

Health Sector Reform and Organizational Development



Mario C. Cillaverde, MD., MPH., MPM

Health Promotion Leadership Training Course
WHO Western Pacific Regional Office
Manila, Philippines
28 July 2004



What is a Health System?

- all the activities whose primary purpose is to promote, restore or maintain health
(World Health Report 2000)
- the combination of health care institutions, supporting human resources, financing mechanisms, information systems, organizational structures that link institutions and resources, and management structures that collectively culminate in the delivery of health services to patients
(Lassez et al 1997)



Major Components of a Health System

- Institutions
- Health human resources
- Organizational structures and mechanisms
- Governance and management structures
- Financing structures and mechanisms



Major Organizational Types of Health System

- Generally centralized government control, or fully socialized type
- Mixed public/private national health service type
- Mixed public/private social insurance type
- Generally decentralized private control, or pluralistic type



Major Types of Governance and Management Structure

- Budgetary organization, or hierarchical bureaucracy run by the government
- Fiscally and managerially autonomous entity
- Corporate entity owned by the government
- Private non-profit organization
- Private for-profit organization



Major Types of Financing Structure and Mechanism

- government budgetary allocation (tax-based system)
- compulsory public insurance (risk-pooling system)
- voluntary private insurance (risk-pooling system)
- direct out-of-pocket payment (individual responsibility)



Context of Health Reforms

- Citizen attitudes
- Politics of social equity
- Geographical and income disparities
- Integration of services
- Access and quality
- Cost-control priorities
- Assessment of health outcomes



Background of Singapore's Health Reforms

- The 1960's concept of a public health system based on the British model of a welfare state
- The 1980's shift in policy by bringing market forces and more individual responsibility into the health care system



Policy Context of Singapore's Health Reforms

- Reforms were instituted based on a combination of policies and strategies to balance competing goals in the health sector (in terms of equity, efficiency, quality, etc.)
- Reforms evolved into a hybrid health care system combining government financing with concepts of managed competition



Major Policy Areas of Singapore's Health Reforms

- Organizational reforms
 - From a welfare system to a combination of government financing and managed competition
- Governance and management reforms
 - From budgetary organizations to government owned corporate cluster of health facilities
- Health care financing reforms
 - From a government budgetary allocation system to a combination of compulsory savings, social insurance and government subsidy



Background of the Philippine Health Sector Reforms

- The mid-1940's concept of a health system based on the American model of a market-based private sector with a national centralized public provision for 'charity' patients
- The late 1980's shift to decentralized district health system and the early 1990's shift to locally devolved health care provision



Policy Context of the Philippine Health Sector Reforms

- Reforms are being instituted based on a combination of policies and strategies to balance competing goals in the health sector (in terms of equity, efficiency, quality, etc.)
- Reforms are evolving into a mixed public/private social insurance type of health system combined with government tax-based financing for indigents



Major Policy Areas of the Philippine Health Sector Reform Agenda

- Hospital reforms
- Public health program reforms
- Local health system reforms
- Health financing reforms
- Health regulatory reforms



The Direction of Health Reforms (1)

- increasing commitment to public health as primary vehicle for improving health status
- focusing on primary care to control entry of patients to more expensive secondary and tertiary care
- declining emphasis on high-cost inpatient hospital care
- advancing commitment to equalization of access through a “safety net” for everyone regardless of income
- improving cost effectiveness and overall cost containment



The Direction of Health Reforms (2)

- increasing emphasis on greater competition among purchasers and providers
- strengthening vertical and horizontal integration of services
- developing advanced health management and administrative knowledge and skills
- moving toward greater privatization of certain services
- increasing information flow and international sharing of ideas



Convergence of Health Systems (1)

- The changes brought about by health reforms in different countries are largely moving away from direct government control, at one extreme, and moving away from private or out-of-pocket payment, at the other extreme.
- A middle ground is emerging in which governments guarantee coverage for the disadvantaged, but employers and the more affluent are expected to pay directly for insurance.



Convergence of Health Systems (2)

- It seems very clear that the polar extremes do not work effectively in providing widely accessible and high-quality care. However, no ideal middle-ground has yet been created that effectively balances government and private involvement.
- “Managed competition” which combines private enterprise delivery, publicly sponsored or regulated health insurance, and regulated prices and budgets is emerging as the “model” that seems to work best and toward which the convergence is directed.



Thank You and Mabuhay

