SP4PHC
Strategic Purchasing for Primary Health Care

HOW CAN LESSONS FROM THE COVID-19 RESPONSE STRENGTHEN THE PHILIPPINES' DRIVE TO UNIVERSAL HEALTH CARE?

THINKWELL

Reprioritization of government resources for the COVID-19 pandemic slowed down the implementation of the country's Universal Health Care (UHC) Act (Congress of the Philippines 2019). However, the pandemic response created an unexpected opportunity to test some of the UHC Act's reforms, especially as health institutions and leaders in the Philippines were challenged to test new strategies to respond to the pandemic. Recognizing and assessing these parallel reforms can help generate lessons from the country's pandemic response to reprioritize and recalibrate the strategies described in the UHC Act. Lessons learned can also contribute to the global discussion on UHC and health systems development, especially in other middle-income countries.

This brief discusses the pandemic response in the Philippines vis-à-vis the proposed reforms by the UHC Act using the control knobs framework of health systems, developed by Roberts et al. in 2003 (Roberts et al., 2008). ThinkWell developed this brief under the Strategic Purchasing for Primary Health Care (SP4PHC) project, supported by the Bill & Melinda Gates Foundation.

INTRODUCTION

The COVID-19 pandemic response provides an avenue to restrategize the reforms proposed by the UHC Act. As the health system in the Philippines explores new and innovative strategies to address the COVID-19 pandemic, lessons from the country's pandemic response can be used to reprioritize and recalibrate the strategies of the UHC Act, which was signed into law in February 2019. The country's response can be assessed against the proposed reforms of the UHC Act using the control knobs framework, which recognizes that interactions among structural components of payment, regulation, financing, organization, and behavior are connected to the performance and overall goals of a health system. Several initiatives from the country's pandemic response parallel the provisions of the UHC Act, including centralizing procurement; leveraging strategic purchasing through the national health insurance agency, the Philippine Health Insurance Corporation (PhilHealth); introducing prospective payments from PhilHealth; setting up an interoperable health information management system (HIMS); and strengthening health promotion as part of prioritizing primary care. However, political, social, and cultural barriers still need to be addressed through continued systems development, stakeholder engagement, and capacity building to fully achieve UHC. While the health sector is front and center during the COVID-19 pandemic, sustaining the same level of public and political interest in a stronger health system is crucial to fully realize the vision of attaining UHC in the Philippines.

This brief discusses the country's key response activities to the COVID-19 pandemic that align with selected reforms of the UHC Act. The analysis followed the five components of the control knobs framework (i.e., payment, regulation, financing, organization, and behavior) and included intermediate performance measures on efficiency, quality, and access (Naimoli et al., 2014; van Olmen et al., 2012) that can already be observed from these efforts. However, it is too early to assess performance goals, as indicated in the control knobs framework, which should be studied once possible.

COVID-19 AND THE UHC ACT: ARE WE ON THE RIGHT TRACK?

Payment

The existing retrospective case-based payment system continued to pose challenges during the pandemic in matters such as delayed disbursements and inadequate payouts. The UHC Act recognizes the advantage of PhilHealth as a strategic purchaser that can engage both public and private facilities and enforce standards linked to payment. PhilHealth's prevailing payment mechanism is a retrospective case-based payment called the All Case Rates (ACR) system, where providers, regardless of service level or ownership, are paid through reimbursement at a predetermined rate for each inpatient case claimed (PhilHealth 2011; PhilHealth 2013). The ACR system has long been criticized due to inadequate rates and slow reimbursements, which together lead to more financial difficulties for facilities (Bredenkamp et al., 2017; Picazo et al., 2015).

The uptick in hospitalizations and consultations prompted a transition to a global budget payment mechanism to hasten provider payments. To ensure the availability of funds for continuous health service delivery during the pandemic, PhilHealth advanced payments to providers through the Interim Reimbursement Mechanism (IRM), covering a period of 90 days (PhilHealth 2020a). This payment mechanism echoes features of global budget payment, a provider payment mechanism mandated for PhilHealth through the UHC Act, where providers are paid a fixed amount for a specified period to cover aggregate expenditures for an agreed set of services (Berenson et al. 2016). The shift to a global budget payment mechanism will act as a cap on the total expenditure of providers while allowing them to allocate their resources more efficiently, granting them the freedom to spend their budgets according to their needs, provided that service targets are achieved. This mechanism also incentivizes a certain performance standard through monitoring access, volumes, and quality of service provision. (Berenson et al. 2016; Cashin 2015; Dredge 2004).

The prospective nature of IRM needs to be further explained to stakeholders to prevent misinterpretation related to the use of funds. Since prospective payments are not yet well understood by some legislators and agencies in the country, misconceptions arose suggesting that the IRM enabled uncontrolled overpayments that wasted public funds (Senate of the Philippines 2020a). This emphasizes the importance of PhilHealth to ensure that other government agencies understand the concept of prospective payments and their role in financing health services. External partners, particularly health care providers, should also be consulted to ease the transition to new payment mechanisms and ensure the capacity to absorb resources. PhilHealth should prioritize stakeholder engagement around prospective payments to facilitate a successful shift to the prospective global budget payment mechanism.

Regulation

Out-of-pocket spending continues to be the main source of financing for health services in the Philippines, accounting for 54% of total health expenditure in 2019 (Philippine Statistics Authority 2020). PhilHealth limited the implementation of the no balance billing policy, which prohibits co-payment for selected members (i.e., poor and vulnerable populations) admitted into the basic or ward accommodation of select, mostly public facilities. This leaves many members vulnerable to uncontrolled user fees. In addition, PhilHealth's lack of technical and administrative capacity to monitor and enforce co-payment rules has been a long-standing problem (Bredenkamp and Buisman 2015). PhilHealth members pay inflated hospital charges when providers place additional costs on top of PhilHealth benefits, diminishing its financial coverage (Haw et al., 2020).

Strict enforcement and monitoring of co-payment policies may be needed to minimize out-of-pocket expenditures. The UHC Act mandates PhilHealth to extend the no balance billing policy to all members admitted in basic or ward accommodations that meet PhilHealth's quality standards and sets fixed co-payment rates for those who choose to stay in non-basic accommodation. Co-payments will also be prohibited for essential health interventions delivered at public facilities, while a fixed co-payment rate will be set for private providers. PhilHealth's COVID-19 benefit packages for inpatient care, RT-PCR testing, community isolation,

and home isolation all incorporate this principle by explicitly indicating that no co-payments shall be charged for services included in the packages, except for amenities or additional services, such as suite room accommodation for inpatient cases (PhilHealth 2020b; PhilHealth 2020c; PhilHealth 2020d). However, enforcement of controls on additional charges or co-payments is weak, with some patients still paying hefty hospital bills on top of the COVID-19 benefit package for inpatient care, thus affecting equity in access (ABS-CBN News 2020). The continuous high out-of-pocket spending for health demands action and the COVID-19 experience highlights that PhilHealth must strengthen its co-payment policies' monitoring and enforcement mechanisms to further bolster financial protection.

Financing

Centralized procurement of supplies afforded several advantages during the pandemic. Public facilities continue to independently procure medical supplies in the Philippines (Congress of the Philippines 2003; Government Procurement Policy Board 2016). The highly bureaucratic procedures and limited compliance with prescribed reference prices lead to bidding failures and medicine shortages in many health facilities (Monsod 2019; Tan et al. 2002). In response to a shortage of supplies for COVID-19 testing, the Department of Health (DOH) pooled requests for supplies from licensed public and private facilities across the country and ordered in bulk, thereby reducing prices and effectively managing competition for supplies across facilities. Centralized procurement offers benefits through economies of scale, increases the efficiency of distributing commodities, strengthens the government's power to negotiate lower prices, and can improve access to quality medicines by preventing supply shortages (Arney et al. 2014; Barbosa and Fiuza 2012; Chokshi et al. 201530). However, the UHC Act limits consolidated procurement for DOH-owned hospitals, which account for less than 2% of government health facilities in the country, limiting the potential for reform. The potential for high-impact reform could be maximized if a centralized procurement process can be made available for all public and even private hospitals.

Organization

Health information systems launched during the pandemic remained problematic. Functional health information systems (HIS) ensure that good-quality, relevant health information is promptly available to guide surveillance, planning, and policy development (World Health Organization 2020a). HIS in the Philippines are highly fragmented and have limited interoperability. In the early stages of the country's response to COVID-19, the DOH launched the DOH DataCollect app, which tracks COVID-19 epidemiology, testing capacity, available hospital beds, and even selected essential supplies such as personal protective equipment (DOH 2020b). However, data integrity was repeatedly questioned due to delays, inaccuracies, and software errors (Santos 2020; Senate of the Philippines 2020b; University of the Philippines 2020; Yee 2020). Several HIS interventions for COVID-19—in partnership with international organizations and software development companies— followed the DataCollect initiative, including a mobile testing app called COVID-KAYA and a contract tracing application called StaySafe.ph. The overlaps in the capabilities of these two applications were eventually clarified, with StaySafe.ph focusing on data collection and COVID-KAYA on data storage. However, problems were abound due to malfunctions in both platforms, leading to spotty information. Furthermore, local governments also had their own systems in place, making data migration and uniform usage continuous challenges (Philippine Information Agency 2020; Presidential Communications Operations Office 2020; World Health Organization 2020b).

The DOH and PhilHealth should continue to pursue the enhancement of HIS. The UHC Act directs the DOH and PhilHealth to set clear, technical standards for the architecture that makes up health information exchange, which allows for electronic collection, integration, and portability across the organizational (i.e., health care providers), regional (i.e., across jurisdictions), and national levels (Healthcare Information and Management Systems Society 2021). The DOH plays a crucial governance role in bringing together data from various HIMS. This ensures quality information while still allowing

some flexibility for providers to use their current information systems.

Behavior

The creation of the Health Promotion Bureau by the UHC Law proved to be highly strategic during the COVID-19 pandemic. Influencing behavior calls for expanded capacity in health promotion and communication service activities. Previous health promotion activities of the DOH often have a low impact since they are not guided by deliberate health literacy and behavioral change tenets and are incorrectly cascaded to the community level. The UHC Act transformed the Health Promotion and Communication Service of the DOH into the Health Promotion Bureau, which will provide more investment and greater capacity to develop health promotion and literacy interventions cascaded across all primary care facilities and executed in coordination with other government agencies and the private sector. The Health Promotion Bureau has been front and center in the DOH's public advocacy to mitigate the spread of COVID-19 and is now generating demand for vaccinations. Health promotion and literacy interventions for COVID-19 explored innovative, proactive, multisectoral, and cooperative approaches to influence public behavior, such as multimedia infographics and educational materials developed through partnerships with other government agencies and the private sector (Philippines Sports Commission, Games and Amusement Board and DOH 2020; Film Development Council of the Philippines, Department of Labor and Employment, and DOH 2020). The momentum and partnerships started through health promotion for COVID-19 should be sustained after the pandemic and expanded to other relevant agendas. And by delivering these interventions down to the community level to optimize impact, health promotion will be effectively positioned as a key pillar for the achievement of UHC.

A STRONGER PUSH TOWARD UHC IN THE PHILIPPINES

Lessons from the COVID-19 response affirm that many of the provisions of the UHC Act are on the right track. The COVID-19 pandemic response challenged governments to rapidly adopt new approaches and policies. In the Philippines, these new approaches mirror several reforms of the UHC Act, providing an unexpected opportunity to understand potential implementation issues, stakeholder reactions, and overall effects.

COVID-19 has brought forth key areas and partnerships that can be strengthened as the country continues to reform the UHC Act. While the COVID-19 pandemic has accelerated policy innovation and learning, political, social, and cultural barriers still need to be addressed through continuous systems development, stakeholder engagement, and capacity building to fully institutionalize reforms. Providers will need to enhance financial management skills to effectively absorb and utilize prospective payments through global budgets. Other government actors will also need to be better informed about the principles of prospective payments in order to facilitate the alignment of complementary auditing and monitoring mechanisms. HIMS should be shepherded to maturity by a dynamic governance and policy ecosystem that can keep up with fast-paced developments in technology. Moreover, health promotion should inspire confidence and cooperation among diverse stakeholders and be brought closer to the community and patient level.

Governance is the key to the UHC Act's effective implementation. It is also imperative that national and local governments align efforts that will bridge current innovations with future goals. However, the autonomy of health care and its management at various levels—due to devolved systems—makes this especially challenging. One of the UHC Act's major reforms is to integrate this highly devolved system at the province and city levels to minimize service delivery fragmentation. The DOH and PhilHealth need to focus on stewardship and governance of the entire health sector and apply these lessons to help local health systems to succeed in their efforts to integrate. Strong national and local political will and commitment to the provisions of the UHC Act is of the utmost importance. With the health sector front and center during this pandemic, sustaining the same level of public and political interest for a stronger health system is crucial to fully realize the vision of UHC in the Philippines.

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For more information, please visit our website at **https://thinkwell.global/projects/sp4phc/**. For questions, please write to us at **sp4phc@thinkwell.global**.

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