



# Masterclass: Public-Private Contracting for HIV and Other Essential Health Services

*Prepared for: NAME*

*Location/sponsor*



DATE



## An opportunity for public-private contracting to support national HIV programs

- In many countries, national HIV programs are delivered mostly in public health facilities. Challenges that can arise include:
  - Overstretched public health workforce
  - Long wait times and congested health facilities
  - Insufficient resources to meet demand
- The private health sector has human, financial, and other resources that can support the national HIV response. These are largely untapped.



## Challenges for public-private contracts to purchase HIV services

- HIV services perceived as public sector program
- Limited incentives for private sector to invest own resources
- Restrictions on charging for HIV-related products and services in the private sector to facilitate equity
- Limited private supply chain for HIV-related inputs in many countries due to small private market and abundance of donated products
- Payments must be adequate: private providers need to cover cost of service provision

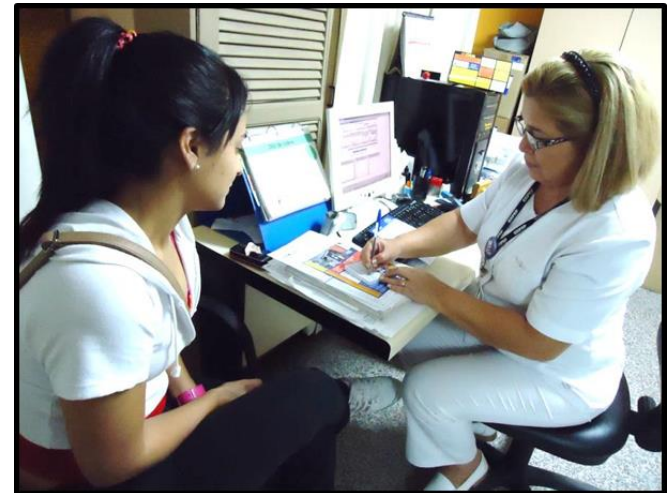


The facilitation team [placeholder]



## Session agenda

- Motivation for public-private contracting
- Principles of contracting, and the SHOPS Plus contracting lifecycle
- Learning activities
- Wrap up





# Training objectives



- Overall: build understanding of public-private contracting for core health services, and build skills to assess, design and manage contracts
  - Articulate how contracting supports objectives of purchasers and providers
  - Understand contracting lifecycle
  - Identify obstacles/solutions to create and sustain public-private contracts
  - Know where to go for additional resources



# QUIZ on contracting





# QUIZ

1. Three common dimensions of universal health coverage (UHC) include:
  - a) Financial protection, facilities included, payment mechanisms
  - b) Payment mechanisms, financial protection, services covered
  - c) Population covered, financial protection, services covered
  - d) Population covered, financial protection, facilities included







## QUIZ

### ANSWER

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*UHC focuses on increasing the proportion of people able to access a greater range of services without financial hardship.*





# QUIZ:

2. Which of these entities might purchase services from private providers?
  - a) Government purchaser
  - b) Private employers
  - c) Private insurance companies or medical aid schemes
  - d) Donors
  - e) All of the above



## ***ANSWER***

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# QUIZ

3. Why might a government purchase health services from a private provider?
- a) Increase the number of service delivery sites in underserved areas
  - b) Help government respond to a health crisis
  - c) Reduce burdensome out-of-pocket costs to clients
  - d) Help Improve efficiency in the health system
  - e) All of the above



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# QUIZ

4. Government contracting with private health sector may support UHC by:
- a) Encouraging efficient use of financial resources
  - b) Establishing a range of services that each provider must offer
  - c) Expanding access to subsidies and reducing financial barriers for underserved groups
  - d) Increasing the number of health facilities delivering covered services
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## ***ANSWER***

4. Government contracting with private health sector may support UHC by:
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# QUIZ

5. Purchasers can face challenges contracting with private providers because:
- a) Private sector is large and fragmented, with limited information to describe it
  - b) Providers are accredited
  - c) Purchasers lack sufficient resources to pay private providers enough to cover their costs and make a reasonable return
  - d) A and C
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## ***ANSWER***

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# QUIZ

6. Why might private providers contract with governments?
- a) Expand their client base and serve their community
  - b) Improve their legal expertise
  - c) Tap into new revenue streams
  - d) A and C
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## ANSWER

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*Contracts can help providers gain new clients, access additional sources of revenue to expand their practices and service offerings, and contribute to health system goals for better health.*





# Contracts are legal instruments

- Set forth obligations, rights, and duties of the parties involved.
- Specify “gives and gets”
- Our focus: public-private contracting for health (purchaser and provider)
- Examples: service level agreement, lease, grant, franchising agreement





## Why contract?

- What motivates a government purchaser of health care to contract with a health provider?



- What motivates a private provider to contract with a government purchaser?



## Objectives of public purchasers

- Improve access, relieve pressure on public facilities
- Harness private sector expertise and resources
- Improve efficiency and responsiveness
- Increase financial protection of citizens
- Avoid controversial, culturally sensitive issues (e.g., family planning)





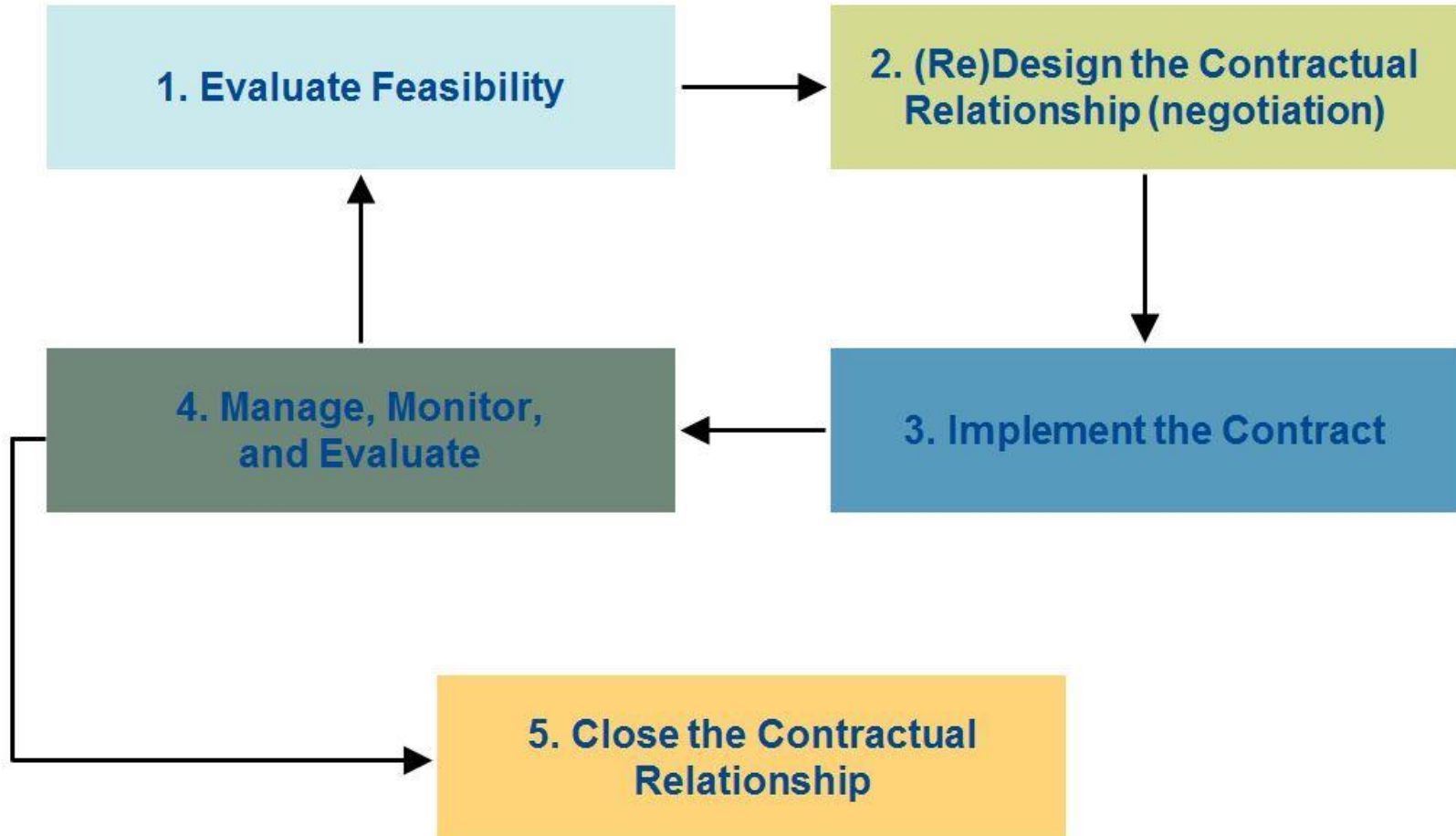
## Objectives of providers

- Increase revenue; establish regular income source
- Expand and maintain client base
- Increase operating efficiency
- Fulfill social mission





# The contracting lifecycle

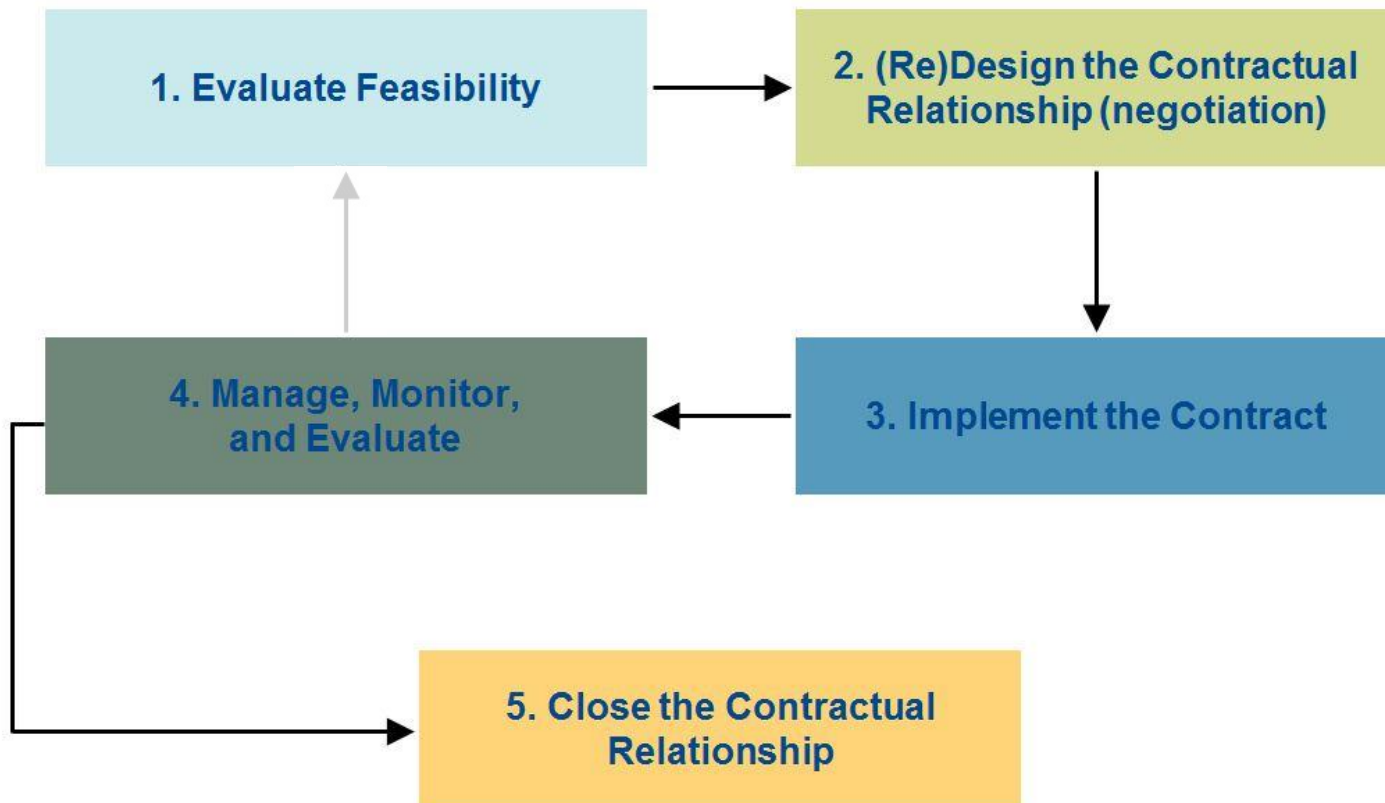






# The contracting lifecycle

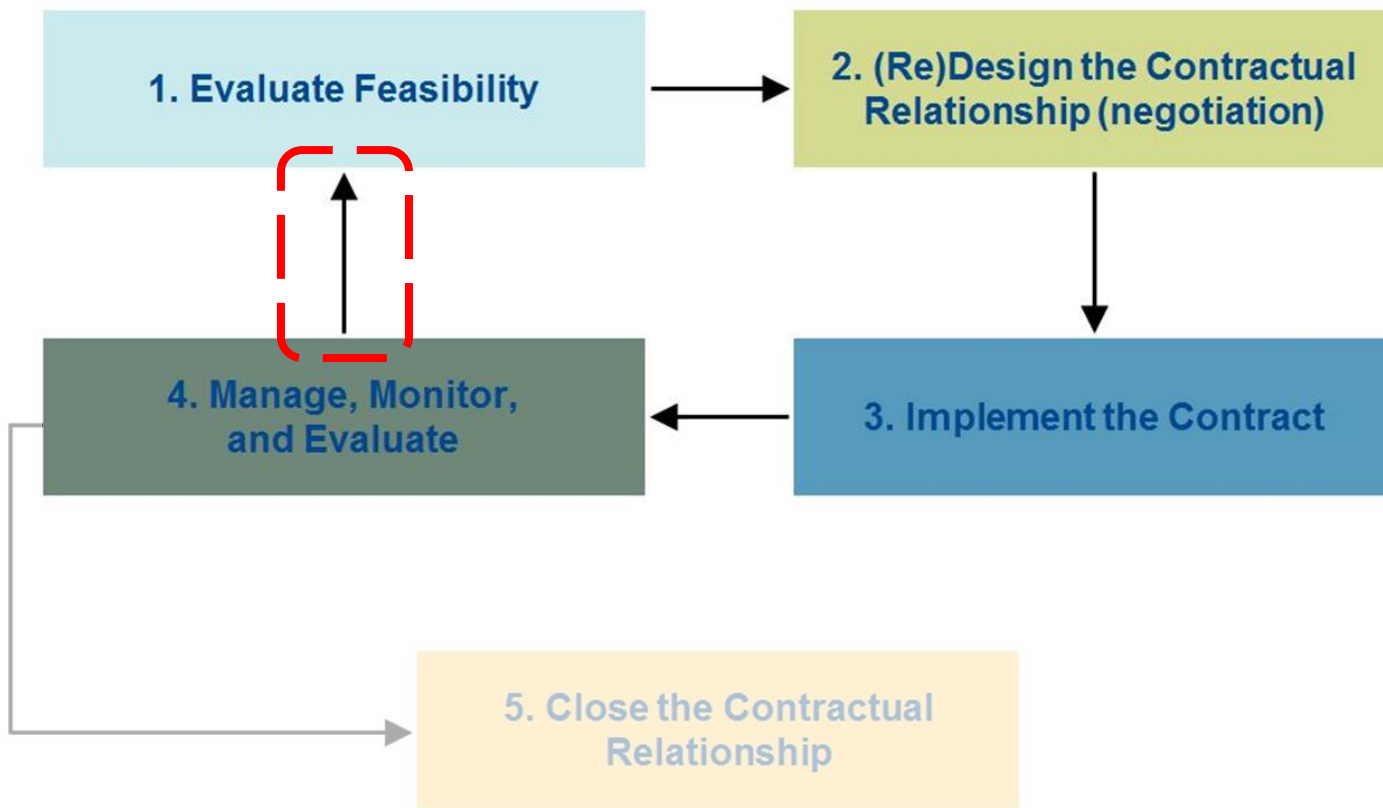
Contracts can follow a “one cycle” pathway





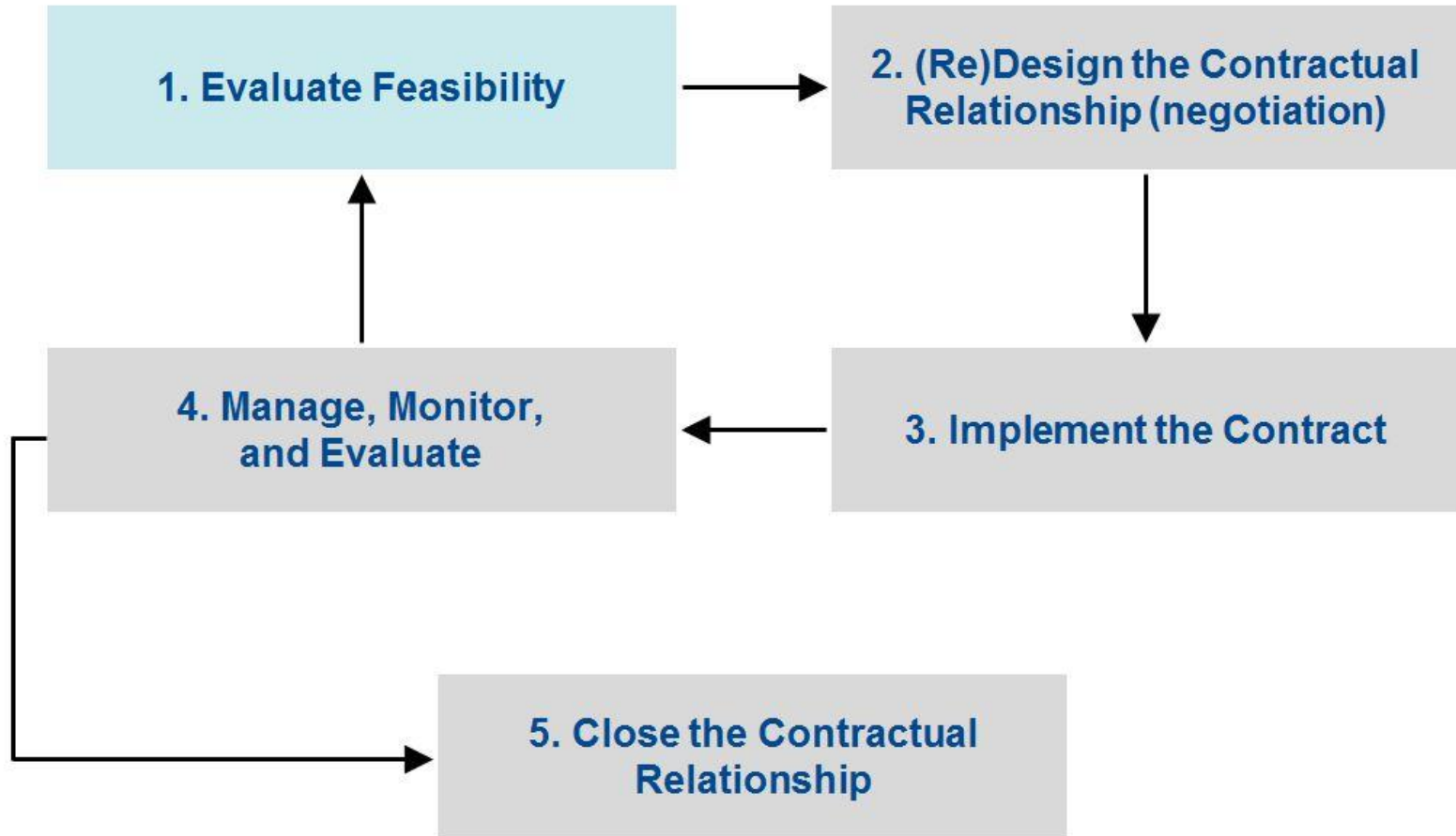
# The contracting lifecycle

...or a repeating cycle





# Stage one: Evaluate feasibility





## Stage one: Evaluate feasibility

- Assess internal, external environment
- Analyze strengths, weaknesses, opportunities, and threats (SWOT analysis)
- Understand payment mechanisms
  - Fixed rates, results-based payments, or capitation are replacing grants, input-based, cost-based agreements



## Stage one: Evaluate feasibility

Example: provider internal assessment

- Service offering
- Management capacity
- Cost structure
- Social/other goals





# Example of SWOT analysis

**Scenario:** A ministry of health is considering whether to purchase laboratory services from private providers

## STRENGTHS

- Courier service across network of locations
- Generally well qualified laboratory staff
- Capacity in laboratories

## WEAKNESSES

- Cost may be higher
- Limited oversight of quality
- Need reporting mechanisms

## OPPORTUNITIES

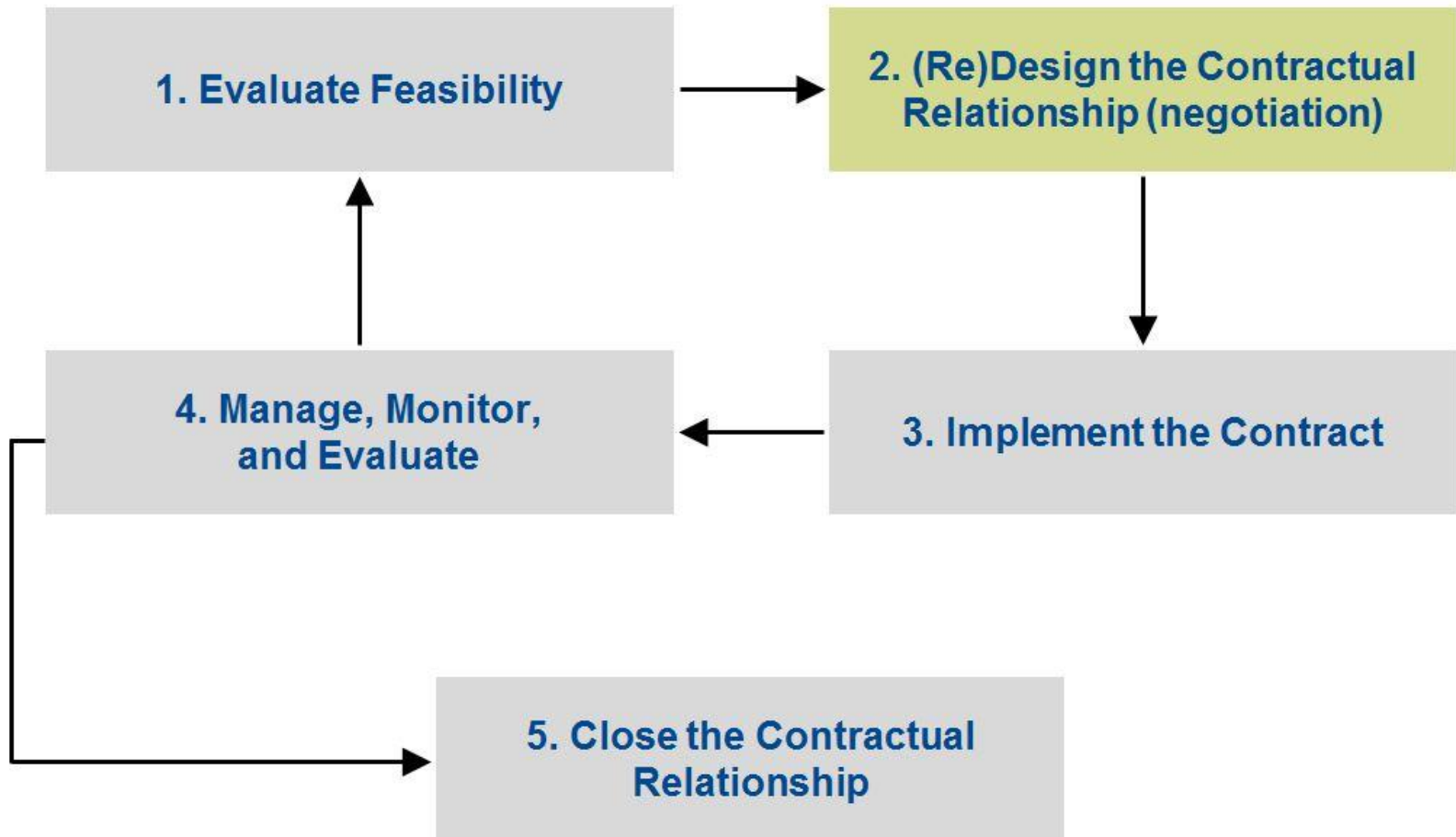
- Growing demand for laboratory services
- Relieve pressure on public laboratories
- Improved turnaround time

## THREATS

- Security of data and patient confidentiality
- Public laboratories may be used less—may reduce need for lab staff



## Stage two: (Re)design the contractual relationship





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Stage two focuses on negotiation

- Payment mechanism and rates
- Covered services
- Monitoring and reporting
- Accreditation (quality)
- Dispute resolution
- Termination terms







## Case study on public-private contracting

- Takes place in country of Maryland
- Involves the Ministry of Health and the Health Association of Maryland (HAM)

### Instructions:

*xx minutes*

- Read case and accompanying instructions
- Exercises, followed by discussions
- Discuss key takeaways





## Exercise: Evaluate feasibility

- How did the government identify a potential contracting partner?
- How did the provider find out about the contract?
- Carry out a SWOT analysis on behalf of one party
- Share own experience
  - Identifying contracting partners
  - Assessing contracting partners
- Discuss how to apply in own work

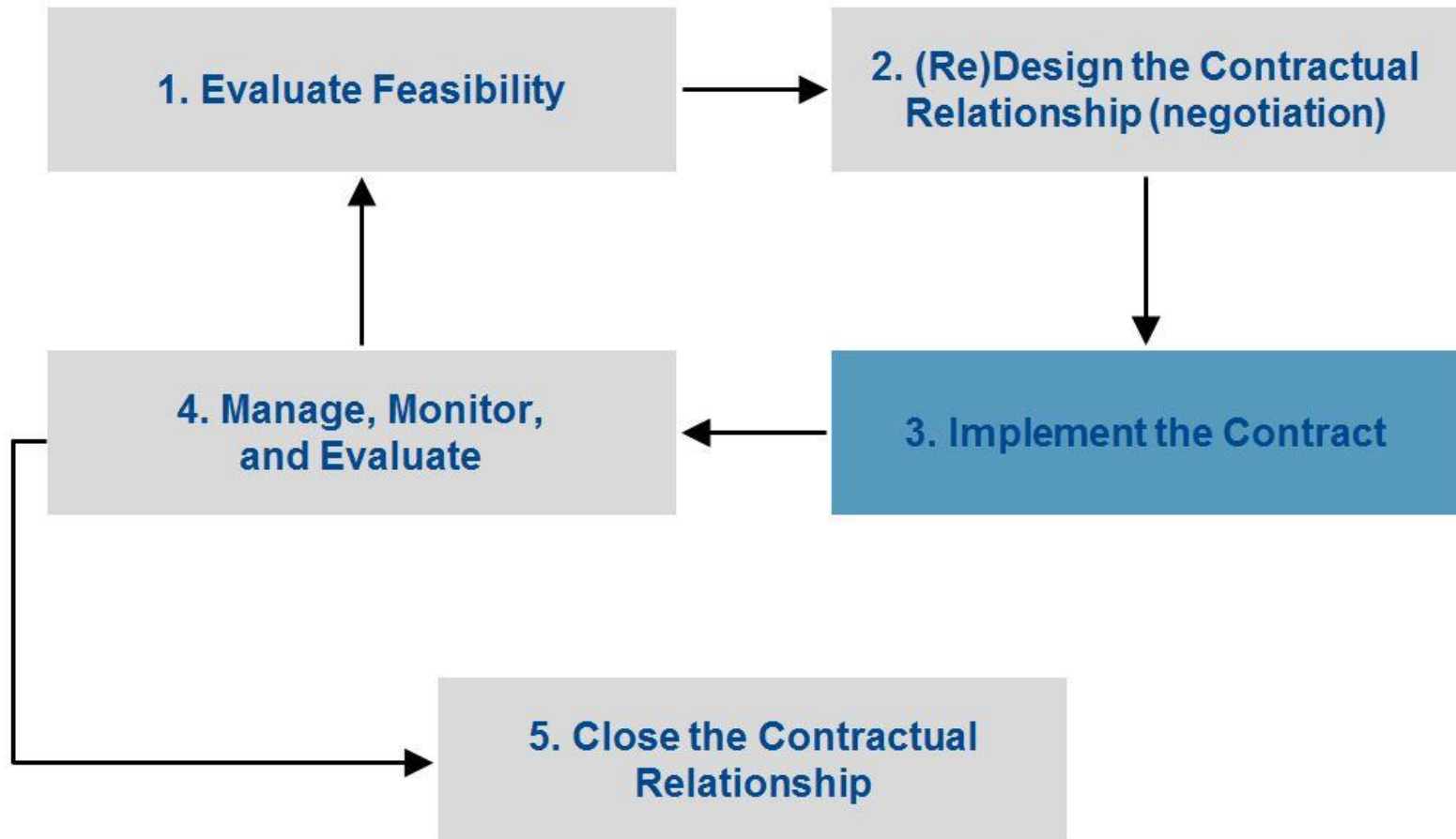


## Exercise: Role plays (negotiation, management scenarios)

- Small groups represent:
  - Purchaser
  - Provider
- Others will be observers



## Stage three: Implement the contract





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Purchasers need to partner with service providers to ensure they:

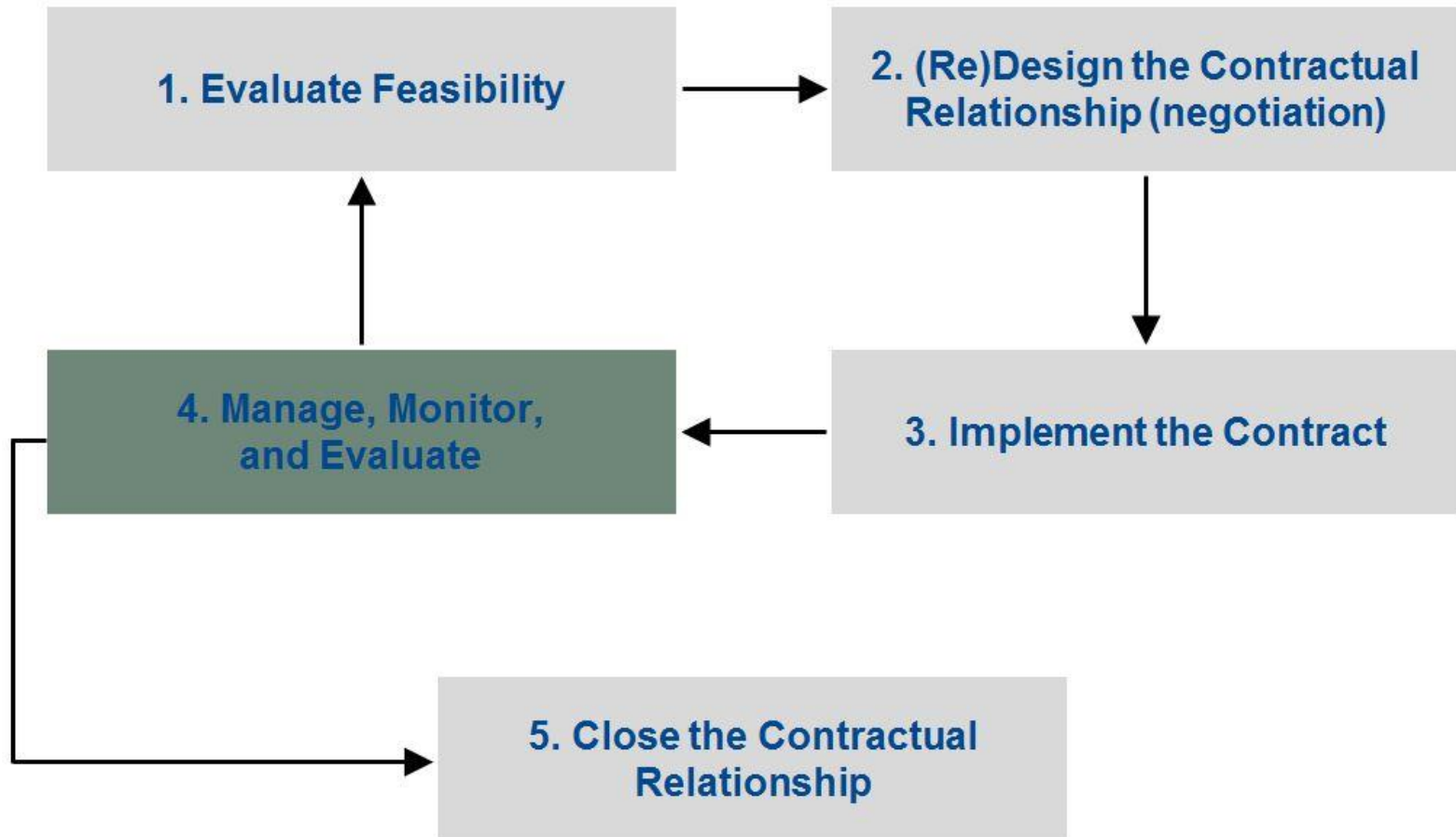
- Train staff for new roles and procedures
- Ensure adequate resources
  - Staff
  - Supplies
  - Equipment
  - Educational materials



*Relationship management is key!*



## Stage four: Manage, monitor, evaluate





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### Managing matters

- Purchaser
  - Assess quality of services
  - Verify invoices
  - Assess efficiency of providers
  - Monitor cost and timeliness of payments to providers
- Provider
  - Submit invoices and claims based on services offered; monitor timeliness and adequacy of payments from payers
  - Inventory management, staffing



## Stage four: Manage, monitor, evaluate

- Establish procedures to track indicators and conduct audits:
- Clinical, utilization indicators
  - # of inpatient admissions, days
    - Average length of stay
  - # of outpatient visits
  - # prescriptions
  - % of target population reached







## Stage four: Manage, monitor, evaluate

- Establish procedures to track indicators and prepare for audits
- Non-clinical indicators
  - Client satisfaction
  - Costs (per day, per admission, per visit)
  - Timeliness, accuracy of reports





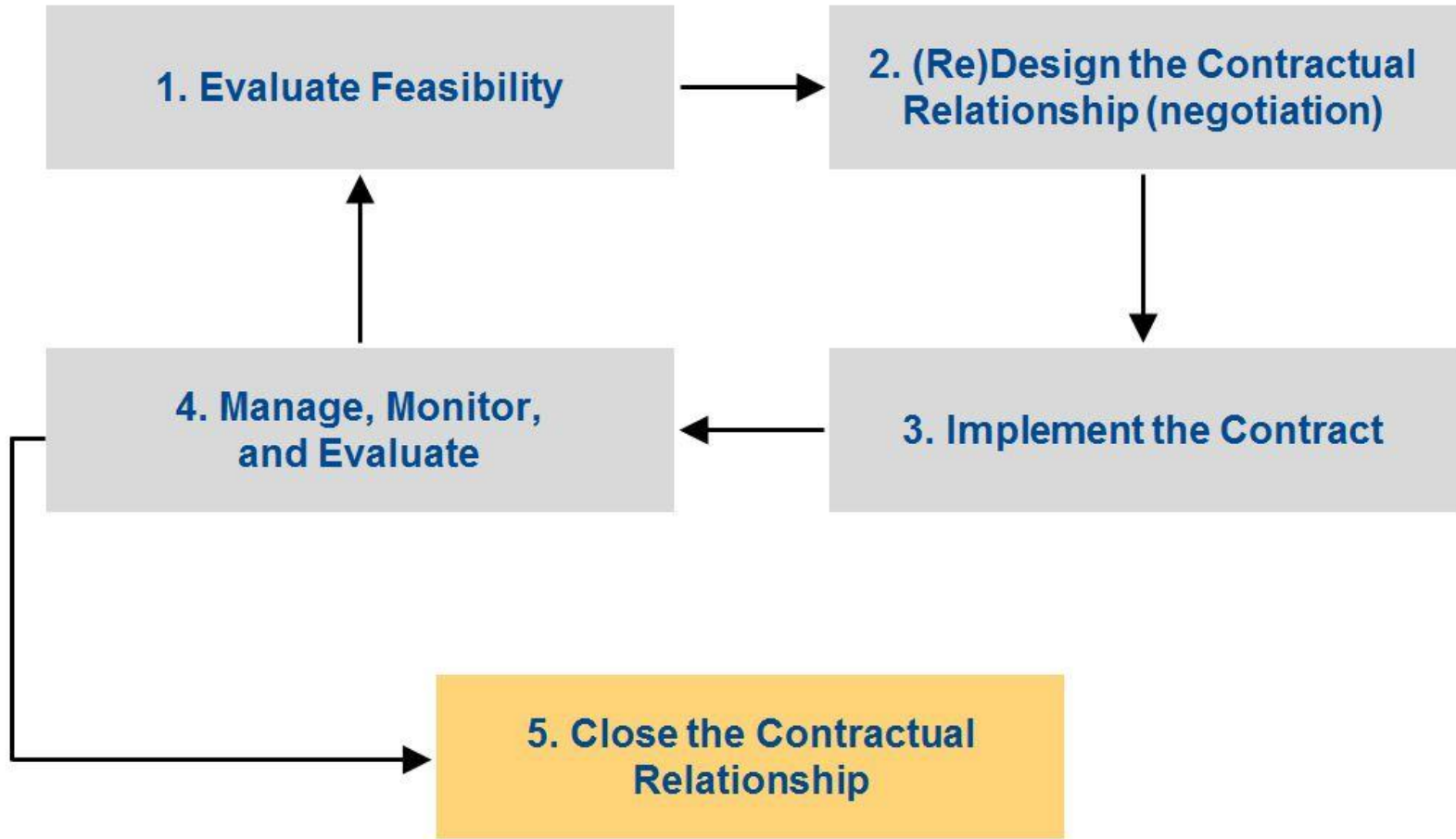
## Stage four: Manage, monitor, evaluate

- Common indicators for purchasers and providers:
  - Trends in utilization, service mix, quality, efficiency, cost, client feedback. Need aggregate and per-person, per-period statistics!
  - Timeliness, accuracy of claims (submission, payment), reporting
  - Outliers: high volume, high cost services and providers, best of class and adverse outcomes
- *Purchasers:*
  - Population health outcomes; spending versus budget; provider mix
- *Providers*
  - Financial performance (profitability); payer mix





# Stage five: Close the contractual relationship





## Stage five: Close the contractual relationship

Contracts can end in two ways:

- *Closure*: Contract ends as planned (prior agreement)
- *Termination*: Action taken to end contract before its full performance (unplanned); may be due to breach or non-performance



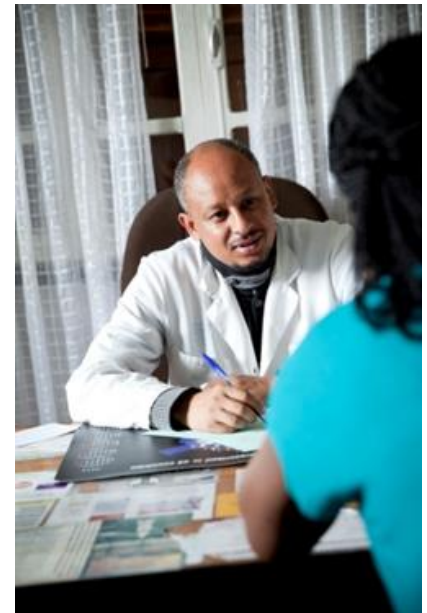
**NOTE**: Important to establish obligations under termination, including length of time to continue service delivery.



## Stage five: Close the contractual relationship

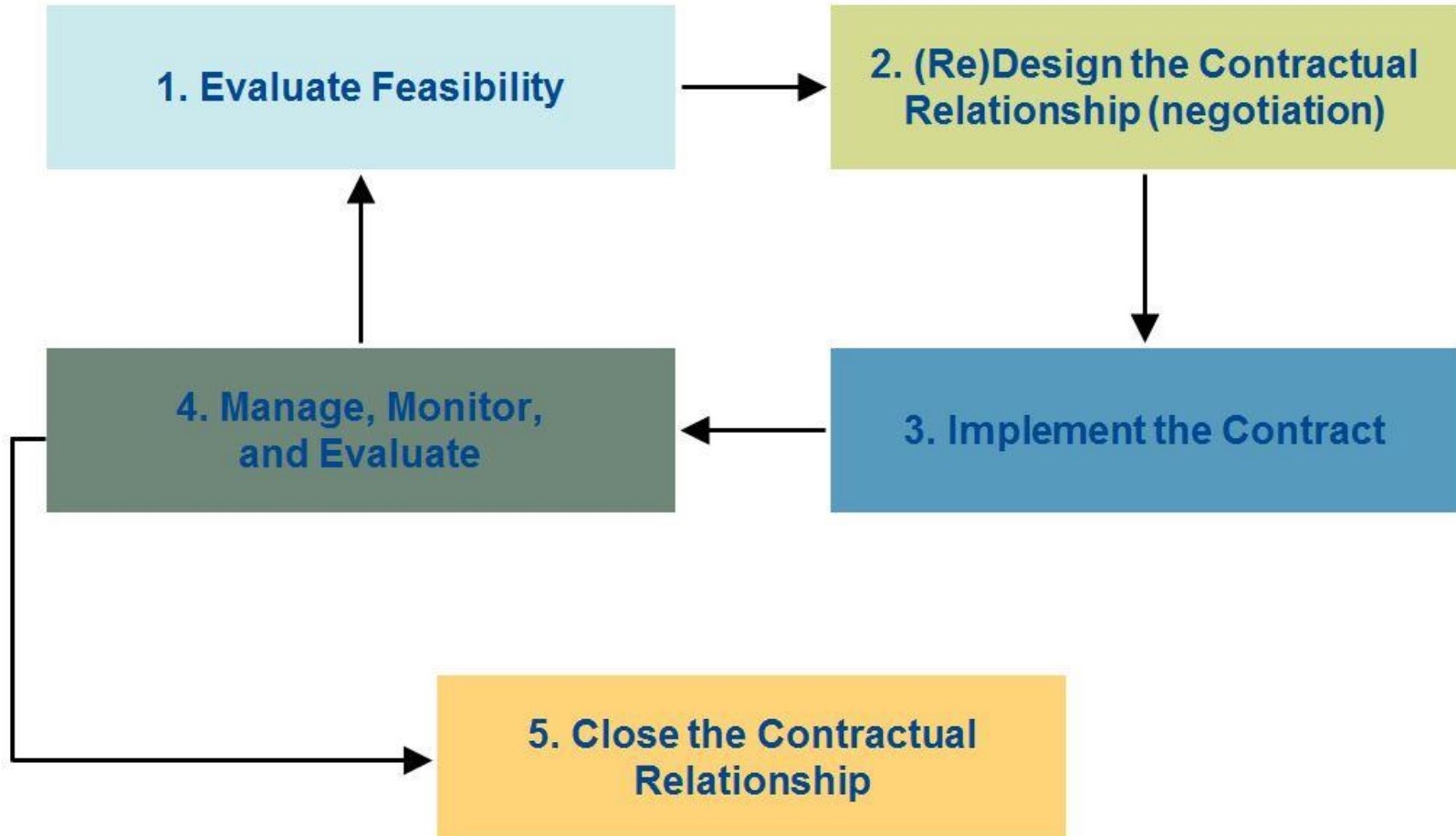
Tips to avoid/manage termination:

- Establish, maintain good relationship with regular communication—resolve issues early
- Establish a formal dispute resolution process
- Avoid backlogs, maintain staff and systems to administer contracts
- Consider provisions in contract for performance penalties, including ability to suspend/reinstate services





# The contracting lifecycle





## Exercise: Operations and management

- Use the case study to develop objectives for contracting for a health service of your choice
- From objectives develop indicators and identify their respective data sources
- Give examples of how you would use indicators for management decision making



# Pulling it all together







## Key takeaways

- Trend toward public-private contracting to expand access to care and increase financial protection through publicly financed programs
- Success in contracting occurs at all stages of the contracting lifecycle
- Variety of skills needed to succeed in establishing and maintaining contracts
- Invest in relationships
- It's a learning process!





## Wrap up and reflections

- Across the contracting life cycle:
  - What have I learned?
  - How can you support efforts to enter into and manage more public-private contracts (5 min).  
Note on card:
  - What additional support would be useful?



# SHOPS Plus has resources on contracting

- Two primers on contracting (focus on family planning/reproductive health)

- One for policymakers, donors

<https://www.shopsplusproject.org/resource-center/filling-gap-lessons-policymakers-and-donors-contracting-out-family-planning-and>

- One for providers

<https://www.shopsplusproject.org/resource-center/addressing-need-lessons-service-delivery-organizations-delivering-contracted-out>

- Online FAQ to complement primers at:

<https://www.shopsplusproject.org/contractingfaq>

- eLearning course at USAID Global Health eLearning Center:

<https://www.globalhealthlearning.org/course/contracting-family-planning-and-reproductive-health-services>



# The Contracting Lifecycle

Jeanna Holtz, Abt Associates

## Background

- Increased global commitment to achieve universal health coverage is fueling interest in public-private engagement (PPEs).
- Increasingly, donors and governments are purchasing health services through contracting mechanisms (insurance or voucher programs, direct contracts).
- Output-based payment mechanisms such as per-case payments or capitation are replacing traditional input-based payments (salaries, infrastructure).
- Skills across the contracting life cycle are essential for PPEs to succeed.
- Contracts follow a predictable cycle that may occur once or many times.

## Stages of the Contracting Lifecycle

### Stage 1

Take stock of potential contracting opportunities, analyze internal and external conditions, and decide which opportunities to pursue.

### Stage 2

Purchasers and providers negotiate and agree upon contract terms, including scope of services, payment method and rate, performance standards and reporting requirements.

### Stage 3

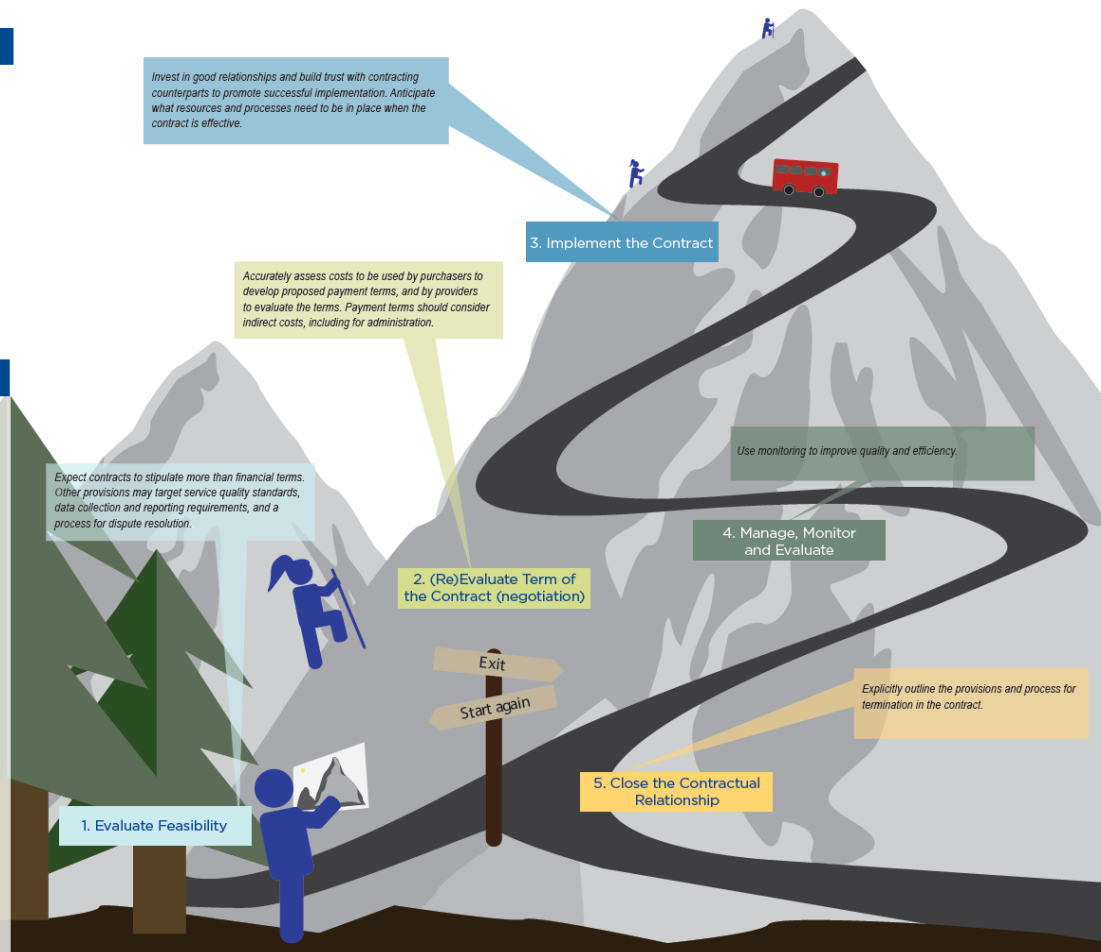
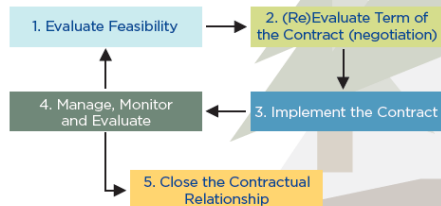
The contract becomes operational.

### Stage 4

Monitor contract performance against clinical and non-clinical metrics (e.g., utilization, cost, quality, efficiency, client satisfaction).

### Stage 5

A contract can end on a specified date, or when one party takes action to terminate it. Terminations usually occur when when one party is dissatisfied with the other party's performance.





# Evaluation

- Please share your feedback





*Thank you!*

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