

Price setting and price regulation in health care

Lessons for advancing Universal Health Coverage

Policy brief

Setting health prices: why this is important in efforts to achieve Universal Health Coverage

All countries have committed to Universal Health Coverage (UHC) to ensure that their citizens have access to quality health care without experiencing financial hardship. Very practically, policy-makers must decide who is covered, what services are covered, and how much will be paid. During this process, little attention has been paid to prices for health services and the method for determining those prices. However, prices not only should ensure that efficient providers receive sufficient payment of costs incurred; they also provide incentives for health care providers to deliver quality services and good patient outcomes.

Setting regulated health prices: lessons from nine settings

This study gathered experiences from nine settings in how they set and regulated prices, to generate best practices. There is a special focus on the implications for low- and middle-income settings, where public spending on health is rapidly increasing. Key lessons learnt from the study include:

- Invest in data infrastructure to collect information about costs, volumes, and outcomes.
- Build institutional capacities to estimate the costs of providing services, formally communicate with stakeholders, and ensure that the prices are aligned with broader health system goals.
- Plan sequenced implementation to initiate change payment systems over time.
- Establish “efficient” prices that approximate the most efficient way of delivering care.
- Use prices as instruments to promote value for health spending.
- Strengthen national responsibilities for setting prices. Unilateral price setting by a regulator eliminates wide variation in prices unrelated to quality or patient case mix. It also performs better in controlling growth in health care costs in comparison with individual negotiations between buyers and sellers. Both collective negotiations and unilateral price setting have the potential to improve quality better than individual negotiations.
- Establish systems of ongoing revision, monitoring and evaluation.

There is no ideal price setting process or provider payment mechanism. Pricing is not only about covering costs but also providing the right incentives to drive broader health system goals. While each country has implemented approaches that help address broader system objectives, ultimately, it is these objectives that guide policy choices.

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