Freedom at a cost? Pros and cons of greater autonomy for public hospitals

Successive Ministers of Health have been cautious about giving more independence to public hospitals in Uganda. Would greater autonomy improve standards? Research by Uganda's Makerere University and the London School of Hygiene and Tropical Medicine addresses this question by comparing the performance of public and private not-for-profit (PNFP) hospitals in Uganda.

Although current health policy prioritises primary healthcare, the hospital sector also needs attention as inefficiency and poor standards can lead to:

- higher costs
- reduced patient confidence
- poor staff morale.

More autonomy allows hospitals to use market freedoms and decentralisation to improve efficiency. They can increase public participation and reform management. But this may be at the expense of poorer integration with the rest of the health system and loss of equity.

This study compares the performance of three PNFP and three public hospitals in Uganda. PNFP facilities are usually religious mission hospitals. Relative to public hospitals, they have:

- similar management structures
- better-trained managers and more independent board members
- fewer personnel problems – clinical workers in PNFP hospitals see more patients per year
- better drug supply management – 92 per cent of patients receive all the drugs prescribed, whereas the figure is only 46 per cent at public hospitals
- similar workloads, providing less adult care but more diagnostic services and maternal and child healthcare.

People are willing to pay more for PNFP services and prefer PNFP hospitals when prices are the same. PNFP hospitals are more successful at generating revenue due to higher charges and more efficient fee collection. The three public hospitals earn about four percent of their total expenditure this way. The figure for PNFP hospitals is about 50 per cent.

PNFP hospital performance is related to three areas of autonomy:

Their ability to buy drugs on the open market allows better control of drug supplies.

Greater autonomy over staffing may improve personnel management.
The freedom to set fees enables higher levels of cost recovery.

These potential advantages from greater autonomy must be set against the effects on access to hospital services. Public hospitals provide a safety net for patients who cannot afford to use PNFP hospitals. So, they cannot simply adopt PNFP fee structures. Fee-for-service schemes are new to public hospitals and the government has not set out firm policies on their operation. This makes them vulnerable to political interference and poor management.

In order to maximise the benefits of greater hospital autonomy, the researchers recommend that policy-makers should focus on:

streamlining fee collection

resolving personnel management problems

improving the reliability, capacity and accountability of hospital managers

providing incentives for improved performance

protecting access for the poor and average income earners.

Source(s):
'What could be achieved with greater public hospital autonomy? Comparison of public and PNFP hospitals in Uganda', Public Administration and Development 22: 415-428, by F. Ssengooba, L. Atuyambe, B. McPake, K. Hanson and S. Okuonzi, 2002 Full document.

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