Public Private Partnership for Laboratory Services in Public Hospitals of Uttar Pradesh with Innovative Web-Enabled Verification Mechanisms

Summary

Uttar Pradesh, the largest state/province in India, had substantially low hospitalization rates in its public hospitals when compared to the national average. The key reason for this was found to be lack of availability and accessibility to laboratory services in the state’s 52 district hospitals. According to the National Sample Survey Organization, diagnostic services accounted for 14% and 15.4% of Out-of-Pocket expenditure at public facilities in rural and urban areas of UP. A study conducted by UP Health System Strengthening Project (UPHSSP) revealed that 21%, or a fifth of the patients, would not visit a hospital but remain at home, owing to such costs involved. Having identified the potential gaps in public health care facilities of the state, the UPHSSP, in consultation with the World Bank, introduced an innovative and brand new concept of establishing high-end private diagnostic labs within the premises of public hospitals in UP under the Public Private Partnership (PPP) mode. The innovation has had an enormous impact. A proof of this is increase in the number of patients at these hospitals from 11,314 (December 2015) to 1,369,864 (December 2017).
Background

With a population of 199.8 million (2011 Census), Uttar Pradesh, if considered a country, will be the fifth most populous nation on the globe. Given such enormous population density, UP will play a crucial role in achieving India's health-related Millennium Development Goals. The engagement of high-end private labs under the PPP model, the first-of-its-kind performance-based contract system in UP, will go a long way in achieving the millennium goals. Care has been taken to evaluate the performance of these diagnostic labs on the basis of Quality and Turnaround Time (TAT). The TAT is calculated starting from the time sample is taken from a patient to successful uploading of the test result on the website of Patients' Diagnostic Information System (PDIS). An external quality assurance agency conducts monthly audits to ensure accurate test results, indicating better diagnosis and treatment planning. Engaging 6 well-established private diagnostic labs in such a manner has ensured that underprivileged communities in Uttar Pradesh have access to high-end pathology lab services.

Challenges Addressed

Some of the challenges that required UPHSSP's attention are:

1. Poor Public Health System: Overall per-capita spending on health is very low (Rs. 372), indicating a capacity deficit within the government-run secondary care hospitals to provide affordable and quality laboratory services. Therefore, high-end laboratory services have been introduced at district government hospitals to provide quality services at no cost to the patients, resulting in much better diagnosis and treatment of patients.

2. Out-of-Pocket Expenditure: 8% of households in the state fall below the poverty line compared to the national average of 6.2%. Lack of quality pathological lab services in government hospitals forced patients to avail these services from private service providers at very high rates. Now, with establishment of high-end laboratory centers within the hospital premises, patients get quality diagnostic services at no additional cost, which has significantly reduced their out-of-pocket expenditure burden.

Increase in patients availing quality diagnostic services in high-end laboratories within hospital premises from 11,314 in Dec. 2015 to 1,369,864 in Dec. 2017.

90% patients were satisfied with getting their lab reports on time.

Rates quoted during competitive bidding were at an average 20% below the rates stipulated by the Central Government.

Test results are available online.
3. Effective Monitoring: A simple and efficient monitoring system has been developed, where each hospital and doctors are assigned a unique code. These codes help in tracking each lab test referrals from across the state on real-time basis.

**Impacts Generated**

The UPHSSP project has achieved many quantitative milestones and has had an impact that is cost effective for patients as well as government.

Some of the major impacts are:

1. There has been a significant increase in the number of patients availing quality diagnostic services in high-end laboratories within the hospital premises from 11,314 in December 2015 to 1,369,864 in December 2017. An internal survey in 9 districts revealed that 90% patients were satisfied with getting their lab reports on time.

2. The intervention is cost effective. The 52 district hospitals were segregated into 11 clusters in such a way that rates quoted during competitive bidding were at an average 20% below the rates stipulated by the Central Government Health Scheme (CGHS). The present running cost of a high-end test is Rs. 463 per patient, which the government reimburses to the private player.

3. Test results are also available online. Access through a login ID ensures privacy. The result comes on specially designed software PDIS, which is available on the UPHSSP website.

**Level of Innovation**

Implementation of performance-based contract for delivering high-end laboratory services in public health facilities is a first-of-its-kind innovation in Uttar Pradesh. The most innovative parts of the intervention are: cost-effective high-end laboratory facilities, improved and efficient delivery of health services, performance-linked payment, process for patient feedback, online facility for patients to view and generate their reports, and introduction of private sector in the most complex areas of health sector. The intervention has facilitated development of a knowledge
repository that helps understand the disease and health profile of selected districts, which enables tracking of any emerging epidemics. The UPHSS initiative is also equitable and adequately attempts to address the needs of different sections of the society, such as women and poor religious minorities.

**Replicability**

The system has demonstrated that it is the most viable model, which can be replicated across the state and country. The model has already been adopted by National Health Mission of Uttar Pradesh and scaled up to 95 district hospitals and 822 Community Health Centers (CHC) in the state. As the costs/rates of high-end diagnostic test services are CGHS-based, they are the lowest rate in the country. Thus, the government does not pay a huge amount for these services, which makes easy a policy decision for replication by other governments. The online PDIS software designed for monitoring has been developed on a simple, secured, and open source platform, which is compatible for migration and replication.

**Scalability and Sustainability**

This innovative public-private partnership model is a win-win situation for all three stakeholders and, hence, scalable and sustainable. Patients are getting quality services, which is their right, free of cost. Pathology labs are getting reimbursement of their service delivery costs from government. And, government provides its people access to high-end pathology lab centers without spending any amount on infrastructure and human resources, but only paying for services at much lower CGHS rates. Labs are able to manage their expenses through higher footfall of patients. Therefore, this performance-based contracting system model has all the potential to become a self-sufficient and sustainable model in other parts of the country and abroad.
Lessons Learned

The lessons learned are:

1. Stakeholder consultation is essential for assessing the market – Initially, there was strong resistance within the public sector when it came to involving private players. However, continued consultation with private sector helped it understand market opportunities and the influencing factors in rate negotiations.

2. Cluster approach makes the package more attractive – Given the extensive spread of health facilities in the state, hospitals were divided into 11 clusters covering all 52 hospitals. The concept of clustering ensured cross subsidization and private sector could make profits through increased footfalls.

3. Inclusion of quality parameters for performance-based payment – Many contracts that involve payment on inputs have the risk of compromising on quality. In light of this, the project set up an External Quality Assurance Service (EQAS), which is linked to performance for payment. EQAS evaluates the standardized quality control checks for tests conducted in laboratories to ascertain their actual quality. Only on a satisfactory report, 10% payment linked to the quality parameter is released to the service provider. Similarly, another 10% is released on compliance with timely delivery of test reports to patients.

4. Retaining available services but adding services of high-end pathology not available at the hospital was the key, providing patients an additional benefit at the hospital.