

RBF in Armenia: a story of perseverance and alignment

Policy Brief

At the beginning of the decade of the 2000s, the Government of Armenia and its Ministry of Health (MoH) were facing great challenges in order to reform the health care system towards a more efficient system adapted to the needs of the country. A key approach consisted in the introduction of a cost-effective **primary health care** (PHC)-centered strategy to replace the expensive hospital-centered care inherited from the Soviet times. However, in order to be successful, the PHC model needed to be accompanied by a series of reforms.

In terms of the organization of the health financing architecture in order to move towards results-based financing (RBF), the first major reform was the gradual introduction of **open enrollment**, which would abandon the catchment area approach (where patients are automatically assigned to a provider based on where they live) towards the possibility of patients of actively choosing a PHC provider. This was certainly an important change for the health system. However, the MoH did not stop there – this change enabled a second major health financing reform, adding a performance-based bonus to capitation payment of PHC providers.

The **RBF program**, the **trajectory** of its development over time from 2003 to the present date, and the reasons and drivers of this trajectory, are the focus of this policy brief.

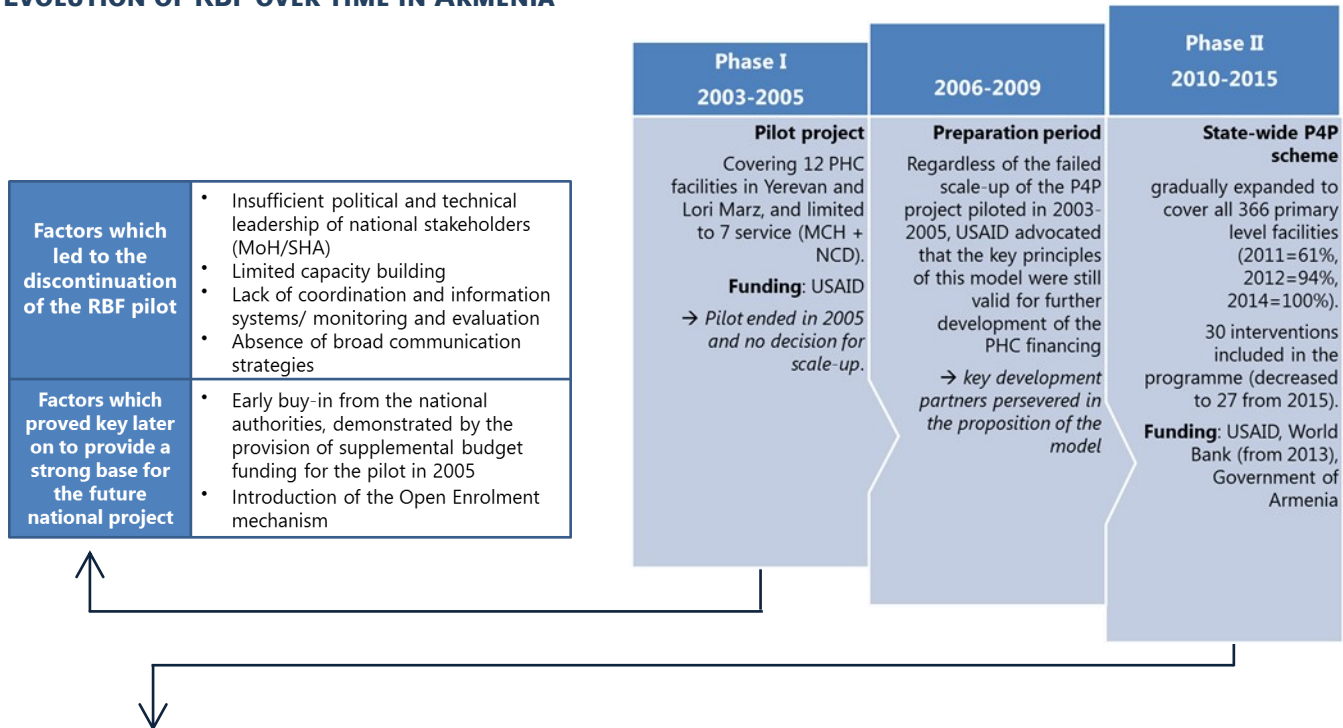
This policy brief was prepared in August 2016 and is based on the report entitled *"Taking Results-Based Financing from Scheme to System: Armenia Case Study"* and the paper *"National Scale-up of Results-Based Financing in Primary Health Care: the Case of Armenia"*, authored by V Petrosyan, D Melkomian, Z Shroff, and A Zoidze. The study was carried out by the American University of Armenia School of Public Health, in collaboration with Curatio International Foundation (Georgia).

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EVOLUTION OF RBF OVER TIME IN ARMENIA



Facilitating factors which supported the scale-up of the RBF program	
Context	<ul style="list-style-type: none"> Global support to RBF strategies by international development agencies Favorable health system context in Armenia, with the explicit inclusion of RBF as part of the broader health reform initiative Improved legal environment: formal regulation and expansion of 'open enrolment'
Actors	<ul style="list-style-type: none"> External agencies (USAID and World Bank) were key policy entrepreneurs and advocated for RBF in PHC. Critically, they engaged national partners (MoH/SHA, and regional health departments) Both MoH/SHA and development partners provided high support to RBF Health providers looked at RBF for additional income though it required extra work and knowledge/skills. Their position therefore was of giving medium support to the project The highly-influential Ministry of Finance also provide medium support to RBF, which was seen as potentially improving the effectiveness of public spending for health Local government provided some support to RBF as a means to increase revenues for the facilities they owned and improve the satisfaction of constituents/patients
Process	<ul style="list-style-type: none"> Strong ownership by MoH/SHA and leadership of the process through an empowered National Coordination Unit within MoH/SHA. Coordination between external technical agencies (USAID/World Bank) and national stakeholders Capacity building at national level: study tours in Estonia (2006) and UK (2008) and multiple trainings in Armenia RBF embedded in the national regulatory framework and mandatory for all PHC facilities, and integrated in the national budget Continued piloting of models throughout the early stages of the RBF program
Content	<ul style="list-style-type: none"> Adherence to most of the 'good practices' in implementing RBF, accompanied by use of contextualized scientific evidence and local knowledge Use of ITC solutions since the beginning, such as the MIDAS-3 system to electronically record patients' visits and make payments to facilities Well planned and sequenced reform elements Medium term budgetary commitment for funding the RBF scheme observed Comprehensive capacity building undertaken at provider and facility administrators' levels, coupled with effective communication strategy Implementation of comprehensive PHC reforms including renovation of facilities, provision of basic equipment and improvement of administrative/information systems.

KEY LESSONS LEARNED FROM THE EXPERIENCE OF ARMENIA

- The P4P pilot did not lead automatically to the scale up but identified the **issues that needed attention**, which eventually helped to get it through.
- The early **involvement and buy-in of national actors** within the MoH was essential to build upon for the second introduction of RBF which was successfully scaled-up at national level.
- RBF was introduced not *per se*, but used to progress towards **other and more fundamental goals of the health system**, and in particular to ensure a successful move towards a PHC-centered approach and to address issues related to NCDs. This early integration of RBF with the health system made for a more compelling argument for scale-up.