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Recommendation for the Use of PPP in universal health care delivery in support of the United Nations Sustainable Development Goals

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Table of Contents

1. Introduction	3
2. Defining Universal Health Care	5
3. The main outcomes needed for Universal Health Care	6
a. Public-private cooperation that strengthens health systems	6
b. Health supplies and qualified workforce	7
c. Health choices by individuals	7
d. Insurance and financing for a universal healthcare delivery system	7
4. The role of PPPs for the outcomes of Universal Health Care	8
a. Integrated People-First PPP health delivery models	9
b. Optimisation of health resources and capacity building programmes	10
c. Focus on innovative patient-oriented solutions	10
d. Evaluation of shared public-private insurance/payer functions	11
5. Safeguards and Regulations	12
6. Conclusion	13

1. Introduction

Access to health care is a primary responsibility by government's worldwide. Nevertheless, due to the complexity of health systems around the world, health is a sector which requires private sector participation in health care delivery. The private sector especially contributes in the delivery of assets, technology, services, capital, among other health resources for healthcare infrastructure development and operations.

However, there is still a long way to go to enhance sustainable health systems. According to latest statistics, only 9.8% of world's GDP corresponds to healthcare expenditure.¹ In addition, at least half of the world's population with a total of 7.3 billion still lacks full coverage of essential health services.²

The United Nations Sustainable Development Goals (SDGs) have 17 Goals and 169 targets and were adopted by the UN General Assembly in New York in September 2015. In concrete, *The UN Sustainable Goal 3 (SDG3) aims to "Ensure healthy lives and promote wellbeing for all at all ages"*. Universal health care plays a central goal towards the achievement of SDG3, and other development goals set in the UN Development Agenda 2030.

The UN SDGs and the achievement of universal health care will require innovative financing on a considerable scale and strategies to make an optimum use of resources and to protect patients in unsustainable health systems. Private financing alone cannot close the financing gap. Nor will arguably the deficit be overcome by the public sector alone.

Therefore, new solutions and partnerships are required to get away from this unsustainable path. On the one hand, there is still a considerable gap in access to essential health services and on the other hand, insufficient investment has been directed to the health sector across the globe.

Public-Private Partnerships (PPPs) in the health sector have been developed for quite some time in healthcare infrastructure development, particularly in developed and emerging countries. PPPs in health care commonly consist of partnership agreements between public and private entities, where a public department of health engages a private healthcare provider to take a degree of responsibility for care delivery, with the aim to achieve health policy objectives. These could be either simple interventions in the provision of health services to more comprehensive and complex approaches like hospital operations.

¹ World Bank 2014, <https://data.worldbank.org/indicator/SH.XPD.TOTL.ZS>

² World Health Organisation (WHO) 2017, <http://apps.who.int/gho/cabinet/uhc.jsp>

Therefore, partnership models follow an incremental approach depending on the products and services delivered, risks acquired and capital spent by the private sector. These models can encompass, among others the construction, maintenance and/or expansion of healthcare facilities and services. For these some of private sector's deliverables include medical assets, financing, training, consulting among other solutions for improved performance in clinical services. There are different models so far developed, but in summary these have been characterised by:³

- i. A private operator, operates and delivers public funded health services: *Operating contract performance-based contract)/concession lease*
- ii. A public agency contracts a private operator to design, build, finance, and operate a hospital facility. Health services within the facility are mostly provided by the government: *Design, Build, Finance, Operate (DBFO) Build Own Operate Transfer (BOOT), UK's Private Finance Initiative (PFI)*
- iii. A private operator builds or leases a facility and provides free or subsidized health services to a define population: *Clinical Services Joint Venture*

To date, PPPs in the health sector have experienced both pros and cons. On the positive side of the balance PPPs have been characterised by:

- On time and to budget construction of hospitals;
- Incentivize flexible and customized models in different health systems based on performance metrics (*e.g. Managed Equipment Service*)⁴;
- Good governance;
- Delivering best value for money for improving population health;
- Providing high degree of transparency and public accountability;
- They learn lessons effectively from project to project;
- They engage effectively with the population they serve;
- adapt well to technology changes, healthcare delivery plans and demands; and
- comply with sustainable standards

On the other hand, PPPs in the health care sector have been hampered by the following:

³ World Bank Group Public-Private Partnerships in Health

⁴ Managed Equipment Service is a partnership model between healthcare providers (either public or private) and technology providers. At minimum, it guarantees the sustainable availability of advanced healthcare technology and equipment. It also provides additional services including financing, consulting and other-related services through a fixed fee under a long-term partnership contract. It also brings analytical and procedural evaluations that can drive operational efficiencies and improve health outcomes. This model allows a healthcare facility to shift capital expenditure to operational expenditure (Source: European Coordination Committee of the Radiological, Electro medical and Healthcare IT Industry, 2016).

- Long term contracts which set what the health needs are but which are not flexible enough to take account the rapid pace of change in health care treatments in drugs and equipment, and changing medical demographics. In such cases there is the risk that hospitals are built and equipped, but not fully used;
- Poor governance and value for money, a lack of transparency and a rigid, inflexible approach;
- High transaction costs due to poor planning and inadequate risk management and allocation;
- Focus on costs but without addressing quality and access of health services to patients;
- Lack of competition preventing governments to get the best possible healthcare solution

By analysing both pros and cons, the public sector consequently requires innovative sustainable and inclusive partnership models to close the gap of health care access and to address lack of investment in the sector. Further to this, get the most of private sector support to increasingly deliver high quality of care, reduce costs and improve patient outcomes in a sustainable way.

Central question

UNECE recognizes the potential of PPPs to support universal health care, especially by addressing an optimum use of resources, as well as financing and sustaining universal health systems. But how should these PPP models look like and how can they achieve universal health care at the heart of SDG 3?

Objective

This UNECE draft recommendation encourages Member States to prioritize universal health care as part of its health and developing plans, and design PPP projects that are “People-First”, by putting people at the core, demonstrate a significant impact on health coverage with better health outcomes for all, while sustaining universal systems.

2. Defining Universal Health Care

The key to the accomplishment of SDG targets directly or indirectly linked to health is “universal health care”. Universal health care means ensuring the well-being and health of all people worldwide. The World Health Organization (WHO) refers to it as “Universal Health Coverage (UHC)” with the aim *to develop health systems where all people have access to services and do not suffer financial hardship*. UHC enables everyone to access the services that address the most important causes of disease and death, and ensures that the quality of those services is good enough to improve the health of the people who receive them.⁵

⁵ World Health Organization

3. The main outcomes needed for Universal Health Care

Universal health care is a central aspect for achieving SDG3. Along these lines, UNECE recognizes the following four main outcomes:

a. Public-private cooperation that strengthens health systems

A central aspect of PPP cooperation in the healthcare sector should be oriented to achieve universal health coverage. However, lack of capacity to develop this is a significant challenge, especially in low-income countries. For PPPs to be successful in addressing universal health care, significant efforts should be developed by both public and private health institutions. In this regard, both own responsibilities to implement PPPs, that contribute to strengthen health systems.

The public sector has first to contemplate *inter alia*:

- *Universal health care strategy*: A health strategy based on universal coverage and that health care is set as a priority on its development and budgetary plans.
- *Enabling environment*: Establish the enabling environment so that partnering with the private sector adds value to its healthcare system. This means establishing the regulatory and legal framework, a stable political and macro-economic environment, strong institutions and governance systems for advocacy and transparency.
- *Sector reforms*: In a resource-constrained region, it is crucial that governments choose reforms which achieve universal coverage at an affordable and efficient overall cost to the economy.⁶
- *Value for money and bankability*: The public sector should also design bankable projects and programmes, where private support demonstrates lower costs and high quality value for universal health coverage.

The private sector in contrast should support universal health care on *inter alia*:

- *Innovation*: Access to technology innovation, and monitoring tools for patient performance.
- *Capacity building*: Educational programmes for capacity building of health workforce.
- *Financing*: Financing solutions that support public budgetary surety for health coverage.
- *Quality of patient care*: Deliver value for money contributing to health objectives requested by the public sector.
- *Governance and compliance*: Comply to regulations, standards and codes of conduct and be accountable and transparent.

⁶ African Development Bank

b. Health supplies and qualified workforce

Building hospitals and clinics and investing in equipment and medical assets will not achieve their goals if there are no qualified personnel to run these. Overcoming the chronic deficit of health care professionals (doctors, nurses, technical staff etc.) is a challenging reality among developing countries and transition economies. In the latter, there is a concern that qualified health professionals in developing or least-developed countries are leaving to developed regions in search of better remunerated jobs, leaving their own health services seriously under-staffed.

Procurement of healthcare infrastructure assets has been focused on low-cost solutions. However, cost optimisation should be promoted, but also focusing on a sustainable use of health technologies, instruments, among other assets.

c. Health choices by individuals

Patients should be more aware about their own life styles and its impact on their own health and to know about nutrition and how to eat properly, take regular exercise, and preventative measures for chronic, vector-borne diseases, maternal health, child care, HIV, among others.

In addition, there should be a connection between patient diagnosis, treatment and informative efforts for preventative care.

By informing patients on their risks and responsibilities to take care of their health, incidence of diseases can be decreased considerably and consequently demands in healthcare facilities can be better managed.

d. Insurance and financing for a universal healthcare delivery system

In many countries healthcare delivery systems tend to be weak with public and private systems operating side by side and sometimes without cooperation and coherence. This leads to lack of quality and access to services, essential drugs, medical equipment, and other supplies across primary, secondary and tertiary health sectors.

Achieving universal coverage is basically about financing at different levels, community, individual, household, etc., so that people feel free from becoming ill.

Excessive out of pocket-health spending especially in poor countries with less income is unsustainable. Currently around 100 million people are pushed into poverty because of direct health payments.⁷ Healthcare spending should target both income and demographic challenges, supporting programmes that help overcome financial risks for the population, mostly those located in vulnerable regions.

⁷ WHO 2018, <http://www.who.int/healthsystems/en/>

Accordingly, insurance schemes and funding mechanisms for coverage of health services are very important particularly in low-income countries, so that patients are able to access and afford diagnostic services and medication.

4. The role of PPPs for the outcomes of Universal Health Care

The mobilisation of public funding, both through taxation and social health insurance contributions on a compulsory basis may make an exclusive public financing to make universal health care possible. But in most mature economies the appetite for increased taxation is rather low while global economic growth is sluggish and unlikely to support the increases in public expenditures in health that will be necessary.

Moreover, in developing countries and transition economies which will not be able to rely on public sources, it is doubtful that governments and bilateral aid will cover the shortfall – even until the economies are strong enough to support greater domestic resource mobilisation.

Thus, given the scale of the amount required, there is a growing consensus that the universal health care goal will probably be achieved by combining capabilities and resources from both public and private sectors.

The Design, Build Maintenance models are typically used in mature PPP markets, where most positive experiences have been achieved. There is a considerable growth of other emerging to developing markets trying to use these models for health projects.

However, the political environment, legislations, financing, and risk capabilities are quite different in these markets, leading to problems in managing complex PPP models.

Therefore, the challenge will be to use positive experiences of PPPs in health care, based largely on the perceived innovation capability, flexibility and efficiency of the private sector and channel this into “pro poor and People-first PPPs” in health care that can transform societies and create ‘win - wins’ for both the public and private sectors and especially for patients located in unserved and vulnerable groups in the society.

This would mean developing PPPs that follow “a triple win” approach: governments get a project or service that is completed at lower cost and high quality; the private sector makes a reasonable return on investment of time, expertise and resources; and the people gets access to quality care that they or the government would not have been able to afford through taxation or debt alone.⁸

PPPs cannot overcome entirely the issue of delivering universal health care, but rather offer solutions to address some of the main government concerns for its achievement.

⁸ KPMG What works, The triple win. Rethinking public-private partnerships for universal healthcare

While governments need to follow basic requirements for an enabling PPP environment, including consistent PPP legislations with health regulations, institutional PPP capacity, government and commercial financing capabilities and strong governance structures, these should prioritize universal health care as a core objective of PPP programmes and projects.

Governments own the responsibility to build the right regulatory framework, for example through developing *Universal Healthcare Schemes*, so that resources are spent wisely to cover costs for quality care to patients.

Thus, innovative models are required shifting from classical models to developing outcome-based partnerships that get the most of private support to address government's objectives in universal health coverage.

a. Integrated People-First PPP health delivery models

To make progress on SDG 3, the public sector should engage the private sector in areas where it can deliver most value for universal health care.

Along these lines, People-First PPP models in health should be designed in a way, that can improve **access** massively, make better use of existing resources and improve **efficiency**, and promote **equity** for a more just health care system.

At the same time, there will be a need for models that are **replicable and transformational**, while emphasis and focus will be put on developing the **required capacity** for delivering a universal health system. The projects and models need to be developed further and adapted where possible to the socio-economic circumstances of hosting countries. They can also build on the pioneering models in PPPs that are already achieving considerable success in SDG compliance.

In low-income countries, evidence shows that performance-based contracts under short-term project agreements represent fewer risks, and are more easily financed by multilateral and development banks. This is a way to increasingly build regulatory capacity and focus at the same time in tracking operations for improving the maturity of these markets to design PPPs for universal health care. Piloting PPP projects could drive further private participation and commitment to replicate innovative approaches in more regions, for the delivery of health benefits to underserved population.

The focal point of integrating innovative PPP models is overall performance in core areas of universal health delivery: infrastructure, technology, inclusive financing, health inputs, and service management.

b. Optimisation of health resources and capacity building programmes

Sustainable criteria should be included in the design and partner selection process of PPPs to monitor efficiency gains throughout the programme or project. For instance, cost optimization, energy efficiency and circularity of hospital assets to improve efficiency of resources, so that budgets are managed in an effective way over the long run.

In addition, a private partner must follow codes of conduct and standards for ethical consumption, to achieve compliance in a sustainable way, by meeting social and health safety criteria.

Monitoring outcomes is at the heart of universal health coverage. Therefore, efforts should be done by governments to promote data transparency, and increasingly improve performance metrics of the health system.

Furthermore, the public sector while developing its health strategy should invest public funding into programmes and projects that support resilience. Along these lines, the most important resource for universal health coverage is human capital. For this reason, investments should integrate long-term development of health professionals.⁹

The private sector can contribute on educating healthcare workforce for retention and replicability of knowledge among professionals. For example, if a government acquires medical technology and clinical services, or makes use of health facilities, it is crucial to integrate comprehensive training programmes for health staff as part of the PPP business model.

For developing and least-developed countries, partnerships for capacity building can be developed through the previously mentioned integrated delivery models, or through PPPs that are especially focussed on training programmes to enhance well-educated health professionals.

c. Focus on innovative patient-oriented solutions

An evolution of PPP models is required when developing universal health coverage. Moving from a traditional infrastructure model, to partnerships that address concrete issues in health access, affordability and information to patients. In low-income countries, this is a central aspect, as a lot population is unserved, due to lack of financial resources for access to primary and secondary clinical services.

Some PPPs have been conceived to improve patient outcomes. Value-based healthcare and population health have been introduced in developed countries as transformational approaches to improve quality and expansion of patient care. Rather than shifting risk for a set of services (e.g. primary or secondary care) in the health system, these integrated PPPs give a private partner responsibility for all health

⁹ World Bank, <http://www.worldbank.org/en/topic/universalhealthcoverage>

needs in a regional or community area, where rewards and success are not based on activities or outputs but rather on health outcomes.

For low-income countries, holistic innovative and integrated management solutions, focusing on patient outcomes could be more promoted, defining quality parameters for patient care in output specifications, during tender processes.

This encompassing access to medical technology, medicines, but also awareness raising and knowledge for prevention and treatment in concrete disease patterns. In some African countries, e-health solutions have played an increasing role for patient information on HIV prevention and treatment, and for doctors to have a better record of patients.

In such a way, partnerships do not only contemplate traditional healthcare suppliers, but also enhance competition from other partners (e.g. IT, financial, etc.), to offer targeted solutions that address specific issues for universal health care, including telemedicine and other affordable e-health solutions.

d. Evaluation of shared public-private insurance/payer functions

The realisation of universal health care typically involves the combination of different types of health systems, including public delivery, social insurance and private schemes. Financing mechanisms for them also include general taxes, payroll taxes and insurance contributions, which differ depending on local social, economic and political contexts.

Health systems are complex where sometimes demands exceed coverage capabilities for the system. Regulations and market conditions influence on health systems and they differ from country to country. Even if instruments and measures can be replicated in countries with similar levels of development, adaptation is necessary so that systems do not become fragmented.

PPPs can be a tool for health financing and insurance, but it needs to follow a thorough assessment by the public sector, to ensure that private financing is sustainable. Governments before considering private support should evaluate: ¹⁰

- *Market dynamics*: Define the population to be covered and estimate the number of households; Define benefits' package for the insured; and estimate expected long-term costs due to demographic changes
- *Funding scheme*: Determine how insurance will be funded and taking steps to implement it (e.g. tax based and/or employer based), including an analysis of how healthcare funding will be raised for poor and unserved population

¹⁰ African Development Bank: Public Private Partnerships for Universal Health Coverage

- *Public investment:* The amount of public budget allocated to health care
- *Scope of coverage:* Either primary and secondary care or other service benefits
- *Patient contributions:* The level of co-payments made by patients
- *Local and external financing options:* The degree of financing alternatives, either through commercial banking or other international public sources (e.g. multilateral and development banks). In some countries pool financing is an option to share financial risks by financing members.¹¹

By considering these aspects the extent of private insurance to complement or supplement public insurance should be analysed. It is important to evaluate if market and fiscal regulations are ready for such an attempt, and that they make a positive impact on the health system.

In emerging markets like India and China private insurance companies have supported public insurance schemes. But as previously indicated the feasibility of private participation in insurance schemes should be carefully evaluated depending on regulatory and fiscal conditions.

5. Safeguards and Regulations

While private sector investment in health through PPPs provides a number of benefits, there are also some important risks that can arise and which need to be addressed. In all types of partnerships there is scope for abuse through corruption, the neglect of a commitment to citizens especially the poor and in deterioration of the quality of care. In advance of the SDGs, there must be zero tolerance to any such practice.

PPPs moreover do not eliminate the need for government to regulate; on the contrary, they require an enhanced regulatory framework through which regulations can be enforced. Health is a human right and the private sector needs to work within the regulatory parameters set by the government.

The goals of regulation in Health PPPs are to:

- (i) Protect the individual

In terms of the protection of the individual, regulations should be in place to control who is able to provide services under PPPs (doctors, nurses, hospitals) and the quality of services that are used by consumers (e.g. pharmaceuticals). Regulations provide baselines of quality that all providers must adhere to and how the public protects itself against unlicensed and or unscrupulous practices.

¹¹ World Bank: Business Unusual, Accelerating Progress Towards Universal Health Coverage

(ii) Control costs

Governments need also to place caps on the fees private sector providers charge. These are sometime controversial because of the view that they create market distortions. However, they may also be appropriate if users of the health care system are relatively poorly informed about their health status and health care needs. As noted above there is a sense that while private organisations should be allowed to make some profit from the delivery of the health service, excessive profit is not appropriate and should legitimately be controlled through regulation. This is true of pharmaceutical costs where the potential for excess profits is high.

(iii) Ensure access to health care

In areas where the only provider is private, there is a social justification that the provider must see all patients regardless of their ability to pay. In addition, there must be a compete non-discriminatory approach to patients and no barrier to care established on the basis of ethnicity, gendered etc.

Beyond regulations there is a need for codes of conducts and behaviour on the ways the private sector undertakes PPPs in the health care sector. It is important that both parties take on these roles together. For example, there is the need to build and maintain government capacity to manage a PPP and to monitor and enforce the terms of the contract. This involves new roles and a direct commendation with the citizens groups, media, and the entire community.

6. Conclusion

“Health for all” is a challenging objective that requires efforts by governments to mobilise the right models and resources to achieve sustainable health outcomes. Governments require innovative partnerships, so that universal health care is met, without posing a threat to the particularities of their health systems. Universal health care or universal health coverage requires financing systems, qualified health workforce, essential medicines, technology and health products, as well as patient safety and high quality of care.

The private sector can help governments by providing solutions for these specific requirements, and deliver value in concrete areas of expertise in health delivery such as innovation, education, financing and technology.

Nevertheless, governments should evaluate carefully the extent of private sector support and foster PPPs that are “People-First”, so that solutions and services contribute to the objectives and expected outcomes of universal health care.

Most importantly, health PPPs should benefit patients, improving access and quality of care, without impoverishing households due to excessive out of pocket expenditures. To make progress on

universal health care governments should undertake strategies with support of the private sector to make wise investments with scarce resources. This could be done through outcome-based and patient-oriented integrated services, so that costs are managed more effectively. Training and deployment of health workers should be a central aspect of PPP delivery models, as human capital is the most important asset for the quality of care. Efficiency can be fostered through value-based models, to enhance patient performance. Patients should be one of the main focal points of PPPs, therefore awareness raising and educational strategies and solutions should be implemented for preventative and disease control measures.

However, governments should integrate the right regulatory measures, foster macro-economic stability and consider universal care as part of its sectoral and national plans, so that partnering with the private sector does not result in additional risks. Innovative financing from the private sector can be used by the public sector to make the necessary investments, and support insurance and coverage schemes, only after careful consideration and evaluation of fiscal implications.

Furthermore, programmes and projects should be designed in way that they make significant progress on universal health coverage and contribute to the financial protection of the society, especially for poor communities.

Resource optimization and achievement of sustainable criteria should be considered during the procurement and implementation phases of projects. In addition, the introduction of safeguards and regulations by governments can likewise support quality compliance by the private sector, thereby ensuring patient safety, enabling access to care and controlling costs.

Re-shaping health systems that make an impact towards the UN Sustainable Agenda 2030 is a continuous task. If managed well and in a sustainable manner, PPPs could harness system innovations, health care knowledge, financing models, among other transformational drivers, to make health systems more resilient, efficient and equitable.

But this requires stakeholder leadership and commitment at different levels of decision-making, where public and private institutions focus on the main outcomes needed for universal health coverage, and consequently drive a sustainable change for the future of health care.