

## **ANNEX 3. INTERVIEW SCHEDULES**

### **1. INTERVIEW WITH HOSPITAL MANAGER**

#### **1.1. Objective 1:** Regarding the currently effective contract between the hospital and XXX.

- 1.1.1. At the time of awarding the contract, was the hospital the only prospective provider, or there were other providers to whom the contract would have been potentially awarded?
- 1.1.2. (In case there had been more competitors:) how many competitors bid for the contract?
- 1.1.3. How likely is it that this contract is renewed the next period
- 1.1.4. How many times has the contract between the hospital and XXX been renewed during the last five periods (including the current period)?
- 1.1.5. Has there been a previous case of contract termination during the last five years with this purchaser?
- 1.1.6. Reasons for termination, in order of importance.
- 1.1.7. Is there an antecedent of litigation in the relationship with XXX?
- 1.1.8. What was the outcome of the court process (or each process, in case there have been several).

#### **1.2. Objective 2.**

- 1.2.1. Sometimes it is possible to write and negotiate a contract in which all the future contingencies are accounted for, so that when contingencies unfold, the contract terms and conditions provide the steps to be followed. However, in other circumstances it is not possible to write such a complete contract, because there is uncertainty about the future and it is very difficult to consider all the possible contingencies in the writing and negotiation of the contract. Now, I want you to think of the issues that make it difficult to write a complete contract.
  - How do you expect the upward variability of prices of inputs will be during the term of the current contract?
  - Which of the parties do you think is bearing the largest risk in terms of financial losses due to fluctuations of input prices?
  - How do you expect the downward variability of the hospital service's prices will be during the term of the current contract?
  - Which of the parties do you think is bearing the largest risk in terms of financial losses due to fluctuations of hospital services prices?
  - How do you expect the upward (or downward, depending on the payment mechanism) variability of the quantity demanded of hospital services will be during the term of the current contract?
  - Which of the parties do you think is bearing the largest risk in terms of financial losses due to fluctuations of quantity demanded of hospital services?
  - Regarding the contracted products, how do you rate their complexity, i.e., the technical skills required to perform them,
  - How difficult do you think it is to clearly define the products to be contracted, so that no misunderstandings arise during the execution of the contract about services that were not meant to be paid by the purchaser

- How difficult do you think it is to clearly define the products to be contracted, so that no misunderstandings arise during the execution of the contract about unsatisfactory quality of the services provided
- How difficult do you think it is for the hospital to demonstrate that the services have been provided with satisfactory quality standards
- How difficult do you think it is for a third party to verify that the services have been provided and fulfilled the contract terms
- Do you think you are in a better position than your purchaser to evaluate the contracted services, so that your purchaser cannot completely observe if the contract terms were fulfilled?
- How do you rate the capacity of the purchaser to monitor the quality of the services provided
- Regarding the contract as a whole, how complete do you think it is, i.e., to what extent the contract spells out all the potential contingencies that could arise during its execution
- What is your overall perception of the costs of designing a contract with XXX
- What is your overall perception of the costs of monitoring a contract with XXX
- What is your overall perception of the costs of enforcing a contract with XXX
- What is your overall perception of the costs of renegotiating a contract with XXX

1.2.2. In some cases, the optimal execution of a contract involves investments in some specific assets that have little or no value outside the contract. For instance, the use of a certain information technology or the acquisition of certain labor skills that are only used for one client because they are useless for other clients. These investments are sometimes required by the contract and sometimes are informally required. I want you to think of the need for this type of investments that have little or no value outside the hospital's relationship with XXX, and that either have been incurred or will be incurred in the future:

- Does the contract require equipment or technology that has little or no value outside the relationship with XXX?
- Compared to the optimal level of investment and the ideal equipment or technology that is specific to this contract, what level of investment has been incurred so far?
- Does the contract require information technology or administrative procedures that have little or no value outside the relationship with XXX?
- Compared to the optimal level of investment and the ideal information technology or administrative procedures that are specific to this contract, what level of investment has been incurred so far?
- Does the contract require new buildings or improvements of existing ones that have little or no value outside the relationship with XXX?
- Compared to the optimal level of investment and the ideal buildings or refurbishments that are specific to this contract, what level of investment has been incurred so far?
- Does the contract require to invest in a detailed knowledge of the served population of XXX in order to increase responsiveness to their enrollees and guarantee their long-term loyalty and better health outcomes?
- Compared to the optimal level of investment and the ideal level of knowledge of served population, what level of investment has been incurred so far?

- Does the contract require to incur a large increase in capacity that would be left idle if the contract is terminated?
- Compared to the optimal level of investment and the ideal extra capacity that is specific to this contract, what level of investment has been incurred so far?
- Does the contract require to invest in training personnel in specific skills that have little or no value outside the relationship with XXX??
- Compared to the optimal level of investment in training that is specific to this contract, what level of investment has been incurred so far?
- Does the contract require to incur other investments that have little or no value outside the relationship with XXX?
- If Yes, what investments?
- Are you willing to incur any of the aforementioned investments that have not yet been incurred?
- (If any of the RSI-related questions is yes:) How likely do you think it is that XXX reneges the contract terms and forces a renegotiation to its advantage, given the fact that you have already incurred those investments that have little or no value outside the relationship with XXX?
- Given the risk of XXX reneging the contract terms and renegotiating it to its advantage, what strategies do you appeal to in order to reduce that risk?
- Do you think keeping these alternative relationships is more costly than concentrating in the contract with XXX?
- Do you fear weakening your bargaining position with XXX if you reveal key information to it?
- If yes, do you think this information would be useful and valuable for quality and efficiency enhancing purposes?
- Given your perception of risk that XXX reneges the contract, what would you expect from it to encourage you to incur investments that have little or no value outside this relationship? (answers will be classified as credible commitments and/or risk premiums).
- Do you think these measures are necessary for encouraging the hospital to invest in RSI?
- If you have not incurred investments that have little or no value outside the relationship with XXX, to what extent do you think this decision prevents the achievement of quality improvements in contracted services?
- If you have not incurred investments that have little or no value outside the relationship with XXX, to what extent do you think this decision prevents the achievement of efficiency improvements in the production of contracted services?

1.3. **Objective 3.** Regarding the contract with the Secretariat of Health (SOH),

- 1.3.1. Do you consider the SOH uses its power to deviate your decision-making from efficiency-quality improvement goals?
- 1.3.2. How pervading do you think these influence activities are?
- 1.3.3. Do you think these influence activities have a negative impact on the performance of the contract? Give examples.
- 1.3.4. How able are you to avoid these influence activities?
- 1.3.5. Have you been pressed by other actors (politicians, community leaders, labor unions, etc) other than SOH to make decisions that conflict with the agenda that has been agreed with the Board of Directors?

- 1.3.6. How autonomous are you to make decisions regarding personnel management, i.e., hiring and firing personnel, changing roles of employees, reducing contracted hours, applying sanctions, promoting employees, giving incentives, and other issues of personnel management?
- 1.3.7. How autonomous are you to make decisions regarding the establishment of the budget for the fiscal year?
- 1.3.8. How autonomous are you to make decisions regarding the procurement of hospital supplies?
- 1.3.9. How autonomous are you to set the strategic plan for the hospital and its actual implementation?

## 2. INTERVIEW WITH PURCHASER

### 2.1. Objective 1: Regarding the contracts between (ARS) and ESEs.

Do ESEs compete to obtain the contracts from the ARS? If so, how do they compete?

### 2.2. Objective 2.

2.2.1. Sometimes it is possible to write and negotiate a contract in which all the future contingencies are accounted for, so that when contingencies unfold, the contract terms and conditions provide the steps to be followed. However, in other circumstances it is not possible to write such a complete contract, because there is uncertainty about the future and it is very difficult to consider all the possible contingencies in the writing and negotiation of the contract. Now, I want you to think of the issues that make it difficult to write a complete contract.

2.2.1.1. How do you expect the upward variability of prices of inputs for hospital services will be during the term of the current contract?

2.2.1.2. Which of the parties do you think is bearing the largest risk in terms of financial losses due to fluctuations of input prices?

2.2.1.3. How do you expect the upward variability of the hospital service's prices will be during the term of the current contract?

2.2.1.4. Which of the parties do you think is bearing the largest risk in terms of financial losses due to fluctuations of hospital services prices?

2.2.1.5. How do you expect the upward (or downward, depending on the payment mechanism) variability of the quantity demanded of hospital services will be during the term of the current contract?

2.2.1.6. Which of the parties do you think is bearing the largest risk in terms of financial losses due to fluctuations of quantity demanded of hospital services?

2.2.1.7. Regarding the contracted products, how do you rate their complexity, i.e., the technical skills required to perform them?

2.2.1.8. How difficult do you think it is to clearly define the products to be contracted, so that no misunderstandings arise during the execution of the contract about services that were not meant to be paid by (ARS)

2.2.1.9. How difficult do you think it is to clearly define the products to be contracted, so that no misunderstandings arise during the execution of the contract about unsatisfactory quality of the services provided?

2.2.1.10. How difficult do you think it is for ESEs to demonstrate that the services have been provided with satisfactory quality standards?

2.2.1.11. How difficult do you think it is for a third party to verify that the services have been provided and fulfilled the contract terms?

2.2.1.12. Do you think you are in a better position than the provider to evaluate the contracted services, so that your provider cannot completely observe if the contract terms were fulfilled?

2.2.1.13. How do you rate your capacity to monitor the quality of the services provided

2.2.1.14. How complete do you think it is, i.e., to what extent the contract spells out all the potential contingencies that could arise during its execution

2.2.1.15. What is your overall perception of the costs of designing contracts with ESEs

- 2.2.1.16. What is your overall perception of the costs of monitoring contracts with ESEs
- 2.2.1.17. What is your overall perception of the costs of enforcing contracts with ESEs
- 2.2.1.18. What is your overall perception of the costs of renegotiating contracts with ESEs
- 2.2.2. In some cases, the optimal execution of a contract involves investments in some specific assets that have little or no value outside the contract. For instance, the use of a certain information technology or the acquisition of certain labor skills that are only used for one client because they are useless for other clients. These investments are sometimes required by the contract and sometimes are informally required. I want you to think of the need for this type of investments that have little or no value outside the hospital's relationship with (ARS), and that either have been incurred or will be in the future:
  - 2.2.2.1. Does the contract require equipment or technology that has little or no value outside the relationship with a given hospital?
  - 2.2.2.2. Compared to the optimal level of investment and the ideal equipment or technology that is specific to this contract, what level of investment has been incurred so far?
  - 2.2.2.3. Does the contract require information technology or administrative procedures that have little or no value outside the relationship with a given hospital?
  - 2.2.2.4. Compared to the optimal level of investment and the ideal information technology or administrative procedures that are specific to this contract, what level of investment has been incurred so far?
  - 2.2.2.5. Does the contract require new buildings or improvements of existing ones that have little or no value outside the relationship with a given hospital?
  - 2.2.2.6. Compared to the optimal level of investment and the ideal buildings or refurbishments that are specific to this contract, what level of investment has been incurred so far?
  - 2.2.2.7. Does the contract require to invest in a detailed knowledge of the served population of (ARS) in order to increase responsiveness to their enrollees and guarantee their long-term loyalty and better health outcomes?
  - 2.2.2.8. Compared to the optimal level of investment and the ideal level of knowledge of served population, what level of investment has been incurred so far?
  - 2.2.2.9. Does the contract require to incur a large increase in capacity that would be left idle if the contract is terminated?
  - 2.2.2.10. Compared to the optimal level of investment and the ideal extra capacity that is specific to this contract, what level of investment has been incurred so far?
  - 2.2.2.11. Does the contract require to invest in training personnel in specific skills that have little or no value outside the relationship with a given hospital?
  - 2.2.2.12. Compared to the optimal level of investment in training that is specific to this contract, what level of investment has been incurred so far?
  - 2.2.2.13. Does the contract require to incur other investments that have little or no value outside the relationship with a given hospital?
  - 2.2.2.14. If Yes, what investments?
  - 2.2.2.15. Are you willing to incur any of the aforementioned investments that have not yet been incurred?

- 2.2.2.16. (If any of the RSI-related questions is yes:) How likely do you think it is that a given hospital reneges the contract terms and forces a renegotiation to its advantage, given the fact that you have already incurred those investments that have little or no value outside the relationship?
- 2.2.2.17. Given the risk of a given hospital reneging the contract terms and renegotiating it to its advantage, what strategies do you appeal to in order to reduce that risk?
- 2.2.2.18. Do you think keeping these alternative relationships is more costly than concentrating in the contract with a given hospital?
- 2.2.2.19. Do you fear weakening your bargaining position with a given hospital if you reveal key information to it?
- 2.2.2.20. If yes, do you think this information would be useful and valuable for quality and efficiency enhancing purposes?
- 2.2.2.21. Given your perception of risk that a given hospital reneges the contract, what would you expect from it to encourage you to incur investments that have little or no value outside this relationship? (answers will be classified as credible commitments and/or risk premiums).
- 2.2.2.22. Do you think these measures are necessary for encouraging the hospital to invest in RSI?
- 2.2.2.23. If you have not incurred investments that have little or no value outside the relationship with a given hospital, to what extent do you think this decision prevents the achievement of quality improvements in contracted services?
- 2.2.2.24. If you have not incurred investments that have little or no value outside the relationship with a given hospital, to what extent do you think this decision prevents the achievement of efficiency improvements in the production of contracted services?

### 2.3. Objective 3. This section only applies to the Secretary of Health

- 2.3.1. Do you consider the SOH uses its power to deviate hospital manager's decision-making from efficiency-quality improvement goals?
- 2.3.2. How pervading do you think these influence activities are?
- 2.3.3. Do you think these influence activities have a negative impact on the performance of the contract? Give examples.
- 2.3.4. How able do you think hospital managers are to avoid these influence activities?
- 2.3.5. Do you think other actors (politicians, community leaders, labor unions, etc) other than SOH induce hospital managers to make decisions that conflict with the agenda that has been agreed with the Board of Directors?
- 2.3.6. How autonomous do you think hospital managers are to make decisions regarding personnel management, i.e., hiring and firing personnel, changing roles of employees, reducing contracted hours, applying sanctions, promoting employees, giving incentives, and other issues of personnel management?
- 2.3.7. How autonomous do you think hospital managers are to make decisions regarding the establishment of the budget for the fiscal year?
- 2.3.8. How autonomous do you think hospital managers are to make decisions regarding the procurement of hospital supplies?
- 2.3.9. How autonomous do you think hospital managers are to set the strategic plan for the hospital and its actual implementation?