



## **Strategic Purchasing of Healthcare Services in Developing Countries: A New Approach Is Required**

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### **Dear Editor-in-Chief**

The proper purchasing of services has always been one of the major concerns of health insurance. Inattention to the optimum purchase of services has led to serious problems for health systems. Traditional (passive) purchasing has some weaknesses because of problems such as low efficiency in the health system, no targeted resources, low cost-benefit and cost-effectiveness indicators and poor justice in access to services.

To solve these problems, WHO, introduced strategic purchasing as a central activity to improve health system performance (1). Many countries adopted this strategy within their health system but the process of strategic purchasing in middle-income countries where the passive purchasing elements dominate is considered as a challenge facing the financial protection and efficiency of health services.

In order to implement this strategy in Iran, the government obliged the health insurance organizations to comply with the referral system and classify services based on the policies approved, so that they could take actions for the strategic purchasing of health services from the public and non-governmental sectors. However, appropriate actions have not been taken to implement this important strategy after several years of obligation of the health insurance organizations and

there is only a mention of obligation in the upstream documents.

An important question is why developing countries, including Iran, failed to implement the strategic purchasing? There has been a perception in the health insurance system of Iran that strategic purchasing is possible only if all the conditions are met and good progress in strategic purchase can be made when all necessary actions are taken. Certainly, it is difficult to provide ideal conditions for a strategic purchasing in these countries, as a result of the existence of major problems.

Insurance organizations can take some actions through simple solutions in the field of strategic purchasing. Some solutions are mentioned as follows:

Critical bottlenecks should be identified in the strategic purchasing and reviewed consciously. One of the main bottlenecks in the strategic purchasing is the type of services and goods purchased (what should be bought?). To respond, the state of the country's service package should be determined. The present package in Iran has some major problems, including inappropriate information system, inappropriate mechanisms and criteria covering services, and inappropriate trustee for determining the service package and

etc (2). Simple interventions can solve many problems in this regard such as prioritizing the services, determining the effectiveness, efficiency and safety of services, determination of the criteria for introducing services to the package, determination of the package review criteria, determination of the package services review team, determination of the position of HTA, as well as the feasibility of introducing some preventive services to the package.

Another important bottleneck in the strategic purchasing concerns the property of health services providers (from whom it should be bought?). The big problem is inefficient ranking of the providers. The insurance agency can determine the movement direction towards the strategic purchasing of standards and criteria that the public and private providers must have, and after careful evaluation, they can only carry out contracts with organizations achieved the necessary standards. Moreover, those organizations highly ranked in service provision, should be rewarded as an incentive and stimulate healthy competition with other organizations.

The third important bottleneck in the strategic purchasing is the type of people for whom the services should be bought (for whom it should be bought?). This issue aimed to define special packages for certain people. Here, the most important problem is the lack of an integrated information system, or electronic health record (EHR) without which the insurance organization will not have full information about the economic, social, location and health status of people. Infrastructural problems and lack of EHR is one of the main challenges facing other health plans in Iran (3). In order to move towards a strategic purchasing, it is necessary to properly design information systems considered the country's information infrastructure, so that more deprived people are identified and covered by specific services. Therefore, the defined vulnerable groups are first identified, and their preferences for the needs

examined. Naturally, it will improve the health of the vulnerable group and reduce health system costs in the long-term.

The fourth major bottleneck in the strategic purchasing is the type of method through which the providers should be paid (through which method should payment be made?). The current system governing the country is retrospective. Thus, it is recommended to move from retrospective payment systems to prospective payment systems.

Despite all the advantages of strategic purchasing for the health system of each country, its effectiveness is based on the successful implementation and effective collaboration of all stakeholders. Despite little authority, Iran's insurance organization can implement "strategic purchasing" by simple solutions. In addition, it may be necessary to implement strategic purchasing that is slightly different from other countries, according to the conditions of each country and the needs of the society. Strategic purchasing is implemented gradually and each step emphasizes one bottleneck.

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