



Contracting private hospitals: Experiences from Southeast and East Asia



Chantal Herberholz*, Siripen Supakankunti

Centre for Health Economics, Faculty of Economics, Chulalongkorn University, Phayathai Road, Bangkok 10330, Thailand

ARTICLE INFO

Article history:

Received 27 March 2014

Received in revised form 5 November 2014

Accepted 16 December 2014

Keywords:

Institutional contracting

Hospitals

Private sector

ABSTRACT

In resource-scarce settings governments have increasingly looked at ways of engaging the private sector in achieving national health system goals. This study is a comparative analysis of institutional contracting for hospital services in three southeast and east Asian countries, namely Thailand, the Philippines and South Korea. In addition, the case of Singapore, where public hospitals are corporatized, is reviewed. Primary data were collected through in-depth-interviews and analysed under a triangulation approach. Institutional contracting is only used in three out of four countries. In these three countries, institutional contracting inter alia aims at increasing access to hospital services, although the scale of private hospital participation depends on contextual factors. Neither strategic provider selection mechanisms nor a preferred provider system is part of the institutional contracting models reviewed. In Thailand and the Philippines, performance-based rewards or sanctions have played a limited role so far and there is relatively little dialogue between contract parties, indicating that the contracting tool has not been used to the fullest extent possible and suggesting that capacity development especially regarding contract and relationship management is needed. Although there is virtually no information available about the cost of contracting, the findings of this study suggest that the potential of institutional contracting arrangements should be explored further to improve health system outcomes and thereby support countries in their quest for universal health coverage.

© 2014 Elsevier Ireland Ltd. All rights reserved.

1. Introduction

Since the 2005 World Health Assembly resolution 58.33 for Sustainable Health Financing, Universal Coverage and Social Health Insurance, many countries around the world have shown significant progress in ensuring that people have access to needed health services without experiencing financial catastrophe.

Resource constraints within health sectors in southeast and east Asian countries, like in many other countries, are amplified by the demographic and epidemiological

transition, which increasingly results in inter alia greater demand for hospital services. Governments will not be able to provide these services unless they consider alternative approaches such as for example engaging the private sector.

A sizeable number of studies deal with the role of the private sector in national health systems. While some focus on the characteristics of the private health sector or a segment thereof, others look at specific tools that exist to engage the private sector such as contracting, franchising and social marketing ([3,57] among others).

A uniform typology of possible forms of private sector engagement in the delivery of health services does not exist, but three distinct (although not mutually exclusive) broad areas based on the work by [52,7,12,30], namely

* Corresponding author. Tel.: +66 2 218 6180x4; fax: +66 2 218 6212.
E-mail address: chantal.h@chula.ac.th (C. Herberholz).

Public Health and Social Programmes	Services	Health Facilities
<ul style="list-style-type: none"> • Product development (e.g. drugs and vaccines to control infectious diseases) • Availability of and geographic access to health commodities and related services (e.g. drugs and vaccines) • Health promotion and health-related behaviour change 	<ul style="list-style-type: none"> • Contracting of services <ul style="list-style-type: none"> • Non-clinical services (e.g. hospital billing and laundry) • Clinical support services (e.g. testing and diagnostic services) • Clinical services (general and disease-specific services) 	<ul style="list-style-type: none"> • Operation & Management of facility (e.g. private partner operates and manages a public hospital) • Financing of facility (e.g. Private Finance Initiative) • Combined facility (e.g. private partner takes over an existing public hospital and its service delivery) • Co-location facility (e.g. a private partner co-locates within a public facility to provide services)

Fig. 1. Typology of forms of private sector engagement to achieve health system goals.

Source: Taylor & Blair [52], De Pinho Campos, et al. [7], Harding & Montagu [12] and Mills & Broomberg [30]

(i) Public Health and Social Programmes (i.e. programme-centred approaches focusing on the implementation of public health and social programmes), (ii) Services (i.e. service-centred approaches focusing on the delivery of general and specific services) and (iii) Health Facilities (i.e. facility-centred approaches focusing on the organization and management of health facilities and the services these provide), can be identified as indicated in Fig. 1.

Contracting of services¹ is one approach that can be employed to engage the private sector as shown in Fig. 1 and in the case of hospital services it comprises two major types [54]:

1. Institutional contracting, i.e. contracting among public payer/purchaser and providers (i.e. private for-profit and not-for-profit hospitals in this study) for clinical and clinical support services (ranging from comprehensive package of services to selected disease/condition-specific services)
2. Specific organizational contracting, i.e. contracting among public hospitals and private entities (e.g. private laboratories and private hospitals) for clinical and clinical support services (disease/condition-specific services) and non-clinical services

While a private sector exists in all countries, the role of private hospitals in addressing key challenges in the healthcare sector differs across countries. Fig. 2 shows the extent of government involvement in healthcare sectors, focusing on its share in health expenditures and the provision of hospital beds. In most of the selected southeast and east Asian countries, the government is the dominant provider of hospital services albeit not necessarily the major contributor to health expenditures.

With varying degrees of government involvement in health sectors across countries, contracting models

employed are likely to differ. To date no comparative study to document and analyse contracting models for hospital services among public and private partners and the contextual factors that affect these exists. Comparative studies on contracting health services generally focus on primary healthcare services, public health services and nutrition services in developing countries ([11,27,24,29] among others), although several studies look at specific country experiences with contracting ([1,2] among others).

This study therefore aims at examining institutional contracting models for hospital services across three south-east and east Asian countries, i.e. Thailand, the Republic of Korea and the Republic of the Philippines², via a review of databases, academic and grey literature and in-depth interviews (IDIs). In addition, Singapore, where public hospitals are corporatized, is included to underline the importance of contextual factors. Contracting arrangements are mainly compared in terms of key contract design and process features, while the perceived impact of these contracting models in achieving stated goals is elicited in terms of access, equity, quality, efficiency and sustainability.

The policy implications of this study are relevant for decision-makers in countries where governments are interested in contracting with private hospitals.

2. Method

Primary data for the four countries were collected through IDIs with key experts. A total of 15 respondents from academia, private hospitals, department of health, purchasing organizations and a consulting firm were selected purposively and invited to participate. IDIs were conducted by the researchers in March and April 2013 as well as July and September 2014 in person (Thailand (5), Singapore (3) and Republic of Korea (3)), on the phone (Republic of the Philippines (2)) and by email (Republic of

¹ Harding and Preker [13] state that contracting entails an ongoing exchange relationship and define contracting as “a purchasing mechanism used to acquire a specified service, of a defined quantity and quality, at an agreed-on price, from a specific provider for a specified period”.

² One country was purposively chosen from the quadrants in Fig. 2 to reflect the different environments in which public and private sectors interact.

Download English Version:

<https://daneshyari.com/en/article/6239465>

Download Persian Version:

<https://daneshyari.com/article/6239465>

[Daneshyari.com](https://daneshyari.com)