PUBLIC AND PRIVATE PRICING OF HEALTH SERVICES: IMPLICATIONS FOR POLICY & PERCEPTIONS (Talking Points)

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SOME DEFINITIONS

- A cost is the value, usually expressed in monetary terms, that has been used up to produce something or deliver a service, and hence is not available for use anymore
- Price is the amount of money that has to be paid to acquire or receive a given product or service. Insofar as the amount people are prepared to pay for a product represents its value, price is also a measure of value (or is it?)
- Prices are an expression of the consensus on the values of products or services (really?)
- Health system stewardship: Setting and enforcing the rules, regulations, policies and incentives that define the environment and guide behaviour of health system players and stakeholders. Legislation is one of the key stewardship functions of MOH

INTRODUCTION

- In Uganda, service pricing brought on to policy agenda due to perceived use of the pandemic to exploit clients
- In many sub-saharan African Countries, pricing is often discussed using a private service provision paradigm, and ignored in the public space (as if the public sector faces no prices!)
- Many notable scholars have researched private sector regulation in healthcare extensively: The work of the Late Allan Maynard, Macguire, O'Hanlon, Feeley, Hongoro, Doherty, Kumaranayake, Anne Mills, and many other scholars
- Public Global and Regional institutions have also been active in this area of research over the years (WB/IFC, USAID, etc)
- Wide variance in cost and price consciousness between the public and private sector, and this fact influences attempts by the public institutions to regulate pricing among non-state actors in health systems

PUBLIC SECTOR

- Health care regulation usually focusses on public health objectives including professional entry, type, quantity, distribution, quality, and (price) of care.
- Public policy documentations is very detailed on all other areas of regulation, except price in a number of sub-saharan African states, except Kenya, Zimbabwe, South Africa, Namibia, and to a good extent Tanzania.
- Looking at "costed" strategic and operational plans in a number of sub-saharan African countries seems to imply that costing is more of "guestimating", despite presence of multiple costing technologies. This could be because they want to equate their costs to allocated budgets per unit time, usually a fiscal year.
- One struggles to find public sector costing benchmarking in many countries, even in those with competition commissions.
- In public institutions, cost consciousness seems to be the concern of institutional managers and not frontline staff.
- Though quality standards are available, public sector worker behaviour is not optimally regulated after entry.

PUBLIC SECTOR

- Ad-hocism in policy making based on citizen pressures and what current politicians and influencial CSOs believe are quick wins. In many instances, inappropriately evidence-informed, and meant to satisfy partisan vested interest (focus on pharmaceutical pricing regulation while leaving out others)
- Unleashing multiple regulators on the private sector
- Capacity of the public sector to regulate system actors is generally limited across all domains, including price. This is more so in countries where national insurance mechanisms have not been established, and the health insurance market is small

NON-STATE SECTOR

- Includes providers, insurers, pharmaceutical industries, Training institutions, pharmacies, TCMPs (?)
- Better versed and equipped with data. They usually know their costs, as surplus will be premised on the cost-pricing differentials
- Many studies report an increasing proportion of citizens seeking care privately, irrespective of income.
- Price regulation for professionals in a few countries like Kenya (questions about enforcement and adherence).
- Better regulated through incentive structuring via insurance markets, together with legislation (laws).

WHAT MATTERS

- Price regulation, yes we must, but:
- Massive information and data asymmetries are faced by the public regulators in their attempts to set and draft regulatory benchmarks for the private sector in health.
- Pricing frameworks like DRGs/APGs that have worked to some extent in developed markets are difficult to operationalize in developing markets due to data paucity. Perhaps with developments in IT this may be reversed.
- Price regulation must never be separated from other aspects of regulation
- Until the public sector develops robust, context specific, cost benchmarks, and insurance penetration, its attempts at price regulation is always going to be difficult and challenging
- Establishing robust health insurance,strategic purchasing and accreditation will be key to advancing the agenda on price regulation in the private sector

WHAT MATTERS

- States must deliberately work to improve and strengthen regulatory frameworks and instruments in relation to healthcare provision. Piecemeal regulation is amenable to creativity by private sector actors. Engagement, dialogue and coalition building is what is required.
- Best practice is developing holistic policies that are logical and evidence-based, together with robust implementation plans and strategies for effective and efficient execution of enacted legislation
- Strengthening the public health system and its supporting mechanisms should be the key obsession of the "policy makers", while supporting private sector growth through legislation
- Establish and strengthen mandatory prepayment mechanisms as insurance contracts are a robust means of price regulation, cost containment and quality improvement

WHAT MATTERS

- Careful examination of market failures in health should guide any legislation and regulatory prescriptions for the private sector by countries
- Routine, periodic impact evaluations and re-assessments must be conducted in all countries to assess impact of price regulation legislation and keep revising legislative guidance on price regulation, informed by market evidence

Concluding thoughts

- It is not wise to segregate price regulation in the private sector from other areas which must be regulated
- Information problems and sub-optimal data systems make attempts at price regulation difficult and challenging. We must invest in developing robust data systems
- Optimally structured incentives through insurance mechanisms would be the ideal way to approach price regulation. Strengthen strategic purchasing by competent payers.

Concluding thoughts

- Influencing private provider behaviour in coverage, distribution, quality and price can easily be "gamed" (no purn intended), and exploring possibilities for self-regulation and carefully crafted sanctions for inappropriate behaviour by councils and consumer protection bodies could be more useful.
- Strengthen regulatory frameworks and instruments and governance in pursuit of public health objectives
- Rationalize and harmonize the multiple regulatory bodies that the private sector in health face
- Finally, dialogue, advocacy, alliance building and reforms done participatorily by the regulators and the regulated.

Discussion