How can strategic purchasing improve healthcare service quality?

Lessons learnt from the experience of six countries in Asia and Africa

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BACKGROUND

Strategic purchasing and healthcare quality

- **Strategic purchasing** has received increasing attention as a means for improving health systems performance, including service quality
- Healthcare service quality encompasses:
  - The operating structure at health facilities
  - The processes involved in healthcare service provision
  - Clinical outcomes and patient satisfaction
- Healthcare quality can improve **by changing in provider behaviour**, addressing the operating structure of health facilities and processes in service delivery, use of systematic methods and strategies
- Strategic purchasing, in which **purchasers use levers to influence providers behaviour** to improve provider responsiveness and efficiency, can be a route to improving healthcare service quality

Objectives

- The study aims to:
  - Identify (potential) **policy tools that purchasers can use to influence provider behaviour** for improvement in healthcare service quality
  - Critically examine **whether any of the identified tools are currently used** in the purchasing mechanisms operating in a number of low- and middle-income countries (LMICs)
  - Discuss **issues associated with purchasers' use of 'quality improvement tools'**, and how strategic purchasing can be used to improve quality

METHODS

Multiple case study

- **A multi-country study** was undertaken to examine how healthcare purchasing functions in LMICs from a 'strategic purchasing' perspective
- One aspect of the study examined **healthcare service quality**
- The study employed **a case study design** where purchasing mechanisms operating within a country were the 'case'
- This study examined 10 cases in 6 countries:
  - **Indonesia** – National Social Security (JKN)
  - **Kenya** – Community-Based Health Insurance (CBHI) and Private Health Insurance (PHI)
  - **Nigeria** – Tax-funded health system and Formal Sector Social Health Insurance Program (FSSHIP)
  - **Thailand** – Universal Coverage (UC) Scheme and Civil Servant Medical Benefit Scheme (CSMBS)
  - **South Africa** – Tax-funded health system and Medical Schemes
  - **Vietnam** – Social Health Insurance (SHI)

Data collection and analysis

- Data were collected through:
  - Review of literature on purchasing and healthcare quality
  - Review of policy and other related documentation
  - Key informant interviews with government officials, purchasers, healthcare providers
  - Focus group discussions with healthcare service users
- A framework of three key purchasing relationships generated the ‘theoretical ideal’ of strategic purchasing actions
- The theoretical ideal was compared with policy content and actual purchasing practices in each case
- Policy design gaps and implementation gaps were identified to determine how the selected purchasing mechanisms functioned

Cross case comparison

- The cross-case comparison involved:
  - Preparation of a broad thematic framework
  - Mapping the case study findings to the thematic framework
  - Identification of patterns in policy design and implementation gaps for three types of purchasing mechanisms:
    - **The public integrated model** – on-budget financing of healthcare provision; healthcare providers are part of the government workforce
    - **The public contract model** – public purchasers contract healthcare providers to supply services; purchasers can be either government agencies or social security fund managers
    - **The private contract model** – private purchasers contract healthcare providers to supply services

FINDINGS

Quality improving tools are closely linked with two aspects of quality

- A number of tools can be strategically applied by purchasers to improve healthcare quality. These tools include:
  - Criteria for the selection of healthcare providers
  - Use of contracts
  - Guidance and support
  - Monitoring and measurement
  - Provider payment mechanisms
  - Incentives, sanctions and penalties
- These tools are closely linked with two aspects of healthcare quality:
  - **The structural or input quality** of healthcare providers
  - **Process quality** in healthcare service provision

Purchasers tend to focus on efficiency gains rather than quality

- The focus on **financial efficiency rather than healthcare service quality** may be due to:
  - Inadequate funding of purchasing mechanisms, resulting in increased focus on financial efficiency
  - Purchasers' lack of awareness of their responsibility to citizens/members
- Absence of a shared understanding of purchasing for healthcare quality may have resulted in **weak relationships between existing levers, quality measurement, explicit and implicit contract terms, and the contracting process**
  - E.g. In many of the case studies, there was no link between monitoring and the terms of contracts, and the consequences of good or poor healthcare service quality are unclear

Monitoring focuses more on structure than process and clinical dimensions

- The case studies indicate that **monitoring focuses more on structural indicators than on process and clinical quality indicators**, often due to difficulties in establishing and assessing processes and clinical quality
- When purchasers have inadequate technical and/or clinical knowledge they must rely on providers' reports on their own processes
  - When monitoring quality, the capacity of purchasers must be considered including:
    - **The technical capacity** of the purchasers
    - **Information system** to support purchasers
    - **The network of health systems actors** with whom purchasers can collaborate to measure quality

Public contract systems use a range of quality promoting tools but…

- The policy design for public contract systems tends to include a more comprehensive package of quality promoting tools than that used in public integrated systems
  - E.g. FSSHIP in Nigeria
    - Healthcare providers must be **accredited** by NHIS prior to entering into contracts
    - HMOs, the purchasing administrators, manage **contracts** between NHIS and providers which entails healthcare service **monitoring** (including **patient satisfaction**), **payments**, and **reporting** from providers

…the tools often experience implementation challenges

- Quality promoting tools **do not always function as policy design intends**
- Policy implementation gaps are exacerbated by:
  - A lack of clarity in the roles and responsibilities of the actors using the quality promoting tools
  - Lack of coordination between actors
  - The level of authority given to actors
- E.g. National Social Security (JKN) in Indonesia
  - The roles and responsibilities of health administrators, at both the central and local levels, and the newly formed purchaser (BPJS) are yet to be determined
  - There is some uncertainty about who will provide what types of supervision and guidance to health facilities

Public integrated systems are constrained by limited resources…

- Public integrated systems tend to use a ‘minimum’ package of quality promoting tools, including:
  - Provision of guidance and support
  - Monitoring
  - Accountability
- In public integrated systems, effective implementation of tools may be **constrained by both financial and human resource capacity**
  - E.g. Tax-funded systems in Nigeria and South Africa suffer from limited financial and human resources, affecting the ability of purchasers to undertake regular monitoring and supervision of healthcare providers

…and how the quality promoting tools are used by public sector managers

- The quality promoting tools used within existing public sector management frameworks **do not send specific signals** to improve quality
  - The public sector management framework does not allow public purchasers to use tools strategically
  - Public providers often lack autonomy to respond to signals sent by the tools
- E.g. Tax-funded system in South Africa
  - Some front-line health workers feel that providing quality health services 'punishes' them as providing quality care increases patient numbers and creates more work at health facilities already experiencing a heavy workload

"…you try and run a good service, but then you shoot yourself in the foot 'cause then more people come…got influx of more people…" (FGD with facility managers in South Africa)

SUMMARY AND DISCUSSION

Discussion and conclusion

- A number of tools are available to help healthcare purchasers improve healthcare quality; **the tools often relate to structural features, inputs and processes**
- Providers, governments and purchasers do not share a common understanding of purchasing for healthcare quality, causing **disparity in explicit and implicit contract terms, existing levers and measurement of healthcare quality**
- When monitoring healthcare quality, structural indicators are used more often than process and clinical quality indicators, often due to difficulties in establishing and assessing process and clinical indicators
- **Development of the technical, system and network capacity of purchasers** will improve the quality of healthcare services through the strategic use of quality measurements
- Where a number of quality improving levers exist, it is **critical to establish governance mechanisms to effectively implement these tools**