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About the authors

Fadi El-Jardali (Ph.D., MPH), Founder & Director of the Knowledge to Policy (K2P) Center, Director of the World Health Organization (WHO) Collaborating Center for Evidence-Informed Policy and Practice, Co-Director of the Center for Systematic Reviews in Health Policy and Systems Research (SPARK), and an Adjunct Professor at McMaster University in Canada.

Reem Masri (LD, RD, MPH) is an Evidence Lead Specialist at the Knowledge to Policy (K2P) Center at the American University of Beirut.

Zeina Sleem (MPH) is an Evidence Lead Specialist at the Knowledge to Policy (K2P) Center at the American University of Beirut.

Lebanon's Economic Crisis by Sector: Reforming the Healthcare System

Fadi El-Jardali, Reem Masri, Zeina Sleem

More than half of the Lebanese population does not currently benefit from any form of healthcare coverage, limiting access to affordable and comprehensive healthcare services and increasing out-of-pocket expenditures to more than 85%. The World Bank has described the current crisis as one of the top 10 most significant global crises since the mid-19th century, with inflation reaching 172% in 2023.

The crisis only exacerbated an already overstretched healthcare sector and impacted the ability of the National Social Security Fund (NSSF) to provide adequate social protection and healthcare coverage. Efforts, such as the launch of the Ministry of Public Health's (MoPH) 'Vision: Health Strategy 2030' and the draft law for universal health coverage (UHC), have sought to revitalize the healthcare sector. However, these efforts remain fragmented and futile.

With no political commitment/action or tangible solutions, the cumulative crises will continue to hinder any efforts toward reforming the healthcare system into one that is more fair and efficient. More importantly, healthcare services are projected to become unaffordable to thousands of Lebanese, which will have implications for population health outcomes in the near future.

A closed expert roundtable was held to unpack the healthcare system's challenges and discuss the way forward. The roundtable hosted stakeholders from various sectors and multi-disciplinary backgrounds. Stakeholders deliberated about the bottlenecks of the healthcare system and mapped out tangible and implementable recommendations to instigate change. Elements of this policy brief are based on the findings from the policy dialogue.

Size of the problem

Despite recurrent promises of reforming the healthcare sector to achieve universal healthcare, there has been limited progress. Most Lebanese continue to face significant barriers to accessing affordable healthcare, leading to a catastrophic burden of out-of-pocket expenses. The country has been grappling with a series of crises since 2019, significantly impacting the healthcare system, which has already been plagued by inadequate resource allocation and a constrained ability to deliver sufficient coverage.

Approximately 55% of the population, before the crisis, did not have access to adequate social and health protection mechanisms (Yassoub, Alameddine, & Saleh, 2017; ILO, 2020; CAS, 2018). The MOPH provided coverage for hospitalization and catastrophic medications; however, their capacity to provide quality healthcare by acting as an insurer of last resort was limited (El-Jardali et al., 2014). Due to the ministry's slow reimbursement procedures, providers often deny admission or demand significant illegal co-payments from patients, resulting in high out-of-pocket expenditures (Ammar et al., 2016).

Approximately 55% of the Lebanese population lacks access to essential healthcare services, and 40% do not benefit from any form of healthcare coverage, relying mainly on the public sector for access to healthcare. What was once the second-largest insurance provider in the country, the NSSF's sickness and maternity branch, has been unable to provide sufficient coverage for its beneficiaries. Currently, the NSSF can cover only 10% of the cost of healthcare services; the remaining 90% is paid by the beneficiary (Atwi, 2023). Consequently, beneficiaries have resorted to private insurance companies or out-of-pocket payments, which increased from 33.1% in 2018 to more than 85% in 2022 (MOPH, 2018; MSF, 2022).

A recent study by the Center for Social Sciences Research and Action, which surveyed 1,327 Lebanese respondents, revealed disparities in healthcare coverage across Lebanon's governorates, with the Baalbek-Hermel (58.6%), South Lebanon (57.5%), and Nabatieh (65.7%) regions recording the highest

percentages of the population without coverage. In addition, the study found that 40.4% of those surveyed are covered by a public health plan under one of the following: the National Social Security Fund (NSSF), the Civil Cooperative Society (CCS), or one of the armed forces funds. However, the actual coverage of these public funds has become negligible due to the economic crisis and the devaluation of the currency (Center for Social Sciences Research & Action, 2023).

The ongoing crisis has also heavily impacted access to essential medications. Despite the high spending on pharmaceuticals (accounting for more than 25% of healthcare expenditures), stocks of drugs have dropped by 50% since the beginning of the crisis. This resulted in more than 70% of the Lebanese population with no access to critical medications (UNESCWA, 2021).

Underlying factors

Governance level

The healthcare sector in Lebanon exhibits structural weakness that limits the regulatory role of the Ministry of Public Health. The outdated organizational structure of MOPH and the shortage of sufficient qualified human resources, office space, and equipment hindered the MOPH's role in providing essential public health functions such as prevention and planning (Blanchet, K., Fouad, F. M., & Pherali, T., 2016; Ministry of Public Health, 2023).

This has resulted in inadequate coordination among the different financing agents and providers of services, creating siloed and disconnected operating mechanisms. Despite all reform efforts over the course of more than two decades, there are still no unified contracts or tariffs across the different public funds, and no standard benefits package. Weak governance structures in the healthcare system have led to the dominance of the private sector, which runs 80% of the hospitals in Lebanon (Abou Assi, K, 2015).

Over the years, elected officials and political groups have made repeated promises to improve the state of healthcare. In the 2022 elections, universal healthcare coverage, enhancing accessibility of medications, and strengthening public hospitals were some of the many objectives set by political parties to overcome the health crisis (Bou-Karroum et al., 2022). Such promises have been repeated for nearly two decades but have not been fulfilled due to the lack of political will.

A draft law for universal healthcare coverage (UHC) was submitted. Still, it was rescinded in early 2023 due to some significant gaps, the biggest of which is that it limited achieving UHC by the MOPH's ability to successfully

implement the universal health card program while neglecting all the chronic challenges the healthcare sector suffers from. The draft law also ignored the critical role primary health care plays as a central pillar in achieving UHC, in addition to failing to specify the health services that will be provided as the basic benefits package and its implementation mechanism (Rached, 2023). Currently, one political party submitted a revised draft for a UHC law, which still needs to be discussed in the health parliamentary committee before any endorsement.

In 2023, the MoPH launched 'The MoPH Vision: Health Strategy 2030,' which sets objectives and goals that should be achieved to strengthen the healthcare sector in Lebanon. The strategy aims to maintain strategic networks and partnerships among sector stakeholders, identify priority interventions and allocate resources for governance and service delivery, build capacity to foresee challenges and respond effectively, ensure continuity of health services during crises, and promote the health sector as a source of both job opportunities and business generation as well as the creation of healthy individuals.

The strategy lays out five areas for strategic directions: strengthening the health sector governance, harmonizing the financial systems and redesigning benefits packages, transforming health services delivery into people-centered and integrated healthcare, promoting health and disease prevention, and enhancing the resilience of the health system. The strategy, however, requires a feasible action plan to guide its implementation, along with targets, outcome indicators, resources, and timelines.

Additionally, the lack of a unified and shared vision for health across different stakeholder groups (all public and private funders, syndicates, insurance, etc.) in the healthcare sector has hindered efforts to remedy the crippling effects of the economic crisis. For example, the NSSF's approach to increasing healthcare coverage and achieving UHC primarily focuses on expanding the scope of its coverage to include the entire population and limiting the expansion of private health insurance. In contrast, the MOPH vision highlights the importance of leveraging the role of the private insurance sector to provide healthcare coverage.

The absence of efficient accountability mechanisms has led to decades of corruption. Since the beginning of the crisis, the government has struggled to contain the sale and distribution of counterfeit medications. The smuggling of medication has also been prominent throughout the crisis, particularly for cancer medication (NNA, 2023b).

The government has further struggled to retain healthcare workers throughout the crisis, which strains the existing healthcare infrastructure and compromises the overall quality of care. Despite the urgency and magnitude of this issue, Lebanon lacks a comprehensive and well-defined national strategy to tackle the critical aspects of recruitment, training, and retention of human resources for health.

Financing level

The healthcare sector has suffered from insufficient public oversight, leading to inefficient resource allocation. The budgeting structure of successive governments is not results-driven or linked to performance indicators, posing challenges to controlling costs. Healthcare delivery has also been challenged by the limited resources provided to public healthcare services. Primary and preventive care investments have been inadequate, constituting less than 10% of the total public health expenditure. In contrast, 66.4% of the public health expenditure is spent on hospital-based care (UNESCWA, 2021).

Lebanese insurance funds are fragmented, comprising six different public funds and private insurance companies. The fragmented nature of health financing and delivery systems and inadequate coordination among the various entities involved in financing and providing healthcare services have plagued the healthcare system for decades (Mikhael, 2018).

According to a financial assessment of the NSSF conducted by the International Labor Organization (ILO), the social security fund has suffered from a history of weak accounting processes that do not adhere to international financial reporting standards and urgently need radical reforms to provide coverage. The NSSF has also been challenged by labor market structures, resulting in under-declaring salaries to the social insurance fund, impacting the organization's ability to cover its beneficiaries throughout the crisis (ILO, 2023).

The devaluation of the national currency beginning in late 2019 has led to increased medical costs and inflation in medical claims. Insurers faced challenges negotiating billing arrangements with medical providers, resulting in accepting payments at multiple currency exchange rates (Saad & Laughlin, 2022). Initially, some private insurers required policyholders to pay a portion of their premiums in US dollar checks. However, as the crisis progressed, private health insurance companies transitioned to exclusively accepting USD payments. This made private insurance accessible only to individuals from higher socioeconomic backgrounds (Saad & Laughlin, 2022). On the other

hand, public insurance funds continue to accept their subscription fees in Lebanese lira, which has been rapidly deteriorating for the past few years. Consequently, public insurance funds can only cover 10% of their beneficiaries' medical costs (Atwi, 2023).

Delivery level

Lebanon's complex political and economic history has resulted in the proliferation of the private sector in the provision of healthcare services (Hemadeh et al., 2021). Consequently, healthcare provision is highly concentrated on hospital and curative care. To sequester the growth of the private sector, the MOPH, in partnership with NGOs and private entities, has sought to expand the network of primary healthcare centers (PHCs). By 2021, the MoPH succeeded in expanding the network from 41 PHCs in 2002 to 245 PHCs spread across all nine provinces (El-Jardali et al., 2022).

To further strengthen PHCs, the MoPH initiated the national PHC accreditation program, which resulted in the accreditation of 52 PHC centers (Hemadeh et al., 2021). However, the dominance of the private health sector in Lebanon has limited PHC's ability to act as effective gatekeepers to regulate access to secondary and tertiary care (El-Jardali et al., 2022). The compounded crises further challenged the role of PHCs in acting as gatekeepers to the healthcare sector.

Lebanon's number of healthcare professionals has always been insufficient to meet the population's needs, even before the crisis. Previous studies have reported a nurse-to-population ratio of 2.72 per 1,000, which is lower than in other countries in the region, in addition to a shortage of family medicine practitioners (Hemadeh et al., 2020). This has primarily been attributed to the lack of financial incentives and the scarcity of family medicine programs.

Thus, as the economic crisis deepened, the vast majority of healthcare professionals migrated in search of jobs that would offer better financial benefits and work conditions (Hemadeh et al., 2021). Physicians and nurses who remained in the country suffered from fatigue, particularly during the COVID-19 pandemic. Public healthcare institutions and PHCs struggled to cope with the crisis and shortages in human resources as they navigated through the increase in PHC beneficiaries (Hemadeh et al., 2021).

Regarding medication supply, local medication manufacturing has previously not been incentivized in the country; consequently, there are only 12 local manufacturers in Lebanon (UNESCWA, 2021). The acceptance and usage of

generic medications have also been historically low due to cultural beliefs that prefer brand-name drugs over generic ones. Brand-name drugs constitute more than 70% of all medicines sold in Lebanon (UNESCWA, 2021). Reliance on imported and expensive brand-name medications coupled with price increases has led to the inaccessibility and unaffordability of medicines during the economic crisis.

The way forward for the healthcare sector

To overcome the healthcare sector's current challenges, stakeholders stressed that the government must implement robust system-level reforms focusing on universal health coverage. This would include issuing a comprehensive law that would put the country on the road to health coverage and secure solutions to the chronic challenges in the health system. This law would mandate the formulation of basic health insurance packages covering essential services.

Strengthening accountability and transparency mechanisms is crucial to achieving health reforms. This can be achieved by establishing an independent committee comprising specialized stakeholders from the healthcare sector, which would enhance accountability mechanisms and ensure proper governance. This committee could mobilize public pressure to ensure the implementation of anti-corruption legislation such as Law No. 189-2020: Financial Disclosure and the Punishment of Illicit Enrichment Law.

The health system should be reoriented to preventative and primary healthcare and expand the scope of services to meet evolving health needs. Such a step would require mobilizing political support to prioritize investing in and endorsing PHC as the core foundation for a healthy and productive community. Equipping the PHC system with a robust gatekeeping and referral system will decrease the burden on the healthcare system and reduce costs.

Despite the vital role of the private sector in the healthcare system, it is also crucial to control its proliferation. Thus, mechanisms should be established which harness the power of the private sector but with greater oversight and regulation by the government. Strengthening regulatory frameworks would involve establishing clear rules and standards for healthcare providers and ensuring that healthcare facilities are licensed and regularly inspected. This should be done alongside implementing effective mechanisms for monitoring and enforcing compliance with regulations.

Given Lebanon's many different medical insurance funds, standardizing them and introducing common basic packages and tariffs would reduce

inequalities in healthcare coverage. Lebanon's healthcare sector also suffers from the multiplicity of actors in the humanitarian sector that deliver healthcare services. Establishing a common platform for these humanitarian actors and NGOs would strengthen the collaboration and coordination of the humanitarian sector.

To further enhance collaboration among actors in the health sector, it is crucial to establish governance arrangements that promote greater communication and coordination among them. These arrangements would stimulate joint planning and multi-sectoral actions for a more effective response, such as collaboration with academia to institutionalize data and evidence in decision-making in government and other organizations that affect the health system.

Several measures should be implemented to address the financial challenges and promote sustainability. Financial resources should be allocated directly to patients who cannot afford essential medications rather than relying solely on the ministry to subsidize selected medications. This can be achieved by implementing a tiered coverage system, where financial assistance is provided based on the patient's needs and the importance of the medicines. This approach ensures that limited resources are allocated effectively and efficiently by targeting assistance to those who need it the most.

In addition, cost-containment measures should be implemented to reduce resource waste. Adopting value-based procurement methods would rationalize expenditure on health and ensure that healthcare resources are allocated effectively, with patients receiving the most beneficial treatments. The government can leverage the expertise of multinational companies to implement value-based procurement methods. Digitization of the health sector can further optimize resource allocation and improve efficiency.

Reforms on the funding and reimbursement schemes for the NSSF's sickness and maternity funds are also necessary to enhance its effectiveness. Implementing a national pharmaceutical card for all Lebanese citizens instead of continuing to subsidize medication would streamline access to healthcare services. Moreover, stringent pricing schemes should also be adopted to limit fluctuations in the cost of medicines. Additional revenue streams to the healthcare sector, such as sin-taxation, should be explored to finance the healthcare sector.

Investing in local manufacturing of essential generic drugs is crucial to reduce import dependency and ensure affordable medication availability.

One recommendation would be to certify local manufacturers by reputable international entities like the World Health Organization (WHO) to guarantee the quality of locally produced medications and increase citizens' trust in these products.

Lebanon can serve as a hub for specialized medical tourism in the region. Thus, it is essential to bolster this sector through infrastructure development and marketing initiatives.

Additionally, creating incentives for retaining the healthcare workforce is crucial to reduce the burden on the sector and improve delivery. This can be achieved by establishing research labs for specialization and implementing financial support mechanisms to ease the pressures caused by the economic crisis.

Raising awareness and altering the health-seeking habits of the population are crucial components of enhancing healthcare in Lebanon. This can be accomplished through targeted campaign advertisements emphasizing the importance of preventative care over curative care. Initiatives like 'no shame campaigns' can motivate people to visit primary healthcare centers, encouraging early detection and prompt interventions.

By shifting the narrative towards prevention and promotion of healthy habits, Lebanon can reduce the burden on healthcare facilities, improve population health, and ultimately create a more sustainable and effective healthcare system.

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Contact Information Lebanese Center for Policy Studies

Sadat Tower, Tenth floor
P.O.B 55-215, Leon Street,
Ras Beirut, Lebanon
T: + 961 1 799301
F: + 961 1 799302
info@lcps-lebanon.org
www.lcps-lebanon.org

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