

Government as a Steward of the Private Health Sector

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PSP-One
private sector partnerships for better health



USAID
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**World Health
Organization**

Health systems and the private sector

SYSTEM BUILDING BLOCKS

SERVICE DELIVERY

HEALTH WORKFORCE

INFORMATION

MEDICAL PRODUCTS, VACCINES & TECHNOLOGIES

FINANCING

LEADERSHIP / GOVERNANCE

ACCESS

COVERAGE

QUALITY

SAFETY

OVERALL GOALS / OUTCOMES

IMPROVED HEALTH (LEVEL AND EQUITY)

RESPONSIVENESS

SOCIAL AND FINANCIAL RISK PROTECTION

IMPROVED EFFICIENCY

In general the private health sector is engaged in each of the health care system building blocks

How important is the private health sector in Africa ?

- ❖ Share of health care market held by private sector varies widely across countries in Africa, depending on historical circumstances, nature of the economy and political factors
- ❖ High in some countries:
 - Uganda and Ghana private sector usage is >60%
- ❖ Low in some countries:
 - Namibia <10%

Who is using the private health sector in Africa ?

- ❖ **Private sector patients are both poor and non-poor**
- ❖ **Private sector has a broad geographical reach in both rural and urban settings**
 - Rural and poor tend to rely more heavily on informal private sector providers
 - Urban residents and upper / middle class tend to rely more on formal private sector private providers

Self-reported site of health care provision among those in the poorest quintile who received care outside the home for a sick child, 1990–2001*

Percent

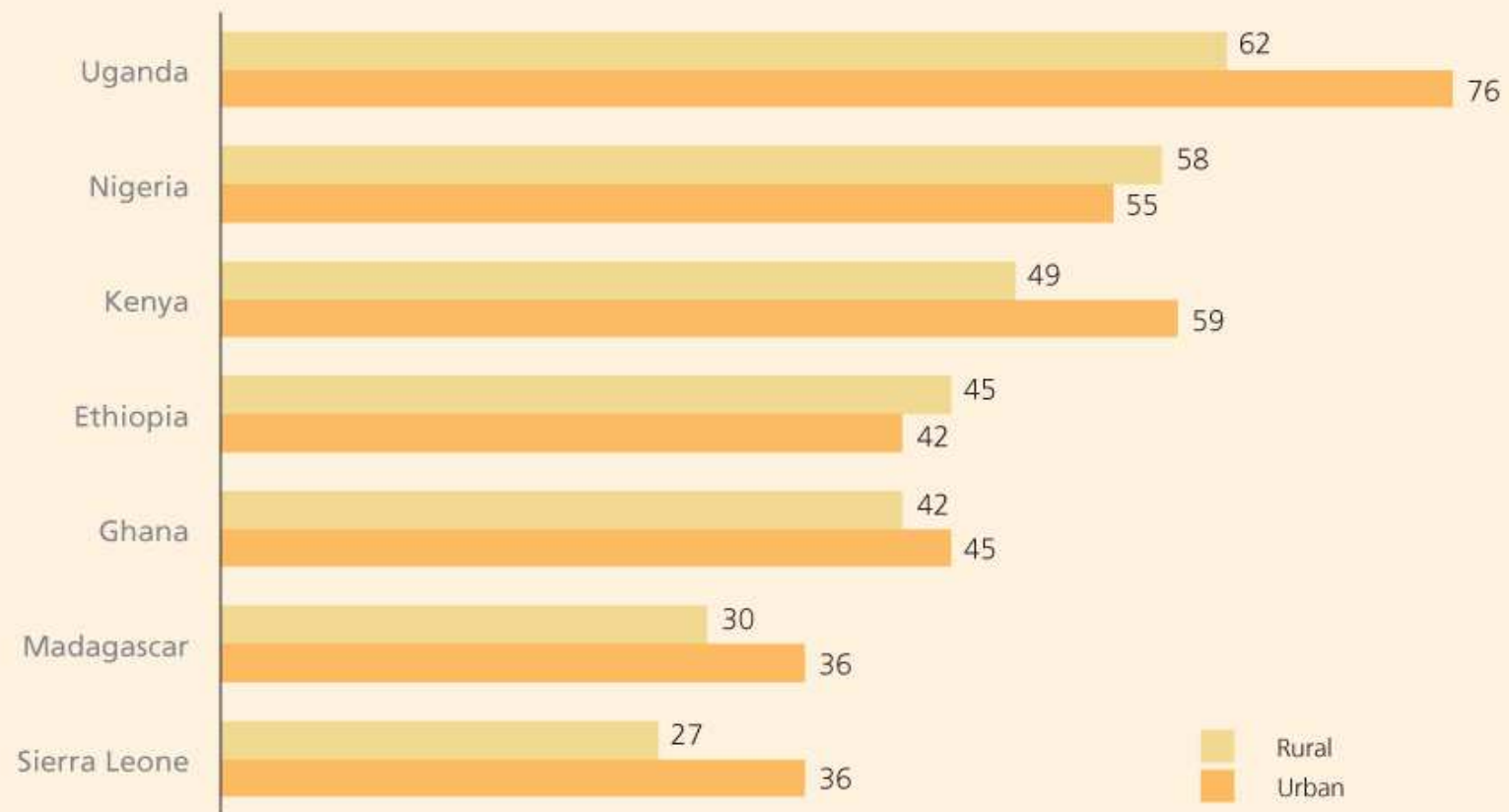


* Data obtained from DHS surveys; latest survey year available included.

Source: Marek, 2005.

Population using private, for-profit providers of modern medicine

Percent of population*



* Data based on usage, not expenditure (most recent survey year available between 1995–2004); data not available for all countries.

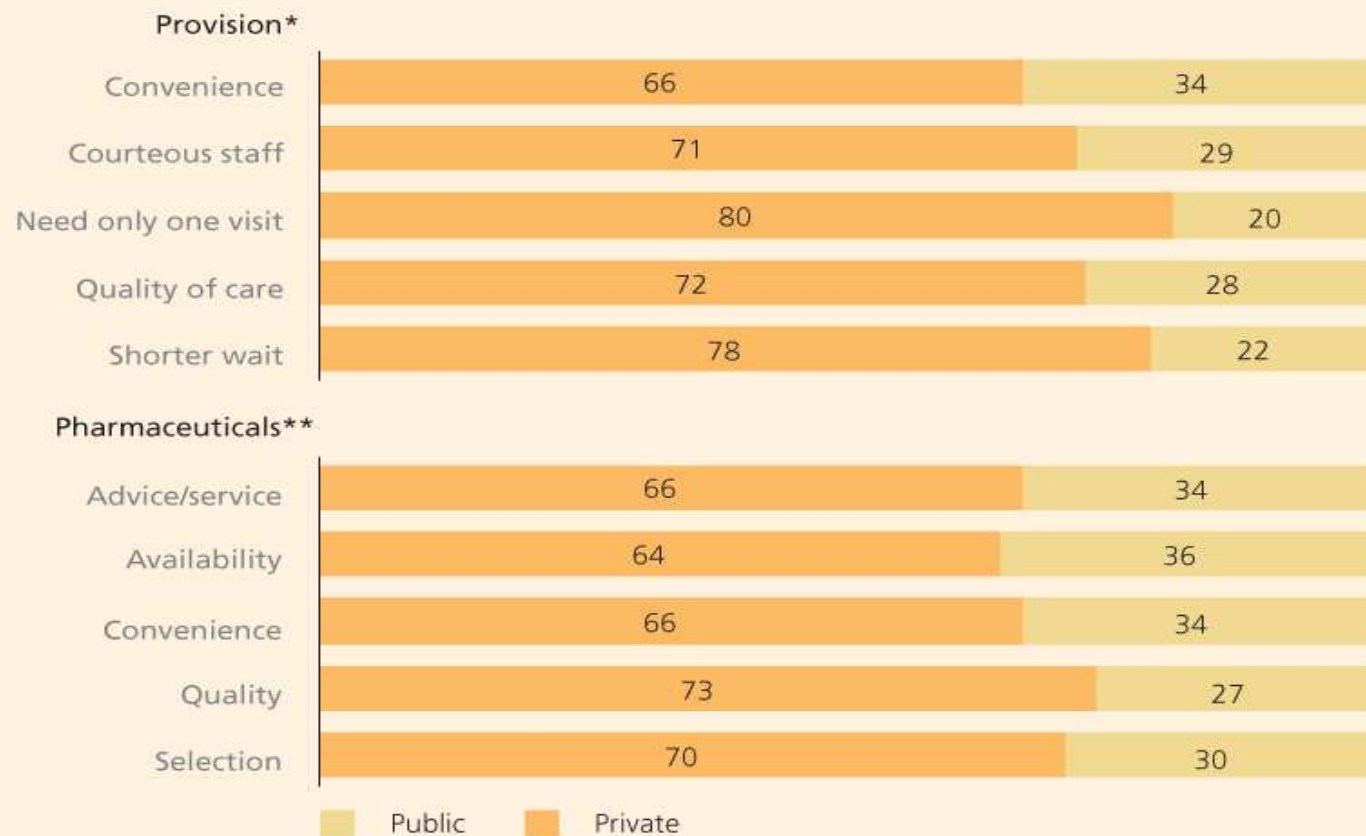
Source: Africa Development Indicators, World Bank 2006.

Why is this happening?

- ❖ Combination of multiple effects and causes contribute to the growth of the private health sector
- ❖ Patients perceive many benefits from the private sector, chose to use it for a variety of reasons

Preference for public vs. private sector facilities/providers for specific characteristics, rural Tanzania

Percent of respondents, n = 129



* Private includes modern for-profit and non-profit private facilities.

** Private includes for-profit and non-profit pharmacies/dispensaries and individual sellers; public includes government facilities and dispensaries.

Source: McKinsey/TechnoServe survey conducted in rural regions in Tanzania, 2007.

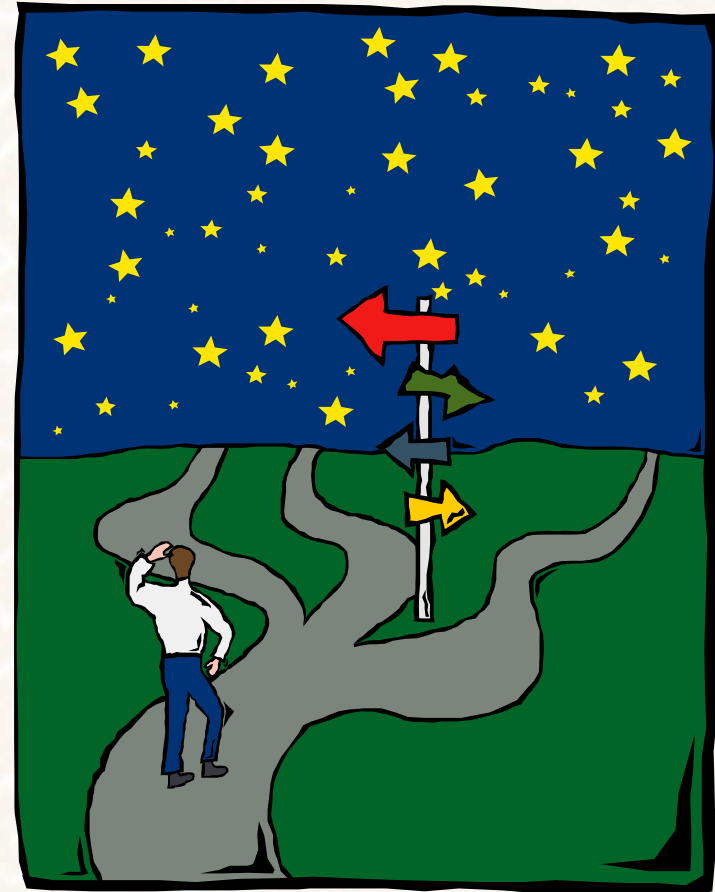
Why should government respond to the private sector?

- ❖ Concerns about the quality of care, overpricing and other failures of private providers to adhere to acceptable standards of care are widespread and often legitimate
 - Public services are also prone to many of the same shortcomings

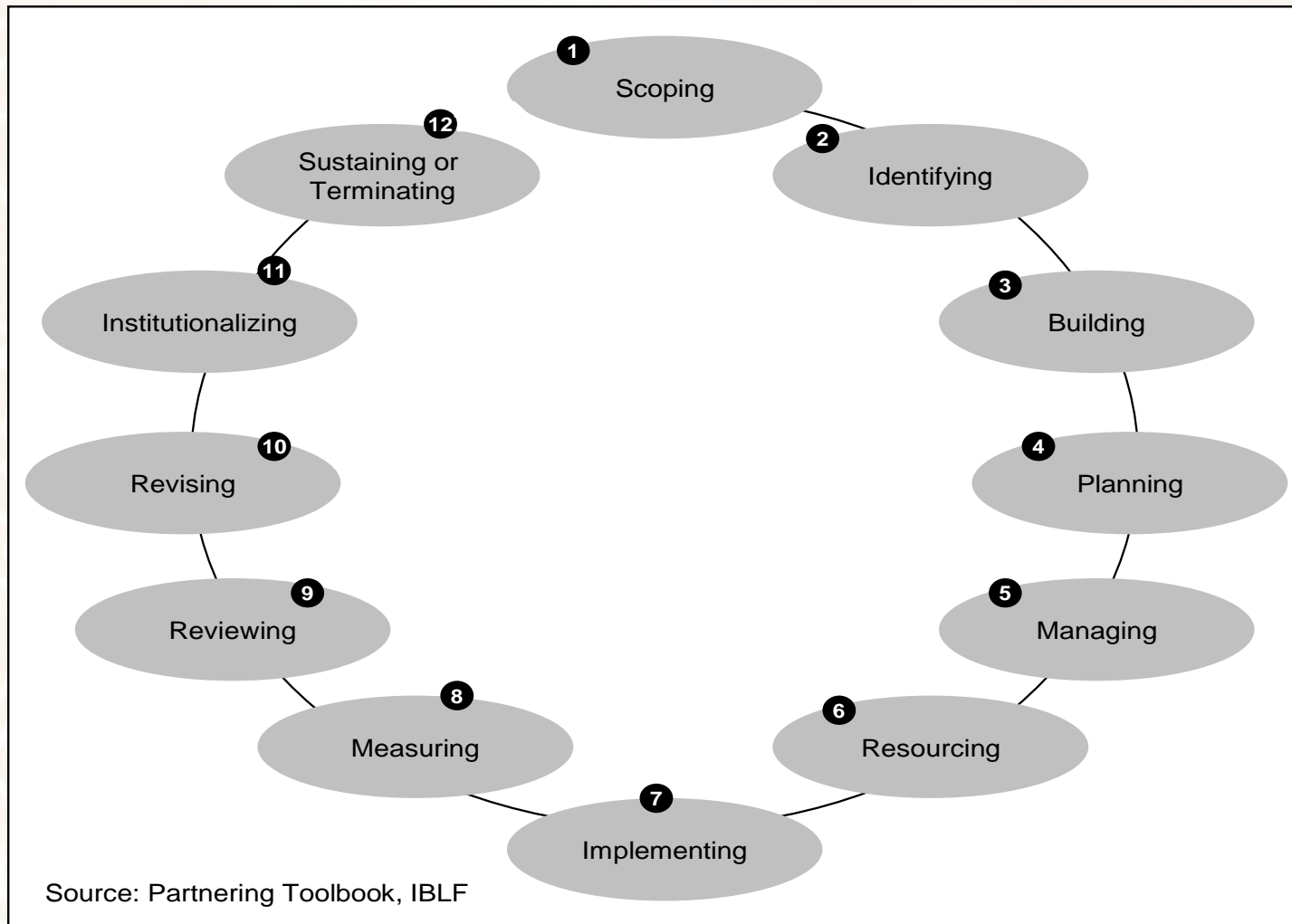


How should government respond to the private sector?

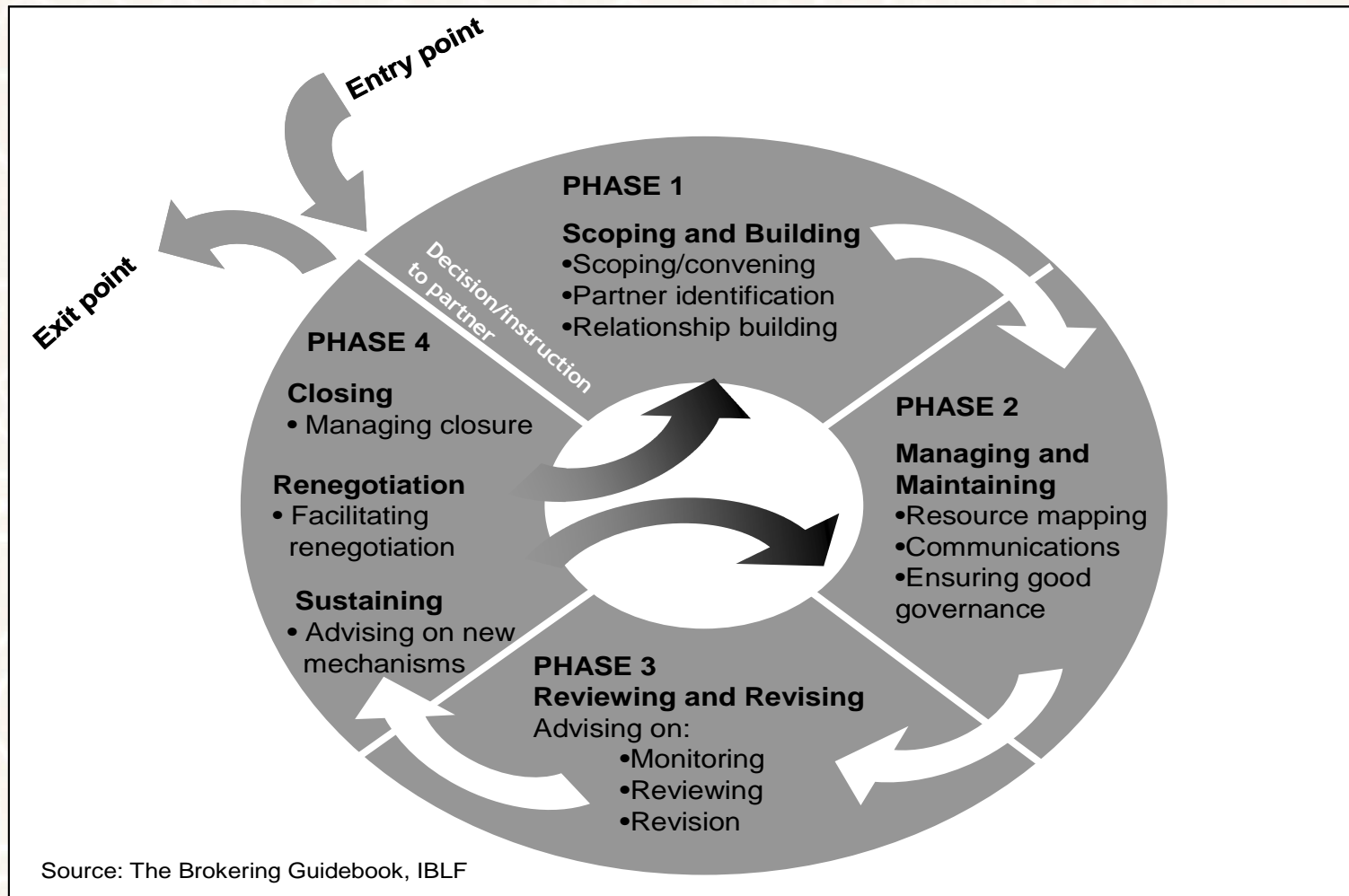
- ❖ Focus of this course
- ❖ Logical framework:
Partnering with the private sector
 - 12 steps
 - 4 phases



Twelve steps to partnering cycle



Condensed version: Four phases to partnering cycle

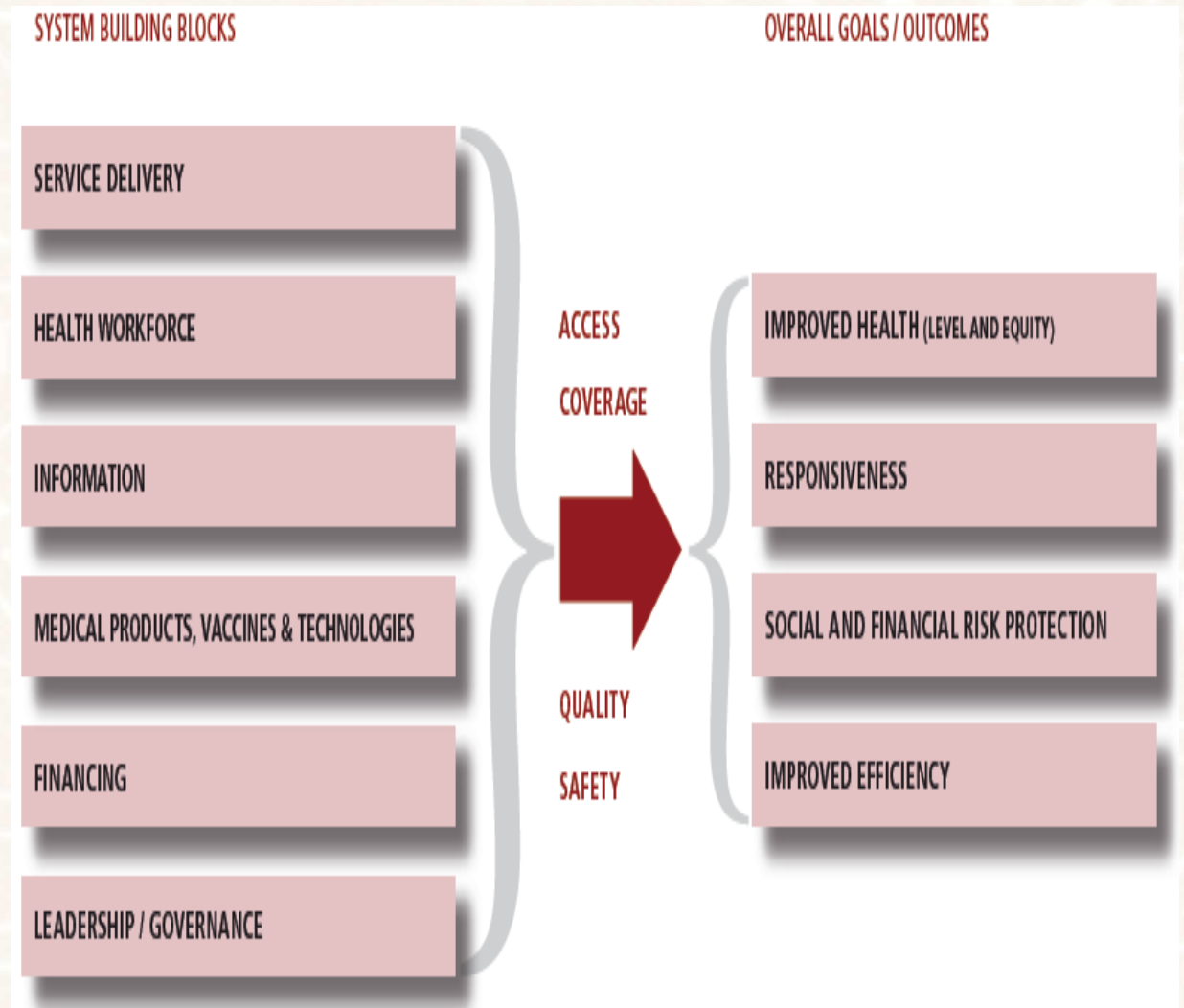


Phase 1: scoping and building

- ❖ There is very little systematic and representative knowledge about the private sector
- ❖ What knowledge there is, usually not informing policy
- ❖ Needed Steps:
 - Mapping and private sector research
 - Use policy tools (e.g., financing mechanisms) to encourage the creation of networks: franchises, HMOs, PPOs, corporations

Partnership building: strategic planning

- ❖ Define or reach a consensus on goals for working with private sector
- ❖ Chose strategy



3 broad strategies for the private health sector

- ❖ **Conversion** from public to private
 - Large / excessive public sector system
- ❖ **Growing** the size or scope of the private sector
 - Investing in well functioning elements of a private sector network (NGOs, FBOs)
- ❖ **Harnessing** existing private sector to
 - address public health goals
 - improve performance (quality, coverage, reporting)
 - Achieve potential (underserved populations)

Select a policy instrument

Potential interactions between public and private health sectors

| Type | Description and examples |
|--|---|
| Procurement | <ul style="list-style-type: none"> • Purchase of supplies or equipment from external private sources (e.g., NGOs, private clinics, etc.). |
| Funds transfer | <ul style="list-style-type: none"> • Funds channeled to the private sector in exchange for provision of a single concrete episode of care, effectively subsidizing service provision (e.g., grants to NGOs for HIV/AIDS care, voucher schemes for maternal check-ups). |
| Service contracts "contracting in" | <ul style="list-style-type: none"> • Private sector delivers a defined set of services for public facilities, e.g., <ul style="list-style-type: none"> – Non-clinical support services (e.g., housekeeping, maintenance, catering, transportation, security, laundry, etc.) – Ancillary clinical services (e.g., laboratory, radiology) – Core clinical services (e.g., surgery, reproductive health care) – Third-party administration |
| Service contracts "contracting out" | <ul style="list-style-type: none"> • Private sector delivers a set of predefined services for the public sector within private settings (e.g., immunization programs, nutrition programs, and consumer education campaigns). |
| Management contracts | <ul style="list-style-type: none"> • Private sector assumes management responsibilities (e.g., staffing and labor, supplies, ongoing training) for public facilities. |
| Leasing | <ul style="list-style-type: none"> • Temporary operation and management of public facilities by private sector players; the private sector bears all risk and retains any profits, but does not enjoy ownership of facilities. |
| Concessions | <ul style="list-style-type: none"> • Private sector provides capital investment for new or existing facilities and transfers ownership to the public sector after a specified period of time (e.g., build-operate-transfer). |
| Divestiture/ privatization | <ul style="list-style-type: none"> • Sale of a public facility to the private sector (e.g., build-own-operate-transfer) for ongoing operations and ownership. |

Source: Framework adapted from Marek, 2003; USAID, 2006; Loevinson, 2003; Harding, 2003.

Phase 2: Government leadership...

- ❖ Dialogue is essential
 - Multitude of forums and mechanisms for communication between public and private actors required – often a missed opportunity
- ❖ Lack of political will to include private sector
 - Private sector not engaged in planning, revising and updating norms, new programs (e.g., health insurance schemes)
 - Competition between public and private sectors
- ❖ Unfair playing field
 - Government and donors commonly hold the private sector accountable to higher standards than public facilities (e.g., quality of care, efficiency and transparency)

Private sector can be more proactive...

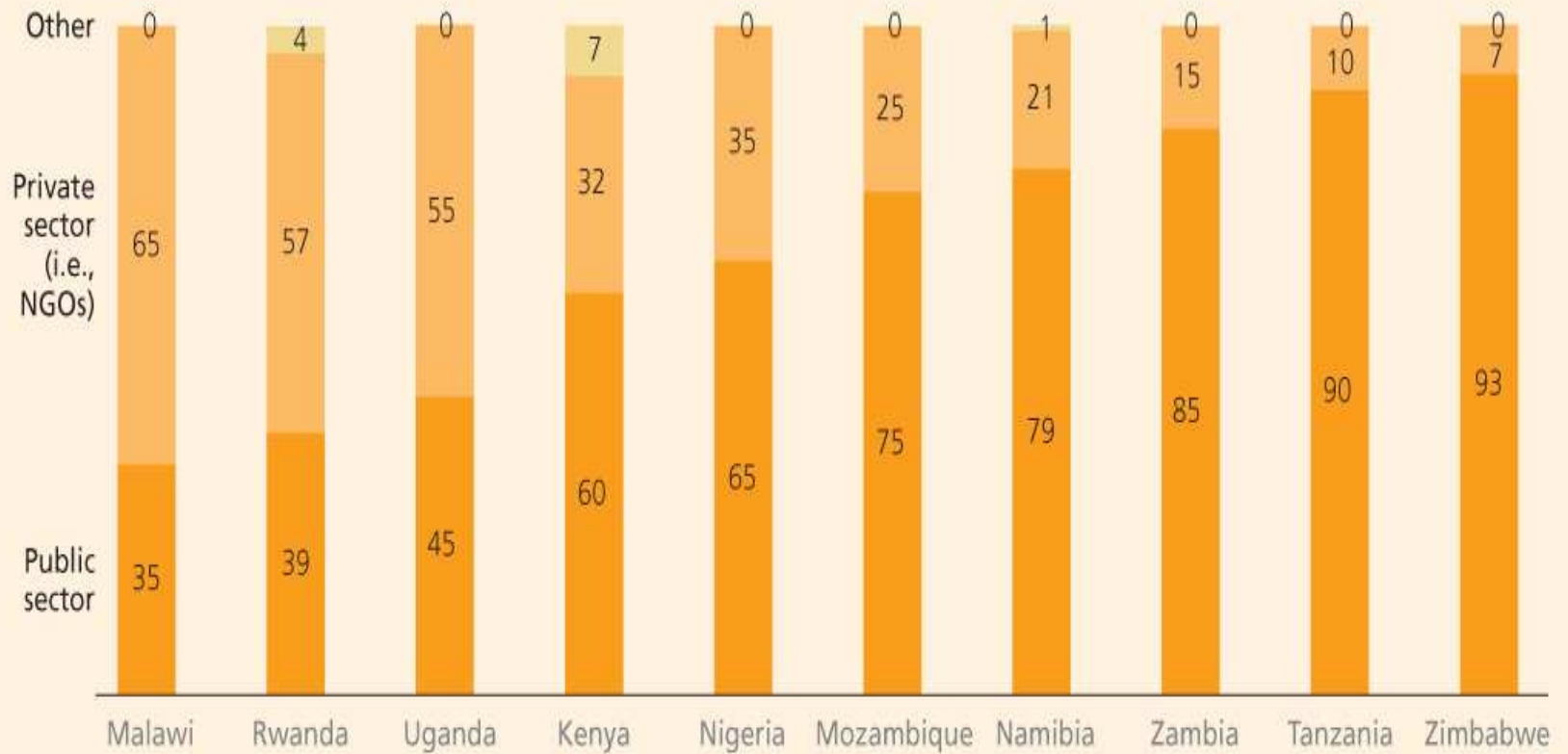
- ❖ Demonstrate added value by generating evidence on coverage, quality and costs
- ❖ Show commitment to public health sector by
 - Participating in government sponsored schemes that serve needs of poor and vulnerable
 - Providing service statistics and coverage data
 - Enacting self-regulation measures to ensure quality
 - Adhering to cost-containment measures (unnecessary prescriptions, treatments)

Donors can be more engaged...

- ❖ Earmarking higher proportion of aid to fund private sector, particularly those that target the poor or provide health care services of public goods nature
- ❖ "Blending" aid money with commercial financing in order to create and expand sustainable private sector entities
- ❖ Support for documentation and dissemination of best private sector practices and government support to private sector
- ❖ Invest in the development of public sector capacity to manage pluralistic health systems

Recipient of external donor funding

Percent of total



Source: National Health Accounts 1997-2002 (latest year available); McKinsey analysis.

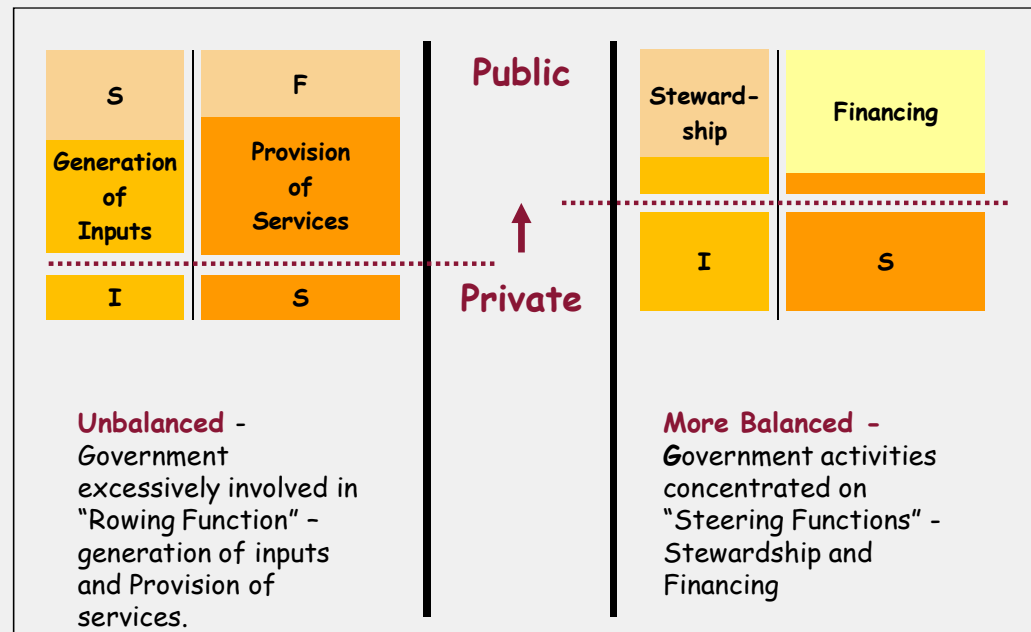
Six functions of stewardship

- ❖ Generation of intelligence
- ❖ Formulating strategic policy framework
- ❖ Ensuring tools for implementation: powers, incentives and sanctions
- ❖ Building coalitions & partnerships
- ❖ Ensuring a fit between policy and organizational structure, culture
- ❖ Ensuring accountability

Towards a new stewardship of the health sector

- ❖ Better match needed between the role of the state and the private sector
- ❖ Adjustment to what is already a complex mix of public and private roles and manner of engagement

Stewardship Role Of Government



Example of non-financing inputs: human resources

- ❖ Re-Examine health care staffing policies that restrict providers' participation in the private sector
 - Moonlighting, use of public sector facilities by private providers for fees, etc..

- ❖ Private sector training or accreditation of health care professionals including managers

Addressing change outside of the Health Sector

- ❖ Policy actions outside of the health sector are required
- ❖ Senior leadership must work across government for consistency and support
- ❖ Strong partnerships outside of government can be helpful



Address cumbersome and bureaucratic regulatory procedures

- ❖ Ensure local policies and regulations foster the role of the private sector
 - Liberalize pharmacy chain ownership
 - Build regional credential recognition programs, allow local staff trained abroad to practice at home
 - Streamline application processes for establishment of non-profit and other private sector networks or individual practices
 - Develop common regional drug registration requirements

Policies on tariffs and barriers to trade

- ❖ Policies that impede access to health supplies or raise cost are a major concern for private businesses and private health sector patients
 - Nuanced view of import barriers favouring local pharmaceutical manufacturing
 - Re-examine customs clearances and other cargo-handling procedures for health care products

Towards a new stewardship role for the State

- ❖ Cross – cutting in each of the health system building blocks
- ❖ Multiple tools, many approaches
- ❖ Focus of this course

