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Strategies for Private Sector Engagement and PPPs in Health

Public Policy toward the Private Health Sector
Introduction and Course Analytical Framework

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Pathumwan Princess Hotel , Bangkok , Thailand
May 30 – June 4, 2011

Teaching points

To understand why it is so **difficult to successfully engage** the private health sector

To introduce a **framework** for thinking strategically about private health sector policy

To provide a quick introduction to the **major policy instruments** for engaging the private sector



Outline

1. Why talk about & study private health sector policy?
2. Course framework
3. Challenges
4. Being strategic

The private sector in “mixed” health systems

- The private sector plays a large role in health systems in developing countries and developed countries
- But in developing countries it is typically overlooked and ignored
- Well-performing “mixed” developed country health systems have in place a wide range of strategies and policy instruments which guide the behavior of the private sector to contribute to health sector goals
- Developed countries can improve their health system performance by using similar strategies

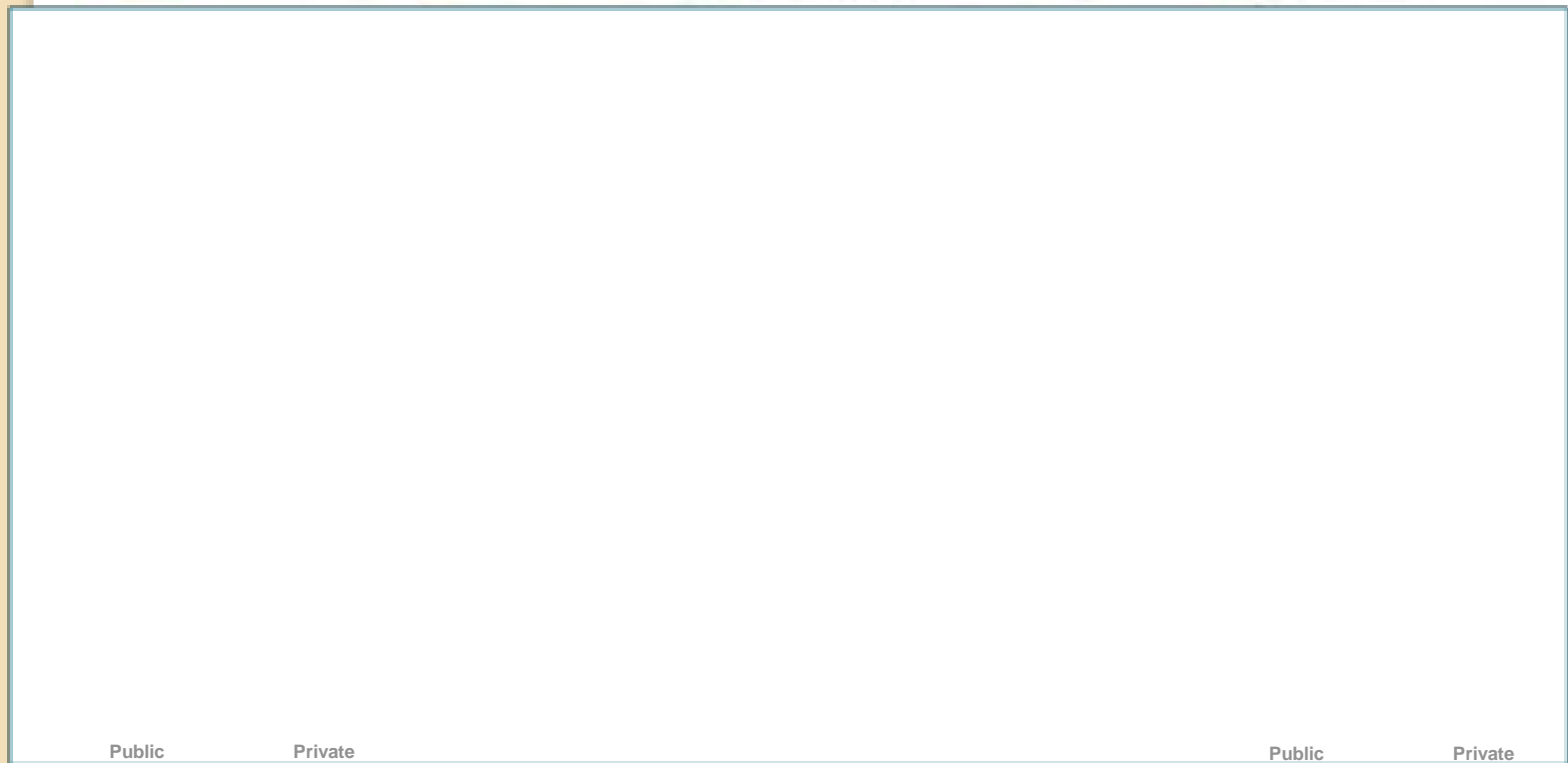
Public-private mix in Europe

		France	Germany	Netherlands	UK
Hospitals	Ownership Financing	Pub. & Priv. Public	Pub. & Priv. Public	Private (<i>non-profit</i>) Public	Public Public
PHC	Ownership Financing	Private Public	Private Public	Private Public	Private Public
Specialists	Ownership Financing	Private Public	Private Public	Private Public	Pub. & Priv. Public
Dental	Ownership	Adult: Child: Public	Adult: Child: Public	Adult: Child: Public	Adult: Child: Public
	Financing	Adult: Pub&Prv Child: Public	Adult: Private Child: Public	Adult: Private Child: Public	Adult: Pub. & Priv Child: Public
Drug access	Ownership Financing	Private Pub. & Priv.	Private Pub. & Priv.	Private Pub. & Priv.	Private Pub. & Priv.
Ambulance	Ownership Financing	Private Public	Private (& P) Public	Private (& P) Public	Public Public

Large role of private sector: outpatient care, by quintile

Source of Healthcare by Asset Quintile

South-East Asia

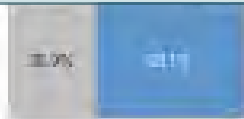


Public

Private

Public

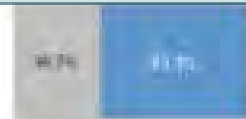
Private



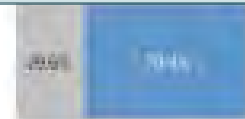
Poorest



Poorer



Middle



Richer

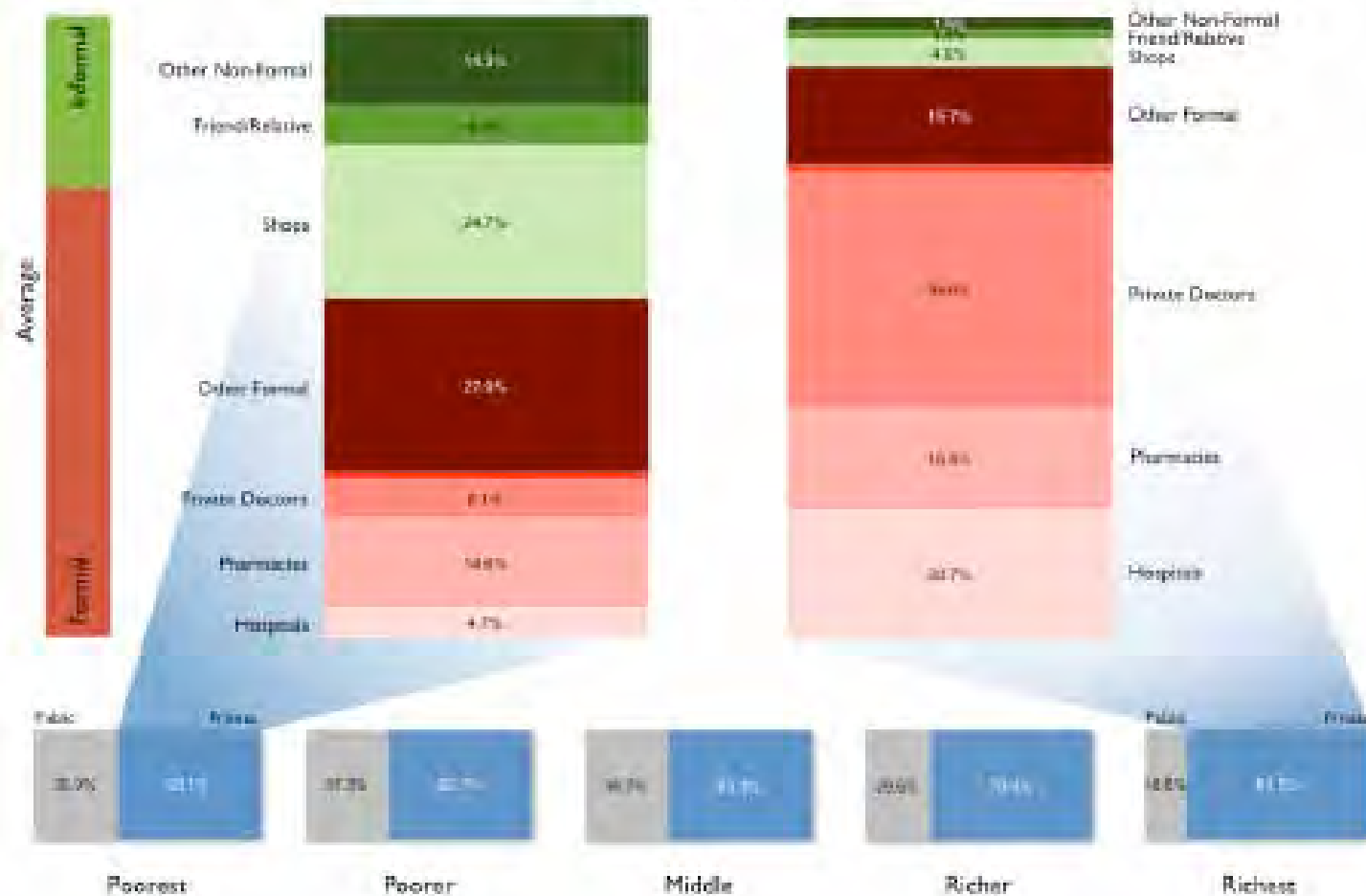


Richest

Large role of private sector: outpatient care, by quintile and source

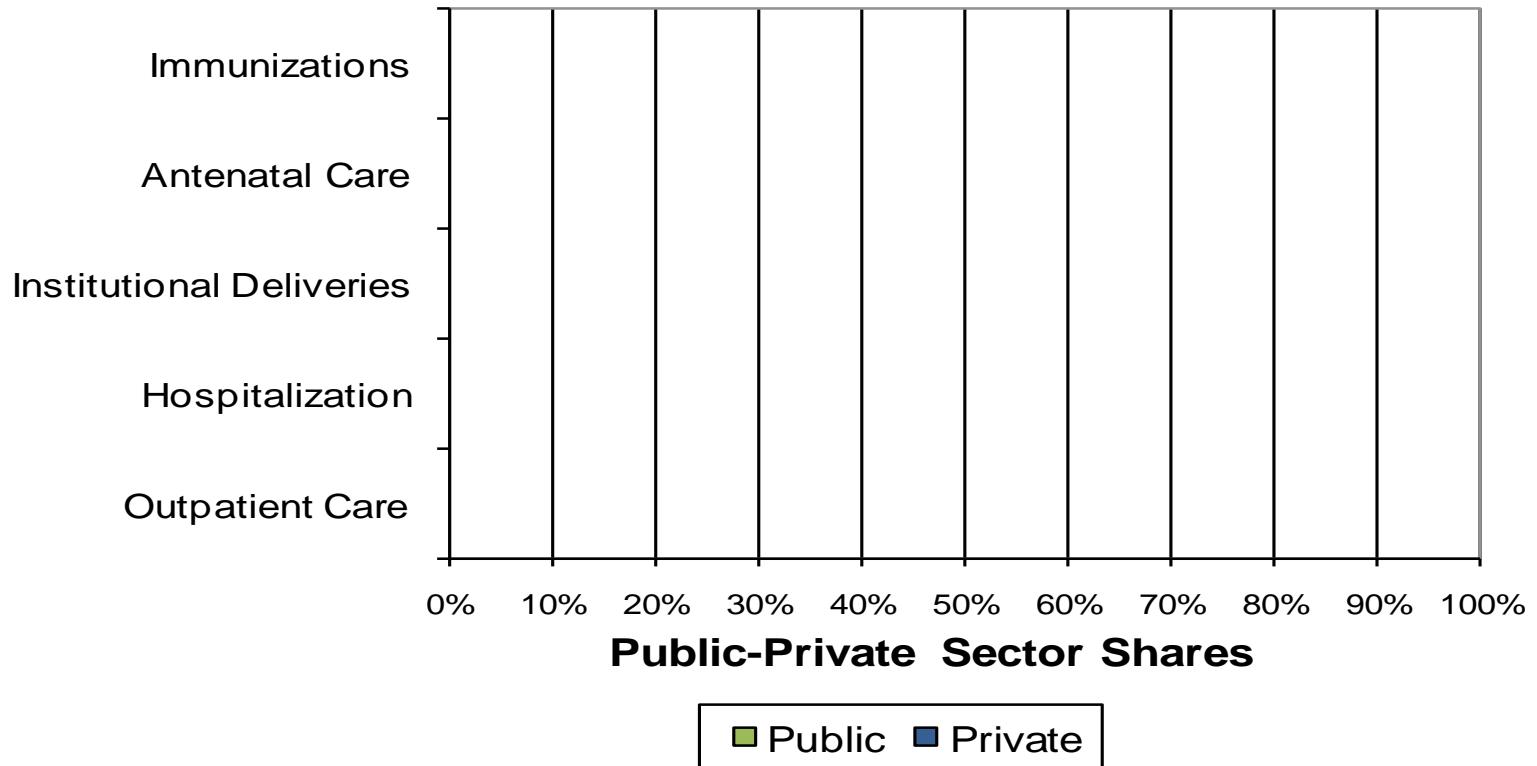
Source of Healthcare by Asset Quintile

South-East Asia



Large role of private sector: outpatient vs. inpatient

People Use the Private Sector for Services (India '95-96)



Why talk about the private sector specifically?
Because private sector is different

Analytics are different, because.....

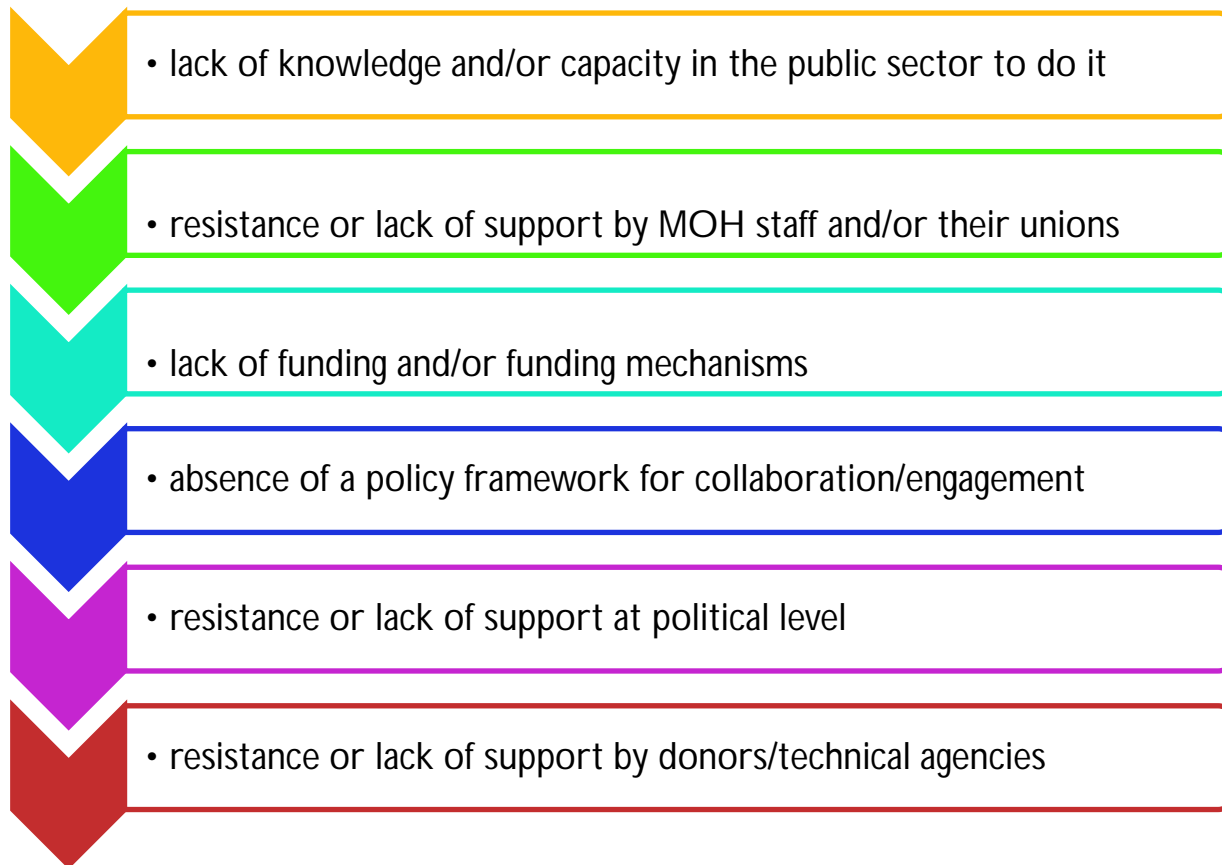
- Behavior and incentives are different
- Instruments/ policies to influence are different

Why else?

- Because it is so often overlooked

Many reasons contribute to overlooking the private sector (CGD 2008 Survey)

Respondents identified key barriers to engagement with the private sector as (in descending order)...

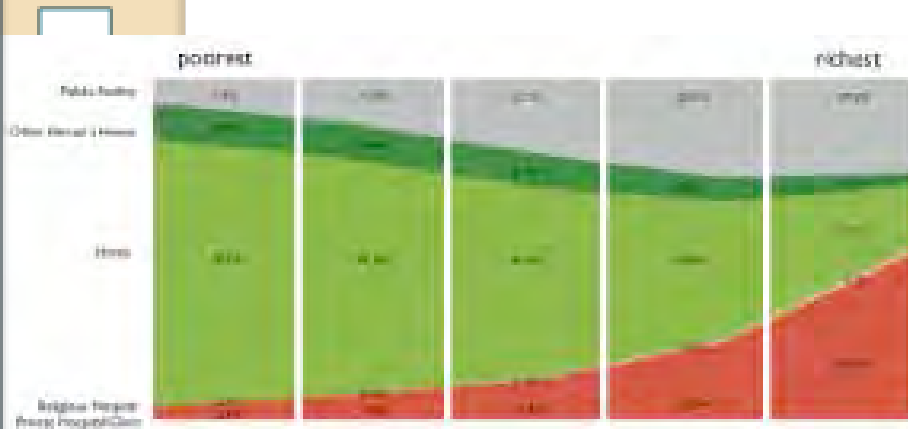
- 
- lack of knowledge and/or capacity in the public sector to do it
 - resistance or lack of support by MOH staff and/or their unions
 - lack of funding and/or funding mechanisms
 - absence of a policy framework for collaboration/engagement
 - resistance or lack of support at political level
 - resistance or lack of support by donors/technical agencies

Private sector can play critical role.....

In achieving priority objectives.....even for the poor

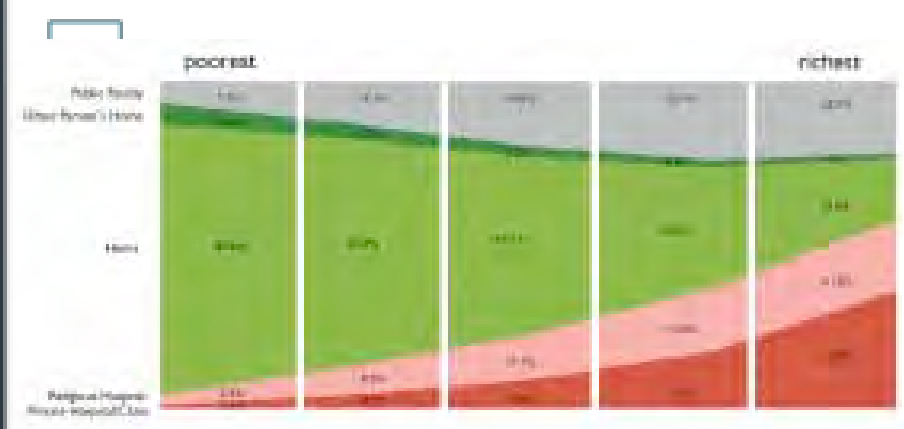
With respect to child health, TB, malaria, or maternal and child health

Place of birth, by wealth quintile: South Asia



19-21, 2011 women reporting births in DHS Surveys in South Asia since 2000. Each quintile did its population-weighted list of country surveys. Countries included Bangladesh, India, Nepal, Pakistan.

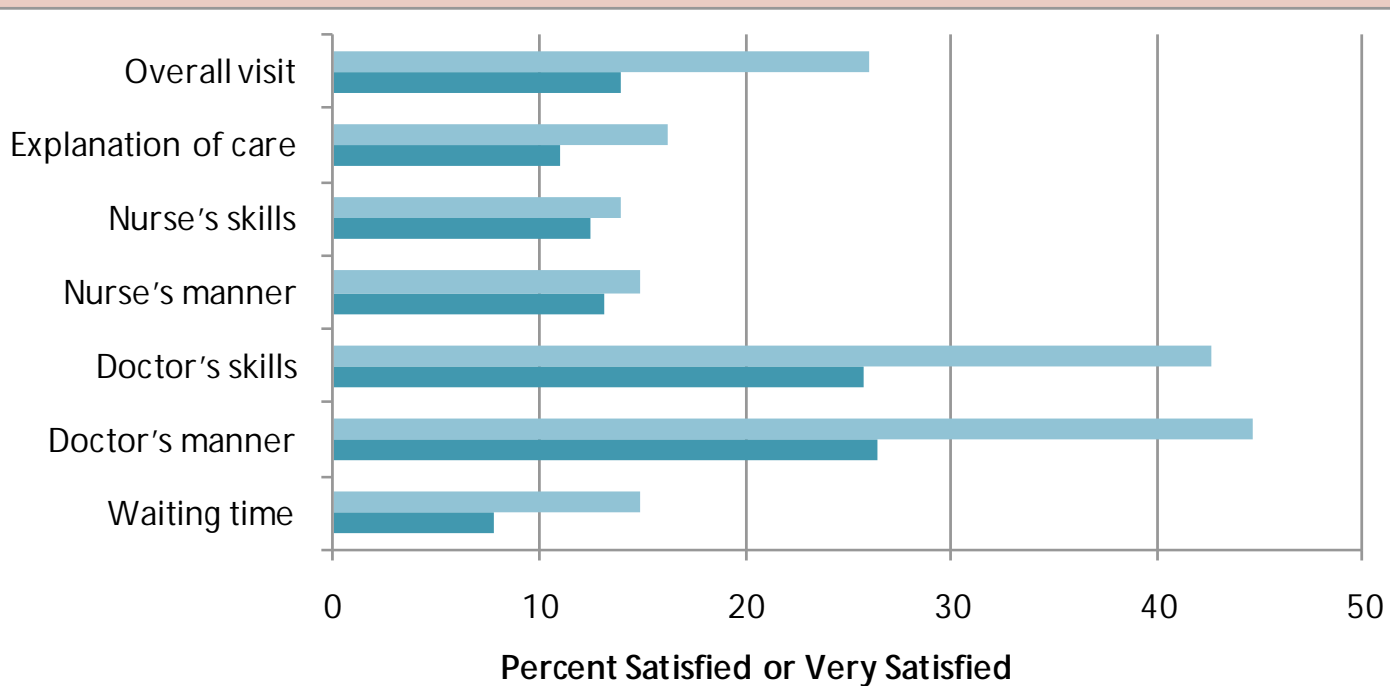
Place of birth, by wealth quintile: SEAsia



19-21, 2011 women reporting births in DHS Surveys in Southeast Asia since 2000. Each quintile did its population-weighted list of country surveys. Countries included Cambodia, Indonesia, Myanmar, Papua New Guinea, Timor-Leste, Thailand, Viet Nam, and the Philippines.

Large role... and unlikely to diminish

Responsiveness: Private Sector Outperforms Public Sector



Andhra Pradesh (2000)

■ Private ■ Public

Engage, but simplistically

OLD THINKING

Private sector
is there

Contract
with
NGOs

More simplistic approaches to private sector engagement

MORE OLD THINKING

Private sector
is bad

Write
more
regulations

New evidence is challenging old thinking

- Quality of Private and Public Ambulatory Health Care in Low and Middle Income Countries: Systematic Review of Comparative Studies. Berendes et al. 2011 PLoS Medicine
*"Although data are limited, **quality in both provider groups seems poor, with the private sector performing better in drug availability and aspects of delivery of care**, including responsiveness and effort, and possibly being more client orientated. Strategies seeking to influence quality in both groups are needed to improve care delivery and outcomes for the poor, including managing the increasing burden of non-communicable diseases."*
- The relative efficiency of public and private service delivery. Hsu. 2010. World Health Report Background paper 39
*"The literature on relative efficiency levels between private and public delivery of healthcare shows inconclusive evidence... The debate of private vs. public seems anachronistic. Today the role of the private sector in the delivery of health services is undeniable... It is no longer a question of private vs. public but rather, **"what is the best and most efficient mix for the local context?"**"*
- Health Outcomes in Public vs. Private Settings in Low and Middle Income Countries: Systematic Review of Comparative Studie. Montagu et al. 2011
"Outpatient care provided in the public sector has better outcomes than the same services provided in the private sector... Data on comparative outcomes of public versus private healthcare is very limited... and no studies of any sort have been conducted on this topic in low income countries."

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New evidence is challenging old thinking

World Health Assembly Resolution 2010 A63:
*Strengthening the capacity of governments to
constructively engage the private sector in providing
essential health-care services*

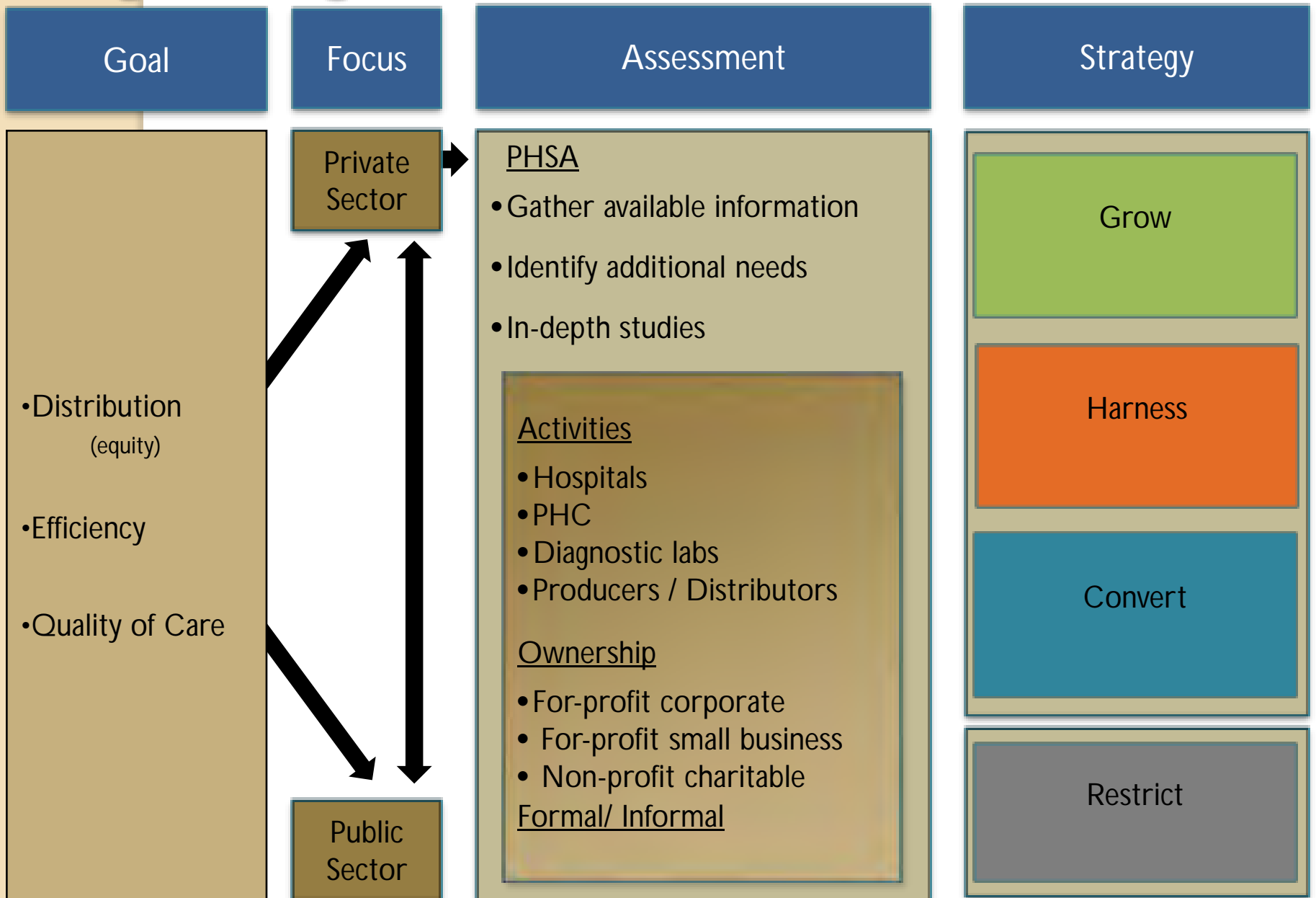
- Called on all WHA member countries to:
“constructively engage the private sector in
providing essential health-care services”

THIS COURSE IS ABOUT MOVING BEYOND THE OLD THINKING...

Learning how to engage the private sector....

- When it makes sense
- Using proven instruments
- Based on private sector understanding
- Knowing how private sector response will contribute to sector goals

Harding-Montagu-Preker Framework: Overview



Framework: Strategies

Private Health Sector Situation

Grow

A well-functioning part of the private sector

- ∅ could contribute more by expansion, e.g.:
 - NGOs?
 - ORS producers?
 - Corporate hospitals?
 - Diagnostic labs
 - Pharmacies
 - Midwives

Harness

A large existing private sector with problems

- Not participating in disease surveillance
- Quality failings
- Monopolistic behavior
- ∅ could be leveraged to
 - Serve targeted population
 - Provide critical services
- ∅ could be improved by active management
 - Assure geographic distribution & coverage

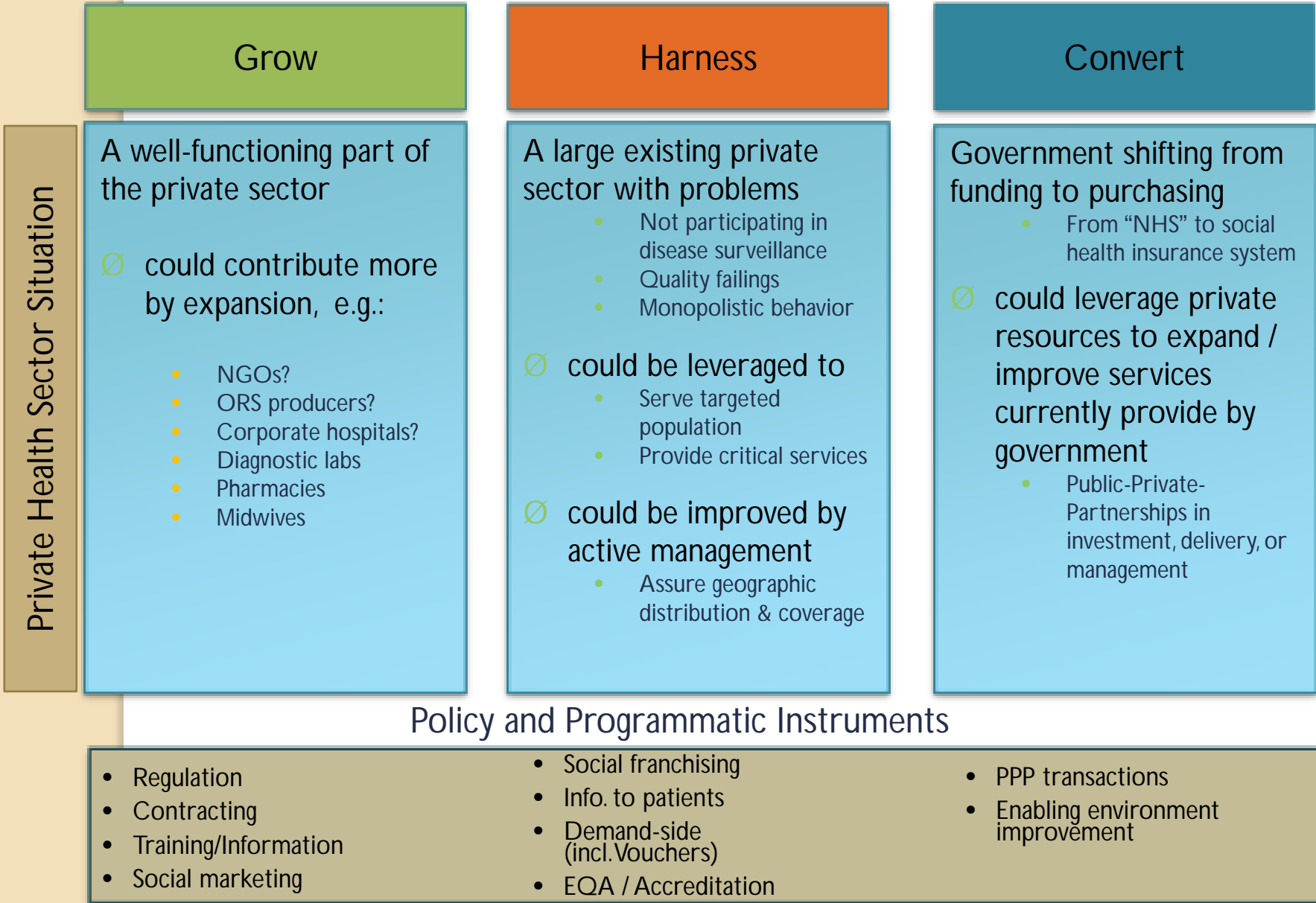
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Government shifting from funding to purchasing

- From “NHS” to social health insurance system
- ∅ could leverage private resources to expand / improve services currently provide by government
 - Public-Private-Partnerships in investment, delivery, or management

Source: Adapted from Harding & Preker, Private Participation in Health Services, 2003.

Framework: Instruments



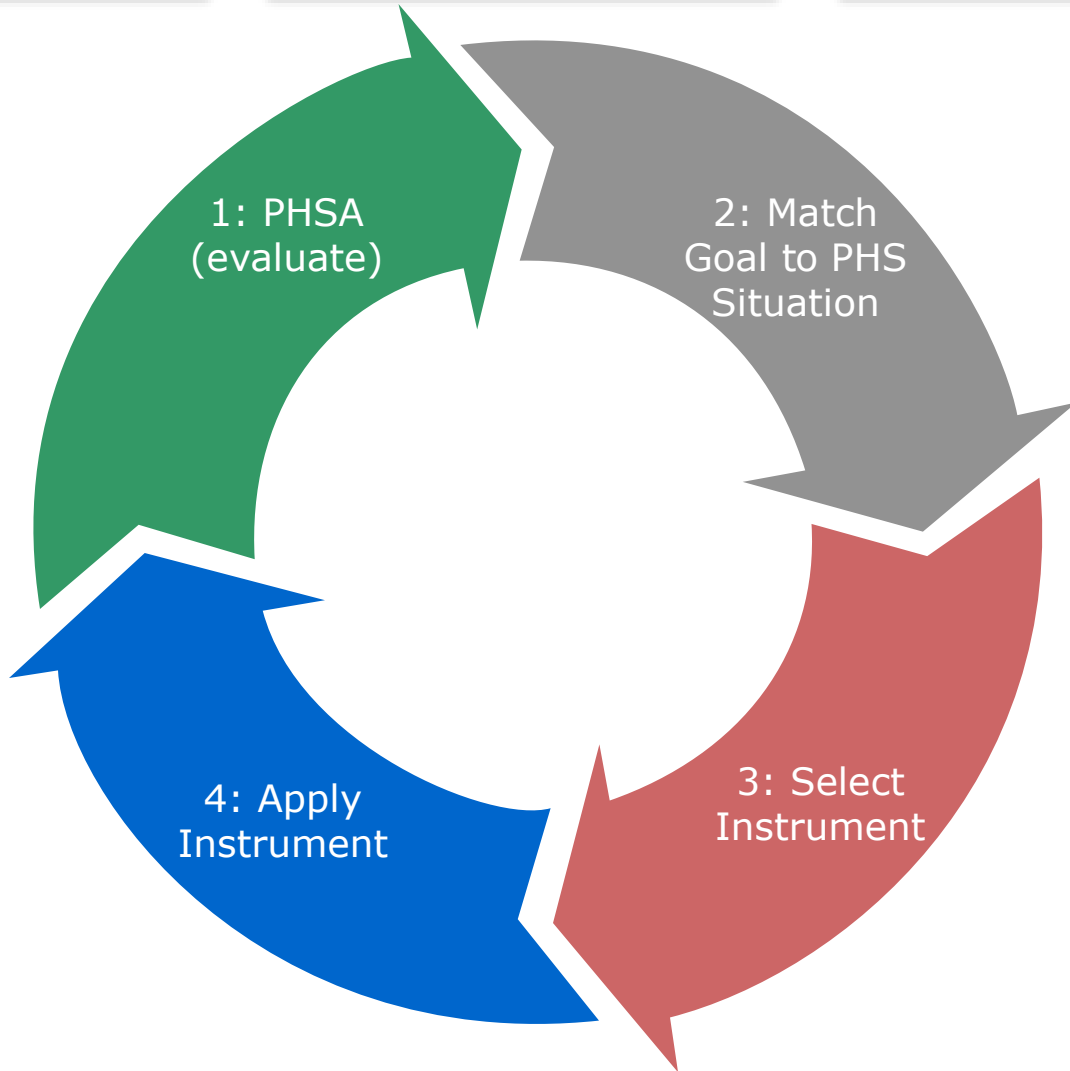
Source: Adapted from Harding & Preker, Private Participation in Health Services, 2003.

HMP-Framework: Process

Grow

Harness

Convert



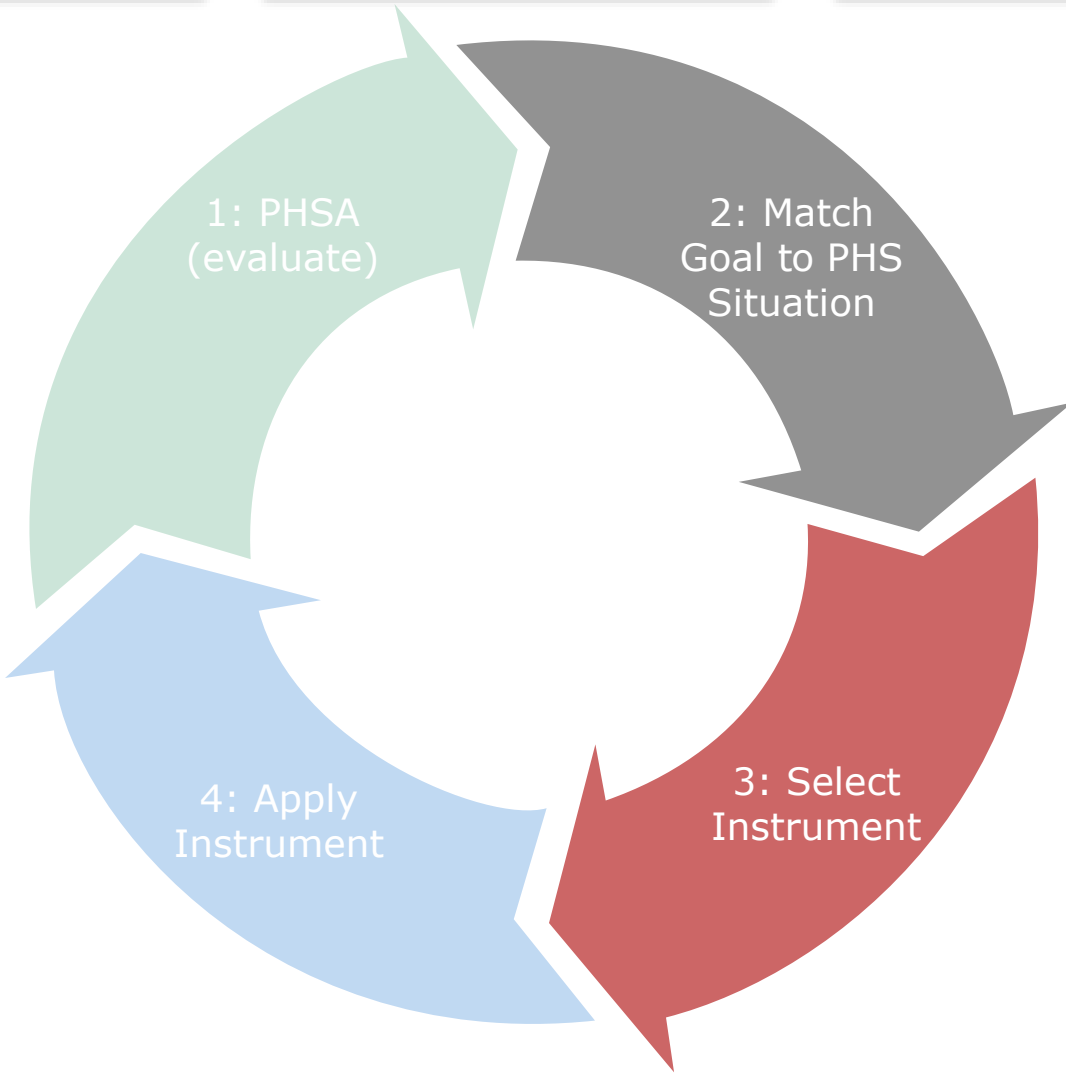
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Course Framework:

Grow

Harness

Convert



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Sample 1

Policies to reduce barriers to investment and/or registration of new private medical facilities

- can be used to grow the private sector and so provide benchmarking for government-provided care, and opportunities for contracting out where government oversight capacity may be limited.

Sample 2

Social marketing and social franchising

- both offer opportunities to leverage existing resources in the private sector and use them to expand access to subsidized good or services of public-health benefit.

Sample 3

Government devolvement from the direct provision of medical care services may sometimes lead to a planned divestiture of ownership and care provision.

This can take several forms:

1. The new private owners may be contractually obliged to continue providing public health services under contract to government using the formerly public assets (PPP transaction)
2. The new owners may be permitted but not obliged to provide public health services (privatization)

Sample 4 (rare)

Grow

Harness

Convert

Restrict

The risks associated with informal care provision

- in particular with the widespread sale of antibiotics and antimalarials over-the-counter, by untrained retailers, led the government of Cambodia to *outlaw the operation of non-registered medical shops and 'informal drug sellers'* at the start of 2010. The effects of this were.....

Challenges

- Knowledge (already discussed)
- Strategy
- Dialogue
- Getting beyond NGOs
- PS motivation & incentives
- Much & continued attention to implementation

Challenge #2: Strategy

Just like the public sector, good policy toward the private sector must be developed strategically.

- What goals? (disease? Pop'n group? Region?)
- Which providers/ sellers/ producers?
- Which policy instruments??

Logical Framework Strategy Selection

1

2

3

4

5

6

**Problem/
Objective
Defined**

**Relevant
Private
Actors
Identified**

**Current
Activities
Assessed**

**Desired
Behavior
Changes
Identified**

**Strategy for
Changing
Behavior
Selected**

**Strategy
Imple-
mented**

- Health problem specified, e.g.:
 - Low immunization
 - Poor TB outcomes
 - Lack of services in rural areas
- Target population group identified (e.g., children, TB patients, rural)

- Health seeking behavior of target population group analyzed
- Tools include utilization surveys; focus groups
- Major private actors identified

- Provider practices analyzed
- Tools include: provider interviews/ surveys
- Gap identified bet. current & "better" behaviors outlined

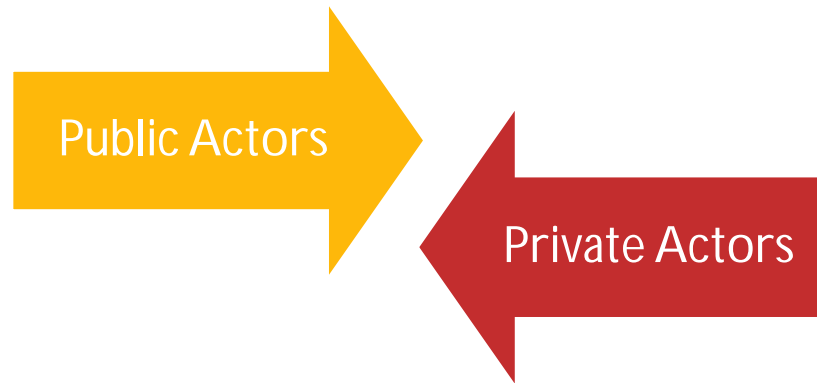
- Gap from Step 3 used to enumerate desired behavior changes

- Most appropriate strategy to elicit desired behaviors selected

- Implementa-tion obstacles identified
- Plan outlined for overcoming challenges
- Details and logistics of implementa-tion finalized

Challenge #3: Dialogue

In rich mixed-delivery health systems, a multitude of *forums and mechanisms for communication* (2-way!) between public and private actors exist.



In many developing countries – even those with large private sectors, there is little communication.

Challenge #4: Moving beyond NGOs

NGOs are often easier for the government to work with

- goals aligned
- less need for monitoring

However, in most developing countries, NGOs are serving only a very *small portion of the population...*

Challenge #5: PS incentives & motivations

Health sector policymakers aren't accustomed to implementing policy which involves *independent actors*

They must be interested in *participating*
(or reacting/ complying)

They must be able to *survive*
(whether business or NGO)

Challenge #6: Attention to implementation

Not a “one-shot” deal

Requires *resources* (not a “hand-off”) and much *capacity development*

Generating behavior change of public officials requires *“change management”* not just directives

Thinking strategically about policy instruments

- 1.Regulation (when/who)
- 2.Contracting (when/who)
- 3.Training/ Info dis. To providers (when/who)
- 4.Vouchers/ demand-side support (when/who)
- 5.Info dissemination to patients
- 6.Social marketing/ commercialization (when/who)
- 7.Social franchising (when/who)
- 8.PPP transactions (when/who)
- 9.Enabling environment improvement (when/who)

The Policy Instruments: What to be thinking about

How do they work – the specifics?

Whose behavior change is targeted?

How is the change motivated?

How will that change contribute to the objective?

Which providers or producers is strategy effective at influencing?

What goals can they contribute to?

Policy Instruments: What to think about

What is the government's role in implementing the policy?

What other policies will be needed?

What other actors will need to be involved?

In lieu of conclusion

- I hope I've given you some insights into some of the reasons engagement is so difficult. Probably you know more reasons.
- We'll use the framework again in the discussion of private health sector assessments.
- We'll be covering in more detail, several of the instruments which have been discussed.
- Assessment is next

In lieu of conclusion

Questions??

Comments?