

## Output-Based Aid in the Philippines *Public Health Project*



**I**n 2010 the Government of the Philippines launched a Universal Health Care initiative, which mandated the Philippine Health Insurance Corporation (PhilHealth) to provide health insurance coverage to all Filipinos, especially the poor. It also put in place measures to improve and accredit healthcare facilities countrywide. However, access to accredited healthcare providers and to health insurance has remained a challenge for the poor due to lack of financial resources, low levels of awareness, and the geographic remoteness of facilities in rural areas. Access was also hampered by low uptake among the local government units responsible for enrolling poor constituents into the insurance program.

Output-based aid (OBA) is a results-based financing mechanism that ties the disbursement of funds to the achievement of specified outputs. This OBA project was designed to support government commitments to improve

the health status of poor populations and to create incentives for accessing health care. The following note discusses the project's design, challenges specific to the operating environment, and the potential for incentives to trigger changes in health care services and outcomes, as well as in beneficiary behavior.

### Project Design and Implementation

In 2012, the Global Partnership on Output-Based Aid (GPOBA) approved a grant of \$3.6 million for this public health project to improve access to and uptake of quality health services, particularly in the areas of maternal and reproductive health, over a four-year period. The project centers on expanding insurance coverage amongst the poor and increasing the number of accredited health-care providers in five provinces of the Eastern Visayas region—Leyte, Southern Leyte, Samar, Northern Samar and Eastern Samar, which are some of the poorest parts

of the country. The project is implemented by Population Services Pilipinas Incorporated (PSPI) in collaboration with PhilHealth and the Department of Health. PSPI is a non-governmental organization working to improve maternal healthcare and family planning. The project has four main components.

1. **Upgrading of maternal healthcare facilities.** This component is designed to increase the number of qualified service providers in the project area by upgrading 45 existing private and public birthing facilities and providing training to enable the facilities to meet PhilHealth's Maternity Care Package (MCP) accreditation criteria. The upgraded facilities are vetted by PhilHealth, according to set clinical criteria. In order to qualify for accreditation, facilities must be licensed by the Department of Health and possess specified equipment, supplies, facilities, personnel and services. To address service quality issues, midwives are required to undergo project-prescribed training courses in maternal health, health facility management, and clinic training practicum; these are provided by certified facilitators retained by PSPI under a franchise arrangement.

The facilities targeted for upgrading are private midwife-owned birthing clinics and selected rural health facilities. PSPI pre-finances the capital improvements to the facilities and is reimbursed by GPOBA once the facility is accredited. GPOBA subsidizes \$12,680 of the estimated total cost of \$14,325 per health facility for equipment, facility upgrading, and accreditation support. Training costs are fully covered by the subsidy.

Accredited service providers maintain client records and send claims documents to PhilHealth. GPOBA disburses 50 percent of the subsidy upon confirmation by an IVA that PhilHealth's MCP accreditation and training criteria have been met, and 50 percent after the accredited providers have provided and billed services for at least three months. By the end of 2014, \$163,204 had been disbursed for the upgrading of 15 facilities under this component.

2. **Increasing enrollment of poor families in the National Health Insurance Program (NHIP).** This component aims to increase uptake of PhilHealth insurance coverage by households identified as poor by the National Household Targeting System. Although the Government of the Philippines was already committed at the national level to enrolling the lowest income quintile families, local government units (LGUs) were required to initiate the enrollment process and pay a share of the annual premium for enrolled beneficiaries. Originally, GPOBA subsidized the LGU share of the premium for two years for families in the two lowest income quintiles. By the end of 2013, the project had enrolled 52,412 families and paid premiums totaling \$293,507.

However, as a result of a subsequent policy change the national government now pays 100 percent of the health insurance premiums of the poorest two quintiles of the population. The project was restructured to accommodate this change, and activities were intensified that related to the urgent need to inform newly-entitled families of their insurance coverage and benefits by supporting PhilHealth's face-to-face awareness campaigns, locally known as *Alaga Ka*, and through radio and media outreach. These activities also encourage first contact with an accredited healthcare provider and educate the community about NHIP regulations so that these families may fully avail of their health insurance benefits.

3. **Patient voucher scheme.** This component was originally designed to complement and supplement PhilHealth coverage by subsidizing the required user co-payments charged by health care providers for maternal healthcare services. However, PhilHealth subsequently eliminated co-payments. In spite of this change, financial barriers to accessing formal healthcare still exist for poor families. This component has been redesigned as a voucher scheme aimed at encouraging mothers to access formal care by reimbursing them for non-service costs such as transportation and maternity-related items. The scheme will be piloted in the provinces of Western and Northern Samar. Vouchers will be sold to women on their first prenatal visit and during community activities run by PhilHealth, LGUs and the Department of Health. The voucher will cost \$1.20, and can be redeemed for a maximum of \$34 if all the incentivized services, namely pre-natal care, institutional delivery and post-natal care, are used by the patient. Vendors marketing the vouchers will retain the \$1.20 fee as an incentive. Upon IVA confirmation that mothers have accessed services, the OBA subsidy will be paid to PSPI; payment is prorated, with a maximum of up to \$36 if all services have been utilized.

4. **Program management fee.** As this public health project is being implemented by a private organization, an administration fee of up to 25 percent of the grant amount is paid to PSPI to cover the fixed and variable costs of implementing the project. These include activities related to voucher marketing and sales costs, voucher administration and billing costs, enrollment empowerment activities costs, and accreditation training and administration costs. PSPI also provides information to the targeted populations on maternal health and family planning.

As of the end of 2014, a total of \$1,033,919, or 28 percent of the original grant, had been disbursed to the project. Disbursement of funds is made only when outputs have been independently verified.



## Emerging Lessons

This project has been operating in a fluid and challenging environment. In November 2013, Typhoon Yolanda struck the Philippines, killing more than 5,000 people and affecting 9.7 million people. Eastern Visayas, where this project operates, was one of the worst affected. Additionally, significant changes in government health policy and legislation have occurred. Flexibility in project design, while retaining the original objectives of each component, has enabled adaptability to these changes and is key to achieving project goals. Of the 15 health facilities that had been upgraded and handed over at the time of the typhoon, 11 were either partially or totally destroyed. A one-time additional subsidy payment of \$94,000 was allocated to cover the cost of reconstructing these 11 facilities and having them re-accredited under PhilHealth's MCP.

The IVA has played a critical role in carrying out quantitative and qualitative assessments, and monitoring the progress of the project. Through a combination of interviews and document checks, the agent was able to confirm the extent to which typhoon-affected facilities had been upgraded and equipped in order to provide solid estimates for the one-time additional subsidy payments. Aside from



determining the physical accomplishments of PSPI, the IVA determined qualitative aspects of the project. For example, the IVA found that there was low knowledge retention among health workers being trained under the program, suggesting a need for follow-up sessions and on-the-job training. Despite these wide-ranging challenges, the project increased the number of quality service providers and expanded access to maternal and reproductive health services among poor populations.

## Next Steps

By supporting maternal health, safe deliveries and reproductive health services, the project may contribute to long-term positive health impacts, improved living conditions, and better economic status for low-income families. Close monitoring will show to what extent incentives created by the project have been able to increase utilization of health services by the target population.

If the voucher scheme is successful in incentivizing mothers to access formal care, PhilHealth is interested to continue financing it after the project closes, scaling it up and shifting the responsibility for implementation to LGUs.

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