Priority-Setting in Health: Building Institutions for Smarter Public Spending

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CGD Brief

Health donors, policymakers, and practitioners continuously make life-and-death decisions about which type of patients receive what interventions, when, and at what cost. These decisions—as consequential as they are—often result from ad hoc, nontransparent processes driven more by inertia and interest groups than by science, ethics, and the public interest. The result is perverse priorities, wasted money, and needless death and illness. Examples abound: In India, only 44 percent of children 1 to 2 years old are fully vaccinated, yet open-heart surgery is subsidized in national public hospitals. In Colombia, 58 percent of children are fully vaccinated, but public monies subsidize treating breast cancer with Avastin, a brand-name medicine considered ineffective and unsafe for this purpose in the United States.

Reallocating a portion of public and donor monies toward the most cost-effective health interventions would save more lives and promote health equity. The obstacle is not a lack of knowledge about what interventions are best, but rather that too many low- and middle-income countries lack the fair processes and institutions needed to bring that knowledge to bear on funding decisions. With that in mind, the Center for Global Development's Priority-Setting Institutions for Global Health Working Group recommends creating and developing fair and evidence-based national and global systems to more rationally set priorities for public spending on health. The group calls for an interim secretariat to incubate a global health technology assessment facility designed to help governments develop national systems and donors get greater value for money in their grants.

Finite resources, unlimited demand, unfair process

Decisions on public and donor spending on health are controversial because they affect who receives what, when, and at what cost, often with life-or-death consequences. In low- and middle-income countries facing highly constrained budgets, the ethical conundrums and conflicting interests are acute. As countries spend more on health and demands for care increase with growing and aging populations, public spending will likely respond even more to interest groups and wealthier citizens, threatening to further neglect cost-effective

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health interventions in favor of those backed by power or precedent. Priorities are being set haphazardly in the absence of explicit priority-setting bodies.

The moral case

The moral way to set priorities for scarce public and donor funds for health is by identifying and supporting cost-effective and equity-enhancing interventions fairly, transparently, and on the basis of evidence. The cost-effectiveness of interventions in global health efforts varies greatly. For example, some of the least effective interventions for HIV/AIDS are less than 0.1 percent as valuable as the most effective in disability-adjusted life years. And looking across multiple disease burdens, this fraction drops to less than 0.01 percent. That's a difference of a million to one.

It's not only the extreme comparisons that have startling differences. Even an intervention with the median level of cost-effectiveness, as analyzed by the Disease Control Priorities in Developing Countries project, can sacrifice 85 percent of the potential value of more effective alternatives. In human terms, this can mean hundreds, thousands, or millions of additional deaths due to the failure to set effective priorities. The moral use of public and donor funds for health requires diverting the bulk to the very best interventions.

Current progress and limitations in developing countries

A growing number of countries are developing explicit processes to assess health interventions and technologies and to inform budgetary decisions and the design of publicly subsidized health benefits. These efforts merit better support.

Existing processes to set priorities for health have taken three main forms: essential medicines lists, health benefits plans, and health technology assessment agencies. The three have much in common—in their evaluation methods and criteria for decision-making, but also in their limitations. All suffer from a shortage of quality data, inadequate local capacity, lack of legal frameworks, limited formal institutional structures, incapacity to revise and update benefits on the basis of new data or products,

minimal stakeholder involvement, and sometimes limited connection to decisions on the uses of public and donor spending.

The need for a systematic process of priority setting

A set of seven core processes of priority setting, if implemented under an explicit legal and institutional framework, could improve and save lives under any level of health spending and in any type of health system, while channeling and managing political, commercial, advocacy, and donor interests as part of a fair and ethical process.

These seven processes constitute a health technology assessment system:

1. **Registration:** Assures safety and efficacy of new products and provides a gateway for considering a technology for public or donor funding.

2. **Scoping:** Identifies and selects technologies (broadly defined as policies, interventions, drugs, diagnostics, and other products) for evaluation depending on a country's or donor's priority-setting goals.

3. **Cost-effectiveness analysis:** Analyzes technologies using widely accepted economic evaluation methods, tools, and systematic evidence reviews, building on defined priority-setting criteria, including health impact, equity, financial protection, and others, as relevant.

4. **Budget impact analysis:** Analyzes and projects the potential financial and fiscal impact of the adoption and diffusion of a technology.

5. **Deliberative process:** Considers the results of cost-effectiveness analysis and budget impact analysis as well as more subjective decision-making criteria depending on national values and context to inform a recommendation for public or donor funding.

6. **Decision:** Assesses recommendations and makes decisions to include a technology in public or donor budgets.

7. **Appeals, tracking, and evaluation:** Allows for the appeal of decisions based on the availability of new data or analysis, as well as the tracking and evaluation of the impact of decisions adopted.

Developing health technology assessment systems globally and nationally

The Working Group recommends direct substantive support from global health funders and country governments for the creation and development of both global and domestic health technology assessment systems:

• **A global health technology assessment facility should be created to provide sustained technical and consultative support to global funding agencies and governments of developing countries.** Such a facility would have two purposes. First, it would support governments that wish to establish permanent national health technology assessment systems to make evidence-based and ethically informed decisions on public spending for health. Second, it would provide guidance to global health funders that wish to improve and leverage greater value for money in their grants.

The facility would provide peer-to-peer expertise and know-how in economic evaluation, budget impact analysis, and deliberative processes as an input to priority setting (design and adjustment of health benefits plans, negative lists of technologies that will not be funded, targeting of specific disease burdens, or cost control measures). It would help to build institutions via an accreditation process of national health technology assessment systems or through the definition of standard methods and frameworks for research reports sourced from academic, NGO, and commercial sectors in developing countries. It could also help countries avoid repeating health technology assessment studies on the same technologies by carrying out joint and coordinated evaluations for adaptation and deliberation in each country.

To advance the creation of this facility, the working group proposes the launch of an interim secretariat which will (i) develop a short business case to set out the operational, governance, financing, and structural characteristics of the proposed global health technology assessment facility, (ii) secure seed funding through a short-term feasibility grant to deliver on the secretariat's short-term objectives, (iii) scope out specific products of the health technology assessment process, including accreditation framework and country-specific pilots, and (iv) incubate the facility by developing the necessary networks to include interested organizations and individuals through raising awareness and advocacy. The secretariat would be interim and inclusive in its membership.

• **Direct support to countries creating or developing their own health technology assessment systems could take several forms.** Current capacity-building efforts could be more directly targeted to government counterparts charged with setting priorities. Hands on technical pilots and demonstration projects—from the relevant starting point—could engage policymakers on real-time concerns. Coaching through procedural advice and knowledge exchange among countries, assisted by a global facility or regional network, would also be essential. Exchanging examples of legislation, process guidelines (including conflict-of-interest management), handling of confidential data, stakeholder involvement, and overall governance and oversight would prevent duplicate efforts.

Given the global economic outlook and anticipated drops in foreign assistance, the way in which low- and middle-income countries spend their own money will be a main determinant of the size and pace of future improvements in health. Supporting countries and global health funders in developing health technology assessment systems that will save more lives for the money is a critical step forward.

The Center for Global Development works to reduce global poverty and inequality through rigorous research and active engagement with the policy community to make the world a more prosperous, just, and safe place for us all. The policies and practices of the United States and other rich countries, the emerging powers, and international institutions and corporations have significant impacts on the developing world's poor people. We aim to improve these policies and practices through research and policy engagement to expand opportunities, reduce inequalities, and improve lives everywhere.

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