

STRATEGIC PURCHASING FOR UNIVERSAL HEALTH COVERAGE: A CRITICAL ASSESSMENT

THE PUBLIC INTEGRATED HEALTH SYSTEM IN ENUGU STATE, NIGERIA



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 Care for All' remains at the centre of global policy debate. A core function of health care financing is purchasing – the process by which funds are paid to healthcare 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 health care purchasing functions in ten low and middle-income countries to identify factors that influence the ability of health care purchasers and other key actors to take strategic actions.

This summary provides an overview of how health services are purchased for the citizens in Enugu State within the public integrated health system. The study involved an exploration of the relationship between the State Ministry of Health as the central purchaser of health services and the national government, citizens and public healthcare providers. The brief compares actual purchasing practices with ideal purchasing scenarios and provides recommendations on how strategic purchasing could be used to improve health system performance.

Within the public integrated health system, the purchaser is the State Ministry of Health (MoH). Services are funded through budgetary allocations to the MoH from the state government, and are delivered by public providers of primary and secondary care to the general population. The MoH decides what health services to provide and how to provide them.

Figure 1: Description of the purchasing mechanism within the public integrated health system in Nigeria

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|-------------------------------------|---|
| Who is the purchaser? | The State Ministry of Health (Policy Development and Planning Directorate and State Health Board) led by the Commissioner for Health, is responsible for transfer of budgeted funds to the providers through the State Health Board for primary and secondary providers. Funds for tertiary services are funded directly by federal government. |
| What services are purchased? | A defined minimum package of care covering promotive, preventive and curative care at primary, secondary and tertiary levels, including services for communicable and non-communicable diseases, child survival, safe motherhood, nutrition, health education, laboratory services and community mobilisation. |
| Who uses the services? | Health services are available to all the residents of the state who desire to use the services. |
| Who provides services? | Public providers deliver services. Private providers are used for few services e.g. mortuary services, immunisation. |
| How are providers paid? | Providers receive a monthly salary. |

WHAT IS STRATEGIC PURCHASING?

The purchasing function of health care 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.

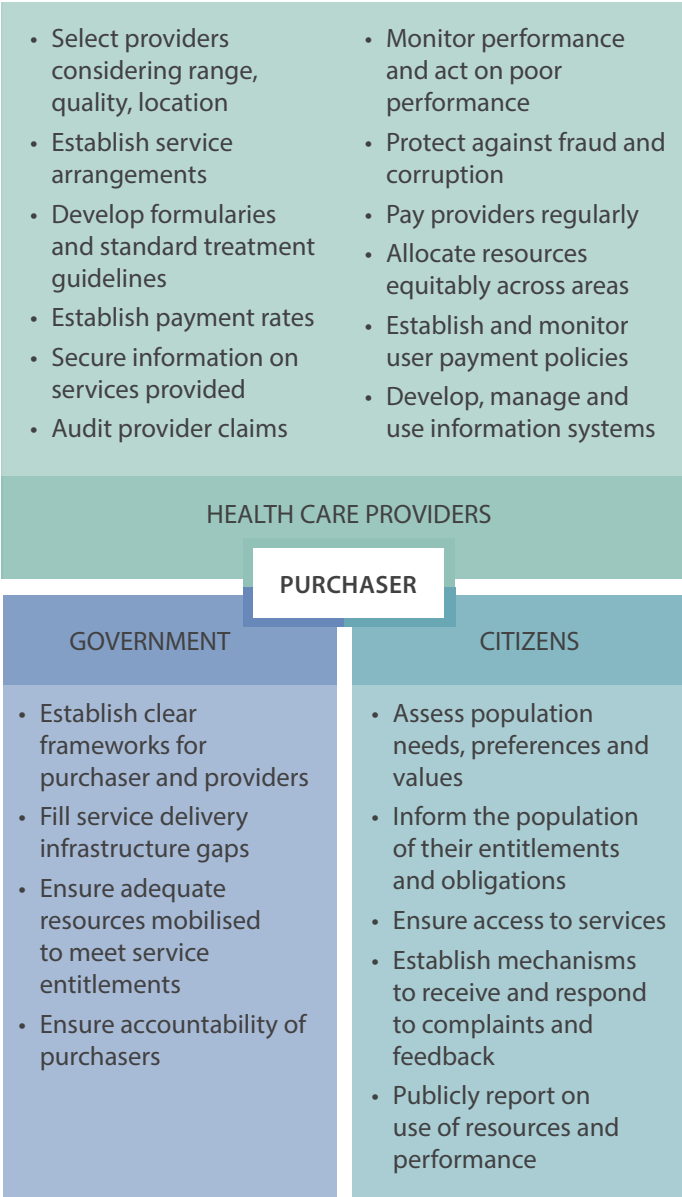
A critical factor in health system performance is the extent to which purchasing decisions are linked to provider behaviour and encourage providers to pursue equity, efficiency and quality in service delivery. This is strategic purchasing.

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 health care 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. ACTIONS OF PURCHASERS IN RELATION TO THE PROVIDERS OF HEALTH SERVICE

In Enugu state, the MOH determines who provides services, what services are provided at primary and secondary levels, and sets out rules for monitoring and evaluation of providers to ensure delivery of quality healthcare services.

Monitoring provider performance and service quality

- In principle, mechanisms for monitoring provider performance and the quality of services are developed by the MoH, and include integrated supportive supervision and provider appraisals. Collection of quantitative data on service output should occur monthly. In practice however, performance monitoring is not coherently implemented across facilities due to limited funding and logistics for such activities and, instead, it often follows specific donor funded programmes.

Yes, money needs to be put at the facilities and District Health Boards (DHB). The DHBs are not properly funded so they are not doing their [monitoring] jobs as required... we are just working with nothing. So when there is proper funding from the government, things will change.
(Provider)

- The quality of health services is generally perceived to be less than optimal in many public facilities and may not be available in times of need. High levels of attrition and ineffective human resource replacement/recruitment plans have led to shortages in critical health worker cadres and stock out of essential health commodities, affecting the availability of quality services.

The quality is supposed to be optimal but we don't have enough medical staff and drugs...when we don't have enough you can't start talking of quality?
(Provider)

The quality of health services is perceived to be less than optimal in many public facilities and may not be available in times of need.



Provider Payment and funding mechanisms

- Providers receive monthly salaries with no additional incentives to improve performance or the efficiency of service delivery. Resources are mostly in the form of drugs and equipment. There is no direct remittance of funds from MoH to providers and all facilities are required to contribute 30% of internally generated revenues (e.g. from user charges) to the State Health Board for replenishment. The remainder is for use towards facility maintenance. Providers feel that health facilities are not adequately funded leading to poor maintenance of infrastructure and poor quality services.
- The MoH determines packages of care, cost of drugs and user fees, and how health services and resources are distributed and managed. It maintains the level of markup on drugs and user fee charges to ensure they are affordable to citizens. This means there is often a trade off between cost of service and quality as most of the services are undercharged, and with no remittance to facilities, quality is compromised.

2. GOVERNMENT RESPONSIBILITIES IN STRATEGIC PURCHASING

State government sets the strategic priorities and framework of action for the MoH. It funds the provision of health services, provides stewardship and oversight and ensures proper fiduciary responsibility of the MoH. Central MoH provides technical assistance to the State ministry in the development of public health policies and plans; commodities and technical materials, including standards for use in programme implementation.

The Enugu state government has policies and regulatory frameworks aimed at improving health system responsiveness. It ensures the MoH develops its Medium

Term Sector Strategy and annual plans and budgets and provides direct oversight through the house of assembly.

Although these mechanisms are implemented, inefficient bureaucratic processes and weak monitoring of budget performance has constrained the development of effective budgets that address the health needs of the citizens.

Many programmes are adopted from the national level and do not necessarily take into consideration the complex peculiarities of the local communities and health care providers.

3. STRATEGIC PURCHASING ACTIONS IN RELATION TO CITIZENS

The MoH has established Facility Health Committees in most primary and secondary health facilities to liaise with health workers and community members to articulate both facility and community needs. In practice, there appears to be blurred lines of communication and feedback between these committees and the MoH. Lack of incentives for committee members to perform assigned roles is one drawback to its effectiveness. Hence, routine health needs assessments by the MoH are weak and the content and quality of health services do not often address the changing needs and preferences of the citizens.

Formal channels for citizens to express views on service needs and (dis)satisfaction, such as complaint boxes, are not available in most health facilities despite existing policy. Where they exist, they are perceived to be of little benefit as most are not properly guarded. Citizens feel sidelined and neglected in decisions regarding benefit packages, hence their plea for a means of regular dialogue.



CONCLUSION AND POLICY IMPLICATIONS

Currently, strategic purchasing in the public integrated health system is not evident, however, it is feasible due to the level of autonomy and decision making space available to the state and MoH.

For the State Government:

- The government should view strategic purchasing as an important means to improve health system performance and achievement of Universal Health Coverage. It should introduce elements of strategic purchasing in its planning processes to enable the development of effective budgets and plans that are directly linked to population needs.
- The government should strengthen its stewardship role to the MoH by going beyond reconciliation of budgets and expenditures, to determining the extent to which targets and benchmarks are achieved and the overall impact of service delivery on health outcomes.

For the MOH (Purchaser):

- The MoH should strengthen and update mechanisms to ensure strong linkages between health strategies and plans with priority health needs of the population. Such mechanisms include information systems and human resource replacement plans.
- The MoH should ensure the participation of citizens in decisions and choices of benefits by strengthening and institutionalising mechanisms for citizen engagement such as Facility Health Committees. This will enhance the provision of services that cater to the needs of the population and minimise inefficiencies.
- MoH should enforce procedures for influencing provider behaviour beyond regulation, for example, monitoring provider outputs against defined benchmarks and instituting incentives and rewards that will attract and retain providers as well as encourage performance.

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

Etiaba E. et al (2016) **Strategic purchasing for Universal Health Coverage: The Nigerian Formal Sector Social Health Insurance Programme (FSSHIP)** RESYST research brief. Available at: <http://resyst.lshtm.ac.uk>

Ogochukwu I. (2015) **Is strategic purchasing a feasible mechanism in the publicly funded health system of Nigeria?** Presentation at the International Health Economics Association (iHEA) World Congress, Milan. <http://resyst.lshtm.ac.uk/resources/strategic-purchasing-feasible-mechanism-publicly-funded-health-system-nigeria>

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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