

# ***Who bears the burden of Universal Health Coverage in Palestine?***

*An assessment of alternative financing policies using an overlapping-generations general equilibrium model*

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## **Abstract**

In their quest for Universal Health Coverage (UHC), many developing countries use alternative financing strategies including general revenues and budget transfers to expand health coverage to the whole population. Unless a policy adjustment is undertaken, future generations may foot the bill of the UHC. This raises the important policy questions of who bears the burden of the UHC and whether the UHC-fiscal stance is sustainable in the long-term. These two questions are addressed using an overlapping generations model within a general equilibrium framework (OLG-CGE) applied to Palestine. We assessed and compare alternative ways of financing the deficit-ridden UHC (viz. deferred-debt-finance, current and phased-manner finance) and their implications on intergenerational inequalities. Results show that in the absence of any policy adjustment, the implementation of UHC would explode the fiscal deficit and debt-GDP ratio. This indicates that the UHC-fiscal stance is rather unsustainable in the long-term, thus, calling for a policy adjustment to service the UHC-debt. Among the policies we examined, a current rather, than deferred, debt-finance through consumption taxation emerged to be preferred over other policies in terms of its implications for both fiscal sustainability and intergenerational inequality.

**Keywords:** Universal Health Coverage; Overlapping Generations; Computable General Equilibrium; Fiscal Sustainability; Intergenerational Inequality.