THE LANCET
Global Health

The Lancet Global Health
Commission on

Financing Primary Health Care

BILL & MELINDA GATES *foundation*

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The challenge

Priority to health is limited, political and professional pressures favour hospitals

Insufficient funding for PHC

Allocate more resources to PHC

Resources don't reach the frontline

Allocate equitably, protect to the frontline

PHC funding is fragmented, Inflexible, inefficient

Align funding flows, incentives

Spend more and spend better on PHC

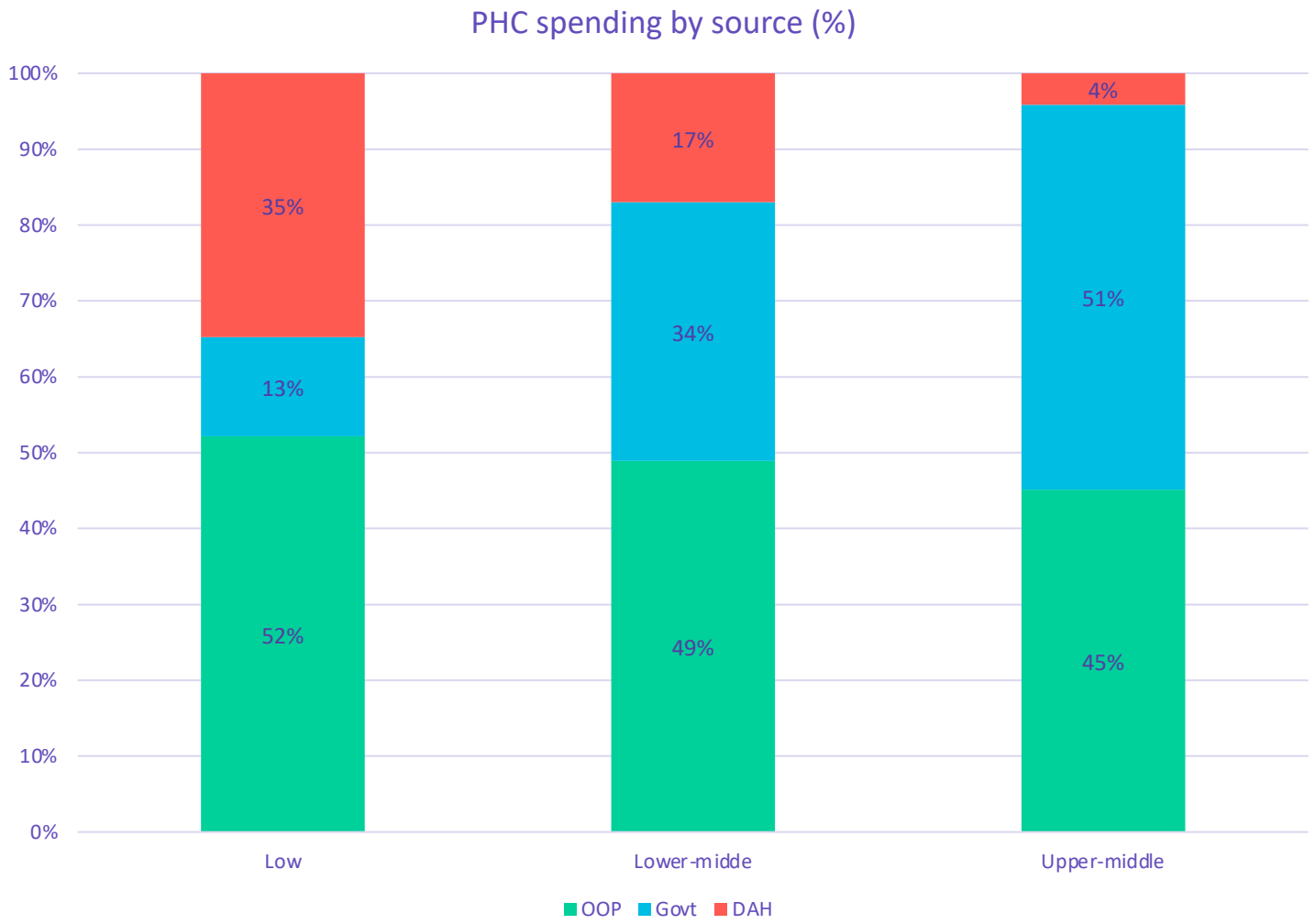
Objectives

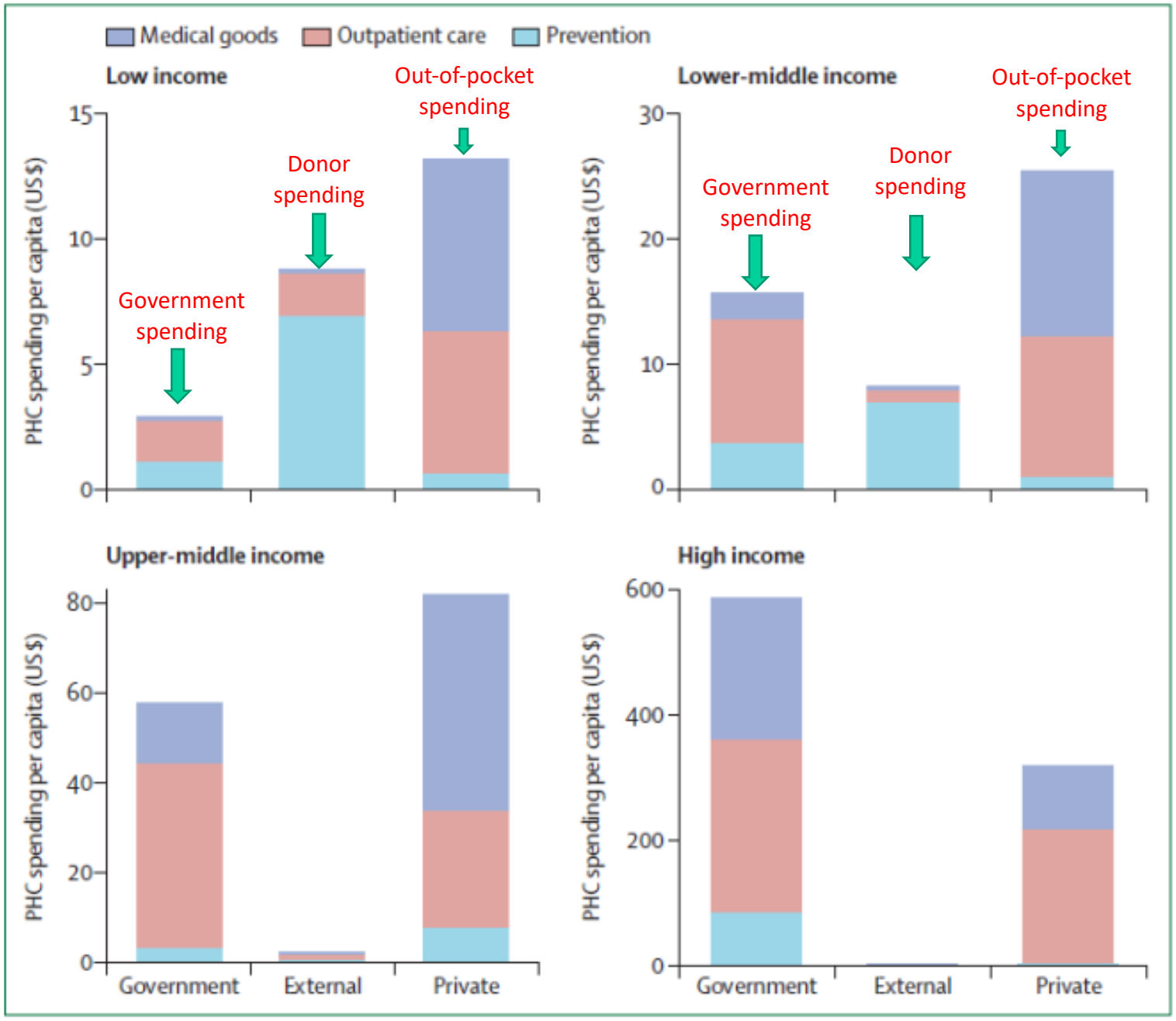
- Present new evidence on levels and patterns of global expenditure on PHC
- Analyse key technical and political economy challenges faced in financing PHC
- Identify areas of proven or promising practices that effectively support PHC across the key health financing functions
- Identify actionable policies to support LMICs in raising, allocating, and channelling resources in support of the delivery of effective, efficient, and equitable, people-centred PHC

Current landscape of PHC financing

Government spending on PHC in low- and lower-middle income countries is very low

Out-of-pocket payments remain an important source of PHC financing, even in upper-middle income countries





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Financing for PHC is highly fragmented:

- Low government spending and high OOP
- High share of external spending
- Patients pay for drugs, donors for prevention, governments for outpatient care

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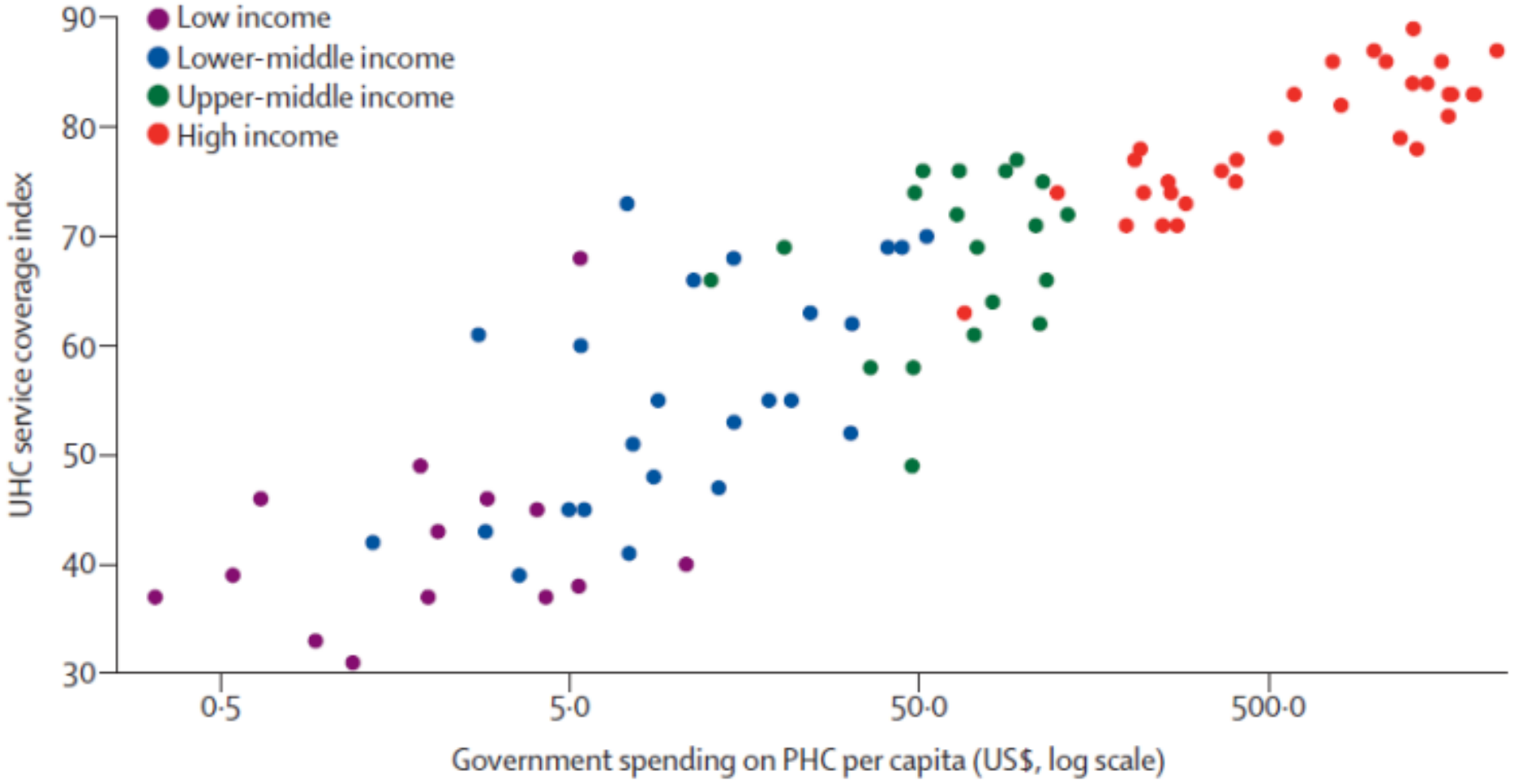
Higher government spending on PHC is strongly associated with better service coverage



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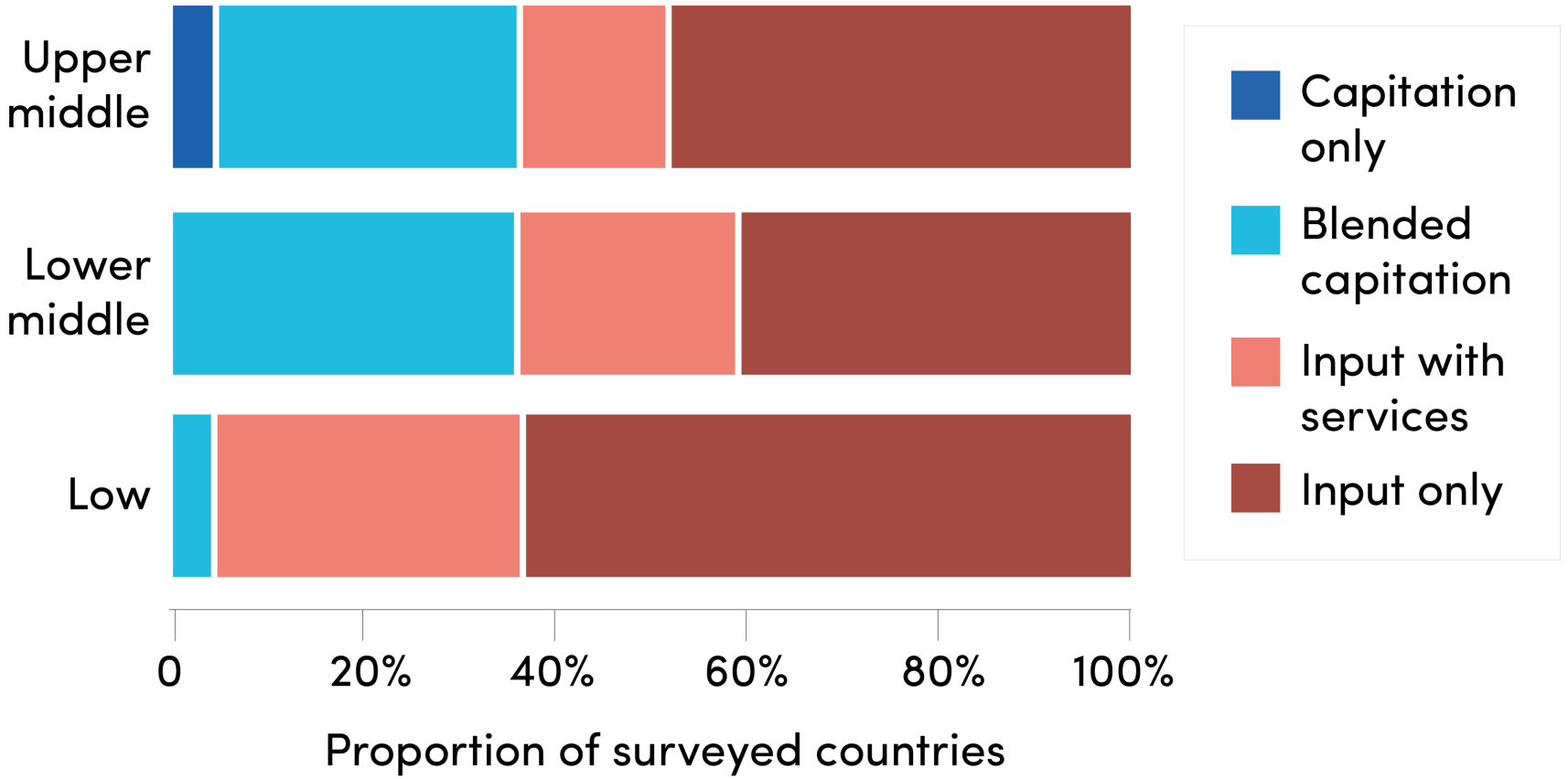
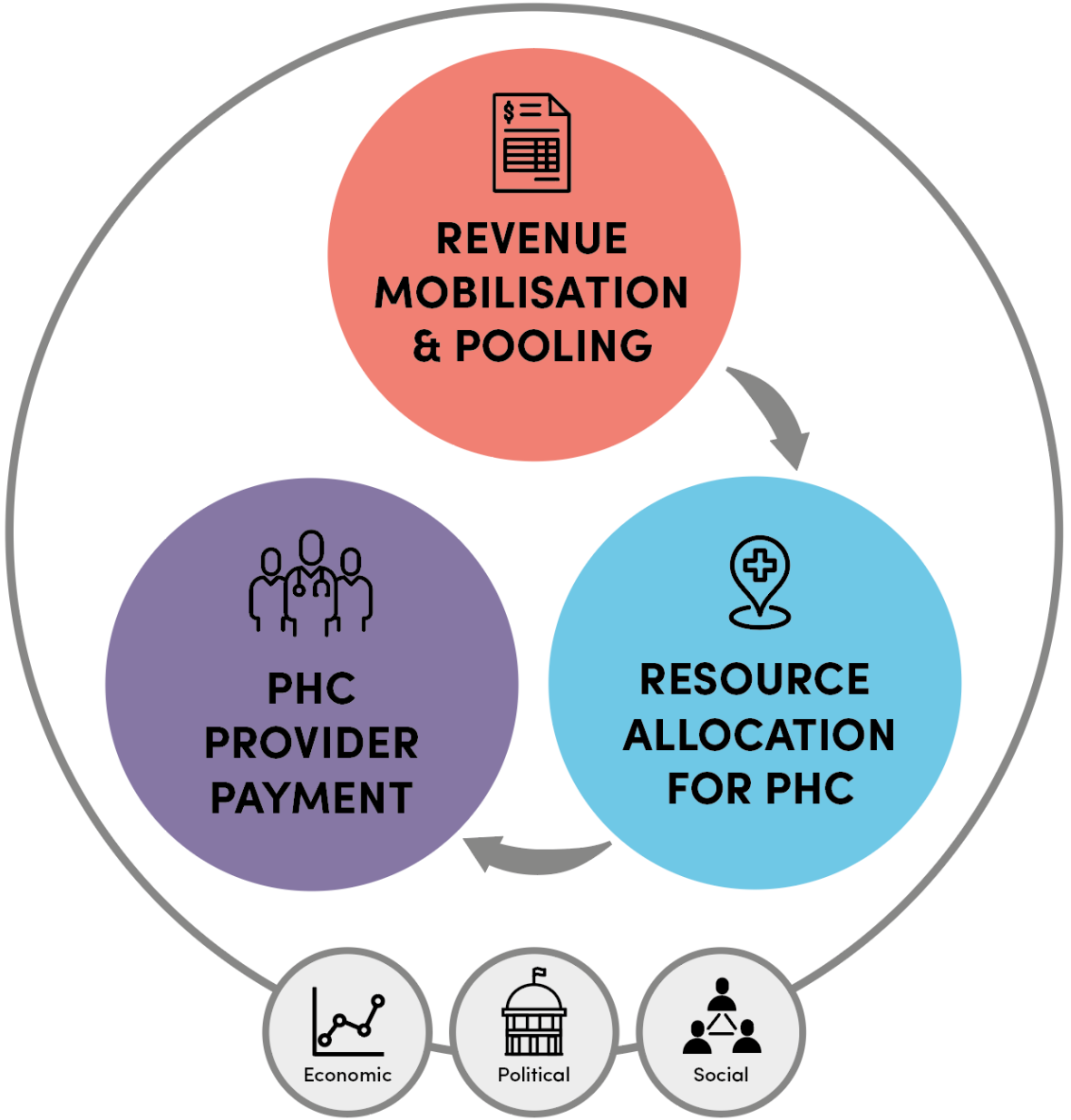
Public PHC providers are predominantly paid through input-based and service-based budgets



Key findings


REVENUE MOBILISATION & POOLING
RESOURCE ALLOCATION FOR PHC
PHC PROVIDER PAYMENT
Economic
Political
Social
POLITICAL ECONOMY CONTEXT

Allocating resources to PHC

BUDGET FORMULATION

- Programme budgets
- Budget rules and statutory appropriations
- Conditional grants

BUDGET EXECUTION

- Resource allocation formula
- Provider payments
- Contracting and monitoring
- Direct Facility Funding
- Benefit specification

SERVICE DELIVERY

- Operational definition of PHC
- Norms or standards
- Referral system and gatekeeping
- Service delivery models

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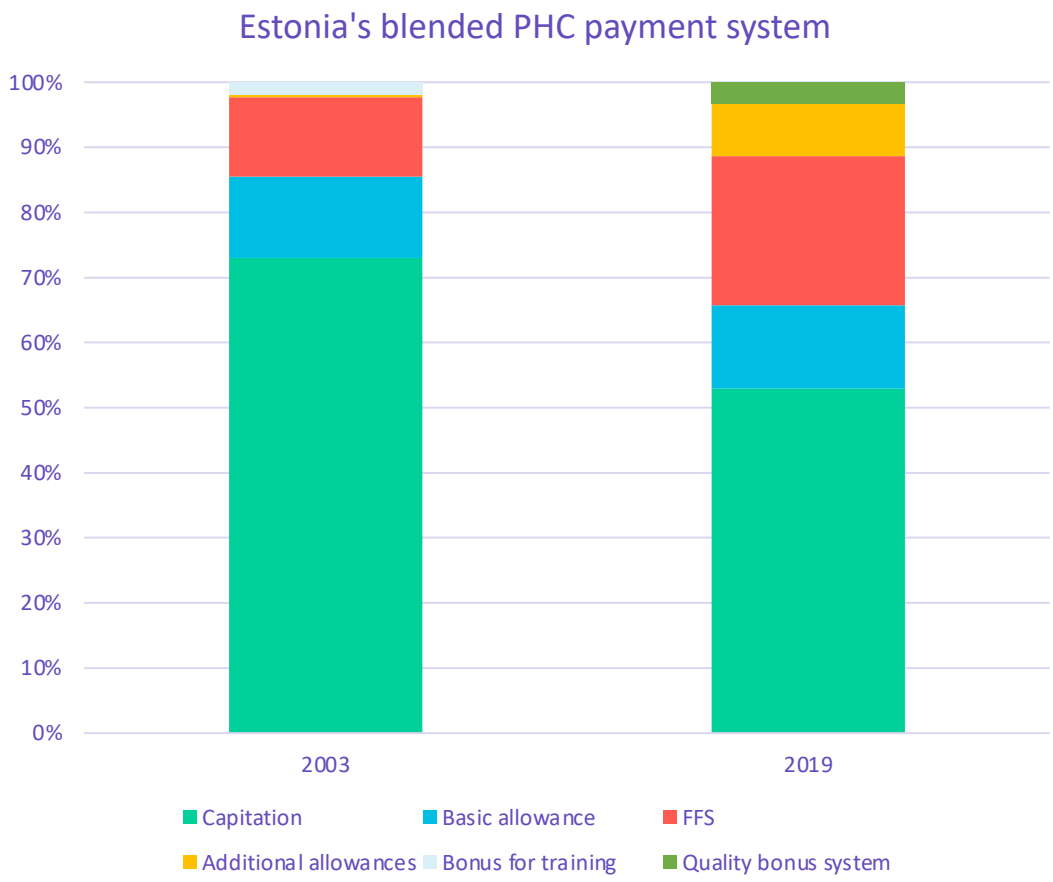
Provider payment and incentives

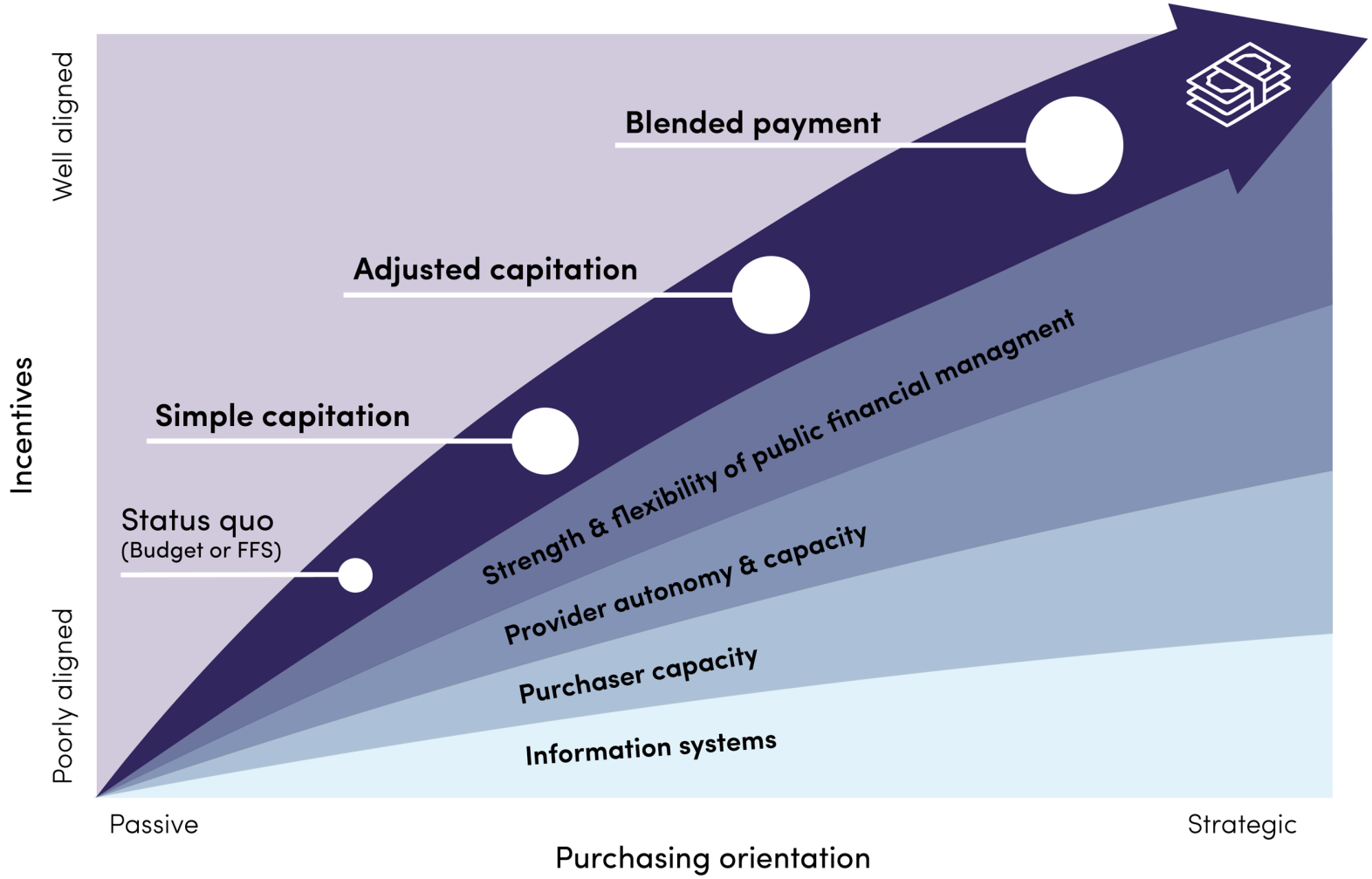
- The way that PHC providers are paid, and the incentives that these payment mechanisms create, are a tool that can ensure resources reach frontline providers and are used efficiently.
- Population-based, or capitation, payment systems create the strongest incentives for providers to deliver people-centred PHC.
  - An equal fixed payment per person
  - Adjustment based on health needs
  - Pays providers to manage population health, prioritise health promotion and prevention
  - Provides a predictable and stable revenue stream to PHC providers
- Capitation also has drawbacks – e.g. underprovision, unnecessary referrals
- Countries should take steps to work towards their own context-specific blended payment model for PHC, with capitation at its centre
  - E.g. a budget payment to cover unavoidable fixed costs; some fee-for-service 'carve-outs' for high priority health conditions or services; and, in some cases, performance-based payment to incentivise reaching coverage targets for priority services and improving quality of care

Paying providers: Blended payment with capitation at the core

- Capitation places people at the centre
- But all payment systems have weaknesses: Blending can mitigate

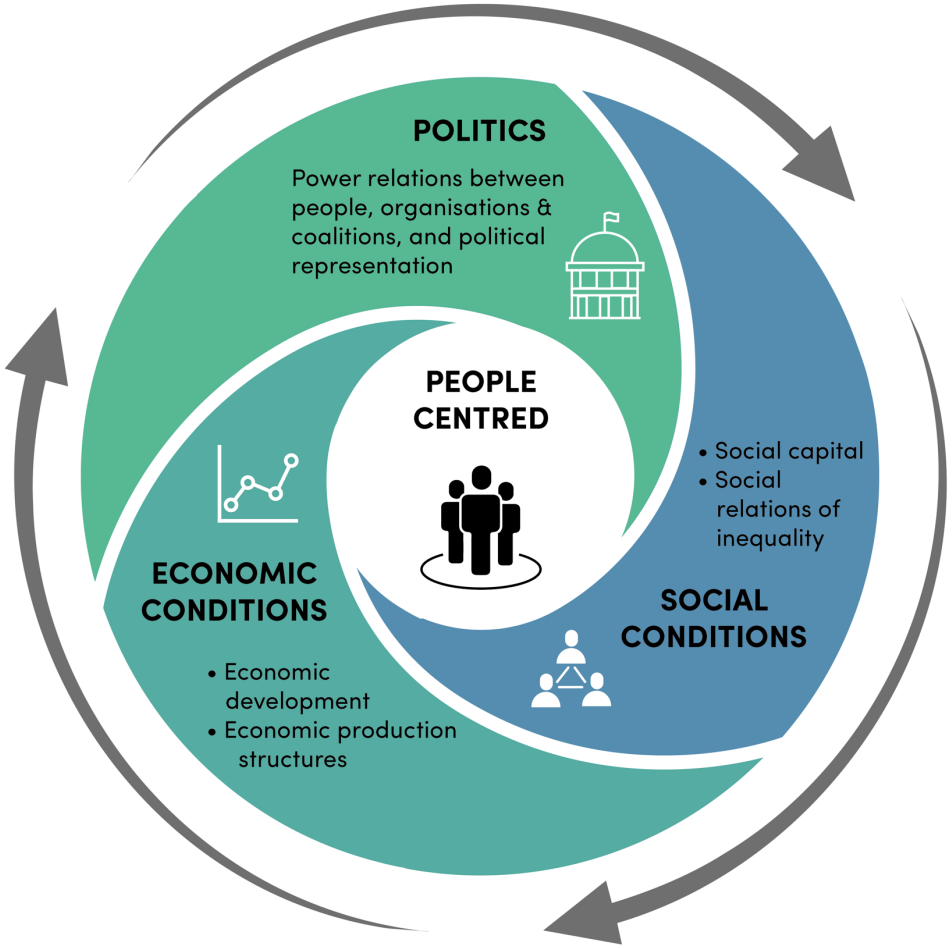


Pathway to a more strategic provider payment system



The political economy of financing PHC

- Political, social and economic conditions are as important as technical elements in the design and implementation of efficient and equitable financing for PHC.
- PEA refers to the power dynamics between stakeholder groups in relation to the distribution of resources, the economic and social conditions
- These political economy factors represent both constraints (the limits of what technical solutions) and opportunities (e.g. entry points)
- A need for politically informed technical strategies – understanding and navigating the evolving political economy context.



Spending more and spending better on PHC

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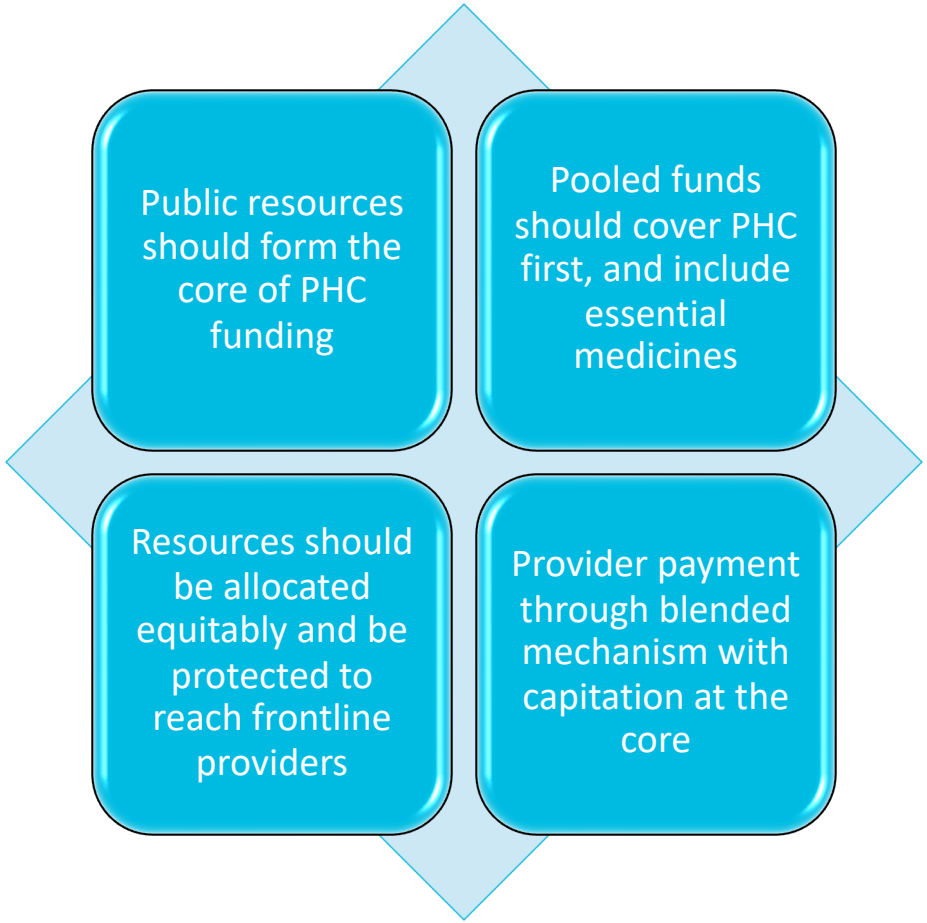
Attributes of people-centred financing for PHC



PHC also requires

- A whole of government approach to spending more and spending better
- Technical strategies underpinned by an understanding of the social, economic and political conditions
- Revisiting how PHC expenditure data are collected, classified and reported to support national decisionmaking

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www.lshtm.ac.uk/research/centres-projects-groups/commission-financing-phc

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