

# PERFORMANCE-BASED FINANCING IS NOT BACKED BY CREDIBLE

# THEORETICAL JUSTIFICATIONS

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## Background

- Performance-based financing (PBF) is expanding in many health systems, especially in low- and middle-income countries (LMICs)
- PBF results are mixed; there is no consistent evidence of its general effectiveness, but growing evidence of its high costs, unintended consequences, and lack of equity
- PBF promoters fail to provide a clear and consistent explanation of why and how it is supposed to produce results and to perform better than alternative approaches
- The literature on PBF-related approaches is fragmented across disciplines and much of the current cross-disciplinary research on PBF and similar schemes lacks a sound theoretical basis.

(Selviaridis K., Wynstra F. Performance-based contracting: a literature review and future research directions. International Journal of Production Research 2015; 53:12, 3505-3540)

## Objective

To explore and to better understand the theoretical justifications of PBF in the health sector in LMICs

## Methods

**Scoping review** of the scientific and grey literature on PBF using Arksey and O'Malley methodological framework (Arksey H., O'Malley L. Scoping studies: towards a methodological framework 2005, 8:1, 19-32)

→ Step 1: Identifying the research question

**What theoretical justifications are mobilised to support the use of PBF in the health sector in LMICs?**

→ Step 2: Identifying relevant studies

- Databases: PubMed, Scopus, ProQuest, EBSCO, Base
- Languages: English, French
- Keywords: PBF, Theory, Health, LMICS and related terms

→ Step 3: Studies selection

Double-blind screening against criterion of

- Date
- Langage
- Nature of document
- Sector
- Results-based incentive for healthcare providers
- Use of theory to justify PBF (ex ante or ex post)
- Full text availability

Manual addition of relevant studies identified through other sources

Assessment of full-text articles for eligibility

→ Step 4: Charting the data

→ Step 5: Collating, summarizing and reporting the results



## Key results

→ Out of the 84 studies included

- 2/3 have an empirical component and 2/3 are peer-reviewed
- 55% are free from conflicts of interest
- Only 44% of empirical studies have a Theory of Change (ToC); however, growing use of a ToC (59% since 2015)
- Some ToCs are very basic (e.g. carrot-and-stick) and many are not theory-based

→ Grand theories utilised to justify PBF

- Economic theories (predominant), including principal-agent theory (referred to by 43 studies), contract theory (11), incentive theory (unspecified) (6), behavioural economics (7), public choice (3) and New Institutional Economics (3)
- Psychological theories (32) with a wide array of motivation theories, including expectancy theory (9), crowding-out theory (7), self-determination theory (7), Herzberg's two-factor theory (3), Maslow's need theory (3) and goal(-setting) theory (4)
- Business/administration/HR and organisational theories, including organisational theory (6) and contingency theory (3)
- Intervention and implementation theories, in particular the complexity theory / complex adaptative systems (4) and systems analysis (1)
- Social science theories, including medical professionalism (1) and Bourdieu's habitus (1)
- Political science theories, including framing theory (2)

## Discussion

- **Many studies reviewed testify of a misunderstanding of the theories commonly used to justify PBF**
- In particular, the principal-agent theory is often referred to in a very naïve way; when utilised with credible assumptions (e.g. multi-principal & multitasking problem; high cost of verification of outputs; uncertainty of the link between agents' efforts and results verification; collusion of supervisors) it actually pleads against the use of high-powered incentives such as PBF
- A multitude of non-economic approaches, relating to psychology, organisations sciences and management, social and political science, have also been used to explain or understand PBF; however, none has emerged as dominant and their multiplicity leaves the reader confused

## Conclusion

- No single theory is sufficient to explain the complexity of PBF functioning and effects
- The "theory of change" of PBF is still misunderstood
- Overall, PBF lacks a solid and consistent theoretical justification

**IF PBF cannot be justified neither theoretically, nor empirically, one can only conclude that it is promoted on ideological grounds**