



November 2017

Honorable Ministers and Leaders:

In 2002, the APEC leaders aligned that health and finance are two key pillars of a more inclusive economy and societal economic development, and acknowledged that investment in healthcare will benefit “economic growth, worker performance and productivity, and poverty alleviation”. In establishing our tri-partite Life Sciences Innovation Forum (LSIF), we were challenged to develop a life sciences innovation strategic plan focused on addressing “the challenges of risk detection and prevention, treatment and cure of the communicable and life style diseases which afflict our people”. APEC leaders also called for effective “investment in every stage of the health care process, including primary prevention and a focus on vulnerable populations”.

### The Coming Trifecta

Fifteen years later, the financing of health care has become a top economic, fiscal and political priority for APEC economies. Both health and finance continue to be the main drivers of inclusive growth. All APEC economies have embraced universal health coverage (UHC). They now have to pay for it in a world where a combination of (1) life-style diseases and ageing societies are driving up the cost of care, (2) emerging economies are graduating from eligibility for multilateral assistance, and (3) a large and increasingly vocal segment of society – the so-called working poor – very quickly could be tipped back into poverty through ill-health. Importantly, economies also are being called to account for their health outlays, both through social media and, where this operates, the formal or informal comment phase in appropriations or rule-making.

As we have shown in earlier studies, non-communicable disease, much of it driven by life-style, is eating away at our economic growth, productivity and competitiveness as people retire early due to ill-health or continue to work under par because of ill-health, often with a dramatic slow-down in productivity. Similarly, the chronic disease burden is naturally increasing due to ageing societies. But this is occurring with a reduction in the younger age work force, meaning that older citizens need to be kept healthy to work longer. We strongly recommend that APEC Leaders continue to invest in health as a priority to correct this drag on the economy. This means examining innovative ways of financing the preventive and curative interventions that should form the core of the package of UHC benefits for all segments of society.

### Moving Forward

The collaboration to address these challenges between our LSIF, Health Working Group (HWG) and Finance Ministers Process (FMP) kicked off this year. We met at working level with Senior

Finance Officials in May and with Finance Ministers in October. Two areas of work have been identified that would respond to your political and economic imperatives. These are (1) developing a way of measuring the return on investment of public funds in health – thus responding to calls for transparency in the budget process, and (2) identifying innovative, sustainable health financing mechanisms that could complement or supplement public outlays - working to remove barriers to the adoption and deployment of these mechanisms. We have made a preliminary run at the supplementary/complementary financing mechanisms by drawing up a checklist of enablers of investment in these financial products. Interestingly, in addition to regulatory and policy barriers/unintended consequences, the overwhelming barrier to the uptake of new health financing products is the health and financial literacy of the population. We will make plans to address these issues in 2018.

There is much more to do through this collaborative mechanism. Our goal, should you agree, is the sustainable engagement of private sector actors in the health financing space so that economies can more effectively invest in and account for the health care needed to combat the continuing, almost exponential rise in chronic disease on top of infectious disease priorities.

### Beyond Chronic Disease

Issues of financing and partnerships go beyond chronic disease. We have found, for example that the financing of vector control and vaccinations has become a health and political priority. Public private partnership requests are pervasive throughout many of the issues considered by the LSIF this year, including in safe surgery, responsible and secure sharing of medical data for secondary analysis , improving the safety and sustainability of the blood supply, the development and implementation of action plans to combat anti-microbial resistance (AMR), cervical cancer, and a new an important area of consideration – the extremely vulnerable segment of society afflicted with rare diseases. We now have plans to develop a framework for the region for removing the barriers to the diagnosis and treatment of rare diseases. Another new area of increasing vulnerability where investment returns are high is adolescence (10-fold). In 2018, LSIF will examine the prospect of developing a health component to an adolescence investment package, should economies wish to pursue investment in the health and well-being of adolescents.

A number of our key initiatives endorsed by you in past years are thriving and providing global leadership models of cooperation. This year we elevated reforms to align regulatory approval systems and thus increase timely access to innovative medical products, by holding a High-Level Regulators Dialogue (HLD). Regulators reaffirmed their resolve to align approval systems by 2020 and, directed officials to develop performance indicators against which each economy could evaluate their alignment readiness. In partnership with academic and industry experts, the HLD also agreed to create a network of Centers of Excellence for Regulatory Sciences (CoE ) in the region to provide the training necessary to achieve the 2020 goal. The mental health digital hub, launched in 2016 is making progress, with two collaborative meetings held this year to help integrate best practices into primary care, community based settings and the workplace.

Our recommendations are that Ministers and Leaders:

Endorse the Joint Statement of the 7th APEC High-Level Meeting on Health & the Economy;

Recognize the urgency of investing in a healthy population given the rise in chronic disease with ageing societies, the graduation of emerging economies from international assistance, and continuing infectious disease and related problems;

Welcome the consideration of health as a social investment and encourage officials to identify the data points necessary for clear and accountable measurement;

Endorse the continuation of the collaborative dialogue between the LSIF, HWG and FMP to develop best practice models for (1) the measurement of the return on investment of public funds in health, (2) sustainable public/private partnerships for health care financing, and (3) for the facilitation of innovative health financing mechanisms, including addressing barriers to entry and deployment;

Welcome progress and collaboration with the private sector on initiatives to promote regulatory alignment, responsible and secure sharing of medical data, mental wellness, safe surgery and blood supplies; combat cervical cancer and anti-microbial resistance; and, the development of a framework to address barriers to the diagnosis and treatment of rare diseases; and, encourage economies to prioritize resources for control of vector-borne diseases and related vaccination programs.

We look forward to reporting to you in 2018 on progress with our health care financing collaboration with the HWG and FMP to promote inclusive growth, and on our public private partnerships to improve health outcomes in the Asia-Pacific region.

Sincerely,



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