

# Public –Private Partnerships in Healthcare

-West African Perspective

PPP

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- What is PPP
- Why PPP is important in Healthcare
- Examples
- Ghana
- Nigeria

# Why PPP?

- Many governments are turning to public-private partnerships (PPPs) to provide healthcare services and/or infrastructure for their citizens.
- in many emerging markets, the problem isn't only the lack of modern equipment/ facilities, it is the lack of sufficient medical staff and hospital managers.

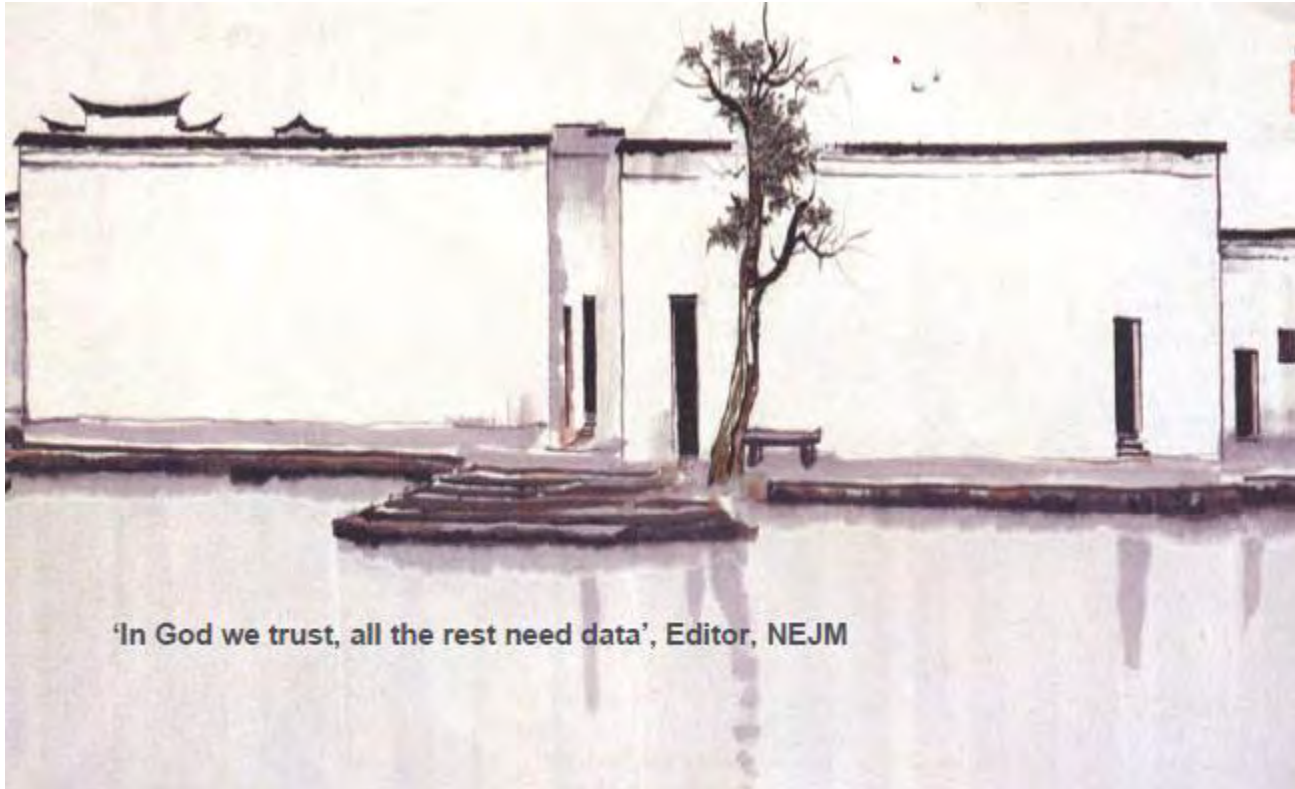
1. The private sector has a role to play in the development of health systems in emerging economies
2. The role of the private sector spans advocacy, policy development to healthcare delivery
3. Private sector involvement provides an avenue to collaborate with government to strengthen and revitalize the primary health care delivery systems of emerging economies
4. The private sector remains a key catalyst for mobilizing resources for health care, both on the demand and supply sides.
5. The private sector should be and is willing to take the lead on developmental initiatives such as community health insurance schemes

# Challenges

- But transferring responsibility and risk to the private sector creates new challenges within contract management.
- Most governments have little experience managing infrastructure PPPs and concessions, often through independent regulators.
- Health PPPs, like all PPPs, inevitably face challenges during implementation

# Raison d'être

- Innovative healthcare PPPs can play a particularly vital role in quickly upgrading health infrastructure and services in regions scarred by natural disasters or wars.



**'In God we trust, all the rest need data', Editor, NEJM**

# FISCAL ISSUES

- Affordability and sustainability remain the major hurdles for governments.
- After all, PPPs cost money in the form of availability and/or service payments by governments or public insurers.
- The incremental cost may be minimal if the PPP involves replacement of an older, outdated, and costly public facility with a modern, more efficient (and often smaller) PPP facility.
- Typically, a modern hospital of 300 beds can treat more patients than an outdated hospital of 600 beds through a more efficient layout, much greater use of outpatient care and day surgery, and more efficient hospital management



# Fact

- Growing global demand for more and improved healthcare require governments to tap the private sector for healthcare financing and delivery.

# However!

- In many countries, improved primary and outpatient care may be what is most needed, but this is often overlooked as governments focus PPPs on more costly tertiary care.

# According to the IFC.....

- By 2016 the market for health care in sub-Saharan Africa will be worth \$35 billion, according to a report by McKinsey, a consultancy.
- But a skills shortage is constraining it, since the continent is reckoned to host a quarter of the world's disease burden but has only 3% of its medical workers.
- The World Bank reckons an additional 90,000 doctors and 500,000 nurses will be needed in the next few years.

# Also.....

- Half of Africa's health expenditure is known to come from out-of-pocket payments.
- OOPs may account for \$77 out of every \$100 spent on private health care, says the World Bank. Millions of people are pushed into a poverty trap by a sudden health crisis.
- Moreover, the cash economy has been a breeding ground for quacks, counterfeit medicines and unlicensed dispensaries whose owners play hide-and-seek with sparse health inspectors.
- The only sensible system, argues Onno Schellekens, who runs the Investment Fund for Health in Africa, a private-equity fund based in the Netherlands and Mauritius, is pre-paid private health insurance.

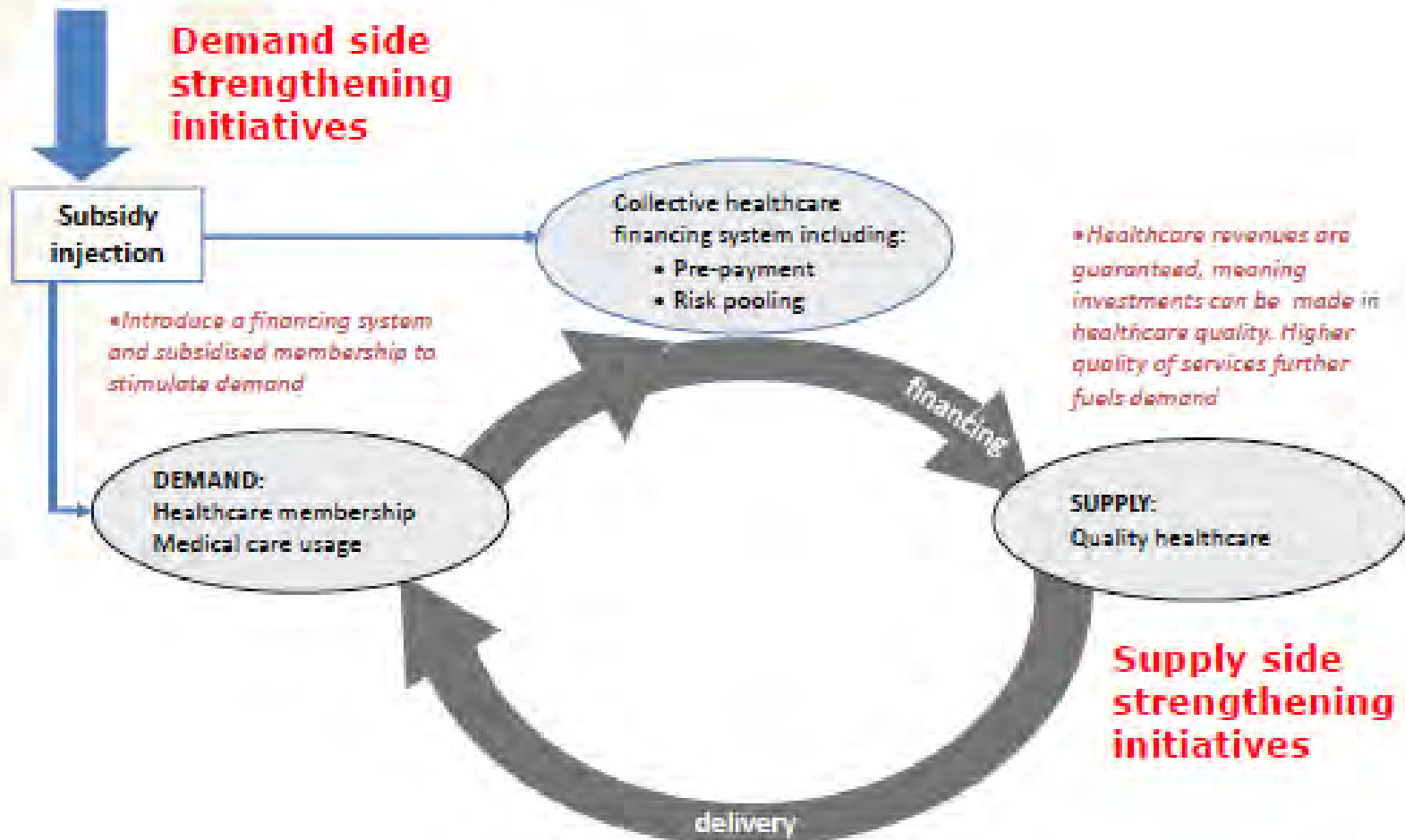
# Importantly.....

- Telecoms have proved that Africans will pre-pay for a service that works!
- MTN now also offers health cover with a NHIS and local HMOs in Nigeria.
- It is predicted that private equity will “remake health care” for the continent.

# We now know that.....

- The World Health Organisation reckons a basic system costs \$34-40 per head.
- Most countries spend much less.
- African governments should not waste time “copying unaffordable models from the West”.

## THE APPROACH



# Micro-Insurance

- **“Micro-insurance involves a rethinking the traditional insurance models and is not equal to merely “pro-rating” of an existing traditional insurance product and selling it to the target market”;**
- **“Micro-insurance must be modest both in its premium and coverage i.e. commensurate with the income levels of the low income population segment”;**
- **“Micro-insurance is designed for persons earning incomes of between \$1 - \$4 per day”;**
- **“Micro-insurance has experienced growth in Africa over past 5 years with growth being highest in West Africa driven by 3 countries: Ghana, Nigeria and Senegal**



# Factors for Micro-health Insurance

- *Main growth drivers were loyalty programs, credit protection in microfinance, unique distribution channels”*
- **“Promotion of Microhealth insurance in West Africa will be hinged on interest of traditional insurers, innovation products, education, donors, new distribution channels and legal frame works”**
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- *“Sustainable microinsurance must both give value to the consumer to be sellable and as well make profit demonstrating a good business case to shareholders”*
- **“Takaful (insurance based on religious principles) innovation, a cooperative type of risk sharing arrangement can increase trust, transparency and therefore patronage and penetration of microinsurance using such elements as profit sharing, investment/unit-linked risk bearing arrangements”**
- *“Persons of low income tend to be more comfortable with participatory “cooperative” type products than “corporate” type products that seem inherently “unfair” and designed to profit only the operator of the business”*

- Ghana's National Health Insurance Scheme, created to establish equitable and universal access to good quality healthcare, is a hybrid.
- The system leverages the strengths of the private-for-profit, private-not-for-profit, and public sectors for healthcare provision, using lessons learned from pilot community health insurance schemes that operated before its establishment to shape its successful design.

# Ghana: Provision of Financial Access to Healthcare for the Population

**1**

## **District Mutual Health Insurance Schemes**

Public schemes promoted by and set up as companies (limited by guarantee) by district assemblies; the key operational arms of Ghana's decentralized governance system.

**2**

## **Private Mutual Health Insurance Schemes**

Promoted and set up by private persons as companies limited by guarantee without a motive for profit sharing

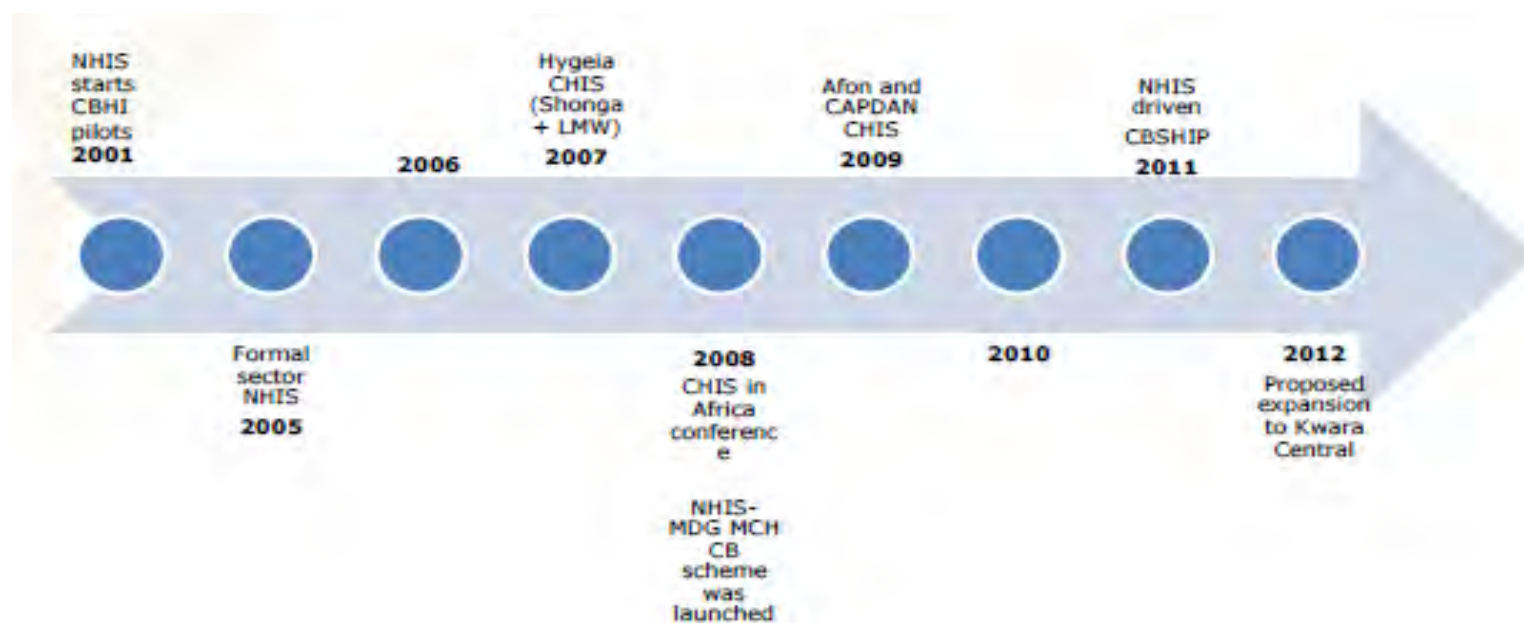
**3**

## **Private Commercial Health Insurance Schemes**

- Promoted and set up by private persons as limited liability companies with a motive for profit.

- Private for Profit HMOs commenced Schemes in 1997
- HMOs engaged with other health stakeholders to enable Fed govt. enact a National Health Insurance Act in 2009
- NHIS commenced in 2004 as a Public Private Partnership (publicly regulated, jointly financed, operated by Private HMOs & delivered by public & private Providers)

## EVOLUTION OF THE HEALTH INSURANCE



# CBHIS in Nigeria

<u><i>NHIS Pilot Schemes</i></u>	<u><i>Govt/ Community Sponsored</i></u>	<u><i>HMO Sponsored</i></u>
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2004-2009

- 12 schemes nationwide
- None sustainable

1995 - 2014

- 6 schemes
- All sustained

2008 -2014

- Kwara Scheme (HMO + PharmAccess)
- Obio Scheme (Shell + HMOs)
- SureHealth (HMO +Traders)

# Mobile Health in Nigeria

- NHIS introduced Mobile Health Insurance in September 2014
- The mobile health insurance uses mobile telecommunications and multimedia technology.
- It digitalises all the processes of health insurance from registration, premium payment to provider payment.

# Sustainable Renal Dialysis Services

- Several PPP initiatives are on-going with Nigerian Public hospitals for installation and operation of renal dialysis centers providing services to the public and private patients.
- Fresenius, MTN , NGOs & Corporate organisations are involved.
- The pilot projects in Nigeria are to be replicated in other West African countries



# Sustainable Rural Healthcare

- Ebonyi State in SE Nigeria partners with 6 Faith – based –Hospitals to provide Maternal & Child healthcare for catchment population.

- State provides funds to upgrade facilities and training of health care workers

*“Government provides grants while private sector provides healthcare with results”*

# Private/Public Finance Initiative 100 –bed hospital in Calabar, Nigeria

- The hospital will be managed as a state referral hospital, providing quality and affordable access to regional level clinical services. The consortium led by UCL Healthcare Services includes Cure Hospital Management Services, a U.S.-based firm which will provide clinical services, and Simed International, a Dutch firm which will deliver the medical equipment.
- The hospital will be operational in 2015.
- The Private consortium will bear some project development costs, deliver a turnkey hospital, and will then be responsible for running the hospital operations under terms defined in the PPP agreement. At the end of the concession period, the facility will be transferred to the government.
- The 10-year project term will include up to two years for construction and eight years for operation. The construction and equipping of the hospital, totaling approximately \$37 million, will be financed by the state government.

# Operations & Management Concession of Publicly Built Facilities

- Garki General Hospital Abuja – concession to a private provider in 2007
- Pharmacy Services concession to Private provider in Lagos State General Hospitals in 2007
- Concession of Tertiary Laboratory Services in Lagos University Teaching Hospital
- Concession of Cardiac & Renal Center to RENESCOR by Lagos State in 2014

# CONCESSION OF THE CARDIO-RENAL CENTRE, GBAGADA



# *It's not Rocket Science*

Innovations in Healthcare PPP would continue to be required to ensure and assure sustainable healthcare financing, infrastructure and delivery.

Local solutions would be needed to address local issues.

Thank you!

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