PAPER 01

EVERYBODY'S BUSINESS
A series on bold actions to close the NCD funding gap

The Philippines national NCD investment

NCD Alliance

In collaboration with the United Nations Development Programme (UNDP), World Health Organization (WHO), and UN Interagency Task Force on NCDs (UNIATF on NCDs).

UNDP

Key messages

- Fiscal measures are successful in generating revenue and reducing consumption of unhealthy commodities.
- Revenue from fiscal measures can – and should – be used to fund UHC initiatives and expand healthcare access for the poor and ultra-poor.
- Government action and political leadership is needed to reprioritise health and finance national benefits packages to make meaningful change.

Introduction

Noncommunicable diseases (NCDs), including mental health and neurological conditions, are the leading cause of death and disability worldwide. NCDs are responsible for an estimated 41 million deaths annually, corresponding to 74% of global mortality – with 77% of these deaths occurring in low- and middle-income countries (LMICs). More than **15 million people die prematurely** (before age 70) from NCDs, and 85% of these premature deaths are in LMICs[1]. The NCD burden continues to grow, impacting not only health and well-being but also poverty, inequalities, economic growth, and overall progress towards the Sustainable Development Goals (SDGs) and the commitment to leave no one behind.

Addressing NCDs requires multisectoral action. This is crucial to reduce population-level exposure to NCD risk factors, remove barriers to health services, and ensure an adequately resourced response. To strengthen whole-of-government and whole-of-society action for NCDs, the WHO/UNDP Global Joint Programme on Catalyzing Multisectoral Action for NCDs supports countries in all regions to develop and implement national NCD investment cases. These cases assess the social and economic costs of NCDs to a country, including often hidden productivity losses from poor health, and estimate the return on investment of WHO "Best Buys" policy and clinical interventions. They provide recommendations for strengthening multisectoral planning, coordination, and financing that serve as advocacy tools for stakeholders engaging in policy development processes. Multi-stakeholder engagement, including at the highest level of government, and political will are critical components that are emphasised throughout the process. To date, the joint programme has supported the completion of 22 NCD investment cases and an additional 10 are on-going.[2]

One country that has undertaken meaningful action on NCDs following its investment case is the Philippines. The national investment case, conducted in 2019, estimated that NCDs account for 68% of deaths in the country, costing the national economy US$ 14 billion (**PHP 756.5 billion**[3]) in 2017, or **4.8% of its GDP**[4].

It was estimated that NCDs accounted for

68% OF DEATHS IN THE COUNTRY

COSTING THE NATIONAL ECONOMY

US$ 14 BILLION

4.8% of its GDP

This case study provides an overview of the investment case approach in the Philippines, including its economic and health benefits.

Country profile
Pre-investment case situation

Prior to implementing recommendations from the investment case, the Philippines experienced high levels of exposure across the main NCD risk factors (tobacco and alcohol use, physical inactivity, unhealthy diets, and other metabolic risk factors) despite reforms the government had begun to put into effect in previous years.

These **REFORMS** included, but were not limited to:

TOBACCO AND ALCOHOL TAXATION (referred to as the "**Sin Tax Reform Law**") in 2012; and a tax reform acceleration act in 2017

TOBACCO CONTROL strategies and programmes

FRONT-FACING LABELLING guidelines for **packaged food**

PhilHealth and **PhilPEN**: a **PRIMARY CARE BENEFITS PACKAGE FOR NCDS** and a package of **ESSENTIAL NCD INTERVENTIONS**, respectively

In 2017, household out-of-pocket (OOP) payments totalled US$ 6.2 billion of current health expenditures (CHE), or roughly **54% of health spending**, while government schemes and compulsory health financing schemes only totalled **34% of spending** (US$ 4 billion)[5], below the average of roughly 45% across LMICs in that period.[6] As NCDs tend to be chronic, they often lead to on-going expenses that pose **economic challenges** to households.[7] Within OOP spending, 41% of the payments went to general hospitals, 27.5% to pharmacies, and preventative care providers received 8%, showing that Filipinos were waiting to seek care and treatment further into the disease course. NCD care in hospital settings is not only more costly, but also contributes to the economic impact of the NCD burden and generates **indirect costs** corresponding with absenteeism and presenteeism as households seek to cope with and manage their conditions.[8]

Even with the initiatives outlined above, the investment case analysis found that the probability of dying prematurely from one of the four main NCDs was still **29% in 2015**.[9] From an economic perspective, it was calculated that within the US$ 14 billion lost due to NCDs in 2017, reduced participation in the workforce (premature deaths, absenteeism, and presenteeism) contributed to an **indirect economic cost** of US$ 12.3 billion).[10] Public healthcare expenditure for NCDs only reached US$ 1.4 billion, illustrating the disproportionate need for stronger NCD interventions compared to the disease burden and additional domestic resource mobilisation.

Multilateral engagement and support on NCD investment cases

UNDP's **Strategic Plan 2022-2025** and **HIV and Health Strategy 2022-2025** include commitments to scale up work with WHO and other partners to strengthen systems for health, including to address NCDs. NCD investment cases are country-led and owned activities that elevate attention, investment, and action. Their overarching aim is to strengthen governance and financing of NCD responses by showing the significant health and development costs of NCDs in a particular context and the availability of cost-effective interventions to offset these costs. The cases include technical and political support on two main aspects: (1) economic modelling, wherein country-endorsed data is used to define the scope of the problem and the return on investment of WHO-recommended solutions, and (2) an institutional and context analysis (ICA), wherein key stakeholder interviews are held to assess context-specific barriers and opportunities for the investment case to be heard, accepted and acted upon across government and society. The entire investment case process features broad stakeholder engagement, with UNDP, WHO, and the UNIATF on NCDs working closely with the Ministry of Health to engage other ministries (e.g., finance and labour), civil society, media, relevant private sector, and other development partners. Typically, at least two inter-agency missions are conducted: one for data collection and ICA interviews and a second for the launch of the case and advocacy around it. The outputs include the investment case report, an infographic, a PowerPoint deck for the MoH to own and use, an op-ed and press release jointly developed with the government, and audience-specific advocacy strategies.

Civil society organisations like IFPA and Psoriasis Phillipines play a crucial role in countering industry interference in policymaking. Learn more in the minidocumentary More than skin deep.

Policy and health outcomes

Since receiving investment case support, the Philippine government has adopted a comprehensive NCD policy, which includes provisions on the regulation of tobacco and further development of sustainable financing mechanisms through enhanced "sin taxes," also known as health taxes, notably for alcohol and tobacco products. In addition to the preventative measures, the Philippine government also passed the Universal Health Care (UHC) Act in 2019 which enrols all Filipinos in the National Health Insurance Program, scales up the country's system of primary care providers and is partially funded by the revenue from health taxes. These measures are designed to be pro-poor and pro-development, thereby increasing millions of poor and near-poor households' health insurance coverage, especially at the primary healthcare level. Prior to these changes, many Filipinos were more likely to **seek out specialist care**[11], a costlier option. Moreover, the development of primary care networks also makes it easier to access and afford services.

In 2021, health spending through government schemes was the **largest source of health financing**, amounting to nearly US$ 10 billion (50% CHE)[12], showing a 59% increase in government health spending from before the investment case engagement, and putting it above the **national average of 44%** among LMIC government health spending.[13] Out-of-pocket expenditure, while increasing, dropped to only 41.5% of CHE – indicating that more people were seeking care, but also benefitting from enrolment in the national health insurance programme.

The strengthening of excise taxes on alcohol and tobacco has also proven to be successful. In their analysis, UNDP, WHO, and the UNIATF on NCDs estimated that investment in tobacco and alcohol packages would provide notable returns, with US$ 2.6 and US$ 1.5 for every US$ 1 invested over five years and US$ 8.8 and US$ 7 over 15 years, with investment packages costing US$ 0.2 billion and US$ 0.15 billion, respectively.[14] According to a **Congressional Report**, the enhanced health tax policies drove up revenues from roughly US$ 3.3 billion in 2017 to US$ 4.7 billion in 2021.[15] Health tax revenue has **exceeded initial projections** and could now reach US$ 8.9 billion **in 2024**.[16,17] This is due in part to the progressively increasing taxes on tobacco which raised the cigarette tax to US$ 0.80 in 2020, with an annual increase of US$ 0.10 per year, to reach US$ 1.10 in 2023 and increasing by 5% annually thereafter. This is particularly notable, given the decreased rates of tobacco use among the Philippine population, which fell to **18.7% in 2021 from 23.8% in 2015**.[18]

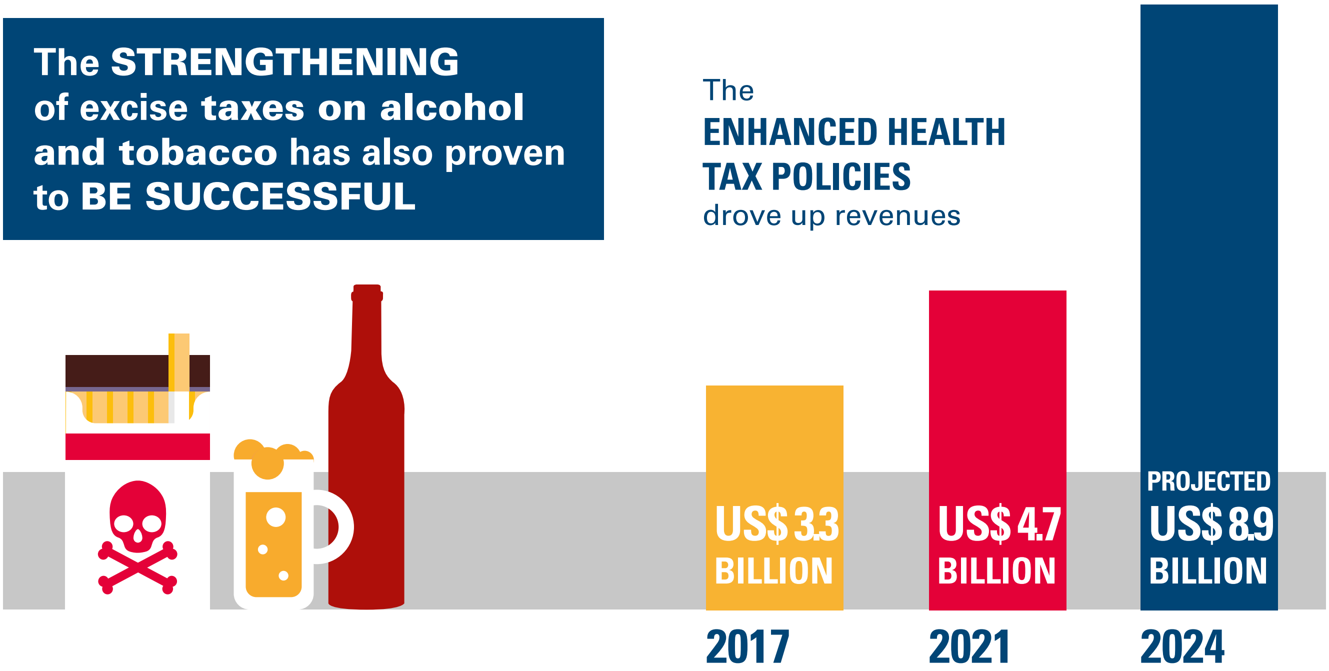
The revenue derived from the implementation of the health taxes, however, is not substantial enough to fund all of the country's efforts to move toward UHC. Social insurance contributions, public health budget allocations, and other domestic revenues contribute substantially towards the financing of the Philippine healthcare system.[19]

While the Philippine investment case analysis showed that reducing sodium in packaged foods would be the most cost-effective intervention, legislation on the issue has proven unsuccessful, as no policies were adopted establishing maximum salt targets or warning labels on food in the Philippines, as recommended by the investment case.[20,21] In 2021, however, conversations around **trans-fat elimination** did culminate in the passage of the National Policy on the Elimination of Industrially Produced Trans-Fatty Acids (TFA) for the Prevention and Control of Noncommunicable Diseases to remove trans-fats from its food supply by June 2023.[22] The policy not only regulates pre-packaged food products containing TFA but enables its replacement with substitutes, and aims to increase awareness of the negative impacts of TFA among the population. Further consultations are now being considered by the National Nutrition Council to develop multisectoral measures on diet and nutrition.

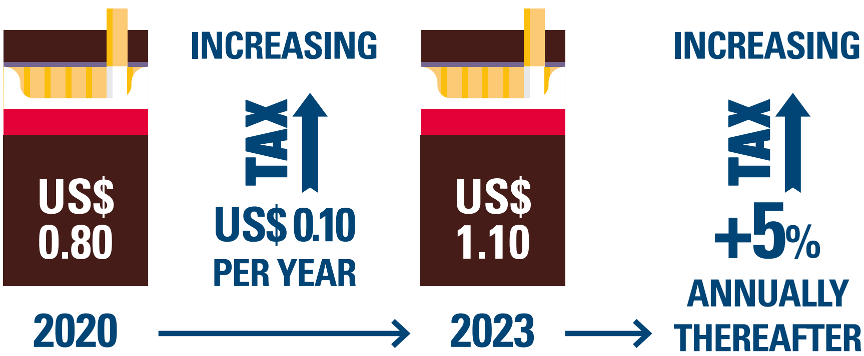
Another significant development is the Department of Health's Health Promotion Framework Strategy, which provides a roadmap for the implementation of health promotion interventions until 2030. Two of the seven priority areas of the strategy include interventions to tackle NCD risk factors (diet and physical activity, and substance use).

The STRENGTHENING of excise taxes on alcohol and tobacco has also proven to BE SUCCESSFUL

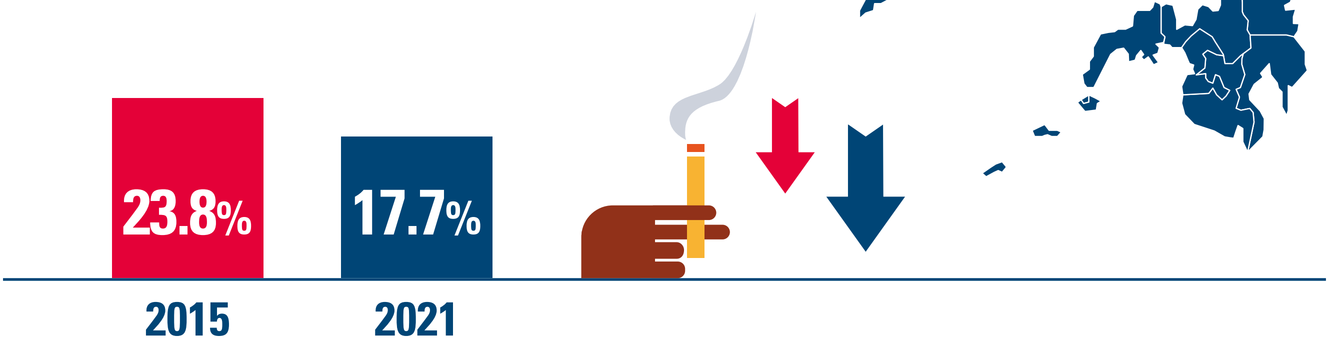
The **ENHANCED HEALTH TAX POLICIES** drove up revenues



This is due in part to the progressively increasing taxes on tobacco which raised the cigarette tax



THIS DECREASED RATES OF TOBACCO USE among the Philippine population



Further domestic investment in NCDs through mental health

While it is difficult to determine attribution versus the contribution of any particular activity within the context of broader country support over time, the NCD investment case support in the Philippines was considered effective in helping to catalyse change to address the social and economic burden of NCDs.

As a testament to the value of the NCD investment case collaboration in the Philippines, the country requested support from WHO, UNDP, and the UNIATF on NCDs to conduct a national mental health investment case, and in 2021 became the first country to launch such a case. This mental health investment case estimates that the Philippines **lost nearly US$ 1.35 billion** in 2019 due to mental health conditions – be it through direct costs of treatment or indirect workforce productivity reductions.[23] In 2020, the WHO Special Initiative for Mental Health estimated that **3.4% of Filipinos** suffer from at least one kind of mental, neurological, or substance use condition,[24] and deaths from intentional self-harm rose to a reported 5000 in 2020 – a **57% increase** from the previous year.[25] In 2019, **only 3%** of the Department of Health's budget expenditure was directed to mental health.[26] Combined, these statistics illustrate the growing severity of the disease burden and the inadequate public resourcing allocated and needed to address it. The Philippines' national mental health investment case estimated that investing US$ 2.8 billion over 10 years would yield a return of US$4.27 billion, with interventions towards epilepsy, depression, and anxiety having the **highest cost-benefit ratios**.[27] This mental health investment approach provides another opportunity to analyse and reflect upon, as the international community – particularly development actors – seek to identify and establish good practices in NCD investment.

Conclusion

The investment approach taken by WHO, UNDP, and the UNIATF on NCDs is crucial in generating needed whole-of-government buy-in as demonstrated in the Philippines, and includes the strengthening of policies and regulations, improving access to health services, and further developing sustainable financing mechanisms. The Philippine experience shows that investing in NCD responses can generate significant economic and health benefits, illustrating the effectiveness and feasibility of the implementation of these measures in other LMICs.

From the minidocumentary More than skin deep.

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Photo cover: With a developing economy and a population of 114 million spread across more than 7,000 islands, the Philippines is using health taxes to help bring accessible health coverage to everyone, everywhere.

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