

Benchmarks for Progress in Strategic Health Purchasing

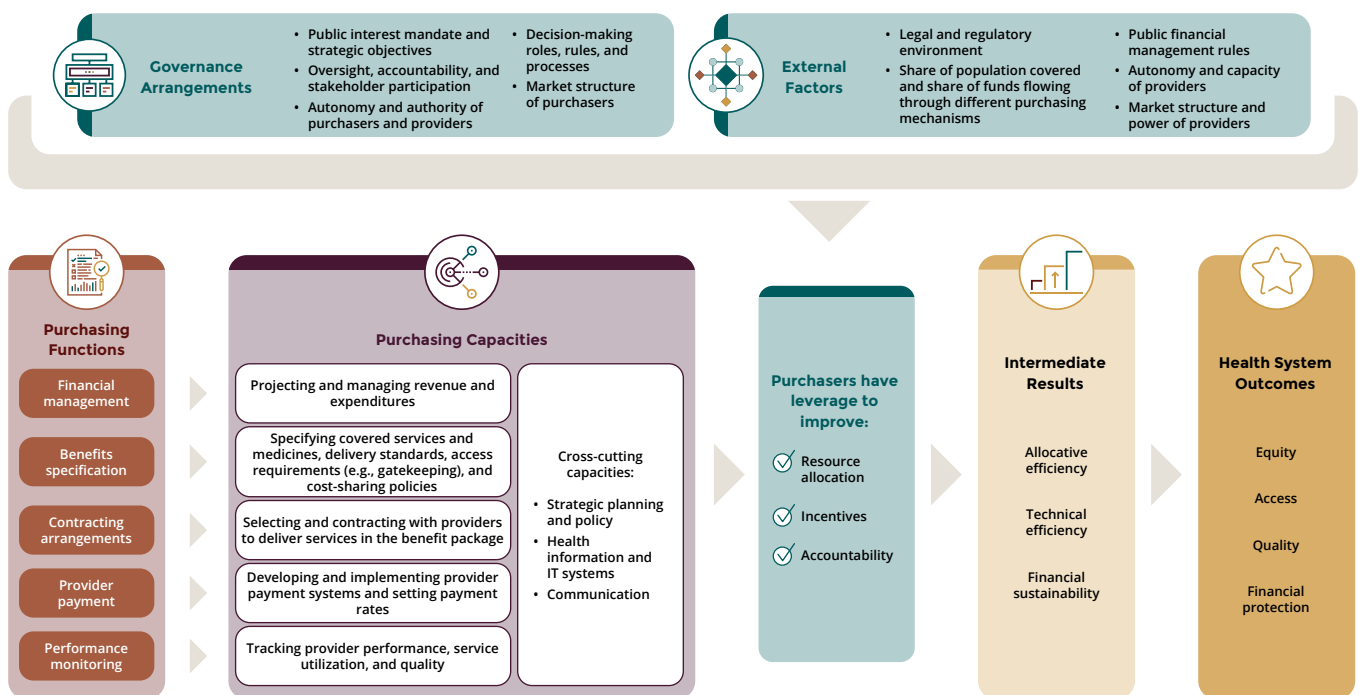
JULY 2021

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.

The SPARC framework for tracking progress in strategic purchasing is based on the premise that a strong strategic purchasing system has a set of core functions: financial management, benefits specification, contracting arrangements, provider payment, and performance monitoring. These functions 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.

Figure 1. SPARC Strategic Health Purchasing Progress Tracking Framework



With the addition of benchmarks for progress, this framework can be applied at the country level to identify where progress is being made in carrying out the functions more strategically, where progress has stalled, the role of external factors in enhancing or mitigating purchasing power, and the effects on health system outcomes.

Defining the Benchmarks

The questions of what constitutes strategic purchasing and what purchasing approaches are more likely to lead to better health system outcomes have been examined in depth. A number of benchmarks are available for health financing systems overall and for purchasing functions specifically. The World Health Organization (WHO) provides a framework for assessing governance arrangements for strategic purchasing (WHO 2019), the Health Finance and Governance Project (HFG) provides a framework for functions and levers that governments can use to improve health spending (Cashin et al. 2017), the RESYST consortium outlines a set of actions that constitute strategic purchasing (Hanson 2014), and WHO identifies desirable attributes of health purchasing systems (WHO 2020). The Joint Learning Network for Universal Health Coverage (JLN) provides a set of tools to help assess provider payment systems, set how payment rates are calculated, and implement monitoring systems (JLN 2017, JLN 2015, JLN 2014).

SPARC has consolidated these assessment guides and benchmarks to provide an overall set of assessment criteria that apply to key elements of strategic health purchasing so countries can create a snapshot of where progress is more advanced or where it may be lacking. They can use this information to inform their investments (including from donor support) and policy actions. The benchmarks for each element are described below, and the full list is shown in the annex.

The Benchmarks for Strategic Health Purchasing

Governance Arrangements

Among the many aspects of governance and institutional arrangements for strategic purchasing, two are the most critical for effective strategic purchasing: 1) having an institutional home for purchasing functions that has a clear mandate and capacity to carry out purchasing functions and 2) giving public providers autonomy in managerial and financial decision-making and holding them accountable.

Governance arrangements are strategic when the purchasing agency has strong capacity to carry out all or most purchasing functions, with no overlaps or gaps in responsibilities. Countries can take steps toward further improving governance arrangements by ensuring inclusive and meaningful stakeholder participation (WHO 2019) and giving providers a large degree of managerial and financial autonomy to engage with the purchasing agency and respond to financial incentives (Cashin et al. 2017).

Governance	Purchasing functions have an institutional home that has a clear mandate and allocation of functions.	○	An agency or agencies have responsibility for carrying out one or more purchasing functions, but mandates are not clearly defined and capacity is weak.
		●●	An agency or agencies have responsibility for carrying out most or all purchasing functions and capacity is improving, but some overlaps and gaps in responsibilities remain. Mechanisms are in place for stakeholder engagement.
		●●●	An agency or agencies have responsibility for carrying out all purchasing functions, capacity is strong, and there are no overlaps or gaps in responsibilities. There is inclusive and meaningful stakeholder engagement.
	Providers have autonomy in managerial and financial decision-making and are held accountable.	○	Public providers have no autonomy or extremely limited autonomy to carry out financial and managerial functions, and they have limited ability to respond to financial incentives created by provider payment systems.
		●●	Public providers are given a larger degree of financial and managerial autonomy, but accountability mechanisms are weak.
		●●●	Public providers are given a large degree of financial and managerial autonomy, and accountability mechanisms are effective.

Financial Management

Financial management is strategic when well-defined mechanisms ensure that the purchaser is bound by a credible budget constraint and purchasing arrangements incorporate mechanisms for good financial management and budgetary control. Countries can take steps to improve financial management by using defined processes to set the purchaser's budget (with mechanisms in place to track spending), ensuring that budget overruns rarely occur (WHO 2019), and linking the budget to provider payment to ensure cost control and sustainability of the scheme.

Financial Management	Purchasing arrangements incorporate mechanisms to ensure budgetary control.	○	A defined process is used to set the purchaser's budget, and mechanisms are in place to track budget execution/spending, but these mechanisms are not well enforced.
		●●	A defined process is used to set the purchaser's budget, and mechanisms are in place to track budget execution/spending. These mechanisms are enforced, but budget overruns routinely occur.
		●●●	A defined process is used to set the purchaser's budget, and mechanisms are in place to track budget execution/spending. These mechanisms are enforced, and budget overruns rarely occur.

Benefits Specification

Benefits specification is strategic when a benefit package is explicitly defined and aligned with purchasing arrangements and the purchasing agency further defines service delivery standards when contracting with providers.

Countries can take steps to improve benefits specification by ensuring that the benefit package is well defined, reflects health priorities, is a commitment to the entitled population, and is aligned with purchasing mechanisms (Mathauer and Meessen 2017). Service delivery standards should ideally align with national service delivery policies and clinical protocols and should be enforced through contracts.

Countries can also implement a transparent process for revising the benefit package (Glassman et al. 2016).

Benefits Specification	A benefit package is specified and aligned with purchasing arrangements.	○	A benefit or service package is defined and reflects health priorities, but it is not well specified, is not a commitment, and/or is not aligned with purchasing mechanisms.
		●●	A benefit or service package is defined, reflects health priorities, and is a commitment, but it is not well specified and/or not aligned with purchasing mechanisms.
		●●●	A benefit or service package is defined, reflects health priorities, is a commitment, is well specified, and is aligned with purchasing mechanisms, and a transparent process for revision is specified.
	The purchasing agency further defines service delivery standards when contracting with providers.	○	The purchaser defines some general standards for delivering services in the package (e.g., for gatekeeping), but enforcement through contracts is weak.
		●●	The purchaser defines some general service delivery standards and some specific service delivery standards (e.g., number of prenatal care visits) that are enforced through contracts.
		●●●	The purchaser defines general service delivery standards and specific service delivery standards in line with national service delivery policies and clinical protocols, and service delivery standards are enforced through contracts.

Contracting Arrangements

Contracting is strategic when explicit contracting agreements are in place, contracting is selective, and contracts specify service quality standards.

Countries can take steps to improve contracting arrangements by implementing formal agreements between the purchaser and both public and private providers that help achieve specific objectives, particularly when they are linked to performance. Selective contracting with public and private providers should ideally be based on uniformly applied quality standards.

Contracting Arrangements	Contracts are in place and are used to achieve objectives.	○	Loose agreements are in place between the purchaser and public providers for specified services in exchange for payment instead of or in addition to input-based budgets. Formal agreements may be in place with some private providers.
		●●	Formal agreements are in place between the purchaser and public providers for specified services in exchange for payment or in addition to input-based budgets. Formal agreements may be in place with some private providers.
		●●●	Formal agreements are in place between the purchaser and public and private providers to help achieve specific objectives, and they are linked to performance.
	Selective contracting specifies service quality standards.	○	The purchaser has loose, nonselective agreements or contracts with all public providers and selective contracts with some private providers based on some definition of quality standards.
		●●	The purchaser contracts at least somewhat selectively with public and private providers based on accreditation or some other definition of quality standards.
		●●●	The purchaser contracts selectively with public and private providers based on uniformly applied quality standards.

Provider Payment

Provider payment is strategic when payment systems and payment rate-setting contribute to achieving health system objectives.

Countries can take steps to improve provider payment by linking output-based payment to specific service delivery objectives and promoting effective allocation of resources across levels of care to enable management of the purchaser's budget (JLN 2015). Payment rate-setting is strategic when rates are based on a combination of cost information, available resources, policy priorities, and negotiation (JLN 2017).

Provider Payment	Provider payment systems are linked to health system objectives.	<input type="radio"/>	Some output-based payment is used.
		<input checked="" type="radio"/>	Output-based payment is used, and payment systems are linked to specific service delivery objectives.
		<input checked="" type="radio"/>	Output-based payment is used and is linked to specific service delivery objectives; payment systems are harmonized across levels of care, and they allow purchaser budget management.
	Payment rates are based on a combination of cost information, available resources, policy priorities, and negotiation.	<input type="radio"/>	Provider payment rates are determined based only on the purchaser's available budget.
		<input checked="" type="radio"/>	Provider payment rates are determined based on the purchaser's available budget and at least one other factor (e.g., cost information, priorities, or negotiation with providers).
		<input checked="" type="radio"/>	Payment rates are based on a combination of cost information, available resources, policy priorities, and negotiation.

Performance Monitoring

Performance monitoring is a key strategic purchasing function and relies on information that is generated at both the provider and systems levels to inform purchasing decisions.

Effective performance monitoring includes automated collection of provider-level information, which is fed back to providers and is used for purchasing decisions. System-level analysis should ideally be carried out routinely to inform purchasing policy (JLN 2017).

Performance Monitoring	Monitoring information is generated and used at the provider level.	<input type="radio"/>	Some form of monitoring happens at the health provider level (e.g., supportive supervision visits, monthly activity reporting, claims audits, quality audits).
		<input checked="" type="radio"/>	Provider-level monitoring is at least partially automated and is used for purchasing decisions.
		<input checked="" type="radio"/>	Provider-level information is automated, fed back to providers, and used for purchasing decisions.
	Information and analysis are used for system-level monitoring and purchasing decisions.	<input type="radio"/>	Some form of analysis is carried out at the system level (e.g., service utilization, medicines prescribed, total claims by service type).
		<input checked="" type="radio"/>	System-level analysis is automated and carried out routinely.
		<input checked="" type="radio"/>	Information and analysis are used for system-level monitoring and purchasing decisions.

Applying the Strategic Health Purchasing Progress Tracking Framework and Benchmarks to Advance Policy Dialogue

SPARC has applied the tracking framework in nine African countries—Benin, Burkina Faso, Cameroon, Ghana, Kenya, Nigeria, Rwanda, Tanzania, and Uganda—and found that all of the countries have made some progress on most purchasing functions in their health financing arrangements or schemes. All of the countries have a specified benefit package with services that address the health needs of the most vulnerable groups, and they have introduced contracting, mostly with private providers, to clarify expectations and priorities. Progress on provider payment and performance monitoring has been slower.

None of the countries have made large-scale health system improvements through strategic health purchasing because of the persistence of out-of-pocket payments as the dominant source of health funding and the high degree of fragmentation, with multiple schemes and purchasers duplicating coverage for some populations and with multiple service packages and multiple payment methods, often with conflicting incentives. All nine countries have fragmented information systems, and performance monitoring does not inform purchasing decisions. Donor-funded projects, such as vertical programs and performance-based financing (PBF) schemes, are often implemented in parallel rather than being integrated into existing schemes.

SPARC's technical partners are using the results of this functional mapping to initiate dialogue on how to accelerate improvements in strategic purchasing while addressing the obstacles to further progress in strategic purchasing and achieving universal health coverage.

References

- CASHIN, C., et al. 2017. Aligning public financial management and health financing: sustaining progress toward universal health coverage. (Health Financing Working Paper). Geneva: World Health Organization.
- GLASSMAN, A., et al. 2016. Defining a health benefits package: what are the necessary processes? *Health Syst Reform*, 2(1), 39-50.
- HANSON, K. 2014. Researching purchasing to achieve the promise of universal health coverage. Retrieved from RESYST: http://resyst.lshtm.ac.uk/resources/researching_purchasing
- JLN. 2014. Costing of health services for provider payment. Joint Learning Network for Universal Health Coverage.
- JLN. 2015. Assessing health provider payment systems. Joint Learning Network for Universal Health Coverage.
- JLN. 2017. Using data analytics to monitor health provider payment systems. Joint Learning Network for Universal Health Coverage.
- MATHAUER, I., D., E. & MEESEN, B. 2017. Strategic purchasing for universal health coverage: key policy issues and questions. Geneva: World Health Organization.
- WHO. 2019. Governance for strategic purchasing: an analytical framework to guide a country assessment. (Health Financing Guidance). Geneva: World Health Organization.
- WHO. 2020. Health financing matrices. Geneva: World Health Organization.

Strategic Purchasing Africa Resource Center (SPARC)

Amref Wilson Airport, Lang'ata Road
Nairobi, Kenya

info@sparc.africa
www.sparc.africa



Annex. **Benchmarks for Progress**

Governance	Purchasing functions have an institutional home that has a clear mandate and allocation of functions.	○	An agency or agencies have responsibility for carrying out one or more purchasing functions, but mandates are not clearly defined and capacity is weak.
		●●	An agency or agencies have responsibility for carrying out most or all purchasing functions and capacity is improving, but some overlaps and gaps in responsibilities remain. Mechanisms are in place for stakeholder engagement.
		●●●	An agency or agencies have responsibility for carrying out all purchasing functions, capacity is strong, and there are no overlaps or gaps in responsibilities. There is inclusive and meaningful stakeholder engagement.
	Providers have autonomy in managerial and financial decision-making and are held accountable.	○	Public providers have no autonomy or extremely limited autonomy to carry out financial and managerial functions, and they have limited ability to respond to financial incentives created by provider payment systems.
		●●	Public providers are given a larger degree of financial and managerial autonomy, but accountability mechanisms are weak.
		●●●	Public providers are given a large degree of financial and managerial autonomy, and accountability mechanisms are effective.
Financial Management	Purchasing arrangements incorporate mechanisms to ensure budgetary control.	○	A defined process is used to set the purchaser's budget, and mechanisms are in place to track budget execution/spending, but these mechanisms are not well enforced.
		●●	A defined process is used to set the purchaser's budget, and mechanisms are in place to track budget execution/spending. These mechanisms are enforced, but budget overruns routinely occur.
		●●●	A defined process is used to set the purchaser's budget, and mechanisms are in place to track budget execution/spending. These mechanisms are enforced, and budget overruns rarely occur.
Benefits Specification	A benefit package is specified and aligned with purchasing arrangements.	○	A benefit or service package is defined and reflects health priorities, but it is not well specified, is not a commitment, and/or is not aligned with purchasing mechanisms.
		●●	A benefit or service package is defined, reflects health priorities, and is a commitment, but it is not well specified and/or not aligned with purchasing mechanisms.
		●●●	A benefit or service package is defined, reflects health priorities, is a commitment, is well specified, and is aligned with purchasing mechanisms, and a transparent process for revision is specified.
	The purchasing agency further defines service delivery standards when contracting with providers.	○	The purchaser defines some general standards for delivering services in the package (e.g., for gatekeeping), but enforcement through contracts is weak.
		●●	The purchaser defines some general service delivery standards and some specific service delivery standards (e.g., number of prenatal care visits) that are enforced through contracts.
		●●●	The purchaser defines general service delivery standards and specific service delivery standards in line with national service delivery policies and clinical protocols, and service delivery standards are enforced through contracts.
Contracting Arrangements	Contracts are in place and are used to achieve objectives.	○	Loose agreements are in place between the purchaser and public providers for specified services in exchange for payment instead of or in addition to input-based budgets. Formal agreements may be in place with some private providers.
		●●	Formal agreements are in place between the purchaser and public providers for specified services in exchange for payment or in addition to input-based budgets. Formal agreements may be in place with some private providers.
		●●●	Formal agreements are in place between the purchaser and public and private providers to help achieve specific objectives, and they are linked to performance.
	Selective contracting specifies service quality standards.	○	The purchaser has loose, nonselective agreements or contracts with all public providers and selective contracts with some private providers based on some definition of quality standards.
		●●	The purchaser contracts at least somewhat selectively with public and private providers based on accreditation or some other definition of quality standards.
		●●●	The purchaser contracts selectively with public and private providers based on uniformly applied quality standards.
Provider Payment	Provider payment systems are linked to health system objectives.	○	Some output-based payment is used.
		●●	Output-based payment is used, and payment systems are linked to specific service delivery objectives.
		●●●	Output-based payment is used and is linked to specific service delivery objectives; payment systems are harmonized across levels of care, and they allow purchaser budget management.
	Payment rates are based on a combination of cost information, available resources, policy priorities, and negotiation.	○	Provider payment rates are determined based only on the purchaser's available budget.
		●●	Provider payment rates are determined based on the purchaser's available budget and at least one other factor (e.g., cost information, priorities, or negotiation with providers).
		●●●	Payment rates are based on a combination of cost information, available resources, policy priorities, and negotiation.
Performance Monitoring	Monitoring information is generated and used at the provider level.	○	Some form of monitoring happens at the health provider level (e.g., supportive supervision visits, monthly activity reporting, claims audits, quality audits).
		●●	Provider-level monitoring is at least partially automated and is used for purchasing decisions.
		●●●	Provider-level information is automated, fed back to providers, and used for purchasing decisions.
	Information and analysis are used for system-level monitoring and purchasing decisions.	○	Some form of analysis is carried out at the system level (e.g., service utilization, medicines prescribed, total claims by service type).
		●●	System-level analysis is automated and carried out routinely.
		●●●	Information and analysis are used for system-level monitoring and purchasing decisions.