Role of Private Sector in Health System Transformation towards UHC and Health Security: Lessons from Türkiye

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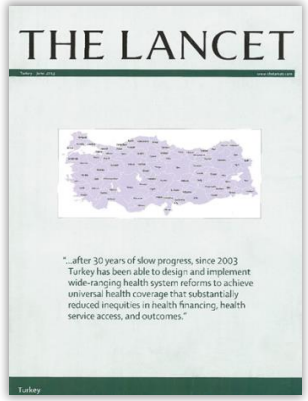
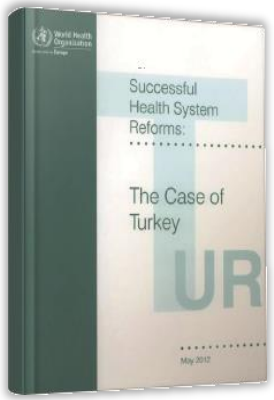
July 15, 2024 – Cairo

Reflections on Türkiye's Health Transformation Program (2003-2012)



"...after 30 years of slow progress, since 2003 Turkey has been able to design and implement wide-ranging health system reforms to achieve **universal health coverage that substantially reduced inequities** in health financing, health service access, and outcomes."

Universal health coverage in Turkey: enhancement of equity
Atun et al. (2013), The Lancet



"Turkey has done what few other countries have managed to do: to dramatically **improve health and health system outcomes in a very limited amount of time**."

Successful health system reforms: the case of Turkey
WHO Regional Office for Europe (2012)

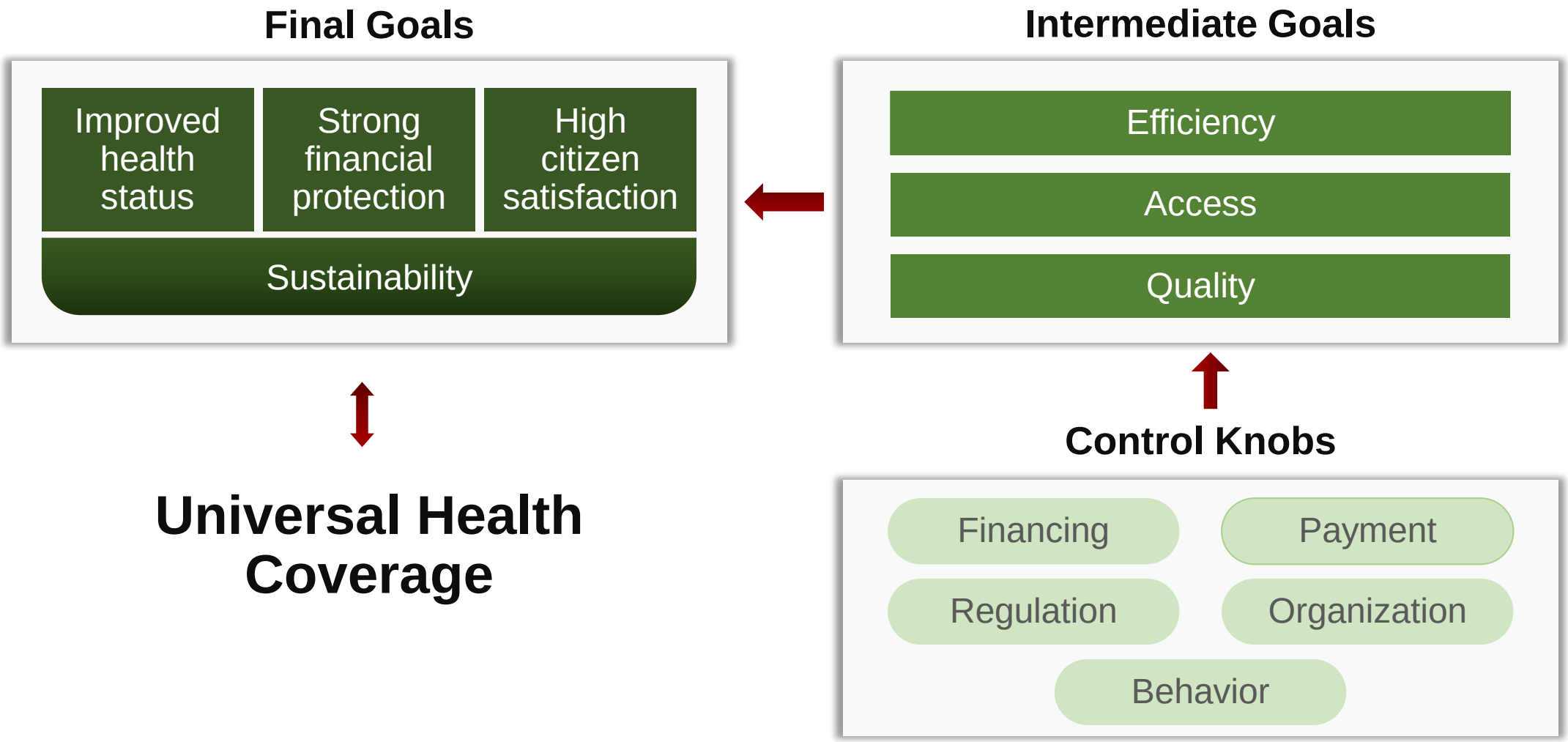
"In Turkey, significant prospective increases in doctors' pay, combined with new performance incentives, helped to ensure that many **individual doctors co-operated enthusiastically with the reforms**, despite vociferous opposition from the Turkish Medical Association."

Making reform happen lessons from OECD countries
OECD (2010)

"…a **political commitment to universal health coverage** together with a significant investment in health has seen Turkey's health indicators catch up and surpass other middle income countries"

Healthcare in Turkey: from laggard to leader
British Medical Journal (2011)

Health System Goals and Universal Health Coverage*



** Adapted from "Getting Health Reform Right, A Guide to Improving Performance and Equity" (2008) by Marc J. Roberts, William Hsiao, Peter Berman & Michael R. Reich*

Situation Before the Health Transformation Program (HTP)

Finance

- Five public health insurance groups with different schemes & benefit packages, insufficient coverage (65%)
- **Low private health insurance penetration**
- **19.8% out-of-pocket (OOP) expenditure**

Payment

- Line budget for public facilities
- Low salaries and lack of effective performance pay
- **Informal payments to physicians in private offices**
- **Payments by one of the public insurance groups to private healthcare providers for limited services**

Regulation

- **Dual practice allowed for physicians**
- **Insufficient regulation of private health sector**
- **Lack of legislation to ensure balanced distribution of healthcare personnel throughout the country**

Organization/Provision

- Heavy red tape
- Gaps between east-west & rural-urban areas

Public Sector

- Poor infrastructure and shortage of consumables
- Fragmented and insufficient services
- Centralized management with no focus on performance
- Inadequate medical records and appointment system
- PHC services based on catchment area
- Inefficient ambulance services – not provided in rural areas

Private Sector

- **Low volume of healthcare services provided by private hospitals**
- **Widespread private offices due to dual practice**
- **Irrational pricing & purchasing of drugs**

Dual Practice

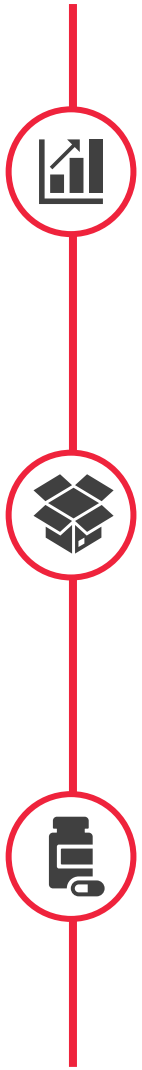
90% of physicians used to work simultaneously in public and private sector.

In the public sector, wages were low and there was no opportunity to earn more by demonstrating high performance.

There was insufficient infrastructure, shortages in the supply of consumables, and weaknesses in management in public hospitals.

It was almost impossible for citizens to access treatment for serious illnesses and major operations without paying at private offices. After payment, services were usually provided at public hospitals.

Issues about Pharmaceuticals



Ineffective Cost-Plus-Profit Scheme

The Ministry of Health used cost-plus-profit calculations to determine retail prices, often leading to irrational pricing.

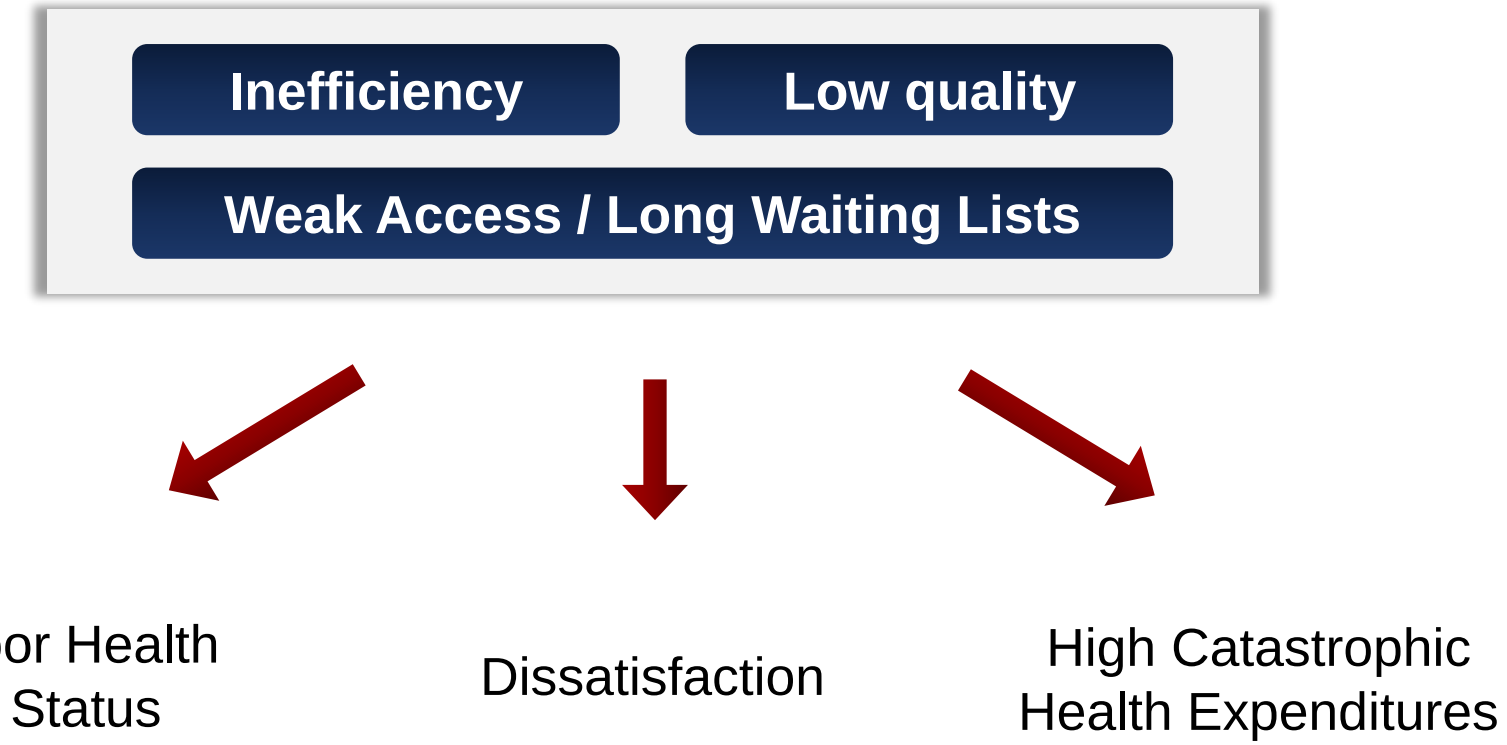
Limited Access to Medications

Blue-collar workers were restricted to in-house hospital pharmacies, which had poor conditions and insufficient stock.

Quality Issues

Sub-standard and counterfeit medications could enter the market, posing health risks.

A Poor-Performing Health System Before the Health Transformation Program



Major Changes via the Health Transformation Program

Finance

- National and effective social insurance
  - 99% coverage & generous benefit package for all
  - Single-payer and compulsory
  - Government-paid premiums for the poor
- **Lower out-of-pocket expenditure (15.8%)**

Payment

- Line budget + service-based global budget (public hospitals)
- Fixed salaries + effective performance pay (public staff)
- **Payments by Social Security Institution (SSI) to contracted private hospitals**
- **Affordable payments charged to patients by private hospitals**

Regulation

- **End of dual practice**
- **Effective regulation of private health sector**
- **Balanced distribution of healthcare personnel**

Organization/Provision

- No more red tape
- Gaps decreased between regions

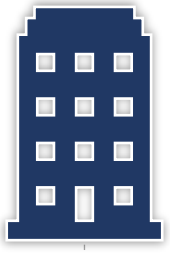
Public Sector

- Improved infrastructure & supply chain
- Strengthened public sector by unifying public hospitals
- Semi-autonomous & performance-based management
- Effective medical records and appointment system
- Family medicine system with right to choose physicians
- Advanced emergency transport

Private Sector

- **Widespread utilization of private hospitals under effective regulation**
- **Decreased number of private offices**
- **PPP applications for investment and services**
- **Rational and accessible drug policies**

Widespread Procurement of Services from Private Healthcare Providers



Social Security Institution (SSI) was established in 2005

- SSI significantly increased its engagement with the private sector, enabling citizens to receive care from contracted private hospitals and other healthcare facilities.
- For emergencies, intensive care and high-cost treatments, private hospitals were prohibited from charging additional fees beyond what SSI covered.
- For the remaining services, private healthcare facilities could charge additional fees to citizens ranging from 30% to 70% of the amount paid by SSI.

Ensuring Balanced Distribution of Healthcare Personnel

Quotas were established to regulate physician employment in the private sector. Through this initiative;

- the issue of physician shortage in Türkiye was addressed,
- provision of equitable healthcare access to all citizens was ensured,
- citizens were protected from facing high expenses, and
- need-based national healthcare planning was supported.

End of Dual Practice

Intervention

Option 1
Physicians can continue dual practice with fixed salaries (no performance pay)

Option 2
Physician can quit dual practice to get additional performance-based payments

90 %
of the physicians in dual practice before the transformation

Options for the first 5 years

Voluntary

5 %
of the physicians in dual practice after the initial intervention

Ban of dual practice

Mandatory

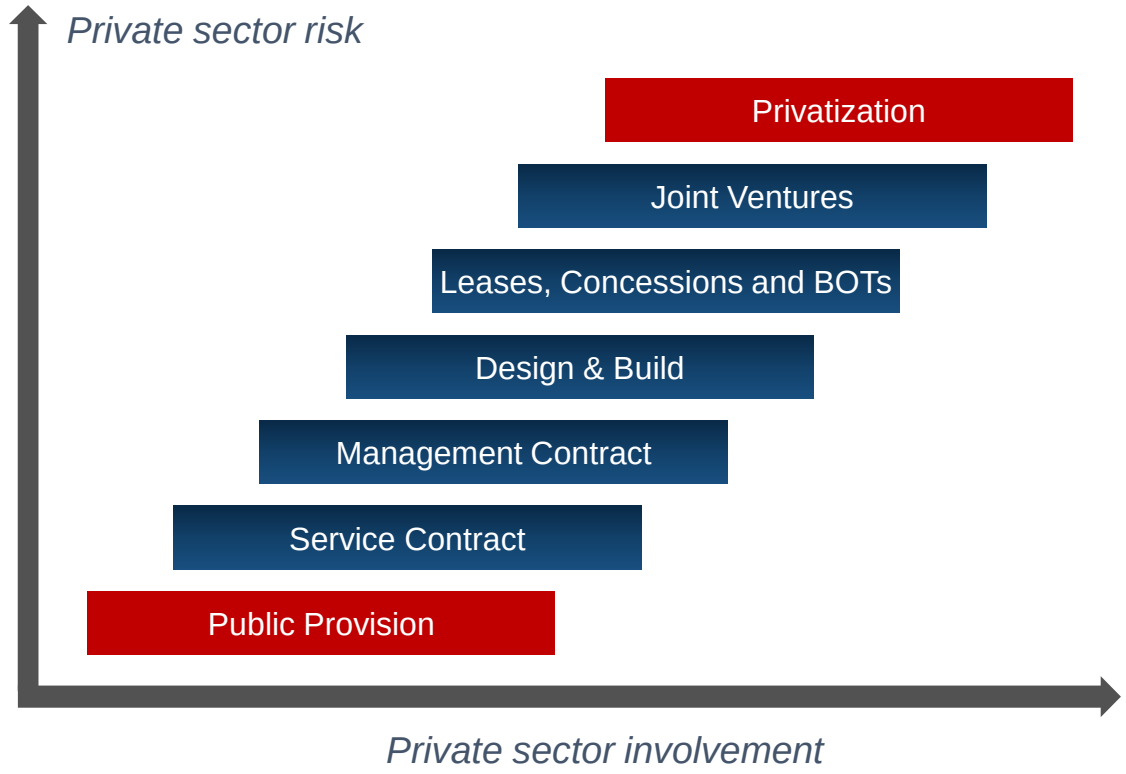
Physicians were not allowed to perform dual practice after the transformation

Complementary policies were implemented in parallel:

- Measures to prevent patients, who visited private offices, from receiving preferential or prioritized treatment in public hospitals
- Improvement of service conditions in public hospitals, such as the introduction of “one consultant, one examination room” policy

Public-Private Partnership (PPP)

- PPP is a long-term contract between a private party and a government entity, for providing a public asset or service.
- PPP is **not a crude privatization** approach as it complements publicly provided healthcare services, sufficiently **preserves government's impact on** healthcare provision and **prevents uncontrolled expansion** of private sector.



PPP Projects in the Turkish Health System

- Medical support services (e.g., radiology, labs) and non-medical services (e.g., catering, cleaning) are provided by private operators for public healthcare facilities (up to 15 type of services).
- Air ambulance services are established via a PPP model.
- Call centers are operated by private companies to manage appointments, facilitate smoking cessation support, and address other needs.
- New hospitals and medical cities are constructed and operated via PPP agreements.
    - In addition to improving access and quality of care, these hospitals significantly supported the fight against Covid-19 pandemic.
- In the PHC setting, PPP is used with a relatively limited scope for monitoring vaccines and delivering laboratory services.

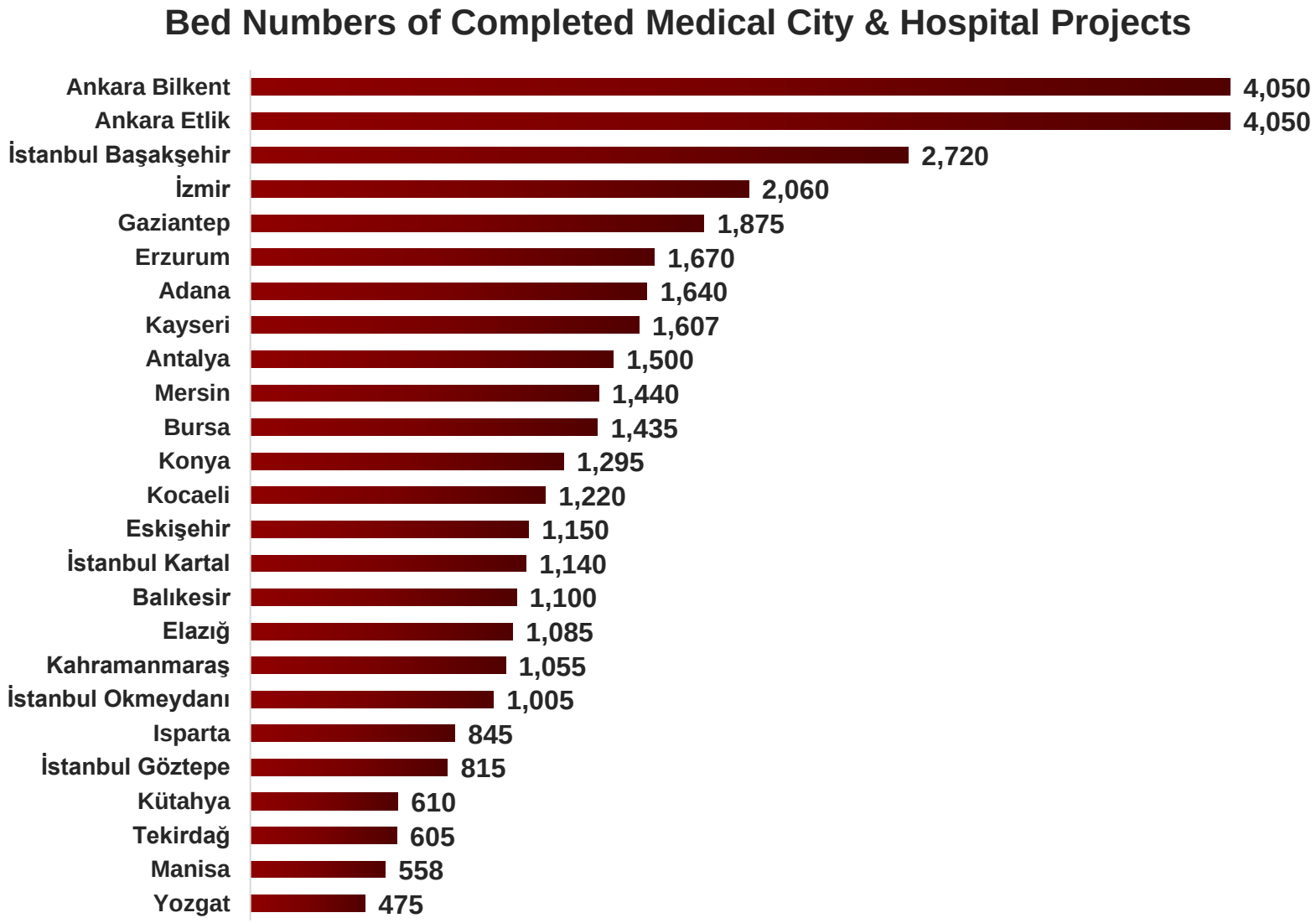
Hospital PPPs

Planned Capacity

- 32 projects
- 44,409 beds

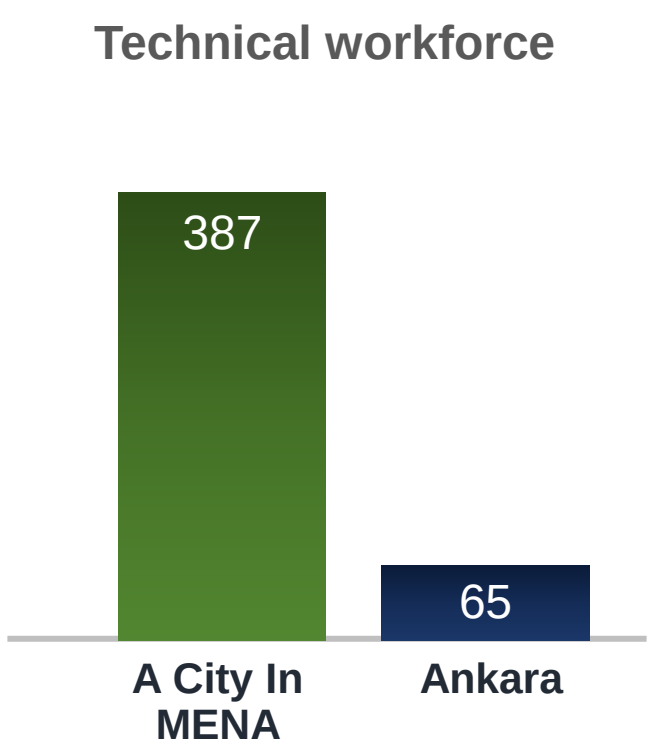
Realized Capacity

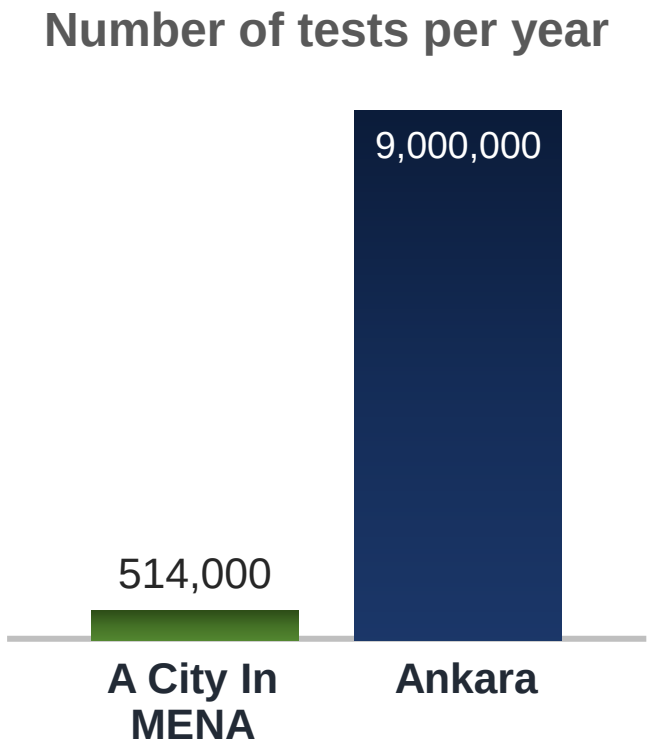
- 25 projects completed
- 37,005 beds



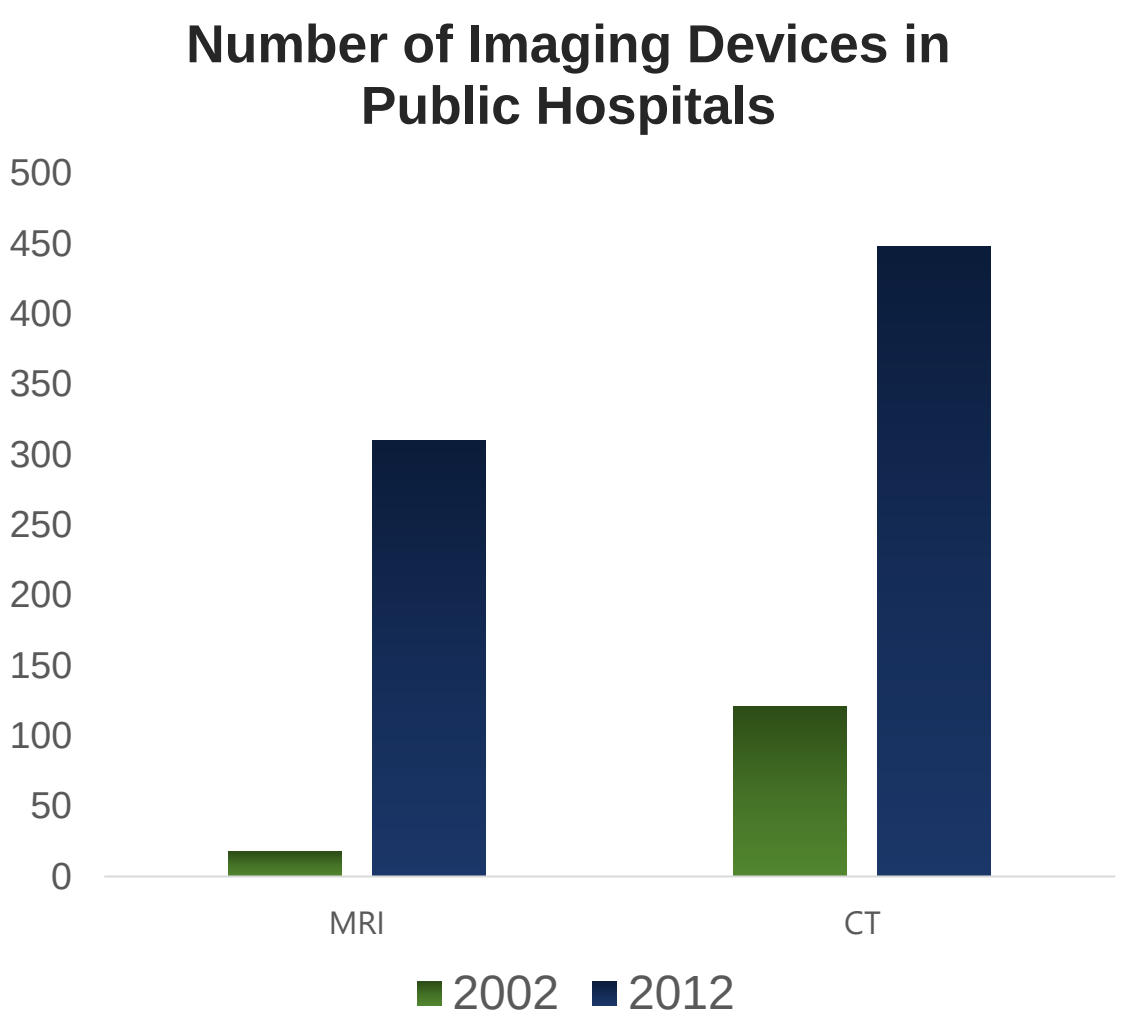
Impact of PPP on Primary Care Laboratory Services

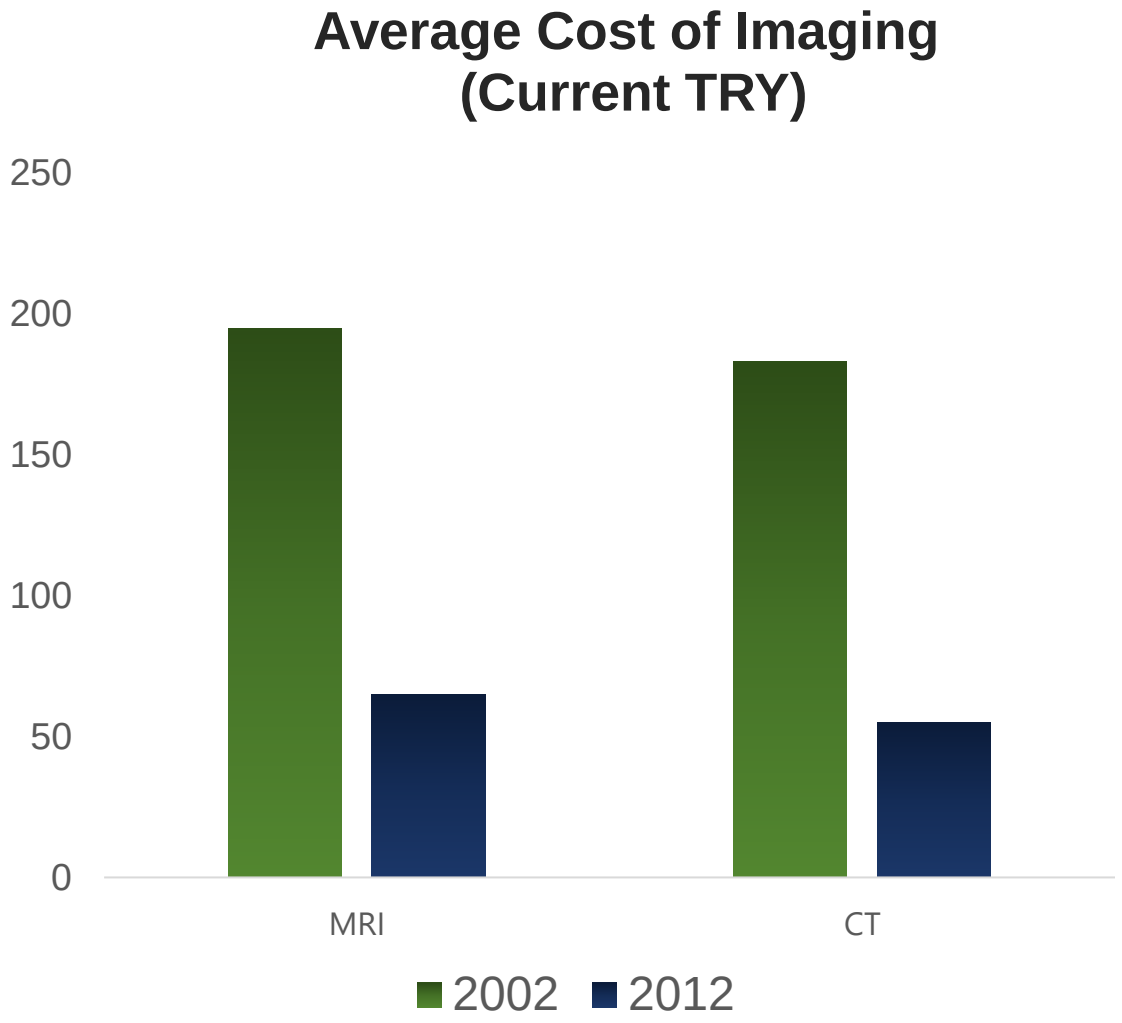
Ankara (capital of Türkiye) and "a city in MENA" have identical populations. While the city in MENA has 188 laboratories for primary care, Ankara has only 1 central laboratory.





Impact of PPP on Medical Imaging Services





Remarkable Reduction in Pharmaceutical Expenditure

Ministry of Health

Reference Price Analysis

5 reference countries selected among European states with comparably low drug prices

Selection of the Lowest Price

Lowest price in the reference countries

Market ceiling price

Social Security Institution (SSI)

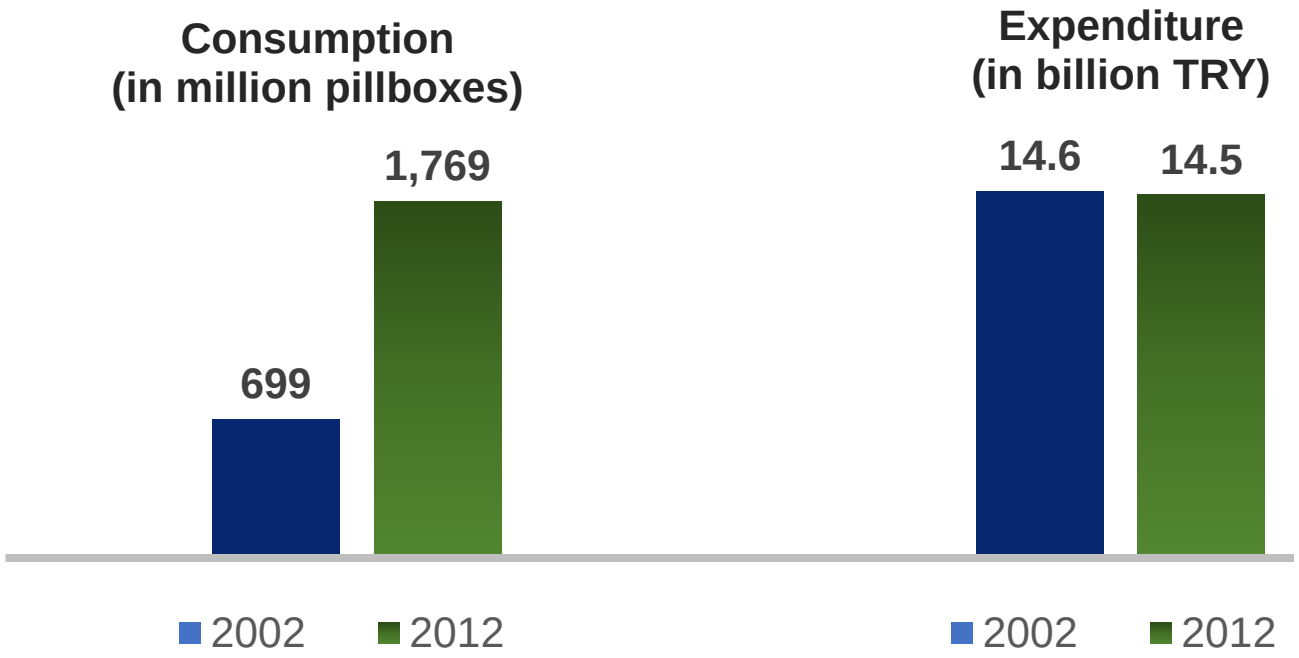
Negotiation for Reimbursement List

Additional discounts for reimbursement

Reimbursement price

Key enabler was purchasing power

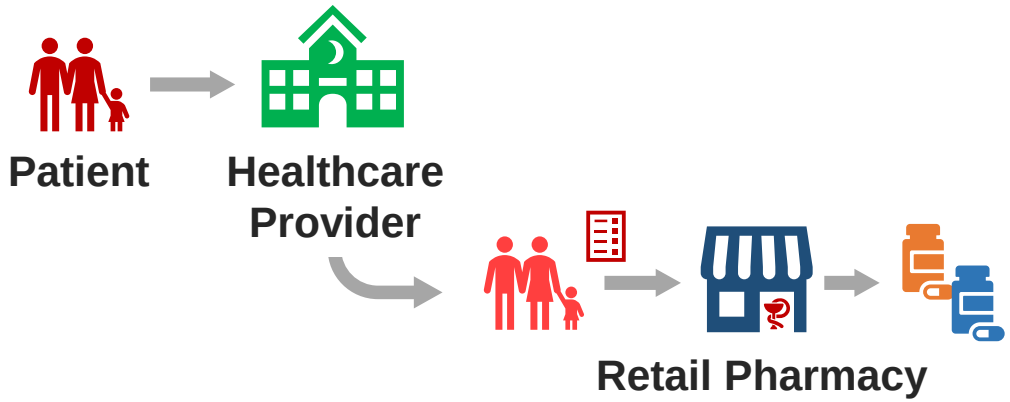
- Large market, dominated by a single purchaser (SSI)
- Presence of strong and high-quality domestic pharmaceutical manufacturers



Procurement and Dispensation Mechanisms for Pharmaceuticals

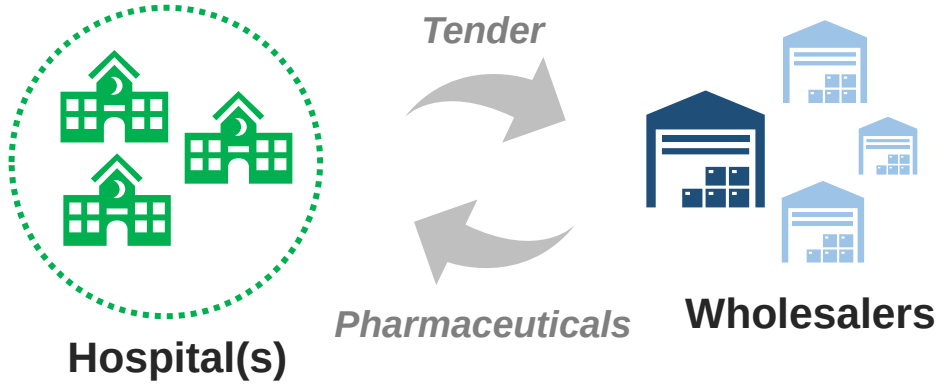
Outpatient dispensation by private retail pharmacies instead of in-house hospital pharmacies

- Contracting of retail pharmacies by SSI
- Easy and increased access to pharmaceuticals for citizens
- Single and generous positive list / benefit package
- 80-100% of pharmaceutical price covered by SSI

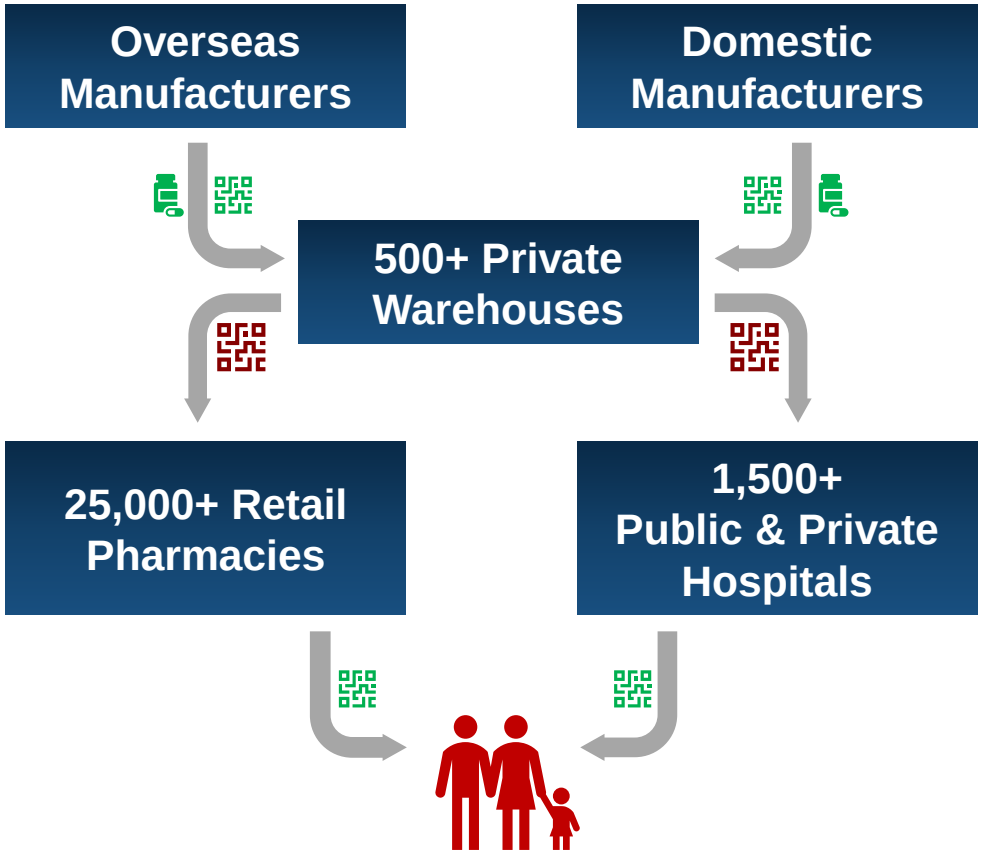


Inpatient pharmaceuticals procured and provided by hospitals

- Direct procurement of medications by hospitals via tenders
- Hospitals are allowed to practice pooled procurement
- Enriched hospital inventory
- Covered by SSI
- Up to 50% discounts over market prices



Drug Track & Trace System

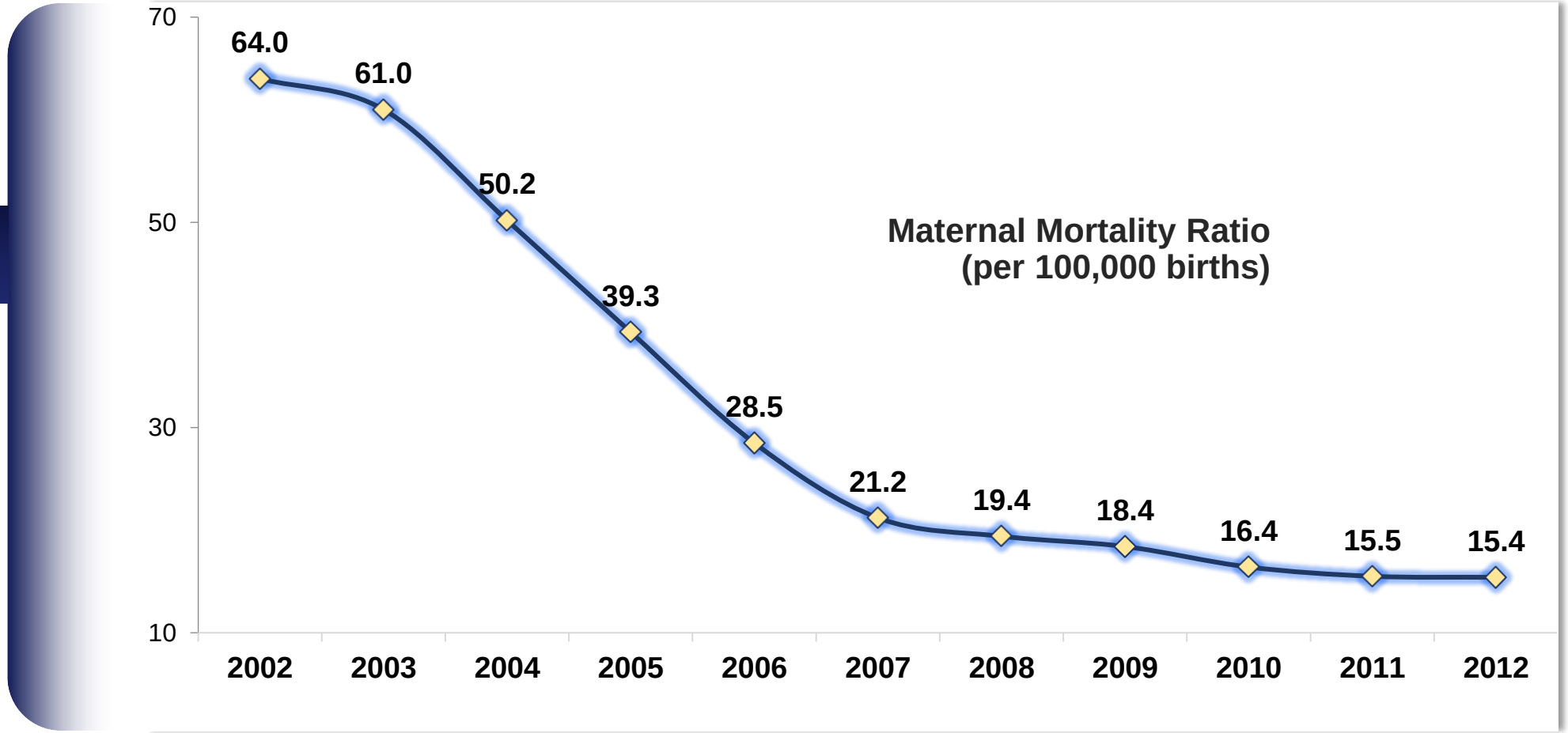


- Unique QR codes on each medicine box and wholesale package
- Whole supply chain from manufacturing to dispensation, including purchaser integration
- Pharmaceutical sector resisted at first, but supported later
- Dispensation of sub-standard and counterfeit medications is prevented
- Highly effective system for drug recalls
- Handles more than 2 billion unique QR codes in a year
- First of its kind in the world as nation-wide application

Maternal Mortality Ratio in Türkiye

Final Goals

- Improved health status
- High citizen satisfaction
- Strong financial protection



Source: Ministry of Health, Turkish Statistical Institute

Infant Mortality Rate in Türkiye

Final Goals

- Improved health status
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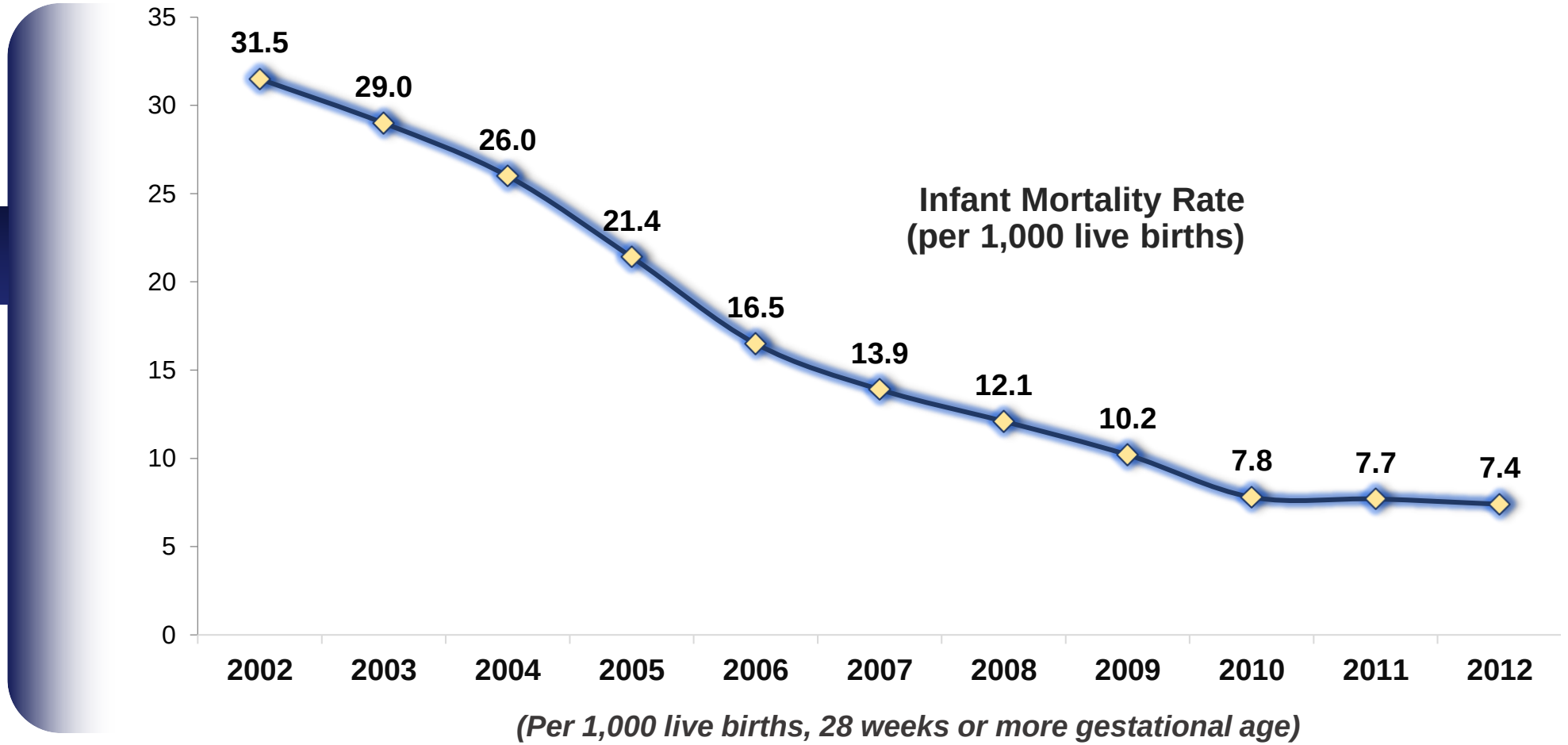


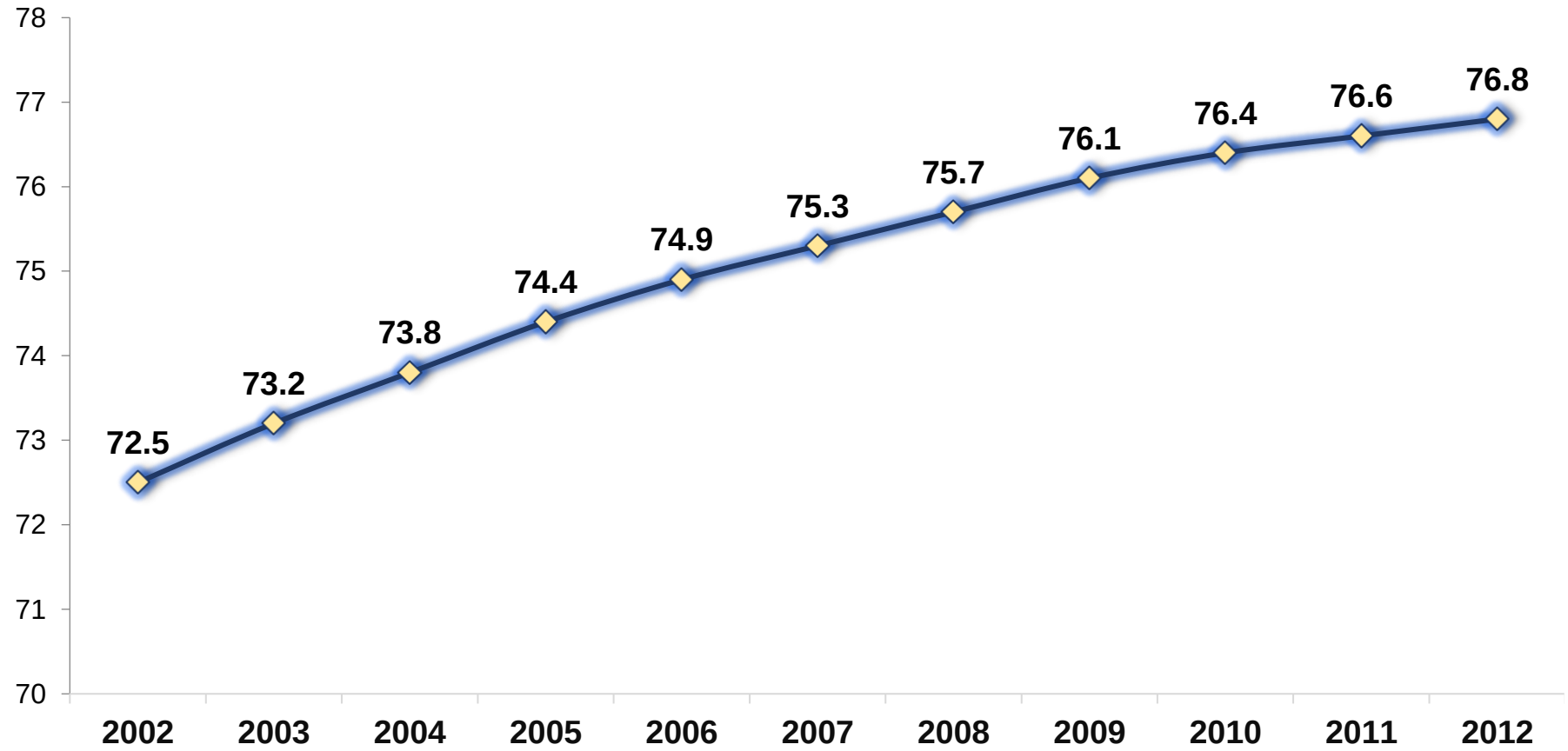
(Per 1,000 live births, 28 weeks or more gestational age)

Source: Ministry of Health, Turkish Statistical Institute

Life Expectancy at Birth in Türkiye

Final Goals

- Improved health status
- High citizen satisfaction
- Strong financial protection

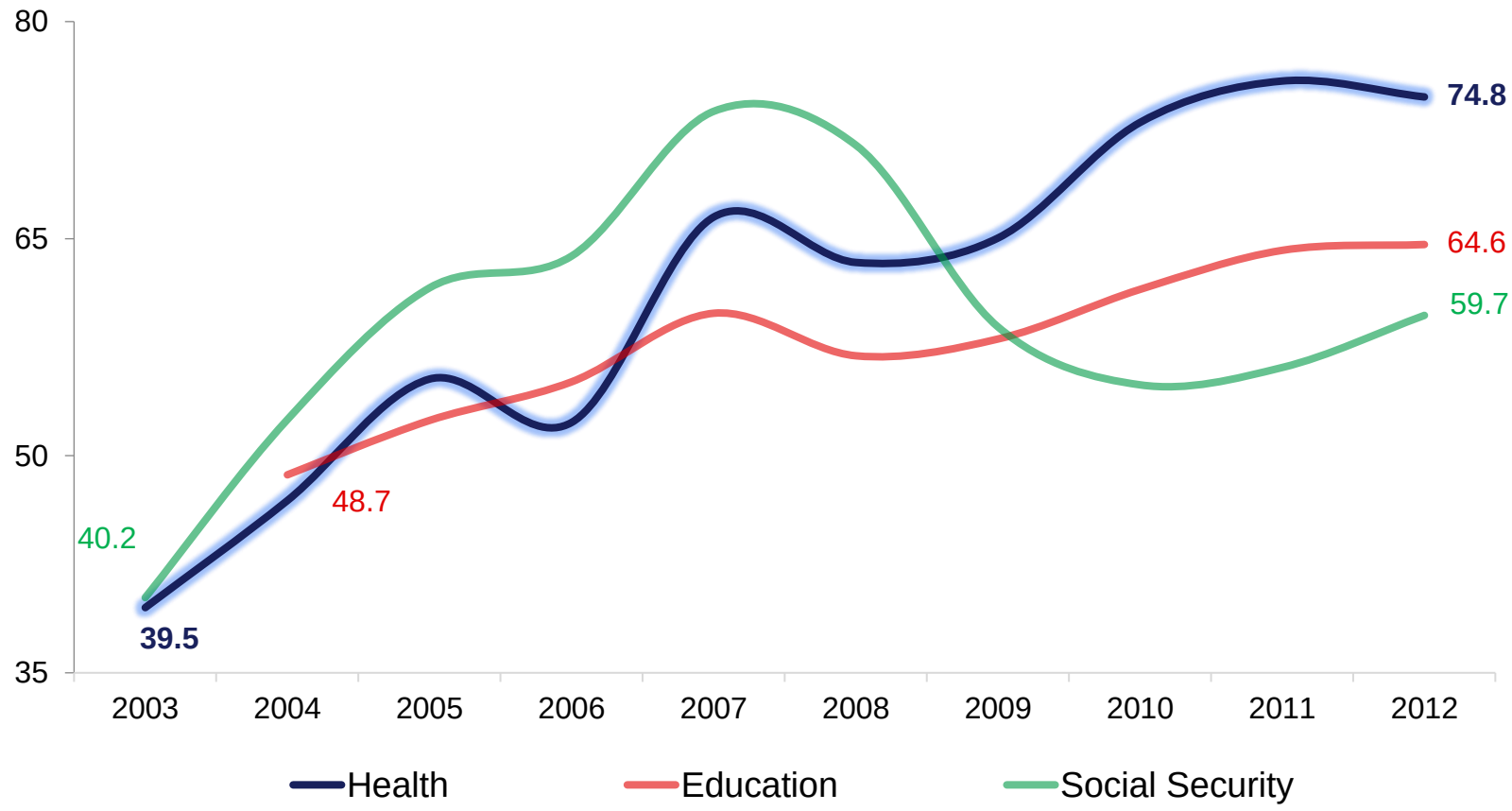


Source: Ministry of Health, Turkish Statistical Institute

Satisfaction Rates for Selected Public Services in Türkiye

Final Goals

- Improved health status
- High citizen satisfaction
- Strong financial protection

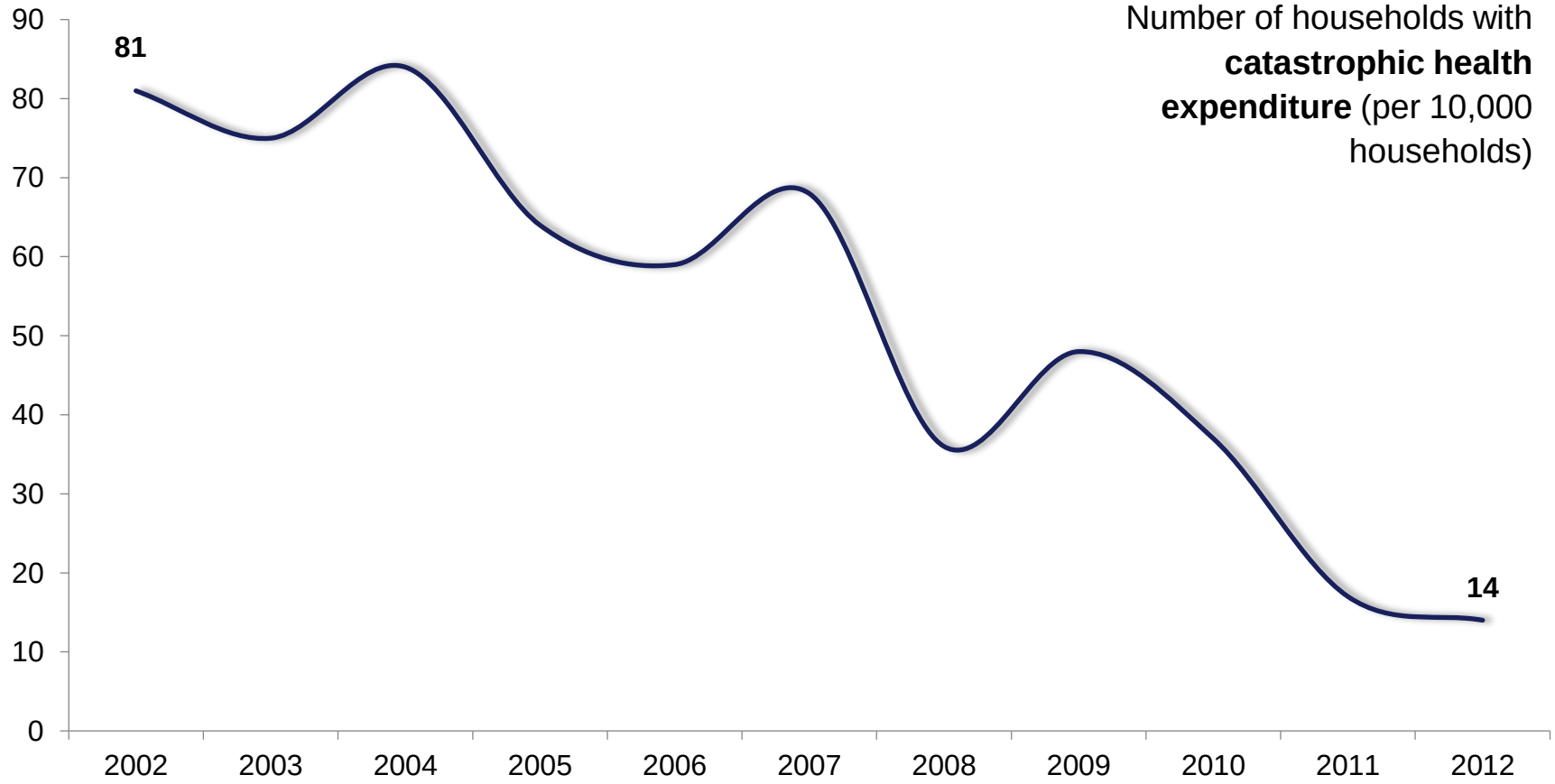


Source: Turkish Statistical Institute

Reduction in Catastrophic Health Expenditure

Final Goals

- Improved health status
- High citizen satisfaction
- **Strong financial protection**



Source: Ministry of Health, Turkish Statistical Institute

What happened in the 11 years following health transformation in Türkiye?

The situation in 2024

Unmet Demand for Public Hospital Services and Strained Resources

Hospitals have achieved larger capacity

- Infrastructure in both public and private sectors has continued to improve
- Number of healthcare personnel has continued to increase

Despite the improvements mentioned above, gap for unmet demand has widened

- Burden of non-communicable diseases has increased
- Family medicine has not developed further and lost its appeal
- Co-payment system for direct outpatient hospital visits has become outdated
- Inefficiencies have emerged due to problems with performance management and migration of specialists to private sector

Specialist Physicians and Sector Capacity

Shortage of Specialist Physicians at Public Hospitals

- Türkiye ranks low in the WHO European Region in terms of number of specialists per capita.
- Recent years has seen a loosening of regulatory controls regarding private sector capacity, which was a crucial intervention during the health transformation program.

Dominance of Private Healthcare Provision

- Market share of private hospitals has rapidly increased due to non-compliance with planning.
- Private hospitals have become dominant in big cities, especially for high-cost services.
- Number of private offices has increased again, and they have been used as a workaround to bypass private sector quotas.

Migration of Competent Specialists to Private Sector

Inadequate Performance Pay in Public Hospitals

Performance-based payments to physicians have reduced to 10-20% of their earnings, thus curbing effectiveness of performance management. This has led to a decline in efficiency of services.

Excessive Charges to Patients in Private Hospitals

Since 2013, SSI-contracted hospitals have been allowed to charge patients up to 200% of the billed amount to SSI. In the recent years, they have even charged far beyond this limit, violating agreements.

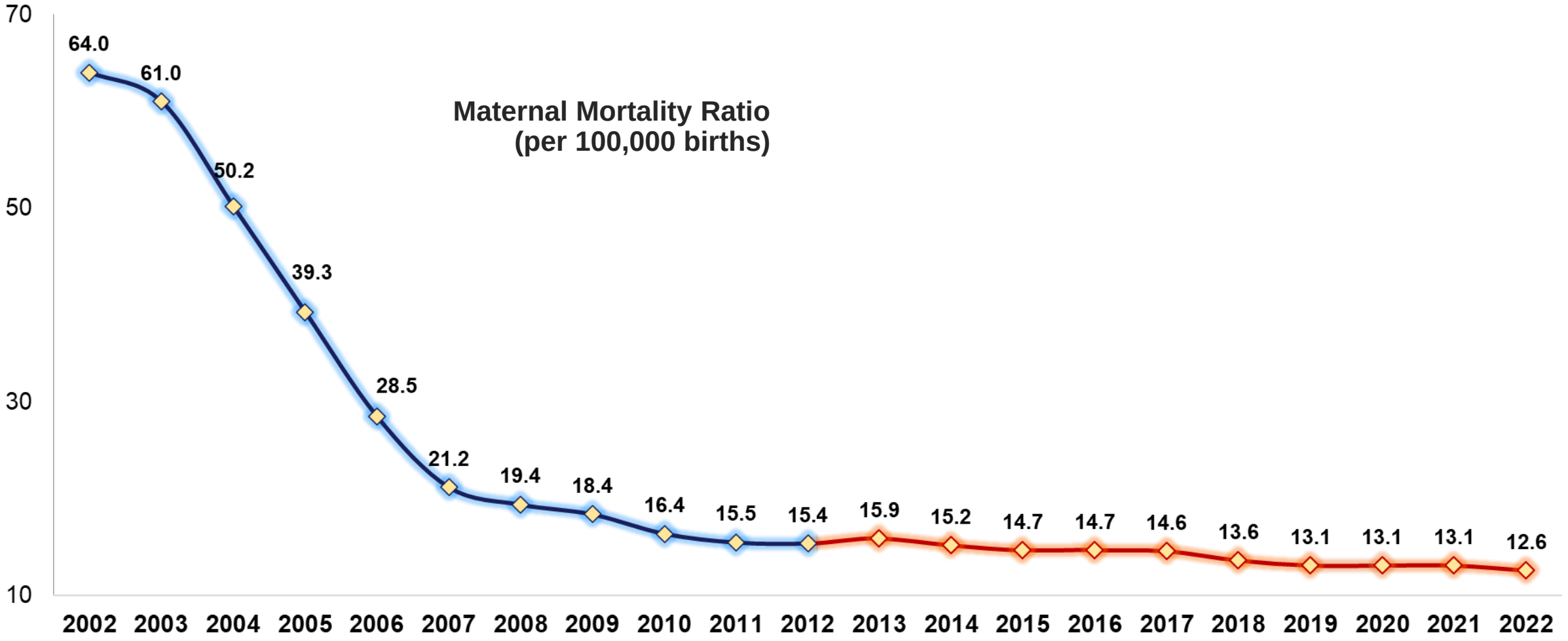
Imbalanced Incomes in Public and Private Hospitals

The ability to charge exorbitant amounts to patients has enabled private hospitals to offer significantly higher wages to physicians compared to what they can earn in the public sector.

Impact on Public Services

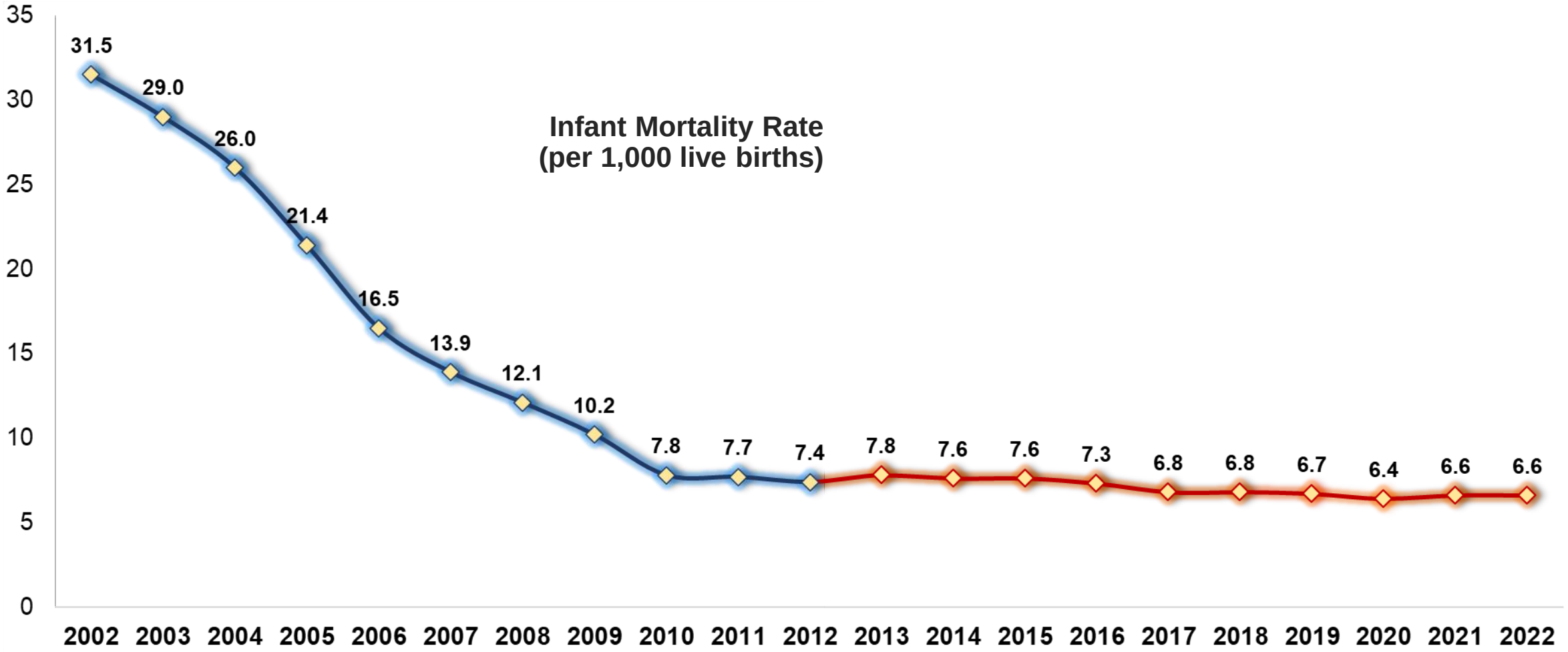
- Many competent specialist physicians have moved to the private sector.
- Workload for those remaining in public hospitals has increased.
- Waiting times have become significantly longer.
- Quality of care in public hospitals has not improved further.

Maternal Mortality Ratio in Türkiye



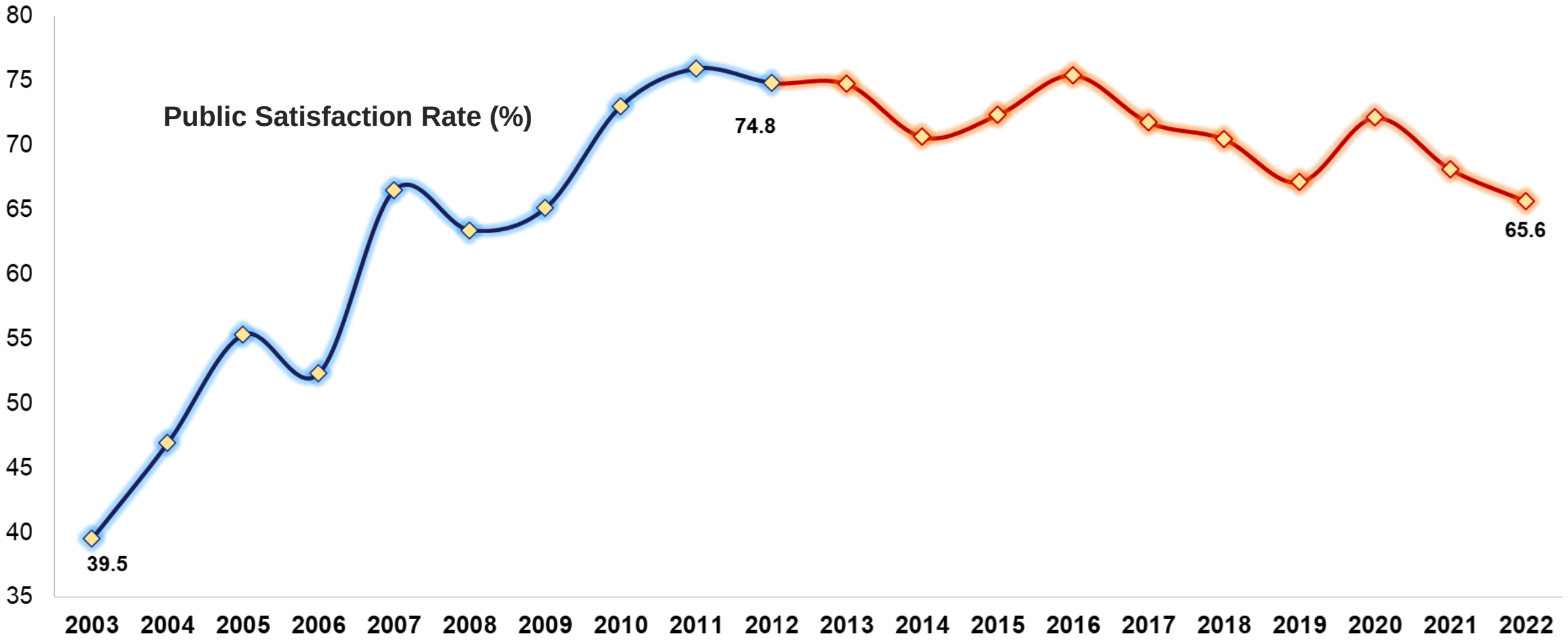
Source: Ministry of Health, Turkish Statistical Institute

Infant Mortality Rate in Türkiye



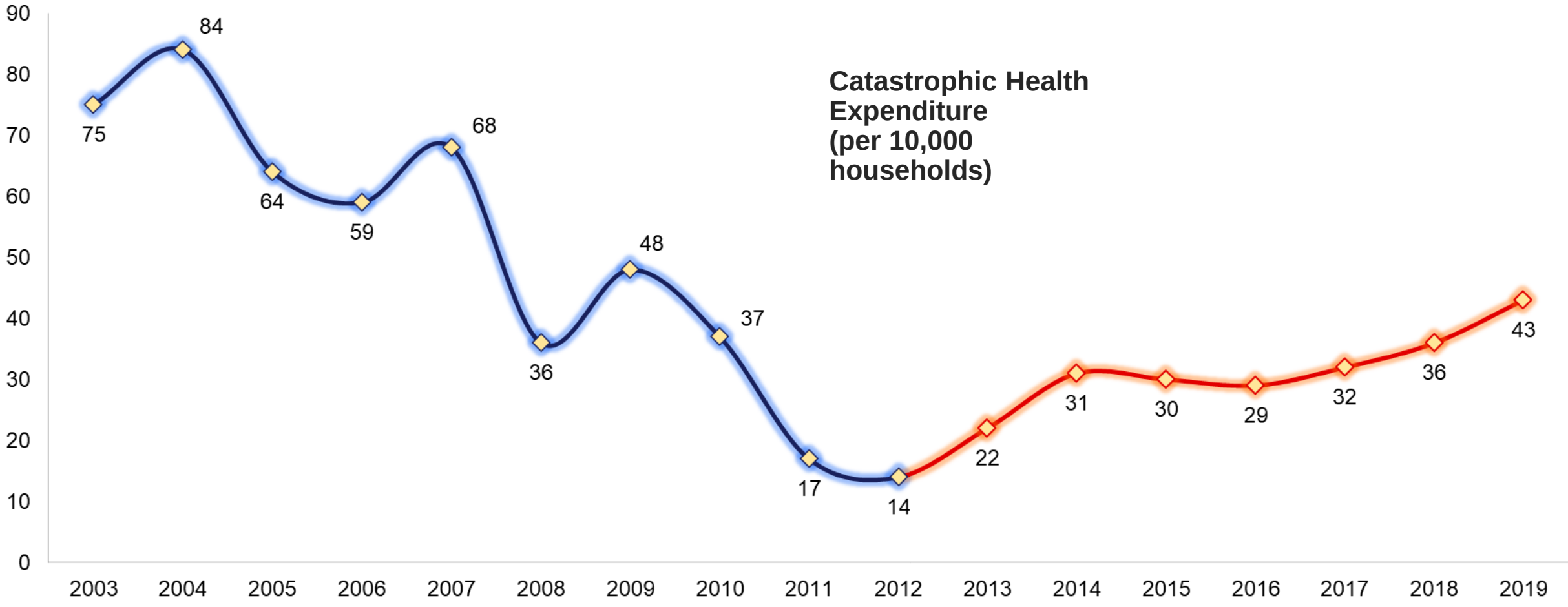
Source: Ministry of Health, Turkish Statistical Institute

Satisfaction Rate for Healthcare Services in Türkiye



Source: Ministry of Health, Turkish Statistical Institute

Financial Protection in Türkiye



Source: Ministry of Health, Turkish Statistical Institute

Takeaway Lessons from PSE Journey of Türkiye's Health System (2003-2024)

Leverage private sector capabilities while strengthening public services

Offer specialist physicians income at global levels based on performance

Regulate employment to ensure equitable access to healthcare services

Implement rational pricing policies to control costs in the private sector

Improve regulations for both public and private sectors to ensure adherence to UHC principles

Establish strong dialogue and collaboration with the private sector to maximize cooperation

Closely monitor the implementation of regulations & policies to ensure compliance

A Comprehensive Strategy for PPP in Healthcare: the Case of Saudi Arabia

PSP program of the Kingdom of Saudi Arabia is a good example of a well-planned and rational private sector engagement, which has led to a pipeline of 125 PPP projects in various fields of healthcare provision.

PPP Initiatives of the PSP Program


Primary Care


Medical City

Home Care


Hospital Commissioning


Rehabilitation


Pharmacy


Radiology


Laboratory

Long-Term Care