

# 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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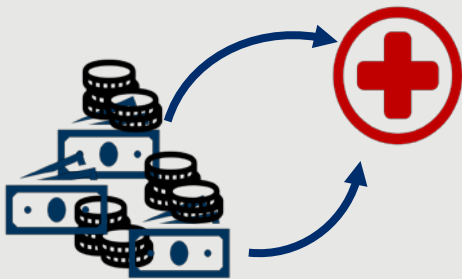
# REVIEW

What are the three health financing functions?

## Revenue

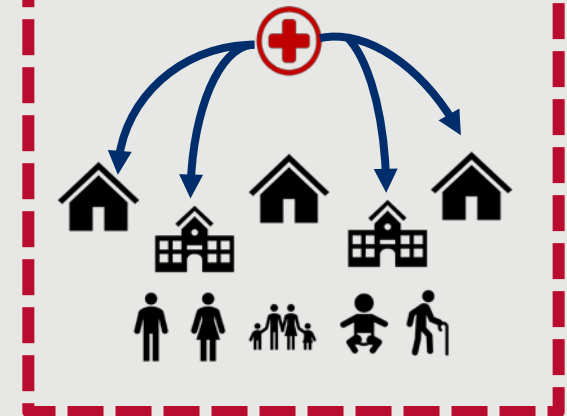
### Mobilization:

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

But what makes purchasing **STRATEGIC?**



# 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

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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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