Australian National University

Tracking health expenditures in Papua New Guinea

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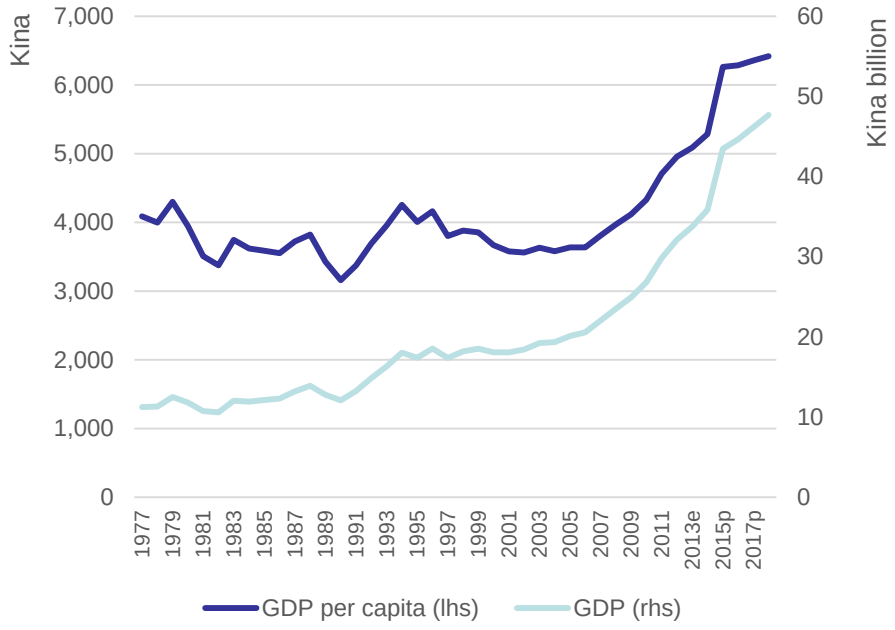
Overview

1. Present findings from a health expenditure tracking and facility survey in PNG
2. Provide a snapshot of how health clinics receive funding to meet costs for delivering basic services
3. Implications of the financing system for service provision and operational activities conducted at clinics
4. Politics of expenditure reforms in PNG's health sector:
   - Free primary health care subsidy payments to clinics
   - Political driven health development expenditures

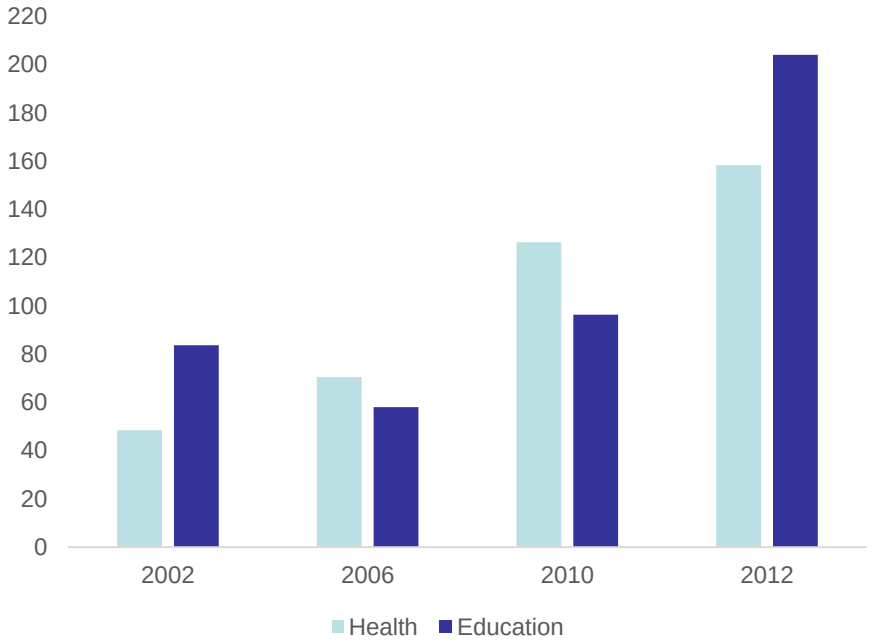
Promoting Effective Public Expenditure (PEPE) Project

- Joint partnership between PNG's National Research Institute and Devpolicy Centre at ANU
  1 – Analyse priority expenditures in the national budget
  2 – Research into how expenditure reforms are implemented
- PNG has experienced a minerals boom leading to increasing public expenditure.
- More evidence is needed to understand if this spending is making a difference.

GDP and GDP per capita, 2012 prices



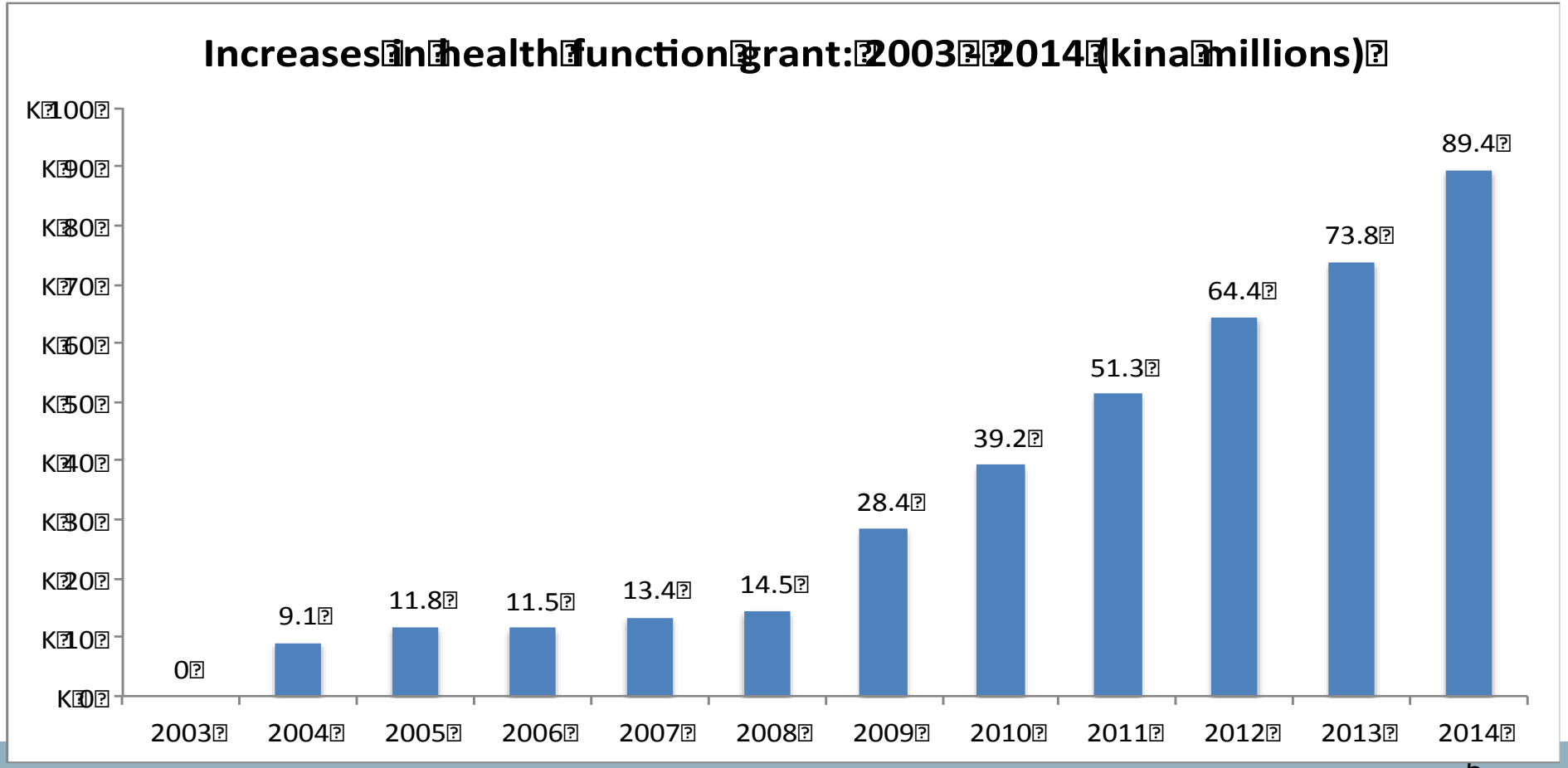
Per capita government spending on health and education, 2011 kina



Tracking funds to health facilities

- Builds on 2002 Public Expenditure and Service Delivery (PESD) Survey
- Attempted to visit the same primary schools and health facilities a decade later
- Eight provinces representing four regions of PNG:
  - Southern region (Gulf, National Capital District)
  - Highlands region (Enga, Eastern Highlands)
  - Momase region (Sandaun, Morobe)
  - Islands region (West New Britain, East New Britain)
- Random selection of districts, primary schools, health facilities

- Five health survey instruments – Officer in Charge, another health worker, user, district and provincial health managers.
- Tracked health reforms, including health function grant, which funds essential operational activities at the facility level.



Primary health care facilities visited

142 health clinics visited:

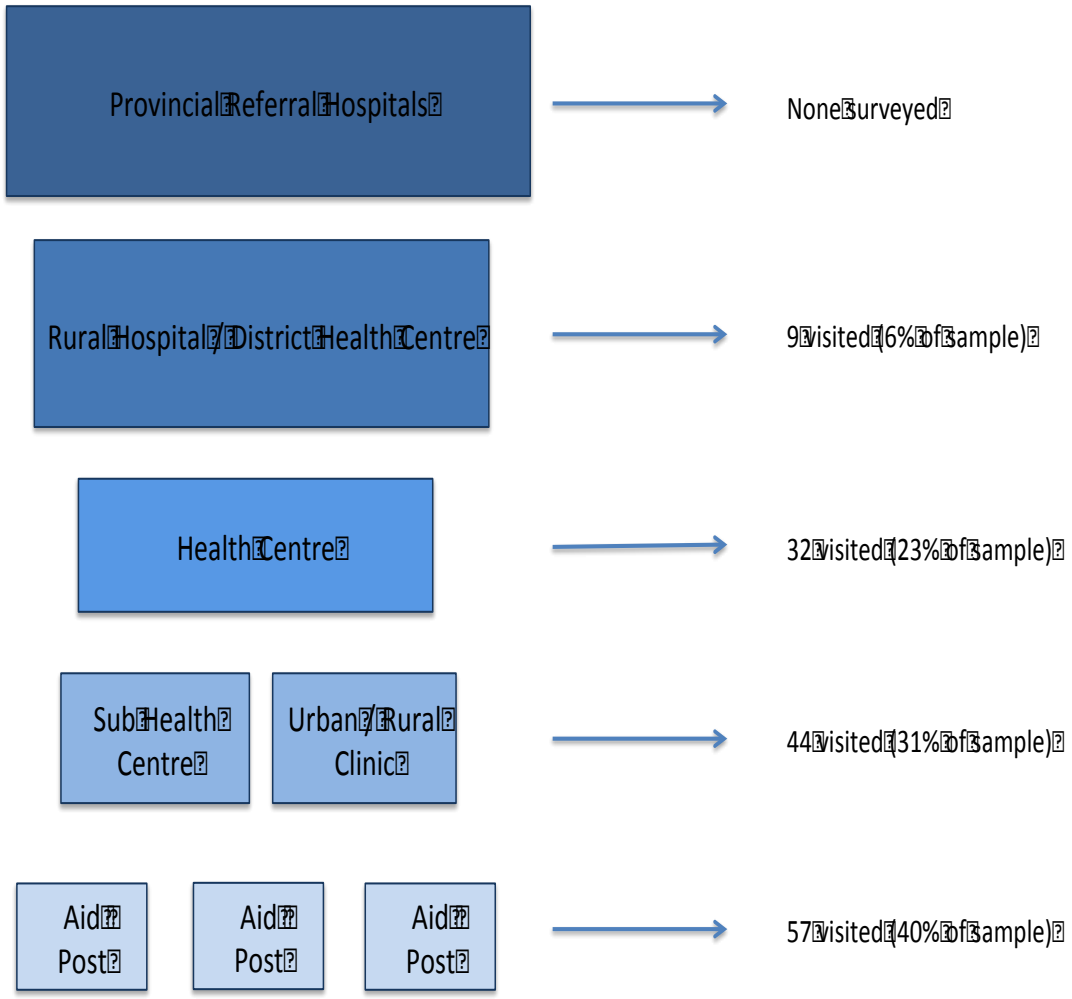
- 60% Government-run
- 37% Church-run
- 3% Private-run

Gender of OIC:

- 2002 - 34% female
- 2012 - 43% female

Other health workers:

- 2012 - 62% female

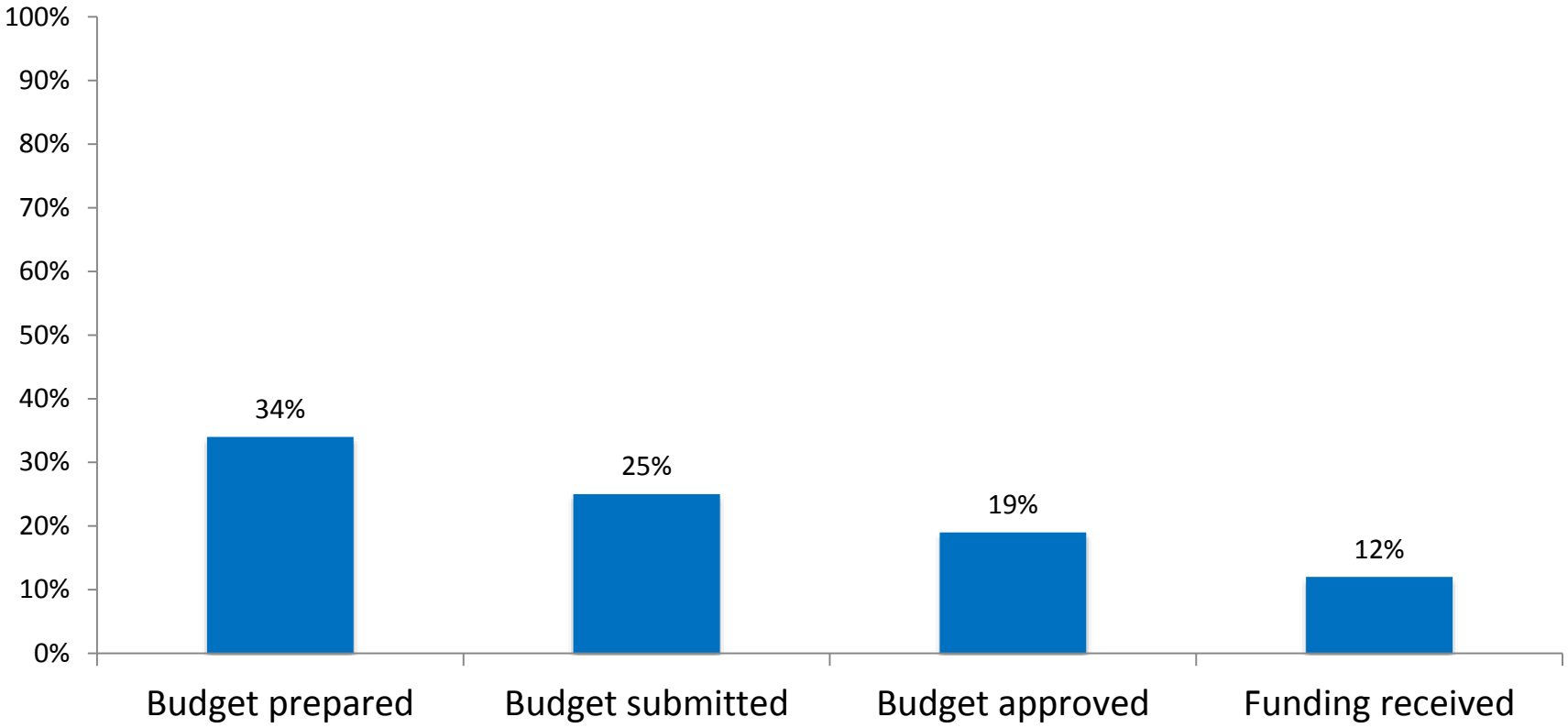


Health facility financing results

Three main ways clinics get funding/support to deliver services:

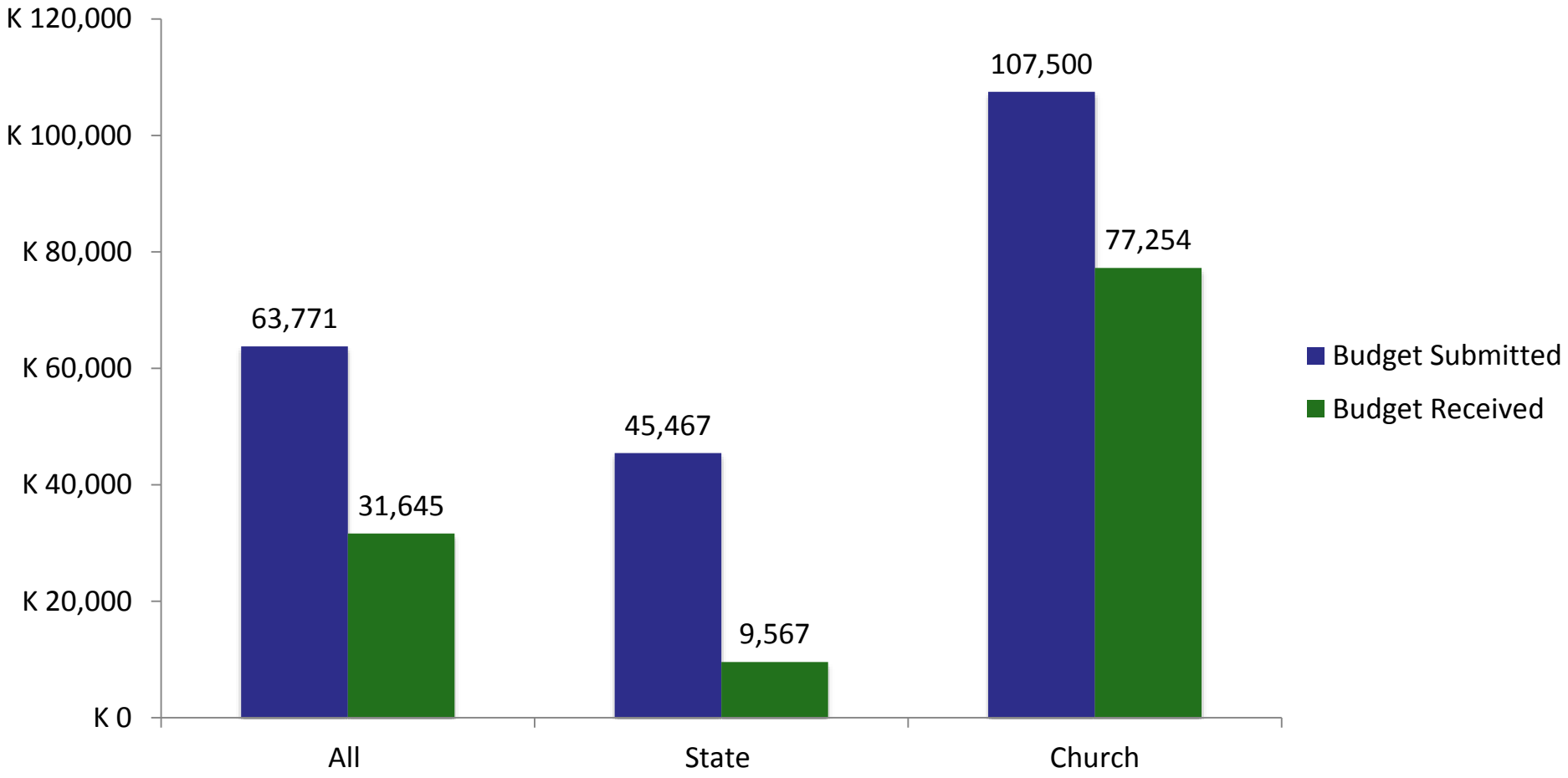
1. Cash funding through budgets or direct payment
2. in-kind support: administered to health facilities
3. Charging fees for services.

Funding received through budgets



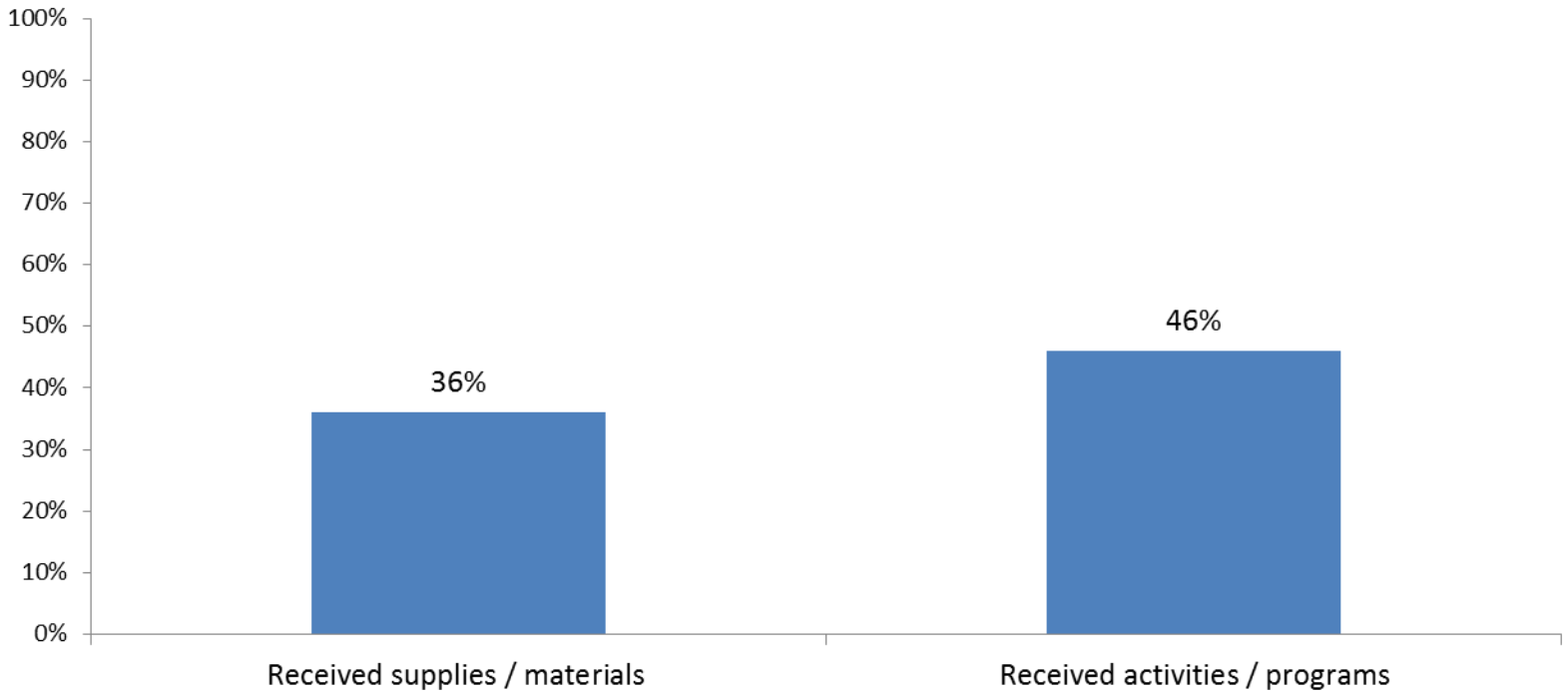
- 41% of health centres prepared a budgets
- 25% of aid post prepared budgets

Average value of budgets submitted & received



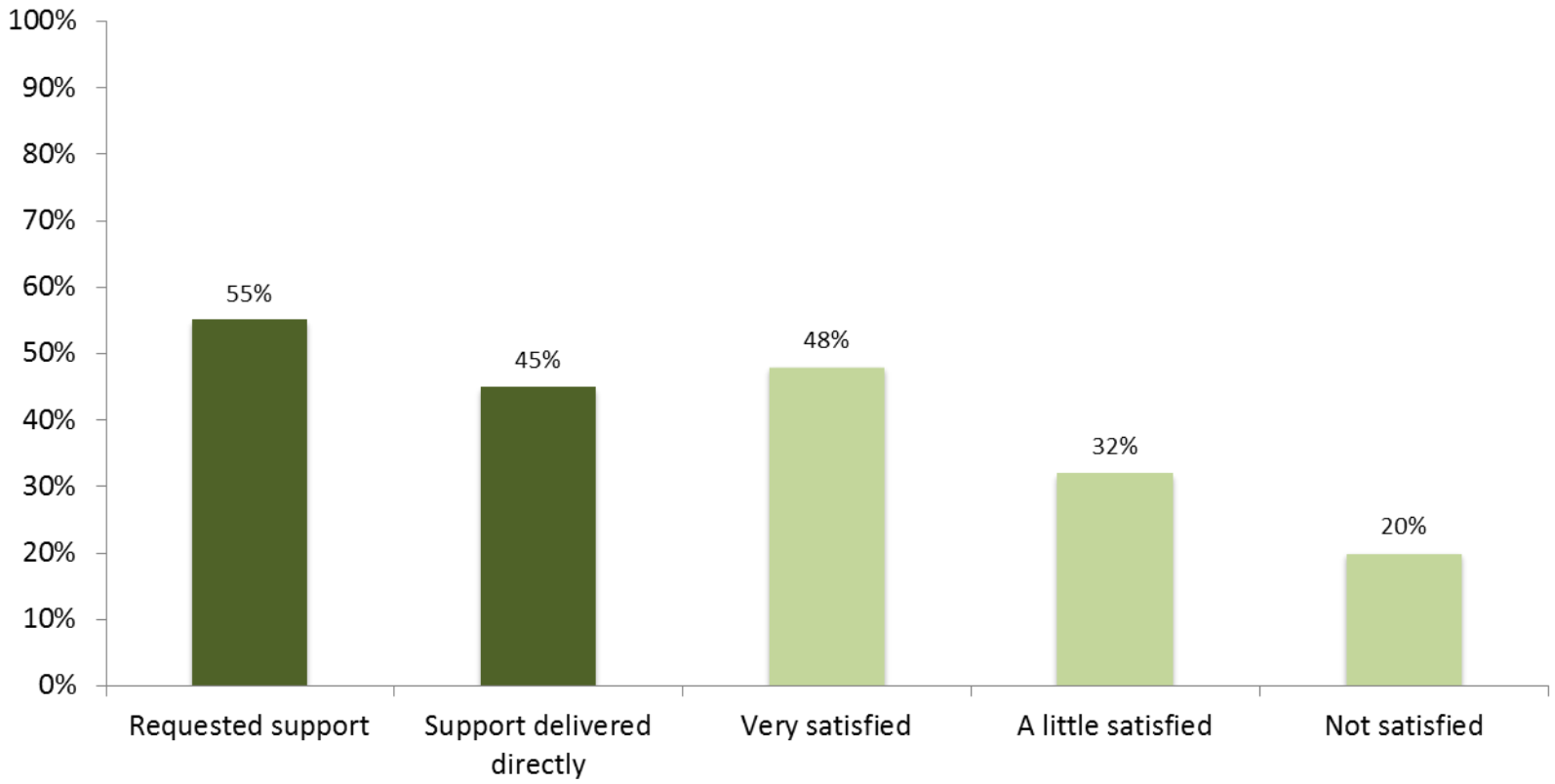
- 6% of clinics received direct funding (K71,000)

In-kind support administered to clinics from funding providers

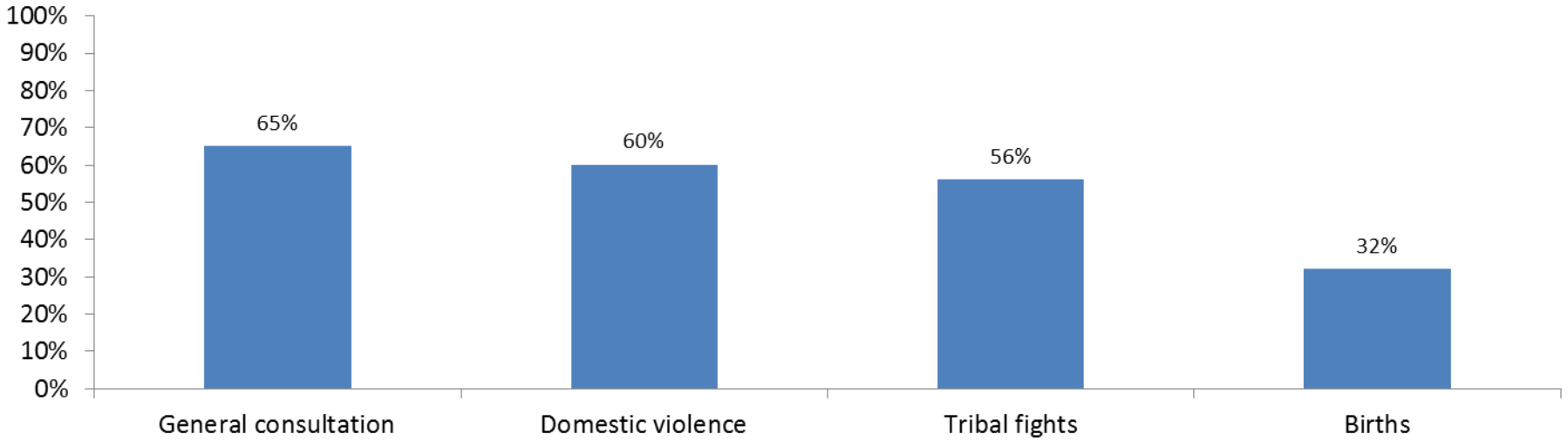


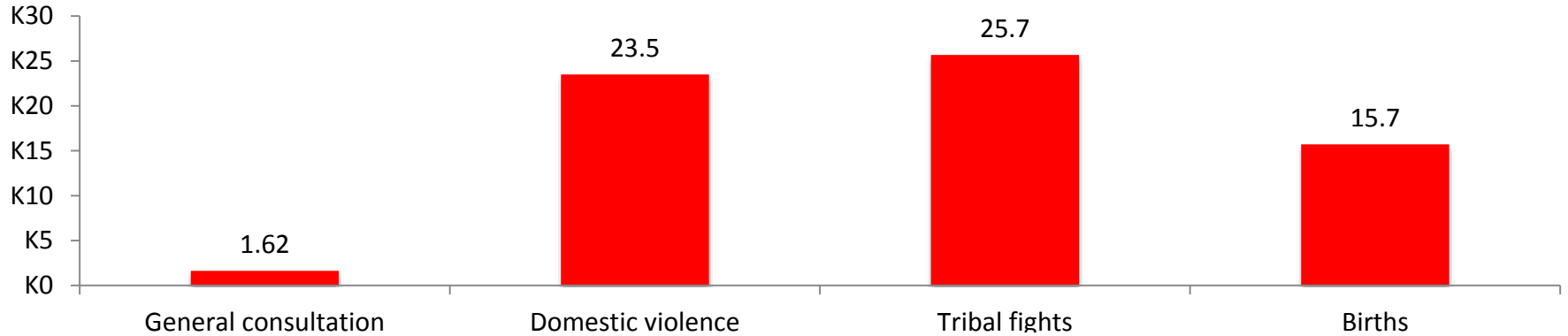
- Medical equipment was the most common purchased goods
- Estimated value of items: Church - K78,600 ; State K20,200

Clinic decision making and satisfaction with support received



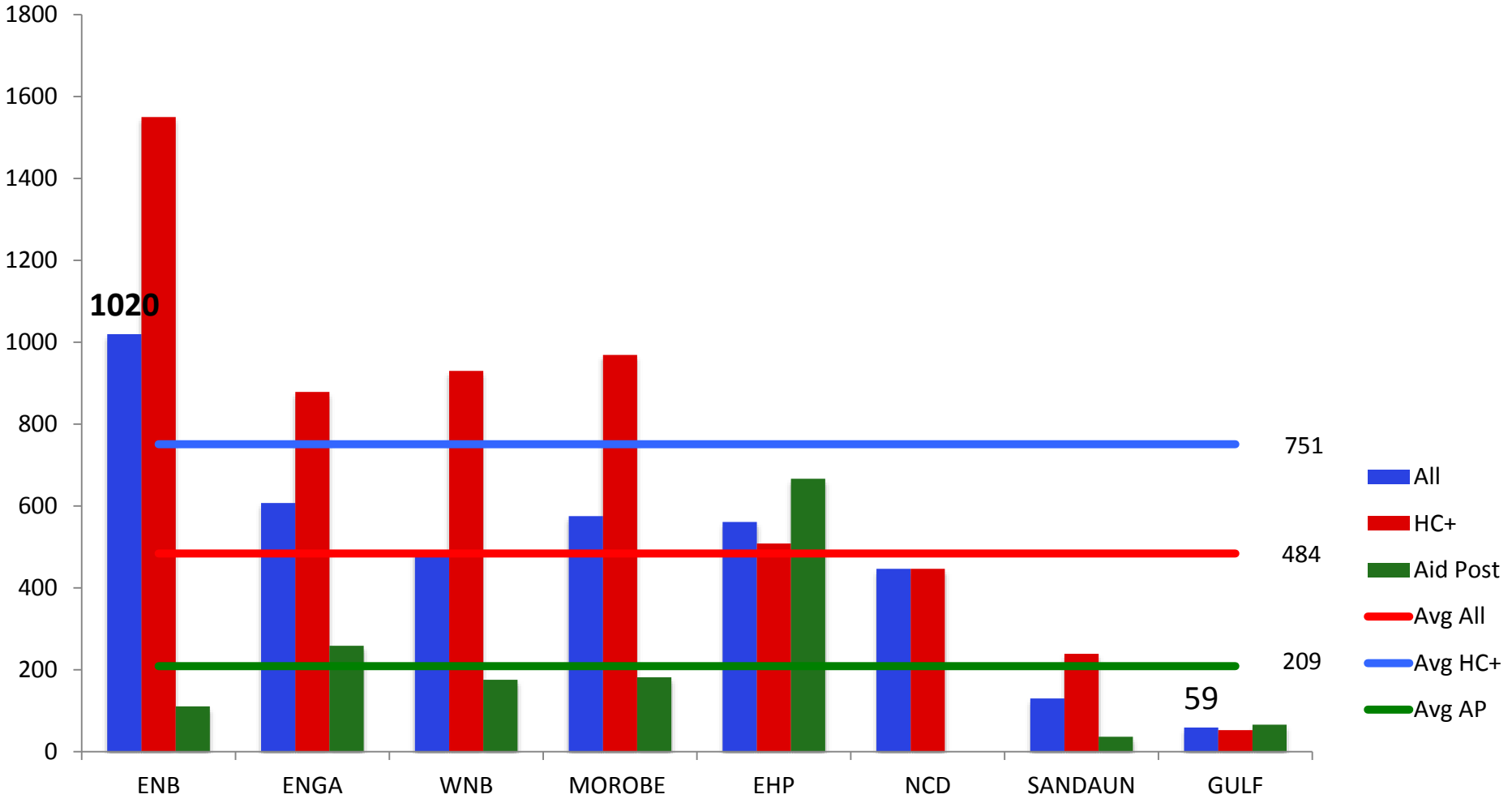
Fees: Clinics charge different fees for different services





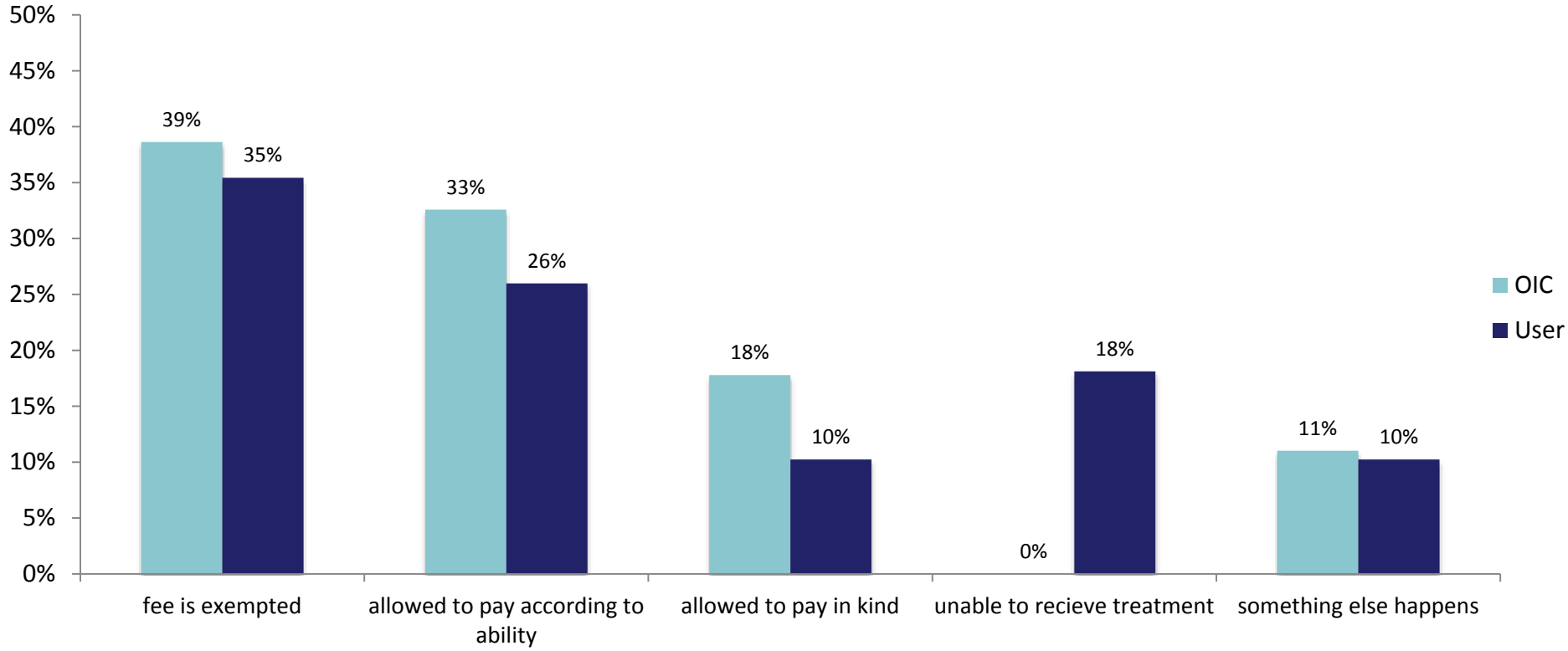
- 83% of clinics charged for consultations or drugs

Huge variations in monthly user fees raised…



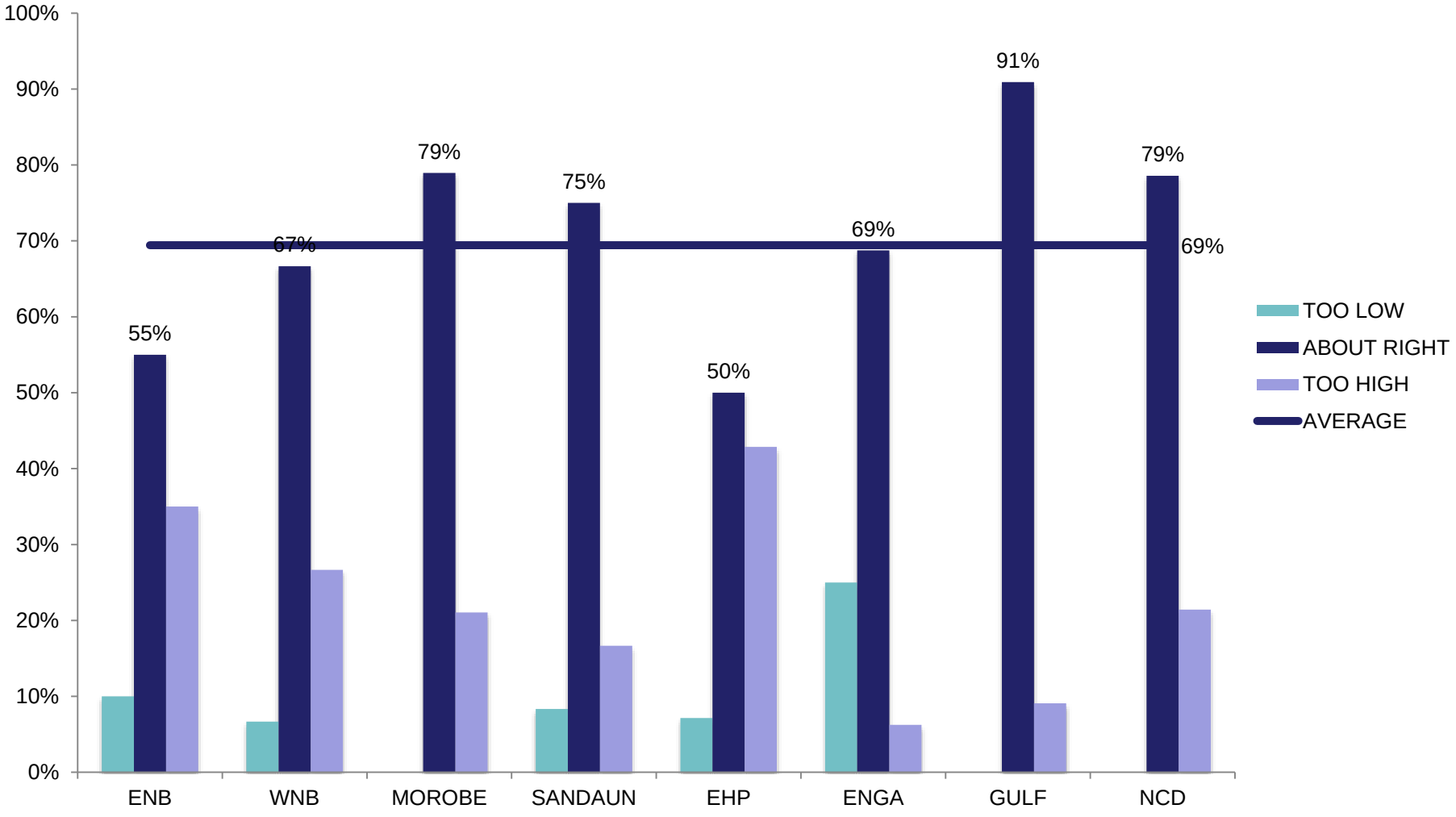
What happens when a patient cannot afford the user fee?

Officer in Charge and user perspectives

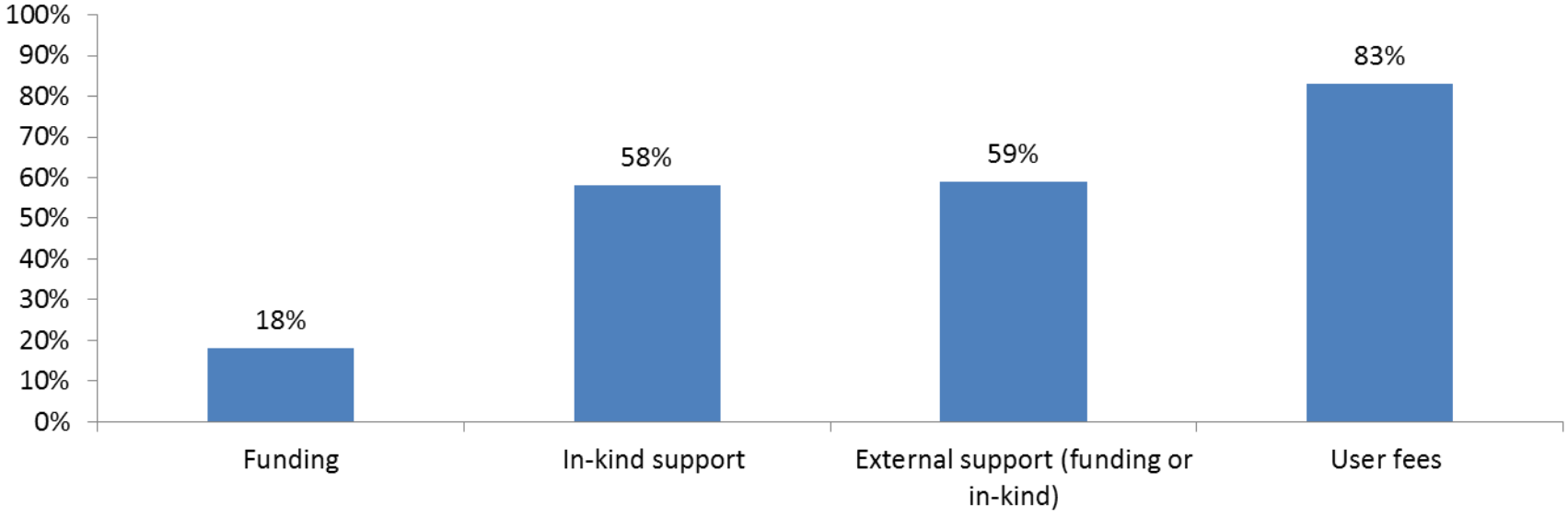


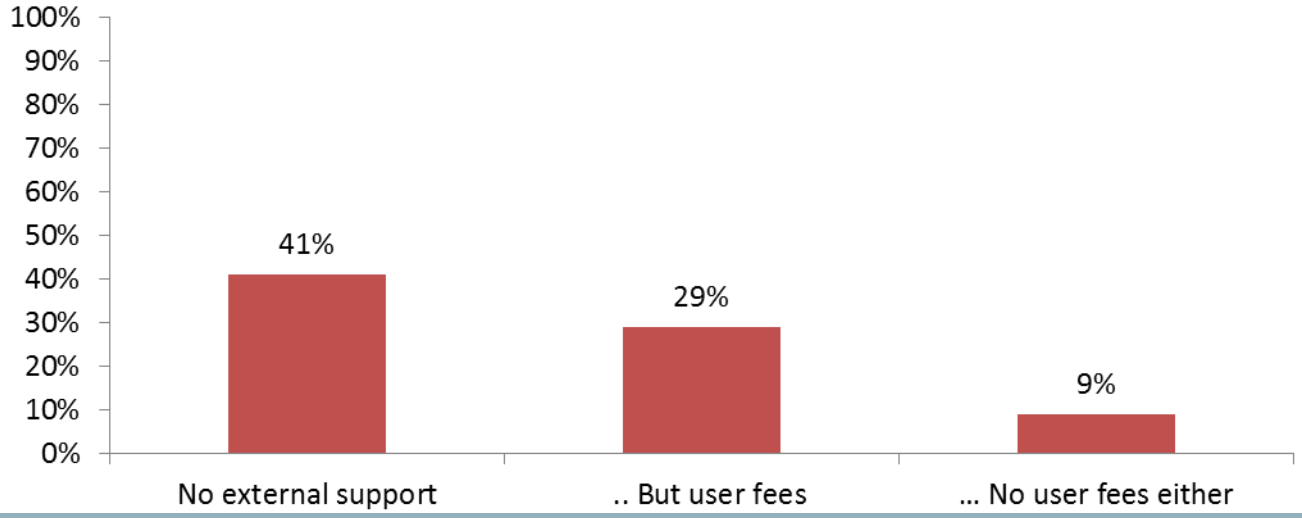
- There is some disagreement between the OIC and the community about refusing treatment for those who cannot afford to pay.

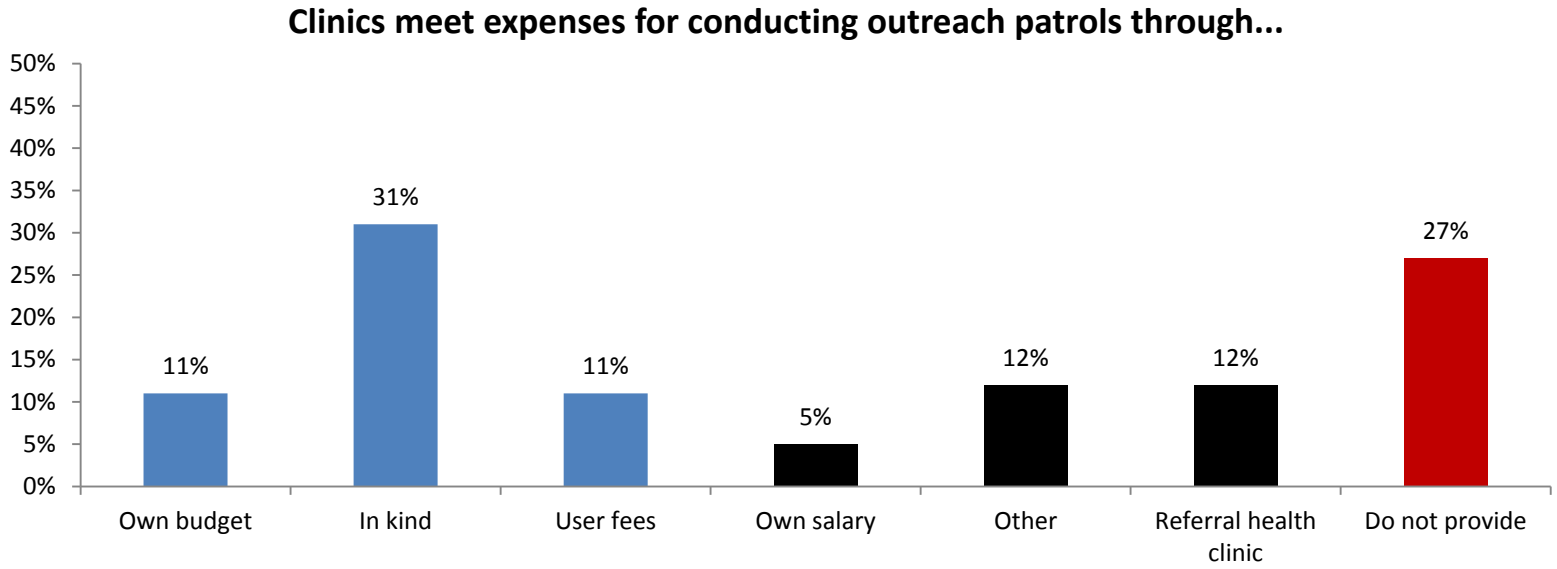
Community perceptions of user fees at the health facility

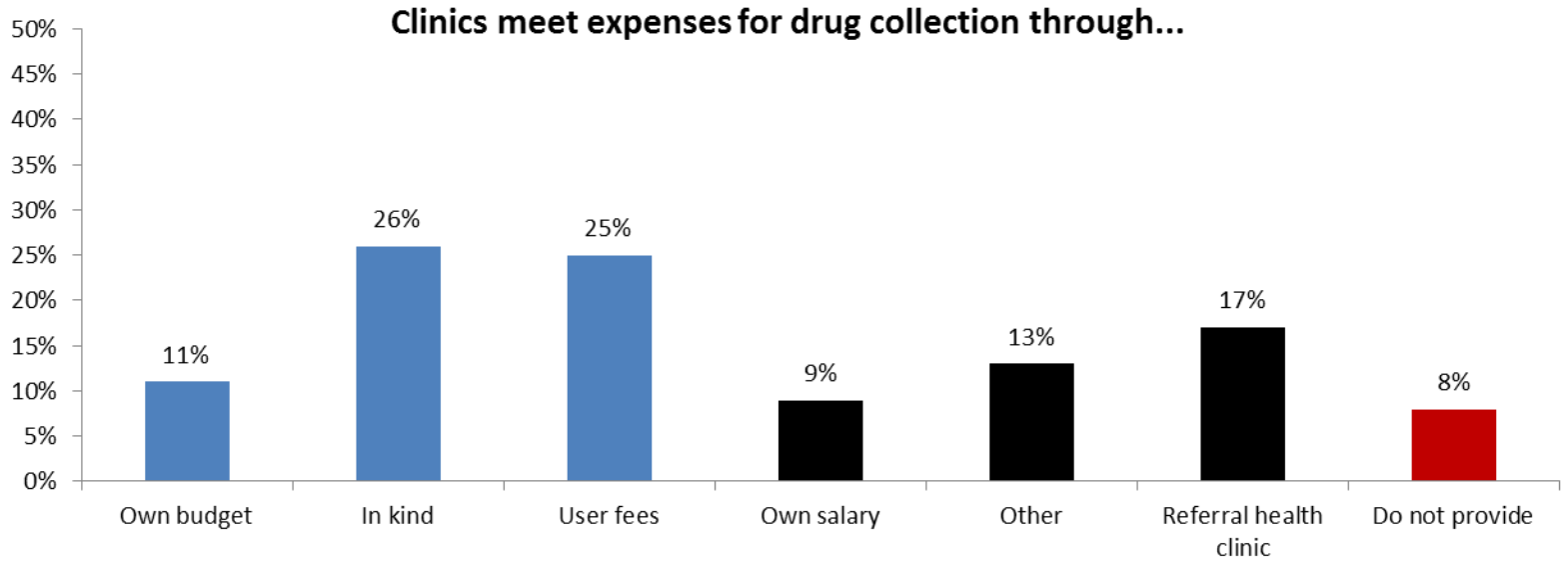


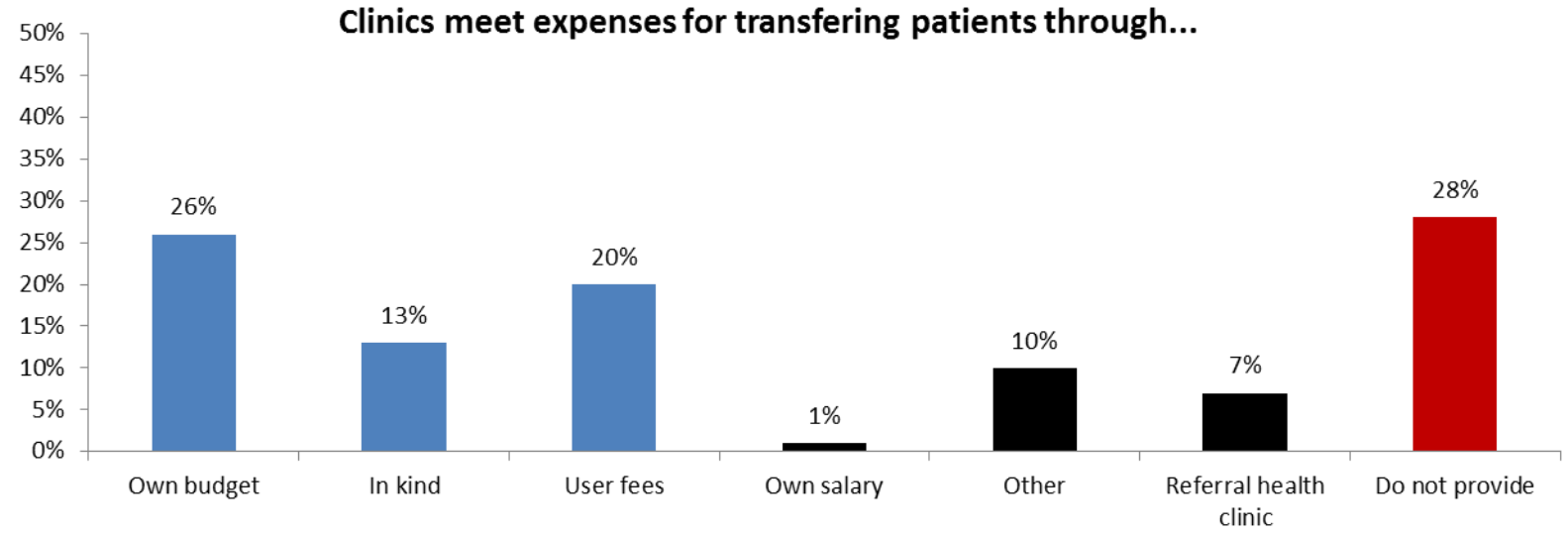
Relative importance of these three funding sources






Clinics meet expenses for conducting outreach patrols through...
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
11%
31%
11%
5%
12%
12%
27%
Own budget
In kind
User fees
Own salary
Other
Referral health clinic
Do not provide


Clinics meet expenses for drug collection through...
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
11%
26%
25%
9%
13%
17%
8%
Own budget
In kind
User fees
Own salary
Other
Referral health clinic
Do not provide


Clinics meet expenses for transfering patients through...
50%
45%
40%
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30%
25%
20%
15%
10%
5%
0%
26%
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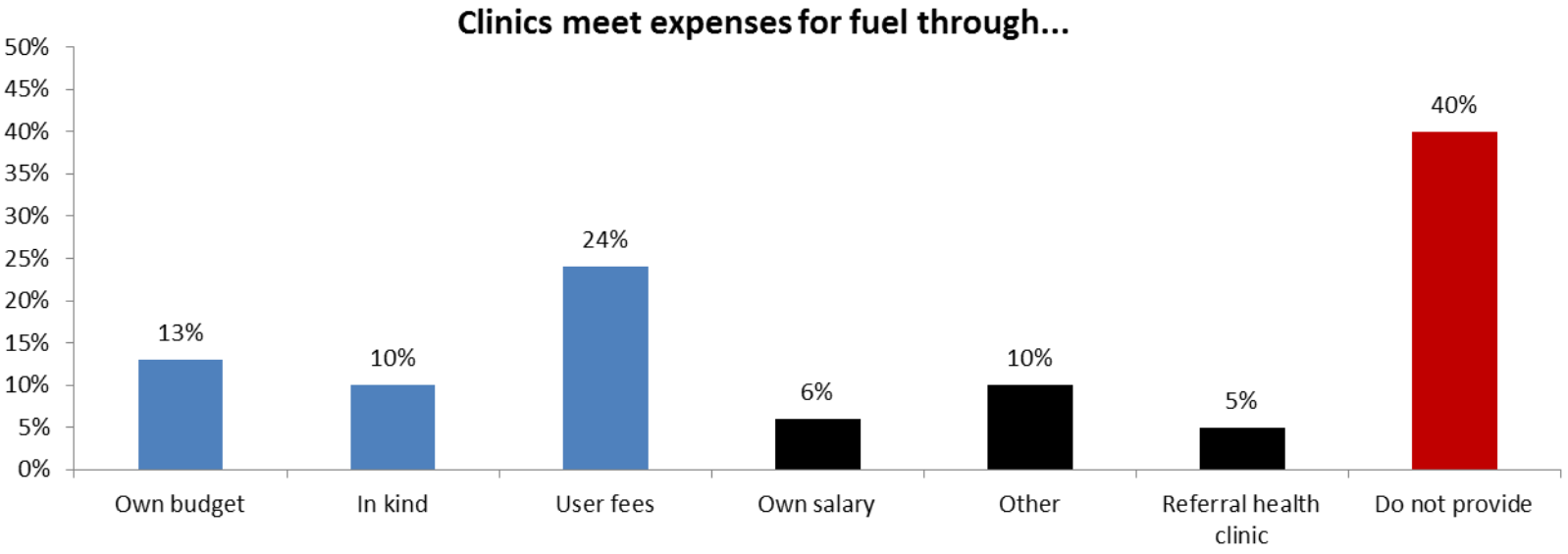
20%
1%
10%
7%
28%
Own budget
In kind
User fees
Own salary
Other
Referral health clinic
Do not provide


Clinics meet expenses for fuel through...
50%
45%
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35%
30%
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20%
15%
10%
5%
0%
13%
10%
24%
6%
10%
5%
40%
Own budget
In kind
User fees
Own salary
Other
Referral health clinic
Do not provide

PNG's health financing system

- The health financing system does not provide reliable funding to clinics
- Majority do not receive cash funding to meet expenses for their operations and therefore need to collect fees or rely on in-kind support
- The health function grant is not commonly used to fund budgets, but is kept at the provincial and district health office and provided in-kind
- Important differences exist between church and government-run clinics when it comes to financing
- Model of direct facility financing in Bougainville, facility budgeting and funding LLG health managers in East New Britain
- Given these circumstances, policy should be focused on improving the effectiveness of current reforms, but is it?

PNG's free primary health care policy

- Launched on 24 February, 2014
- Key policy for the PNG Government set out in the Allotau Accord and politically driven
- K11m subsidy payments allocated to offset fees raised by health clinics

Challenges with implementing the policy

How will subsidy payments be allocated across provinces:

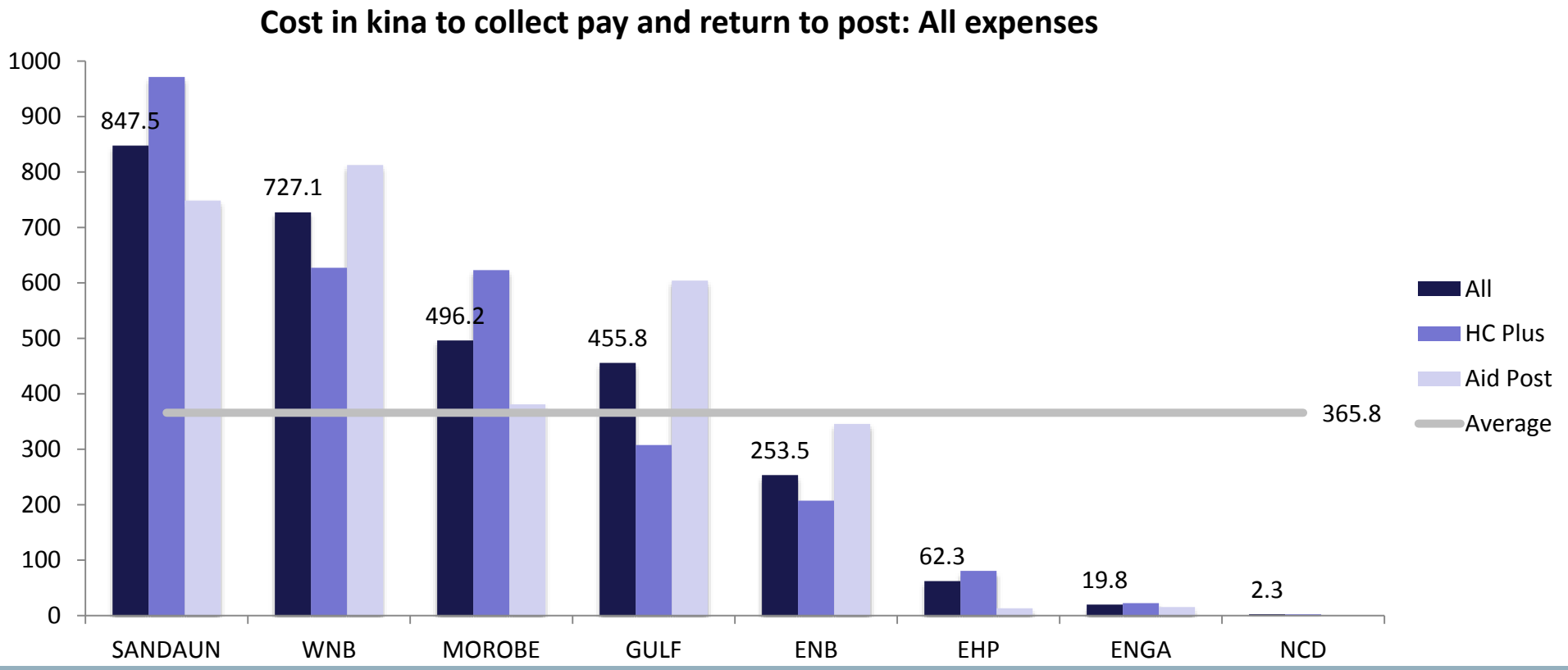
- An even allocation will result in some provinces getting too much, while others won't get enough
- User fees previously raised can not be taken into account
- Needs basis could be considered using NEFC cost of service estimates but also has flaws

How will subsidy payments for the policy be distributed?

- The costs associated with distribution need to be taken into account.
- Each province faces its own challenges in accessing reliable financial services, such as banks.

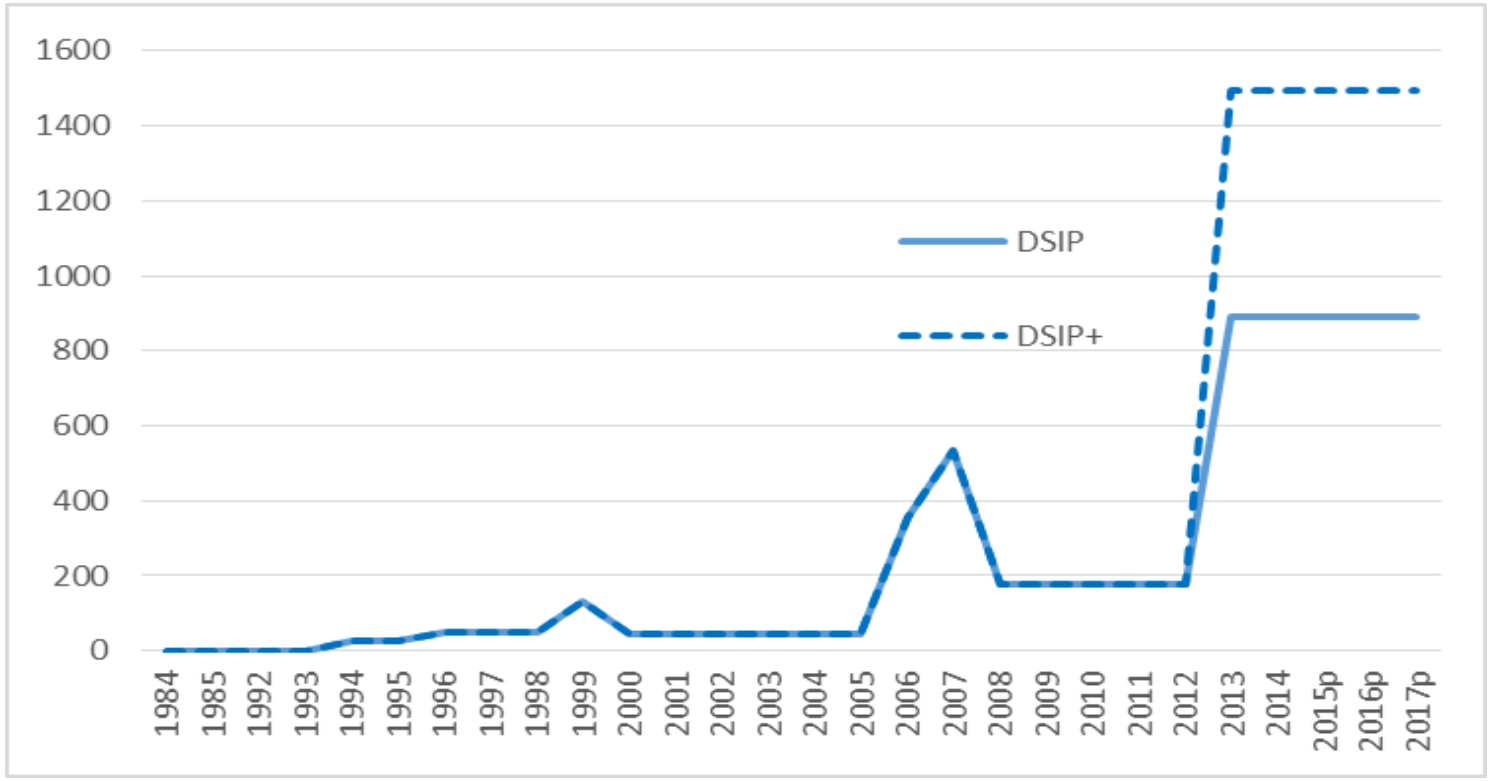
Getting subsidy payments to health workers

- Should funds be placed into health facility bank accounts?
  - Only 44% of health facilities have bank accounts
  - OIC's accessing their own funds can be expensive and inefficient



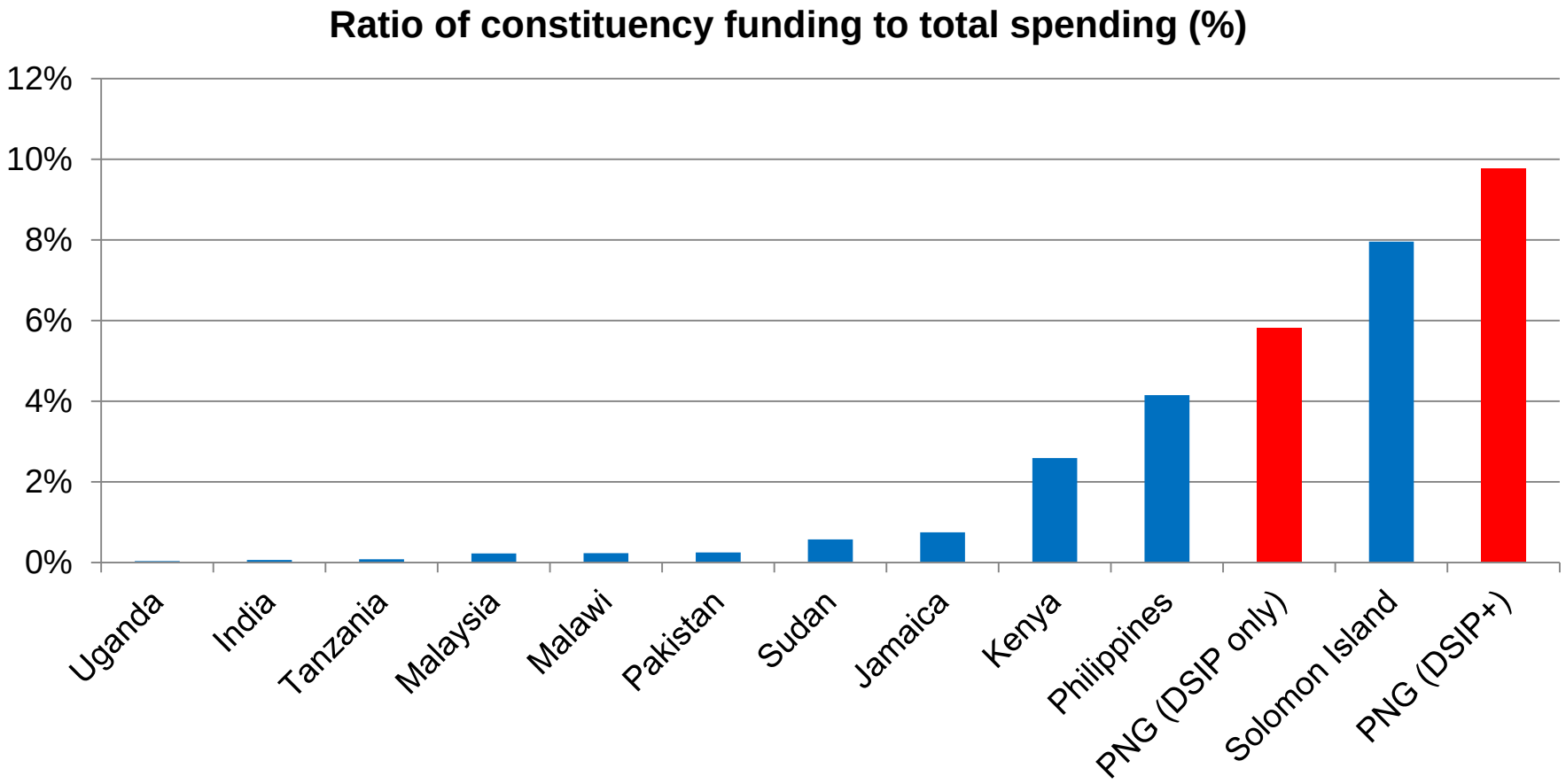
Politically driven health expenditures:
Services Improvement Program (SIP)

The rise of constituency funding in PNG (Kina million)



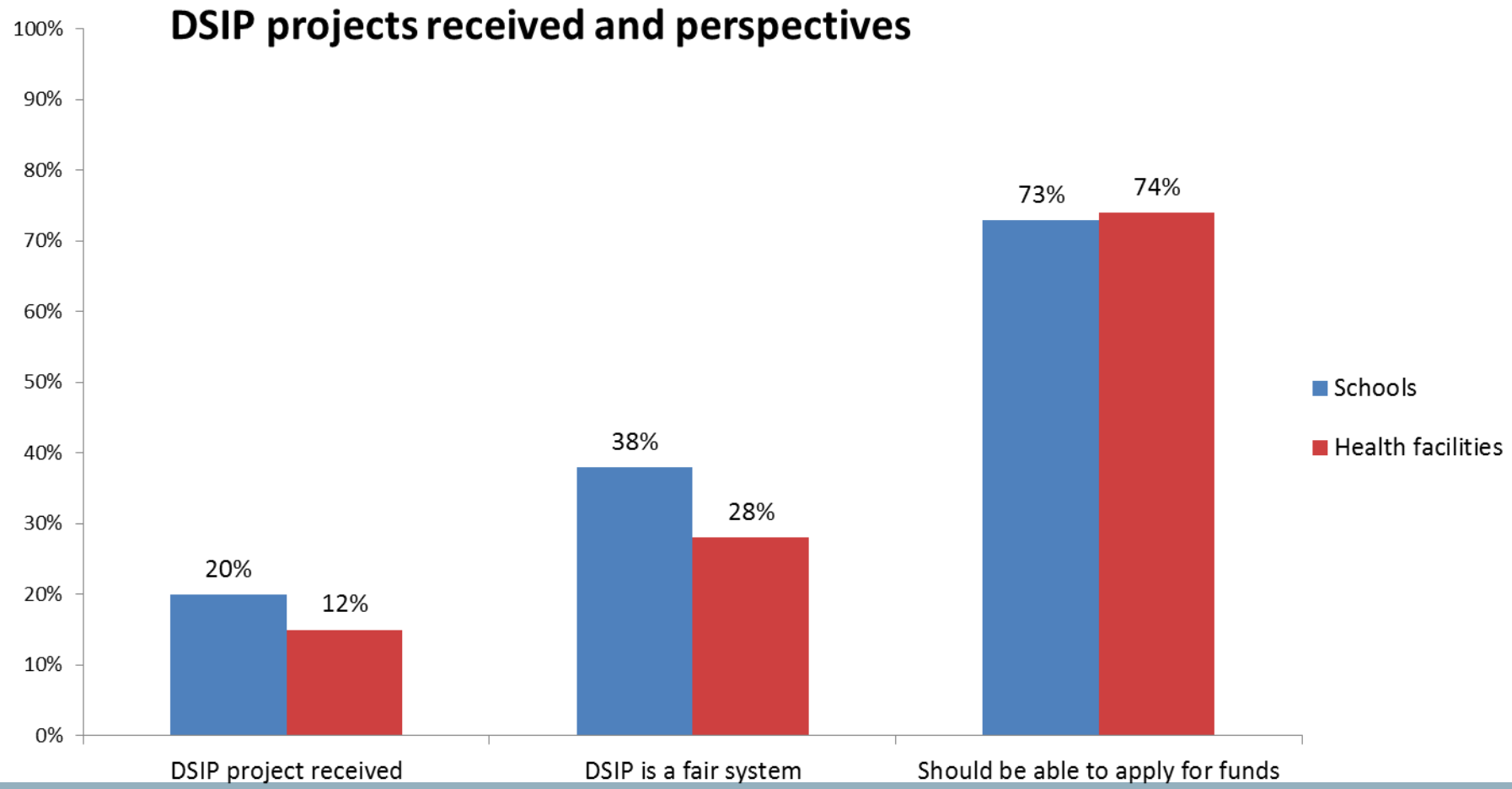
20 per cent of K1.5 billion (K350 million) has been allocated for health capital spending

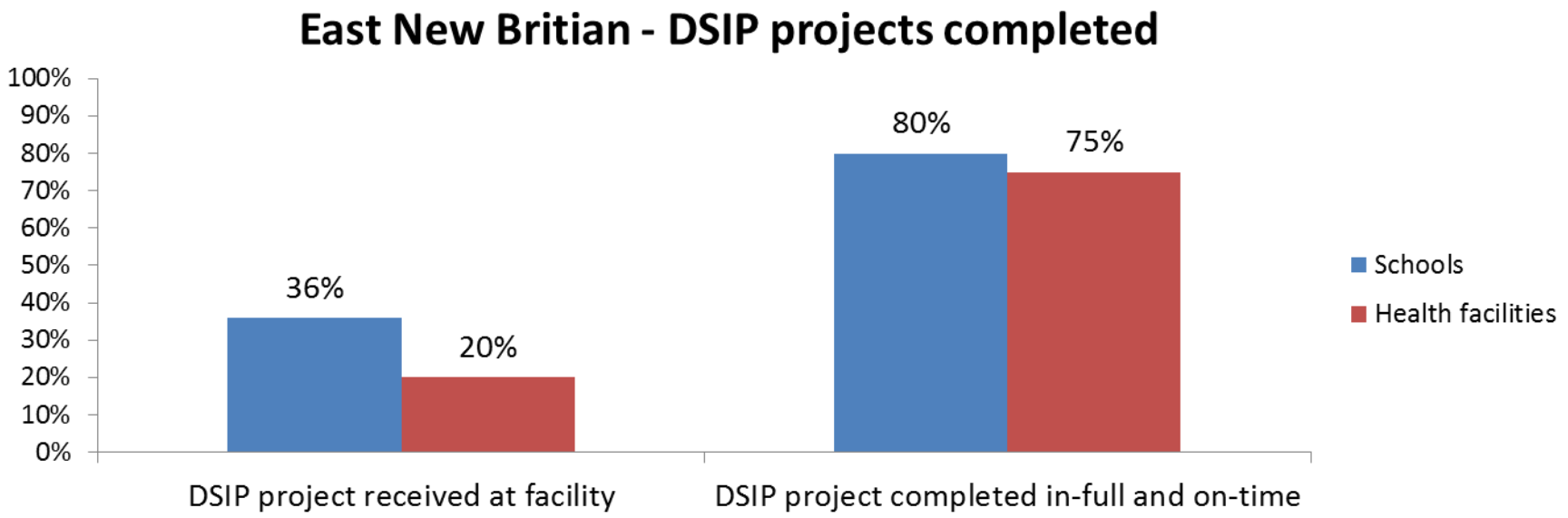
Spending though politicians in PNG is high by international standards

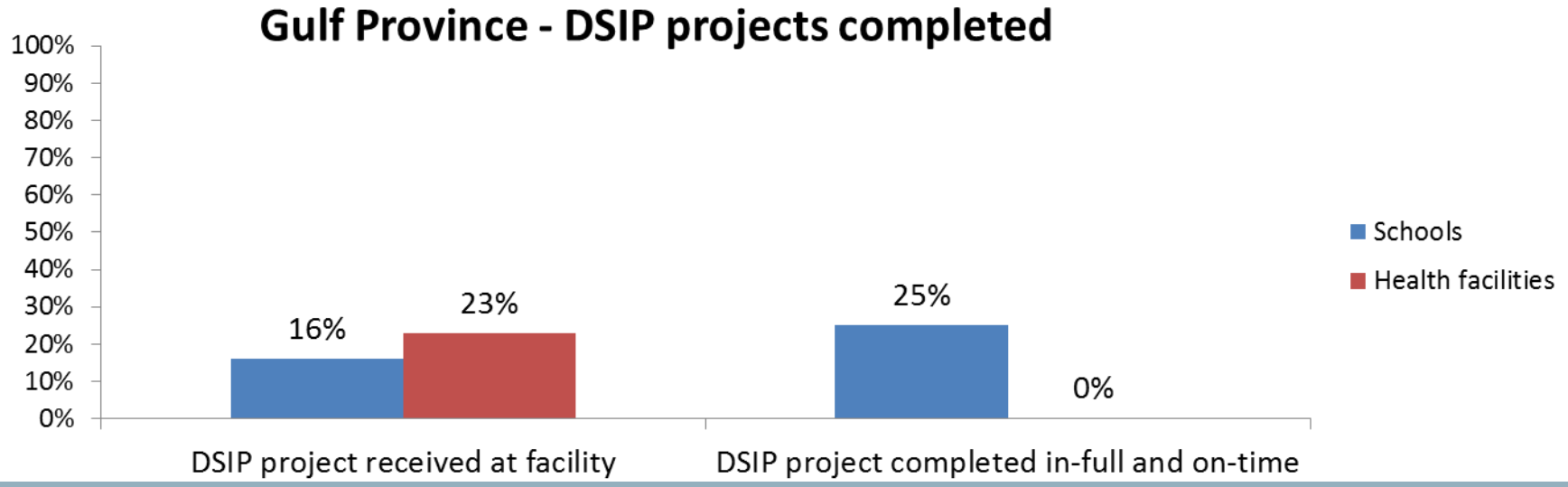


(Howes & Sofe 2014, PNG Budget Forum)

Was DSIP funding spent effectively? Perspectives of health facilities and schools




East New Britian - DSIP projects completed
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
36%
20%
80%
75%
DSIP project received at facility
DSIP project completed in-full and on-time
Schools
Health facilities


Gulf Province - DSIP projects completed
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
16%
23%
25%
0%
DSIP project received at facility
DSIP project completed in-full and on-time
Schools
Health facilities

DEPARTMENT OF IMPLEMENTATION AND RURAL DEVELOPMENT

PSIP, DSIP & LLGSIP

ADMINISTRATIVE GUIDELINES

1st JANUARY, 2013

INDEPENDENT STATE OF PAPUA NEW GUINEA

Provincial Services Improvement Program, District Services Improvement Program and Local Level Government Services Improvement Program Administrative Guidelines

This Administrative Guidelines issued for the Provincial Services Improvement Program, District Services Improvement Program and Local Level Government Services Improvement Program and issued as Finance Instruction 01/2013 dated 1st January 2013 by the Secretary for Department of Finance.

Endorsed Jointly by

Mr. Steven Gibson, ML
Secretary
Finance

Paul J. Sa'i, OBE
Acting Secretary
DIRD

Issued by

Manasupe Zurenuoc, OBE
Chief Secretary to Government

Responsibilities for SIP implementation