The Purchaser's Dilemma

Aligning physician renumeration with UHC, efficiency and cost containment

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World Health Organization
Western Pacific Region

Outline

01

The purchaser's quadrilemma

Balancing UHC, efficiency, cost containment and provider acceptability

02

The Political Economy of Renumeration

Distribution of Power and Wealth between purchaser-provider-patients

03

Managing trade-offs

Japan's and Korea's experiences in managing trade-offs and navigating the quadrilemma

04

The 3-front approach

Payment, Choice, Competition

Purchaser's "Quadrilemma" (Four-way Dilemma)

PURCHASER/S
Stewards??

1 POLICY + EFFICIENCY

UHC • equity • quality • appropriate utilization • value for money

What is the Purchaser trying to buy?

2 COST CONTAINMENT/SUSTAINABILITY

Control expenditure growth, prices and utilization without undermining care

What is the Purchaser trying to manage?

What do patients value and what counts as acceptable care?

Will providers accept the distribution of income, risk, workload and professional control created by the payment model?

PATIENT

PROVIDER

4 ACCEPTABLE CARE

Quality care • responsive to needs • **preference/choice**

3 ACCEPTABLE RENUMERATION

Adequate • predictable • **fair (but what is fair renumeration?)**

Political Economy of Physician Renumeration in the Philippines

But we control service delivery, have political influence, we know what our patients want and need, and have access to other sources of revenue.

So you listen and follow us!

HIGH INFLUENCE

DOH

We are the national purchaser. We have the mandate and we set the payment rules.

So listen and follow us!

AGAINST

LOW INFL

What are other countries doing?
How are they balancing and managing seemingly competing objectives and what trade-offs have emerged?

Korea: the trade-offs of a [redacted]ystem

1 POLICY + EFFICIENCY

Life expectancy = 83.5.
Health spending = 8.4% of GDP.
97% population covered by NHIS. Covers both inpatient and outpatient services.
OOP = 31%

2 COST CONTAINMENT/SUSTAINABILITY

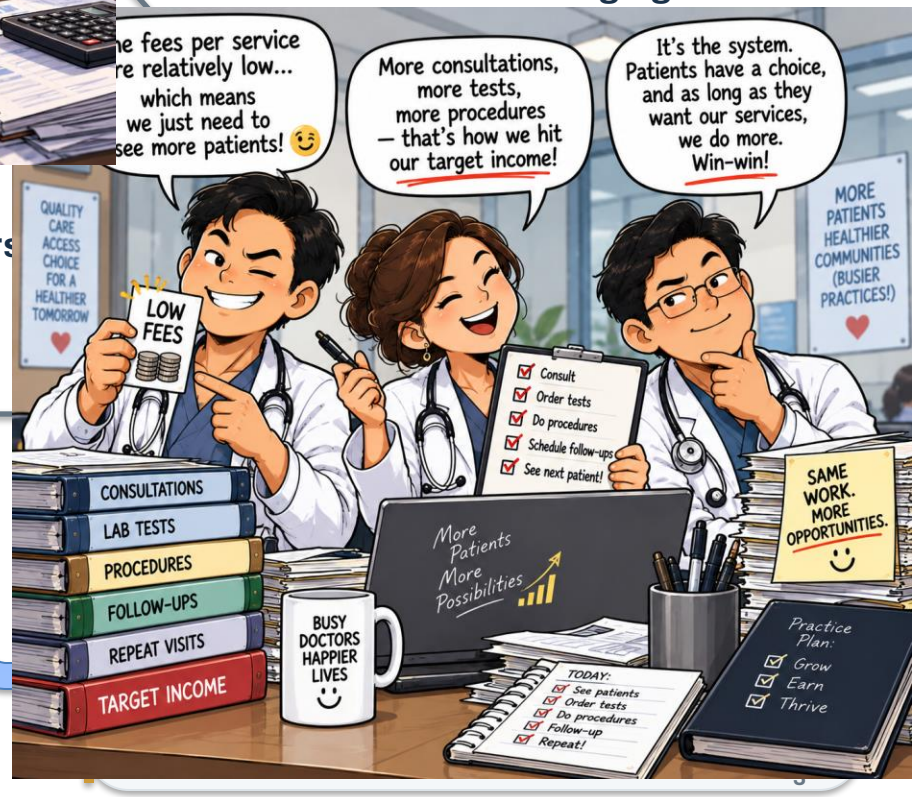
One national fee schedule. FFS x conversion factor (annually negotiated).
No volume cap.
Sustainability: Funds will run out by 2030 if deficit is not addressed

What is NHIS buying?

[redacted]ents satisfied?

How are providers

How is NHIS managing



Japan: navigating the quadrilemma through a national fee schedule

1 POLICY

Payment rules
and workforce
hospital to hor
Physician recru
be influenced

Payment sho

What
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NT/SUSTAINABILITY

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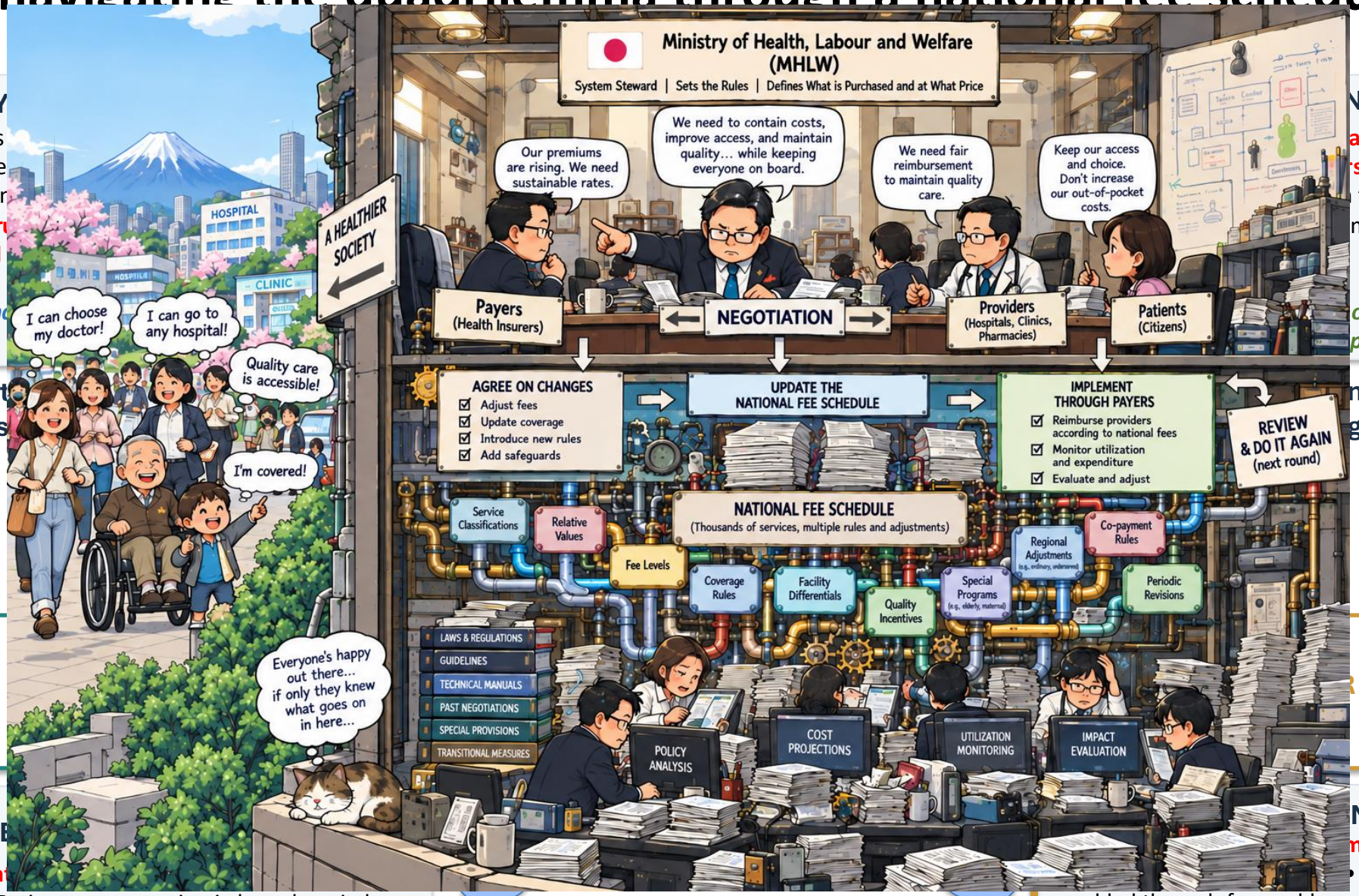

4 ACCE

Broad pat
valued• Patient concentration in large hospitals

Broad choice supports acceptability, but access is not always well distributed.

MERATION

mong payers, providers and
• New policy priorities are added through fees, add ons and facility requirements

Consensus enables change, but often through accumulation rather than replacement.

What **complementary non-financial** and health-system levers can strengthen the impact of payment reform?

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Address renumeration on three fronts

Use PhilHealth's purchasing power to change provider incentives — while non-financial levers change the market around payment reform.

SET THE RULES ← **Stewardship: DEPARTMENT OF HEALTH** → **SHAPE THE MARKET**

GOVERNANCE

- Institutionalize formal mechanisms for provider engagement
- Ensure transparent and participatory negotiation process
- Regulation and enforcement

INFORMATION

- Use data to systematically monitor provider behaviour, costs, outcomes
- Identify unintended effects and recalibrate policies and payments, accordingly

PhilHealth
Your Partner in Health

STRATEGIC PURCHASER

Consolidate purchasing power and exert it strategically

FINANCIAL PURCHASING LEVERS

payment methods • set rates • contracts
value-based incentives • operational efficiency

CREDIBLE PUBLIC OPTION

- Improve access to government facilities **PROVIDING QUALITY AND FINANCIAL PROTECTION (NBB)**
- Patients will have a genuinely attractive, financially protected alternative

MAKE PERFORMANCE VISIBLE

- Expand patient options by using credible information to inform choice
- Take into consideration health outcomes and patient experience

FIX PRICES AND SET RATES → EXPAND PUBLIC OPTION → INCREASE PATIENT CHOICE → SHIFT COMPETITION TOWARD QUALITY → BALANCE POWER DYNAMICS

Reflections

Not enough to ask which payment model is best.

- Japan and Korea experiences show that there are trade-offs in every payment system.
- Recognize the power dynamics between purchaser-provider-patients and identify strategies how to manage it while keeping your objectives central and non-negotiables clearly communicated.

Financial incentives alone are not enough to change provider behaviour.

- Payment reforms can be reinforced by shaping the conditions under which providers operate. In the Philippine, this includes strengthening (and expanding) the public sector as a high-quality credible option.

Recalibrate. Recalibrate. Recalibrate.

- Transparent governance, provider engagement, regular negotiation, and systematic monitoring.
- No perfect payment model will exist, but to build system capable of learning and adapting over time.

Thank you!

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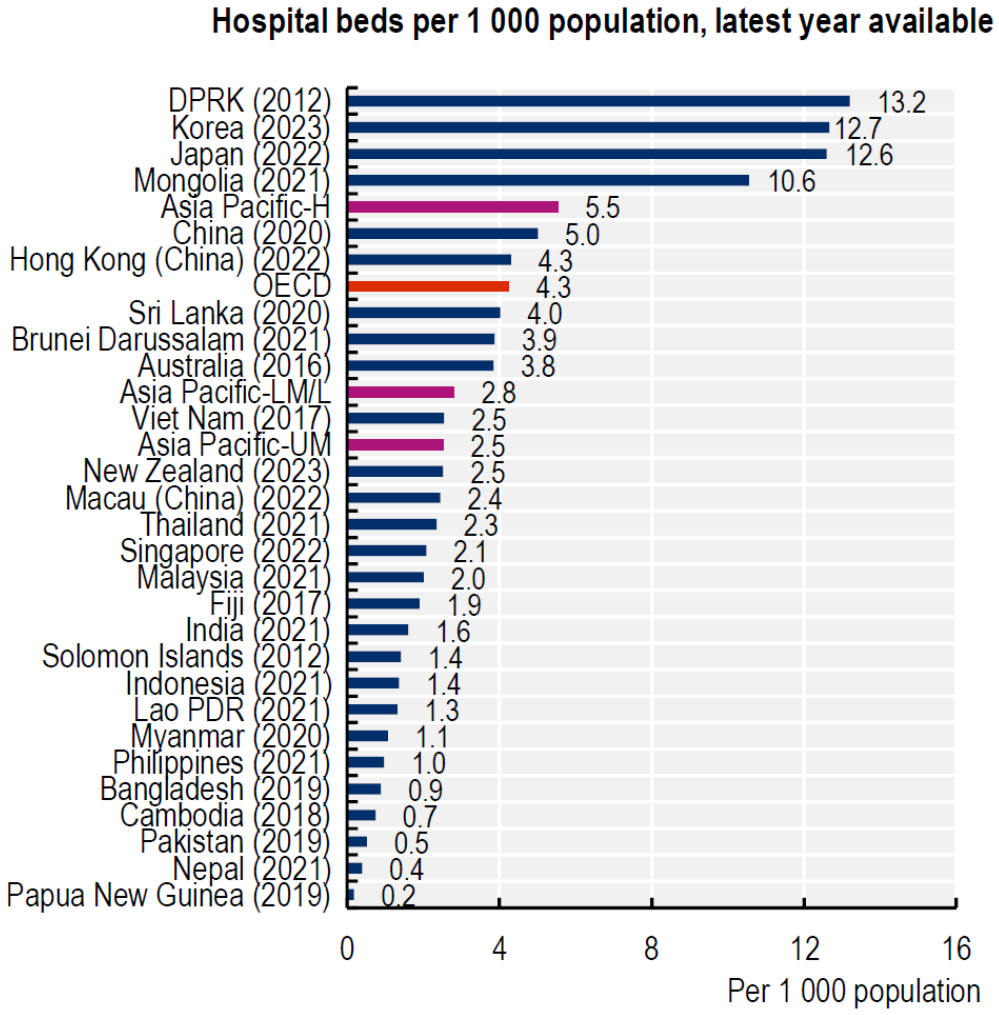
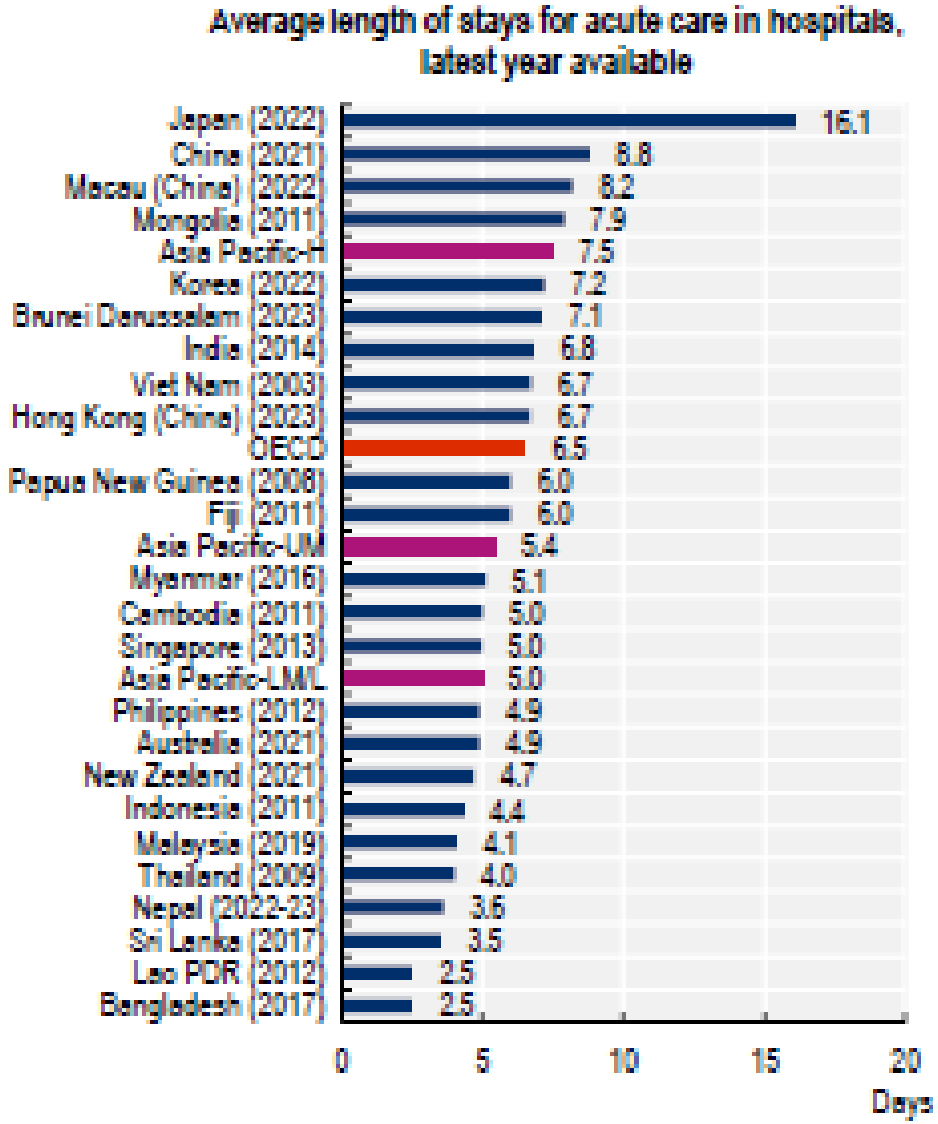

Hospital beds per 1 000 population, latest year available
DPRK (2012) 13.2
Korea (2023) 12.7
Japan (2022) 12.6
Mongolia (2021) 10.6
Asia Pacific-H 5.5
China (2020) 5.0
Hong Kong (China) (2022) 4.3
OECD 4.3
Sri Lanka (2020) 4.0
Brunei Darussalam (2021) 3.9
Australia (2016) 3.8
Asia Pacific-LM/L 2.8
Viet Nam (2017) 2.5
Asia Pacific-UM 2.5
New Zealand (2023) 2.5
Macau (China) (2022) 2.4
Thailand (2021) 2.3
Singapore (2022) 2.1
Malaysia (2021) 2.0
Fiji (2017) 1.9
India (2021) 1.6
Solomon Islands (2012) 1.4
Indonesia (2021) 1.4
Lao PDR (2021) 1.3
Myanmar (2020) 1.1
Philippines (2021) 1.0
Bangladesh (2019) 0.9
Cambodia (2018) 0.7
Pakistan (2019) 0.5
Nepal (2021) 0.4
Papua New Guinea (2019) 0.2
0
4
8
12
16
Per 1 000 population


Average length of stays for acute care in hospitals, latest year available
Japan (2022) 16.1
China (2021) 8.8
Macau (China) (2022) 8.2
Mongolia (2011) 7.9
Asia Pacific-H 7.5
Korea (2022) 7.2
Brunei Darussalam (2023) 7.1
India (2014) 6.8
Viet Nam (2003) 6.7
Hong Kong (China) (2023) 6.7
OECD 6.5
Papua New Guinea (2008) 6.0
Fiji (2011) 6.0
Asia Pacific-UM 5.4
Myanmar (2016) 5.1
Cambodia (2011) 5.0
Singapore (2013) 5.0
Asia Pacific-LM/L 5.0
Philippines (2012) 4.9
Australia (2021) 4.9
New Zealand (2021) 4.7
Indonesia (2011) 4.4
Malaysia (2019) 4.1
Thailand (2009) 4.0
Nepal (2022-23) 3.6
Sri Lanka (2017) 3.5
Lao PDR (2012) 2.5
Bangladesh (2017) 2.5
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