

Working with Private Sector Providers for Better Health Care: An Introductory Guide[†]

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Working with Private Sector Provider for Better Healthcare: An Introductory Guide aims to provide the most critical approach to develop strategies for working with Private Sector Participation (PSPs) for better healthcare. *This Guide focuses specifically on those PSPs who operate on a for-profit basis, primarily in poorer countries, and who directly interact with service users, supplying them with healthcare services or products.* The guide focuses the facts that PSPs behavior is influenced by policy makers and the people, who use the services. The guide also cites the need for a range of supportive, regulatory and incentive-based mechanisms to facilitate the healthcare system in developing countries. Thus it is an important soft area of the infrastructure, which has been discussed by the authors through this guide.

This Guide is mainly intended for policy makers and program managers working in developing countries' ministries of health. It is also aimed at many concerned people working to support the health sector and will also be of interest to other stakeholders: Professional organizations, development banks, academics, consumer groups and other civil society organizations. In order to work with the private sector, the guide highlights the three key objectives:

Coverage: The poor people in developing countries are mainly affected by the poor health infrastructure. The poor use the private sector capacity because of unavailability of the proper public health infrastructure or inefficient public health bodies. To improve the access of products and services with a public health benefit, especially for the poor, needs the wide coverage of the health system through the participation of the private bodies. The wider the coverage, the better will be the quality which, in turn, helps in controlling the cost of the service but these can be possible only when the important subjects like policy makers, service providers and the people, who get the service, can be integrated.

How to increase the Coverage?

- By identifying the areas where the health sector needs to be fostered and there is the willingness to pay by the users.
- Making PSPs available where these services are absent.
- Understand the social barriers which facilitate the system and there must be the willingness to change.

* Reviewed by Deepak Kumar, Associate Consultant, The ICFAI University Press.

[†] The full version of the guide is available online at <http://www.options.co.uk/images/Private-Sector-Guide-full-version.pdf>

Reasons for Consulting Private Sector Providers
<ul style="list-style-type: none"> • Ease of geographic access, shorter waiting periods, longer or more flexible opening hours. • Greater availability of staff and drugs; new anti-malarial such as the artemisinins, on which future malaria control strategies will rely, are widely found in private retail outlets long before reaching the public sector. • Greater confidentiality in dealing with diseases such as TB and Sexually Transmitted Infections (STIs), which carry social stigma, especially where notification of STIs by public sector services is mandatory. • Perceptions that PSPs are more considerate, caring and sensitive to client concerns. • Both informal and formal user charges may be levied in the public sector, making public sector services equally or more expensive. • Perceptions, in some settings, that private sector services are technically superior. • Continuity of care and—in the case of doctors—a belief in the value of the family-doctor relationship.
<p><i>Source: Aljunid 1995; Swan and Zwi 1997.</i></p>

Quality: The second objective is to limit the harmful practices in order to improve the technical quality of care because the healthcare service is heterogeneous in nature.

Costs: In this competitive world, the product or services must be provided at minimum cost, without compromising the quality of the service being provided. The same is also true with the healthcare sector. The guide talks about how to attain this objective.

The guide has elaborated 13 Strategies to work out with PSP for better healthcare. Each strategy is very important but the authors have touched some of them very briefly and have left to the readers and practioners to think of them, whatever is happening in the health sector. Therefore, some other sources have been utilized to elaborate certain strategies so that the readers can get the real feel of the concepts given in the guide. The following are a few important strategies:

Enforcing Government Regulation

While government regulation is important to protect consumers, it sometimes places unnecessary limits on the manufacturers, marketers and distributors of health products as well as on PSPs (including NGOs). Regulation may also place limits on the introduction of new technology (drugs or equipment). This strategy therefore aims to ensure that government lowers any unnecessary policy, fiscal or regulatory barriers. Government may also provide incentives to encourage private practice to increase service coverage, such as preferential loans or tax breaks. However, for this strategy there is a need to train and monitor the health workers. Public accountability and a straightforward regulatory framework are other

considerable matters. For instance, in Pakistan, regulations around advertising contraceptive methods and branded contraceptive products restricted the 'Key' Social Marketing (KSM) project (managed by Futures Group Europe) from promoting its hormonal contraceptives. This was unnecessary restriction on such projects.

Table 1: Strategies for Working with Private Sector Providers for Better Healthcare			
	Working through Policy Makers	Working with Providers	Enabling People : Users, Communities and their Representatives
Increase COVERAGE of products and services with a public health benefit which are affordable for target groups.	Strategy 1 Lower policy, regulatory and fiscal barriers to wider availability.	Strategy 2 Subsidize marketing of products with a public health benefit through retail networks. Strategy 3 Recruit PSPs into an accredited network for specific health services with a public health benefit (<i>Ex-Franchising</i>). Strategy 4 Contract with PSPs for packages of essential healthcare(<i>Contracting</i>).	Strategy 5 Expand demand among priority target groups. Strategy 6 Introduce exemption schemes for priority target groups (<i>Ex:vouchers, subsidy, coupon</i>)
Limit harmful practices and improve technical QUALITY of care.	Strategy 7 Enact and enforce legal restrictions and regulatory controls.	Strategy 8 Provide training supports and incentives to PSPs to conform to good practice norms.	Strategy 9 Enact consumer protection law and raise awareness of consumer rights. Strategy 10 Increase service user Knowledge through community education campaigns.
Control treatment COSTS to users of PSPs.	Strategy 11 Set PSP price levels.	Strategy 12 Finance PSPs through Prospective payment Mechanisms.	Strategy 13 Publish information to users on maximum permitted prices.
<i>Source: Working with Private Sector Providers for Better Health Care: An Introductory Guide.</i>			

Subsidizing Retail Product Marketing

It is basically Social Marketing Program (SMP), which engages the resources, techniques and dynamism of the private commercial sector to make products with a public health benefit widely and communicates by using both mass media and interpersonal techniques. SMPs are

classified as either own brand or the manufacturer's model, which have their own advantages and disadvantages. However, this strategy has its own limitations like; the social marketing does not reach the poor most often, and the availability of cheaper or free products (often in the public sector) may 'Crowd Out' demand for the product from the private sector. Careful design of the strategy can only result in the stimulation of demand that creates new opportunities for suppliers and the case of crowding out can be dealt with. But, it has been seen that Social marketing is less suitable for more complex products and services.

- In Nigeria, an 'own brand' model was adopted because Nigeria has a low contraceptive prevalence and high levels of poverty.
- Social Marketing of Insecticide treated Mosquito Nets in Tanzania increased the overall Market for Nets because private, public and NGO outlets sold the nets at subsidized prices, with or without an insecticide treatment.

Recruit PSPs into Accredited Networks and Train them: Franchising

- Franchising, an expensive tool, is a commercial arrangement, whereby the franchiser grants exclusive rights to local franchisees to conduct business in a standard manner in a certain place for a period of time. *The important things that should be considered before granting the franchising are—commitment to new business, shared value system, past record of the franchisees and ability to devote time and the financial strength.*
- This strategy recruits PSPs into a network and also provides training in the delivery of a product or a service to a minimum standard in order to make it more widely available. One of the examples of such strategy is 'franchising' with a for-profit or not for-profit organization.
- Franchising is a tool to penetrate the market in areas where it does not have any collection centers. Franchising is most successful when the consumer does buy the brand/product at any outlets. Example: Thyrocare Tech Limited, one of the biggest labs in thyroid testing in the world, has numerous outlets throughout the world and the quality of its thyroid testing is well known to the people.

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Examples of Franchising
<ul style="list-style-type: none"> • A number of social franchising programs are being implemented in Asia: <i>Blue Circle</i> and <i>Gold Circle</i> in Indonesia, <i>Blue Star clinics</i> in Bangladesh, <i>Green Star clinics</i> in Pakistan, and the <i>Integrated Maternal Child Care Service Development Project</i> in the Philippines. • In India, <i>Janani</i>, a voluntary organization runs a similar program in Bihar and Madhya Pradesh. Management Sciences for Health, an international NGO with experience of social franchising in Kenya and Ghana has now commenced work in India. They seek to improve access to essential products (medicines, diagnostics, medical supplies) in underserved areas by collaborating with primary health centers or other pre-existing points of care. • <i>Janani</i> and MSH are cooperating to merge delivery of products and services into a seamless operation that will reduce operational costs for the two NGOs and provide value addition for the patient. In Andhra Pradesh, India, HLPPT is piloting, franchised services for IUDs in close collaboration with government services.
<p><i>Source: www.naco.nic.in</i></p>

Contracting

- Contracting can be done through a competitive process—‘tendering’—or through choosing a reputable or established provider. This specifies what is to be provided, what type of service to be provided, and how to cover more areas through cost control without compromising the quality. Financing can be done with a combination of public and private sources or informal contracting between governments and not-for-profit mission or church organizations (Example: In Sub-Saharan Africa each potential service provider must be evaluated in relation to standards and requirements prescribed by the National and State Consortia).
- There are different types of contracting with PSPs and the government has the choices whom to choose. The first one is *Product Contracting*, where each concessionaire needs to stock and to sell each approved brand of each generic product. In the product contracting, the bids can be evaluated based on the minimum payment needed for the distribution of a given basket of products but the experience of the bidders cannot be neglected. Other types of contracting is *Service Delivery Contracts*, whereby the incentives are being provided to the service providers to reduce costs to patients, and enhancement of service quality, because the patient has every right to choose the services.

Role of NGOs in Health Sector

- NGOs are the important facet of the society, where the concerning people are involved without any desires for the personal gains. *There are many NGOs working in different parts of the country and the health sector needs a big support of them.* NGOs are more helpful in cases of the earthquake or flood because the general citizens bitterly need the help in first few hours of the disaster. Not only this, the government may take help in many social awareness programs like polio eradication in India, which has been proved successful.

- For facilitating the NGO vision, they also seek the financial sustainability. The government or the international bodies like World Bank can provide financial sustainability. The need of NGOs also comes into the picture because of the lethargic attitude of the government bodies and the bureaucracy behind the curtain, as in case of Gujarat earthquake or Orissa cyclone.
- The distribution of the basic medicine can be done through the selective NGOs, which will cover more regions. There are innovative NGOs in Maharashtra, which have come with the concept of mobile healthcare. Through this concept, they visit different rural areas, where the government healthcare is very rare to get, and provide the basic medicines and the first aid to the poor and needy people.
- The major sources of funding for NGOs working in the health sector are: User fee, Pre-payment/insurance schemes, national and local government support, Commercial schemes (income-generating activities) fund-raising activities and private donations, endowments, contributions by employers or associations, savings through cost containment measures and efficiency improvements, international donor support. (*Source: Making Health-Sector Non-Governmental Organizations More Sustainable: A Review of NGO and Donor Efforts*).

Improve Technical Quality of Care

Just allowing the private bodies to the health sector does not lower the accountability of the government because the private bodies have the attitude to get maximum return. To provide the better service to the people, therefore, the legal restrictions come into the picture because the health is the matter of the life and death.

- For the same regard, legal restrictions and regulatory controls should be designed to ensure safety, and to prevent dangerous and unethical practices through drug licensing for drug manufacture and/or importation, and through restrictions on prescribing and dispensing over the counter. *Example:* In Malawi; a survey was conducted and was found that nearly three-quarters of practitioners did not conform to the government's minimum quality standards for equipment and drug use. This was really a great matter of concern while talking about the legislative matter.
- Only the legal restrictions cannot withstand better quality but it needs a range of interventions including training, provision of supports and incentives. The training can enhance the skill and the knowledge of the practitioners. However, engaging the interest of PSPs is difficult in many cases and the monitoring and supervision is resource intensive and the support of stakeholders is needed. *Example:* In Indonesia, service users and PSPs were brought together for a single 90-120 minute group discussion to exchange experiences about what takes place in the clinical encounter. On the other hand, in 1996, shopkeepers of Rural Kenya were trained in how to give information to customers about the most effective combination and use of drugs.

Enact Consumer Protection Law and Raise Consumer Awareness

- It is very important to enact the Consumer Protection Act (CPA), wherever there is the misutilization of the medical system. With the promulgation of the CPA in the late 80s and bringing medical services under its jurisdiction during the 90s, appropriate mechanisms have been set up for redressing the grievances of consumers. Indian Consumer Protection

Act (COPRA) is the best-known example of using consumer protection legislation to deal with medical malpractice and negligence.

- The CPA of medicine talks about the consumer rights, including the right to satisfaction of basic needs, to safety, to information, to consumer education and the right to 'expeditious, fair, inexpensive and accessible' avenues for redress.
- It must be noted here that this Act must be totally different from the General Consumer Act because it is the matter of life and death. The adulteration in the foodstuffs can or cannot lead to the death but a slight mistake in prescribing the medicine can lead to the death of person. Such cases have been seen in case of fake doctors or sometimes even by qualified doctors or drug shopkeepers because of their negligent attitude.
- Thus, despite the plight of healthcare consumers that consumer can pull them to the prison, if needed, both public and private health facilities lack a professional approach to managing patient concern because the concept of consumer grievances in medical field is very new concept in India but it is very strict in cases of the developed countries. But with the Consumer Health Act, into action, will drag the attention of the health providers and thus medical professionals need to understand their accountability.

Payment Mechanisms

The cost of the healthcare service is really uncontrollable and the real victims are the poor people. For the same regard, the service of PSPs should be taken into consideration, whereby these PSPs generate the finance by following methods to provide the timely service to the needy. In Thailand, all employees of companies with a work force of 10 or more are entitled to hospital and ambulatory care under a scheme funded equally by contributions from employees, employers and governments (Table 2).

Other salient features discussed in the guide are:

- *It is really very difficult for the government to determine the charges of the health services because of its heterogeneous nature; creating a real challenge in the health sector.* It has been seen particularly in case of specialized treatment, where the patients do not have any idea what has been done actually as service. In India, for example, physicians work in a highly competitive private sector market, especially in urban areas. However, in certain cases, the price is being regulated like in medicine where maximum retail price is mentioned.
- The urgency to provide the relevant information to the people in order to prevent and manage the disease before it is actually being widespread. The information can be provided through an integrated means of the channels and using the service provider selectively to disseminate the accurate information. However, the government can strategize this need through providing the right source of information and demarcating the roles of different community based organizations. Example: Uganda is often cited as an example of effective community education to reduce the stigma of HIV and promote preventive practices.

Table 2: Payment Mechanisms Scheme	
Payment Schemes	Description
A Prepayment scheme	It can be any combination of government (through taxes), employer and individual subscriptions.
Employer-based Schemes	Contributions can be deducted from the employee's wages.
Community/provider-based prepayment schemes.	Where people are not in formal employment and the community pays some amount in advance.
Capitation basis	<ul style="list-style-type: none"> • A fixed annual payment is made to a provider for each user. • Payments are used to avoid the cost-inflation that occurs through the over-provision of services under a case-based or fee-for-service reimbursement system. • They also provide an incentive to the provider to prioritize less costly preventive approaches.
<i>Source: Bennett et al. 1998 and WHO 2000.</i>	

- The guide also talks about the publication of the information for users on maximum permitted price because in the health sector, unlike other sectors, the prices of all services are not clear. The guide talks about displaying the prices of the branded or generic drugs in pharmacies, regular publication of pricing guides and printing of maximum retail prices on drug packages. Example: Displaying Service Price Information in Colombia, efforts to promote generic prescribing included publication of a WHO supported price comparison guide.

Thus the guide serves helpful in identifying the PSPs and highlights the roles of the government in working with PSPs. The developing countries are urgently in need of a policy framework by which they can start attracting the private sector through 13 strategies keeping the central objectives of increasing coverage, improving quality, and controlling treatment costs. The balance between the quality of the service and the cost is a matter of concern. The quality control means, the effective control of the diseases and an effective solution to the masses. Beyond a certain limit the quality can be attained only at certain costs. The guide has talked about only contracting and has not touched the value of sub-contracting in healthcare. The sub-contracting of healthcare may be in administrative or in financial areas. Moreover, the authors could have included the value of IT computerization, and maintaining the database of the patients. In whole, there are still few points, which are left to be discussed, but it would be fair enough to say that the authors have been successful in creating the different facets of the most soft infrastructure area i.e., health sector, which is neglected by the government and private bodies and the ultimate sufferers are the general citizens, especially in case of the developing countries. ☐

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