Engaging the private sector for health

Caroline Quijada
Deputy Director, SHOPS Plus Project
Private Sector Representative
GFF Investors Group

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Overview

- Role of the private sector in health systems
- Leveraging private sector for GFF Investment Cases
- Framework and tools for public-private engagement
- Resources to support private sector engagement
Role of the private sector in health systems
The private health sector is diverse...
And includes both for- and not-for-profit entities... service delivery and beyond
Emerging consensus definition of the private health sector

- Diverse and involved in all health system building blocks
- Includes formal and informal
- Finances health services through insurance and/or company services
- Provides credit to health businesses
- Membership organizations represent all aspects of private health activities
The private sector is an important source of health care

- 43% of child health (fever, ARI, diarrhea) care-seekers go to the private sector
- 35% of modern contraceptive users rely on private sources


Family planning data is from DHS surveys in 37 USAID priority, Ouagadougou Partnership, or FP2020 countries that have had a survey post-2012. Source is Bradley, SEK and T Shiras. 2019 (forthcoming). A global analysis of family planning sources and the private sector's role. Rockville, MD: SHOPS Plus Project, Abt Associates.
The private sector’s role varies by region

Source of child health (fever, ARI, diarrhea) care by Region

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<th>Region</th>
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Sources of FP by Region

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Child health data source: Bradley, SEK, L Rosapep, and T Shiras, 2018
Family planning data source: Bradley, SEK and T Shiras, 2019 (forthcoming)
And private providers serve many demographic groups

- Private sector serves both wealthy and poor
- Youth are more likely to use private sector

**FP source by wealth**

- Nearly 3 in 10 of the poorest rely on private sources
- Approx. half of the wealthiest rely on private sources

**FP source by age**

Source: Bradley, SEK and T Shiras, 2019 (forthcoming)
Leveraging private sector for GFF Investment Cases
The private sector can bring many resources to support investment cases

A. Financial resources from impact investors, banks, foundations, etc.
B. Capacity to deliver services and products—under-utilized by national programs
C. Innovations in medical technologies and products, service delivery models, etc.
The impact bond brings together a number of partners in order to achieve agreed outcomes. Contractual relationships and funding flow are highlighted in the diagram below.

**Key:**
- Contracting relationship & Financial Flows
- Contracting relationship only
- Financial flows only

1. Outcomes contract
2. Loan agreement
3. Outcomes payments
4. Employment contract
5. Service Agreement

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**Outcomes Funder**
- Nutrition International (Canada)
- Ministry of Public Health (Cameroon) supported by GFF TF

**Lead Service provider**
- Kangaroo Foundation Cameroon

**Investors**
- Grand Challenges Canada (Canada)
- Other service providers in Cameroon

**Data System Provider**
- Bluesquare

**Expert KMC Adviser**
- Kangaroo Foundation Colombia

**Implementation Management Team**
- KMC staff based in target hospitals

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A. Private sector financing for Inv. Case: Cameroon Development Impact Bond
B. Private sector capacity for Inv. Case: contracting for service delivery

- Several GFF countries are contracting with private sector (for profit/not for profit/FBO) for delivery of essential health and nutrition services.
- Cameroon, DRC, Nigeria are some examples of GFF countries using results-based (RBF)/performance-based financing (PBF)/performance based contracting (PBC) with private providers alongside public facilities.
- Increased accessibility of care, accountability and capacity building for governments to manage contracts as a purchaser of healthcare.

![Increased number of services provided by private for-profit health facilities in PBF vs. Control, 2012-2015 Cameroon](image-url)
C. Private sector innovation for Inv.
Case: Nigeria Innovation Challenge

- FMOH partnered with Healthcare Federation of Nigeria (HFN), Private Sector Health Alliance of Nigeria (PSHAN), Sterling Bank, World Bank, GFF and IFC to launch Nigeria Service Delivery Innovation Challenge
- Private sector proposals invited for scaling service delivery innovations for fragile settings, top 3 proposals included in IC
- High level support: Minister of Health and Vice-President of Nigeria attended showcase event; signaling effect for private sector

Proposals complemented government capacity/initiatives under 4 tracks:
**Coverage of RMNCAH & Nutrition Services, Quality of Care, Civil Registration and Vital Statistics, Access to Medicines**

**Upcoming:** GFF innovation support to countries is expanding:
- Innovation to Scale Challenge
- Innovation partnership with HNP for scaling through WB projects
Engaging private sector in GFF country platforms

Platform for dialogue and shared objectives between private sector, government and development partners

Who can represent private sector in GFF country platform?
At country level- Private health sector often organized around common area of interest:

- Private health sector federations
  - Ideally inclusive of both for profit and not-for-profit actors
  - If multiple health associations exist (e.g., FBO, private for profit, etc.), choose common representative for constituency to inform/get feedback from various groups throughout IC process
  - If country has focus on specific health systems area at start of Inv. Case, can be main representative on platform e.g., supply chain- logistics providers

- Private sector alliances of companies across sectors (not health specific)
Private sector working group in country platform

- Important to engage broad set of private sector actors for Investment Case process
- One private sector representative on overall country platform; can lead smaller “private sector working group” to outline PS contribution to Inv. Case priorities and feed into overall IC discussion
  - PS representative accountable to PS constituency; two way information flow between constituency and country platform
  - Working group can focus on defining role of private sector in achieving Inv. Case results (capacity, expertise, innovation, resources, etc.)
  - Helps draw in wider range of private sector expertise (beyond service provision), particularly in countries where private sector not well organized
  - Broad consultations with private sector can be held from time to time at specific points in Inv. Case process
- Critical to have private sector inputs be integrated and linked to overall priorities outlined in Inv. Case
Framework and tools for public-private engagement
Governments face challenges to effectively engage with private sector actors

**Limited public-private interaction**

- Lack of trust
- Little opportunity for dialogue or coordination
- Lack of a platform for public-private engagement

**Sub-optimal policy frameworks**

- Does not recognize private sector
- Limits provision of services
- Creates barriers to entry

**Limited system capacity to support integration**

- Heavy fragmentation in private sector
- Limited oversight and supervision
- Lack of involvement of private sector in HMIS
Effective public-private engagement (PPE) includes four key components:

- **Building government capacity**
- **Strengthening private sector voice**
- **Convening public-private dialogue**
- **Developing and implementing partnerships**
First step in engagement is understanding the scope and size of the private health sector.

Process for assessing and acting with the private sector:

- **PLAN**
- **LEARN**
- **ANALYZE**
- **SHARE AND ACT**

**WORKING WITH ALL STAKEHOLDERS**

- **Public sector**
  - Min. of Health, Education, Finance, public supply chain, public providers
- **Donors and implementing partners**
- **Private sector**
  - private NGO / FBO, for-profit providers, private supply chain, insurance providers, corporate partners
- **Civil society**
  - professional associations
## Types of analysis to assess role and opportunities for private sector in IC

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<th>If Health System Area(s) Identified</th>
<th>If Health System Area(s) Not Identified</th>
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| **Health Market Analysis**<br *
*Moderate investment*<br>

- Deep dive analysis of specific health system area linked to IC priority
- Analyses interaction between supply, demand, policy context in specific health system area
- Can be done as part of overall Investment Case analytical work |
| **Private Sector Assessment**<br *
*Substantial Investment*<br>

- MoH open to partnering with PS but *not identified* opportunities
- Conduct Private Sector Assessment
  - Landscape overall health sector
  - Systematic review of policy environment, regulatory regimes
  - Analysis of supply/demand in several health system areas
  - Recommendation of private sector opportunities |
| **Market Scoping**<br *
*Modest Investment*<br>

- MoH open to partnering, not identified opportunities, *limited time and resources*
- Conduct market scoping as part of IC analysis; uses existing data (e.g. MOH stats, DHS, NHA):
  - Health financing analysis
  - Demand and supply analysis of DHS in IC focus areas
  - Summary of PS policies |

- Analysis can be financed by GFF Investment Case, partners (USAID/World Bank/IFC, etc.)
Private sector assessments vary in scope and focus

- **Scope**: Health system pillars across multiple health areas
- **Purpose**: Inform government and donor investments in private health sector
- **Output**: 3-year implementation plan

- **Scope**: Family planning markets
- **Purpose**: Identify private sector opportunities to expand access
- **Output**: Recommendations for USAID programming
Public and private counterparts can use analysis for effective dialogue through GFF country platforms

**Provider organizations**
- Associations, federations, others
- Regional, national, and subnational levels

**PPP Units**
- Embedded within MOH
- Manage/operationalize for private sector engagement
Different levels of engagement with the private health sector

**Public private dialogue**
Policy dialogue between the public and private health sectors to share ideas and concerns, and to build trust

**Public private coordination**
Public and private sectors working together to design policies and collaboratively implement plans working to address health priorities

**Public private partnership**
Public and private health sectors partnering through a contractual arrangement to deliver health services and products and/or address health system gaps (including transaction PPPs)
“Tools of Government” available to shape private health sector

Public private dialogue supports all Tools of Government

Public Health Sector

Social Regulations
(Facility licensing, accreditation, HRH certification, scopes of practice)

Information
(MOH policies & regulations, behavior change programs, service prices, info on provider quality)

Representative Bodies
(Professional Associations, Private Health Federations)

Private Health Sector

Health Market Operations

Suppuly Side Financing
(Loan, grants, contracts)

Demand Side Financing
(Vouchers, insurance)

Economic Regulations
(Pricing, structure, taxes)

Civil Society

insurance
“Tools of Government” to engage the private health sector

**Grow**
- **Economic regulations:**
  - Business licensing
  - Market entry
  - Price floors/ceiling
  - Abolish import restrictions
  - Subsidize capital rates
- **Social regulations:**
  - Improved facility and HRH licensing
  - Stronger quality oversight (Quality Assurance / Accreditation)
- **Patient information:**
  - Raise awareness on quality
  - Inform patients of their rights
  - Publish permitted prices

**Harness**
- **Supply side financing:**
  - Clinical/clinical support service contracts
  - Non-clinical service contracts
  - Outsourcing contracts
  - Health insurance
- **Demand side financing:**
  - Vouchers/ insurance combined with service contracts
- **Grants/Subsidies:**
  - Direct grants and/or subsidized inputs for specific services
- **Economic regulations:**
  - Tax relief
  - Certificate of need
  - Subsidized credit/loan guarantees

**Transfer**
- **Supply side financing (at scale):**
  - Clinical/clinical support service contracts
  - Non-clinical service contracts
  - Outsourcing contracts
- **Transaction PPPs:**
  - Infrastructure and equipment PPPs
  - Services PPPs
  - Integrated PPPs (infrastructure, services and equipment)
How can GFF countries engage private sector more strategically?

GFF Managing Markets for Health (MM4H) framework

**DIAGNOSE**
What are the national RMNCAH-N priorities?
What are the principal market system gaps?
What are the root causes of these gaps?

**ASSESS**
What are the key markets?
What is the private sector's contribution? What obstacles does it face in enhancing that contribution?

**DESIGN**
In which markets should we intervene? What “tools of government” should we include in the strategy for intervention? What are the likely impacts?

**IMPLEMENT**
How can an inclusive and consultative process be established and institutionalised? How can this be sustained throughout the intervention?

**MEASURE**
How will system performance be monitored and evaluated? What criteria should be applied? How will this be used to inform real-term adaptation of the interventions?
Parting thoughts...

Be strategic- private sector engagement is *not* the end goal; consider how health system’s functioning can be improved through engaging private sector...

**Start small** with easier types of partnerships and incentives to engage the private sector: “low hanging fruit”

**And lay the foundation** while building the house: establish regulations and systems and expertise while implementing private sector projects

**End big!**

Build a robust pipeline as govt. experience grows
Resources to support private sector engagement
Links to key resources on private sector

- www.globalfinancingfacility.org/our-partnership/private-sector
- https://www.globalfinancingfacility.org/course-toolkit-managed-markets-health-health-policy-practitioners
- www.assessment-action.net
- www.privatesectorcounts.org
- www.globalhealthelearning.org
- https://www.usaid.gov/cii/market-shaping-primer

Upcoming:
- GFF resource library with materials on GFF private sector approach, public-private dialogue in country platforms, private sector analytics, country examples
- DFID-GFF partnership for MM4H training course on private sector in 2020-2021
Members of GFF Investors Group
“Tools of Government (ToG)” to strategically **GROW** the private health sector

**Economic regulations**
- Many Asian and African countries have **reduced or abolished import restrictions** on key medical equipment, supplies, or specific drugs, helping reduce private provider costs, thereby increasing their quality and making services more affordable.

- China required a **minimum capital level** for drug distributions, consolidating the number from 36,000 to 3500. Fewer distributors encourages remaining ones to invest in quality and extend geographic reach.

**Social regulations**
- US – and many other OECD countries – use 3rd party administrators to manage service contracts. The state of Arizona contracted a “lead” NGO to manage 19 NGOs delivering mental health services. The lead is responsible for **ensuring performance reporting, budget tracking and quality assurance.**
“ToG” to strategically **GROW** the private health sector (contd.)

Supply side financing and Regulations

- Bangladesh govt. **revised regulations and guidelines** to allow more Private Medical Training Institutions (PMTIs) into the market. Also worked with PMTIs to modernize and update training curricula and **contracted PMTIs** to train under-represented HRH cadres (e.g. nursing assistants, paramedics, CHWs).

Information for patients

- New Zealand was struggling to reach universal vaccine coverage and set performance targets. Each quarter the Ministry **published performance indicators** in local newspapers. “Name and shame” motivated each district to improve services as consumers were aware of rankings compared to other districts. District Boards worked with their private provider networks to improve their performance. Universal coverage was achieved quickly.
“ToG” to HARNESS the private health sector

Supply side financing – to increase access to essential medicines and strengthen supply chain

- USAID facilitated partnership between Nepalese govt and Lomus to manufacture chlorhexidine (CHX). USAID performed market analysis and validation of GMP certification. Govt guaranteed purchase, Lomus invested in manufacturing. CHX in over 20 countries including Bangladesh and Pakistan.

- Govt of Cambodia enacted multi-pronged strategy to eliminate oral artemisinin monotherapy in the market place: banned monotherapy ART, provided subsidized ART-based combination therapy to private providers, and issued regulations targeting pharma sales and distribution of antimalarial medicine supply. All monotherapy ARTs were eliminated by 2015.
“ToG” to HARNESS the private health sector (cont’d)

Supply side financing – to increase access to services

- Decades of experience in contracting private providers and/or networks in OECD countries, ten years experience in LMIC contracting NGOs (Afghanistan, Bangladesh, Cambodia) and private midwives (Indonesia, Philippines) and TB providers/labs (Bangladesh, India, Indonesia, Myanmar, Pakistan and Philippines)

- Gov’t in Karnataka, India contracts NGOs to manage primary health clinics reaching 30,000. Govt uses global budget to pay NGO staff, services, operations and maintenance. MOH staff conducts outreach for NGO services.
“ToG” to **HARNESS** the private health sector (cont’d)

Supply side financing – management contracts

- Municipal govt in Mumbai, India, contracted Spiritual Trust (FBO) to **manage municipal hospital and deliver services**. Hospital rehabilitated with CSR funds. All specialties free for municipal workers; 4 specialties free to public (e.g. OBGYN, paediatrics); and other specialties offered to public at pre-agreed rates. Short-term contract.

- Province of Karnataka contracts private company to **manage a 220 bed specialty hospital**. Private company staff, manage, finance and maintain hospital. Agreed 40% of outpatient and 20% in patient to be free for poor patients. Ten year contract. Govt took over facility after building a medical college.
“ToG” to HARNESS the private health sector (contd.)

Demand side financing:

- Multiple countries (China, Costa Rica, Ghana, Iran, India, Malaysia, Mali, Philippines, Tanzania, Vietnam and Zambia) have successfully **contracted eligible pharmacies and drug shops** to deliver key products and remove consumers out-of-pocket expenditures. Addition, they also distribute **commodity voucher** to encourage consumer uptake to key medicines (family planning, TB).

- Thirteen countries China, Bangladesh, Cambodia, Kenya-2, Korea, India, Indonesia, Nicaragua-3, Taiwan, and Uganda-2) and growing have implemented **Maternal/ Reproductive Health voucher programs** to increase uptake of institutional deliveries. The Voucher Management Agency empanels eligible public / private facilities and contracts them for a specific maternity package.
“ToG” to **TRANSFER** functions to the private health sector

**Infrastructure PPPs**
- Indian State Govt. formed a PPP with GVK to create **emergency services**. GVK raised private capital funds to construct call center and EMT school, acquire and equip ambulances, establish infrastructure for dispatch technology, and train and hire staff including EMT/drivers.

**Services PPP**
- Several examples of services PPPs using **co-location**: lab, dialysis, and imaging
  - **Using a medium-term services contract**, private radiological diagnostics centre co-locates in in public hospital in India. Gov’t pays for referred patients. Remaining patients are charged under pre-agreed rates. Partners share revenues. Medical studies/faculty access facility for training and research.