
Session Title:

Investment Plans in Public Health, Essential Health Functions and its Costing Methodology for Latin American Countries.

1.-Objective:

The conference session will include the presentation of an approach to the costing of investment plans based in selected public health interventions and its relation to the costing of the Essential Public Health Functions (EPHF) developed by the Pan-American Health Organization (PAHO/WHO) and applied in different countries of Latin America in the last 2 years.

2.-Workshop overview:

The pre-conference “Investment Plans in Public Health, Essential Health Functions and its Costing Methodology for Latin American Countries” is related with the central aspects of the 4th Ihea seminar “Investment in Health”, because it will focus in general and operational aspects of the development of investment plans based in selected public health interventions and its relation to the operational costs of the Essential Public Health Functions (EPHF).

The pre-conference session will have 2 parts. The first one; “National Accounts and EFHF, their budget and costs” will focus on the general approach to the issue of measuring the expenditure in public health, both from the positive and the normative economic viewpoint. The second part of the session will refer to the methodologies developed for costing public health interventions in Latin America with the presentation of the cases of Bolivia and Chile. This second part will include the description of the cost methodology adopted and also the results reached for the costing of a particular public health intervention in each of the selected country.

3.-Workshop Faculty:

Schweiger, A.; MA in Economics, Boston University, USA.

López Somaschini, C.; MA in Economics, Universidad de Bs.As, ARG.

Cecchia, B.; MA in Education, Universidad de Belgrano, ARG.

Machnicki,G.; MA in Economics, University of York, UK.

4.-Expected Audience:

Directors, Managers and Advisors of the Public Sector organizations and ONG’s, Public Health Managers and Advisors, Faculty and Professors of Health Economics and Public Health Schools, Investigators in Health Economics and Public Health.

A: National Accounts and EFHF, their budget and costs

I . Goals

The aim of this presentation is the analysis of conceptual and methodological aspects of the different perspectives from which the costs and financing of the Expenditure and Costo of the Public Health Sector is measured.

To achieve this goal it will reviewed on the most relevant characteristics of the budget and costs data systems used in public health government organizations proposed and developed by the several institutions, between them, some concepts from the Management Information System (MIS) developed by PAHO/WHO, the National Account System developed by the United Nations, Public Finances Statistics dedveloped by the Ionternational Monetary Fund among other data systems. This conceptual framework will be used to establish coincidences and differences between the different views, their foundations and repercussions in the information area.

This aim translate, in this instance, in presenting elements that allows to understand which are the limits of the concept of the Public Health, its costs, its level of expenditure and sources of financing. This information will help to understand which aspects are similar and which are different between the data systems mentioned above.

From these concepts we can advance in the discussion of the topics that eventually will permit to elaborate a determination methodology of identification of variables oriented to measure the financial incidence of Public Health expenses, their costs, financing and benefits that imply taking these costs (i.e.: how much does it save to spend in public health and how much does it spend when you spend in public health).

II . Structure

The structure of the present workshop, in first instance, the general aspects of the different data systems and costs systems are presented. Then, a comparative synthesis is made to point out the conclusions after the analysis, and some comments and suggestions about it.

A special remarking of the governmental units of different levels is made, because they are in charge of the subject and because of special characteristics in information and management. In every case we assure to show by means of charts and graphics, the relations between systems, flows of information, comparisons, etc.

Review of different data systems:

Essential Public Health Functions (EPHF): summary of antecedents, concept, responsibilities, etc. and the consequent comments about goals, utility, limitations, foundations (this means, those important elements of measuring economic and financial aspects).

Managerial Information Systems for Public Hospitals and Health Organizations Networks : review of the aims, reaches and functionalities.

Public Budget and government accounting: relations with the governmental management information. Aims, cover, utility, conceptual foundations, institutional reaches, included operations, advantages and disadvantages. Costs and budget.

National Account System: aims, cover, utility, theory conceptual foundations, institutional reaches, included operations, classifications (in the public health area), advantages and disadvantages.

Health Account System: aims, cover, utility, theoretic conceptual foundations, institutional reaches, included operations, classifications (in the public health area), advantages and disadvantages.

In each case a brief presentation of each system is made, without exhausting the topic, but only synthesizing the most relevant elements, persecuted aims by each views, the conceptual foundations, reaches, application environment, involve concepts, special emphasis in those aspects that result important in relation with the rest.

Much of the specific aspects takes to coincidence and differences with a varied grade of evidence, generating questions of apparent terminology contradiction in the diverse analysis stages.

Also it analyzes the flows of financial information in the purpose of establishing primary sources of information and their characteristics, and critical aspects.

Conclusions and Comments

Comments on the relative utility of the different data systems for the estimation of the expenditure and the costs of the Essential Public Health Functions (EPHF).

Pre-conference Workshop: 2nd Part:

B: Cost Methodology for Investment Plans based on Public Health Interventions and estimation of the operative costs of the EPHF

Authors:

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Objective:

This work presents a methodology and its main concepts required by the Investment Plans in Public Health, based on the costs of selected Public Health Interventions and the operative costs of the Essential Public Health Functions (EPHF).

Structure:

A revision of previous costs documents developed for the EPHF is made, analyzing the advantages and disadvantages of implementing a logic of assigning costs that defines the EPHF as relations input-output.

This way, the identification of products, sub products and activities from the EPHF, allows to relate logically the final results of the Functions with the requirements and inputs necessities for their achievement. In agreement with predefined levels, the achievement of ideal standards for the EPHF 's development could be evaluated.

A methodology of direct costs was developed to determine the level of Investment required for the Public Health Interventions (PHI). This PHI are determined by the different countries based in the main 10 or 20 problems of Public Health faced by the authorities.

A costing methodology known as "Direct and Indirect Costs Matrix" (DICM) is developed, similar to the one used by the Managerial Information System (WINSIG) for Hospitals and Public Health organizations, to be applied to the EPHF 's costing.

The logic of the DICM, presents the calculation of total cost, integrated by the sum of direct and indirect costs, of the EPHF in two stages. The first one consists in the calculation of the direct costs of all the Final Activities and the Support Activities that contributes to each EPHF. The second stage is based on the redistribution of the Support activities as items of the direct costs, to the activities defined as Final Activities. This part of the process of cost assignation to the Support Activities, is known as waterfall costs distribution process, since they are assigned under this modality over the Final Activities of each EPHF.

A Consolidated Costs Matrix (CCM) has been designed for the group of EPHF, that they try to assigned costs from the group of costs from the EPHF.

Examples of the application of methodology are presented, warning about the necessity of establishing complementary concepts to base the distribution of all the Support Activities of the EPHF.

The work concludes by synthesizing the accomplished advances in the development of the logic methodology of the Input-Output Matrix for the EPHF 's costing:

- An advance in a descriptive view of the EPHF has been made towards a definition of the EPHF, based in a input-output logic with the development of products, sub products, activities and sub activities.
- It has been concluded that the formulation of the EPHF, in a input-output logic design, contributes to the analysis of the EPHF 's physical production and the inputs require to reach their ideal level. This concept of inputs-product implies the concept of productivity analysis.

Finally, a recommendation is made about the advantages of defining the relationship between activities, sub products and products of the EPHF with the impact indicators and the population cover. These kind of relationship will extremely helpful in the analysis of the concept EFFICACY (accomplishing targets of defined production) of the EPHF and the concept of EFFECTIVINESS (capacity of the functions and their intervention to improve the population quality of life).