COMPARATIVE STUDY ON THE PRICE SETTING AND PRICE REGULATION OF HEALTHCARE SERVICES ACROSS THE GLOBE

Under Guidance of -
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ABOUT NHA

National Health Authority is the successor of the National Health Agency, which was functioning as a registered society since 23rd May 2018. Pursuant to Cabinet decision for full functional autonomy, National Health Agency was reconstituted as the National Health Authority on 2nd January 2019. National Health Authority (NHA) is the apex body responsible for implementing India's flagship public health insurance/assurance scheme called "Ayushman Bharat Pradhan Mantri Jan Arogya Yojana" & has been entrusted with the role of designing strategy, building technological infrastructure and implementation of "National Digital Health Mission" to create a National Digital Health Eco-system. An attached office of the Ministry of Health and Family Welfare with full functional autonomy, NHA is governed by a Governing Board chaired by the Union Minister for Health and Family Welfare. The current CEO of NHA is **Dr. R S Sharma.**

VISION - The Vision of PM-JAY for the next five years is: "Achieving SDG 3.8: Ensuring financial protection against catastrophic health expenditure and access to affordable and quality healthcare for all".

MISION - The Mission of PM-JAY for the next five years is: "Creating the world's best health assurance program on an efficient and technologically robust ecosystem".

METHODLOGY

TYPE OF STUDY - Systematic literature review

DATA COLLECTION - Secondary sources like various search engines, articles, publications and reports by various government and non-government organizations.

SAMPLING CRITERIA - Total 6 pricing institutes of 6 different countries (Thailand, Korea, Australia, UK, Canada, France) selected.

The 6 price settings were listed based on the criteria - The advancement of the health technologies assessment, scheme basis, on payer system, GDP spend on healthcare.

Based on GDP spend the countries are divided accordingly-

–Below 5% - Thailand, Korea

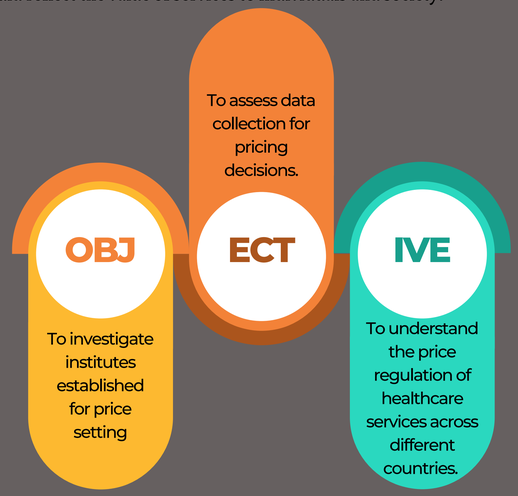
–Between 6 to 10% - Australia, UK

–Above 11% - Canada, France

INTRODUCTION

Pricing health services is a key component in purchasing the benefits package within the overall financing system. Pricing and payment methods are important instruments in purchasing that provide incentives for health care providers to deliver quality care. A second instrument is contracting, in which the conditions for the payment of services are defined, and third is performance monitoring, in which the incentives would be given based on health outcome.

Price setting (among other tools) can be used to ensure adequate funding for public health goods that benefit communities; thus, prices should reflect the value of services to individuals and society.



KEY FINDINGS

- Independent organizations for UHC with the mandate of setting prices exist in countries.
- In few of these countries the mandate of determining prices is legally enforceable through a constitutional legislation.
- There are organized systems of hospital level data collection on cost of health care.
- The pricing decisions are largely linked to an organized system of health technology assessment.
- Decision on inclusion of health services in benefit package is largely guided by evidence on cost-effectiveness.
- The process includes wide stakeholder consultation to ensure transparency in decision making.

ANALYSIS

THAILAND	• The pricing and data collection for the Universal Health Coverage Scheme falls under centre level. • The price and efficacy of drugs and devices are monitored and negotiated by HITAP. • DRG based payments for hospitals through collective negotiations. • Balance billing was strictly prohibited.	• The NHA is working on DRG based payment reform. • The AB-PMJAY discourages balance billing, but there is no compulsory law enforced to stop such activity.
KOREA	• Single payer system. • public insurance for long-term care, managed by NHIS. • The NHIS committee negotiate the prices at the central level between third party payers and insurers. • No balance billing for covered services. • Regulated prices and quality measures publish online on public domain.	• India has a universal multi-payer healthcare model. As single payer system performs better in terms of healthcare equity, risk pooling and negotiation.
AUSTRALIA	• The National Hospital Cost Data Collection is conducted by the IHPA through the states and territories. • IHPA also done activity-based costing, the classification system, and calculating costs. • The pricing authority works with Australian Commission on Health Care Safety and Quality, to adjust prices with the objective of promoting safety and quality. • Australia adjusts prices for remote or rural facilities to ensure adequate funding of operations..	• In India national health cost database collection is critical and complex task as there is no routine cost data. There is limited information on health system cost since the systems for compiling and collecting cost data are relatively under-developed.
UK (ENGLAND)	• Price negotiations are carried out by National Health Service (NHS) England. • The average cost is estimated for each healthcare resource group (HRG), by admission type across all hospitals. • NHS trusts and foundation trusts submit their cost data for price setting, which would be publicly available at the provider and aggregate levels.	• NHA is currently working on strategic purchasing of healthcare services to increase cost-effectiveness, equity access to care, and reduce OOP expenditure.
CANADA	• Price negotiation at local level by the provisional and territorial gonment. • CADTH provides evidence to make decisions about the optimal use of drugs, medical devices, diagnostics, and procedures. • The CIHI collects cost data from hospitals and make healthcare information publicly available. • A pan-Canadian body, the pCPA conducts joint public drug plan negotiations for innovative and generic drugs in Canada.	• NHA has recently proposed price negotiation committee to regulate prices of health services. • There is no such national cost database similar to CIHI.
FRANCE	• Price negotiation takes place at central level. • Hospital prices are set unilaterally by the Minister of Health. • ATIH was set up for developing and updating hospital prices and collects data for DRGs.	• Currently, NHA has proposed price negotiation and strategic purchasing unit to set prices of all the covered healthcare services.

RECOMMENDATIONS

- To create an independent pricing body which ensures the harmonization in the prices between the different social security scheme.
- The institute need to provide necessary evidence for setting the prices in private healthcare market to benefit OOP expenditures.
- The establishment of the national cost database for public and private facilities which provides unit cost estimates for outpatient and inpatient for primary and secondary levels of the public health system.
- The institute should strengthen the strategic purchasing function of the NHA which implements the PM-JAY and other convergence schemes
- The pricing organization should establish mandatory guidelines to negotiate drug and devices prices with the manufacturers