Performance Incentives for Global Health: Potential and Pitfalls

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Why a book on performance incentives for global health?

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- Global concern about specific health outcomes *and* broader health system strengthening
- "Business as usual" solutions have not adequately addressed dysfunctional incentive environments at all levels of health systems
- Belief that "getting the incentives right" might be the needed complement to money, technologies and capacity building interventions
- Impressive gains observed in some incentive programs
- Value of viewing demand- and supply-side incentives through a common lens

Working Group

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Part I. More Health for the Money

Money into Health

- Introduction and definition

- **Problems to Solve**
  - Focus on underutilization (particularly among poor households), low quality, low efficiency
  - Link to nature of health service delivery
    - Widely dispersed actors, complex incentive environment, information asymmetries
    - Principal-agent problem
- **Using Performance Incentives**
  - Sorting out interventions by magnitude of behavior change and duration of intervention
  - Links between changing incentives and strengthening health systems
- **Making Payment for Performance Work**
  - Steps in design, implementation and evaluation, with "worst mistakes" highlighted
- **A Learning Agenda**
  - Filling the toolbox, assessing impact and creating a network of practitioners

Part II. Cases

- **Latin America: Cash Transfers to Support Better Household Decisions (Glassman, Todd and Gaarder)**
  - Rigorous evaluations show impact of CCTs on health and nutrition, but health conditionalities could be better designed
- **United States: Orienting Pay-for-Performance to Patients (Volpp and Pauly)**
  - Controlled trials demonstrate that cash incentives to patients increase uptake of interventions requiring limited, short-duration behavior change; results are more mixed for longer-term behavior change
- **Afghanistan: Paying NGOs for Performance in a Post-conflict Setting (Sondorp, Palmer, Strong and Wali)**
  - Early results suggest that contracting can work in complex, post-conflict environment; and that contracts with performance incentives yield better results

Part II. Cases

- **Haiti: Going to Scale with a Performance Incentive Model (Eichler, Auxila, Antoine, Desmangles)**
  - Quantitative analysis demonstrates significant increases in essential services (e.g., immunization, attended deliveries) when performance incentives are introduced in NGO contracts; information systems and personnel management also improve
- **Rwanda: Performance-based Incentives in the Public Sector (Rusa, Schneidman, Fritsche, Musango)**
  - Donor-funded pilots, demonstrating improved performance with introduction of incentives, used as the basis for a national model
- **Nicaragua: Combining Demand-and Supply-side Incentives (Regalia and Castro)**
  - Two-pronged approach results in greater immunization and growth monitoring, and reduced stunting
- **Worldwide: Incentives for TB Diagnosis and Treatment (Beith, Eichler, Weil)**
  - Diverse patient and/or provider incentives improve case detection and completion of treatment

The challenge of improving health system performance

- Widely dispersed actors involved (managers, providers, patients) - minute-by-minute decisions and health-related behaviors that are impossible to observe centrally
- Decision makers on supply and household sides have different information, face powerful incentive environments
- **Central command-and-control unlikely to work**
- **Modifying behaviors requires aligning incentives to increase likelihood that health actors will take actions to improve health results**

What are performance incentives?

*"Transfer of money or material goods conditional on taking a measurable health related action or achieving a predetermined performance target" **

Financial risk is the assumed driver of change

"No results, no payment"

*From the Center for Global Development Working Group on Performance-Based Incentives

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Are financial incentives the needed motivator?

Elements

- Assess and prioritize performance problems
- Select recipients
- Determine indicators, targets and how to measure and validate them
- Establish payment rules, sources of funds, and how funds will flow
- Sort out management and operational roles and systems

PBI is not static

Possible pitfalls

- Excessive attention to reaching targets, to detriment of other (harder to measure) types of performance
- Undermining intrinsic motivation, turning health care delivery into “piecework”
- “Gaming,” including erosion in quality of institutions’ service statistics

WHAT TO EXPECT
Time-limited measurable interventions are good candidates

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Immunization coverage- Nicaragua Conditional Cash Transfer (demand and supply): Increase of over 30% compared to control areas- even larger increases for the extreme poor.

Source: Regalia and Castro, "Nicaragua: Combining Demand- and Supply-Side Incentives," in Performance Incentives for Global Health-Potentials and Pitfalls. (2009).

Institutional deliveries- Supply side in Haiti: Significant increase in institutional deliveries under PBI. NGOs paid partly based on results achieved a more than 19 percentage point increase in skilled deliveries over NGOs paid for inputs.

Source: Eichler, Auxila, Antoine, and Desmangles, "Haiti: Going to Scale with a Performance Incentive Model", in Performance Incentives for Global Health-Potentials and Pitfalls. (2009).

WHAT TO EXPECT
Extended duration, time-limited interventions take longer to show results

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Child nutrition outcomes- Conditional Cash Transfers in LAC (demand side): Reduced child stunting by:

- Colombia: 6.9% points
- Nicaragua: 5.5% points
- Mexico : 29% girls, 11% boy

Source: Glassman, Todd and Gaarder. "Latin America: Cash Transfers to Support Better Household Decisions". in Performance Incentives for Global Health-Potentials and Pitfalls. (2009).

Tuberculosis treatment- In 3 Russian oblasts, food, travel subsidies, clothes and hygienic kits for patients caused default rates to drop from 15-20% to 2-6%.

Source: Beith, Eichler and Weil. Worldwide: Incentives for Tuberculosis Diagnosis and Treatment. in Performance Incentives for Global Health-Potentials and Pitfalls. (2009).

WHAT TO EXPECT

Chronic conditions requiring considerable lifestyle change pose the toughest challenge

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ART Adherence US demand side: Small monetary incentives to HIV-infected patients led to an increase from 70% to 88% *in the short term.*

PBI have been tried to change addictive behavior.

- Smoking cessation (UK, US)
- Alcohol and cocaine use (US)
- Obesity (US)

Many show short term results while incentives are paid- but behavior often reverts if/when the program stops.

Source: Volpp and Pauly. "United States: Orienting Pay-for-Performance to Patients. " Performance Incentives for Global Health-Potentials and Pitfalls. (2009).

Context matters

Performance incentives may be particularly useful:

- Where current incentive structures don't reward strong performance
  - Most government systems
  - Most faith-based organizations
- Where households face financial, physical and social barriers to access
- In weak-state settings
  - Afghanistan
  - Haiti

How to get it wrong

- Don’t consult with stakeholders to gain input to design, maximize support, and minimize resistance
- Don’t explain the rules clearly, or create complex rules
- Introduce too much or too little financial risk
- Use fuzzy performance indicators and targets, or too many indicators; set unreachable targets
- Tie the hands of managers so that they cannot respond to the new incentives
- Ignore the systems and capacities needed to administer programs
- Don’t monitor unintended consequences, evaluate, learn or revise

Performance incentives can be a health system strengthening strategy

(6 Building Blocks of a Health System, WHO 2007)

1. Health services
2. Health workforce
3. Health information
4. Leadership and governance
5. Medical products, vaccines and technologies

And…

6. Financing

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Thank You!

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