

TECHNICAL COOPERATION PROFILE

AUGUST 20, 2009

I. BASIC PROJECT DATA

Region:	Latin America and the Caribbean (Regional)		
Program Name/Number:	Knowledge Network on Health Benefits Packages (RG-T1759)		
Project team:	Amanda Glassman (SCL/SPH), Antonio Giuffrida (SPH/CBR); Ian Ho-A-Shu (SPH/CTT); Ignez Tristao (SCL/SPH); Dorota Raciborska (SCL/SPH); Diego Buchara (LEG/SGO); and Martha Guerra (SCL/SPH)		
Date of request:	December 2008		
Beneficiaries:	Public and private health services insurers and purchasers in the Bank's borrowing member countries.		
Executing agency:	Inter-American Development Bank, through the Social Protection and Health Division (SCL/SPH); and the <i>Estados Unidos Mexicanos</i> through its Ministry of Health in connection with the activities to be carried out in Mexico.		
Financing plan:	IDB (Net income FSO – non-reimbursable):		US\$1,000,000
	Local (Brazil):		US\$135,000
	Total:		US\$1,135,000
Tentative dates:	Execution:		19 months
	Disbursement:		26 months

II. BACKGROUND

A. Capacity needed for the design and implementation of health benefits packages

- 2.1 Many countries in the region (Argentina, Bolivia, Chile, Colombia, the Dominican Republic, Mexico, Peru, and others) planning health system reforms are facing the complex challenge of designing health benefit packages (HBP) and the related issues of priority setting, costing, financing, and purchasing to improve quality and coverage from both public and private health providers. Countries are also seeking to expand coverage to historically under-served populations and to provide them with comprehensive HBP. To make these policies operational and even possible, improving health system regulation and supervision, and substantial additional financing are required. In addition, the web of fiscal rules and provider payments gradually incorporated into many health systems, accompanied by weaknesses in sector accounting, is making health policy design increasingly complex, limiting transparency, and unwieldy for analysis that could inform the design of HBP.
- 2.2 The design and implementation of HBP is fraught with technical, political and logistical complexities. Policy makers work under great time pressure and usually

have little time to analyze latest research or read technical articles. When they do, the translation of technical information into a practical roadmap is not trivial. Decentralized environments, while they bring management decisions closer to population needs, represent a special challenge for local policy makers who, for lack of adequate training and access to latest technical tools, struggle to adapt and implement national policy at the local level. Substantial know-how and practical experience with the design of HBP exist in Latin America, but remain in the hands of very few and dispersed professionals and policy research and consulting agencies, and without easy access to policy makers who would be able to utilize them. A program focused on linking policy and research on HBP, via individuals committed to knowledge sharing, can help bridge this divide.

B. Relation with Bank activities

- 2.2 **Relation with institutional strategies.** This project supports Bank strategies directed at Modernization of the State (GN-2235-1) and Social Development (GN-2241-1), in that it aims to strengthen decision-making capacity for major health investment decisions, such as those related to defining HBP. Information derived from financial and economic data is fundamental for effective and efficient governance of health systems and must be obtained and analyzed relatively quickly in order for it to be relevant. This project will generate access to technical expertise and guidelines on how to use this type of information as a direct input into designing HBP. Furthermore, the project will create a conduit for technical exchange between countries, which will in turn help construct analytical and intellectual capital and ownership of the reforms it fosters.
- 2.3 **Relation with sector strategies.** The organization and governance of health systems – deemed a public sector domain – are a challenge because, fundamentally, the distinction between essential, less essential, and non-essential/luxury health services is subject to debate, and, in absence of control measures, perceptions and incentives associated with production and consumption of medical goods and services tend toward the maximum. Furthermore, the impact of investment in health is extraordinarily difficult to attribute to specific health outcomes, and the relationship between inputs and outputs is notoriously non-linear. The Bank's Health Strategy (GN-2321)¹ aims “to reduce inequities in health status, by promoting as a priority access to health services for the very poor and socially excluded,” and to “improve health systems”. These objectives call for accurate targeting of spending and for investment in priority interventions that can offer maximum benefit per dollar spent. Through this project the Bank will support countries in designing financially sustainable policies and HBP.
- 2.5 **Related Activities.** The proposed project will complement regional innovations on metrics and evaluation led by the Observatorio de la Salud (OS) based in Mexico, particularly in the areas of burden of disease estimation, national health expenditure accounting, and financial protection. The project will also complement the work of the Latin American Evidence Informed Policy Network supported by PAHO that

¹ Health Strategy Profile, <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1481952>

seeks to promote the use of scientific evidence, particularly epidemiological and related evidence in health policy formulation in the Region.

III. PROJECT OBJECTIVES AND DESCRIPTION

A. Project Objectives

- 3.1 The overall objective of the project is to improve HBP design, pricing, adjustment and purchasing practices in Latin America and the Caribbean, with the goal of improving health system performance. The mechanism to achieve the project objective is the creation of a Latin American network of institutions and experts—“knowledge brokers”, who are the source of strategies and tools for the design of HBP—and to link it with a network of policy-makers, the goal being a sustained, bidirectional flow of knowledge and experience.

B. Beneficiaries

- 3.2 Typically, technical staff and political leaders have little opportunity to learn about experiences elsewhere and adapt some of these to their reality. As a result, they take greater than necessary risks in regard to the technical and political feasibility of a comprehensive reform. By analyzing their own experiences and learning from the experiences of other countries in the region, policy-makers should be able to make better decisions using proven methods and best practices in the area designing HBP. Significant potential benefits of the program relate to the expanded use of evidence and information in the design of HBP, and, through that, in health systems policy-making, policy implementation, and management of health services in general.

C. Components

1. Component 1: Building the evidence base

- 3.3 The objective of the component is to create a regional network of experts, institutions, and policy-makers working on the design, pricing, adjustment, and purchasing of HBP, including its three key elements: (i) cost-effectiveness analysis; (ii) cost-impact analysis; and (iii) estimating/setting and adjusting unit costs for HBP services. Internationally and nationally recognized health system planning, economics and management experts from academic institutions, think tanks, government agencies, and others from across the LAC region, will be invited to form the Knowledge Network on HBP (KNH) and agree on a work plan. The KNH will meet at least three times at Regional Meetings and will collaborate virtually, in order to: (i) review research results (see below); (ii) adapt specialized analytic tools for the use by policy-makers in the design of HBP; (iii) assess the technical assistance needs of countries in the Region; and (iv) develop a medium-term work plan for the KNH. Consultants will be hired in participating countries and internationally, to work with local think tanks and government agencies to consolidate and systematize knowledge on the legislative, financial, data collection and management practices in the region relevant to the design, pricing, adjustment and purchasing of HBP and their impact on health system outcomes, sources of revenue and patterns of expenditure over time, identifying key vulnerabilities and

limitations, particularly in implementation. Where gaps are identified in current practices,² analytical work and knowledge-building sessions will be carried out to meet immediate needs, share international experiences and develop analytical tools required for appropriate HBP design. International experiences of particular relevance to the region's health systems will be reviewed, and learning and technical assistance opportunities pursued.³

- 3.4 The goal is to create a body of knowledge on practices and tools in the area of the design, costing, pricing, adjustment and purchasing of HBP, and to publish articles based on research findings. Throughout the first component, research results will be formatted into a "live" collaborative knowledge base, with links to a variety of resources, including publications, annotated bibliographies, web pages, manuals, and examples of current practices, including country case studies, which will be housed on the Bank's website. Included on the website will be also a list of professionals with relevant global experience, and a set of practical tools, such as survey instruments, algorithms for priority setting, instruments for measuring cost effectiveness, formulae for geographical allocation of resources and risk adjustment of premiums, tools for costing of interventions, and others.
- 3.5 The Ministry of Health in Mexico will identify, hire, and supervise consultants in: (1) developing and publishing at least four articles on agreed priority topics; (2) identifying three candidates for scholarships; (3) helping plan and organize Regional Meetings; and (4) providing any additional logistic support needed.
- 3.6 Expected outputs include: the KNH, with 10-12 members with a governance structure and a medium-term work plan; three Regional Meetings and meeting archives; a webpage on the design of HBP, with repository of research results, including links, articles, and implementation tools; at least eight research papers; and an agenda for further research and pilot studies.

2. Component 2: Translating evidence into health policy

- 3.7 The second component, to be initiated following the first Regional Meeting of the KNH, will: (i) establish a policy-maker peer exchange network; (ii) create a mechanism for knowledge exchange among policy-makers and with the KNH; and (iii) demonstrate the benefits of using the tools consolidated under Component 1.

² Pre-identified gaps include: (i) future demographic, technological and epidemiological trends as input into the design and adjustment of HBP; (ii) the relative scarcity of continuous price and cost information in the public and private sectors, which would allow for more informed purchasing and better results; (iii) the use of ad hoc contractual instruments to purchase health services, usually on a fee for service basis, limiting the public sector's ability to obtain better quality and health impact from its purchasing; and (iv) the absence of a publicly-vetted process for priority-setting within HBP, which has resulted in a barrage of legal challenges by individuals contesting coverage that threatens the fiscal sustainability and effectiveness of the health system.

³ The UK National Institute of Clinical Excellence (NICE), a public agency charged with evidence-based priority setting and the definition of protocols in the UK National Health System is one such experience. NICE's work incorporating principles of transparency, contestability, inclusiveness, and responsiveness in each decision making model are relevant to regional health systems facing legal threats; its tools related to health technology assessment and critical appraisal are useful to assist in decision-making on funding priorities.

Health policy makers throughout the region will be surveyed about their technical needs in regard to designing and implementing HBP, and will be invited to become members of network, to contribute their experiences and questions throughout the project, and to participate in the Regional Meetings. Using “pilot” cases—real-time, concrete examples—and interactive virtual technologies such as blogs, KNH and consultants will demonstrate findings from Component 1, and will guide network members in the step-by-step application of tools to solving problems commonly encountered in the design of HBP (adjustment, pricing, costing), and examining the fiscal and budgetary constraints and incentives around their provision. The public will be able to view these on-line demonstrations free of charge.

- 3.8 Mexico will carry out the following activities: (1) assess information needs via interviews with policy-makers; (2) identify members for policy-maker network; (3) prepare a country case study and an annotated bibliography on HBP; and (4) help develop curriculum for training workshops, identify participants, and hold and evaluate training activities.
- 3.9 Expected outputs: The KNH with at least 20 members; an Internet-based knowledge exchange and communication tool linking the KNH and the policy-maker network; a minimum of three real-life case studies demonstrating the application of tools collected in the first component; a survey of country technical assistance needs; and a dissemination strategy for project products.

IV. BUDGET

- 4.1 The total cost of the program is estimated at US\$1,135,000, with US\$1,000,000 to be financed on a non-reimbursable basis with the net income of the Fund for Special Operations. The remaining US\$135,000 will be provided in kind by Brazil as local counterpart.
- 4.2 Below is a summary table of the project budget. See Annex I for detailed budget.

SUMMARIZED BUDGET (US\$)	
Item	Cost
Personnel	604,000
<i>International</i>	334,000
<i>Brazil</i>	135,000
<i>Colombia</i>	135,000
<i>Mexico (incl. audit)</i>	140,000
Travel	108,500
Meeting Costs	67,500
<i>Training workshops</i>	22,500
<i>Regional meetings</i>	45,000
Consultants	43,000
Contracted Services	50,000
Office Space, Supplies, & Equipment	57,000
Subtotal	930,000
<i>Contingencies (6.5%)</i>	65,000
TOTAL	<u>1,135,000</u>

V. EXECUTION

- 5.1 The regional scope of the project requires an executing agency with a regional reach and capacities. The Bank is the best suited to provide execution coordination and oversight, and to support KNH members in pursuing sustainable funding options. With respect to the activities to be implemented in Mexico identified in paragraphs 3.5 and 3.8, the Ministry of Health which has proven institutional and financial capacity will be responsible for implementing those activities as well as to provide technical support and supervision. Bank resources allocated to carry out the activities in Mexico will be subject to the prior signature of a Technical Cooperation Agreement between the Bank and Mexico.
- 5.2 **Technical and Basic Responsibility.** SCL/SPH will hold the technical oversight and basic responsibility for the project. SCL/SPH will be responsible for disbursements related to project staff in Washington, DC, travel, events logistics, training, and publications (paper and Web).
- 5.3 **Execution Mechanism.** The program will be implemented with the support of technical and administrative consultants in the participating countries and identified by counterpart government institutions. Washington-based staff will include: a project manager, a research assistant, a knowledge management expert, and a Web editor.
- 5.4 The Bank project team, composed of Bank staff and project personnel (consultants), will undertake the following activities: (1) define the scope of work and timeline for project activities; (2) contract consultants; (3) produce and publish core project papers and other materials; (4) manage and implement core project activities, such as research, development of the web site, and participation in Regional Meetings; (5) help identify and recruit CPEG members; (6) in collaboration with country partners develop curriculum and contract consultants for the training workshops; and (7) link research and policy analysis undertaken by the project, with donors and international agencies, and with expertise of OECD countries in health systems and economic policy.
- 5.5 Consultants hired for the program to support the participating country institutions will undertake the following activities: (1) carry out and publish an assessment of information needs via interviews and surveys with policy-makers; (2) collaborate with a national university to identify potential candidates for scholarships; (3) develop working research papers on agreed priority topics and write at least four editorials, magazine articles, etc.; (4) prepare country case studies on agreed priority topics; (5) plan and organize Regional Meetings and training workshops; (6) tailor and further develop curriculum for training workshops, identify participants, and hold and evaluate training activities; (7) provide any additional logistic support needed.
- 5.6 **Execution Period and Disbursement Schedule.** The execution period will be 19 months, while the disbursement period will be 26 months.

- 5.7 **Program Implementation Readiness.** Letters of commitment to the program have already been received from the governments of Brazil, Colombia and Mexico, as those countries will be the major contributors to, as well as major direct beneficiaries of the program. However, the knowledge generated and the policy tools developed will benefit all the Bank's borrowing member countries. Once the project begins, steps will be taken to define and finalize items related to the collaborative nature of the work and the role other countries will play in the project, prior to and at the first Regional Meeting.
- 5.8 **Procurement.** SCL/SPH and the Ministry of Health of Mexico will carry out the procurement of goods and the selection and contracting of consulting services in accordance with Bank policies and procedures set forth in documents GN-2349-7 and GN-2350-7. The responsibility for hiring and supervision of consultants based in Washington, as well as for the contracting specialized services (e.g. editing, translation, and printing) will be with the Bank, through SCL/SPH, and with the Ministry of Health of Mexico in connection with the consultants responsible to implement the activities in Mexico.
- 5.9 **Risks.** A risk usually associated with initiatives of this sort relates to the ability of country teams to synchronize and collaborate to produce promised outputs. Small-scale projects frequently face difficulties in ensuring that participating institutions prioritize their project. For this reason, the project proposes to finance dedicated teams with demonstrated capacity to pursue the proposed activities and focus on the key outputs while constantly monitoring the evolution of policy debates and priorities in-country.
- 5.10 Turnover of local governments and management, as well as the scarcity of public resources dedicated to policy analysis, threaten the continuity of the development and application of policy tools envisioned herein (sustainability of project outcomes). To mitigate this risk, strategies and tools to facilitate knowledge sharing and the consolidation of local know-how in the long-term will be promoted within the policy-maker network. The project will also build a broader base of capacity by engaging future policy-makers at universities. The experience and products generated by the program will be leveraged to seek funding from other donors (public and private) for a subsequent phase.

VI. MONITORING AND EVALUATION

A. Monitoring Arrangements

- 6.1 Bank staff will monitor execution of the program by relating the timeliness and quality of products to the terms of reference of consultants. The Ministry of Health in Mexico will monitor implementation by the country technical team and will file quarterly expenditure and product reports to the Bank and the KNH as well as the financial statements with respect to the use of Bank's resources duly audited by a firm of independent accountants.

B. Progress and Final Reports

- 6.2 Each consultant will submit to the Bank a work plan, a mid-term, and a final report, which will be reviewed by Bank staff and the KNH. The reports will contain description of all activities and products. Products, such as research articles, tools developed, and Web pages, will be provided as annexes. Same reports will be provided by the Ministry of Health of Mexico in connection with the activities to be implemented in Mexico.

C. Evaluations

- 6.3 Results of the program will be measured in terms of intermediate outcomes, by evaluating the direct impact of the use in the countries of the products generated by the initiative. Independent evaluator will be contracted to evaluate project execution, technical soundness, and development effectiveness in the countries, as well as to assess modalities piloted under each component, along with their relative utility, and recommending areas for future work. The external evaluator will be asked to interview stakeholders, particularly policy makers, and propose impact measures tailored to the particular policy experience chosen.

D. Financial Reports and Audits

- 6.4 Standard Bank procedures for financial reporting and audit will be applied.

VII. ENVIRONMENTAL AND SOCIAL IMPACT REVIEW

- 7.1 This TC will support the creation of a knowledge network with expertise in health policy and financing, and will assemble a set of tools to facilitate decision making in regard to the design of health benefits packages, ensuring financial sustainability and reforming fiscal and budgetary incentives of health systems. Based on the application of the Safeguard Policy Screening and Classification Tools, it was concluded that there does not exist any environmental or social risk associated with this Project, which is classified under the category “C”.

VIII. APPROVAL

	<u>(Original signed)</u>	<u>8/20/09</u>
Concurrence:	<u>Michael Jacobs, Chief SCL/SPH</u>	<u>Date</u>
	<u>(Original signed)</u>	<u>8/20/09</u>
Approval:	<u>Kei Kawabata, Sector Manager SCL</u>	<u>Date</u>
	<u>(Original signed (8/31/09))</u>	<u></u>
	<u>Gina Montiel, General Manager CID</u>	<u>Date</u>

SAFEGUARD POLICY FILTER REPORT

This Report provides guidance for project teams on safeguard policy triggers and should be attached as an annex to the PP or PCD (or equivalent) together with the Safeguard Screening Form, and sent to ESR.

1. Save as a Word document. 2. Enter additional information in the spaces provided, where applicable. 3. Save new changes.

PROJECT DETAILS	IDB Sector	HEALTH-HEALTH SERVICES
	Type of Operation	Other Non-Lending or Non-Financing Instrument (enter details in final report)
	Additional Operation Details	
	Investment Checklist	Generic Checklist
	Team Leader	Glassman, Amanda Louise (AMANDAG@iadb.org)
	Project Title	Knowledge network on health benefits packages
	Project Number	RG-T1759
	Safeguard Specialist(s)	AmandaG
	Assessment Date	2009-07-24
	Additional Comments	

SAFEGUARD POLICY FILTER RESULTS	Type of Operation	Technical Cooperation / Regular TC	
	Safeguard Policy Items Identified (Yes)	The Bank will make available to the public the relevant Project documents.	OP-102
	Potential Safeguard Policy Items(?)	No potential issues identified	
	Recommended Action:	Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s), including B13, for guidance. No project classification required. Submit Report and PCD (or equivalent) to ESR. <small>Policy Directives can be accessed from the Resources tab on the Toolkit home page.</small>	
	Additional Comments:		

ASSESSOR DETAILS	Name of person who completed screening:	
	Title:	
	Date:	2009-07-24