THE LANCET
Global Health

Financing for Primary Care Services

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PFM as enabler of greater health facility autonomy
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BILL & MELINDA GATES foundation

Financing Primary Health Care

The Lancet Global Health Commission on Financing Primary Health Care

The *Lancet Global Health* Commission on financing primary health care: putting people at the centre

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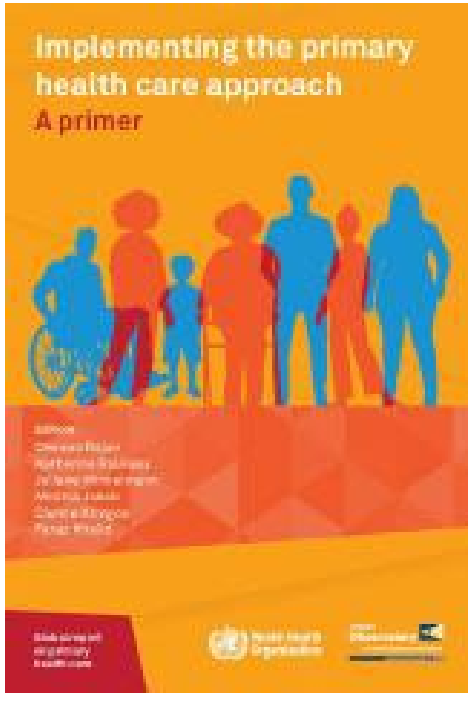
Health financing

Kara Hanson, Marcel Venema, Triin Habicht, Ewout van Ginneken, Xu Jin, Grace Achungura, Faraz Khalid, Beibei Yuan and Melitta Jakab



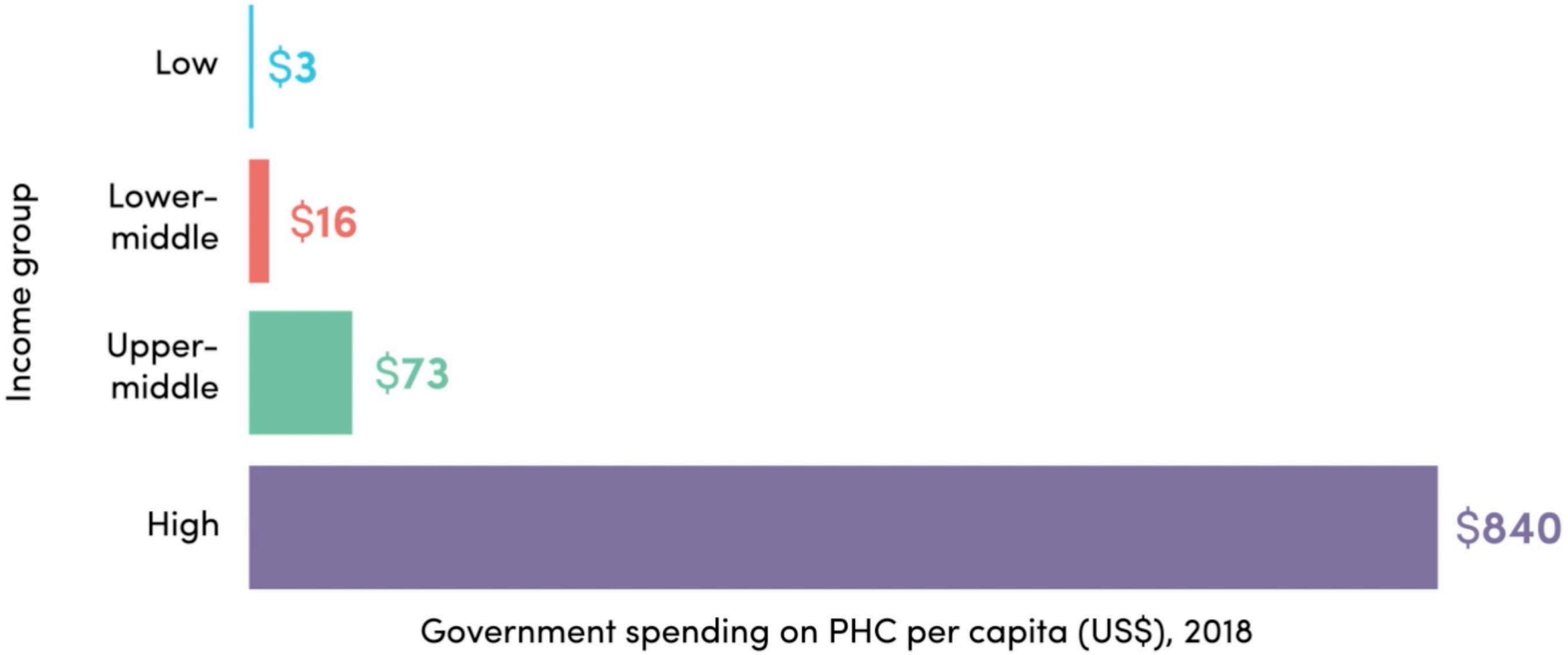
The challenge

Priority to health is limited, political and professional pressures favour hospitals

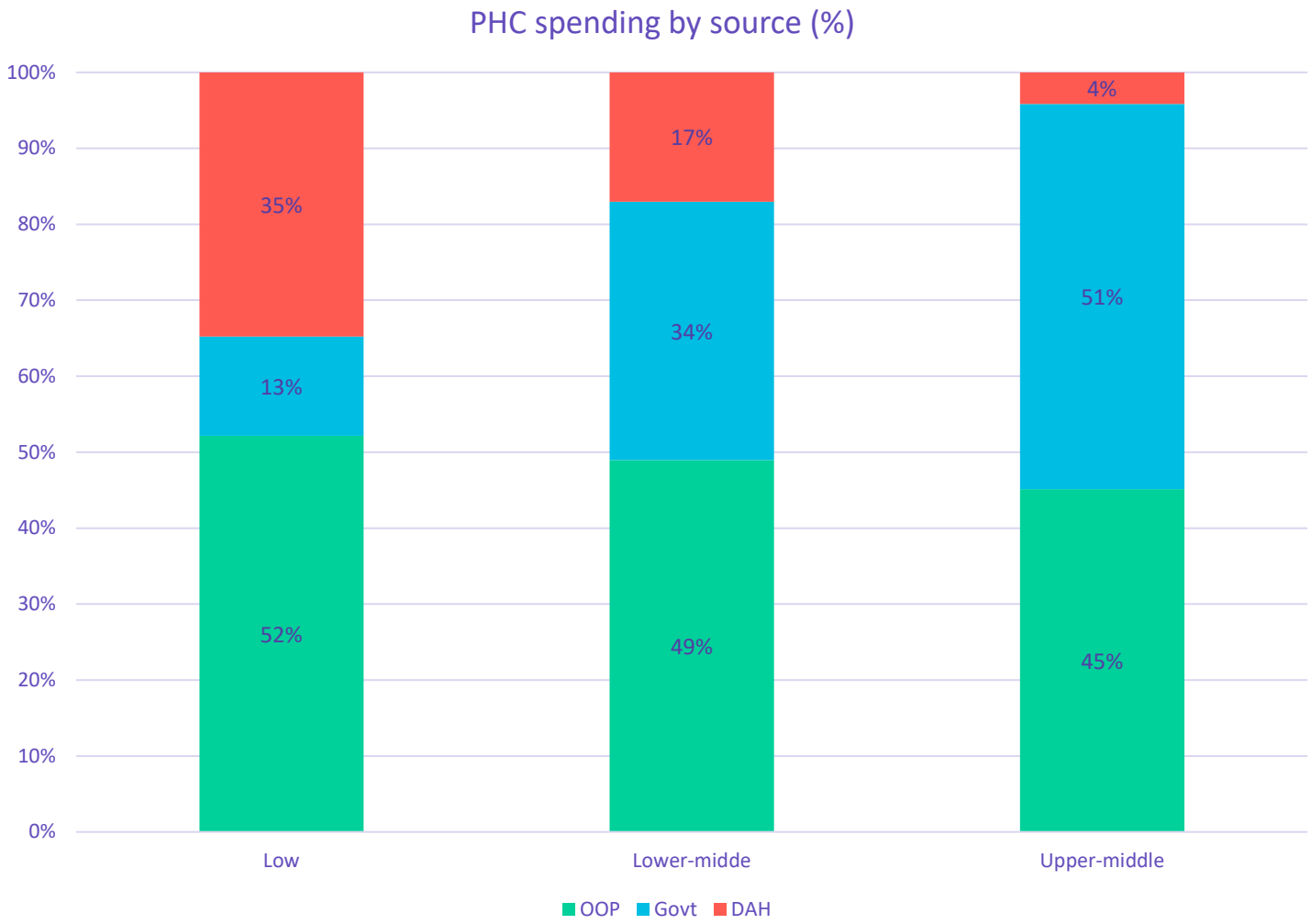
Insufficient funding for PHC	Resources don't reach the frontline	PHC funding is fragmented, Inflexible, inefficient
↓	↓	↓
Allocate more resources to PHC	Allocate equitably, protect to the frontline	Align funding flows, incentives

Better financing for people-centred PHC

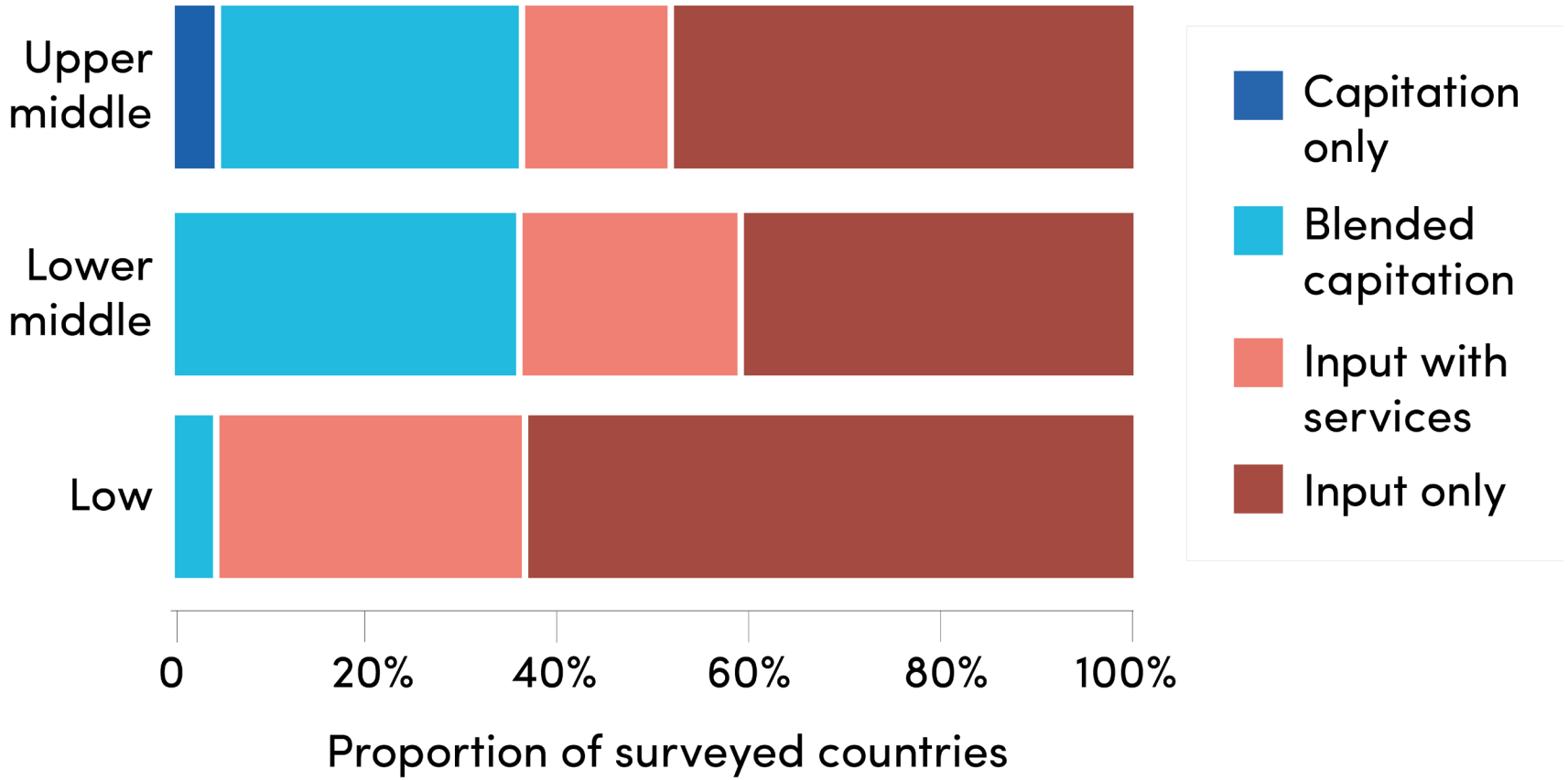
Government spending on PHC in low- and lower-middle income countries is very low



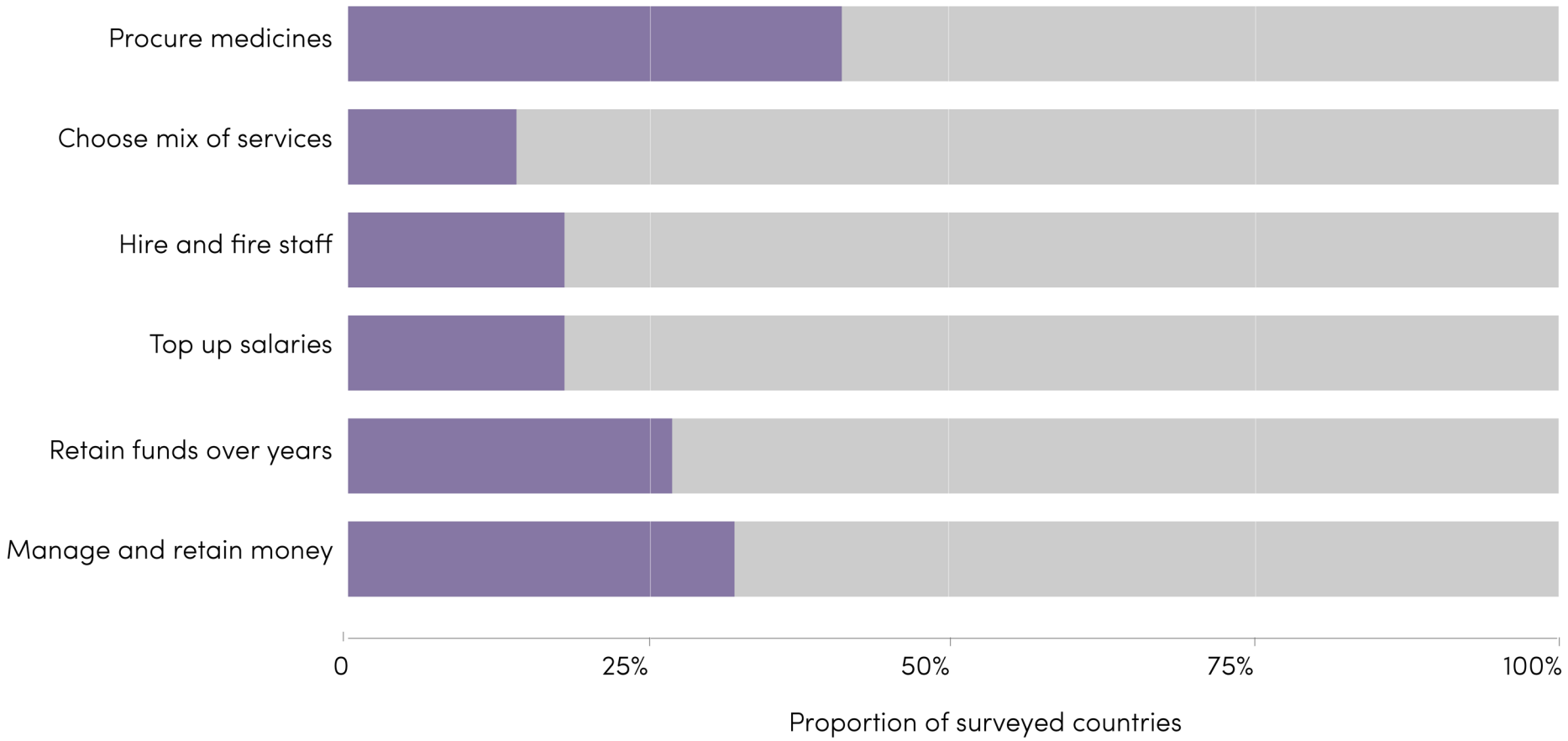
Out-of-pocket payments remain an important source of PHC financing, even in upper-middle income countries

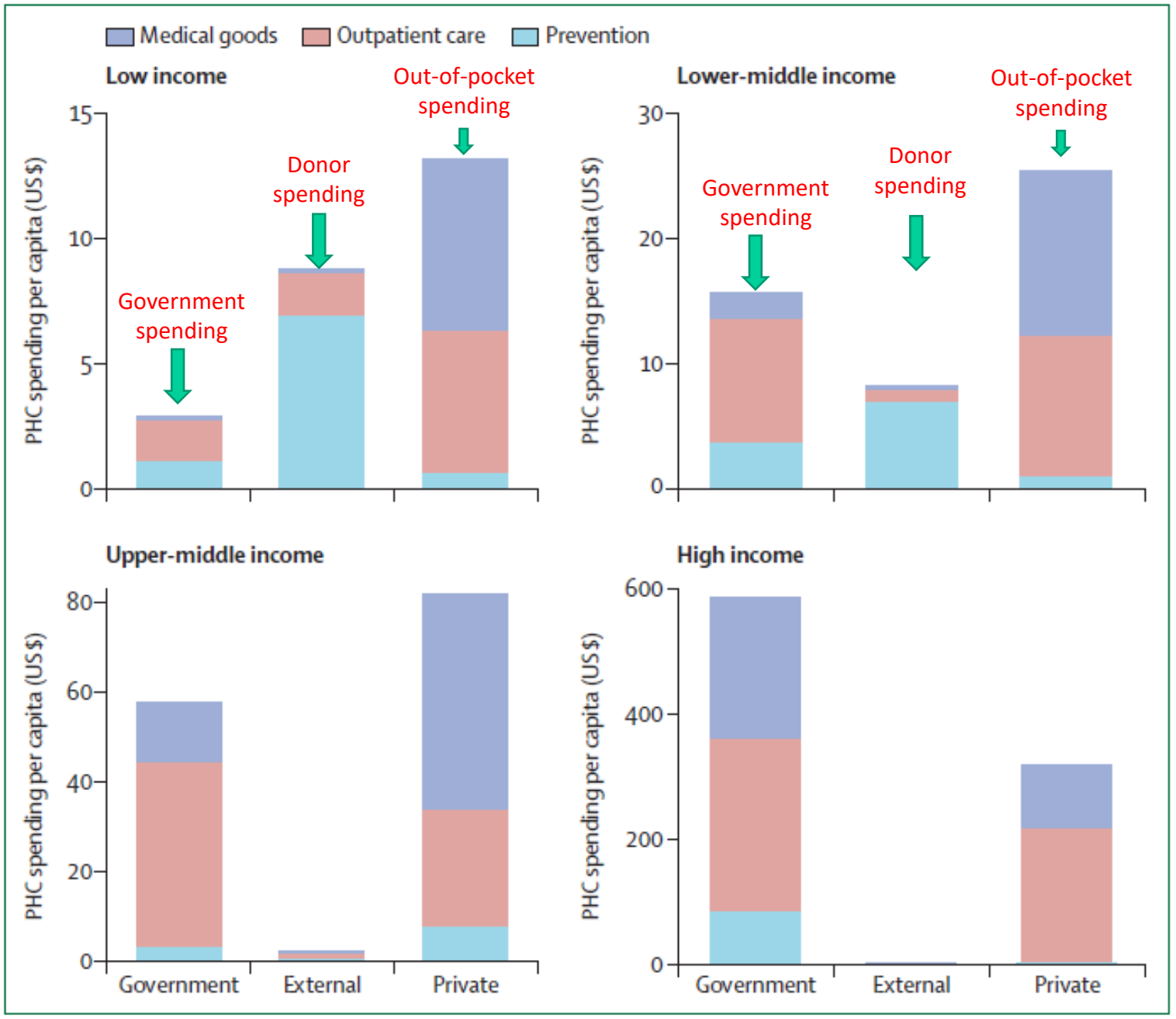


Input-based budget is most common way to pay public PHC providers in low-income countries



Public primary health care providers have limited autonomy on various aspects of care provision





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Financing for PHC is highly fragmented:

- Low government spending and high OOP
- High share of external spending
- Patients pay for drugs, donors for prevention, governments for outpatient care

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New financing "solutions" can exacerbate fragmentation

Different institutions and policies

Purchasing Functions	National health insurance scheme	Voucher System (Chèque Santé)	Free /subsidized Health Care	Mutual Health Organizations	Performance Based Financing (PBF)	Private health insurance
Main purchasing institution	New agency (pending)	Regional Funds for Health Promotion	Program departments of MOH	Mutual health organizations	Regional Funds for Health Promotion	Insurance companies
Benefits Specification	Minimum package of community based interventions	Package of maternity care services	Malaria, TB, HIV, maternity services	Consultations, laboratory, X-rays and other diagnostic tests, medications and hospitalizations	Outpatient consultation, TB, vaccination, maternity and family planning, nutrition and community care	Packages of preventive and curative services
Contracting Arrangements	Selective contracting with public and private providers	Selective contracting with public and private providers	Some contracting	Selective contracting with public and private providers; quality standards	Selective contracting with public and private providers; quality standards	Selective contracting with public and private providers
Provider Payment	Fee-for-service	Fee-for-service	In-kind payment; no financial transfers	Fee-for-service	Fee-for-service	Fee-for-service
Performance Monitoring	Joint monitoring visits with MOH	RFHP carries out monitoring visits	Visits by supervision team	Reports by medical advisors	Quarterly verification of health information system and visits by RDPH	Some patient satisfaction interviews after hospitalization

Source: Gatome-Munyua et al. (2022). Why Is strategic purchasing critical for universal health coverage in sub-Saharan Africa?, Health Systems & Reform, 8:2. With thanks to Cheryl Cashin.

What might this feel like from the perspective of a PHC facility?

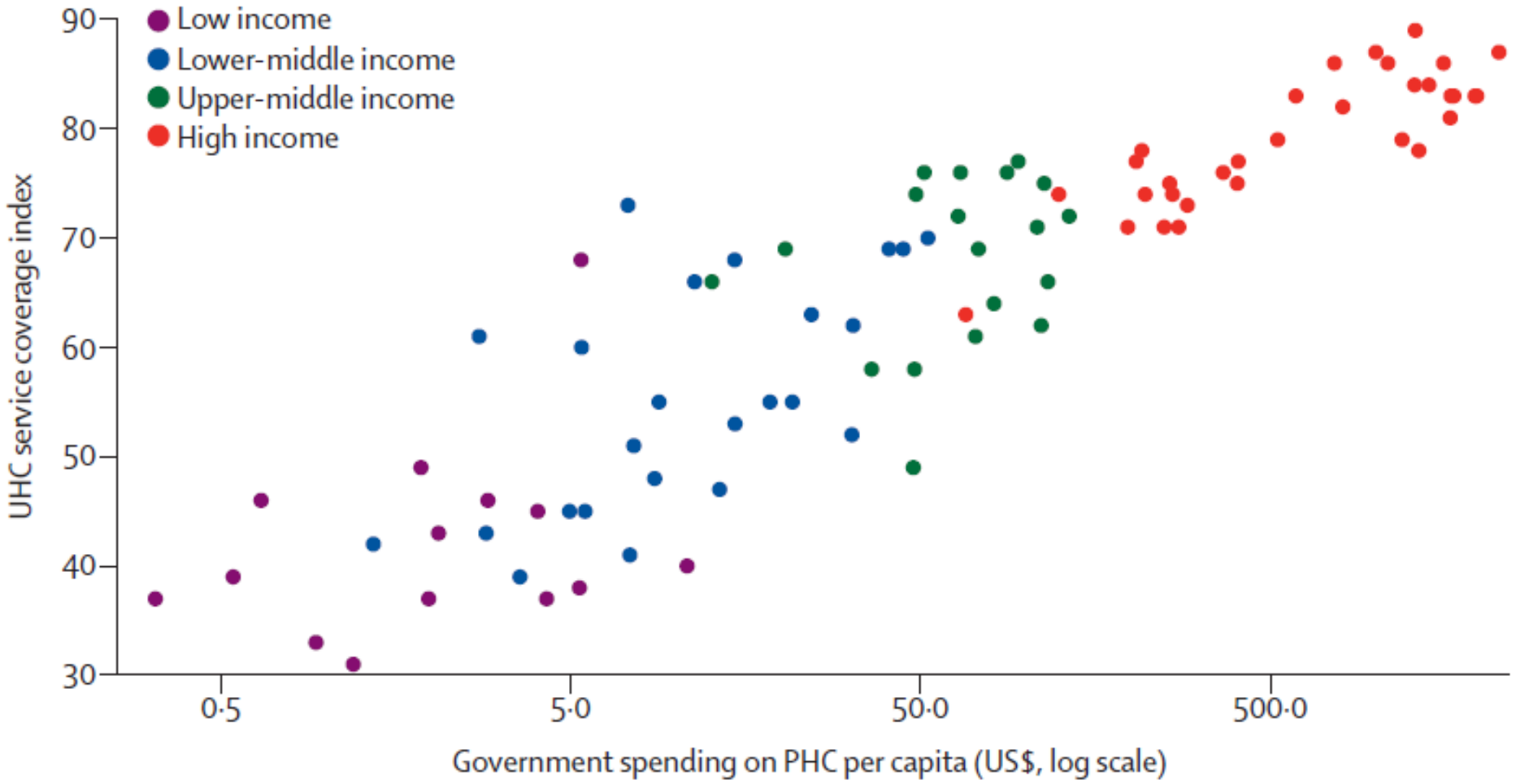
Top down view- Each funding flow associated with:

- Services purchased
- Group of patients or population group covered
- Provider payment method
- Payment rate
- Accountability system

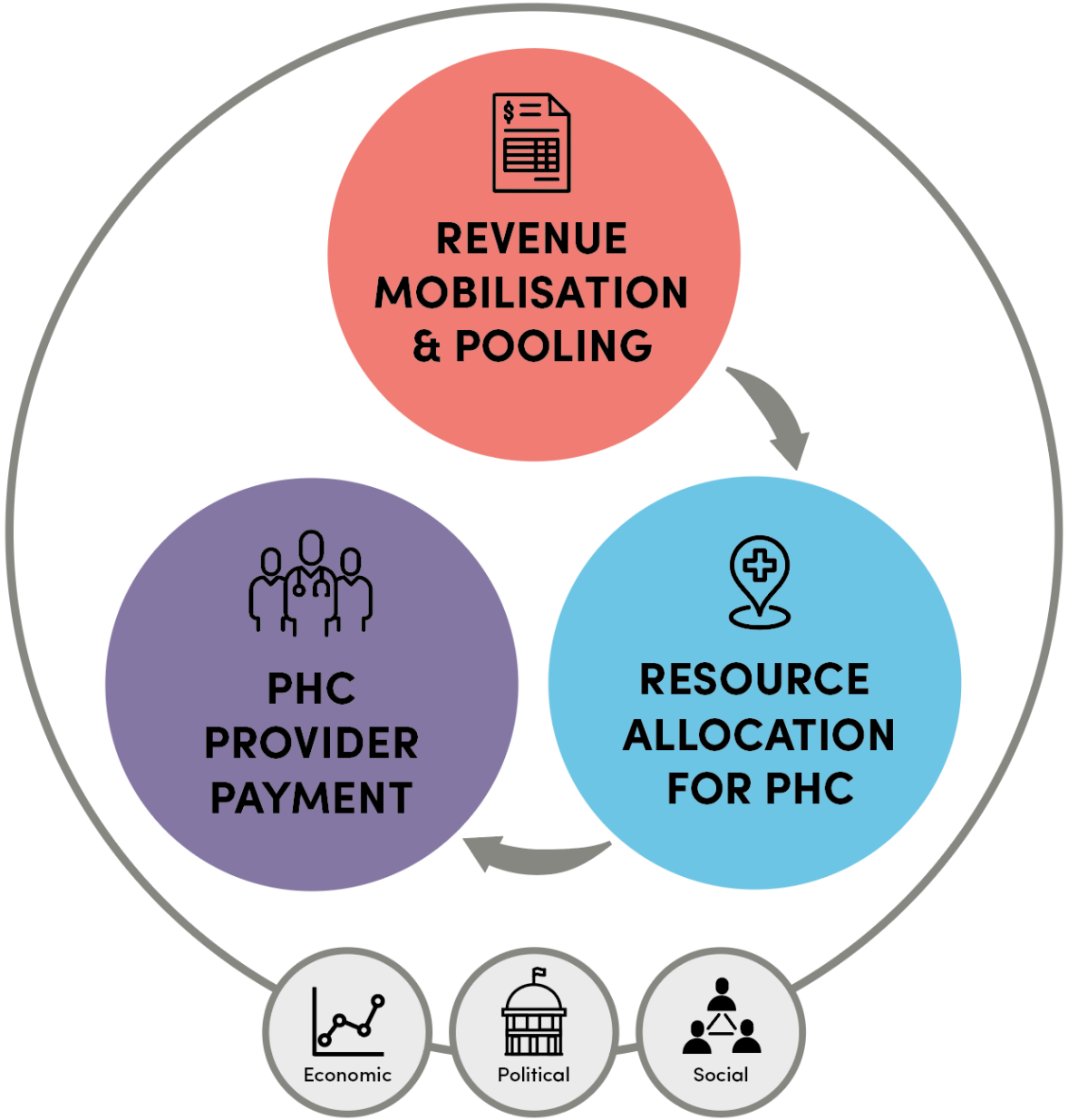
Bottom up view -

- Multiple purchasers
- Providers face multiple funding flows (fragmentation is the norm)
- Insufficient resources reach facilities
- Potentially incoherent
- Sending conflicting signals to providers
- Undermining health system objectives

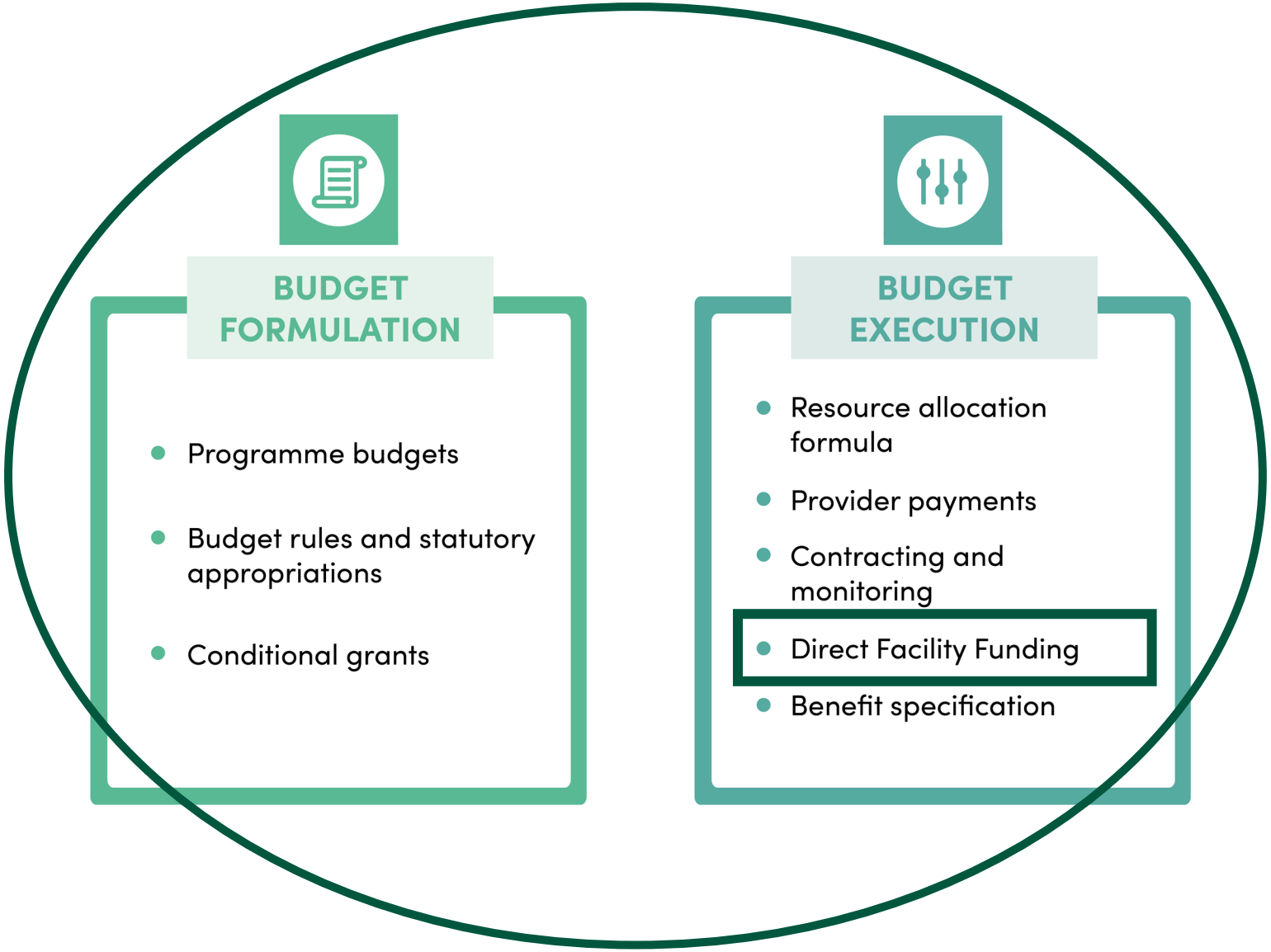
Higher government spending on PHC is strongly associated with better service coverage



Key findings


REVENUE MOBILISATION & POOLING
RESOURCE ALLOCATION FOR PHC
PHC PROVIDER PAYMENT
Economic
Political
Social
POLITICAL ECONOMY CONTEXT

Allocating more resources to PHC



BUDGET FORMULATION

- Programme budgets
- Budget rules and statutory appropriations
- Conditional grants

BUDGET EXECUTION

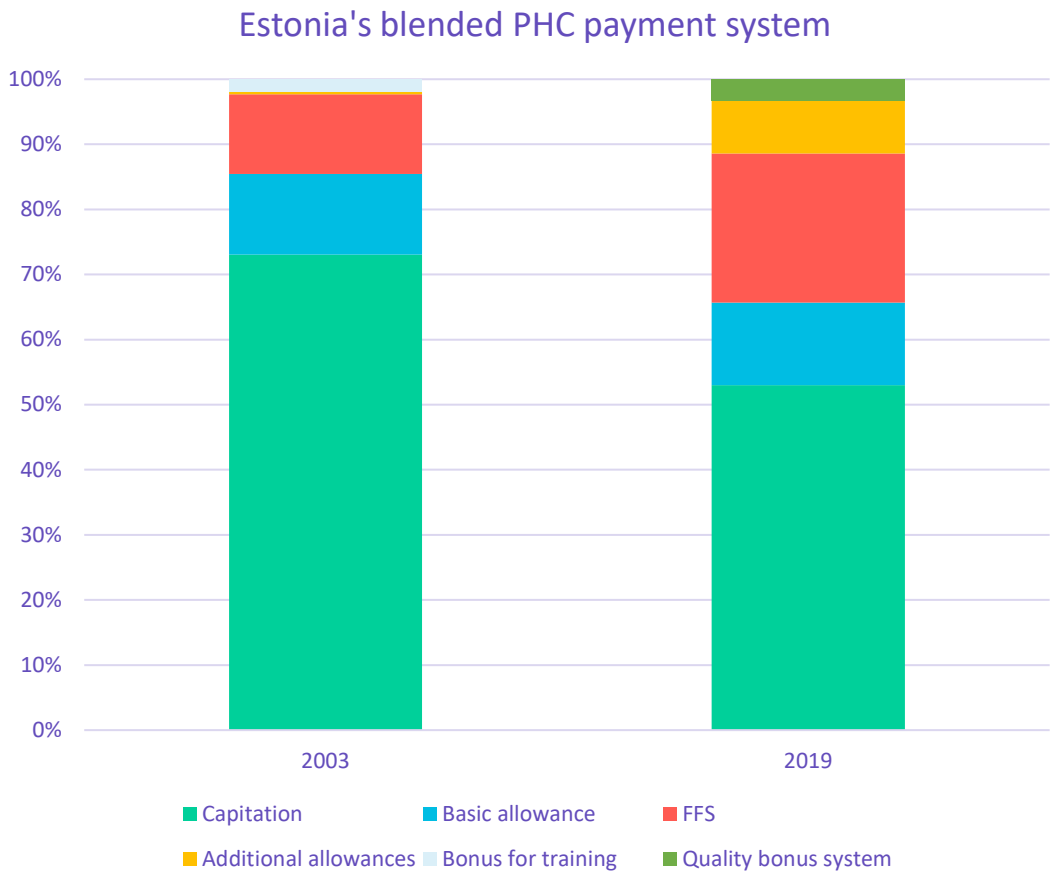
- Resource allocation formula
- Provider payments
- Contracting and monitoring
- Direct Facility Funding
- Benefit specification

SERVICE DELIVERY

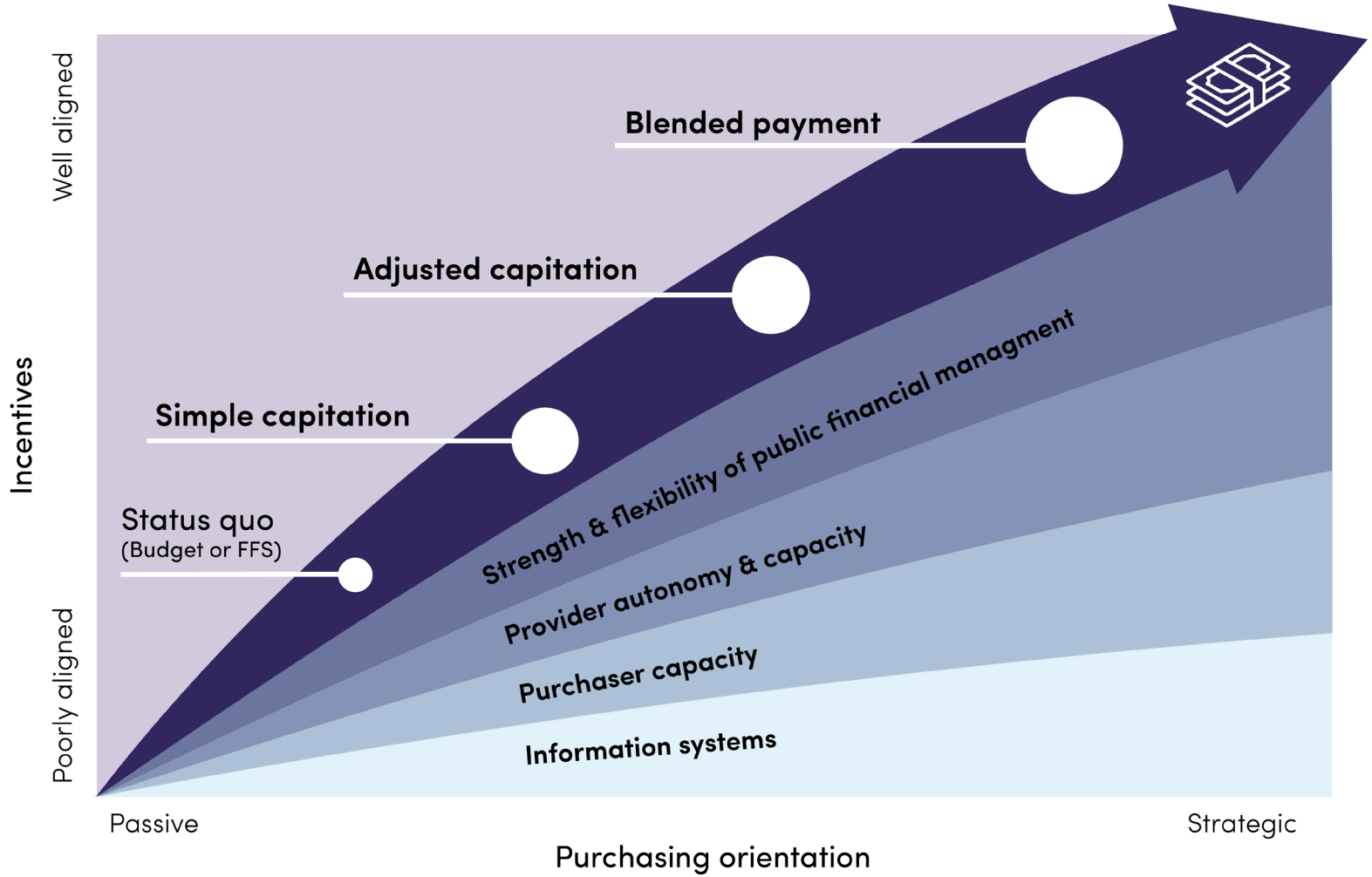
- Operational definition of PHC
- Norms or standards
- Referral system and gatekeeping
- Service delivery models

Paying providers: Blended payment with capitation at the core

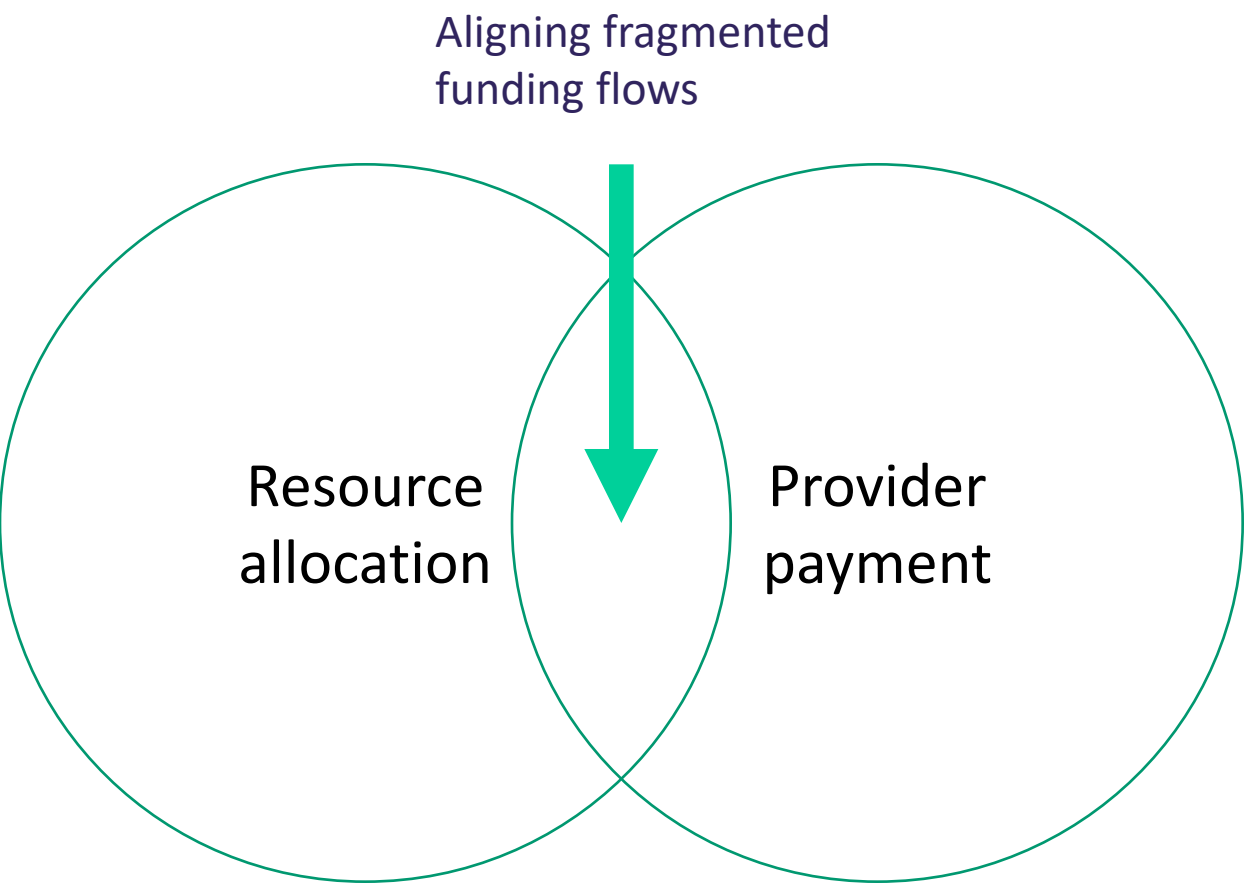
- PHC providers can be paid through line-item budget, fee-for-service, capitation, pay-for-performance
- Capitation places people at the centre
- But all payment systems have weaknesses: Blending can mitigate



Pathway to a more strategic provider payment system



Addressing fragmentation - Strategic alignment



Short term:

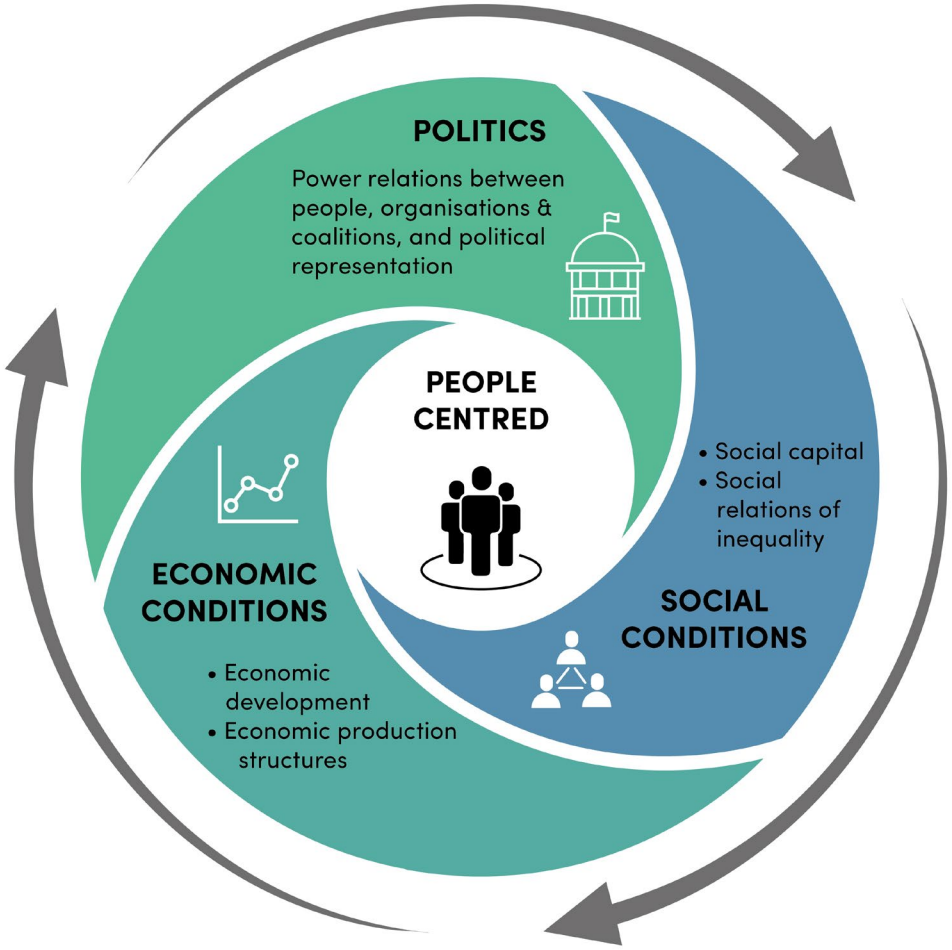
- First do no harm
- Integrate funding streams at the provider level with appropriate level of autonomy
- Explore “diagonal” approaches
- Harmonize “function by function” – benefit packages, contracting and provider payment systems; reporting and monitoring

Long term:

- Address root causes -- Increase public funding, decrease OOP, integrate funding streams through PFM system

The political economy of financing PHC

- Political, social and economic conditions are as important as technical elements in the design and implementation of efficient and equitable financing for PHC.
- PEA refers to the power dynamics between stakeholder groups in relation to the distribution of resources, the economic and social conditions
- These political economy factors represent both constraints (the limits of what technical solutions) and opportunities (e.g. entry points)
- A need for politically informed technical strategies – understanding and navigating the evolving political economy context.



Designing a politically informed strategy for people-centred PHC financing arrangements

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- **What is the problem to be addressed**? What ideas exist for changing PHC financing? What technical strategy/strategies would achieve this – over time?
- Who are the **stakeholders with an influence over the problem**? What are their **positions on the topic, and what is relative power?**
- What **could help to shift incentives to promote the changes** pursued?
- What **social and economic conditions that underpin the political process could present opportunities or constraints** for the proposed change?
- What are the **most likely pathways for change**? What are possible entry points to move the reform forwards? How can a window of opportunity be used to generate/ sustain political momentum?
- How **to sequence** the strategies?

Spending more and spending better on PHC

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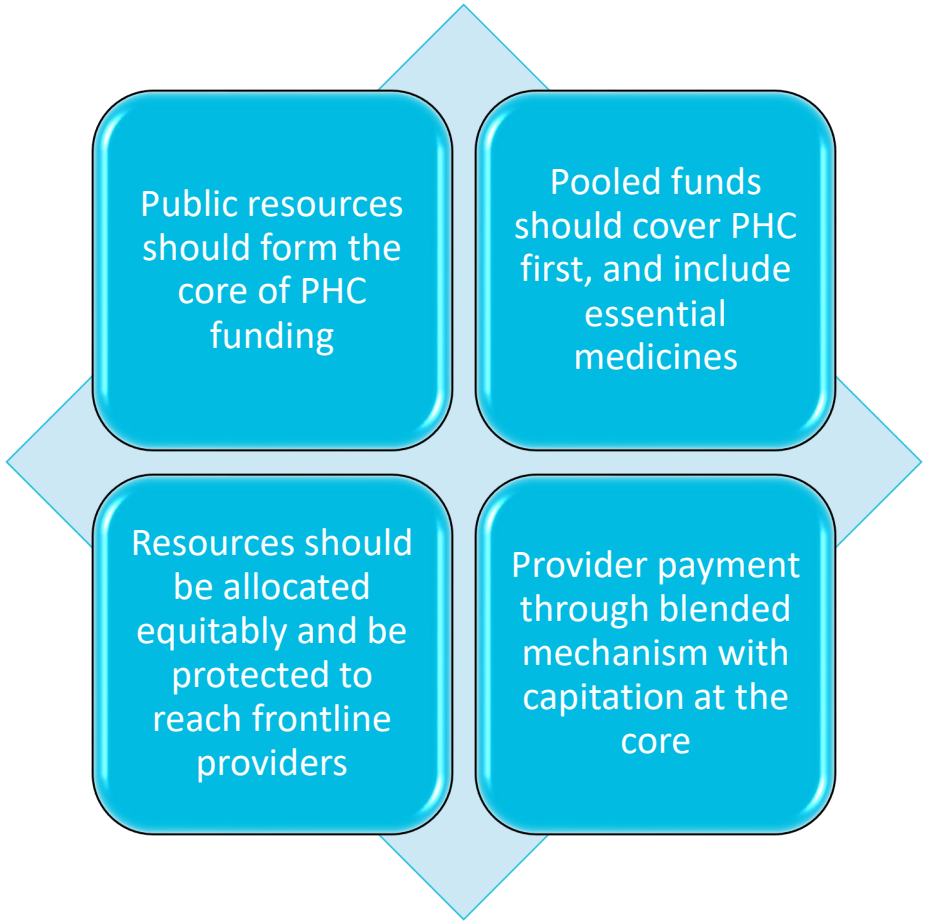
Attributes of people-centred financing for PHC



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www.lshtm.ac.uk/research/centres-projects-groups/commission-financing-phc

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