

Private Sector's Role in Health

Public-Private Partnerships: Lessons from India

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Topics

- Definitions and inherent themes
- Contextual reasons for partnerships
- Public-private relationships & stakeholders
- Forms of public-private partnerships
- Relevance in India and case-studies
- Lessons and cautions for public policy

Definitions of PPP

- “a means to bring together a set of actors for the common goal of improving the health of a population based on mutually agreed roles and principles” (WHO 1999)
- “collaboration between public entities and private companies to realize public projects ... arranged so tasks, responsibilities and risks are optimally allocated ” (UK/NL 2003)

Themes of ‘Partnership’

- a) Sense of relative equality among individuals and organizations involved
- b) Mutual commitment to agreed objectives
- c) Degree of sharing risks and results (decision-making, investments, ‘profits’)

Contextual Reasons for PPP

- **Resource constraints** (limited public budgets) – therefore raise funds and tap/access skills

Contextual Reasons for PPP

- **Resource constraints**
- **Government inefficiency**
(monopoly supplier) – therefore
introduce competition and choice

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- **Huge private sector** – therefore, provide incentives to tap its skills and resources

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- **Management models** – therefore seek greater effectiveness as well as greater efficiency

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- **Huge private sector**
- **Management models**
- **Mass of underserved – therefore, promote equity and reduce poverty**

	Public Provision	Private Provision
Public Financing	<ul style="list-style-type: none"> ▪ Public health facilities ▪ State medical colleges ▪ Public hospitals ▪ State health insurance 	<ul style="list-style-type: none"> ▪ Contracts ▪ Vouchers ▪ Community-based health insurance
Private Financing	<ul style="list-style-type: none"> ▪ User fees (partly) ▪ Autonomous hospitals 	<ul style="list-style-type: none"> ▪ Fee for service ▪ Pharmacies ▪ Private health insurance ▪ Private medical colleges

Stakeholders in ‘Partnership’

- Private sector: ‘for profit’ & ‘not for profit’
- Public sector: governments (nat’l, state, etc)
- Health services: diagnostics, primary care, generalist/ specialist, health financing, public health, primary care, ambulances, etc
- Roles/Actors: patients, professional helping staff, bureaucrats, managers, administrators, community leaders, payers (who pays?)

Types of Partnerships

- Joint ventures to purchase medicine
- Contracting “in” specialists as staff
- Contracting “out” services to suppliers
- NGO management of public health facilities
- Social marketing and health education
- Community-based health insurance
- ICT-based technology demonstrations

Relevance in India

The private sector in India provides:

- 93% of all hospitals
- 64% of all hospital beds
- 80% of all doctors
- 80% of out-patient care
- 57% of in-patient care

(World Bank 2001)

Relevance in India

- Private sector expected to increase by 2012 to Rs.1,560 billion (€22 billion) plus Rs.390 billion (€5.5 billion) for health insurance
- India will require 750,000 additional beds, 520,000 more medical staff, and about Rs.1,500 billion (€21 billion) – of which 80% likely to come from the private sector

(National Commission on Macro-economics in Health 2005)

Relevance in India

- 85% of health expenditure is out-of-pocket
- Debilitating effects on the poor –
liquidation of assets and indebtedness ...
40% of those hospitalized estimated to be
driven below the poverty line

Relevance in India

Assumptions

- Private sector is easily accessible, more efficient, and possesses untapped potential
- Gains for the public sector in terms of resources, technology, skills, management systems, cost control and ‘quality image’

PPP Experiments in India

Case / State	Services	Benefits
SMS Hospital / Jaipur, Rajasthan	CT/MRI diagnostics; store for drugs and medical supplies	Free for BPL patients; free drugs for 20% of patients
Arpana Swasthya Kendra / Delhi State	Management under RCH of maternity health center	Free lab tests, select services, community health, sanitation
Mobile Hospital / Bhimtal, Uttaranchal	Clinical diagnostic services and lab tests through health camps	Free for BPL card- holders (<u>BPL = Below the Poverty Line</u>)
Rajiv Gandhi Hospital / Raichur, Karnataka	Super-specialty services & hospital management	40% of beds for BPL patients; free OPD services for poor

PPP Experiments in India

Case / State	Services	Benefits
Karuna Trust / Karnataka	Management of PHCs; clinical services 24-7 (round the clock)	Free services for all patients: diagnosis, consultation, treatment
Integrated Telemedicine & Tele-health / Chamarajanagar, Karnataka	Tele-diagnosis and consultation in cardiac specialist care	Free diagnosis, drugs and treatment for BPL patients
Yeshasvini Health Insurance Scheme / Karnataka	Hospitalization and care for over 1600 surgeries	Reserved for members of farmer cooperatives and their dependents
Rogi Kalyan Samiti, JP Hospital, / Bhopal, Madhya Pradesh	Hospital autonomy with decentralized management	Free for BPL patients; others pay nominal user-charges

PPP Experiments in India

Case / State	Services	Benefits
Emergency Ambulance / Theni, Tamil Nadu	24-hr ambulances for emergency deliveries and obstetrics care	10% of patients provided with free transportation
Urban Slum Health Project / Adilabad, Andhra Pradesh	Maternity and child health services; births through institutions	Services exclusively for slum population; all services free
Arogya Raksha Scheme / Andhra Pradesh	Low-cost health insurance with limited hospitalization	Reserved for BPL patients sterilized in government hospitals
Mahavir Trust Hospital / Hyderabad, Andhra Pradesh	Surveillance, treatment of TB patients & drug delivery under DOTS	Free for all patients

PPP Experiments in India

Case / State	Services	Benefits
Bhaga Jatin Hospital / Kolkata, West Bengal	Outsourcing of laundry, catering, cleaning	Food (diet) is free for BPL in-patients
Mobile (boat) Health Service / Sunderbans, West Bengal	Clinical consultations, diagnostics, medicine and health promotion	Services supposed to be free; beneficiaries assumed to be BPL
Shamlalji Hospital / Sabarkanta, Gujerat	Management of CHC built by government; 24-hour services	Except for surgery, all services are free for poor patients
Chiranjeevi Yojana / Gujerat	Institutional deliveries (births) through private obstetricians and gynecologists	Primarily for women from poor families who have prior referral from a government hospital

Lessons for Public Policy

- 1. Partnerships must be mutually beneficial for all stakeholders**



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2. Top-down approaches do not work; local experience required
3. Individuals act as champions and change-agents
4. **Leadership and vision are critical at every stage of a partnership**

Lessons for Public Policy

- 5. Government must set up a legal framework to ensure that services reach the intended beneficiaries**

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7. Thorough review of legislation and regulations about the private sector
8. **Balance between regulations that ensure accountability versus over-regulation that stifles innovation**

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- 10. PPP must define performance indicators, incentives and penalties, mechanisms for dispute settlement, exit options, quality standards, risks etc**

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10. PPP must define performance indicators, incentives and penalties, mechanisms for dispute settlement, exit options, etc
- 11. Explore options empirically in pilot projects; scale up suitable methods**

Lessons for Public Policy

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- 13. Government must augment its technical and managerial capacity**

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13. Government must augment its technical and managerial capacity
14. Weakest link in PPP is documentation and dissemination of detailed records
15. **PPP cannot be uniform across all regions or suitable under all conditions**

Lessons for Public Policy

- 16. Decentralized PPP are more likely to be successful but administrative capacity is less likely at lower levels of the system**

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17. **Governments need a purposeful policy toward public-private partnerships**

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17. Governments need a purposeful policy toward public-private partnerships
18. **Under PPP, the responsibility of the government increases**

Lessons for Public Policy

- 19. It is easier to develop new structures and to introduce reforms where there has been little prior provision**



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- 20. PPP must not deprive public agencies of government funding**

Lessons for Public Policy

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20. PPP must not deprive public agencies of government funding
21. Modes of payment in PPP are critical in shaping efficiency, partner motivation and eventual outcome of partnerships

Lessons for Public Policy

22. Factors that facilitate successful PPP:

- Regular exchange of communication
- Joint planning and problem-solving
- Supervision and monitoring
- Uniform management information system
- Regular field visits
- Ability to tolerate mistakes and to learn

Lessons for Public Policy

23. Factors that hinder operational PPP :

- Lack of communications, lack of meetings
- Lack of consultation about standards
- Frequent turnover of key personnel
- Lack of authority by field managers
- Authoritarian or overbearing supervision
- Prejudice & misconceptions about motives

Lessons for Public Policy

- 24.** The first step must be to improve basic administrative systems because any government that fails to deliver quality services due to lack of administrative capacity would not be able to contract either clinical or non-clinical services effectively

PPP: Lessons from India



**Thank you
for your attention!**