Setting the Scene: Financing Primary Health Care

Health Financing Resilience

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Plenary Session 1
 AHFF Setting the Scene: Financing PHC

Kara Hanson
Professor, London School of Hygiene and Tropical Medicine

Joe Kutzin
Head of Health Financing Unit, World Health Organization

Christoph Kurowski
Global Lead of Health Financing Global Solutions Group, World Bank

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Financing Primary Health Care

Kara Hanson, London School of Hygiene and Tropical Medicine
The challenge

- Fundamental importance of PHC
  - Provision of essential health services
  - Prevention and treatment of chronic conditions
  - Front-line role in responding to epidemics
  - A pre-requisite for achieving UHC and the SDGs

- Funding for PHC is often insufficient, and ineffective or inappropriate financing arrangements can lead to:
  - Inefficient and poorly performing services
  - Lack of financial protection
  - Inequalities in access to care

- Covid-19 has created a health and fiscal crisis, highlighting the dangers that societies face without a well-functioning PHC system that protects everyone.
Objectives

- Present new evidence on levels and patterns of global expenditure on PHC
- Analyse key technical and political economy challenges faced in financing PHC
- Identify areas of proven or promising practices that effectively support PHC across the key health financing functions
- Identify actionable policies to support LMICs in raising, allocating, and channelling resources in support of the delivery of effective, efficient, and equitable, people-centred PHC
Current landscape of PHC financing
Government spending on PHC in low- and lower-middle income countries is very low

- Low: $3
- Lower-middle: $16
- Upper-middle: $73
- High: $840

Government spending on PHC per capita (US$), 2018
Out-of-pocket payments are the main source of financing PHC in low-income countries.
Higher government spending on PHC is strongly associated with better service coverage.
Capitation is rarely used to pay public PHC providers in low-income countries
Key findings
Mobilisation & pooling funds for PHC

- Borrowing
- Aid
- Taxes
  - General
  - Labour focused (SHI)
  - Health focused

NATIONAL BUDGET

HEALTH BUDGET

Pooled

Spending

PHC

Hypothecated

Efficiency gains

Efficiency gains
Allocating resources to PHC

**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
Provider payment mechanisms & incentives

- The way that PHC providers are paid, and the incentives that these payment mechanisms create, are a tool that can ensure resources reach frontline providers and are used efficiently.

- PHC providers are commonly paid through input-based budgets, fee-for-service, capitation or performance-based payment

- Population-based, or capitation, payment systems create the strongest incentives for providers to deliver people-centred PHC.
  - An equal fixed payment per person
  - Adjustment based on health needs
  - Pays providers to manage population health, prioritise health promotion and prevention
  - Provides a predictable and stable revenue stream to PHC providers

- Countries should work towards using a blended payment model for PHC with capitation at its centre.
Moving from the status quo to chart a pathway to a more strategic provider payment system
The political economy of financing PHC

• Political, social and economic conditions are as important as technical elements in the design and implementation of efficient and equitable financing for PHC.
• These political economy factors represent both constraints and opportunities.
• Advancing people-centred financing for PHC relies on politically informed technical strategies – requiring understanding and navigating the evolving political economy context.
Recommendations
Recommendation 1

Attributes of people-centred financing for PHC

- Increasing allocations to PHC from tax revenue
- Pooling arrangements should cover PHC
- Resources should be allocated equitably across levels of service delivery and protected to reach frontline PHC service providers and patients
- Blended provider payment system with capitation at its core
Recommendation 2
Countries should take a whole of government approach to spending more and spending better

Recommendation 3
Technical strategies are underpinned by an understanding of the social, economic and political conditions

Recommendation 4
Global agencies should reform the way PHC expenditure data are collected, classified and reported
Commissioners

- Abebe Abelachew
  Breakthrough International Consultancy, Ethiopia
- Mark Blecher
  National Treasury, Pretoria, South Africa
- Cheryl Cashin
  Results for Development, Washington DC, USA
- Manuela De Allegri
  University of Heidelberg, Germany
- Alexo Esperato
  Bill and Melinda Gates Foundation, India
- David Hipgrave
  UNICEF Iraq Country Office, Iraq
- Ina Kalisa,
  WHO, Rwanda
- Christoph Kurowski
  World Bank, USA
- David Morgan
  OECD, France
- Gemini Mtei
  Abt Associates, Tanzania
- Chima Onoka
  University of Nigeria
- Martin Roland
  University of Cambridge, UK
- Rajeev Sadanandan
  Health Systems Transformation Platform, India
- Karin Stenberg
  WHO, Switzerland
- Jeanette Vega Morales
  Pronova Technologies, Chile
- H Wang
  Bill and Melinda Gates Foundation, Seattle, USA
- Haja Wurie
  University of Sierra Leone, Freetown
LSHTM technical team

- Kara Hanson  
  Principal Investigator
- Dina Balabanova  
  Professor
- Timothy Powell-Jackson  
  Professor
- Nouria Brikci  
  Research Fellow
- Darius Erlangga  
  Research Fellow
The Lancet Global Health
Commission on
Financing Primary Health Care

www.lshtm.ac.uk/research/centres-projects-groups/commission-financing-phc

Contact: brigid.strachan@lshtm.ac.uk
Opportunities at the Boundaries

Christoph Kurowski, World Bank
WHO chief: The COVID pandemic is 'most certainly not over'

The head of the World Health Organization has warned that the COVID-19 pandemic is "most certainly not over" despite a decline in repo since the peak of the omicron wave.

By The Associated Press
May 22, 2022, 8:24 PM

Inflation surges 7.5% on an annual basis, even more than expected and highest since 1982

Published Thu, Feb 10 2022, 8:30 AM EST | Updated Thu, Feb 10 2022, 9:52 AM EST

The New York Times

WAR IN UKRAINE
RUSSIANS PUSH INTO OUTSKIRTS OF CAPITAL AS DEATHS RISE AND THOUSANDS FLEE WEST

European Central Bank says it will raise interest rates for the first time in 11 years in July.

After a decade of low inflation, the bank is facing the highest rate of price increases since the creation of the euro currency.
Resolution adopted by the General Assembly on 25 September 2015

70/1. Transforming our world: the 2030 Agenda for Sustainable Development
Implementation issues

Partial solutions

Changing context

Uncharted territories
Implementation issues: Making output- and population-based financing work in budget systems

- Input-based payment mechanisms
- Providers do not receive, manage or account for government funds
- Discontinuity and low quality of health services

Bar chart showing the percentage of LICs, LMICs, and UMICs with various financing mechanisms:
- Input- & output-based
- Population & output-based
- Input-based only
- Input & population & output-based

Legend:
- Light blue: Input- & output-based
- Orange: Population & output-based
- Dark blue: Input-based only
- Light blue: Input & population & output-based
Implementation issues: Making output- and population-based financing work in budget systems

How to channel funds through national PFM systems to public PHC providers?

Changes to:
- Budget preparation
- Budget execution
- Budget monitoring

Three models emerging
Partial solutions: Paying for essential medicines for PHC

Sources of total health spending (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Sources of total health spending (%)</th>
<th>Government (domestic)</th>
<th>OOP</th>
<th>Private insurance/Other</th>
<th>External</th>
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<tbody>
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<td>LMGs</td>
<td>40.8%</td>
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<td>LMCs</td>
<td>37.1%</td>
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<td>UMICs</td>
<td>32.4%</td>
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<td>HICs</td>
<td>20.2%</td>
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Average OOPs on medicines as a share of household total OOPs (%)

- Timor-Leste: 40.8%
- Bangladesh: 37.1%
- Nepal: 32.4%
- Bhutan: 20.2%
- Thailand: 63%
- Maldives: 17.90%
- Sri Lanka: 63%
- India: 17.90%

Indian HHs with catastrophic OOPs in 2011-12 (%)

Source: Selvaraj, S et al., (2018)
Partial solutions: Paying for essential medicines for PHC

Mechanisms covered

- 1 mechanism
- 2 mechanisms
- 3 mechanisms
- 4 mechanisms

No. of Countries

- Not Covered
- Not Available
- Overused
- Overpriced

HIGH OOP ON MEDICINES
Changing context: Funding PHC in the time of COVID-19
Changing context: Funding PHC in the time of COVID-19

Increase
- Government spending
- Government spending on health
- Government spending on PHC
Uncharted territories: Financing comprehensive PHC

Functions

Comprehensive Primary Health Care

- Primary Care
- Public health: Population-based services
- Public health: Intelligence
- Public health: Enabling Functions

Platforms

- Federal programs
- Development partners
- SSHIS
- SPHCD
- MoHHS
- Ministries for other sectors
- PHC facilities
- LG health departments
- Other LG departments
- Community boards
- Community informants
Uncharted Territories: Financing comprehensive PHC

Levels and sources of funding

Performance incentives (financial / non-financial)

Distribution of funds across inputs

Distribution of funds across functions, platforms and activities