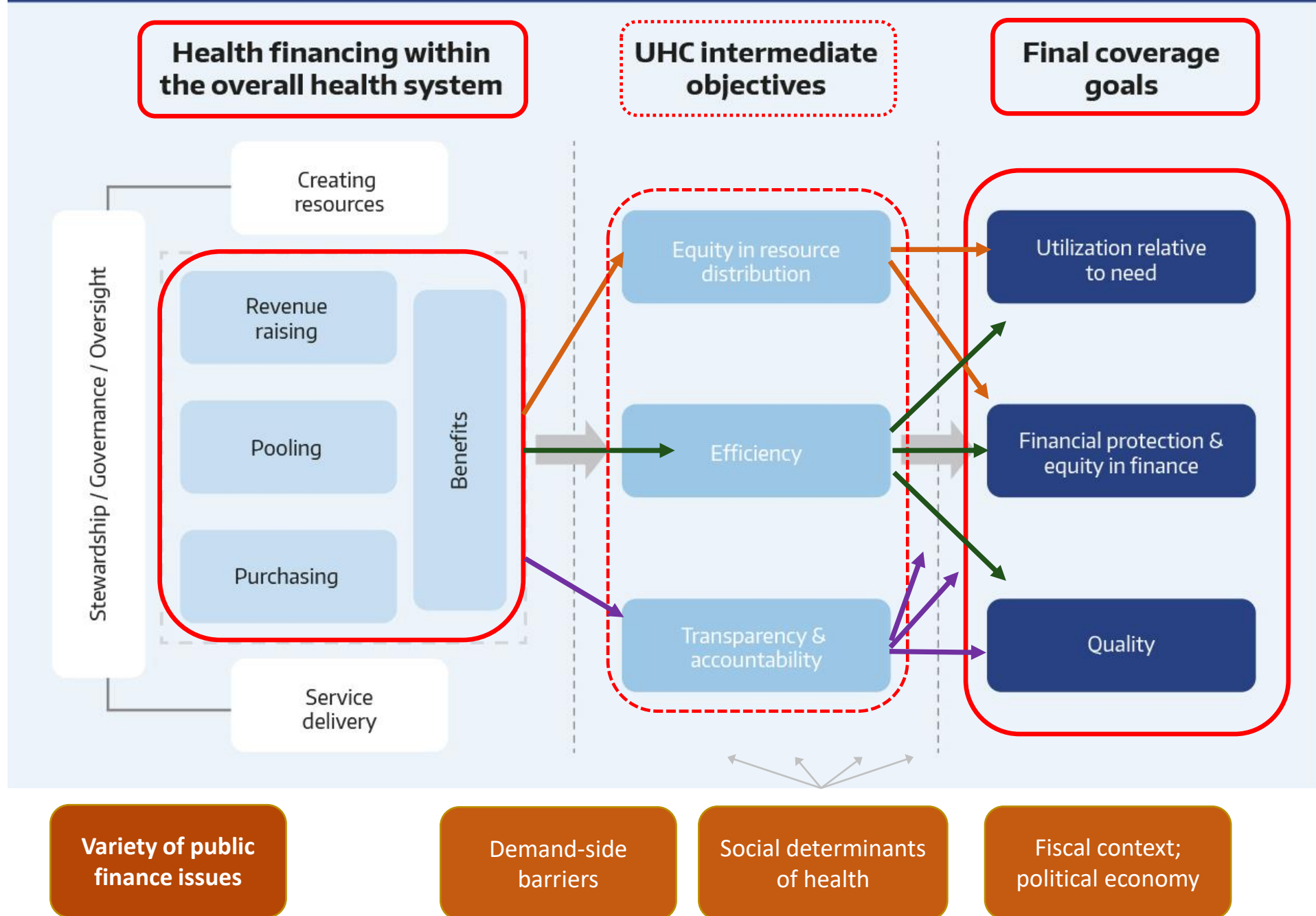


# Grupo Trabalho

Estratégia Financiamento

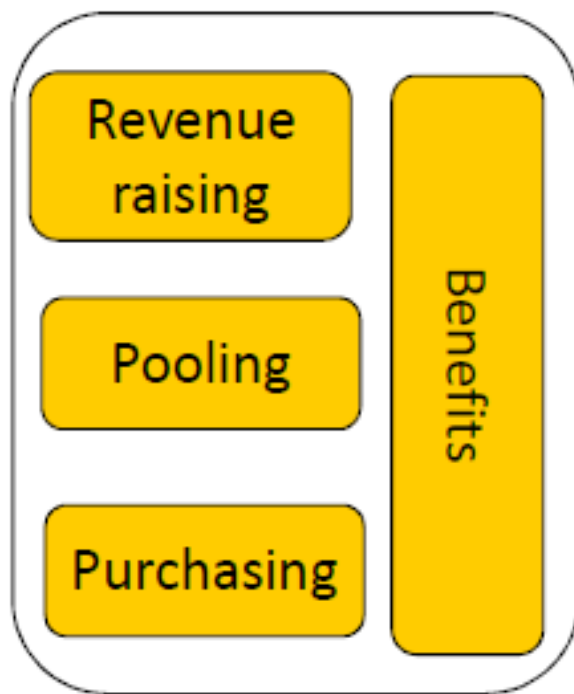
# UHC goals and intermediate objectives influenced by health financing policy



# Distinguish one from the other

Means  
(instruments)

Health financing within  
the overall health system



Ends  
(objectives)

Intermediate and final coverage goals

Equity in  
resource  
distribution

Utilization relative  
to need

Efficiency

Financial protection  
& equity in finance

Transparency &  
accountability

Quality



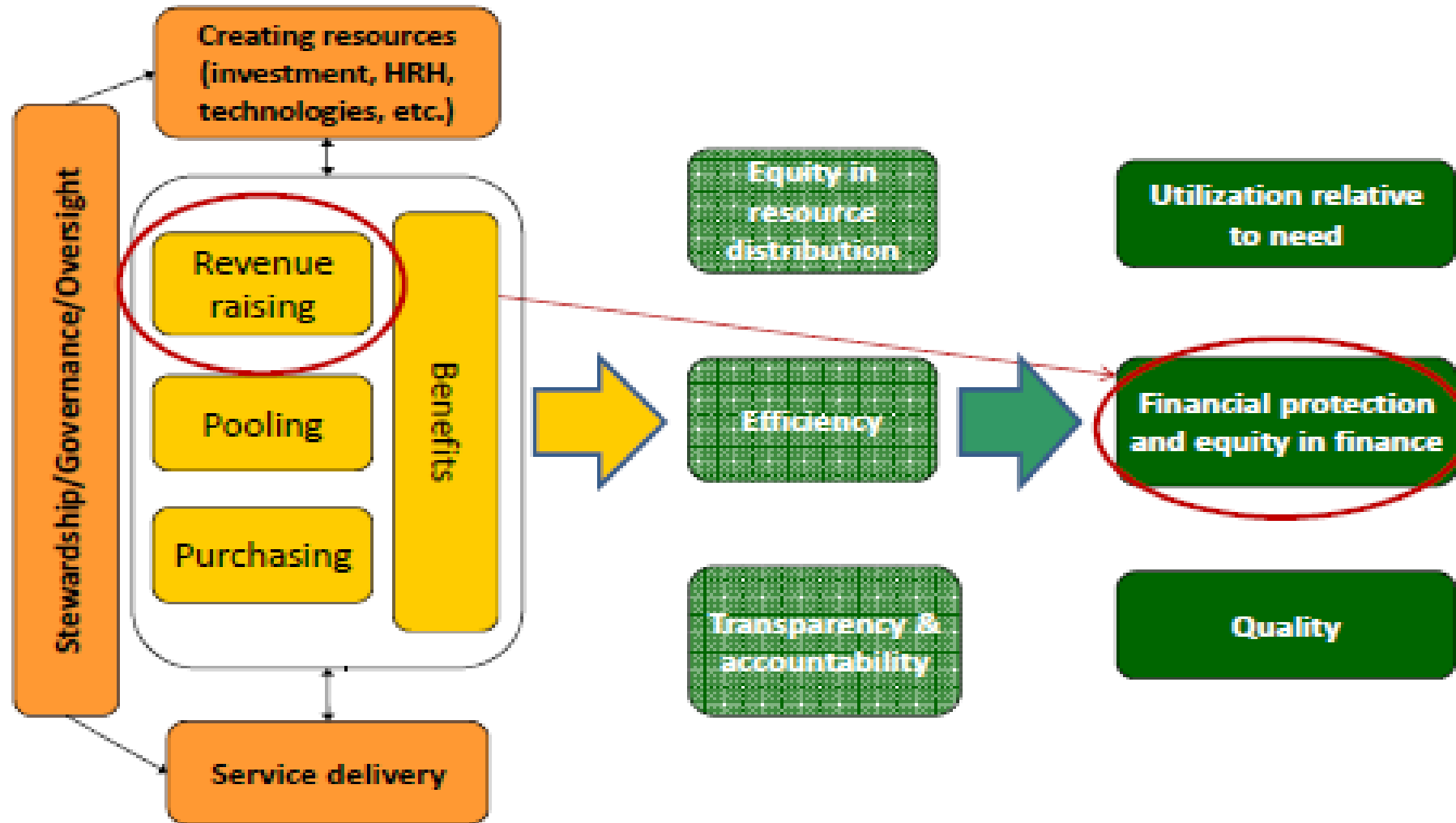
## A health financing strategy should define...

- ...changes to revenue raising, pooling, purchasing, benefit design, and overall system architecture and governance...
- ...to address specific, identified problems that limit progress towards UHC (final and intermediate) objectives...
  - ...and provide a solid foundation for future development of the system...
- ...that can be feasibly implemented (e.g. over the next 5 years) given current and expected future contextual constraints.

Health financing within the overall health system

UHC intermediate objectives

Final coverage goals



# Revenues for health

## PUBLIC

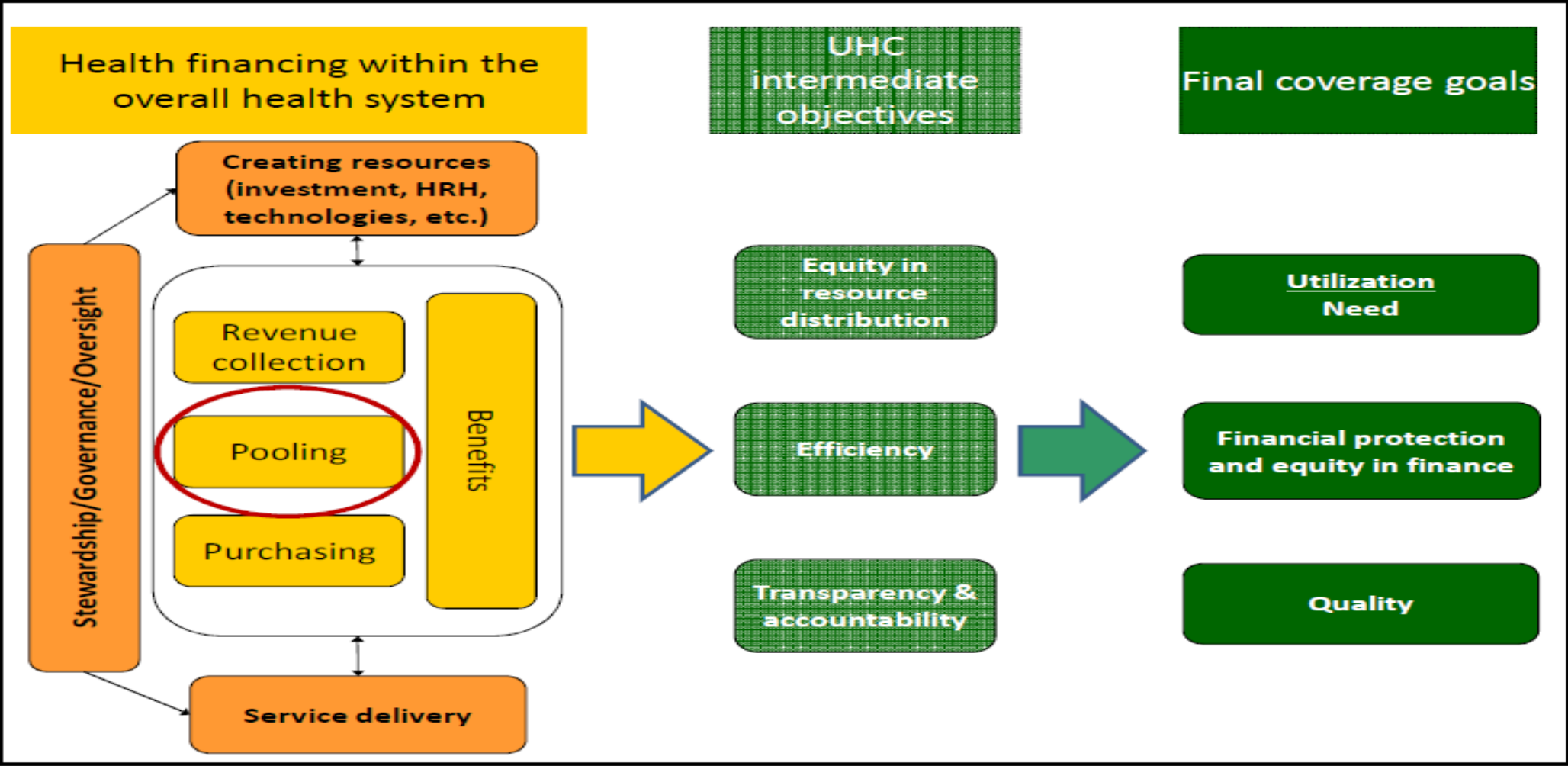
- Domestic
  - Direct tax (income/corporate/payroll taxes)
  - Indirect tax (value-added, sales, excise taxes)
  - Non-tax revenues (state-owned enterprises)
- External
  - Grants (bilateral/multilateral) flowing through government
  - Loans (bilateral/multilateral) flowing through government

Mandatory  
Pre-paid  
Pooled

## PRIVATE

- Out-of-pocket payment (direct patient payments)
- Voluntary prepayment (e.g. commercial insurance, non-profit CBHI)
- Individual medical savings accounts

# POOLING



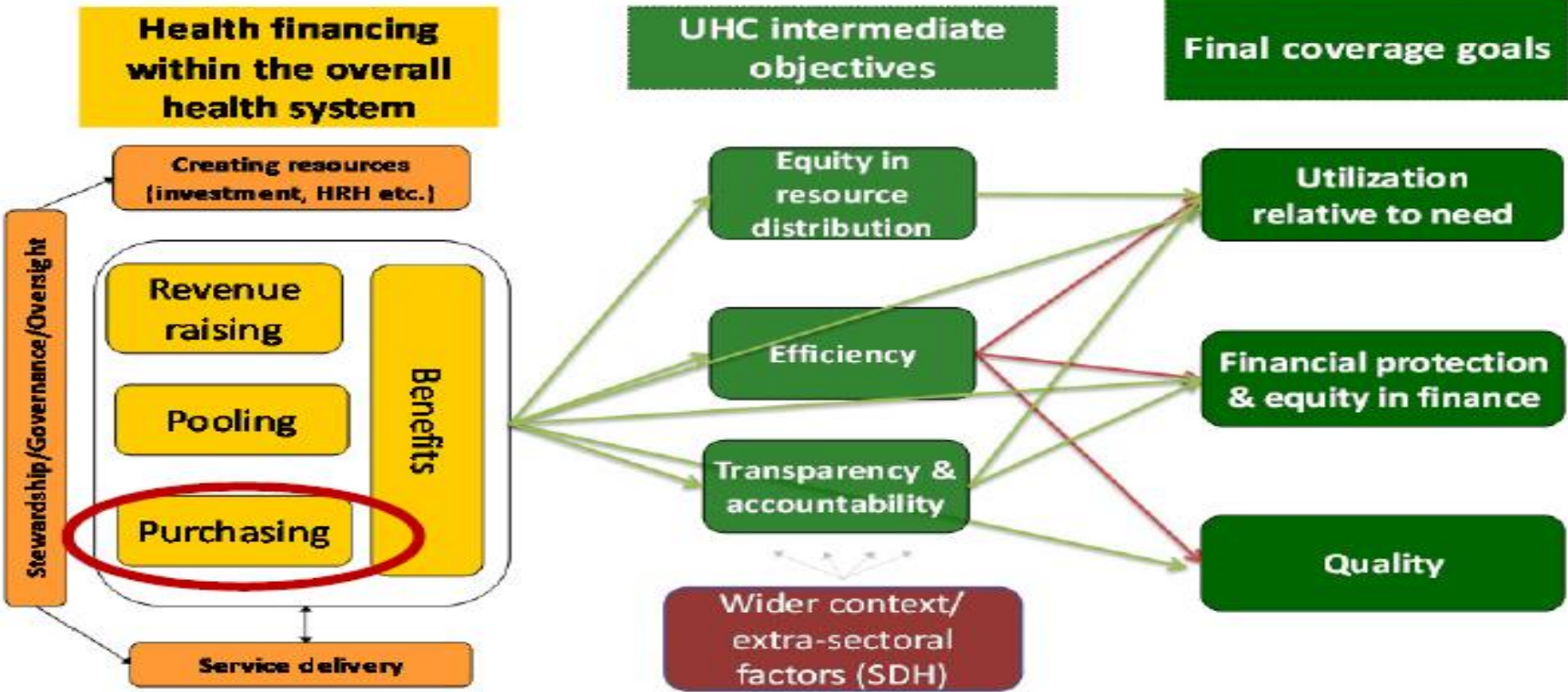
# POOLING

- Pooling of risk as a policy objective for financial protection, equity in service use relative to the need for care, linked to equity in the distribution of health resources
- **Pooling principles and objectives:** Contributions should be independent of health risk;
- **Good health financing system is redistributive** – pooling arrangements greatly influence the potential redistributive capacity of a system;
- **Health Insurance and be Compulsory or voluntary** (should have a minimized role);
- **Fragmentation of pooling** is a problem for both size and diversity of objectives

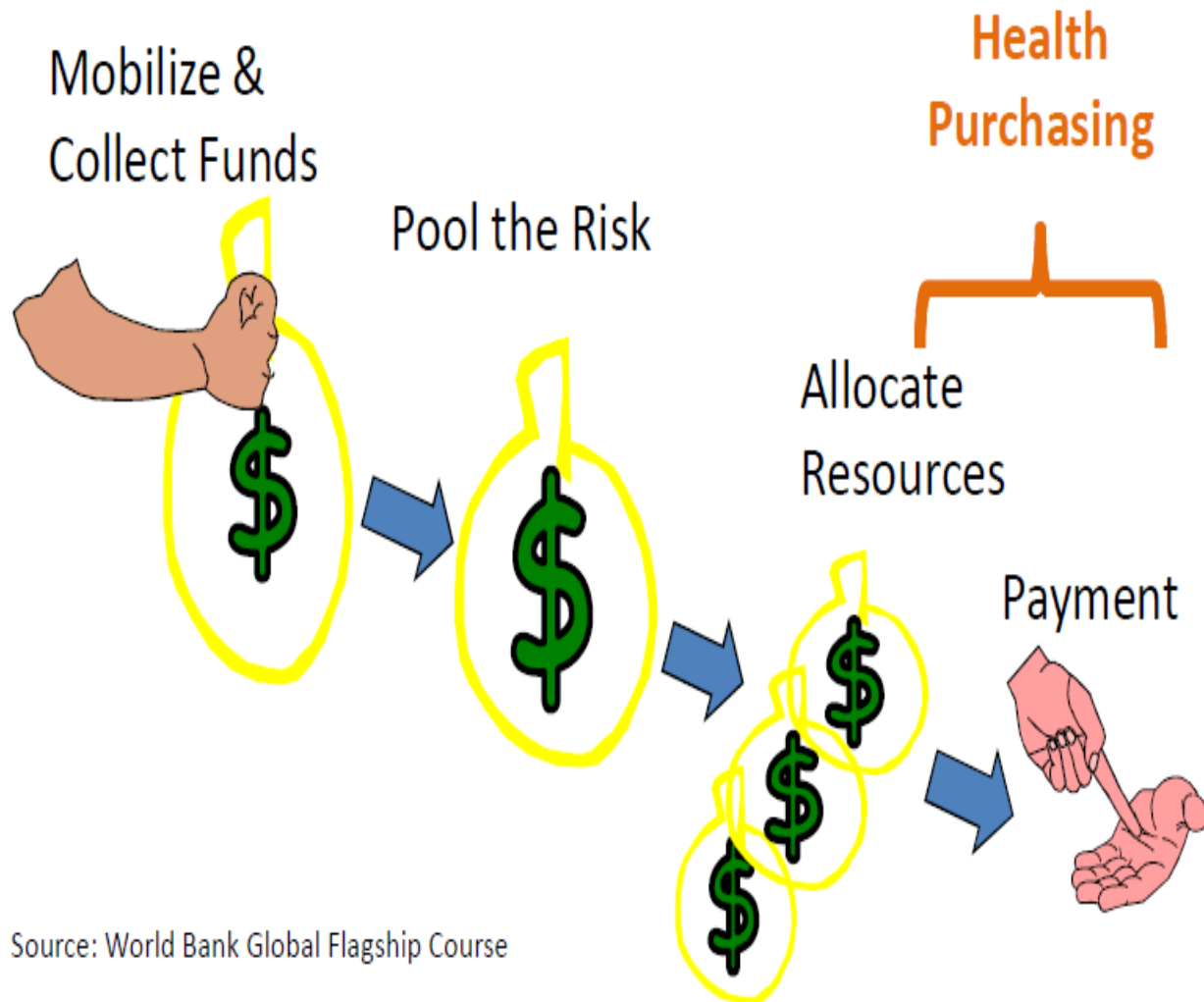


# PURCHASING

## Back to the framework



# Health purchasing



Source: World Bank Global Flagship Course

**Health Purchasing:** allocation of pooled funds on behalf of the population to the providers of health goods and services.

Health purchasing does not have to involve an insurance agency (MOH is also a purchaser)

## **PASSIVE vs STRATEGIC PURCHASING**

**Passive:** limited information used to allocate funds and pay providers

**Strategic:** deliberate decisions about what to buy, from whom to buy, and how to buy services. (clear service package, contracting, output-based Payments, provider autonomy,...)

# Foundations of strategic purchasing

- **Institutional arrangements:** who does what? Roles and responsibilities
  - Is there a purchaser-provider split? (purchasing and services delivery functions carried out by the same?)
  - If yes: Is there a single purchaser?, Is the purchasing agency under MOH control?
  - What are the governance arrangements and decision making autonomy/
- **Operational System:** HOW? Contracting and provider payment systems, Information system and data flow
- **Capacity building:** what capacities are needed

# Payment mechanisms

- All provider payment system create incentives (+ and -)
- **Main options:**
  - Line-item budget; Global budget; per diem; case-based (DRG); Capitation (per capita).
  - Need to have a well defined service package (capitation) and mostly applied to PHC.
  - It is common to find mix-modalities: PHC, inpatient (fee-for-service) and out-of-patient (DRG)

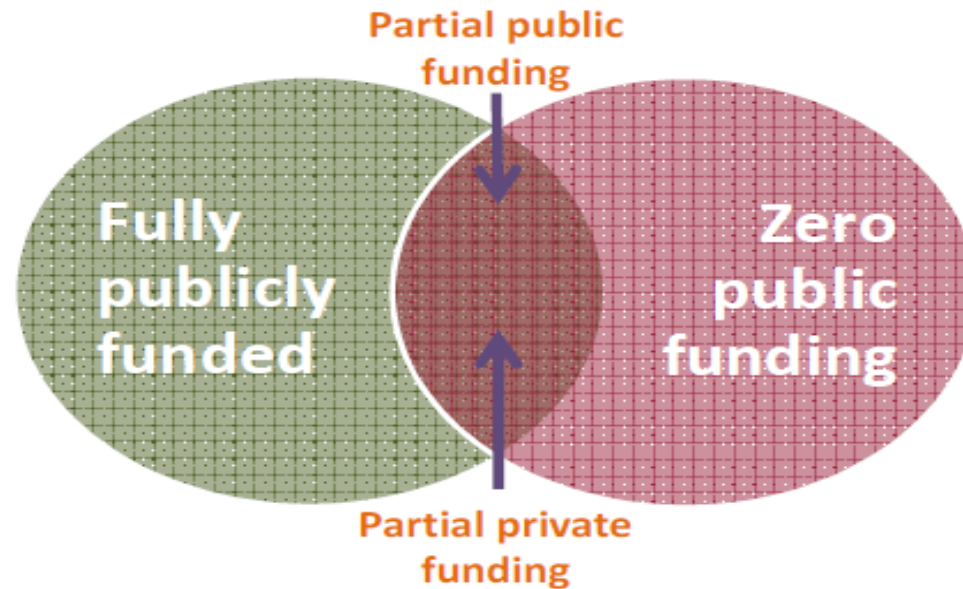
# Main messages

- More money alone will not achieve UHC
- Strategic purchasing levers to: balance efficiency gains with improved health service delivery and better quality
- Effective strategic purchasing requires:
  - Clear and appropriate institutional structure
  - Well-designed operational systems to carry out purchasing functions
  - Provider autonomy
  - Institutional and technical capacity
  - Political will

# BENEFIT PACKAGE

## Benefit & rationing decisions are inseparable

- A decision about WHAT TO publicly fund (either fully or partially) is also a decision about WHAT NOT TO publicly fund.



- All health systems **ration** or **limit** patient access to health services, whether rich or poor, public or private.

# Rationing always happens: explicitly or implicitly

