

# Defend and extend the public sector

- Hundreds of millions of people lack basic health care
- Health care systems in many countries have deteriorated due to economic crises and a lack of government investment
- The collapse of public sector morale and quality has resulted in the growth of an unregulated private sector
- Neoliberal health sector reform policies and trade agreements have undermined even further the public sector and threaten to entrench the commercialization of health care
- Countries with more commercialized health care achieve poorer health outcomes

The *Watch* explains why market-driven health care and commercial provider behaviour results in inefficiency, poor quality care, widened inequalities in access to care, the erosion of trust between patients and providers and an inappropriate tilt in the balance towards medical technology and away from community-based initiatives.

These problems have also affected public sector activities in other important sectors (box 5).

## What needs to happen

The *Watch* calls for the repair and development of health care systems based on the following 10-point agenda for action.

### 1. Provide adequate funding for health care systems

There is a need for a major international campaign calling for new sources of finance to sustain essential health care infrastructure in the medium to long-term in every country.

### 2. Take better care of public sector workers

Public sector health care workers are the lifeblood of health care systems. They need a living wage, good support and on-going training, especially those in isolated and under-resourced areas.

### 3. Ensure that public financing and provision underpin health care systems

Systems that are universal and inclusive offer the best hope for both equity and efficiency. Resources should be pooled at national level to enable cross-subsidization, risk-sharing and planning. The public sector should not be confined to providing services for the poor (box 6).

### 4. Abolish user fees

Governments and international agencies should abolish user fees for essential health care.

### 5. Adopt health systems indicators and targets

The international community should adopt a new set of targets and indicators to guide the repair and development of health systems (box 7).

### 6. Reverse the commercialization of health care systems

Governments should use their financial, legal and political muscle to ensure that private sector providers serve the public interest (box 9).

### 7. Strengthen health management and promote the District Health System model

More investment is needed to strengthen public sector health management at all levels. The District Health System model, as promoted by the 2005 *World Health Report*, should form the centrepiece of reforms to the organization of health services.

### 8. Improve donor assistance within the health sector

Donors and international agencies need to operate by a code of conduct that obliges improved coordination, places the institutional development of Ministries of Health and a coherent health systems development agenda at the centre of their respective programmes, and reduces pressure on countries to meet unreasonable, externally-imposed targets.

### 9. Promote community empowerment

Community empowerment, public accountability and social action are key requirements of a well functioning health care system – they help to ensure that the public sector and other agencies provide health care that is appropriate, fair, efficient and effective. Box 8 shows one example of how this is being done in India.

### 10. Promote trust and ethical behaviour

Health care systems should develop institutions that promote trust, professionalism and ethical behaviour that can act as a counterbalance to the corrosive effects of commercialization on ethics and equity. They are equally important for optimising the benefits of accountable public bureaucracies.



Effective clinical care is vital to the health and well-being of children. But the mother of this child will also need to be given appropriate advice and practical support on child care and nutrition (Neil Cooper/Panos Pictures)

BOX 5

## Education and water are vital to health

The *Watch* describes how under-investment in the education sector results in serious health consequences – the failure to meet international targets on gender parity in primary and secondary education will, in 2005 alone, lead to the unnecessary deaths of 1 million children under five.

The *Watch* also describes the lack of public investment in providing adequate water supply to all, and how the deregulation and commercialization of the sector over the last 20 years has resulted in many injustices.

These threats present opportunities for joined-up campaigning by activists in different sectors. Together they can call for:

- Greater government and international funding for key health-sustaining sectors, in particular water, education and food production.
- Abolition of user charges for essential services.
- Blocks on multinational companies attempting to profit from the provision of services (this is especially important in the health and water fields).
- Monitoring of budgetary allocation to essential public services.



Protesting against the privatization of water in Cochabamba, Bolivia  
(Tom Kruse, t.kruse@albatross.cnb.net)

BOX 6

## Building universal services

Many Latin American countries suffer from fragmented health care systems. Some people are covered by insurance schemes, however, many people – particularly the poor – are not insured and rely on the underfunded public sector which provides limited health care.

In contrast, the local government of Mexico City, which had seen a decline in health care for the poor and in public health care facilities, has initiated a comprehensive policy based on social rights and the redistribution of resources.

Two new programmes launched in 2001 are reducing inequalities in access and providing valuable safety nets for the vulnerable:

- A programme of food support and health care for senior citizens provides residents over the age of 70 with food and free health care at a government facility
- Another programme enabling the uninsured to receive free health care and drugs

In addition, primary health care and public health programmes are being reinvigorated and hospitals are becoming redefined as part of a city network.

A 67% increase in the health budget helped to renew the public sector, along with a crackdown on tax evasion, government corruption and waste, which also enabled government purchases at lower costs.

Citizens can now see that their taxes are improving public services which makes their financing more sustainable.

These programmes are becoming well embedded and have raised the possibility of universal access to health care within Mexico City by 2006.

**Source:** Asa Cristina Laurell (2003). What does Latin American Social Medicine do when it governs? The case of the Mexico City Government. *American Journal of Public Health* 93;12: 2028-31.

## BOX 7

## Indicators and targets for Health Care Systems

- Countries to raise the level of tax revenue to at least 20% of their GDP.
- Public health expenditure (from government and donors) to be at least 5% of GDP.
- Government expenditure on health to be at least 15% of total government expenditure.
- Direct out-of-pocket payments to be less than 20% of total health care expenditure, with actions towards abolition of user charges set out and timetabled.
- Spending on district health services (up to and including Level 1 hospital services) to be at least 50% of total public health expenditure, of which half (25% of total) should be on primary health care.
- Expenditure on district health services (up to and including Level 1 hospital services) to be at least 40% of total public and private health expenditure.
- A ratio of total expenditure on district health services in the highest spending district to that of the lowest spending district of not more than 1.5.

## BOX 8

## People power in India

Despite having one of the largest pools of health workers in the world, India's health outcomes are among the poorest. Public expenditure on health is less than 1% of GDP.

In 2003 *Jan Swasthya Abhiyan* (the People's Health Movement - India) launched a 'Right to Health Care' campaign to press for better and more accountable health services.

Campaigners organized surveys on the availability of health services in many states, as well as People's Health Tribunals in which ordinary people gave testimonies about the difficulty of getting safe, affordable health care to experts and government officials. The denial of women's health rights was a common violation.

The National Human Rights Commission (NHRC) contributed by organizing regional public hearings covering all states of the country culminating in a National Public Hearing on the Right to Health Care in Delhi in 2004. This was attended by the Central Health Minister of India and

senior health officials and activists from all over the country.

The hearing resulted in NHRC and PHM-India formulating a national Action Plan based on the right to health care. The Action Plan was wide-ranging, but at its heart were calls for a new Public Health Services Act defining citizens' health rights and health care providers' duties. Regulation of the massive – and frequently unsafe – private health care sector was also prioritised, as was increased funding for the public health system.

The Right to Health Care campaign has been unique in the way it has opened a path for hundreds of ordinary people to submit testimonies about their health rights' violations. It has unleashed the energies of health activists, reached remote villages and helped shape national health policy. The campaign is continuing with mass actions, legal challenges and political dialogue.

**Source:** Dr Abhay Shukla, *Jan Swasthya Abhiyan*. Further information: [www.phmovement.org/india](http://www.phmovement.org/india)

## Reigning in Commercialization

What must governments do when faced with a health care market of many different types of providers, fragmented care and high co-payments for patients?

### Regulation

Governments must develop the regulatory capacity to ensure that the private sector operates ethically, professionally and equitably. Regulation should include mechanisms for public and health providers to monitor their own performance.

### Legislation

Governments can enact legislation to govern the medical insurance market. For example, community rating and prescribed minimum benefits can limit the ability of private insurers to ‘cherry pick’ healthy or rich clients or to ‘dump’ clients onto the public sector when their health care costs become too high.

### Encourage co-operation and redistribution

Working towards fairer health care systems requires creative thinking and may involve taking incremental steps towards universal service. For instance, governments can use the licensing of private providers to promote sharing equipment and staff with the public sector. The private sector can provide services free or at low-cost to patients from the government sector.

Governments could also endorse private providers who offer good quality and affordable care as a good way of driving up standards and driving out profit-maximising, bad quality care.

## What can health care workers and campaigners do to defend the public sector?

- Demand and campaign for:
  - WHO’s Commission on the Social Determinants of Health to pay particular attention to the evidence of the negative effects of commercialization on health care systems and health-sustaining services.
  - The 10-point action agenda for the repair and development of health care systems outlined above.
  - The abolition of user charges for essential health, education and water services.
  - The monitoring and public debate of the pattern of public, donor and private health spending.
  - Private medical insurance schemes to come under proper systems of regulation and be prevented from ‘cherry picking’ clients and dumping costly patients onto the public sector.
  - Research to map out the remuneration levels and policies of different public and private health care providers within a country to determine if this is accelerating the public sector skills drain and creating instability within the labour market.
- Compare national indicators against the health care systems targets outlined in box 7.
- Work with trade, public policy and economic experts to protect the integrity of the health care system from potentially harmful decisions made by finance and trade ministries.
- Draw up ‘report cards’ on the quality of public and private health services, assessing in particular whether people are treated with respect, do not have to face insuperable financial barriers to care as well as the clinical effectiveness of treatment. Organize public meetings to discuss these report cards.
- Dispel the myth that the public sector is inherently inefficient and that market discipline and ‘business-models’ are appropriate for the health care sector.