User fees for primary health care in Papua New Guinea: productivity and equity implications

Authors:
Rohan Sweeney Centre for Health Economics, Monash University, Melbourne, Australia
Navy Mulou National Department of Health, Port Moresby, Papua New Guinea

Introduction:
In 2009, the authors of this paper undertook interviews with staff at 44 government- and church- run facilities across seven provinces in Papua New Guinea (PNG), and conducted exit interviews with 194 facility users. The study revealed that user fees are common and often applied on an ad hoc basis, rather than according to existing policy guidelines, which raises significant equity of access issues. While it appears that revenue from user fees is relied upon for operational expenses in Primary Health Care (PHC), more research is needed.

Key messages:
- The findings suggest fee charging is common across church and government PHC facilities in PNG, causing barriers to accessing services for those who cannot afford to pay.

- Current National Department of Health (NDoH) fee-exemption policies for Maternal and Newborn Child Health (MNCH) and domestic violence related services do not appear to be adhered to systematically.

- Facility staff reported that fee revenue is important for covering operational expenses that are supposed to be funded through other government mechanisms, indicating a dissonance between policy and practice.

- Policies exempting the poor from fees for service, especially essential primary health care services, should be investigated.

- Policy-makers should consider the need for new mechanisms to improve adherence to existing (and future) exemption policies. Compensating facilities for the revenue foregone by reducing/removing fees, may be important in achieving successful adherence and compliance.

- Alternative community level financing mechanisms that provide operational funds, while reducing the inequitable effects of fees, need to be explored further.
Reason for this study:

Equitable approaches to financing health services are crucial for achieving the goal of universal coverage of health services. User fees at the point of service are an inequitable financing mechanism, causing barriers to access for many, although in some contexts they can provide needed revenue for PHC facilities.

Despite multiple funding mechanisms, funding for PHC facilities in PNG is generally inadequate and a persistent challenge. In PNG, as in many low-income settings where government funding for PHC is insufficient, user fees are common, however recent information on these practices is lacking. This policy brief provides insight into staff and user accounts of the effects of fees at PHC facilities across the country.

Background: equity issues and funding and fees in PNG:

In 1994, Thomason et al noted that fees at PHC facilities in PNG were effectively unregulated. The 2001–2010 National Health Plan stated that charges must not be placed on maternal and child health services or for treating injuries sustained through domestic violence. Many health officials and health workers believe that charging fees at PHC facilities is against legislation; however there is no legislation banning user fees across the board.

Evidence from international literature suggests that when user fee revenue is kept at facility level it may lead to improvements in efficiency of service delivery and quality of care, and subsequent increases in utilisation. However, user fees are more likely to be associated with lower service utilisation, particularly amongst poorer populations for whom fees can be a barrier to access or a cause of ‘catastrophic’ debt (see Further Reading below). This trade-off between productivity and equity needs to be managed. Unless the operational funding provided by fee revenue can be replaced, abolishing fees can harm service delivery. Where fees are charged, effective regulation is required to minimise inequitable effects.

Methods in this study:

In 2009, we conducted structured interviews with staff at 44 government- and church- run facilities in peri-urban, rural and remote areas across seven provinces. Staff were asked about fee and exemption practices and how fee revenue was used at their facility. We also conducted an exit survey of 194 facility visitors enquiring about their experiences with fees and why they chose the facility.

The quality of evidence on the impact of user fees outside PNG is not considered robust, so generalising findings to other settings should be done with caution.

Key findings:

*User fees were common*

Thirty-seven of 44 facilities reported charging fees for at least some services. The mean annual revenue estimate was PNG Kina15,869 (range PNGK600 to PNGK102,000). This represents a relatively small proportion of total running costs (Inder et al. 2009); however, staff interviews indicate this revenue makes an important contribution to procuring local resources used in health facility operations.

Our exit survey found that 43% of people had been charged fees on their most recent visit. Reported fee schedules ranged from PNGK1.00–PNGK3.00 for outpatient visits, but were often much higher for services such as child-birth, in-patient stays and transfers.
Revenue from user fees were used for a variety of purposes

Staff at the 37 fee-charging facilities provided lists estimating how fee revenue was used. Many facilities reported using revenue for operational expenses including fuel for generators and outreach and transfer transportation, casual staff wages, cleaning materials and emergency drug supplies (Table 1), all of which are intended to be funded through Government mechanisms.

Table 1: Reports on how revenue from user fees was used in 37 PHC facilities

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Cleaning materials, kerosene &amp; other consumables</th>
<th>Transport associated costs</th>
<th>Wages for additional staff</th>
<th>Drugs and medical supplies</th>
<th>Savings or higher level administrative body</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 of 37</td>
<td>22 of 37</td>
<td>16 of 37</td>
<td>7 of 37</td>
<td>6 of 37</td>
<td></td>
</tr>
</tbody>
</table>

Further research is needed to investigate whether or not fee revenue tops up salaries and if fee charging actually results in quality of care improvements. However, on the basis of these findings, the reported uses of revenue seem consistent with attempts to improve the quantity and quality of services delivered.

Some clients were exempted, but a significant number found fees to be a barrier to access

Decisions on charging or exempting fees were commonly made at facility level and not based on formal policies. Reasons given in the exit survey for why fees were not paid included: an inability to pay, formal exemption for types of service (e.g. maternal health services), or being friends or family of staff. From an equity perspective, a major concern is that 21% of people reported fees being a barrier to access on at least one occasion (though a likely bias in sampling suggests this is an under-estimate of the problem).

Despite national fee exemption policies aimed at reducing gender access inequities, eleven facilities reported charging for maternal health services (including deliveries) and 10 facilities reported charging for treatment of injuries sustained through domestic violence. Fees for injuries resulting from domestic violence were reportedly often very high (PNGK50-75). Only five facilities explicitly reported exemptions for maternal health services. Staff were not asked by interviewers to directly name or list fee-exempt services they provided, so these numbers are likely low estimates.

The exit survey found that people mostly attended the facility closest to them and only very few reported the ability to ‘shop around’. In the context of PNG’s rugged geography, having effectively no choice of facility means the main factor behind whether a person faces a fee or not is the fee charging practice at their local facility, rather than any formal policy, an individual choice or the ability to pay.

Policy considerations and implications:

There appears to be a lack of clarity on legislation, regulation and policy regarding fee charging at PHC facilities; this results in exemption decisions (including on the grounds of ability to pay) often being made on an ad hoc basis. It was found that some facilities charge for MNCH services and for treating domestic violence, contravening government policy, which is of great concern given the very high rates of maternal mortality and domestic violence in PNG. At the local level it is possible some managers are not aware of formal policies and regulations governing their fee-charging practices.

Policies providing fee exemptions for the poor need to be developed, and strategies for enforcing existing policies explored. When policy-makers review their strategies for enforcing fee exemption regulations, it will be important to consider the constraints faced by facility staff and explore options to replace the operational PHC funding currently derived from fee revenue.
Alternatives to user fees have been discussed in the global literature and in national forums in PNG. Examples of alternative local funding arrangements already exist in specific locations in PNG and further local research could usefully supplement a national review. In Western Province, for example, annual taxes are often collected in place of user fees. These share the risk of the costs between user and provider over time, whilst also providing the additional operational funding for facilities.

More equitable mechanisms such as insurance schemes (local community-based or broader) or other prepayment approaches endorsed by the World Health Organization have been introduced in settings similar to PNG. These alternatives to user fees deserve exploration as part of the broader program to strengthen PNG’s rural health system.

Further Reading:


A working paper providing more information on these studies is available from the Nossal Institute

Working papers are available from: www.ni.unimelb.edu.au/hphf-hub
Or email to: ni-info@unimelb.edu.au

The Nossal Institute invites and encourages feedback. To provide comment, to get further information about the Working Paper series, or to request hard copies, please contact: ni-info@unimelb.edu.au with “Working Papers” as the subject.

The Knowledge Hubs for Health are a strategic partnership initiative funded by the Australian Agency for International Development.