[**Privatisation of healthcare**](https://www.dawn.com/news/1677411/privatisation-of-healthcare)

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HAVE you ever experienced visiting a motor workshop with a sudden and unexpected mechanical problem with your car? The mechanic examines the car for a while, fidgets with a few things, then pulls out one part from amongst the hundreds of pieces inside the belly of the car and declares it faulty. The diagnosis is then followed by a hefty quote for fixing the problem.

Rattled by the situation, the owner of the car looks first at the ‘faulty’ piece, then the mechanic, and then makes the inevitable decision of trusting the person, even though there are lingering doubts in his mind that the mechanic may be cheating him. Since the car owner’s lack of knowledge about automobile engineering is well-known to the mechanic, it often makes good economic sense for the latter to take advantage of the former.

No surprises here. Management and organisational literature confirm that the chances of occupational fraud increase significantly in those trades where information asymmetries are larger between sellers and buyers.

Now replace the faulty motor and mechanic scene with an unwell friend or family member being escorted to a private hospital. The information asymmetries and the criticality of the situation make the ‘customers’ much more vulnerable to occupational fraud. On the ‘seller’ side, the economic incentives aren’t any different than the ones experienced by the motor mechanics. The absence of any fear of professional disciplinary action further emboldens the sellers. The results: faulty stents fitted in the clogged arteries of the cardiac patients. If we are thinking that the faulty stent scandal was a one-off, we better think again. In the unregulated and opaque world of private healthcare in the country where patients have no way of knowing about the authenticity of the medical treatment given to them, the faulty stents scandal may be the tip of a murderous iceberg.

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In such a situation, how wise it is to privatise our healthcare sector through the much-applauded health card scheme of the PTI government? Admittedly, the public health sector is not delivering. If the current government is frustrated with it, one can understand it. The health card provides a quick solution to the chronic healthcare problem facing millions of underprivileged Pakistanis.

Through this system, the government has become a funder allowing the patients to ‘buy’ the service from anywhere they like. In theory, they can also ‘buy’ it from a government hospital but in the current state, what are the odds for the government hospitals to ‘compete’ with the private sector hospitals? The KP health card experience already confirms that most people are ‘buying’ health services on their cards from the private sector. The reported public policy of encouraging private investment in the sector and closing down ‘non-performing’ public hospitals will soon result in a situation where the government will just become a buyer of a service that will mainly be provided by the private sector.

The current budget allocation for health cards in Punjab is around Rs80 billion, roughly 20 per cent of the total health budget of the province. If things go according to the reported policy, this ratio will steadily change in favour of more and more health funds channelled through health cards. In a bid to compete in the market to attract more ‘customers’, the private sector hospitals will provide better and better services to the patients. The days of untidy public-sector hospitals and their sluggish services will be over.

Enticing as it looks, the situation reminds me of another policy adopted many years ago, which continues to haunt us: the private-sector power plants. The decision-making process was identical. The discourse generally starts from identification of an immediate public need that cannot be fulfilled by an inefficient and lethargic public sector. The efficiency and alacrity of the private sector are then presented as a natural solution to the immediate problem. If there are any doubts in the minds of decision-makers, they are dispelled by citing the international (aka Western) best practices.

This model of making payments to private hospitals on a disease-classification basis has yielded undesirable outcomes even in the West where there are much stronger regulatory and financial controls. Private hospitals, like all businesses, make profits through increasing revenues and reducing costs. In a system where pre-established prices are paid for different disease types, it isn’t hard to imagine the kind of game-playing that hospitals will opt for to increase their revenues and reduce their costs.

Wrong diagnosis or classification to get paid for higher-priced diseases, early discharge of patients to save costs, and a reluctance to accept those ‘difficult’ patients where the cost of treatment may exceed the pre-set price are a few examples of ‘games’ that Western hospitals have been reported to have indulged in. This game-playing has been observed even in hospitals in the Scandinavian region that is otherwise known as the ‘least corrupt’ region in the world.

Our situation will likely be much worse, and the reason is simple. Charming as it may sound, privatisation of healthcare means altering the fundamental value on which the doctor-patient relationship is built ie care. When care gets replaced with a concern for cost optimisation or profit maximisation, ‘cheaper’ stents become a logical business decision, not a devious choice of an amoral clinician.

The current regime is rightly concerned with the state of healthcare in the country. But the solution may not be its privatisation. The information asymmetries and the criticality of the service make it the least fit sector to be left to market forces. If this genie comes out of the bottle, we may see another private power production saga. Only this time, we wouldn’t even be able to see it unless a whistler-blower tells us about the faulty parts plugged into our systems.

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