RESEARCHING PURCHASING TO ACHIEVE THE PROMISE OF UNIVERSAL HEALTH COVERAGE

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OUTLINE

The UHC challenge
Strategic purchasing as the bridge to effective health coverage
Researching purchasing – economic theory-driven, case studies in multiple country settings
THE CHALLENGE OF UNIVERSAL HEALTH COVERAGE

• *Universal health coverage* means that everyone has access to quality health services that they need without risking financial hardship from paying for them

• Subject of many international and national plans and targets:
  – UN General Assembly Resolution A/67/L.36: “Recognises the responsibility of national governments to urgently and significantly scale up efforts to accelerate the transition towards universal access to affordable and high quality health services” (December 2012)
  – Plethora of country plans, roadmaps, strategies, ....
THE THREE DIMENSIONS OF COVERAGE
(WHO, 2010)
“COVERAGE WITHOUT FINANCIAL PROTECTION”

- Philippines, Indonesia, Vietnam – have all seen increases in population coverage but no decrease in out-of-pocket payments

Source: Presentations by A. Tandon, World Bank, at IHEA, Sydney, July 2013
WHAT MIGHT BE THE CAUSES?

- Incomplete coverage –
  - Benefit package doesn’t meet perceived needs
  - Unlimited co-payments/”balance billing”
- Insurance-induced utilization (with incomplete coverage)
- Weak referral system
- Perverse incentives to providers (e.g. FFS, pharmaceutical revenue maximization)
- High use of “out-of-plan” providers (private sector)
HEALTH FINANCING FUNCTIONS AND UNIVERSAL HEALTH COVERAGE

1. Revenue generation
2. Revenue pooling
3. Purchasing
SOURCES OF HEALTH FINANCING 2010 (Source: WHO NHA)

Stacked bar chart by financing agents, 2010

- Social health insurance
- Territorial government
- OOP
- Private prepaid
- Other private

<table>
<thead>
<tr>
<th>Category</th>
<th>Low</th>
<th>Lower-middle</th>
<th>Upper-middle</th>
<th>High</th>
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POOLING

Accumulating prepaid health care revenues on behalf of a population, with a particular emphasis on the population coverage and composition of groups which are covered by a specific pool.
Savedoff. Transitions in health financing ...
PURCHASING

“Strategic purchasing aims to increase health systems’ performance through effective allocation of financial resources to providers, which involves three sets of explicit decisions:

– *Which* interventions should be purchased in response to population needs and wishes, taking into account national health priorities and evidence on cost-effectiveness;

– *How* they should be purchased, including contractual mechanisms and payment systems; and

– *From whom*, in light of relative levels of quality and efficiency of providers.”  (Figueras et al. 2005)
SPECIFICATION OF THE SERVICE ENTITLEMENT

- List what is excluded or what is included?
- Guarantee ‘basic’ package?
- Interventions selected based on criteria of cost-effectiveness or financial protection?
- Comprehensive package or hospital care only?
- How to involve users in the setting of the package?
CONTRACTING AND PROVIDER PAYMENT

Key difference between passive purchasing and strategic purchasing

Specification of “contracts”
- Provider payment mechanisms?
- Pay for performance?
- What information systems needed for monitoring?

How to build in support for quality improvement?
SELECTING PROVIDERS AND ORGANISING ACCESS

• Limit to public providers only or use as a tool for involving the private sector through contracts?
• Can provider selection be used to improve quality (e.g. Accreditation)?
• Limited list of eligible providers (e.g. through accreditation scheme) or all?
• Rules/limits on access to private providers?
• Patient incentives to encourage care at most appropriate level (e.g. bypass fees)?
• Primary care gatekeeper role to limit access to higher levels of care?
• Make primary care a budget holder for referral care?
Many important system design questions
Little evidence from LMIC settings

RESEARCHING PURCHASING
CHARACTERISTICS OF HEALTH POLICY AND SYSTEMS RESEARCH

Policy Forum

Building the Field of Health Policy and Systems Research: Framing the Questions

Kabir Sheikh¹, Lucy Gilson²,³, Irene Akua Agyepong⁴, Kara Hanson⁵, Freddie Sengooba⁶, Sara Bennett⁶

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What do we mean by rigorous health-systems research?

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CHARACTERISTICS OF HEALTH POLICY AND SYSTEMS RESEARCH

• Nature of the questions – exploratory/explanatory (“Why/How”) as well as normative/evaluative (“What works/What is the best way to ....”)
• Study design dictated by the type of question
• Value of case study designs to link theory with process and outcomes
• Approaches to achieving methodological rigour with case study research
  – Select cases carefully to offer insights
  – Gather rich and deep information on contextual features relevant to each case
  – Adopt an explanatory rather than a descriptive focus
  – Consider multiple cases and conduct cross-case comparisons
  – Use relevant theory to guide inquiry
    » Walt, Shiffman et al. “Doing” health policy analysis.... Health Policy and Planning 2008
MULTI-COUNTRY STUDY OF PURCHASING ARRANGEMENTS:

- Describe the current purchasing mechanisms in participating countries
- Illustrate each of the selected purchasing mechanisms using a framework of three core principal-agent relationships
- Critically assess the existing purchasing performance by examining what actually occurs in current purchasing practices, focusing on the behaviour/actions undertaken by the purchasers (actual practice), and compare this with what purchasers would be expected to do under a strategic purchasing mechanism (ideal practice)
- Identify factors that enable or hinder effective purchasing
- Draw lessons and make policy recommendations to promote effective purchasing arrangements for universal coverage.
THEORETICAL FRAMEWORK

- Principal agent theory (Arrow 1985; Milgrom and Roberts 1992)
  - How incentives, information, resources, decision-making, delivery mechanisms and accountability work to structure the relationship between principal and agent to achieve desired outcomes
P-A relationship 3

Decide interventions to be purchased, considering **health priorities and cost-effectiveness**

Ensure **national health priorities** are met by executing a **stewardship** role

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P-A relationship 1

Purchase health care services for population; decide which services reflect **population needs and preferences**

Ensure **the needs and preferences of citizens** are reflected in purchasing

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P-A relationship 2

Decide **contractual mechanisms** and **payment systems** used in purchasing health care services; decide **suppliers of services** in light of quality and efficiency

Deliver an appropriate **mix of health care services**, of acceptable quality and price

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Adapted from Forder et al. 2005
METHODS

- Case study methodology
- Purchasing mechanism is the “case”
- Mixed methods – document review, key informant interviews, secondary data analysis
- Theory-informed evaluation/assessment: Are the institutions (resources, incentives, information, decision-making, delivery mechanisms and accountability) in place to achieve the objectives of strategic purchasing in a principal/agent framework
- Qualitative methods of analysis: Deductive analysis (based on framework) complemented by inductive analysis + cross-case comparison (within and between countries)
# PURCHASING MECHANISMS BEING EXAMINED IN STUDY COUNTRIES

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CONCLUSIONS

• Achieving UHC requires action on all dimensions of the “cube”
• Purchasing creates the link between pooled funds and effective services; but little research which takes a comprehensive, “strategic” perspective on design of purchasing in health systems
• Theory-driven case studies are a valuable research methodology in health economics and health system research
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