



**GLOBAL  
INNOVATION HUB**  
for Improving Value in Health

# **Health System Resilience and Pandemic Preparedness through Value-Based Care**

Recommendations to the G20 Joint  
Finance and Health Ministers Meeting

Global Innovation Hub for Improving Value in Health





## © The Global Innovation Hub for Improving Value in Health 2021

The Global Innovation Hub for Improving Value in Health brings together countries and international organizations in a partnership for learning and collaboration on value-based healthcare, and to work together to expand the delivery of value-based care at scale.

### **Acknowledgments:**

World Health Organization (WHO)  
Pan European Commission on Health and Sustainable Development (PECHSD)  
Organisation for Economic Co-operation and Development (OECD)  
G20 Italian Presidency – Health Team

This report was drafted for the attention of the G20 Finance and Health Ministers ahead of the Joint G20 Meeting of Health and Finance Ministers on 29 October 2021. The report draws on recommendations made by the High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response, The Independent Panel for Pandemic Preparedness & Response, OECD, WHO and Pan European Commission on Health and Sustainable Development.

All rights reserved, including the right of reproduction in whole or in part in any form.



## **PREPARED FOR THE G20 JOINT FINANCE AND HEALTH MINISTERS MEETING**

**The Global Innovation Hub for Improving Value in Health was established during the G20 Saudi Arabian Presidency in 2020 and aims to accelerate health systems' globally towards value-based health and care.** As part of the contribution to the G20 Italian Presidency, the Hub reviewed recommendations submitted to the G20 Italian Presidency on pandemic preparedness and produced a briefing on how G20 countries can build resilience and promote pandemic preparedness through value-based care. The recommendations made by the various expert bodies and panels — High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response (HLIP), The Independent Panel for Pandemic Preparedness and Response (IPPPR), OECD, WHO and Pan European Commission on Health and Sustainable Development (PECHSD) — are important and provide guidance on the critical global gaps, and the necessity for co-

ordination between health and finance. The recommendations provide a roadmap for creating resilience in health systems to combat current and future health threats, and nations must continue to find ways to implement the recommendations. As the G20 Position Paper on Healthy and Sustainable Recovery states, there is a need to demonstrate that investments in public health and health care delivery systems are improving outcomes and resilience<sup>1</sup>. As such, this paper aims to support the work of the Joint Finance and Health Ministers, through consideration of value-based care principles.

**The concept of value in health pertains to a system where health outcomes of the population, communities, and individuals are explicitly prioritized in the way resources are allocated to health and care.** Value-based care<sup>2</sup> aims to improve the health outcomes of people while optimizing health system efficiency, responsiveness and reducing health system waste<sup>3</sup> for the money invested. Value-based care puts people at the center of health systems, focusing on creating healthy

---

<sup>1</sup> G20 Position Paper on Healthy and Sustainable Recovery (referenced in the G20 Health Ministerial Declaration)

<sup>2</sup> Value-based care include health services (as it pertains to public health services)

<sup>3</sup> OECD (2017) defines waste as services and processes that are either harmful or do not deliver benefits; and costs that could be avoided by substitution of cheaper alternatives with identical or better benefits

societies while optimizing health system functions to maximize the performance.



Limits health system  
waste



Improved quality and  
outcomes



Contains costs, addresses  
inequities, and enables Universal  
Health Coverage (UHC)

**Benefits of Value-Based Healthcare**

Designing health systems that are rewarded for better health outcomes, rather than remunerating for illness, will shape healthcare provision in the 21st century. Health systems globally face similar challenges of increasing demand for healthcare services, aging populations, rapid scientific discovery in diagnostic and therapeutics, and rising costs of care. The pandemic has proven that health systems sit at the core of society and there is an unquestionable link between the health of people, communities, the economy and security.

**Expert recommendations emphasize strengthening health systems to bolster pandemic response and preparedness. Value-based strategies, implemented at a national level, can create strong and resilient health systems.** Expert recommendations to the G20 call for increased investment in health systems and structural changes in how we think about health and care. HLIP and PECHSD cite *resilient national systems* as the critical foundation for global pandemic preparedness and response while IPPPR highlights the enormous stress that national health systems are facing as a result of prolonged crisis. OECD/WHO Briefing Paper on *Coordinated and collaborative response* for the G20, states that the health workforce, digital health and supply chains require critical attention while strengthening public health functions must remain at the forefront of interventions.

## Value-based care provides a resilient framework for organizing health systems, optimizing care, minimizing costs, and responding to population needs.

**Rethinking Health Systems:** By transitioning health systems to delivering better value care, there is an opportunity to take a holistic view of healthcare and approach delivery and financing in a new way. Redesigning health systems requires a reassessment of payment models, patient outcome measurement, national governance<sup>4</sup> and how healthcare is delivered. This may enable redirection of financing and other resources to be allocated to preparedness for future health emergencies and facilitating global public health. Value-based principles, when implemented effectively, have the potential to contain healthcare costs while also creating greater focus on the quality of care. Additionally, funds could be released for other investment and create the opportunity to improve the healthcare experience of citizens. HLIP calls for countries to *develop resilient domestic finances for prevention and preparedness in the medium term*, while OECD calls for

*greater emphasis on value-based care with respect to sustainable financing. PECHSD supports health system innovation and new models of delivering care.*

**Rethinking Health Financing:** From a national financing perspective, spending on health systems needs to be seen as an investment rather than a pure cost. Currently, spend on national healthcare can be exclusively viewed as a cost center with no return. The shift in perspective towards value-based care will allow finance ministries to realize both cost reduction and efficiency on healthcare investment. Globally \$8.3 trillion<sup>5</sup> is spent annually on healthcare. If health systems can reduce waste<sup>3</sup> and concentrate investment on improving health outcomes, it can create additional cost savings, allowing health systems to reallocate resources needed for preparedness activities. PECHSD calls for *changes to be made in the way in which health expenditure data are captured so that there is a clearer distinction between consumed health expenditure and investments*. PECHSD states that this will likely incentivize countries to invest more in preventive services and support much-

---

<sup>4</sup> Liang, LL., et al. (2020), "Covid-19 mortality is negatively associated with test number and government effectiveness."

<sup>5</sup> WHO (2020), "Global spending on health: Weathering the storm"

needed innovation that improves the efficiency of care. IPPPR calls for an *increase the threshold of national health and social investments to build resilient health and social protection systems, grounded in high-quality primary and community health services, universal health coverage, and a strong and well-supported health workforce, including community health worker*. OECD makes similar recommendations for *building flexible and agile financing systems for health emergencies — proactive financing for the implementation of health responses for outbreaks and supporting the community*.

The COVID-19 pandemic created significant challenges for healthcare organizations, requiring them to quickly provide care for people with COVID-19 infection, ramp up testing and tracing strategies, in addition to maintaining continuity of care for patients with ongoing medical and social needs. Value-based payment models offer more financial agility and stability, helping organizations develop new capabilities that improve care delivery<sup>6</sup>. As such, the ability of healthcare organizations to respond to these demands has partly

depended on whether they apply value-based principles. COVID-19 has shown the urgent need to build resilience and agility into health system financing.

### **Addressing Health System Waste:**

Health system redesign requires health and finance ministries to employ strategies to reduce waste<sup>5</sup>. Overall, reducing the provision of low value care should be the highest priority. Low value care is driven by<sup>7</sup> over-treatment, lack of standardization, poor care quality, fragmentation of the health system, service duplication, excessive bureaucracy, late diagnosis, and avoidance of healthcare. While implementing the expert recommendations on pandemic preparedness, health systems can simultaneously conduct a stocktake of waste drivers.

---

<sup>6</sup> Duke University (2020), “Value-Based Care in the COVID-19 Era: Enabling Health Care Response and Resilience”

<sup>7</sup> Non Exhaustive

**Linking the expert recommendations related to national health systems, the following cross-cutting themes can be implemented to improve value in health systems:**

- **Financing for better health** looks at health spend holistically in terms of social determinants of health, economic planning, and security. The essence of financing for better *health* examines health beyond the boundaries of *healthcare*. Population health needs to be perceived as a public investment into the development of a nation. The triple aim of health systems is to provide better health, better care, and at a lower cost. Better health calls for investment beyond traditional conceptions of health service delivery (i.e. traditional investment can include healthcare facilities, equipment etc.). Better health also calls for examining the social determinants of health, investment in public health, prevention and awareness while also looking at the equity of health systems.
- **Financing for better care** includes stratifying healthcare services to population needs. One of the core pillars of value-based care is to organize care around the needs of patients, medical conditions, and severity of disease through integrated delivery<sup>8</sup> to ensure that there is minimal waste, improved patient experience of care, and the ability to optimize for economies of scale. In addition, creating payment models that reward better outcomes and efficiency of care, must be employed.
- **Redesigning care delivery** is essential to meet the rise in demand for health services, while also optimizing for efficiency. This involves examining the entire clinical pathway around patient needs and the mandated treatment. For example, the COVID-19 pandemic has provided an opportunity to reset the way we deliver health services in addressing the overload of COVID-19 cases while maintaining essential health services. The inability to do so led to a backlog of elective surgeries which has a potentially significant impact on mortality within certain disease areas

---

<sup>8</sup> Could include but is not limited to data sharing, Integrated Practice Units and, integration of healthcare facilities, covering the full patient care cycle

(e.g., cancer)<sup>9</sup>. Adapting thresholds for surgery, drawing on technology and optimizing new and existing resources can charter a new way forward. Expanding primary health care should also be a priority area in achieving value and sustaining Universal Health Coverage (UHC).

- **Investing in digital health** is an important enabler of value-based care and pandemic preparedness while simultaneously enabling ongoing care for other health and care needs. As mentioned by OECD, digital technology was critical in combatting this pandemic and continued use and investment in Information Communication Technology (ICT) for health will be fundamental for future preparedness. Telehealth, digital tools, and ICT infrastructure were universally required during the pandemic, and particularly important for Low- and Middle-Income Countries (LMICs).
- **Strengthening workforce and capacity development** needs to be a priority in health systems preparedness plans. OECD highlighted one of the major gaps as being the inability for health systems to respond with the

necessary staff and skills capacity to serve the demands of changing health system demands. PECHSD report echoed this calling for governments to *invest in and strengthen the health workforce in the light of experiences during the pandemic*. Consideration should be given to the workforce's composition, size, retention, and skillset, while also ensuring that it can expand and contract according to pandemic needs. Classic models of workforce employment, training and development need to be updated to create the agility required for pandemic preparedness and response. An example could include LMICs training community members to engage in healthcare provision.

- **Measuring health system performance** is critical to rolling out value-based care and changing the perception of healthcare spending. Health systems should measure costs as well as outcomes for patients. This provides a more accurate view of where spending has the most significant impact on health and indicates which interventions firmly contribute to system performance. As a result,

---

<sup>9</sup> NiH COVIDSurg Collaborative (2020), "Elective surgery cancellations due to the COVID-19 pandemic"





countries can aim to deliver better value by evaluating how investments in payment model reform, digital health, health data governance, new models of care, etc., impact on performance dimensions, such as health system efficiency, equity, responsiveness, financial protection, and improved population health.



**The G20 and other major global multilaterals should be encouraged to work with LMIC health systems to transform into high-value health systems, specifically with regard to pandemic preparedness and response.**

WHO<sup>10</sup> notes that many LMICs face political, institutional, and technical challenges to improving how they decide *what* to purchase, and how they *purchase* health services. New developments (e.g., new health technologies, new priorities, changes in provider behavior or greater data availability) continually emerge, requiring the adaptation of selected health benefit packages and purchasing arrangements<sup>10</sup>. The G20 should continue to support cross collaboration and learning in LMICs health systems'. WHO is well placed to support LMICs in their transition towards value-based care. Additionally, countries with more advanced value transformation journeys should continue to share experiences of their transformation, to bolster efforts in this regard. More broadly, value-based care offers a direction for reforming health systems to deliver health outcomes more efficiently, and yet, implementation is critical in achieving this goal of value. All countries should

consider policy barriers inhibiting value-based care implementation, one of which includes the lack of collaboration between public and private sectors to set the right incentives to steer people's and providers' behaviors. Another key example of necessary implementation enablers is data and information to support policymakers, providers, and patients in the transformation.

---

<sup>10</sup> WHO (2020), From value for money to value-based health services: a twenty-first century shift



## **We call on Finance and Health Ministers to address health system resilience and responsiveness while considering a value-based approach**

**At a national level, health ministries need to consider the implementation of key value-improving strategies to reorganize health systems, care pathways, digital and workforce to achieve more resilient health systems. Finance ministries should reorient their view of health spending with the understanding its role as an investment in societal health and wellbeing.** As the world continues to grapple with vaccine dose allocations, containing virus variants, and keep health systems functioning, lessons from COVID-19 must be used to inform the design of 21st century health systems. This process needs to be facilitated by comprehensive measurement of health outcomes and healthcare funds spent. The pandemic has shown the weaknesses in the global health system and financing for health. Health and Finance ministries have a collective duty to address those weaknesses to safeguard future generations against health

threats. The pandemic also provides an opportunity to accelerate towards more robust, resilient, responsive, and sustainable health systems.