USAID’s Health Finance and Governance (HFG) project helps to improve health in developing countries by expanding people’s access to health care. Led by Abt Associates, the project team works with partner countries to increase their domestic resources for health, manage those precious resources more effectively, and make wise purchasing decisions.
The Health Finance and Governance (HFG) Project works to address some of the greatest challenges facing health systems today. Drawing on the latest research, the project implements strategies to help countries increase their domestic resources for health, manage those precious resources more effectively, and make wise purchasing decisions. The project also assists countries in developing robust governance systems to ensure that financial investments for health achieve their intended results.

With activities in more than 40 countries, HFG collaborates with health stakeholders to protect families from catastrophic health care costs, expand access to priority services—such as maternal and child health care—and ensure equitable population coverage through:

- Improving financing by mobilizing domestic resources, reducing financial barriers, expanding health insurance, and implementing provider payment systems;
- Enhancing governance for better health system management and greater accountability and transparency;
- Improving management and operations systems to advance the delivery and effectiveness of health care, for example, through mobile money and public financial management; and
- Advancing techniques to measure progress in health systems performance, especially around universal health coverage.

The HFG project (2012-2018) is funded by the U.S. Agency for International Development (USAID) and is led by Abt Associates in collaboration with Avenir Health, Broad Branch Associates, Development Alternatives Inc., the Johns Hopkins Bloomberg School of Public Health, Results for Development Institute, RTI International, and Training Resources Group, Inc.

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To learn more, visit www.hfgproject.org

### Botswana's Health Financing Strategy 2019–2023

<table>
<thead>
<tr>
<th>GOAL: Fully Finance a Revised UHSP</th>
<th>GOAL: Strengthen Public-Private Partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a revised UHSP that includes HIV and NCD services</td>
<td>Develop PPP Guidelines</td>
</tr>
<tr>
<td>Design financing reforms to mobilize resources</td>
<td>Develop payment and billing systems</td>
</tr>
<tr>
<td>Initiate a process to guarantee sufficient resources</td>
<td>Establish national reference tariffs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GOAL: Improve Efficiency</th>
<th>GOAL: Empower Consumers and Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish health priority assessment unit</td>
<td>Explore health insurance reforms to empower citizens</td>
</tr>
<tr>
<td>Introduce strategic purchasing</td>
<td>Establish a right to the revised UHSP</td>
</tr>
<tr>
<td>Reform pharmaceutical policies</td>
<td>Establish new mechanisms for transparency and accountability</td>
</tr>
<tr>
<td>Update PFM, accounting, and information systems</td>
<td></td>
</tr>
</tbody>
</table>
CHALLENGES

Botswana’s National Health Policy envisions “an enabling environment whereby all people living in Botswana have the opportunity to achieve and maintain the highest level of health and well-being.” (Ministry of Health and Wellness 2011). With sustained political will for investing in health, Botswana has made impressive strides in the 50 years since independence. The country has been able to invest an increasing amount of domestic resources in the health sector. Its per capita expenditure on health (US$428) is higher than most other countries in the region (Ministry of Health and Wellness 2016). Still, Botswana did not fully achieve the Millennium Development Goals for maternal and child health. There is a growing burden of noncommunicable diseases, and there are still inequities in access to health services.

Notably, Botswana’s HIV prevalence (22.8 percent of the adult population ages 15–49 years) remains the second highest in the world (UNAIDS 2017). Recently, the country achieved an important milestone in addressing the HIV epidemic. It is one of a few countries to achieve the “tipping point” where the number of people on antiretroviral therapy (ART) treatment exceeds the number of new HIV infections—currently an estimated 84 percent coverage of ART for all people living with HIV—the highest in Africa, Asia, and Latin America (UNAIDS 2017). A key challenge for the government of Botswana remains sustaining this response despite slower economic growth and tax revenues and declining donor funds. Further, the rapidly escalating costs of health care have raised concerns that Botswana could achieve better value for money.

When the HFG project began working in Botswana in 2013, the government had committed to taking on a higher share of funding to sustain the critical HIV/AIDS response. At that time, a primary challenge for the government was to ensure efficient and effective allocation of resources across the health system.

CHANGE

HFG provided technical assistance to support the development of health financing reforms to achieve this goal. We collaborated closely with Botswana’s government, including the Ministry of Health and Wellness (MOHW), and other partners to develop health financing reforms that are paving the way for a healthier Botswana. Our efforts supported the government’s goals to sustain the HIV response and provide universal health coverage for all Batswana.

With our support, the MOHW has an improved capacity to sustain HIV and health programs, effectively manage financial resources for health, and increase health system efficiencies. Importantly, the MOHW now has a comprehensive strategy that will guide health financing reforms that are needed to effectively allocate resources and make progress on improving health outcomes.

This report describes how our work has made a difference in strengthening the government’s ability to manage financial resources and sustain health programs over the long term. Key results over the past five years are described below.
RESULT AREA 1
MOHW has a health financing strategy ready for cabinet approval, outlining reforms to improve health and advance universal health coverage

A new health financing strategy
With our support, Botswana’s Health Financing Technical Working Group (HFTWG) has developed a new health financing strategy that will help the country move toward ending the HIV/AIDS epidemic and advancing universal health coverage. A strong health financing structure capable of sustaining the health system regardless of future economic, political, demographic, or epidemiological conditions is essential for achieving all health system goals. The goal of developing a health financing strategy was originally outlined in the National Health Policy (2011) and in the National Development Plan 11; however, the strategy development process had been delayed until HFG helped the ministry revisit and reenergize the process.

We engaged members of the HFTWG in a year-long consultative process to develop the Health Financing Strategy 2019–2023. Our process included individual discussions between the Department of Health Policy Development, Monitoring and Evaluation (HPDME) at the MOHW and national stakeholders. We also facilitated interactive HFTWG meetings attended by representatives of various government ministries, medical aid schemes (a type of private health insurance), civil society, academics, and international organizations. To support decision making during the consultative process, we assisted the Policy and Planning Unit in HPDME to conduct research and analytics.
The new strategy identifies four main challenges facing the health system. It also sets clear goals for the government and other stakeholders to focus their efforts and delineates the concrete actions that the country can take to overcome the four challenges. Goals and actions are shown in the chart above.

Implementing the strategy will require careful planning, transparency, inclusivity, and perseverance. Next steps include developing a detailed implementation plan with clearly defined responsibilities and promoting the strategy to a wide range of stakeholders to encourage their political buy-in. Ultimately, the government, and in particular MOHW leadership, must ensure full implementation of the strategy in collaboration with the private sector and other partners.

**An updated universal health services benefit package**

One of the key recommendations that emerged from the Health Financing Strategy was to revise Botswana’s health benefit package, the Essential Health Services Package. Stakeholders believed that there was a need to revise the package because the existing list of benefits was too long to generate meaningful prioritization of resources.

We provided technical assistance to the MOHW and collaborated with the HFTWG to facilitate a consultative process for selecting a narrower set of cost-effective interventions, including HIV services. The MOHW can now use this Universal Health Services Package (UHSP) as a tool for prioritization. For example, it can be used to update clinical guidelines and standards of care, adopt new key performance indicators, or update the essential drug list.

Additionally, we supported the MOHW in conducting an actuarial analysis in order to link the UHSP to a per capita cost of providing the package. The actuarial analysis examined the likelihood of certain diseases occurring in the population and determined the amount of funds needed to cover treatment on a per capita basis. It is crucial to ensure that the benefit package is affordable and sustainable.

**A blueprint for a national health insurance system**

Building off of the UHSP and actuarial analysis and in line with the recommendations set forth in the Health Financing Strategy, we provided technical assistance to the MOHW to develop a “blueprint” for a national health insurance (NHI) system. Specifically, we helped develop the MOHW’s Health Insurance Blueprint Report, which outlines the design of a proposed NHI system and is intended to inform Botswana’s policy dialogue as the MOHW and government explore new health financing arrangements aiming to achieve UHC. The report was in response to a request from the MOHW to explore the potential for NHI, as well as in response to the suggestions of the HFTWG, which recommended NHI as part of the health financing strategy. Nonetheless, NHI proposals had previously been discussed in a very general sense; the Blueprint Report is meant to ground the discussion in specific policy proposals.

Specific topics include key operational processes, governance arrangements such as the new roles and responsibilities of actors throughout the health system, the relationships between the public and private sectors of the health system, and proposed feasibility studies and next steps to advance the health insurance agenda. While the reforms outlined in the Blueprint Report would require significant changes and investment, the report marks an important contribution because it compiles stakeholder input into a cohesive proposal that can anchor future discussion on potential health insurance reforms.

> “We expect the health financing strategy to lead to a healthier Botswana.”
> ~ Onkemetse Mathala, Chief Health Officer, Department of Health Policy, Development, Monitoring and Evaluation, MOHW

> “Health should not necessarily be thought of as a commodity—it is not a proper market, [rather], it should be thought of as a right.”
> ~ Duncan Thela, AFA Botswana
RESULT AREA 2
MOHW is increasing health system efficiencies

*Hospitals are monitoring the performance of outsourcing of nonclinical services to strengthen efficiencies*

As part of a larger set of reforms designed to increase efficiency within the public health system, the government began outsourcing nonclinical services at seven district and regional hospitals throughout the country. We supported the MOHW to address the challenges of outsourcing nonclinical services to private suppliers in contract management, capacity building, cost-benefit analysis, and reporting.

As a result of our work, the seven participating hospitals have implemented regular performance monitoring of vendors, leading to increased transparency and communication of expectations between hospitals and vendors and spurring improvements in vendor service quality.

*Tracking the flow of health spending*

Our assistance to track the flow of health spending has provided the government with data to improve health system performance, allocate resources to key health programs, and progress toward providing universal health coverage to the population.

We supported the MOHW to complete its third round of Health Accounts for FY 2013/2014 using the System of Health Accounts 2011 framework. Botswana’s objective in conducting the 2013/2014 Health Accounts was to track the magnitude and flow of spending from all sources in the health system down to how the funding was ultimately used to deliver health goods and services. Multiple years of Health Accounts data have enabled Botswana to visualize changes in key trends such as per capita spending, health spending as a percentage of GDP, and resource allocation across major health programs.

Among the findings was that government and donors both support HIV funding in a significant way, accounting for 57 percent and 38 percent of the overall HIV spending, respectively. In light of this finding, it is critical for Botswana to develop alternative financing options to sustain donor-funded HIV programming. Potential options for alternative financing could be sustaining existing alcohol and tobacco taxes and specifically allocating them for health. An increase in value added tax could also have high potential to generate additional funds for health.

WE SUPPORTED OUTSOURCING AT PUBLIC HOSPITALS THROUGH THE FOLLOWING:

1. **Contract management.** We strengthened hospitals’ capacity to manage outsourcing contracts and monitor the performance and quality of the contract deliverables through two workshops for 40 senior hospital staff and MOHW officials around proper contracting and development of service-level agreements with key performance indicators.

2. **Capacity building.** Through two workshops on conflict resolution and negotiation skills for hospital administrators and staff, we built the capacity of hospital administrators to manage outsourced service contracts, improve public-private partnerships, and train hospital managers in preventing and managing conflict resolution.

3. **Cost-benefit analysis.** To strengthen the MOHW’s bargaining position with providers and allow it to advocate for continued outsourcing of services, we conducted a cost-benchmarking study and a cost-benefit analysis of outsourcing as compared to “business as usual.” Although the analysis found that outsourcing was more expensive than insourcing, outsourcing proved to be beneficial after considering reported quality improvements.

4. **Reporting.** We documented the experience of past and current outsourcing efforts to aid future contracting efforts and ensure sustainability of the outsourcing program in Botswana.
Analyzing the efficiency of ART delivery for people living with HIV

Faced with a large HIV epidemic and declining donor support, efficient ART delivery is essential to sustaining Botswana’s progress toward an AIDS-free generation. We conducted a large, nationally representative study of ART provision at health posts, clinics, and hospitals to provide the MOHW with evidence on the costs and technical efficiency of adult outpatient ART in public facilities.

The study included a costing analysis that calculated the cost of providing ART per patient per year—stratified by level of care based on the ARV drugs, lab tests, human resources, and other supplies used. The study also involved an efficiency analysis to explore how many patients facilities are able to treat with their available resources and what factors, such as external donor support, were associated with greater efficiency. The analysis found that clinics and health posts were generally able to treat more patients using fewer resources than hospitals, with factors like staff composition and patient-to-staff ratio as potentially explanatory associated factors. These findings contributed to MOHW efforts to identify and act on opportunities to improve efficiency of the health system and provided crucial input in the development of the Health Financing Strategy.

HFG facilitates workshop to finalize Health Accounts for FY 2013/2014.
RESULT AREA 3
MOHW explored strategic purchasing for a more effective health system

Developing a new framework to set prices for health care services

With our support, the MOHW has a new framework for setting prices for health care services, referred to as tariffs. The framework will help improve coordination between purchasers and providers, incentivize health care providers to operate more efficiently, and ensure the affordability of health services for families and communities.

In the past, disagreements over tariff rates have been a source of tension between payers and providers, leading to undesirable outcomes for patients, including balance billing (when providers charge higher prices than the tariffs allowed by medical aid schemes and bill the balance to the patient) and in some cases, rejection by providers of patients’ medical aid coverage. To address this challenge, we supported the MOHW to design a framework for implementing an annual process for setting reference tariffs (prices) for health services. In addition, we calculated a set of “proof-of-concept” tariffs for inpatient hospital care.

The reference tariffs are also meant to strengthen linkages between the public and private health sector and to ensure value for money. Roughly 8 percent of MOHW’s expenditure is spent on referrals to private hospitals in Botswana and other countries, typically for specialized services and procedures not available at the ministry’s national referral hospitals or in the event that they are over capacity. Reference tariffs have the potential to improve the ministry’s ability to negotiate fair prices with private providers, freeing up additional resources to be allocated to other needs. Further, the ministry lacks standardized tariffs with which to charge noncitizens (who are charged only a nominal 5-pula fee) or bill medical aid schemes when medical aid members use public facilities. Thus, with a stronger capacity for setting reference tariffs and revising annually based on cost and utilization data, the MOHW potentially will be able to improve equity between patients in the public and private health sector. Ultimately, the goal of establishing a clear framework for reference tariffs is to facilitate greater interaction between the public and private health sectors, contributing to affordability, patient choice, and the long-term financial sustainability of the health system.

Planning strategic purchasing reforms to increase equitable access to high-quality health care

Optimizing provider payment mechanisms for primary health care is a key pillar in developing an effective and sustainable health system. We assisted the MOHW in planning for strategic purchasing—provider payment reforms that promote equitable access to high-quality care—for primary health care.

Our support included preparing a report on opportunities, challenges, and recommendations for reform and convening a stakeholder consultative meeting on the topic. To prepare the report and plan the consultative meeting, we conducted a desk review in addition to visiting health facilities and numerous MOHW departments to conduct interviews and collect data on the current provider payment system and guiding policies. Ultimately, we recommended a capitation payment approach where facility- or district-level budgets are based on the number of patients in their catchment area, supported by quality-related incentives such as number of diabetes patients with test results indicating appropriate blood sugar levels, to replace historical line-item budgeting that does not accurately reflect a facility’s resource needs for primary health care.

Botswana’s path to implementing the recommended strategic purchasing reforms will be a multistep process, interlinked with our support for overall health financing reform via the health financing strategy, UHSP, NHI, and tariff-setting activities. Legal and regulatory changes for public financial management, health information systems, human resource management, and more are required and must be synchronized across all goals of the MOHW and the government. Our strategic purchasing report and the consultative meeting outlined these many considerations, fostered discussion on solutions, and strengthened capacity for MOHW and other stakeholders, including medical aid schemes, to guide the reforms into reality.
SUSTAINABILITY

From the outset, we designed our activities to enhance the sustainability of Botswana’s health system. We conducted all activities in close collaboration with MOHW officials, ensuring buy-in and engagement from country counterparts. Notably, the Health Financing Strategy provides a path for Botswana to pursue key reforms that will improve efficiency and mobilize resources for the health sector. It will guide policy makers in prioritizing health financing reforms and objectives. Activities such as Health Accounts have helped policy makers better quantify the resources in the health sector, while a fiscal space analysis will help stakeholders understand the revenue-generating potential of proposed reforms such as NHI. The tariff-setting framework provides the government with a way forward in developing prices for health services, while also laying the groundwork for increased interaction between the public and private health sectors.

In addition, we conducted our activities with the support of a broad group of stakeholders in the public and private sectors. The HFTWG played a pivotal role in our work, contributing to the development of key documents such as the Health Financing Strategy, the Health Insurance Blueprint, the UHSP benefit package, and the tariff-setting framework. Bringing this diverse group of stakeholders together has been critical to developing solutions for Botswana’s health financing challenges, and it has the potential to transform the relationship between the public and private health sectors.

In the future, the MOHW and its international partners should continue to facilitate policy dialogue with the HFTWG. Further, many of our analyses and reports call for significant changes to how financial resources flow throughout the health system, seeking to align incentives for more efficient production and accountability. Building MOHW capacity to implement these changes will require investment to develop robust information systems. At a policy level, these reforms will require continued engagement with decision makers to ensure buy-in and advance the country’s UHC agenda.

Botswana is in a unique position where, historically, revenue from abundant mineral resources has enabled the expansion of the health system without driving innovation in how resources for health are collected, pooled, or used to purchase health services. As the economy diversifies and mineral revenue (as a percentage of government revenue) declines, the country will face greater pressure to implement the ambitious reforms that have been proposed to improve the efficiency and sustainability of the health system.
LESSONS LEARNED

• **A systematic approach to developing a health financing strategy is key to guiding reforms.** Although the strategy-development process can take several years, it can help guide prioritization of health financing reforms, technical assistance, and next steps even while the strategy is still under development.

• **Participation of a wide range of stakeholders from the public and private sectors was critical to building consensus.** Bringing together diverse stakeholders, including the MOHW, regulatory agencies, providers, payers, and others, was key to building consensus and setting priorities for the Health Financing Strategy, the Health Insurance Blueprint, and other activities including strategic purchasing.

• **Navigating political transitions requires flexibility and fluid communication in order to build stakeholder buy-in among new administration officials.** The political transition during our project period inevitably resulted in some delays as key ministry personnel worked to engage new leadership to build support for health financing activities. Our tailored communication materials, such as policy briefs and technical reports, were key to communicating the importance of health financing activities and ensuring continued buy-in for project activities.

REFERENCES


