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Role of public private partnership in health sector for sustainable development

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Abstract

Health is essential to national progress in any country. Indian demography is dominated by rural people because of sustainable development; and for their socio-economic development nothing can be considered of higher importance than the health. Causes of low state of health include lack of a hygienic environment, low resistance to infections primarily due to poor nutrition, lack of safe water supply and of proper removal of human wastes. This paper being a descriptive study proposes for public private partnerships (PPP) to be acknowledged as a viable mode for development in health sector of rural India. PPP model has started showing promise and prospects in terms of greater mobilization of resources, greater efficiency and quality, reduced costs and access of services to the common man. The largest aspect of this model is the development of those aspects of poorest socio-economic group which they are capable to do. The paper cites examples of PPP as a mode to finance health care services can be of use to intended beneficiaries, leading to integrated and sustainable rural development.

Keywords: Health, Public Private Partnership, Demography, Socio-economic, Sustainable development.

Introduction

In today's world of complication and rapid pace it is almost impossible to do anything alone. This is especially true in health where constantly rising prices, changing disease patterns, and increasing use of sophisticated technology for diagnosis and treatment have made it virtually impossible to imagine any single organization providing services without some type of institutional partnership. These partnerships may take many forms, ranging from global partnerships between multinational companies and multilateral donors to local partnerships between private physicians and government clinics. The partners, too, may vary from private—for-profit companies, not—for-profit organizations, governments, donor organizations, to community groups.

In the last two decades, there has been a growing concern over the performance of the healthcare delivery system in India. In the year 2012, a mere 1.3% of the GDP was allocated to public health. As per the Government of India's National Rural Health Mission Document, only 10% of Indians have some form of health insurance and mostly this is inadequate. The healthcare delivery system, in its present state, is unable to deliver and meet the health goals of India. The GOI Report of the National Commission on Macroeconomics and Health states that the principal challenge for India is building a sustainable healthcare system. Public private partnership model is gaining huge popularity due to its invaluable contribution towards health infrastructure development.

The issue of public-private partnerships in health care is therefore really one of institutional design. As such, it goes beyond details of contract parameters, or specific inputs or expertise that are contributed by different parties, though these are important. The perspective that we will find valuable in this study is that of how to allocate bundles of control rights to increase the quality of, and access to, health care in rural setting. Given this background, this paper analyses the potentials of PPP for rural development in the health sector. The outline is as follows: We briefly discuss the theoretical foundations of the concept of PPP and describe different forms of a co-operation.

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The major part of the paper discusses experiences which have been made with PPP in the health sector of developing countries (e.g. India) in different regions of the world.

Review of Literature

Birla and Taneja in his research stated that healthcare delivery is a major concern for India and other developing nations because of the lack of infrastructure and limited resources. Often the healthcare delivery is restricted in reach and most vulnerable populations remain untouched. The ambitious health goals for the country demand the need for an alternate system, which encourage the private and non-state players to engage in partnerships with the state run public healthcare delivery institutions.

Mitchell reported that in today's world of complexity and rapid pace it is almost impossible to do anything alone. This is especially true in health where constantly rising prices, changing disease patterns, and increasing use of sophisticated technology for diagnosis and treatment have made it virtually impossible to imagine any single organization providing services without some type of institutional partnership. These partnerships may take many forms, ranging from global partnerships between multinational companies and multilateral donors to local partnerships between private physicians and government clinics.

Ahmed and Nisar stated that Public-private partnerships (PPP) in basic health services delivery aim to improve service provision, such as better coverage, quality and infrastructure of health care, as well as raising the demand for health by the community.

Raman and Bjorkman stated that Due to the deficiencies in the public sector health systems, the poor in India are forced to seek services from the private sector, under immense economic duress. Over the years the private health sector in India has grown remarkably. The private sector is not only the most unregulated sector in India, but also the most potent and untapped sector. Various state governments in India are experimenting partnerships with the private sector to reach the poor and underserved sections of the population. There are several challenges in collaborating with the private sector.

Jutting reported that the idea of a PPP in general and in the health sector specifically is theoretically appealing, the review of case studies has shown that the implementation is still not very common in developing countries. The selected case studies on public-private-partnerships in the health sector, however, indicate the potential positive effects. Through increasing competition, delegation of power to the local level, the active participation of the concerned population and synergistically effects positive impacts on the efficiency, equity and quality of health care provision can be observed.

Rural Healthcare

The private sector is the most important source of healthcare services in India, providing close to 80% of all services, according to the government's own reckoning. A related fact is that nearly 75% of health related expenses are out of pocket. Over the last few years there have been many initiatives to improve the efficiency, effectiveness and equity in provision of healthcare services in the country. Public Private Partnership is one such initiative.

The National Rural Health Mission (2005-12) seeks to provide effective healthcare to rural population throughout the country with special focus on 18 states, which have weak public health indicators and/or weak infrastructure. These 18 states are Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Jammu & Kashmir, Manipur, Mizoram, Meghalaya, Madhya Pradesh, Nagaland, Odisha, Rajasthan, Sikkim, Tripura, Uttaranchal and Uttar Pradesh.

PPP can provide a solution in the attainment of health related objectives. However the government is also taking due care in working with the private sector in order to insure adequate health services in rural areas. The measures includes, regulation of private sector including the informal rural practitioners to ensure availability of quality services to citizens at reasonable cost, giving due emphasis to public private partnerships for attaining public health goals, involve NGO as resource organizations, focusing on development of manpower systems by recruiting professionals , training and curriculum development in association with private sector. For instance Roche Diagnostics India Pvt. Ltd, India's largest diagnostic company, Apollo hospitals have made an attempt to be set up in semi urban and rural centres thereby increasing access to speciality care.

Interdependence of Public Sector and Private Sector

Perhaps there was once a world in which the private and public sector were completely independent, but today that world does not exist. There is probably no country in which the private sector is not deeply affected by government regulations and laws, by policies on practice and pharmaceuticals, and increasingly by government funding of private services. Similarly, almost all governments today rely on the private sector for pharmaceuticals and equipment, and increasingly contract with private (often not-for-profit) organizations for training, IEC development, and often for direct service delivery in areas where the government does not provide services. Furthermore, as government programs move toward social insurance programs and contracting mechanisms as ways to expand coverage, the interdependence of the public and private sectors has deepened. Governments are increasingly directly funding private providers and service delivery institutions to expand the impact of their programs in areas such as childhood immunizations, antenatal and maternity care, family planning, and infectious disease reporting and control. Governments have also become more rigorous in their regulation of the private sector in a effort to ensure quality, access and controlling price. Since regulations affect who can provide medical care, what types of treatments are acceptable, pricing, taxation, and other elements of the health care industry, the private sector has learned to work within the regulatory boundaries that are set by the government.

Stakeholders of Public Private Partnership

When organizing a PPP three major points have to be considered, namely (Gentry and Fernandez 1998):

- ❖ The parties who are potential participants,
- ❖ The different roles those parties may play as part of the partnership; and
- ❖ The spectrum of forms the partnership might take

Government, the private for-profit and the private non-profit sector are not monolithic blocs in themselves, but a variety of actors at various levels with different interests, also regarding their interest in participation in a PPP. So it is not clear whether local authorities and the national administration – both entities of the government – might have the same interest. Conflicts between these different levels have been frequent in times of decentralization and the devolution of political and financial power from the national to the local level. The same holds true for the private-for profit sector: Partnerships always happens a particular case, they are locally and demand driven. Local enterprises may not have the financial backing as multinationals to contribute to infrastructure projects, however with their specific local knowledge and with their

ties to the customer base they are essential participants in successful partnerships on the local level. In the showed model, the predominant forms of partnership are found in the two shaded boxes. These describe the models of partnership in which the private sector provides financing while the public provides services, and the opposite in which the public sector finances and the private sector provides services. In the private provision – public financing model, the services, or at least some part are delivered by the private sector in the belief that the quality and efficiency of these services will be better than if they were provided by the government directly. This is a type of partnership in which both financing and service delivery are provided by the private sector, but a partnership with the public sector in terms of materials used, and overall objectives is reached.

Provision of Services			
		Public	Private
Financing of Services	Public	public health facilities surveillance programs health education	Contracts Social Insurance programs Social Marketing
	Private	user fees autonomous hospitals drug donations vaccine development	Fee for service Regulation Participation in national control programs (eg. HIV)

Roles of PPPs in Rural Health

In order to establish a sustainable PPP it is necessary to have a fair dialogue among the partners about their roles in order to ensure that the needs of the different parties are met. The following roles are usually common:

Provision: These are the parties who actually supply the desired service, e.g. health care, education, housing etc. The incentive for the provision changes according to the type of parties, e.g. government for public interest, the private for-profit sector to make profit and the non-profit sector is meeting their social or environmental objectives.

Financing: The financing of services can be carried out in many ways. Taking the example of the health sector public financing means financing by the central or local government and state owned enterprises. Private financing includes private out-of-pockets payments, private Insurance premium or service provided by the private corporate sector.

Regulation and monitoring: The setting of standards regarding price building and quality in the provision of services is a pre-condition for a functioning PPP. In situations where there are multiple providers of a service, customer demand and other market forces are likely to ensure that the service price and quality is acceptable. However, in situations where there are monopolies and only a small number of providers, more extensive, government regulatory structures are needed to address potential market failures. Of course, this job is generally done by the public sector, but civic organizations and others might be involved as well. Regulation and monitoring is necessary in order to achieve guaranteed minimum outcome in service provision. Taking the variety of roles which the actors in a PPP could play it becomes clear that a PPP can take on very different form. Above different functions depends on a number of issues, including:

- ❖ The degree of control desired by the government;
- ❖ The government’s capacity to provide the desired services;
- ❖ The capacity of private parties to provide the services;

- ❖ The legal framework for monitoring and regulation;
- ❖ The availability of financial resources from public or private sources.

Challenges for PPPs in Health Sector

As the pressures of cost control, globalization, and reputation continue to influence health care worldwide, public-private partnerships will continue to become both more common and more varied in the future. Partnerships can be a powerful force in the shaping of health care, and can lead to improvements in efficiency, innovation, access to services. However they are not a panacea for all the challenges that remain for the delivery of health care in rural areas. If partnerships are to be used as a positive influence in the improvement of health care, we must pay careful attention to the values of the partners and the way in which partnerships are planned and implemented.

- ❖ Establishment of well standards of practice.
- ❖ Equity in providence of health services to poor as well as healthy.
- ❖ Delivering same level of quality services.
- ❖ Cost effective health services.
- ❖ Facility definition and certification.

Healthcare System with Focus on PPPs for Sustainable Development

The discussion of a Public Private Partnership also had an impact on health policy debates in developed as well as in developing countries such as India. The specific term used here is “contracting out” meaning the outsourcing of activities former done by the public sector to the private sector. The private sector is not under the direct control of the government and it can function according to a different set of objectives and norms. Private providers can choose which services to provide, determine their own levels of quality, mix of inputs and costs. Two lines of argumentation why contracting out improves health care systems are used (WHO 1998):

- ❖ **Economic:** the replacement of direct, hierarchical management structure by contractual relationships

between purchasers and providers will increase transparency of prices, quantity and quality as well as competition which will lead to a gain in efficiency.

- ❖ **Political:** In the context of welfare systems reform worldwide, decentralization of services from the national to the local level is frequently suggested in conjunction with an improved participation of the population in determining and implementing the services. Contracting out could be an element in this overall strategy.

A good example of a partnership at the governance level is a public hospital in which the Ministry of Health agrees to give up all financial and staffing control to a local community board, but continues to fund operations at a

specified level. At a managerial level, a private international NGO may work as partners with the government to develop, fund and manage a disease control program using government personnel and equipment for the day to day operations. At an operational level, an international organization may agree to procure pharmaceuticals at reduced prices on behalf of a small rural area. From these examples, we can see that the level of commitment does not necessarily relate to the scope or level of the organization at which the partnership is formed. Rather it is a measure of the sharing of resources including funds, people, and information.

Conceptual framework of a PPP in the health sector for rural development

Examples	Partners	Role/ Type of co-operation	Impact
Primary healthcare provision in rural area	NGOs/ community participation	Involvement of community in management/administration	Increasing coverage and qualities in poor rural areas lacking services
Hospital management	State, charity foundations and autonomous services	Cofinancing, management and administration	Increase efficiency in services of rural healthcare system
Community activities	State and community	Self-management and exchange of services Voluntary work	Setup of medical care plan for rural areas

The GOI’s Report for the NHRM, states that the private sector provides 58% of the hospitals, 29% of the beds in the hospitals and 81% of the doctors. Nearly 78% of the rural and 81% of the urban population is provided medical treatment by private players. Also according to the NSSO’s Report, use of public healthcare is lowest in the rural areas of Bihar and Uttar Pradesh.

Conclusion

Public-private partnerships (PPP) are playing a critical role in improving the performance of health systems in rural areas, by bringing together the best characteristics of the public and private sectors to improve efficiency, quality, innovation, and health impact of both private and public systems. PPP increases competition for the government through enabling of other actors to participate in the financing, provision and determining management of health services. This has a positive effect on efficiency, equity and quality of health care provision. As public private partnership is a new development mantra, in which private sector may act as a junior partner especially in the identification of rural projects thus PPP framework can provide a sustainable and mutually advantageous collaborative arrangement to increase reach and improve the quality of healthcare delivered. Collaboration also has some challenges; these include the motives of the private sector, scope and objectives of partnership, policy and legal frameworks, benefits of such partnerships, technical and managerial capacity of governments and private agencies to manage and monitor such partnerships, incentives for the private sector, stakeholder’s perspectives towards partnership, and explicit benefits to the poor through such partnerships. Along with this there is a need to develop the accountability and transparency, the legal and regulatory framework, and the mutual trust that is necessary for partnerships to succeed.

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