

Privatization of Saudi health-care system and its significant effect: A review

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ABSTRACT

This is a review paper focusing on privatization of health-care delivery system in the Kingdom of Saudi Arabia and its potential impact. 30 suitable literature were identified from a database out of which only 20 were relevant after reading the abstract, and finally, only nine relevant papers from literature search and seven more papers from the references were included in the review. Although privatizing the Saudi health-care system has some benefits and challenges, there is no strong scientific evidence to support the privatization of health-care system in Saudi Arabia. It is recommended that prior starting the privatization, the Saudi Government should make suitable policies and plans to overcome the challenges.


KEY WORDS: Privatization; Health-care Privatization; Saudi Health-care Delivery System Conversion

INTRODUCTION

The public health-care system is currently governed and financed by the Ministry of Health (MOH) in Kingdom of Saudi Arabia. The MOH provides 60% of the health-care services through 259 hospitals distributed around the country, and through a network of 2259 primary health-care centers located in both large cities and small towns.^[1] Other governmental agencies also provide 9% of health-care services through 39 hospitals, such as security and armed forces medical services, Ministry of National Guard Health Affairs and Ministry of Education Teaching Hospitals which provides health-care services to their employees and their family members and in addition they provide health-care services to the general public during emergencies.^[1,2] While the private sector provides 31% of health services in 137 hospitals.^[1]

The MOH delivery model is organized into five tiers, i.e., primary health-care centers, district hospitals, general hospitals, central hospitals, and medical cities.^[3] In general, citizens can only access the primary health-care centers in their areas of residence.^[4]

Increase in the health-care cost and scarcity of resources made the health-care system across the globe to shift from the conventional public funding to the privatization of health care.^[5-8] The term privatization is defined as decreased levels of public provision, subsidy, or regulation of either preventive or curative health services.^[9] An increased demand for health-care services, backed by a rapid population growth, anti-aging segment and the prevalence of long-term non-communicable diseases^[10] have forced the Saudi Government to increase its budget allocation on health care from US\$ 6.7 billion in 2008 to US\$16 billion in 2014.^[11] To meet the needs and demands of the growing population, Saudi Arabia is also encouraging the participation of private sector in health care in various ways including the expansion of the private health-care insurance.^[10] The MOH proposed to privatize all the public owned hospitals and the policymakers also suggested that the privatization of government hospitals will be a good reform in the Saudi health-care system.^[11,12]

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MATERIALS AND METHODS

A literature search was conducted to find the published papers on health-care system in Saudi Arabia and privatization of the health-care delivery system. Google Scholar was used to access peer-reviewed scholarly articles. The search was limited to the English language only.

The articles were selected by reviewing their titles and abstracts. Additional literature was selected from the references (Figure 1).

RESULTS AND DISCUSSIONS

Although privatization of health care in Saudi Arabia is beneficial in some ways to the government and the country, it will speed up the decision-making process, reduce the government expenditure on health and also provide a new way to the MOH for financing the health care for improving the health status of the population in the country. However, on the other hand, it has a significant effect on the health-care system. First of all, it may affect the current practice of integration between the hospitals and the primary health centers. As a result of privatization, there will be no adequate control so that the private hospitals may raise the charges and there is a potential risk of an increase in the health-care expenditure because of higher pricing and profit-seeking behavior. The private organizations are more likely to concentrate on the bigger cities and larger communities, and as a result of it, the rural population will be affected, and the good quality health-care services will be not adequately available nor easily accessible to them.^[13]

It is more likely that when the public hospitals in Saudi Arabia are privatized it may become a for-profit organization, and they will have to provide incentives to shift non-reimbursable cost back to the public hospitals. The severity of this problem will be also based on the structure of the policies taken by the patients. If the hospitals provide the cost on a fee-for-service basis like what happening in the private hospitals nowadays, then the hospitals would like to retain the patients, and they will not be interested in shifting the costs.^[11] When the hospitals become privatized, the individual hospitals will start to attract the patients by having a different marketing strategy. Thus, many patients may prefer visiting big hospitals instead of going to the primary health-care centers and as a result, the primary health-care facilities become underutilized.

Another drawback of privatizing the health care is that the public hospitals will not be able to acquire enough of the health-care market when compared to the private organization unless they upgrade themselves in all the levels such as management, infrastructure, and human resources.^[13]

Another important issue of privatization of health care is the sustainability of the hospitals for example if the hospital

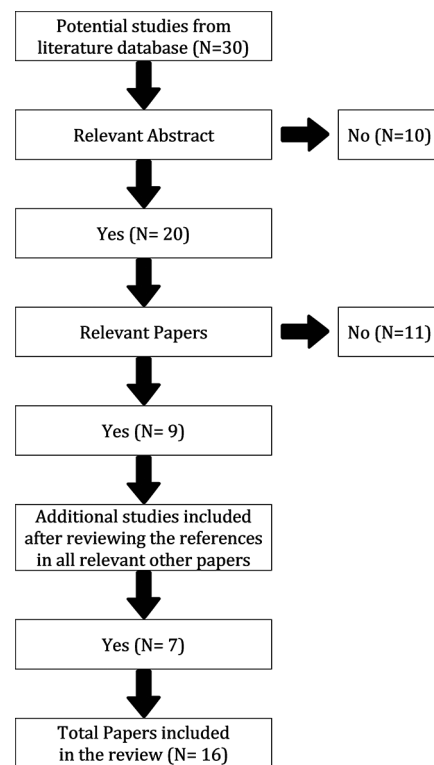


Figure 1: Process of selection of articles to be included in the review

is functioning in an old building which is serving a large number of patients but has got poor infrastructures, and it would require a larger investment to upgrade it. In that case, only fewer or sometimes no private groups will be interested in these hospitals because of profit-seeking behavior. Even though the infrastructure is poor, patients are availing the services because of the free services or having the health insurance. In case some private organization will be ready to invest money to build the necessary infrastructure, and the organization will have higher user fees and fee-for-services so that the poor people who do not have the insurance coverage will be badly affected.^[13] Thus, alternative sources for financing health care and inter-sectoral cooperation are essential to help patients to afford the increasing cost of health-care services. In 1999, the government started implementing a cooperative health insurance (CHI) over three phases to support financing health care.^[2,14] In the first phase, the CHI would be applied to Saudis and non-Saudis working in the private sector, in which employers pay health insurance costs for their employees. In the second phase, the CHI would be applied to citizens and non-citizens working in the government sector, paid by the government. In the third phase, the CHI would be applied to other groups, such as tourists.^[2] However, the final decisions on the second and third phase of this program are yet to be made. The national health insurance programme is seen by researchers and policy-makers as vital for improving accessibility and the finance of the Saudi health-care system.^[4,15] Approval and implementation of the CHI would be an important source

of financing health and may decrease the government's spending on health care.

CONCLUSION

The rapid escalation of the costs of health-care services and the increased demand for all social services due to the rapid population growth are a serious challenge. The rapid increase in health-care costs, in general, is exerting big pressure on the government. There is a need to decrease the government's spending on health care due to the increased burden on health-care services largely.

To increase health-care finance, the MOH should carefully implement privatization, develop comprehensive financing plans and policies, and strengthen financial management skills at all levels. An option is to accelerate the implementation of Phase 2 and 3 of the CHI. Approval and implementation of the CHI would make it an important source of financing health, and decrease the government's spending on health. There are limited literature and studies about the privatization of health care and its impact, and there is no clear evidence to support the privatization of health care.

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