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The evolving two tier health system in Malawi

Elvis Mpakati Gama and Barbara McPake

Public and private health sector

- Previously health system dominated by public health sector
- A growing private health sector operating parallel to the public health sector
- Hint on the evolving of a two tier health system

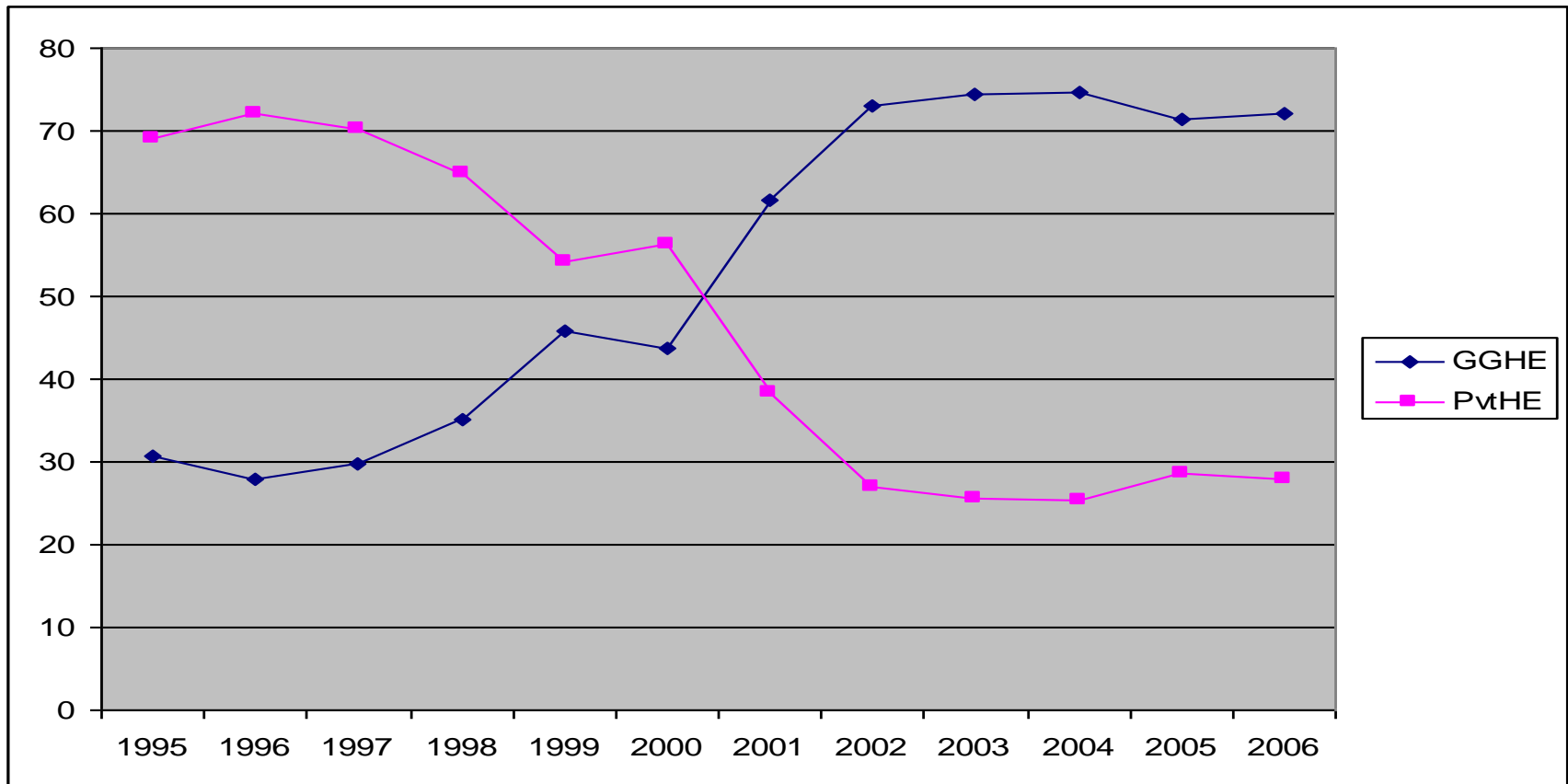
Private health sector

- ▶ 40% of health care provided by private health sector (Ngalande Banda & Simukonda, 1994)
- ▶ 58% of all health-care financing spent on private provision (WHO secretariat report, 2008)
- ▶ Number of clinical officers and medical attendant in the private sector increased by 79% and 33% respectively between 2005 and 2006 (GTZ, 2007)

Private health sector

- ▶ Business registrar report
- ▶ Medical Council of Malawi
- ▶ WHOSIS data indicate stagnation of private expenditure as depicted in figure 1 on the next slide.

General public and private health expenditure

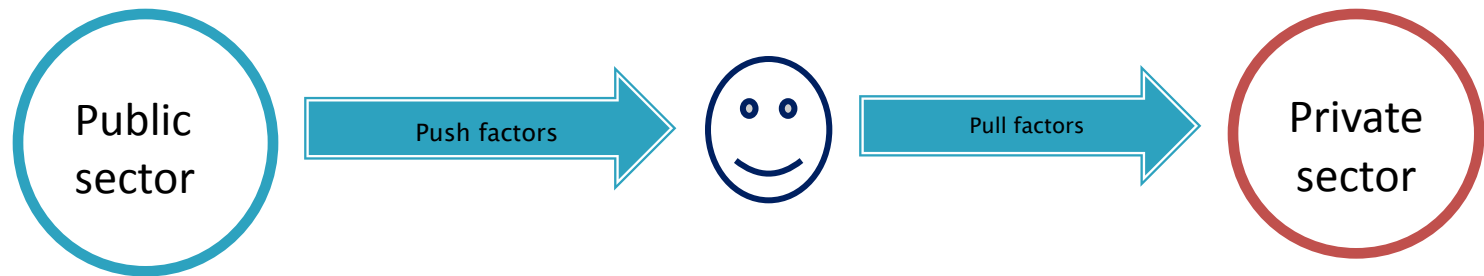


Source: By Author using data from World Health Organisation–National Health Accounts server.

A reflection on the impact of two tier health system in Malawi on;

- ▶ Human resources
- ▶ Factor prices and quality
- ▶ Distribution of users
- ▶ Distribution of benefit incidence across user groups

Human resources

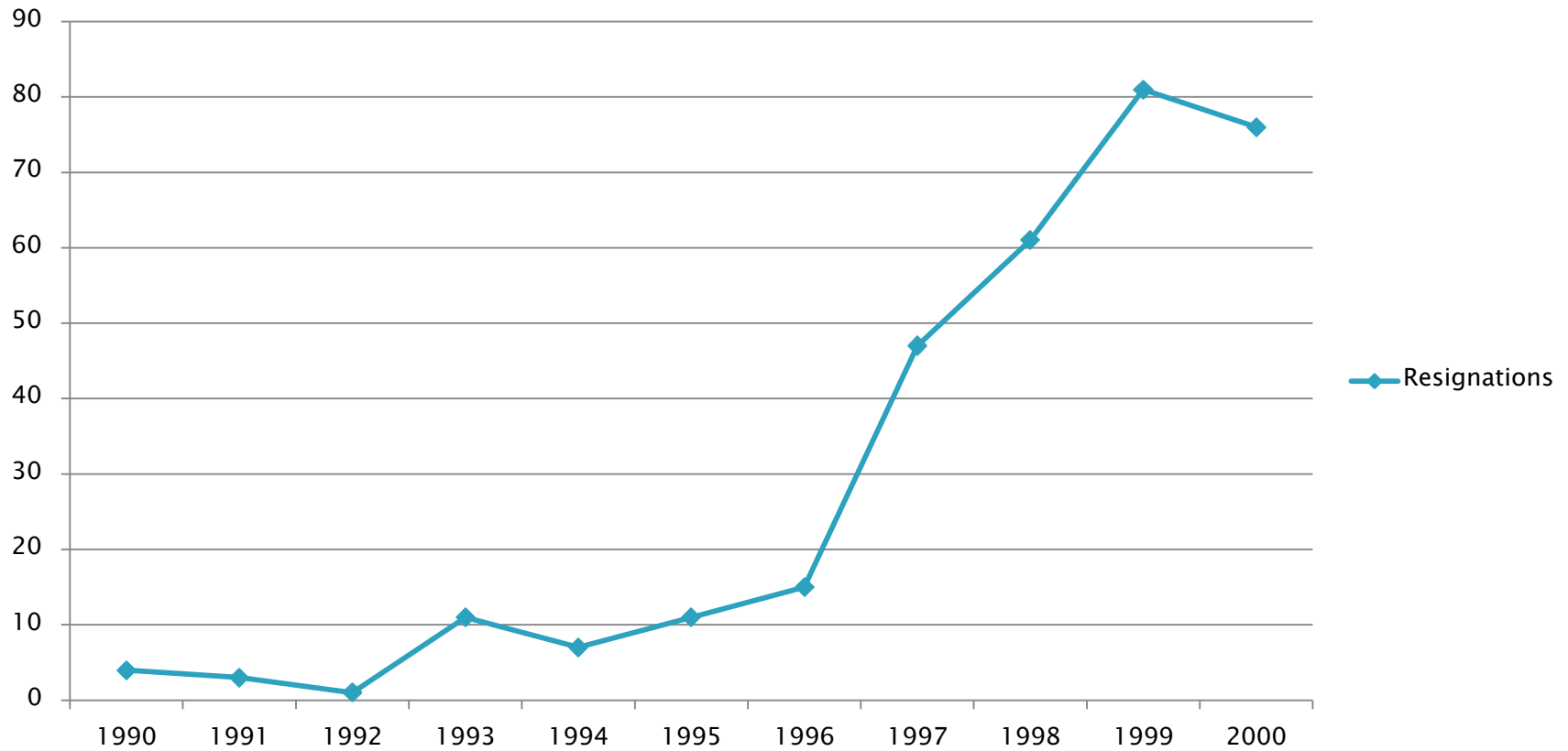


-Poor remuneration
-Bad working conditions
-heavy workloads

- Higher remuneration
- Reduced workloads
- Improved professional resources

Human Resources

Resignations



Human resources

- ▶ Exacerbate the existing skills shortages in the public health sector
- ▶ Diversion of trained health care personnel to local private sector– For profit and non-profit
- ▶ For example, in 2005 only 1 out of 22 doctor graduates joined the civil service

Factor prices and quality

- ▶ Like all production processes, health care provision requires inputs(Factors of production)
- ▶ Different factors of production
- ▶ Human resource and drugs (Medicine)
- ▶ Factors are subject to forces demand and supply
- ▶ Factor prices particularly labour has gone up due to competition for factors between Public and private health sector
- ▶ Retention of skilled personnel
- ▶ Government can not compete based on price

Factor prices and quality

- ▶ The dynamics of domestic labour market and disparities between public and private remuneration could seriously affect the provision of healthcare(Mc Coy et al., 2006).
- ▶ The labour markets adhere to economic theory in that a skilled health worker will accept a job if the benefits of doing so outweigh the opportunity cost (Hongoro and Normand, 2006)

Factor prices and quality

▶ Malpractices

- Employment of unskilled personnel due to high wages of skilled health personnel
- Counterfeit drugs (medicine)
- Leakage of drugs from public institution to private sector providers.

Distribution of users

- ▶ Contrary to the assumption that private health care services are mainly utilised by people of higher socioeconomic status,
- ▶ More than 40% of people in the lowest economic quintile receive medical care from private providers.
- ▶ The private sector serves both the rich and poor.
- ▶ The poor people living in rural areas rely on informal private sector providers like drug peddlers
- ▶ The rich in urban centres benefit from higher quality private sector providers

Distribution of benefits

- ▶ Due to the wide range of private sector providers price and quality vary considerably
- ▶ Good quality services in affluent urban areas
- ▶ Frankly dangerous practices in rural and poor neighbourhood

Conclusion

- ▶ Diversion of trained health care personnel to local private sector– For profit and non–profit
- ▶ Exacerbate the existing skills shortages in the public health sector
- ▶ Low income people forced to use private health care
- ▶ Top up salaries through SWAP's
- ▶ Sustainability of salary top ups

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Thank you