World Health Organization

TECHNICAL SERIES ON PRIMARY HEALTH CARE

The private sector, universal health coverage and primary health care

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Universal health coverage and primary health care

Universal health coverage means that all people are able to receive needed health services of sufficient quality to be effective, without fear that the use of those services will expose them to financial hardship. Universal health coverage comprises a set of objectives – equity in access to health services, quality and financial protection. It is based on the World Health Organization's Constitution of 1948 that declared health a fundamental human right and on the Health for All agenda set by the Declaration of Alma-Ata in 1978.

Achieving universal health coverage requires health systems oriented to primary health care. Primary health care is a whole-of-society approach to maximize the level and distribution of health and well-being by acting simultaneously on three components: 1) primary care and essential public health functions as the core of integrated health services, 2) multisectoral policy and action and 3) empowering people and communities. Primary health care has been shown to be the most equitable, effective and cost-effective way to enhance the health of populations.

What is the issue?

This document focuses on the first component of primary health care and provides an overview of the role of the private sector in health systems in terms of providing goods and health services, particularly in primary care. It describes ways to harness the efforts of all health services, both public and private, to achieve universal health coverage, including efforts focused on primary health care.

Why is the issue important?

The private sector (both for-profit and not-for-profit) plays an important role in most of the world's health systems. Its role is expanding in many countries. The private sector provides a mix of goods and services including: direct provision of health services (the focus of this document), medicines and medical products, financial products, training for the health workforce, information technology, infrastructure and support services (e.g. health facility management). As a result, most countries have "mixed health systems"—where a mix of public and private providers deliver health-related goods and services. The governance arrangements deployed to steer mixed delivery differ greatly from those used to manage systems that exclusively rely on public services.

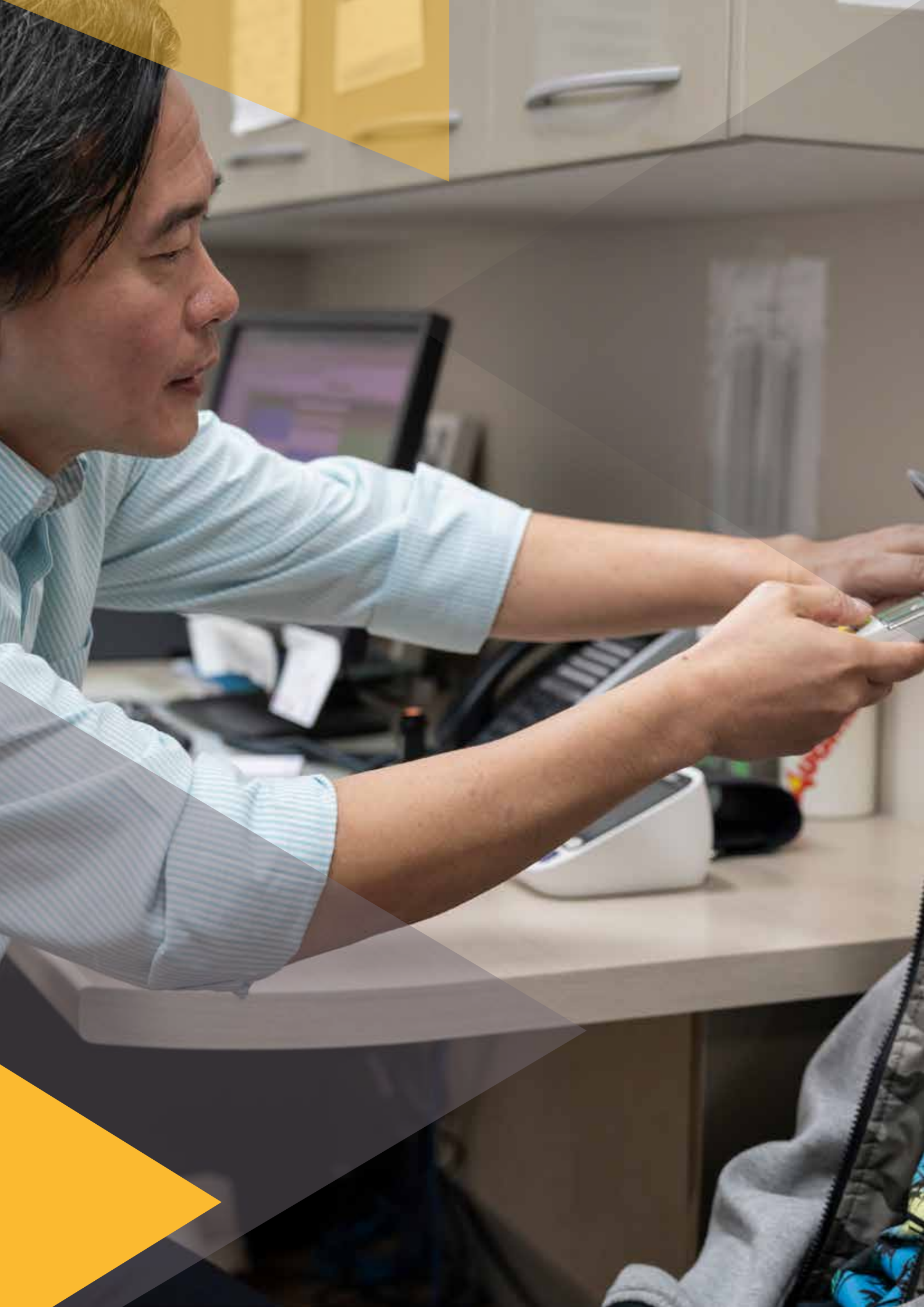
In countries with well-established regulation of the private sector and good regulatory capacity, governments use a range of regulatory and financial policy tools to steer mixed delivery of health services in the public interest, for example the use of capitation contracts to manage service access and service costs. In contrast, in countries where the development of private sector regulation is limited and regulatory capacity is not strong, the private health sector and mixed health systems often do not voluntarily operate in a way that is consistent with a country's health goals and objectives. This is a problem that goes back at least 25 years in the context of efforts to increase private sector involvement in health care *(1)*.

What has changed?

Two major forces have created a new impetus to tackle this long-standing problem: the 2030 Agenda on Sustainable Development *(2)*, and series of recent fiscal, demographic, political and social events.

1. The 2030 Agenda for Sustainable Development with its Sustainable Development Goals (SDGs) serves as a blueprint for global development. It calls for a new approach to development based on cooperation and collaboration between government, civil society, businesses and others to achieve these goals. For the health sector, this translates into an urgent need to build the capacity of all countries to better manage the private sector and mixed health systems to ensure that all providers, public and private, effectively contribute to a country's goals for universal health coverage.

2. Countries have faced many challenges that have moved them to work increasingly with the private sector. These include: fiscal space constraints arising from financial crises, changes in disease burden (especially towards chronic, noncommunicable diseases), demographic shifts, population displacement and cases of political and economic instability *(3)*. The private sector is often seen by governments as a solution to these problems because it is perceived to offer access to greater service capacity, greater responsiveness, managerial expertise, technology and innovation, and investment and funding.



Challenges

Countries face major challenges in relation to the private sector and universal health coverage. Given the diversity of private sector entities, these challenges might differ depending on whether the focus is on for-profit or not-for-profit entities while other challenges might be common to all private providers.

Although many of the challenges surrounding conflicts of interests are ubiquitous, there are no one-size-fits-all solutions because of national variation. For instance, among 27 high-income countries, six have majority public ownership of the primary care sector whereas in 21 countries, primary care is mainly owned by the private sector *(4)*. A household survey of 70 low- and middle-income countries showed that private services provide about 65% of care for childhood illness, but the proportions varied widely by country *(5)*.

The complexity and diversity of the private sector in health systems is another important challenge. The private sector is highly heterogeneous and specific policy approaches are needed to engage and manage it. The choice and implementation of these approaches requires an understanding of the many different private sector actors that operate in primary care and their attributes. These attributes include whether they are for profit or not for profit, their social intentions, whether they have domestic or foreign affiliations, their social and ethical behaviour, and their capacity.

Moreover, there is a lack of conceptual clarity about the role of the private sector in health systems. Different actors working on engaging the private health care sector have different understandings of key terms and concepts including the term "the private sector" and the key concept of "private sector engagement" (Box 1). As a result, stakeholders lack the shared language needed for research, analysis, policy dialogue and decision-making to formulate workable policies to harness the private sector. Furthermore, the literature in this area does not offer a comprehensive conceptual framework for countries to understand the concept of private sector engagement in the health sector.

Box 1 Key terms and concepts

Health care markets

The market is a type of "institution" or mechanism that exists to facilitate exchange, coordination and allocation of resources, goods and services between buyers and sellers, between producers, intermediaries and consumers *(1)*.

As most health systems involve private sector activity, they inevitably consist of a number of markets.

There are five markets in the health sector *(6)*, including core markets (for clinical services and medical products, and for financial coverage and protection) and supporting markets (workforce development, information technology, catering, facility management, waste management, construction, and electromechanical services).

Health care markets are not the same as markets for other economic sectors. They have inherent structural features that make them more prone to market failures *(7,8)*. For example:

- Health care includes "public goods", which would be undersupplied if left to the market.
- Some health care goods, such as immunization, have wider positive effects in that an individual's consumption confers benefits to others.
- Markets lead to underinsurance against risks of major health expenditure.
- Markets cannot compensate for inequalities in access to health resources (and may exacerbate them).
- Markets are prone to information asymmetry that creates an unequal power relationship between health experts and clients.

Private sector

The private sector is highly heterogeneous. In this briefing note, the private sector is defined as those individuals and organizations providing health services or products that are not owned or directly controlled by government. The private sector can be classified into the subcategories: for-profit and not-for-profit, formal and informal, domestic and foreign. The subcategories represent a wide spectrum of entities with very different attributes and purposes.

Private sector engagement

Private sector engagement refers to a partnership between the public and private sectors to achieve a specified goal.

There are three broad categories of private sector engagement: including private actors in the development of public health policy and the development of ownership and contracting arrangements; influencing private sector behaviour through regulatory and financing policy tools; and assigning "private attributes" to public sector organizations, for example by giving them managerial autonomy and exposing them to market forces and incentives. and exposing them to market forces and incentives.

Street showing high volume of private health providers in urban area

There are often policy gaps; many countries do not have an explicit policy position on the private sector and health systems and as a result there is no basis for establishing the means to steer and manage private provision.

Major gaps in evidence also exist. Discussions about the risks and benefits of private sector participation in health systems are often not based on evidence and tend to be polarized into arguments for *(9)* and against *(10)* private sector involvement, particularly about private for-profit providers. The role of the private sector in and its impact on primary care are often at the centre of these debates. For example, the private for-profit sector positions itself as a driver of innovation, a provider of higher quality care, able to offer greater efficiency and improved access via new delivery models. On the other hand, critics of the private sector argue that the private sector undermines primary care by disrupting health markets (as health markets are prone to failure that the private sector usually does not correct if left to itself). More evidence is needed of the validity of these claims and arguments. A new research agenda is therefore required to provide the necessary evidence to inform countries' decision-making, considering their own circumstances.

There are also important normative gaps. In particular, clear and comprehensive standards and frameworks are lacking to guide a country's efforts:

- in policy-making on the private sector in the health system;
- in decision-making to implement policies on the private sector in the health system;
- to form effective partnerships with the private sector (that are aligned with universal health coverage and primary health care goals); and
- to make and use effective regulatory and financing tools to steer private provision and mixed health systems towards universal health coverage.

All of these factors combined pose serious barriers to efforts to achieve universal health coverage based on primary health care.

WHO's perspective

Public financing is essential for countries to make sustainable progress towards universal health coverage. These funds need to be used efficiently and directed to priority populations and services to ensure equitable access to good-quality health services and financial protection for all.

Countries should make use of all domestic resources as part of their efforts to achieving universal health coverage. The private sector may be a crucial resource for countries' work on universal health coverage, but the risks of engaging the private sector should be strictly managed.

Governments are the stewards of their health systems and should take steps to ensure that the private sector is managed and subject to regulatory controls that prevent negative private sector behavior and the risk of market failure.

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