

Privatization With a Public Commitment

By Barbara Ruben

As health care professionals and policy makers in both the New Independent States and the United States grapple with issues in privatizing their health care systems, they must ensure that a safety net is retained so that all patients receive treatment, panelists agreed during the workshop *Responsible Privatization: Preserving the Public Commitment*.

"Health care is different than other parts of the economy--it is a basic human need," said Larry Gage, president of the National Association of Public Hospitals in Washington, D.C., secretary of AIHA's board and moderator of the workshop. "We must make sure health care is accessible no matter the ability to pay. I'm sorry to say we haven't solved the problem in the US yet--we have 40 million uninsured. Thus we are facing many of the same issues you are as you look toward privatization."

Many countries are exploring a range of public and private financing options, with some hospitals remaining totally government financed while others are privately owned. Some use a combination of funding.

Jakov Nakatis, MD, president of the 560-bed Sokolov Medical Center in St. Petersburg, Russia, has seen his governmental funding cut from 100 percent to 15 percent since 1990.

"Mandatory health insurance paid by employers is a good support for the hospital and covers about 60 percent of the expenses," he said. But including state support, the hospital was still short of 25 percent of its financing for full operation.

To help close that gap, the hospital added a clinic for cardiovascular surgery and dialysis to draw paying patients to the hospital. Seventeen single-bed rooms built to American standards have been added to attract foreign citizens living in St. Petersburg who can afford to pay more for health care services.

Still, Nakatis says further privatization in Russia is "practically impossible" because of very high taxes, the difficulty in finding people with enough money to buy medical facilities and the lack of laws protecting patients against malpractice.

Many of these same problems plague reform in Kyrgyzstan as well, said Zakir Kamarli, MD, director of the Research Institute of Oncology and Radiology in Bishkek.

"Sooner or later, we're going to come to privatization, but now it's impossible because of the tax system," he said. "I'm not an advocate of total privatization, but without privatization future development is impossible."

Kamarli's facility operates a hotel for family members of patients and a sauna. It also subleases office space and plans to open a privately run clinic that will offer a higher level of services.

In Kazakstan, privatization is racing along ahead of schedule, said Erik Musin, MD, head of the Department of Health Care Organization with the Ministry of Health. Although privatization was not slated to begin until early 1996, by last fall the first medical facility for sale had been purchased, and Musin's department was moving ahead with programs to promote competition among private hospitals and to attract foreign investments.

Several members of the panel endorsed hospitals that are both privately and publicly funded. "Government control is not an all or nothing proposition. A public-private partnership is truly the best of all worlds," said John W. Bluford, the chief executive officer of Hennepin County

Medical Center in Minneapolis, MN. Hennepin County government pays about 6 percent of the hospital's \$300 million budget.

James Dumpson, PhD, former chairman of the board of the New York City Health and Hospitals Corporation, said he sees a continuing role for public hospitals despite an era in the US government that advocates increased privatization. New York's health care system operates 11 acute care hospitals and other primary care facilities, providing care for half of New York City's 7 million residents. About 20 percent of the patients are uninsured.

No matter the road taken to privatization, health care practitioners and government officials must realize that it is not a panacea, cautioned Gage. "It won't solve the impact of poverty and social needs or environmental problems or lack of insurance. It must be considered one of a wide range of tools needed to make continuous improvement."