Sixth plenary meeting of the Leading Group on Solidarity Levies to Fund Development

Secretaría de Programas Sanitarios

Provincial Maternal - Child Health Investment Project

Leading Group on Solidarity Levies to Fund Development

Argentina’s Health System Organization

Structure of Argentina’s Health System* - Year 2008
The Health Coverage is organized in 3 Sub-Systems

Social Security
Private Sector
Public Sector Budget
Total

Population in Millions

52.71%
9.67%
37.62%
100%

20,949,902
3,843,663
14,952,048
39,745,613

UNIVERSAL COVERAGE

*Estimates based on Permanent Household Survey (PHS)
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Argentina's Health System Organization

**National Government**

“Steering Role”

**Provincial Governments**

In charge of health services provision

**COFESA**

Federal Health Council

Public Providers are funded by the general **Public Budget**

(Based on inputs and historical costs)
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Plan Nacer´s Main Objectives

Since the implementation of the Plan Nacer, the National Government has embarked on **a new kind of relationship with the Provinces to coordinate efforts in health provision**.

To strengthen the Public Health Subsystem in particular the **Primary Healthcare Network**.

To increase accessibility and **improve the efficiency and quality of health services** (Effective Coverage).

To contribute to the **reduction of maternal and infant morbi-mortality rates**.

---

Plan Nacer Argentina

---

2nd Phase since late 2007
**Target Population**

Children under six

&

Pregnant women,

until the 45th day after delivery

**who don’t have health insurance**

(Other than the public sector budget)

---

**Federal Policy supported by the World Bank**

**Plan Nacer**

*supplements* the existing financing with

**ADDITIONAL RESOURCES**

1st Phase USD 135.8 MM

(82 % used since 2005)

2nd Phase USD 300 MM

(27% used since late 2007)
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Plan Nacer’s Share

In Population Terms

![Bar chart showing population in millions and Plan Nacer's share as 13.86% of a total of 2,072,501 people.]

Plan Nacer's Payment Mechanism

![Diagram showing the payment mechanism with National and Provincial Levels, Capitation split in 2 Result Based Financing (RBF), Fee for Service, and Change in health outcomes.]

All Provinces

NE & NW

Public Sector Budget

2006/7 - In Expenditures Terms (mill u$s)

Millions USD

Millions USD

60% Enrollment

40% Health Outcomes (Tracers)

Use of nomenclature (Primary Health care Practices)

Change in health outcomes
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Principal – Agent Framework

A two level incentives system

**Relationships**

- **NATION - PROVINCE**
  - Payment for enrollment
  - Payment for health outcomes

- **PROVINCE - PROVIDER**
  - Payment for PHC practices billed
  - Decision of final use of funds

---

**Enrollment Rate Evolution by Region**

**NE and NW Regions**

- **NE**
  - Feb-09: 61% (250,737 beneficiaries)
  - Jun-09: 69%
  - Aug-09: 73%
  - Oct-09: 77%
  - Dec-09: 81%

- **NW**
  - Feb-09: 58% (282,226 beneficiaries)
  - Jun-09: 66%
  - Aug-09: 71%
  - Oct-09: 75%
  - Dec-09: 79%

---

**Provincial Goal 2009**

- NE: 90%
- NW: 87%

**Inscription Coverage Rate Feb-09**

- NE: 81% (250,737 beneficiaries)
- NW: 79% (282,226 beneficiaries)

1st Phase: 79% (532,963 beneficiaries)
Sixth plenary meeting of the Leading Group on Solidarity Levies to Fund Development

**Tracer I “Early Detection of Pregnant Women”**

**Evolution**

<table>
<thead>
<tr>
<th>NE - NW - 1st Phase</th>
<th>3,0%</th>
<th>19,6%</th>
<th>4,7%</th>
<th>2,3%</th>
<th>41,3%</th>
<th>48,6%</th>
<th>50,8%</th>
<th>50,6%</th>
<th>46,4%</th>
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</thead>
<tbody>
<tr>
<td>II-2005</td>
<td>5,7%</td>
<td>1,3%</td>
<td>23,0%</td>
<td>25,1%</td>
<td>19,6%</td>
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<td>15,9%</td>
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<tr>
<td>III-2005</td>
<td>4,7%</td>
<td>5,5%</td>
<td>14,6%</td>
<td>13,0%</td>
<td>8,9%</td>
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<tr>
<td>I-2006</td>
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<td>11,4%</td>
<td>33,0%</td>
<td>19,6%</td>
<td>19,6%</td>
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<td>15,9%</td>
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<tr>
<td>I-2008</td>
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</table>

**Tracer VI “Inmunization Coverage”**

**Evolution**

<table>
<thead>
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<th>NE – NW – 1st Phase</th>
<th>8,4%</th>
<th>24,5%</th>
<th>43,2%</th>
<th>49,5%</th>
<th>57,3%</th>
<th>58,7%</th>
<th>68,2%</th>
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<tr>
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<tr>
<td>II-2006</td>
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<td>58,7%</td>
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</tr>
</tbody>
</table>
Tracer IX – Children well-being care (1 to 6 years old)

Evolution tracer: Children well-being care
NE – NW – 1st Phase

Final Outcomes being targeted
Contribution to *The Millennium Development Goals*

Evolution of infant mortality rates in the North Region (Phase 1)
Expressed as a rate per 1,000 live births

ARGENTINA

North Region
Sixth plenary meeting of the Leading Group on Solidarity Levies to Fund Development

**Final Outcomes being targeted**
**Contribution to the reduction of inequality in health outcomes**

**Evolution of the infant mortality Gini Coefficient**
**República Argentina | 1990-2007 |**

---

**With Results-Based Transfers...**

- The National Government introduced successfully structural changes to the health system at Provincial level such as linking Financing to Results.
- This structure enables the central government to have more effective influence over health in a decentralized context.
- The National Government and the Provinces implemented jointly an output and quality information system with regular audits.
- The incentive scheme implemented contribute to increase transparency and accountability.
- With output and outcomes indicators it’s easier to identify problems and adjust the strategy accordingly.
Lessons Learned

A change in payment mechanism is mainly a change in the way the different actors in a public policy relate with each other.

This may bring important changes in how to achieve health outcomes.

In this change data accuracy plays an important role. Uncertainty and asymmetric information is the natural context we must deal with.

Traditional schemes of financing (budgets) do not sufficiently incentivize providers to improve quality and health outcomes.

Pay for Performance can encourage health providers to pursue to better health results.

Challenges we are facing...

Strengthening decentralized monitoring capabilities and steering role of the provinces to overcome asymmetric information context.

Generalize the payment mechanism in terms of expenditures in the public health system.

The national government decided to include in the Plan Nacer’s Nomenclature, additional primary health practices and high complexity neo-natal care interventions and Congenital Heart Disease Surgeries.

To Promote new dimensions of health quality.
Provincial Maternal - Child Health Investment Project

Leading Group on Solidarity Levies to Fund Development

ADDITIONAL SLIDES

New Paradigm in Public Management

<table>
<thead>
<tr>
<th>Bureaucratic Model</th>
<th>New Model in Public Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule fulfilment</td>
<td>Incentives</td>
</tr>
<tr>
<td>Central Intervention</td>
<td>Decentralized responsibility</td>
</tr>
<tr>
<td>Focus on inputs</td>
<td>Focus on the Performance</td>
</tr>
<tr>
<td>Focus on implementation</td>
<td>Focus on impact</td>
</tr>
<tr>
<td>Focus on formal fulfilment</td>
<td>Focus on user performance and satisfaction</td>
</tr>
<tr>
<td>Closed information system</td>
<td>Transparency and Social Oversight</td>
</tr>
</tbody>
</table>

Sixth plenary meeting of the Leading Group on Solidarity Levies to Fund Development
Nomenclature’s Practices

GROUP AND SUBGROUP | EXAMPLE PRACTICES
--- | ---
**Women** | 
- Pregnant Woman
  - Health Education Consultation during pregnancy
  - Papanicolau and Colposcopy
  - Antitetanic Vaccine
- High risk Pregnancy
  - High-risk Pregnancy consultation
  - Human Immune Deficiency Virus (HIV) care during pregnancy
- Delivery
  - Cesarean
- Puerperium
  - Measles immunization
  - Puerperium counseling
**Children** | 
- Neonate
  - Immunization of the newborn children
  - Incubator up for a period of 48 hours
  - Immediate treatment in case of HIV vertical transmission
  - Ophthalmologic consultation
- Infants under 6 years old
  - Follow-up consultation
  - Dental care counseling
**Laboratory** | 
- Pregnancy test
- Colposcopy in pregnant control
- Blood extraction
- Blood test
- Thoracic XR
- Ecography
**Images** | 
- Detection of pregnant women in their first quarter of pregnancy by sanitary or health care agents
- Round of sanitary agent in rural area
- Socio - Epidemiologic diagnosis of population at risk
- Reunions for feeding guidelines promotion
- Infant development promotion meetings
**Community** | 
- Transport
  - Newborn emergency transportation service

Specific Health Goals: Plan Nacer Tracers

<table>
<thead>
<tr>
<th>N°</th>
<th>HEALTH GOALS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Early detection of pregnant women</td>
<td>Detection before the 20th week of pregnancy</td>
</tr>
<tr>
<td>II</td>
<td>Effectiveness of childbirth and neo-natal care</td>
<td>Newborn’s physical condition after delivery (APGAR - Appearance, Pulse, Grimace, Activity, Respiration- score &gt; 6 at 5 minutes after birth )</td>
</tr>
<tr>
<td>III</td>
<td>Effectiveness of prenatal care and prevention of pre-maturity</td>
<td>Infants weighing more than 2500 g</td>
</tr>
<tr>
<td>IV</td>
<td>Effectiveness of prenatal care and childbirth care</td>
<td>VDRL - Venereal Disease Research Laboratory- test and immunization for mothers against tetanus</td>
</tr>
<tr>
<td>V</td>
<td>Audit of mother and child deaths</td>
<td>Audit process in case of mother or child death seeks to evaluate and improve the current level of care</td>
</tr>
<tr>
<td>VI</td>
<td>Immunization coverage</td>
<td>Triple viral and measles immunization for children under 18 months</td>
</tr>
<tr>
<td>VII</td>
<td>Sexual and reproductive care</td>
<td>Provision of information on contraceptive and sexual health services during puerperium</td>
</tr>
<tr>
<td>VIII</td>
<td>Follow-up of healthy children up to one year old</td>
<td>Provision of health care and checkups for children up to one year old</td>
</tr>
<tr>
<td>IX</td>
<td>Follow-up of healthy children from 1 to 6 years of age</td>
<td>Provision of health care and checkups for 1 to 6 year old children</td>
</tr>
<tr>
<td>X</td>
<td>Inclusion of Indigenous communities</td>
<td>Health care provision for indigenous population</td>
</tr>
</tbody>
</table>
Sixth plenary meeting of the Leading Group on Solidarity Levies to Fund Development

Change in the Incentives’ Payment Scheme

Incentives payment function

From: All-or-nothing

To: Flexible or continuous (3 thresholds scheme)

Thresholds rule has better incentive properties in terms of avoiding opportunistic behavior

Principal – Agent Framework
Main Actors of the Strategy

<table>
<thead>
<tr>
<th>Roles \ Actors</th>
<th>NATIONAL GOVERNMENT</th>
<th>PROVINCES</th>
<th>SERVICE PROVIDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENROLLMENT</td>
<td>Final Validation of Beneficiaries databases</td>
<td>Identification and enrollment of eligible population</td>
<td>Enrollment and follow up beneficiaries</td>
</tr>
<tr>
<td>NOMENCLATURE</td>
<td>Design and definition of a package of basic healthcare practices</td>
<td>Define the pricing policy for a group of basic practices</td>
<td>Provision and billing of health care services</td>
</tr>
</tbody>
</table>
| PAYMENT MECHANISMS | Provide Financial Resources:  
- 60% linked to the identification and registration of eligible population (enrollment)  
- 40% linked to the fulfillment of specific health goals (tracers) - Includes setting of healthcare goals through mother-child indicators | Unique bank account management | Use of funds in:  
- Human resources  
- Equipment  
- Infrastructure  
- Inputs |
| AUDITING       | Supervision and Monitoring of:  
- Beneficiaries Database  
- Tracers  
- Services rendered | Services rendered | Services rendered |

Enrollment and follow up beneficiaries

60%

linked to the identification and registration of eligible population (enrollment)

40%

linked to the fulfillment of specific health goals (tracers) - Includes setting of healthcare goals through mother-child indicators

Use of funds in:

- Human resources
- Equipment
- Infrastructure
- Inputs

Principal – Agent Framework

Roles \ Actors

NATIONAL GOVERNMENT

PROVINCES

SERVICE PROVIDERS

Use of funds in:

- Human resources
- Equipment
- Infrastructure
- Inputs

Education and follow up beneficiaries

60%

linked to the identification and registration of eligible population (enrollment)

40%

linked to the fulfillment of specific health goals (tracers) - Includes setting of healthcare goals through mother-child indicators

Use of funds in:

- Human resources
- Equipment
- Infrastructure
- Inputs

Primary Health Care Centers and Maternity Hospitals

Use of funds in:

- Human resources
- Equipment
- Infrastructure
- Inputs

Provision and billing of health care services

Beneficiaries Database

Tracers

Services rendered

Medical history registration
The Need to Define a Model for Institutional Change

Theoretical Framework

Principal-Agent Relationships with asymmetric information predicts opportunistic behavior

- Crowding out of spending
- Pre contract opportunism (hiding information when defining targets)
- Post contact opportunism (shirking effort & hiding information to avoid higher targets in future periods)

NATION (PRINCIPAL) - PROVINCE (AGENT)

PROVINCIAL LEVEL OPPORTUNISM

- Misuse of practices
- Overbilling of high prices practices (delivery)
- Potential fraudulent overbilling

PROVINCE (PRINCIPAL) - HEALTH PROVIDER (AGENT)

HEALTH PROVIDER LEVEL OPPORTUNISM
Theoretical Framework

Principal-Agent Relationships with asymmetric information predicts opportunistic behavior

- Change in the results’ payment scheme
- Stakeholder approach to monitor and put credible monitoring threats (coordinate different principals guide in the provider’s effort), it includes beneficiaries empowerment: Social Oversight
- Monetary sanctions firmly applied
- Strengthening and directing Auditing Activities (External Concurrent Auditing and Internal Auditing and Supervision, National and provincial level auditing organisms)

Health Providers by Region – April 2009

- NOA: 1,073
- NEA: 862
- CUYO: 599
- CENTRO: 1,505
- PATAGONIA: 440

Total Providers with Agreement: 4,479
### Funds Transfers – March 2009

**Total Transfers 1st Phase since 2005**
- NEA: USD 29,940,082
- NOA: USD 32,925,580

**Total Transfers 2nd Phase since late 2007**
- CUYO: USD 3,607,314
- PATAGONIA: USD 1,292,516
- CENTRO: USD 11,761,408

### Debits imposed to Provinces – April 2009

**Total debits imposed by the National Government to provinces current accounts of the 1st Phase since 2005**
- Tracers: USD 2,294,591
- Others: USD 49.1
- Beneficiaries: USD 577,041.7

**Total fines imposed by the National Government to provinces to provinces current accounts of the 2nd Phase since 2007**
- Tracers: USD 219,874.5
- Others: USD 137.0
- Beneficiaries: USD 1,652,984.6
- Payment for services to Providers: USD 573,597.6
- Payment for services to Beneficiaries: USD 248,432.7
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Solidarity Levies to Fund Development

Fines imposed to Provinces – September 2008

Total fines imposed by the National Government
to the provinces of the 1st Phase since 2005
USD 696,330
- Tracers USD 410,834.7
- Beneficiaries USD 132,302.6
- Payment for services to
  Providers USD 153,192.6

Total fines imposed by the National Government
to the provinces of the 2nd Phase since 2007
USD 17,142.6
- Beneficiaries USD 5,657.1
- Tracers USD 857.1
- Payment for services to
  Providers USD 10,628.5