

The role of private sector in health care: challenging the myths

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OXFAM

Health in developing countries

KEY NUMBERS:

- 6.9 million children > 5 died in 2011, early 800 every hour
- 287 000 mothers died in 2010, about 800 a day
- 1.8 million people died of AIDS-related illnesses worldwide in 2010
- 216 million estimated malaria cases in 2010
- 1.4 million deaths in 2010, including 0.35 million people with HIV



Agreement on the objective: **scale up to equitable and universal coverage of quality health services**

Debate about the means to get there: private vs public health care?

What do we mean by private sector?

Diverse and differs from country to country
(influenced by political, historical and economic factors)



Local shop selling basic malaria medicines, Kilifi, Kenya. © Caroline Penn / Panos

Need to distinguish:

- Not for profit: FBOs, charities, NGOs providing health services
 - ✓ *Not motivated by profits*
- Formal for-profit: (multinational, national enterprises, private qualified individuals)
 - ✓ *Legally registered and recognized by government*
- Informal for-profit: usually small-scale providers including drug shops
 - ✓ *Unlicenses and unregulated*

Western vision of private health providers is different from experience of poor people in developing countries

Private health care provision: not the way to go

1. *The private sector is the majority provider*

- In Africa, private provision is often small shops selling drugs
- How many poor people have access to a private doctor?



2. *Private sector can complement and bring additional capacity*

- Current resource trends for the health sector = not inevitable
- Private sector usually receives public subsidy and tax breaks
- Competition for health workers

3. *Private sector will bring competition and will decrease prices*

- Private sector pursues profits so no incentive to serve those unable to pay
- Citizens in poor countries often do not have a choice of health provider, in many cases, lucky if they have one at all. So no logic of market and competition

Private health care provision: not the way to go



4. *Private sector is more efficient*

- Examples of higher costs and low efficiency (Lebanon, China, USA)
- Conflict between need to make profits and need-based treatment (Chile)
- Less likely to focus on preventive care

5. *Private sector can increase quality*

- No example – nature of private sector
- World Bank Development report (2004) recognition not better on technical quality

6. *Private sector can help reach the poor*

- Conflict between making profits and servicing poor people unable to pay (unless significant public subsidy)
- Poor people will pay but at what expense?

7. *Private sector can improve accountability?*



Vietnam health care system

- In the 80s, strong network of primary care at the community level - free access to basic healthcare as a universal right.
- Market-oriented economic reform in 1986, social services were rapidly commercialised: the health sector began charging fees and privatised drug sales, private practices were legalised.
- The national health insurance scheme currently covers an estimated 60% of the population. About 35 million Vietnamese are uninsured and at high risk of falling into poverty when encountering major medical expenses
- Commercialisation of the health sector has failed to address the ongoing problems of corruption, distribution of health workers, high drug prices and the dominance of curative services.
- In 20 years, progress in health but benefiting mostly to the richest populations



New report on the Affordable Medecine Facility for malaria

2 main objectives of AMFm were:

- Decreasing the price of ACTs via a global subsidy to have more available and affordable malaria treatment, especially in the private sector (“saving lives”)
- Delay the development of drug resistance by replacing monotherapy with ACTs (“buying time”)

2010 evaluation showed mixed results:

- ACTs price has decreased and availability has increased but no evaluation if it has affected the most vulnerable groups (children, people in rural and remote areas...)
- Hardly any impact on the crowding out of AMT (changing context: ban of AMT importation, WHO role)

Essential requirements for the delivery of correct diagnosis and treatment of malaria
-> **combination of public sector facilities and trained CHWs** (Ethiopia, Zambia)



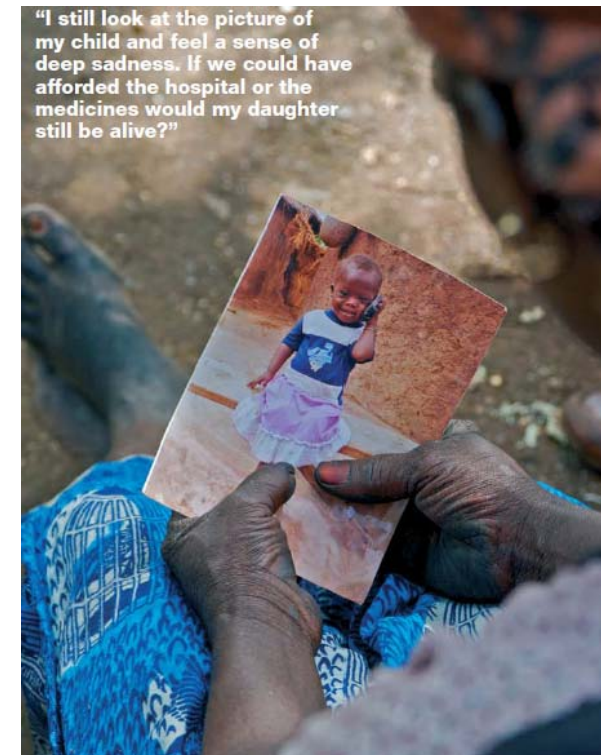
Local shop selling basic malaria medicines, Kisumu, Kenya. © Caroline Ferri / Panos

SALT, SUGAR AND MALARIA PILLS

How the Affordable Medicine Facility – malaria endangers public health

Learning from successes: invest in the public sector for delivery

- Publicly financed and delivered services continue to dominate in higher performing and more redistributive health-care systems – ***Sri Lanka***
- No low or middle income country has achieved universal or near universal access to health care without relying solely or predominantly on tax-funded public sector delivery - ***Thailand***
- Given the systematic erosion of public spending and support for universal free health services over the last three decades, it is pretty unfair to say that the public sector as a solution has been tried and has failed.
- No public health system is doomed to fail but making them work takes political commitment and leadership, investment, good policies and popular support



What roles for the private sector then?



- Investment in Product Development Partnerships (PDPs) to accelerate research and development of pharmaceutical products for underserved populations
- Financial contribution to global health response initiatives (GFATM, RBM etc...)
- Support advocacy for health and governance, globally and locally
- Important role of drug producing companies: role of making drugs people need and selling drugs at an affordable price
- Similarly, role of generic producing companies: to provide drugs at an even more affordable price
- Role of other companies: e.g. food industry can have a huge impact on public health by producing less salty or sugary food, by not advertising fat products to kids...

What should the EU do?



Implement the 2010 EC Communication on Global Health – strengthening health systems approach

- Increase funding for the expansion of free universal public health care provision in low income countries (EU 2014-2020 budget)
- Ensure predictable, coordinated and long term aid for health (aid effectiveness agenda)
- Support research into successes in scaling up public provision and share these lessons learnt with governments – e.g. invest in community health workers who reach poor people
- Support developing country governments to strengthen their capacity to regulate existing private health care providers
- Support developing country governments to mobilise domestic resources to finance health care in the long term
- Ensure policy coherence for development – E.g. Access to medicines and trade





Thank you

Saving people's lives requires more than the service of drug shops. It requires visits to well-functioning health services that have effective and affordable medicines, qualified personnel and the capacity to monitor, treat and provide ongoing care for patients.

*More information:
www.oxfam.org/en/eu*



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