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HFG UKRAINE FINAL REPORT



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.



ABOUT THE HEALTH FINANCE AND GOVERNANCE PROJECT 2012-2018

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;

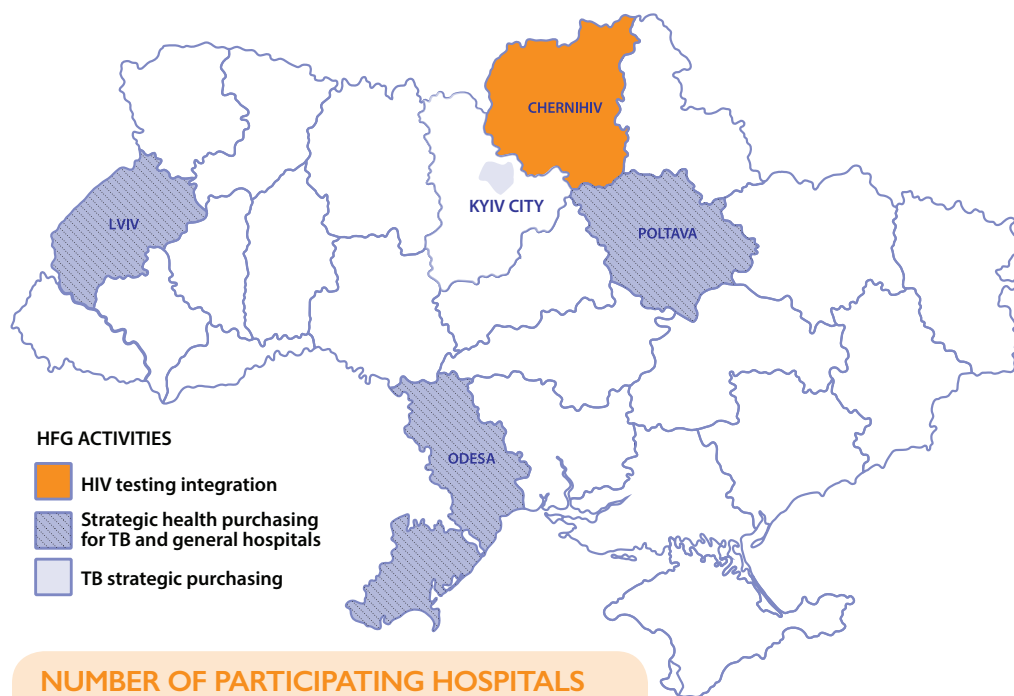
- Improving management and operations systems to advance the delivery and effectiveness of health care, for example, through mobile money and public financial management; and
- Advancing techniques to measure progress in health systems performance, especially around universal health coverage.

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

THE WIDE GROUND COVERED BY HFG HEALTH SYSTEMS STRENGTHENING ACTIVITIES IN UKRAINE



NUMBER OF PARTICIPATING HOSPITALS

Name	General (non-TB) hospitals	TB hospitals
Lviv Oblast	67	11
Odesa Oblast	57	4
Poltava Oblast	61	8
Kyiv City		5

HFG strategic purchasing interventions covered a total

213 hospitals of which **28** are TB hospitals

HFG's data analytics include more than

2.1 MILLION hospital cases

of which

34,000 are TB hospital cases



@ zokov

HFG OVERVIEW IN UKRAINE



CHALLENGES

Since gaining independence more than a quarter century ago, Ukraine has tried to provide quality, accessible health care to its people. Despite a constitutional guarantee of free health care for all and health sector expenditures of 7.6 percent of GDP, which are above average for a country of its income level, Ukraine's health indicators have remained poor compared to other countries in Europe. The country reports one of the highest HIV/AIDS prevalence rates in Europe, one of the worst multidrug resistant and extremely drug resistant tuberculosis (TB) epidemics in the world, and high rates of non-communicable diseases like heart disease. Despite nominally free health care, Ukrainians make high, primarily unofficial out-of-pocket payments and are generally unsatisfied with the health care they receive (World Bank 2017).

A major challenge emanates from Ukraine's primarily public health care system's top-heavy structure inherited from the Soviet Union. The country has a vast hospital network with almost

twice as many hospital beds per capita as the European Union. The World Bank refers to Ukraine as having an "extensive health care infrastructure, but low quality of health care services." (World Bank 2017, p. 49) The hospital networks are costly to maintain—receiving 65 percent of health funds—and the current payment system encourages hospitalization rather than incentivizing efficiency or improved treatment outcomes.

To address such issues toward improved health outcomes, in late 2017 Ukraine codified into law important changes in health care provision and financing and is currently undertaking a series of rigorous health system reforms, including a move to strategic purchasing. Done right, when the government shifts away from paying hospitals based on inputs and instead pays for services specific to diagnosis and strategically readjusts incentives as needed, provider behavior can be improved and costs contained through enhanced focus on preventive care and reduction of unnecessary hospitalizations.

“To tell the truth, we thought we understood everything before. But then, we started to cooperate with HFG and looked more deeply at our facilities and their use of resources, and how the use of resources affected the provision of quality care and we looked at forecasting, we understood this was a completely different instrument. We saw we needed to redirect resources toward quality of care. We needed to turn our brains over, to a new way of thinking.”

~ Dr. Viktor Lysak, Director, Poltava Oblast Health Department



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CHANGE

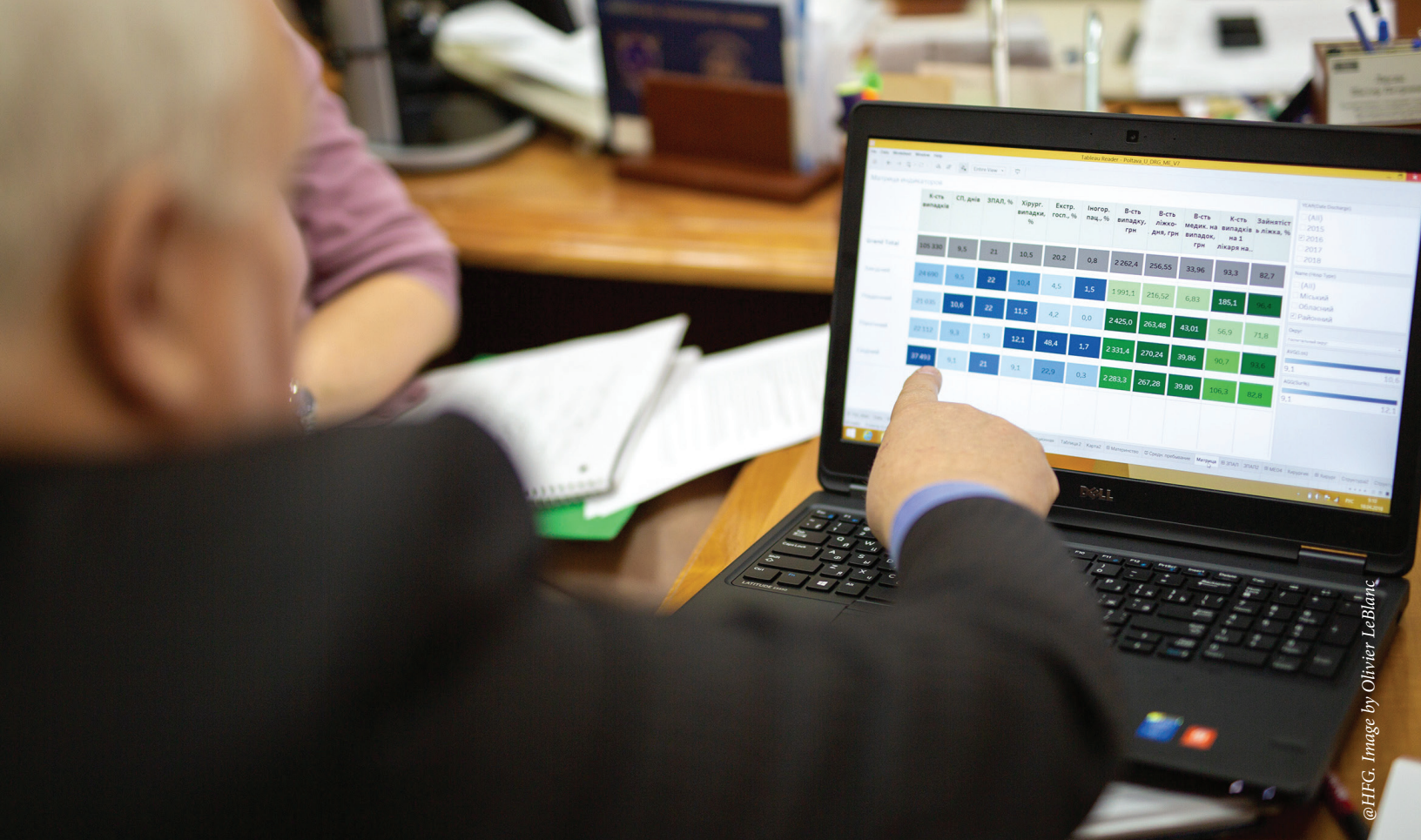
The Health Finance and Governance (HFG) project began its work in Ukraine in 2013, providing evidence, tools, and training to help the country revamp its health care system and more effectively address the health challenges facing its population.

We first implemented a pilot in one *oblast* (province) focused on integrating HIV counseling and testing into primary health care. Then, through our extensive strategic purchasing work beginning in 2015—first focused on TB hospitals and then more broadly—we contributed to the framework for establishment of a national strategic purchasing system that could remedy many of the health care system inefficiencies Ukraine inherited from the Soviet Union. Our efforts have succeeded in building stakeholder understanding and consensus on strategic purchasing for health. A new health payer, the National Health Service of Ukraine (NHSU), was established in 2018 to support strategic purchasing rollout across the country.

Implementation of the strategic purchasing approaches that HFG designed, developed, and helped introduce has facilitated efficiency improvements in the hospital sector, including overall restructuring, repurposing of unnecessary

facilities, unification of departments, and shifting of hospital specializations to improve efficiencies and patient care. The oblasts where we piloted these tools are reporting cost savings from streamlined hospital systems. This implementation has changed provider performance and contributed to thoughtful design of a new case-based hospital payment system. HFG demonstrated that strategic purchasing approaches could improve resource use and contribute to improvements in health systems.

The cost-accounting methodology we developed and helped introduce has received approval from the Cabinet of Ministers of Ukraine as the single approved methodology to inform tariff policy and design of new provider payment mechanisms for case-based payments in the country. The new case-based hospital payment system that HFG designed together with national partners has been approved by the prime minister for pilot introduction in 2019 as a transition system to the national diagnosis-related group (DRG) system in 2020. Our work has, thus, put in place the building blocks for strategic purchasing in Ukraine and demonstrated their viability and efficiency impact, paving the way toward implementation of strategic health purchasing throughout the country.



MAKING A DIFFERENCE



RESULT AREA I

Demonstrated effectiveness and efficiency of HIV testing at the primary health care level

Since 2010, Ukraine has been strengthening primary health care and restructuring secondary-care levels in select regions of the country, but HIV services remained outside of this reform; these services were available only at a specialized, vertical network of HIV clinics. Aiming to provide evidence for a national policy dialogue on integrating HIV care into general (non-specialized) facilities, HFG undertook a cost efficiency study on the viability of providing HIV services through the general primary health care network.

To pilot this approach, we worked in collaboration with the Chernihiv oblast health department to provide training and ensure access to necessary equipment and supplies for HIV counseling and testing at the primary health care level. We also supported the pilot primary health care facilities in

letting the public know these new services were available. Our study demonstrated that in the pilot districts of Chernihiv oblast, HIV counseling and testing per capita increased 3.52 times; the number of HIV cases detected per capita doubled; the number of people tested from among the most at-risk populations increased eightfold; and the cost per detected case decreased by 34 percent in pilot areas versus non-pilot areas (Doroshenko 2015).

Our study provided the Ukraine government with evidence and lessons on integrating HIV counseling and testing into non-specialized primary health care, thereby contributing to the national policy dialogue on HIV integration into primary health care as a way to improve access and efficiency.



“Armed with the analysis from the HFG system, we’ve merged three TB hospitals and one HIV hospital into a single, more efficient facility which can address our patients’ needs.”

~ Dr. Svetlana Esipenko, Director, Odesa Oblast Center for Socially Significant Diseases



RESULT AREA 2

Improved TB care through a streamlined TB hospital system

Ukraine’s multidrug resistant TB epidemic is in part blamed on the long hospitalizations that most TB patients undergo. In Odesa oblast, for example, the health department reports that a startling 89 percent of those with TB in 2017 were hospitalized for a minimum of two months and many for longer. Even patients who were not contagious and whose treatment consisted only of taking oral medication could expect to spend months in a TB facility, often coming in contact and being infected with more serious, drug resistant forms of the disease. The country’s TB decision makers recognized the need to combat over-hospitalization. However, resistance to change was rife: Hospitals continued to be paid based on inputs such as the numbers of beds kept full, meaning they were incentivized to hospitalize patients and keep them in the hospital for a longer time than necessary. HFG worked to strengthen the health departments’ response to this challenge. Through our sustained technical assistance and tools, we equipped health decision makers in our four pilot regions with resources and knowledge to better monitor TB hospital performance and make evidence-based decisions to scale down the bloated hospital system.

Strategic purchasing approaches for TB hospitals and health departments

HFG developed and helped introduce important tools—a TB hospital performance monitoring system and a simulation module—that are changing how Ukraine makes decisions on hospital services for TB. We worked with the health

departments in Poltava, Odesa, and Lviv oblasts; Kyiv City; and the national Ministry of Health (MOH) to introduce these tools. Through HFG’s work, both health departments and hospitals now have a user-friendly electronic dashboard to monitor hospital performance, and individual facility reports are provided to each hospital on a regular basis. Health departments also have access to an HFG-developed simulation module that allows them to simulate changes in variables, for example, to estimate cost savings if hospitalization of non-TB cases were eliminated or if the average length of stay was reduced for certain types of cases as per WHO recommendations.

Together, these tools are allowing TB decision makers to answer three key questions of strategic purchasing: what to buy, from whom to buy, and how to buy. Significantly, HFG’s work has demonstrated that strategic purchasing tools can be successfully implemented for change even before new provider payment mechanisms are introduced in the country.

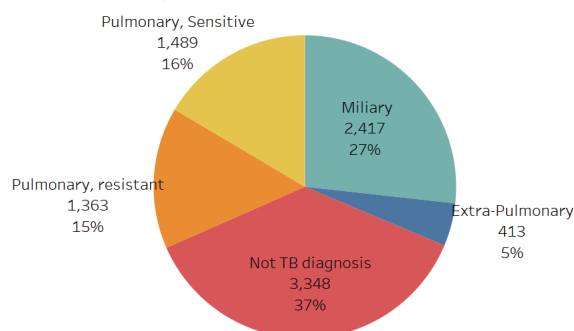
With the tools HFG has developed, Ukraine’s TB decision makers are now able to see at the click of a button what kind of TB cases are being hospitalized and for how long and what kind of services TB hospitals are providing, to whom, and at what cost.

SCREENSHOT OF THE TB HOSPITAL PERFORMANCE MONITORING SYSTEM DASHBOARD

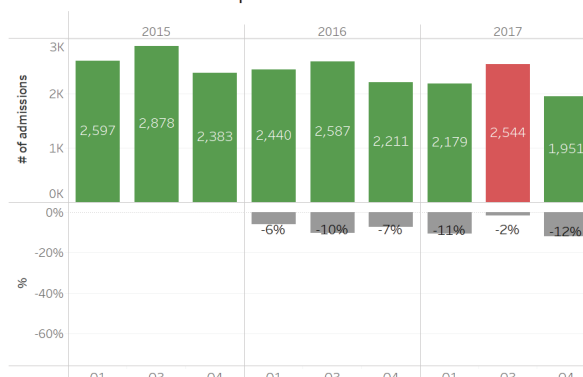
Types of TB Hospital Admissions (Poltava oblast)

Admissions by TB types

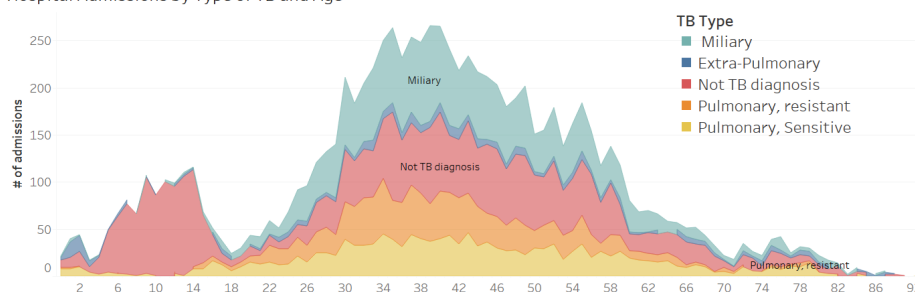
Total # of admissions: 9,030



Trends in the Number of Hospital Admissions



Hospital Admissions by Type of TB and Age



The page shows case mix of TB admission, length of stay, and patient demographics. Hospitals and health departments have ongoing access to these dashboards with up-to-date data analysis.

Improved analysis for better decision making

With the strategic purchasing approaches introduced by HFG, TB decision makers are for the first time able to see what the health department is “buying” in the way of TB services.

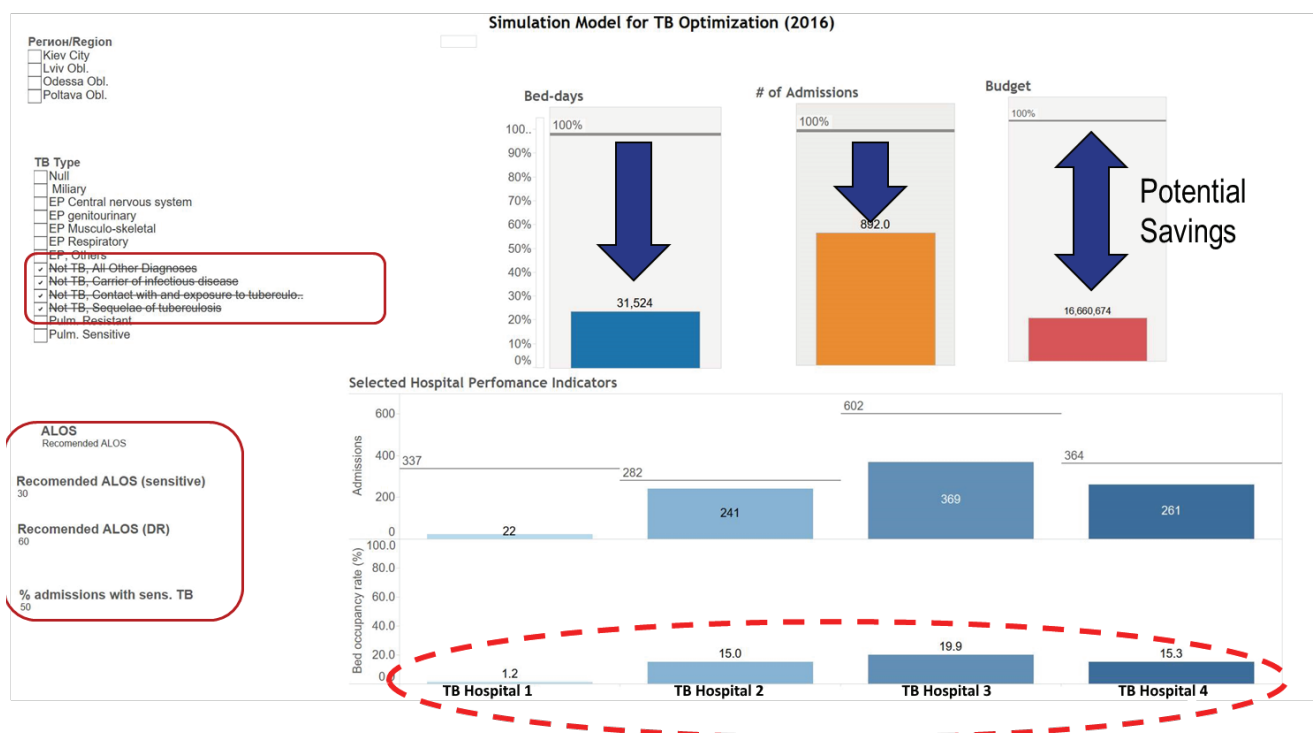
With HFG’s hospital performance monitoring system, decision makers are seeing, for the first time, what kind of services TB hospitals provide, for whom, and at what cost, and are able to compare costs and other indicators across various facilities. They can know at the click of a button what kinds of cases are being hospitalized, the demographic make-up of these patients, and their average length of hospital stay. The hospital performance monitoring system showed that more than 40 percent of patients in TB hospitals did not have TB at all, meaning they could be more safely and less expensively treated in the general health care system.

Health departments can use these data to make decisions on what services should be offered at which facility. Hospitals too have regular access to analysis on their facility’s performance and can compare indicators—like types of cases treated or the average length of stay—with other hospitals in their oblast. This has created a strong incentive among hospitals to improve both the effectiveness of their work toward improved outcomes and the quality of their data.

Costs saved from a streamlined TB hospital system

As a result of HFG’s work, health departments in Poltava, Odesa, and Lviv oblasts and Kyiv City have made concrete plans for TB hospital optimization, based on the data generated by the TB hospital performance monitoring system, and have successfully gained approval from their local government administration to make these changes. Based on analysis of the monitoring

SCREENSHOT OF THE SIMULATION MODULE IN THE TB HOSPITAL PERFORMANCE MONITORING SYSTEM



The simulation module allows TB decision makers to change variables to see the potential effect on efficiency. This particular simulation shows that decreasing the average length of hospital stay to match national recommendations and eliminating the hospitalization of non-TB cases in TB hospitals could reduce the number of bed-days by 80 percent and decrease the number of hospitalizations by more than 50 percent.

system's data, Odesa oblast has restructured its TB hospitals, merging three TB hospitals and an HIV hospital into a single, integrated care facility. Lviv oblast has closed down two unneeded TB hospitals, and its department of health has reinvested the resulting savings of 2 million UAH (approximately US\$77,000) into upgrading the remaining TB facilities.

After extensive work with the HFG simulation model and in line with national guidelines and WHO recommendations, the health departments have stated plans to have a total of 10 TB hospitals closed HFG focus oblasts. They also intend to restructure their inpatient TB treatment networks to improve efficiency and effectiveness of care and shift more care out of hospitals and into the primary health care sector.

“We knew we had to downsize, as the longer the patient is hospitalized, the higher the chance he’ll be infected with another form of TB. The HFG data helped us downsize rationally. Lviv oblast now has 785 beds for TB patients, down from more than 4,000.”

~ Dr. Lyubomir Rak, Director, Lviv Regional Phthisiopulmonological Clinical Treatment and Diagnostic Center



“Data have been collected for years and years on paper. The papers have just sat somewhere, maybe to be eaten by mice. Now with the HFG system, we finally have data that we can use. We will definitely continue to collect data and use the system beyond the end of the HFG project. It is a very good management tool for us.”

~ Dr. Iryna Mykychak, Director, Lviv Oblast Health Department



RESULT AREA 3

Implementing sustainable approaches for a more effective and efficient general hospital sector

Following the early success of HFG's work in streamlining the TB hospital sector, the MOH requested HFG's broader assistance in preparing the country for the introduction of strategic purchasing. Our support was specifically sought for developing a national cost accounting system for health providers as well as a framework and tools for introduction of a case-based hospital payment system.

At the local level, this would allow health departments to streamline, or optimize, the hospital system to allow for a relatively smooth transition to a new payment system. Additionally, it would equip hospital managers with the understanding and tools to take this optimization forward and prepare them for payment based on the cases they treat rather than by the number of beds they fill.

We collaborated closely with the MOH and regional partners to adapt the data collection and analysis approach we had used for the TB work. Beginning in 2017 with Poltava oblast,

we introduced cost accounting and a discharged patient database in general hospitals; this fed into a general hospital performance monitoring system for the oblast. As with TB hospitals, each participating hospital received individual facility reports, and the health department got access to a simulation module for the general hospital system. HFG's data analytics system has since expanded and now covers 213 hospitals across Poltava, Odesa, and Lviv oblasts. As in the TB sector earlier, the tool allows health decision makers to see provider productivity, patient volume, and structure of inpatient care across providers and levels of care; cost of services; and potential areas for efficiency gains.

Lviv oblast's health department plans to restructure its hospitals, closing unneeded buildings and beds. It has calculated that optimization of the oblast's health care facilities in 2018 will free up 50 million UAH (about US\$1.9 million), which the department will keep in its budget to use for improvement of the oblast's health care system.



RESULT AREA 4

Established systems enabling Ukraine to introduce strategic purchasing nationally

HFG has played a key role in supporting Ukraine's transition to strategic health purchasing, which is a major step toward improved resource use for health. The country has made some important decisions that will ensure that public health funds are used to efficiently purchase health services and will begin case-based payment for hospitals in 2019. We worked hand-in-hand with government partners and stakeholders in Ukraine to establish the building blocks for strategic purchasing—ensuring unified information systems are in place, establishing a system for data analytics, and supporting the development of the new case-based payment system itself.

Building a national cost accounting system

In 2017, HFG's cost accounting approach for determining the cost of delivering services, which we had earlier piloted in four regions of Ukraine, received approval from Ukraine's Cabinet of Ministers to become the single methodology to be used in calculating payment rates for the case-based hospital payment system for all hospitals across the country. This marks a huge step toward institutionalization and planned introduction of the case-based hospital payment system in 2019.

Establishing a system for data analytics

Expanding upon the hospital performance monitoring system HFG had developed and helped introduce, we developed a data analytics platform linking cost accounting and discharged patient data. NHSU, the strategic purchaser in Ukraine, can use it to monitor hospital performance. We designed the platform to include an “early warning system” that alerts the payer and the hospital itself to any activity outside of the norms for that hospital and signals the payer to look into the situation. The analytics platform also includes a simulation module similar to the one we introduced at the oblast health department level. Information from this data analytics platform is informing the design of the new case-based hospital payment system and will later be used for monitoring it.

Designing the new case-based hospital payment system

HFG provided extensive support to the NHSU and MOH to design a new payment model and define the implementation steps needed to shift from the current input-based line-item payments to a more comprehensive output-based payment system based

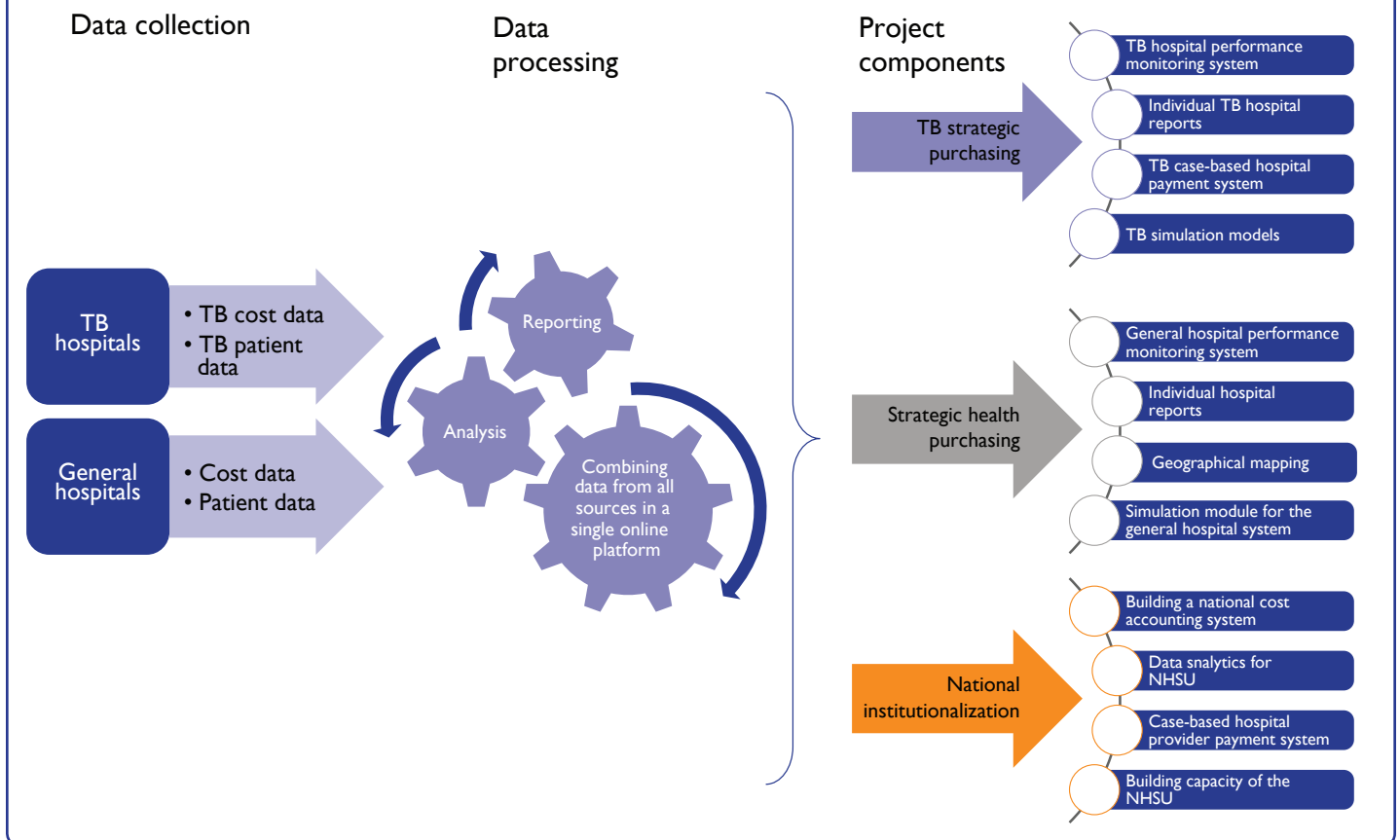
“HFG developed instruments that we can use for implementation of strategic purchasing. They are based on our real situation and not just theory... and now we are moving toward implementation.”

~ Oleg Petrenko, Head of the new National Health Service of Ukraine



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HFG PROJECT COMPONENTS: SUPPORTING DATA-DRIVEN STRATEGIC HEALTH PURCHASING DECISIONS IN UKRAINE



on DRGs for inpatient care. Taking a “learning by doing” approach, we worked closely with the MOH and NHSU to develop a new case-based hospital payment system that would serve as a transition to the national DRG system. In designing the case-based payment system, we used internationally recognized DRG development methodology and hospital-level data from the pilot regions in Ukraine, including cost accounting results from 70 general hospitals and data for more than one million discharged patients from the hospitals in the pilot regions. We also developed steps for implementation of the system at the oblast level. In May 2018, the NHSU and MOH received the prime minister’s approval to move forward with piloting the proposed hospital payment system in Poltava oblast (and potentially other oblasts) beginning in 2019.

Building institutional capacity on strategic purchasing

We lent early capacity-building support to NHSU when it was established by the Government of Ukraine in March 2018 and provided initial technical assistance to help the new agency learn both the theory of strategic purchasing and the nuts and bolts of the instruments for its implementation. As a result of the systems we put in place and handed over to NHSU, the strategic partner now has a basic framework in place to support further development and nationwide implementation of the new case-based hospital payment system and toward improved health outcomes.



LOOKING FORWARD



SUSTAINABILITY

Throughout its work in Ukraine, HFG worked hand-in-hand with government partners and key stakeholders of the health reforms agenda in the country. We ensured ownership of the newly introduced systems, databases, and processes at each step of implementation and provided partners with intensive hands-on experience and support to lead the implementation. The three pilot oblasts and Kyiv City¹ now fully own their hospital performance monitoring systems: They upload the data themselves, regularly access analysis, generate their own reports, and use data analysis for decision making. They have also stated their commitment to continue using the hospital performance monitoring system beyond the term of the HFG project, citing it as a good management tool. At the national level, our cost accounting methodology has been institutionalized through a national approval by the Cabinet of Ministers.

The biggest threat to the sustainability of the strategic purchasing framework and tools stems from the chance of a political change or instability. With both parliamentary and presidential elections scheduled for 2019, it is a race against time to see if the NHSU can become strongly institutionalized and the policies on moving toward strategic purchasing can sufficiently be solidified so that a change in government would not push the country off its current trajectory toward strategic purchasing.

Taking the reforms process to the next level requires that the NHSU receive continued support in implementing strategic purchasing going forward. Effective implementation of strategic purchasing will require constant monitoring and tweaking of incentives based on the results from monitoring. With the NHSU completely new at strategic purchasing and the new payment system to be rolled out across the country, the NHSU will require continued hands-on technical assistance and donor support.



LESSONS LEARNED

HFG's work in Ukraine has demonstrated that even before new payment systems, strategic purchasing approaches can have significant positive results toward improved resource use. Our TB strategic purchasing activity empowered health care providers and decision makers with data analysis on hospital effectiveness, resulting in increased buy-in for reforms, structural changes to redirect resources more wisely, and initiatives from facility managers themselves to restructure and reprofile their facilities.

Implementation of our new approaches and systems in Ukraine has highlighted the importance of building understanding and consensus. At the hospital level, cost accounting implementation highlighted the need for ongoing training and remote support as facility-level finance specialists and statisticians undertake the cost accounting process; this support is critical to ensure that the facility staff understand both the technical steps as well as the objectives and importance of the

exercise. The experience also showed that when a feedback loop is in place and health care facilities have access to valuable analysis based on the data they collect and submit, data quality improves significantly. At the national level, HFG's work in Ukraine underlined the importance of spending time to engage a wide array of key stakeholders—in this case, the health, finance, and economics ministries, along with key hospital managers—in substantive policy dialogue to ensure common understanding of and communication on key aspects of the process.

Our work also highlighted a few key takeaways on presentation of data: First, graphic presentation of data and analysis is of utmost importance in helping people understand information; and second, health care facilities understand their own performance better when they can see how their indicators compare with other facilities, and benchmarking against their peers serves as an incentive for facilities to improve.

¹ The three pilot oblasts have the hospital monitoring system for all hospitals (TB hospitals and general hospitals), while Kyiv City has it only for TB hospitals.



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