

What Do We Know about Performance-Based Financing?

Lkhagvasuren Baasandorj¹, Battur Lkhagvaa¹, Sarnai Tsagaankhuu¹

¹Department of Health Research, Graduate School, Mongolian National University of Medical Sciences, Ulaanbaatar Mongolia

Corresponding Author

Sarnai Tsagaankhuu (M.Sc, Ph.D)
Department of Health Research,
Graduate School, Mongolian
National University
of Medical Sciences, Ulaanbaatar
14210, Mongolia
Tel: +976-9919-0348
E-mail: sarnai@mnums.edu.mn
ORCID: <https://orcid.org/0000-0003-3427-5208>

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As in other countries, health financing reform in Mongolia is based on the concept of universal coverage [1]. The Mongolia the Ministry of Finance of Mongolia with the technical assistance of the Asian Development Bank launched the “Health Sector Financing Improvement Project” in 2019-2022. This allows the need to achieve universal health coverage and to provide quality care and services that meet the health demands and needs of the people in an equally accessible way, without incurring financial risks [2,3]. Mongolia’s health care sector financing model has changed from an input-based financing model to an output-oriented model, and implemented the performance-based financing of health care and services as a reform [2]. Universal health coverage (UHC) is a growing policy priority in many countries, as well as a significant and increasing focus of attention at the international level, forming one of the targets of sustainable development goal 3 [4]. Performance-based financing (PBF) or paying for performance (P4P) has received increased attention as a strategy for improving the performance of healthcare providers, organizations and governments since the early 2010s [5,6]. In PBF people are given money or other rewards if they carry out a particular task or meet a particular target [7]. This is a strategic purchasing mechanism which [8] becomes a common strategy to improve health sector quality [9].

The effectiveness of performance financing

Governments in low and middle income countries implement PBF to improve health care and services [10]. For instance, the number of PBF implementations in African countries had been increased from 4 to 21, between 2006-2013 [11]. The review shows that paying for performance may have both positive and negative effects on the health services it targets [12]. Although a researcher has written that PBF plays an important role in increasing the productivity of health workers and has a positive impact on health care and services [12-15], reviews suggest that there is little evidence to support this [16-20]. Can providers prioritize financial goals over person-centered care and improve

the quality of health care? Based on the theory that providing financial incentives to health workers will motivate them to produce more or better results, performance-based financing is an intervention designed to increase the quantity and quality of health care. On the other hand, it is crucial to recognize the potential drawbacks of performance-based financing. Potential adverse effects of financial incentives for health workers on their motivation and performance include: focusing on the number of patients rather than on the quality of service in order to reach targets, and incentivizing health organizations with a monetary foundation to meet their goals could increase inequality [11].

Importance of focusing on results rather than numbers

We constantly strive to find better ways to improve performance. By measuring performance metrics across the organization, managers can identify which areas of performance management need improvement, which areas are doing better, and what drives them to improve. In the monitoring process, it is essential to display each performance indicator on dashboard graphs that depict changes over time, allowing for an assessment of general trends. Such visual representations facilitate the identification of patterns and irregularities in performance, enabling healthcare providers to make data-driven decisions and take appropriate actions. Eric Josephson et al. identified 8,490 quality indicators used to measure hospital performance and quality from 68 quality checklists in 32 performance-based financing implementations across 28 countries [21]. To achieve real health system reforms, it is important for service providers to prioritize people-centered care that is responsive to the needs of the population served, rather than solely focusing on financially profit targets. Adopting a range of variable indicators for performance measurement can facilitate the achievement of both quantitative and qualitative goals within a healthcare organization.

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