



**Pan American
Health
Organization**



**World Health
Organization**
REGIONAL OFFICE FOR THE **Americas**

Regional meeting:

Payment Systems and Strategic Purchasing

**How can they support progress towards
Universal Health?**

AGENDA AND CONCEPT NOTE

**21-23 August 2017
PAHO Headquarters
525 23rd ST NW – Room C
Washington, DC**



Universal health
Access and coverage for all

Concept note

Regional meeting: “Payment Systems and Strategic Purchasing: How can they support progress towards Universal health?”

1. Introduction

With the approval of the Strategy for universal access to health and universal health coverage (Res. CD53/5, Rev. 2) in the 53rd Directing Council of the Pan American Health Organization, the countries of the Americas Region manifested their commitment to advance in the direction of Universal health, adopting the right to health, equity, and solidarity, as core values. Through an integral approach, the adopted Strategy articulates the conditions that will allow countries to focus and evaluate their policies and measure progress around four simultaneous, interdependent strategic lines:

- I. Expanding equitable access to comprehensive, quality, people- and community-centered health services
- II. Strengthening stewardship and governance
- III. Increasing and improving financing with equity and efficiency, and advancing toward the elimination of direct payments that constitute a barrier to access at the point of service
- IV. Strengthening multisectoral coordination to address the social determinants of health that ensure the sustainability of universal coverage

Within this framework is that PAHO's Department of Health Systems and Services (HSS) develops its technical cooperation work with countries of the Region understanding that each country has the capacity to establish its own action plan, taking into account its social, economic, political, legal, historical, and cultural context, as well as current and future health challenges.

Several countries are working on the implementation of a road map for Universal health, in which the matter of health financing is critical since a minimal level of resources have to be allocated to the health sector. At the same time this effort should translate into a

replacement of direct payment to foster equity in access and must be implemented in a framework of efficiency.

In this context, the proposed activity seeks to improve dialogue, advocacy and interchange of important experiences between countries, and to present a group of works. Providing participants with tools to favor dialogue on strategic purchasing and payment systems is expected as a result of the activity. Also, it is expected to build possible lines of technical cooperation on this topic for the near future.

2. Analytic framework of the meeting

Since the mid 1990's many countries of the Region have been looking for ways to develop adequate mechanisms to allocate resources within the health system, trying to move away from historic-based budgeting. This is a complex policy area, as it implies the allocation of a global amount of resources including adequate incentives, in a context of normative and budgetary rigidity.

Some countries have tried to implement payment mechanisms to promote efficiency but still in most cases budgets are allocated on a historic basis, dissociated from real costs. As a result, distortions are reproduced every year: de-linkage to health goals and expected health impacts and poor performance of health services, poor quality and efficiency, waiting lists, user dissatisfaction and inconsistencies between supply and demand that derive in inequity and problems of access to needed care.

In some cases where the historic allocation criteria have been abandoned, the move has been towards complex fee-for-service a payment mechanism which has proven inadequate internationally. Although these schemes promote increased provision of services, this increase not necessarily responds to health needs and usually is associated with distortions that lead to increased costs and inflation within the health system.

In this context, PAHO/WHO is posing the need to advance towards the design of allocation mechanisms that foster equity and the achievement of health goals. The Regional strategy for Universal health places this need associated to the diagnosis of a lack of equity and efficiency in most of our countries. The strategy argues that payment mechanisms should be aligned with the goals of the health system and that an efficient allocation of resources

is a necessary condition to reduce inequities in the way towards universal access to health. Policies in this direction should be fostered, identifying and implementing actions to improve efficiency in financing and in the organization of health care delivery and developing actions and tools in this topic to update the technical cooperation work with Members States. In addition, the Strategy states that the most important way forward in advancing efficiency is reforming the model of care in the direction of an integral and integrated health system with a strong basis in the first level of care and applying the principles of a Primary Health Care approach. In this context, payment systems face the challenge of developing the corresponding institutional capacities to design the allocation mechanisms and allocating the resources in a way that incentivizes the accomplishment of these goals.

International experience and technical reflection show that advances in epidemiology, health information systems, statistics, etc. allow the formulation of refined models of allocation and distribution of resources with the objective of supporting the quest for equity and a more efficient use of resources.

Mixed payment systems have been extended across several health systems internationally (in contrast with purely retrospective or prospective payment mechanisms). Mixed payment mechanisms are characterized by a prospective component as an incentive for results and a retrospective component to recognize health planning and fixed costs. The ultimate goal is to reach equilibrium between: costs, efficiency in the provision of services and quality of care (quality in the results) between the provider, the user and the insurers or payers. At the same time, the objective is to balance financial risk between financing agents (usually the government as the main), insurers, and institutional and individual providers.

The development of Integrated Health Services Delivery Networks (IHSDN) is another important component of any system of allocation of resources, given that traditionally, payment systems have focused on institutional providers (health centers, hospitals) or individual providers (physicians) in an isolated way, not considering the group of providers as a whole and the need to incentivize combined efficiency between these actors. Incorporating the need to develop coordinated services networks implies territory and population allocation criteria taking into account that integrated health organizations are

responsible and accountable for continuity of care, financial risk protection and health results of the population they serve. Usually, the way forward has been through risk-adjusted capitation mechanisms to allocate resources to territories or IHSDNs.

Bundled payments represent another area of development at specific levels that contribute to mixed payments criteria for the allocation of resources in health. An example of this, are the generalized use of Diagnosis Related Groups (DRGs) to pay for hospital services in European countries. Recent developments also include the discussion on results-based financing, that are usually implemented in combination with other payment mechanisms (capitation, salary, per-diem, etc.) and directed to the first level of care (although gaining importance in specialized levels too) and to individual and institutional providers with varied results that can be discussed.

On the other hand, institutional challenges of reforming allocation models and payment mechanisms need to be addressed. It is necessary to identify –for example- institutional capacities to promote strategic purchasing, potential winners and losers, challenges that could undermine such projects, etc., with the goal of develop a strategy to raise awareness among relevant actors of the need to advance in these areas. In this way, convincing, add support, clear doubts, prepare the necessary conditions, etc. to implement these projects.

3. Meeting objectives

The main objective is to discuss the state of the art of resource allocation systems and the challenges that they face in the context of moving towards Universal health, to guide PAHO/WHO technical cooperation with Members States to promote an increase in public spending in health with equity and efficiency.

In this sense, a preliminary road map to guide the technical cooperation in the near future on this area is expected to be drafted.

4. Methodology

Meeting between experts from selected countries on the basis of countries' levels of development on payment systems and strategic purchasing.

The idea is to discuss with them around country experiences, previously systematized for the meeting in a study commissioned by PAHO/WHO (selected countries) and presented by professionals from each country as well as other international experiences and reflections that make part of recent lessons learnt in health economics and financing at the global level.

For this reason, the event will be developed in 3 phases: diagnosis, discussion on innovative experiences and finally a workshop to synthesize between participants. (see agenda).

5. Expected results

At the end of the meeting we expect to gather necessary inputs to finalize the diagnosis study. Also, we expect to determine a group of priorities and countries in which to support specific interventions in the short term in the area of transforming allocation mechanisms and strategic purchasing.

6. Participants

PAHO/WHO: Health economics and financing team, Health Services and Access Unit, Health Systems and Services advisors (from countries to be determined).

International participants: representatives from Argentina, Bolivia, Belize, Chile, Costa Rica, Colombia, Cuba, Ecuador, El Salvador, Guatemala, Dominican Republic, Haiti, Honduras, Mexico, Panama, Paraguay, Peru, Uruguay, and Suriname. In addition, experts from the University of the West Indies, Universidad Pompeu Fabra (Spain) and Universidad del Pacífico de Lima (Peru).

Agenda

Sessions: Monday, August 21st

Registration starts 8.30am

9.00 – 9.30am: Opening session

Welcome

The Strategy for Universal Health

Dr. Amalia Del Riego | Unit Chief, Health Services and Access, PAHO/WHO

Revision of agenda

Dr. Camilo Cid | Regional Advisor, Health Economics and Financing PAHO/WHO

9.30 – 11.45am: Introduction and theoretical framework of the meeting

Moderator: Dr. Amalia Del Riego | Unit Chief, Health Services and Access, PAHO/WHO

Efficient payment systems for Universal Health

Dr. Camilo Cid | Regional Advisor, Health Economics and Financing, PAHO/WHO

Strategic purchasing and payments methods: general issues and key policy issues

Dr. Inke Mathauer | Health Financing and Policy Team, OMS Ginebra.

10.30am - 11.00am: coffee break

Institutional capacities for strategic purchasing in Latin America

Dr. Ernesto Báscolo | Regional Advisor, Governance, Policy and Planning in health, PAHO/WHO

12.15 – 1.00pm: State of the art in payment systems in the Region

Coordinator: Claudia Pescetto | Regional Advisor, Health Economics and Financing, PAHO/WHO

Presentation of study progress report: State of the art in payment systems in the Region

Dr. Gabriel Bastías | Pontific Catholic University of Chile and PAHO/WHO consultant

Dr. Fernando Poblete | Pontific Catholic University of Chile and PAHO/WHO consultant

Questions and comments from participants

1.00 – 2.00pm: Lunch break

2.00 – 3.00pm: Outstanding country experiences

Coordinator: Juan Pablo Pagano | Consultant, Health Economics and Financing, PAHO/WHO

Chile: FONASA experience in payment systems and DRGs initiative

Dr. Jeanette Vega | Director, FONASA

Argentina: Payment systems within “Plan nacer”

Dr. Daniel Maceira | Centro de Estudios de Estado y Sociedad (CEDES), Buenos Aires

Costa Rica: plan to improve payment systems

TBC

3.00– 3.45pm: selected country experiences

Payment mechanisms in Peru and experience and discussions in Ecuador

Edmundo Beteta | Pontific Catholic University of Peru

Maria José Granja | Ministry of Public Health, Ecuador

Experiences in Central America: Panama, El Salvador, Guatemala

Gloria Miriam Rubio | Ministry of Public Health, El Salvador

Edwin Garcia | Ministry of Public Health and Social Assistance, Guatemala

Bernardino Lozano | Ministry of Public Health, Panamá

3.45-4.00pm coffee break

4.00 – 4.40pm: Experiences in the Caribbean: UWI, Belize, Haiti, Dominican Republic

Dr. Stanley Lalta | University of the West Indies, Trinidad & Tobago

Belize representative TBC

Claude Padovani | Ministry of Public Health, Haiti

Dominican Republic representative TBC

4.40 – 5.00 Experiences from federal countries

Argentina representative TBC

Jose Montiel | Ministry of Health, Mexico

Sessions: Tuesday, August 22nd**9.00 – 11.00 am: Discussion on innovative experiences**

Moderator: Dr. Daniel Maceira | Centro de Estudios de Estado y Sociedad (CEDES), Buenos Aires

Global situation on payment systems and strategic purchasing and ways forward

Dr. Pere Ibern | Universidad Pompeu Fabra, Barcelona

How to assess provider payment systems

Dr. Inke Mathauer | Health Financing and Policy Team, OMS Ginebra.

Global Risk-adjusted payment models

Dr. Camilo Cid | Regional Advisor, Health Economics and Financing, PAHO/WHO

Questions and comments from participants

11.00-11.30 coffee break**11.30am – 12.30pm: Payment systems and the importance of costs**

Coordinator: Dr. Fernando Poblete | Pontific Catholic University of Chile, PAHO/WHO consultant

Health Costs: Concepts and importance

Claudia Pescetto | Regional Advisor, Health Economics and Financing, PAHO/WHO

Use of costs in payment mechanisms

Edgar Gallo | Consultant, Health Systems and Services, PAHO/WHO

DRGs and costs in Chile

Dr. Gabriel Bastías | Pontific Catholic University of Chile, PAHO/WHO consultant

Questions and comments from participants

12.30 -1.30pm: Lunch break

1.30– 2.00pm: Preliminary proposal of a road map for the technical cooperation

Health Economics and Financing Team, PAHO/WHO
Health Services and Access Unit (HS)

2.00– 3.30pm: Workshop

Guiding questions and group work | Consultants and HS team

3.30-4.00pm coffee break

4.00– 5.00pm: workshop

Guiding questions and group work | Consultants and HS team

Session: Wednesday, August 23rd

9.00 – 11.00 am: Workshop closure

Plenary: conclusions by group

11.00 – 11.30 am: final remarks

Meeting report: main topics

Dr. Lorena Prieto | Pacific University, Perú

Conclusions and closing remarks

Dr. James Fitzgerald | Director, Health Systems and Services, PAHO/WHO