Integrating RBF into the UHC agenda: thinking through some next steps

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Main messages

1. "RBF" (broadly interpreted; not specifically the Trust Fund) can be an entry point to strengthening the purchasing function of health financing systems
   - Improving efficiency ("more health for the money") is one of the 3 broad "pathways to UHC" defined in the WHR
   - Reducing the gap between the need for and use of services also embodies one of the UHC goals

2. RBF can be an alternative or complementary means to scaling up coverage, focusing on the service dimension

3. Integrating RBF into core health financing system is essential but requires close engagement with public finance management (PFM) processes
Financing for Universal Coverage

"Financing systems need to be specifically designed to:

- Provide all people with access to needed health services (including prevention, promotion, treatment and rehabilitation) of sufficient quality to be effective;
- Ensure that the use of these services does not expose the user to financial hardship“

— World Health Report 2010, p.6
A direction, not a destination

- No country fully achieves all the coverage objectives
  - And harder for poorer countries

- But all countries want to
  - Reduce the gap between need and utilization
  - Improve quality
  - Improve financial protection

- Thus, moving “towards Universal Coverage” is relevant to all, and all countries can do something
How health financing can promote progress towards Universal Coverage

Health financing arrangements

- Revenue collection
- Pooling
- Purchasing

Intermediate objectives for UHC

- Equity in resource distribution
- Efficiency
- Transparency and accountability

Universal Coverage goals

- Utilization (Need)
- Quality
- Universal financial protection
Fast summary of lessons from LMICs making progress towards UHC

- Recognized that the source of funds need not determine how money was pooled, how services were purchased, nor how benefits were specified

- Shifted their thinking from “schemes” to system
  - Pooled together or coordinated use of different revenue sources
  - Introduced elements of performance-related payment from the prepaid funds to address specified utilization or efficiency issues
  - Progressively increased the size of the compulsory prepaid funds while reducing the barriers to redistribution within it
  - New organizations and institutional arrangements were key enablers/agents of change
RBF, strategic purchasing and the agenda of health financing for universal coverage

- Efficiency (more health for the money) as one of the key pathways to Universal Coverage identified in WHR2010

- Strengthening capacity for strategic purchasing is a key to building domestic health financing systems
  - It means using information on provider performance or population health needs to drive resource allocation
  - Builds capacity; people have to analyze and use this information for decision-making
  - Changes system culture, shakes up bureaucratic inertia

- RBF – PBF – P4P etc. are all examples of strategic purchasing
But you have to try. A bad RBF project...

- ...is run by donors (or institutionalizes the idea that the money for these incentives will be managed separately)

- ...overdoes the financial incentives in a way that can't be sustained by the government

- ...is only interested in "proving it works" in the short run, rather than always acting with the intent to move from scheme to system (separate monitoring, separate verification, separate fund management, ...)

- ...overwhelms domestic capacity with too many new things to monitor

- ...does not address the institutional platform that will, in the future, be required to attract and retain the people with the necessary skills to be good purchasers
The experience from Burundi suggests there can be strong links between RBF and UHC

- Declaring a package without first having (or concurrently introducing) a mechanism to pay for it results in an unfunded mandate
  - Undermines transparency and confidence in the system
  - Sequencing matters: need a payment mechanism before you can successfully realize and sustain entitlements

- Making an explicit link between benefits and purchasing reflects “systems thinking”, and moves beyond the simple accounting logic often applied to “packages”
  - Also links to public sector financial management issues, if these new mechanisms are to become part of the wider system
Selective free care backed by RBF: towards UHC through the service/cost dimensions

Current Pooled Funds

Population: who is covered?

Services: which services are covered?

Direct costs: proportion of the direct costs covered

Free MCH services

Include other services

Reduce cost sharing and fees

Extend to non-covered

What next?
As with health insurance schemes, think from scheme to system with PBF

- PBF/RBF should not be run like a "scheme" or "project", but as a step in the process of moving systems towards more strategic purchasing
  - Long-term capacity building for the purchaser (and investing in understanding by the providers) is much more important than trying to "prove" whether or not it works (because we know that passive budgeting or unmonitored fee-for-service does not work)

- Requires thinking about how to incorporate this approach within overall health financing system

- But goes beyond this into overall public sector financial management (PFM) issues, given the prominence of general budget revenues in any long-term solution
Strategic purchasing and PFM arrangements

- To address limited funding, MOH develops priorities through its strategies and plans
  - Prioritizes services (e.g. MCH) and/or populations (e.g. poor)

- Key issue for public finance systems: is it possible to align the health budget to the defined priorities, or is system constrained to use line item budgets?

- The problem of line-item budgeting & expenditure control
  - Payment does not match priority services & populations
  - Result: priorities merely “declarative”, breaking trust with population because no means to connect payment to promises
Sufficiently flexible PFM is a pre-condition for integrating strategic health purchasing

- PFM systems and processes (budget formation, expenditure control and reporting) must be sufficiently flexible to enable provider payment systems to move from
  - Paying a “building” for all services provided in it, to...
  - Paying for either specific services or for services provided to specific individuals

- Key implementation step is therefore ability to match/target health budget funds to priority services (e.g. MCH) and/or populations (e.g. poor), so that defined priorities can be realized (purchased) in practice
Harmonizing Strategic Purchasing & PFM

To enable this, key PFM processes often need to change

- Move away from input-based budget formation (personnel, space, etc.)
- Create budgets on basis of health programs, benefits package
- “program budget” is for the priority services and/or people
- Not strict line items but rather ability to determine best mix of resources for priority services and populations – provider autonomy over (at least some share of) its budget revenues
- Good accounting system, financial reporting, financial management, internal controls, M&E, etc.

Overall, MOH needs delegated authority to match its priorities/plans with its budget/payment mechanisms, while accountable for good financial systems & processes
Example of sufficiently flexible PFM: Nigeria (Jigawa State) free MCH Program

- Began 2010 with special budget line under a clear legal/policy framework
  - PFM system allowed budget to be attached to this program
  - Used fee-for-service payment to target these budget funds to the defined MCH services and populations (not by line item)
  - State government purchased these services from providers, based on information generated through improved routine systems
  - Concurrently improved other health system elements, especially drug supply and HRH practices

- This effort associated with large increases in use of antenatal care and attended deliveries over 3-year period

- Not a separate “RBF project”
  - completely incorporated into health financing and PFM including budget formation, funds flow, HIS, and accounting systems
Summary: RBF and UHC

Moving towards strategic purchasing essential to make and sustain progress.

RBF exemplifies this: from declaring to delivering on promises.

Selective free care linked to RBF is potential path towards UHC.

Need to shift agenda from proof-of-concept to integration into core payment systems.

True national ownership and integration requires PFM alignment.