NIGERIA JOINT LEARNING NETWORK

“WEBINAR - STATE SOCIAL HEALTH INSURANCE SCHEMES IN NIGERIA – THE JOURNEY SO FAR”

Strategic purchasing at the state level – what do we know?

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Globally, health financing debates often focus on how to generate more money for health or where funds come from.

Limited attention has been paid to how funds can be transferred to healthcare providers in such a way as to ensure that all people have access to quality health services, and that they do not suffer financial hardship when seeking care.
It is worthwhile asking whether states in Nigeria actively allocate or influence the allocation of healthcare resources to achieve the following objectives.
Getting priority services to the greatest number of people, especially the most vulnerable.
Selecting and engaging the most qualified providers with requisite capacity to provide services to set standards.
Paying for services in ways that incentivize providers to provide and be accountable for high quality services.
Putting in place evidence-based monitoring systems that ensure achievement of the above objectives.
Developing well-structured mechanisms that govern all these arrangements.
Why are these questions important?

• Individual patients do not have adequate power to significantly influence healthcare access, quality, and outcomes at the population level.

• Mere allocation of budgets for healthcare does not effectively influence equitable access to quality health services for the population without the risk of financial ruin.

• Well organised systems for purchasing healthcare, using their financial strength, systems, technical capacity, and networks, can influence equitable access to quality health services for the population while protecting the population against financial ruin.
Some contextual issues:

• Nigeria has committed itself to attainment of UHC both at federal and state levels.
• Federal and State funding of healthcare is currently below required levels.
• Out-of-pocket health spending is the most dominant mode of financing healthcare.
• The NHIS coverage has been low.
• Private insurance covers only small sections of the population.
• There are multiple uncoordinated fund-flows that send mixed signals to providers.
• There is increasing momentum for setting-up State Health Insurance Programs.
• There is increasing commitment to delivering universal primary healthcare.
• Access to healthcare is generally not equitable.
• There are serious quality of care issues that need to be resolved.
• Mechanisms for influencing provider behaviour are weak.
• Systems for governing and monitoring the provision of high quality care need strengthening.
To achieve UHC, states need to deliberately:
- Direct health funds to priority populations.
- Direct health funds to priority interventions, services and medicines.
- Create incentives so that health funds are used equitably and efficiently.

A key approach for realizing this is called Strategic Purchasing which involves three key decisions as indicated below:

<table>
<thead>
<tr>
<th>decision about what to buy</th>
<th>decision about from whom to buy</th>
<th>decision about how to buy</th>
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<tbody>
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<td>- define the benefits package including</td>
<td>select providers to contract with based on</td>
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<tr>
<td>➢ services &amp; methods for delivery</td>
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<td>➢ medicines &amp; formularies</td>
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<td>➢ well defined quality standards</td>
<td>➢ service mix</td>
<td>- define information required throughout the chain</td>
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<td>- provide for progressive improvement of the package</td>
<td>➢ service availability</td>
<td>- design methods for measuring performance</td>
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**What is strategic health purchasing**

Decision about what to buy:
- Define the benefits package including services & methods for delivery, medicines & formularies, and well defined quality standards.
- Provide for progressive improvement of the package.

Decision about from whom to buy:
- Select providers to contract with based on quality, service delivery levels, service mix, and service availability.

Decision about how to buy:
- Select terms of contract.
- Select methods for paying providers.
- Set reimbursement rates.
- Define information required throughout the chain.
- Design methods for measuring performance.
Healthcare purchasers engage actively across 3 relationships

Government (federal, state, local)

Purchasers

Citizens

Providers

Service entitlements

Information

Payment

Governance

Services

Source: Resyst
Moving from passive to strategic purchasing

Passive

- “Passive”
  - resource allocation using norms
  - little/no selection of providers
  - little/no quality monitoring
  - price and quality taker

Strategic

- “Strategic”
  - payment systems that create deliberate incentives for efficiency and quality
  - selective contracting
  - quality improvement and rewards
  - price and quality maker

Slide from WHO Advanced HF training, Tunis 2014
Concluding statements

Purchasing healthcare strategically should engage the active attention of states in Nigeria, especially state health insurance programs.

It provides a lever for using scarce resources efficiently, transparently and accountably to:

- Provide equitable access to priority services to the population.
- Improve quality of care.
- Provide financial risk protection to the population.
THANK YOU