Allocating budgets for PHC: Using all the available tools to protect resources through to the frontline

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Financing Primary Health Care: Opportunities at the Boundaries

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**Allocating Budgets for PHC: Using all the available tools to protect resources through to the frontline**

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What are the most significant forces that pull resources away from PHC to other parts of the health system?

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OR
Inadequate resources for PHC: A political and technical problem

- Insufficient resources allocated for PHC
- Resources do not (equitably) reach the frontline
- Lack of political and professional support for PHC
- Weak budget systems (formulation and execution)
- Fragmentation: multiple funders / agencies
- Upstream forces: planning process that undermine PHC
- Downstream forces: Referral patterns, provider payment and patient preferences that pull money away from PHC
Budget allocation levers

BUDGET FORMULATION
- Programme budgets
- Budget rules and statutory appropriations
- Conditional grants

BUDGET EXECUTION
- Resource allocation formula
- Provider payments
- Contracting and monitoring
- Direct Facility Funding
- Benefit specification

SERVICE DELIVERY
- Operational definition of PHC
- Norms or standards
- Referral system and gatekeeping
- Service delivery models
Budget formulation: Making commitments to PHC visible

• South Africa: PHC programme budget alongside traditional line-item budget
• Nigeria: Basic Health Care Provision Fund
• India: Matching formula for State allocations to National Health Mission
• Brazil: Per capita allocation directly to municipalities for Family Health System
Budget execution: Ensuring resources reach the frontline and are spent on PHC

• Capitation also works as a resource allocation tool:
  • Based on equal allocation (with adjustment)
  • Creates a budget for PHC level

• Other purchasing arrangements are important: clear benefit package, contracting arrangements

• Direct Facility Funding can ensure resources reach facilities
Service delivery arrangements: pulling resources through to PHC

- Norms, standards and guidelines signal resource requirements, create a commitment mechanism
- New models of service delivery: CHWs (Ethiopia), multidisciplinary teams (Brazil), family doctors (Estonia), primary care networks (Ghana)
- Referral systems and gatekeeping
Health system capacities to support resource allocation

Policy levers options
- Programme budgets
- Budget rules and statutory appropriations
- Conditional grants
- Resource allocation formulae
- Provider payments
- Contracting and monitoring
- Direct facility funding*
- Benefit specification

Budget formulation
- Effective budget management capacity
- Effective understanding of budget process by Ministry of Health
- Ability to bring all sources of funding under one budget
- Alignment of the budget with policy objectives

Budget execution
- Functioning referral system and gatekeeping
- Provider autonomy
- Flexibility in procurement rules
- Good management capacity at all levels of health system

Health systems and PFM capacities
- Effective accounting and costing
- Good data on population health need
- Operational definition of PHC