



# **Bridging health and budget perspectives in LMICs:** Survey of Budget and Health Officials on Budgeting Practices for Health

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**Financing Healthcare in Africa:  
Challenges and Opportunities**

**30<sup>th</sup> of November and 1<sup>st</sup> of December 2015,  
Tanzania**



## Motivation and background

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- Growing recognition of importance of effective health-finance policy dialog
- Experience with OECD “Senior Budget Officials Network on Financial Sustainability of Health Systems”
  - Including survey of health budget practices
- Part of Montreux meeting on Health Financing, Fiscal Sustainability, and PFM
  - Follow-on includes adapting survey to LMICs



# Public Financial Management

*Where health financing policy gets implemented*

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- Most of the resources for universal coverage will/should come from public budgets
- More resources for the health sector do not automatically translate into universal health coverage
- The public financial management (PFM) system can either align with or pose obstacles to achieving health sector objectives



# The government budget cycle

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How the level of public spending is determined

Revenue Projection



Budget Formation

How public spending priorities are decided



Budget Execution

How public spending is used



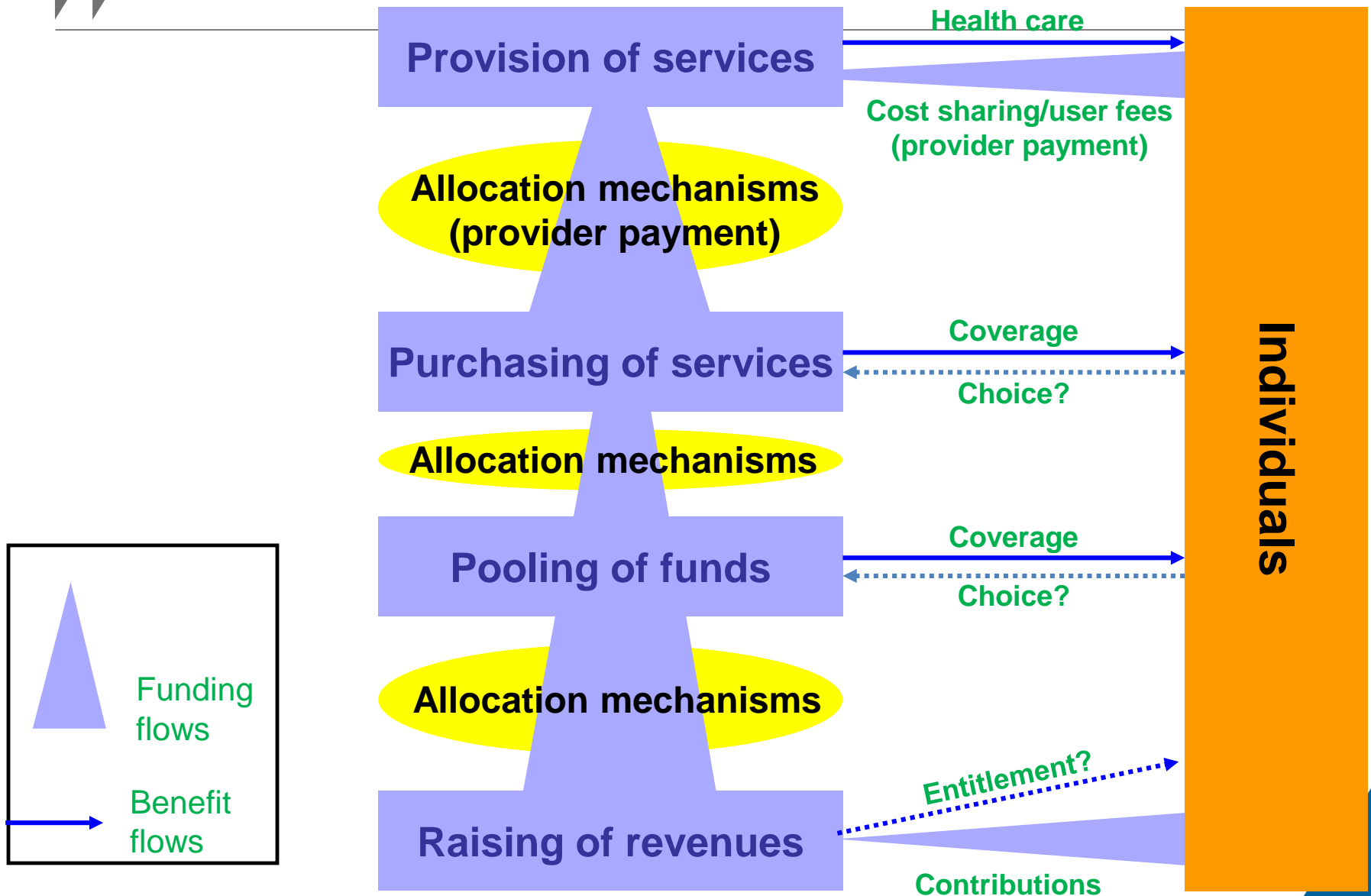
Financial Reporting

How public spending is accounted for





# Health financing functions





## Possible disconnect between health financing and PFM rules

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- The basis of **government budgeting** for health is often the **health facility**
- But the government should budget based on what it **promises to purchase** (benefits package, essential services, etc.)
- Otherwise, money simply flows to buildings, not to priority populations, programs and services

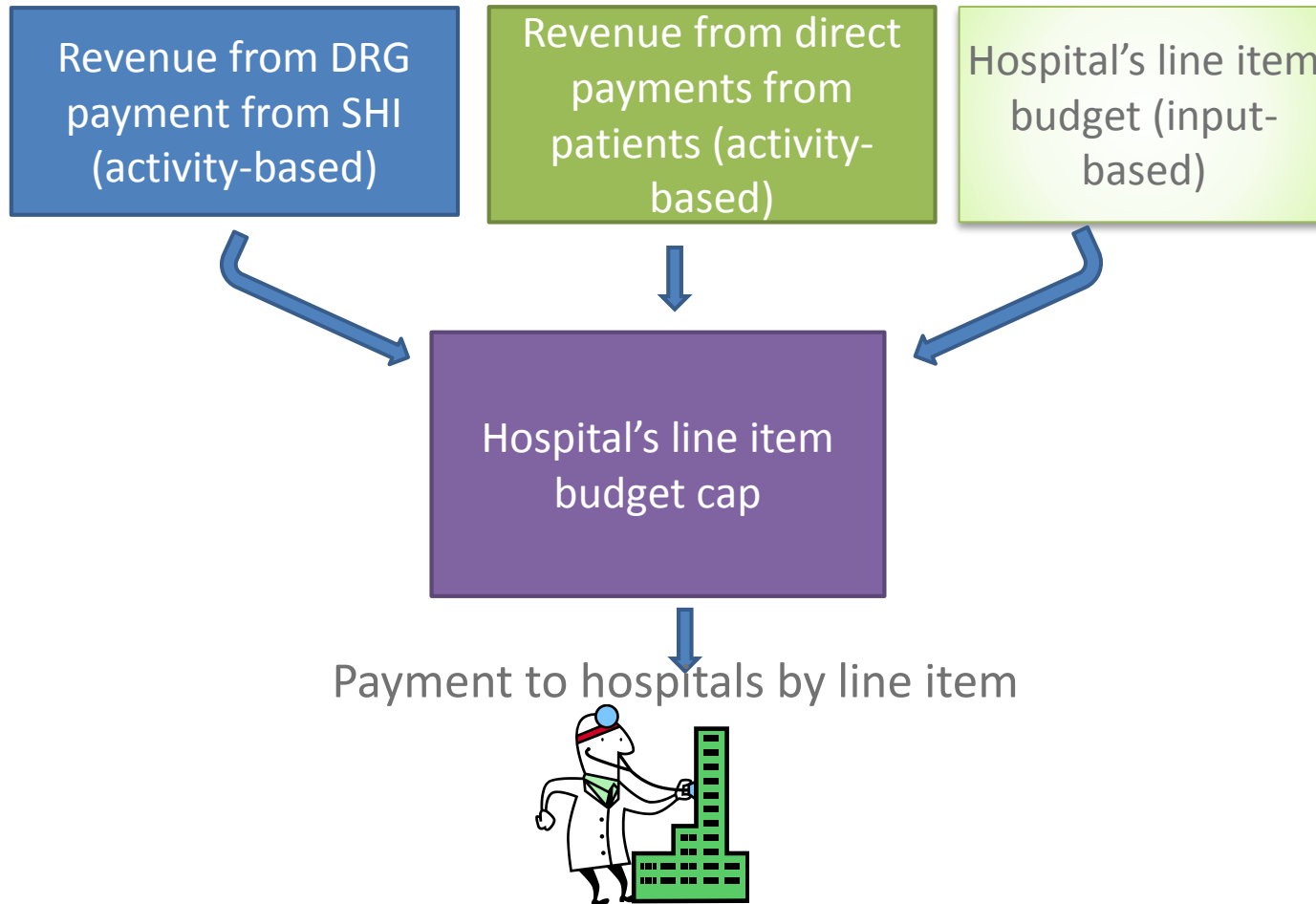


# Illustration: health purchasing and PFM

Health Financing Function	Implementation Conditions	PFM Functions	PFM Challenges
<b>Purchasing</b> <i>“how to purchase”</i>	<p>Stable and predictable funding to enter into contracts with providers</p> <p>Flexibility to make payments according to outputs, activity or performance</p> <p>Mechanisms to create efficiency/quality incentives</p> <p>Standard accounting procedures, good financial reporting, internal controls and audit</p>	<ul style="list-style-type: none"><li>• Budget execution (provider payment)</li><li>• Expenditure monitoring and accounting</li></ul>	<ul style="list-style-type: none"><li>• Delays in budget transfers</li><li>• Difficult to match provider payment methods with what is purchased (benefits package, essential services, etc.)</li><li>• Budgets disbursed and accounted for according to input-based line items and movement across line items difficult (related provider autonomy)</li><li>• Inability to retain surpluses/efficiency</li><li>• Different purchasing arrangements and accounting for different revenue streams (e.g. health budget, SHI)</li><li>• Managing private funds in public facilities</li><li>• Poor information systems and monitoring capacity undermine accountability</li></ul>



# Example: PFM obstacles to effective health purchasing in Mongolia



Source: Mongolia MOH (2014).

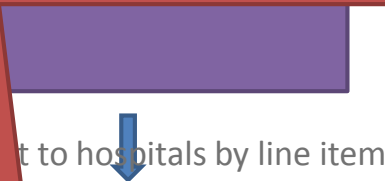




# PFM obstacles to effective health purchasing in Mongolia

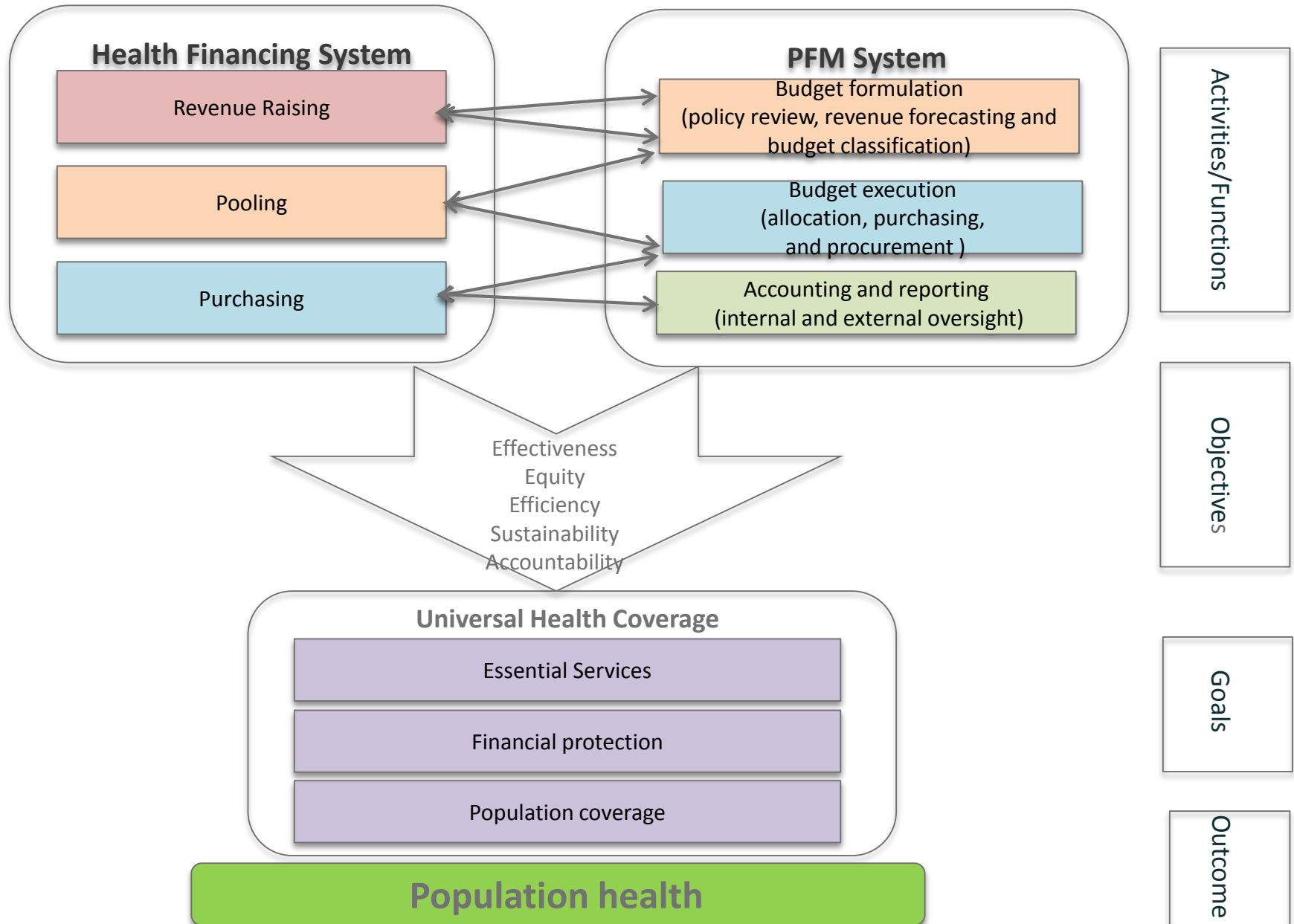
“The DRG payment gets mixed with line item payment and therefore the situation is similar to the previous payment system.” ~District Health Complex

“The budget law is very tough. Health insurance is being restricted by the budget law therefore becomes barrier for its improvement.” ~District Health Complex



Source: Mongolia MOH (2014).

# In order to bridge the two systems...





## ...need good understanding of budgeting practices for health

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- To facilitate dialog
- To understand the specific nature of barriers to effective implementation
- Therefore, to understand well the starting point for reform
- And ensure we can not only do interesting pilots for publications, and really institutionalize change



# Content

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- **Part I: Context and description of the survey**

1. Experience of OECD countries: shared challenge for health financing

2. Description of the survey (objectives, main questions and process) and examples from OECD survey

- **Part 2: Workshop by sections of the survey**

1. Filling the survey and table discussion

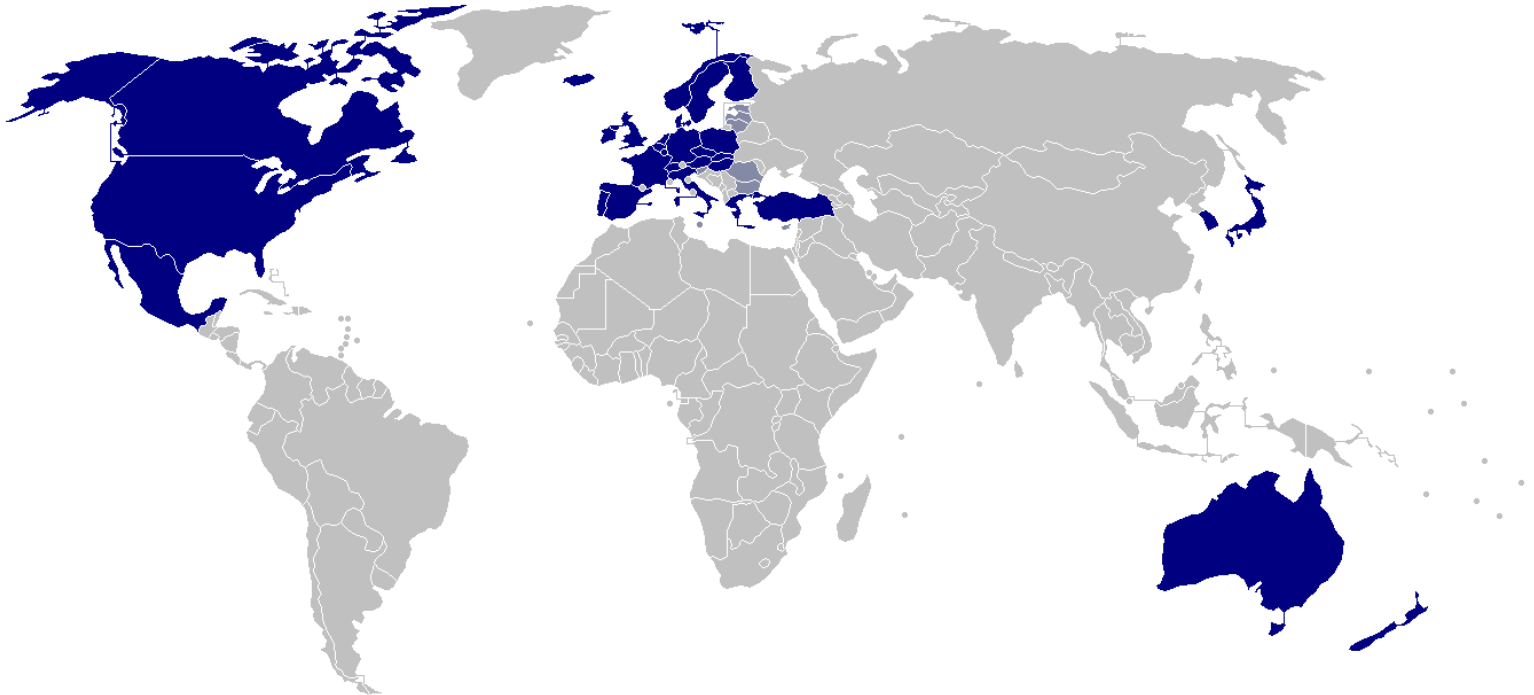
2. Results from each table

3. Concluding remarks



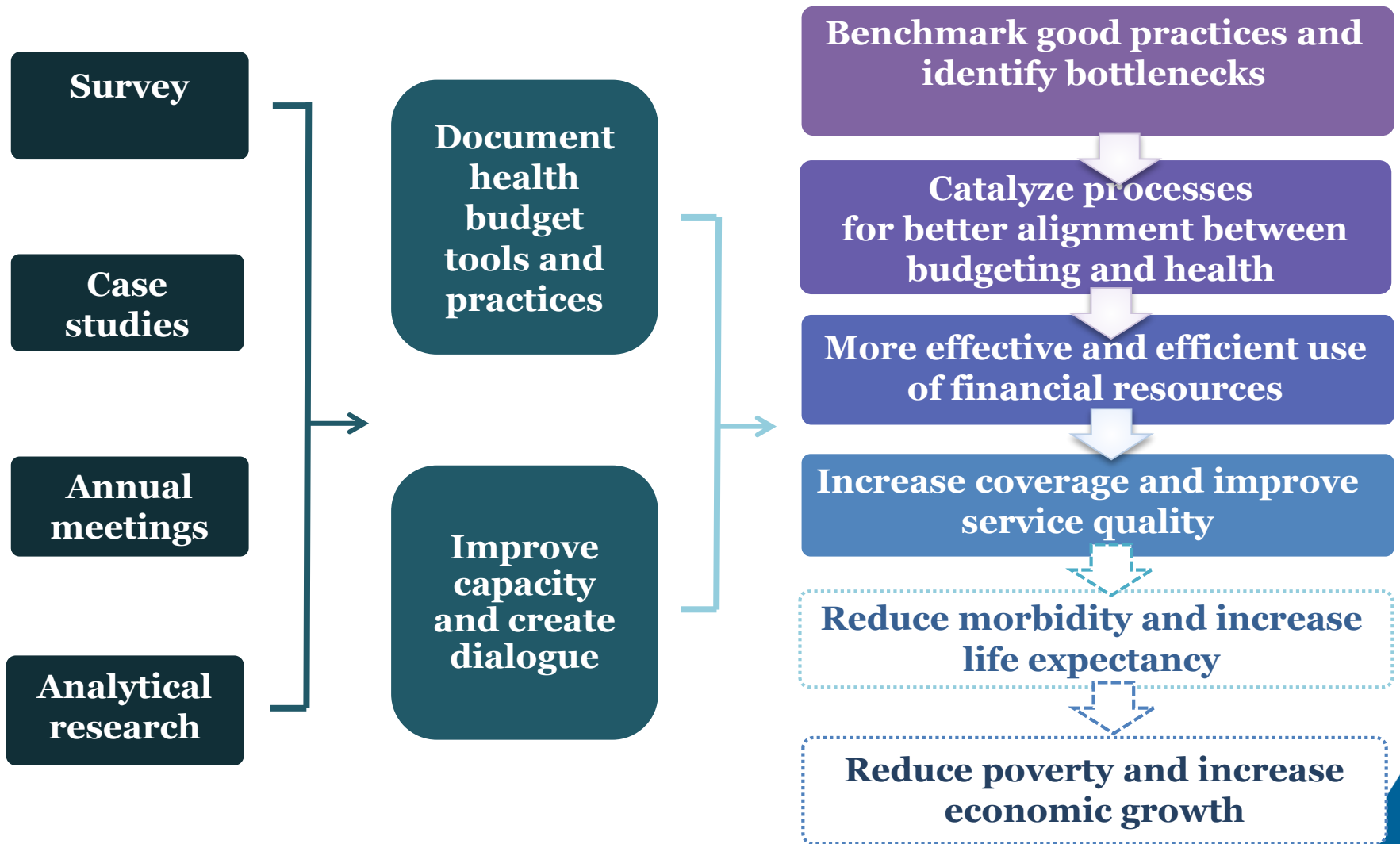
# What is the OECD?

- The OECD is an international institution based in Paris, which gathers 34 countries engaged with democracy and open economies, in order to foster a sustainable economic development





# Ensuring Value for Money, Sustainability and Accountability in the Health Sector

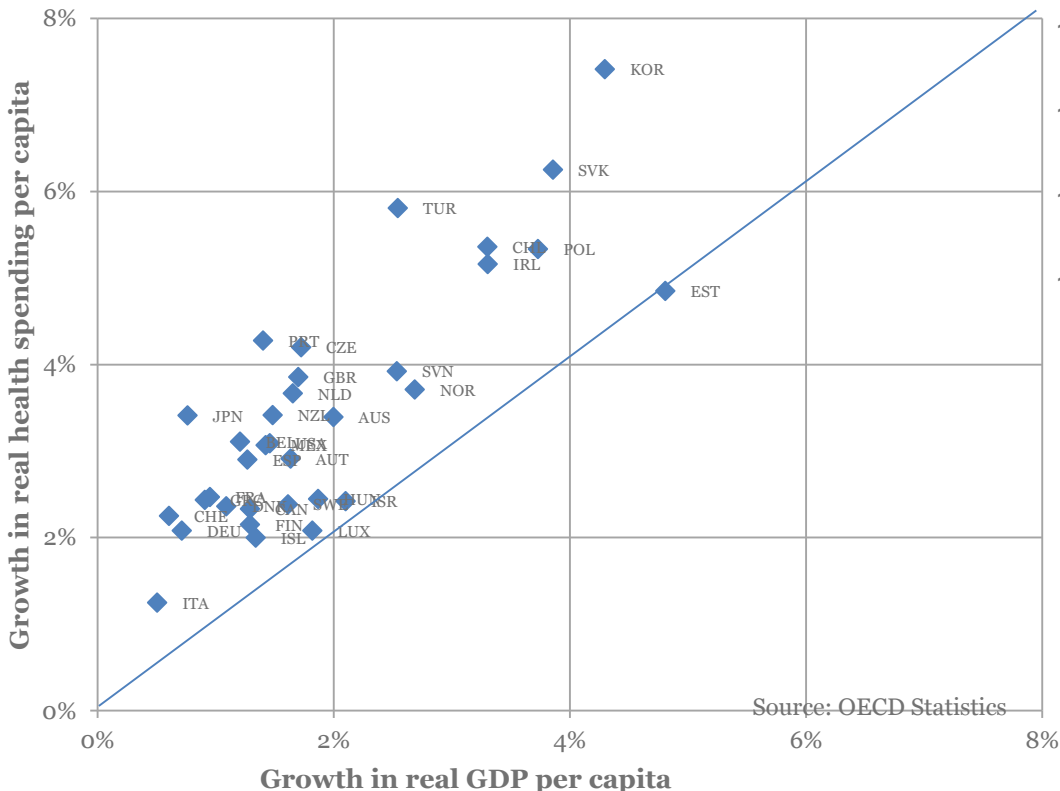




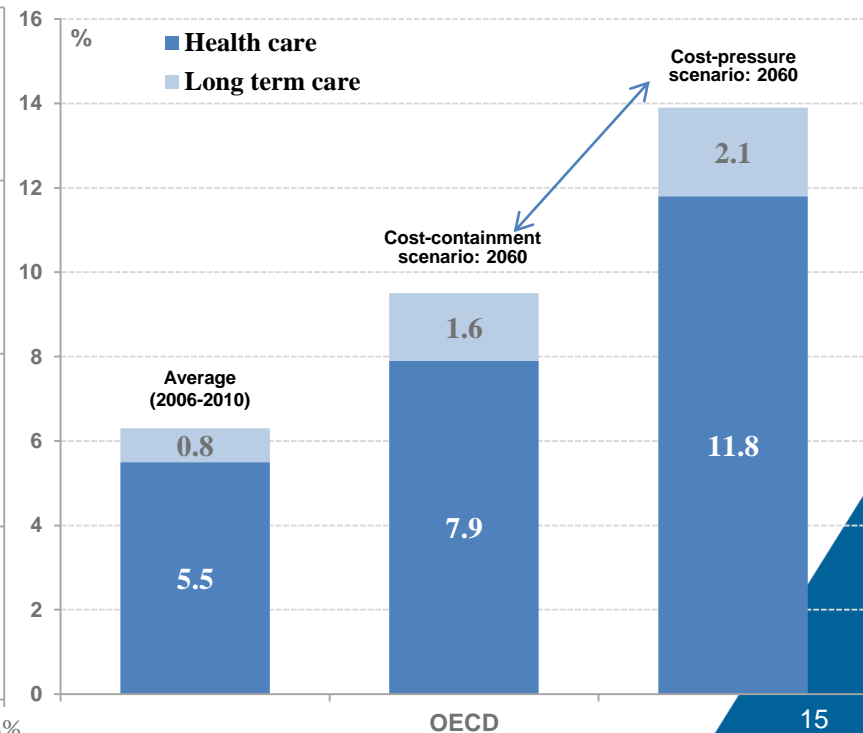
# Most OECD countries enjoy universal health coverage. Their main challenge is ensuring the fiscal sustainability of the system

Public health expenditure has outpaced economic growth in OECD countries in the last couple of decades and is expected to continue growing as a share of GDP in the decades to come.

Average annual growth rate of real total health spending and GDP p.c. 1990-2012 (or nearest year)



Projected public health and long-term care expenditure as % of GDP in 2060





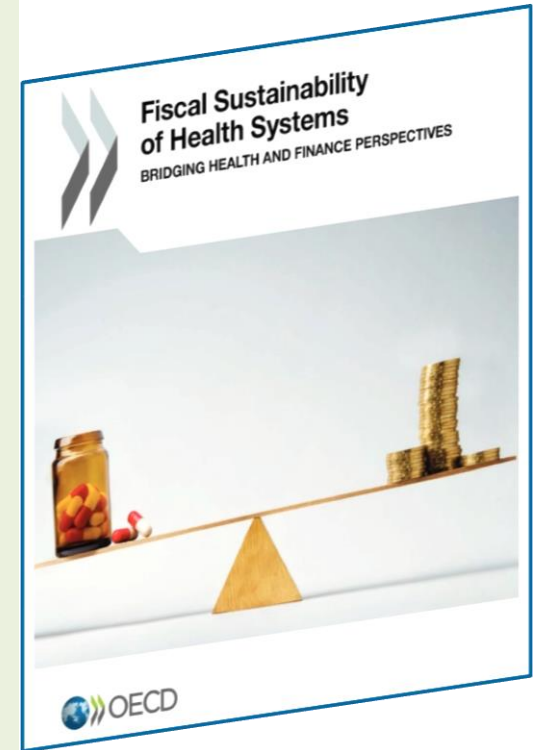
# This is why the OECD created the Joint Network of Health and Budget Officials on Fiscal Sustainability of Health Systems

## ➤ Main objectives of the Joint Network:

- ✓ To establish institutional dialogue, clarity of roles, and common objectives and vocabulary between all actors involved
- ✓ To identify and disseminate good practices in managing the budget of the health sector

## ➤ Synthesis in a publication 2015

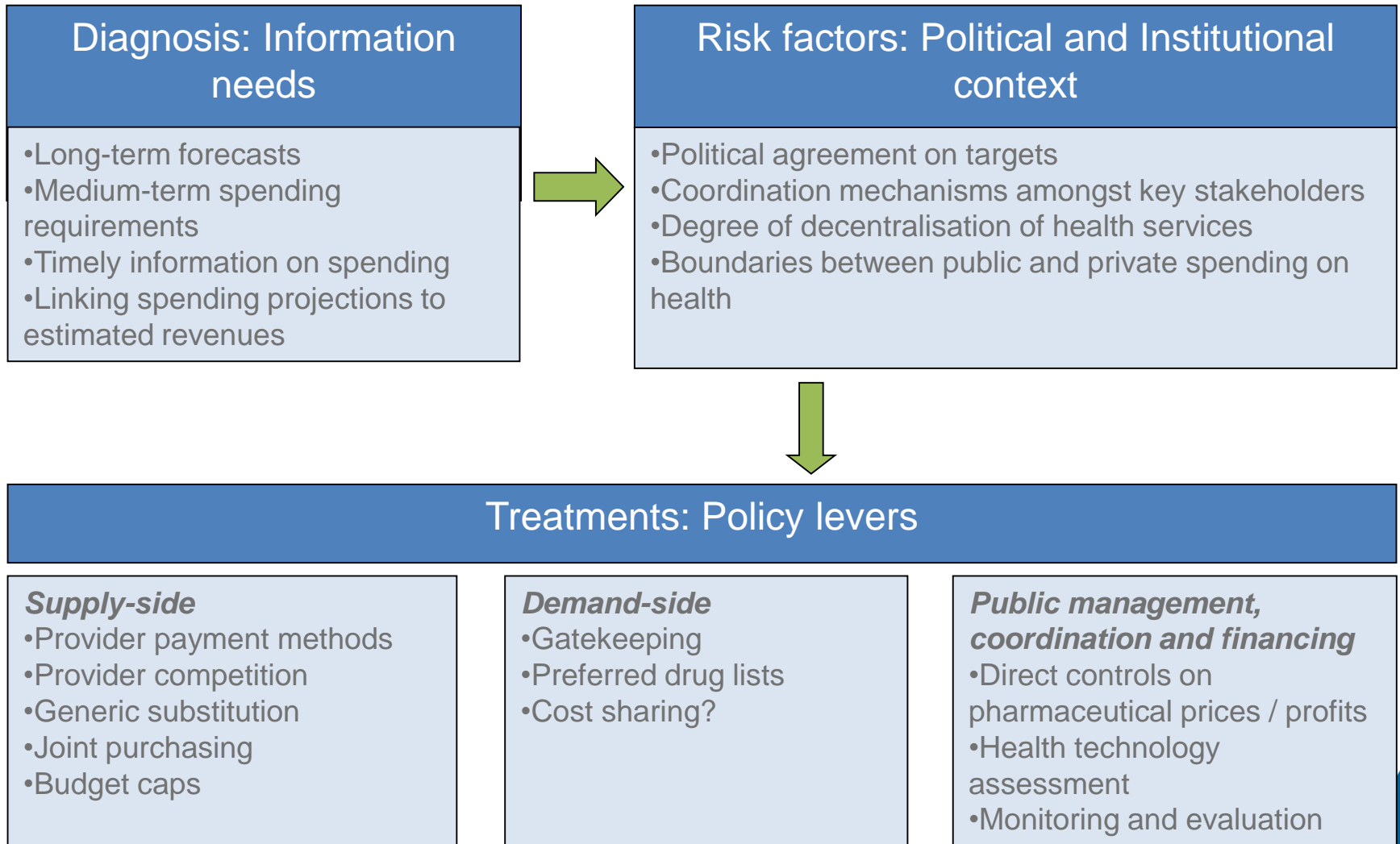
- ✓ Survey on budgeting practices for health
- ✓ Analytical framework and research
- ✓ Case studies (France, Netherlands, England)







# Analytical Framework



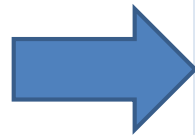


## Next steps for the Joint Network

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Objective: to expand the activities of the Joint Network in other regions of the world, in partnership with the WHO, the Global Fund, CABRI, the IDB and other international institutions

- Survey of budgeting practices for health
- Analytical papers
- Country case studies





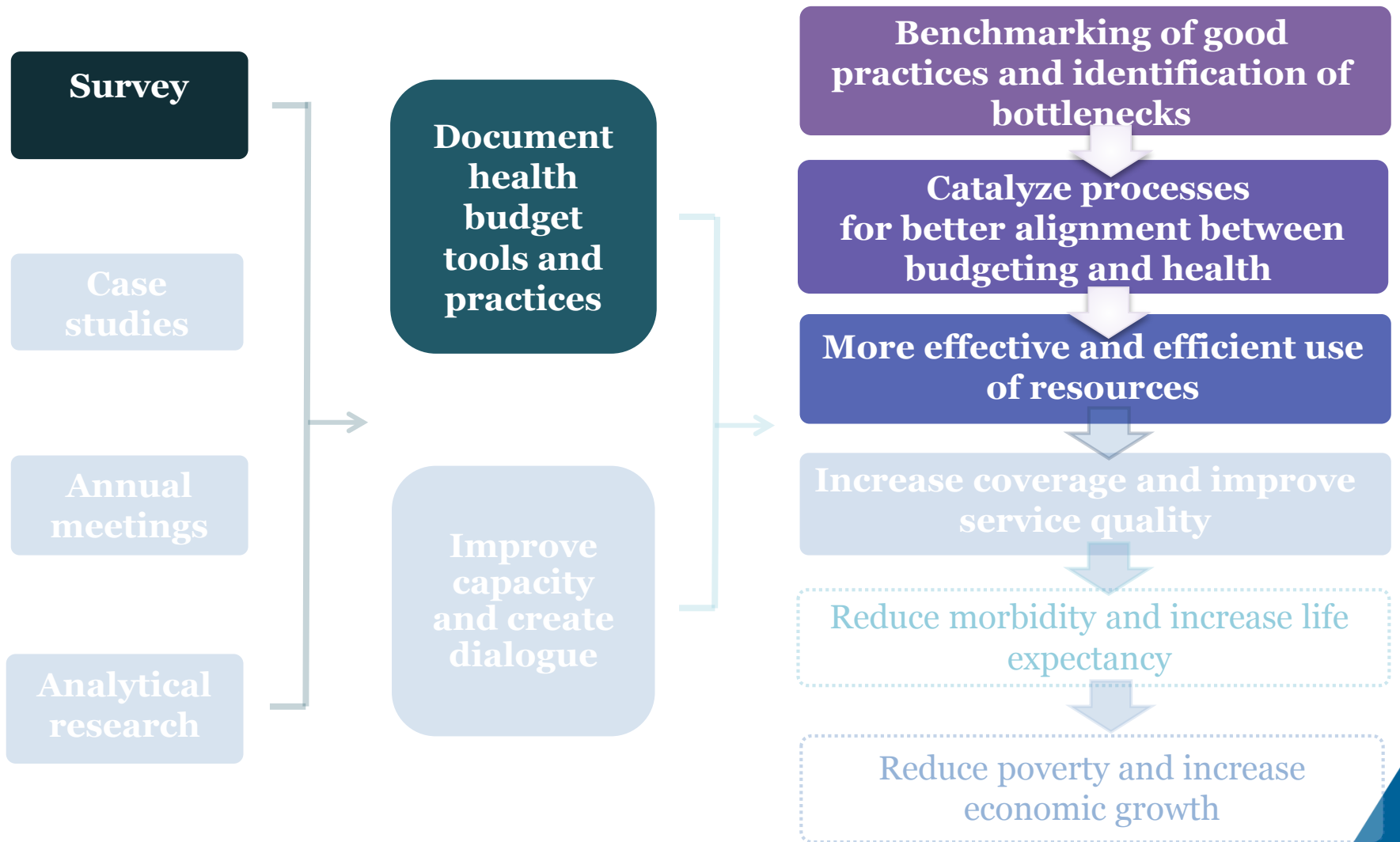
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# Why a survey on health budget practices in Africa?

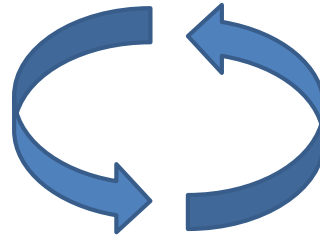




# Who is the survey targeted to?

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**Officials working in Budget Authorities who focus on health issues**



**Officials working in the Ministry of Health in relation with the budget authorities**





# What information is collected? (1)

## 1. Basic characteristics of health systems

- 1.1. Structure of Health Financing
- 1.2. Coverage arrangements
- 1.3. Benefits and Entitlements

## 2. Health budget formulation

- 2.1. General information
- 2.2. Decision Making and Coordination Mechanisms
- 2.3. General Budget Allocation for Health
- 2.4. Health Sector Budget Formation

## 3. Purchasing and provider payments, Health Budget execution

- 3.1. Institutional Structure of Health Purchasers
- 3.2. Health Provider Autonomy
- 3.3. Provider Payment Systems

## 4. Budget monitoring

- 4.1. Budget execution and reporting
- 4.2. Budget over-spending and under-spending
- 4.3. Budget monitoring: Ensuring effectiveness and performance of health expenditure



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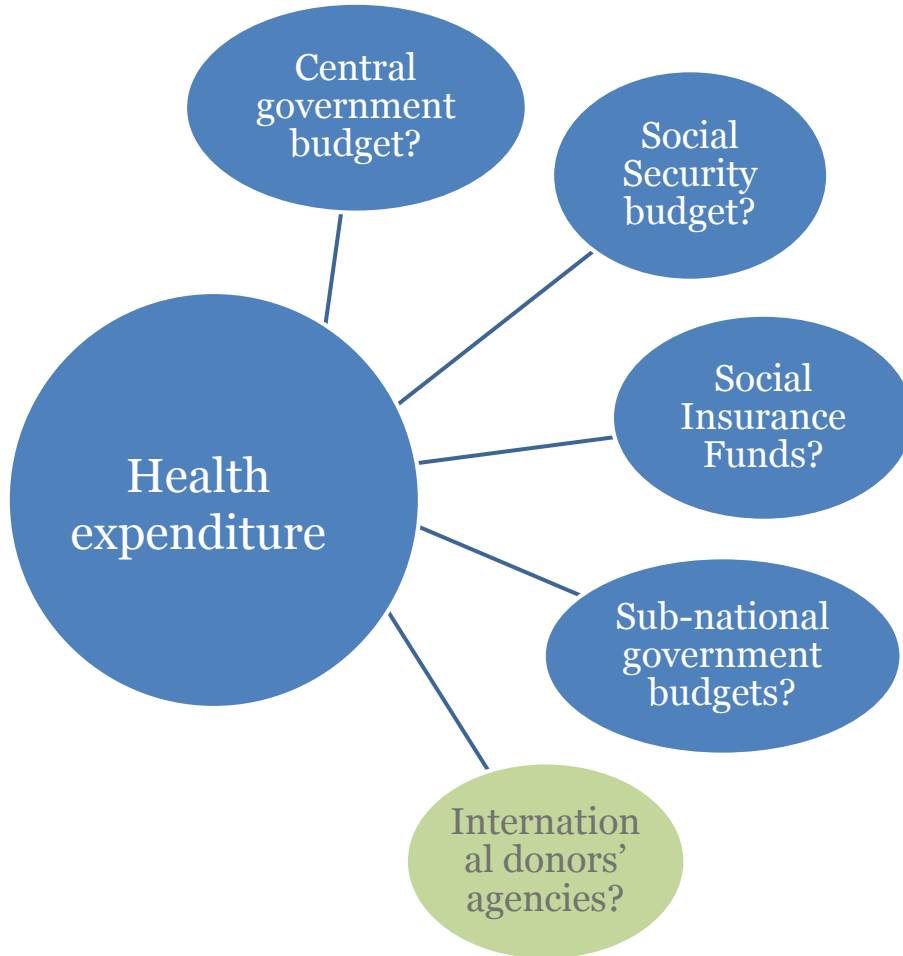
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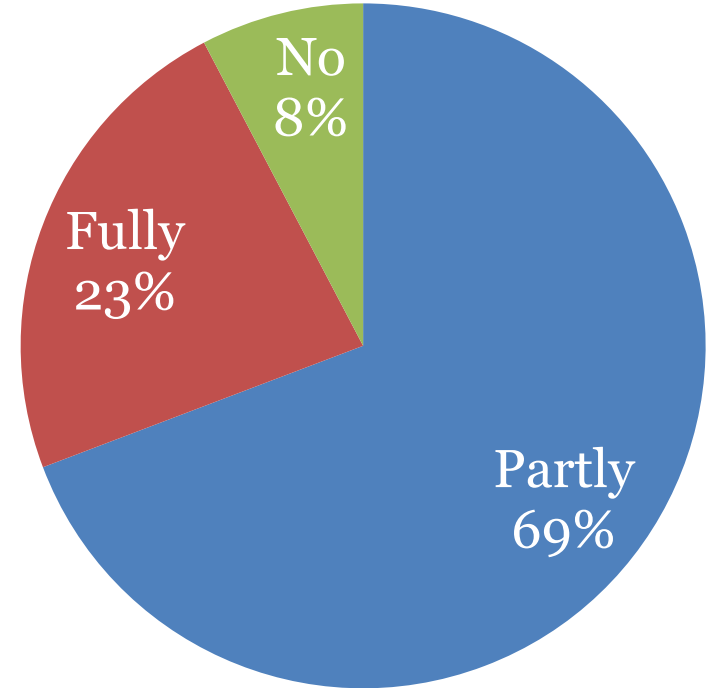
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In some OECD countries, 100% of health expenditure are in the budget (UK), while only a small fraction may appear in other countries (France, Austria)



**Is health expenditure part of the central government budget?**







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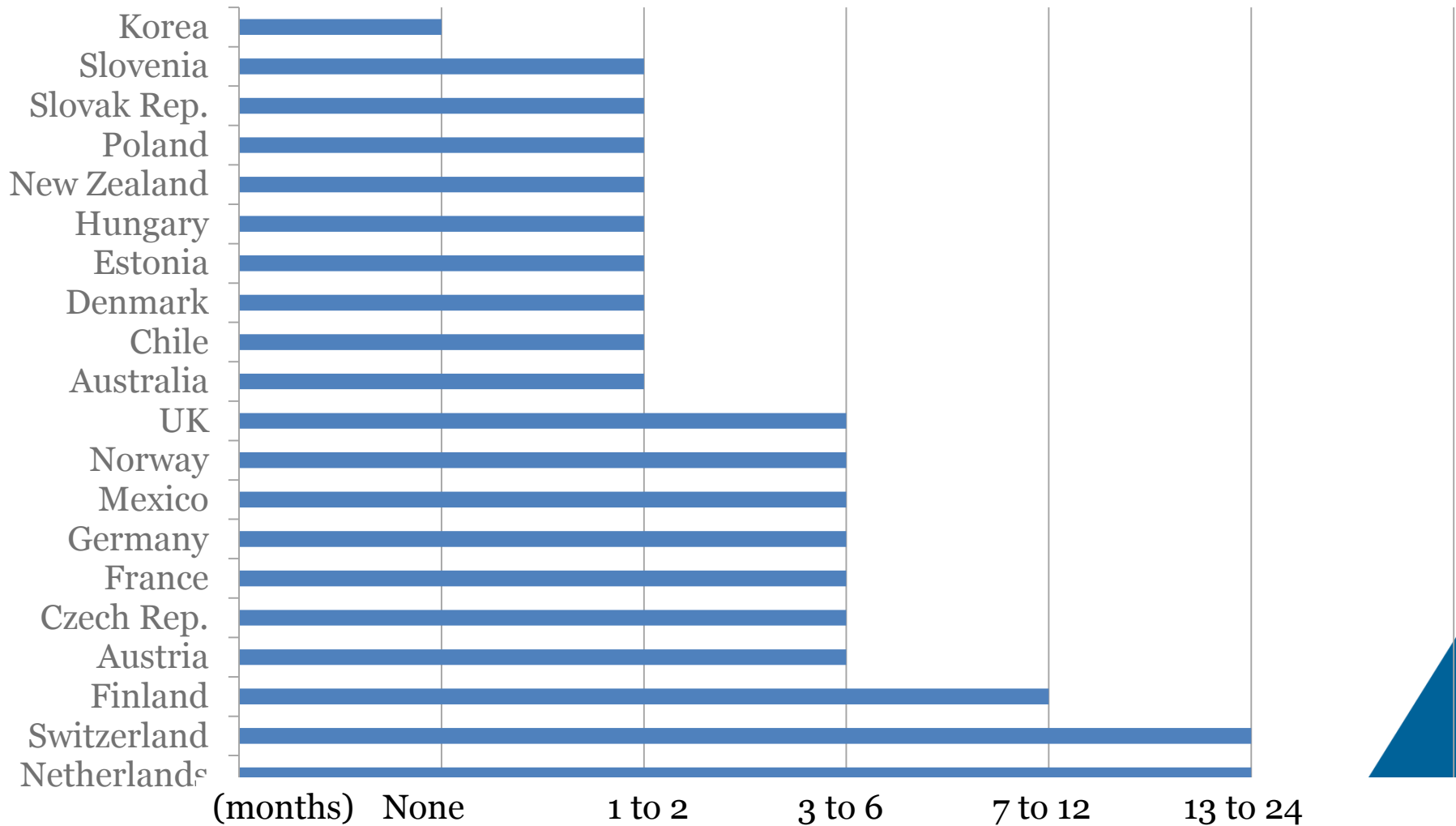
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In some countries, it can take up to two years for information on health spending to be reported to the MoF...

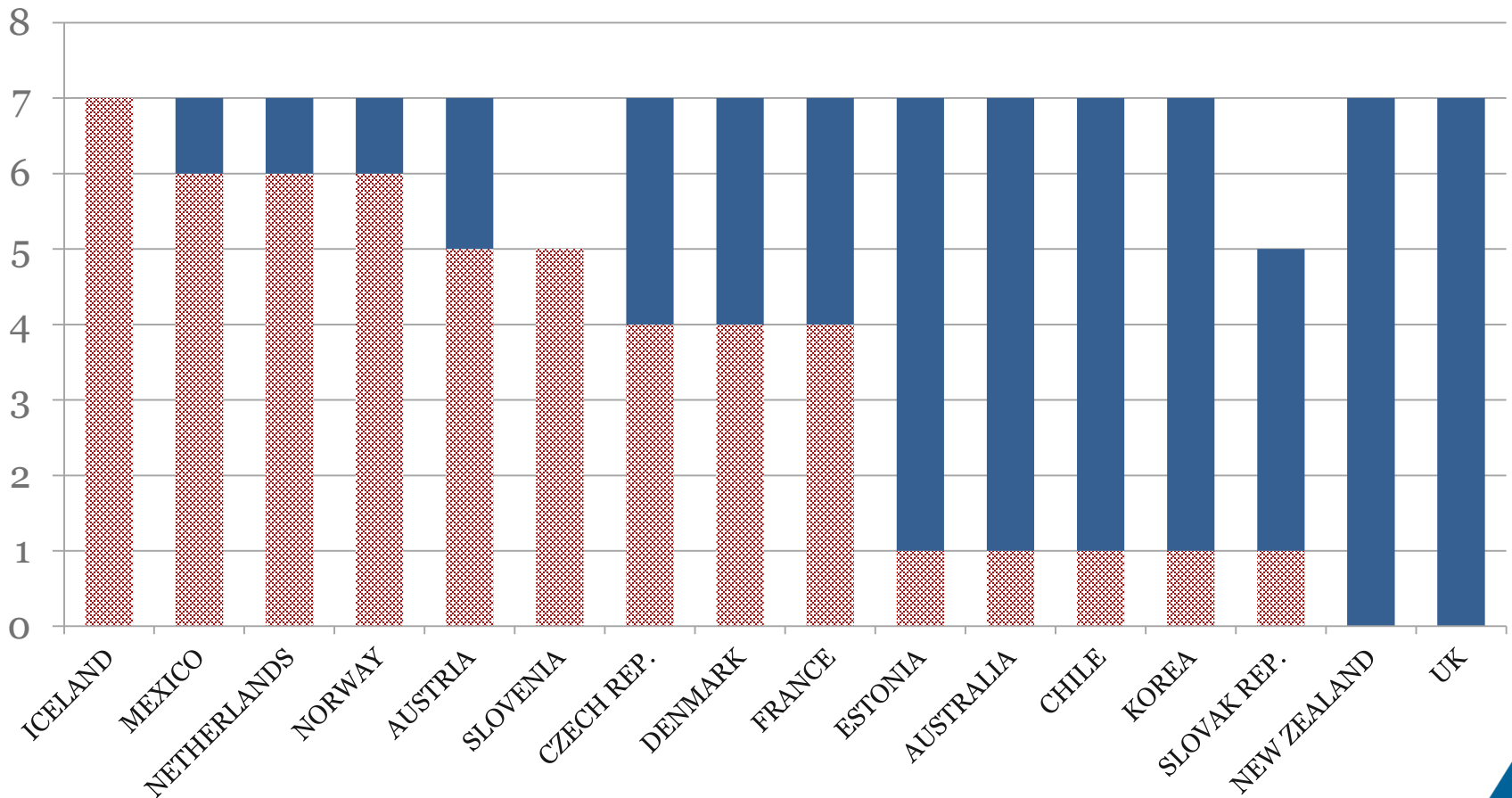
### Delay in reporting health expenditure to central budget agency





# The OECD survey revealed that budget overspending in health is very frequent in OECD countries

- Years out of last 7 without overspending
- Years out of last 7 with overspending





# What information is collected? (2)

## 5. Fiscal sustainability

- 5.1. Cost containment strategies
- 5.2. Approving new health policies and expenditure
- 5.3. Projecting health expenditure

## 6. Budgeting for social insurance funds/agencies

- 6.1. General issues
- 6.2. Managing social health

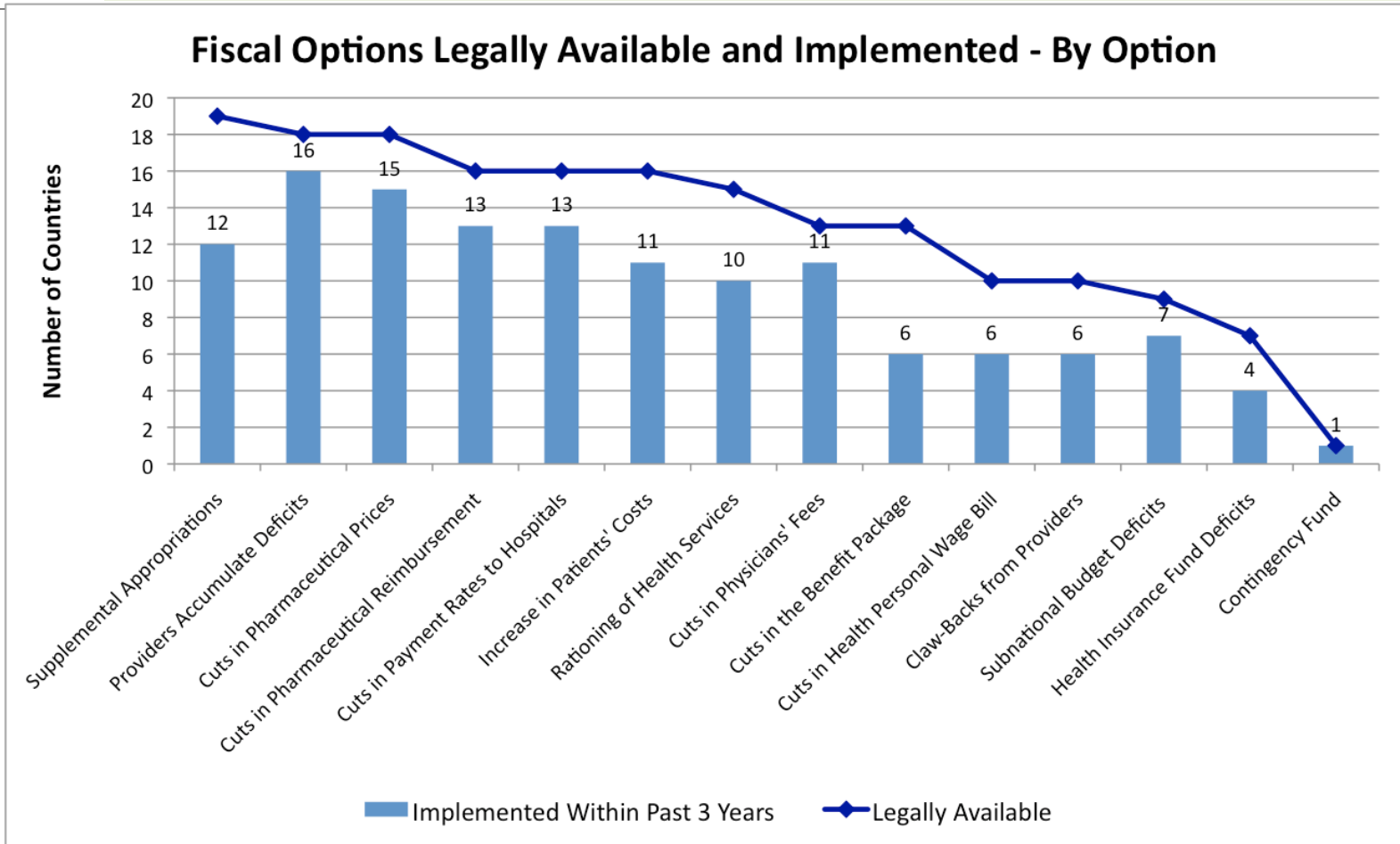
## 7. Management of development assistance for health

## 8. Decentralization

- 8.1. Sub-national governments' revenues for health
- 8.2. Sub-national expenditures on health
- 8.3. Multi-level governance of health expenditure
- 8.4. Ensuring performance of SN health expenditure



# Budget tools available and implemented by OECD countries to ensure fiscal sustainability of health



Source: OECD Health Committee Survey on Health Systems Characteristics 2012



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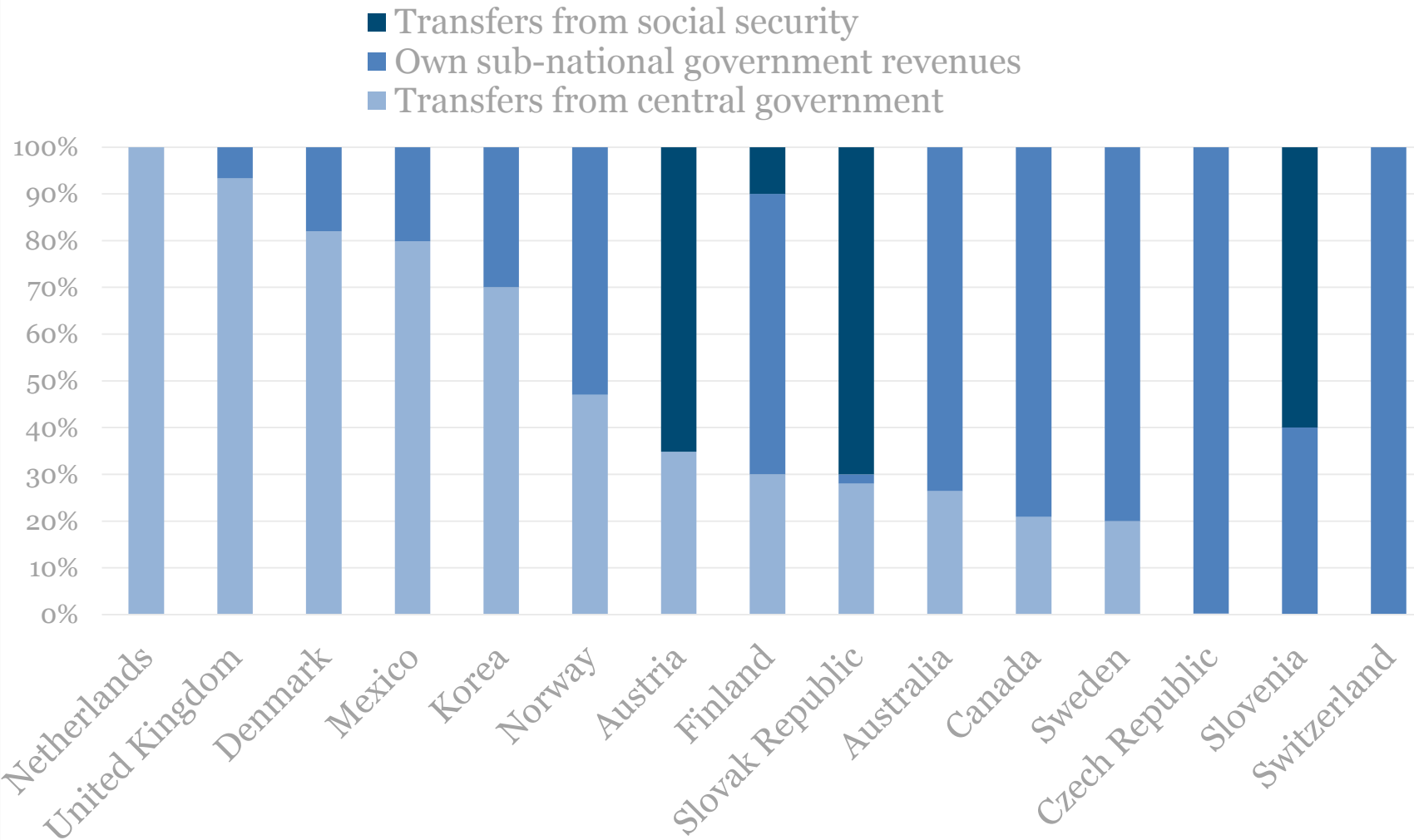
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# The OECD survey illustrates the sources of revenues financing SNG health expenditure





# How will the survey be implemented?

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- Collaborative effort between the OECD, CABRI, the WHO, and other potential partners
- Two sets of questions (for health and for budget officials) covering 8 different areas
  - Health officials: 2 sections
  - Budget officials: 4 sections for all countries, 3 additional sections when relevant
- Online platform
- Definition of technical terms to start from a common ground
- Permanent dialogue and assistance from the OECD



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## Filling the survey and table discussion

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- Are there questions or terms that are not clear?
- Are some questions particularly difficult?
- Is some information missing?
- Who would you need to ask for the information ?
- How much time would you need?
- Questions/suggestions?



# Table discussions

Tables	TOPIC AREA SUJET	Questions in the survey (Health or Budget) Questions de l'Enquête	External Stakeholders
<b>All tables</b>	Basic characteristics of health systems (Health officials and Budget officials)	Health: Q1 to 3 Budget: Q1 to 4	AfDB WHO OECD WB TGF USAID GIZ Other To choose according with preference, and language Choisir selon préférence et langue
<b>Table 1</b>	Health budget formulation	Budget: Q5 to 12	
<b>Table 2</b>	Budget monitoring	Budget Q13 to 21	
<b>Table 3</b>	Decentralisation	Budget Q42 to 53	
<b>Table 4</b>	Management of development assistance for health	Budget Q33 to 41	
<b>Table 5</b>	Fiscal sustainability	Budget Q22 to 28	
<b>Table 6</b>	Budgeting for social insurance funds/agencies	Budget Q29 to 32	
<b>Table 7</b>	Health budget execution, provider payment systems	Health, Q4 to 13	



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# THANK YOU

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<http://www.oecd.org/publications/fiscal-sustainability-of-health-systems-9789264233386-en.htm>

<http://www.oecd.org/gov/budgeting/sbonetworkonhealthexpenditures.htm>