Results Based Financing (RBF)
Lessons Learned in the Health Sector

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Definition of Results-Based Financing

• Results-Based Financing is any program that rewards a verifiable health action or outcome through financial or in-kind incentives.

• Payment is conditional upon verification that the agreed-upon action or outcome has actually been achieved.
Outline

1) Supply Side:
   • Performance-Based Contracting
   • Performance-Based Financing

2) Demand Side:
   • Conditional (Cash) Transfers
   • Vouchers (can be demand & supply side)

3) Lessons Learned
How “Performance-Based Contracting” differs from any other contract?

1. A clear set of objectives and indicators by which to judge contractor performance

2. Collection of data on the performance indicators – preferably NOT by the contractor

3. Consequences for the contractor based on performance such as provision of rewards or imposition of sanctions
Cambodia – Nature of the Contracts

• Lump-sum contract, contractor paid a specific amount (in bid) every 3 months
• Specified 7 indicators of success and need to reach the poor
• Independent measurement of performance using household and health facility surveys
• Contracts could be terminated for poor performance. Bonuses possible for good performance.
Methodology Used to Evaluate Contracting in Cambodia

• 12 districts (100,000-180,000 pop’n each) randomly assigned to CO, CI, or GS.
• 3 districts were not contracted → G
• Baseline household surveys carried out by 3rd party in 1997
• Follow-on survey carried out in mid-2001, 2.5 years after start of the contracts and in 2003, 4 years into the contracts
% of Pregnant Women Receiving Antenatal Care
What Kinds of Services Can Be Contracted?

1) Services/actions that can be measured

2) Services/actions that can be measured independently

• Rural and urban PHC – Contracting In or Out
• HIV prevention and treatment
• Operating voucher or insurance scheme
• Intermediary to provide performance bonuses to government health workers i.e. PPA
• Demand side financing - CCTs
• Increasing ITN coverage and use
• Making BCC performance-based
• Contracting for outcomes such as nutritional status or reduced incidence of diarrhea
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   • **Performance-Based Financing**

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## Example of RBF in a health facility

<table>
<thead>
<tr>
<th>Service</th>
<th>Number provided</th>
<th>Unit price ($)</th>
<th>Total earned ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child fully vaccinated</td>
<td>100</td>
<td>5</td>
<td>500</td>
</tr>
<tr>
<td>Skilled birth attendance</td>
<td>20</td>
<td>10</td>
<td>200</td>
</tr>
<tr>
<td>Curative care &lt;5 years</td>
<td>1,000</td>
<td>0.5</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total before correction</strong></td>
<td></td>
<td></td>
<td><strong>1,200</strong></td>
</tr>
<tr>
<td>Remoteness Bonus</td>
<td></td>
<td>+ 50%</td>
<td><strong>1,800</strong></td>
</tr>
<tr>
<td>Quality correction</td>
<td></td>
<td>x 60%</td>
<td><strong>1,080</strong></td>
</tr>
</tbody>
</table>

**Health Facility can use $1,080 for:**

- Health facility operation costs (supplies, maintenance, outreach etc) – about 40% of funds
- Performance bonus to health workers – about 60% of funds
Traditional Financing

Inputs

$\rightarrow$

Outputs

#1 – Financing is provided for outputs (not inputs)

#2 – Funds go directly to health facility not as inputs

#3 – Addresses issues within the facility – e.g. motivation

Health Facility

- Worker motivation
- Management autonomy
- Quality assurance

Results Based Financing

$\rightarrow$

#1

#2

#3
Burundi: Significant Changes - April 2010-April 2011

<table>
<thead>
<tr>
<th>Service</th>
<th>April 2010</th>
<th>April 2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility births</td>
<td>0.0%</td>
<td>25.2%</td>
<td>25.2%</td>
</tr>
<tr>
<td>Prenatal care visits</td>
<td>2.7%</td>
<td>17.7%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Family planning</td>
<td>9.9%</td>
<td>23.6%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Neonatal tetanus vaccine</td>
<td>0.0%</td>
<td>33.4%</td>
<td>33.4%</td>
</tr>
<tr>
<td>U-5 fully vaccinated</td>
<td>0.0%</td>
<td>2.7%</td>
<td>2.7%</td>
</tr>
<tr>
<td>U-5 inpatient days</td>
<td>10.0%</td>
<td>9.9%</td>
<td>0.1%</td>
</tr>
<tr>
<td>U-5 curative consultations</td>
<td>20.0%</td>
<td>26.1%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Quality score</td>
<td>30.0%</td>
<td>42.6%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

Notes: all results are changes from April 2010 to April 2011, except quality score is the change from mid 2010 to the end of 2010.
Current State of WB-Financed RBF in SSA

- National Scale-up (3)
- Pilots Ongoing (8)
- Advanced Planning (7)
- Under Discussion (7)
- Impact Evaluation (8)
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India’s JSY Program – CCT for Facility Delivery

• Objective: reduce maternal and neonatal mortality rates
• Meant to encourage delivery in government or accredited private facility
• $31 paid to all women after delivery in 10 high focus states
• $15 paid to BPL women in other states
• In 2009, $342 million for 9.5 million beneficiaries
Treatment Effects of JSY

- Antenatal Care
- Skilled Birth Attendance
- In facility Delivery

High Focus States
Non-Focus States
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Voucher Program Design & Functions

**Government stewardship & funding**

**Voucher management agency (purchaser)**
- Voucher marketing & distribution
- Contracting
- Claims processing & vetting
- Internal monitoring & evaluation – (validation, costs, utilization, quality)

**Program Management**

**Client**
- Voucher acquisition (targeting)
- Care seeking and treatment adherence

**Facility**
- Clinical practice
- Administrative management
Reproductive Health Voucher Scheme in Uganda

- **Voucher Antenatal Care**
  - Before: 40
  - After: 60

- **Control Antenatal Care**
  - Before: 30
  - After: 40

- **Voucher Skilled Birth Attendance**
  - Before: 55
  - After: 65

- **Control Skilled Birth Attendance**
  - Before: 30
  - After: 45
Some of the Lessons Learned

• It is NOT crazy to think that **rewarding results** will yield better results!!

• **Robust evaluation** will help determine which RBF approaches actually work & add credibility → Do IE’s

• Small scale pilots (**pre-pilots**) are helpful to work out technical/programmatic details

• Reasonable sized **pilots** are essential for testing external validity and doing IE’s

• **Real time learning** is possible and necessary
Some of the Lessons Learned

• Look for **cost – effective** (and low cost) approaches

• **Be Creative!** Not always clear what will work or where good ideas will come from.

• **Keep Innovating:** There are always ways of doing things better

• There’s **much to learn about why** things work
  – More focus on M&E, decentralization, space for innovation?