

How Provider Payment Approaches Affect Immunization Services

KEY POINTS

- * The methods used to pay health care providers to deliver immunization services affect the incentives providers have to make immunization a priority.
- * The most common provider payment methods are line-item or global budgets, fee-for-service payments, and capitation payments. Each method has strengths and weaknesses, so they are often combined or used with performance-based incentives. Some countries are experimenting with tying performance incentives to immunization coverage targets.
- * Performance-based payment for immunization has the potential to increase coverage, but results have been inconclusive in low- and middle-income countries. Sustainability is a concern when these programs are donor-supported.
- * The right mix of payment methods depends on the country context, so good monitoring systems are needed to track the effects of incentives on immunization.

FRONTLINE PROVIDERS SUCH as primary health care clinics are the critical final link in the chain of immunization service delivery. The way health care providers are paid to deliver immunization services affects the financing and staffing of service delivery as well as how actively providers work to ensure that the target population receives them. Purchasers, such as ministries of health or public insurance agencies, use a range of payment mechanisms to transfer funds to health provider institutions to deliver covered services. These payment mechanisms create economic signals, or incentives, that influence provider behavior—the volume of services they deliver, how they deliver them, and the mix of inputs they use. In the case of immunization programs, strategically designed payment mechanisms should create incentives for providers to achieve coverage targets and deliver high-quality services efficiently. On the other hand, poorly designed provider payment mechanisms with chronically low payment rates can put immunization services at a disadvantage compared to more highly paid curative services and contribute to underprovision of services and missed opportunities to expand coverage.

COMMONLY USED PAYMENT METHODS

Many countries still fund health service delivery through input-based line-item budgets—giving health facilities specific budgets for staff, utilities, equipment, and so on. Line-item budgeting is often rigid and can create numerous inefficiencies and inequities in health service delivery. These budgets are often historically based and not aligned with the health needs of different populations. They often have a bias toward urban areas and tertiary facilities that leaves primary health care, and particularly preventive services such as immunization, underfunded. It is often difficult to move expenditures across line items to meet service delivery needs. Finally, line-item budgeting does not allow for efficiency and quality incentives to providers.

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For these reasons, many countries are moving toward more strategic provider payment approaches that are based on outputs rather than inputs and that reward providers for productivity, quality, and efficiency. One payment type is fee-for-service, which pays providers by the individual service, such as each immunization delivered. Capitation (per capita) payment gives providers a fixed payment per enrolled person for a defined package of services for a fixed period of time. Immunization services are typically included in the defined package.

There is no gold standard or perfect payment method. Each method has strengths and weaknesses, and each can create adverse incentives and unintended consequences. Capitation payment can be more equitable and create incentives for providers to focus on prevention and keep the enrolled population healthy. But it can also lead providers to underprovide services once they have received their fixed payment, resulting in poor quality of care or excessive referrals. Fee-for-service payment, on the other hand, can increase access and use of priority services but also lead to cost escalation.

Many countries combine payment methods to create a *blended payment system*, or *mixed model*. For example, a capitation payment system for primary care can include a small amount of fee-for-service payment for priority preventive interventions (such as immunization) to counteract the potential incentive to underprovide services. In Romania, as part of a reform program to strengthen primary care and prevention, primary care providers received 60% of their revenue from capitation payments and 40% from fee-for-service for priority services including immunization.

Any payment method can also be combined with specific performance-based rewards or penalties; this is known as *pay-for-performance (P4P)* or *results-based financing (RBF)*.

Performance incentives can be tied to immunization coverage targets. In Estonia's social health insurance system, capitation payment for primary care is combined with a pay-for-performance program that provides additional financial incentives for achieving immunization coverage targets.

PAY-FOR-PERFORMANCE

P4P mechanisms are used in health systems in all regions of the world by countries at all income levels. The aim is to create financial incentives that encourage better quality of care and coverage of high-priority services such as immunization. In many low-income countries with largely public service provision and health personnel who are salaried civil servants, P4P is often introduced to address low productivity and inadequate coverage of priority services, including immunization. For example, P4P programs in Afghanistan, Burundi, and Rwanda pay providers a per-service bonus on top of their line-item budgets, adjusted by a quality score, for delivering a set of priority services that includes childhood immunization.

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Despite the widespread use of P4P, there is limited evidence on its effects on health service delivery and population health outcomes, and the evidence that is available remains mixed. This is also true for P4P efforts aimed specifically at improving immunization coverage. Evaluations of P4P programs in Afghanistan, Burundi, Rwanda, and Tanzania show no significant effect on coverage of childhood immunization. P4P programs in low-income countries also tend to be donor-driven, which gives rise to concerns about sustainability.

P4P has been linked to increases in childhood immunization coverage in some higher-income countries, however. A study of 11 P4P programs in Organisation for Economic Co-operation and Development (OECD) countries found that P4P programs in Estonia and New Zealand resulted in modest increases in coverage rates for childhood immunization.

IMPLICATIONS FOR IMMUNIZATION

How providers are paid to deliver services affects the mix of services they deliver and how they deliver them. Payment systems must therefore be carefully designed and combined to ensure that immunization services are rewarded and not neglected by providers in favor of other, more highly paid, services. Singling out immunization for fee-for-service payment or providing bonuses for achieving immunization coverage targets may encourage providers to focus on immunization. But the evidence is inconclusive, particularly in lower-income countries, and P4P programs in particular may create sustainability concerns when they are donor-driven. The right mix of payment methods depends on many contextual factors in the country, so good monitoring systems to track the effect of incentives on immunization are essential.

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SOURCES AND FURTHER READING

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