

Kalusugan Pangakalahatan:
A Private Sector's response to
Universal Health Care

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Premise Setting

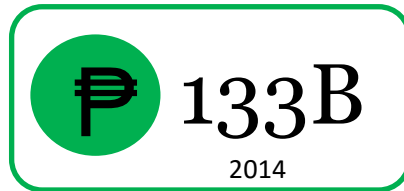
Lay of the Land

- **Health is a shared good/value**
- **High out of pocket, healthcare is designed based on capacity to pay**
 - Service delivery is too dichotomized
 - Government – “charity”
 - Private Care – “luxury “
- **Majority of hospitals are owned and operated by the private sector but no sufficient avenues for the government to engage the private sector**
 - Opportunities for MD engagement
- **Lacks service delineation and integration between the government and the private sector**
 - Siloed service delivery including expertise, resources, and data

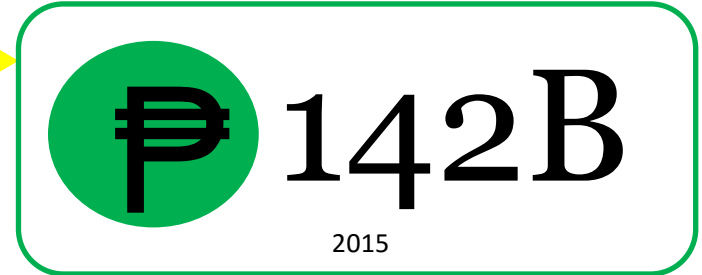
Premise Setting

What is happening now

Sin Tax



25%



Bigger *"paid-for"* market



Economic Growth



DATA IS EVERYWHERE!

INCREASING AFFLUENCE.



POWER OF CHOICE IS SHIFTED TO THE PATIENT

Premise Setting

What is happening now.

- **Increasing Middle of the Pyramid → *more incentives for the private sector to meet the demands for affordable and quality healthcare***
 - Increasing affluence and access to data
- **Political will in delivering healthcare → *increasing healthcare funding***
 - 87% of pop'n covered by PhilHealth
- **ASEAN integration**
- **Healthcare is the (next) big thing!**
 - Consolidation of healthcare facilities

Premise Setting

What we are experiencing on the ground

- **Non-streamlined taxation policies**
 - Hospitals are non-VAT but are not VAT-exempt
- **Insufficient cost coverage of healthcare packages of NHIP (PhilHealth)**
 - Covers only around 30% of actual cost
- **Schedule of licensing of medical facilities**
 - Reaction time from submission of application to inspection – around 1 month (opportunity cost)
 - Highly paper-based and need to submit two same sets to BHFS and to BHDT
- **Benefit availment in DTI – BOI**
 - Inability to avail duty-free importation as schedule of processing of prerequisites does not match schedule of availment

What must happen?

Alignment of Goals:

- For the government* → Efficient and responsive healthcare delivery to meet growing needs of the population
- For the private sector* → Opportunities to address market demands to scale up business

Recommendations

What needs to be done

- **Articulation of a single vision achieved by working on parallel goals**
- **KP Framework should institutionalize the discipline of accountability through role definition.**
 - Capacity planning with role definition linked to performance metrics
 - Service delineation and integration based on continuum of care – who pays for what, who must deliver which
- **Minimize/eliminate multiple, fragmented health financing channels**
 - Must be flowed to PhilHealth to strengthen its negotiating powers

Recommendations

What needs to be done

- Institutionalize a mechanism in selecting and incentivizing **trusted partners in the private sector**.
- Costing of healthcare packages must cover **general overhead and operating expenses**.
- Make **capital outlay funding available** to the trusted partners in the private sector.
- Review and streamline **regulations** to ensure that they support and promote fitting healthcare innovations.

Recommendations

Areas for Collaboration

- **Data and information sharing**
- **Expertise building and sharing on contract management and design for PPPs, including design of comprehensive communication plan**
- **Cross-training of health human resources**
 - Create opportunities for MDs – lower their barrier to entry
- **Shared logistics (e.g. procurement)**
- **Costing for healthcare services**
- **Service Delivery and Infrastructure Building**
- **Roll-out of Public Health Programs**