FEASIBILITY STUDY OF PUBLIC-PRIVATE MIX IN HEALTH CARE IN BANGLADESH



Mrs. Nadira Sultana

A Thesis Submitted in Partial Fulfillment of the Requirements

For the Degree of Master of Science in Health Economics

Faculty of Economics

Graduate School

Chulalongkorn University

Academic Year 1997

ISBN 974-638-915-7

Thesis Title	FEASIBILITY STUDY OF PUBL MIX IN HEALTH CARE IN BAI	
By Program Thesis Advisor	Nadira sultanaHealth EconomicsAsst. Prof. Kaemthong Indaratna, 1	Ph.D.
in partial fulfillment of in Health Economics.	the Graduate School, Chulalongkorn Unite requirements for the Degree of Master of the Degree of the Degr	
Thesis Committee:		
(Ass	c. Prof. Manisri Puntularp) Prof. Kaemthong Indaratna, Ph.D.)	Chairperson
	Prof. Sothitorn Mallikamas, Ph.D.)	Member

สมพังบุลนัยบที่เหยื่องหยายของหนึ่งการปีกิจ สมพัยบอสเยเลี้

4085754729 : MAJOR HEALTH ECONOMICS
KEY WORD: PUBLIC-PRIVATE MIX/ BANGLADESH/ CONTRACTING OUT/CATARACT/ PRIVATE PROVIDER/
ADDITIONAL COST/ POTENTIAL BENEFIT/ PURCHASING MODEL/ LEASING MODEL.

NADIRA SULTANA: FEASIBILITY STUDY OF PUBLIC-PRIVATE MIX IN HEALTH CARE IN BANGLADESH. THESIS ADVISOR: ASST. PROF. KAEMTHONG INDARATNA. Ph. D 74 pp. ISBN 974-638-915-7

Bangladesh has good physical structure for health care in rural area called Thana Health Complex, the first referral level of health care institution. But unfortunately Thana Health Complex are under utilized especially the inpatient department. Therefore, the study has intended to search possible causes for that and to find measure for improving the under utilization problems.

It is clear that the government can not do some thing better alone when the health care system is tax financed and tax collection system is very weak. Therefore, involvement of patients as well as private providers and NGOs are needed to do something better than present. Private/ Public mix in health care is the solution. There are many types of p/p mix in health care but for Thana Health Complex contracting out is one of the suitable ways to solve some problems of under utilization. Cataract care is chosen for contracting out as visual disability is the highest cause of disability in Bangladesh and cataract is the number one cause for visual disability.

The objectives of the study are to explore contracting out as a remedial measure of P/P mix to improve the problem of under utilization of Thana Health Complex of Bangladesh and assess the additional cost and potential benefit of contracting out models for cataract surgery and to explore possible design of contracting out for Thana Health Complex.

To assess additional cost for contracting out the study considers capital cost and recurrent cost and to assess potential benefit it considers equity, efficiency, quality of care as well as patient's satisfaction.

Finally, the study has chalked two designs for contracting out for cataract surgery at Thana Health Complex; one is Purchasing model to buy service from private providers and share the finance with patient and the other one the Leasing model to give lease the Operation Theater of Thana Health Complex for cataract surgery to NGO or private provider. Compare and contrast between two models has placed in terms of additional cost and potential benefit.

Enforcement of government regulation and consumer education is recommended for proper utilization of Thana Health Complex and changing health seeking behavior of people.

ภาควิชา Economics	ลายมือชื่อนิสิต สทรองมูลเจาลง
สาขาวิชา Health Economics	ลายมือชื่ออาจารย์ที่ปรึกษา X ในปลาเกา
ปีการศึกษา 1997	ลายมือชื่ออาจารย์ที่ปรึกษาร่วม

Acknowledgements

I would like to utilize the opportunity to thank all whom always geared up my speed to finish this pleasant task tirelessly.

Dr. Kaemthong Indaratna my thesis advisor gave me correct directions to think and proceed and her specific guidance helped me enormously to finalize this study.

The other thesis committee members, Assoc. Prof. Manisiri Puntularp, Asst. Prof. Dr. Sothitorn Mallikamas and WHO Research Fellow Mr. Raymond Hutubessy guided me at their maximum efforts.

The Program Director of MSc in Health Economics course Assoc. Prof. Waranya Patarasuk always kept her eyes open on every matter to run every thing smoothly.

All faculty members and staff of the center for Health Economics were extremely cordial to every field.

Special thanks for my funding agency Overseas Development Administration and British Council for providing me funds and helps to study in Bangkok.

In Bangladesh, I am indebted to Dr.Fasih Uddin Mahatab, the secretary General of BIRDEM, Dr.AK Azad Khan the Director of Research and Academic Division, BIRDEM and Dr. Liaquat Ali the principal Research Officer, BIRDEM for encouraging me to study in Health Economics and arranging the program for me.

Unforgettable mental supports from my family are beyond my expression capability.

Abbreviations

GOB—Government of Bangladesh

IPD-In patient Department

MOHPF---Ministry of health and family planning

NFP—Not- for-Profit

NGO-Non government organization

OPD—Out patient Department

O.T—Operation Theater

P-P—Public-Private

THC—Thana health complex

WHO—World Health Organization

Contents

Pa _y	2
Abstractii	
Acknowledgementiii	
Abbreviationsiv	
Contentsv	
List of Tablesviii	
List of Figure x	
Chapter 1: Introduction	
1.1-Rationale	
1.2-Research Questions. 4	
1.3-Objectives	
1.4-Scope of the Study5	
1.5-Benefit of the study6	
1.6-Limitation of the study6	
Chapter 2: Research Methodology	
2.1-Terms and operational definition	
2.2-Conceptual Framework	
2.3-Study Method	
2.4-Key Variables	
Chapter 3: Literature Review	
3.1-Concept and definition of P-P mix	
3.2-Contracting out	
3.2.1-Rationale for contracting out	

Page

3.2.2-Services for contracting out	18
3.2.3-Impact of contracting out	21
3.2.4-Examples of contracting out	23
Chapter 4: Causes of under utilization of THC	26
4.1-Thana Health Complex	
4.2-Problems of THC	
4.2.1-Health seeking behavior	
4.2.2-Unavailability	
4.2.3-Quality of care	
4.2.4-Excess capacity	
4.2.5-Traditional Believes	
4.2.6-Transportation Problem	31
4.2.7-Population movement	31
4.2.8-Weak information system	31
4.2.9-Non existence of referral system	31
Chapter 5: Design for Contracting out	33
5.1-Types of models	
5.1.1-Purchasing model	
5.1.2- Leasing model	
5.2- Information required for model designing	
5.2.1- Information for purchasing model	
5.2.2- Information for Leasing model	38
5.3- Design for contracting out	
5.3.1-Description of Purchasing model	41
5.3.2- Description of Leasing model	48

	Page
5.4-Compare and contrast between purchasing and leasing models	49
Chapter 6: Cost and benefit analysis	51
Chapter 7: Discussion and Conclusion	55
Reference	61
Appendix	64
Curriculum Vitae	74

List of Tables

Page
Table 1.1 Proportional impairment by major groups of disability
Table 1.2 Prevalence of Cataract per 1000 population4
Table 2.1 Additional cost for contracting out of Cataract surgery at THC9
Table 2.2 Potential benefit components and possible
outcomes after contracting out at THC
Table 2.3 Method of measurement of variables for contracting out at THC14
Table 3.1 Possible combination of public and private sectors
financing and provision
Table 3.2 Services that may be contracted out
Table 3.3 The examples of contracting out
Table 4.1 Budget allocation for health in Bangladesh
during 1988-89 to 1996-97
Table 4.2 Proportional revenue expenditure on health in Bangladesh29
Table 4.3 Hospital bed occupancy rate in different hospitals
Table 4.4 THC statistics OPD and IPD,1992-199630
Table 5.1 Examples of collecting information about patients
Table 5.2 Expected additional cost for contracting arrangement
Table 5.3 Information about potential benefit after contracting out
Table 5.4 Information about providers for leasing model
Table 5.5 Additional cost for leasing
Table 5.6 Potential benefit after leasing for cataract surgery
Table 5.7 Estimated cost structure of cataract surgery in THC46
Table 5.8 Compare and contrast between purchasing and leasing model50
Table 6.1 Cost items for contracting out for cataract surgery
Table 6.2 Benefit items of contracting out for cataract surgery53
Table 6.3 Source of additional cost54

Page

Table A.1 Population characteristics of Bangladesh	.64
Table A.2 Literacy rate of Bangladesh	64
Table A.3 Health Status of Bangladesh	65
Table A.4 Health care utilization pattern of Bangladesh in percent	66
Table A.5 Level of health care by facilities in Bangladesh	67
Table A.6 Flow of funds-Expenditure per capita, 1994/95 US \$	68
Table A.7 Flow of funds-Total expenditure, 1994/95 US \$ million	69
Table A.8 Flow of fund-Expenditure as proportion (%) of GDP,1994/95	70
Table A.9 Average annual expenditure per household by types of treatment.	71
Table A.10 Patient record form for cataract patient at THC	72
Table A.11 Information form about cataract surgery fill by surgeon	72
Table A.10 Information about private providers fill by THC	73
Table A.11 Questionnaire for patients for assessing satisfaction	73

List of Figures

	Page
Figure 2.1 Conceptual approach of P-P mix in health care	8
Figure 2.2 Conceptual Framework	12
Figure 5.1 Design of purchasing model	44
Figure 5.2 Design of leasing model	49