



**Panel Address**

**The Honorable  
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U.S. Mission to the OECD**

**“Global Health Care Issues”**

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Thank you, Congressman Lucas, for that kind introduction. It's a pleasure to be here in Berlin and to be able to participate in the TransAtlantic Conference once again, this time as a member of this distinguished panel on "Global Health Care Issues."

Few issues around the world affect citizens, businesses and governments as profoundly as health care does. Few issues around the world challenge us as greatly as health care does. And few issues demand our urgent attention as health care issues do.

The Organization for Economic Cooperation and Development (OECD) to which I am the U.S. Permanent Representative brings together the governments of 30 countries from around the world committed to democracy and the market economy. Our primary goal is to:

- Support sustainable economic growth;
- Boost employment;
- Raise living standards;
- Maintain financial stability;
- Assist other countries' economic development; and
- Contribute to growth in world trade.

Because it is in the interest of the OECD and its partners to improve conditions for sustaining economic growth, boosting employment, and raising living standards among its members and non-members, the OECD takes particular interest in global health care. The OECD's 2007 Annual

Report notes that “improving health is a key concern, for it can contribute to higher economic growth and improved welfare. It is a strong and important component of the economies of OECD member countries, providing extensive employment and profitable industry, and making the economic consequences of health care decisions considerable.”

### **Health Care Challenges**

Health care challenges confront governments in both the developing and developed world, and the OECD is helping governments around the globe find appropriate policies to respond.

### **OECD Members**

Among OECD member countries, our extensive work reveals six significant findings:

1. Health status has improved dramatically in OECD countries.
  - a. *(Both life expectancy at birth as well as life expectancy at age 65 have noticeably increased.*
  - b. *Infant mortality rates have also plummeted.)*
2. OECD countries face rising health costs.
  - a. *(OECD countries increasingly dedicate higher proportions of their GDP's to health. Precipitating factors to these augmented expenditures are primarily linked to:*
    - i. *A country's per capita GDP. As we get richer we spend more on health care.*

ii. *Technological advances, including new drugs, new diagnostic methods, and new treatments.*

iii. *Population aging.)*

3. Health costs are putting pressure on public budgets.

*(That is to say that public expenditure growth on health care exceeds overall economic growth in certain OECD countries.)*

4. Shortages of health care resources could pose a problem in certain countries.

*(Contributing factors are as follows:*

a. *Perceived shortage of physicians in various OECD countries.*

b. *Foreign-trained physicians which has a positive effect by helping to offset shortages.*

c. *Many OECD countries have a shortage of nurses.*

d. *Some countries have a shortage of “diagnostic of therapeutic equipment,” such as MRI and CT scanners.)*

5. A greater focus on prevention might provide opportunities to further improve health while reducing pressure on health care systems.

6. Risk factors to health are changing.

a. *(There has been significant reduction both in alcohol and food consumption over the past 2 decades, but OECD countries now face the emerging problem of obesity, “which is associated with higher risks of chronic illnesses,” in both children and adults.)*

## OECD Non-Members -- Developing World

The challenges we face among OECD members require dedicated efforts and resources in order to address chronic health care needs at home.

In the developing world however, health challenges are immediate and life threatening. The most global and the most threatening by far are infectious diseases.

Of these diseases, the most rapidly spreading and lethal epidemics include but are not limited to HIV/AIDS, the experience with SARS and the threat of pandemic flu. Cooperating with the WHO and The Netherlands, the OECD recently organized a High Level Forum on Neglected and Emerging Infectious Diseases, because this issue is increasingly critical. Why? One reason is that the markets in developing countries are not profitable enough - companies have few incentives to assume the costs and risks of launching a new medicine onto the market; a second reason is that many of the health care systems in developing countries are dysfunctional; thirdly, lack of good governance; and lastly, the health care policies in these countries are incoherent.

Unfortunately, one billion people on the planet currently suffer from infectious diseases, and approximately 14 million die annually. Malaria alone kills more than one million people per year and affects more than 40% of the world's population. Tropical and diarrhea diseases also entail huge human, social, and economic costs. The annual cost of these diseases in Africa is roughly \$12 billion, and risks slowing African economic growth by

as much as 1.3% per year. Globalization and internationalization enable these diseases to spread beyond country borders.

To combat these specific issues, we need more innovative policies that create more open environments for business, and we must facilitate the sharing of data, materials, and know-how.

As the OECD's Secretary General Angel Gurría recently pointed out, it is incumbent upon OECD countries to find a solution to these types of problems, for we account for 59% of global GDP, 95% of Official Development Assistance and 85% of global Research and Development.

### **Actions by OECD countries**

The OECD has been directing a great deal of its efforts and focus on assisting the developing world. Official Development Assistance (ODA) from all OECD countries skyrocketed between 2001 and 2005, with health making up the largest proportion of the increase.

It is important to mention that the OECD has two principal vehicles, one primary and one secondary, for improving lives abroad via development: the Development Assistance Committee (DAC), and the Development Centre.

The Development Assistance Committee (DAC) is a key Forum of major bilateral donors. They work together to increase the effectiveness of their common efforts to support sustainable development, including health care delivery.

The DAC concentrates on two key areas: a) how international development co-operation contributes to the capacity of developing countries to participate in the global economy, and b) the capacity of people to overcome poverty and participate fully in their societies.

Even though total Official Development Assistance (ODA) from member countries of the DAC fell by 5.1% in 2006, these 22 countries still managed to provide \$103 billion in aid -- which does not even include the enormous private giving that has increased substantially. It's also important to mention that the percentage which goes towards AIDS prevention and treatment has increased exponentially in the last fifteen years. From 1993-2003, the HAP (Health, Aids, and Population) sector of our ODA increased 8% per annum, and the HIV/AIDS sector within the HAP increased 36% per annum within that same period. However, once HIV/AIDS is taken away, the percentage of the ODA dedicated to health is declining.

### **U.S. Efforts**

Americans are very concerned with global health care issues -- between 1995 and 2005 private charitable donations tripled and global health care represented more than a third of the total. From both the public and private sector, the United States in 2005 donated approximately \$50 billion for domestic and foreign health programs and research. Of that, the Bush administration increased overseas development assistance from \$11.4 billion in 2001 to \$27.5 billion in 2005 -- and this does not count programs related to Afghanistan and Iraq. Of that, the Congress allotted the President's

Emergency Plan for Aids Relief (PEPFAR) \$8.5 billion to purchase ARV's (antiretroviral treatments) for people with HIV. By March of 2006, PEPFAR-funded programs had donated 561,000 ARV's.

In May 2007, President Bush announced a five-year, \$30 billion HIV/AIDS plan to fight global HIV/AIDS, doubling the initial PEPFAR commitment, already the largest international health initiative dedicated to a specific disease. With the new \$30 billion proposal, the American people have committed \$48.3 billion over 10 years to fight HIV/AIDS, making the U.S. the largest contributor to the Global Fund to fight AIDS, Tuberculosis and Malaria.

### **Results from U.S. Contributions**

Despite these major challenges, we are making enormous inroads to improve health care around the world:

- Child survival:
  - Most preventable child deaths are from malnutrition, diarrhea, pneumonia, infections of newborns and malaria. In the past 5 years, the U.S. has contributed more than \$1.5 billion treating almost five billion episodes of child diarrhea, reducing deaths by more than half since 1990.
  - Almost half a billion children have received basic immunizations, and more than 375 million cases of child pneumonia were treated by health workers.
  - Child malnutrition has been reduced by 25% to 1 in 4.

- And an estimated 500,000 children were saved last year by micronutrient supplementation.
- In the developing world, these efforts and others save the lives of 6 million children under age five each year.
  
- Maternal Health
  - Each year more than 500,000 women die in pregnancy and child-birth related complications and an additional 15-20 million suffer from debilitating consequences of pregnancy.
  - Through the efforts of USAID, deliveries attended by high-skilled workers has increased from an average of 37% in 1990 to 50% in 2005.
  - The greatest progress has been in the Asia and Near East region where coverage has more than doubled, increasing from 21% to 47%.
  
- Immunization
  - The U.S continues to be one of the largest supporters for immunization, committing more than \$350 million to a global vaccine initiative.
  - In five years, almost 100 million additional children received new vaccines, with 2006 efforts reaching another 38 million youngsters. The World Health Organization (WHO) estimates that the premature deaths of 2.3 million children have been prevented through these efforts.

## **Conclusion**

Yet, despite these inroads, we know we still have much work to do.

Clearly we must continue to do more both in the public and private sectors.

We must all combine our efforts to encourage and continue to encourage philanthropic endeavors, and we must seek further public-private cooperation on these endeavors.

However, donations for treating illnesses alone will not solve the health problem. There must be clean water, good nutrition, and a workable health care system that is not siloed into treating particular diseases on the basis of donations. Developing countries must put in place systems that encourage wealth creation; there must be rule of law, protection of property rights, political stability, good governance -- and peace.

As President Bush made clear on April 25, 2007, the first ever Malaria Awareness Day, "America is a country that gives medicine to the sick and food to the hungry and protection to the threatened, because it's the right thing to do."

Let's continue to work together to provide good health care throughout the world because we know it is the right thing to do.

Thank you.