



# Health System Reforms: Public-Private partnerships

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# Summary

- How much “Private” we have in Health?
- What is it “Private”?
- What kind of Private?
- The rationale for pu-pr partnership
- Present trends

# "Taxonomy"

- Public vs Private funded Syst.s
- Public vs Private expenditures
- Public vs Private Management
- Public vs Private Providers
- Public vs Third Sector
- .....

# Public intervention rationale

- Taxation
- Market Failure
- Regulation (merit goods)
- Efficiency (asymmetric information)
- Equity



# Areas of Private intervention

- Insurance
- Purchasing
- Supply



# Private intervention rationale

- Efficiency
- Responsiveness/Flexibility
- Subsidiarity
- (Vertical) equity
- (Budget constraint)

# Private intervention rationale

- Efficiency ???
- Responsiveness/Flexibility
  - Yes but probably not a structural issue
- Budget constraint
  - Many counter deductions
- Subsidiarity
  - Positive or Normative argument?
- (Vertical) equity
  - Probably the very important question

# Funding

## ■ Criteria

### ■ Financial sources

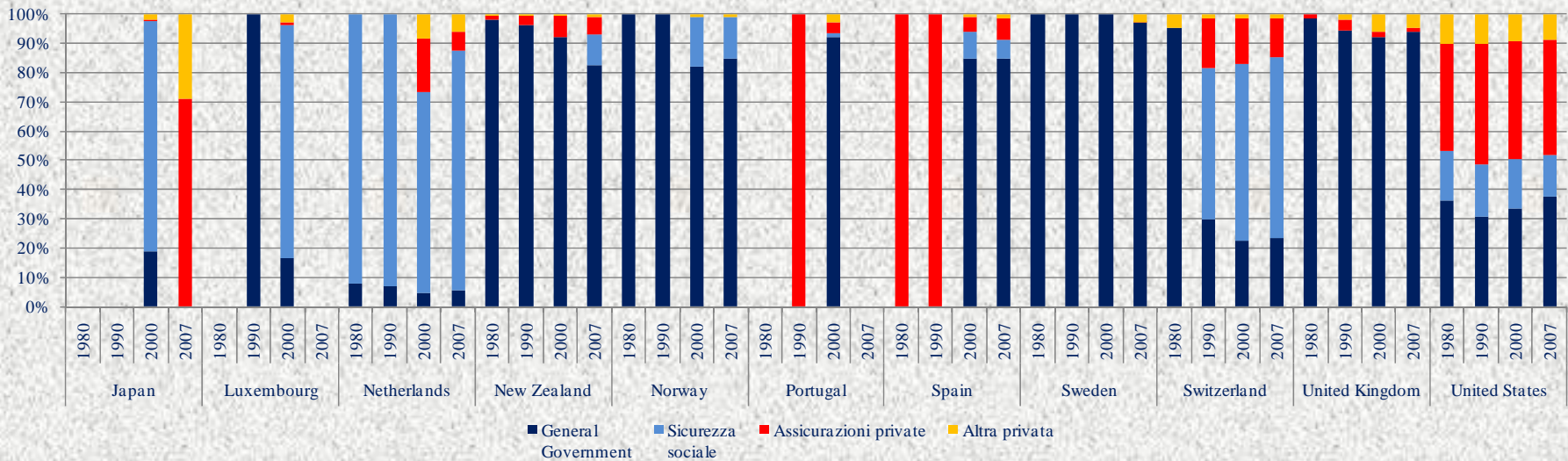
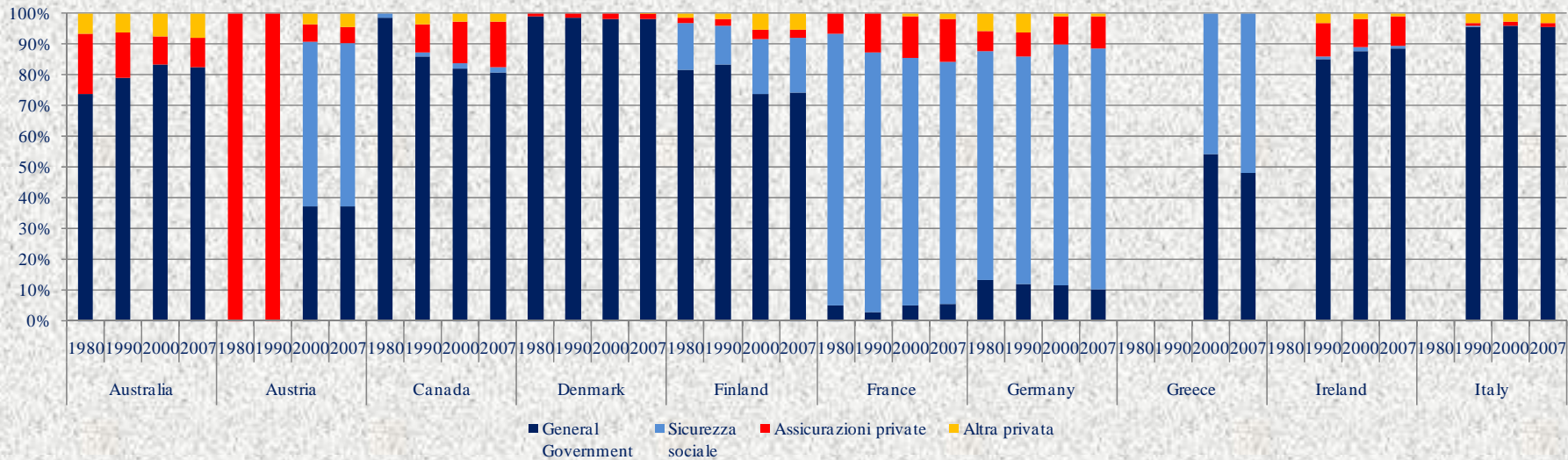
- Only partly meaningful
- Mixed systems prevail

### ■ Redistribution

(Solidarism vs Mutualism)

- Probably the best criteria
- ... closely connected to equity

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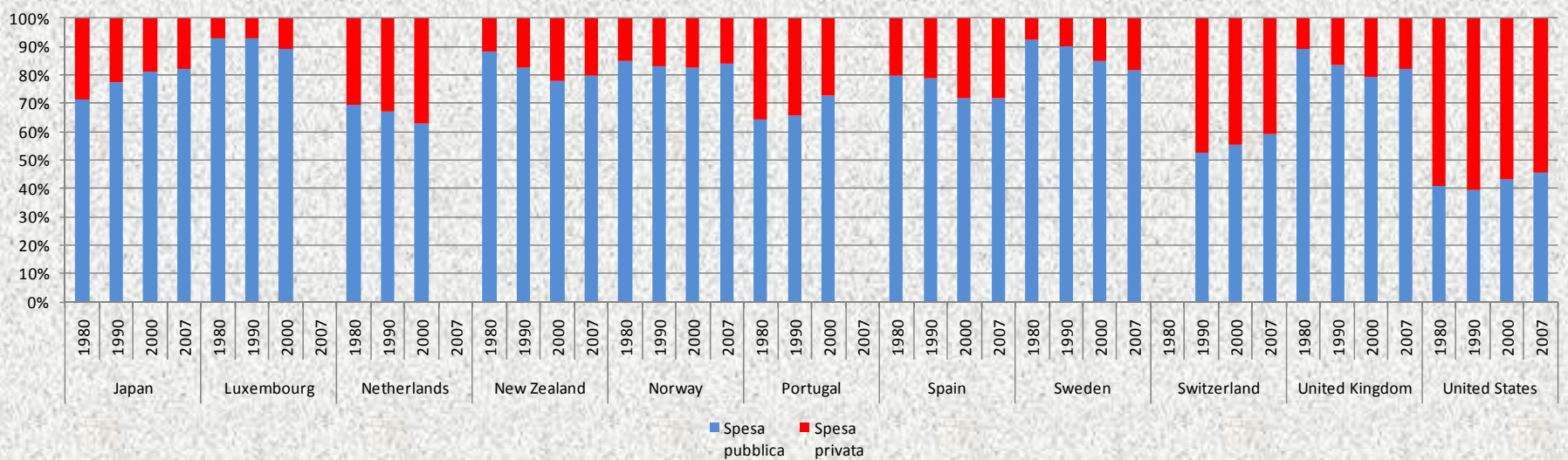
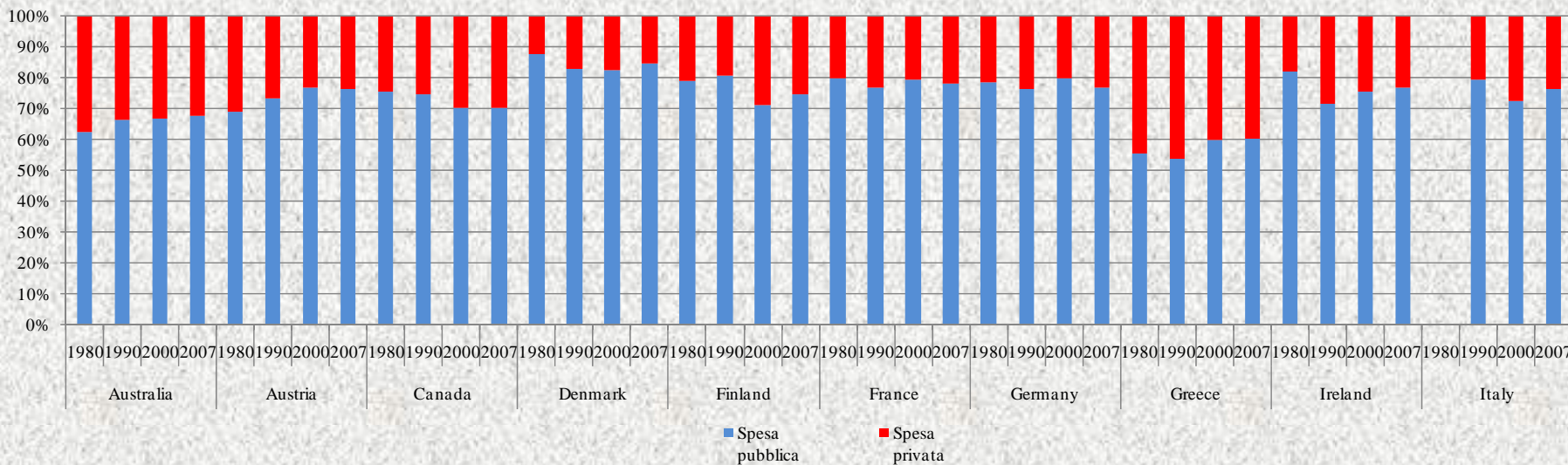
# Private in Insurance

- Responsiveness (++)
- Equity (if not for Profit)
- Universalism
  - Increasingly a goal of most systems
- Efficient purchasing (+)

Claiming for multipillar solutions

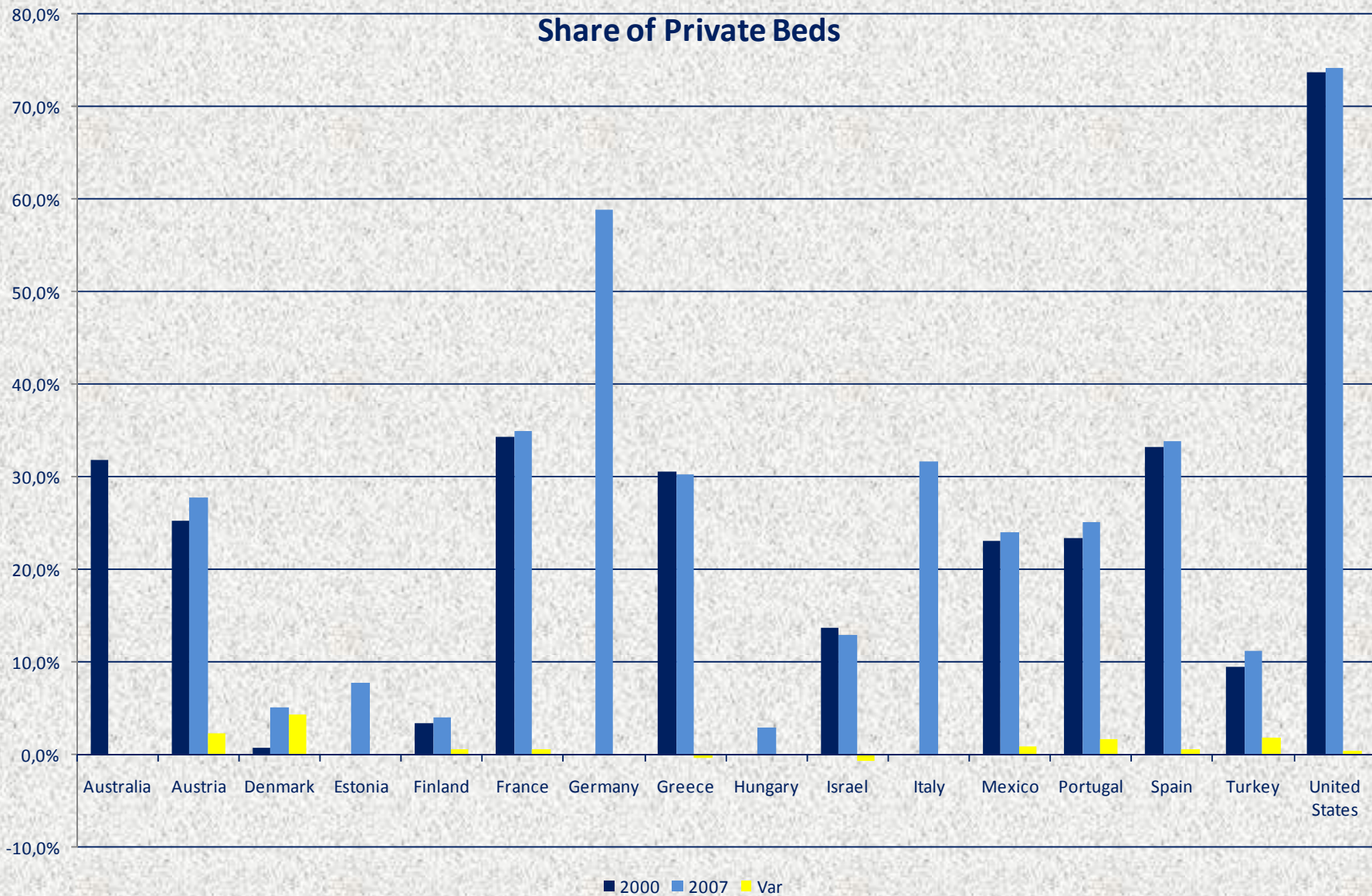
# Expenditures

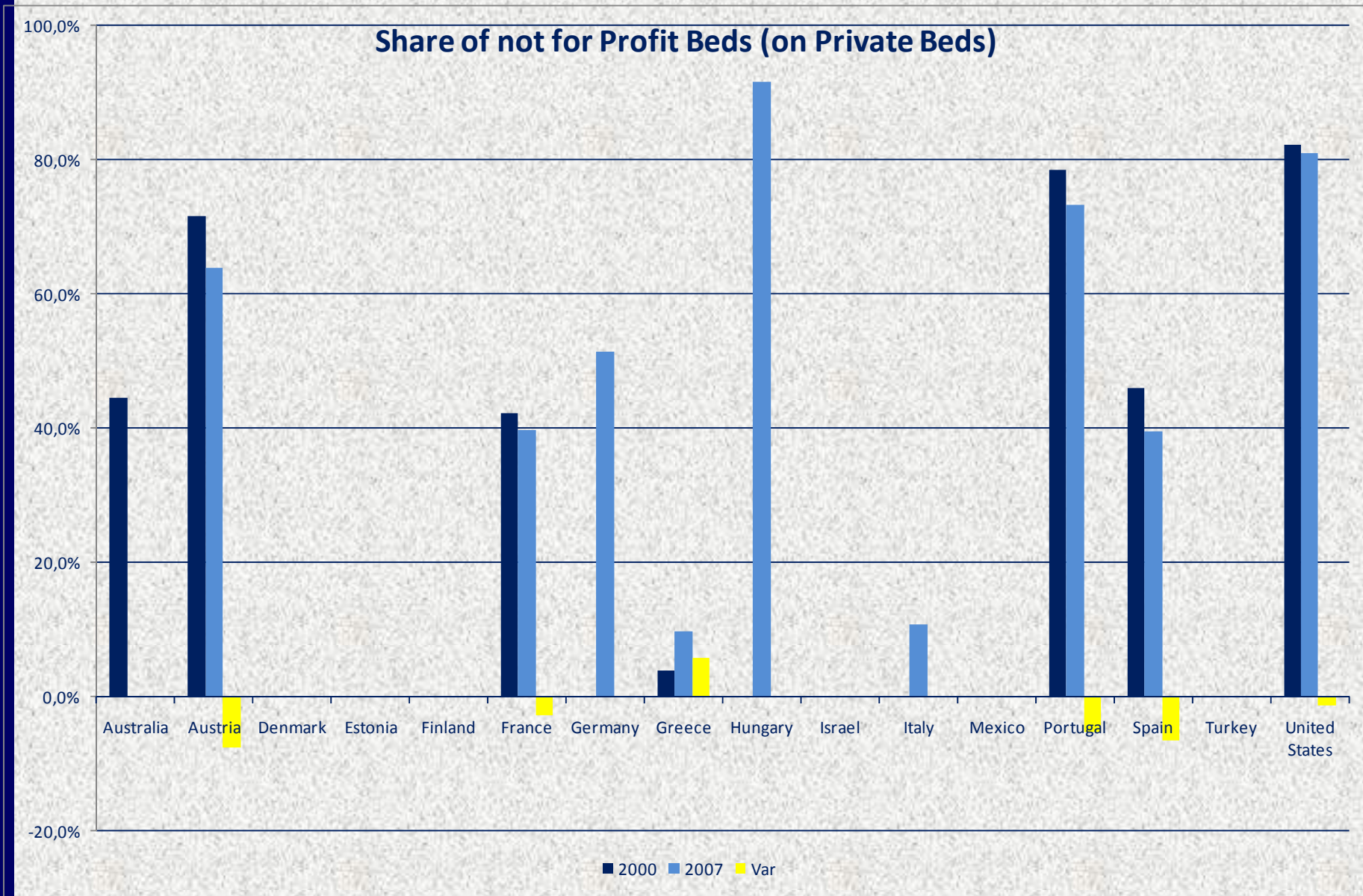
- Public expenditures = Horiz. Equity
- Private expenditure
  - Co-payment = efficiency
  - Complementary insurance = efficiency + vertical equity
  - Out of pocket = ??????





### Share of Private Beds





# Management

- Private management is probably easier than public one, due to a simplified mission ...
- Any management can “turn a toad in a prince”
  - The case of project finance in Italy

# Providers

- Public provider
- Private provider businesses oriented
- Private provider not for profit (third sector)
  - Voluntarism

# Axiom

- Subsidiarity is a normative principle
- Vertical Equity is increasingly important

# Positive arguments

- Devolution (horizontal subsid.) incentives efficiency
  - Devolution permits better understanding of individual needs
- Socio-economic transformation pushes towards a segmentation of the Society: needs are more and more diversified

# Consequences

- Private business oriented firms
  - innovation / flexibility
  - Risks: cream skimming, ...
- Third sector
  - responsiveness/empowerment
  - Risks: inefficiency

# Big Society

- Financial arg's
  - Incentives to the third sector permit to free private resources (for public services)
  - Volunteers are cheaper than professionals
- Political issue
  - Subsidiarity superior to Governmental intervention
- Economics ???

# Possible Shortcomings

- Opportunism
- Ibrid goals (for example stakeholder satisfaction but also employment)
- Fragmentation
- Sectorial concentration
- Lack of professionalism
- Not easy financial access
- Difficulties in developing capabilities

# Solutions

- Clear regulation
- Adequate incentives
- Support
  - Funding
  - Cohordinating
  - Networking
  - Monitoring

# Networking

- Key factor of success:
  - Clearly identified goals
  - Explicit rules of governance
  - Specialization (on a competences basis)

# Final remarks

- Public regulation is not questionable
- ... but public providing should be
- Third sector (in Health and LTC) probably has some advantage...
  - Subsidiarity is an issue ...
  - Vertical equity is a key factor
- Adequate public policies and networking are necessary conditions to success



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