Discussant Comments

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Are words “program budgeting” a source of health financing and PFM miscommunication?

• What is meant by program?
• The word itself tends to imply a shift from service inputs to service outputs.
  – However, exact service outputs are often not clear in the definition of programs
    • Health financing might think in terms of MBP
    • PFM might think in terms of better procurement of drugs
  – Tend to underestimate the practical business operations and management needed to assemble inputs to deliver health service outputs
    • Auto industry would never focus only on inputs or discount complexities of the assembly line producing an automobile
Program budgeting: potential confusion in the relationship between budgeting and payment?

• Payment meaning actually pay for expense or service
• Health financing tend to view program budgeting as way to shift to output-based budgeting and payment
  – National entitlement of MBP is program and its pooling and purchasing arrangements can be on the road to UHC
• PFM often adds program budgeting on top but then keeps the old input-based budget payment system underneath to budget for and pay health facilities
  – No separation between budgeting and payment
  – Payment systems or actual payment to service providers for service outputs implicit or invisible within PFM. Stays buried within terms like budget execution.
Anecdotes and practical experience

• Heard PFM expert say no payment systems in PFM
  – No wonder searched for 20 years and couldn’t find😊
  – But of course must be.....otherwise why talk about accounting, internal controls and audit?

• Payment system assumed to be input-based payment
  – Or payment systems implicit or invisible

• Rubber hits the road in nature of payment
  – Household, general business operation, health services
  – Per diem?
  – Is budget and then there’s the often very complex process of figuring out how best to actually contract or pay for products or services.
Other health and finance authority perception barriers undermining communication and trust

- Nature and placement of expenditure caps – facility level or program level
  - Health is unique as number treated cases per facility uncertain
- Payment systems being implicit or invisible also affects things like deciding what to purchase or MBP
  - Too much focus on costing MBP and too little on how pay to realize in the most efficient and accountable way
- Hard to have discussion of aligning health financing and PFM without talking about provider autonomy
  - Perception that health providers especially PHC providers aren’t capable and can’t manage small amounts of money
  - Both untrue and a pretty negative view of human nature?
Potential health financing and PFM consensus

• More dialogue on program or service output definition
  – Recognize key contribution of management of service outputs

• Make payments explicit or more visible by separating budgeting and payment systems.

• Gradual shift towards output-based to better match payment to priority services and poor populations and drive increases in both equity and efficiency
  – Not go crazy.....but mix of input-based and output-based payment
  – Health and finance work together on both sides of the efficiency coin: purchasing the right thing and controlling financial expenditures
  – Increase transparency and accountability (e.g. budget neutral PPS, publish rates, separate functions including cash management and expenditure control)
Potential health financing and PFM consensus

• Don’t ignore the general revenue health budget
  – Health financing – fragmenting into schemes should not be first choice; general revenue important to serve the poor
  – PFM -- visibility of payment systems, shift to output-based payment systems including provider autonomy
  – It’s heavy lifting not the sexy, easy fix.....but on road to UHC
  – Begin to open the civil servant health worker salary black box. Salaries often 70%-80% of total public health costs

• Country level step-by-step implementation of innovative institutional and pooling and purchasing arrangements