

Strategic Purchasing for Family Planning: The Basics

ATTAINING SUSTAINABLE FINANCING FOR
FAMILY PLANNING IN SUB-SAHARAN AFRICA

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Results for Development (R4D)



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R4D RESULTS FOR
DEVELOPMENT

Access A'ya
VILLAGE CLINIC

Access
Committed to

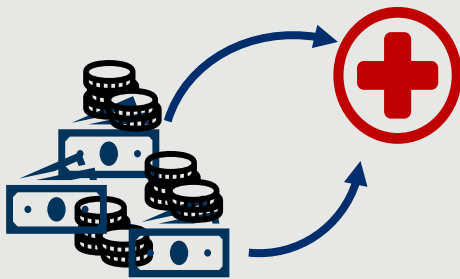
REVIEW

What are the three health financing functions?

Revenue

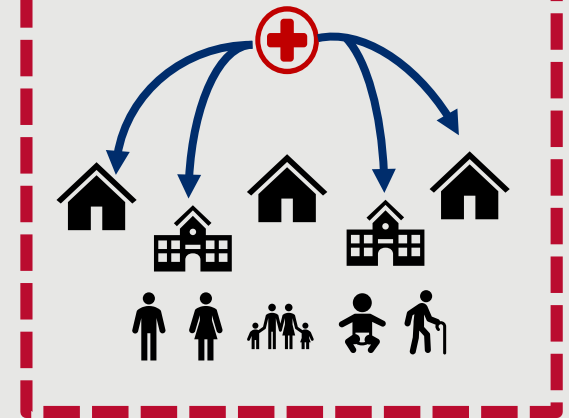
Mobilization:

Sources of health funds and contribution methods



Pooling: Accumulating and managing health funds for defined populations so that risk is shared

Purchasing: Transfer of funds and provider payment mechanisms



Common types of **payment mechanisms** for FP

Fee for service

Unbundled; pay for each service

Payment to providers for enrolled persons per period of time to cover a defined set of services

Capitation

Case-based

Bundled; payment for clinically defined episode-of-care

Public sector may transfers block grants or other support (e.g., equipment, drugs) to cover delivery of specific programs/services

Budget transfers/
grants or
in-kind

PURCHASING MECHANISMS

	Supply Side	Demand Side
Input based	<ul style="list-style-type: none">• Budgets• Contracting (e.g., Service Level Agreements)• Capitation-based payments	
Output based	<ul style="list-style-type: none">• Fee-For Service• Case-based Payment• Diagnosis-Related Group payments• Pay-for-Performance/RBF	<ul style="list-style-type: none">• Vouchers• Conditional Cash Transfers

But what makes purchasing **STRATEGIC?**



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Moving from *passive* to *strategic purchasing*

Passive

Allocation of pooled funds to providers that deliver healthcare goods and services to the covered population, with or without a defined benefit package

- Historical input-based budgets
- Little/no selectivity of providers
- Little/no quality monitoring
- Open-ended payment
- Price and quality **taker**

Strategic

Active, evidence-based engagement in defining the service-mix and volume, & selecting the provider-mix in order to maximize societal objectives

- Deliberate, ongoing decisions to:
- ✓ Manage overall costs in the system
 - ✓ Payment systems that create deliberate incentives
 - ✓ Selective contracting
 - ✓ Quality monitoring, improvement and rewards
 - ✓ Price and quality **maker**

Why does **strategic purchasing for family planning** matter?

Strategic purchasing can drive changes in service delivery and patient behavior— improving access, quality, and efficiency

- More efficient and effective **mix of services** delivered and volume
- Higher **quality of care**--including referrals, use of new/effective technologies and procedures, and medicines
- More efficient **mix of inputs** used, such as staff and commodities
- Change in **patient behavior** for more appropriate care-seeking and adherence



Access
Quality
Efficiency



Family Planning

- Increase in utilization and adherence
- Improve service delivery and client satisfaction
- Deliver most services at the PHC level

Strategic purchasing requires purchasers engage with *providers, clients, and governments* so that they can appropriately *align health and policy objectives to purchasing arrangements* and strategically decide...



WHAT
to buy

From
WHOM
to buy



HOW
to buy

M&E and
Governance



Examples of Family Planning Financing from Latin America

WHAT to buy

In Guatemala, FP services are free for all women in the public sector and includes: condoms, injectables, oral at the primary care level; intrauterine device, implants, and sterilization at *some* secondary/tertiary facilities.



From WHOM to buy

In Honduras, only public facilities operated by the Ministry of Health (Secretaria de Salud) cover the defined package of services.



HOW to buy

In Chile, most of the services offered at primary care facilities are paid via capitation. Other services provided at the secondary/tertiary level are paid via case-based or fee-for-service payments.



Linking incentives to payment: Providers want to minimize their internal cost per unit of service

An incentive is a signal with positive or negative consequences that directs individuals or organizations toward self-interested behavior

Types of signals

Financial reward or penalty

- ▶ Payment
- ▶ Financial authority or power
- ▶ Opportunity for future financial gain

Non-financial reward or penalty

- ▶ Satisfaction
- ▶ Recognition
- ▶ Reputation

Common types of payment mechanisms for FP



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Key messages

- Objectives. Objectives. Objectives. *Then:* what, whom, how. Monitor and repeat!
- Which payment mechanism?
 - That one yesterday, but this one today.
 - Probably that other one tomorrow.
 - And a bit of all of them, most of the time (see handout).
- Strategic purchasers actively listen, monitor, and adjust to the needs of people, providers, and governments. Does your purchaser do that?



Thank you!

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