

Examination of Multiple Funding Flows to Health Facilities - A case study from Viet Nam



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Introduction

Where financing systems involve multiple purchasing mechanisms, it is important to understand how the mechanisms work together to influence provider behavior, and the potential implications of multiple funding flows for health system goals of equity, efficiency and quality.

As part of a three country study involving Viet Nam, Kenya and Nigeria, the Vietnamese Health Strategy and Policy Institute examined the multiple funding flows to public hospitals in the country.

Aim of the study: To better understand how multiple funding sources flow to healthcare providers in Viet Nam, and the likely implications of multiple funding flows for overall financing system coherence and for the health systems goals of equity, efficiency and quality.

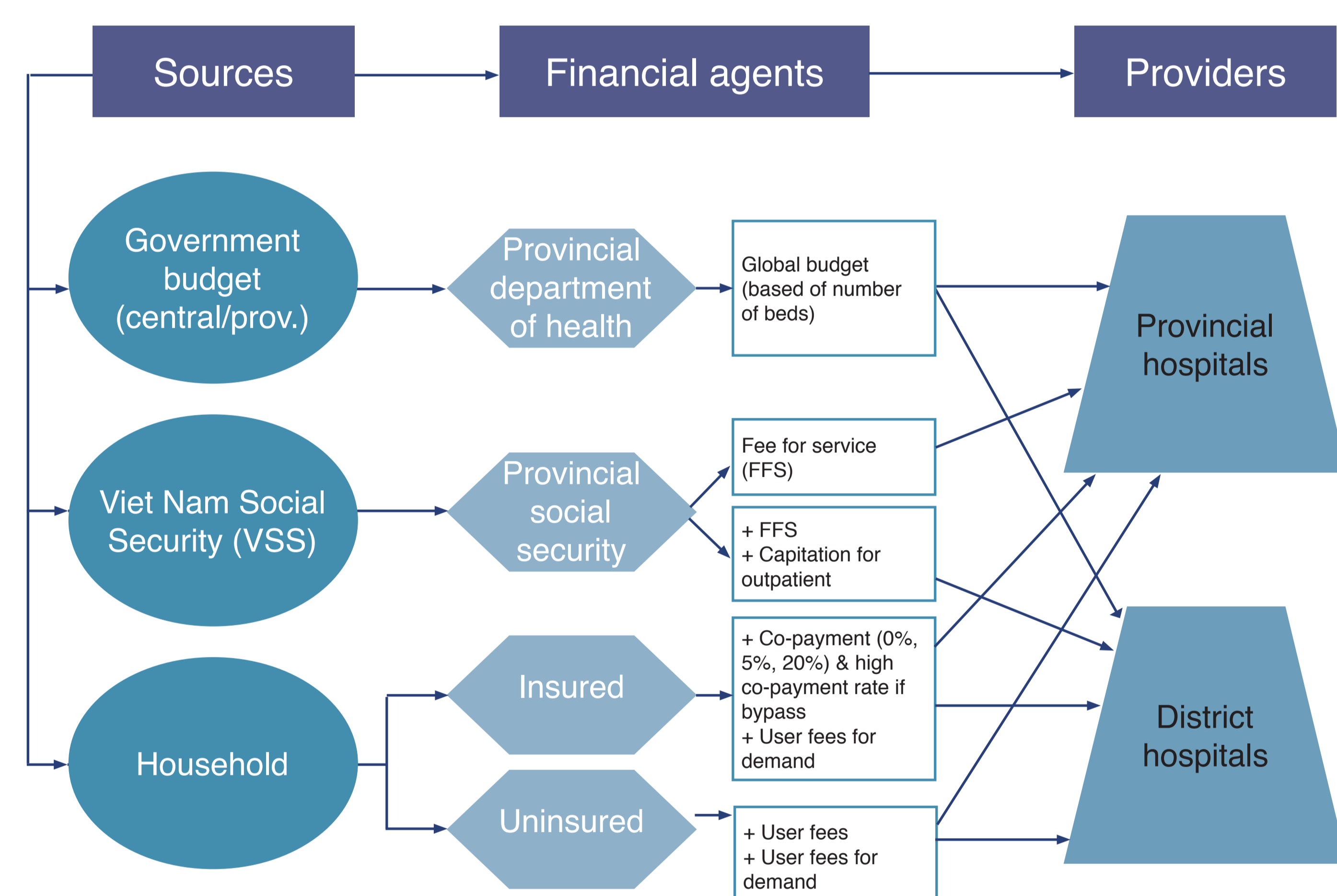
Methodology: The study used a case study approach, collecting information from a review of policy documents and published literature, secondary data analysis, in-depth interviews and focus group discussions with representatives of stakeholders at all levels. Data were collected in four public hospitals in two provinces: two general provincial hospitals and two general district hospitals.

Key findings

Funding flows in Viet Nam

Figure one shows the purchasing actors, healthcare providers, payment methods and funding flows to provincial and district hospitals in Viet Nam.

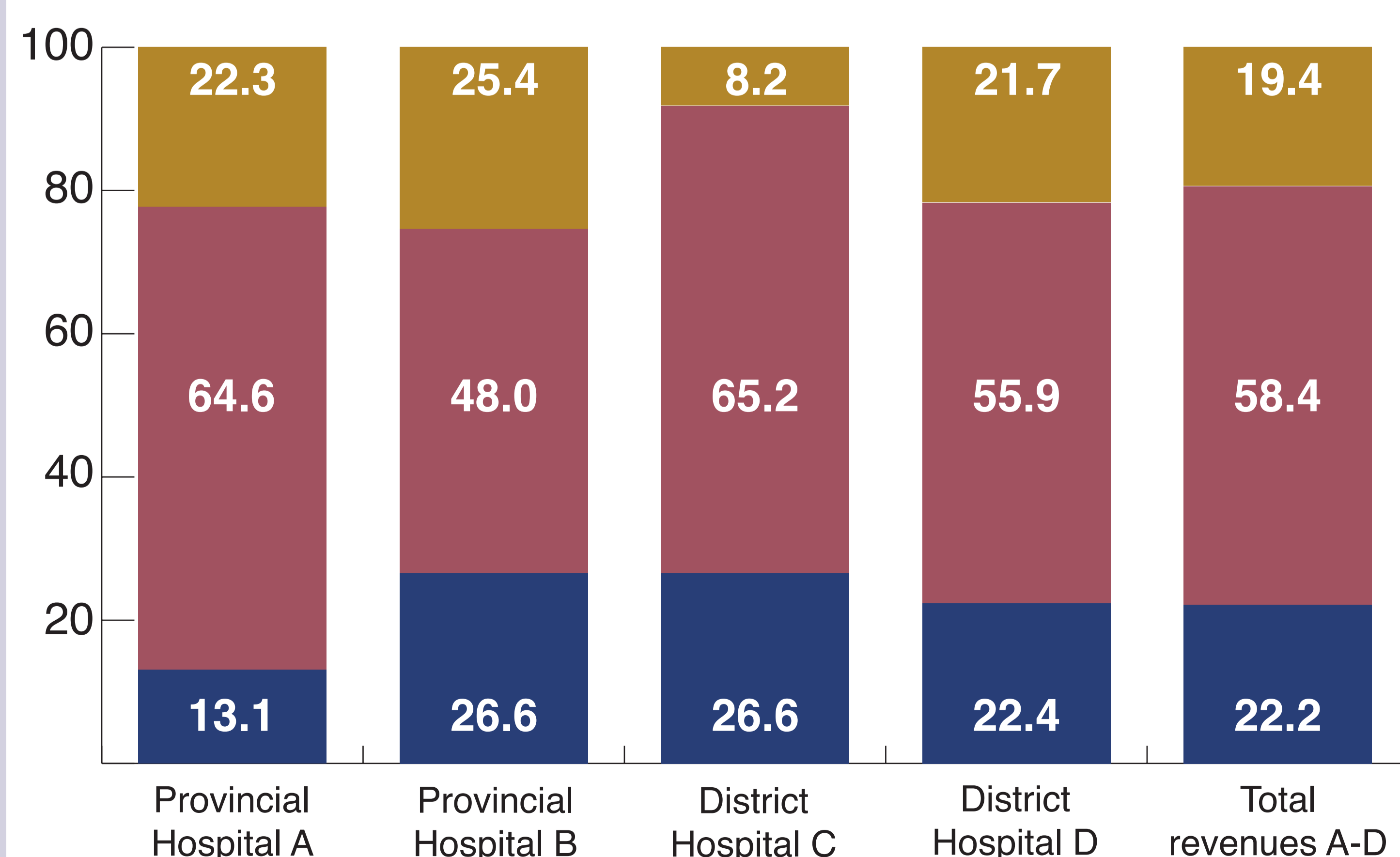
Figure one: Financing infrastructure and flows for curative care in Viet Nam



Sources of hospital funding

Funding for hospitals in Viet Nam comes from three sources: **health insurance** (58.4%), **state budget** (22.2%) and **user fees** (19.4%). Two different user fee systems are in operation: fees for uninsured patients and fees for 'on-demand' (private) services.

Figure two: Structure of multiple funding flows in public hospitals in Viet Nam, 2016



Benefits of multiple funding flows

Financing from different sources played an important role in reducing the effects of financial constraints caused by inadequate funding from the state budget and health insurance. It also enabled hospitals to invest in services and to supplement the income of hospital staff.



Effects of multiple funding flows on provider behaviour

1. Shifting of resources within the hospital: Higher quality services and health workers were provided for the on-demand services to attract patients, including insured patients.

“There is an on-demand service area in the hospital, where specialist doctors, good doctors from leading central hospitals are invited to come for patient care, including modern equipment.”

2. Shifting of patients from the health insurance and hospital fees areas to on-demand clinics or from outpatient to inpatient care: This resulted in unnecessary admissions to attract higher hospital bed fees.

“Insured patients can get services and drugs in line with legal regulations. However, as informed by physicians, additional clinical or technical services with high cost and high quality [may] still be prescribed to patients if they can afford the extra fees.”

3. Cost shifting to patients paying on-demand fees: Allowing hospitals to charge different prices for the same service has created the potential for hospitals to increase revenue by charging higher prices to wealthier patients.

Conclusion

Multiple funding flows have increased financial resources for hospitals in Viet Nam. However, differences in funding flows, with regards to the level of payment, type of payment mechanism and accountability structures, affected provider behavior. Multiple funding flows increased inequity and inefficiency by increasing out-of-pocket costs, reducing financial protection from health insurance, and introducing unnecessary costs for the insured.

Meeting health system goals will require reform of provider payment methods in order to prevent adverse provider responses to multiple funding flows. These include working towards a Diagnosis Related Group and Capitation payment system, improved costing of health care services and transparent accountability.