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PUBLIC GOVERNANCE DIRECTORATE****Performance measurement systems in the health sector and their budgetary implications****7th Meeting of the OECD Joint Network of Senior Budget and Health Officials****OECD Conference Centre, Paris
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Chapter 1. Introduction

1. Health care systems differ across OECD countries, arising from variations in key institutional characteristics, such as financing arrangements or the level of decentralisation. These factors have an influence on the design and purpose of central performance measurement systems that cover the health sector. Most central governments establish performance measurement systems in the view that it is their role to ensure health services are delivered efficiently and equitably. Moreover central government is in a unique position which allows it to monitor the health of all citizens no matter where they live, and benefit from the positive impact that a performance measurement system can have on health care quality and public budgets.

2. This paper builds on a literature review that was presented at the 2017 meeting of the Network on Fiscal Relations across Levels of Government (Phillips, 2018^[1]). The main aim of this paper is to summarise the results of a recent OECD survey. Part 1 focused on responsibilities across decision makers, while part 2 focused on performance systems in the health care sector. This paper concentrates on the results of part 2, with an accompanying paper analysing part 1. Participants of the OECD Joint Network of Senior Budget and Health Officials – government officials with responsibility for the health budget – answered the questionnaire. This Joint Network brings together government officials who work on the health budget and health financing, including representatives from ministries of finance, health and social security organisations. Over the years it has provided an effective space for government officials to openly discuss challenges and solutions to the fiscal sustainability of health systems.

3. This paper summarises performance measurement systems in the health sector across OECD and partner countries, focusing in particular on the extent to which they impact budgeting and spending decisions. Although each performance management system should reflect the specific features of the country and the objectives of the measurement, the paper provides some key insights on what institutional structures are commonly applied when monitoring or measuring the performance of sub-national service delivery, as well as general obstacles to implementing such systems. The questionnaire on performance measurement systems in the health sector and responsibilities across levels of government is included in the Annex.

4. Main trends from the survey results are:

- The majority of OECD countries tend to rely on centralised performance measurement systems to steer the supply of health care services, especially to monitor the performance of hospital providers. Systems vary markedly between countries, although some trends across countries exist, including the observation that health performance systems are generally more geared towards improving performance rather than cost-cutting measures.
- Providers of ancillary services, retailers and other providers of medical goods, and providers of preventive care were much less likely to be monitored under a specific performance framework. Common reasons for the non-establishment of performance systems in these sectors, and in general, include a lack of capacity at the national level, a lack of available data and challenges to co-ordinate actors.

Chapter 2. Questionnaire on responsibilities and performance in health systems

5. A recent survey was designed to collect information from OECD and partner countries on decentralisation and decision-making power, as well as the monitoring and measurement arrangements in health care, across levels of government. The questionnaire comprised approximately 70 questions, including checkboxes with optional comments sections and multiline answer responses. The questionnaire was succinct to avoid a large administrative burden on participating countries. Respondents comprised government officials from ministries of finance and health who are directly engaged in their country's budget for health.

2.1. Background and definitions

6. A performance measurement system is defined as the systematic collection of information or data that is then used to monitor, analyse and manage health care services. The motives for performance measurement systems and the information collected will differ between countries and health care areas – some performance measurement systems focus on efficiency or productivity, whereas others provide a broader view of service delivery, measuring quality and equity of service delivery and also boosting transparency and accountability. Still others focus on the use of performance information to improve management of health care services and to improve alignment between budget allocations and policy priorities. Some examples of performance measurement systems that the survey was aimed at, include systems that:

- monitor access to different services across geographical areas of the population, or access by specific target groups;
- aim to measure and compare costs or outputs of goods/services/materials across providers of sub-national governments; or
- measure performance through qualitative mechanisms in the form of formal external inspections to ensure providers are meeting minimum national standards; surveys on user experience; and/or league tables that rank specific providers.

7. The health sector was disaggregated by the OECD's classification of six primary health care providers. The categorisation of health care providers is hospitals; residential long-term care facilities; providers of ambulatory health care; providers of ancillary services; retailers and other providers of medical goods; and providers of preventive care. More information on the categorisation of health care providers can be found in the *System of Health Accounts 2011* (OECD/Eurostat/WHO, 2017^[2]).

8. In the survey, sub-national governments were defined as sub-central levels of government. Regional governments are upper-tier municipalities including states, territories or provinces. Local governments are the lowest tier of government including counties, cities, districts, municipalities, councils or shires. In the context of countries with only two levels of government, the lower level was defined as local government.

9. Federal countries have constitutionally protected sub-national governments, which have their own parliament, government, and large competences. Public power is shared across governments and local governments are "creations" of the federated states in most federal countries. The classification of the participating countries into federal and unitary categories is shown in Table 2.1.

2.2. Scope of questionnaire and responses

10. The part of the questionnaire analysed in this report covers national performance measurement systems, and was further split into two sections. Section 1 asked respondents to provide detailed information about performance measurement systems across the health care sector that have been implemented by the national government, based on the OECD/Eurostat/WHO categorisation of health care providers. Examples of survey questions include the objectives of the system (e.g. cost containment, asserting budget control, productivity improvements), the usefulness of different performance measurement practices, how the measurement system affected policy decisions at the national level, and potential consequences of the system for sub-national authorities and service providers. Section 2 included three questions on health care providers that were not covered under a national government performance measurement system, in order to understand the main obstacles of introducing such a system.

11. The survey was sent to countries in November 2017. All responses were received from participants by May 2018.

12. Countries were encouraged to provide information on all performance measurement systems that are used to monitor health care providers. For most countries, a single performance measurement system covered multiple health providers. 23 countries provided details on existing national performance measurement systems, as shown in Table 2.1 below.

13. Japan and Norway provided information on two separate performance measurement systems; Australia and Luxembourg provided details on three performance measurement systems; and Chile provided details on four performance measurement systems. The Netherlands provided three separate responses to Part 2 from each organisation that is involved in performance measurement in the Netherlands.

14. The Czech Republic, Germany, Iceland and Malta stated that there were no national performance measurement systems currently in place, so they did not provide details about such systems.

Table 2.1. Country respondents classified into federal and unitary countries

Federal		Quasi-federal		Unitary	
Australia	XXX	Spain	X	Chile	XXXX
Belgium	X			Denmark	X
Canada	X			Estonia	X
Italy	X			Finland	X
Mexico	X			Greece	X
Switzerland	X			Japan	XX
				Latvia	X
				Lithuania	X
				Luxembourg	XXX
				Netherlands	XXX
				New Zealand	X
				Norway	XX
				Poland	X
				Slovenia	X
				United Kingdom	X
				Kazakhstan	X

Note: Multiple crosses implies that a country provided answers for multiple performance measurement systems.
Source: OECD/UCLG (2016), Subnational Governments around the world: Structure and finance.

Chapter 3. Spending and institutional characteristics in health care

3.1. Organisation of health financing and coverage arrangements

15. Health care coverage arrangements vary across OECD countries, with coverage organised within three main types: national health systems (including those with distinct localised services), single health insurance funds or multiple health insurance funds/companies. In OECD countries with insurance-based systems, health insurance is compulsory in all countries except the United States.

16. Table 3.1 summarises the main source of basic health care coverage across OECD countries, based on results from the latest OECD Health Systems Characteristics Survey:

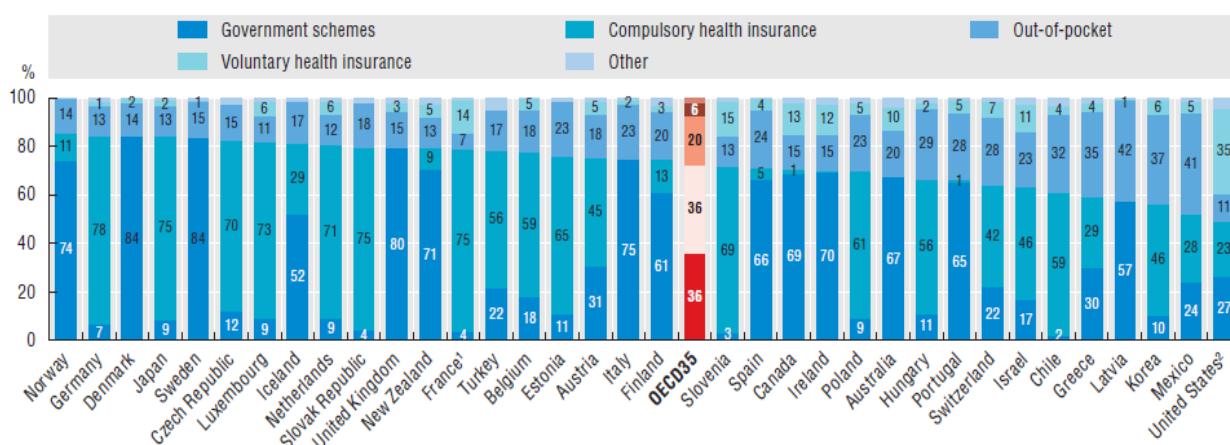
Table 3.1. Main source of basic health coverage across OECD and other surveyed countries

National health system (including those with distinct localised services)	Australia, Canada, Denmark, Finland, Iceland, Ireland, Italy, Latvia, New Zealand, Norway, Portugal, Spain, Sweden, United Kingdom
Single health insurance fund (single payer)	Estonia, France, Greece, Hungary, Korea, Lithuania, Luxembourg, Poland, Slovenia, Turkey
Multiple health insurance funds or companies	Austria, Belgium, Chile, Czech Republic, Germany, Israel, Japan, Mexico, Netherlands, Slovak Republic, Switzerland, United States

Source: OECD 2016 Health Systems Characteristics Survey, authors' analysis of survey results. Full results of this survey available here: <https://qdd.oecd.org/subject.aspx?Subject=hsc>.

17. Government schemes and compulsory health insurance (whether organised as single or multiple funds) together accounted for almost three-quarters of all health care spending in 2015, on average across the OECD (OECD, 2017^[3]), shown on Figure 3.1 below. In Denmark, Sweden and the United Kingdom, central or sub-national governments financed 80% or more of all health spending. In Germany, Japan, France and the Slovak Republic more than 75% of health expenditures were paid through compulsory health insurance. Only in the United States, government or compulsory health insurance financed less than half of all health spending.

Figure 3.1. Health expenditure by type of financing, 2015 (or nearest year)



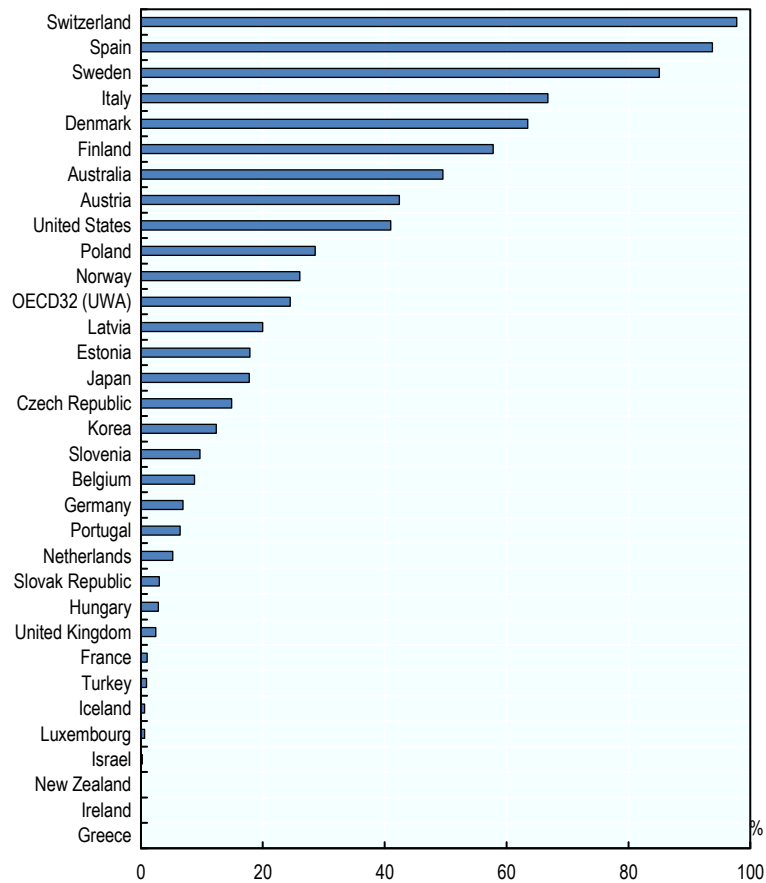
Source: OECD Health at a Glance 2017.

3.2. Decentralisation of health spending

18. Health represents the second largest sector of sub-national government expenditure after education, accounting for 18% of sub-national expenditure in 2015. However, there is significant variations across OECD countries in the role subnational governments (figure 3.2). Health remains highly centralised in many countries, including Greece, Ireland, New Zealand, Israel, Luxembourg, Turkey, and France. In contrast, sub-national government health spending exceeds 85% of total public health spending in Sweden, Spain, and Switzerland. Wide responsibilities for healthcare services and financing are decentralised to the municipal, regional or health district levels (OECD, 2018^[4]).

Figure 3.2. Sub-national expenditure health

% of total public expenditure on health, 2015



Source: OECD (2018), Regions at a glance. Data from OECD (2018) National Accounts Statistics (database).

Chapter 4. Performance measurement systems in health care

4.1. General results: What are the performance measurement systems in place

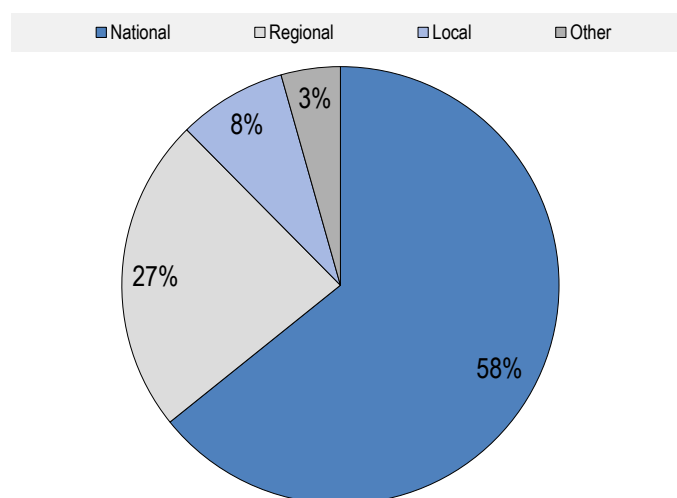
4.1.1. Responsibility of administering the performance measurement system

19. In most cases, the national government was responsible for administering the performance measurement system (Figure 4.1). Another common practice is that performance measurement system is a shared responsibility of national and regional governments, especially in federal countries. Regional governments were sometimes responsible for administering the performance measurement system, but it was very rarely the responsibility of local government.

20. A few countries reported on performance measurement systems not administered by a national, regional or local government. For example, Canada reported on a performance measurement system administered by the Canadian Institute for Health Information (CIHI), a non-government, and not-for-profit institution.

Figure 4.1. Responsibility of administering the performance measurement system

Proportion of responses where each level was responsible for administering the performance measurement system



Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

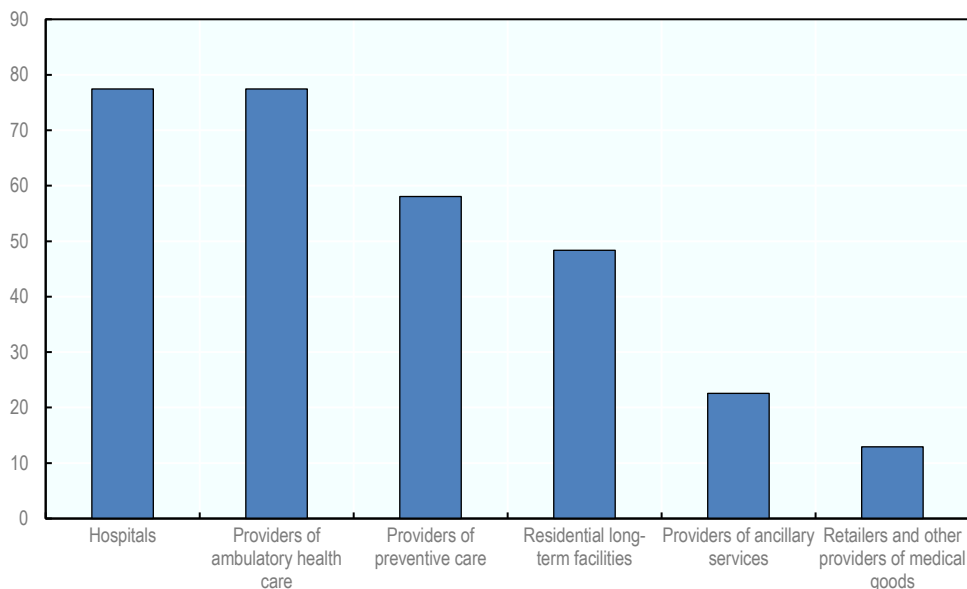
4.1.2. What does the performance measurement system cover

21. For the majority of countries that participated in the survey, central governments had established a performance measurement system to monitor services in the health sector. These services can be classified into six health care providers. The categorisation of health care providers is hospitals; residential long-term care facilities; providers of ambulatory health care; providers of ancillary services; retailers and other providers of medical goods; and providers of preventive care.

22. Hospital services and providers of ambulatory care were the main types of provider that was monitored through a performance measurement system (Figure 4.2). This was anticipated as expenditure on these types of services makes up the highest proportion of health expenditure for the majority OECD countries (OECD, 2018^[5]). Providers of ancillary services (which include providers of medical laboratories and emergency rescue), and retailers and other providers of medical goods (which, for example, could include producers of lenses, orthopaedic products or prosthetic appliances) were the areas of health care that were least covered by a performance measurement system. The majority of performance measurement systems also covered multiple aspects of health service.

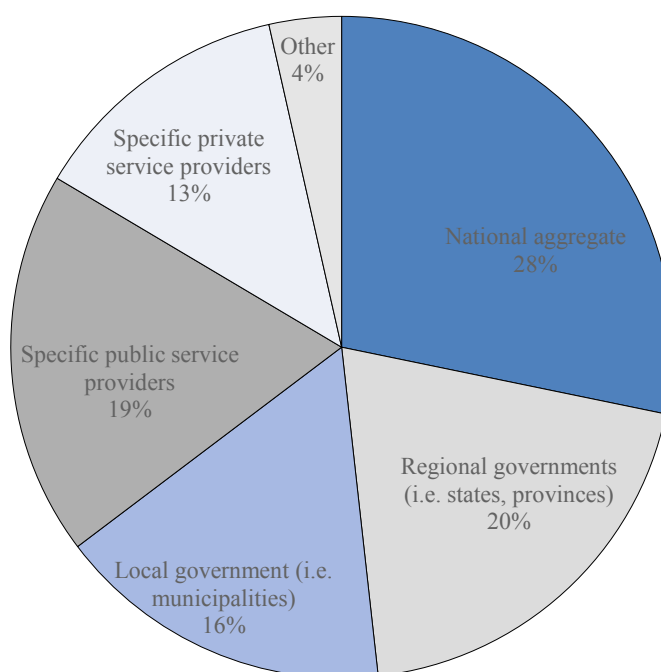
Figure 4.2. What does the performance measurement system cover

Proportion of responses where the following services providers are measured by the performance measurement system



Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

23. Figure 4.3 shows that performance systems were more likely to measure or monitor the services provided at the national aggregate level and the regional government level. Monitoring local governments' services was relatively less common, as the responsibility for monitoring this lower level would likely to be delegated to regional or local governments. Responses to the 'other' category shown in Figure 4.3 include more specialised types of health care facilities in Canada and Finland.

Figure 4.3. Main level that the performance measurement system aims to measure

Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

4.1.3. Implementation of the performance measurement system

24. The benefits of performance benchmarking systems depend on how well they are used or implemented, in order to improve performance or reduce costs. The focus of the survey was on national performance measurement systems, however the systems surveyed are also used by regional governments, local governments, and service providers in over 30% of the performance systems (table 4.1). In Norway, local governments use the performance measurement systems to provide information about costs and levels of different kind of services that the municipalities provide. They can compare costs and services in their municipality compared to others and use the information to plan their level of activity. Note that in the Netherlands, the health system is characterised by a private health insurance market. Here, private insurers use the data on the performance of providers in the process of contracting services.

Table 4.1. Is the performance measurement system used by other entities to improve performance or reduce cost

Regional government	Canada, Chile*, Denmark, Finland, Italy, Japan, New Zealand, Norway*, Poland, the United Kingdom
Local government	Canada, Chile*, Denmark, Finland, Japan*, the Netherlands, Norway*, the United Kingdom
Service providers	Canada, Chile*, Estonia, Italy, Luxembourg, New Zealand, Norway, the United Kingdom

Note: * means that Australia, Japan and Norway provided answers for two separate performance measurement systems. Chile provided details for four performance measurement systems.

Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

4.2. Focus of performance measurement systems

4.2.1. Objectives of the performance measurement system

25. Health performance measurement systems vary in their objectives, with some focused on transparency and accountability, others on budget allocations and cost containment, or improving policy and service delivery. Figure 4.4 summarises the objectives of the performance measurement systems, showing the proportion of responses which noted different goals as being a primary objective of the system.

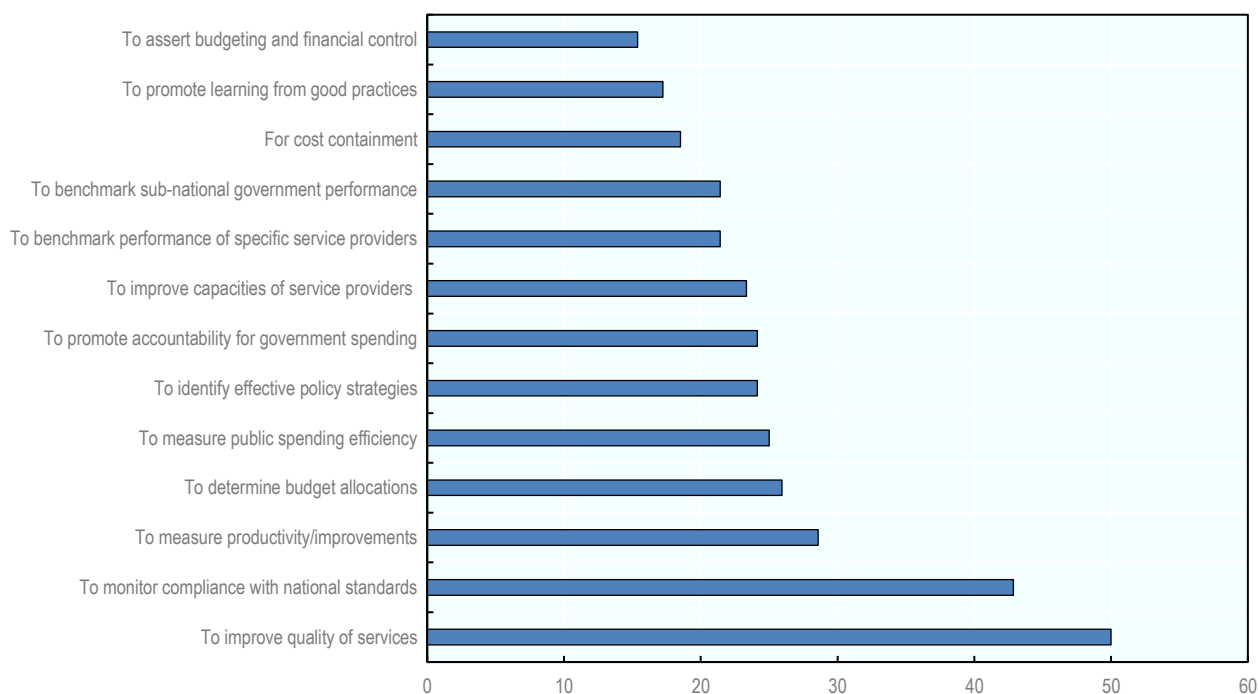
26. Objectives surrounding budget control and cost containment were the focus of only a limited number of performance measurement systems, with budget allocations be noted as the primary objective for 27% and 11% of systems in unitary and federal countries respectively. These countries included Chile, Greece, Italy, Luxembourg, the Netherlands, and Poland. The majority of these performance measurement systems focused the measurement of indicators to guide and inform the allocation of funds between geographic areas or service providers. Details of a performance measurement system in Chile are given in box 4.1. Performance measurement systems aimed at budget allocations were also commonly associated with objectives such as cost containment or asserting budgeting and financial control. However, these objectives were less likely to be a primary objectives and were often reported to be a secondary objective or as an objective that could not be ranked.

27. Instead, performance measurement systems were more likely to focus on transparency and accountability, or improving policy or health care service delivery. In particular, improving the quality of service and measuring productivity were objectives in over 65% of the performance measurement systems. Performance systems in unitary countries were also often aimed at monitoring compliance with national standards, which should be well aligned with benchmarking frameworks in which the central government plays the dominant role (Philips, 2018^[1]).

28. Benchmarking the performance of specific service providers or sub-national governments, and learning from best practice were also the objective of many performance measurement systems. For example, Australia, Canada, Italy, and New Zealand have developed a performance measurement system with indicators that are designed to track the performance of sub-national governments, who have responsibility for delivery of health care services. This allows them to benchmark their performance to hold them accountable for providing high quality services but also to achieve wider objectives such as improve the quality of care. These objectives were especially important in federal countries. This is not surprising as benchmarking and peer learning will be more amenable to sub-national governments with greater autonomy in terms of revenue power, administrative responsibilities and political influence.

29. Other objectives listed included to improve transparency, promote freedom of choice, and to allow consumers to make more informed decisions about their use of health services. Chile, Estonia, Lithuania, Luxembourg and Kazakhstan, reported on performance measurement systems that facilitate the use of pay-for-performance schemes for various forms of service providers.

Figure 4.4. Responses regarding the national government’s objectives of the performance measurement system



Note: Other possible survey response options to this question were ‘secondary objective’, ‘an objective but I don’t know how to rank it’ and ‘not an objective’. Note there have been some minor wording changes in the Figure above.

Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

Box 4.1. ‘H indicators’ - Chile

The ‘H indicators’ cover hospitals, providers of ambulatory care and providers of preventative care. These are a set of annual indicators associated with the measurements of the institutions’ strategic products. The institutions refer to those under the responsibility of the Ministry of Health, including the national public health insurance fund and regional health services. Strategic products are the goods and services (in other words outputs) which serve the institution’s strategic objectives. For example strategic outputs include the promotion of health, preventative campaigns for diseases such as HIV/AIDS, influenza and cancer and sanitary regulation. These indicators are classified into either process (activity), intermediate results (milestone) or product (output) indicators which cover quality, efficiency or economic dimensions. There are 49 indicators across seven institutions. These indicators form part of a bigger frame of management tools and a performance budgeting framework that associate the fulfilment of management objectives with a monetary incentive for the employees.

4.2.2. Health initiatives as a useful component of performance measurement system

30. Some patterns emerge concerning the effectiveness of different mechanisms whereby performance systems lead to improved performance of the health sector (Figure 4.5). Central governments generally found public league tables/ratings, and the monitoring of health access across the population or specific target groups, to be a useful mechanisms in over 75% of the performance measurement systems, to monitor and improve performance in the health sector. The publication of performance information of hospitals or providers, including through league tables, is important in ensuring the transparency and accountability of government spending and decision-making. It is also intended to have an impact on improving provider performance and encouraging consumer choice. Benchmarking through league tables can offer interesting comparisons. This can encourage better performance through peer pressure. In theory it could also help people choose among different health service providers – although there is little evidence that such public information has this effect in health (Rechel et al., 2016^[6]).

31. Minimum national standards were also found to be a very useful component of performance measurement systems. Minimum national standards can be applied to service providers to establish the minimum national expectations. This should encourage providers to work towards achieving the standards if not already met, and therefore increase the quality of service delivery over time.

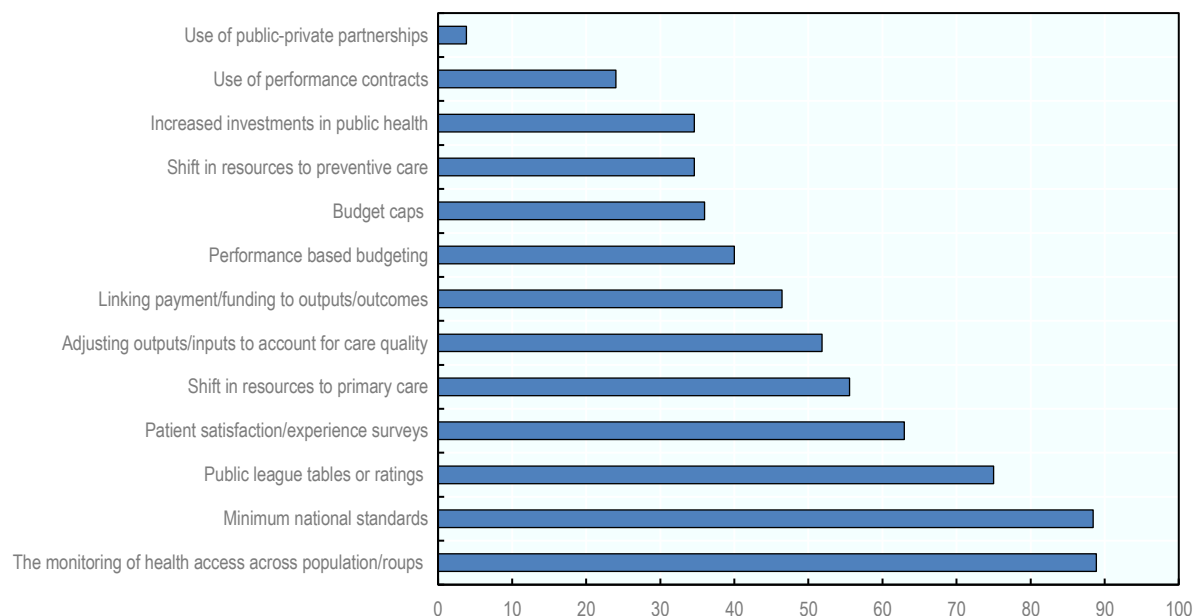
32. Patient satisfaction and experience surveys were seen as useful components of a performance system by just over half of the respondents. This performance mechanism could be more widely adopted, as standardised surveys of patients and relatives can help measure hospital performance against explicit standards. Patient-reported experience and outcome measures, such as whether patients feels they were adequately involved in important decisions about their care, and whether the patient is free of pain after an operation, are important for monitoring and understanding the more qualitative aspects of service delivery, especially with the increasing focus on patient empowerment and satisfaction.

33. By comparison, the use of public-private partnerships and performance contracts were generally not a component of performance systems. Performance budgeting was more frequently a component but only Chile (box 4.1), Greece, and Spain stated that performance budgeting was a ‘very useful’ component of their performance measurement systems. Performance budgeting involves incorporating performance information into the budget setting process in order to inform and guide budget allocations. This type of budgeting replaces traditional budgeting methods, by shifting the focus away from inputs, to the achievement of policy objectives or outcomes.

34. There were very few mechanisms that were used by governments that were deemed ‘not useful’, suggesting that the performance systems that were reviewed were relatively targeted in their approach. Furthermore, the mechanisms used did not vary markedly between federal and unitary countries. However, unitary countries were more likely to use mechanisms such as minimum national standards; budget caps; policies that shifted resources to primary or preventive care; and policies that increased investment in public health. This is likely due to budget control being more centralised in unitary countries, which allows unitary central authorities to make decisions regarding the allocation of funding to priority areas.

Figure 4.5. Responses regarding the usefulness of health initiatives for a national government's performance measurement

Proportion of responses where the following health initiatives are noted as a 'very useful' or 'somewhat useful'



Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

Box 4.2. Australia's National Healthcare Agreement guidelines

In Australia, under the National Healthcare Agreement (NHA) guidelines, league tables and comparative charts are available for regional governments (but are not required by service providers), but data are also disaggregated by other variables (e.g. Indigenous status, gender) which offers a further point of comparison. The NHA is an agreement between the central government and regional governments that outlines the role and goals of Australia's health system; the roles and responsibilities of the parties; policy and reform directions proposed to achieve desired outcomes; and accountability requirements. The accountability requirements include reporting against specific performance indicators and performance benchmarks that are outlined within the specified outcome areas (better health; better health services; social inclusion and indigenous health; and sustainability of the health system). The NHA indicator set outlines 33 performance indicator topics and 7 performance benchmarks, which are reported on annually. The indicators draw on population-level data (usually survey data) and data derived from information captured by health services or within payment systems (administrative by-product data). The health services data is used both for performance reporting related to a particular sector/service (e.g. waiting times for elective surgery), and for broader-based reporting on the effectiveness of the health system as a whole or other parts of the health system (e.g. potentially preventable hospitalisations).

4.3. Impact of the performance measurement system

4.3.1. What is the effect of the performance measurement system at the national level

35. Performance measurement systems affected policy at the national level – in terms of determining or adjusting policies, budgets and performance targets. However, this impact was, in most countries, only ‘occasionally’ rather than ‘frequently or always’ (Table 4.2 and figure 4.6). Exceptions to this were in Chile, Finland, Italy, Japan, Norway, New Zealand, and Spain, where performance measurement systems were typically seen as having more effect on decisions at the national level, although some of these countries had multiple performance systems, and only selected ones had this effect.

36. The effects of the performance measurement systems at the national level were also greater in unitary countries than in federal countries. This is especially true in terms of the performance measurement system affecting budget allocations at the national level. Federal countries have constitutionally protected sub-national governments with greater decision power. The performance measurement systems may instead have an effect at the sub-national level.

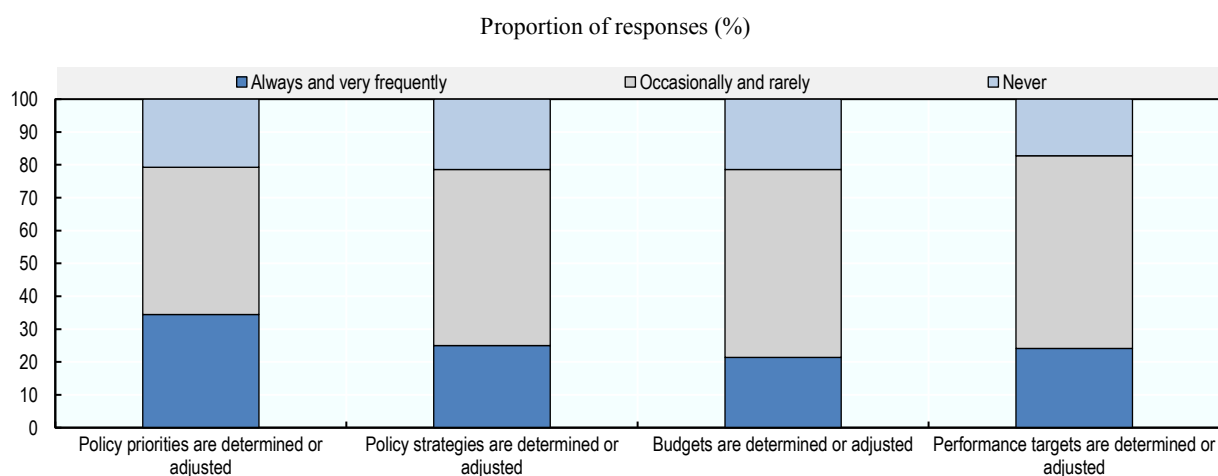
37. Performance measurement systems were seen by survey respondents to have an impact on budget allocations at the national level in five countries; Chile, Italy, Finland, Lithuania, and Luxembourg. In Chile, one performance measurement system (H indicators – box 4.1) has impact on the allocation of resources between the institutions under the Ministry of Health. The other system (PRAPS), describes a mechanism for the prospective payment of primary care, in the case that resource adjustments need to be made due to an overrun in planned expenditure. Similarly, in Lithuania, resources adjustments are made to primary health care providers in the form of a pay-for-performance scheme. In Luxembourg, the budget allocations are made by the statutory health insurance between hospitals based on the results of the performance measurement system (box 4.3). In Italy, additional resources are offered to regional governments depending on the fulfilment of predefined goals captured by a set indicators (box 4.4). In Finland, no detail was given as to the effect on budgets at the national level.

Table 4.2. The effect of the performance measurement system at the national level

	Policy priorities are determined or adjusted	Policy strategies are determined or adjusted	Budgets are determined or adjusted	Performance targets are determined or adjusted
Australia*	-	-	-	-
Belgium	o	o	o	O
Canada	o	o	o	o
Chile*	X	X	X o	X
Denmark	o	o	o	o
Estonia	o	o	o	o
Finland	X	X	X	o
Greece	o	o	o	o
Italy	X o	o	X	X
Japan*	X o	X o	o	o -
Kazakhstan	-	-	-	o
Lithuania		o	X	o
Luxembourg*	-	-	X -	o
Mexico	o	o	-	o
Netherlands*	o	o	o	o
New Zealand	X	o		X
Norway*	X	X	o	X
Poland	X	o	o	o
Spain	X	X	o	o
Switzerland	-	-	-	-
United Kingdom	o	o	o	o

Note: X=always or very frequently, o=occasionally or rarely, -=never. * Reflects multiple performance measurement systems used in this country. Multiple symbols reflect the different performance measurement systems.

Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

Figure 4.6. The frequency of the effect at the national level

Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

Box 4.3. Hospital financing in Luxembourg

For Luxembourg, the main source of financing for health comes from the single payer fund, Caisse National de Santé (CNS). Luxembourg reported on three performance measurement systems, administered by the CNS. One of these systems exclusively measures the performance of hospitals. Every two years the government sets a global budget envelope for hospital expenditure, which is then divided annually by the CNS between the hospitals. Budget allocations among hospitals are determined through annual negotiations between CNS and the individual hospitals. An evaluation committee sets the quality and performance criteria, captured by the performance measurement system. A premium is paid to the hospital on the fulfilment of this criteria.

4.3.2. Impact of the performance measurement system for sub-national government

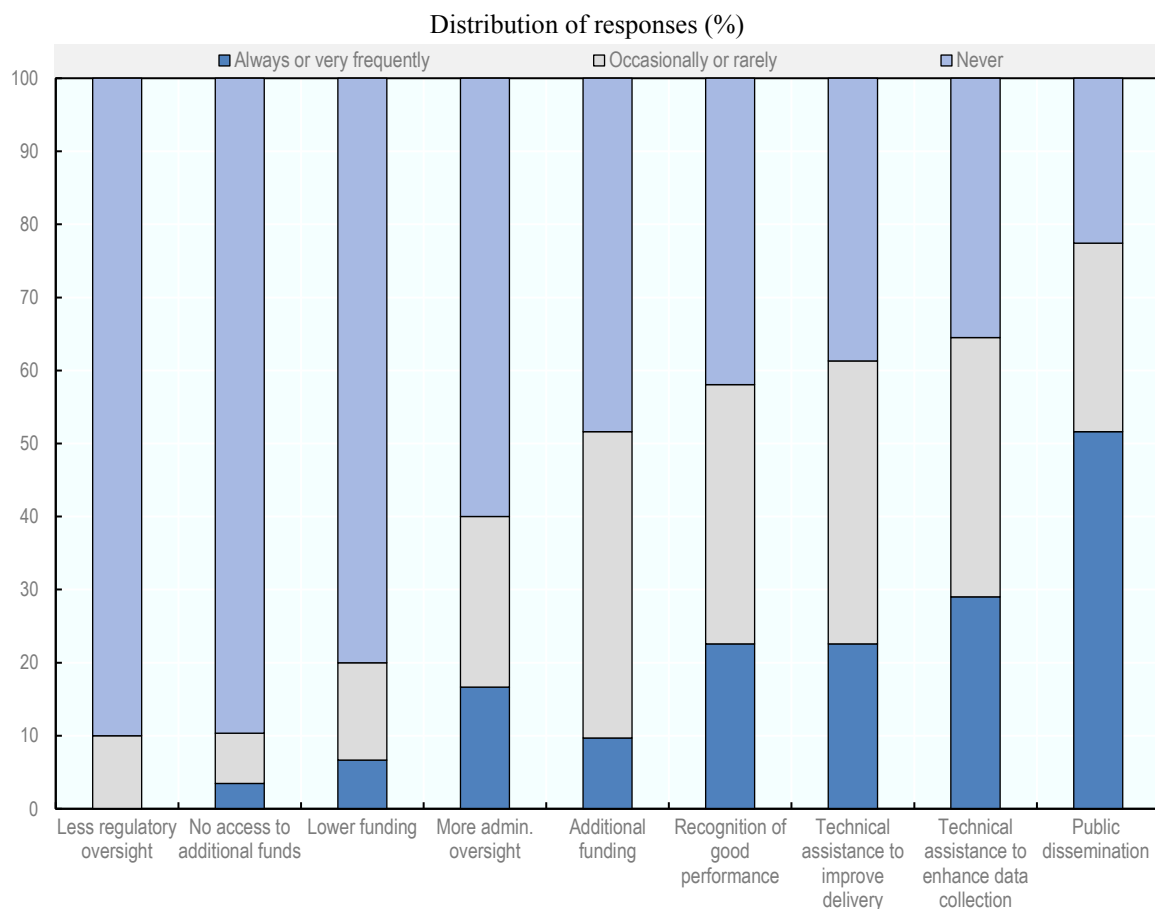
38. Central governments can utilise rewards and sanctions on sub-national governments, to incentivise service providers to improve performance and meet certain standards. There are two main types of explicit reward/sanction systems for sub-national governments: financial and administrative. Figure 4.7 illustrates the distribution of country responses regarding the effects performance systems in health care can have on regional or local governments. The possible response options for the survey questions were ‘always’; ‘very frequently’; ‘occasionally’; ‘rarely’; and ‘never’ with regard to their occurrence.

39. The public dissemination of performance information is a common aspect of the health performance systems. The public dissemination of information exerts reputational effects that generate pressure for accountability and reform (OECD, 2009^[7]). Competition aims to improve government behaviour, as providers aim to improve their performance to avoid being labelled as poor or failing organisations. Other common consequences of health performance systems are the formal recognition of good performance and technical assistance for enhancing data collection and utilisation.

40. Uncommon consequences include rewards to sub-national governments through the relaxation of budget rules, financial sanctions through withdrawal of funding or lower funding, and financial sanctions through no access to additional funds. Some consequences are more common in unitary countries, namely, technical assistance to governments to improve service delivery and increased administrative oversight of sub-national governments.

41. Countries with performance measurement systems that frequently had impacts on sub-national government include Chile, Italy, and New Zealand. These performance measurement systems are designed specifically to track the performance of regional or local governments. Further details of the Italian performance measurement system are given in box 4.4.

Figure 4.7. Responses regarding the consequences of the performance system for sub-national authorities



Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

Box 4.4. Monitoring of regional health services in Italy

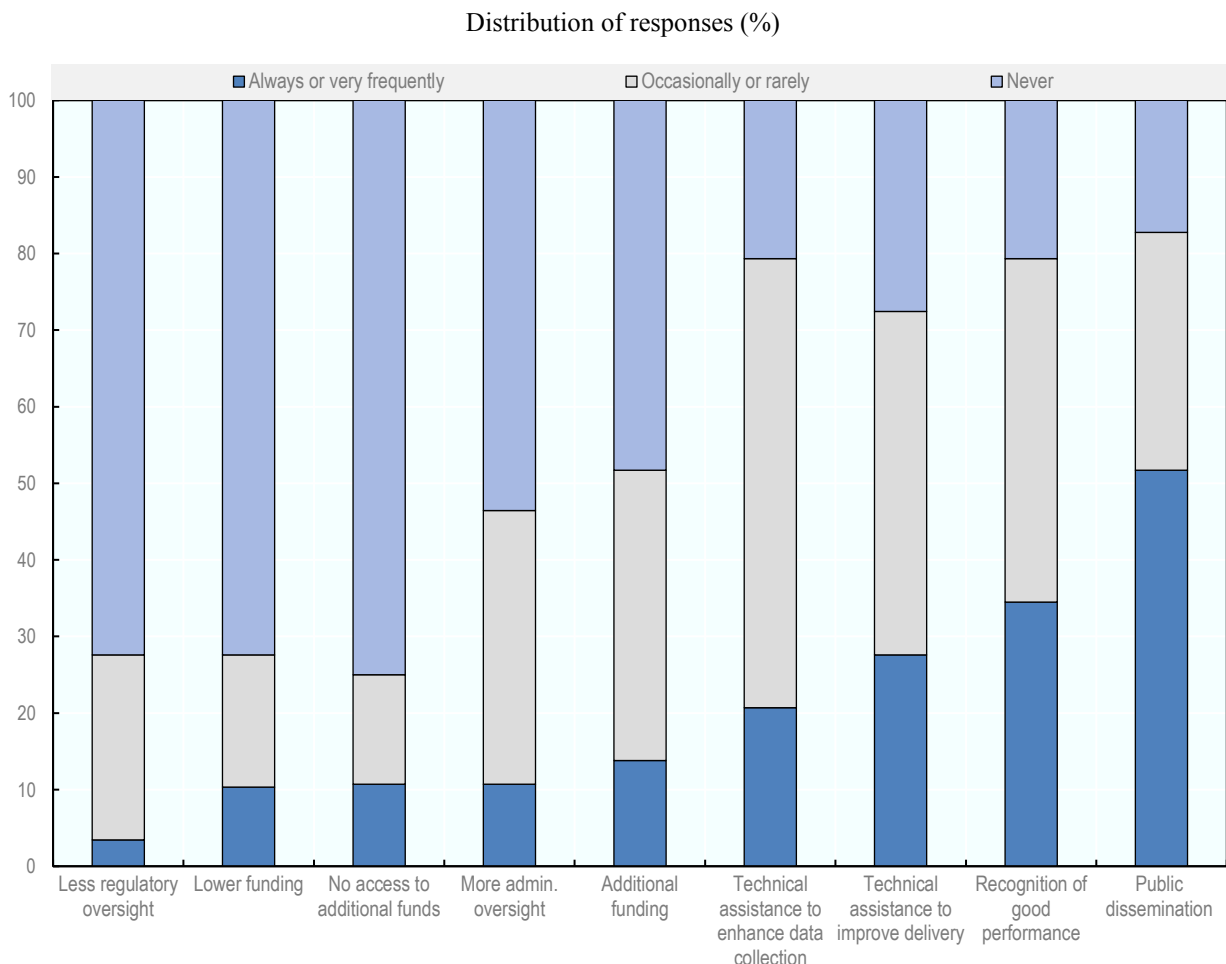
Italy's National Health Service is regionally based, with the central government sharing responsibility for health care with the country's 19 regions and two autonomous provinces. At the national level, the government exercises a stewardship role, controls and distributes the tax-financed health budget, and defines the national benefits package (known as the 'Essential Levels of Care' or LEA) that must be guaranteed to all citizens and foreign residents. The "Griglia LEA" is a performance measurement system aimed at monitoring regional government's provision of essential levels of care (LEA). Monitoring covers four levels of care; prevention, outpatient, hospital, and emergency care. As of 2013, the Griglia LEA consisted of 32 indicators. Indicators are associated with goals, and achievement of goals by regional governments allows them to access the full fund for health care. Regions that do not fulfil goals are subject 'Realignment Plans', which subscribe specific actions of improvement.

4.3.3. Impact of the performance measurement system for service providers

42. With regard to the potential impact for specific service providers, the public dissemination of performance information, formal recognition of good performance and technical assistance are again common consequences of health performance systems (Figure 4.8). Some consequences are more common in unitary countries, namely, technical assistance to governments to improve service delivery and rewards for service providers through the relaxation of regulatory oversight. The public dissemination of performance information is also used more in unitary countries. Furthermore, federal countries are more likely to provide public information on performance of regional governments rather than on service providers.

43. Overall, there were more impact for service providers than for sub-national governments, showing that performance measurement systems were more focused on providers rather than specific regions. In particular, Lithuania, the Netherlands, Greece, Luxembourg, Italy, and Estonia had performance measurement systems in place that provided more incentives for service providers.

Figure 4.8. Responses regarding the consequences of the performance system for service providers



Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

Box 4.5. Use of performance measurement systems in provider payment models

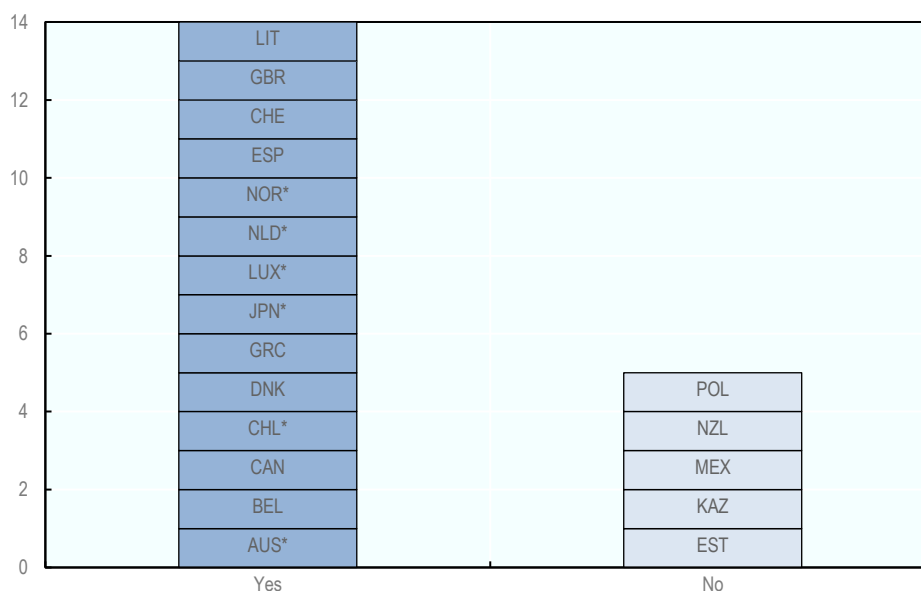
Performance measurement systems may also be used in payment models between the purchasers and provider of health care services. One such model are pay-for-performance schemes. Here, providers are wholly or partially funded on the basis of their performance, and therefore creating an incentive to meet targets or performance measures. Chile, Estonia, and Lithuania reported on performance measurements systems that are used for pay-for-performance schemes that provide financial rewards specifically to providers of primary health services on the fulfilment of performance targets. Kazakhstan uses a similar type of pay-for-performance mechanism that covers providers of ambulatory care. Luxembourg (box 4.3) uses its performance measurement system to pay hospitals a performance based premium. Greece uses their performance measurement systems for DRG (diagnostic-related groups) payments to hospitals. DRG payments reimburse hospitals for services based on a classification system of treatments and services. The performance measurement system indicates the hospital resources and treatment services consumed for chronic patients.

4.4. Performance measurement system evaluations and challenges

4.4.1. Does the performance measurement system undergo routine evaluations?

44. 75% of performance measurement systems reported undergo routine evaluations or will do in the future (figure 4.9). Australia, Chile and the Netherlands, the evaluation is carried out on a yearly basis, whereas in Canada, the system is evaluated every 5 years. In Belgium, the system goes through international evaluation through a peer review event.

Figure 4.9. Responses regarding whether performance measurement systems undergo routine evaluations (or will in the future)



Note: * implies that the country replied yes for all the health performance measurement systems.

Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

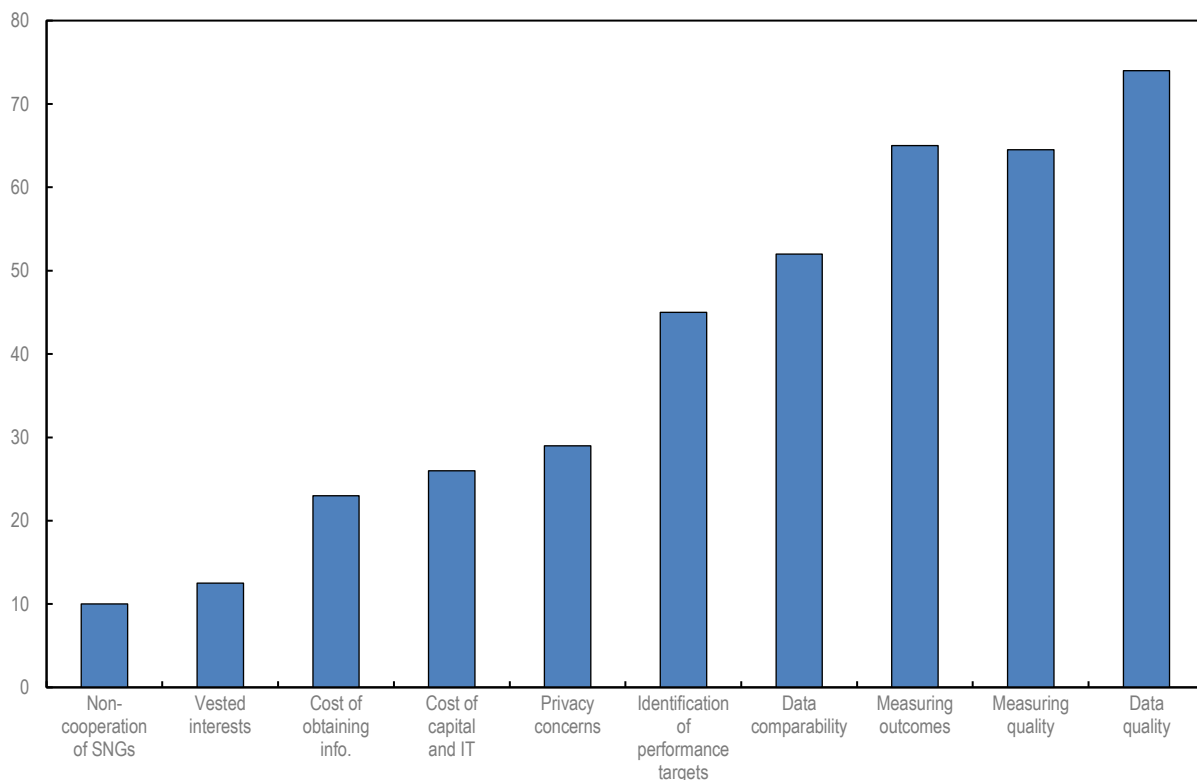
4.4.2. Challenges for performance measurement systems

45. Countries identified some difficulties that have been encountered in assessing health service delivery (Figure 4.10). The most common challenges for performance measurement systems are of a technical nature such as the quality of data, the comparability of data (including the standardisation of coding) and measuring service outcomes and service quality. Other issues such as vested interests, the non-cooperation by sub-national governments and cost concerns were identified as much less problematic in developing a performance measurement system. This is encouraging as it should be an incentive to progress with the development of a performance measurement system, as improving systems is just a matter of improving the design of performance indicators and better data, rather than a question of a lack of interest or cooperation, which may require more efforts to change.

46. Despite the decentralised nature of many health systems, no countries identified the presence of a regional indicator system as the reason for a lack of national system in place.

Figure 4.10. Responses regarding the difficulties in assessing health service delivery

Distribution of responses (%)



Source: OECD survey on performance measurement systems in the health sector and responsibilities across levels of government (2018).

47. Hospitals were the most common health care providers to be monitored under a national performance system. Providers of ancillary services, retailers and other providers of medical goods and providers of preventive care were the least likely to be monitored. Common reasons for the non-establishment of performance systems in these sectors include a lack of capacity at the national level, a lack of available data and coordinating the actors is

too difficult. For a few countries, the establishment of a performance system is currently under discussion.

Conclusion

48. The majority of central governments have taken on the role of ensuring the equitable and efficient delivery of health care systems through establishing a performance measurement system. Government systems are different across OECD countries, varying mainly in their objectives and the potential consequences for levels of government or service providers. Most were focused on monitoring the performance of hospitals and providers of ambulatory care. Providers of ancillary services, retailers and other providers of medical goods, and providers of preventive care were much less likely to be monitored under a specific performance framework.

49. The design of performance measurement system should depend on its functions and objectives. Many performance measurement systems, were focused on the objectives of improving the quality of service delivery, monitoring compliance with national standards, or monitoring productivity and efficiency. Other objectives of the system, like learning from good practices, cost-containment, promoting accountability, were less common. The survey also gave a valuable insight into usefulness of different initiatives that were used in performance measurement systems, with the most important being the monitoring health access across populations/groups and setting minimum national standards.

50. The impacts of the performance measurement systems at the national level were limited. Some focused on the allocation of resources between service providers or sub-national authorities based on performance measures, however this allocation did not represent a significant share of the overall budget. Instead, the impacts for service providers and sub-national authorities was mainly the public dissemination of performance results and recognition of good performance.

51. Although performance measurement systems can lead to unintended consequences, such as gaming resulting in lower health outcomes (Mannion and Braithwait, 2012^[8]), establishing a national performance measurement system can provide many benefits to health systems and help to address issues around fiscal sustainability. Increasing the quality of services through monitoring and public dissemination of performance results will not only improve health outcomes but can help to improve the efficiency and tackle wasteful spending. Strengthening budgetary mechanisms by incorporating performance information can direct spending towards the achievement of policy objectives and enhance accountability of public spending. Moreover, reforming provider payment methods to focus on performance can create the right incentives for cost-containment and delivery of high quality care (OECD, 2015^[9]). Many countries identified challenges in the area of measuring outcomes and quality, but also as regards data quality and compatibility. It clearly shows that data management and a right construction of key performance indicators are the areas where improvements are needed.

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Annex A.

4.5. OECD Questionnaire on Performance Measurement Systems in the Health Sector and Responsibilities across Levels of Government

PART 2

4.5.1. Part 2.A) Details on Health Performance Measurement Systems

Countries are encouraged to complete separate copies of Part 2.A for each health performance measurement system. Each copy of Section A should relate to a different health performance measurement system.

1. **Which health providers are covered under this performance system?** (If a country has a single performance measurement system that covers multiple health providers, please tick all appropriate boxes).

	Hospitals	Residential long-term facilities	Providers of ambulatory health care	Providers of ancillary services	Retailers and other providers of medical goods	Providers of preventive care
For what aspects of health care does this performance measurement system cover?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. **Briefly describe the specific performance measurement system that you will report on below.** We are particularly interested in the specific public and private aspects covered by the system, the extent of diffusion across the country and the maturity of the system.
3. What level of government is in charge of administering the performance measurement system? (please only tick for the health providers that are covered under this performance system)

	Hospitals	Residential long term care facilities	Providers of ambulatory health care	Providers of ancillary services	Retailers and other providers of medical goods	Providers of preventive care
National	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regional	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. **What is the main level that the system aims to monitor/measure** (tick all that apply)?

- | | |
|--|---|
| <input type="checkbox"/> National aggregate
<input type="checkbox"/> Regional governments (i.e. states, provinces)
<input type="checkbox"/> Local government (i.e. municipalities)
<input type="checkbox"/> Specific public service providers | <input type="checkbox"/> Specific private service providers
<input type="checkbox"/> Other (please specify): |
|--|---|

5. Please indicate the importance of the national government's objective(s) for this performance measurement system.

	Primary objective	Secondary objective	An objective, but I don't know how to rank it	Not an objective
To measure productivity and/or productivity improvements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For cost containment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To measure the efficiency of public spending	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To assert budgeting and financial control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To benchmark performance of specific service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To benchmark performance of sub-national governments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To determine budget allocations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To identify effective policy strategies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To improve quality of services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To improve capacities of service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To monitor compliance with national standards/regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To promote accountability for government spending	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To promote learning from good practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please, describe):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please feel free to provide comments related to question 5 (optional):

6. Please indicate if the following health initiatives are a useful component of the national governments performance measurement system.

Measurement practice	How useful is the performance measurement practice, from the perspective of the national government?				Please provide comments or examples on how the performance measurement practice is used
	Very useful	Somewhat useful	Not useful	Not used at all	
<i>Strategic re-allocation of resources within the health care system</i>					
Performance based budgeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Shift in resources to primary care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Shift in resources to preventive care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Increased investments in public health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Changes in financing methods</i>					
Linking payment/funding to outputs/outcomes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Budget caps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Use of performance contracts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Use of public-private partnerships	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Benchmarking and transparency					
Minimum national standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Public league tables or ratings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Collection of performance information					
The monitoring of health access across the population or specific target groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Patient satisfaction/ experience surveys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Adjusting outputs or inputs to account for quality of care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Please feel free to provide comments related to question 6 (optional):

7. How are the performance results disseminated? (*tick all that apply*)

- | | |
|--|--|
| <input type="checkbox"/> Internal reporting only | <input type="checkbox"/> Press-release |
| <input type="checkbox"/> Internal meetings | <input type="checkbox"/> On-line open access |
| <input type="checkbox"/> Events open to the public | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Publicly available report | |

Please feel free to provide comments related to question 7 (optional):

8. How does the performance measurement system affect policy decisions at the national level? (*Please tick*)

	Always	Very frequently	Occasionally	Rarely	Never
Policy priorities are determined or adjusted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policy strategies are determined or adjusted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Budgets are determined or adjusted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Performance targets are determined or adjusted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. What are the potential consequences of the performance measurement system for sub-national authorities?

	Always	Very frequently	Occasionally	Rarely	Never
Public dissemination of performance information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Technical assistance for enhancing data collection/utilisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technical assistance for improving service delivery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Formal recognition of good performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reward through relaxation of budget rules	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial sanctions through withdrawal of funding or lower funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial sanctions through no access to additional funds/funding pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Penalties through increased administrative oversight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. What are the consequences of the performance measurement system for service providers?

	Always	Very frequently	Occasionally	Rarely	Never
Public dissemination of performance information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technical assistance for enhancing data collection/utilisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technical assistance for improving public service delivery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Formal recognition of good performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reward through relaxation of regulatory oversight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial sanctions through withdrawal of funding or lower funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial sanctions through no access to additional funds/funding pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Penalties through increased administrative oversight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Is the performance measurement system used by any of the following, to improve performance or reduce costs?

Regional governments

- Local governments
- Service providers
- Insurance companies

12. If yes, please provide examples. Do they compare performance with other providers? Is it used to monitor their own performance over time? To determine budget allocations? To adjust public service delivery processes?

13. Does the performance measurement system undergo routine evaluations (or will undergo in the future)?

- Yes
- No
- Don't know

14. If yes, please provide further comments in regards to the frameworks in place to organise and carry out evaluations?

15. Has the cost of the performance measurement system been assessed?

- Yes
- No
- Don't know

16. What difficulties have been encountered in assessing health service delivery? *(tick all that apply)*

- Data quality
- Privacy concerns
- Cost of obtaining information
- Cost of capital and IT requirements
- Comparability of data
- Organisations with vested interests
- Non-cooperation of sub-national governments
- Identification of performance targets
- Measuring service outcomes
- Measuring service quality
- Other (please specify):

Please feel free to provide comments related to question 16 (optional):

Additional comments: If you would like to add additional comments about performance measurement systems for monitoring/ measuring health care in your country, please do so here (optional).

4.5.2. Part 2.B) Health Care Providers That Are Not Covered Under a National Performance Measurement System

Countries are encouraged to complete separate copies of Part 2.B for each health provider where the national government does not have a formal system to measure and monitor their performance.

Please tick which health care provider this copy relates to. Generally only one health care provider will be selected.

	Hospitals	Residential long-term facilities	Providers of ambulatory health care	Providers of ancillary services	Retailers and other providers of medical goods	Providers of preventive care
For what aspects of health care do performance measurement systems <i>not</i> exist?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. Are there specific institutional reasons why a national performance measurement system for assessing public service delivery has not been adopted?

- Yes
- No
- Don't know

18. If yes:

- The national government has no formal power to introduce an indicator system
- The regional government has introduced an indicator system
- Other (please describe):

19. What are the main obstacles preventing implementation of a performance measurement system? (*tick all that apply*)

- It is too expensive
- It is technically too difficult to implement

-
- There is a lack of capacity at the national level
 - There is a lack of capacity at the sub-national level
 - There is a lack of motivation / commitment of the actors involved
 - There is a lack of data available
 - Coordinating the actors is too difficult
 - It is not perceived to be useful
 - We are currently experimenting with the use of indicators, but have not yet formalized a system
 - The topic is currently under discussion
 - It is not within the jurisdiction or the authority of the national government
 - Other (please describe):