Fact sheet 3

Contracting process

Definition

Contracting, within a Social Health Protection (SHP) – Universal Health Insurance (UHI) framework, makes it possible to lay down rules to clarify the rights and obligations of the signatory parties with regard to the provision of benefits or services. This makes it possible to organise the purchase of services from care providers, to carry out a real audit of invoices, to intervene in the quality of care and to ensure the defence of patients' rights.

Parties involved, roles and responsibilities

Contracting is best done between:

1. The **service providers** who deliver the services
2. The **national regulator or authority** that sets the normative framework for services by providers: rates, service packages, eligibility criteria, accreditation systems; while aiming at universal health coverage
3. **The insurer-auditors** who ensure the pooling of financial resources, the receipt of invoices, the verification of services, the reimbursement of benefits, the satisfaction of users or members, the respect of patients' rights, the quality of services;
4. The **funder(s)** who ensure(s) the availability of funds, through taxes, levies, contributions or a mix.

The most important formal contract is between the regulator/insurer (often the same instance) and the provider. It is at this level that Social Health Protection takes shape.

Eligibility of service providers

With a view to selecting eligible care providers, prerequisites for defining eligibility criteria under a financing mechanism must be established by the SHP/UHI.

In the first instance, the focus is on public or 'private not-for-profit' health facilities because they are more accessible from a political and technical point of view. Care packages are defined and management procedures and information sharing are already established, although often not properly implemented. Private for-profit institutions are more expensive and more difficult to control and therefore more complex to contract.

For the public sector, the following criteria must be met:

- Have adequate management bodies in place
- Have transparent financial management and a bank account for traceability
- Have the minimum necessary competent staff
- Commit to the country's standard quality standards and management protocols
- Submit to controls and inspections.

Eligibility of services

The services will be eligible under the following framework:

- The package of services covered is dictated by the national regulator or authority and depends on the level of funding available and the institutional capacity
- In general, for emerging UHI, the Minimum Activity Packages (MAP) and the Complementary Activity Packages (CAP) will be covered systematically at Health Centre and District Hospital levels respectively. Depending on the financial and organisational means, SHP/UHI may decide to gradually expand the care package covered
- Medical evacuation should be included in the package in order to reduce critical waste of time:
- The specific payment/reimbursement terms are negotiated by the insurer-auditor and are in principle similar throughout the country.

Modalities and essential phases

For contracting, it is essential to define:

- the content of the services from a quantitative and qualitative point of view according to applicable medical standards and guidelines
- standardised, transparent, preferably flat rate pricing
- the conditions for reimbursement of services, including the application of financial penalties. The reimbursement rate must be high enough to be considered real 'protection' and should cover at least 80% of the bill

- monitoring and evaluation mechanisms, including financial audit
- the arbitration mechanisms of these contracts at each level.

The contracting process at local level

In most countries, health centres (first line of care) and district hospitals have no legal personality. Moreover, they often do not have the required advanced financial management skills for contracting in a UHI framework. An approach contracting a district management team, which represents all the health facilities in the district, is preferable. This means that the district management team is responsible for signing and respecting the contract it signs in the UHI framework. The network of health centres and the district hospital are contracted indirectly.

Further advantages of contracting the district management team:

- The insurance reaches the entire district
- The position of authority of the district management team is strengthened

On the other hand, each health facility concerned must be considered individually when it comes to financial management (inputs and outputs).

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