HP+ POLICY *Brief*

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Health Financing Innovations in Madagascar on the Path to Universal Health Coverage

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Context

Madagascar is one of the poorest countries in the world, with 77 percent of the population living on less than US$1.25 per day. The Malagasy government has demonstrated a strong political commitment to reducing financial barriers to healthcare and improving quality and access to healthcare for all. Despite this commitment, the health sector receives limited government funding—domestic public resources for health represent only about five percent of the government budget, and eighty percent of the sector is funded by external sources. Consequently, service quality suffers, as human resources for health are lacking and inequitably distributed and use of public health services is low. Over half of all deaths in Madagascar are caused by communicable, maternal, perinatal, or nutritional conditions.[1]

In response to this context, the Malagasy government developed a national universal health coverage strategy that was validated in December 2015. The strategy lays the groundwork for advancing toward universal health coverage based on a new health financing mechanism that aims to improve risk pooling and health access, especially for informal sector workers and the poor. The Ministry of Public Health (MOPH) then created a universal health coverage support unit (Cellule d'appui pour la mise en œuvre de la CSU, or CA-CSU).

At the beginning of 2016, the Health Policy Plus (HP+) project, funded by the U.S. Agency for International Development, launched a program in Madagascar to support the government to strengthen the health system and advance the universal health coverage agenda.

The national universal health coverage strategy is based on three main objectives:

1. Protect individuals and their families from financial risks associated with accessing health services
2. Improve the availability of quality health services
3. Provide the population living in extreme poverty with access to social protection and healthcare

Establishing the National Health Solidarity Fund

The Malagasy government advanced the national universal health coverage strategy by developing a new mechanism that aims to cover informal sector populations and the poor with an essential package of services. The mechanism was introduced in part to establish a culture of prepayment for health services and to improve social solidarity, in which wealthier and healthier segments of the population contribute to a pool of resources that support not only the cost of their own healthcare, but also services for those

[1] Lang, E., P. Saint-Firmin, A. Olivetti, M. Rakotomalala and A. Dutta. 2018. *Analyse du système de financement de la santé à Madagascar pour guider de futures réformes, notamment la CSU*. Washington, DC: Palladium, Health Policy Plus.

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with high needs as well as the poor, who cannot afford to pay. The mechanism consists of two major structures (Figure 1):

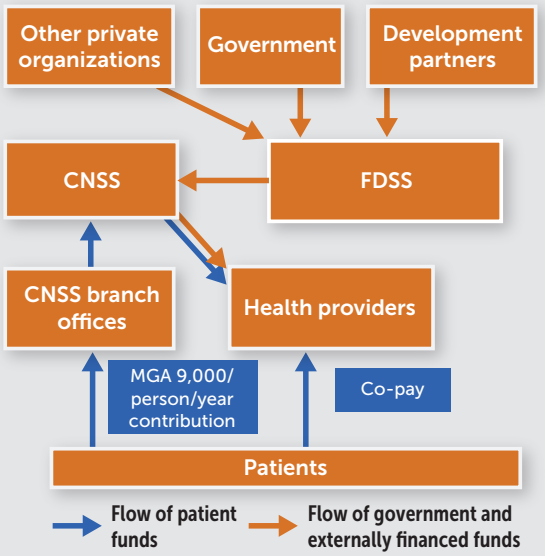
1. **The National Health Solidarity Fund** (La Caisse Nationale de Solidarité pour la Santé, or CNSS) is responsible for collecting, pooling, and managing individual contributions that cover the cost of offering a health services package. The CNSS will also pay health providers for services that are provided within the set package.

2. **The Health Solidarity Development Fund** (le Fonds de Développement de la Solidarité pour la Santé, or FDSS) is responsible for the non-contributory part of the system that pools funding from the government, private donations, innovative financing funds, and contributions from development partners. This fund will cover contributions for the poor and vulnerable populations who are unable to contribute, thus ensuring equitable access to healthcare.

Developing the legal framework for the CNSS

As a first step, the government's priority was to establish the CNSS as a legal entity. HP+ supported the CA-CSU to convene a multisectoral technical working group in 2016 to develop a decree and related regulations to establish the CNSS. The Malagasy government adopted decree 2017/0601 on October 3, 2017, establishing the CNSS as a public administrative institution with a legal basis and administrative and financial autonomy. The CNSS is under MOPH technical supervision and under administrative and financial supervision of the Ministry of Finance. At the district level, the CNSS is represented by branch offices that are responsible for collecting resources from the population and sending these funds to the national level where all contributions are pooled. The CNSS director, appointed by decree in December 2017, is responsible for oversight of the fund.

Figure 1. Vision for the Health Financing Mechanism



The government has been focusing on setting up the CNSS; as a result, the FDSS is not yet in development and therefore no mechanism currently exists to collect and manage contributions from external organizations that are intended to financially support the poorest populations. This role is, for the moment, being played by the CNSS.

Defining key components of the CNSS

In establishing the CNSS, the Malagasy government needed to clearly define a benefits package that the fund would cover. Previous studies and technical support from Providing for Health (P4H), the World Health Organization, and HP+ provided options and projected costs of a benefits package based on patient levels, unit costs, safety margins, and management cost estimates. Based on this information, HP+ supported the CA-CSU to build consensus on a defined benefits package that was validated at national and district levels in late 2017. In the pilot phase, the CNSS will purchase a limited set of essential services that include primary care services (including cesarean deliveries, preventive care, curative care, and promotional care), private emergency transport, and consultations, hospitalization,

and surgeries at the district hospital level. The vision is that the CNSS will purchase all MOPH-provided health services and, possibly, contract private sector health providers at a later stage. However, based the current package of services, the annual contribution is 9,000 Madagascar ariary (MGA) per individual (approximately US$3), which can be paid in two installments. The reimbursement rates for the package currently do not consider health provider salaries or the cost of services that are already free in public facilities but does take into account the cost of other non-free services, drugs, operations, and safety margins. As the mechanism is in a trial phase and will require testing and improvement based on lessons learned, participation is voluntary across all population groups.

To ensure equitable access to health services, the government allocated a budget for free CNSS affiliation for the poorest populations. With support from HP+, CA-CSU developed and validated eligibility criteria that was validated by district-level stakeholders. In 2018, the government allocated MGA 4.6 billion (approximately US$1.5 million) to support affiliation of the most vulnerable. In theory, this contribution should be allocated to the FDSS, but in its absence, it has been allocated to the CNSS.

Preparing to Operationalize the National Health Solidarity Fund

Given the large investment required to test and launch the mechanism, the MOPH decided to test it in three pilot districts: Vatomandry, Faratsiho, and Manandriana. The Vatomandry pilot will serve as the first full working model of a CNSS branch office and will provide the government with a better understanding of the human and financial resources required to set up and sustain the mechanism.

To prepare for the pilot launch in Vatomandry, HP+ first supported the development of a National Universal Health Coverage Communication Strategy that was used to prepare communication messages for the public, providers, and those involved in managing the CNSS. In addition, HP+, in collaboration with P4H, supported the development and validation of an operations manual to guide implementation of the CNSS district branch office. The manual, validated in January 2018, describes the roles of participating structures in collection and purchasing mechanisms. At the district level, the CA-CSU and HP+ conducted field visits to 1) rapidly assess the state of preparedness of the district health system, 2) validate the benefits package, 3) develop and test the operational procedures training curriculum for providers and local CNSS officers, 4) discuss and determine the eligibility criteria for free affiliation paid by the government, and 5) train MOPH leadership staff, district level health providers, and local CNSS officers in operational procedures and communication surrounding universal health coverage.

Beyond the National Health Solidarity Fund

Achieving universal health coverage in Madagascar, as in other low-income countries, will require more than the development of a new health financing mechanism to pay for an essential health services package. The government will need to continue to address non-financial barriers, develop the capacity of health workers, ensure financing for and high quality of all health services and programs (not only those offered as part of CNSS), and support the most deprived populations. In addition to supporting the CNSS pilot model in Vatomandry, HP+ is supporting the MOPH in the development of a broader universal health coverage roadmap that includes a comprehensive health financing vision for the sector as a whole. The CA-CSU presented the roadmap, which includes investments needed to guarantee quality of care, infrastructure, and strengthening of existing health financing schemes, to MOPH leadership in September 2017. The roadmap will serve as a living document to guide the Malagasy government in its advancement toward universal health coverage.

Demonstrating its commitment to achieving universal health coverage, the Malagasy government held a technical conference on the topic in January 2018 at the prime minister's palace, which was attended by the prime minister, the minister of health, and the World Health Organization director. The CA-CSU and a group of technical and financial partners, including HP+, used this opportunity to develop advocacy briefs to inform leadership of the progress that has been made in establishing the pilot and emphasized the need for continued political will as well as resources to launch, monitor, and reform the CNSS mechanism. If the CNSS pilot model is successful, its further expansion and advancement toward universal health coverage will depend on the government's ability to provide operational resources for the CNSS and the FDSS and to look beyond the mechanisms to improve efficiency and the quality of services in the public and private sectors. Through this holistic approach, the government will be able to ensure that high-quality services are available, affordable, and accessible for all.

HP + Support to the National Health Solidarity Fund

HP+ supported the development and validation of the:

- National decree and respective regulations establishing the CNSS
- National Universal Health Coverage Communication Strategy
- CNSS benefits package
- Contribution payment per person per year
- Eligibility criteria for recipients of free CNSS affiliation
- Operations manual for the CNSS and its branch offices

In addition, HP+ supported the government to:

- Conduct a rapid readiness assessment for the CNSS in Vatomandry and Faratsiho districts
- Develop and test a training curriculum for local CNSS staff and an operations manual for providers
- Conduct national training of more than 60 trainers on the operations manual and communication related to universal health coverage, and train field agents in all communes in Vatomandry District
- Develop job descriptions for key CNSS positions
- Prepare briefs presented at the Universal Health Coverage Technical Conference

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