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## **Strengthening of Health Sector through Public Private Partnership (PPP): A Systematic Review**

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### **ABSTRACT**

The word PPP stands for Public Private Partnership, which depicts the integration of public and private sectors for delivering the services in Indian Economic system. The model is well structured to meet desirable growth in varied sectors. India offers today the world's largest market under PPP. It has accumulated a wealth of experience in achieving a premium position. Experience has also underlined the need to further strengthen three key pillars of PPP framework namely Governance, Institutions and Capacity to build on the established foundation for the next wave of implementation. The present research article is focused on the efforts that so far has been put in through PPP model implementation specifically in health sector. For this, a review has been represented systematically so as to understand the model critically. The nature of data used for this is purely secondary in nature and the library research type is being used. The study shows a significant contribution of PPP model in developing health services and it also indicates that there are enough potential and suitable environment for future growth of it.

**Keywords :** PPP, Health Services

### **I INTRODUCTION**

In present context, there is continuous demand from the community for getting quality services even at grass root level in each sector of development whether it is Health, Education, Infrastructure, Rural Development or any other development sector through the direct or indirect support of Government (Public Sector). Surprisingly after putting hard efforts, Government is unable to provide the services at the expected quality level due to many reasons. The inability of Government in providing quality services has forced the community to seek the services from private sector and in turn, private sector provides the unmet services to the common man and trying to reach the last man of the society but with very little or no regulations.

Health service delivery through public health institutions is not up to the expectation of community. Some of the reasons for not taking services from public health institutions by community include not availability of health care staff (doctors, nurses) in time, poor maintenance of infrastructure, poor hygienic environment etc. Community therefore forced to seek services from unregulated private health institutions on a much higher price.

Central and many state Governments in India have undertaken initiatives to address the gaps and inefficiency in the existing public health system delivery mechanism and one of the initiative under health sector reforms has been to collaborate with the Private Sector through Public- Private Partnership (PPP). The World Bank (2001:12,14) view on PPP model, which categorically

emphasized: " now is the time to carry out radical experiments in India's health sector, particularly since the status quo is leading to a dead end. .... But it is evident that there is no single strategy that would be best option. The proposed reforms are not cheap, but the cost of not reforming is even greater."

Partnership with the private sector has emerged as a new avenue of reforms and gaining acceptance from the community for getting timely and effective health services.

### **II OBJECTIVE AND METHODOLOGY**

The sole aim of this paper is to have an assessment over the work so far has been done under the flagship of PPP model specifically in health sector. For this purpose secondary data has been gathered from authentic resources and databases.

### **III AN ASSESSMENT**

Public Private Partnerships have been widely researched for sectors like infrastructure (Roads, Railways, Ports) , telecom and power. But there are limited studies available for PPP in Health care sector both in real as well as virtual situation. The reasons for this research gap can be attributed to the difficulty in measurement of success, returns and its overall impact. Though very little, there are literatures available that have categorized PPP models in healthcare into different heads like Increasing access (Mobile health units), Affordability (Community Health Insurance), Efficiency (Functional autonomy to hospitals),

Financing (joint ventures), Outreach (Partnering with grass root organizations), Risk transfer (Contracting) etc.

Several researchers undertook qualitative analysis of PPP documents (Raman & Bjorkman,1996) and state specific studies (Uttaranchal Mobile Hospital and Research Center, Uttaranchal,2002). The present review covers the general appraisal of literatures related to strengthening of health sector through PPPs available in following two perspectives -

**(a) International Perspective -Konstantinos Biginas and Stavros Sindakis** writes in their paper on **Innovation through Public - Private Partnerships in the Greek Healthcare Sector : How is it achieved and what is the current situation in Greece ?** - According to them - Greece has taken initiatives in promoting partnerships in health sector for a number of reasons. First, a determining factor has been the dysfunction of the public sector. The big lag and the inability to move flexibly and monitor developments were crucial. Budgetary constraints imposed on the healthcare sector necessitated outsourcing many of the services provided by the public sector, especially in the domain of hospital care, which takes up the largest share of the total health expenditure in Greece.

**Eleanor Beth Whyte and Jill Olivier** in their paper on **"Models of Public -Private engagement for Health services delivery and financing in Southern Africa : a systematic review"** present the results of a Campbell systematic literature review conducted to establish the types and the prevalence of PPE projects for health service delivery and financing in Southern Africa. The review reveals that the full range of PPE models, eight distinct models, are utilized in the Southern African context.

The distribution of the available evidence—including significant gaps in the literature—is discussed and key considerations for researchers, implementers, and current and potential PPE Partners are also presented. They summarised the existing status of available literature on PPPs in South Africa in the last section of their paper. According to them, the available literature disproportionately presents evidence on PPE initiatives in South Africa is biased towards reporting on PPE initiatives involving for profit partners and those involving international donors, and demonstrates a lack of coverage on public-sector engagement with informal partners.

Dr. Mark Hellowell, lecturer, Global Public Health Unit, University of Edinburgh in his paper on **"Strengthening Health systems through Public Private Partnership : theory , evidence and lessons for developing countries "** discussed in detail about the pros and cons of delivering health care through PPPs which helps to strengthen health systems. He mentioned in his paper that in 2010, the World Health Assembly passed a resolution calling on National Governments to " constructively engage the private sector in providing essential health-care services" (World Health Organization 2010, P.4). It is also mentioned that there is increase in acceptance of PPP forms among low and middle income countries; the private sector is being contracted by public sector to deliver basic health care facilities and clinical services on behalf of them. Dr. Hellowell mentioned in his paper that because responsibility for asset- delivery and service- provision are contracted out to the private sector in single "bundled transaction ( in contrast to the infrastructure -oriented model perused in countries such as the UK, Canada, Egypt, Mexico and Brazil), this is some time called the "Integrated partnerships" model (Sehkri et al 2011). The model is well accepted by several multilateral development banks (such as World Bank, African Development Bank) and official donors (such as USAID and DFID), but there is little evidence relating to its performance and guidance for policy makers are available in developing countries.

Dr.Hellowell tried to address the gaps through this paper. He explained a framework based on Institutional economics and organizational theory to assess the cost and benefits of private ownership, risk transfer and bundling in section 2 of his paper. In section 3 of paper, he described about Competition, regulation and the cost of capital involved in such partnership models with the help of economic models using mathematical formulas. In the concluding section, He mentioned that the claims of investing in PPPs will improve efficiency and effectiveness in the Health sector (IFC 2007) can't be supported by convincing empirical evidence, while the theoretical research reviewed in this paper suggests the micro economic case for such partnerships is ambiguous. Because of their long-term and complex nature, integrated partnerships present particular challenges in the assessment of fiscal risks. In developing countries, the impact of poor budget planning and execution can be severe and it is not clear that such problems can be addressed by available sources of technical expertise.

**Public Private Partnership and the 2030 agenda for sustainable development: fit for purpose? (Feb 2016, UNDP/ Department of Economic and Social Affairs)**

Authors of these papers, after explaining the historical background about PPPs in the paper, mentioned about the trends in developing countries for promoting PPPs activities by enhancing the budget for Infrastructure facilities etc. It is mentioned that The Addis Ababa Action Agenda (AAAA) of Third International Conference on Financing for Development (Addis Ababa, 13-16 July 2015) recognizes that “both public and private investment have key roles to play in infrastructure financing, including through (...) public private partnerships” (paragraph 48, AAAA). However, the AAAA also highlights the need to “build capacity to enter into PPPs, including as regards planning, contract negotiation, management, accounting and budgeting for contingent liabilities”. It further stresses the need to “share risks and reward fairly, include clear accountability mechanisms and meet social and environmental standards”.

There are some key issues which are highlighted in the paper like -

- (i) Assessing the value for Money of PPPs
- (ii) Elements of costs
- (iii) Quality of service
- (iv) Overall Impact

The key components of an enabling framework for PPPs are also discussed in the paper. It is mentioned that for PPPs to become an effective instrument through improvements in service delivery, efficiency and development impact over and above those attainable through public procurement, it is important that the public sector is able to: i) correctly identify and select projects where PPPs would be viable, ii) structure contracts to ensure an appropriate pricing and transfer of risks to private partners, iii) establish a comprehensive and transparent fiscal accounting and reporting standard for PPPs, and iv) establish legal, regulatory and monitoring frameworks that ensure appropriately pricing and quality of service. In other words, it is necessary that countries have in place the institutional capacity to create, manage, evaluate and monitor PPPs.

Authors in their paper on **Expert Review and Case Study on Public Private Partnership in Health, Ethiopia, February 2015** described sixteen case studies. In majority of cases, the partnerships were contracting like arrangements between government and private non-profit or private for-profit organizations. Authors visited the selected organizations to gain experience of PPP interventions implemented in health sector and interacted with different stakeholders on issues related to PPP interventions. On the basis of their analysis, following three different types of partnerships were emerged and discussed in their paper -

- (i) Contracting partnerships between Government and private for profit and

nonprofit organisations for the provision of comprehensive primary health care services for the rural population was found to be promising in reaching needy populations with quality health services.

- (ii) Contracting partnerships between government and private for -profit health institutions for the provision of select health care services, specifically focusing on HIV/ART and Tuberculosis (TB), are contributing their share in expanding access to treatment and care services.
- (iii) Contracting partnerships with private - for -profit institutions for the provision of non-clinical services (Outsourcing of daily cash collection and patient registration) as well as clinical diagnostic services provide promising examples of outsourcing practices by public hospitals beyond the usually outsourced non clinical services like laundry and security.

It is also found, on the basis of field survey work that the top three challenges for the health sector are

- (i) Accessibility and coverage in rural areas,
- (ii) Ineffective management of existing infrastructure, and
- (iii) Inadequate number and quality of health care professionals.

Internationally, PPPs in the health sector have been focused on addressing large capital expenditure programs, such as hospital private finance initiatives (PFIs) and local improvement finance trust (LIFTs) in the united kingdom (UK).in addition, the government of the united kingdom recently introduced an independent sector treatment center that provides a framework for developing diagnostics and surgical capacity to meet the demands of the national health service. However, its success in meeting desired outcomes is as yet unconfirmed.

**(b) National Perspective-** In this section , review of Literatures on PPPs in Health sector in India is being discussed as follows -

#### **Improving Health and Education Services Delivery in India through Public -Private Partnerships, ADB, 2010**

The above mentioned document is edited by Anuj Mehta, Aparna Bhatia and Ameeta Chatterjee under the ADB - Government of India PPP initiative " **PPP Knowledge Series**" in Improving Health and Education Services Delivery in India through Public -Private Partnerships and described various prevalent successful PPP models established in Primary Health Care sectors with the support of different stakeholders ( both from Public and Private ) . The outcomes of this document are based on the rapid assessment study which includes

series of consultations with a number of selected state governments on the sector's challenges and an assessment of local cases of private sector participation in both sectors. Status of Partnership models in Health sector is dealt in detail in the document. It is mentioned in the document that - " India's health spending (about 4.5 % of Gross Domestic Product (GDP) is much lower compared with spending in Organisation for Economic Co-operation and Development (OECD) member countries. While India has successfully developed physical infrastructure and adequate coverage of primary health services, significant shortfall remain all in terms of services provided by health workers " .

**Government Contracting for improved Child Survival in Norway India Partnership Initiatives (NIPI) focus status, Access Health International, Centre for Emerging Market Solutions and Indian School of Business, Hyderabad, Authored by Sofi Bergkvist, Priya Anant, Vijay Reddy and Prabal Singh, March 2011**

The paper is the outcome of a workshop on " **Government Contracting for Improved Child Survival** " organized by Norway India Partnership Initiative (NIPI), NIHFW , ACCESS Health International, Inc and the Centre for Emerging Market Solutions at the Indian School of Business (ISB), Hyderabad . The workshop was focused on potential Public Private Partnership (PPP) models for improving child health outcomes in NIPI's focus states of Bihar, Madhya Pradesh, Rajasthan, Orissa and Uttar Pradesh (UP).

One of the goal (Goal Number four ) of MDG in India is to reduce the child mortality by two thirds by 2015 (from a base level of 1990) which is very difficult task for Government of India to achieve due to so many reasons. Five of focused states of NIPI contribute to about 60 percent of the child deaths in the country.

As private sector remains the major healthcare provider for all income groups in India, Govt. of India has established a separate committee to design PPPs in the healthcare domain as a part of 11th Five year planning process to increase the child survival rates . Many states in turn started using PPP model for improving the primary health services in an innovative manner.

Authors have also discussed the main findings of the workshop as follows -

- (i) The environment is encouraging for PPPs in health care in NIPI focus states.
- (ii) Most states don't have a predefined policy to engage with the private sector.
- (iii) There has to be a clear institutional structure and capacity to manage PPPs.
- (iv) There is a need to critically analyze the cost -effectiveness of PPPs, taking into

consideration the impact on costs as well as the quality and use of health care.

Indian experiences of PPP in Healthcare are discussed in detail which covers Chiranjeevi Scheme of Gujarat and Aarogyasri Scheme of Government of Andhra Pradesh in which the concerning state governments has tied up with private partners to provide basic health services. At the end, authors mentioned the urgent need for advanced health care services and a conducive policy environment to attract high quality private sector players through PPPs.

Dr. A Venkat Raman and Prof. James Warner Bjorkman in their **paper on Public/ Private Partnership in Health Care Services in India**, mentioned that the inability of the public health sector has forced poor and deprived sections of the population to seek health services from the private sector. There are sufficient evidence available that, in many parts of India, the private sector provides a large volume of health services but with no legal bonding or regulation. Private health sector in India is not only the most unregulated sector but also is most potent and untapped sector. Authors of the paper believes that the deficiencies in public sector health system can only be overcome by significant reforms. It is also mentioned in the paper that given their respective strengths and weaknesses, neither the public sector nor the private sector alone can operate in the best interest of the health system. It is assumed that collaboration with the private sector in the form of Public/ Private Partnership would improve equity, efficiency, accountability, quality and accessibility.

Authors have also shared the challenges in going for Partnership in this paper and mentioned following issues -

- (i) Not- for Profit organisations have special concern for reaching the poor and disadvantaged and account for less than one percent of all health facilities (World Bank 2004). Their sustenance depends on philanthropic donations or external funding and result in less outreach, low in infrastructure facilities, ad-hoc interventions. (but they provide good quality care, need little regulation or oversight from government and cater to the needs of those otherwise excluded from mainstream health care.)
- (ii) For - Profit private sector is primarily motivated by money and has no concern for equity and access. Bennet et al. (1994) identified five main problems associated with private -for -profit provision of health services
  - Illegitimate or unethical means to maximize profit,
  - less concern towards public health goals,

- lack of interest in sharing clinical information,
- creating 'brain drain' among public sector health staff
- lack of regulatory control over their practices.

Case studies were analyzed under two broad heads -

- (i) Operational issues in the management of the partnership
- (ii) Policy perspectives on public -private partnerships.

At the end, authors detailed out the case studies which represent a wide spectrum in terms of rural - urban mix ,for -profit and not-for- profit partners, primary care versus specialty care services, clinical services to insurance schemes, laundry to tele medicines etc. The case studies provide insights about the manner in which public/private partnerships function in many parts of India.

Mr. Natya Saxena, Fellow Programme in Management, IIM, Indore in his paper on "**Public - Private Partnership in Healthcare services In India: Analysis of success factor using Quantitative content analysis.**" described the<sup>(a)</sup> background status of PPPs in India in his introductory remarks. He mentioned that, government was primarily accountable for providing healthcare services in India till late eighties and private sector contributed merely eight percent in health sector (World Bank,2004). Over the years, private sectors share grew substantially to 93% hospitals that 63% of beds and cater to around 80% of outpatients (World Bank 2002). With this shift of utilization from public to private healthcare services, out of pocket expenditure on private providers plunged to 86% (World Bank 2014) thus giving rise to socially undesirable situation for poor. To counter this situation, Government initiated several health sector reforms. One of the several reforms is Public/ Private Partnership (PPP).

Author has also used different parameters like Incentive Mechanism, Responsibility division, sources of funds budget, risk sharing, sustainability etc with their logical rationale to evaluate PPP projects in Healthcare established in different states of India.

Author has used quantitative techniques and formulas for evaluating these parameters and tested for significance using Fisher Exact test for their Scale and operations. It is found that only responsibility division and risk sharing found to be significant. The next important parameter to consider is Sustainability.

The results of the study have implications for policy makers at the time of negotiation and contract formulation. The factors of success studied here are not exhaustive but they can certainly enhance the

probability of better implementation, intended outcome and improved resource utilization.

**Mr. Avishek Ghosal, Mr Amritesh Bhaskar and Mr.Ayush Sharma in their paper on " Business Model Innovation in Health Care Infrastructure in India"** focuses on the recent business model innovation of health care providers, their drivers, characteristics and the effect they have on these firms and the sector as a whole. According to them, healthcare providers are starting to innovate their business models in order to respond to new trends, which are also redrawing the industry architecture of the sector.

#### IV RESEARCH GAP

The papers and studies, mentioned above explain that Public Private Partnerships are the most viable option to overcome constraints and challenges in provision of better health services and infrastructure in India. Some studies discuss challenges and constraints faced by PPP at national level but the direction of these studies lack the following:

- All the studies focus on PPP's at national level but there is no study which explains the constraints faced by PPP's at the state level
- (b) There is no study which identifies the environmental constraints faced by PPP projects at State level
  - (c) The studies conducted don't explain the impact of the presence of various environmental constraints on successful implementation of PPP projects at state levels.

#### V CONCLUSION

Thus in nutshell it can be concluded at this point of time that so far PPP model in health sector has given significant contribution with various constraints and opportunities. Still observing the aforesaid gaps, lot many variables and key issues need to be explored and analyzed.

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