

The SPARC Framework for Tracking Progress in Strategic Health Purchasing

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STRATEGIC HEALTH PURCHASING FOR UNIVERSAL
HEALTH COVERAGE IN SUB-SAHARAN AFRICA

The Strategic Purchasing Africa Resource Center (SPARC), a resource hub hosted by Amref Health Africa with technical support from Results for Development (R4D), aims to generate evidence and strengthen strategic health purchasing in sub-Saharan Africa to enable better use of health resources. SPARC and its technical partners created a framework for tracking progress in strategic health purchasing and are applying it in countries across sub-Saharan Africa to facilitate dialogue on what drives progress and to promote regional learning.

Countries in sub-Saharan Africa are increasingly interested in developing skills, methods, and institutions that can help them get more value from their health spending and achieve broader health sector goals, including universal health coverage (UHC). Through strategic purchasing, health purchasers can exert their purchasing power deliberately—based on accurate information and in alignment with health system priorities and objectives—as they decide how to allocate pooled funds to providers, including which services to buy, which providers to include, and how to pay them.

A strong strategic purchasing system has a set of core functions—benefits specification, contracting arrangements, provider payment, and performance monitoring—that are supported by clear institutional and governance arrangements that allocate responsibility for carrying out the functions. SPARC has produced a series of policy briefs that propose a practical framework for describing purchasing systems and a set of benchmarks to track progress on strengthening governance arrangements and purchasing functions. The series describes the application of the framework in a number of countries in sub-Saharan Africa and synthesizes evidence on the results that strong strategic purchasing systems can bring when they operate in an enabling environment.

A Shared Framework

While a few frameworks exist for defining strategic purchasing functions and activities and tracking their progress at the country level—including the Resilient and Responsive Health Systems (RESYST) consortium framework, the World Health Organization (WHO) Health Financing Progress Matrices, and USAID’s Health Finance & Governance Strategic Health Purchasing Progress Framework—evidence has been lacking on the practical steps countries can take to make progress on strategic purchasing in sub-Saharan Africa.

To answer this question, SPARC and a consortium of Africa-based Anglophone and Francophone technical partners—including academic institutions, think tanks, and policy analysis institutions—worked together to agree on a common set of terms and definitions related to strategic health purchasing functions and co-created a shared framework for tracking progress, drawing from and building on existing frameworks. This framework provides a practical way to look at health purchasing functions that extends dialogue about purchasing systems beyond any specific scheme or policy. The technical partners used the framework to collect baseline information on purchasing functions and progress in nine African countries: Benin, Burkina Faso, Cameroon, Ghana, Kenya, Nigeria, Rwanda, Tanzania, and Uganda.

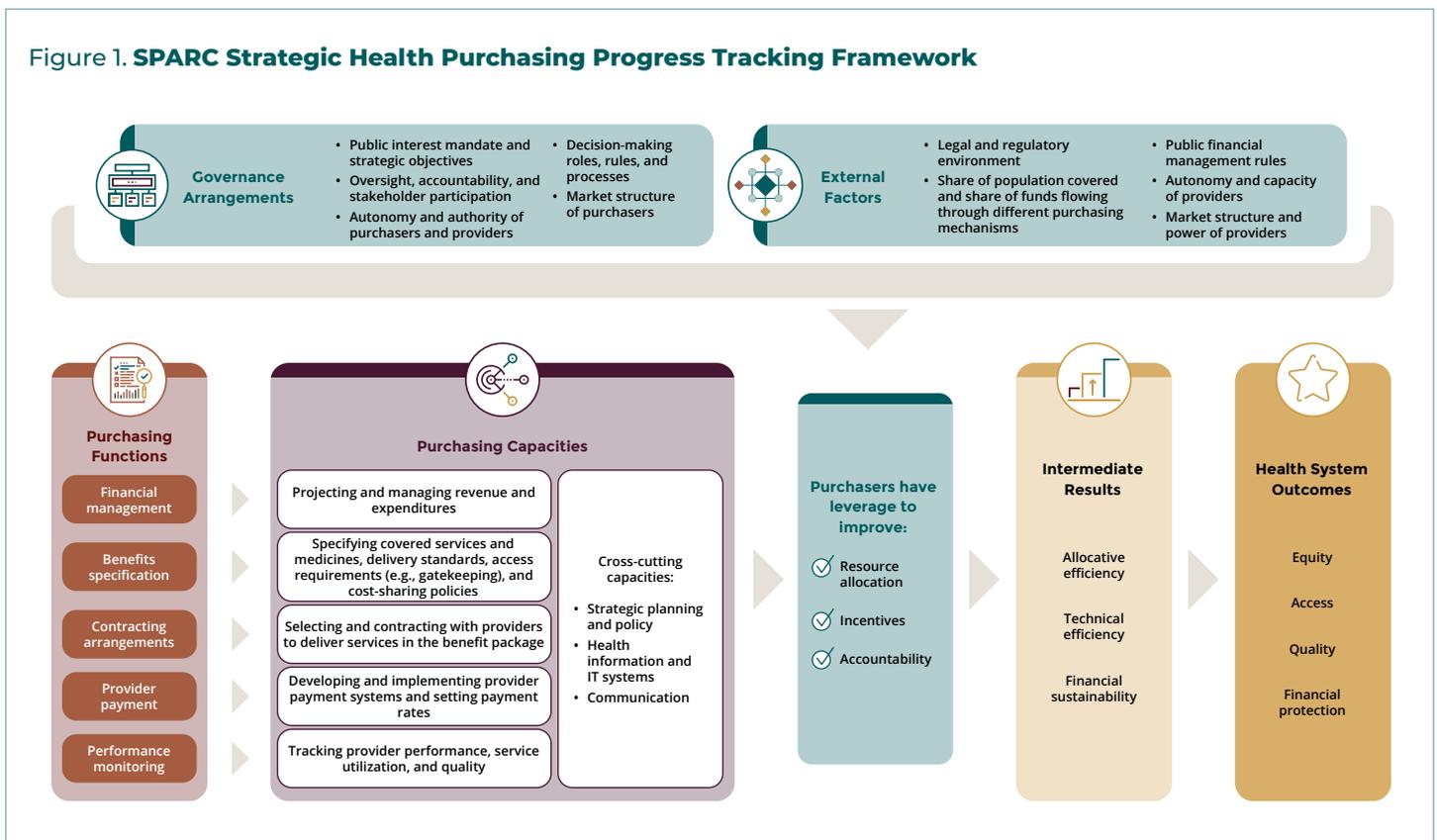
Objectives of this effort included:

- ▶ Tracking strategic health purchasing trends and progress at the country level
- ▶ Understanding how strategic purchasing activities lead to health system outcomes
- ▶ Identifying successful approaches that could serve as learning opportunities across the region and common challenges to address

Elements of the SPARC Strategic Health Purchasing Progress Tracking Framework

The premise underlying this framework is that a strong strategic purchasing system has a set of core functions that are supported by clear institutional arrangements that allocate responsibility for carrying out the functions and by governance structures that provide oversight, accountability, and reporting lines and ensure effective stakeholder participation. (See Figure 1.) The core purchasing functions are carried out through strategic, objectives-driven policies and strong, preferably automated, operating systems. The power of strategic purchasing to achieve health system outcomes is either enhanced or limited by the governance arrangements and a set of external factors.

The framework goes beyond health financing models and schemes to give a systemwide view of purchasing arrangements across schemes to identify what is working and when, how, and why.



The framework identifies four key actors:

- ▶ **GOVERNMENT.** This includes public agencies that regulate health purchasing and define the mandates, roles, rules, and processes that guide health purchasers and health care providers.
- ▶ **CITIZENS.** These are the beneficiaries on whose behalf the purchasers transfer pooled funds.
- ▶ **PURCHASERS.** These are the entities that transfer pooled funds to health care providers on behalf of beneficiaries.
- ▶ **PROVIDERS.** Health care providers receive funds from purchasers and deliver services to beneficiaries.

The framework includes the following key elements, which are described in more detail in the following sections:

- ▶ **GOVERNANCE ARRANGEMENTS** that specify institutional roles, responsibilities, and accountability for health purchasing
- ▶ **PURCHASING FUNCTIONS** and **CAPACITIES** that are needed for strategic purchasing
- ▶ **INTERMEDIATE RESULTS** and **HEALTH SYSTEM OUTCOMES** that strategic purchasing can help achieve
- ▶ **EXTERNAL FACTORS** that directly or indirectly affect purchasing arrangements and enhance or mitigate purchasing power



Governance Arrangements

Governance arrangements are the decision-making roles, rules, and processes that govern purchaser and provider behavior. They provide oversight, lines of accountability, and mechanisms for stakeholder participation. Governance arrangements specify which institutions have the responsibility for carrying out which purchasing functions and how these institutions relate to one another.



Purchasing Functions and Capacities

Purchasing functions are the purchaser's policies, processes, and decision-making for financial management, benefits specification, contracting arrangements with providers, provider payment mechanisms, and performance monitoring systems. Building the capacities that support these functions can improve strategic purchasing and lead to health system improvements and long-term results.

- ▶ **FINANCIAL MANAGEMENT** includes the purchaser's ability to project and manage revenue and expenditures. The purchaser needs to know how much money is available to provide the benefit package and to pay providers for contracted services.
- ▶ **BENEFITS SPECIFICATION** includes deciding what interventions will be included in the benefit package and specifying service delivery standards, how much of the cost of the interventions will be covered by the purchaser and related cost-sharing policies, and which medicines are covered, including policies on generic medicines.
- ▶ **CONTRACTING ARRANGEMENTS** include rules for selecting public and private providers, the terms and conditions in the contracts, and the processes for entering into and enforcing contracts.
- ▶ **PROVIDER PAYMENT** includes the processes for deciding how to pay contracted providers, the design and implementation of provider payment systems, and processes for setting payment rates.
- ▶ **PERFORMANCE MONITORING** includes the processes for tracking provider performance, providing feedback for improvement, and carrying out system-level analysis to inform purchasing decisions.

Other capacities are needed to carry out purchasing functions strategically, including strategic planning and policy development to support the purchaser's mandate, well-functioning and integrated information systems, and effective communication between purchasers and stakeholders.



Results

Strategic purchasing can lead to desired health system outcomes when purchasers have the purchasing power to use purchasing functions toward achieving health system objectives. Purchasers can use their purchasing power to directly influence the allocation of resources to different types of services and providers, incentives for health care providers, and accountability in the system. Purchasing power increases as the total share of health spending that flows through strategic purchasing mechanisms increases and the purchaser gains sufficient capacity and autonomy to align purchasing decisions with objectives.

- ▶ **INTERMEDIATE RESULTS** include purchasing arrangements and provider incentives that lead to greater efficiency because resources are directed to higher-quality, more cost-effective services, especially primary care. The right incentives in the system can motivate providers to deliver services in a way that most efficiently uses inputs such as staff time, supplies, and equipment. Limits on unproductive cost growth can also enhance the financial sustainability of the system.
- ▶ **HEALTH SYSTEM OUTCOMES** are long-term improvements that provide the foundation for UHC: equitable access to high-quality health services without financial hardship. These are possible when limited resources are directed to where they have the highest impact as a result of strategic purchasing.



External Factors

Some of the external factors that can enhance or mitigate purchasing power include the legal and regulatory environment that governs other aspects of the health system, the share of the population covered by the purchaser and the share of total health spending it manages, public financial management rules, and the market structure of purchasers and providers. Together, these factors affect how much purchasing power purchasers have to influence overall resource allocation in the system, their ability to create financial and nonfinancial incentives to influence provider behavior, and the ability of providers to respond to those incentives.

Conclusion

SPARC's vision is to empower countries with knowledge, best practices, and practical tools for strategic purchasing to advance country progress toward UHC. The framework has been applied by SPARC's technical partners in nine countries to conduct a functional mapping of purchasing arrangements and identify where progress is being made and what stands in the way of progress. The technical partners employed a mixed-methods approach to populate the framework in their countries, which included an extensive review of published and grey literature, policy documents, and project reports as well as interviews with key informants, including purchasers, providers, and governing agencies. This provided baseline information on the purchasing arrangements in their countries and opened a dialogue about how to prioritize actions for continued progress.

The functional mapping was not just an academic or technical exercise, but rather an opportunity for the technical partners to bridge the "know-do" gap between technical knowledge and political discussions on the best use of health resources. This has led to a shared understanding among technical partners and policymakers of purchasing arrangements and what is and isn't working, and it has helped them identify opportunities for further action and investments.

The nine countries are unique, with their own diverse and often fragmented health financing systems, including government budget-financed schemes, private and social health insurance, and donor-funded programs, each with their own purchasing arrangements. The framework has helped create a snapshot of the governance arrangements, functions, and capacities across the various schemes and their intended and unintended effects on the behavior of citizens, purchasers, and providers.

The technical partners are using the results to initiate dialogue in their countries on how to improve strategic purchasing and develop roadmaps and strategies. SPARC is using the results to identify opportunities for engagement with countries on ways to accelerate progress.

These cross-sectional views will require updating over time to reflect changes in purchasing arrangements and their associated results. SPARC will also continue to refine the framework to ensure that it remains useful and relevant as health financing systems evolve.

SPARC aims to strengthen strategic purchasing capacity in sub-Saharan Africa by connecting existing regional expertise and matching it with country demand to make better use of health resources. This SHP progress tracking framework was applied in the following countries by the partners listed below.

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|  BENIN | Centre de Recherche en Reproduction Humaine et en Demographie (CERRHUD) |
|  BURKINA FASO | Recherche pour la Santé et le Développement (RESADE) |
|  CAMEROON | Research for Development International (R4D International) |
|  GHANA | Kwame Nkrumah University of Science and Technology (KNUST) |
|  KENYA | KEMRI Wellcome Trust Research Programme |
|  NIGERIA | Health Policy Research Group (HPRG) |
|  RWANDA | University of Rwanda School of Public Health |
|  TANZANIA | Ifakara Health Institute and University of Dar es Salaam |
|  UGANDA | Makerere University School of Public Health |

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