

Performance criteria for health financing mechanisms

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ETC Crystal

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1. Clarity of concepts
2. Diversity in country health financing profiles
example Zambia
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Public / Private in service provision and in financing

	Public provision	Private provision
Public financing	<ul style="list-style-type: none"> ▪ National health sector programmes ▪ Sub-sector programmes 	<ul style="list-style-type: none"> ▪ Contracting-out ▪ Outsourcing of public services to private providers ▪ Social health insurance
Private financing	<ul style="list-style-type: none"> ▪ Clients' out-of-pocket payment ▪ Donations 	<ul style="list-style-type: none"> • Health Maintenance Organisations • Private health insurance

High Level Taskforce on Innovative International Financing for Health Systems

- Review of around 100 financing options, of which some are analysed in more detail
- Lead options:
 - ✓ Taxes and levies
 - ✓ Frontloading
 - ✓ Voluntary contributions
 - ✓ Private sector contributions
 - ✓ Advanced market commitments
- Little attention to expansion of domestic public funding for health (McCoy, 2009)

Country-level health expenditure profiles

- ... great diversity among SSA countries in:
- Total health expenditure (sum of public + private expenditure)
 - Share of Government
 - Donor funding
 - Private expenditure
 - Private out-of-pocket expenditure
 - Funding mechanisms/channels

Health financing by funding source

Financial indicators for selected countries

Indicators
1 Financial Development Assistance for Health (millions)
2 Financial Development Assistance for Health Per Capita
3 Health Expenditure Per Capita (public + private)
4 Total Expenditure on Health (as % of GDP)
5 Govt Health Expenditure as Percent of Total Govt Exp.
6 Govt Health Expenditure as Percent of Total Health Exp.
7 Private Expenditure on Health
8 External Resources for Health (as % of Total Health Exp)
9 Social Security Expenditure on Health (as % of Govt Exp on Health)
10 Out-of-Pocket Expenditure on Health (as % of Private Exp on Health)

Date	Burkina				
	Faso	Ethiopia	Ghana	Rwanda	Swaziland
2007	\$76	\$511	\$202	\$154	\$20
2007	\$5	\$6	\$9	\$16	\$18
2006	\$73	\$26	\$76	\$89	\$300
2006	6%	4%	5%	11%	6%
2006	16%	10%	4%	19%	11%
2006	57%	59%	34%	43%	66%
2006	43%	41%	66%	58%	34%
2006	33%	43%	23%	52%	12%
2006	0%	0%	NA	4%	0%
2006	92%	81%	78%	39%	41%

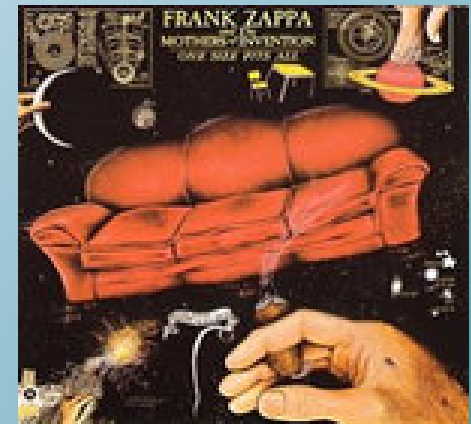
source: www.globalhealthfacts.org

Hence ...

There is not a “one size fits all” remedy.

Frank Zappa

“One Size Fits All”, 1975



Health sector funding mechanisms in Zambia

On-budget:

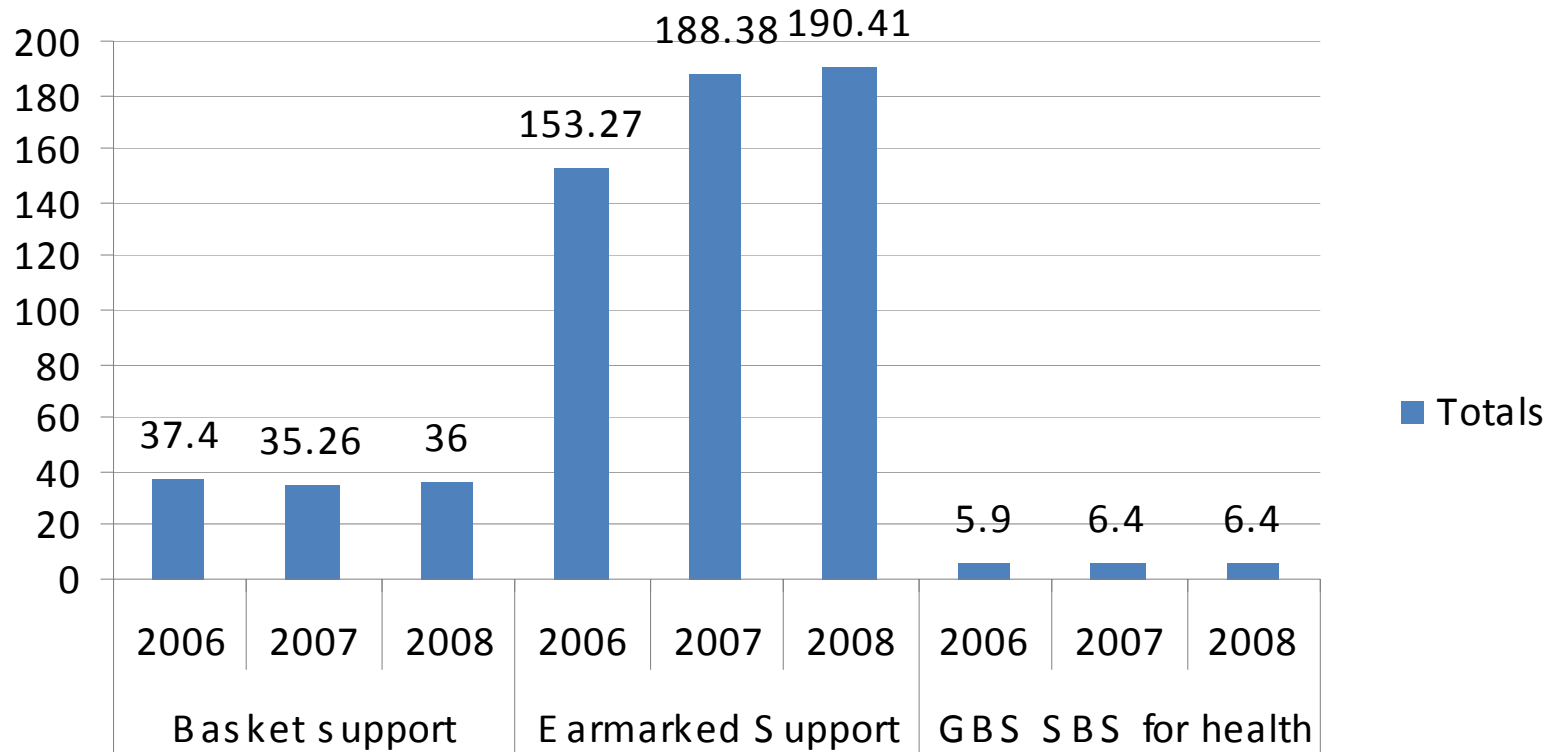
1. Basket funding
2. Earmarked support on-budget
3. Budget support (GBS, SBS)

Off-budget:

- Direct earmarked funding

Zambia, NHSP IV MTR

All sources of funds using government systems US\$ millions- excluding CIDA



Direct earmarked funding, ...

... which is off-budget, has become the largest type of funding available in the health sector in Zambia.

- Recent infusion of GHI's
- PEPFAR and GF alone account for increase in public expenditure from \$11 to \$34 (2004-2006)
- Share of GHI going through public providers versus private providers is not known *
- Skewed towards HIV/AIDS

On a critical note:

Biesma et al. (2009) in Health Policy & Planning:

“Over time, GHI’s have learned to better utilize country systems and support national disease control efforts, while making least progress in enabling countries to implement coordinated financial management and human resource strategies.”

€ \$ € \$ €

Abel-Smith and Rawal in 1992:

Can the poor afford 'free' health services? –
A case study of Tanzania.

Health Policy and Planning 7(4): 329-341.

16 years later, in 2008:

Kruk et al.: User fee exemptions are not
enough: out-of-pocket payments for 'free'
delivery services in rural Tanzania.

TMIH 13 (12): 1142-1451.



This begs the question:

- ✓ What's new?
- ✓ Are we making any progress?

Meanwhile ...



In the same *TMIH* issue (Dec 2008):

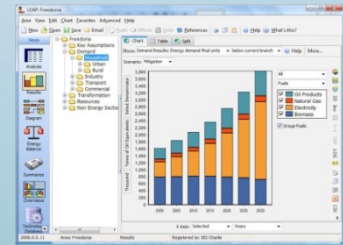
- Coulibaly et al.: Programme activities, a major burden for district health systems?
→ *“Hygeia and Panacea may need to sit together and find a better compromise”*
- Mangham and Hanson: Employment preferences of public sector nurses in Malawi: results from a discrete choice experiment.

... which reconfirms ...

... that multiple factors co-determine

a. whether poor people get the services they require, and

b. whether national health targets & MDGs will be achieved.



➤ Social Determinants of Health (WHO Commission)
Focus on *equitable access*

Hence, ...

PPP or introducing a new financing mechanism may not 'make the difference' if other issues are not taken into consideration as well.

Complementary interventions are required, for instance to ensure:

- ✓ adherence to quality standards
- ✓ retention of health workers who are motivated
- ✓ reliable procurement systems
- ✓ protection of vulnerable groups
- ✓ ...

Conventional performance criteria of health financing schemes

- Service utilisation, enrolment
- Revenue generation / cost recovery
- Utilization of revenues
- Financial protection
- Financial sustainability of the scheme
- Share of total health financing

Ultimately:

- ✓ Equitable access to quality care
- ✓ Improved health outcomes

Six dimensions/building blocks of health systems (WHO)

1 Stewardship	... to ensure strong policies and plans that are effectively implemented in terms of management, regulation, accountability
2 Health workforce	... that is competent, motivated, productive and well-distributed
3 Financing mechanism	... that (a) raises resources fairly and equitably, (b) protects people from catastrophic health expenditure (c) allocates resources efficiently and equitably
4 Supply chain	... that can procure, distribute and ensure efficient use of drugs & medical supplies of assured quality, safety and effectiveness
5 Service delivery	... to those who need it, where and when it is needed
6 Information system	... that gathers, analyses and promotes the use of knowledge about both health status and health system performance

Thus, any initiative

... that claims to strengthen local/national health systems should:

- support one or more of these six building blocks, and
- not undermine any of the others.

Hence, new/alternative health financing mechanisms

... would need to be appraised on their potential not only to

- raise resources fairly and equitably
- protect people from catastrophic health expenditure and/or
- allocate resources efficiently and equitably

But also ...

But also,

... such alternative financing mechanisms should strengthen

✓ **Service delivery**

avoid undue bias in service delivery

avoid negligence of other health priorities *

✓ **The health workforce**

avoid competition for staff and staff time

✓ **The supply chain**

avoid parallel procurement systems **

✓ **The information system**

avoid parallel data collection and reporting

✓ **Stewardship**

in line with national strategic plan and MTEF?

accountable to whom?

And therefore ...

The success of new/alternative financing mechanisms would logically be monitored on an **explicit set of criteria** *derived from* the health system building blocks;
some of these criteria would indicate what these mechanisms would *refrain* from doing (so as to avoid potential negative side-effects)

In conclusion

1. No “one size fits all” solutions to improve health financing
2. New financing mechanisms will not be sufficient
3. Universal performance criteria are appropriate and required

Statement for discussion

- ❖ National health systems, even though they may be weak, should be the first option for any external agency to channel money, procure drugs and supplies, recruit technical assistance, and report on performance and the use of resources.