The issues of health care financing and universal health coverage (UHC) are currently at the centre of global policy debate. A core function of health care financing is purchasing – the process by which funds are allocated to providers to obtain health services on behalf of the population. If designed and undertaken strategically, purchasing can improve health systems performance by promoting quality, efficiency, equity and responsiveness in health service provision and, in doing so, facilitate progress towards UHC.

The RESYST (Resilient and Responsive Health Systems) consortium, in collaboration with the Asia Pacific Observatory on Health Systems and Policies, has recently commenced a multi-country study to critically assess the performance of health care purchasers in a range of low and middle-income countries, and to identify factors influencing that performance. The countries involved in the study are: China, India, Indonesia, Kenya, Nigeria, South Africa, Tanzania, Thailand, the Philippines and Vietnam.

The research will examine the relationships between different groups of actors in order to understand the various components of strategic purchasing and the organisational environment within which it operates. It uses a case study approach whereby the purchasing arrangements or mechanisms in countries are the ‘case’ in each study, and the organisational relationships for purchasers are the unit of analysis.

This fact sheet gives an overview of the different purchasing mechanisms covered in the study, which range from general tax finance public provision systems, to voluntary community-based health insurance schemes, and mandatory national social health insurance schemes. It identifies the source of finance for each scheme and the different provider payment methods that are used, including fee-for-services, budget allocation, capitation and diagnostic related groups.

The fact sheet also provides an overview of the 10 countries involved in the research, demonstrating their heterogeneity in terms of socio-economic and health systems development.

**RESEARCH ORGANISATIONS**
- Center for Health Policy and Management, Faculty of Medicine, Universitas Gadjah Mada, Indonesia
- China Center for Health Development Studies, Peking University, China
- Health Economics Unit, University of Cape Town, South Africa
- Health Policy Research Group, University of Nigeria, Nigeria
- Health Strategy and Policy Institute, Viet Nam
- Ifakara Health Institute, Tanzania
- KEMRI Wellcome Trust Research Programme, Kenya
- International Health Policy Program, Thailand
- International Institute of Technology, Madras, India
- London School of Hygiene & Tropical Medicine, UK
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NIGERIA
General tax-funded health services
Publicly financed public services; state level
Population coverage: Entire population
Source of finance: Government budget (State level)
Purchaser organisation: State Ministries of Health
Provider payment method: Budget allocation
National health insurance scheme (NHIS) Mandatory health insurance for formal sector workers (government workers and organised private sector workers); single pool
Population coverage: 3% of total population
Source of finance: Payroll contributions by employees (5% of basic salary) and employers (10% of basic salary)
Purchaser organisation: Private Health Care Organisations
Provider payment method: Capitation for primary care services; fee-for-service for secondary and tertiary care

INDIA
State government funded health services (Tamil Nadu)
Publicly financed public services; single pool
Population coverage: Entire State population
Source of finance: Central and State budgets
Purchaser organisation: State Departments of Health and Family Welfare
Provider payment method: Budget allocation
New health insurance scheme, 2012 Mandatory health insurance for state government employees; one pool per state
Population coverage: All government employees, employees of public sector organisations, co-operative societies
Source of finance: Payroll contribution by employees (service tax component is borne by Government)
Purchaser organisation: Public Insurance Company (United India Insurance)
Provider payment method: (Both public and private providers) case-based payment system

CHINA
New Cooperative Medical Scheme
Public, mandatory insurance for the entire rural population; multiple pools at the county level
Population coverage: 98% of the total rural population
Source of finance: 60% from central, provincial and county government subsidies, 20% from individual premium contributions
Purchaser organisation: County-level governments
Provider payment method: Mixed with fee-for-service and case-based payment system

VIET NAM
Social health insurance scheme
Mandatory social health insurance for the whole population, single purchaser mechanism
Population coverage: 66% of total population
Source of finance: Multiple: fully subsidized premium for the poor; partial subsidies for the informal, payroll tax contribution by formal public and private employees and employers
Purchaser organisation: Vietnam Social Security
Provider payment method: Fee-for-service is the dominant payment mechanism; all health facilities (64.5%). About 42% of 600 district hospitals receive capitation payments

PHILIPPINES
National Health Insurance Program
Mandatory health insurance for the whole population, single pool
Population coverage: 74.9% of total population
Source of finance: Multiple: fully subsidized premium for the poor; premium contributions by public and private employees and the informal sector
Purchaser organisation: Philippine Health Insurance Corporation
Provider payment method: Outpatient - moving towards capitation with fixed co-payment and case payment for selected procedures; non-catastrophic inpatient – case rate payment; balance billing allowed only for non-poor; catastrophic inequity (2 benefit) - case payment with negotiated contracts at a limited number of hospitals

KENYA
Community-based health insurance
Voluntary schemes open to all but mainly targeting rural populations; individual schemes are usually part of a network formed and supervised by non-governmental organisations; some networks pool resources
Population coverage: 1.2% of total population
Source of finance: Premium contributions by households. Some activities for new schemes are subsidized by NGOs e.g. marketing and stationery
Purchaser organisation: Community based health insurance schemes
Provider payment method: Fee for service to outpatient care and IP at contracted public and private health facilities; limited use of capitation for outpatient care

TANZANIA
General tax-funded health services
Publicly financed public services; single, national pool
Population coverage: Entire population
Source of finance: Government budget
Purchaser organisation: Provincial departments of health
Provider payment method: Budget for facilities, salaries for staff
Medical schemes
Private voluntary health insurance “medical schemes”; multiple pools
Population coverage: 16.6% of total population
Source of finance: Premium contributions
Purchaser organisation: Medical schemes
Provider payment method: Fee for service; some general practitioners have accepted capitation payments to serve lower income groups; some private primary health care clinics' where staff are paid on a salary basis; some private hospitals receive per diem payments or diagnosis related group (DRG) payments for a limited number of schemes

THAILAND
Universal Coverage Scheme
General tax-funded; non-contributory scheme for population who are not government or private employees
Population coverage: 75% of total population
Source of finance: General tax through annual budget bill to National Health Security Office
Purchaser organisation: National Health Security Office
Provider payment method: Capitation for outpatient (OP) through contractual agreement with networks of primary healthcare and district hospitals, Global budget for DRG for inpatient (IP) services, reimbursed to hospitals
Civil servant medical benefit scheme
Mandatory non-contributory for government employees and dependants
Population coverage: 9% of total population
Source of finance: General tax through annual budget bill
Purchaser organisation: Government authorities
Provider payment method: Capitation for primary health care (NA-DRG (DRG type) for hospitals; providers claim for referral services

SOUTH AFRICA
General tax-funded health services
Publicly financed public services, single pool
Population coverage: Entire population
Source of finance: Government budget
Purchaser organisation: Provincial departments of health
Provider payment method: Budget for facilities, salaries for staff
Medical schemes
Private voluntary health insurance “medical schemes”; multiple pools
Population coverage: 16.6% of total population
Source of finance: Premium contributions
Purchaser organisation: Medical schemes
Provider payment method: Fee for service; some general practitioners have accepted capitation payments to serve lower income groups; some private primary health care clinics’ where staff are paid on a salary basis; some private hospitals receive per diem payments or diagnosis related group (DRG) payments for a limited number of schemes

INDONESIA
General tax-funded health services
Publicly financed public services, single, national pool
Population coverage: Entire population
Source of finance: Government budget
Purchaser organisation: Provincial departments of health
Provider payment method: Budget for facilities, salaries for staff
Medical schemes
Private voluntary health insurance “medical schemes”; multiple pools
Population coverage: 16.6% of total population
Source of finance: Premium contributions
Purchaser organisation: Medical schemes
Provider payment method: Fee for service; some general practitioners have accepted capitation payments to serve lower income groups; some private primary health care clinics’ where staff are paid on a salary basis; some private hospitals receive per diem payments or diagnosis related group (DRG) payments for a limited number of schemes

National Health Insurance Fund (NHIF) Mandatory health insurance for government employees
Population coverage: 7.1% of total population
Source of finance: Premium contributions; equally shared between employee and employer
Purchaser organisation: National Health Insurance Fund
Provider payment method: Fee-for-service after health providers submit the claims; the scheme also gives loans for supplies and equipment to the facilities and deducts this when they settle the claims

Community-based health insurance fund
Voluntary insurance scheme targeting the informal sector; multiple pools
Population coverage: 7.9% of total population
Source of finance: Annual premium contribution by households; premium varies across districts
Purchaser organisation: Local Government Authorities
Provider payment method: Mainly through budget allocation; some districts have entered into service agreement with faith-based facilities where they pay them on capitation basis

Civil servant medical benefit scheme
Mandatory non-contributory for government employees and dependants
Population coverage: 9% of total population
Source of finance: General tax through annual budget bill
Purchaser organisation: Government authorities
Provider payment method: Capitation for primary health care (NA-DRG (DRG type) for hospitals; providers claim for referral services

Jameksa Local government funded insurance schemes, the objectives, beneficiaries and mechanisms vary widely between local government regions
Population coverage: N/A
Source of finance: Local government budget
Purchaser organisation: Some district/provincial government (not all)
Provider payment method: Throughout the country, local governments use a range of provider payment methods to transfer resources to health care service providers to obtain services for beneficiaries
### AT A GLANCE: KEY INDICATORS FOR THE STUDY COUNTRIES

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (million)</th>
<th>GNI per capita (US$)</th>
<th>Tax revenue (% GDP)</th>
<th>Total health expenditure (% GDP)</th>
<th>The per capita (US$)</th>
<th>Government health expenditure (% govt. exp.)</th>
<th>Out-of-pocket health expenditure (% THE)</th>
<th>Physicians, nurses and midwives (per 1,000 pop.)</th>
<th>Births attended by skilled health staff (% of total)</th>
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