New Frontiers in International Development Finance

Stop. Look. Listen.

Why it is Time to Re-Examine Government Investments in Overseas Private Healthcare Providers

Dr Benjamin Hunter

EXECUTIVE SUMMARY

Governments and development institutions are increasingly investing in overseas private healthcare providers. This is being done with little understanding of their impact on health and poverty, especially in low- and middle-income countries. The little evidence that does exist suggests that private healthcare sits in tension with universal health coverage. It favours middle-class users and has limited, if any, mechanisms to protect users from catastrophic health expenditures. Foreign investments in private healthcare providers also fuels the expansion of corporate healthcare chains and augments their influence, jeopardising inclusive healthcare now and into the future. It is time to stop, listen and look before it is too late.

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Background

More than 8 million people die from conditions that are readily treatable each year [1] and at least half of the world's population lack access to essential healthcare services.[2] By March 2022, at least 6 million people had died from COVID-19, many because they lacked access to vital healthcare services such as vaccinations, oxygen, and ventilators.

The effects of inadequate healthcare go beyond health and wellbeing. **The World Health Organization (WHO) estimates that healthcare costs push 99 million people into poverty each year.** [2] Almost 1 billion households spend 10% of their household budget on healthcare fees and medicines. Over 200 million of these households spend more than 25%. It is a situation that is getting worse (Figure 1).

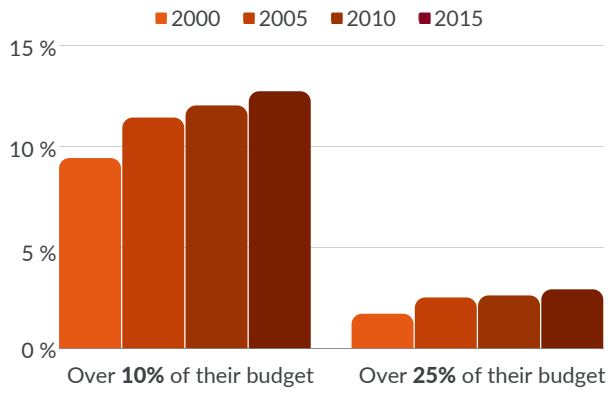
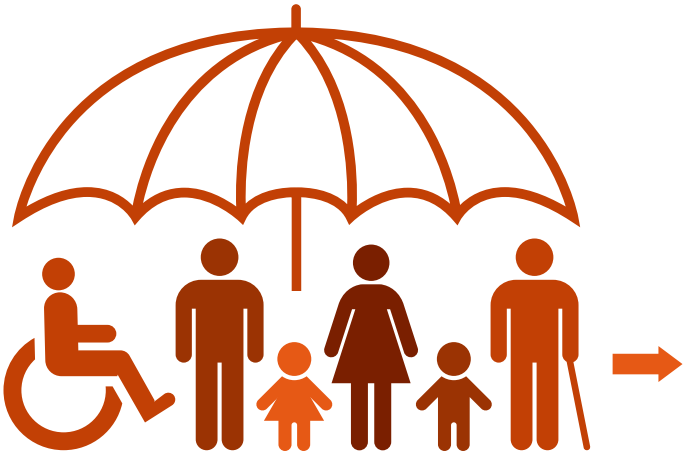


Figure 1. Percentage of the world population with out-of-pocket health spending exceeding 10% or 25% of their household budget.[2]



Blind faith

Instead of promoting inclusive healthcare systems, governments of many countries are spending their development resources in ways that have the opposite effect. Through their bilateral development finance institutions (DFIs), development banks, and sovereign wealth funds, governments are investing in private healthcare projects in a range of low- and middle-income countries. One attempt to track DFI investments alone estimated it to be USD $4 billion up until 2017.[3]

Private healthcare companies are using investment from the governments of Sweden, Netherlands, Singapore, Malaysia, France and the UK, among others, to increase the number and size of their healthcare facilities. Some governments justify this on the basis of supporting healthcare exports, or augmenting national wealth; others on the basis of creating jobs and promoting universal health coverage. [4]

There is, however, very little oversight to determine the impacts of these investments on health and poverty. Governments are not gathering evidence on who accesses private healthcare facilities, what it costs to the user, and what this means for their ability to subsist. **The evidence that does exist suggests that private providers favour middle-class users and have limited, if any, mechanisms to protect users from catastrophic health expenditure.** [3]

Sustainable Development Goal Target 3.8 aims to 'achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all'.

Risks to the future of inclusive healthcare

Nowhere is the tension between private healthcare and universal health coverage illustrated better than in **India**. Our recent research shows the distortions caused by 30 years of corporate healthcare growth across the country.[5] Investments from DFIs and sovereign wealth funds, combined with private investors, enabled corporate chains to expand rapidly.

Commercial pressures within these companies have resulted in healthcare institutions that are geared towards revenue generation and cost inflation. Healthcare users face large bills, indebtedness, and exclusion; a situation on which the COVID-19 pandemic shone an unflattering light. Unable to compete with the facilities offered by the corporate chains, smaller independent and charitable providers have closed, merged, or contracted with the chains. This growing reliance on the corporate sector has afforded it significant negotiating power with governments, which has subsequently impaired effective regulation. Developments in India's healthcare system should be a warning light to other countries on a similar trajectory.[5]

> **"We must first set ourselves ambitious goals to achieve Health for All and then work towards the goals by designing financial architecture and an economic system that can deliver on this mission."**
>
> The WHO Council on the Economics of Health for All, 2021

Stop. Look. Listen.

Government and development institutions' investments are fuelling corporate healthcare growth in many low- and middle-income countries. This poses an immediate risk to inclusive healthcare and, as these companies grow in size and influence, a risk well into the future too. There is an urgent need to consider whether the expansion in private healthcare necessarily meets the aim of achieving universal health coverage.

Governments should discontinue their investments in overseas private healthcare providers until there is clear evidence that they improve access to healthcare for low-income and marginalised groups, and that they do not worsen poverty. **Regulation of this sector is needed to ensure that private providers contribute to equitable visions for universal health coverage and do not marginalise people who have the greatest needs.**

1. Kruk, M, Gage, A, Arsenault, C, Jordan K, Leslie, H, and Roder-DeWan, S (2018), 'High-Quality Health Systems in the Sustainable Development Goals Era: Time for a Revolution, *Lancet Global Health*, Vol 6, No 11, :E1196-1252.
2. World Health Organisation (2019), 'Primary Health Care on the Road to Universal Health Coverage: 2019 Monitoring Report'. Geneva: WHO.
3. Hunter, B and Marriott, A (2018), 'Development Finance Institutions: The (In)coherence of their Investments in Private Healthcare Companies", in Tomlinson et al (eds), *The Reality of Aid 2018 Report: The Changing Faces of Development Aid and Cooperation*, Quezon City: IBON International.
4. Hunter, B (forthcoming), *Investor State: Global Health at the End of Aid*, Cambridge: Cambridge University Press.
5. Marathe, S, Hunter, B, Chakravarthi, I. Shukla, A, Murray, S (2020) ,"The Impacts of Corporatisation of Healthcare on Medical Practice and Professionals in Maharashtra India',. *BMJ Global Health*, 5: e002026.

POLICY RECOMMENDATIONS

1. Governments and development institutions must stop investments in private healthcare providers as part of their sustainable development and aid strategies.

2. Expansion of private healthcare must include consultation with all stakeholders to identify the full range of potential impacts, positive and negative.

3. Governments must look at private healthcare investments made so far to assess the effects, and the anticipated future effects.

4. Greater oversight and regulation are key to ensuring that public investments in private healthcare providers secure the aims of universal healthcare coverage.

About the author

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Dr Hunter's research examines finance and transnational markets in healthcare, the effects on how healthcare systems are structured and regulated, and the implications for access to healthcare.

More on this research

Hunter, B M (forthcoming), *Investor State: Global Health at the End of Aid*, Cambridge: Cambridge University Press.

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