

ORIGINAL ARTICLE**PRIVATE HOSPITAL SECTOR DEVELOPMENT: AN EXPLORATORY STUDY ON PROVIDERS PERSPECTIVE IN ADDIS ABABA, ETHIOPIA****Vilasini Devi Nair¹, Sudhakar Morankar², Challi Jira¹, Kora Tushune¹****ABSTRACT**

BACKGROUND: *Over the past decade there is a trend of fast development in the private hospital sector in Ethiopia. This important component of the health care system has received policy attention and federal government is a promoter for private health care. Yet lack of basic data on the factors affecting the growth of private health care provision in the country and no studies are available on this issue in Ethiopia. The aim of this study is to get some preliminary insights on the factors affecting the growth and development of private hospital sector in Addis Ababa, Ethiopia with perspective of provider.*

METHODS: *A hospital based qualitative study was conducted in 25 for-profit hospitals in Addis Ababa using key informant in-depth interviews and secondary data was collected from Federal Ministry of Health and Addis Ababa City Health Administration and private hospital providers.*

RESULTS: *The findings of the study suggest that private hospital sector is expanding significantly in recent years in Ethiopia. The active role of government is a catalyst for the growth of private facilities in the country. Factors outside the health are growing disposable income, improvements in literacy, road networks, population growth and long standing diseases, all contribute to the trend. But private providers are facing many problems, like availability of trained manpower, escalation of costs, availability and quality of drugs and financing mechanisms.*

CONCLUSION: *Private hospital sector is expanding in Ethiopia. But private providers are vulnerable to imperfections in the existing market structure. Government and professional bodies need to make a concerted effort to address these issues and design appropriate strategies to promote and regulate this sector effectively.*

KEYWORDS: *Private hospital sector, Development, Providers*

INTRODUCTION

Investment in education and health infrastructure has been a consistent policy of all successive governments in Ethiopia. The tradition of government support for health development has been a catalyst for the advancement of health care delivery in the country. Financing as well as provision of health services has historically involved in public and private sector actors (1). In recent years, there has been a considerable growth in private health facilities especially in urban areas. In many low and middle income countries the balance between the private- public sector practices of the health care over the past decade has tilted towards the former (2). Expanding private sector

reduces the burden on the government, of ever increasing demand for health care, offers consumers choice and competition. It will help health sector to improve efficiency and quality and can contribute to health equity. Those able to pay will use private services while public resources are targeted to reach those who can not afford to pay (3). Expansion of private facilities on the other hand will increase cost and may induce unwanted demand. Interaction of a set of factors like input market conditions, internal competition within the sector, provider payment mechanisms, government regulations and demand factors like increasing demand for health care, income and utilizing pattern and behavior of consumers etc are likely to determine the shape and characteristics of

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private health sector. Understanding these factors is essential to influence the growth of this sector. These insights will help to policy makers to design and introduce mechanisms to monitor and regulate this effectively (4, 5).

In Sub-Saharan Africa, the private health sector ranges from traditional healers, pharmacies and shop keepers selling health care products, to non-profit and for-profit clinics and hospitals. There are a variety of reasons people use private health sector, including convenience, perceived quality, and confidentiality or because of nothing else is available. More over private health care in Sub Saharan Africa is not just for rich. Africans of all socio-economic background turn to private sector for their health care needs (6). A new report from International Finance Corporation, a member of World Bank says spending on health in Sub-Saharan Africa is expected to be double over next 10 years and investments of \$25-30 billion will be needed to meet the demand, with private sector role. The main findings of that research report are: the private sector already plays a significant role in delivering and financing health, on average it delivers 50% of the industries goods and services with 60% of those goods and services coming from private sources. African health expenditure continue to grow rapidly, with private sector and the expenditures are expected to be more than double over next 10 years, growing billions in 2005 to around \$35 billion in 2016, with 60% expected to come from private sector (7,8). Meeting the health care needs in Sub-Saharan Africa is an enormous challenge for Ministries of Health. Ethiopia is one of the low income countries in Sub-Saharan Africa with poor health status and rapidly growing population. In the poverty, low education and limited access to health services are the root causes of major health problems. In addition, the health service delivery system is deficient and in coverage poorly organized (9). In the absence of a robust funded health infrastructure providing free care, citizens have no option, but to seek out private facilities. The private provision of health services in Ethiopia was legalized as one of the countries means to mobilize resources and improve efficiency in health system. But data shows that private hospital sector expanded its activities in urban areas especially in the capital city. The numbers of private health facilities are increasing steadily, but numbers of private hospitals are still less and most of them are in the capital city (10). Using the data of private [for-profit] hospital providers in the city of Addis Ababa this study tries to explore the factors affecting the growth of private hospitals in Ethiopia and providers

perspectives and views on determinants of the growth of this sector.

MATERIALS AND METHODS

This study was conducted in Addis Ababa, capital city of Ethiopia. The total population of the city is 3,059,000 in 2007 (10). The Addis Ababa city health administration is divided in to 10 administrative zones and has the facility of 5 public and 25 private hospitals.

A qualitative exploratory study was conducted in 25 private (for-profit) hospitals offering multi specialties in modern medicine in Addis Ababa. Information was gathered by two methods: key informant in-depth interviews and secondary data. There are three reasons why this capital city is chosen for the study: (1) large portion (around 81%) of private hospitals are concentrated in this urban city. There fore, it is hoped that studying private hospitals in Addis Ababa will reflect many of the conditions prevailing in the rest of the private hospital market. (2) Private hospital market is expanding rapidly but the trend is mainly focused in this capital city. So taking samples from these areas will reflect the provider's concepts and choices on this market. (3) There are three types of hospitals operating in the market, private general, private specialty and private super-specialty. These categories are available only in Addis Ababa. Twelve key informants were purposively selected for in depth interview. The respondents from 7 private hospitals (4 general, 2 specialty and 1 super-specialty hospitals) and 5 from policy level were interviewed. A structured interview guideline was used for the interview. In depth interviews were tape recorded, transcribed and analyzed. The quality of data was assured by careful selection of participants to ensure homogeneity of the group. Secondary data was collected from Federal Ministry of Health (FMOH), Addis Ababa City Health Administration Bureau, Drug Administration and Control Authority and private hospital records. Public hospitals and hospitals run by NGO were excluded. Ethical Clearance was obtained from Federal Ministry of Health. The data was collected in February 2008. Data analyzed manually developing major themes.

RESULTS

According to the list maintained by Federal Ministry of Health there are 31 private hospitals in Ethiopia. Out of these 25 are in Addis Ababa. They are registered as private general (16), private

maternity specialty (8) and private cardiac super specialty (1). Total bed strength is 922 (Table 1) serving to the population around 3,059,000. The Addis Ababa city health administration is divided in to 10 administrative zones. More private hospitals are in Bole zone (8) and there are no private hospitals in Gulele and Nefas-Silk zones. The ownerships can be divided in to two categories. They are sole partnerships (18) and private limited company (7) (Table 2).

1. **Sole partnership:** most of the hospitals in the city belong to this category. These hospitals are owned by individuals (physicians or non physicians).
2. **Private limited company:** Hospitals in this category have more than 2 partners. They have limited liability. Profits are shared with partners.

Table 1. Size and Distribution of Private Hospitals in Addis Ababa (2007-8).

Administrative Zone	Private General	Private Maternity	Private Super-Specialty	Bed size	Total
Addis Ketema	3	0	0	83	3
Arada	2	2	0	128	4
Akakai Kaliti	1	0	0	27	1
Bole	5	2	1	359	8
Gulele	0	0	0	0	0
Kolfe	0	1	0	50	1
Kirkos	2	1	0	118	3
Lideta	2	0	0	77	2
Hefas silik	0	0	0	0	0
Yeka	1	2	0	80	3
Total	16	8	1	922	25

There is a significant growth seen on health facilities of Ethiopia especially during the period of 1995-1999 EC. The total number of hospitals (both private and public) increased from 119(1995) to 126(1996), 131(1997), 138(1998) and up to 143 in 1999EC (Ethiopian Calendar). The growth of private hospitals in Addis Ababa is also noticeable during 1995-1999 periods and the numbers of new entrants were more in 1997 and 1999 EC. There is

no clear evidence on this growth but the active role of federal democratic government of Ethiopia has been a key factor in the expansion of health facilities all over the country. The federal government introduced a twenty year health development strategy and there has been encouraging improvements in the coverage and health service utilization over the period of Health Sector Development Plan I & II.

Table 2. The Year of Establishment and Total number of Private Hospitals in Addis Ababa.

Year EC	No. of new private hospitals	Total no of private hospitals
1988	2	2
1989	1	3
1990	0	3
1991	1	4
1992	2	6
1993	3	9
1994	2	11
1995	2	13
1996	2	15
1997	4	19
1998	2	21
1999	4	25

Factors Affecting the Growth of Private Hospital Sector: An Overview

Even though the government health facilities are expanding and potential health coverage and health service utilization has been increased significantly, it can not fulfill the growing demand for the health care. The growth of private hospitals has been significant during the past 5 years. There are several reasons behind this phenomenon. The budgetary support of the government has not kept pace with the growing populations' health care needs. Moreover the private sector has also been triggered by factors such as new economic policy regimes in the country, rapid influx of medical technology, rising middle class income and supporting policy of government (Table 3). However, these private hospitals are facing the major problems of lack of trained professionals in specialty areas, maintenance of bio-medical equipments, availability of quality drugs, high

turnover of employees and seasonal fluctuations on patients flow (Table 4).

Table 3. Factors Promoting the Growth of Private hospital Sector in Addis Ababa, Ethiopia, An overview (N=25).

Demand side factors	Number (%)	Supply side factors	Number (%)
Specialized skill and technology availability	25(100.0)	Tradition of government provided services	13(52.0)
Medical facilities in access	23(92.0)	Political stability and policy of government	23(92.0)
Increasing demand for health care	21(84.0)	Subsidized medical and paramedical education	21(84.0)
Growth of education and awareness on health care	21(84.0)	supplying steady stream of professionals in the market	20(80.0)
Experience of people on quality of providers	25(100.0)	Lack of barriers to entry in the health care market	14(56.0)
Enhancement of income of households	18(72.0)	Government rules and regulations made the sector as an attractive investment opportunity	23(92.0)
Population migration and urbanization	13(52.0)	Tax exemptions for medical equipments	13(52.0)
Promotional efforts like advertisement in mass medias and public campaigns.	5(20.0)	Freedom for recruitment of professionals	13(52.0)
Provider payment schemes and insurance mechanisms	8(32.0)	Freedom for government professionals to work as part-time basis in private sector	8(32.0)
		Access to funds for investments	8(32.0)

Table 4. Factors Adversely Affecting the Growth of Private Hospital Sector in Addis Ababa (N=25).

Factors adversely affecting the growth	N (% of respondents)
Lack of trained professionals in specialty areas	25(100.0)
Availability and quality of drugs	20(80.0)
Maintenance of Bio-medical equipments	24(95.0)
Escalation of costs on drugs and supplies	25(100.0)
High employee turnover	20(80.0)
Difficulty to keep quality standards	18(72.0)
Payments and financial mechanisms	8(32.0)
Seasonal fluctuations of patients' flow	20(80.0)
Other	3(10.0)

DISCUSSION

The private health sector plays an important role in Ethiopian health care delivery system. Through a wide net work of health care facilities, this sector caters to the needs of both urban and rural populations and has expanded widely to meet increasing health care demands. There are several factors affecting the growth of private hospital sector in Addis Ababa. There has been a significant

increase in private hospital sector especially in Addis Ababa during the last 5 years. All private hospital respondents agree that their practice is growing and significant growth is noticeable in the last 5 years. Many factors are considered to be important by providers influencing the growth of their practice. Increasing demand for more sophisticated care with the introduction of specialized skills and technologies considered as the most important factor. Acquiring specialized

skills generally goes hand in hand with technology. Many providers feel that their practice is strongly influenced by these factors. Hospitals that have the facilities of whole body scanner, ventilator, ultrasound, endoscope and other facilities shown significant increase in number of consumers after introduction of these technologies. Another important factor is accessibility of services especially round the clock facilities, appointment by convenient time, 24 hrs emergency and so on. Location of the health facilities are also very important factor. Most of the private hospitals in Addis Ababa are located near to highly populated areas, so the distance and traveling time is less for the clients. Increasing demand for health care and growing awareness on health related matters due to growth of education is another factor which is affecting the demand for more sophisticated care. A study conducted in Ethiopia confirmed that willingness to pay for health care is closely associated with ability to pay also. The growing disposable income especially to middle class is positively correlated the growth of private health facilities in Ethiopia (7).

Ethiopia is experiencing rapid increase in population as well as rapid urbanization and internal migration from rural parts of country due to employment, business or education. These are the factors promoting the growth of private health sector especially in urban areas. Almost all private hospital respondents agree that they are using promotion strategies, like advertisement and personal contacts with certain firms and companies also increases the demand for private sector, but quality of services and skilled personnel can attract and retain customers more effectively than advertisement. A very small number of providers have the facility of prepayment schemes, and medical insurance coverage is not significant.

When considering the supply side, the tradition of government provided health services are dominant in Ethiopia. The public sector paved the way for the development by sensitizing the population to the need for more advanced care and creating more demand for health care. Subsidized medical, nursing and paramedical education supplies a steady stream of medical professionals in the market, who then largely absorbed by the private sector. Another important factor is political stability and commitment of government to support private sector also promoted private sector growth. Now the transitional government of Ethiopia is a promoter for private sector and rules and regulations are favorable for health care investors. Biomedical instruments and equipments are tax free

and government is liberal for providing land for construction of hospitals.

Even though the private hospital sector is growing, the private providers are facing so many problems. The most important problems faced by all providers are lack of sufficient number of trained professionals, especially doctors in specialty areas. The employment of trained and qualified personnel and retain them in the facilities is critical to ensure good quality care. There is general impression among private providers that the growth of health human resources and their training has not kept pace with the increasing number of facilities. A wide spread shortage of trained professionals, especially in the areas of specialties and there is no super specialty training centers within the country. Most of the providers are ready to recruit from other countries but they don't have the access of sources for recruitment. The second important factor is availability of drugs. The production, distribution and importing of drugs controlled by DACA (Drug Administration and Controlling Authority). The numbers of pharmaceutical industries are limited and there is a wide gap between demand and supply of drugs. The number of drugs in the National drug list is few and the availability of new generation drugs are limited. Several times the private hospital providers are facing the problems of very essential and costly drugs especially in cardiology and neurology sections and it is adversely affecting the quality of care in critical care units. One hospital administrator said, *"Really we are facing problems of getting essential drugs in critical care units. The distributors are not ready to stock costly drugs which are essential for ICU and emergency care units and it is adversely affecting the performance of our critical care unit"*.

Maintenance of bio- medical instruments is a major problem in Ethiopia. For simple maintenance problem; essential equipments are idle for months. A survey conducted by an agency found that almost 80% of the medical equipments are not functioning in public health facilities because of the lack of trained biomedical engineers. So it is highly expensive and time consuming procedure to call experts from another country for maintenance of biomedical instruments and it is a major factor adversely affecting the implementation of new technologies in private hospitals. Director of one hospital responded, *"Our CT scanner was not functioning for 2 months. I am waiting for service engineers from Egypt, but I don't know when they came and repair it"*. Escalation of costs is pointed by all providers. Purchasing modern equipments

and introduction of new technology increases the cost for all providers. Even if they are exempted from taxes a huge investment is needed and cost recovery takes a long time. This is one of the reasons that profit seekers are not willing to invest on hospital sector. High employee turnover, internal as well as external migration of health professionals, seasonal fluctuations of patient flows, payments and financial mechanisms, rules and regulation related to quality standards etc are another factors pointed out by the private providers. Small percentages (10%) are willing to expand their services to other parts of the country, but they hesitated to do so. They pointed out one reason of conflicts between ethnic groups, but 90% of providers are willing to expand the services in capital city only.

In conclusion, the growth of private health facilities in Ethiopia during the period of Federal Democratic government offers many lessons in development and should not be seen as an independent phenomenon. The public sector paved the way for development by sensitizing the population to the need for sophisticated care and created more demand for health care. Factors outside the health field such as, growing disposable income, growth in literacy, improvements in road network, rapid urbanization and lack of barriers to enter the health market availability of funds also contributed to the trend. This study finds that private provider behavior will be considerably influenced by the overall situations prevailing in the input market and constraints imposed by other supply factors. Some of the critical factors affecting the private providers are: availability and cost of trained manpower, availability and cost of drugs, availability, cost and maintenance of bio-medical equipments and technology and cost of capital and financing mechanisms. The study suggests that private providers are vulnerable to imperfections in all the above mentioned areas. Government and professional bodies need to make concerted effort to address these issues in a holistic manner and develop appropriate strategies. Ethiopia will achieve better health sooner and more efficiently as the private sector is harnessed. Ministry of Health can play a strategic role in setting the stage through policies and program interventions that can influence the private sector to achieve the public health goals.

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