

STRATEGIC PURCHASING FOR UNIVERSAL HEALTH COVERAGE: A CRITICAL ASSESSMENT

THE PUBLIC INTEGRATED HEALTH SYSTEM IN ENUGU STATE, NIGERIA



RESEARCH BRIEF | Financing research theme

April 2016

With universal health coverage included among the health-related Sustainable Development Goals, the issue of how to finance health for all remains at the centre of global policy debate. A core function of healthcare financing is purchasing – the process by which funds are paid to providers to deliver services. If designed and undertaken strategically, purchasing can promote quality, efficiency, equity and responsiveness in health service provision and, in doing so, facilitate progress towards universal health coverage.

The RESYST Consortium, in collaboration with the Asia Pacific Observatory on Health Systems and Policies, has critically examined how healthcare purchasing functions in ten low and middle-income countries to identify factors that influence the ability of purchasers and other key actors to take strategic actions.

This summary provides an overview of how health services are purchased for the general population of Enugu State, Nigeria, within the public integrated health system. The study involved an exploration of the relationship between the State Ministry of Health (SMoH) as the central purchaser of health services and the healthcare providers, the national government and citizens. The brief compares actual purchasing practices with ideal purchasing scenarios and provides recommendations for what needs to be done to produce the desired actions by groups involved in purchasing.

Within the public integrated health system, the purchaser is the SMoH. Services are funded through budgetary allocations to the SMoH from the state government, and are delivered by public providers of primary and secondary care to the general population.

Figure 1: Description of the purchasing mechanism within the public integrated health system in Nigeria

Who is the purchaser?	The SMoH (Policy Development and Planning Directorate and State Health Board), led by the Commissioner for Health, is responsible for transfer of budgeted funds to the providers through the State Health Board for primary and secondary providers. Tertiary services are funded directly by the federal government.
What services are purchased?	A defined minimum package of care covering promotive, preventive and curative care at primary, secondary and tertiary levels, including services for communicable and non-communicable diseases, child survival, safe motherhood, nutrition, health education, laboratory services and community mobilisation.
Who uses the services?	Health services are available to all the residents of the state who desire to use the services.
Who provides services?	Public providers deliver services. Private providers are used for few services e.g. mortuary services, immunisation.
How are providers paid?	Facilities receive material resources from the MoH while health workers receive a monthly salary.

WHAT IS STRATEGIC PURCHASING?

The purchasing function of healthcare financing involves three sets of decisions:

1. Identifying the interventions or services to be purchased, taking into account population needs, national health priorities and cost-effectiveness.
2. Choosing service providers, giving consideration to service quality, efficiency and equity.
3. Determining how services will be purchased, including contractual arrangements and provider payment mechanisms.

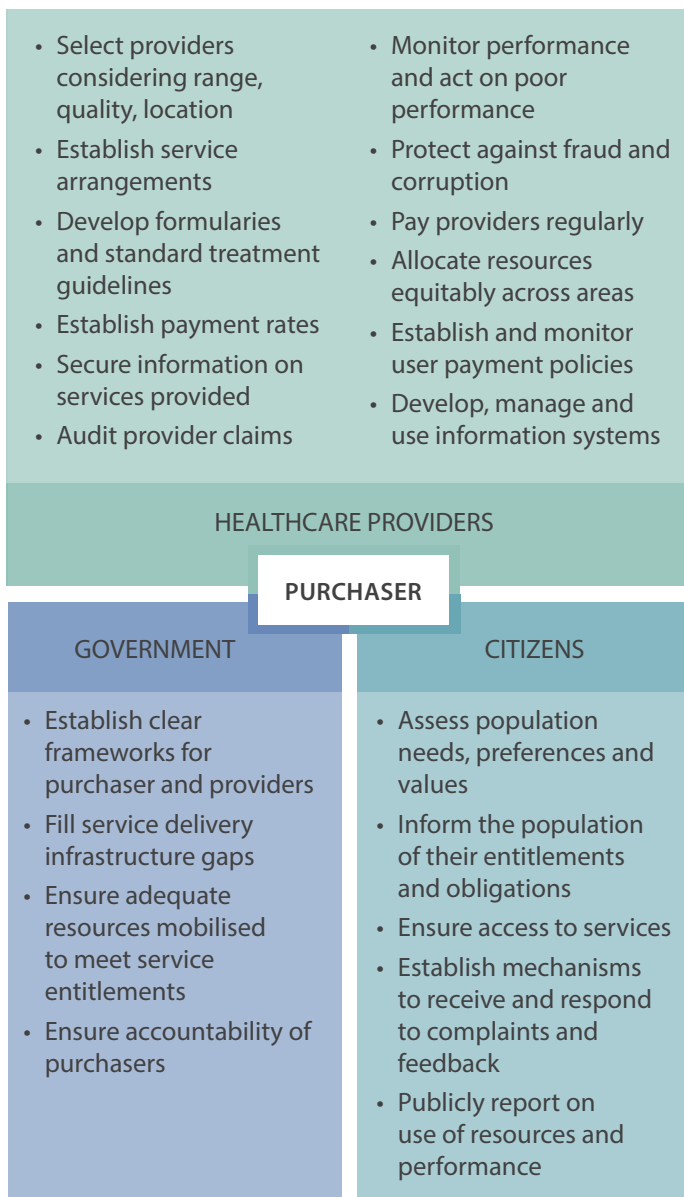
A critical factor in health system performance is the extent to which purchasing decisions are linked to provider behaviour and encourage providers to pursue equity, efficiency and quality in service delivery. This is strategic purchasing.

In strategic purchasing, a purchaser is an organisation that buys health services for certain groups or an entire population. The purchaser can use levers to influence the behaviour of providers to improve quality and efficiency in health service provision and facilitate equity in the distribution of healthcare providers.

However, purchasing mechanisms operate within each country's regulatory framework and, in strategic purchasing, government is required to play a stewardship role by providing a clear regulatory framework and appropriate guidance to ensure that public health priorities are linked to resource allocation and purchasing decisions.

As the purchaser buys health services for people, it is important for the purchaser to ensure there are effective mechanisms in place to determine and reflect people's needs, preferences and values in purchasing, and hold health providers accountable to the people. The key strategic purchasing actions are shown in Figure 2.

Figure 2: Strategic purchasing actions relating to healthcare providers, government and citizens



KEY FINDINGS

1. ACTIONS OF PURCHASERS IN RELATION TO HEALTH SERVICE PROVIDERS

In Enugu state, the SMOH determines who provides services and what package of care is provided at primary and secondary levels. It also sets out rules to monitor provider performance and ensure delivery of quality healthcare services. These purchasing decisions can influence the behaviour of providers and improve or hinder their responsiveness and efficiency.

Provider payment and funding mechanisms

- Health workers receive monthly salaries with no additional incentives to improve performance or the efficiency of service delivery. Resources to health facilities are mostly in the form of drugs and equipment. Health facilities do not receive budgets from SMOH.
- All facilities are required to contribute 30% of internally generated revenue (e.g. from user charges) to the State Health Board for replenishment. The remainder is spent on facility maintenance. Providers feel that health facilities are not adequately funded leading to poor maintenance of infrastructure and poor quality services.
- The SMOH determines packages of care as well as how health services and resources are distributed and managed. It also sets the level of markup on drugs and user fee charges to ensure they are affordable to citizens. This means there is often a trade off between cost of service and quality as most of the services are undercharged, and with no remittance to facilities, quality is compromised.

Monitoring provider performance and service quality

- In principle, mechanisms for monitoring provider performance and the quality of services are developed by the SMOH, and include integrated supportive supervision and provider appraisals. Collection of quantitative data on service output should occur monthly. In practice however, performance monitoring is not coherently implemented across facilities due to limited funding and logistics for such activities and, instead, it often follows specific donor funded programmes.

The quality of health services is perceived to be less than optimal in many public facilities and health services are not always available in times of need



Yes, money needs to be put at the facilities and District Health Boards (DHB). The DHBs are not properly funded so they are not doing their [monitoring] jobs as required... we are just working with nothing. So when there is proper funding from the government, things will change
(Provider)

- The quality of health services is generally perceived to be less than optimal in many public facilities and health services are not always available in times of need. High levels of attrition and ineffective human resource replacement/recruitment plans have led to shortages in critical health worker cadres and stock out of essential health commodities, affecting the availability of quality services.

The quality is supposed to be optimal but we don't have enough medical staff and drugs...when we don't have enough you can't start talking of quality?
(Provider)

2. GOVERNMENT RESPONSIBILITIES IN STRATEGIC PURCHASING

The Enugu state government sets the strategic priorities and framework of action for the SMOH. It funds the provision of health services, provides stewardship and oversight and ensures proper fiduciary responsibility of the SMOH. Central MoH provides technical assistance to the SMOH in the development of public health policies and plans, and provides commodities and technical materials, including standards and guidelines for implementation of programmes.

The state government has policies and regulatory frameworks aimed at improving health system responsiveness. It ensures the SMOH develops a medium term sector strategy and annual plans and budgets, and provides direct oversight through the House of Assembly.

Although these mechanisms are implemented, inefficient bureaucratic processes and weak monitoring of how budgets are spent has constrained the development of effective budgets that address the health needs of the citizens. In practice, many programmes are adopted from the national level and do not necessarily take into consideration the differing needs of local communities and healthcare providers.

3. STRATEGIC PURCHASING ACTIONS IN RELATION TO CITIZENS

The SMOH has established health facility committees in most primary and secondary facilities to liaise with health workers and community members to articulate both facility and community needs. In practice, there appears to be blurred lines of communication and feedback between these committees and the SMOH. Lack of incentives for committee members to perform their assigned roles is one drawback to its effectiveness. Hence, routine health needs assessments by the SMOH are weak, and the content and quality of health services do not often address the changing needs and preferences of the citizens.

Formal channels for citizens to express views on service needs and (dis)satisfaction, such as complaint boxes, are not available in most health facilities despite existing policy. Where they do exist, they are perceived to be of little benefit as most are not properly guarded. Citizens feel sidelined and neglected in decisions regarding benefit packages, hence their plea for a means of regular dialogue.



CONCLUSION AND POLICY IMPLICATIONS

Currently, strategic purchasing in the public integrated health system is not evident. Lack of funding at facilities compromises quality of care and the mechanisms that aim to monitor quality and ensure standards are ineffective. The level of autonomy and decision-making space available to the state government and SMOH means that strategic purchasing is feasible; however, this will require significant improvements in the health budgeting and planning process, and better links with communities so that health services are responsive to their needs and accountable to the population.

For the State Government:

- View strategic purchasing as an important means to improve health system performance and achieve universal health coverage. The government should introduce elements of strategic purchasing in its planning processes to enable the development of effective budgets and plans that are directly linked to population needs.
- Strengthen its stewardship role to the SMOH beyond

reconciliation of budgets and expenditures, to determining the extent to which targets and benchmarks are achieved and the overall impact of service delivery on health outcomes.

For the SMOH (Purchaser):

- The MoH should work to improve the quality of health services for example by regularly monitoring providers and developing effective human resource replacement plans.
- The SMOH should ensure the participation of citizens in decisions and selection of benefits by strengthening mechanisms for citizen engagement such as facility health committees. This will enhance the provision of services that cater to the needs of the population and minimise inefficiencies.
- SMOH can introduce procedures to influence and improve provider behaviour beyond regulation. These might include monitoring provider outputs against defined benchmarks and introducing incentives and rewards that will attract and retain providers, as well as encourage performance.

ABOUT THE BRIEF

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Further information

Purchasing project webpage: <http://resyst.lshtm.ac.uk/research-projects/multi-country-purchasing-study>

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Related resources

Etiaba E. et al (2016) **Strategic purchasing for Universal Health Coverage: The Nigerian Formal Sector Social Health Insurance Programme (FSSHIP)** RESYST research brief. Available at: <http://resyst.lshtm.ac.uk>

Ogochukwu I. (2015) **Is strategic purchasing a feasible mechanism in the publicly funded health system of Nigeria?** Presentation at the International Health Economics Association (iHEA) World Congress, Milan. <http://resyst.lshtm.ac.uk/resources/strategic-purchasing-feasible-mechanism-publicly-funded-health-system-nigeria>

RESYST topic overview and fact sheet (2014) **What is strategic purchasing for health?** <http://resyst.lshtm.ac.uk/resources/what-strategic-purchasing-health>

Hanson K. (2014) **Researching purchasing to achieve the promise of Universal Health Coverage.** Presentation at the BMC Health Services Research Conference, London. <http://www.slideshare.net/resyst/researching-purchasing-to-achieve-the-promise-of-universal-health-coverage-37722050>

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