# **An extended cost-effectiveness analysis of the AIDS Trust Fund in Uganda**

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**Background**: HIV is a disease of inequality. This necessitates “leaving no one behind” if the 2030 *Agenda for Sustainable Development*’s goal to end the AIDS epidemic as a global health threat is to be realised. Current global policy discourses on universal health coverage (UHC) have focused attention on the need for increased government funding for health care in many low and middle-income countries. To this end, recognising that fast- tracking HIV/AIDS responses is key to progress towards universal health coverage – owing to its significance in terms of fiscal and burden of disease terms – Uganda has, since 2014, approved the establishment of an AIDS Trust Fund. The growing commitment to UHC notwithstanding, there is paucity of empirical evidence on how disease-specific funding can be leveraged to progress towards UHC. The objective of this paper is to empirically analyse how the AIDS Trust Funds can be leveraged for financing UHC through the National Health Insurance Scheme, including an explicit quantification of the ensuing health and poverty alleviation benefits and distributional consequences of this health financing policy.

**Methods**: To integrate equity and financial protection considerations into traditional cost-effectiveness analysis (CEA), this paper uses state of the art “extended cost-effectiveness analysis” (ECEA). This provides a methodological framework of economic evaluation to determine the distributional and financial risk protection consequences of UHC financing policy in Uganda. Specifically, the benefits explored span over four dimensions: health benefits, direct costs, financial risk protection and, distributional consequence over income quintiles. Additionally, the basic principles that any decision rules should embody are articulated. The incidence, health service utilisation and expenditure related to UHC per national income quintiles was obtained from multiple data sources.

**Results**: The ensuing health benefits of the AIDS Trust Fund in financing priority health programs towards UHC and reducing out-of-pocket (OOP) expenditure are distributed fairly evenly across quintiles. This, in turn, could bring substantial health gains and financial risk protection benefits. However, poverty alleviation benefits are concentrated among the poorest populations groups. Finally, the AIDS Trust Fund, as a revenue stream – in the absence of integration into health financing systems – may result in inefficient spending allocations.

**Conclusions**: This paper calls for an overhaul of the health economist’s methodological toolbox owing to two distinct features of the AIDS epidemic and response that make application of standard economic evaluations methods altogether unsatisfactory. ECEA builds on standard cost-effectiveness analysis (CEA) in three dimensions, all of which enhance the ability of stakeholders to evaluate health financing policy. The methods we developed and employed in this study can therefore be a useful application in further analyzing public policy across a wide range of health financing policy instruments and places. Also, this paper discusses the role of trust funds of financing priority health programs in the practice of and the policy discourse on the sustainable financing of UHC, and also draws lessons from the non‐health‐specific literature on earmarked taxes and extrabudgetary funds.