

Allocating resources to Primary Health Care

Health financing arrangements provide the fuel for primary health care (PHC) as the engine for achieving good health and universal health coverage. These arrangements need to be right to drive effective, efficient, and equitable PHC service delivery.

The Lancet Commission on Financing Primary Health Care has identified the best evidence on ways to strengthen financing arrangements for PHC and sets out a vision of how to place people at the centre of PHC financing. This is the second in a series of technical briefs that focus on different elements of health financing arrangements. This brief is on allocating resources to PHC.

Insufficient allocation of resources to Primary Health Care

Levels of government spending on PHC in low- and middle-income countries falls far short of the minimum amount needed to finance a basic package of health services. Further, resources that are allocated to PHC are often diverted to hospital or specialist care as they flow through the system to frontline providers.

The allocation of funds across sectors and within the health sector occurs in different ways in different systems of government. In centralised systems, the Ministry of Finance allocates a set amount to the Ministry of Health, which is then allocated to geographic areas or levels of care. In decentralised systems, resource allocation decisions are made by local authorities, providing an opportunity for decisions to be shaped by local needs and priorities. In decentralised systems allocations to health in general, and to PHC in particular, might be less visible at national level than when they are presented as part of a single centralised budget. This makes it harder to pinpoint how much is being allocated to PHC and to monitor whether funds are actually received.

There is no definitive answer about how much is the right amount to allocate to PHC in any given setting. The key issue is estimating the resources required to finance a PHC package that is universally accessible, places minimum financial burdens on users, and that is aligned to macro-fiscal capacity. Costing exercises, when based on a clear operational definition of PHC, can help inform these decisions.

Resource allocation is a political decision

The process of securing budgets for PHC is not merely technical but is also influenced by political forces operating at all levels, especially in decentralised systems where local political incentives, power relations and special interests can carry more weight than the policy priorities of a central Ministry of Health. Within the health sector, PHC faces problems in attracting sufficient resources because it typically does not elicit political support. There is often no clear department responsible or accountable for delivering on policy commitments to improve PHC, and for health policymakers, allocating resources to PHC can be less politically appealing than to hospitals, a more visible symbol of the health system.

Policy levers can support the allocation and protection of resources for PHC

Protecting resources for PHC and ensuring they reach the frontline can be achieved through the strategic use of policy tools relating to three key areas: budget formulation, budget execution and service delivery (figure 1).

Budget formulation: Programme budgets, with specific allocations to programmes rather than inputs, can help to strengthen the budget formulation process by creating greater visibility and protecting resources for PHC. Budget rules and statutory appropriations, which mandate minimum budget shares for specific sectors, can also help to ensure sufficient budgets are allocated to PHC.

KEY MESSAGES

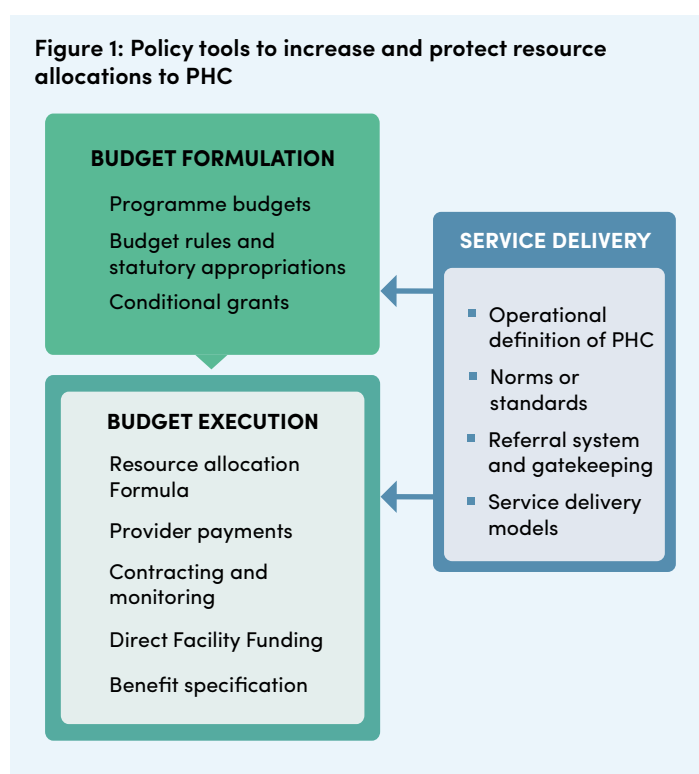
- Allocating more health resources to PHC is a political decision; it might involve redistributing of resources away from other sectors, or within the health sector away from hospitals.
- Increasing budget allocations to PHC does not guarantee that resources reach frontline services; protecting PHC allocations to the point where they reach frontline providers requires transparency, active steering, and accountability mechanisms.
- Making allocations to PHC more visible in health budgets can improve tracking of existing resources, secure additional resources, and highlight the importance of essential public health functions.
- A range of policy levers are available to increase and protect allocations to PHC. Public finance management tools can be used to increase PHC budgets and ensure that resources reach frontline services. Service delivery arrangements, including explicit service standards, and effective gatekeeping and referral systems, can be used to pull resources to PHC.
- Multiple tools can be applied at the same time. Many of them require a clear operational definition of PHC. A range of health and public finance management system capacities are needed to implement effectively.
- Institutional responsibility for PHC is typically fragmented across ministry of health departments; as a result no single unit is in charge of securing funding or held accountable for progress. It must be clear where responsibility for budgeting and planning for PHC lies in the ministry of health.

Budget execution: Resource allocation formulae can help direct resources to PHC and promote equity in allocation. These formulae can be refined by adding adjustments, such as for differing health needs or local cost differences. Other purchasing tools, such as benefit specification, provider payment method, and contracting and monitoring arrangements can also protect allocations to PHC.

Service delivery: The way PHC services are organised and how they relate to and interact with the rest of the health system also affects resource allocation. Policy levers that improve the organisation of services can help to drive users and resources to PHC including: the adoption of a clear and operational definition of PHC, the use of norms and standards to establish resource requirements, and effective referral and gatekeeping functions.

For any of these policy levers to be feasible, various health system and financial capacities need to be strengthened, in particular the public financial management system through which budgets are developed and executed. They also require countries to have the technical skill and ability to collect, analyse and interpret data on the population and its health needs, so as to cost PHC benefits and required services.

Figure 1: Policy tools to increase and protect resource allocations to PHC



IMPLICATIONS FOR ACTION

- Develop a clear and context specific operational definition of PHC to steer resources towards PHC by defining what functions must be supported and by providing a category for tracking PHC expenditure.
- Starting at the budget formulation stage, work towards developing a programme budget for PHC that is organised according to health services rather than inputs.
- At budget execution stage, consider the introduction of a resource allocation formula to improve allocation of financing to PHC. A simple per-capita formula, with risk equalisation and performance and quality incentives added as the system is developed, can begin to foster equity in universal coverage of a basic package of primary care services.
- Review purchasing arrangements including benefit package, provider payment method and contracting approaches, to protect resources for PHC.
- Strengthen monitoring, performance management and enforcement of appropriate budget and public finance management systems to ensure that resources reach PHC.
- Within the Ministry of Health, make clear which department or unit is responsible for budgeting and planning for PHC to improve accountability and increase political support for PHC.

FURTHER READING

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Barroy H, Blecher M, Lakin J. How to make budgets work for health: a practical guide to designing, managing and monitoring programme budgets in the health sector. Geneva: WHO, 2021.

O'Dougherty S, Kutzin J, Barroy H, Piatti-Fünfkirchen M, Margini F. Direct facility financing: concept and role for UHC. 5th meeting of the Montreux collaborative on fiscal space, public financial management and health financing. Montreux: WHO, 2021.

FULL REPORT: Hanson K, Brikci N, Erlangga D, et al. The Lancet Global Health Commission on financing primary health care: putting people at the centre. Lancet Glob Health 2022; <https://www.thelancet.com/commissions/financing-primary-health-care>

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