Link between financing and service delivery. Example of HIV/AIDS

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"Targeted programs financing and budgeting for HIV/AIDS: Estimations, costing and monitoring of resources and expenditures"

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Overview

- Major public financing strategies
- Implications for:
  - Data generation
  - Resource tracking
  - Planning and accountability
  - Cost forecasting

Public financing of health services

- Two major approaches
  - Budget
    - Budgets allocated to healthcare providers by government on a prospective basis
    - Eg: United Kingdom <1990, Sweden, Denmark, Norway, Canada, Hong Kong, Ukraine
  - Insurance
    - Payments to healthcare providers based on services provided
    - Eg: Germany, Netherlands, Japan, Taiwan, Hungary, USA Medicare

- **Mixed systems*
  - *Kyrgyz Republic*

Budget financing

- Budgets allocated to providers to purchase inputs (staff, medicines, etc)
- Decision making on services is by providers
- Central control of services provided is mostly indirect
  - Administrative/legal controls
  - Restriction of patient access
  - Control of inputs and budgets
  - Service regulations/guidelines
- Advantages
  - Easier to control costs, less administration

Insurance financing

- Budgets allocated to providers according to services provided
- Decision making on services is by providers
- Central control of services provided is mostly direct
  - Reimbursement list
  - Control of prices
  - Eligibility of insurance beneficiary
- Advantages
  - More powerful incentives for providers, but more administration, and can be more expensive

Implications

Data generation

- Budget systems
  - Financial data generated with budget transfers and by purchasing of economic inputs
  - Data required for controlling payments in relation to actual input costs
- Insurance systems
  - Financial data generated by individual patient episodes
  - Data required for controlling payments in relation to services and agreed prices (not costs)

Resource tracking of outputs and functions

- Budget systems
  - Resources easily tracked by providers and inputs, but not by functions/diseases
  - Resource tracking systems may have to use other data and be based on estimation strategies
- Insurance systems
  - Resources easily tracked by functions/diseases, but not always by providers
  - Resource tracking systems can be direct, but may not be based on actual costs

Planning and accountability

- Budget systems
  - Accountability for outputs/performance is more difficult
  - Can be done, but requires introduction of new information and budgeting systems
    - E.g., UK NHS 1990-2006
- Insurance systems
  - Accountability is for outputs, but overall strategic direction is harder to achieve
  - Can be done by changing prices or payment methods, but requires sophisticated approaches
    - E.g., Japan, Netherlands, USA

Cost forecasting

- Budget systems
  - Cost forecasting typically not done by disease but by services/providers
- Insurance systems
  - Cost forecasting typically done in terms of service volume and prices
  - Costs = Service volume x Price

Challenges with budget systems

- Linking performance to budgets requires extensive information systems and changes in budgeting procedures
  - UK NHS - 15 years
  - Hard to achieve, can be more costly and requires sustained political commitment and continuous technical analysis
- May be possible by using secondary data systems to track actual outputs
  - UK NHS uses parallel data reporting systems to track outputs in both hospital and non-hospital sectors
  - Kyrgyz Republic health sector reform - expenditures tracked by function, but independently from budgeting system

Specific issues for HIV/AIDS

- Targeted program budgeting/resource tracking feasible for some outputs
  - Education, information, surveillance
- Targeted budgeting/resource tracking less feasible if patient treatment is to be integrated
  - Inpatient/outpatient treatment of opportunistic infections avoiding stigmatization