

HEALTH CARE FINANCING



STRENGTHENING HEALTH SYSTEMS WITH HEALTH CARE FINANCING

Stronger health systems. Greater health impact.





EFFECTIVE HEALTH FINANCING

Determining the cost of health services is an essential step toward strengthening health systems and working toward universal health coverage. MSH has developed and used several costing tools throughout Asia, Africa, and Latin America to help ministries of health, nongovernmental organizations, and donors develop health service delivery and financing strategies, advocate for funds, and conduct cost-effectiveness analyses.

Generating sufficient domestic financing for health services and effectively allocating those funds can be major challenges. In some countries, donor funding has been used to develop successful programs addressing HIV & AIDS, tuberculosis, and malaria. However, many countries need to scale up these programs at the same time that donors are reducing funding. MSH has helped countries estimate how much domestic funding is needed and how funds can be raised, as well as how to develop long-term cost and financing roadmaps.

FINANCIAL MANAGEMENT

Efficient and effective financial management requires clear policies and procedures that well-trained staff can follow to accurately record all financial transactions and inform decisions about resource allocation. To help identify financial management weaknesses, MSH provides expertise in developing financial policies and procedures, budgeting, accounting, reporting, and other areas of financial management. MSH's Excel-based Financial Management Assessment Tool (FinMAT) helps organizations assess their financial management practices and has been used successfully in several countries. In Ethiopia, the HIV/AIDS Prevention and Control Offices in the Amhara and Oromia regions used FinMAT and in just four days, identified a series of priority areas for capacity-building including cash management, accounting, recordkeeping, and budgeting. In Liberia, MSH helped develop financial management systems for the Ministry of Health's proposed Revolving Drug Fund.

RESOURCE GENERATION AND ALLOCATION STRATEGIES

To ensure funding is spread effectively and equitably across programs, services, facilities, and districts, MSH helps governments develop and implement resource generation and allocation strategies. In Indonesia, through the USAID PEPFAR-funded TB CARE I project, MSH calculated the economic impact of not treating TB, which was then used for advocacy and a long-term financing roadmap for the Ministry of Health to obtain additional resources. MSH also helped the ministry design the strategy for covering drug-resistant TB treatment under the government's national health insurance scheme. MSH helped to develop and test a tool that would estimate the cost of drug-resistant TB services for patients. The results of this tool were used to develop patient-assistance programs in Indonesia, Kazakhstan, and Ethiopia. Under the USAID-funded, MSH-led Pro-Act, MSH developed resource mobilization strategies for HIV and AIDS services in three states in Nigeria.

PERFORMANCE-BASED FINANCING

Performance-based financing (PBF) is a results-oriented system that makes payments to staff or beneficiaries based on their achievement of measurable performance targets. PBF provides incentives for meeting or exceeding expected results that include financial payments, bonuses, and public recognition. Sanctions for non- or under-performance include withholding bonuses or payments, termination, demotion, public disclosure of poor performance, or disbarment from participation in future work. PBF has been shown to increase the use and quality of health care services, stabilize or decrease the cost of these services, support the effective use of limited resources, and improve staff motivation and morale (a proven incentive for staff retention).

A unique combination of technical knowledge and practical experience has allowed MSH to design and successfully implement PBF programs in 14 countries on three continents, many of which were designed and are being implemented with technical assistance from MSH's PBF program staff in other developing countries.

In Haiti, MSH's USAID-funded *Santé pour le Développement et la Stabilité d'Haiti* (SDSH) project (2007–2013) managed performance-based subcontracts with 26 NGOs that operated 65 health care facilities and worked through similar performance-based mechanisms with the Ministry of Health to fund 41 public-sector target zones, operating 99 health facilities. SDSH provided HIV & AIDS, family planning, and maternal, newborn, child health services to nearly half of Haiti's population. In 2012, MSH commissioned an independent study* of the SDSH PBF system. By examining data (2008 to 2011) from 27 NGO-managed facilities in the SDSH network, the study found that

- Performance-based incentives delivered by SDSH increased the quantity of key services by 39 percent more than training and technical assistance alone;
- The increase in services for children younger than one year and for pregnant women were statistically significant at a range of 1.7 to 2.2 times baseline rates;
- Incentives were more effective and less expensive than training and technical assistance alone.

* Zeng W, Cros M, Wright KD, Shepard DS, "Impact of performance-based financing on primary health care services in Haiti," *Health Policy and Planning journal*: 2013 Sep;28(6):596-605.

MSH HEALTH COSTING TOOLS

MSH HAS A SUITE OF USER-FRIENDLY, OPEN-SOURCE, DYNAMIC COSTING TOOLS THAT HAVE BEEN USED WORLDWIDE.

At the community level, MSH developed an [Integrated Community Case Management \(iCCM\) Costing and Financing Tool](#) for the US Agency for International Development (USAID), which is used to assess the costs and financing of iCCM programs. MSH has also developed a [Community Health Planning and Costing Tool](#) for UNICEF to plan for human and other resources and estimate the costs and financing for existing, new, and expanding comprehensive community health care programs. Both of these tools have been used to develop investment cases in Nigeria, Burkina Faso, Sierra Leone, Malawi, and Madagascar.

The [Cost Revenue Analysis Tool \(CORE\) Plus](#) is used to estimate the costs of health center and mobile clinic packages of services and has been used worldwide, including Cambodia, Afghanistan, Syria, and Uganda.

The [HOSPICAL](#) tool is used to analyze hospital costs, mostly for setting insurance rates. Most recently, HOSPICAL was utilized in Rwanda, Uganda, and Afghanistan.

MSH has a set of TB costing tools that are useful for providing evidence for advocacy and resource generation and allocation. The [TB Economic Burden Analysis Tool](#) calculates the cost of service delivery, patient costs (such as transport), and productivity losses due to illness and premature death, thereby estimating the economic burden of TB to families and society as a whole. The [TB Services Costing Tool](#) provides ten-year cost and financing projections based on incidence and treatment targets for TB and multidrug-resistant TB (MDR-TB). The [Multidrug Resistant Tuberculosis \(MDR-TB\) Cost-Effectiveness Analysis Tool](#) compares the cost-effectiveness of different MDR-TB treatment methods. The [TB Treatment Interruption Economic Impact Tool](#) is used to calculate the cost of stock-outs and loss to follow-up. And the [MDR-TB Patient Costing Tool](#) calculates the costs associated with seeking and undergoing MDR-TB treatment, which are often catastrophic for patients and their families.

MSH has also conducted cost modeling of seasonal malaria chemoprevention campaigns in West Africa to illustrate its cost-effectiveness and lifesaving impact. In Afghanistan, MSH conducted an important cost study of a community-based nutrition program that helped to make the case for scaling-up the program nationally.

MSH PROVIDES ITS TOOLS FREE OF CHARGE AND CAN PROVIDE TRAINING IN THE USE OF OUR TOOLS.

HEALTH INSURANCE

Universal health coverage aims to ensure equitable access for all to quality essential health services. An important element of this is financing health services through effective and efficient revenue collection, pooling of resources, and strategic purchasing. MSH assists governments and nongovernmental organizations to develop and implement strategies for financing services and works with national and local governments to advocate for appropriate financing of health services. In Nigeria, MSH developed the national health insurance framework and policies and supported a successful pilot in one state. And in Rwanda, with a grant from the Rockefeller Foundation, MSH conducted an analysis of household data to assess whether or not the national community-based health insurance scheme has resulted in equitable access for the poor. The results were taken into account for system redesign to ensure that the poor would benefit.



PHOTO: MSH STAFF

FINANCING THE RISING BURDEN OF CHRONIC DISEASES

Eugénie, a mother, widow, and farmer living in Rwanda, suffered from a renal tumor for many years. Though she had community-based health insurance (CBHI) that covered 90 percent of her medical fees, Eugénie was unable to pay the remaining 10 percent. She did not receive the necessary care and her health deteriorated.

In 2009, the government reformed the CBHI system, implementing a sliding pay scale—the poorest Rwandans now receive free care. To manage the system, the USAID-funded Integrated Health Systems Strengthening Project (IHSSP), led by MSH, helped develop a national database that stratifies Rwandan citizens by income.

Eugenie and her children were classified into the most vulnerable economic group, allowing Eugenie to receive the medications and treatment she needed. In January 2012, Eugénie underwent surgery at the Kigali University Teaching Hospital and is now free of her tumor and able to care for her children.

For more information on MSH's health financing work, please contact David Collins (dcollins@msh.org) or fintools@msh.org.

www.msh.org/our-work/health-system/health-care-financing

TAO OF LEADERSHIP

Go to the people
Live with them
Love them
Learn from them
Start with what they have
Build on what they know.

But of the best leaders
When their task is accomplished
The work is done
The people will all remark
We have done it ourselves.

—Lao Tzu

Management Sciences for Health (MSH) builds strong health systems that deliver everything it takes—people, money, medicine, information, and facilities—to prevent disease, treat illness, and empower people to lead healthier lives. For more than 45 years in over 150 countries, MSH has worked shoulder to shoulder with our partners to build strong, locally-led health systems that improve reproductive, maternal and child health; fight infectious disease; and control chronic illness. Our work will not be done until all people in need have equitable access to health care.

US OFFICES:

MSH (HEADQUARTERS)

200 Rivers Edge Drive
Medford, MA 02155
United States
Tel. 617.250.9500

MSH

4301 North Fairfax Drive, Suite 400
Arlington, VA 22203
United States
Tel. 703.524.6575

MSH

45 Broadway, Suite 320
New York, NY 10006
United States
Tel. 646.677.8100

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