

Performance Based-Contracting for Health in Liberia



Implementing Performance Based Contracting *- B. Harris & P. Vergeer*

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Notes Slide 1:

Objectives



- Create understanding of the implications for implementing performance based contracting and how it affects people's work.

Notes Slide 2:

Principles informing PBF



- **Focus on results** and paid accordingly (*“money follows the patients”*)
- **Autonomy** in management and planning by service providers
- **Separation of functions** of fund holders and provider
- **Increased accountability**, incl. community involvement
- **Use of instruments** such as business plans, contracts, verification and monitoring tools.

Source: Toonen, Canavan, Vergeer, Elovainio, “Performance Based Financing: A synthesis report” KIT 2008;

Notes Slide 3:

Principles informing the PBF approach are important for design & implementation:

- The focus is on results and one is paid accordingly– often the term ‘money follows the patients’ is coined with an increase in performance seen as an increasing number of patients leading to an increase in pay. Although it is to be recognized that improved performance should not only be about increasing number of patients seen as quality of care provided and appropriateness of patient visits are very important!
- Autonomy in management and planning by service providers is needed for them to be able to take action to achieve results.
- Separating the functions of the fund holder (purchaser) and the provider is essential.
- Increased accountability for results underpins PBF. This can be complemented or carried out with community involvement.
- Certain instruments can be used to implement PBF.

Determining Results



- Select indicators based on priorities (i.e. diseases, target recipients like poor) and feasibility (i.e. under their control to achieve) but challenging enough.
- Develop realistic targets (also can be measured) and corresponding performance incentives
- Negotiate targets based on baseline

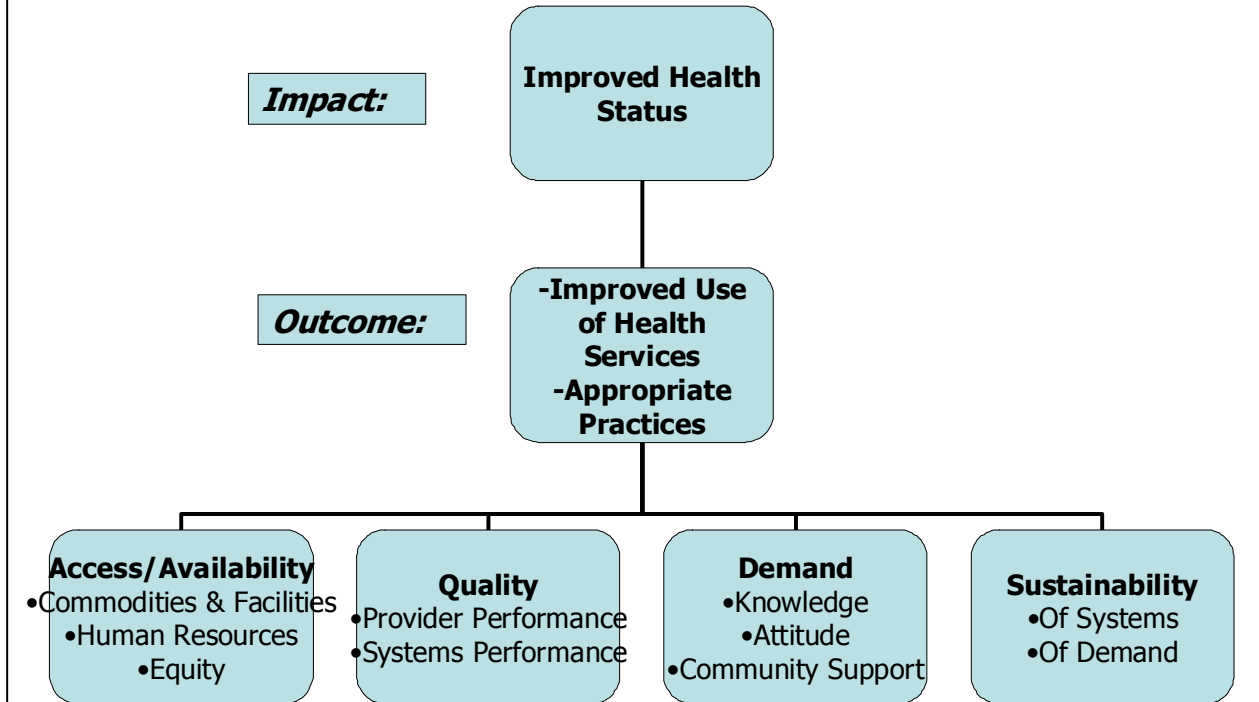
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- It is important that indicators which will reflect the results are based on priorities but also within control of those that are to achieve the improved performance e.g. an indicator on distributing bed nets is not appropriate if sufficient supply can not be guaranteed to those who are to distribute the bed nets.
- Ensure that targets can be measured and that they are realistic – do not set up for failure but, on the other hand, challenging enough so there will be improvement in results. Negotiating targets based on baseline data is recommended.
- The corresponding performance incentives need to be sufficient to motivate the change for improvement. In addition, it needs to be possible that the targets can be measured so as to determine if it has been achieved and to what extent..

From Input to focusing on Results: Output & Outcome



Example from: Health and Family Planning Indicators: A Tool for Results Framework,
Office of Sustainable Development, Bureau for Africa, USAID



Notes Slide 5:

The bottom level in this framework shows examples of different areas which can be addressed at output level to contribute to improved outcomes as shown in the level above.

Monitoring of Results



- Monitoring the plan (using HMIS data to adapt)—
Learn and change
- Reporting results of performance based indicators
(HMIS, records, etc)
- Monitor for potential side effects (e.g. quality of care,
indicators not paid for)

Through e.g.:

- Active monitoring by provider (e.g. use HMIS) and
external (e.g. local gov't, community)
- Regulatory: Accreditation, quality assurance, training
and supervision, etc.

Notes Slide 7:

- Ensure the plan is not just a document in the drawer but use it! Actively monitor progress (e.g. through analyzing HMIS data) and adapt the plan if improvement in performance is insufficient. The regulator (usually the MOH) also has an important role to play in areas such as quality assurance and providing support like training and supervision.
- Results on the performance based indicators are to be reported regularly to the fund holder.
- Monitoring of potential side effects is recommended: E.g. does increasing number of patients seen compromise quality of care provided? Or do indicators not paid for receive inadequate attention as all focus is on those which obtain an incentive?

Validating Results



- Split fund holder – recipient (e.g. independent organization, community, peer review).
- Split fund holder and regulator?

Through e.g.:

- Audit (of data reported on health, finance, etc)
- Surveys (e.g. household surveys, patient exit interviews, health facility assessment, etc)

Notes Slide 8:

- It is recommended that the results reported to the fund holder are verified and validated by the fund holder– e.g. no misreporting. This can be done through for example audits or surveys. Opportunity to involve the community is considered an advantage to improve accountability to that level.
- Consideration is to be given whether there should be a split between the fund holder and the regulator too with e.g. an independent organization or the health insurance company as the fund holder.

Payment for Results



- Fixed pay (based on budget, per capita, per service, etc.)
- Pay for performance (distribution, financial risk, what about non-performance?)
- Payment – timing, reliability, accounting and invoice tracking systems.

Notes Slide 9:

There are many issues to address on how payment will occur; Not receiving payment in a timely manner can compromise results and affect those requiring health services!

- Will there be an advance to implement activities to achieve results be paid and how: e.g. based on a budget, lump sum, per capita of catchment area, per service provided?
- How will payment for results be done: will it be a bonus? – how will this be distributed? Is there a financial risk if there is underperformance? What will happen if there is underperformance?– this is especially important when considering contracting in!
- Are the systems set up to ensure timely and reliable payment? - Are there appropriate financial accountability systems in place to track it?

Evaluate PBC and refine contracts



- Continuous process: Adaptation to fit context and results (i.e. change in priorities, unintended consequences).
- Piloting?
- Control groups to compare results?

Notes Slide 10:

- Evaluating performance based contracts or agreements is a continuous process as contexts and desired results may change and consequently contracts may need to be refined.
- It is strongly recommended that piloting will be carried out to learn valuable lessons on e.g. the indicator selection, the pricing, capacity needed- prior to roll out at a larger scale.
- Having control groups to compare results is recommended to enable evaluation of the results.

Tools for implementing PBC



- Contracts (clarifying expectations and responsibilities)
- (Business) plans to achieve results
- Verification and monitoring tools

Notes Slide 11:

Certain tools are available or can be developed to assist in the implementation of PBC:

- Contracts to clarify the roles and responsibilities of the different actors involved;
- (Business) plans on how it is intended to achieve the results;
- Monitoring and verification tools for monitoring progress and subsequently validating performance prior to payment.