Public- Private Partnership: the Lebanese Experience

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Objectives

- Lebanon Profile
- The Impact of the civil unrest
- The Lebanese health care System
- Contracting out hospital services to the private sector
  - Regulations
  - The current situation
  - The roots of the problem
  - The key to success

- Lebanon population is estimated around 4 million inhabitants
- 80% of population resides in urban areas
- 28% of the population falls under 15 yrs of age and 10% over 60 yrs of age
- Population annual growth rate is 1.6%
- Total fertility rate is 2.5%

1975-1991

Lebanon Rehabilitation

- Infrastructure rehabilitation projects
- Telecommunications
- Education facilities
- Health Facilities
- Health sector rehabilitation project 1994 (physical rehabilitation of public hospitals in underserved areas)
- Health sector reform project 1997

Impact of war on government performance

- the erosion of the government authority and its inability to fulfill its oversight function
- the epidemic spread of economic corruption
- political favoritism
- 'Institutionalization' of bribery
- understaffing in qualified top administrative positions and overstaffing of unqualified low positions

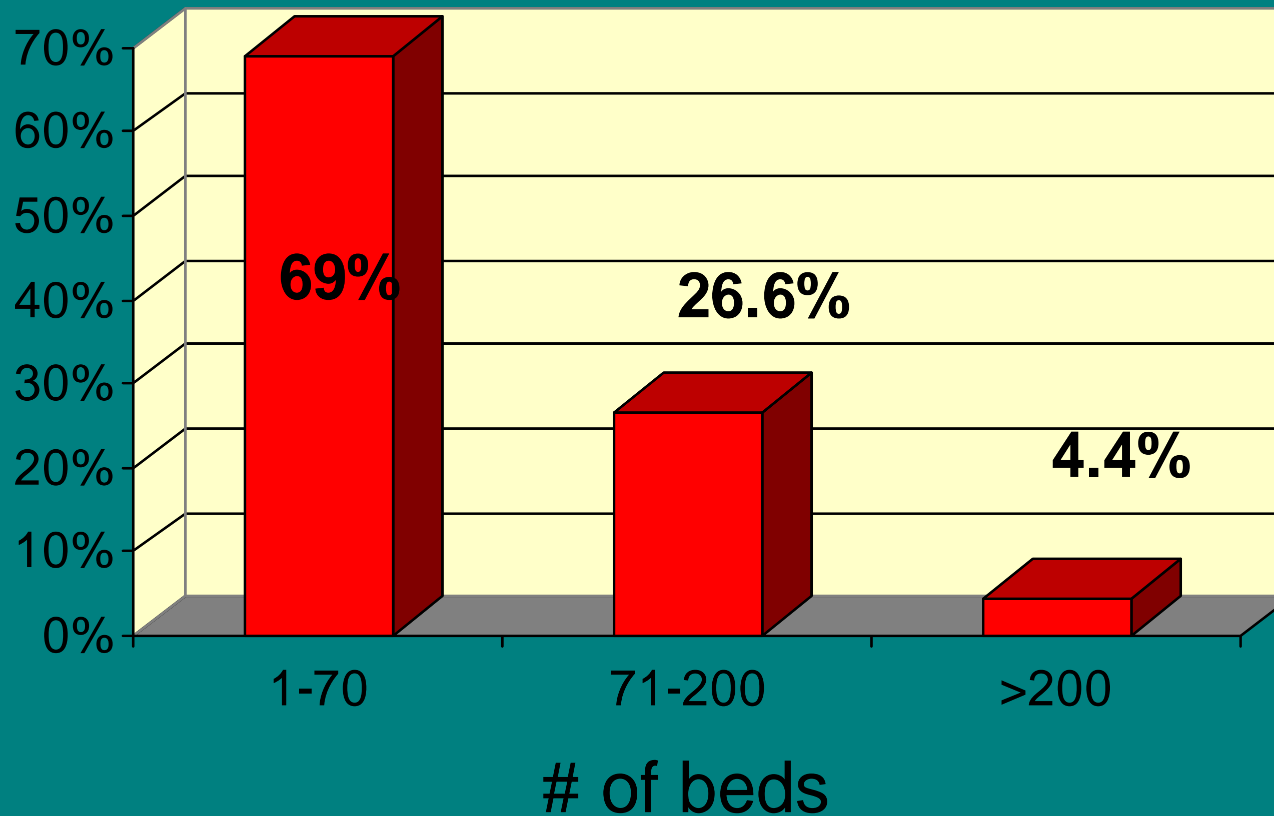
Impact of the war on the Public Health Sector

1. The destruction of the Public Hospitals left the MOPH and other public health financers with only one alternative:
   - Contracting out hospital services to the private sector
2. The erosion of government authority :
   - led to an unregulated growth of the private sector (hospitals)
3. Political favoritism
   - The public sector hospital selection policy has been criticized by being based on personal interests and political and religious considerations, rather than on medical needs.

Hospitals in Lebanon

- There are over 167 hospitals in Lebanon, 90% of which belong to the private sector
- 70% of these hospitals belong to physicians while the rest belong to charitable organizations or religious congregations.
- More than half (55%) of the private hospitals were established during the war

Figure 1: Distribution of Hospitals by Number of beds



Source: Adapted from Arbeed 2000

Health Care Financing

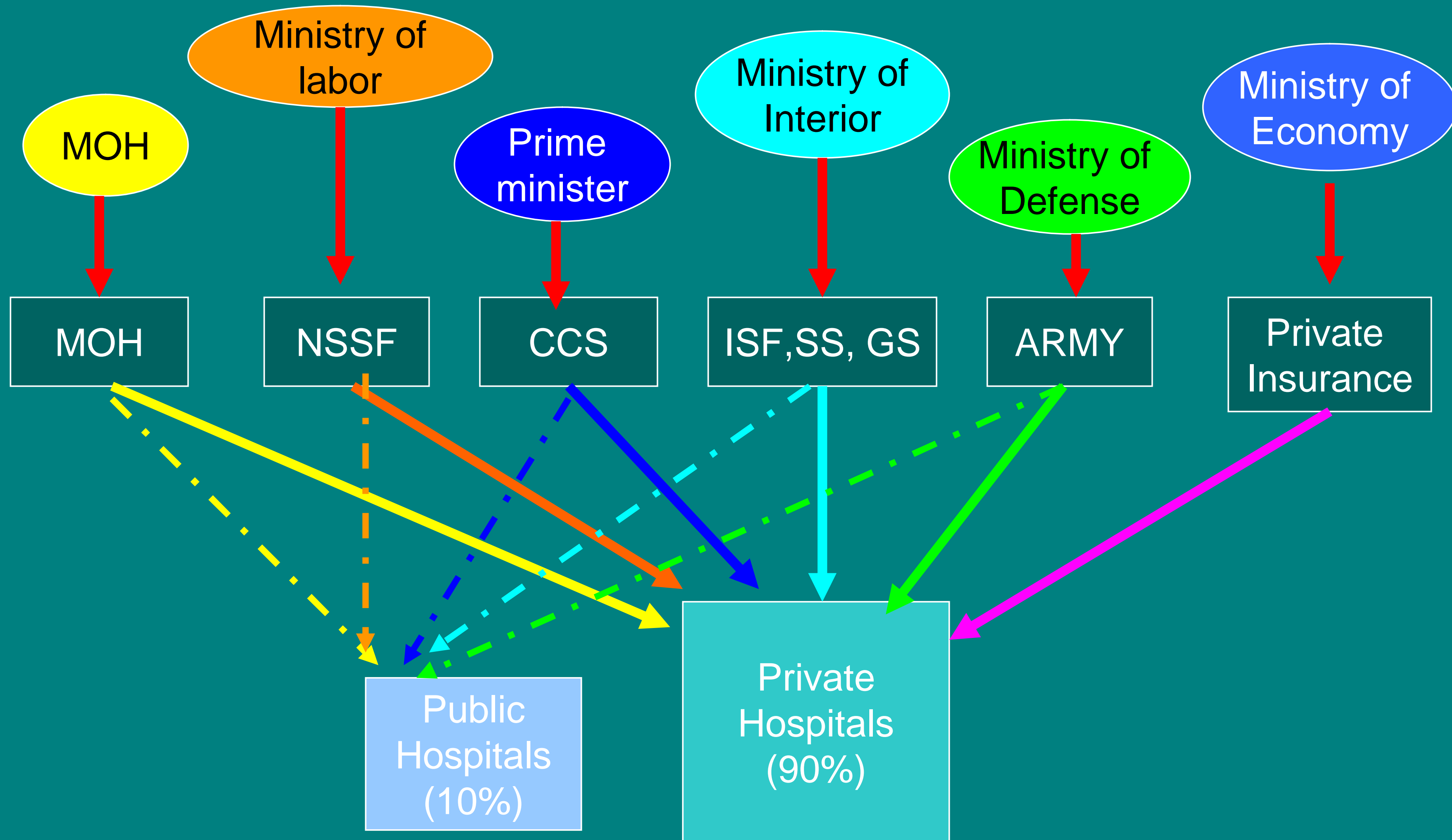
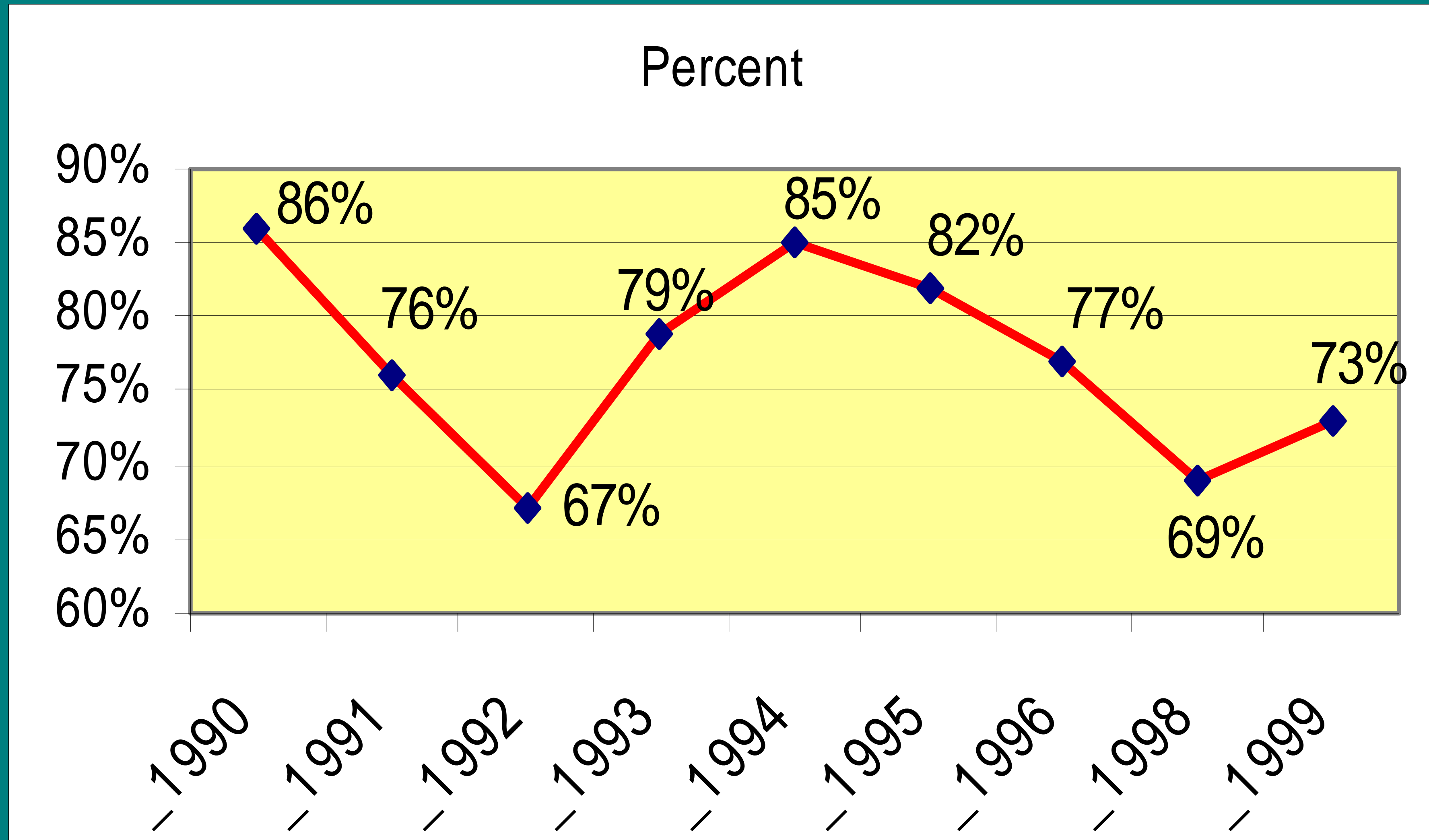


Table 1: Health Expenditures and Basic Health Status Indicators: A Comparison

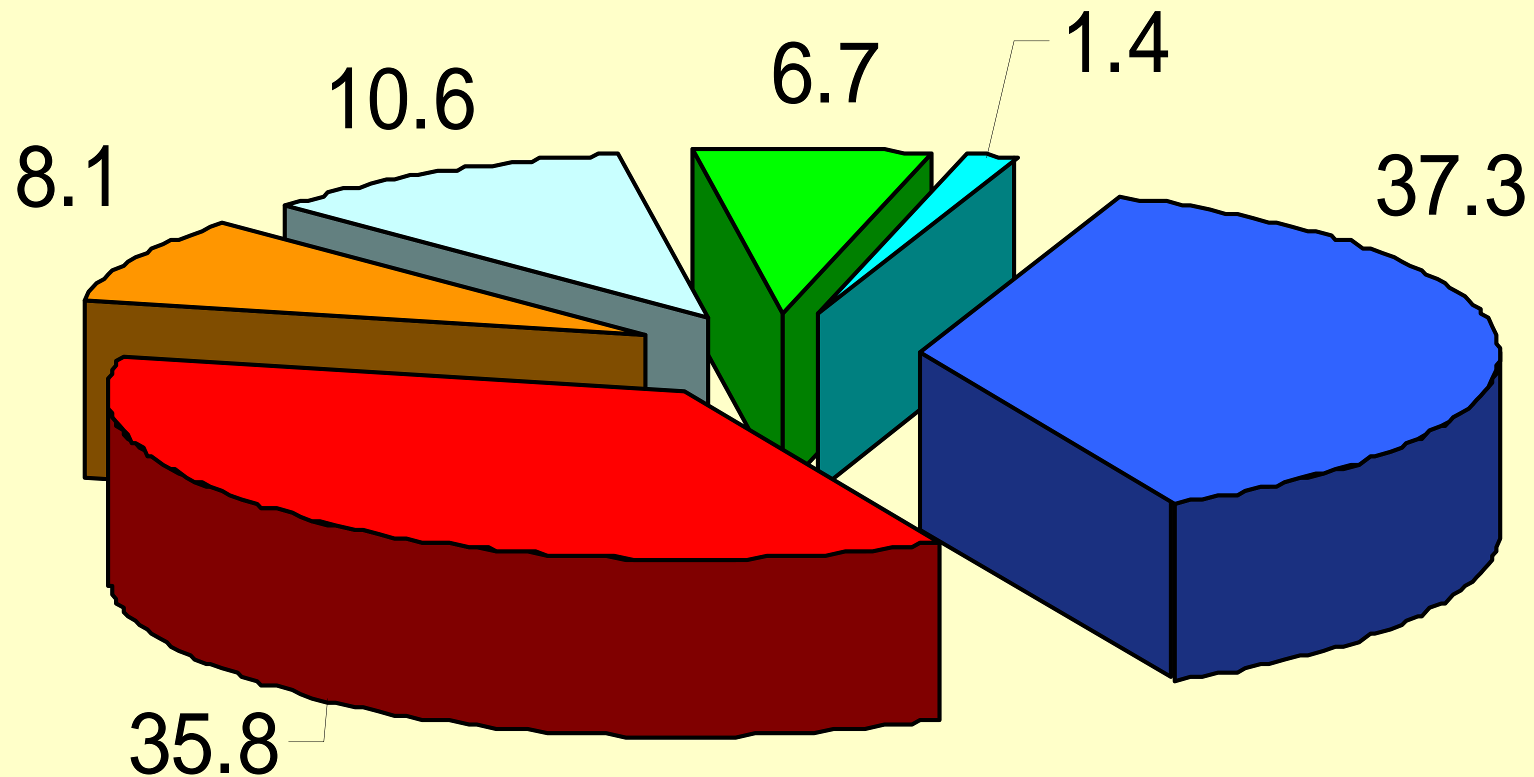
Country	Health Expenditures (as % of GDP)	Infant Mortality rate (per 1000 live births)	Under 5 mortality rate (per 1000 live birth)	Life expectancy at birth
Germany	10.4	5	6	77
Switzerland	10.2	5	6	79
Lebanon	*10.0*	*28*	*32*	*70*
France	9.8	5	6	78
Argentina	9.7	22	24	73
Canada	9.2	6	8	79

Source: World Bank 1999

Percentage of MOH budget spent on hospitalization, 1990-1999

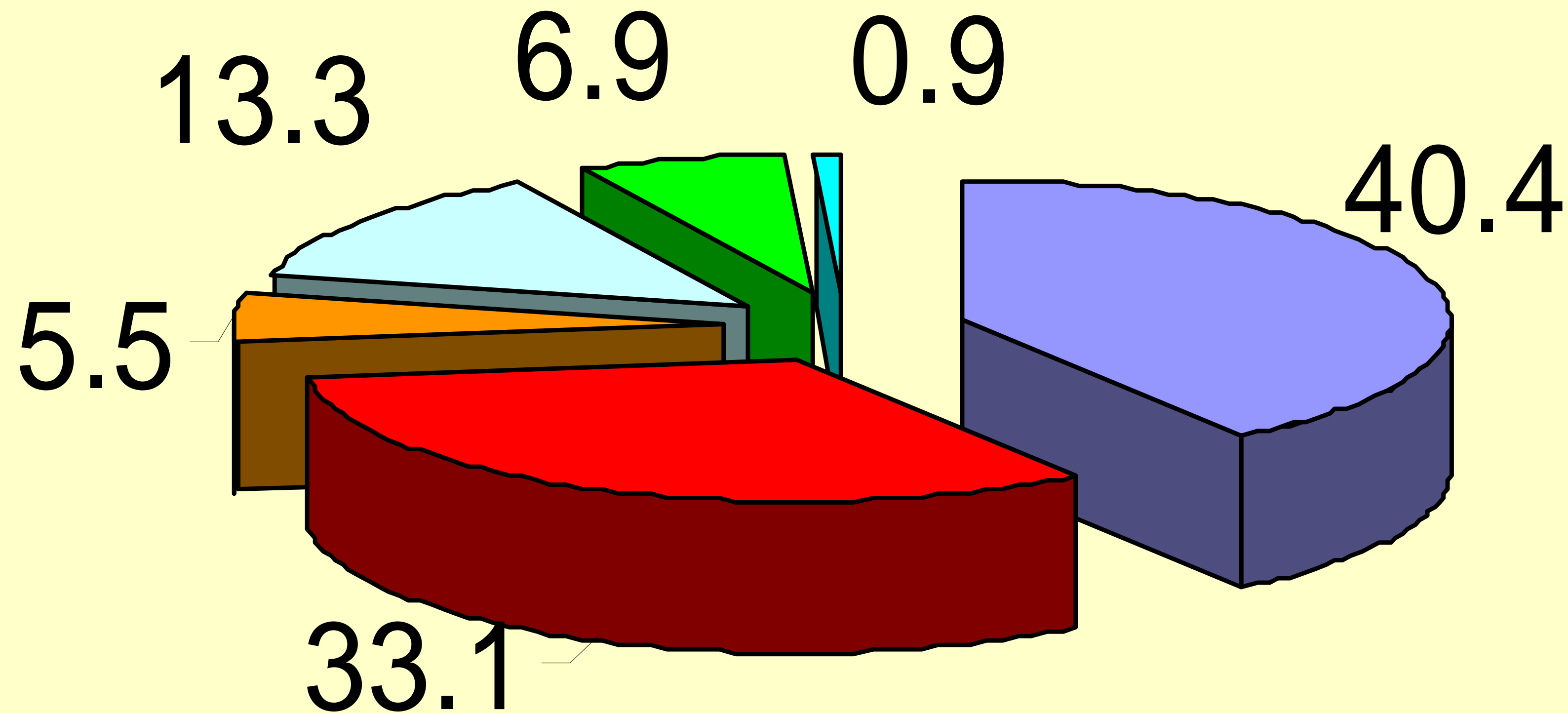


Public Hospitalization Bill by Financer



MOPH
NSSF
CPSE
ARMY
Internal Security
Public & State Security

Hospital Admissions by Public Financer



Distribution of the Total Health Bill Borne by the Main Health Providers, 1998

Provider	Actual Contribution (in thousand US$)	Percent of Total
Public sector	367	28.0
Private sector	**940**	**72.0**
Private insurance	300	23.0
Out-of-pocket	610	46.7
Other	30	2.3
Total	**1,307**	**100**

Source: Estimated by MADMA

Public-Private Contracting

MOH

1964

(1)Liscenced hospitals (2) up to 50% of third class hospital beds
(3) Limit contracting to areas with no public hospital beds

1998

(1)Categorized hospitals (2) assigned a Quota / hospital (3) MOH patients can not upgrade admission class (4) pre-authorization (5) Hospitals must report to MOH discharge summaries & bills details

2002

(1) Re categorization of hospitals (2)specified # of hospitals contracted/ Mohafaza(3)Applied the ALPHA Star Classification system to contracting hospitals

2003 & 2004

(1) Re-categorization of hospitals (2) applied **accreditation** system and **Alpha star** (4) applied the flat rate payment scheme and setting a maximum ceiling for payments/ hospital

Private Hospitals

Table 8: Distribution of hospitals and MOPH contracted beds by mohafazat

	Total Lebanon		Contracts with MOH 2000-2001		Contracts with MOH 2002 (Decree 7363)	
	# hosp	# beds	# hosp	# beds	# hosp	# beds
Beirut	24	2,201	22	285	8	298
Mount Lebanon	58	3,981	50	748	23	482
North Lebanon	27	1,924	22	358	17	245
South Lebanon	24	1,659	19	254	11	235
Nabatieh	5	237	4	77	5	40
Bekaa	28	1,531	23	304	12	243
Total	**166**	**11,533**	**140**	**2,026**	**76**	**1,543**

Source: Ammar 2003

Hospitals contracted for invalidity & paralysis cases

Table 2

Cases	No. of Institutions	No. of Beds
Unrehabilitatable invalidity and paralysis cases	5	120
Rehabilitatable invalidity and paralysis cases	7	220
Cephaloplagia	1	15
Speech and hearing cases	2	25
Chronic diseases	25	2,485
Pulmonary diseases	4	230
Mental illness cases	7	1,425
Total	51	4,520

Source: Ministry of Public Health

Percentage of effective MOH Expenditures for some contracted Services, 1997

Nature of Coverage	Percentage
Open Heart Surgery	9.72%
Cancer Treatment	21%
Hemodialysis	6.98%
Burns	0.22%
Organ Transplant	0.5%

Source: Ammar et all, June 1998

Private hospitalization fees

Table 3

Year	Amounts allotted by the national budget*
1993	LL 80 billion
1994	LL 111 billion
1995	LL 113 billion
1996	LL 102 billion
1997	LL 182 billion
1998	LL 184 billion
1999	LL 180 billion
2000	LL 205 billion
2001	LL 225 billion
2002	LL 210 billion
Total	LL 1,592 billion ($1.05 billion)

* Allotted for the cost of hospitalization in the private sector

Source: Annual Budgets

The Crux of the problem

"is not with a particular institution but with the sector as a whole, there is no clear and unified policy for all to follow and abide by.
Each social security and insurance entity is currently functioning according to its own private and unique tariffs, protocols and contracts. The total absence of coordination has taken the sector to the edge of an abyss."

Suleiman Haroun,
Syndicate of Lebanese
Private Hospitals

The roots of the problem

1. The weak regulatory capacity of the MOPH
2. The multiplicity of the public financing institutions
   - MOPH weak purchasing power
3. Lack of information on the private sector
   - Inflated or fictitious bills
4. The manner in which contracts are carried out
   - The control exercised by private hospitals over contract terms and conditions, lead to the imbalance between claimed costs and actual costs
5. patients are still granted hospitalization in private institutions despite the availability of public beds.
6. lack of due consideration to a claimant’s financial situation
7. Hospitals reimbursement mechanism

Corrective Strategies

- In the short term, the MOH has considered strategies of restricting contracts to a smaller number of larger hospitals (i.e., cutting contracts for small numbers of low-occupancy beds)
- terminating contracts
- stopping referrals to private hospitals when public hospital beds are available.
- MOH contracts also set limits on total payments to private hospitals
- MOPH had advocated unifying the public sector financing systems by contracting out functions of the MOH and other public funds to a Third Party Administrator (TPA)
- Developing a unified billing information system
- Shifting from fee- for service payment to flat rate and hopefully to global budgeting on the long run.
- Developing Clinical protocols

The Key to Success

- Governments should have the capacity, resources and the skills needed to
  - Regulate
  - Manage the contracting process
  - Monitor and control the private sector performance