



National Health
Systems Resource
Center

Health System Strengthening - Conditionality Report of States 2018-19





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डॉ हर्ष वर्धन Dr Harsh Vardhan

स्वास्थ्य एवं परिवार कल्याण, विज्ञान और प्रौद्योगिकी
व पृथ्वी विज्ञान मंत्री, भारत सरकार

Union Minister for Health & Family Welfare,
Science & Technology and Earth Sciences
Government of India

सबका साथ, सबका विकास, सबका विश्वास
Sabka Saath, Sabka Vikas, Sabka Vishwas



MESSAGE

Performance based incentives are a proven way to encourage productivity, increase efficiency and boost growth in any system. Conditionalities under National Health Mission in India were introduced with a similar rationale. The aim is to instill a sense of healthy competition amongst the states and stimulate better health outcomes across the country. Keeping this aspect in mind, we have increased the NHM funds for performance linked conditionalities from 10% to 20% of the resource envelope.

2. The pools under NHM have been so designed that funds from high focus states do not go to better performing states and do not disturb the equity in fund distribution.

3. The conditionalities have been made objective, verifiable and capable of driving health sector performance and reforms. Based on the importance and urgency, we had assigned various weightages to the different indicators which have been included in the conditionalities framework. Level of immunization is taken as a prerequisite for states to be eligible for any incentive with in-built flexibilities for EAG, Union Territories and Hilly states to provide a level playing field.

4. I have encouraged all the States to actively participate in the exercise for improved health outcomes and enhanced financial support. I am positive that improved performance on these conditionalities will not only help the States/UTs achieve their targets but will also facilitate in strengthening their respective health systems leading to achievement of the Sustainable Development Goals and the NHP 2017 targets, and overall development of the country.

(Dr. Harsh Vardhan)

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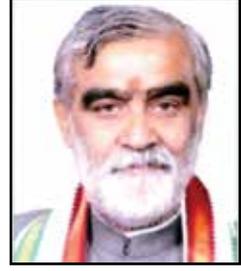
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l a s' k

स्वास्थ्य एवं परिवार कल्याण राज्य मंत्री
भारत सरकार
MINISTER OF STATE FOR
HEALTH & FAMILY WELFARE
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विगत 15 वर्षों में प्रगति को आयाम देने वाले आठ सहस्राब्दी विकास लक्ष्यों के बाद 17 सतत् विकास लक्ष्यों को सरकारों द्वारा संयुक्त राष्ट्र महासभा में सितंबर, 2015 में अंगीकृत किया गया। सतत् विकास लक्ष्य का संबंध "सर्वे भवन्तु सुखिनः सर्वे सन्तु निरामया" के भारतीय दर्शन से है, जिसका तात्पर्य है कि स्वास्थ्य मात्र एक लक्ष्य नहीं है, अपितु विकास परिणामों के लिए भी महत्वपूर्ण है। उच्च गुणवत्ता वाली स्वास्थ्य प्रणाली वह प्रणाली है, जो किसी दिये गये संदर्भ में स्वास्थ्य सेवा प्रदानगी को अनुकूलतम करे और जो स्वास्थ्य परिणामों में वृद्धि करे अथवा उसे बनाये रखे और जिस पर सभी लोगों का विश्वास और मान बना रहे तथा लोगों की बदलती जरूरतों के अनुसार प्रतिक्रिया कर सके।

राष्ट्रीय स्वास्थ्य मिशन के अंतर्गत निष्पादन से जुड़ी शर्तों का उद्देश्य पैमाइश की संस्कृति का भाव जागृत करना है, जिनका सांस्थानीकरण प्रणालियों के सुदृढीकरण के माध्यम से ही किया जा सकता है। परिणामों के आधारभूत संवितरण से निगरानी प्रणाली की महत्ता बढ़ती है, आंकड़ा संग्रहण अधिक ठीक, समयबद्ध और सार्थक होता है। समुचित रूप में डिजाइन करने पर यह भविष्य में आने वाली चुनौतियों से निपटने के लिए सरकार की क्षमता को अधिक मजबूत करने और उसे बेहतर स्थिति में लाने में समर्थकारी होगा। नीति आयोग द्वारा जारी की गई "स्वस्थ राज्य, प्रगतिशील भारत" रिपोर्ट ने भारत के प्रत्येक राज्य में स्वास्थ्य सुविधा केंद्रों द्वारा उपलब्ध कराई गई परिचर्या की गुणवत्ता तथा कवरेज का निर्धारण करने में उल्लेखनीय योगदान दिया है। अतः अन्य राज्यों में तेजी से बढ़ते हुए सफल कार्यकलापों तथा उन्हें प्रारंभ करने के संबंध में जानकारी देने के लिए यह रिपोर्ट साक्ष्य के एक आधार के रूप में कार्य कर रही है।

मेरा विश्वास है कि कार्य निष्पादन से जुड़ी स्थितियां राज्यों के उनके स्वास्थ्य परिणामों में सुधार लाने की समस्या में सहयोगी एवं प्रतिस्पर्धी संघवाद की भावना से आगे ले जाने में सहायता करेंगी। यह उचित है कि एक राष्ट्र के रूप में हम अपनी वैज्ञानिक प्रतिभाओं द्वारा समर्पित नीतिशास्त्र के पारंपरिक मॉडल्स में अपनी शक्ति को स्वीकार करें, ताकि हम ऐसे प्रगामी स्वास्थ्य परिणामों को पर्याप्त रूप में प्रभावित करने के लिए अच्छे संकल्प ले सकें और भारत को भविष्य में विश्व गुरु बनने में ऊंची छलांग लगाने के लिए तैयार कर सकें।


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MESSAGE

Ministry of Health & Family Welfare is committed to establish the conditionalities as a tool to get the States/UTs focus on the urgent as well long-term health systems reforms which would help in achieving better health outcomes. The conditionalities framework is based on select outcomes, outputs and a few process indicators which could be objectively verified through various data sources and state reports.

The incremental improvement as per the NITI Aayog ranking of states on 'Performance on Health Outcomes' is one of the major conditionalities and has been given the highest weightage. Other parameters include operationalization of Health and Wellness Centres (HWCs), provisioning of mental health services in districts covered under the National Mental Health Program, Screening of 30 plus population Non Communicable Diseases, Implementation of Human Resource Information System (HRIS) and grading of Primary Health Centres (both Urban and rural) based on inputs and provision of the service package agreed.

We have tried to make the performance-based incentives an inclusive exercise where every State gets a fair chance to earn incentives. Thus, while the conditionalities framework introduces a good amount of competition, it also aims to increase the co-operation among the States as emulating the good practices from other States is one of the fastest ways to scale up a program.

I would like to take this opportunity to extend my appreciation for NITI Aayog's report 'Healthy States Progressive India' and also to all the State Governments and Union Territory Administrations for sharing timely information. I hope that all the States and UTs would learn from their performance and use the learning to improve the performance so that they earn more incentives next year based on the performance in year 2019-20.

(Preeti Sudan) 13/11/19



मनोज झालानी
Manoj Jhalani

अपर सचिव एवं मिशन निदेशक (रा.स्वा.मि.)
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MESSAGE

In order to incentivise better performance by States, the Mission Steering Group of NHM had decided that 10% of the total allocation under flexi pools would be kept apart at the national level as an incentive pool which was subsequently increased to 20% for 2018-19. It is a step towards promoting performance based disbursement of funds, which the Expenditure Management Commission too had advocated. Over time, the set of Conditionalities known as conditionality framework have undergone some changes, in accordance with the shift in the Ministry's focus on health outcomes, more objective norms of performance assessment, and the core principle of long-term health sector reforms.

Considering that our thrust is increasingly on moving towards accountability and nudging states towards improved performance, the MSG of the NHM increased the performance based funding to 20% of the total allocation under flexi pools of NHM within the existing state pools. The funds left after providing of incentives and levying penalty, have been re-distributed within the state groups as per the NHM budget allocation formula

The incentive pool distributed based on performance has generated a lot of positive action on part of the States and has enhanced accountability. I believe that the States which have invested rightly on health sector reforms and demonstrated improved performance would reap its benefit besides getting more incentives. I congratulate the States which have done well and expect that all the States would strive much harder and demonstrate improved performance and progress on health sector reforms this year to have more incentives next year and better health and services for their people.


(Manoj Jhalani)

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List of Abbreviations and Acronyms

A&N	Andaman and Nicobar
BE	Budget Estimates
CPHC	Comprehensive Primary Health Care
C-Section	Caesarean Section
D&D	Daman & Diu
DH	District Hospital
DMHP	District Mental Health Programme
DNH	Dadra and Nagar Haveli
EAG	Empowered Action Group
FRU	First Referral Unit
FY	Financial Year
HMIS	Health Management Information System
HR	Human Resource
HRH	Human Resources for Health
HRIS	Human Resource Information System
HWC	Health and Wellness Centre
IPHS	Indian Public Health Standards
J&K	Jammu and Kashmir
MoHFW	Ministry of Health and Family Welfare
MSG	Mission Steering Group
NCDs	Non-Communicable Diseases
NE	North-Eastern
NHM	National Health Mission
NHP	National Health Profile
NHSRC	National Health Systems Resource Centre
NPCC	National Programme Co-ordination Committee
OPD	Outpatient Department
PHC	Primary Health Centre
PM	Prime Minister
RBF	Result Based Financing
RoP	Record of Proceedings
SC	Sub Centre
SDG	Sustainable Development Goal
UPHC	Urban Primary Health Centre
UT	Union Territory

Health System Strengthening - Conditionality Report of States 2018-19

Background

In Government the most important lever- the system that drives behaviour most powerfully- is the budget . For last few years, Ministry of Health and Family Welfare (MoHFW) has been experimenting with linking at least a part of budget to the agreed conditions being met to enhance performance and to focus on health sector reforms (hereafter referred as 'Conditionalities'). This is a step towards Result Based Financing (RBF) where the States could get more budgetary support if they performed well on the agreed indicators and may lose out part of the funding if they did not meet the set performance benchmarks.

In 2018-19 this initiative received a big boost when the Mission Steering Group of National Health Mission under the Chairmanship of Health Minister decided to increase the Performance based incentive/penalty from 10% to 20% of the NHM budget. This sent a clear message to all the States that good performance would be monitored, acknowledged and rewarded. This meant that while 80% of the resource envelope earmarked for the State would be assuredly available, 20% of the resource envelope would depend on State's performance on agreed conditionalities. The States which do not fulfil the criteria could lose up to 20% of funding under NHM.

Approximately Rs.3265 crores of the NHM funds were put aside for disbursement to the States on the basis of the performance of the states on the conditionalities. The step is in consonance with the government's vision of co-operative and competitive federalism to improve the outcomes. The linking of incentive/penalty to the NITI Aayog's Health Index Report 2019 would also nudge the States to work towards better performance with respect to 23 indicators of the index. Now the ranking is not only a matter of good performance and prestige, but higher incremental improvement where better performance could get the State more funds under NHM.

Conditionalities Framework - 2018-19

The framework of conditionalities has been developed keeping in mind the priorities in the health sector in India which the States must strive to achieve. Though the combined number of indicators i.e. the NITI State Index indicators and rest of the indicators in the conditionality framework are many (23+6=29), in the long run it will help in monitoring and facilitating speedy improvement on many of the indicators under Sustainable Development Goal 3 and the NHP 2017 targets.

The indicators (except the State ranking) are based on the performance figures for 2018-19 and are not based on historical achievements. This gave the current State administrators ample opportunity



for better implementation and improvement in performance on key programme areas and health sector reforms. The methodology, especially the way conditionalities are evaluated, has been kept simple and understandable to the extent possible, so that the programme managers can see and measure their effort and its effect.

The Conditionalities Framework for 2018-19 comprised of seven key indicators based on which the States and Union Territories (UTs) were ranked. However, in light of the PM's clarion call to save our children from vaccine preventable diseases, Full Immunization Coverage (%) was set as a qualifying criterion to be able to claim the incentives. The States and UTs were eligible for conditionality assessment only if they were able to achieve at least 75% full immunization coverage in case of EAG, North-Eastern (NE) and Hill states and 80% for rest of the States and UTs. The condition of qualifying criteria to be eligible for the assessment was waived off for the Union Territories because small geographical locations and huge influx of people, especially for institutional deliveries, make it difficult to arrive at a proper denominator .

All the seven indicators were allotted different weightage for calculation of incentives/ dis-incentives based on their importance. While most weightage (40) has been given to the NITI State ranking, for the other indicators the weightage varies from (20 to 5). The table below provides a snapshot of the indicators along with the weightage:

SI	Indicators	Weightage
1	Improving Incremental performance based on NITI Aayog Report	40
2	Operationalizing Health and Wellness Centres (HWC)	20
3	Implementing Human Resource Information System (HRIS)	15
4	Grading of District Hospitals*	10
5	Mental Health Services in Districts as per framework	5
6	Screening of 30+ population for Non-Communicable Diseases	5
7	Rating of PHCs (both Urban and rural) on their functionality	5

Process

At the beginning of every financial year, the framework of conditionality is approved by MoHFW and is conveyed to the States during the budget discussions in the National Programme Co-ordination Committee (NPCC) meetings. The Framework of Conditionalities is also a part of the Budgetary Approvals or Record of Proceedings (RoP) of NHM and thus gives a year to the States to implement and improve their performance. In the course of the year, the States could also propose for more budget under NHM within the allotted resource envelope, if required.

A mid-term assessment in September-October is carried out with the available data and is conveyed to the States so that they know where they stand and try to improve further. The final incentive/ penalty is decided on the basis of the aggregate score of each State/UT.

A major part of the incentives were earned by States which were better performing in 2016-17 and 2017-18. As a single pool for all States was likely to decrease the funds going to the comparatively weaker states, five pools were made in proportion to the NHM funds allocated: 1. EAG 2. Non EAG 3. North East 4. Hilly States and 5. UTs.

Based on the final assessment of conditionalities, the states in each pool were incentivized or penalized. After providing for the incentive and levying penalty, funds left in the pool were distributed as per the NHM budget distribution formula among the states of the pool. This has ensured that funds from high focus states and other weaker group of States, because of penalty, do not go to better performing states and disturb the equity in fund distribution.

Methodology

Following sections describe the methodology followed for assessing the indicator, the formula used and the source of data used:

1. **Improving incremental performance based on NITI Aayog ranking:** The composite Health Index scores of the states as per NITI Aayog's report were used to measure the incremental changes in the state's performance compared to the base year.
 - » **Expected level of achievement³** : The states showing overall improvement compared to the base year were given incentive; states showing no improvement or decline were given no incentive/ penalty.
 - » **Weightage⁴** : +40 to -40 points. The percentage of incentive/penalty earned by the states/ UTs was calculated as a proportion to improvement shown by the states with highest incremental change and the states showing the least incremental change.
 - » **Means of Verification:** NITI Aayog's report on "Healthy States Progressive India", published in June 2019.

$$\text{Differential Score of state/ UT} = (\text{Composite Index Score in 2017-18}) - (\text{Composite index score in 2015-16})$$

$$\text{Incentive/ Penalty Points} = \frac{\text{Differential score}}{\text{Highest/Lowest Composite Index Score achieved}} \times 40 / -40^*$$

*40 for states scoring more than 0 and -40 for states/ UTs scoring less than 0 as differential score



- » **Operationalizing Health and Wellness Centers (HWCs):** HWCs to provide CPHC which is a part of Ayushman Bharat is to be implemented through 1.5 lac Health and Wellness centers across the country. This is one of the most important initiatives and has the potential to change the entire health scenario of the country by providing preventive, promotive and primary healthcare and focusing on wellness of the population. The performance of the states with respect to operationalization of Health and Wellness Centres was measured as a part of conditionality framework.
- » **Expected level of achievement:** Operationalizing at least 10% of Sub Centers and PHCs/ Urban PHCs as HWCs.
- » **Weightage4:** +20 to -20 points
- » **Means of Verification:** State report on HWC portal and NHSRC report.

$$\text{Operational HWC as \% of total SC} = \frac{\text{No. of Operational HWC}^*}{\text{Total functional Sub Centres}^*} \times 100$$

*(as on 31st March 2019)

- Incentive/ Penalty Points**
- 20 points if percent of operational HWC is $\geq 10\%$
 - 0 points if percent of operational HWC is $< 10\%$ and $\geq 7.5\%$
 - -20 points if percent of operational HWC is $< 7.5\%$

2. **Implementing HRIS:** All the states and UTs were to ensure implementation of Human Resource Information System (HRIS) for all HRH (both regular cadre and contractual)
 - » **Expected level of achievement:** For assessment of the conditionality for HRIS, the expected level of achievement was further sub-divided into four conditions:
 - ✓ Line listing of all staff (regular cadre and contractual) for all facilities to be completed and available on software
 - ✓ Salary invoice for both regular and contractual Human resource to be generated by HRIS
 - ✓ Transfer orders for both regular and contractual Human resource to be generated by HRIS
 - ✓ HRIS data should match with HMIS reporting. In case the numbers don't match, states were to provide reason and numbers reported in HMIS and HRIS.

- » **Weightage⁴:** +10 to -10 points for HRIS operationalization and +5 to -5 points for synchronization with HMIS.
- » **Means of Verification:** HRIS (State) website developed by the states and HMIS report.

Incentive/ Penalty Points =	Availability of facilitywise integrated line-listing of all HR (regular and contractual)
	<ul style="list-style-type: none"> • Yes: +3 • No: -3
	Salary invoice for both regular and contractual HR generated through HRIS: +4 to -4
	<ul style="list-style-type: none"> • Yes: +4 • No: -4
	Transfer orders for both regular and contractual Human resource generated by HRIS: +3 to -3
	<ul style="list-style-type: none"> • Yes: +3 • No: -3
	HRIS data to match with HMIS reporting: +5 to -5
	<ul style="list-style-type: none"> • Yes: +5 • No: -5

3. **Grading of District Hospitals:** Based on the findings of the study “The Health of our Hospitals” being conducted by NITI Aayog, the performance of states with respect to service delivery through district hospitals was to be assessed. For this, the states were to be given incentive or penalised based on the percentage of districts hospitals who have at least eight fully functional specialties as per IPHS. The indicator was given a weightage of 10 points (+10 to -10). As the report has not been published, 10 points were added to the score of all states/ UTs.
4. **Districts covered under Mental health programme and providing services as per programme guidelines:** The indicator assessed number of districts covered under Mental Health Programme and are providing services as per the programme guidelines including OPD for mental health services.
 - » **Expected level of achievement:** Minimum of 50% of the districts of Non EAG states and 40% of districts of EAG states covered under Mental Health Programme were incentivized. The states were penalized in case the achievement was less than 50% in Non EAG states and less than 40% in EAG states.
 - » **Weightage⁴:** +5 to -5 points.



- » **Means of Verification:** Report from Mental Health Division, MoHFW

$$\text{Percent districts covered under Mental Health program} = \frac{\text{No. of districts where Mental Health Program is functional}}{\text{No. of districts approved under Mental Health Program}} \times 100$$

Incentive/ Penalty Points =

- 5 points if $\geq 75\%$ of the districts covered
- 3 points if $\geq 50\%$ districts in Non-EAG and $\geq 40\%$ districts in EAG states covered
- -3 points if $< 50\%$ districts in Non-EAG and $< 40\%$ districts in EAG states covered
- -5 points if $< 40\%$ districts in Non EAG and $< 30\%$ districts in EAG states covered

5. **30 plus population screened for NCDs:** In India, approximately 37% of the population is over 30 years who are to be screened for NCDs. The estimated population used as a denominator was calculated using the projected population of the state for 2018 .
- » **Expected level of achievement:** In order to be eligible for full incentive, the states were to ensure that at least 15% of 30 plus population screened for NCDs. Those states where less than 3% of 30 plus population was screened for NCDs received penalty.
- » **Weightage⁴:** +5 to -5 points.
- » **Means of Verification:** Report from NCD division, MoHFW.

$$\text{Percent of 30 plus population screened for NCDs} = \frac{\text{No. of person screened for NCDs}}{\text{Total population to be screened}} \times 100$$

Incentive/ Penalty Points =

- 5 points if $\geq 15\%$ of 30 plus population screened for NCDs
- 3 points if $\geq 7\%$ and $< 15\%$ of 30 plus population screened for NCDs
- -3 points if $< 3\%$ and $\geq 2\%$ of 30 plus population screened for NCDs
- -5 points if $< 2\%$ of 30 plus population screened for NCDs

6. **Rating of PHCs (both Urban and Rural) on its functionality based on inputs and provision of the service package agreed:** All the PHCs and UPHCs are rated on a scale of 5 based on data reported on HMIS portal. The rating and its detailed criteria were shared with the states earlier.
- » **Expected level of achievement:** Non EAG states where a minimum of 50% of the PHCs and EAG states where at least 40% of PHCs were to achieve 3 or more star rating.
- » **Weightage⁴:** +5 to -5 points.
- » **Means of Verification:** HMIS Data Reported in the portal.

$$\text{Percent of PHCs rated 3 stars or more} = \frac{\text{Number of PHCs rated 3 stars or more}}{\text{Total PHCs}} \times 100$$

Incentive/ Penalty Points

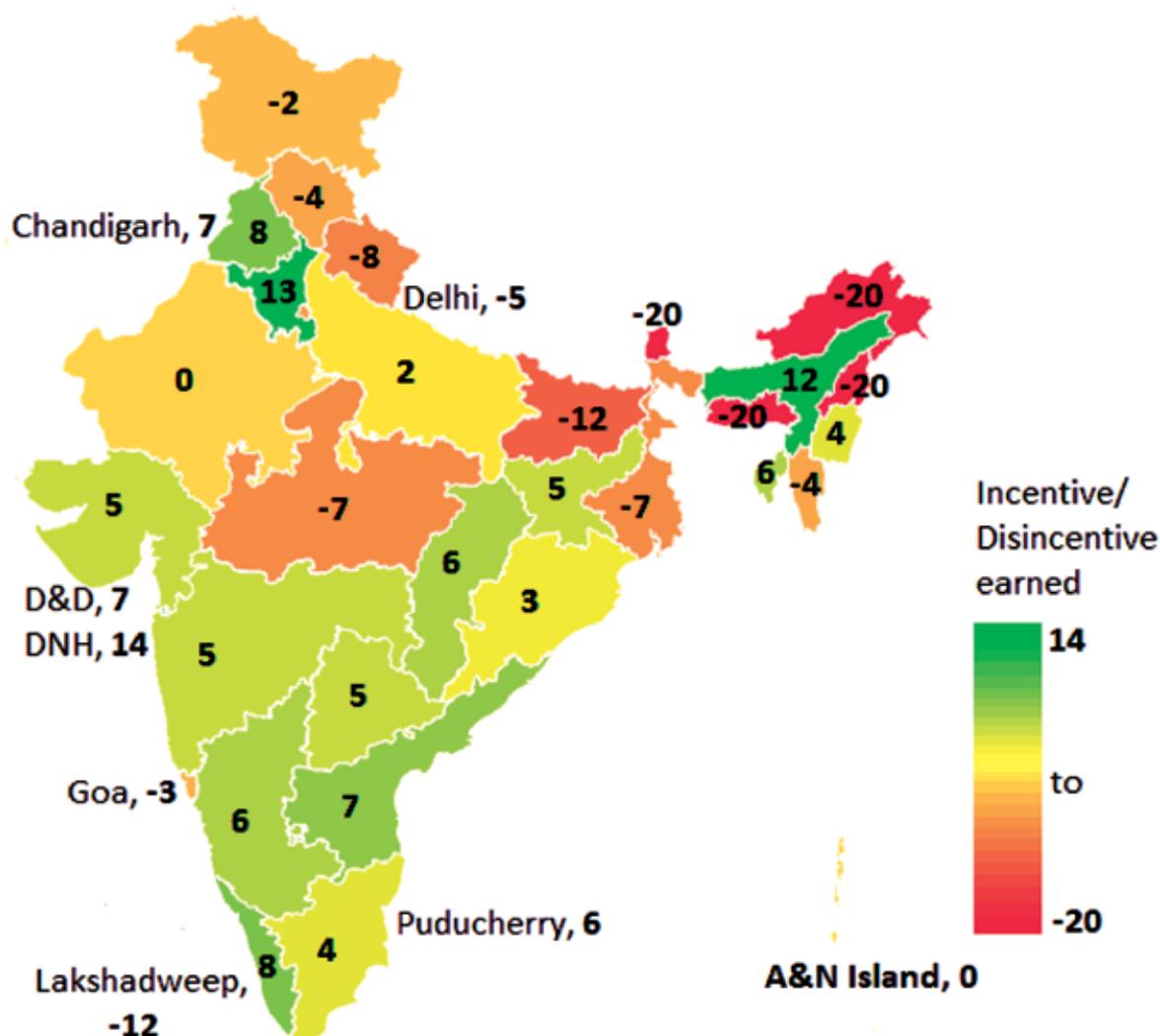
- 5 points if $\geq 75\%$ of PHCs in Non-EAG and $\geq 60\%$ of PHCs in EAG states having 3 or more stars
- 2 points if $< 75\%$ and $\geq 50\%$ of PHCs in Non-EAG, $< 60\%$ and $\geq 40\%$ of PHCs in EAG states having 3 or more stars
- 0 points if $< 50\%$ and $\geq 40\%$ of PHCs in Non-EAG, $< 40\%$ and $\geq 30\%$ of PHCs in EAG states having 3 or more stars
- -5 points if $< 40\%$ of PHCs in Non-EAG, $< 30\%$ of PHCs in EAG states having 3 or more stars

There were several rounds of discussions with the states wherein based on the difficulties shared by the states, certain modifications were made in the original conditionality framework. Refer to the annexure for the modified conditionality framework.

Overall Results

For the year 2018-19, **20 states/UTs were able to earn incentive**, two states/UTs have earned neither incentive nor penalty, while remaining states received penalty. Four states (Arunachal Pradesh, Meghalaya, Nagaland and Sikkim) could not meet the minimum criteria of Full Immunization of 75%, therefore the progress made by the states (if any) was not considered for assessment and all the four states were given penalty of -20.

Exhibit 1: Incentive and penalty received by the states



The maximum incentive earned by any state/ UT is 14 and the maximum penalty given is -12 (excluding the four non eligible states). The table below shows the top five and bottom five states/ UTs based on their performance and incentive/ dis-incentive earned.



Table 1: Top 5 and bottom 5 States/ UTs

Top 5		Aspirational 5*	
1	Dadra & Nagar Haveli	28	West Bengal
2	Haryana	29	Madhya Pradesh
3	Assam	30	Uttarakhand
4	Kerala	31	Bihar
5	Punjab	32	Lakshadweep

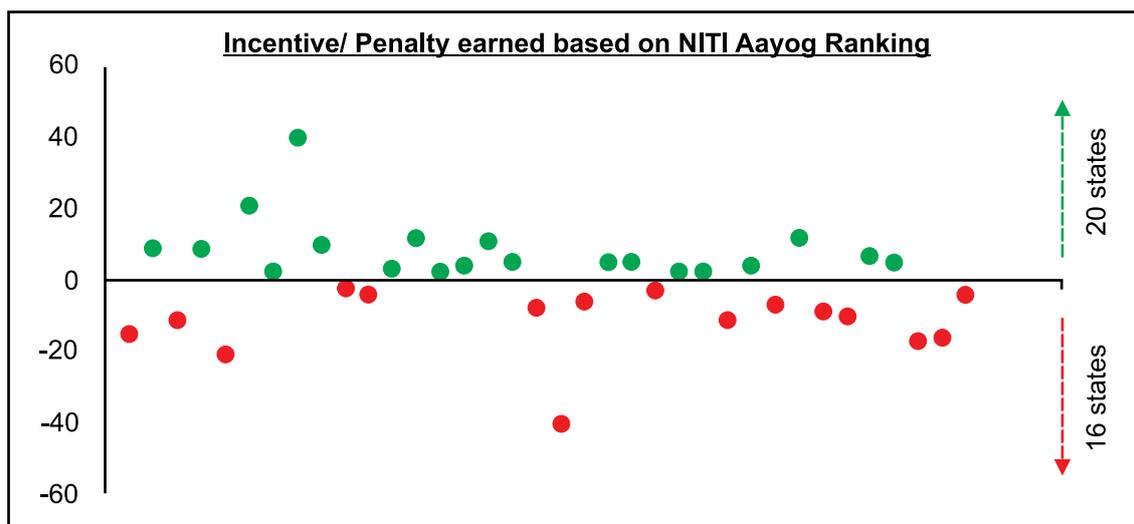
**Note: This doesn't include the four non eligible states (Arunachal Pradesh, Meghalaya, Nagaland and Sikkim)*

Indicator wise Summary

Performance of the states and UTs on individual indicators of conditionality is summarised below:

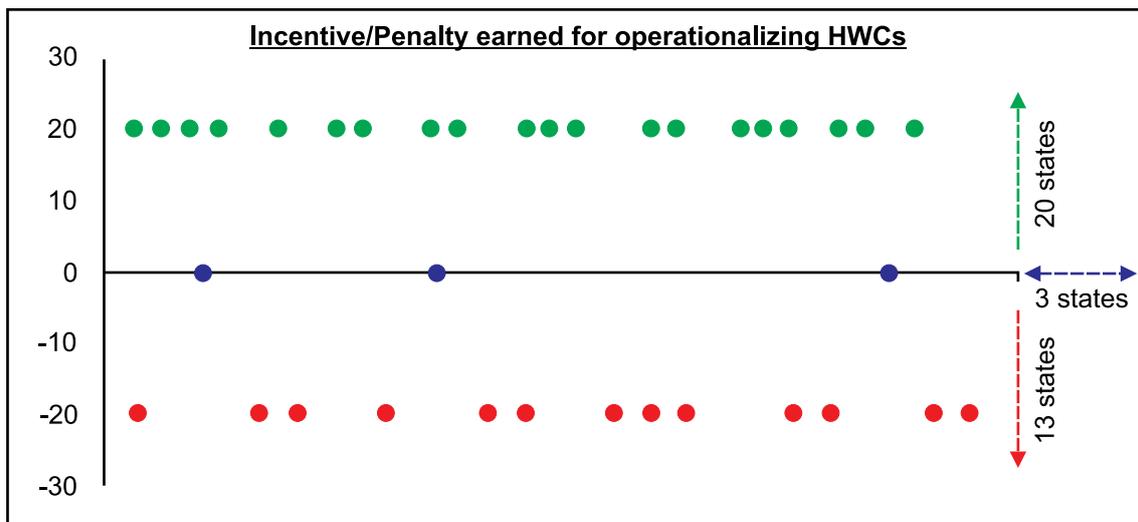
NITI Aayog ranking of states on 'Performance on Health Outcomes': 20 out of the 36 states/ UTs have shown progress whereas 16 states/UTs have shown a decline in their performance compared to previous year. The rate of improvement in the NITI indicators was highest in Dadra and Nagar Haveli among the UTs and Rajasthan among the states while it was lowest in Lakshadweep followed by Bihar. Out of the eight EAG states, only three states have shown progress and have earned incentives.

Exhibit 2: Incentive/ Penalty earned by states based on NITI Aayog ranking



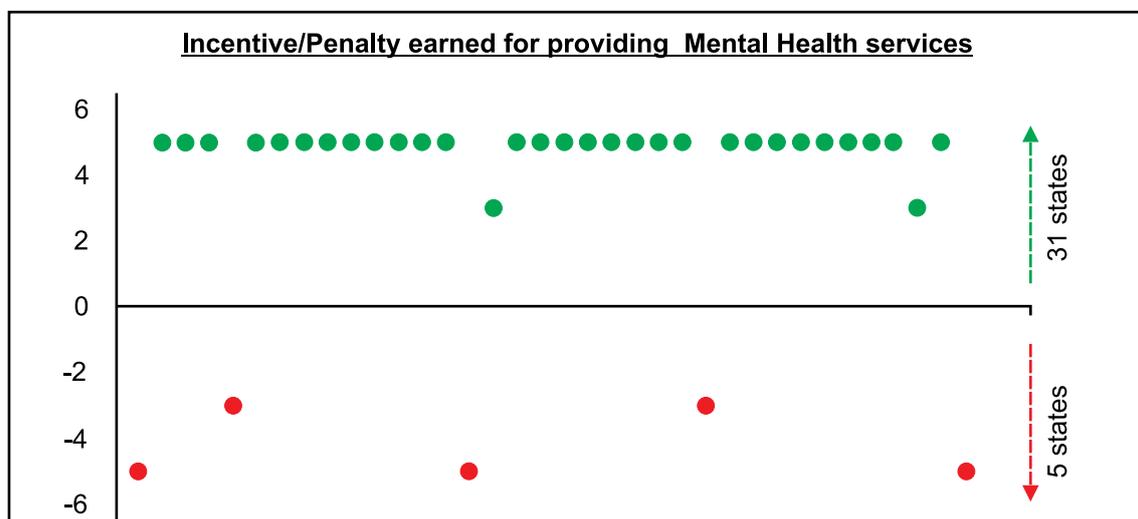
Operationalization of Health and Wellness Centers (HWC): Due to relentless implementation drives by the States and constant monitoring, by 31st March 2018 the country achieved the target of 15,000 HWCs. Daman and Diu among the UTs and Punjab among the states have achieved the highest percentage in terms of operationalization of HWCs. Among the EAG states, Odisha has shown the highest achievement.

Exhibit 3: Incentive/ Penalty earned for operationalization of HWCs



Districts covered under Mental Health Programme and providing services as per programme guidelines: Five out of the 36 states/ UTs: West Bengal, Jammu & Kashmir*, A&N Islands (all received-5), Bihar and Nagaland (both received -3) have been penalised as they didn't achieve the set benchmarks. Out of the rest 31 states, in 27 states at least 75% of the districts are providing mental health services. Whereas in two EAG states, Uttar Pradesh and Jharkhand, the percentage of districts providing mental health services is below 75%.

Exhibit 4: Incentive/ Penalty earned for providing Mental Health Services

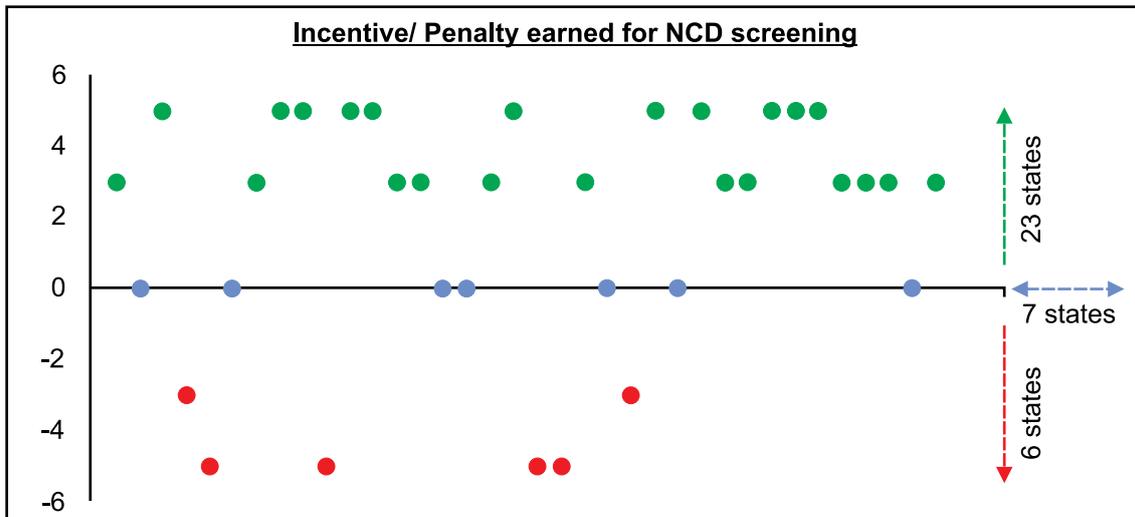


30 plus population screened for NCDs: Incentive for screening of 30 plus population was earned by 23 states. This includes 11 states which were able to screen more than 15% of the 30 plus population and earned full points. Seven states have neither earned any incentive nor penalty against the set indicator. The state of Tamil Nadu has reported an achievement of 100% screening of 30 plus population followed by Goa at 68% and Daman & Diu at 57%. Among the EAG states highest achievement was reported by Rajasthan at 33%; while the lowest was reported by Bihar and Madhya Pradesh (1%). Nil achievement was reported by Delhi and Lakshadweep Islands.

*This report is for 2018-19 and was prepared in August 2019 before the formation of the UT of J&K and Ladakh.

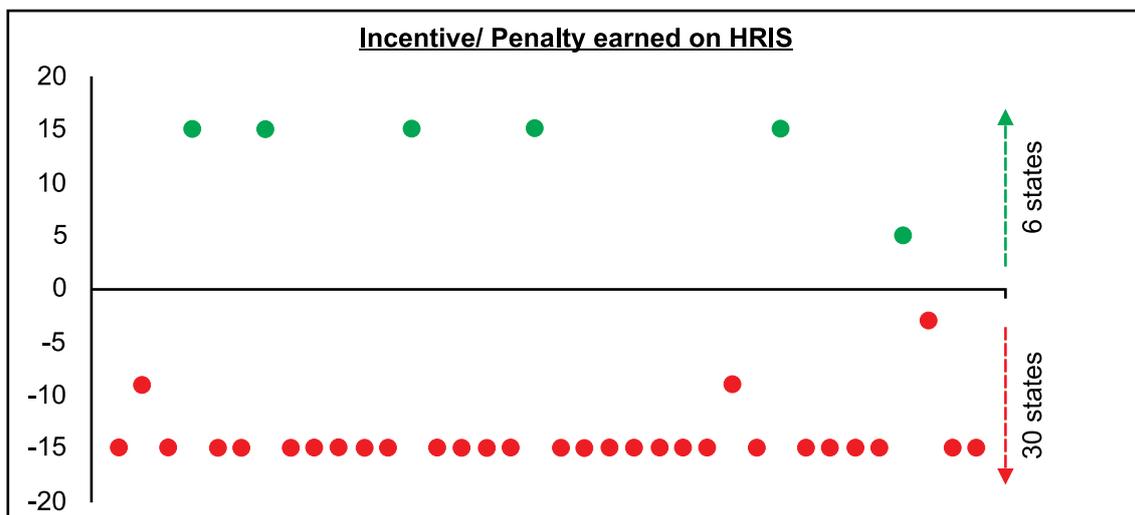


Exhibit 5: Incentive/ Penalty earned for NCD screening of 30+ population



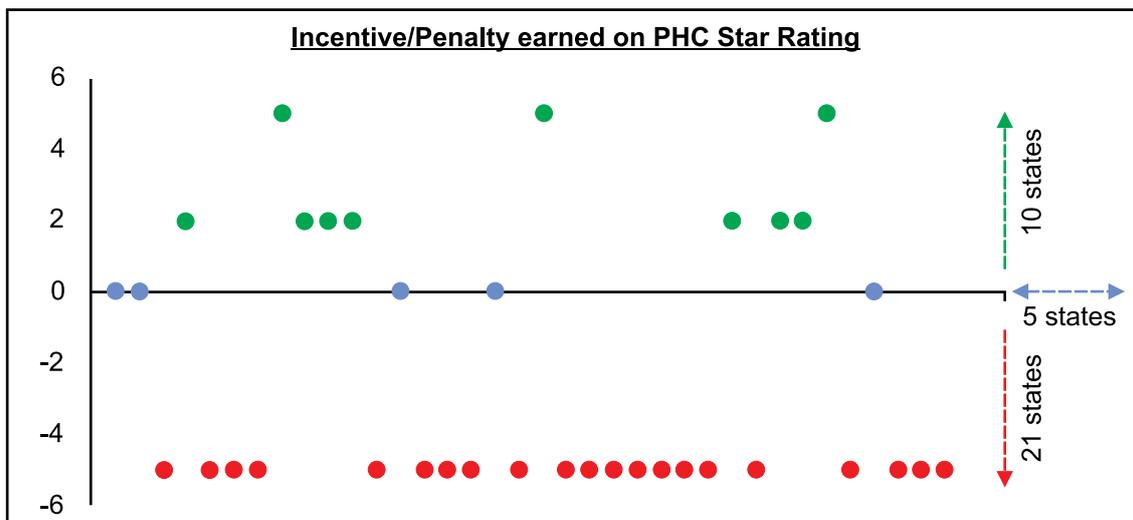
Implementation of HRIS: Only six out of the 36 states and UTs, namely, Assam, Chhattisgarh, Haryana, Kerala, Punjab and Tripura have earned full incentive for implementation of HRIS. Apart from these six states, Andhra Pradesh, Odisha and Uttar Pradesh were able to partially achieve the set target. Facility wise integrated line-listing for both regular and contractual HR was completed by all the nine states. Though the pay slip for both the cadre is being generated through HRIS in only six states. The transfer and posting orders are being generated through HRIS by the six states who earned full incentive and Uttar Pradesh.

Exhibit 6: Incentive/ Penalty earned for implementation of HRIS



Star rating of PHCs (both Urban and Rural) based on inputs and provision of the service package agreed: Among the 36 states/ UTs, only 10 states have been able to earn incentive for this indicator. Among these, Tamil Nadu, Dadra and Nagar Haveli and Lakshadweep have more than 75% of the PHCs which have 3+ star rating and have received full incentive. Five states namely, Andhra Pradesh, Haryana, Karnataka, Tripura and A&N Islands have not earned any incentive/ penalty and remaining 21 states have earned penalty. The lowest achievement was recorded for Uttarakhand followed by Himachal Pradesh.

Exhibit 7: Incentive/ Penalty earned on PHC star Rating



Overall performance of the states and UTs is summarised below:

Performance of the States

High Focus States

Among the eight EAG states, four states were incentivised, one state has earned no incentives or penalty and two states received penalty.

Table 2: Performance of High-Focus States and status of Incentive/ Penalty earned

All India Rank*	States	Full Immunization (%)	Net Incentive/ Penalty**
9	Chhattisgarh	92	6
14	Jharkhand	81	5
19	Odisha	89	3
20	Uttar Pradesh	82	2
22	Rajasthan	78	0
28	Madhya Pradesh	76	-7
31	Bihar	77	-12

*Colour code: As per performance among 36 states/ UTs

** Colour Code: As per performance among the High-Focus states



Hilly States

All the three hilly states have received penalty due to non-fulfilment of conditionality.

Table 3: Performance of Hilly States and status of Incentive/ Penalty earned

All India Rank*	States	Full Immunization (%)	Net Incentive/ Penalty**
23	Jammu & Kashmir	97	-2
25	Himachal Pradesh	89	-4
30	Uttarakhand	103	-8

**Colour code: As per performance among 36 states/ UTs

** Colour Code: As per performance among the hilly states

North-Eastern (NE) States

Among the eight NE states, four states could not meet the eligibility criteria. Of the remaining, three states earned incentives.

Table 4: Performance of NE States and status of Incentive/ Penalty earned

All India Rank*	States	Full Immzn. (%)	Net Incentive/ Penalty**
3	Assam	84	12
11	Tripura	87	6
17	Manipur	88	4
26	Mizoram	87	-4
Not eligible	Arunachal Pradesh	70	-20
Not eligible	Sikkim	69	-20
Not eligible	Meghalaya	58	-20
Not eligible	Nagaland	47	-20

*Colour code: As per performance among 36 states/ UTs

** Colour Code: As per performance among the NE states

Other States

Among the eleven other states, nine states were incentivised, and two states received penalty.

Table 5: Performance of Other States and status of Incentive/ Penalty earned

All India Rank*	States	Full Immzn. (%)	Net Incentive/ Penalty**
2	Haryana	87	13
4	Kerala	93	8
5	Punjab	86	8
7	Andhra Pradesh	101	7
10	Karnataka	94	6
13	Telangana	96	5
15	Maharashtra	95	5
16	Gujarat	89	5
18	Tamil Nadu	85	4
24	Goa	90	-3
29	West Bengal	95	-7

**Colour code: As per performance among 36 states/ UTs

** Colour Code: As per performance among the Other states

Union Territories

Among the seven UTs, four UTs were incentivised, one UT has earned no incentives or penalty and two UTs received penalty.

Table 6: Performance of UTs and status of Incentive/ Penalty earned

All India Rank*	UTs	Full Immzn. (%)	Net Incentive/ Penalty**
1	Dadra & Nagar Haveli	77	14
6	Daman & Diu	66	7
8	Chandigarh	91	7
12	Puducherry	65	6
21	Andaman & Nicobar Islands	80	0
27	Delhi	94	-5
32	Lakshadweep	102	-12

*Colour code: As per performance among 36 states/ UTs

** Colour Code: As per performance among the UTs



The details of incentives or penalty for each of the indicators and the aggregate received/lost by the states and UTs is provided in the Annexure I. The actual amount of budget (in Rs. Crores) received as incentive or lost as penalty is provided in Annexure-III. Any amount left in the pool after catering to the incentive or penalty has been redistributed to the States/UTs of that pool as per the NHM budget allocation criteria.

Limitations

Limitations of this conditionality framework inter alia include the following:

The framework is based **only on data sets that are available every year** to enable comparison and monitor progress. Many indicators that MoHFW decided to include didn't have annual data source e.g out of pocket expenditure on health and hence could not be included.

Many times, the **qualitative aspects are not fully captured** in the numbers or quantitative indicators. E.g. a state may have large number of FRUs, but its geographical distribution could be lopsided. Again, while 10% C-sections are necessary to avoid maternal mortality, many better off states have very high % of C-sections which is not desirable. Capturing and assessing a conditionality qualitatively is difficult, at times subjective and time-taking. Thus, a conscious decision was taken to keep the conditionalities quantitative and it has the limitations that any quantitative indicator has.

The **indicators have been kept uniform for all the 36 states/UTs** (except a lower threshold for EAG/hilly states/UTs in a few cases). Various states in India are at various stages of progress and same conditionalities may not be a true reflection of their requirements and progress.

As some of the **conditionalities are assessed on the basis of HMIS** or report from Programme division, there could be cases where States may not have got incentives if HMIS data has not been correctly updated or where programme divisions have not been sent the report from State. However, using the HMIS/Programme data, reviewing it and raising questions would help to make the data sets better and reliable over time.

Conclusion

The conditionalities and the associated incentive /penalty is to generate a discourse among all stakeholders, so that health becomes a priority for all. This is an effort to start a discussion which is about output, outcome and long-term health sector reforms to sustain the progress made. Developing a framework which reflects the ground reality and actual steps to be taken, is an iterative process, where we keep learning each year and improve thereafter. The best of the States could lead the way for others to follow, by further undertaking a similar exercise for the districts every year.

Annexures

Annexure I: Indicator wise incentive/ penalty earned by States and UTs

States/UTs	Full Immunisation (%)	NITI Aayog Ranking	Grading of DH	HWC Incentive/ Penalty	DMHP Incentive/ Penalty	NCD Incentive/ Penalty	HRIS Incentive/ Penalty	PHC Star Rating Incentive/ Penalty	Net Incentive/ Penalty
Dadra & Nagar Haveli	77	40	10	20	5	5	-15	5	14
Haryana	87	12	10	20	5	3	15	0	13
Assam	84	9	10	20	5	-3	15	2	12
Kerala	93	-8	10	20	5	5	15	-5	8
Punjab	86	-7	10	20	5	3	15	-5	8
Andhra Pradesh	101	9	10	20	5	0	-9	0	7
Chandigarh	91	21	10	20	5	0	-15	-5	7
Daman & Diu	66	10	10	20	5	5	-15	2	7
Chhattisgarh	92	2	10	0	5	3	15	-5	6
Karnataka	94	5	10	20	5	3	-15	0	6
Puducherry	65	4	10	20	5	3	-15	2	6
Tripura	87	5	10	0	5	3	5	0	6
Gujarat	89	3	10	20	5	5	-15	-5	5
Jharkhand	81	11	10	20	3	0	-15	-5	5
Maharashtra	95	5	10	20	5	3	-15	-5	5
Telangana	96	7	10	20	5	3	-15	-5	5
Manipur	88	5	10	20	5	0	-15	-5	4



States/UTs	Full Immunisation (%)	NITI Aayog Ranking	Grading of DH	HWC Incentive/ Penalty	DMHP Incentive/ Penalty	NCD Incentive/ Penalty	HRIS Incentive/ Penalty	PHC Star Rating Incentive/ Penalty	Net Incentive/ Penalty
Tamil Nadu	85	-10	10	20	5	5	-15	5	4
Odisha	89	-11	10	20	5	5	-9	-5	3
Uttar Pradesh	82	-17	10	20	3	3	-3	-5	2
A & N Islands	80	-15	10	20	-5	3	-15	0	0
Rajasthan	78	12	10	-20	5	5	-15	2	0
Jammu & Kashmir	97	4	10	0	-5	0	-15	-5	-2
Goa	90	-4	10	-20	5	5	-15	2	-3
Himachal Pradesh	89	2	10	-20	5	3	-15	-5	-4
Mizoram	87	2	10	-20	5	5	-15	-5	-4
Delhi	94	-2	10	-20	5	-5	-15	2	-5
Madhya Pradesh	76	-6	10	-20	5	-5	-15	-5	-7
West Bengal	95	-4	10	-20	-5	3	-15	-5	-7
Uttarakhand	103	-16	10	-20	5	0	-15	-5	-8
Bihar	77	-21	10	-20	-3	-5	-15	-5	-12
Lakshadweep	102	-40	10	-20	5	-5	-15	5	-12
Arunachal Pradesh	70 (Not eligible)	-11	10	20	5	5	-15	-5	-20
Sikkim	69 (Not eligible)	-9	10	-20	5	5	-15	2	-20
Meghalaya	58 (Not eligible)	-3	10	-20	5	-3	-15	-5	-20
Nagaland	47 (Not eligible)	2	10	-20	-3	0	-15	-5	-20

Note: Incentive Penalty No Incentive/Penalty

Annexure II: State wise computation of Net Incentive/Penalty for FY 2019-20

(in Rs Cr)

Sl. No.	Name of the State/UT	Net Incentive/ Penalty (%)	Incentive Pool based on 2018-19 after earmarking	Net Incentive /Penalty	Net amount proposed for release in excess of 81% of BE	Distribution of Incentive/ Penalty of the Pool	Net Amount available for Distribution
1	2	3	4	5=(4/19*3)	6=(4+5)	7	8=6+7
A. High Focus States							
1	Bihar	-12	246.61	(155.75)	90.87	19.27	110.14
2	Chhattisgarh	6	98.93	31.24	130.17	7.38	137.55
3	Jharkhand	5	100.17	26.36	126.53	7.31	133.84
4	Madhya Pradesh	-7	235.66	(86.82)	148.84	17.13	165.97
5	Odisha	3	132.	20.85	152.89	10.04	162.93
6	Rajasthan	0	227.59	-	227.59	17.42	245.01
7	Uttar Pradesh	2	477.26	50.24	527.49	35.33	562.82
	Sub Total (A)	(-2) (+5)	1,518.26	(113.88)	1,404.38	113.88	1,518.26
B. Hilly States							
8	Himachal Pradesh	-4	45.43	(9.56)	35.87	10.41	46.28
9	J & K	-2	92.03	(9.69)	82.34	20.26	102.60
10	Uttarakhand	-8	55.47	(23.36)	32.11	11.94	44.05
	Sub Total (B)	(-3)	192.93	(42.61)	150.32	42.61	192.93
C. Other States							
11	Andhra Pradesh	7	110.54	40.73	151.27	(28.61)	122.66
12	Telangana	5	80.91	21.29	102.20	(20.44)	81.76



Sl. No.	Name of the State/UT	Net Incentive/ Penalty (%)	Incentive Pool based on 2018-19 after earmarking	Net Incentive /Penalty	Net amount proposed for release in excess of 81% of BE	Distribution of Incentive/ Penalty of the Pool	Net Amount available for Distribution
13	Goa	-3	3.55	(0.56)	2.99	-	2.99
14	Gujarat	5	125.96	33.15	159.11	(32.57)	126.54
15	Haryana	13	49.91	34.15	84.06	(13.08)	70.98
16	Karnataka	6	132.18	41.74	173.92	(34.58)	139.34
17	Kerala	8	53.50	22.53	76.03	(12.59)	63.44
18	Maharashtra	5	239.95	63.14	303.09	(56.40)	246.69
19	Punjab	8	53.65	22.59	76.24	(14.23)	62.01
20	Tamil Nadu	4	134.85	28.39	163.24	(34.29)	128.95
21	West Bengal	-7	163.80	(60.35)	103.45	-	103.45
	Sub Total (C)	(-2) (+9)	1,148.80	246.80	1,395.60	(246.80)	1,148.80
D. Union Territories							
22	Andaman and Nicobar Isl.	0	4.40	-	4.40	0.23	4.63
23	Chandigarh	7	3.06	1.13	4.19	0.07	4.26
24	Dadra and Nagar Haveli	14	3.64	2.68	6.32	0.20	6.52
25	Daman and Diu	7	2.40	0.88	3.28	0.13	3.41
26	Lakshadweep	-12	1.04	(0.66)	0.38	0.05	0.43
27	Delhi	-5	28.44	(7.48)	20.96	1.09	22.05
28	Pondicherry	6	4.78	1.51	6.29	0.17	6.46
	Sub Total (D)	(-2) (+5)	47.76	(1.94)	45.82	1.94	47.76

Sl. No.	Name of the State/UT	Net Incentive/ Penalty (%)	Incentive Pool based on 2018-19 after earmarking	Net Incentive /Penalty	Net amount proposed for release in excess of 81% of BE	Distribution of Incentive/ Penalty of the Pool	Net Amount available for Distribution
E. North-Eastern High Focus States (2552)							
29	Arunachal Pradesh	-19	37.84	(37.84)	-	-	-
30	Assam	12	204.90	129.42	334.31	(39.05)	295.26
31	Manipur	4	24.15	5.08	29.23	(4.69)	24.54
32	Meghalaya	-19	25.14	(25.14)	-	-	-
33	Mizoram	-4	14.37	(3.03)	11.34	(2.78)	8.56
34	Nagaland	-19	18.89	(18.89)	-	-	-
35	Sikkim	-19	6.77	(6.77)	-	-	-
36	Tripura	6	26.05	8.23	34.28	(4.53)	29.75
Total (E)		(-5) (+3)	358.11	51.06	409.16	(51.06)	358.10
Total (A+B+C+D+E)		(-14) (+22)	3,265.86	139.43	3,405.28	-139.43	3,265.85

Note: The amount within brackets () depicts negative figure/ Penalty



Annexure III: Conditionality Framework, 2018-19

Full Immunization Coverage (%) to be treated as the screening criteria and Conditionalities for 2018-19 to be assessed only for those EAG, NE and Hill states which achieved at least 75% full Immunization Coverage. For rest of the States/UTs the minimum full Immunization Coverage to be 80%.

SN	Conditionality ¹	Incentive/penalty	Source of verification	% Incentive/ Penalty ²
1.	Incentive or penalty based on NITI Aayog ranking of states on 'Performance on Health Outcomes'	Based on the ranking which will measure incremental changes: 1. The states showing overall improvement to be incentivized 2. States showing no overall increment get no penalty and no incentive 3. States showing decline in overall performance to be penalized % of incentive/penalty to be in proportion to overall improvement shown by the best performing state and the worst performing state: +40 to -40 points	NITI Aayog report	+40 to -40
2.	Grading of District Hospitals in terms of input and service delivery	At least 75% (in Non EAG) and 60% (in EAG and NE states) of all District Hospitals to have at least 8 fully functional specialties as per IPHS: 10 points incentive Less than 40% in Non EAG and 30% in EAG to be penalized up to 10 points	HMIS and NITI Aayog DH ranking report	+10 to -10
3.	Operationalization of Health and Wellness Centers (HWC)	At least 5% of the total budget to be proposed for HWC and CPHC. State to operationalize 10% of SCs and PHCs as HWCs	State report NHSRC report	+20 to -20
4.	% districts covered under Mental Health program and providing services as per framework	If 75% of the districts covered: 5 points If 50% districts in Non-EAG and 40% districts in EAG states: incentive 3 points Less than 40% EAG and less than 50% Non EAG to be penalized 3 points Less than 30% in EAG and 40% in Non EAG to be penalized 5 points	Report from Mental Health Division MoHFW	+5 to -5

¹The conditionalities apply to both urban as well as rural areas/facilities

²Numbers given in the table are indicative of weights assigned. Actual budget given as incentive /penalty would depend on the final calculations and available budget. The total incentives to be distributed among the eligible states would be 20% of the total NHM budget.

SN	Conditionality ¹	Incentive/penalty	Source of verification	% Incentive/ Penalty ²
5.	% of 30 plus population screened for NCDs	15% of 30 plus population screened for NCDs: 5 points incentive 7% of 30 plus population screened for NCDs: 3 points incentive Less than 3% of 30 plus population screened for NCDs: 3 points penalty Less than 2% of 30 plus population screened for NCDs: 5 points penalty (Out of total State population)	Report from NCD division MoHFW and State reports Any Survey data available	+5 to -5
6.	HRIS implementation	Ensure implementation of HRIS for all HRH (both regular and contractual) in the state. Salary invoice and transfer orders to be generated by HRIS. Line listing of all staff for all facilities to be available. HRIS data should match with HMIS reporting. Cases where it doesn't, state should provide reason and numbers. +10 to -10 for HRIS operationalization and +5 to -5 for synchronization with HMIS	HRIS (State) and HMIS report	+15 to -15
7.	Grading of PHCs (both Urban and rural) based on inputs and provision of the service package agreed	75% (in Non EAG) and (60% in EAG and NE) of the PHCs having 3 or more star rating: 5 points incentive 50% (in Non EAG) and 40% (in EAG and NE) PHCs having 3 or more star rating: 2 points incentive Less than 40% (in Non EAG) and 30% (in EAG and NE) of PHCs having 3 or more star rating to be penalized: 5 points	HMIS	+5 to -5



References

¹David Osborne and Ted Gaebler: Reinventing Government, 1992.

²Various supervisory visits have shown that in UTs, the full immunization is better than the states. RCH division along with HMIS division is working on a solution which would give accurate percentage, is implementable and acceptable to all.

³Expected level of Achievement describes minimum levels of achievement which incentivized the State for that indicator.

⁴The actual budget given as incentive /penalty depends on the final calculations and available budget. The total incentives distributed among the eligible states is 20% of the total NHM budget.

⁵Module for Multi-Purpose Workers (MPW) - Female/Male on Prevention, Screening and Control of Common Non-Communicable Diseases.

⁶National Health Profile 2018; 13th issue; Central Bureau of Health Intelligence; DGHS Ministry of Health and Family Welfare.



National Health Systems Resource Center
Ministry of Health and Family Welfare, Government of India