Policy Brief

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ADDRESSING INEFFICIENCIES AND WASTAGE IN THE HEALTH SECTOR AS A MEANS OF MOVING TOWARDS UNIVERSAL HEALTHCARE IN GHANA

INTRODUCTION

Free health care for all in Ghana is achievable and affordable through cost-savings, progressive taxation and good quality aid.

To achieve this however, the current health system needs to be improved to make it more efficient and effective in order to save the sector millions of Ghana Cedis each year. Such losses can be avoided and action must be taken to eliminate waste and reduce inefficiencies.

This policy brief brings to light some of the wastage and mismanagement that have been observed in the health sector in Ghana and rationalizes the objective of achieving our shared goal of universal access to quality basic healthcare in Ghana, Free at the point of use .

The World Health Organization (WHO), in its World Health Report on Health Systems Financing(2010), provides a conservative estimate that between 20% and 40% of existing health resources across the globe are being wasted. This report, built on a strong foundation of evidence suggests that Ghana is no exception. A team of researchers in 2010[1] showed that a significant proportion of our health expenditure is wasted, with estimates suggesting that up to 36% of the total spending could be eliminated without compromising health care quality. Moving away from the current National Health Insurance administration alone could save US$83 million each year, enough to pay for 23,000 more nurses.

There is a compelling need to address waste for the following reasons. First, the cost savings associated are likely to be very large and could be invested into the health of citizens to achieve our goal of universal health coverage free at the point of use . Secondly beyond economic arguments, wasteful spending may reduce productivity and compromise the quality of life-saving health care.

Much of the waste that exists today in the health care system can be reduced through;

I Concerted effort by all stakeholders in the health sector

II Understanding where and why it exists

III By taking the s steps necessary to eliminate it

Through these, we believe Ghana's healthcare system would be more streamlined, value-driven, focused on quality patient care and on its way to achieving universal healthcare. This briefing identifies sources of current waste and inefficiencies in the Ghanaian Health sector that can be readily addressed through remedial action.

Free universal health care can be achieved in Ghana

Currently, no homegrown comprehensive costing estimate of universal and equitable health coverage exists in Ghana, and this gap should be addressed. The 2010 World Health Report (37) states that low-income countries will need to spend a little over US$60 per capita per year by 2015 to achieve the Millennium Development Goals. In the interim, this serves as a guide.

Ghana's current per capita spending on health is US $35(17). It was estimated that a total of about US$7.7 billion would be needed between 2002 and 2015 for investment in health delivery and CHPS. This would enable the country to accelerate progress towards the achievement of the health and health-related MDGs and poverty reduction (Overview, Ghana Micro Economics and Health Initiative, October 2005).

Comparing funding allocation to the health sector in 2011 to 2012, it is encouraging that government continues to make efforts towards improving the health sector. In absolute terms, government has almost doubled its Ministries, Departments

and Agencies (MDA) budget allocation to the health sector in 2012. In 2011, an amount of GHC 987,475,507.00 was allocated to the sector compared to GH¢1,799,434,809.00 in 2012. This means that the allocation to the health sector has been increased by GHC 811,959,302.00 in 2012 in nominal terms.

The expenditure allocation to the health sector as a percentage of MDA allocation from the budget statement for 2012 is 9.97%. This is below the Abuja Target of governments allocating at least 15% of their budgets to health, and far below the estimates made in the Ghana Micro Economics and Health Initiative overview document of 2005.

The health financing gap could be addressed through eliminating waste and reducing inefficiencies within the health sector. With projected economic growth, together with action to improve progressive taxation of Ghana's own resources; especially oil; the government alone can mobilize a health expenditure of US$50 per capita by 2015 [(1)].This figure assumes a minimum government investment in health of 15% of total revenues.

An additional US$4 per capita can be added by 2015 via quality of aid; particularly if at least 50% of health aid is given as sector budget support.

These sources combined mean that by 2015, Ghana could increase its per capita expenditure for health to at least US$54 per capita, and be well on the way to spending the US$60 per capita recommended by the WHO.

Waste and inefficiencies

While the government and people of Ghana continue to express concern about the best use of scarce resources for health care, reports point to the waste of money, health personnel, time, and supplies. It is difficult to measure the magnitude of wastage, but estimates suggest that up to 36% of total health spending could be eliminated without reducing health care quality[(1)].

These savings could be invested in the health of all citizens which will lay the foundation for a healthy economy in the future.

An independent review of the health sector Programme of Work (POW) for 2010 also confirms that despite the high performance of the sector, it is constrained by some major inefficiencies which include;

- Delays in funding and reimbursements,
- High prices of medicines and
- The learning and doing process of the national health Insurance.

Efficiency as a cost-saving measure

Within the health sector, waste exists in a number of areas including: health care financing and administration, leakages out of the health system due to fraud and corruption, human resources (deployment of health personnel), clinical care and use of medicines. Research shows that cost-savings in Ghana can be achieved from three key sources: Inefficiencies, cost escalation, and corruption and institutional conflict [(1)].

It is important to note that while these have been recognized, some of the examples of waste in the health sector have not yet been well documented.

Human Resource

'Wastage of human resources' has been classified into two main forms: 'direct' and 'indirect'. 'Direct' wastage occurs when avoidable loss of health personnel arises from factors such as emigration and death (i.e. complete losses to the health sector) and reflects attrition of people from the health workforce. "Indirect" wastage is the result of losses in output and productivity of health professionals, such as those arising from absenteeism, poor performance, overstaffing, inappropriate skill-mix, and 'ghosts' that plague payrolls while restricting room for new employment[(4)].

Inefficiencies can occur at all stages of the working lifespan - from ineffective planning and training at the preparation stage through to inadequate supervision. The Health sector medium term development plan 2010-2013) confirms that with respect to human resource in the health sector, constraints remain in terms of production, deployment and management.

Failure to generate and maintain a suitably qualified workforce inevitably leads to reduced productivity and performance at the system level, which will in turn impact on the overall health system goal. Commonly used measures of health workforce attainment or performance include attendance or absenteeism rates, patient satisfaction ratings and workload rates such as

number of visits or consultations per day. In Ghana, health workforce productivity was recently assessed by dividing a composite measure of service delivery by an aggregate measure of workforce availability (proxied by total salary expenditures (32).The authors found considerable variation in inefficiency across the country and at different levels of the health system, but were unable to find any clear correlation between workforce productivity at the district level with skill mix or the availability of health infrastructure. This variation in efficiency levels indicates that many municipalities are underperforming and could increase efficiency by changing the skill mix of workers (33).

As of 2012, the population to doctor ratio in Ghana stood at about 1:10,000.. There were a total of 1,747 doctors in 2008, of which 1,230 (70%) were concentrated in Greater Accra and Ashanti Regions. Doctors, nurses and other health workers are at the core of a health system and where numbers fall below a certain level; health can no longer be expected to operate effectively. Also unequal distribution of qualified health workers – where most medical doctors are concentrated in urban towns to the neglect of rural areas - means that many people in rural or peri-urban slum communities cannot access the skilled medical care they need. This situation therefore makes one wonder whether the Human Resources for Health (HRH) Division of the Ghana Health Service has not failed the nation.

The use of health professionals in administrative roles such as doctors playing administrative roles in various districts across the country also contributes to the HRH gap. Despite the high need for rural health services and the high migration rate among its doctors, the health sector in Ghana produces six times more doctors annually than medical assistants, who are better retained and are more likely to be found in rural areas.A Cochrane review found that primary care doctors produce no higher quality care or better health outcomes for patients than trained nurses.

Human resources for health in Ghana constitute a major category of cost with salaries and other payments to workers typically consuming more than half of the entire health budget. Therefore, it important that the urban health facilities are decongested to meet the needs of those in the in the deprived areas.

Potential Savings from NHIS

Although the NHIS has increased utilization of care and reduced financial barriers to some extent, the scheme faces a number of severe challenges. This has resulted in the NHIS bleeding millions of Ghana Cedis each year due to large-scale inefficiencies, cost escalation, corruption and institutional conflict. Rectifying these problems will bring significant gains, firstly by generating savings that can be ploughed back into improving and expanding service delivery, and secondly by ensuring the most effective use of additional resources are invested in the health sector in the future. Putting an exact price tag on potential savings from the existing system is not possible due to the complex nature of the health sector and the lack of transparency in the current reporting of costs, particularly for the NHIA. Such savings arise from both tackling problems identified in the current health system and net gains made from further investments in preventative health.

The total savings estimate for the health sector is GHc 374 million or US$239 million based primarily on 2009 NHIA expenditure information. Moving away from a health insurance administration alone could save US$83 million each year - enough to pay for 23,000 more nurses. when applied to the population in 2008 with per capita expenditure on health at US$28, the saving amounts to US$10 per capita or 36% of total government health expenditure. Applied to current (2010) and projected 2015 population figures, the total savings value amounts to US$9.8 and US$8.8 respectively.

Furthermore, family planning services are not included as part of the current package of benefits under the NHIS. USAID calculations estimated that if family planning was included a net savings of GHc 11 million would be realized by the year 2011, rising to GHc 18 million by 2017. These savings would mainly arise from reduced costs in maternal and childcare, including deliveries, post natal and infant care. USAID estimates that the use of any amount for family planning leads to three times that amount being saved in avoided antenatal, delivery and newborn care.

Medicines and other supplies

Through better negotiations with suppliers and reducing unnecessary cost escalation along the supply chain the price of medicines could be reduced by at least 50%. In 2009 claims

for medicines amounted to GHc 129 million.(16) A further key form of inefficiency in the use of medicines concerns the under-utilization of generic (as opposed to branded) drugs, which have equivalent efficacy yet are substantially cheaper to procure .Additional savings could also be made on reducing antibiotic prescribing hence prescribing and using medicines more rationally. Irrational use may take many different forms, for example, poly-pharmacy, over-use of antibiotics and injections, failure to prescribe in accordance with clinical guidelines, or inappropriate self-medication Currently the trends in rational drug use of medicines monitoring for health facilities confirm that antibiotics are still being overprescribed (more than 40%) and generic prescribing does not meet the set target of 85% in some facilities in the country. The Drugs and Therapeutics Committees in the various facilities are actively leading efforts to reduce antibiotics prescribing and increasing generic prescribing over branded products, but more work remains to be done.

Cost savings from eliminating the overuse of antibiotics and increasing generic prescribing couldbring us closer to our goal of universal access.

Malaria accounts for 38% of all outpatient attendances and 36% of all admissions (29). There were a total of 16.6 million insured OPD cases in 2009, with a per capita cost of GHc 10.11, and 973,000 inpatient claims with a per capita cost of GHc 75.69.

Reduction in malaria cases by 50% as a result of increased bed net distribution and other preventative measures would have saved the government GHc 44 million in 2009. Similar investments in preventative health, including especially water and sanitation to reduce incidence of diarrhoea and typhoid, could yield much more savings for the sector.

Corruption

Over and above the inefficiencies highlighted above with respect to healthcare financing, account needs to be taken of the ultimate waste of resources, most commonly as a result of fraud and corruption. Resources for health that are misappropriated for private gain distort and diminish the flow of inputs into the health system, and this compromises the capacity of the health system to attain the goals it sets for itself.

Corruption reduces the resources available for health, lowers the quality, equity and effectiveness of health care services; decreases the volume, and increases the cost of services. Also, it discourages people from using and paying for health services and ultimately has a corrosive impact on the population's health. Ghana's corruption perception index in 2009 was 3.9 out of a total of 10, showing that corruption remains a major problem in Ghana and that some of the intentions seem to have been lip service.

There are many ways in which actors in the health system. can abuse entrusted power for private gain, but key sources of corruption identified in a recent Global Corruption Report focused on health include embezzlement and theft from health budgets or user-fee revenues; corruption in procurement; corruption in payment systems; corruption in the pharmaceutical supply chain; and corruption at the point of health service delivery, especially charging fees for services that are meant to be free(31) .

The report of a study released by the World Bank in 2010, Africa Development Indicators: Silent and Lethal, How Quiet Corruption Undermines Africa's Development Effort indicates that leakage of resources in the provision of health care in Ghana is huge. Furthermore, the work and annual reports of the Public Accounts Committee of Parliament have drawn attention to widespread occurrences of misappropriation and misapplication of public funds, unauthorised payments, waste, misuse and gross mismanagement of funds in public administration.

The National Anti-corruption plan states categorically that every sector of the country faces one form of corruption or the other.

Measurement of the extent of overall corruption in health systems is evidently challenging, because data in the sector is not good enough to offer leads to corrupt practices.Howver, a good place to start is tracking the allocation and distribution of government expenditures on health. One such survey in Ghana, for example, found that 80% of non-salary funds did not reach the health facilities they were intended for

In a recent political economy analysis of the health sector in Ghana, Stakeholders admitted the existence of corruption in

the sector, and that situations are actually created for corruption to thrive. As an expression of the sorry state of corruption in the sector, this is what one official had to say; "'As a Christian association we don't want to get corrupt, but one has to be corrupt in order to be able to do what you want to do. Either you accept to be corrupt or you don't get what you want".

CONCLUSIONS

This policy brief has highlighted avenues where waste and inefficiencies exist in the health sector. This brief documents the monetary value that can be made available by their elimination. The Overall conclusion is that there is a large degree of inefficiency and Ghana could do a lot more to make better use of the resources devoted to health as a means to achieving universal coverage

POLICY RECOMMENDATIONS

Recommendations For government and MOH

- Governance and leadership in health must now be expressed as tangible actions that result in senior managers and policy-makers valuing and respecting health workers. New career and incentives systems must be developed, along with better social and technical support for health workers.

- The Government must strengthen the capacity of HRH departments and must invest significant portions of health budgets in building capacity, not only through training, tools and technology, but with incentives to retain staff, and revise remuneration policies and performance-related pay.

- The MOH should investigate examples of waste that are not well documented in the literature. Research needs to examine areas of waste that are often believed to be sources of waste in the health sector. Efforts to reduce waste should be concentrated in areas where the greatest savings will result and should take into account the cost of making the necessary changes.

- Through the existing decentralized health system waste can be reduced by providing improved information and feedback for decision-makers, increasing the control of managers and providers over factors affecting wastage, and increasing the accountability and responsiveness of the health system to its stakeholders

- MOH should ensure that decision-makers can be made aware of the costs and impacts of different health actions through an assessment of available resources and a general understanding of their use

- Improve prescribing guidance which will require an exceptional effort through continuous training, monitoring, adherence to treatment guidelines and raising public awareness

- Tackle the problem of corruption through timely publication of comprehensive financial accounts across the health sector, including transfers between the Ministry of Finance and the Ministry of Health should be legally mandated

For civil society

- Act together to hold governments to account by engaging in policy development, monitoring health spending and service delivery, and exposing corruption
- Civil society organizations should improve and increase collaboration to exert collective pressure on the government and other stakeholders to push for universal health care free at the point of use
- Civil society could explore potential partnerships with national organizations to build a national coalition to identify waste and best practices to eliminate it

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