



The Terrain of Private Medical Sector in South Asia

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I. Introduction

South Asia is the most densely populated geographical region in the world and one fourth population of the world is living here. The healthcare situation in this sub-continent is abysmal, with a notable exception of Sri Lanka. Most of the South Asian countries score low on Universal Health Care. Like other Low-Middle Income Countries (LMICs), health care in South Asia is a Mixed Health System, where publicly-financed government health delivery coexists with privately-financed market delivery.

Despite massive growth of the private

medical sector, and widespread evidence of negative consequences of market failure, regulation of private medical sector remains very weak in most LMICs including South Asia. Even with large scale dissatisfaction related to malpractices, unethical practices, overcharging, and violation of patient's rights in the private medical sector, the movements around these issues have remained weak until now. These situations call for urgent attention towards patient centered approach for regulation of private hospitals in key South Asian countries with

important provisions including charter of patient's rights and responsibilities, grievance redressal mechanism for patients, standard treatment guidelines, transparency in rates, rate regulation with participation of civil society organisations, citizens representatives in the ongoing regulatory process to reflect citizens' concerns primarily.

II. Highly Privatized, Commercialized Healthcare Terrain in South Asia and a Weak Public Health Infrastructure: Some Glimpses

a) Most of the Governments in South

Asian countries spend poorly on public health than the world average of Low Income Countries. High out of pocket expenditure on healthcare is dominant reality in South Asia! Sri Lanka is the only notable exception. (Refer chart 1)

b) 97 Million People were pushed below the \$1.90 (\$ 2011 PPP) poverty line by out-of-pocket health expenditure in 2010. More than 58% such people belongs to South Asia. (Refer chart 2)

c) Private Doctors, hospitals are dominant healthcare providers in key south Asian countries with notable exception of Sri Lanka.

The private health care sector in South Asia is quite heterogeneous, ranging from informal and formal practitioners to small, medium and large hospitals, charitable hospitals and corporate hospital chains and diagnostic centres. There are some similarities in the five countries of India, Pakistan, Nepal, Srilanka and Bangladesh in terms of presence of a private sector, but there are differences also in terms of size, nature, and

Chart 1-Low government expenditure percentage (in blue colour) VS high private, out- of pocket expenditure percentage (in red colour) in key South Asian countries (Source-World Bank Open Data, 2014)

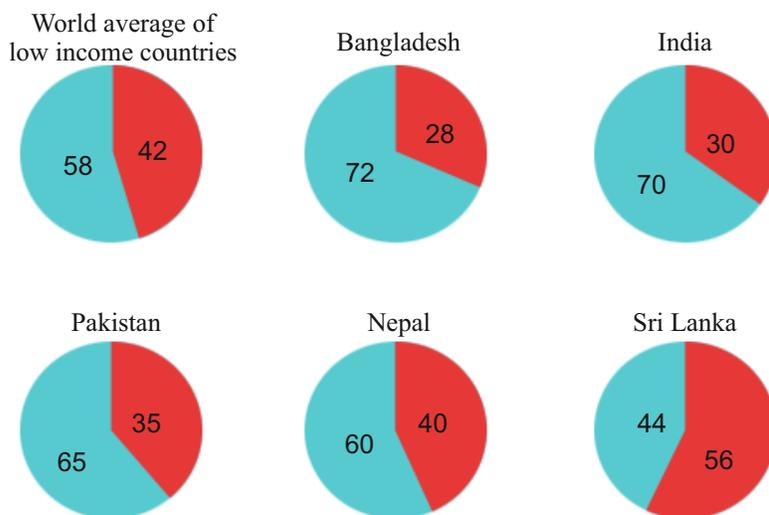
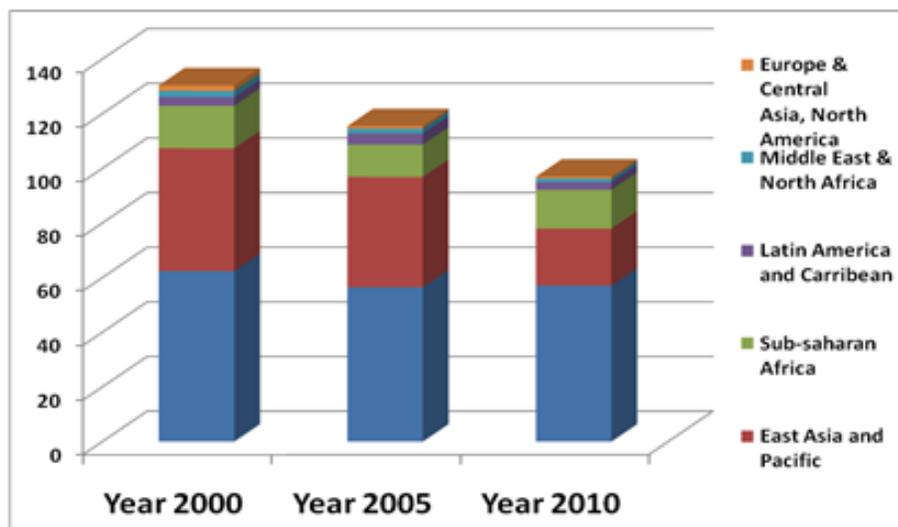


Chart 2- Number of people (in millions) pushed below the \$1.90 (\$ 2011 PPP) poverty line by out-of-pocket health expenditure



(Source: Universal Health Coverage Global Monitoring Data) <https://blogs.worldbank.org/opendata/chart-100-million-people-pushed-poverty-health-costs-2010>

importance of the private sector, apart from the relationship between the private and public healthcare segments. Private healthcare providers are dominant providers of healthcare in South Asia.

Chart 3- Private healthcare facilities in selected countries in South Asia for inpatient care¹

	India (2011-12)		Nepal (2014)		Bangladesh (2013)		Pakistan (2012-13)		Sri Lanka (2011)	
	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public
Hospitals	54004	20306	350	97	2983	559	692	1142	155	592
Hospitals Beds	978000	675779	19580	6944	45485	45853	Around 20000	128998	5205	70000

II. Private Sector Presence across Countries

A bird's eye view indicates that **Sri Lanka** has a much better resourced public sector, with a smaller private sector, and overall lower levels of commercialisation of healthcare. However, the private sector is reported to be a growing force even in Sri Lanka, due both to greater investment from private players. **INDIA** has a very large and dominant private sector ranging from large corporate hospital and diagnostics, not-for-profit hospitals, smaller doctor owned nursing homes, individual practitioners (qualified and unqualified), chemists, and traditional healers. **Bangladesh, Nepal And**

Pakistan have weak public health infrastructure and a diverse, rapidly growing private sector including for-profit and not-for-profit hospitals, general practitioners (qualified and unqualified) and diagnostic laboratories. However, this private sector is mostly located in large towns, cities as the paying clientele are concentrated in these areas. In **NEPAL** three quarters of hospital beds are located in the Central Region where access is relatively good, compared to virtually no private hospitals in the Far Western Region. An interesting trend is emerging in

INDIA where private facilities are expanding to smaller town and cities. Currently 48% of all private hospitals and two thirds of corporate hospitals are in smaller cities.

A BMJ article notes that in India about 80% of outpatient services and 60% of inpatient services are provided by the private sector. In Nepal, 55% of patients access private facilities for acute illnesses and 57% for chronic illnesses. In Bangladesh 13% of patients use government services, 27% access qualified practitioners in the private or non-governmental organisation (NGO) sectors, and 60% access unqualified private practitioners. In a survey conducted in Pakistan in 2010-11,

1 Sengupta, A., Mukhopadhyaya, I., Weerasinghe M.C., and Karki, A. (2016) The rise of private medicine in South Asia. British Medical Journal 2017;357:j1482 | doi: 10.1136/bmj.j1482

2 Govindaraj et al (2014) Healthcare in Sri Lanka: What can the private health sector offer? HNP Discussion Paper World Bank.

3 Ibid

4 Ibid

5 Ibid

6 <https://www.rvo.nl/sites/default/files/2016/01/Health%20sector%20in%20Sri%20Lanka.pdf>

71% of people who had consulted a health provider in the past two weeks reported going to a private facility. Only exception is Sri Lanka where 90% in-patient cares and 40% out-patient care is provided by the public health system.

III. Growing Corporatization of Healthcare in South Asia with India as an Epicenter

India has one of the largest private healthcare sectors in the world. The private healthcare sector in India is more established, diverse and more influential in policy making. The biggest development has been that of organized promotion of healthcare provision as a big business opportunity and the rise of the healthcare industry⁸, projects a healthcare provision as a highly profitable economic venture. The healthcare sector in India has become an attraction for private capital investment by global investment firms, private equity funds, and high-net-worth individuals, and also by global

Chart 4- Concentration of private hospitals in relatively prosperous Central Region of Nepal and Western Province in Sri Lanka respectively⁷

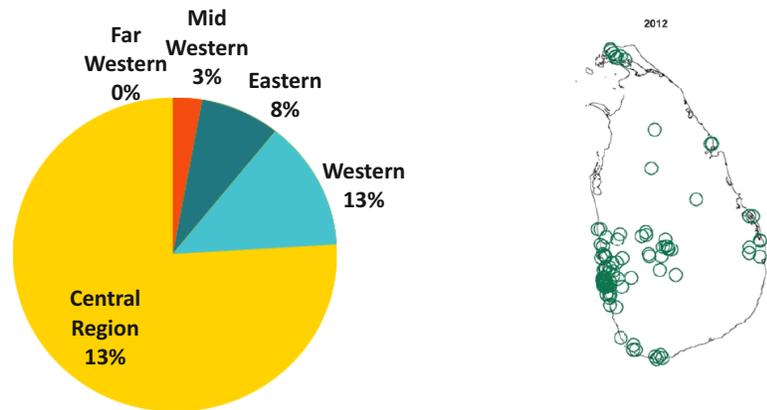
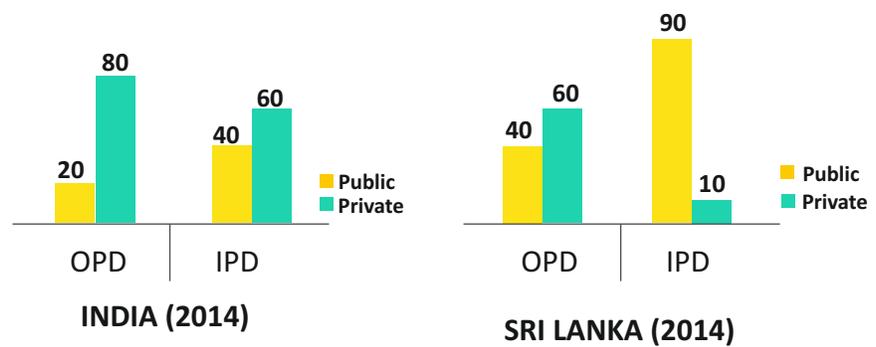


Chart 5- Tale of two healthcare systems- Where patient seek OPD and IPD care (in %)? - Private Sector dominated system in India Vs Public Sector anchored system in Sri Lanka



financial institutions such as International Finance Corporation (IFC). There are several Indian multinational healthcare companies that have growing presence in neighbouring South Asian countries, as well as in the Gulf

and in some African countries, and have listed on stock exchanges to access more capital to finance their expansion⁹.

Bangladesh has a liberal FDI regime, with no limit for equity participation and repatriation of profits and income. In the late 2000s, Goldman Sachs

7 (Source- Overview of Public-Private Mix in Health Care Service Delivery in Nepal, Ministry of Health and Population, Govt of Nepal, June 2010 and Private Health Sector Review, Revised edition, August 2015, Institute for Health Policy, Sri Lanka)
 8 The term “healthcare industry” is used as an umbrella term while referring to hospitals, diagnostic centers, drugs and pharmaceutical- medical equipment and devices and the insurance industries. The hospitals sector is reported to be the major segment, and hence the term healthcare industry is often used while talking about corporate and other big private hospitals.

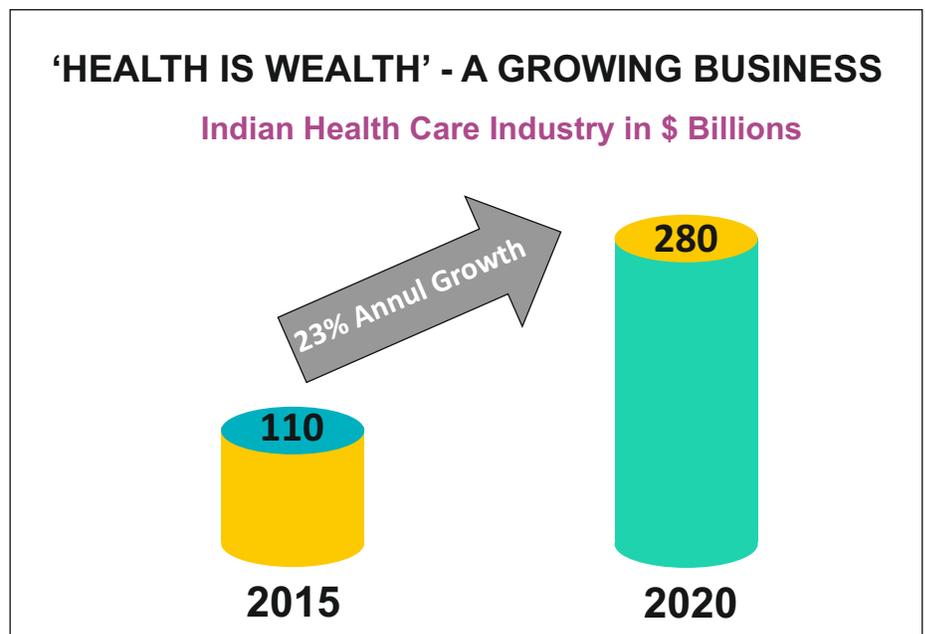
identified Bangladesh and Pakistan among the eleven next big emerging markets (N-11), which was expected to have implications in healthcare arena, for healthcare financing and potential for private investment in infrastructure¹⁰. Nepal broadly follows a free markets approach to healthcare and allowed 100% FDI in private healthcare companies. 81% of FDI is channelled into private hospitals that too into tertiary hospitals mainly. FDI in healthcare sector has been growing at a CAGR of 45%, and top contributors have been India, Turkey and China¹¹. In Sri Lanka, medical tourism is reported to be a key growth driver, which is concentrated in the Western Province. While rising per capita income is also being seen influencing the increasing demand for private healthcare¹². This is accompanied by increase in the technologies available at private hospitals, and a shift in the private sector from smaller to larger facilities having over 100 beds¹³. A noteworthy development in the region is the active role of the International Finance

Corporation (IFC - a World Bank institution) in promoting as well as actively financing growth and expansion of private big hospitals through measures such as lending and directly investing in hospitals for expansion, and also investing in private equity funds and companies that in turn invest in healthcare companies in 'emerging economies'. In fact several large global private equity companies have created specific funds for investing in hospitals in South

Asia and the MENA (Middle East North Africa) region¹⁴.

IV. Performance of the Private Healthcare Sector – Blind Optimism Belied by Troubling Reality

It has been claimed that private sector offers better services in terms of efficiency and quality etc. However a number of studies point to the myriad problems with the private medical sector. Delegates from Bangladesh, Nepal, Sri Lanka and India shared country wise experiences about gross medical malpractices, violation of patient's



9 Cleaton-Jones I.P. (2015) Private Hospitals in Latin America: An Investor's Perspective. World Hospitals and Health Services. 2015;51(2):7-9.
 10 Jakovljevic M, Groot W and Souliotis K (2016) Editorial: Health Care Financing and Affordability in the Emerging Global Markets. Front. Public Health 4:2. doi: 10.3389/fpubh.2016.00002
 11 Dolma Development Fund report on Market Data for Private Sector Investments in Nepal Healthcare Sector, 2014
 12 Ranasinghe, N and Mudannayake, D (2015) Sri Lanka Private Sector Hospitals. Fitch Ratings NY. September 28. www.fitchratings.com
 13 Amarasinghe, S. et al (2015) Private Health Sector Review 2012. IHP Technical Reports Series Number 2, Institute for Health Policy, Colombo, Sri Lanka



Photo- South Asia Learning Exchange Workshop on Patient's Rights and book 'Dissenting Diagnosis'

rights, over charging, unnecessary surgeries and poor state of regulatory frameworks in a South Asia Learning Exchange Workshop on Patient's Rights in Mumbai in January 2018. Examples were highlighted like about the tragic death of 7 year old girl Adya Singh due to dengue in one of the top most corporate hospital in India, in September 2017. The case attracted a lot of media attention over medical negligence, unjustified profiteering in big corporate hospitals. The hospital prescribed expensive medicines, billed them

for 660 syringes and 2,700 gloves during the 15-day hospital stay of the patient. The 20-page itemised bill from the hospital added up to Rs 18 lakh¹⁵. Her father Jayant Singh shared the tragic story in the workshop. Another speaker Advocate Birendra Sangwan shared details about whopping 1000 to 2000% profiteering in cardiac stents in India before his successful legal battle through Public Interest Litigation in Delhi High Court, for capping prices of cardiac stents at Rs 29,000 only with massive 85% reduction in costs¹⁶.

The path breaking book 'Dissenting Diagnosis'¹⁷ published in India based on testimonies of 78 'whistleblower' doctors has also ripped the lid on myriad of malpractices in the commercialised private medical sector, including unnecessary treatments and interventions, and irrational care driven by profit seeking by large hospitals, pharmaceutical industry – doctor nexus, institutionalised system of kickbacks, and inflated, arbitrary costs of care.

Subsequently, in February 2018, an analysis of bills from four reputed private hospitals in National Capital Region of Delhi was done by the National Pharmaceutical Pricing Authority (NPPA)- Government of

¹⁵ <http://www.sify.com/news/twitter-shocker-hospital-sloppiness-claims-7-year-old-parents-billed-rs-18-lakhs-news-national-rlun4djijiffa.html>

¹⁶ <https://www.hindustantimes.com/india-news/meet-the-man-who-fought-to-cap-coronary-stent-price-at-rs-30-000/story-8Nbn7MSAH1NBy17TZjJdUP.html>

¹⁷ Dissenting Diagnosis - by Arun Gadre and Abhay Shukla, Penguin Random House India, 2016

India. It revealed that big private hospitals are making profits of up to 1,737% on drugs, consumables and diagnostics and that these three accounts for about 46% of a patient's bill¹⁸

irrational medical practices and profiteering. According to one study, injections were used in 77.7% of the studied illness cases in the health facilities in Bangladesh¹⁹.

urgent need for documentation of instances of patient's rights violation, medical malpractices in the key South Asian countries considering scarcity of such documents in the public domain.

In Bangladesh, percentage of caesarean section deliveries in private hospitals has been found to be whopping 68%. It indicates gross

Conclusion

All these instances, accounts and studies constitute only the tip of the iceberg. There is an

Chart 6- Whopping 68% caesarean section deliveries in private hospitals in Bangladesh
Source- DGHS Health Bulletin, Bangladesh 2016

	Government Hospitals	Non-Government Hospitals	
		NGO	Private
Number of Normal Deliveries	549,836	99,645	132,940
%	75%	82%	32%
Number of Cesarean Section	175,888	21,081	285,644
%	24%	17%	68%
Other Assisted deliveries	6,330	293	1,306
%	1%	0	0
Total number of deliveries in corresponding category of hospitals	732,054	121,019	419,890

¹⁸ The office memorandum File N. 27(2)/2017-Div III/NPPA issued by National Pharmaceutical Pricing Authority, Government of India dated 20th February 2018; [http://www.nppaindia.nic.in/order/overcharging_details\(20022018\).pdf](http://www.nppaindia.nic.in/order/overcharging_details(20022018).pdf)

¹⁹ A comprehensive situation assessment of injection practices in primary health care hospitals in Bangladesh; Chowdhury AK, Roy T, Faroque AB, Bachar SC, Asaduzzaman M, Nasrin N, Akter N, Gazi HR, Lutful Kabir AK, Parvin M, Anderson C;

ABOUT THE AUTHOR:

This article is derived out of the Thematic Policy brief prepared by SATHI the thematic anchor for COPASAH's Thematic Hub on Patient's Rights and Private Healthcare Sector Regulation. Support for Training and Advocacy to Health Initiatives (SATHI) is civil society organization based in Maharashtra (India) working in health sector. SATHI has been contributing to strategies of the health movement for social accountability and responsiveness of private medical providers, since over a decade. For more information on SATHI visit <http://www.sathicehat.org>