



15. Private Healthcare Sector

Summary

The private healthcare sector contributes greatly to the GNP. This is the case in Eastern Europe, as well as numerous developed countries, where the health sector and all its branches represent the major foundation for developing the economy. Mega pharmaceutical companies in Germany, Switzerland, and the United States and laboratories that develop medicines and vaccines are further examples. In Kurdistan, the sector suffers from underdevelopment because of conditions in the recent past. The private sector accounts for only a small share of the overall healthcare industry in the region, and there is an absence of business and civic organizations to represent private healthcare interests. In addition, private healthcare services, namely private hospitals, are restricted to surgery and lack other specializations, such as internal medicine and rehabilitation. Moreover, this sector suffers from several other problems, chief among them being the absence of specialized companies for constructing private hospitals, the lack of local expertise, and the unavailability of new equipment in local markets.

Introduction

The healthcare sector, both private and public, is generally distinguished by the fact that it cares for humans as a real asset (human capital). The health sector is responsible for health, treatment, and preventive services. It includes combating diseases, health education and awareness, and oversight over medical and health professions and other activities related to human health and healthcare.

Ministries of Health in most countries of the world generally do not provide comprehensive health services to all their citizens. Hence, private healthcare is extremely important in providing support to different health-related functions. The private sector is known for its efficiency and avoidance of red tape, hence its better performance and its ability to contribute greatly to the GNP.

The private healthcare sector in the region suffers from several problems, most prominently the lack of a well-trained medical staff. Although the private health sector succeeded in recruiting a large number of medical workers, available staff is currently scarce in relation to the public sector. Public sector employees prefer working in governmental health institutions because of job tenure and pension. Other problems include the difficulty to attain medicines, medicinal supplies, and other supplies. Therefore, the private healthcare sector in Kurdistan is in need of strong legislation that enables it to provide significant healthcare services and treatment to citizens. It is capable of performing at a high level while providing quality services.

Characteristics of the Private Healthcare Sector

1. Underdevelopment, a result of conditions in the recent past (e.g., the wars and restrictive centralized laws).
2. The absence of a database of information about this sector in Kurdistan.
3. The role of the private healthcare sector is marginal in comparison with the overall healthcare sector. The number of private sector beds in Dohouk, for example, accounts for less than 50 percent of the total number of beds in public hospitals in the province.
4. The absence of clear legal differentiation between *musataha* land (the right to build on land owned by another person, or squatting) and land owned by private hospitals.
5. The lack of business or civic organizations to represent the private healthcare sector.

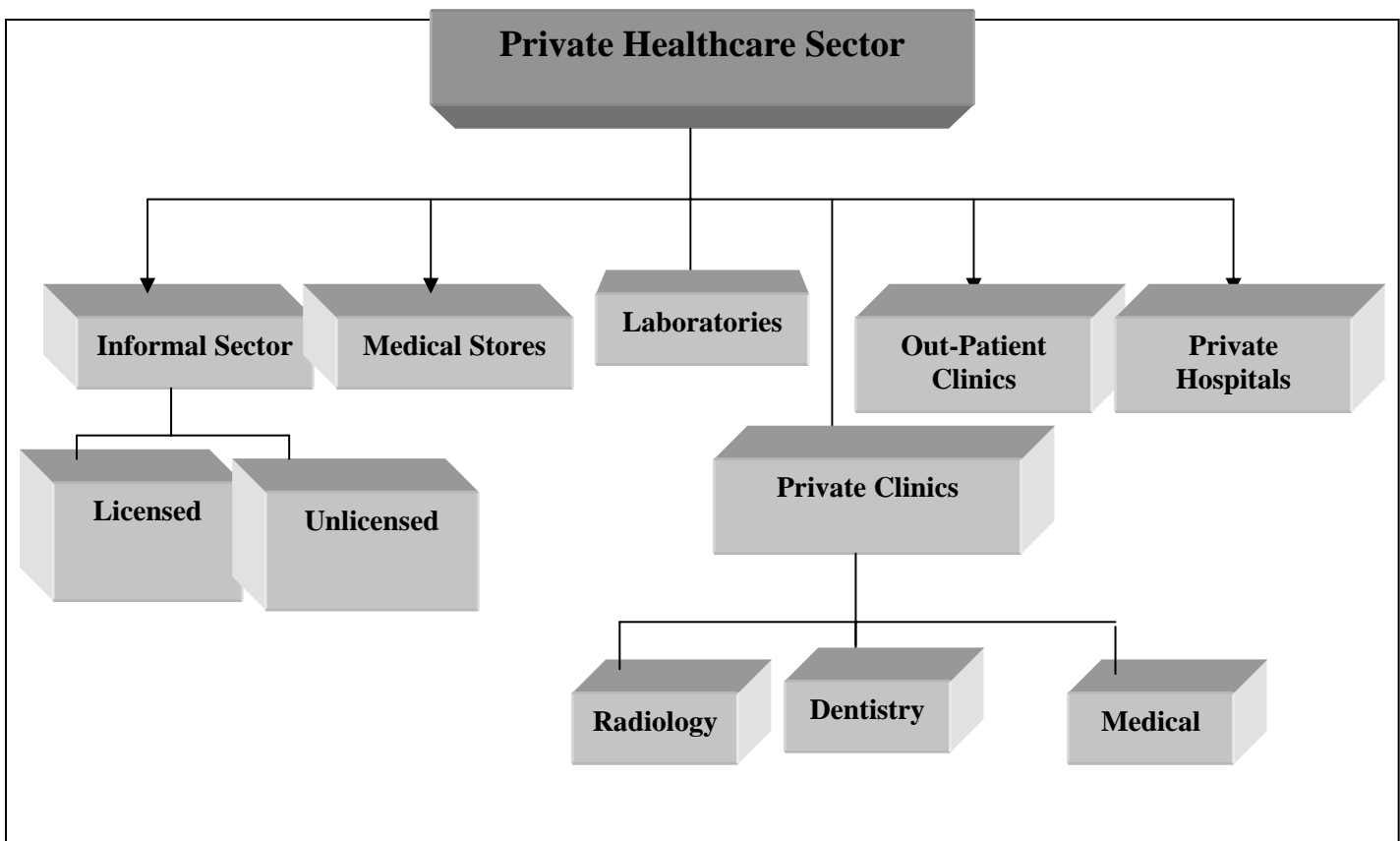
6. In comparison with neighboring countries, the level of knowledge is low. This is despite the increased number of doctors working in private sector hospitals in conflict zones throughout Iraq and their distinctive performance, which reflects positively on the hospitals.
7. Services provided by private hospitals are restricted to surgery, while other services such as internal medicine, pediatrics, and rehabilitation are absent.
8. The presence of several overlapping inspection and oversight authorities over public sector hospitals creates confusion.
9. Chaos in the trade of medicinal supplies and supplies because of the conflicting presence of specialized suppliers and other non-specialized individuals.
10. Prevalence of the informal healthcare sector, which includes all medical professions practiced by unlicensed individuals.

Methodologist

Major Partners

1. Managers of private hospitals
2. Representatives of private hospitals currently under construction
3. Kurdistan Economic Development Organization
4. Doctors Unions in Erbil, Suleimaniya, and Dohouk
5. Deans of Schools of Medicine, Administration, and Economics
6. Statistics officials in health departments

Classifications of the Private Healthcare Sector



Establishment and Construction Stages

Problems	Proposed Solutions
1. Difficulties in obtaining a suitable plot of land for constructing a hospital force investors to rent a building and remodel it to comply with specifications and standards, where possible. Some land granted to private hospitals is deeded while other land falls under <i>musataha</i> .	1. Grant investors suitable plots of land with sufficient areas for hospital construction at appropriate prices, which other, less important projects receive, or grant long-term <i>musataha</i> arrangements. In the absence of ownership, investors prefer the length of a squatting deal to be no less than fifty years. <u>Stakeholders:</u> Ministry of Health Ministry of Municipalities Investment Commission
2. Absence of specialized hospital construction companies and lack of local expertise led to the use of low-standard construction practices for private hospitals.	2. Obligate hospitals to cooperate with consultants, preferably foreign companies and experts, to construct modern hospitals that conform to international standards. <u>Stakeholders:</u> Ministry of Health Ministry of Municipalities Investment Commission
3. Difficulty in obtaining new equipment, because of its unavailability in local markets, leading investors to purchase second-hand and outdated equipment either from the local market or the Ministry of Health (through Ministry of Health tenders).	3. Facilitate entry of international companies to equip hospitals with modern equipment; provide financing through governmental soft loans. <u>Stakeholders:</u> Ministry of Health Ministry of Municipalities Investment Commission Ministry of Finance
4. Absence of strategic planning for the locations of private healthcare establishments, hence health facilities, including hospitals, clinics, laboratories, and warehouses are distributed randomly.	4. Take real needs into consideration upon constructing healthcare establishments, based on master plans of cities and demographic data. <u>Stakeholders:</u> Ministry of Health Doctors Union Investment Commission

Human Resources

Problems	Proposed Solutions
1. Weak and outdated scientific and technical levels in comparison with advanced medical sciences. Medical	1. Proposed solutions: <ul style="list-style-type: none"> ▪ Involve the private healthcare sector in the opportunities,

<p>knowledge is restricted to specific areas that do not cover all medical specializations practiced elsewhere in the world.</p>	<p>scholarships, and fellowships granted by the Kurdistan government.</p> <ul style="list-style-type: none"> ▪ Adopt an annual aptitude test to compel private sector medical staff to raise their level of knowledge. ▪ Facilitate the contracting of foreign staff to work in private sector hospitals. <p><u>Stakeholders:</u> Ministry of Health Ministry of Higher Education and Scientific Research</p>
<p>2. Most doctors who work in public hospitals also work at private hospitals, causing exhaustion and confusion in schedules and appointments.</p>	<p>2. Officially declare that simultaneous employment in both sectors is barred, as it is in neighboring countries, except in rare specializations; clarify the roles of each sector.</p> <p><u>Stakeholders:</u> Ministry of Health Ministry of Finance</p>
<p>3. Lack of pensions and benefits for employees of private hospitals.</p>	<p>3. Enact new legislation that recognizes employment in the private healthcare sector and ensures decent pension and benefits.</p> <p><u>Stakeholders:</u> Council of Ministers Regional Parliament Ministry of Health Ministry of Justice Ministry of Finance</p>
<p>4. New doctors who work at private hospitals are deprived of opportunities to enroll in further higher education.</p>	<p>4. Enact legislation for the university hospitals to adopting the board system to grant specialization certificates, and consider advanced private hospitals part of the educational internship system.</p> <p><u>Stakeholders:</u> Ministry of Health Ministry of Higher Education and Scientific Research</p>

Pharmaceuticals and Medicinal Supplies

Problems	Proposed Solutions
1. The inferior quality and unknown	1. Proposed solutions:

<p>origin of some medicines used in the sector.</p>	<ul style="list-style-type: none"> ▪ Register agencies and representatives of foreign companies in Kurdistan in order for them to take responsibility for the quality of medicines. ▪ Establish a major pharmaceuticals standards, specifications, and quality control project. ▪ Reconsider the pharmaceutical information offices. ▪ Reconsider legislations and laws related to foreign companies in order to facilitate their work inside the country, ensuring quality control over their performance at the same time. <p><u>Stakeholders:</u> Ministry of Health Ministry of Trade</p>
<p>2. Suppliers and pharmacies do not place price tags on medicines.</p>	<p>2. Obligate medical suppliers and pharmacies to put a price tag on medicines or print prices on boxes to ensure that no altering or arbitrary pricing takes place.</p> <p><u>Stakeholders:</u> Ministry of Health Ministry of Trade.</p>
<p>3. The unavailability of many critical medicines, particularly for chronic and terminal diseases.</p>	<p>3. Proposed solutions</p> <ul style="list-style-type: none"> ▪ Form a committee for selecting and registering medicines. ▪ Form a higher council for pharmaceutical consumption and importation, with the participation of the private sector. <p><u>Stakeholders:</u> Ministry of Health Ministry of Trade. Pharmacists Union</p>
<p>4. Transporting and storing medicines is not in accordance with appropriate standards, and there is a lack of refrigerated warehouses.</p>	<p>4. Adopt stringent regulations for transporting medicines from mobile refrigerated warehouses and store them in fixed refrigerated warehouses.</p> <p><u>Stakeholders:</u> Ministry of Trade Ministry of Health Pharmacists Union</p>

Financing

Problems	Proposed Solutions
<p>1. Legislation related to financing hospitals and medical projects is not commensurate with development of financing alternatives to medical systems, operations, or research worldwide.</p>	<p>1. Enact new legislation for financing the private healthcare sector, and setting systems for no-interest or long-term, soft financing, and co-financing; provide funding for major projects such as scientific research and specialized laboratories; and adopt a system that attracts foreign hospitals and facilitates.</p> <p><u>Stakeholders:</u> Ministry of Health Ministry of Finance Governmental banks Investment Commission.</p>
<p>2. High prices of medicinal supplies and problems in maintenance, which discourages investors from importing modern, advanced equipment.</p>	<p>2. Activate the Intellectual Property and Exclusive Agent Law, provided the state commits to attract foreign companies and facilitate their operations in the region, granting preferential treatment to selected distinguished companies.</p> <p><u>Stakeholders:</u> Ministry of Health Council of Ministers</p>
<p>3. Absence of a health insurance system to provide healthcare for citizens, guaranteed by the government, in return for set fees.</p>	<p>3. Proposed solutions</p> <ul style="list-style-type: none"> ▪ Enact a health insurance law. ▪ Adopt a constitutional amendment, replacing the phrase “Social and Health Security” with “Social Security and Health Insurance.” ▪ Substitute the food ration card with a health insurance card. ▪ Impose health insurance as part of the forthcoming income rations. ▪ Involve the private healthcare sector in health insurance services on an elective basis. <p><u>Stakeholders:</u> Council of Ministers Regional Parliament Ministry of Health Governmental banks</p>

The Informal (Parallel) Sector

Problems	Proposed Solutions
<p>1. The presence of enormous numbers of unlicensed bandagers, orthopedists, circumcision (female genital mutilation) clinics, and dentistry clinics, in addition to unlicensed herb shops. There are 50 licensed pharmacies in Suleimaniya, in comparison with 400 unlicensed ones, some of which deal in illicit drugs. These unlicensed clinics perform all operations, including diagnosis, treatment and sale of medicines.</p>	<p>1. Proposed solutions:</p> <ul style="list-style-type: none"> ▪ Issue strict laws to hold violators accountable and prosecute unlicensed doctors practicing medicine. ▪ Issue laws that regulate the practice of this group and issue licenses in accordance with strict standards. ▪ Impose a ceiling on the number of practitioners and unify licensing instructions in all provinces. <p><u>Stakeholders:</u> Ministry of Health Doctors Union Pharmacists Union Ministry of Interior Healthcare Workers Union Dentists Union</p>
<p>2. The poor level of education of licensed practitioners in the sector.</p>	<p>2. Obligate practitioners in the sector to enroll in continuing education and training courses and to sit for aptitude tests.</p> <p><u>Stakeholders:</u> Ministry of Health Healthcare Workers Union</p>
<p>3. Clinics that practice unlicensed health care activities do not meet the minimum standards of healthcare, are very bad and often scattered in alleys.</p>	<p>3. Impose binding conditions and rules for issuing permits for clinics, and regular inspection to ensure compliance.</p> <p><u>Stakeholders:</u> Ministry of Health Healthcare Workers Union</p>
<p>4. The lack of public awareness towards risks and obligations of workers in the informal sector; citizens' sympathy with them because they are "weak and poor" and should not lose their source of livelihood. It is an emotional attitude that lacks the consideration of consequences.</p>	<p>4. The need to raise public awareness of the impact of this group, their rights, duties, and obligations, and they must clarify the sanctions of unlawful activity in this regard.</p> <p><u>Stakeholders:</u> Ministry of Health Media Healthcare Workers Union Doctors Union</p>
<p>5. The presence of a large number of unlicensed pharmacies, and a large number of drug sales offices that do not</p>	<p>5. Take firm measures toward this serious issue to supervise and refer violators to the judiciary.</p>

meet legal conditions and binding standards.	<p><u>Stakeholders:</u> Ministry of Interior Ministry of Health Pharmacists Union</p>
6. The media's silence over the issue of female genital mutilation in villages and remote areas of Kurdistan.	<p>6. Issue firm legislation that prohibits this practice and request assistance of international organizations concerned with combating this phenomenon.</p> <p><u>Stakeholders:</u> Ministry of Health Kurdistan Parliament Ministry of Interior</p>

Foreign Investment

Problems	Proposed Solutions
1. Absence of foreign investment to open private hospitals and health institutions, and the absence of foreign medical expertise in Kurdistan.	<p>1. Review laws regulating investment in order to promote foreign investment in the health sector; facilitate acquiring land and grant tax and customs exemptions for a certain period, hence promoting investment in the region.</p> <p><u>Stakeholders:</u> Ministry of Health Investment Commission</p>
2. Lack of interest in medical tourism, and lack of investment in the springs, sand, and other locations that are suitable for treatment and recreation, despite their abundance in the region.	<p>2. Open medical tourism hospitals, based on a development plan, and sponsored by the state for an appropriate period of time.</p> <p><u>Stakeholders:</u> Ministry of Health Investment Commission</p>

Challenges and Aspirations

Challenges

The private healthcare sector in Kurdistan is characterized by its limited, even negligible, contribution to the GNP. The major challenge for the future is expanding this contribution through investment and development prospects. Many obstacles impede such expansion, and only limited options are available for potential healthcare investors. The state is not capable of fulfilling the preventive and curative needs of citizens, and the private sector has too many problems to be able to contribute to the development of healthcare services. Expanding the sector's contributions in the area is a major challenge and an inevitable strategic option.

Among the challenges for the more distant future is increasing private healthcare's capacity and capabilities to the point where it can join forces with other private sectors and provide health insurance to the citizens of Kurdistan.

Aspirations

The private healthcare sector aspires for just legislation to regulate the industry, put an end to the state of chaos caused by the informal sector, and identify a clear mandate for an independent oversight authority. The sector also aspires to partner with the state in order to provide an advanced healthcare services system for the people of the region. Such partnership shall not be meaningful unless private clinics, laboratories, medical warehouses, and pharmaceutical and marketing companies are regulated.