

STRATEGIC PURCHASING FOR UNIVERSAL HEALTH COVERAGE: A CRITICAL ASSESSMENT

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RESEARCH BRIEF | Financing research theme

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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 service purchasing functions in Vietnam's Social Health Insurance (SHI) fund. It examines the Vietnam Social Security (VSS) as the purchasing agent, and how VSS interacts with three key groups: health service providers, the national government (Ministry of Health (MoH) and Provincial Departments of Health (DoH), and citizens.

The brief compares actual purchasing practices with ideal strategic purchasing actions to identify design and implementation gaps and the factors that influence effective purchasing. Finally, it draws policy implications for what needs to be done to produce the desired actions by groups involved in purchasing.

Figure 1: Description of the purchasing mechanism in Vietnam

Who is the purchaser?	VSS is the government agency responsible for implementing and managing the SHI fund. Its responsibilities include: registering patients, collecting premiums, pooling, purchasing medical services, ensuring SHI fund solvency and growth, settling disputes with health facilities, and managing complaints and grievances of members.
What services are purchased?	The benefit package consists of almost all diagnostic and therapeutic services that medical facilities provide and for which administrative user fees have been set. Most drugs and medical consumables are also included in the package.
Who uses the services?	SHI currently covers approximately 71% of population. Among those, it covers 100% of the poor and ethnic minority people and 100% children under 6 years of age.
Who provides services?	Services are purchased from public sector health facilities and private sector health facilities that meet criteria of MoH and VSS.
How are providers paid?	Fee-for-service is the predominant method of provider payment, but capitation has been introduced at lower level facilities and case-based payment is being researched.

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.

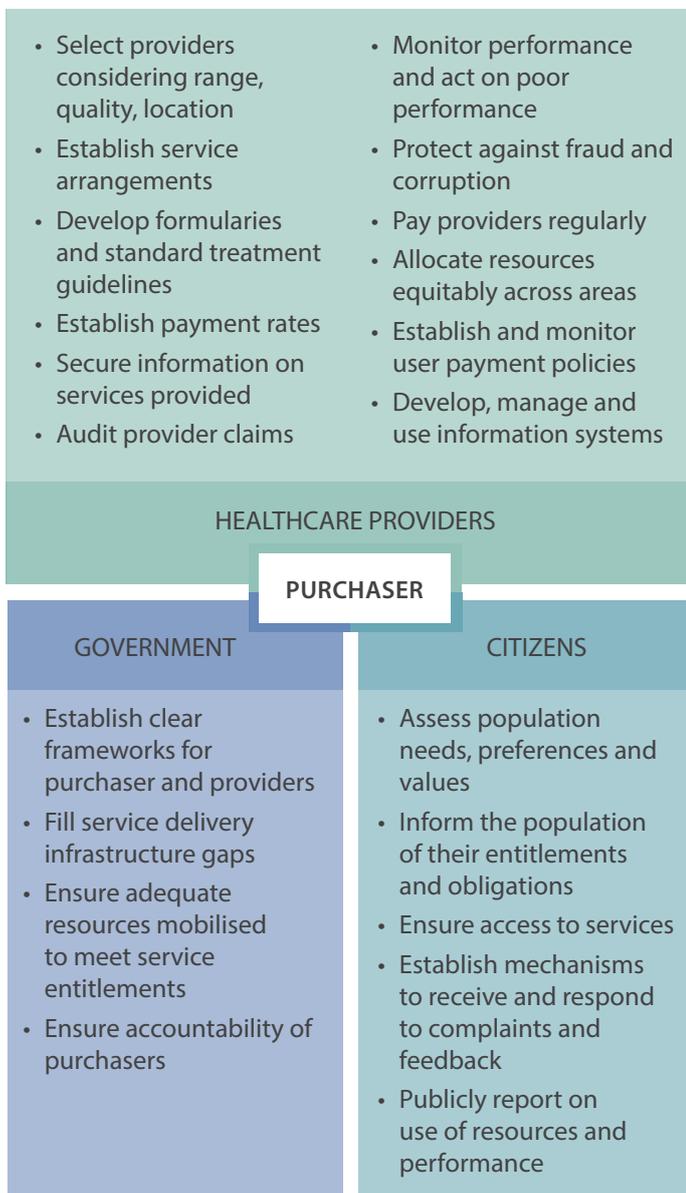
A critical factor in health system performance is the extent to which purchasing decisions are linked to provider behaviour and encourage providers to pursue equity, efficiency and quality in service delivery. This is strategic purchasing.

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. STRATEGIC ACTION BY PURCHASERS IN RELATION TO PROVIDERS

Selection and payment of healthcare providers

- VSS is obliged to provide contracts to all state health facilities based on a list approved by the MoH and DoH each year. Not all public facilities meet government licensing requirements, despite being included on the list of approved facilities, and this inhibits VSS from ensuring

minimum quality standards. Further, contracts between VSS and providers are based on a standard format, designed by the MoH and Ministry of Finance, which does not allow for flexibility to impose additional conditions, e.g. to ensure quality or reduce fraud.

- MoH is responsible for setting prices of medical services and in carrying out reforms of provider payment methods. Fee-for-service is currently the main method used by all health facilities. Capitation payment methods are applied in most provinces but are still based on fee-for-service. However, efforts are being made to reform how providers are paid in Vietnam, with real capitation payments, case-based payments and diagnosis-related groups being piloted in some provinces.

Packages of care

- The SHI benefit package is based on an inclusive list and covers all basic ambulatory and hospital services as well as advanced diagnostic and therapeutic services. The MoH is responsible for formulating SHI benefit packages and the VSS is also actively involved in developing the list of drugs and medical consumables reimbursed by the fund.
- The benefit package is not designed on the basis of evidence about healthcare needs and cost-effectiveness, nor on findings from Health Technology Assessments; hence, the MoH and VSS have missed opportunities to improve allocative efficiency. The ability of VSS to ensure efficiency through rational use of services is further hindered by a lack of standard treatment protocols, which provide concrete criteria for clinical decision-making.

Monitoring and accountability

- VSS is inconsistent in how it oversees costs claimed by healthcare providers: in some areas it audits 100% of claims, and in other areas only 20%. Audits focus on financial issues, such as whether the services that are provided are eligible for reimbursement. So far, the capacity of VSS to audit quality of care has been limited by a lack of technical staff and IT algorithms, and more importantly a lack of standard treatment protocols. When violations are detected, the VSS relies on other agencies to impose penalties and is unable to act on poor performance itself. Despite these difficulties, the auditors have helped to limit abuse and fraud of the SHI fund.
- Accountability between VSS and healthcare providers is clearly stipulated in the Health Insurance Law through provisions on payment and financial settlement. In practice, mutual accountability is inhibited by a lack of detailed criteria to assess whether or not services are over provided so as to deny payments, resulting in an imprecise negotiation process for making settlements. In addition, VSS is not sanctioned for slow payments or slow advancement of funds to providers, and as a result there has been limited progress in speeding up VSS settlement of accounts with providers.

2. GOVERNMENT RESPONSIBILITIES

Role of MoH and DoH in health service purchasing

- In Vietnam, the MoH has several functions relating to SHI which include: formulating and issuing regulations on health insurance, deciding which services to purchase, formulating policies to ensure SHI fund balance, and ensuring compliance with health insurance laws and regulations. The DoH is responsible for implementing regulations and handling violations relating to health insurance.
- Roles and responsibility of MoH and VSS are clearly stipulated in Health Insurance Law and legislative regulations; however, coordination between MoH and VSS is weak due to a lack of mechanisms for collaboration. Further, the regulations do not specify details about what information should be shared between the VSS and MoH, and the VSS and DoH. This limits the government's ability to hold the VSS and Provincial Social Security (PSS) accountable for the use of funds.

Ensuring coverage of health services

- The MoH has made substantial efforts to address service delivery gaps by investing in facilities in remote and disadvantaged areas, and training health workers to work in these regions; however, the gaps are still substantial, and the quality of healthcare services is not uniform across localities.
- The MoH has also advocated to the treasury to increase spending on health, in particular to provide subsidies to cover SHI premiums for disadvantaged groups, and to ensure resources are available to meet service entitlements. However, the recent economic downturn has led to reductions in contributions from the employed and reduced tax revenues, restricting growth in the government budget allocated to the health sector.



A doctor examines an older woman at a remote village in Lam Ha district, Lam Dong province.

Ensuring accountability of VSS

- VSS is regularly required to report on management and implementation of SHI. However, current regulations do not provide clear guidelines about what information or data should be reported by VSS to the VSS Management Council and to MoH. In many provinces, cooperation and information sharing between PSS and the DoH is also weak, negatively affecting the provincial government's ability to hold the PSS accountable for use of funds.

3. STRATEGIC ACTION BY PURCHASERS IN RELATION TO CITIZENS

The relationship between VSS and citizens is perhaps the weakest of the three relationships covered in by the research. Currently there is no dialogue between the government and citizens, or the purchaser and citizens, to assess their healthcare needs or preferences. Service entitlements are updated in a top-down approach, based to some extent on the types of cases presenting at different health facilities. Suggestions for revisions to service entitlements come from VSS and health facilities, but are ultimately decided upon by the MoH, not the purchaser.

Engagement with citizens

- The government has clear mechanisms for identifying individuals who are entitled to free health insurance cards (e.g. the poor, children under age 6, etc.) and coverage of these groups is high. However, in mountainous provinces, the process of issuing health insurance cards by VSS has led to substantial delays and there are often errors in information printed on the cards, which are produced manually. There is a lack of clarity about who is responsible for informing the insured about their entitlements, and a lack of funds for communication campaigns, and this has resulted in low awareness among the population.
- Citizens' access to entitlements is currently inhibited by regulations and poor geographic access to quality health services in some rural and remote areas. Recent policy changes reflect efforts to loosen restrictions on where care can be obtained, particularly for residents living in under-served areas.
- There is no agency independent of VSS and the health sector to serve the function of ombudsperson. Reports on use of resources and other performance indicators of VSS are inaccessible to citizens because legislation does not require publicity. While there are dispute and grievances mechanisms in place, citizens are often unaware of them, or they are ineffective.

CONCLUSION AND POLICY IMPLICATIONS

The study makes some recommendations for improvements to move closer to strategic purchasing.

Recommendations for purchaser (VSS)

- Strengthen capacity to commission and use evidence about the cost-effectiveness of health services, so that it can more effectively advocate for an appropriate benefit package to the MoH.
- Provide information and collaborate with the DoH to identify the services that could be upgraded at lower level facilities that would have the greatest impact on reducing costly referrals. This would help to ensure that citizens have access health services at the lowest level of care needed for their condition.
- In relation to provider payment, VSS should put in place cost controls, such as rigorous utilisation review or global budgets, for facilities still using fee-for-service payments.

Recommendations for government (MoH)

- Give VSS more authority to set and enforce criteria and conditions for contracting with facilities so that it can ensure minimum quality standards.

- Improve data sharing and joint data analysis with VSS to facilitate provider payment reform. Greater cooperation between the MoH and VSS is also needed to develop detailed protocols for use in insurance claim auditing.
- Better oversight is required to ensure effective use of the SHI fund and guarantee entitlements of the insured. This will require adjustments to current health insurance governance arrangements to include representation of all stakeholders, including citizens, and empowerment to take action.
- Strengthen and coordinate information systems, including use of the information to enhance the effectiveness and efficiency of services, and to guarantee the rights of the insured.
- Improve grievance procedures through clearer regulations that assign responsibility. MoH should also consider the use of a third party dispute settlement agency.
- Communication among all stakeholders needs to be improved so that the insured know their rights, healthcare providers are certain of rules for reimbursement and about what resources are available to them, VSS and the health authorities know whether patients are satisfied so they can adjust policies, and VSS can provide feedback to providers to ensure greater standardisation of care.

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

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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