

# Policymakers' Perspectives

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## Abstract

Strategic purchasing is part of the policy discourse on universal health coverage (UHC) and is included in strategic plans and health financing strategies as a cornerstone of UHC policies across sub-Saharan Africa. But large-scale implementation of the full range of strategic purchasing approaches is rare in Africa, and this may lead some to conclude that health systems in Africa may not benefit from increased focus on and investments in strategic purchasing. As policymakers who have led efforts in our countries to meet UHC commitments, we would like to dispel this notion. We have seen how important even incremental steps to purchase priority services more strategically can be to make progress toward UHC goals.

The language around strategic purchasing can be highly technical and sometimes abstract, and it is often associated with specific schemes or solutions. We have seen that policy makers in Africa and globally can set in motion more sustainable progress if they shift the way they think about strategic purchasing to be more practical and incremental. Rather than focusing on specific schemes or big-bang reforms, a more practical approach—one that breaks down the components of strategic purchasing reforms and considers them incrementally—can broaden the discourse and better identify where tangible improvements are needed and most feasible.

No country in Africa has all purchasing functions working in perfect harmony. However, many have made incremental improvements in strengthening their purchasing systems, and their experience can be useful for other countries. In this paper, we provide a policymaker's perspective to strategic purchasing, as a set of functions that can help achieve health system goals: specifying the benefits people are entitled to, contracting with and paying providers, and monitoring and improving provider performance to advance UHC. This paper shares some examples of how our countries, Burkina Faso and Rwanda, are advancing UHC goals through strategic purchasing approaches. We call on other countries on the continent to join in advancing a learning agenda on what is working in strategic purchasing, where, how and why.

# Introduction

African countries are committed to achieve universal health coverage (UHC). Along with revenue mobilization and pooling, health purchasing is a critical pillar of health financing and a part of the policy discourse to support achievement of UHC.<sup>(1,2)</sup> It involves making deliberate policies to prioritize services that are paid for with public funds, and to contract with and pay providers to deliver those services in a way that gets the most value for money.<sup>3</sup> Strategic purchasing is included as a priority in plans, strategies, and UHC policies in sub-Saharan Africa.<sup>4</sup> But large-scale implementation of the full range of strategic purchasing approaches is rare in Africa. When taking a systemwide view rather than looking at individual schemes, it is clear that strategic purchasing is still lagging in Africa and few countries can be said to have achieved success with strategic purchasing reforms. This may lead some to conclude that health systems in Africa may not benefit from increased focus on and investments in strategic purchasing. As policymakers who have led efforts in our countries (Burkina Faso and Rwanda) to meet UHC commitments, we would like to dispel this notion. The lack of large-scale purchasing reforms does not mean progress has not been made or that valuable lessons cannot be extracted from these experiences.<sup>5</sup> We have seen how important even incremental steps to purchase priority services more strategically can be to make progress toward UHC goals.

What makes purchasing strategic can often be unclear to policymakers. The language used in policy discourse around strategic purchasing can be highly technical and sometimes abstract, leading to a lack of common understanding about what strategic health purchasing is, how it works, and what it can and cannot achieve.<sup>6</sup> Further, UHC reforms that include strategic purchasing are often assumed to involve new schemes or solutions, with a purchaser-provider split, which can limit the ability of policy makers to critically examine the components of purchasing reforms, their sequencing, and how to build progressively from one step to the next.<sup>7</sup>

As policymakers who have led efforts in our countries to meet UHC commitments, we have seen how important even incremental steps to purchase priority services more strategically can be to make progress toward UHC goals. Strategic purchasing is more than just a buzzword: It is a set of functions that policy makers can use to help achieve UHC—specifying the benefits people are entitled to, contracting with and paying providers, and monitoring and improving performance. Policy makers in Africa and globally can spur more sustainable progress if they shift the way they think about strategic purchasing and other reforms to be more practical and incremental.<sup>4</sup> Rather than focusing on specific schemes or big-bang changes, a more practical approach—one that breaks down the various components of strategic purchasing reforms and considers sequencing them incrementally—can open up policy dialogue and clarify where tangible improvements are needed and most feasible.

## Incremental Progress on Strategic Purchasing to Advance UHC Goals

No African country has all of its health purchasing functions working in perfect harmony, but incremental improvements in strategic purchasing policies in our countries (Burkina Faso and Rwanda) have contributed to gains in UHC intermediate and long-term goals such equity in resource distribution, efficiency, transparency and accountability, financial protection, quality, and health outcomes (Figure 1).

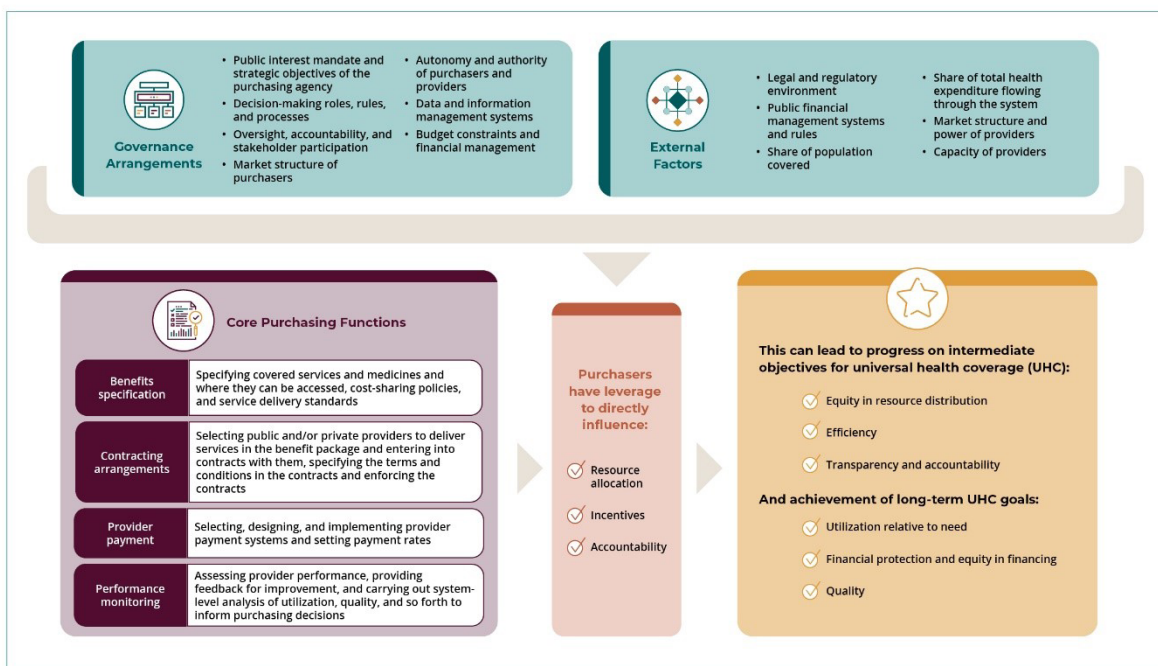


Figure 1: The strategic health purchasing progress tracking framework

### ***Equity in resource distribution***

Equity in resource distribution can be improved through a combination of pooling to achieve a fair distribution of financial resources and purchasing policies that prioritize poor and vulnerable groups. The Rwandan Community Based Health Insurance (CBHI) scheme has prioritized equity in how it carries out all of its functions. In 2019, 83% of Rwandan women and men aged 15–49 years had health insurance; of those 93% were CBHI members.<sup>8</sup> This has pooled risk across social groups to improve equity, which has been enhanced through strategic purchasing action, such as a broad benefit package that is aligned with population needs, and selective contracting of providers to increase access for priority and vulnerable groups.<sup>9</sup>

The equity impacts of health reforms can be challenging to measure and monitor. Community-level intelligence and information gathered by civil society organizations can be used to monitor equity impacts and intervene when vulnerable communities are at risk. In Burkina Faso, for example, civil society organizations are engaged in the performance monitoring function. They alert health authorities about unmet need for services in the community, such as lack of quality care or drugs due to security concerns, and they work with the government to fill in gaps where needed.

### ***Efficiency***

Gains in efficiency—that is, improving how and to what end money is spent to get greater benefit for every dollar—can be made incrementally over time through the use of different strategic purchasing functions. In Rwanda, before the CBHI scheme was made into a national program, each district had its own scheme, which led to a high degree of fragmentation.<sup>10</sup> Despite this, the district-level schemes helped strengthen community ownership and local resource mobilization. However, additional changes were needed to continue to improve efficiency. First, a 2015 CBHI policy merging 30 district mutuelles into a single pool at the national level helped reduce fragmentation. The management of the scheme and purchasing responsibility was transferred to the Rwanda Social Security Board from Rwanda’s Ministry of Health (MOH) to improve financial management and efficiency.<sup>11</sup> Going forward, improvements in provider payment will take a more prominent role. The CBHI scheme pays providers using fee-for-service but is shifting to capitation payment for primary health care. This is expected to address cost escalation in the scheme and improve efficiency in resource use. Further, the scheme will focus on contracting with public health facilities, negotiate lower rates with private providers, and it will contract with private providers only for selected services (such as dialysis and imaging)—again, to help contain costs and ensure the financial sustainability of the scheme.

### ***Transparency and Accountability***

The process of verifying provider claims for payment can support transparency and ensure that providers are held accountable for delivering care that is satisfactory and meets population health needs. In Burkina Faso, the health minister controls much of the implementation of health programs, including the government subsidized, free health care program for women and children under age 5, *Gratuité*. The MOH uses an internal, automated system to aggregate information related to health funding, which can be accessed by key stakeholders. For example, contractors can be directly engaged through the system, and hospitals can see drug volumes that others have received. The MOH also gathers information on a monthly basis from central purchasing entities and analyzes and shares the collected information with health care departments. To further improve transparency and accountability, independent nongovernmental organizations (INGOs) are contracted to check provider performance and verify claims paid against services delivered and assess patient satisfaction. The INGOs bring their findings to the MOH for action to correct overpayment or underpayment.

The process for setting and revising the benefit package can also support transparency and accountability. In Rwanda’s CBHI scheme, changes have been made to the way services in the package are selected, to include explicit, evidence-based criteria such as cost-effectiveness. This allows better use of resources to address the disease burden in a transparent manner. In tandem with other strategic purchasing reforms, such as provider payment, a realistic package of services can be delivered to CBHI members within the available budget.

### ***Financial Protection***

Purchasing policies can have a direct impact on financial protection by channeling funds directly to frontline health providers, creating incentives for these providers to use funds more efficiently, and ultimately reduce the burden of payment on the population. Burkina Faso’s *Gratuité* scheme, which expanded benefits to women and children and replaced user fees with direct payments to public facilities from the central government, has improved financial protection. An analysis of National Health Accounts data suggests that *Gratuité* contributed to reducing out-of-pocket payments from 2014 to 2017, from 35% of total health spending to 31.7%.<sup>12</sup> Rwanda has also made substantial progress in increasing financial protection. Out-of-pocket payments have declined significantly and accounted for only 4% of total health spending in 2019–2020.<sup>13</sup>

## Quality

Quality gains, or improvements in the delivery of care that leads to better utilization, satisfaction, and results, can be difficult to achieve because many factors affect how care is delivered. However, in some cases purchasing reforms have explicitly incorporated measures to improve quality. Rwanda's performance-based financing provides a harmonized approach to incentivizing providers deliver quality health services and has been attributed to the achievement of high coverage of maternal and child health services.<sup>14</sup>

## Health Outcomes

Improvements in health outcomes can take time to accrue, but strategic purchasing can contribute to better health outcomes. The Rwandan CBHI scheme has been credited with improvements in the health status of the population over the past two decades, including the achievement of the Millennium Development Goals related to health despite modest per capita expenditure. Improved access to and use of health services, has contributed significantly to reducing morbidity and mortality. Life expectancy at birth increased from 49 years in 2000 to 69.06 years in 2020,<sup>15</sup> alongside improvements in health care utilization,<sup>16,17</sup> prenatal care visits,<sup>18</sup> and facility-based deliveries and decreased maternal mortality. Rwanda has attained a high level of service coverage (64.51%),<sup>19</sup> within modest per capita government spending (\$58 international dollars),<sup>20</sup> and provides lessons on how to maximize value from limited health resources.<sup>21</sup>

In 2018, the benefit package under Burkina Faso's *Gratuité* scheme was expanded to include a set of targeted community-level services, and family planning services were introduced in facilities in 2019. Pilots ahead of this expansion demonstrated improved coverage and outcomes, including an increase in the number of family planning consultations, especially among young girls and in urban health facilities.<sup>22</sup> Other services were also expanded at the community level and led to increases in the number of beneficiaries across a number of service areas, including a nearly threefold increase in the number of children under age 5 receiving appropriate treatment for malaria. The child mortality rate in Burkina Faso has continued to fall as access to essential services has expanded, from 93.9 deaths of children under age 5 in 2017 to 87.5 deaths in 2019.<sup>23</sup>

## Conclusion

Strategic purchasing has real-world applications in low- and middle-income countries and should be approached not in terms of advocating for certain schemes or conceptual models but in terms of understanding the evidence on what purchasing functions can achieve over time for UHC goals if they are made more strategic. For us as policy makers, the real objective is to move toward UHC and improve access to quality health services and provide financial protection for the population using limited resources. Getting there requires practical, and often incremental, steps. Building on what exists at the country level in terms of skills, infrastructure, and systems is critical. So is understanding barriers to building sustainable capacity, such as turnover among decision makers, which can lead to loss of institutional memory and technical understanding. Policy makers need access to practical lessons about how to navigate these challenges and continue making progress toward UHC in the face of them. Partner organizations such as the Strategic Purchasing Africa Resource Center (SPARC) are fostering learning for strategic purchasing that can support countries in sharing knowledge about what works and what doesn't work across contexts. A practical approach can help break down this knowledge into the components of strategic purchasing so it is more practical and digestible and can be adapted to a country's context and applied incrementally.

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