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HEALTH FINANCING & SUSTAINABILITY PROJECT

QUARTERLY REPORT

July - September 1993

THIS REPORT OFFERS AN UPDATE on all areas of HFS Project work under the separate rubrics of *Technical Assistance, Applied Research, Training, and Information Dissemination*. The reader should note that the synergy of technical assistance and applied research developed through the course of field operations makes it difficult to separately report on the progress of either component as distinct from the other.

Applied research plays a central role in the conduct of the technical assistance the HFS Project extends to governments through USAID missions. Technical assistance activities provide opportunities for field data collection on real policy problems and pressing issues; in turn, applied research informs and greatly enhances the analyses and recommendations that technical assistance provides.

TECHNICAL ASSISTANCE

AFRICA REGION

▲ SENEGAL

HFS is assisting the Government of Senegal to assess the costs, utilization and efficiency of health facilities. The team led by Ricardo Bitran, Applied Research Director, and including Survey Management specialist Steve Brewster, Task Manager Suzanne McClees, and Bineta Ba, Economist at REDSO/WCA, completed the analysis of survey data from a sample of public health facilities throughout the country. Bitran and Brewster will present the results of this study at a policy workshop planned for the week of November 8th in Dakar. An HFS survey of private health care providers, planned as a complement to the public sector survey, will begin in October. (See *Major Applied Research-Public/Private Differences in Efficiency and Public Sector Reform.*)

▲ NIGER

HFS continued its assistance on the analysis of pilot tests of government cost recovery and quality

The Health Financing and Sustainability (HFS) Project provides technical assistance and training, conducts applied research and disseminates information to developing countries in health economics, health sector policy, and health services management. HFS is administered by Abt Associates Inc. in conjunction with Management Sciences for Health, The Urban Institute, Clark Atlanta University, and Tillinghast.

The Agency for International Development supports the HFS Project. Project services can be requested through the Office of Health, Bureau for Research & Development, Agency for International Development/Washington, or through USAID Missions. Copies of HFS publications mentioned in this monthly report can be requested from: HFS Information Center, Abt Associates, 4800 Montgomery Lane, Suite 600, Bethesda, MD 20814. FAX No. 301-652-3916.

improvement programs. Long Term Advisor François Diop, Economist, tested an instrument for the collection of information on the utilization, revenues, and drug stock levels at facilities involved in the pilot programs. Preliminary information indicates that utilization has greatly increased as a result of those interventions. Additional drugs were procured for pilot area facilities through UNICEF's Bamako Initiative and the World Bank to avoid drug stock outages due to the higher than anticipated demand.

In August, HFS Applied Research Director Ricardo Bitran visited Niamey to review progress. Interviews of Ministry of Health and USAID/Niamey officials, facility personnel, and the beneficiary population showed a high level of satisfaction with the pilot tests and cost recovery reform. Bitran also worked with Diop to modify the household survey data instruments in preparation for a follow-up household survey to begin in October. Training and selection of the enumerators and data entry personnel for the survey started in September. (See *Major Applied Research-Quality and Social Financing.*)

▲ CENTRAL AFRICAN REPUBLIC

HFS is assisting the government of CAR to develop and implement the first phases of a national cost recovery strategy for public health services.

Because of successive rounds of national elections beginning in late August through to the presidential inauguration in late October, both the Ministry of Public Health (MSP) and the USAID Liaison Officer (ALO) instructed HFS to delay further technical assistance activities until November.

Meanwhile, HFS consultant Keith McInnes completed a review and summary of over ten reports on health financing issues in the country that had been prepared by HFS and other projects. HFS consultant Evelyn Laurin was able to obtain data with which to begin a comparative analysis of cost recovery schemes in operation across the country with the assistance of donors other than AID. Health Economist Charlotte Leighton, Laurin and another public health specialist, HFS consultant Yann Derriennic, will visit several of those cost recovery programs in late November and early December to complete the analysis. During the same period, HFS Hospital Management Specialist Gregory Becker will carry out an analysis of hospital costs and pricing policies.

LATIN AMERICA/CARIBBEAN REGION

▲ ECUADOR

HFS is assisting the government of Ecuador to improve the sustainability, efficiency, equity, and quality of health care through reforms in the public and private financing and delivery of health services.

In July, Gerard LaForgia and Harry Cross, HFS consultant health economists, conducted an assessment of the current financing system for health care. USAID/Quito will use this report in its discussions of health financing reform with the government and collaborating institutions. In the report, the authors recognize the role of government in redistributing increasingly scarce resources to support public health, preventive and basic health services. They call for a greater private sector role in the provision of medical services for those who can pay and recommend that the government take measures to stimulate it.

In August, HFS released a Request for Proposals to local research firms to conduct a study of the Rural Social Security (SSC) system's current service delivery model. The study will:

- ▲ Determine the ability and willingness of the insured population to pay a higher share of costs;
- ▲ Assess the current relationship between the health needs of the population and the services provided by the SSC; and
- ▲ Specify policy options to finance the expansion of SSC services.

HFS will provide technical and managerial assistance to the firm selected to conduct this study. The SSC expects to use the results from this study to push for policy changes to achieve greater financial autonomy, lower the cost of service provision, expand coverage, and improve the quality and overall impact of services.

HFS also completed negotiations with the Ecuadorian research firm CEDATOS for a study to assess the potential of cooperatives and small business associations to finance basic health services for members, as well as to determine the willingness and ability of their members to pay. The contract is now awaiting AID approval.

ASIA REGION

▲ SOUTH PACIFIC

HFS is assisting several countries in the South Pacific region to develop new policies toward cost recovery and the social financing of public health services.

In July, HFS Applied Research Coordinator Holly Wong travelled to Suva, Fiji to participate in the Ministry of Health Cost Recovery Workshop. She presented results from the HFS study of costs of government health facilities, discussed the options available for health financing policy reforms, and presented selected countries' experience with cost recovery.

The workshop was well-attended by senior Ministry officials and resulted in a number of recommendations for revisions in the existing cost recovery system. Among others, participants recommended that a working group within the Ministry prepare a list of new, higher fees for public health services. The Ministry has requested that an HFS representative participate in a follow-up workshop in January to present the results of a second HFS study on social financing reform.

▲ CENTRAL ASIAN REPUBLICS

HFS received a request from AID to work with USAID/Almaty to provide technical assistance in health financing to two governments of the following four Central Asian Republics — Kazakhstan, Uzbekistan, Turkmenistan, and Kyrgyz Republic. HFS developed a schedule for the technical assistance including an assessment visit in December by HFS Technical Director Marty Makinen and Insurance Specialist Ken Currier to the candidate countries. They will identify health financing issues and prepare a plan for the two countries selected to receive assistance early in 1994. The work will culminate with policy workshops to discuss results and facilitate decision-making on options.

▲ PAKISTAN

HFS completed its long-term assignment to assist the Ministry of Health to develop policy options and plans for sector reform. The five-volume study covers hospital autonomy and quality assurance, rural service delivery, and insurance, legal issues and the use of muslim religious funds to finance care for the indigent. (*See Dissemination-Reports Completed.*)

DISSEMINATION

Papers and reports undergoing copyediting and production include:

▲ Technical Note No. 20 "Analysis of the Relationship between Health Care and Labor Productivity in the DOMINICAN REPUBLIC, by Kelleen Worden.

▲ Technical Note No. 21 "National Hospital Insurance Fund Unit Costing and Quality Assessment, KENYA", by Richard Siegrist and Stephen Musau.

▲ Major Applied Research Paper No. 3 "Extending Coverage and Benefits of Social Financing systems in Developing Countries" (Phase I) by Gerard La Forgia, Charles Griffin, and Randall Bovbjerg. (Phase I).

▲ Major Applied Research Paper No. 4 "Efficiency in the Consumption of Health Services: Concepts and Research Needs" (Phase I), by Robin Barlow with Christine Kolars, Cathy Peters, and Bilkis Vissandjée.

▲ Major Applied Research Paper No. 5 "Public and Private Interactions in the Health Sector in Developing Countries" (Phase I) by Randall P. Ellis and Mukesh Chawla.

▲ Small Applied Research Paper No. 2 "Expenditure Patterns and Willingness to Pay for Health Services in Belize: Analysis of the 1991 BELIZE Family Life Survey" by James North, Charles Griffin, and David Guilkey.

▲ Small Applied Research Paper No. 4 "Health Insurance in Practice: Fifteen Case Studies from Developing Countries" edited by Gerard La Forgia and Charles Griffin with contributions by Nuria Homedes, Patrice Korjenek, Joseph Scarpaci, and Taryn Vian.

▲ Small Applied Research Paper No. 5 "The Effects of Population Aging on Health Care Utilization and Costs for the Centro de Asistencia del Sindicato Médico (CASMU), URUGUAY" by Michael Micklin, Holly Wong, and Stephen Heinig.

Papers and reports completed include:

▲ Technical Note No. 19 "MOZAMBIQUE Public Sector Budgetary Resource Needs and Allocations in Health" by Keith McInnes, Estrela Polonia, and Francisco Ramos.

▲ "Atelier sur le Financement et la Pérennisation des Soins de Santé en Afrique", par Marty Makinen et Charlotte Leighton.

▲ Small Applied Research Paper No. 3 "Local Retention of User Fees in Government Health Facilities" by Keith McInnes.

▲ Technical Report No. 10 (Compendium of five volumes) "Policy Options for Financing Health Services in PAKISTAN" compiled and edited by Marty Makinen, and with contributions from: Zohair Ashir, Greg Becker, Harris Berman, Stan Hildebrand, Jon Kingsdale, Sikandar Lalani, William Newbrander, Afzal Siddiqi and Richard Yoder.

Vol. I Summary

Vol. II Hospital Quality Assurance through Standards and Accreditation

Vol. III Hospital Autonomy

Vol. IV Development of Private Health Insurance Based on Managed-Care Principles

Vol. V Organizing and Financing Rural Health Services

▲ CONFERENCES

▲ *Health Sector Reform in Developing Countries: Issues for the 1990s*

HFS Technical Director, Marty Makinen, and HFS Applied Research Director, Ricardo Bitran, participated in the conference sponsored by AID's Data for Decision Making Project at the Harvard School of Public Health. The conference was held at New England Center in Durham, New Hampshire from September 10th through the 13th, and brought together development professionals, academics, and policymakers with significant experience in health sector reform.

Makinen and Bitran presented a paper entitled "Economic Analysis and Research Tools for

Health Policy in Developing Countries". The paper was well-received as a good didactic guide to economists' contribution to health policy. It includes case studies on the HFS experiences in Pakistan and Niger where the combination of technical assistance, applied research, policy workshops and close long-term collaboration with the governments is leading to comprehensive policy reform. Comments from the conference discussion will be incorporated into the final version of the paper to be published in early 1994 by the sponsors.

▲ SEMINARS

Applied Research on Quality of Care and Financial Sustainability

At a seminar for HFS staff and representatives of AID's Office of Health and Africa Bureau, Dr. Annemarie Wouters, principal investigator, and Dr. O. Adeyi, research associate, of Johns Hopkins University, presented the conceptual framework and design for their HFS major applied research activity on quality and cost recovery.

Having completed a comprehensive review of the literature, Wouters stated that the empirical results confirm the importance of quality of care, and particularly improved availability of drugs, in motivating the demand for health care services. Nevertheless, questions remain about the partial elasticities of demand related to specific quality improvements; about the cost implications of quality improvements; and about whether preferences for quality improvements differ across various target groups. (*See Major Applied Research-Quality of Care*).

▲ COLLABORATION WITH THE CENTRE INTERNATIONAL DE L'ENFANCE

Dr. Miloud Kaddar, Health Economist of the Paris-based Centre International de l'Enfance (CIE), met with HFS CTO Robert Emrey and HFS staff to encourage continued collaboration between the CIE and HFS on training, applied research, dissemination and technical assistance for child survival and maternal/child health. Dr. Kaddar also presented an overview of the work of CIE and then spoke about

the Centre's on-going technical assistance to children's hospitals in Viet Nam and Laos.

Daniel Baudin, Chief, Documentation Services at CIE visited Washington, D.C. on August 9th and 10th to organize exchanges with documentation centers whose collections cover issues relevant to the well-being and survival of children and adolescents in the developing world. HFS Information Specialist, Nena Terrelli organized meetings with the staff of ISTI's Center for International Health Information (CIHI), AID's CDIE library and research services, and the National Demonstration Laboratory for Interactive Information Technologies at the Library of Congress. Baudin also met with representatives of the Pan American Health Organization (PAHO) to learn about the latest developments in their machine translation program.

Baudin oversees Europe's largest collection of French-language documents on children and health. They have compiled on CD-ROM the *Base d'Information Robert Debré*, known as the BIRD Database, with over 100,000 bibliographic references available from the CIE library. The collection also includes documents in Spanish and English. The library also provides research services for modest fees. For more information contact: Centre International de l'Enfance, Château de Longchamp, 7016, Paris France. Fax No: 33-1-45-25-73-67.

TRAINING

▲ Policy Workshop on Health Financing and Sustainability in West Africa

In cooperation with USAID's Regional Economic Development Services Office for West and Central Africa, HFS is planning a regional workshop on health financing and sustainability to be held in Dakar, Senegal the week of February 14, 1994. Bineta Ba, Health Economist with REDSO/WCA, visited HFS offices in July to discuss the agenda and logistics. Attendees will include representatives from Ministries of Health, USAID Missions and donor organizations from numerous francophone countries in West and Central Africa.

The main objectives of the meeting will be to exchange experiences in health care financing; to propose improvements in the design and implementation of feasible and sustainable health projects; and to identify operational research activities in the area of financing and sustainability of health projects in the West and Central African region.

▲ UNICEF Social Mobilization Program

During the week of July 19, HFS Applied Research Coordinator Holly Wong provided training at the first UNICEF Social Mobilization Training Program launched at the Tulane University School of Public Health and Tropical Medicine in New Orleans. Wong trained participants from 28 developing countries on financial management and cost analysis. This is the first such training session ever conducted; it is hoped that it will serve as a prototype for the inclusion of some economic training. The same program will be organized next year at a different location. HFS will provide assistance in designing segments of the program.

MAJOR APPLIED RESEARCH

Major applied research (MAR) activities are led by senior researchers from the HFS project and universities around the United States. The work is divided into three phases. Phase I consists of preparing a broad review of the literature, a conceptual framework, and research design for one or more field activities; Phase II consists of field work, data collection and analysis; and Phase III consists of drawing conclusions and policy implications from the results of the analysis.

▲ *Economic Impact of Malaria*

The HFS team, led by Principal Investigator Charlotte Leighton, completed field work in Nigeria and Kenya, analyzed the resulting data, and submitted to AID's Office of Health a draft report entitled "Economic Impacts of Malaria in Kenya and Nigeria." The study used a rapid assessment, focus group methodology for gathering data in Kenya and Nigeria about perceived malaria, and used a relatively simple spreadsheet model to estimate economic impacts. The paper will be completed in November, upon incorporation of comments from the external technical reviews.

▲ *Quality of Care*

Dr. Annemarie Wouters, principal investigator for the Phase I work on "Quality of Care and Its Role in Health Care Financing", is seeking to identify improvements in the quality of health programs which are acceptable and affordable to users, and can contribute both to program effectiveness and financial sustainability.

In July, after completing a comprehensive review of the literature, Dr. Wouters and her research associate, Dr. O Adeyi led a seminar to present their hypotheses and research design. (*See Dissemination-Seminar*) Initial results from cost recovery pilot tests in Niger suggest that utilization and quality of care have improved substantially over the traditional system with the assurance of drug availability. (*See Technical Assistance-Niger.*)

▲ *Efficiency in Consumption*

The Phase I major applied research paper entitled "Efficiency in the Consumption of Health Services," by Robin Barlow and associates from the University of Michigan, is in final production. The authors developed a conceptual framework for analyzing "consumption inefficiencies" in the use of government health services. Consumption inefficiencies result from such factors as price distortion and misinformation. The authors found that theory suggests that prices and health education programs can bring about efficient use of health services by consumers.

▲ *Public-Private Interactions*

The Phase I paper by Randall Ellis and Mukesh Chawla of Boston University is in final production. The authors offer a comprehensive review of literature covering existing payment systems, organizational frameworks, and multiple job-holding by doctors. The paper proposes a research design to explore sharing public resources with private providers and determining appropriate roles for public and private sectors in providing health services and financing.

▲ *Public-Private Differences in Efficiency*

Principal Investigator Ricardo Bitran and Data Analyst Steve Brewster are completing the Phase III analysis of the survey of public sector facilities in Senegal. Two complementary Phase I papers by Bitran on provider incentives and on technical and economic efficiency are available from the HFS Information Center. Pending AID contract approval, HFS also expects to work with a Senegalese firm to conduct a survey of private sector providers. (*See Technical Assistance-Senegal.*)

▲ *Means Testing*

Carla Willis, health economist, is completing the Phase I paper that focuses on how means testing mechanisms may protect the poor from denial of health services because of inability to pay. The paper elicited strong praise and keen interest from peer

reviewers at WHO and The World Bank. Willis has been invited to make an informal presentation of the paper to the International Health Policy Program housed at The World Bank and sponsored by the Pew Foundation.

▲ *Development of Private Health Care Markets*

The Phase I paper by Peter Berman and Ravindra Rannan-Eliya of Harvard University is in final review. The authors propose to explore the economic and public policy determinants of private sector development in the health sector of developing countries.

Phase II research is tentatively scheduled to begin in December in Senegal and Tanzania, pending host country and AID approval. Abdo Yazbeck, health economist, will lead the field research in collaboration with Denise Lionetti of HFS and Data Analyst Steve Brewster.

▲ *Extending Social Financing*

The Phase I paper on this topic by Gerard LaForgia and Charles Griffin is in final production. Phase II research is underway in Niger, under the direction of HFS Long-term Advisor François Diop. There are two pilot intervention areas, one using fee-per-episode and the other a head tax. Preliminary data indicate utilization has increased in both, and more in the head tax area. Further analysis will be done to determine the reasons for and the efficiency of the changes in utilization and whether the head tax or the fee-per-episode scheme provides greater sustainable financing for health services. (See *Technical Assistance-Niger*.)

▲ *Public Sector Reform*

The Phase I paper by Ricardo Bitran and Steve Block on "Provider Incentives and Productive Efficiency" is available from the HFS Information Center. Field research for Phase II was completed in Senegal and the final Phase III paper has been drafted for input by Senegalese Ministry of Health officials. Preliminary results indicate great variations in productivity among and across types of public health providers. Health centers show more consistent levels of productivity than the large hospitals or the small health huts. (See *Technical Assistance-Senegal*.)

SMALLER APPLIED RESEARCH

Smaller applied research (SAR) activities are primarily led by developing country researchers with HFS Project technical and financial support. The research topic is usually of particular importance to the specific country in which the study is conducted.

▲ *Model for the Assignment of Health Subsidies in Chile*

The study by Claro y Asociados of Santiago, Chile examines recent changes in the financing of the public health sector and proposes refinements in the system designed to expand health coverage in a cost effective manner. The final report is scheduled for completion in November.

▲ *Financing Medical Treatment in Mali*

This study explores the role that the form of payment plays in the behavior of health care seekers. The first draft on "Individual Financing of Government Health Care in Mali" was received from Nancy Mezey of Michigan State University in mid-September. Technical review comments were provided to the author who is now making final revisions.

▲ *Economics of Schistosomiasis in Cameroon*

This research explores the cost-effectiveness of public health interventions to interrupt the life cycle of the schistosome and, thereby, reduce the prevalence of the disease. Dr. Mahmud Khan and associates at Tulane University completed the first draft of the study in late August and a revised draft is expected by late October.

▲ *Public/Private Pharmaceuticals in Algeria*

Researcher Ammar Touat travelled to Algeria to collect the data for this study on the effects of the introduction of competition into the pharmaceutical marketplace. Touat is evaluating whether the government's decision to allow private facilities to operate more freely has resulted in increasing the availability of pharmaceuticals and at what cost. Data was collected from ten hospitals and thirty offices in Algiers, Oran, and Tizi-Ouzou.

▲ *Hospital Unit Cost and Finance Analysis in Bolivia*

HFS Researcher Manuel Olave completed the first draft of his analysis of the unit costs and financing of the Hospital 12 de Abril in La Paz. Olave has devised a method of determining costs for hospital services and demonstrated significant underutilization of services. He suggests a cost recovery approach to improve financial operations. He is revising the draft in response to technical review comments.

▲ *China Health Insurance Experiment*

HFS Fellow Jeffrey Sine continues his analysis of China Health Insurance Experiment data from 26 rural villages. He is evaluating the effects on health care demand of different coinsurance rates for women, children, and the poor.

▲ *Privatization in Chile*

HFS Fellow Suzanne McQueen collected additional data in Chile. Her first round of data analysis will be completed in October. McQueen is examining the impact of the Chilean government's privatization policy on the financing, cost, and equity of the public health system.

▲ *Hedonic Pricing in the Philippines*

David Hotchkiss has been conducting a study on the role of quality in the demand for health care services in Cebu. The report received a very favorable technical review and was returned to the author for final revision. The final version of the report is expected from the author in early November 1993.

▲ *Physicians' Impact on Public and Private Sector Efficiency in India*

Researcher Mukesh Chawla conducted research in India to study the effect of the dual public/private role of physicians on the efficiency and quality of care in public and private facilities. The field research has been completed, and the author is presently conducting the data analysis. A draft of the paper is expected in November.

▲ *Health Insurance in Kenya*

A team of Kenyan researchers from HEDRA Ltd. led by Germano Mwabu has been studying the composition and role of insurance in the country's health care system. The draft report has undergone technical review and been returned to the authors for final modifications. The report provides a valuable analysis on the current state of one of Africa's most active health insurance systems.

The following Smaller Applied Research activities have been completed and the papers are now available or soon forthcoming from the HFS Information Center.

▲ *Kenya Ministry of Health Preventive and Primary Health Care Resource Gap Study* (1990) by Larry Forgy and Mutsembi Manundu.

▲ *Health Finance Policy Simulation Model* (1991) by Larry Forgy and Jim Knowles.

▲ *Assessment of Health Systems, Financing and Policy Options in Arequipa Region, Peru* (1991) by Josh Coburn.

▲ *Synthèse des Etudes Relatives au Financement de la Santé* (1991) by Robin Barlow, François Diop, and Ngoné Touré.

▲ *Analysis of the Demand for Inpatient and Outpatient Care from Imbaba Hospital* (1992) by Randall P. Ellis and Elizabeth Stephenson.

▲ *Expenditure Patterns and Willingness to Pay for Health Services in Belize: Analysis of the 1991 Family Life Survey* (1993) by James North, Charles Griffin, and David Guilkey.

▲ *Local Retention of User Fees in Government Health Facilities* (1993) by Keith McInnes.

▲ *Health Insurance Practice: Fifteen Case Studies from Developing Countries* (1993) edited by Gerard LaForgia and Charles Griffin.

▲ *The Effects of Population Aging on Health Care Utilization and Costs for the Centro de Asistencia del Sindicato Medico (CASMU), Uruguay* (1993) by Michael Micklin, Stephen Heinig and Holly Wong.

▲ *Quality of Care in Relation to Cost Recovery in Fiji: Focus Group Study* (1993) by E.B. Attah and Nii-K Plange.

▲ *Cost Recovery and Quality of Care in the Congo* by Basile Tsongo, Carla Willis, David Deal, and Holly Wong (1993).