MOVING TOWARDS A PURCHASING MODEL IN LOW- AND MIDDLE INCOME COUNTRIES?

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OUTLINE

The Universal Health Coverage challenge

Strategic purchasing as the bridge to effective health coverage

Researching purchasing – Highlights from case studies in ten LMIC settings

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OBJECTIVE: UNIVERSAL HEALTH COVERAGE

All people receive the services they need, of sufficient quality to be effective, without financial hardship

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Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

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ersalhealthcoverage/publication/going-universal-how-24-countries-are-implementing-universal-health-coverage-reforms-from-bottom-up

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Topics / Universal Health Coverage

PUBLICATION

Going Universal: How 24 countries are implementing universal health coverage reforms from the bottom up

September 25, 2015 –
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Friday, 18 September 2015

Leading economists
countries who have r
is a smart, affordable
livelihoods and streng

Universal health coverage n
ensuring that everyone can
essential health services at
quality without suffering fina
hardship.

Writing in *The Lancet* ahead
United Nations summit on th
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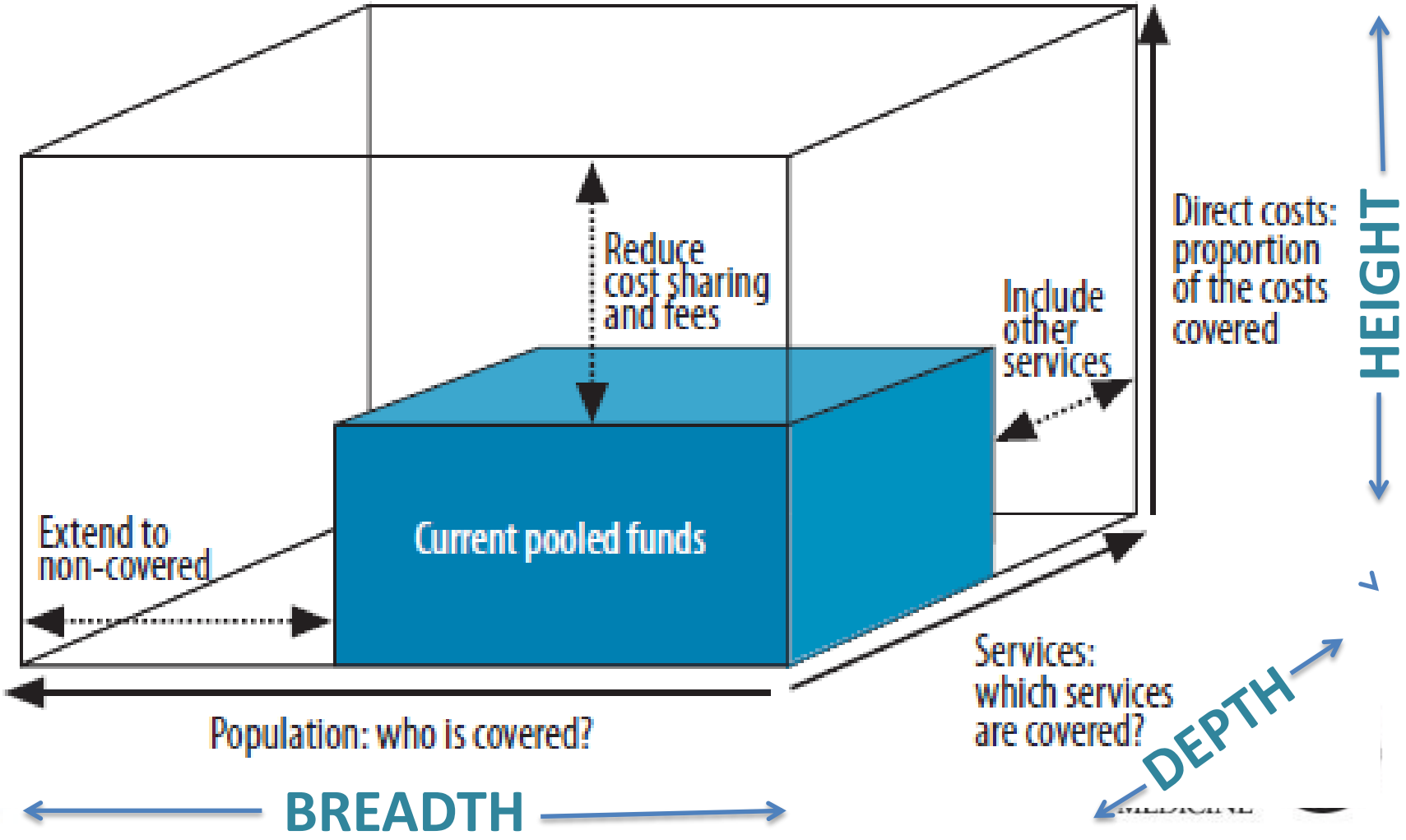
October 16, 2014 10:04 pm

There is a strong economic case for universal health coverage

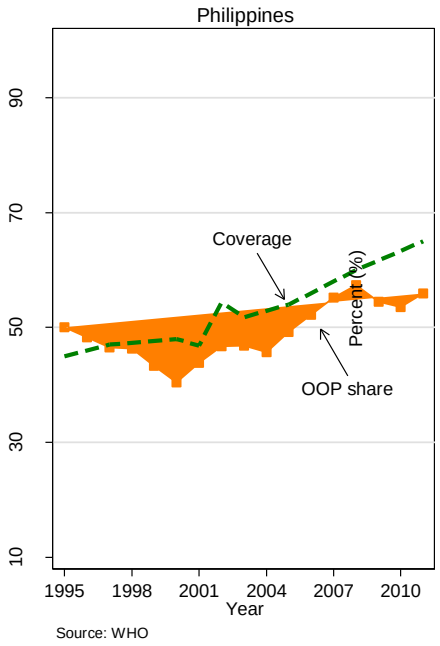
Jim Yong Kim

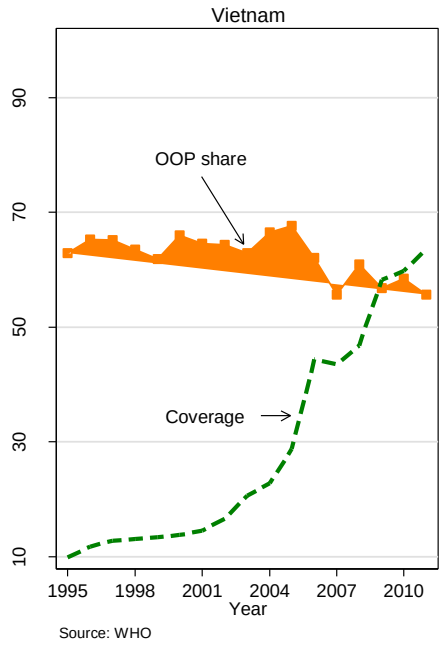
THE THREE DIMENSIONS OF COVERAGE (WHO, 2010)

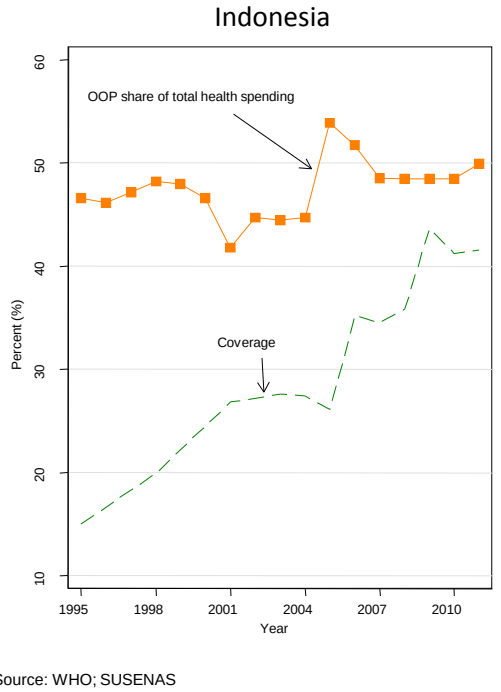


"COVERAGE WITHOUT FINANCIAL PROTECTION"

- Philippines, Indonesia, Vietnam – have all seen increases in population coverage but no decrease in out-of-pocket payments







Source: Presentations by A. Tandon, World Bank, at IHEA, Sydney, July 2013

HOW MIGHT THIS HAPPEN?

- Incomplete coverage –
  - Benefit package doesn't meet needs
  - Co-payments/Unlimited co-payments/"balance billing"
- Lack of information about entitlements
- Poor quality leading to high use of "out-of-plan" providers (private sector)
- Insurance-induced utilization (with incomplete coverage)
- Weak referral system
- Perverse incentives to providers (eg. FFS, pharmaceutical revenue maximization)

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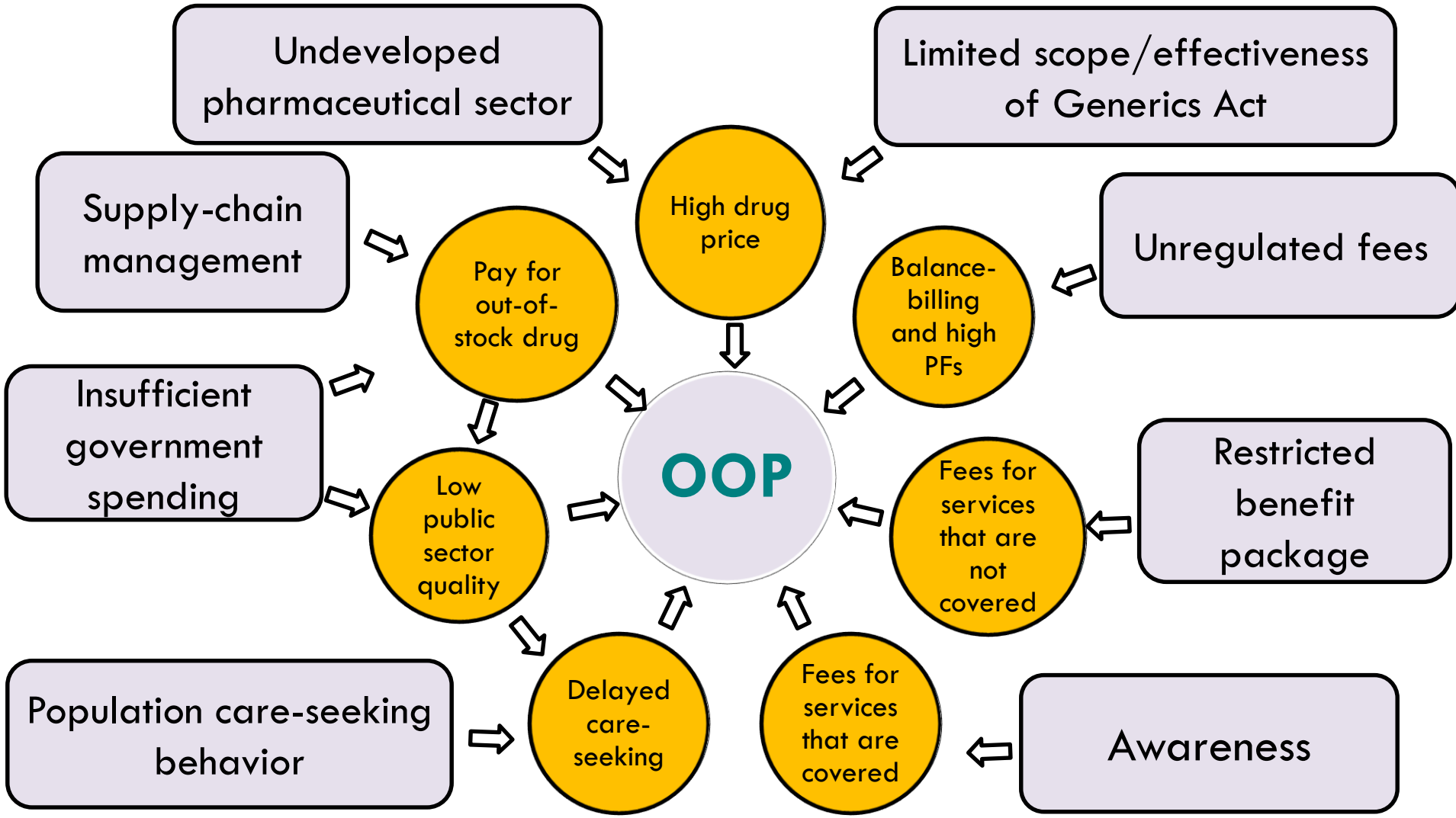
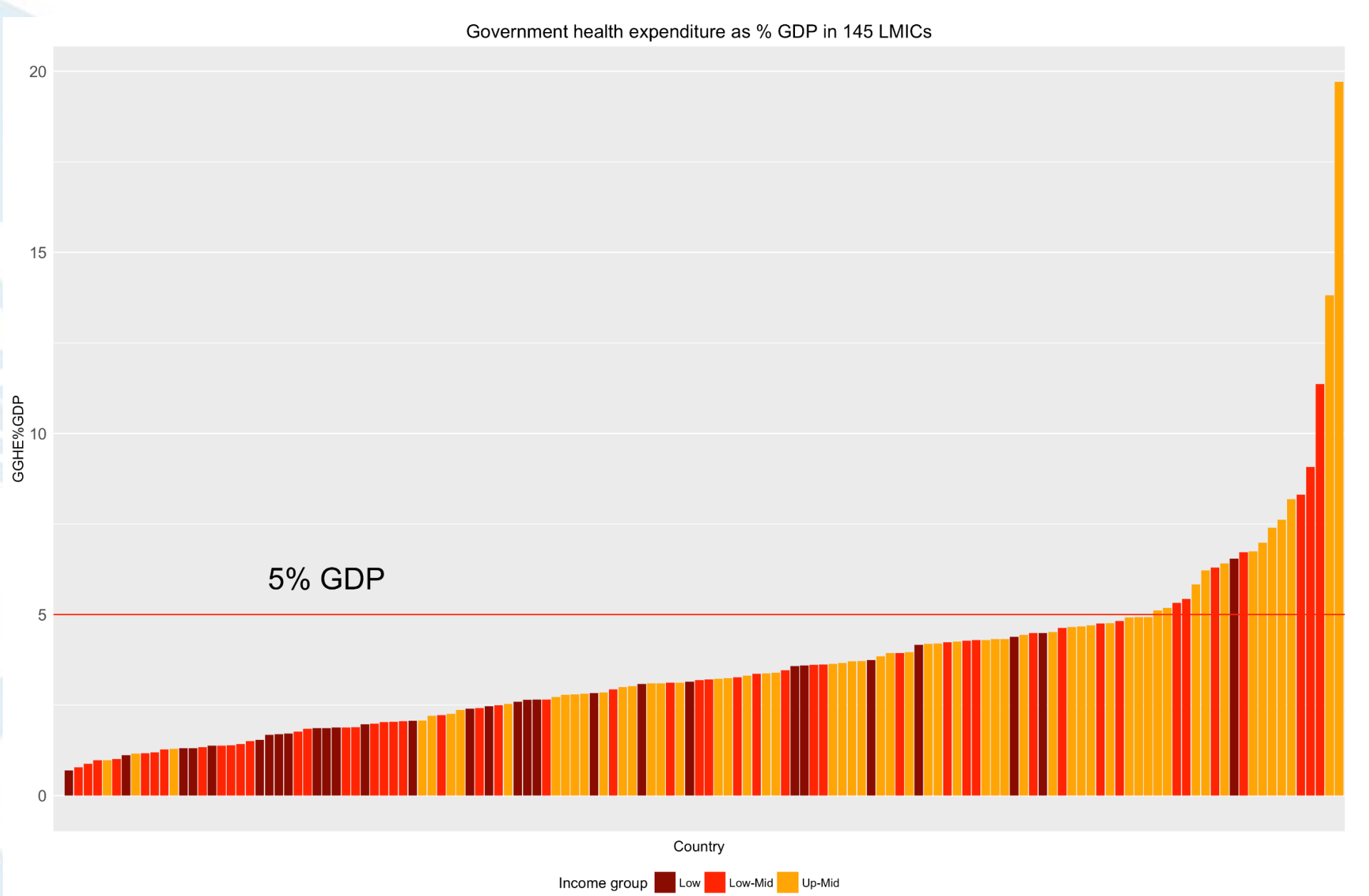
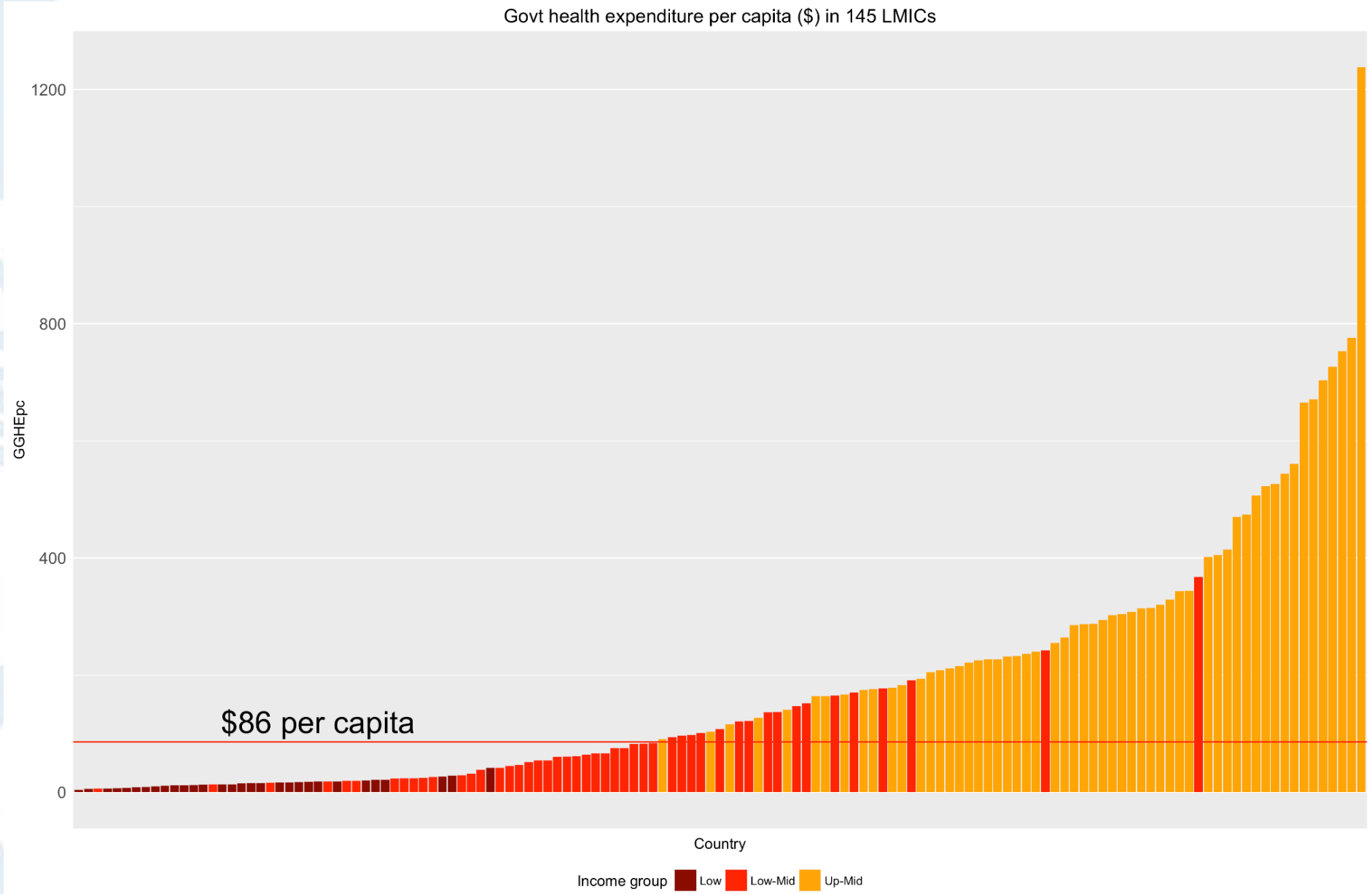


Source: Enhancing Cost Coverage. Presentation at Newton Fund Researcher Links Workshop, Manila, Philippines, 14 January 2016



Source: WHO Global Health Expenditure database, 2013 values



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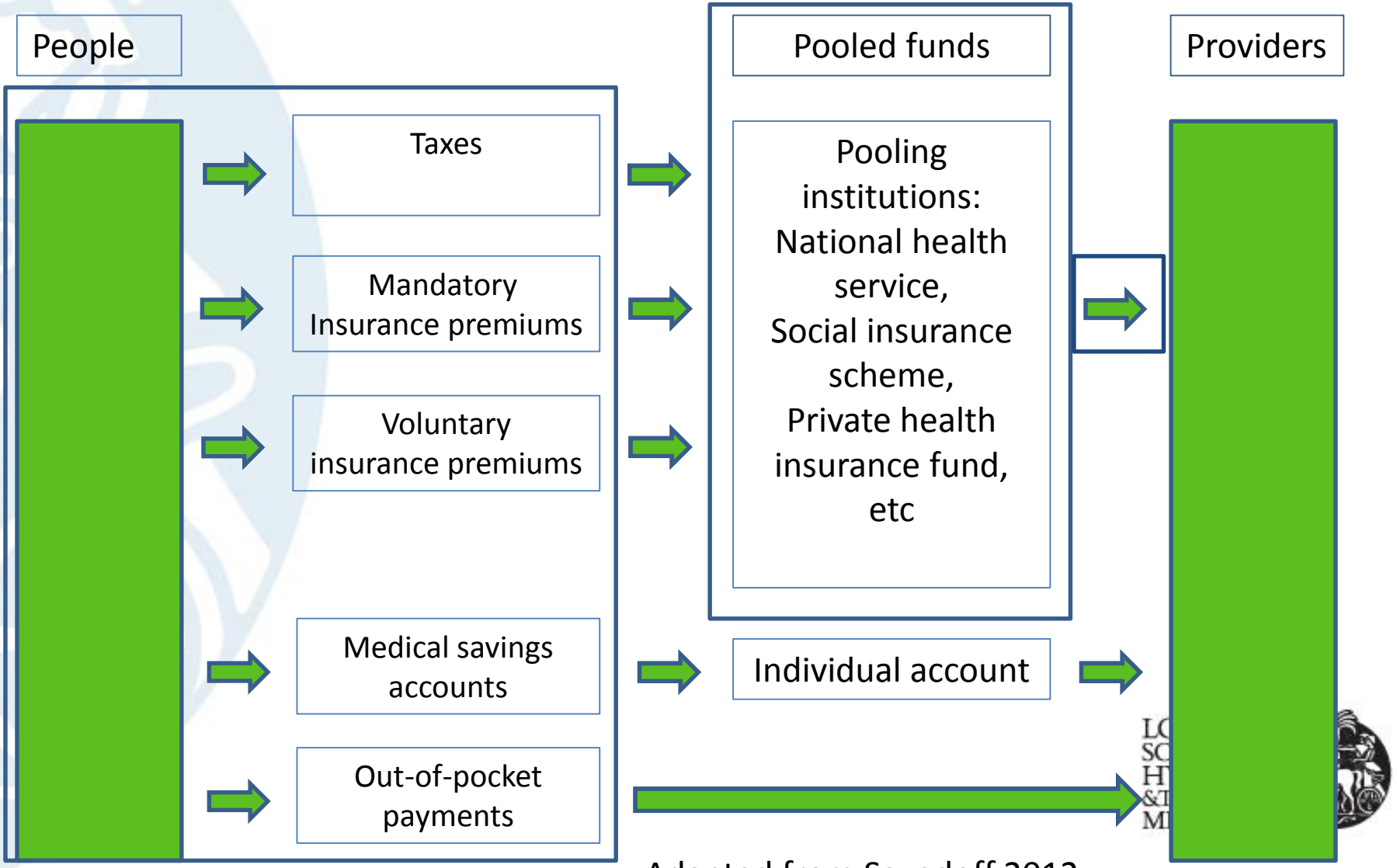
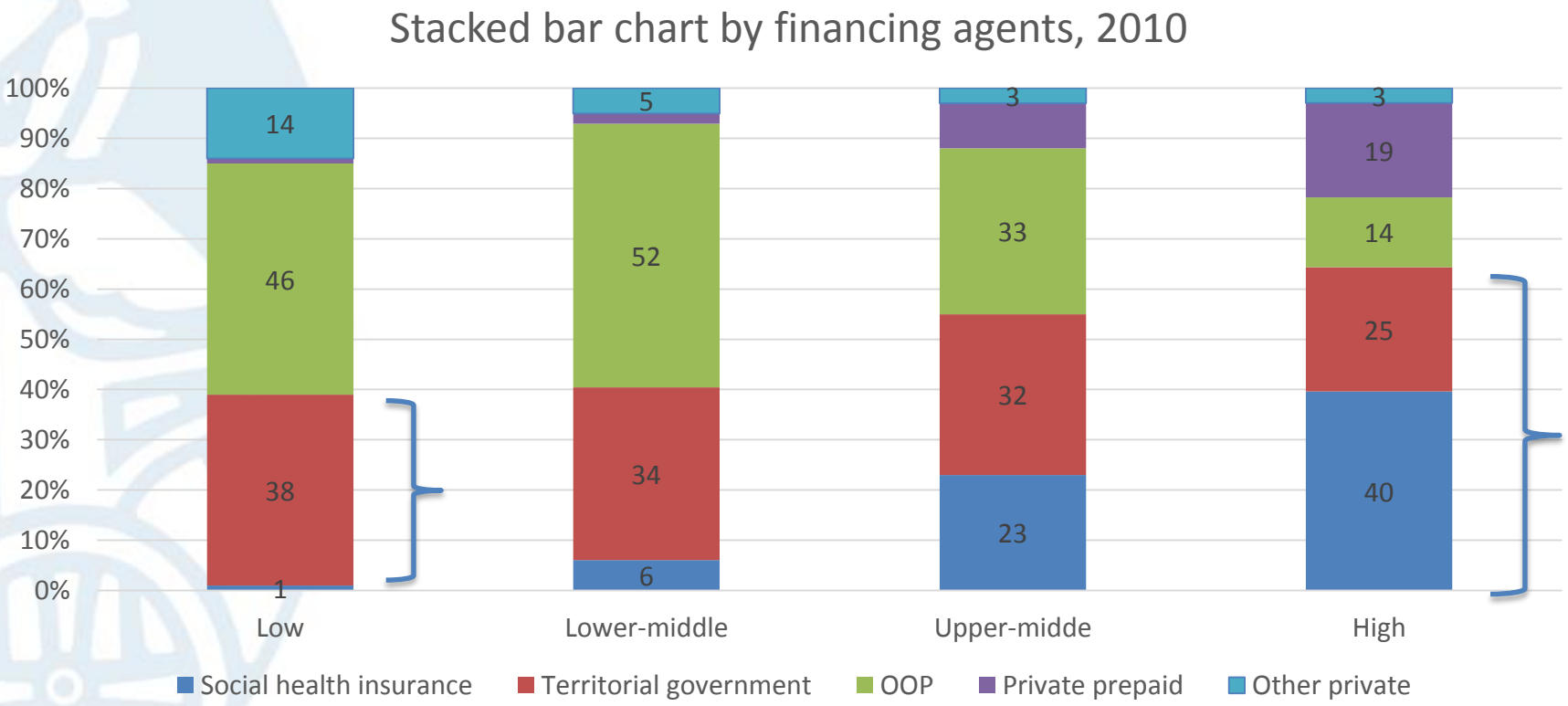
Source: WHO Global Health Expenditure database, 2013 values

HEALTH FINANCING SYSTEM



Adapted from Savedoff 2012

SOURCES OF HEALTH FINANCING 2010 (Source: WHO NHA)



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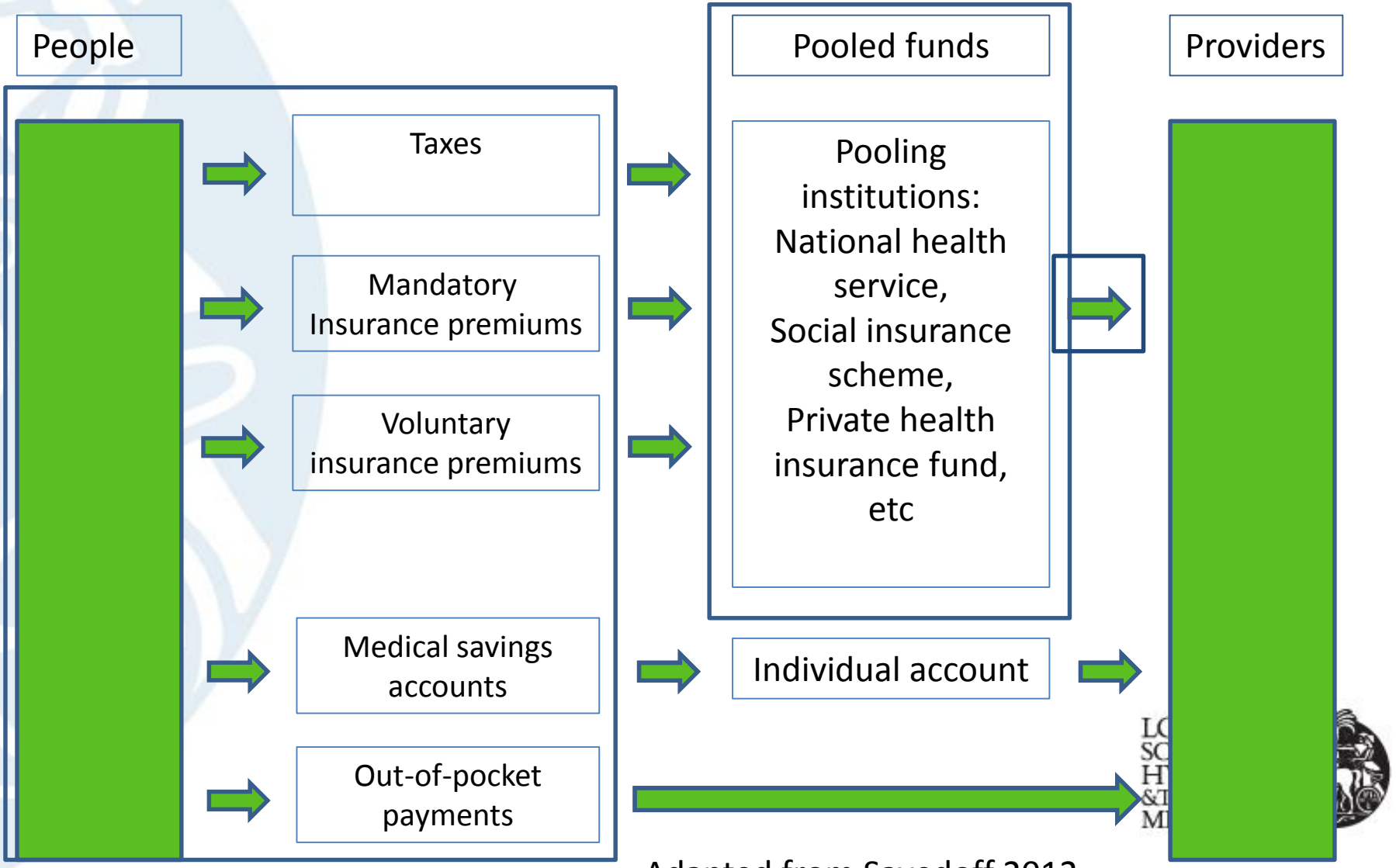
HEALTH FINANCING SYSTEM



Adapted from Savedoff 2012

EXPANDING PUBLIC POOLED FUNDS IMPROVES POPULATION HEALTH

Table 5. Summary of results for the effects of health coverage on mortality†

	Results for a 10% increase in the following indicators:				
	Government health spending per capita	*VHI health spending per capita*	*OOP health spending per capita*	*OOP health spending (share of total)*	*Immunization coverage rate*
Under-5 mortality rate	(–) 7.9 per 1000	No effect	No effect	No effect	Negative significant effect not robust
Female mortality rate (adult)	(–) 1.6 per 1000	No effect	(–) 4.4 per 1000	(+) 11.6 per 1000	(–) 8.5 per 1000
Male mortality rate (adult)	(–) 1.3 per 1000	No effect	(–) 2.9 per 1000	(+) 13.6 per 1000	(–) 6.8 per 1000

Moreno-Serra and Smith 2015

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PURCHASING

- "Strategic purchasing aims to increase health systems' performance through effective allocation of financial resources to providers, which involves three sets of explicit decisions:
  - *Which* interventions should be purchased in response to population needs and wishes, taking into account national health priorities and evidence on cost-effectiveness;
  - *How* they should be purchased, including contractual mechanisms and payment systems; and
  - *From whom*, in light of relative levels of quality and efficiency of providers." (Figueras et al. 2005)

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SPECIFICATION OF THE SERVICE ENTITLEMENT

- List what is excluded or what is included?
- Guarantee ‘basic’ package?
- Interventions selected based on criteria of cost-effectiveness or financial protection?
- Comprehensive package or hospital care only?
- How to involve users in the setting of the package?

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SELECTING PROVIDERS AND ORGANISING ACCESS

- Limit to public providers only or use as a tool for involving the private sector through contracts?
- Use provider selection to improve quality (eg. accreditation)?
- Limited list of eligible providers (e.g. through accreditation scheme) or all?
- Rules/limits on access to private providers?
- Patient incentives to encourage care at most appropriate level (e.g. bypass fees)?
- Primary care gatekeeper role to limit access to higher levels of care?
- Make primary care a budget holder for referral care?

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CONTRACTING AND PROVIDER PAYMENT

Key difference between passive purchasing and strategic purchasing

Specification of “contracts”

- Provider payment mechanisms?
- Pay for performance?
- What information systems needed for monitoring?

How to build in support for quality improvement?

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Many important system design questions

Little evidence from LMIC settings

RESEARCHING PURCHASING

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MULTI-COUNTRY STUDY OF PURCHASING ARRANGEMENTS:

- Describe the current purchasing mechanisms in participating countries
- Illustrate each of the selected purchasing mechanisms using a framework of three core principal-agent relationships
- Critically assess the existing purchasing performance by examining what actually occurs in current purchasing practices, focusing on the behaviour/actions undertaken by the purchasers (*actual practice*), and compare this with what purchasers would be expected to do under a strategic purchasing mechanism (*ideal practice*)
- Identify factors that enable or hinder effective purchasing
- Draw lessons and make policy recommendations to promote effective purchasing arrangements for universal coverage.

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THEORETICAL FRAMEWORK

- Principal agent theory (Arrow 1985; Milgrom and Roberts 1992)
  - How incentives, information, resources, decision-making, delivery mechanisms and accountability work to structure the relationship between principal and agent to achieve desired outcomes

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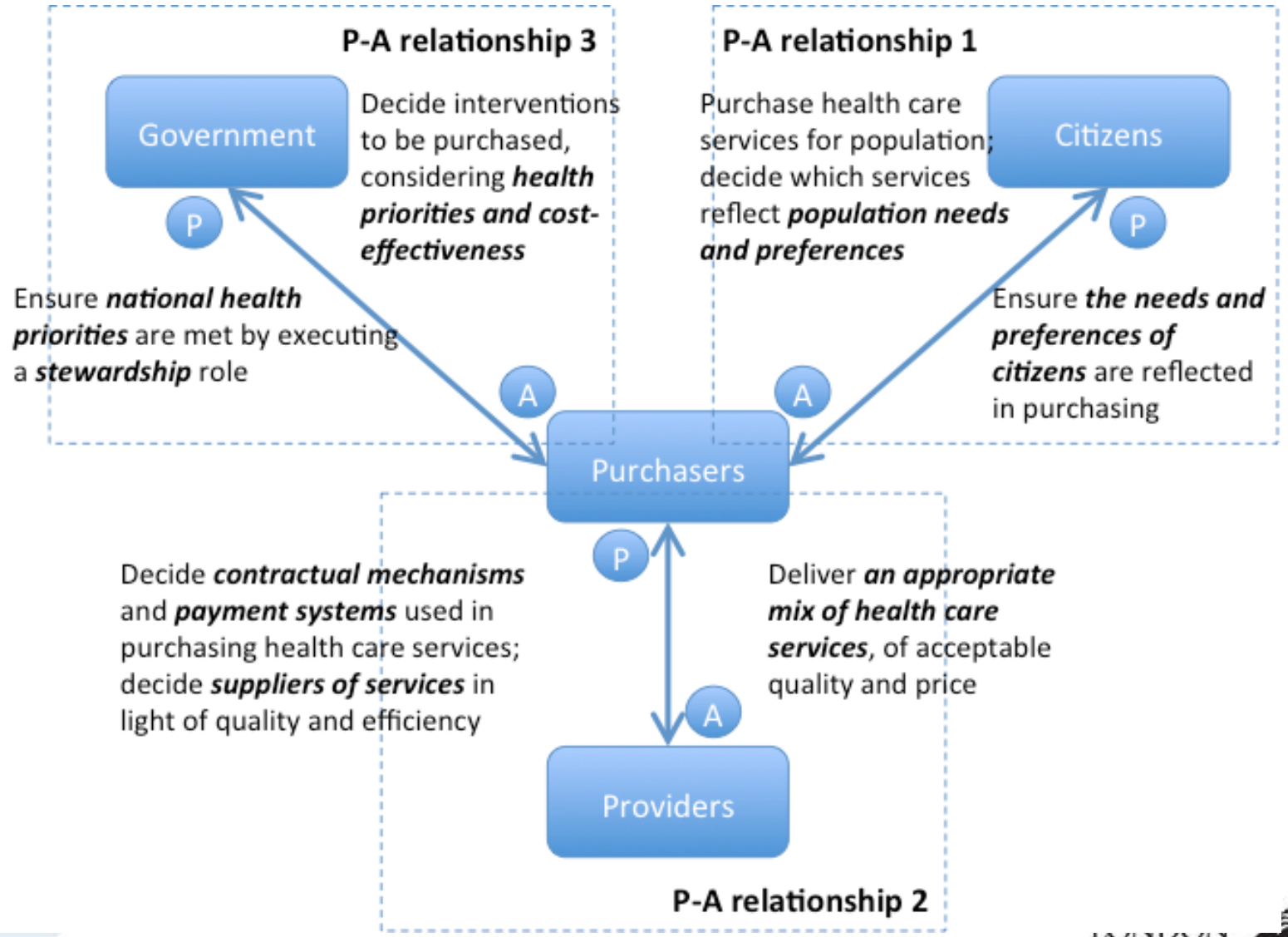

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Adapted from Forder et al. 2005

METHODS

- Case study methodology, with purchasing mechanism as the “case”
- Mixed methods – document review, key informant interviews, secondary data analysis
- Theory-informed evaluation/assessment: Are the institutions (resources, incentives, information, decision-making, delivery mechanisms and accountability) in place to achieve the objectives of strategic purchasing in a principal/agent framework
- Qualitative methods of analysis: Deductive analysis (based on framework) complemented by inductive analysis + cross-case comparison (within and between countries)

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STUDY COUNTRIES

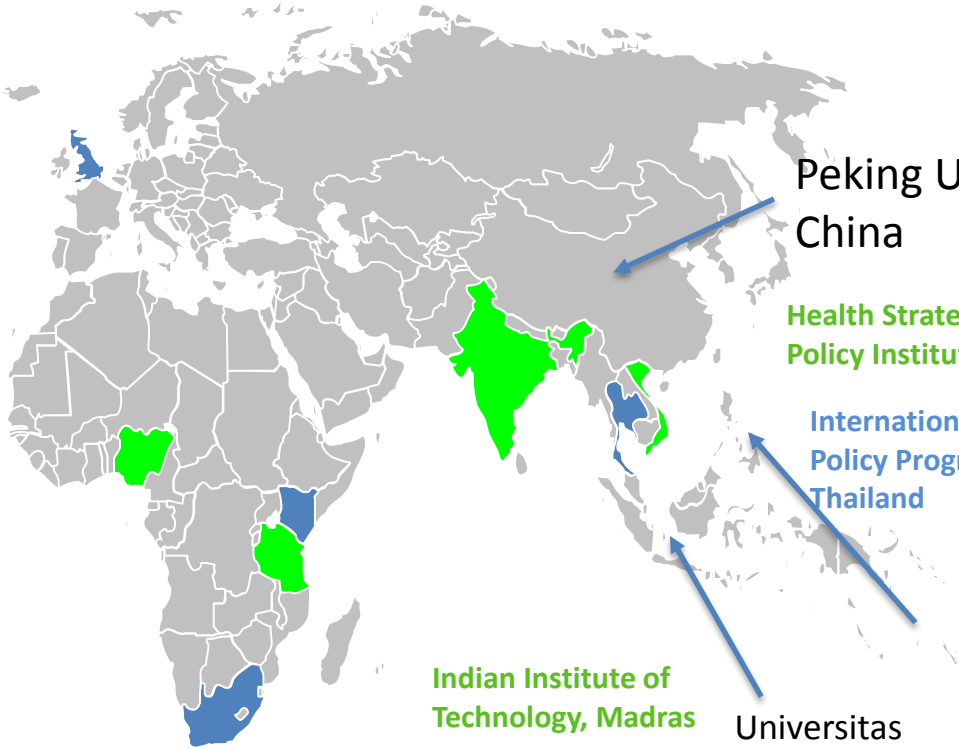
Health Economics and Systems Analysis Group, LSHTM

Health Policy Research Group, University of Nigeria

KEMRI-WT Programme

AMREF, Kenya

Ifakara Health Institute, Tanzania



Peking University, China

Health Strategy & Policy Institute, Vietnam

International Health Policy Programme, Thailand

Philippines Institute of Development Studies

Universitas Gadjah Mada, Indonesia

Indian Institute of Technology, Madras

Health Economics Unit, University of Cape Town

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PURCHASING MECHANISMS BEING EXAMINED IN STUDY COUNTRIES

	General tax funded service	Social Health Insurance	Private / voluntary insurance
China		√ (NCMS)	
India (Tamil Nadu)	√	√	
Indonesia	√	√√	
Kenya			√ √
Nigeria	√	√	
Philippines		√	
South Africa	√		√
Tanzania	√	√	√
Thailand	√	√ (CSMBS)	
Vietnam		√	

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THEORETICAL IDEAL

Providers:
Select providers, considering range, quality, location
Establish service arrangements
Develop formularies and standard treatment guidelines
Establish payment rates
Secure information on services provided
Audit provider claims
Monitor performance, act on poor performance
Protect against fraud and corruption
Pay providers promptly
Allocate resources equitably across geographic areas
Establish and monitor user payment policies
Develop, manage and use information systems

PURCHASER

Government:
Establish clear frameworks for purchaser and providers
Fill service delivery and infrastructure gaps
Ensure adequate resources mobilised to meet service entitlements
Ensure accountability of purchaser

Citizens:
Assess population needs, values, preferences
Inform citizens of their entitlements and obligations
Ensure access to services
Establish mechanisms to receive and respond to complaints and feedback
Publicly report on user of resources and performance

PURCHASER-GOVERNMENT

- Differences between public contract and public integrated systems
- Delegated authorities, fiscal federalism come into play in integrated systems with tax funding; government mandates without additional resources, and accountability relationships often focus on financial management (S Africa)
- Addressing equity – ensure appropriate infrastructure in place; access in remote rural areas is a challenge to purchasing model (eg. China, Indonesia) – utilization heavily influenced by supply side availability

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PURCHASER-PROVIDER

- Challenges of selecting providers
  - Accreditation systems rare
  - "Thin" supply side (esp in rural areas) – obliged to contract with all public providers (Vietnam); performance management vs. contracting approach to QA
- (Linked) Inadequate health worker supply – esp in remote locations (eg. China, Vietnam)
- Efforts to change provider payment mechanism – esp in contract model
  - Capitation – Vietnam
  - Case-based payment – Indonesia, China, Philippines
  - Capitation plus DRG – Thailand
- But concerns about safeguards against gaming (eg. Indonesia, Philippines)
- Failure to establish and monitor user payment policies leads to cost-shifting to patients
  - Philippines – balance billing for unregulated professional fees
  - Vietnam – charges for services that are not covered (and policy conflict)
- Gradual introduction of standard treatment guidelines, care pathways in directing resources (eg. China)

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PURCHASER-CITIZEN

Vietnam – Vietnam Social Security

"The purchaser-citizen relationship is perhaps the weakest of the three relationships covered in this study. Currently there is no dialogue between government and citizens or purchasers and citizens to assess needs or preferences. Service entitlements are updated in a top-down approach, based to some extent on the types of cases presenting at different level state facilities" (Vietnam briefing note).

China – New Cooperative Medical Scheme

- ***Patient, Xianglushan village hospital, Yiyan county, Henan:*** "NCMS has never consulted with us, they just ensure we know well about NCMS policies".
- ***Patient, Shangxinzhuang village hospital, Huangzhong county, Qinghai:*** "We do not know where to complain if we do have dispute with hospitals"

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PURCHASER-CITIZEN(2)

Tanzania – District level purchaser – pooling CHF and general tax funds

"As it has been observed national development priorities are usually identified through a top down process, using stakeholders at the national level and MoHSW and PMORALG. On the other hand budgeting process takes a bottom up approach whereby priorities are identified at the village level. In most cases there is a challenge that priorities that have been identified by the citizens during the budgeting process will not match the development priorities identified at the national level. In this case village plans will rarely be effectively reflected in the final plans prepared by the LGAs and submitted to the PMORALG".

"Another challenge that has been identified is the fact that the process of budgeting usually starts with long delays and with unreliable indicative budgets. In this case it is difficult to undertake effective participatory planning because everything is conducted in a hurry to meeting budget deadline without giving time for citizens to discuss their priorities. In most cases village plans are too ambitious and un-implementable compared to available resources hence discouraging citizens' effective participation in the planning process"

- Draft Tanzania report

PURCHASER-CITIZEN (3)

Thailand – National Health Security Organization (UCS purchaser)

- Citizens represented through CSOs represented on the NHSO Board
- NHSO convenes an annual meeting of members, to hear viewpoints, needs, demands, and report previous year's performance
- Membership updated for all three schemes through linked databases
- Awareness and use of entitlements is high
- 24-hour call centre to provide advice and support to both healthcare providers and members and resolve conflicts; took 600k calls in 2014
- Annual satisfaction survey of members
- Annual public report of NHSO performance

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LINKS TO POLICY AND DISCOURSE

Rare to see purchasing function labelled as such (Vietnam)

Studying purchasing arrangements may be helping decisionmakers to take more integrated approach:

"For instance, HSPI is using the Vietnam study of strategic purchasing within their wider role in shaping the health financing system, encouraging policymakers to link individual policy initiatives such as changing the provider payment system and strengthening capacity for HTA, to the broader health system functions of purchasing" (RESYST Annual Report 2015)

South Africa – White Paper on National Health Insurance includes plans to develop a strategic purchasing authority

Thailand – Influential in the SE Asia region, in training and TA, including purchasing resources in their training materials

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A FEW POINTS FOR DISCUSSION

- Policy sequencing – changing to higher-powered contracts and payment systems requires backup functions of financial and quality audit
- Policy conflict – eg. strategic purchasing vs. autonomous hospitals
- Appropriate level of organisation – decentralized (eg. China) vs. centralized (eg. Thailand) systems
- Managing multiple funding streams – mix of input- and activity-based funding (plus donor-provided resources); difficult to predict the effects on provider behaviour
- What scope for introducing strategic purchasing practices within an integrated public system? Is a purchaser-provider split necessary? Will transaction costs exceed any efficiency gains?
- What capacities needed of a strategic purchasing authority? What broader network capacities?

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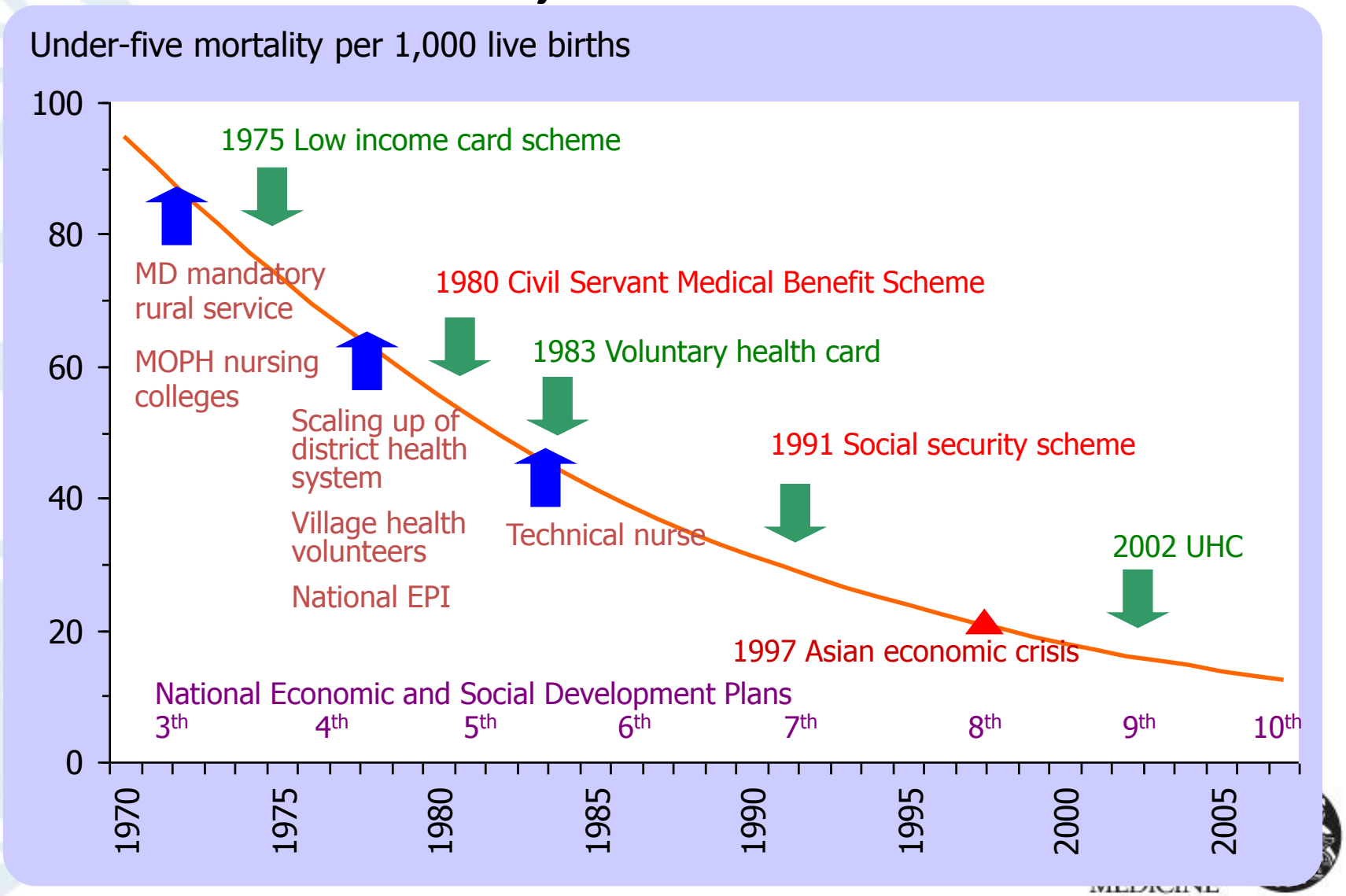
THAILAND HEALTH SYSTEM DEVELOPMENT , 1970s-2010s



Source: U5MR was analysed from IHME data; from Srithamrongsawat 2013

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Vietnam: Hoang Thi Phuong, Tran Thi Mai Oanh

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