A Guide to Health Reform
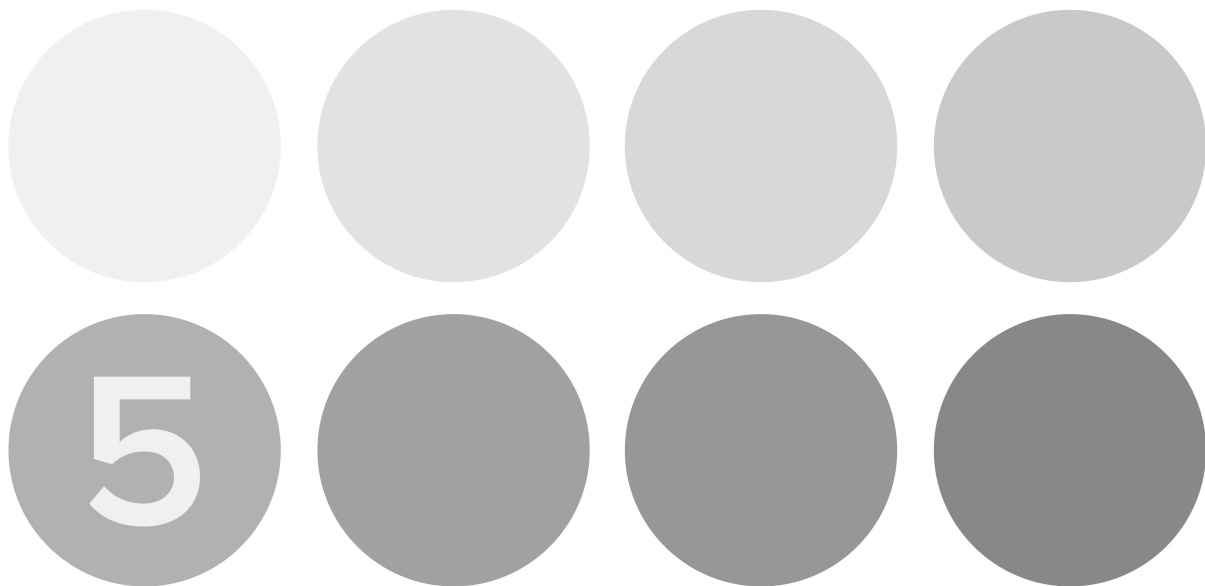
Eight Practical Steps

Step Five:

Deciding on Your Reform Package

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Step Five: Deciding on Your Reform Package

In many ways, Step Five is the most important point in the health reform process. This is when you decide on the actions you will take in order to improve performance in your health system. Deciding what to do is not easy (and this Guide cannot cover all the possibilities). Instead, in this section of the Guide we focus on pointing out the factors you must consider. We also suggest a process for decision-making.

Key actions in Step Five:

☑	Decide on the scope of your reform using evidence from the diagnosis, assessment, and policy studies.
☑	Decide on a package of interventions to include in your reform, considering the five policy control knobs.
☑	Decide whether to start with pilot tests or a full-scale approach.
☑	Decide on a mechanism for enacting reform (legislation or executive decree)
☑	Decide on a name for the reform package.
☑	Decide on the timing of the reform effort.

In this step, the Health Reform Team uses various types of evidence to identify interventions that are likely to create pathways by which the health reform package would lead to your intended outputs and outcomes. These interventions should be related to the available policy control knobs. As noted in the previous Step, *GHHR* discusses each policy control knob that affects health system performance in a separate chapter:

- Financing (*GHRR-Chapter 8*)
- Payment (*GHRR-Chapter 9*)
- Organization (*GHRR-Chapter 10*)
- Regulation (*GHRR-Chapter 11*)
- Persuasion (*GHRR-Chapter 12*)

The evidence that the Health Reform Team should use includes: the health system assessment from Step Three, the diagnostic findings from Step Four, and any available studies or reports that examine how particular policy changes can affect performance. Examples of interventions undertaken in other (similar) countries or states can provide persuasive evidence to support the particular reform actions you decide to propose.

In order to increase the likelihood of achieving your desired results, we again recommend taking a systems approach. During this Step, a systems approach typically means combining several interventions to address a performance problem. This means you will probably be taking action using more than one of the policy control knobs, and need to consider any possible interactions among the chosen interventions. This will be especially true if you have decided to address *major* performance problems in your health system (for example, inequity in health outcomes across

geographic units, low levels of public satisfaction with public facilities, or a high incidence of catastrophic expenditure in low-income groups due to OOPE on medicines).

As in the previous steps, you should consider who to involve in the process of identifying and selecting the policy actions to include in your health reform. In order to make appropriate choices about policy interventions, your Health Reform Team needs members (or consultants) with technical expertise in the areas you are focusing on and experience with systemic reform. Therefore, you may need to bring new people into the team.

This Guide does not address the technical details that different reforms involve. Instead, we explore some of the broader strategic questions and considerations about *how* you decide on your package of reform interventions. Readers interested in exploring the technical dimensions of the five policy areas should consult the relevant chapters in *GHRR*.

Decide on the scope of your reform

As mentioned in the Introduction, one of the key decisions you must consider is scope, or how ambitious your reform will be. This decision begins with selecting how many, and which, of the performance problems you have identified and diagnosed you will now seek to address. Here is what *GHRR* says about deciding on the scope of your reform:

> Some might choose to focus quite narrowly on one or two specific performance parameters (like high infant and maternal mortality rates in poor rural areas). Such a problem definition is likely to lead to a relatively targeted set of reforms; the development of new reimbursement mechanisms or selective investment in certain facilities or training programs, for instance. On the other hand, broader problem definitions are likely to lead to a broader and more complicated reform agenda. Concern about widespread simultaneous failures of risk protection, popular dissatisfaction with the health-care system, and high costs could lead reformers to a much more ambitious reform program. The country might decide to create a new social insurance fund, new payment schemes for doctors and hospitals, and new forms of hospital organization—all at once. In making decisions about the scope of problems to tackle, reformers are well advised to think carefully about the administrative and political feasibility of a more or less ambitious agenda. (p. 123)

Thus the question of "scope" refers to whether you are seeking targeted incremental changes or broad-scale systemic changes (Reich et al., 2019). As stated, this Guide (and *GHRR*) focus more on efforts aimed at "large-R Reform"—that is, *for efforts seeking to achieve major systemic transformations aimed at improving multiple significant performance problems*. However, our approach can be easily adapted to gradual, incremental changes (or "little-r reform" efforts), such as those that are directed, for example, at managerial adjustments, or at particular health facilities. Little-r reforms typically *seek to change particular inputs* into the health system, such as the use of funding, management of human resources and medications, and the role of information. When adopting little-r reforms, you still need to be concerned about overall policy coherence and whether these changes are aligned with a particular health system performance goal. Little-r reforms can be important in improving health system performance (and can still face significant challenges in

adoption and implementation). Sometimes, therefore, a Health Reform Team may decide to start with a little-r reform to test the appetite for larger systemic reform—or while waiting for a window of opportunity to open for large-R Reform.

The wider, more transformative, and more systemic the reform, the more interventions with several control knobs are typically required. Big-R reform, according to the new preface to *GHRR* (2019):

> …is not a one-shot effort but typically continues over many years (and even decades), as a major reform is introduced and then adjusted and modified as new problems arise and are addressed. Reform is not simply about creating a law and getting it adopted; it is a years-long process of learning how to improve the performance of a health system, through trial-and-error, measurement and evaluation, systematic thinking, and analysis. (pp. x)

Deciding on the scope of your reform incorporates the results from the previous four steps (deciding to do reform, creating your health reform team, conducting a health system assessment to identify performance problems, and diagnosing the causes of the identified problems). The decision to undertake large-R Reform should not be taken lightly—here is where risk analysis is critical—as these efforts involve major political risks, economic costs, and personal commitments of time and energy, plus all sorts of uncertainties. And large-R Reform does not happen often. It can only be achieved at those rare historical moments when a window of opportunity opens for major social change. It therefore pays to be prepared so that, when you determine such a moment has arrived, you are able to move quickly before the window closes.

Decide on your package of interventions

The key operational decision in Step Five is to decide on the package of interventions, that is, the set of actions that you propose to include in your reform to improve health system performance. In both this Guide and in *GHRR*, we urge you to select interventions based on the performance problems that you want to address and the results of your diagnostic journey. Together with the Health Reform Team, consider: *What package of interventions is most likely (according to your diagnostic analysis and your reviews of examples from other places and the literature) to improve your selected performance problems?*

For example, look back at the illustrative diagnoses provided in Step Four (in which high OOPE, particularly on medicines, created the problem of low financial risk protection for the population). The diagnosis identified a number of possible interventions, including: 1) Change payment and incentive systems for state officials to cover implementation gaps in the government health insurance program; 2) Increase government financing to improve policy implementation; 3) Expand outpatient benefits so that patients can receive more services and pay less out of pocket; and 5) Improve the effectiveness of regulation and enforcement so that providers do not misuse insurance funds.

Consider whether to start small or go big

As you select the package of policy interventions, you must consider whether to "start small," for example by undertaking pilot projects to test out your proposals, before you "go big" (that is, do a

full scale implementation). Conducting a pilot test is generally considered good practice, especially for large-scale reforms (or in large countries). In China, for example, pilots have been successfully used to test out options for payment reforms (Yip et al., 2019). However, it is not always feasible, depending on the available financial resources, political timeline, and policy experiences. (Occasionally a pilot test may be unnecessary, especially if you have clear and incontrovertible evidence available from other health reform efforts.)

Pilots can have various purposes, including:

- Demonstrating the feasibility of the reform to political leaders and key stakeholders
- Identifying implementation challenges that the reform interventions will face
- Learning how providers/the population react to the changes the reform interventions create in the health system
- Determining if the proposed package of interventions actually produces performance improvements as intended in your setting

Pilot projects are thus useful for testing "proof of concept," enabling you to show with some certainty that the proposed reform will have the desired effects.

In addition to generating empirical evidence for the proposed package, undertaking pilot projects can also help generate visibility and public support for the reform. However, be forewarned that rigorous assessment of a pilot project can take significant time and resources to conduct, analyze, and write up. You need to balance these requirements with the reality that you have a limited amount of time and funds to produce change. While you are waiting for additional certainty, the opportunity to produce change may pass.

On the other hand, when you implement a package of untested reforms widely, you may not actually be able to improve health system performance. Assessing this critical trade-off—between increasing certainty and making use of opportunity—should be a topic for frank and detailed discussions within the Health Reform Team that can inform decisions by political leaders.

Decide on executive decree or legislative action to adopt your reform

Where and how will you get your health reform adopted? While it is not possible to cover all possible strategic options in this Guide, there are, broadly, two choices for adoption:

1) through executive action (within an existing government body), or
2) through legislative action (by amending a current law or passing a new law).

Your decision on the instrument and setting for adoption has important implications for your reform's trajectory, including how the package is presented, who has to be contacted, negotiated with, and persuaded to adopt it, and how the reform will be implemented. Your decision on where and how to adopt the reform will depend on the specific political and legal contexts where you are working. But the choice between the executive and legislative pathways is a critical decision point that can affect the success of your reform efforts.

In general, adopting your reform through executive action gives you more control over what happens, especially if the motivation and main advocate of the reform is a major political figure (such as the national leader or minister of health). However, declaring policy changes through executive decree may limit the scope and complexity of the reform, depending on the political context, and can make the reform vulnerable to reversal by a subsequent political leader. Military dictators under martial law, for example, may be able to declare broad policy reforms without going through a legislative process, as happened with Bangladesh pharmaceutical policy after a 1982 military coup (Reich, 1994). Under normal democratic conditions, however, the scope of reform that can be enacted through executive action (without legislative review and approval) is usually more limited, according to constitutional law and practice. On the other hand, executive action gives the political leader more control over how the reform is designed, since it does not require negotiation with legislators to achieve approval.

If the party in charge of the executive branch also controls the legislature (either through its own party or a coalition), then a legislative path for reform becomes more attractive. Mexico's President Andrés Manuel López Obrador, for example, accomplished his radical restructuring of the national health system (eliminating the previous reform enacted in 2003 and creating a new organization) through a legislative action that amended the General Health Law in November 2019. This was possible because his political party gained majority control of both houses of the Mexican Congress in the 2018 general elections (Reich, 2022). The number of seats the ruling party holds in the legislature can affect the ease of getting a reform package passed—but keep in mind that even a majority can get stalled, blocked or otherwise derailed by a well-organized minority. It may be necessary to negotiate (and compromise) some aspects of the reform to gain support from the opposition.

Sometimes governments combine the two approaches. India's landmark health reform program of Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PMJAY), for example, was launched by the national government through an "executive notification" in September 2018 (Sharma, 2019). The launch occurred prior to India's general elections in 2019, and the new insurance reform was a prominent agenda item in the campaign (Dubey et al., 2023). Implementation began through the establishment of a National Health Authority and signing of Memorandums of Understanding between the central government and states. The National Health Authority helped to draft legislation to provide the framework and statutory basis for the policy (Sharma, 2019), but the bill was not put forth in the Lok Sabha (India's legislature). Subsequently, Right to Health legislation in different Indian states reopened the opportunity to create a statutory basis for Ayushman Bharat.

Finding the right form and forum for adoption of your health reform is a critical decision that has important judicial, political, implementation and continuity implications. These decisions need to be made carefully according to the specific characteristics of your reform and your context. How your reform is adopted is an important element in creating and assuring its political resilience over time and through changes in regimes.

Decide on the name of your reform

The name given to a health reform package sends signals to different audiences. It can symbolize the overall goals and vision of the reform, especially if the reform seeks systemic transformation. Hence, deciding on the name deserves serious consideration. This task may be undertaken by the Health Reform Team or by the top political leader in consultation with key allies and advisors. You can also seek advice and suggestions from public relations or policy strategy firms. Naming your reform helps shape the public image and understanding of what the reform does and what it seeks to achieve.

Consider the names of some recent prominent health reforms. President Barack Obama's reform in the United States was formally called the "Affordable Care Act" but became widely known as Obamacare. This name cemented the linkage of the reform to Obama and his political legacy, but also made the reform into a major political target for the Republican party and the Trump administration. In Mexico, the name of "*Seguro Popular*" sent a positive message of "insurance for the people" and "popular security." However, it also exposed the reform to attacks by the political opposition, who declared it as "*ni seguro, ni popular*" (not secure, not popular) and contributed to its elimination by President Andrés Manuel López Obrador.

India's example also illustrates the importance of reform names. Prime Minister Narendra Modi named his health reform "Ayushman Bharat" (sometimes translated as "bless India with long healthy life"), reflecting his populist leanings and the reform's electoral purposes. It included the national insurance program named Pradhan Mantri Jan Arogya Yojana (PM-JAY), which translates to "the PM's (Prime Minister's) program for the health of the people." Interestingly, the pronunciation of the acronym PM-JAY in several Indian languages translates as "victory to the PM." The reform also acquired the name of "Modicare," echoing Obamacare and directly connecting the policy to Modi's legacy.

A good name alone does not guarantee policy success or political survival. But it is a key part of the communication strategies that can contribute to policy implementation and political resilience.

Decide on the timing of your reform

Finally, the timing of your reform is crucial, especially in relation to the timing of elections and political campaigns. A potentially controversial major reform may be best introduced immediately after an election, when leaders have "political capital" to spend, reliable majorities to mobilize, and time to demonstrate positive impact. This is especially true if you are using a legislative path for adoption. On the other hand, a political leader with a firm grasp on their political party and the legislature (with majority control) may decide to announce a major reform just before an election (as PM Modi in India did in September 2018) as a campaign strategy to promise rewards to voters.

Summary

Step Five is the pivotal moment in a health reform process: when the main policy interventions to be included in the reform are selected. From this point forward, the process shifts its focus to building widespread support for (and reducing opposition to) the health reform (Step Six),

implementing the health reform as efficiently and effectively as possible (Step Seven), and tracking whether it has the intended effects through evaluation (Step Eight).

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