Global overview of how incentives are being used to motivate quality

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Increasing focus on the role of provider incentives in UHC

“…tackling provider incentives may be just as—if not more—important in the UHC agenda as demand-side initiatives.”

[Health Financing and Financial Protection in Asia project]
Increasing focus on the role of provider incentives in UHC

“Provider payment policies and systems are crucial in directing resources and creating incentives for quality, equity, and efficiency…”

[Japan-World Bank Partnership Program on Universal Health Coverage]
Some instruments used in low- and middle-income countries to create incentives for quality

Strategic Health Purchasing

- Output-oriented payment systems
- Specific performance-based incentives (e.g. P4P, RBF, PBF)
- Selective contracting
- Linking payment (partially) to adherence to clinical guidelines
- Accreditation—link to provider participation and remuneration
- Information—provider benchmarking and feedback
- Others?
Pay-for-performance has widespread appeal, but does it improve quality?

- Effects on output measures can be significant (e.g. immunization 24% in Haiti)
- Rwanda: positive effects on quantity and quality of services; greatest effect – highest payment rates and lowest effort.
- Very few programs evaluated for broader system impact.
- Even less evidence on design and implementation and whether P4P is a cost-effective way to achieve various objectives.

Clinical performance as measured before/after implementation of UK P4P scheme (QOF)

Source: Campbell SM et al; National Primary Care Research and Development Centre
General conclusions of the OECD Study

- The results of a systematic analysis of 11 P4P programs show
  - greatest impact on coverage indicators (quantity of services) but no control for underlying trends
  - only modest impacts on clinical quality measures
  - no impact on outcomes
  - mixed results for efficiency and equity
    - direct incentives for efficiency have not been effective
    - direct incentives for equity have mixed results
  - no serious unintended consequences

- Unclear role/importance of financial incentives—but they often do not reach front-line providers.

- Better focus on objectives, use of information, accountability

- The incentives of the underlying payment systems are more important

Foundational conditions for payment incentives to be effective

- Purchaser mandate and accountability
- Integrated service delivery
- Provider autonomy
- Information
Foundational conditions for payment incentives to be effective

- **Mandate and accountability** of the purchaser to strategically purchase high-quality services for the population with financial protection
- **Integrated Service Delivery** to align incentives across levels of care
- **Autonomy** of providers to respond to incentives in the public interest
- Systems to collect, analyze and use **information**
What is the mandate and accountability of government purchasers in Ghana?

Total Health Expenditure:

- 44% Out-of-Pocket
- 16% National Health Insurance Scheme
- 40% Ministry of Health Budget

Uninsured

Other services and medicines

Services and medicines in the NHIS benefits package

Source: Schieber, Cashin and Saleh (2012).
Integrated Service Delivery

Alignment across levels of care

- Services and provider competencies are well defined at different levels
  - Clinical and referral guidelines
- Providers at one level have a stake in what happens at different levels
- Examples:
  - Fully integrated delivery system
  - Networks, partnerships, affiliations across providers
Provider Autonomy

Autonomy and effectiveness of incentives in Mongolia

Revenue from DRG payment from SHI (activity-based)

Revenue from direct FFS payments from patients (activity-based)

Hospital’s line item budget (input-based)

Hospital’s revenue cap

Payment to hospitals by input-based line item

Source: Mongolia MOH (2014).
Provider autonomy and obstacles to responding to payment incentives in Mongolia

“If you save on food it is not possible to use for medicines. It is restricting efficient use of resources, and there is no incentive or benefit for efficient operations.”

“We could make a request through MOH to MOF to move money between line items, or get a budget modification from Parliament”

“We have some savings on electricity etc. but it is not allowed to shift them to use for staff costs. We save but incur debt in salary costs.

“When there are savings and a surplus, it is taken back by the MOF at the end of year. Our revenue from paid services exceeds the plan every year, however it is taken back by the treasury.”

Source: Cashin et al. (2015)
The other extreme: autonomous self-financing hospitals in Vietnam

“The hospital autonomy policy in Vietnam has increased pressure on hospitals to increase their revenues in order to cover costs and to pay adequate supplementary incomes to retain and motivate staff.”


“Hospital overcrowding reveals cracks in medical system”

P. Thao | dtinews.vn | April 22, 2013
Information, monitoring and feedback can bring results for quality

Per capita payment, quality monitoring and improved health outcomes in Kazakhstan

*Declining rates of hospitalization for PHC-sensitive conditions*

Source: Langenbrunner, Cashin, O'Dougherty 2009
Better leveraging incentives for quality and other UHC objectives

Considerations for the “how”

- Ensure that public health purchasers have the mandate and accountability to purchase high-quality services for the population with financial protection (Ghana’s legislation and annual NHIA report to Parliament on equity)

- Strengthen integrated service delivery networks (Thailand district health system as the contracting entity)

- Create the right balance of autonomy and accountability for providers to respond to incentives and serve the public interest (Sri Lanka “do more with less”)

- Use information to understand, motivate and improve provider performance (Argentina Plan Sumar)

- Create the right incentives through properly aligned provider payment systems (Argentina Plan Sumar; Thailand UC Scheme)
Thank you.