Knowledge to Policy Center K2P

Policy Brief

Financing Universal Health Coverage in Lebanon through Health Taxes

AMERICAN UNIVERSITY OF BEIRUT

K2P Policy Briefs bring together global research evidence, local evidence and context-specific knowledge to inform deliberations about health policies and programmes. It is prepared by synthesizing and contextualizing the best available evidence about the problem and viable solutions through the involvement of content experts, policymakers and stakeholders.

+ Included

Description of a health System problem

Visible options for addressing this **problem**

Strategies for implementing these options

× Not Included

Does not make **recommendations**

Merit Review

The K2P Policy Brief undergoes a merit review process. Reviewers assess the brief based on merit review guidelines.

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What is the problem?

Despite recurrent promises of achieving universal health coverage (UHC) in Lebanon, including electoral promises, limited progress has been achieved. Lebanese people continue to face significant barriers to accessing affordable and comprehensive healthcare, leading to a catastrophic burden of out-of-pocket expenses. Lebanon experienced an unprecedented surge in multidimensional poverty rates surpassing 80%, nearly twice the observed rate in 2019. Concurrently, approximately 55% of the population lacks access to essential healthcare services and 40% of the Lebanese population does not benefit from any form of formal healthcare coverage, relying mainly on the public sector for healthcare coverage. 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. Given the urgency of the situation in Lebanon's health sector and the prevailing system deficiencies, a swift and sustainable solution must be adopted to explore sources of funding for UHC. Drawing upon the experiences of other countries along with context-specific evidence, one potential source for funding is through the implementation of health taxes.

Purpose

This brief brings together global research evidence, local evidence, and context-specific knowledge to inform deliberations on funding sources for universal health coverage. It is prepared by synthesizing and contextualizing the best available evidence about the problem and viable solutions and options through the involvement of content experts, policymakers, and stakeholders. This brief will shape discussions during the dialogue meeting to inform policy and action.

Size of the Problem

The current crisis is one of the top 10 most significant global crises since the mid-19th century, causing the Lebanese GDP to decrease by 40% in 2020 with average inflation reaching 172% in 2023 (Lorient le Jour, 2023; World Bank, 2021). The crisis has severely impacted the healthcare system as a whole and the financial state of contributory and public funds in Lebanon, exacerbating the pre-existing problems (El Jardali & Fadlallah, 2020). Despite the availability of public funds including the Ministry of Public Health (MOPH), National Social Security Fund (NSSF), Cooperative of Civil Servants, Mutual Societies, and Armed Forces, as well as private insurance companies, approximately 55% of the Lebanese population lack access to health coverage (Soubra et al., 2021; UNESCWA, 2021).

The new pricing of life-saving medication has become unaffordable for many in a country where about 80% of the population lives in poverty (The National News, 2021). Lifting government subsidies has had a substantial effect on the households' expenditure on health and diminished the purchasing power for the life-saving medication (The New Arab, 2016). With out-of-pocket expenditures surging to 90% in 2022, 75% higher than the WHO-suggested threshold for catastrophic health expenditure (CHE) (MSF 2022; Xu et al., 2010) coupled with currency devaluation and rise in medical cost, healthcare in Lebanon became a privilege confined to individuals with high socioeconomic status (Saad and Laughlinthe, 2022).

The harmful use of alcohol, tobacco smoking, and consumption of sugar-sweetened beverages are all associated with several complications that affect the physical and emotional health and well-being of consumers (West, 2017; Rehm, 2011; Bleich & Vercammen, 2018). These behaviors contribute to the development of non-communicable diseases such as cancer, type 2 diabetes, and cardiovascular diseases (West, 2017; Rehm, 2011; Iranpour & Nakhaee, 2019).

The latter underscores the pressing imperative to allocate resources towards Universal Health Coverage (UHC), possibly through health taxes (Figure 1), as a means to ensure the provision of essential healthcare services to the population.

Figure 1 Advantages of Health Taxes

Underlying Factors

The achievement of universal health coverage (UHC) is impeded by various challenges at the governance and financing levels, specifically related to revenue generation. In 2023, a draft law that tackles Universal Health Coverage was proposed by the parliamentary health committee but withdrew it later due to insufficient financial provisions allocated to it (El Jardali et al., 2023). Despite the committee's subsequent introduction of a revised version of the law, it continues to have gaps and deficiencies. The revised law does not specify the methods or evidence that was used to determine the recommended tax rates on tobacco, alcohol, and sugar-sweetened beverages (SSBs). Within the Health Strategy of the Ministry of Public Health, SO.2.1.3 is focused on increasing health financing through the taxation of harmful products and allocating the generated revenues for health-related purposes (MOPH, 2023).

At the governance level, Article 81 of the Lebanese constitution restricts the earmarking of revenues, while Articles 51 and 52 of the public accounting laws consider earmarking taxes as an impediment to equitable resource distribution.

Further exacerbating the problem, is the inadequately low levels of taxation. For instance, the excise tax on cigarettes is approximately 40%, which falls below the World Health Organization's recommended benchmark of 70%. Similarly, alcohol products are subject to alarmingly low taxation revenues, varying from a mere 180 L.L to 1,200 L.L per liter. Dissociation between imported and domestic tobacco goods, with only the former subject to special taxes, results in potential revenue loss when only imported products are taxed. The absence of taxes on sugar-sweetened beverages is a major obstacle in generating revenue for Universal Health Coverage (UHC). Addressing these challenges is vital to ensure sustainable and sufficient financing for UHC, thus enabling equitable access to healthcare services for all Lebanese citizens (Figure 2).

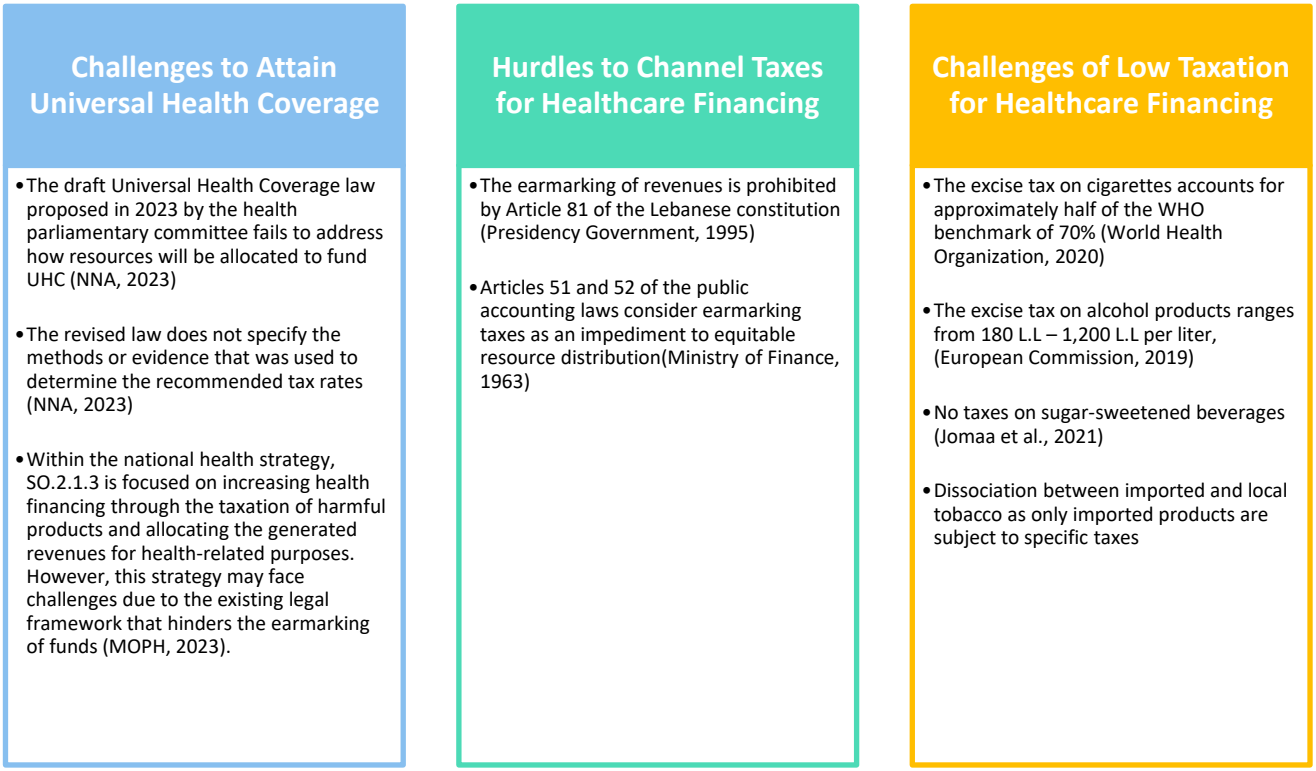


Figure 2 Challenges at Local Context

What do we know about the elements of an approach to addressing the problem?

Element 1> Implement a health tax model for financing UHC

- **Element 1.1 - Utilize the estimation of the price elasticity of demand to select taxable products in the Lebanese market**
  Tobacco, alcohol, and sugar-sweetened beverages (SSBs) show potential for taxation in the Lebanese market, based on their market potential and elasticity. Most products experience reduced consumption with price increases, except for coffee beans and sugars, which remain consistent. Ultimately, tobacco, alcohol, and SSBs were selected for inclusion in the taxable products based on their demand elasticities.
- **Element 1.2 - Identify and implement the most-appropriate tax modality for the product to ensure efficient and effective health taxation**
  Tobacco is taxed at ad valorem rates of 23-27%, while alcohol and sugar-sweetened beverages (SSBs) have specific tax rates of $9.35-$64.88 per liter for alcohol and $0.96-$3.55 per liter for SSBs.
- **Element 1.3 - Assess tax revenue estimates for directing funds to UHC**
  Calculated at market rate (=100,000 LBP), tobacco revenues could reach $288 Million USD, $366 Million USD for alcohol, and $135 Million USD for SSBs adding up to a total of **$789 Million in 2023**

Element 2> Identify Effective Channels for Allocating Health Tax Revenue to Finance UHC

- **Option 1 - Enact a legislation aimed at facilitating the allocation of health taxes exclusively for the purpose of financing Universal Health Coverage (UHC).** This would ensure that funds generated from health-related taxes are directed towards providing comprehensive healthcare for the entire population.
- **Option 2 - Allocate revenues derived from excise taxes to the annual budget allocated to the governing body for Universal Health Coverage (UHC).** By adopting this approach, the revenues generated from excise taxes would be specifically directed and utilized to bolster the financial resources of the governing body, ensuring the effective implementation and sustainability of comprehensive healthcare coverage
- **Option 3 - Integrate revenues obtained from taxes levied on harmful products into the Ministry of Public Health's annual budget**, employing targeted policies for effective implementation
- **Option 4 – Direct tax revenues into the government's annual budget to serve as a means of financing Universal Health Coverage (UHC)**

Path to Finance UHC Through Health Taxes

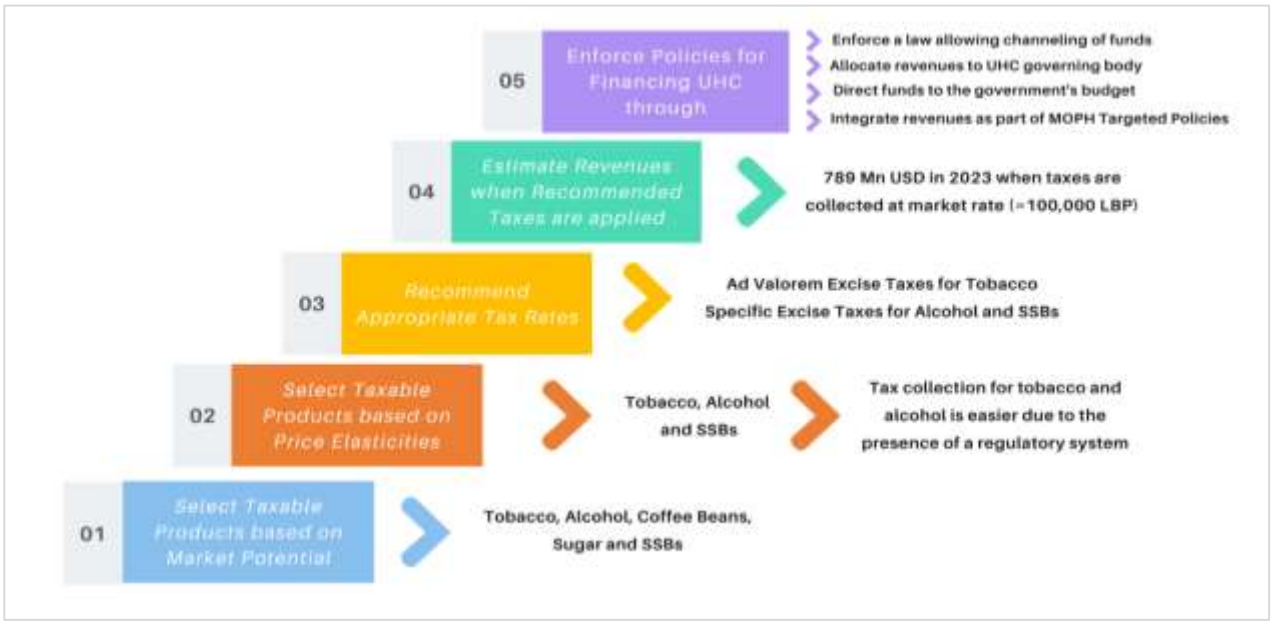


Figure 3 Path to Finance UHC through Health Taxes

What implementation considerations need to be kept in mind?

To ensure adequate implementation of health taxes and allocation to UHC a variety of implementation considerations need to be kept in mind including tax evasion, smuggling and theft, economic constraints, resistance and administrative challenges (Figure 4).

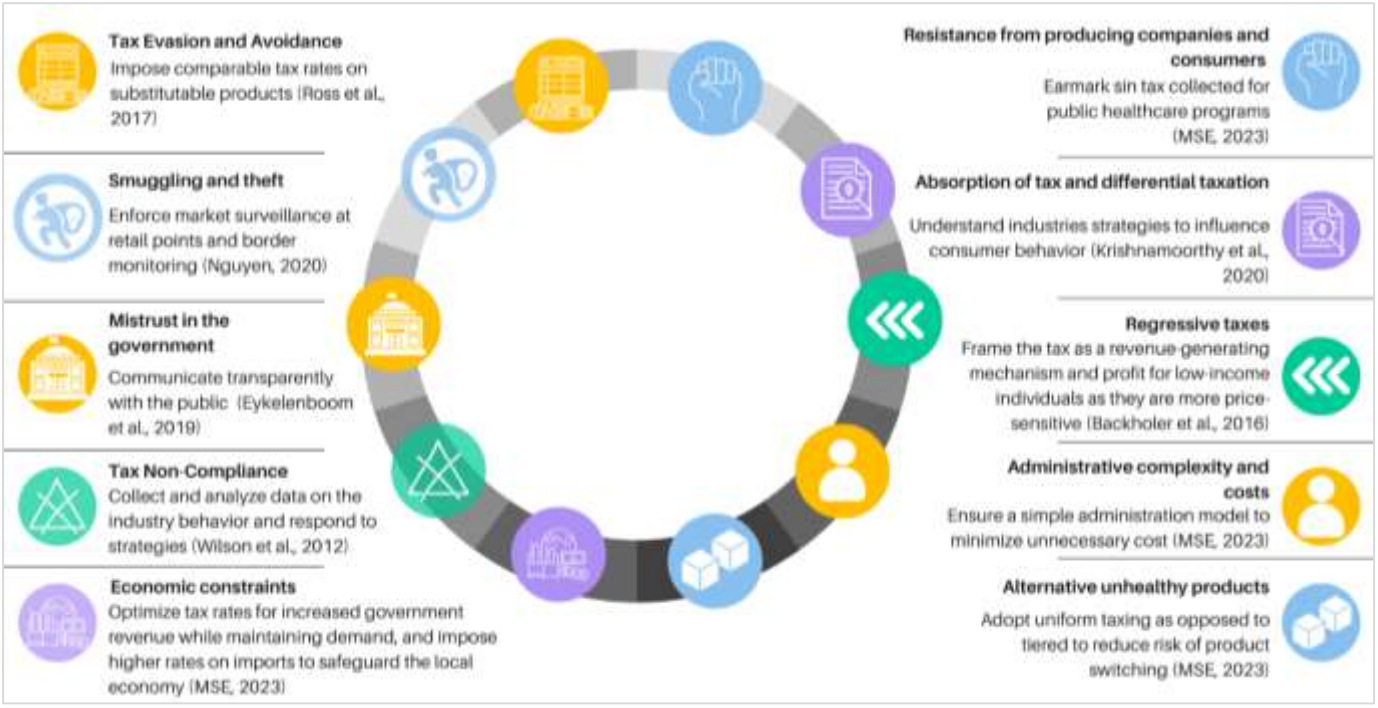


Figure 4 Implementation Consideration and Mitigation Strategies

ما المشكلة؟

على الرغم من الوعود المتكررة بتحقيق التغطية الصحية الشاملة في لبنان، بما في ذلك الوعود الانتخابية، تم إحراز تقدم محدود. لا يزال اللبنانيون يواجهون عقبات كبيرة في الحصول على رعاية صحية شاملة وبأسعار معقولة، مما يؤدي إلى عبء كارثي ناتج عن النفقات من مصاريف الجيب شهد لبنان طفرة غير مسبوقة في معدلات الفقر متعدد الأبعاد التي تجاوزت 80%، ما يناهز ضعف المعدل الملحوظ في عام 2019. في الوقت نفسه، نحو 55% من السكان يفتقرون إلى خدمات الرعاية الصحية الأساسية و40% من السكان اللبنانيين لا يستفيدون من أي شكل من أشكال تغطية الرعاية الصحية الرسمية، معتمدين بشكل أساسي على القطاع العام لتغطية الرعاية الصحية. تصارع البلاد سلسلة من الأزمات منذ عام 2019، مما أثر بشكل كبير على نظام الرعاية الصحية الذي يعاني بالفعل من عدم كفاية تخصيص الموارد ومن القدرة المحدودة على تقديم تغطية كافية. بالنظر إلى الوضع الملح في قطاع الصحة في لبنان وأوجه القصور السائدة في النظام، يجب اعتماد حل سريع ومستدام لاستكشاف مصادر تمويل التغطية الصحية الشاملة. وبالاستفادة من تجارب البلدان الأخرى إلى جانب الأدلة الخاصة بالسياق، يتمثل أحد المصادر المحتملة للتمويل في فرض الضرائب الصحية.

الهدف

يجمع هذا الموجز بين الأدلة البحثية العالمية والأدلة المحلية والمعرفة الخاصة بالسياق، وذلك لإثراء المداولات حول مصادر التمويل للتغطية الصحية الشاملة. تم إعداده من خلال جمع أفضل الأدلة العلمية المتاحة حول المشكلة ووضع الحلول والخيارات في سياقها من خلال إشراك خبراء المحتوى وصناع السياسات وأصحاب المصلحة. سيهيئ هذا الموجز شكل النقاشات التي ستعقد خلال جلسة الحوار لتوجيه السياسات والإجراءات.

حجم المشكلة

تعد الأزمة الحالية واحدة من أهم 10 أزمات عالمية منذ منتصف القرن التاسع عشر, مما تسبب في انخفاض الناتج المحلي الإجمالي اللبناني بنسبة 40% في عام 2020 مع بلوغ متوسط التضخم 172% في عام2023 (لوريان لو جور, 2023؛ البنك الدولي,2021). أثرت الأزمة بشدة على نظام الرعاية الصحية ككل وعلى الوضع المالي للمساهمات والأموال العامة في لبنان, مما أدى إلى تفاقم المشاكل الموجودة مسبقًا (الجردلي وفضل الله, 2020). على الرغم من توفر الأموال العامة بما في ذلك في وزارة الصحة العامة (MOPH) والصندوق الوطني للضمان الاجتماعي (NSSF) وتعاونية موظفي الدولة صناديق التعاضد والجيش, وكذلك شركات التأمين الخاصة, فإن ما يقارب 55% من سكان لبنان يعانون من عدم القدرة على الحصول على التغطية الصحية (سوبرا وآخرون, 2021؛ إسكوا,2021) .

أصبحت الأسعار الجديدة للأدوية المنقذة للحياة باهظة الثمن بالنسبة للكثيرين في بلد يعيش فيه نحو 80% من السكان في مستوى الفقر (الأخبار الوطنية, 2021). كان لرفع الإعانات الحكومية (او الدعم) تأثير كبير على إنفاق الأسر على الصحة وقد قلل من القوة الشرائية للأدوية المنقذة للحياة (نيو اراب, 2016). ومع ارتفاع النفقات من الجيب إلى 90% في عام 2022, أي أعلى بنسبة 75% من الحد الأدنى الذي اقترحته منظمة الصحة العالمية للإنفاق الكارثي على الصحة (أطباء بلا حدود 2022 ؛ شو وآخرون, 2010) إلى جانب تدهور قيمة العملة وارتفاع التكلفة الطبية, أصبحت الرعاية الصحية في لبنان امتيازًا يقتصر على الأفراد ذوي الوضع الاجتماعي والاقتصادي المرموق(سعد ولاوغلينثي, 2022).

يرتبط الاستخدام الضار للكحول وتدخين التبغ واستهلاك المشروبات المحلاة بالسكر بعدة مضاعفات تؤثر على الصحة البدنية والعاطفية ورفاهية المستهلكين (West, 2017; Rehm 2011; Bleich & Vercammen, 2018). تساهم هذه السلوكيات في تطور الأمراض غير المعدية مثل السرطان والسكري من النوع الثاني وأمراض القلب والأوعية الدموية (West, 2017; Rehm, 2011; Iranpour & Nakhaee, 2019).

هذا الامر يؤكد الضرورة الملحة لتخصيص الموارد للتغطية الصحية الشاملة, ربما من خلال الضرائب الصحية (الرسم التوضيحي 1), كوسيلة لضمان توفير خدمات الرعاية الصحية الأساسية للسكان.

الرسم التوضيحي 1 مزايا الضرائب الصحية

العوامل الأساسية

يعوق تحقيق التغطية الصحية الشاملة تحديات مختلفة على صعيدي الحوكمة والتمويل، وخصوصًا تلك التي تتصل بتوليد الإيرادات. في عام 2023، قدمت لجنة الصحة البرلمانية اقتراح قانون يعالج التغطية الصحية الشاملة لكنه عُلّق لاحقًا بسبب عدم كفاية المخصصات المالية المخصصة له (الجردلي وآخرون، 2023). على الرغم من تقديم اللجنة لاحقًا لنسخة منقحة من القانون، لا يزال القانون شوبه ثغرات ونواقص. لا يحدد القانون المنقّح الأساليب أو الأدلة التي تم استخدامها لتحديد معدلات الضرائب الموصى بها على التبغ والكحول والمشروبات المحلاة بالسكر. وفي إطار الاستراتيجية الصحية لوزارة الصحة العامة، يركز الهدف الاستراتيجي رقم 2.1.3 على زيادة التمويل الصحي من خلال فرض الضرائب على المنتجات الضارة وتخصيص الإيرادات المتولدة للأغراض المتعلقة بالصحة (وزارة الصحة العامة، 2023).

على مستوى الحكم، تقيد المادة 81 من الدستور اللبناني تخصيص الإيرادات، بينما تعتبر المادتان 51 و 52 من قوانين المحاسبة العامة تخصيص الضرائب كعائق أمام التوزيع العادل للموارد.

ومما زاد من تفاقم المشكلة، المستويات الضريبية المنخفضة بشكل غير كافٍ. على سبيل المثال، تبلغ ضريبة الاستهلاك على السجائر حوالي 40%، وهو ما يقل عن المعيار المرجعي الموصى به من قبل منظمة الصحة العالمية والبالغ 70%. كذلك تخضع منتجات الكحول لعائدات ضريبية منخفضة بشكل مقلق وتتراوح بين180 ل.ل. و1200 ل.ل للتر. يؤدي الفصل بين سلع التبغ المستوردة والمحلية، مع كون السلع الأولى فقط تخضع للضرائب الخاصة إلى خسارة محتملة في الإيرادات عندما يتم فرض الضرائب على المنتجات المستوردة فقط. يمثل عدم وجود ضرائب على المشروبات المحلاة بالسكر عقبة رئيسية في تحقيق الدخل من التغطية الصحية الشاملة. تعتبر معالجة هذه التحديات أمرًا حيويًا لضمان التمويل المستدام والكافي للتغطية الصحية الشاملة وبالتالي تمكين الوصول العادل إلى خدمات الرعاية الصحية لجميع المواطنين اللبنانيين (الرسم التوضيحي2).

تحديات الضرائب المنخفضة لتمويل الرعاية الصحية

- تمثل ضريبة الاستهلاك على السجائر ما يقارب نصف معيار منظمة الصحة العالمية البالغ 70% (منظمة الصحة العالمية، 2020)
- تتراوح الضريبة الانتقائية على منتجات الكحول بين 180 ل.ل - 1200 ل.ل للتر الواحد (المفوضية الأوروبية، 2019)
- لا ضرائب على المشروبات المحلاة بالسكر (جمعة وآخرون ، 2021)
- الفصل بين التبغ المستورد والمحلي حيث أن المنتجات المستوردة فقط تخضع لضرائب محددة

عقبات أمام توجيه الضرائب لتمويل الرعاية الصحية

- فتخصيص الإيرادات محظور بموجب المادة 81 من الدستور اللبناني (رئاسة الحكومة، 1995).
- كما تعتبر المادتان 51 و 52 من قوانين المحاسبة العامة لتخصيص الضرائب كعائق أمام التوزيع العادل للموارد (وزارة المالية، 1963)

التحديات التي تعيق تحقيق التغطية الصحية الشاملة

- فشل مشروع قانون التغطية الصحية الشاملة الذي اقترحته اللجنة البرلمانية للصحة في عام 2023 في معالجة كيفية تخصيص الموارد لتمويل التغطية الصحية الشاملة (2023,NNA)
- لا يحدد القانون المعدل الأساليب أو الأدلة التي تم استخدامها لتحديد معدلات الضرائب الموصى بها (2023 ,NNA)
- في إطار الاستراتيجية الوطنية للصحة، يركز الهدف الاستراتيجي 2.1.3 على زيادة التمويل الصحي من خلال فرض الضرائب على المنتجات الضارة وتخصيص الإيرادات المتأتية للأغراض المتعلقة بالصحة. ومع ذلك، قد تواجه هذه الاستراتيجية تحديات بسبب الإطار القانوني الحالي الذي يعيق تخصيص الأموال (وزارة الصحة العامة، 2023).

الرسم التوضيحي 2 التحديات في السياق المحلي

ماذا نعرف عن عناصر النهج المطلوب لمعالجة المشكلة؟

العنصر 1> تطبيق نموذج الضريبة الصحية لتمويل التغطية الصحية الشاملة

- **العنصر 1.1 –استخدام تقدير المرونة السعرية للطلب لاختيار المنتجات التي من الممكن اخضاعها للضريبة في السوق اللبنانية**

يعتبر كل من التبغ والكحول والمشروبات المحلاة بالسكر كاحتمالات لفرض الضرائب عليها في السوق اللبنانية, بناءً على إمكانات السوق ومرونتها. تعاني معظم المنتجات من انخفاض الاستهلاك مع ارتفاع الأسعار, باستثناء حبوب البن والسكريات التي تظل ثابتة. في النهاية, تم اختيار كل من التبغ والكحول والمشروبات المحلاة بالسكر لإدراجها ضمن المنتجات الخاضعة للضريبة بناءً على مرونة الطلب الخاصة بها.

- **العنصر 1.2 - تحديد وتنفيذ الطريقة الضريبية الأكثر ملاءمة للمنتج لضمان ضرائب صحية فعالة**

يتم فرض الضريبة على التبغ بمعدلات تتراوح بين 23 و27%, في حين أن المشروبات الكحولية والمحلاة بالسكر لديها معدلات ضريبية محددة تتراوح بين 9.35 و64.88 دولارًا لكل لتر للكحول و0.96 دولارًا إلى 3.55 دولارًا لكل لتر بالنسبة إلى المشروبات الكحولية.

- **العنصر 1.3 - تقييم تقديرات الإيرادات الضريبية لتوجيه الأموال إلى التغطية الصحية الشاملة**

عند احتسابها بحسب سعر السوق (= 100,000 ليرة لبنانية), يمكن أن تصل عائدات التبغ إلى 288 مليون دولار أمريكي، وعائدات الكحول إلى 366 مليون دولار أمريكي، كما أن عائدات المشروبات المحلاة بالسكر تصل إلى 135 مليون دولار أمريكي وهي تضيف ما يصل إلى إجمالي 789 مليون دولار أمريكي في عام 2023.

العنصر 2> تحديد القنوات الفعالة لتخصيص إيرادات الضرائب الصحية لتمويل التغطية الصحية الشاملة.

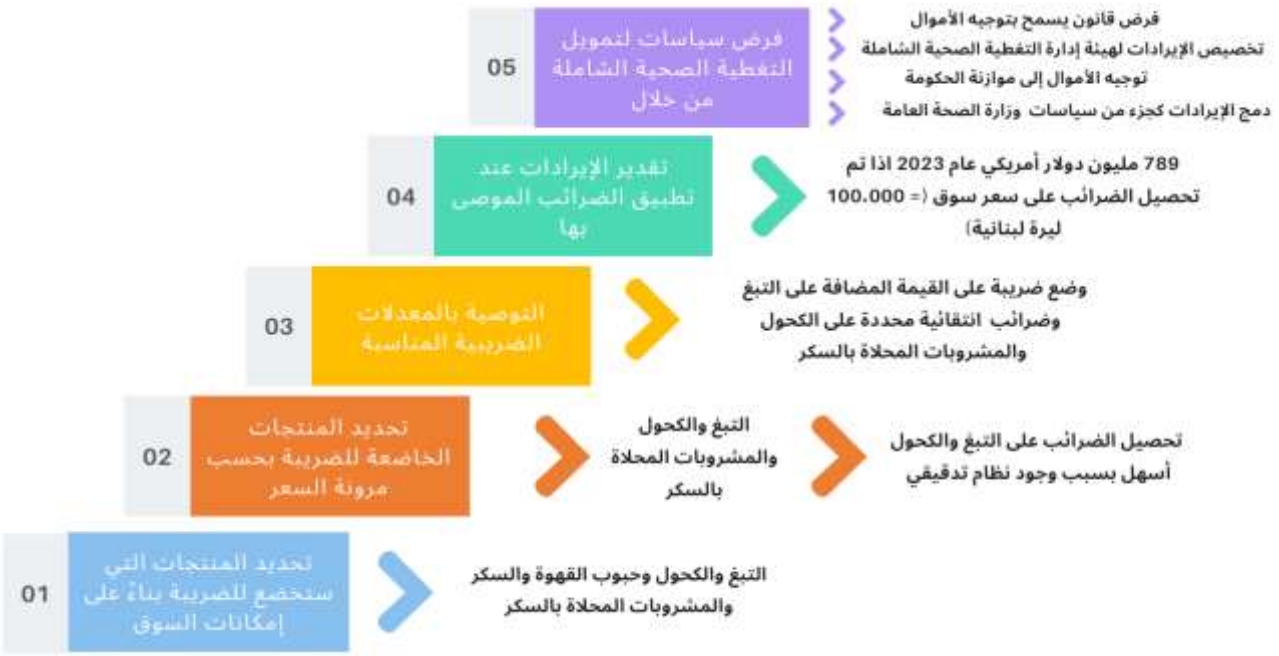
- **الخيار 1 - سن تشريع يهدف إلى تسهيل تخصيص الضرائب الصحية حصريًا لغرض تمويل التغطية الصحية الشاملة**
هذا من شأنه أن يضمن توجيه الأموال المتأتية عن الضرائب المتعلقة بالصحة نحو توفير رعاية صحية شاملة لجميع السكان.

- **الخيار 2 - تخصيص الإيرادات المتأتية من ضرائب الاستهلاك للموازنة السنوية المخصصة للهيئة الادارية الخاصة بالتغطية الصحية الشاملة**. من خلال اعتماد هذا النهج, سيتم توجيه الإيرادات المتأتية من الضرائب الانتقائية واستخدامها على وجه التحديد لتعزيز الموارد المالية للهيئة الادارية ما يضمن التنفيذ الفعال واستدامة تغطية الرعاية الصحية الشاملة.

- **الخيار 3 - دمج الإيرادات المحصلة من الضرائب المفروضة على المنتجات الضارة في الموازنة السنوية لوزارة الصحة العامة,** واستخدام سياسات هادفة للتنفيذ الفعال.

- **الخيار 4 - توجيه الإيرادات الضريبية إلى الموازنة السنوية للحكومة لتكون بمثابة وسيلة لتمويل التغطية الصحية الشاملة**

مسار تمويل التغطية الصحية الشاملة من خلال الضرائب الصحية



الرسم التوضيحي 3 مسار تمويل التغطية الصحية الشاملة من خلال الضرائب الصحية

ما هي اعتبارات التنفيذ التي يجب مراعاتها؟

لضمان التنفيذ المناسب للضرائب الصحية وتخصيصها للتغطية الصحية الشاملة, يجب مراعاة مجموعة متنوعة من اعتبارات التنفيذ بما في ذلك التهرب الضريبي والتهريب والسرقة والقيود الاقتصادية والممانعة والتحديات الإدارية (الرسم التوضيحي4).

الرسم التوضيحي 4 اعتبارات التنفيذ واستراتيجيات التخفيف

Policy Brief

Background and Current Situation

The Problem

Despite recurrent promises of achieving universal health coverage (UHC) in Lebanon, including electoral promises, limited progress has been achieved. Lebanese people continue to face significant barriers to accessing affordable and comprehensive healthcare, leading to a catastrophic burden of out-of-pocket expenses. Lebanon experienced an unprecedented surge in multidimensional poverty rates surpassing 80%, nearly twice the observed rate in 2019 (UNESCWA, 2021). Concurrently, approximately 55% of the population lacks access to essential healthcare services (Amnesty, 2023) and 40% of the Lebanese population does not benefit from any form of formal healthcare coverage, relying mainly on the public sector for healthcare coverage (CESSRA, 2023). 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 (Shallal et al. 2021; El Jardali & Fadlallah, 2020; Yassoub et al., 2017). Given the urgency of the situation in Lebanon's health sector and the prevailing system deficiencies, a swift and sustainable solution must be adopted to explore sources of funding for UHC. Drawing upon the experiences of other countries along with context-specific evidence, one potential source for funding is through the implementation of health taxes.

Background to Policy Brief

A K2P Policy Brief brings together global research evidence, local evidence, and context-specific knowledge to inform deliberations about health policies and programs. It is prepared by synthesizing and contextualizing the best available evidence about the problem and viable solutions and options through the involvement of content experts, policymakers and stakeholders.

The preparation of the Policy Brief involved the following steps:

01 Selecting a priority topic according to K2P criteria
02 Selecting a working team who deliberates to develop an outline for the policy brief and oversee the litmus testing phase.
03 Developing and refining the outline, particularly the framing of the problem and the viable options
04 Litmus testing by conducting one to one interviews with up to 15 selected policymakers and stakeholders to frame the problem and make sure all aspects are addressed.
05 Identifying, appraising and synthesizing relevant research evidence about the problem, options, and implementation considerations
06 Drafting the brief in such a way as to present concisely and in accessible language the global and local research evidence.
07 Undergoing merit review
08 Finalizing the Policy Brief based on the input of merit reviewers, translating into Arabic, validating translation, and disseminating through policy dialogues and other mechanisms.

Size of the Problem

Throughout the period spanning from 2000 to 2020, ministerial statements consistently echoed promises of healthcare sector reforms, including achieving Universal Health Coverage (UHC). These promises were reiterated in the electoral platforms of 2022 and were also outlined in the national health strategy. The strategy however lacks a transparent funding mechanism that outlines how the costs of UHC would be covered and sustained over time. Furthermore, the UHC law recently submitted, also suffered from a lack of clarity regarding the recommended tax rates to generate the necessary revenue. As of 2023, the Lebanese people continue to face significant challenges in accessing essential health services, and these difficulties have been exacerbated by the ongoing economic crisis. The current crisis is one of the top 10 most significant global crises since the mid-19th century, causing the Lebanese GDP to decrease by 40% in 2020 with average inflation reaching 172% in 2023 (Lorient le Jour, 2023; World Bank, 2021). The crisis has severely impacted the healthcare system as a whole and the financial state of contributory and public funds in Lebanon, exacerbating the pre-existing problems (El Jardali & Fadlallah, 2020). Despite the availability of public funds including the Ministry of Public Health (MOPH), National Social Security Fund (NSSF), Cooperative of Civil Servants, Mutual Societies, and Armed Forces, as well as private insurance companies, approximately 55% of the Lebanese population lack access to health coverage (Soubra et al., 2021; UNESCWA, 2021). Although the Ministry of Public Health (MOPH) provides coverage for hospitalization and catastrophic drugs, it has limited ability to act as an insurer of last resort (El-Jardali et al, 2014). This is mainly due to slow reimbursement procedures, which often resulted in healthcare providers denying admissions or requesting large illegal co-payments from admitted patients, causing high out-of-pocket expenditures (Sfeir, 2007; FA et al., 2016).

The new pricing of life-saving medication has become unaffordable for many in a country where about 80% of the population lives in poverty (The National News, 2021). Lifting government subsidies has had a substantial effect on the households' expenditure on health and diminished the purchasing power for the life-saving medication (The New Arab, 2016). With out-of-pocket expenditures surging to 90% in 2022, 75% higher than the WHO-suggested threshold for catastrophic health expenditure (CHE) (MSF 2022; Xu et al., 2010) coupled with currency devaluation and rise in medical cost, healthcare in Lebanon became a privilege confined to individuals with high socioeconomic status (Saad and Laughlinthe, 2022).

A significant portion of the MOPH budget is allocated towards the treatment of non-communicable diseases (NCDs), which account for 91% of all deaths in Lebanon (MOPH, 2016; WHO, 2018). In 2018, hospitalization expenses in Lebanon reached

465,000,000 L.B.P, representing over half of the MOPH budget of 728,849,074 L.B.P (MOPH, 2019).

The harmful use of alcohol, tobacco smoking, and consumption of sugar-sweetened beverages are all associated with several complications that affect the physical and emotional health and well-being of consumers (West, 2017; Rehm, 2011; Bleich & Vercammen, 2018). These behaviors contribute to the development of non-communicable diseases such as cancer, type 2 diabetes, and cardiovascular diseases (West, 2017; Rehm, 2011; Iranpour & Nakhaee, 2019).

The latter underscores the pressing imperative to allocate resources towards Universal Health Coverage (UHC), possibly through health taxes (figure 1), as a means to ensure the provision of essential healthcare services to the population.

Figure 3 Advantages of Health Taxes

Overview of Health Taxes

Health taxes are excise taxes levied on goods that harm public health, such as tobacco, alcohol, and SSBs. Unlike value-added taxes (VAT) and other indirect taxes, excise taxes can be targeted specifically toward certain products or services (World Bank, 2022)

Figure 4 Supply chain

The supply chain for sin products typically includes production and/or importation, storage, distribution, and sale at retail and customer's purchase. Excise taxes are imposed on the manufacturer or producer of goods during production, and on importers when the goods are imported into the country. After production or importation, the goods are usually kept in a warehouse or distribution center until they are delivered to retailers. When the products are sold at retail, taxes are included in the final price paid by the customer (Figure 2) (MSE, 2023).

Underlying Factors

The achievement of universal health coverage (UHC) is impeded by various challenges at the governance and financing levels, specifically related to revenue generation. In 2023, a draft law that tackles Universal Health Coverage was proposed by the parliamentary health committee but withdrew it later due to insufficient financial provisions allocated to it (El Jardali et al., 2023). Despite the committee's subsequent introduction of a revised version of the law, it continues to have gaps and deficiencies. The revised law does not specify the methods or evidence that was used to determine the recommended tax rates on tobacco, alcohol, and sugar-sweetened beverages (SSBs). Furthermore, the draft neglects to address how resources will be directed to finance UHC. Within the national health strategy, SO.2.1.3 is focused on increasing health financing through the taxation of harmful products and allocating the generated revenues for health-related purposes. However, it is important to note that this strategy may face challenges in Lebanon due to the existing legal framework that hinders the earmarking of funds (MOPH, 2023).

At the governance level, Article 81 of the Lebanese constitution restricts the earmarking of revenues, while Articles 51 and 52 of the public accounting laws consider earmarking taxes as an impediment to equitable resource distribution.

Further exacerbating the problem, is the inadequately low levels of taxation. For instance, the excise tax on cigarettes is approximately 40%, which falls below the World Health Organization's recommended benchmark of 70%. Similarly, alcohol products are subject to alarmingly low taxation revenues, varying from a mere 180 L.L to 1,200 L.L per liter. Dissociation between imported and domestic tobacco goods, with only the former subject to special taxes, results in potential revenue loss when only imported products are taxed. The absence of taxes on sugar-sweetened beverages is a major obstacle in generating revenue for Universal Health Coverage (UHC). Addressing these challenges is vital to ensure sustainable and sufficient financing for UHC, thus enabling equitable access to healthcare services for all Lebanese citizens (Figure 3).

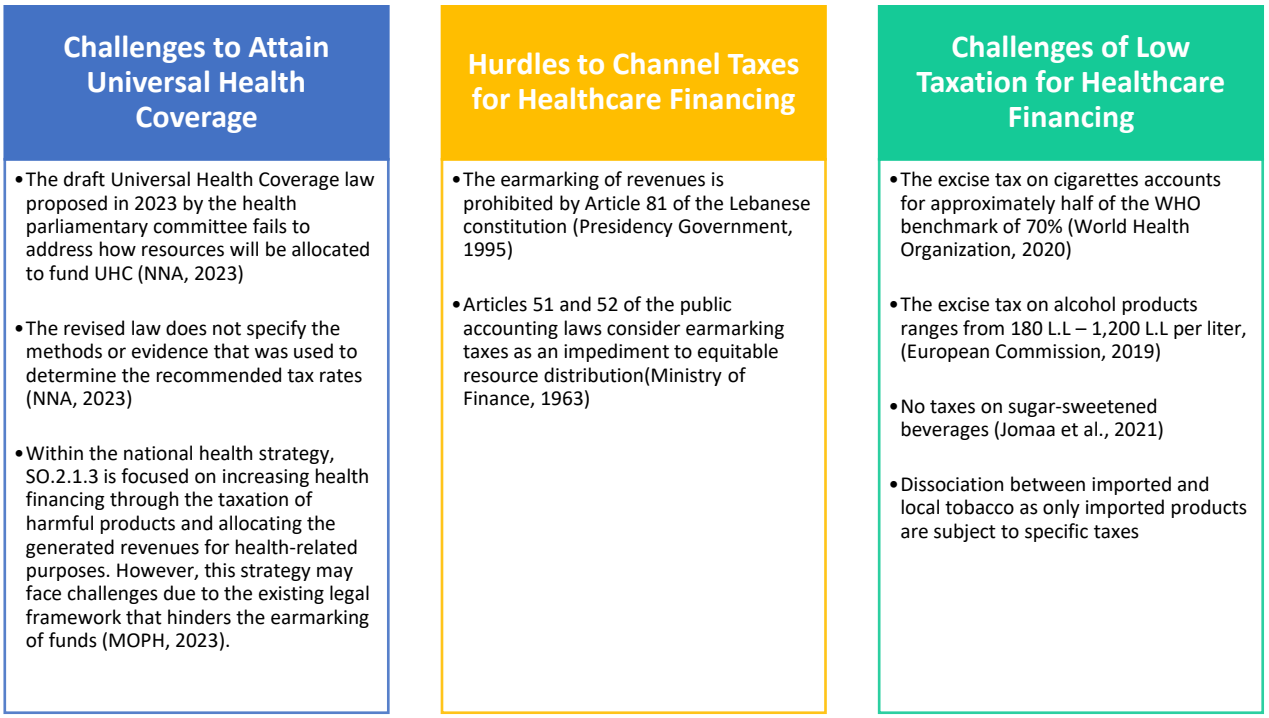


Figure 5 Challenges at the Local Context

Elements of a Comprehensive Approach to Address the Problem

Health taxes play a significant role in addressing public health concerns by discouraging the consumption of unhealthy products while simultaneously generating tax revenues (Wright et al., 2017; WHO, 2017; PAHO, 2023). By targeting products linked to non-communicable diseases (NCDs), such as sugary beverages, alcohol and tobacco, health taxes can contribute to the overall well-being of the population by reducing the prevalence of NCDs, improving health outcomes, and mitigating the burden on healthcare systems in the long term. Some countries have used health taxes to generate revenues for public health interventions such as health promotion activities, while other have earmarked the revenues as a way to finance healthcare coverage (WHO, 207).

A systematic approach is needed when implementing health taxes to generate revenues for healthcare. This approach entails several crucial steps, such as identifying taxable products based on their price elasticities of demand, determining appropriate tax rates, and estimating the resulting revenues. Once suitable products have been identified for the health tax model, policies must be established to enable the allocation of funds to healthcare. Addressing the proposed elements comes about a necessity to mobilize funds, reduce consumption and control the effects of the harmful use of these products. The suggested elements for addressing the problem are demonstrated in Figure 4.

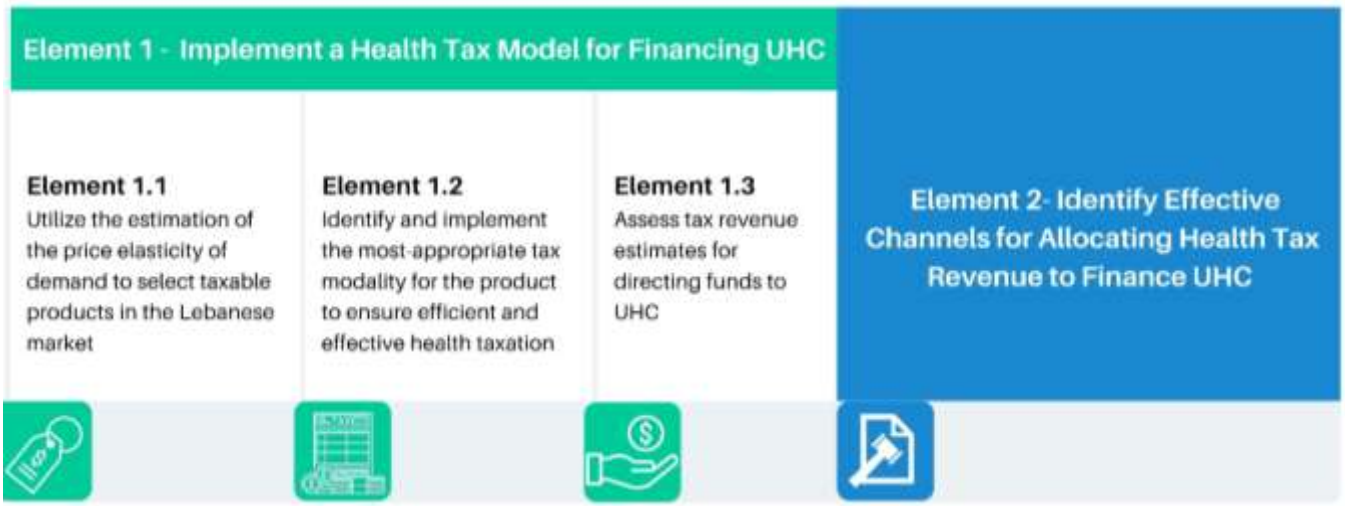


Figure 6 Elements to Addressing the Problem

Element 1 - Implement a health tax model for financing UHC

Element 1.1 - Utilize the estimation of the price elasticity of demand to select taxable products in the Lebanese market

Implementing health taxes entails estimating the percentage of tax that should be added to a product that induces a price increase, reduces affordability and thus decreases consumption (Salti et al., 2016); which can be achieved through the price elasticity of demand (Hoffman et al., 2015; Hu et al., 2019; Nargis et al., 2021). Expenditure on products helps in estimating the price elasticity of demand, which can approximate the required tax to stimulate a price increase. The table below provides a summary of the evidence regarding the price elasticities of demand (Table 1)

Table 1 **Findings for Element 1.1**

Category of Finding	**Element 1.1**
Benefit	Three systematic reviews concluded that increasing prices using the price elasticity of demand would reduce affordability and result in a reduction in cigarette consumption (Hoffman et al., 2015; Hu et al., 2019; Nargis et al., 2021). One systematic review and one single study found that alcohol prices are negatively associated with alcohol consumption (Sharma et al., 2017; Kumar, 2017). One systematic review concluded that for price elasticity of -1.21, a tax that raises the prices of sugar-sweetened beverages by 20%, would reduce consumption by 24% (Powell et al., 2013). Four systematic reviews concluded that estimates of price elasticities provide a good input in designing taxation policies (Hoffman et al., 2015; Hu et al., 2019; Nargis et al., 2021; Sharma et al., 2017). One systematic review found that a 10% price increase on non-cigarette tobacco products would reduce demand by 8.3% for cigars (95% CI 2.9 to 13.8), 6.4% for roll your own (95% CI 4.3 to 8.4), 5.7% for bidis (95% CI 4.3 to 7.1) and 2.1% for smokeless tobacco (95% CI −0.6 to 4.8) (Jawad et al., 2018).

Category of Finding	Element 1.1
Potential Harms	One systematic review found that taxation policies might be undermined by Tobacco industries through tax absorption and differential taxation (different rates on different brands) (Krishnam et al., 2020). One systematic review concluded that income growth might hinder price increases thus making cigarettes more affordable (Nargis et al., 2021).
Costs	The review of the literature did not reveal any cost-effectiveness.
Uncertainties	One systematic review found that income elasticity might not serve as a significant estimate in high-income countries as cigarette consumption is insensitive to income growth (Nigar et al., 2021). One systematic review found no significant association between obesity and the price of regular carbonated soft drinks (Powell et al., 2013)

In the process of tax implementation, governments face the crucial decision of selecting which specific products to subject to taxation. This selection is of utmost significance as different products exhibit varying levels of price elasticity of demand, which quantifies consumers' responsiveness to changes in prices. In the Lebanese market, taxable products are categorized into seven major groups, as illustrated in the accompanying figure (Figure 6).

Based on a shortlisting criteria that focuses on market potential, it was determined that tobacco, alcohol, sugar-sweetened beverages (SSBs), sugars, and coffee beans have the greatest potential to be taxed in the health tax ecosystem and could be subject to taxation in the Lebanese market (Figure 6).

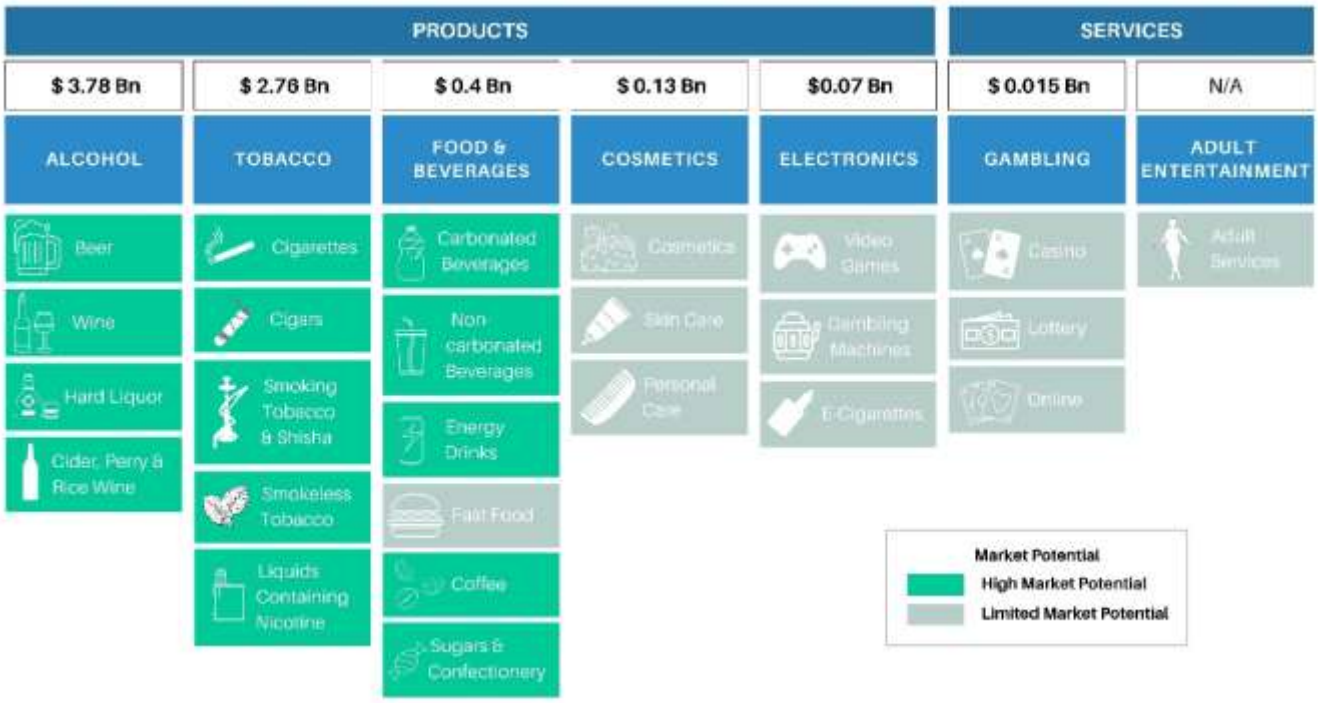


Figure 6 Products in the Lebanese Market and Market Potential (MSE, 2023)

Consumer Behavior

The selection of products that will be subjected to taxation needs to ensure optimized tax revenue generation while minimizing adverse effects on consumers and businesses. Therefore, an understanding of the price elasticity of demand for products can support governments in designing tax policies that effectively achieve their intended goals. A recent study conducted by the MSE team in Lebanon focused on identifying products within the health tax ecosystem that possess the highest potential for taxation (MSE, 2023). The study employed a survey methodology to collect data, estimate current market demands, and calculate the price

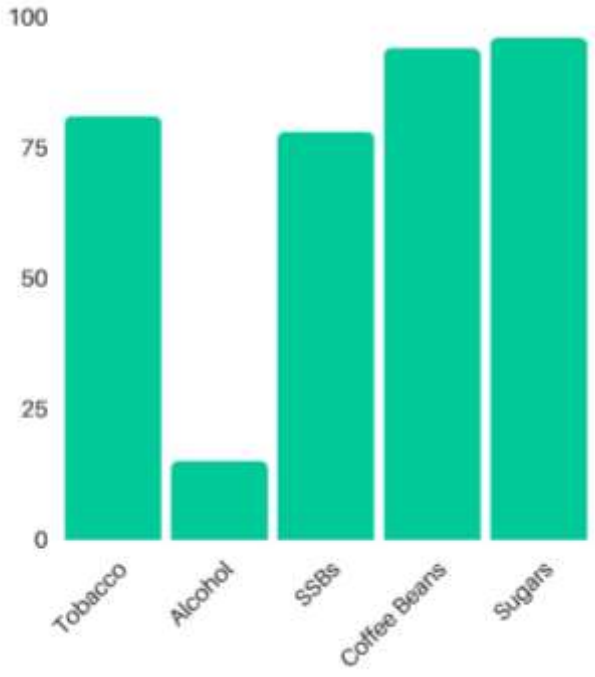


Figure 7 Percentage Consumption

elasticity of tobacco, alcohol, sugar-sweetened beverages (SSBs), sugars, and coffee beans. The survey conducted encompassed the calculation of consumption percentages (Figure 7) and average expenditure for each product under consideration (Figures 8). Sugars are highly consumed among the Lebanese population, followed by coffee beans, tobacco, SSBs and alcohol. Tobacco products have the highest average expenditure within households, while alcohol has the least. Results from the percentage consumption and average expenditure helped in assessing consumer behavior change in response to price increase, allowing an estimation of price elasticity of demand.

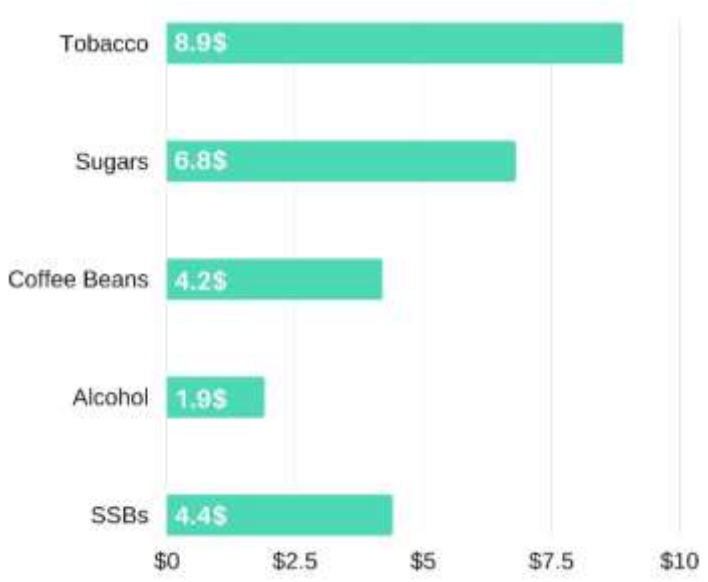


Figure 8 Average Expenditure

Consumer Behavior with Price Increase

Accordingly, by applying various scenarios, the survey aimed to estimate the potential changes in consumer behavior in response to price increases for tobacco, alcohol, coffee beans, sugars and confectionery, and sugar-sweetened beverages. The findings revealed that tobacco, alcohol and SSBs exhibited price elasticity, indicating that consumer behavior changed significantly in response to price increases. However, for sugars and coffee beans, despite the implementation of price increases, consumption levels remained relatively stable (Figure 9). These results provide valuable insights into the responsiveness of consumers to price adjustments for specific products, allowing an estimation of price elasticities of demand.

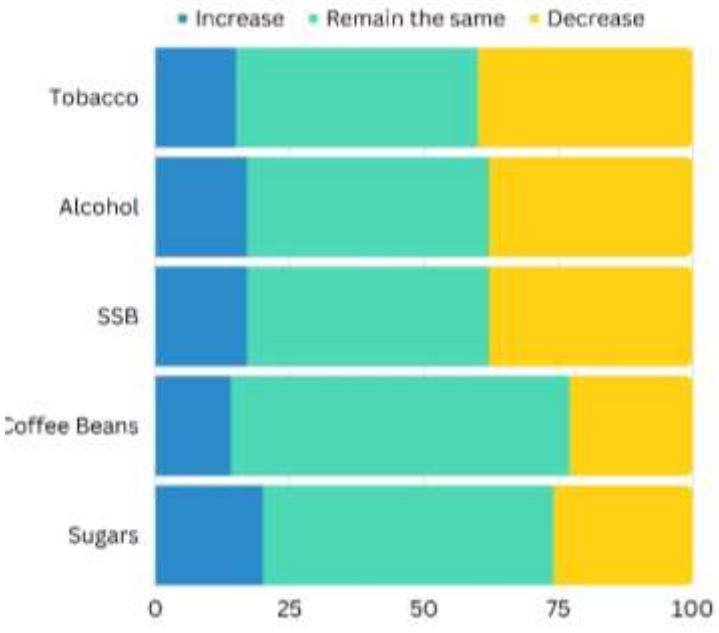


Figure 9 Consumer behavior with price increase

Price elasticity of demand

For each product, the price elasticity of demand was calculated based on the input provided from consumer behavior with price increase (Figure 10). The latter aims at selecting products that have the most benefits associated with their price increase in terms of reducing consumption and generating the greatest revenues. All products, except for sugars and confectionary and coffee beans, are elastic with price increase, meaning that consumption decreases following price increase. The taxable products selected based on their price elasticities of demand include tobacco (-1.35), alcohol (-0.12), and SSBs (-0.46). Tax collection for tobacco and alcohol is comparatively easier due to the presence of an already-established regulatory system. In contrast, collecting taxes for SSBs poses greater complexity as there is currently no system in place for taxing such products.

Figure 10 Price Elasticities of Demand

Element 1.2 - Identify and implement the most-appropriate tax modality for the product to ensure efficient and effective health taxation

After determining the taxable products based on their price elasticities of demand, the next step is to carefully consider the appropriate tax rate for each product. The success

and efficiency of taxation measures rely on the specific modality of the tax that is implemented (Itria et al., 2021; Cabrera et al., 2013). Thus, it becomes crucial to identify the most suitable tax modality that aligns with the characteristics of the product in question. To shed light on this matter, the following table provides an overview of various observed modalities of taxation documented in the existing literature (Table 2).

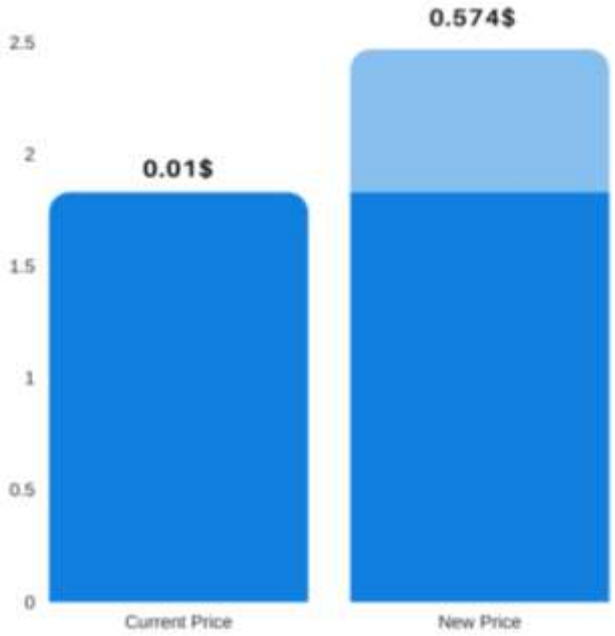
Table 2 **Findings for Element 1.2**

Category of Finding	**Element 1.2**
Benefit	One systematic review concluded that for taxation to be effective in increasing prices and reducing consumption, tobacco excise tax should be set at 70% of the retail price (Brathwait. 2015). One systematic review and one meta-analysis found that a specific tax may be more effective than an ad-valorem excise tax on sugar-sweetened beverages as it would tax the sugar content. This can help avoid the substitution of other products that are higher in sugar content and it would incentivize industries to reduce the sugar content of their products (Itria et al., 2021; Cabrera et al., 2013). One single study found that volumetric taxation on alcohol can provide greater health benefits as it would reduce consumption by 23.85% and increase revenue by $3094 million (Byrnes et al., 2010).
Potential Harms	One meta-analysis concluded that an excise tax might be considered regressive (Carbera et al., 2013).
Costs	One single study concluded that volumetric taxation is more cost-effective than a tax-revenue-neutral scenario (Byrnes et al., 2010).
Uncertainties	One meta-analysis found that the association between the increase in the prices of SSBs and the increase in milk and fruit juice consumption is not statistically significant (Carbera et al., 2013). One meta-analysis found that a tax on soft drinks had a low-level impact on the BMI of adults and no

Category of Finding	Element 1.2
	significance on the BMI of children and adolescents (Carbera et al., 2013).

Context-Based Recommendations

A recent analysis study conducted by the MSE team in Lebanon provided recommendations for both ad valorem and specific excise tax rates for tobacco, alcohol, and sugar-sweetened beverages. The health tax model was calculated based on the total new price after the addition of a price increase for each scenario (MSE, 2023). Different scenarios of price increase for each product were applied and based on the health tax model, the price increase leading to the highest possible revenues generated was selected. This model was applied for cigars as an example and duplicated for all products.



The cost of cigars starts at 1.83 dollars per gram, and the current excise tax is 0.005 dollars per gram. If a 35% increase is applied, the price of cigars will rise by 0.64 dollars per gram, resulting in a new total price of 2.47 dollars per gram. The specific excise tax included in the new price is 0.574 dollars per gram. The ad valorem tax rate is 0.574 $ / gram as a percentage of the total new price of 2.47 $ / gram, which is equivalent to 23% (Figure 12).

Figure 12 Health Tax Model for Cigars

Health Tax Recommendations for Selected Products Based on Price Elasticity of Demand

When determining tax percentages, the calculation is based on the retail value of each specific product. To illustrate, in the case of taxing cigarettes, 5% of its retail value is allocated as excise taxes. Currently, tobacco products are subject to ad valorem taxes,

which are regulated by an established governing body. Consequently, it is advisable to consider increasing taxes while maintaining the taxation based on production values. Ad valorem taxes are directly linked to the price of the product, allowing for automatic adjustments to account for inflationary effects (MSE, 2023) (Figure 19). In contrast to tobacco products, alcohol products are subjected to volumetric taxation, where the tax amount is based on the volume of the product. However, it is noteworthy that no specific taxation measures have been implemented on sugar-sweetened beverages (SSBs) at present. Based on recommendations, it is suggested that both alcohol products and sugar-sweetened beverages (SSBs) should be subjected to specific taxation. This approach is proposed to prevent tax manipulation and the potential market shift towards cheaper products. In this regard, the taxation of alcohol and SSBs should be based on the volume of their content. By implementing volume-based taxation, the aim is to ensure a fair and consistent taxation system that appropriately captures the consumption and economic impact of these products. However, it is important to regularly update the specific tax rate to account for inflation (MSE, 2023) (Table 3).

Table 3 **Recommended Tax Rates**

Group	Type	Current Tax Rate	Suggested Tax Rate	Taxation Modality
Tobacco 	Cigarettes	5%	26%	Ad Valorem Taxation
	Cigars	0.30%	23%	
	Smoking Tobacco	1%	23%	
	Smokeless Tobacco	4%	26%	
	Liquids Containing Nicotine	5%	27%	
Alcohol 	Wine	0.8$/L	18.60$/L	Specific Taxation
	Cider, Perry, and Rice Wine	0.8$/L	9.70$/L	
	Hard Liquor	1.19$/L	64.88$/L	
	Beer	0.24$/L	9.35$/L	
SSBs 	Carbonated Beverages	0$/L	0.96$/L	Specific Taxation
	Non-Carbonated Beverages	0$/L	1.61$/L	
	Energy Drinks	0$/L	3.55$/L	

Element 1.3 - Assess Tax Revenue Estimates for Directing Funds to Universal Health Coverage

Upon establishing the proposed tax rates, it becomes crucial to assess and estimate the potential revenue that will be generated following the implementation and enforcement of these taxes. The significance of tax-derived revenues is underscored by various studies, which emphasize their importance in the following descriptions (Table 4).

Table 4 **Findings for Element 1.3**

Category of Finding	**Element 1.3**
Benefit	One systematic review and one single study concluded that earmarking the revenue generated from health taxes for health spending and funding would improve access to health care and the delivery of services (Wright et al., 2017; Dhalla et al., 2011). One systematic review found that using the revenue generated from taxes to subsidize healthier products, might reduce the regressive nature of the sin tax (Wright et al., 2017). One systematic review and one single study concluded that framing a sin tax as an earmarking measure for healthcare would help gain public support which can offset the influence of the tobacco industry (Wright et al., 2017; Dhalla et al., 2011). Two single studies highlighted the importance of having earmarked revenues for the long-term sustainability of health systems (Prakongsai et al., 2008; Csakvari et al., 2020).

Category of Finding	Element 1.3
Potential Harms	One systematic review and one single study found that sin taxes might be regarded as regressive (Wright et al., 2017; Irfan et al., 2011).
Costs	One systematic review found that the monetary burden stemming from taxation across all households is small, with relatively minor differences between higher- and lower-income households (0·10–1·0 % and 0·03–0·60 % of annual household income paid in SSB tax for low- and high-income households, respectively, equating to less than $US 5 per year) (Backholer et al., 2016).
Uncertainties	The review of the literature did not reveal any uncertainties.

Context-Based Recommendations

Given the prevailing economic crisis and the deterioration of Lebanon's healthcare system, there is an increased political emphasis on identifying viable funding mechanisms for healthcare. To address this issue, the MSE conducted a comprehensive study to estimate the potential revenue generated from selected products when subjected to the recommended tax rates (MSE, 2023). The accompanying figure illustrates the projected revenues that can be generated between 2023 and 2025, taking into account the recommended tax rates applied to all designated products, namely tobacco, alcohol, and sugar-sweetened beverages (SSBs). The revenue calculations are based on the prevailing market rates for tax collection (Figure 15).

Tobacco revenues could reach 288 Mn USD, 366 Mn USD for alcohol, and 135 Mn USD for SSBs adding up to a total of 789 Mn USD in 2023 (MSE, 2023) (Figure 15)

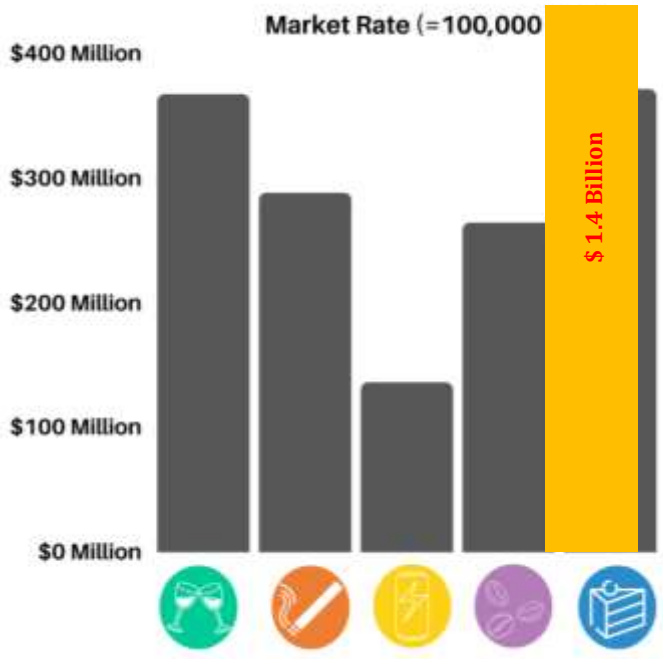


Figure 15 Revenues collected for shortlisted products

Element 2- Identify Effective Channels for Allocating Health Tax Revenue to Finance UHC

Taxes are considered effective tools to control the consumption of unhealthy products such as alcohol, tobacco, and sugar-sweetened beverages (Wright et al., 2017). Governments have employed such means to promote reduced consumption and collect the fiscal revenues generated from these taxes (Wright et al., 2017; Prakoan et al., 2019). Evidence suggests that implementing taxes as part of system-level policies along with high-level government commitment and support can benefit the tax implementation and generate revenues (Wright et al., 2017; Golden et al., 2016; Thuronyi, 1999; Abdool Karim et al., 2011). Evidence highlighting the importance of establishing a legal framework for health taxes is demonstrated below (Table 5).

Table 5 **Findings for Element 2**

Category of Finding	Element 2
Benefit	Two systematic reviews concluded that increasing prices on tobacco and alcohol products, as part of system-level policies would reduce the consumption of these products (Wright et al., 2017; Golden et al., 2016).

Category of Finding	Element 2
	One scoping review highlighted the need to implement fiscal measures such as health taxes to address NCDs (Elliott et al., 2020). One book publication and one single study highlighted the importance of having a firm basis for the tax/intervention in the law (Thuronyi, 1999; Abdool Karim et al., 2021). One single study focused on the need to review the existing legal framework before implementing an intervention such as taxation on SSBs, which also allows the repurposing of earmarking funds (Abdool Karim et al., 2021). One systematic review found that in the United Kingdom (UK), the legislation of policies has helped in reducing salt intake among the population (Hyseni et al., 2017). One single study found that the legitimacy of the policy source facilitated the implementation of the first US SSB tax in Berkeley (Falbe et al., 2020). One single study concluded that the high commitment from the government to the enforcement of policies has led to important achievements in tobacco control in Vietnam (Minh et al., 2016). One single study concluded that the tax on sugar-sweetened beverages in the Philippines has benefited from high-level government support in keeping the policy simple (Onagan et al., 2019). One report concluded that the legislation of the tax reform itself has led to a reduction in tobacco consumption in the Philippines (WHO, 2017).

Category of Finding	Element 2
Potential Harms	The review of the literature did not reveal any potential harm.
Costs	One systematic review found that to reduce salt consumption, legislation was more cost-effective than voluntary agreements and reformulation (Hyseni et al., 2017).
Uncertainties	Uncertainties exist on the impact of taxes on the consumption of sugar-sweetened beverages. Current state SSB taxes in the United States had no significant effect on children's weight (Wright et al., 2017).

Earmarking was shown to enhance health outcomes, offer more fiscal space for funding, and has garnered interest as a potential source of financing for the health system (Bloom, 2022; WHO, 2017). In several countries, the implementation of specific taxes on tobacco and other consumable products has been leveraged to generate revenue for health-related initiatives and address broader public health goals. Australia increased its tobacco tax from 25% to 30% of the wholesale price, channeling the resulting revenues into the Health Promotion Fund. The aim was to collect funds for activities promoting public health (Javadinasab et al., 2019). South Africa has successfully designated specific funds from health taxes for healthcare, facilitating the implementation of a comprehensive national plan to combat the HIV/AIDS outbreak. Similarly, Mexico imposes consumption taxes, known as health taxes, on tobacco, alcohol, and other consumable goods, with the revenue being allocated to the general health sector (WHO, 2017). In the United Kingdom, tobacco is subject to three types of taxes (specific, ad valorem, and VAT), and the revenue generated from these taxes is explicitly earmarked for the National Health Service (NHS) (Partos et al., 2020). In Turkey, the Health Transformation Program (HTP) was funded through a tax-based fund, allowing for increased financial resources and contributing to the achievement of Universal Health Coverage (UHC) (Preker et al., 2021). The Philippines successfully implemented sin tax reforms, resulting in a decline in smoking prevalence, a net gain of USD 415 million, and an earmarking of USD 367 million for public health initiatives (Cheng, 2020). In Egypt, a specific tax of 10 piastres per pack of 20 cigarettes was introduced, covering 1.086% of the general government expenditure on health in 2013 and enabling improved access to preventative services, particularly for students (WHO, 2016). Vietnam established the Vietnam Tobacco Control Fund (VNTCF), which is financed by a 1% earmark of tobacco tax revenues and plays a significant role in promoting health-related initiatives in the country (WHO, 2017). These examples

illustrate the effective utilization of health taxes on tobacco and other consumable goods to generate revenue for health promotion, healthcare services, and the achievement of specific public health objectives in diverse countries (Figure 17).

Eighty countries have used earmarking to channel funds for health activities, and some have used health taxes to specifically generate revenues for UHC, including The Philippines, Thailand, Colombia, and Turkey (Figure 18).

Figure 18 Countries that Implemented Health Tax for UHC

Context-Based Recommendations

Following the estimation of tax revenues generated from the implementation of recommended taxes on selected products, it is crucial to explore the legal avenues available for directing these funds toward financing Universal Health Coverage (UHC). While a legal framework already exists for enforcing excise taxes on tobacco and alcohol as part of the current system in Lebanon, there are no existing laws governing the taxation of sugar-sweetened beverages (SSBs). This highlights the necessity of reviewing the legal framework to enable the implementation of excise taxes on SSBs. The research findings emphasize that the absence of a proper legal framework for earmarking significantly impacts resource allocation for healthcare in Lebanon (MSE, 2023). The present situation in Lebanon presents an opportune moment to identify appropriate resources for financing UHC. However, the initial draft of the Universal Health Coverage law, introduced by the parliamentary health committee, was subsequently withdrawn due to inadequate financial provisions allocated to it (El Jardali et al., 2023). Despite the committee's subsequent introduction of a revised version of the law, it still exhibits gaps and deficiencies, notably concerning the lack of clarity regarding the sources of recommended tax rates on tobacco, alcohol, and sugar-sweetened beverages (SSBs) as stipulated in the law. Indeed, the national health strategy recognizes the importance of raising additional revenues for the health sector, particularly through taxes on harmful products. By implementing taxation on harmful products and earmarking the revenues for health, the strategy aims to create a sustainable and dedicated funding stream to support UHC goals. In light of these considerations, four potential avenues can be identified as viable options for advancing toward this goal.

- **Option 1 -** Enact a legislation aimed at facilitating the allocation of health taxes exclusively for the purpose of financing Universal Health Coverage (UHC). This would ensure that funds generated from health-related taxes are directed towards providing comprehensive healthcare for the entire population.
- **Option 2 -** Allocate revenues derived from excise taxes to the annual budget allocated to the governing body for Universal Health Coverage (UHC). By adopting this approach, the revenues generated from excise taxes would be specifically directed and utilized to bolster the financial resources of the governing body, ensuring the effective implementation and sustainability of comprehensive healthcare coverage
- **Option 3 -** Integrate revenues obtained from taxes levied on harmful products into the Ministry of Public Health's annual budget, employing targeted policies for effective implementation

- **Option 4 –** Direct tax revenues into the government's annual budget to serve as a means of financing Universal Health Coverage (UHC)

Universal health coverage can be funded through the collection of health taxes. According to the latest study by MSE (2023), a sum of approximately 800 million dollars can be raised through taxes imposed on a range of selected products including SSBs, tobacco, and alcohol.

Path to Finance UHC Through Health Taxes

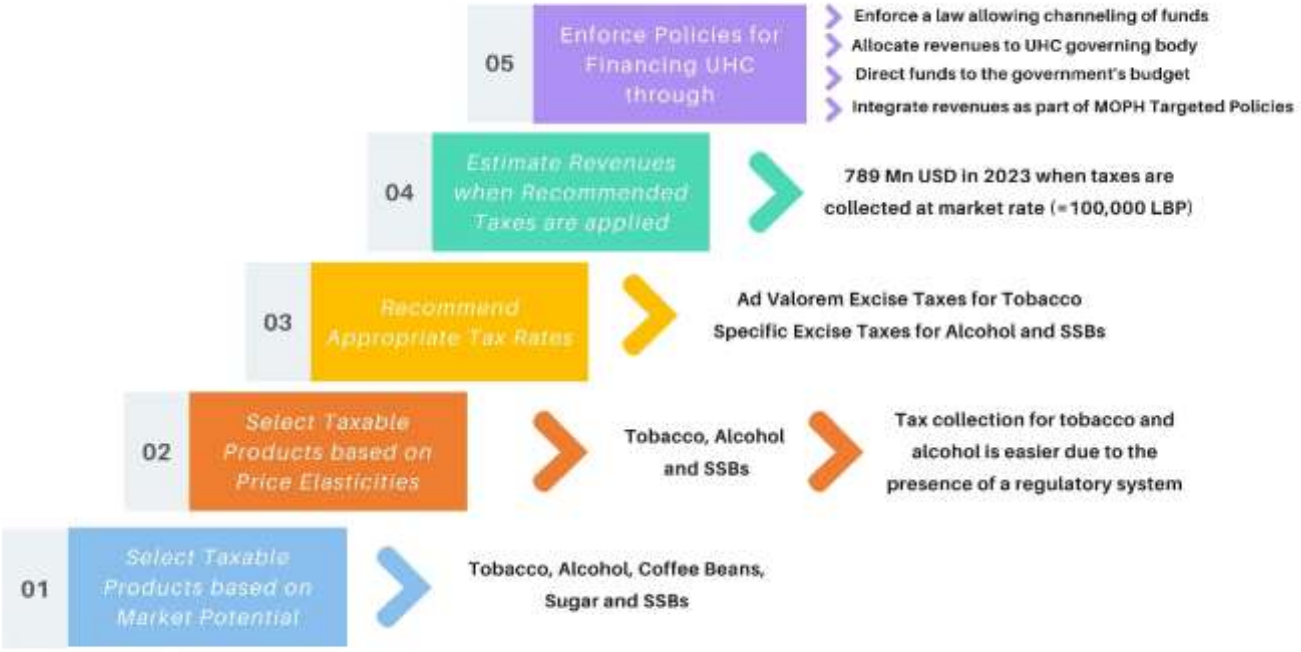


Figure 19 Process Summary

Implementation Considerations and Counterstrategies

Barriers have been identified from international literature (systematic reviews, and primary studies) and from stakeholder interviews, which included researchers and experts in the field. For each barrier, a counterstrategy has been detailed (Figure 20).

Figure 20 Implementation Considerations and Counter Strategies

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