

IDS Health & Development Information

one of a family of knowledge services from the Institute of Development Studies, Sussex, UK

[Health Resource Guide](#)
[Health Systems Resource Guide](#)
[HIV and AIDS Resource Guide](#)
[id21 Health](#)

HEALTH SYSTEMS REPORTER: focus on restructuring healthcare in transition countries 25 July 2006

produced by the [IDS Health and Development Information](#) team in collaboration with [Eldis](#) and the [DFID Health Resource Centre](#)

This is our monthly email bulletin, bringing together research to inform policy debates on health in developing countries.

The Health Systems Reporter aims to provide readers with a more in-depth look at a particular area of health policy. This month's theme is [restructuring healthcare in transition countries](#). The bulletin also features summaries of new documents and other additions to the [Health Systems Resource Guide](#).

[Health Systems Reporter Archive](#) - A reporter archive is now available on the Health Systems Resource Guide. See previous issues of the Health Systems Reporter at <http://www.eldis.org/healthsystems/archive.htm>

All documents listed below are available free on the web. If you are unable to access any of these materials online and would like to receive a copy of a document as an email attachment, please contact r.wolfe@ids.ac.uk.

Contents:

- [Feature: restructuring healthcare in transition countries](#)
- [Recommended readings on restructuring healthcare in transition countries](#)
 - [Reforming the continuum of care](#)
 - [Implementing hospital reform in central and eastern Europe and central Asia: a special issue of eurohealth newsletter](#)
 - [Innovations in health service delivery: the corporatization of public hospitals](#)
 - [Paying the price? Reforming China's public health institutions](#)
 - [Health sector reform: improving hospital efficiency](#)
- [Other documents from the Health Systems Resource Guide](#)
 - [Advanced market commitments for vaccines: a new tool in the fight against disease and poverty](#)
 - [The Global Fund Secretariat's suspension of funding to Uganda: how could this have been avoided?](#)
 - [HIV antiretroviral therapy: can franchising expand coverage?](#)
 - [Tough choices: investing in health for development](#)

Feature: restructuring healthcare in transition countries

Since the early 1990s, some 32 countries in Asia, Central and Eastern Europe, and the former Soviet Union – representing almost a quarter of the world's population – have been making the transition from a centrally planned to a market-based economy. While these countries are diverse in terms of geography, wealth, history, culture, population and natural resources, they are confronting common challenges as they restructure their public sectors and adapt social and public health policies to the requirements of the new economic model. Most have faced significant problems of equity and access to basic health services during the transition years, as a result of diminishing public resources available for health care, increasing user charges, and rising poverty levels.

One of the biggest challenges during the transition has been the restructuring of healthcare delivery systems inherited from the planned economies. A key task has been to restructure healthcare delivery systems in order to improve efficiency and establish an optimum “continuum of care” – a range of services that best addresses the highest-priority needs, given resource constraints. In the hospital sector, transition countries have tried to improve efficiency by closing down hospitals and reducing the number of beds. Other reform efforts in this sector have included: decentralising; privatising; introducing business-like management practices into public sector hospitals; and introducing performance-based pay. The results have been mixed and often disappointing, perhaps not surprisingly given that hospital systems in all parts of the world have proved very difficult to change.

For more information, see [Restructuring delivery of healthcare: seeking quality and efficiency](#), from the *Health Systems Dossier* [Health in transition countries](#)

Recommended readings on restructuring healthcare in transition countries

Reforming the continuum of care

Authors: McKee, M.; Fidler, A.

Produced by: European Observatory on Health Systems and Policies, 2004

This article, published by the European Observatory on Health Systems and Policies as chapter 4 of the book “Health Services in Transition: Learning from Experience,” concerns issues for health policy in central and eastern Europe and the former Soviet Union. It argues that changes in the diseases being treated and in ways of diagnosing and treating them demand new responses from health systems in these regions. There needs to be a more complex interaction of health professionals with a range of skills, each intervening when necessary.

Considering dilemmas facing policymakers, the article notes that decentralisation of management and shifts in payment mechanisms have been the main strategies used to improve hospital performance, but there has been inadequate investment in information systems to measure performance. Although there appear to be too many hospital beds in these regions, it has to be remembered that hospitals are often the main providers of social care. Consequently, hospital closures should only follow the provision of alternative, and more appropriate, forms of social support. There is also evidence that many patients would be better managed outside of hospitals or could be discharged earlier, if better primary care were made available. Primary care needs to be reformed, and primary care professionals furnished with appropriate skills.

Available online at: http://www.euro.who.int/eprise/main/WHO/Progs/OBS/Publications/20040720_2

Implementing hospital reform in central and eastern Europe and central Asia: a special issue of eurohealth newsletter

Authors: Healy, J.; McKee, M.

Produced by: Department of Social Policy, London School of Economics, 2001

Over the last decade, most countries have embarked upon major changes to their health sectors, whether voluntary or involuntary, planned or unplanned. This special issue of eurohealth, produced by the London School of Economics (LSE), gathers together papers on experiences of restructuring hospital systems in central and eastern Europe and central Asia.

While high hopes and grand plans receive a good deal of attention in the policy literature, the actual experience of implementing change in these transition countries has generally been neglected. That these experiences have often proved disappointing should not be surprising given the constraints on putting plans into action. Inter alia, these papers address questions such as: What was

the context for hospital reform? Was there agreement on the policy? Who were the stakeholders? Were they winners or losers in the proposed reforms? How complex was the plan? Were the necessary resources available? What were the expected effects and was the policy appropriate for the country? [adapted from author]

Available online at: <http://www.euro.who.int/>

Innovations in health service delivery: the corporatization of public hospitals

Author(s): Preker, A.S.; Harding, A.

Produced by: World Bank, 2003

This document contains the introduction and first chapter of a World Bank book on recent trends in the reform of public hospitals, focusing on organisational changes such as increased managerial autonomy and “corporatisation” (transforming hospital bureaucracies into corporations so that they are exposed to market-like pressures). The book includes case studies on the UK, New Zealand, Australia, Hong Kong, Malaysia, Singapore, Tunisia, Indonesia and Ecuador and cross-country studies on transition economies and Latin America. Drawing common conclusions from these studies, the document argues that countries encounter problems when different parts of their hospitals’ incentives structures—such as market exposure or accountability arrangements—are unbalanced or “out of sync” with each other.

The document identifies compromises on labour reforms and political interference with decision rights and accountability arrangements, as policies which were particularly damaging to countries’ reform efforts. Success in reforms depends upon broad changes in the external policy environment, such as eliminating monopolies in pharmaceuticals markets. Reforms are not likely to change the behaviour of hospital managers unless they incorporate hard budget constraints. However, such budget constraints may make the system less equitable if they are not accompanied by reforms to subsidies for poor patients. The authors also emphasise that even a well-designed reform will fail without political consensus.

Available online at: <http://www1.worldbank.org/publications/pdfs/14494frontmat.pdf>

Paying the price? Reforming China’s public health institutions

Produced by: id21 health, 2002

Does the financial reform of China’s public health institutions (PHIs) lead to improved healthcare as well as productivity? What lessons are there to be learnt by other countries? China’s Shandong Medical University, together with the London School of Hygiene and Tropical Medicine, looked at the results of China’s public health reforms.

China’s public health system is vast and until the 1980s its public health institutions were financed completely by government. These included 3 600 anti-epidemic stations responsible for public health inspections in factories and schools and almost 2 000 independent PHIs for the control of diseases such as TB, malaria and leprosy. In the early 1980s however, driven by the ideological transformation of the Chinese government, these organisations were expected to generate income by introducing fees to patients. The government funding dropped to less than 50 per cent of revenue and barely covered health workers’ salaries.

Available online at: <http://www.id21.org/health/h1x1g1.html>

Health sector reform: improving hospital efficiency

Authors: Grant, K.; Walford, V.

Produced by: Department for International Development Health Systems Resource Centre (DFID HSRC), 1998

This document discusses different strategies to improve hospital efficiency in low-income countries. Since hospital creation and maintenance represent a major share of health expenditure, increasing hospital efficiency will go a long way towards stretching much needed resources. Produced by the Health Systems Resource Centre on behalf of the Department For International Development, the paper insists in particular on increasing hospital autonomy as a way of improving efficiency.

The paper is divided into three parts. In a first section the authors review the adequacy of hospital provision and analyse the steps necessary to the development of a strategy aimed at improving efficiency. In the second section the authors argue the case for

autonomy of hospital management as a way of improving efficiency. In the last section they propose specific measures that could be taken to make more efficient use of the resources available to hospitals.

After arguing for the need to review hospital provisions in low-income countries, the authors find that:

- the strategy to improve efficiency will be driven by the size of the gap between the cost of needed products and their affordability. The political environment will also need to be taken into account, especially when considering hospital closure.
- there is a case for increasing hospital autonomy in three main areas: financial management, personal delegation, and service development planning.
- hospital autonomy is different from privatisation in that the hospital remains in public hands.
- the advantages to autonomy in hospital management are the following: faster decision-making; increased accountability; greater likelihood that local needs will be taken into account.
- there are also risks, namely inadequacy of skill, poor management capacity, and fragmentation.
- there are many steps necessary to the preparation of increased management autonomy. These include: specifying the extent of delegation of authority; drafting legislation; selecting and training managers; developing financial management systems; service agreement and performance measurement systems; and determining personnel policies and transition agreements.

Increasing hospital autonomy alone will not be sufficient to improve efficiency. It is believed that, with more autonomy, managers will have greater capacity and motivation to improve performance; however, specific measures within the hospital unit also need to be taken:

- Specific services or functions should be contracted out when they can be provided at lesser cost by an outsider (especially for non-medical services such as laundry, catering, etc).
- The procurement and management of drugs, supplies and equipment could be improved; for example, generic drugs could replace branded ones.
- Each unit within the hospital could manage its own budget.
- Staffing levels and mix as well as the use of bed and facilities could be changed and rendered more efficient.
- The use of hospital services could be reviewed so that only clients who really need hospital treatment get seen in hospitals. Others should get directed to primary care trusts.
- There should be a constant review of performance.

Available online at: <http://www.dfidhealthrc.org/publications/Toolkits/HospEff.PDF>

Summaries of other documents in the Health Systems Resource Guide

Advanced market commitments for vaccines: a new tool in the fight against disease and poverty

Author(s): Tremonti, G.

Produced by: Department for International Development (DFID), UK, 2005

This report, prepared for the G8 Finance Ministers, argues that Advanced Market Commitments (AMCs) for vaccines are a cost-effective and innovative tool to combat global diseases such as malaria and AIDS. They have a high social rate of return and are complementary to other interventions. The author identifies necessary elements to be considered for an AMC framework to be successful. These include: legally-binding contracts and appropriate financing arrangements; a separate AMC mechanism for each target disease; sustainable immunisation programmes that encourage innovation; independent assessment committees; and combating corruption to ensure delivery of vaccines.

The report shows that the AMC framework is a market-based, result-focused initiative that is capable of mobilising private

resources and is very cost-effective compared to other interventions. The author highlights a range of available options for implementing this framework. The selection of diseases will determine the size of the financial commitment. Possible financial arrangements include full financing at the start of the process, financing through periodic contributions, and financing at the point of disbursement. Finally, adequate but minimal administration and support are also critical elements, as existing institutions provide several options for supporting AMC work already. [adapted from author]

Available online at: <http://www.dfid.gov.uk/consultations/amc-report-tremonti.pdf>

The Global Fund Secretariat's suspension of funding to Uganda: how could this have been avoided?

Authors: Kapiriri, L.; Martin, D.

Produced by: Bulletin of the World Health Organization (WHO): the International Journal of Public Health , 2006

This article, from the Bulletin of the World Health Organization, argues that the suspension of funding to Uganda from the Global Fund could have been avoided. The article outlines how the Global Fund to fight AIDS, Tuberculosis and Malaria (Global Fund) suspended five grants to Uganda following an audit report that exposed gross mismanagement in the Project Management Unit. The authors argue that this could have been avoided if a legitimate and fair decision-making process was used and that this lesson should be applied to other countries.

The authors argue that strategies for improving the management of the Global Fund will benefit not only Uganda but other CCMs (country coordinating mechanisms) that are in need of strengthening. The authors suggest that the "accountability for reasonableness" framework would help implement legitimate and fair decision making processes that would create a climate for effective and accountable (i.e. ethical) management of Global Fund projects. This framework should meet four conditions: relevance, publicity, revisions and enforcement. The authors argue that this framework, previously used to evaluate and improve health-care management decision making with regard to priority settings in different health systems, can help both local and national decision makers ensure legitimacy and fairness in the management of Global Fund projects. [adapted from author]

Available online at: <http://www.who.int/bulletin/volumes/84/7/576.pdf>

HIV antiretroviral therapy: can franchising expand coverage?

Authors: England, R.

Produced by: Department for International Development (DFID) Health Resource Centre (HRC), 2006

This paper, from the DFID Health Resource Centre, reviews the experiences of franchising and discusses the opportunities and implications for governments and donors of franchising for HIV and AIDS services. The author details how the private sector can offer huge potential to extend and maintain ART (anti-retroviral therapy) coverage. The challenge is to ensure that private providers achieve acceptable standards and coverage. The author outlines how franchising may offer a way of meeting this challenge and thus, increasing the prospects for universal access to HIV and AIDS services.

The author highlights the need for further research on franchising, especially on how franchising can help to address population health needs, and to scope out potential franchise providers and settings. The author calls for development agencies to ensure this work is coordinated with other national structures and mechanisms. Where possible, these mechanisms should be used as intermediate fund managers and provided with technical support. Through franchising, development agencies can promote the integration of HIV and AIDS interventions within health services. Training and development of existing health workers and facilities is needed to integrate HIV and AIDS services. Finally, increased funding should be made available to restructure and strengthen health services so that this integration is achieved and made sustainable. [adapted from author]

Available online at:

http://www.dfidhealthrc.org/publications/health_service_delivery/ART%20and%20social%20franchising_Oct%202006.pdf

Tough choices: investing in health for development

Authors: Spinaci, S.; Currat, L.; Shetty, P.

Produced by: Commission on Macroeconomics and Health (CMH), WHO, 2006

This report is a synthesis of country experiences from three years of work, following the 2001 report of the Commission on

Macroeconomics and Health (CMH). The report identifies the main challenges to improving health investment planning and considers the experiences of 11 countries and one sub-regional initiative (Cambodia, Caribbean Community, China, Ghana, India, Indonesia, Mexico, Nepal, Senegal, Sri Lanka, Rwanda, Yemen). Several factors are identified which contribute to impact and value of CMH work in countries. These include: planning and advocacy which is initiated, designed and led by the countries it affects; national coordinating mechanisms which can help integrate health and development policies; and improved use of resources through political support, comprehensive strategies and effective development assistance.

The report argues that against the background of the scale-up needed to meet international and national targets, and alongside a growing commitment to increase development aid, the capacity of health systems to absorb the funds effectively needs to be strengthened. The authors outline a number of policy implications based on country findings. These include: political support needs to be enhanced to support increased health investments and to position health in development processes; comprehensive strategies and systems are needed to better address the health of the poor; and the effectiveness of development assistance for health needs to be increased. [adapted from author]

Available online at: http://www.who.int/macrohealth/documents/report_and_cover.pdf

See the complete list of new additions, announcements, job adverts at: www.eldis.org/healthsystems/

The Health Systems Reporter is produced by the IDS Health and Development Information team in collaboration with the DFID Health Resource Centre (HRC) and Eldis.

The IDS Health and Development Information team promotes health and equity in developing countries through the provision of high quality, accessible information to policymakers and practitioners. IDS Health and Development Information currently has three flagship products:

- Health Resource Guide - www.eldis.org/health
- Health Systems Resource Guide - www.eldis.org/healthsystems
- HIV and AIDS Resource Guide - www.eldis.org/hiv aids

The HRC provides access to technical assistance and information for the Department for International Development (DFID UK), and its partners, in support of pro-poor health policies as well as health systems, service delivery and public health topics and programmes.

Eldis currently includes descriptions and links to over 4,500 organisations and over 16,000 full-text online documents covering development and environmental issues. It can be searched or browsed free over the Internet.

You are welcome to re-use material from this bulletin on your own website, provided that it is accompanied by an acknowledgement to Eldis and a link to the Eldis website (either to our home page or to the home page of one of our Resource Guides). An alternative way to add Eldis content to your website is by adding one of our [newsfeeds](#). If you are unable to access any of these materials online and would like to receive a copy of a document as an email attachment, please contact our editor at the email address given below.

Eldis is funded by DFID, Sida, SDC and NORAD, and hosted by the Institute of Development Studies, Sussex, UK.

If you like the Health Systems Reporter, you may also be interested in subscribing to the other Reporters produced by the IDS Health and Development Information Team:

- HIV and AIDS Reporter
- Health Reporter

- to subscribe, email hrc-health@ids.ac.uk

Please forward this email bulletin to colleagues and networks who may be interested.

Contact details:

Rebecca Wolfe

IDS Health and Development Information Team
Institute of Development Studies, Sussex
Brighton BN1 9RE, UK

Email: r.wolfe@ids.ac.uk
Tel: +44 1273 873 335
Fax: +44 1273 621202