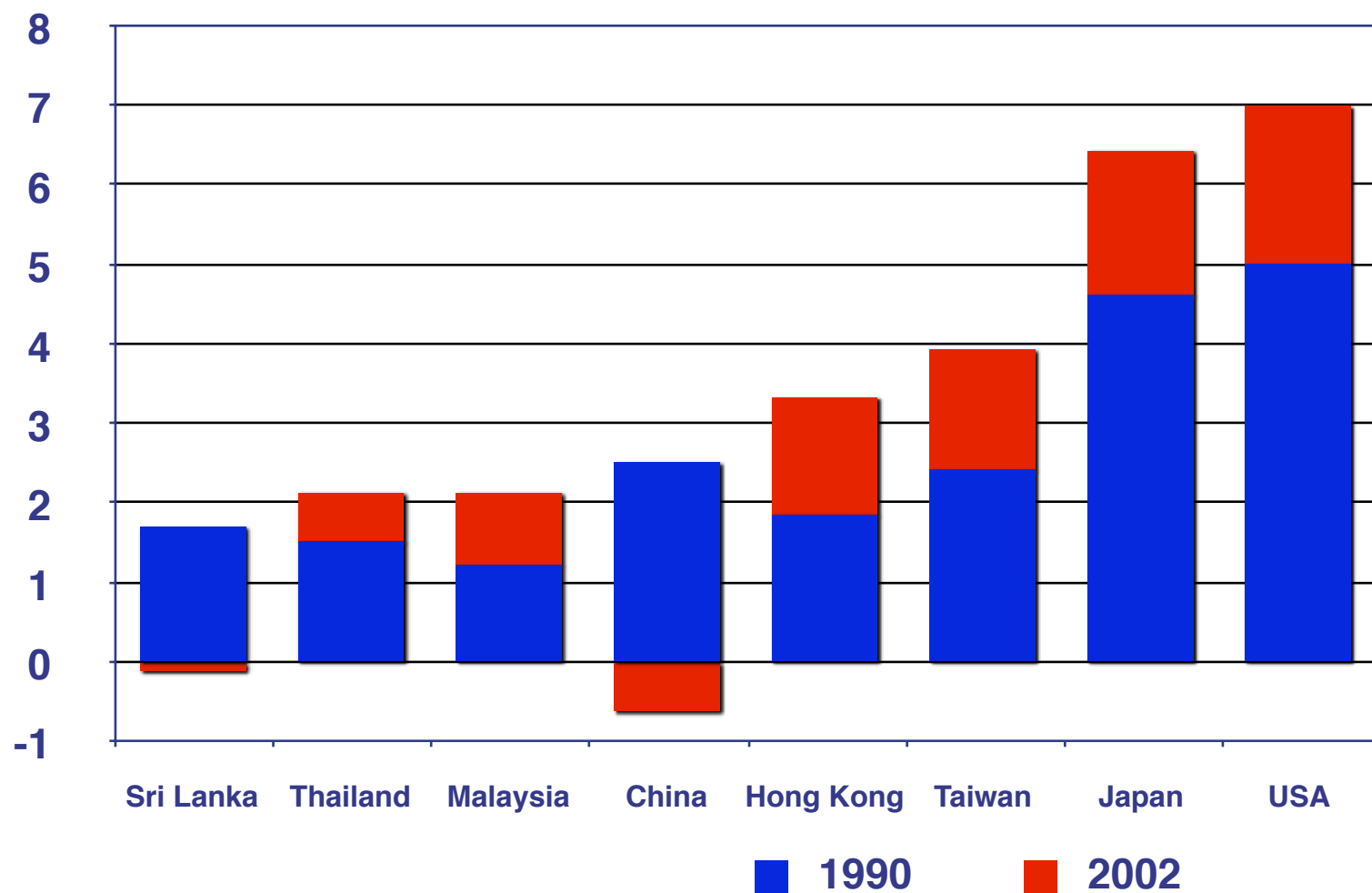
Challenges and Problems

- Inadequate public funding
- Antiquated approach to primary care
- Increasing middle-class consumer dissatisfaction with government services
- Aging of population

Inadequate public funding

- Market economies rely predominantly on public financing, and increasingly so
- Sri Lanka - only market economy in Asia, Europe and North America not to have increased public expenditure as % GDP in past 15 years

Government health spending 1990-2002



Antiquated primary care

- **Primary care policies 1926-1990 model for the world**
 - Verticalized services, hospital OPD-based delivery system
 - But lacks continuity of care, ability to manage chronic adult problems, keep patients out of hospital, etc
- **Modern paradigm for primary care requires a different approach**
 - Family-based primary care services delivered through specialized family medicine physicians
 - But not possible without system for training and recruiting GPs

Consumer dissatisfaction

- **Consumer dissatisfaction increasing**
 - Driven by increasing expectations, not declining standards
 - Need for more person-oriented, continuity of care, etc
 - Demand for improved consumer amenities in hospitals, improved staff attitudes, reduced queuing, etc
- **Trend in advanced countries to introduced market-flexibility into public-funded hospitals**
 - Hospital autonomy, internal markets, etc

Ageing population

- **Ageing will not be the main driver of increasing costs**
- **But ageing will change the demand for services**
 - Chronic illnesses require continuity of care and more specialised primary care (e.g., diabetes, heart disease, etc)
 - Modern prevention of heart disease, diabetes is not cheap - life-style drugs, aggressive management of myocardial infarctions, etc
 - Geriatric patients require focused management
 - Future need for long-term care, home nursing, etc

Key Issues

- **Health sector has done well in the past, but future challenges require a changed approach**
 - Increased public financing
 - To permit
 - Introduction of modern primary care system
 - Increased consumer responsiveness by restructuring hospital services
 - Filling in the gaps
- **But requires increased taxation either as general revenues or social insurance**