

# Privatization of Health Care Provision: Primary Health Care in Central Europe

## What Have We Learned?

*April Harding*

*World Bank*

*10 Years of Health Systems Transition Conference*

*July 30<sup>th</sup>, Washington DC*

# Who's doing it?

Just about everyone

*Croatia, Slovenia, Romania, Estonia, Latvia,  
Hungary, Poland, Macedonia,  
Czech Republic, Slovakia*

# Why are these countries trying these reforms?

- Selection of social insurance or “Bismarckian” system
- Desire to create market pressures (reduce government role) in service provision
- Doctors wishing to increase income
- Expanding role of PHC requires linking pay to performance

# A radical reform?

- No—primary care is typically privately provided in OECD health systems
- No---Primary care is more buyable
  - competition (many providers)
  - measurability (contracting easier)
  - observability (patient choice)

# A radical reform?

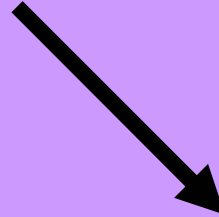
- Yes—few examples of conversion
  - (documented; evaluated)
- OECD examples
  - Sweden (counties)
  - Finland (counties)
  - US (“public” health clinics)

# Typical reform “model”

- Top-down: private status required to be reimbursed
- “Operational” privatization
- Virtually all “privatized” doctors are contracted

**Ministry of Health  
Regulatory Bodies**

**REGULATION**

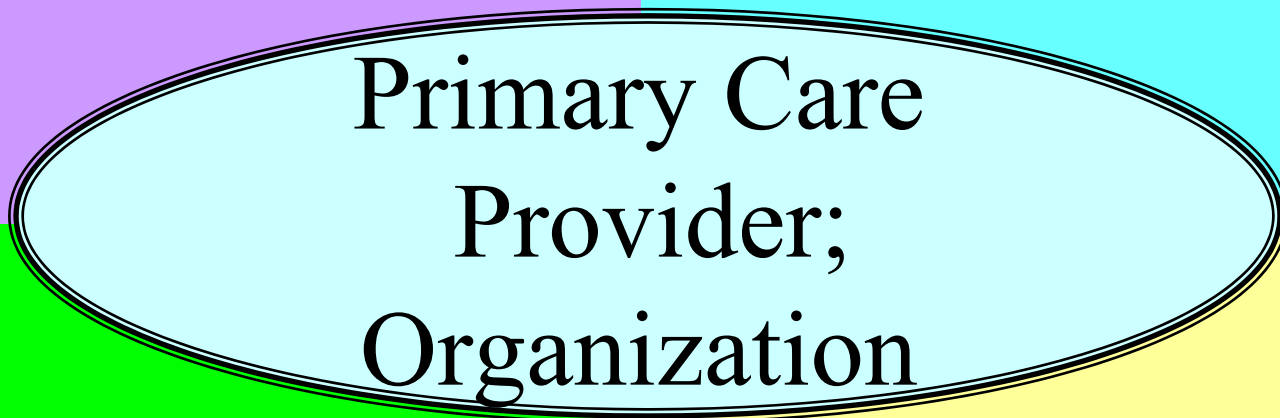


**Typical  
Accountability  
Regime**

**Medical Associations  
Medical Schools**



**SELF-REGULATION;  
EDUCATION**



**Primary Care  
Provider;  
Organization**

**POLICY-DRIVEN  
PURCHASING**



**Social or Private Insurers  
Representative Bodies**

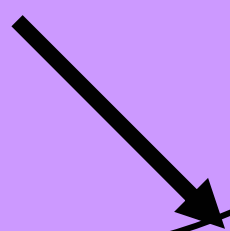
**MARKET-DRIVEN  
PURCHASING**



**Patients (OOBs);  
Private Insurers;**

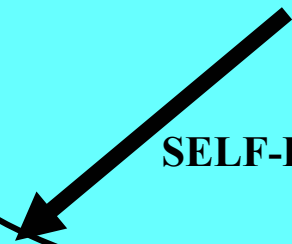
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# Accountability Instruments

**Purchaser**

- **Selection of providers**
- **Audit**
- **Performance**

**Regulator**

- **Licensing**
- **Certificati on**
- **Accreditati**

**Medical Assns/  
Schools**

- **Certifica tion**
- **Accredit ation**

**Private Payers**

- **Buying power**
- **Patient complaint**

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**Accountability  
Regime for PHC in  
Central Europe**

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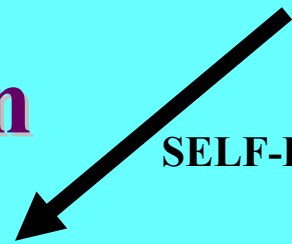
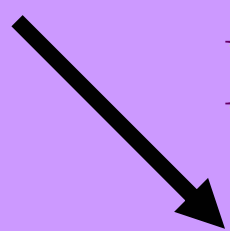
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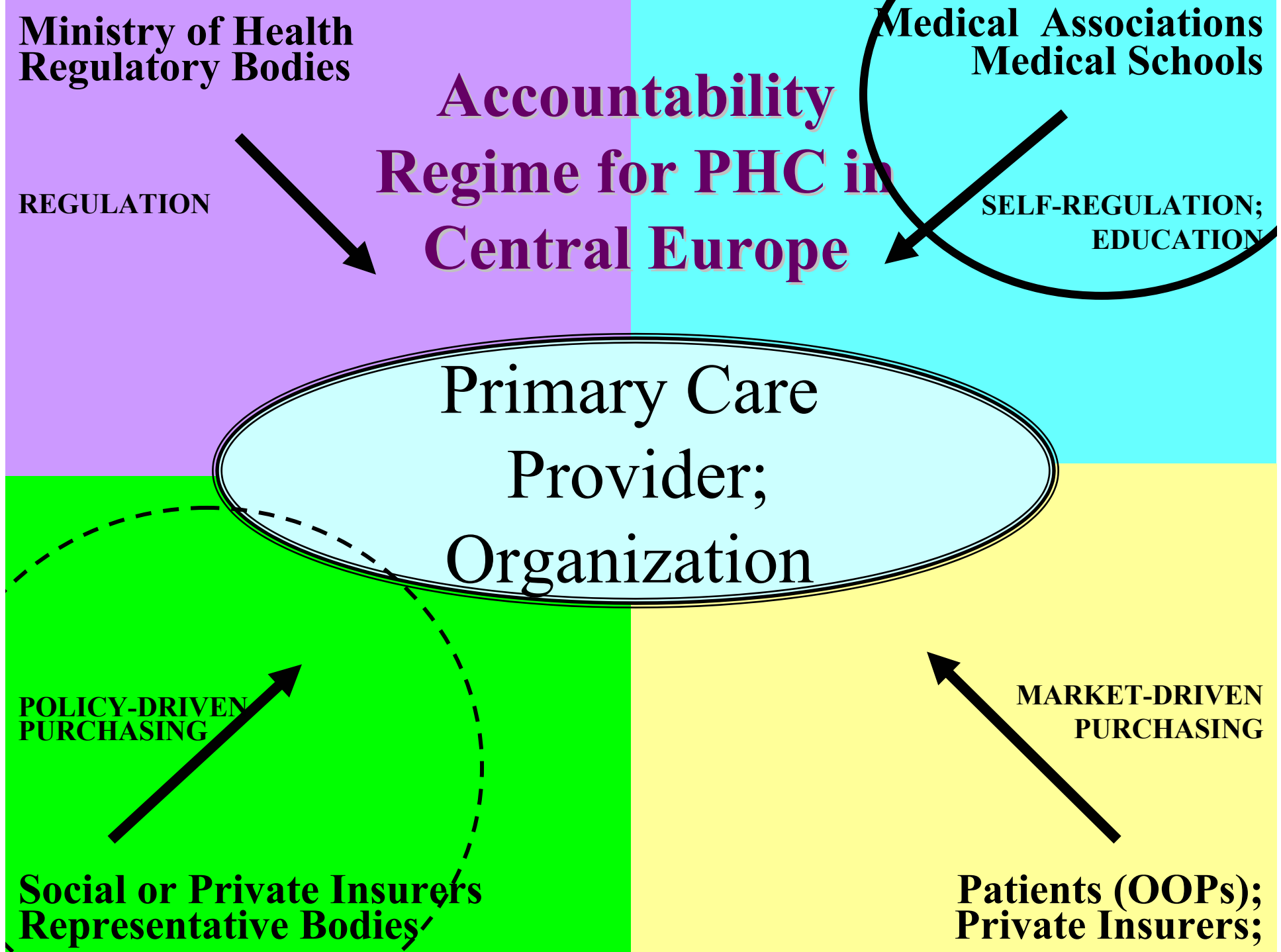
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**Patients (OOBs);  
Private Insurers;**



**Policlinic  
Managers/  
Local Gov't.**

**WORKING  
ENVIRONMENT;  
INPUTS ACCESS**

**Other External  
Pressures**

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**Primary Care  
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# Results

Reforms are relatively successful

# Emerging Issues

- Organization/Fragmentation of care
- Problems with sector development (barriers to entry, access to inputs)
- Reimbursement process not stabilized (bi-lateral monopoly; unknown costs; capital?)
- Co-pays/OOPs and cost escalation
- Weak regulation
- Physicians spend much time on non-patient activity

# Self-Regulation

Potential Advantages	Potential Disadvantages
<ul style="list-style-type: none"><li>• High commitment to ownership of rules</li><li>• Well-informed rule-making</li><li>• Low cost</li><li>• Close fit of standards with what is seen as “reasonable”</li><li>• Easy adjustment</li><li>• Easier enforcement</li></ul>	<ul style="list-style-type: none"><li>• Self-serving</li><li>• Monopolistic behavior</li><li>• Omission of “public interest” in rule making</li><li>• Enforcement bias toward providers</li><li>• Public distrust</li></ul>

# What have we learned about privatization?

- It can work for some health services in transition countries
- Need to look at overall accountability regime (how are pieces working together?)
  - Provider-Purchaser interaction—hard to get “right”
  - Self-regulation is not enough
- Transferability to acute care & hospitals?