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Regulating the private sector providing Health care in Egypt "Policy recommendation"

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The problems of the private sector in the healthcare field:

There is a substantial lack of information about the status of the private healthcare sector. According to the Ministry of Health in 2013, Egypt is home to 1,422 private healthcare units with a total of 32.6 thousand beds, 25% of hospital beds in Egypt. This is in addition to more than 82,000 private clinics across the different governorates.

The private sector takes a relatively major part in offering health services to Egyptians, yet is rife with problems, related especially to regulating its activities and prices and evaluating the quality of the services it offers. In a World Health Organization (Regional Office for the Eastern Mediterranean) technical meeting, held in October 2013 under the title Health System Strengthening: Role and Regulation of the Private Sector, it was stressed that the role of the private healthcare sector is not yet clear since its capacities are not fully understood and its practices are not subject to monitoring. In addition, the WHO added, the range of services offered in private healthcare units vary, the criteria it adopts are questionable, and organization is not at its best. There is not enough information about the financial burden that patients have to bear in order to receive services at private units. The report noted that investors in the private health sector are always reluctant to build facilities in underprivileged or remote areas and that there is no official mechanism to evaluate the quality of services offered at private healthcare units.

That is why the private healthcare sector is always associated with the absence of quality standards, lack of fixed pricing criteria, focus on profit, and the difficulty of monitoring. Added to this is overlooking the social goals of healthcare, therefore not paying attention to areas deprived of adequate medical services.

Egypt's spending on healthcare reaches LE 111 billion according to World Bank estimates and LE 160.5 billion based on the results of the 2008 Health Survey and the 2015/2016 public budget. According to the Health Survey, 72% of Egyptian families' medical expenses is personally funded, which translates into LE 115.6 billion, while the government spends LE 44.9 billion. According to the World Bank, personally funded healthcare reaches 59.3% of public expenditure on healthcare in Egypt, which translates into LE 65.5 billion. This means that the private sector gets large amounts of money that range from LE 65.5 billion to LE 115.6 billion, a matter that draws the attention to the necessity of drafting legislations that regulate healthcare expenditure and that do not allow personal financial status to determine whether or not citizens can get the healthcare services they need.

Legislations regulating the private sector do exist, yet do not play the required role of determining quality levels or monitoring pricing systems. One of the most important legislations is law number 151 for the year 1981 which regulates the establishment of private medical facilities, gives governors the authority to issue licences, and stipulates that owners should be members of the Doctors' Syndicate. Hygienic and medical conditions as well as facilities and equipment were left to the minister of health. According to Article 7 of the law, a committee to determine the pricing system should be established. This committee should be comprised of a representative of the Ministry of Health, a representative of the Doctors' Syndicate, and a representative of the owners of medical units. The price list, added the article, should be posted in an obvious place in each unit. The Ministry of Health issued the executive regulation of this law. This was followed by a number of legislations that determined the pricing systems in private healthcare facilities, classified these facilities, and amended the specifications of private hospitals.

However, a large portion of these legislations is not implemented on the ground and the private sector is still working without fixed criteria whether for quality or pricing. Most of the legislations issued so far have been procedural in the sense that they focus on the specifications of healthcare units while overlooking service quality. The legislations have also gotten quite out-dated and are not suited to the 2030 Strategic Plan or the laws currently offered for societal dialogue and which are to regulate the comprehensive social health insurance program.

Regulating the private healthcare sector in Egypt: Why now?

The annual spending on healthcare among Egyptian families rose from 4% in 2004/2005 to 7.3% in 2008/2009. Studies about expenditure and consumerism in Egypt concluded with stressing the necessity of providing healthcare services for all with special emphasis on underprivileged families through expanding the coverage of health insurance for all citizens.

One of the main problems facing the private sector is considering healthcare a commodity that cannot be offered free of charge and that has to cover its expenses so that only the well-to-do can get those services. This concept is adopted by some government policies ranging from expense reimbursement to economic medical care. This stands in violation of all international charters and agreements to which Egypt is signatory and also of the specificity of health services.

The importance of regulating the private healthcare sector is linked to the specificity of healthcare, that is its difference from other services. On the economic level, health is considered a public good commodity and it is characterized as such, which means that its cost is not in any way related to the number of consumers. The very existence of this commodity automatically makes it non-excludable, therefore it does not acquire a competitive edge. Healthcare can also be a direct reason for the impoverishment of families. In addition, the private sector, which prioritizes profit, does not take into consideration the communal benefits resulting from offering quality healthcare, also known as externality, since it focuses on individuals more than the community.

Regulating the private healthcare sector is, therefore, necessary to avoid all the risks involved in the afore-mentioned problems. The United States, one of the most known countries to adopt market mechanisms in the private healthcare sector, this sector is one of the most organized and monitored by the state. In fact, the World Bank, which supports the role of the private sector in healthcare, demands that the state intervenes to regulate this sector.

Regulating the private healthcare sector is rendered more necessary by the fact that the Ministry of Health prepares its coming strategy that focuses on raising health indicators by the year 2030 and is about to issue the comprehensive social health insurance program by the time the parliament convenes. The services offered by the private sector and the absence of quality and pricing criteria will come up within the same context. The national healthcare strategy should, therefore, include new legislations to regulate the private healthcare sector and strict enforcement rules in order to secure the entire healthcare process in Egypt.

International approaches to the regulation of the private healthcare sector:

The majority of countries, especially low and medium income countries, adopted two main strategies in dealing with the regulation of the private healthcare sector: first, legislations that regulate and monitor the private healthcare sector; second, a system of incentives that encourages the private sector to cooperate with the state in achieving wider national goals in the healthcare field.

The first strategy regulates the private healthcare sector starting from licenses and permits healthcare units need to obtain and which are always linked to the quality of services through the pricing system to the control of competitive practices. Several African sub-Saharan countries managed to issue a set of legislations that regulate the private healthcare sector such

as Zambia, Tanzania, and Rwanda while South Africa is considered a pioneer in this regard. In the Arab world, Algeria, Morocco, and Jordan have the most prominent experiences. However, it was not always easy to get the desired results for several reasons. In some cases the state was unable to fully enforce those legislations and monitor their outcome. Another obstacle was the conflict of interest in the entities authorized to give permits to private medical facilities since those entities are most likely made up of doctors who own those facilities and request such permits. That is why any policy recommendations related to issuing legislations that regulate the private healthcare sector should not overlook the necessity of enabling the state of enforcing and monitoring those regulations. This could be done through developing an efficient administrative system to be in charge of monitoring the implementation of those legislations or delegating a judicial entity to play this role.

The second strategy depends on offering financial and non-financial support for the private healthcare sector. This strategy follows two main approaches: first, tax support or exemption for facilities that work on achieving developmental goals, are located in remote or underprivileged areas, or offer services that are not available at the public sector; second, the state's use of its purchasing power to purchase the services of the private sector. Even though this approach was more supported than the first, it was still faced with a number of obstacles such as operation costs and the administration of referrals to the private sector, which according to the WHO could reach up to 25% of insurance instalments and reaches 30% in the United States. Malaysia and Latin America have similar experiences that are worth surveying.

Regulating the private healthcare sector in Egypt:

A proposed strategy:

In order to face the chaotic condition of the private healthcare sector in Egypt, a national independent body affiliated to the cabinet and empowered to monitor the Ministry of Health can be established under the name the Egyptian Authority for Comprehensive Quality and would have a distinct juridical personality. This authority, whose powers can be determined through a presidential decree, will be in charge of regulating and monitoring the quality of healthcare services in medical facilities, setting conditions for granting permits and licences, and determining quality criteria. It would also monitor staff performance, device cost-effective strategies and set an incentive plan for the staff.

Strategy implementation mechanisms:

A number of mechanisms need to be applied in order for this strategy to materialize:

- Creating a Supreme Council for Health made up of representatives from the relevant ministries, from different public and private sector facilities, and from civil society. The council will be in charge of the following:
 - 1- Setting the strategic framework for the healthcare system in Egypt in a way that states the vision and mission, identifies goals and priorities, determines implementation methodologies, addresses the challenges, and suggest alternatives
 - 2- Providing guidance for five-year strategic plans, annual implementation plans, and sector plans
 - 3- Identifying the challenges facing different health entities, determining priorities, and setting a timeframe for goals
 - 4- Monitoring and assessing the implementation of health strategies through plans set by all relevant entities including the Ministry of Health
 - 5- Establishing a comprehensive societal dialogue on the various healthcare issues to make room for different perspectives on medical services and suggestions about developing them, provided that this dialogue encompasses all echelons of the Egyptian society as well as all entities involved in the healthcare system
 - 6- Establishing coordination between the different entities working in the healthcare system based on the basic right to healthcare and which encompasses all dimensions of the process—financial, organizational, legal, and legislative—in order to set an advanced monitoring and follow-up system.
 - 7- Developing a governance scheme for the healthcare system that involves the necessary guarantees for transparency and accountability and launching initiatives that reflect the partnership between the state and society
 - 8- Setting the criteria according to which services should be provided and that applies to both the public and private sector
 - 9- Determining the conditions and requirements for renewing permits to guarantee maintaining the quality of services
 - 10- Proposing legislations that determine an incentives and penalties system for all the staff working in the healthcare sector
 - 11- Setting referral and transfer protocols between medical units in a way that regulates the performance of the private sector and ensures its cooperation with the

public sector and determining the conditions based on which referral for medical examinations and surgical operations is made while linking the regulation of the private healthcare sector to the referral and service purchasing systems in the public sector

12- Obliging private sector facilities to declare their prices on their websites and in obvious places in the facilities so that patients can estimate the cost of the medical care they need

13- Establishing a permanent pricing committee that sets pricing policies for the private sector and which encompasses clinics, medical centers, and hospitals so that prices can be affordable while services remain of good quality and that also regularly revises those prices. The committee is to be comprised of representatives from the private sector, the Healthcare Providers Chamber at the Federation of Egyptian Industries, the Healthcare Providers Syndicate as well as the Ministry of Health

- Setting a mechanism for receiving complaints from patients, investigating those complaints, and taking the necessary procedures in a way that creates a balanced relation between patients and service providers
- Granting municipalities and civil society organizations the right to monitor the performance of medical facilities and provide recommendations that would ensure the quality of services and support societal participation and including those recommendations in legislations

The significance of implementing the strategy:

This strategy could play a major role in:

- Controlling the disorganized context in which the private healthcare sector is currently operating
- Setting clear regulations and criteria for private healthcare facilities in a way that unifies the standard of services among different governorates and different districts
- Eliminating the haphazard manner in which the pricing process is conducted in private medical units and obliging each facility to declare the prices of the services it offers
- Guaranteeing regular monitoring of medical services and staff performance
- Conforming to international quality standards in a way that develops medical services while catering to local economic and social needs

Finally, what this paper proposes is not different in mechanisms—that is in the procedural framework and the estimated cost—from what the current government proposes whether in the 2030 healthcare strategy, the comprehensive social health insurance law, or attempts at reviving the Supreme Council for Health. The paper rather sets criteria for regulating the private healthcare sector through monitoring and quality control and expanding already-existing proposals to include the private sector in addition to the public sector. This paper underlines how it is not possible to apply the strategic goals of the healthcare system without regulating the private sector and allowing entities supervising the medical system in Egypt to also supervise the private sector.