Public-Private Partnership In Healthcare In India : Analysis Of Success Factor Using Quantitative Content Analysis

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1. ABSTRACT

Public/Private Partnerships(PPP) in healthcare in India forms a part of recent health sector reforms. With increasing percentage of Gross Domestic Product(GDP) being spend on healthcare, it is important to analyze the elements responsible for success of such projects. Till date many state governments have indulged in PPP projects and others are willing to replicate successful models which makes it feasible and vital to study existing PPP models. The quantitative content analysis is expected to reveal success factors of PPP projects that state government can mull over for future collaborations to make them successful.

Key words: Public/Private Partnership, quantitative content analysis, healthcare, India

2. INTRODUCTION

Post independence, government was primarily accountable for providing healthcare services in India. Until late eighties private sector contributed merely eight percent in health sector (World Bank, 2004). Over the years, private sectors share grew substantially to 93% hospitals that provide 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). Governments, realizing its own limitations, intertwined and explored the option of partnering with widely spread private players with an aim to provide affordable healthcare services to underserved.

Over the time many state governments have entered into partnership with for-profit and not-for-profit(NGO) agencies, community based organizations(CBOs), Panchayat Raj institutions(PRIs) . Literature supports the motive of PPP to introduce private sector's efficiency into government system but such projects gained political popularity as it provides more value for money and thus reduces pressure on public budget (Mukhopadhyay, 2011)

Along with popularity, such partnerships have raised various challenges as well mainly on the grounds of principle-agent problem. These include but not limited to motive of partner agency,

policy and legal framework, monitoring such partnerships, beneficiary and incentive system of partners. Specially in healthcare, which is a non-competitive social good, involvement of private sector is believed to be motive drifter. But nonetheless, PPP projects across several states are rolling with success.

Scope of these projects can vary widely from non-medical to medical contracts, franchising, joint ventures, voucher or service purchase coupon, social health insurance, health co-operatives, subsidies and tax incentives etc (Raman & Björkman, 1996). PPP projects in health sector are growing and so is researchers interest to empirically test the success and sustainability of these partnerships. Dr. A Venkat Raman and Prof J.W. Björkman under Indo-Dutch Programme on Alternatives in development carried out in depth qualitative analysis of sixteen case studies of PPP projects from nine different states in India. Their analysis revealed certain important factors like vital prior negotiations, documentation of mutual expectations, monitoring process to ensure expected service delivery were lacking in various schemes.

3. LITERATURE REVIEW

Public Private Partnerships have been widely researched for sectors like infrastructure(highways/railways/Ports), telecom and power. But there are limited studies available for PPP in health care. The reason for this research gap can be attributed to the difficulty in measurement of success, returns and its . Though scant, there is literature available that has categorized PPP models in healthcare into different heads: increasing access(mobile health units), affordability(community health insurance), efficiency(functional autonomy to hospitals),financing (joint ventures), outreach(partnering with grassroots organization),risk transfer (contracting) etc. (S.Rajasulochana, 2009). Several researchers undertook qualitative analysis of PPP documents (Raman & Björkman, 1996) and state specific case studies (Uttaranchal Mobile Hospital and Research Center, Uttaranchal, 2002). Few studies highlight success factors like risk sharing, sustainability, leadership motive and others. (Raman & Björkman, 1996).

3.1. Parameters for Analysis

Based on available literature and standard definition of PPP given by Asian Development Bank (Asian Development Bank), we propose parameters mentioned in table 1 for evaluation of PPP projects.

Table 1 Parameters to Evaluate PPP Projects in Healthcare

PARAMETER	RATIONALE
Incentive Mechanism	Projects cannot succeed if human capital is not compensated for their work. A clear incentive mechanism results in success of partnership projects.
Responsibility Division	Before the start of the project, responsibility of each partner should be clear in terms of service/maintenance/ownership
Sources of Fund/Budget	Clarity in financing of project contributes to sustainability
Risk Sharing	Risk-sharing is essential component of partnership. It makes partners equally liable for the project
Sustainability	It is a composite parameter that may contain measures like audit, performance measurement etc
Grievance redressed	A sound grievance redressed mechanism ensures the delivery to intended beneficiary
Strong MIS	Technology makes the process transparent and efficient. Its inclusion is essential to reduce problem of moral hazard
Referral system	This parameter is specific to healthcare PPPs where clarity in referral system is important
Political/Leadership motive	Strong leadership can play an important role in right intend
Pro Beneficiary/Coverage	Indicates if beneficiary have been identified appropriately

ADBI (2000) identifies the enabling conditions for the success of a partnership as:

A clear understanding between the partners about mutual benefits

A clear understanding of the responsibilities and obligations between the partners

Strong community support

Need for some catalyst to start the process of partnership (maybe an individual, a donor, a compelling vision or even a political or economic crisis)

Stability of the political (government) and legal climate (laws)

Regulatory framework that is followed and enforced

Capacity and expertise of the government at different levels in designing and

managing contracts (partnership)

Appropriate organizational and management systems for partnerships

Strong management information system

Clarity on incentives and penalties.

4. METHODOLOGY

We, in this research, propose to study proposed factors(Table 1) using quantitative content analysis supported by qualitative evaluation. The study has been carried out using case studies and Memorandum of Understanding(MOU's) of schemes operational in different states. Some of the content related to schemes has been taken from HS-PROD database maintained by Ministry of Health and Family Welfare, Govt. of India. To ensure extensive capture, projects with varied location, scale and type of partner have been selected. Most of the studies considered medical as well as non-medical contract type. Terms and conditions in later is easy to consolidate but it is medical contracting that brings in the problem of moral hazard. For this reason, present study has considered only medical contracts for analysis.

Since there is no existing content analysis dictionary for PPP in healthcare, it has been created using existing literature. First version has been created by author and verified by five other researchers independently. The discrepancies were resolved for the clashing words using literature. In an effort to improve reliability, a post graduate student was asked to classify randomly chosen words under themes. We understand that the dictionary is not robust and can be scrutinized further to improve its reliability.

To classify PPP projects, number of years of operation and its replication into other states(scale) have been taken into account. After the classification, fisher one tail test has been applied to test for significance of earlier identified parameters.

5. RESULTS & DISCUSSION

Out of ten themes tested for significance, only responsibility division and risk sharing found to be significant at 5%. Sustainability is the next important parameter to consider. Accessing qualitatively, parameter like leadership motive is seldom mentioned in contract document, thus cannot be tested correctly using this method. Similarly, such projects are primarily funded by government and thus there is no significant difference found among two groups. Presence of Strong MIS is important to maintain transparency, but only few projects have exploited technology and hence it is not on the significant list yet. But schemes like Rajiv Arogyashri present an exemplary example of technology usage to achieve efficiency.

Table 2 Themes tested for significance using Fisher Exact Test for their Scale and operations

THEMES	PPP with High Scale	PPPs with lower scale	P values
Incentive Mechanism	6.97	8.33	0.246
Responsibility division	7.45	20.18	0.002***
Sources of fund	5.48	5.66	0.769
Risk Sharing	3.19	11.23	0.034***
Sustainability	3.69	9.61	0.052
Grievance redressed	1.99	3.67	0.641
Strong MIS	3.5	5.16	0.19
Referral system	2.25	1.44	0.67
Political/Leadership motive	2	0.5	0.89
Pro Beneficiary/Coverage	2.99	4.77	0.098

6. SUMMARY

Our study has implications for policy implementers at the time of negotiation and MOU formulation. Further, results can be extended to perform cost-benefit analysis of these projects. 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.

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<u>APPENDIX</u>

- ➢ PPP Dictionary

Incentive Mechanism:
Payment,mechanism,pay,pays,paid,proportion,claim,claims,account,retains,retain,cheque,cash,share,contract,date,submit,submission,turnaround,time,margins,margin,income,salary,salaries,termination,remuneration,incentive,incentives
Responsibility Division
maintenance,per,month,annual,provide,provided,objective,objectives,access,scope,supply,power,water,responsibility,administrative,ensure,specified,run,BOT,BOOT,Build,building,Operate,Transfer,government,government's,role,responsible,responsibility,facility,teaching,coordination,instructions,ownership, stakeholders, stakeholder,trust,Trust,follow-up
Sources of Fund/Budget
capital,expenditure,borne,reimbursed,reimburse,Reimburse ,tariff,fee,financing,investment,Funds,funds,funding,capitation,support,fund,budget,funds
Risk Sharing
process,bid,bids,bidder,contract,contractual,period,scope,minimum,ensure,adequate,target,specified,borne,bidding,Bidding,Evaluations,Evaluation,evaluation,financial,formula,tripartite,bipartite,agreement,risk,tender,selection
Sustainability
profitable,profit,utilization,volume,pilferages,pilferage,percent,%,revenues,revenue,experience,audits,audit,performance,Performance,performances,Audit, auditors,regulatory,future,Future,robust,payback,price,rate,footfalls,accountability,successors,agility,appraisals,policy,follow-up,outcomes,outcome,win-win,inspection,Sustainability,sustainability
Grievance redressed
feedback,quality,dispute,disputes,resolve,resolved,resolution,argument,clash, negotiations,cooperation,negotiation,negotiate,issue,complaint,Complaint,Failure,failure,grievance,Grievance
Strong MIS
online,system,electronic,upload,uploading,governance,audit,monitor,monitoring,Certified,certified,transparency,transparent,technology,Technology,technologies,software,records,record,data,website,report,reporting,IT,backup,database,computerized,information
Referral system
recommended, referred, refer,framework,turnaround,protocols,protocol,referral,referring
Political/Leadership motive
Chief,minister,Minister,office,authority,authorities,administrators,assignees,Director,state,State,judge,jurisdiction,Directorate,Secretary,secretary,leadership
Pro Beneficiary/Coverage poor,BPL,below,Poverty,Tribal,hygienic,underprivileged,qualified,affordable,emergencies,emergency,awareness,aware,promotional,cashless,free