



August 2008 – SUPPORT Summary of a systematic review

## Does contracting out services improve access to care in low- and middle-income countries?

Contracting out of health services is a formal contractual relationship between the Government and a non-state provider to provide a range of clinical or preventive services to a specified population. A contract document usually specifies the type, quantity and period of time during which the services will be provided on behalf of the government. Contracting external management to run public services (contracting in) is a particular type of contracting.

### Key messages

- **There is low quality evidence from three studies that contracting out services to non-state not-for-profit providers can increase access to and utilisation of health services.**
- **Patient outcomes may be improved and household health expenditures reduced by contracting out. However, these effects may be attributed to causes unrelated to contracting.**
- **None of the three studies presented evidence on whether contracting out was more effective than making a similar investment in the public sector.**



### Who is this summary for?

People making decisions concerning the use of contracting out services in low- and middle-income countries.

#### ! This summary includes:

- **Key findings** from research based on a systematic review
- **Considerations about the relevance of this research** for low- and middle-income countries

#### X Not included:

- Recommendations
- Additional evidence not included in the systematic review
- Detailed descriptions of interventions or their implementation

### This summary is based on the following systematic review:

Lagaarde M, Palmer N. Evidence from systematic reviews to inform decision making regarding financing mechanisms that improve access to health services for poor people. A policy brief prepared for the International Dialogue on Evidence-Informed Action to Achieve Health Goals in Developing Countries (IDEAHealth). Geneva: Alliance for Health Policy and Systems Research, 2006.

### What is a systematic review?

A summary of studies addressing a clearly formulated question that uses systematic and explicit methods to identify, select, and critically appraise the relevant research, and to collect and analyse data from the included studies.

**SUPPORT** – an international collaboration funded by the EU 6th Framework Programme to support the use of policy relevant reviews and trials to inform decisions about maternal and child health in low- and middle-income countries. [www.support-collaboration.org](http://www.support-collaboration.org)

**Glossary of terms used in this report:** [www.support-collaboration.org/summaries/explanations.htm](http://www.support-collaboration.org/summaries/explanations.htm)

**Background references on this topic:**  
See back page.

# Background

Contracting is a financing strategy in the sense that it is a way of spending public sector funds to deliver services.

Selective contracting out of services in low- and middle-income countries to the private sector is often a component of reform packages promoted by bilateral and multilateral agencies. Both the private for-profit and private not-for-profit sectors are often important and well resourced providers of healthcare services. The motivation for contracting with the private sector is both to utilize these resources in the service of the public sector and to improve the efficiency of publicly funded services.

## How this summary was prepared

After searching widely for systematic reviews that can help inform decisions about health systems, we have selected ones that provide information that is relevant to low- and middle-income countries. The methods used to assess the quality of the review and to make judgements about its relevance are described here:

[www.support-collaboration.org/summaries/methods.htm](http://www.support-collaboration.org/summaries/methods.htm)

## Knowing what's not known is important

A good quality review might not find any studies from low- and middle-income countries or might not find any well-designed studies. Although that is disappointing, it is important to know what is not known as well as what is known.

## About the systematic review underlying this summary

**Review objective:** To assess the effects of contracting out healthcare services in health services utilisation, equity of access, health expenditure and health outcomes.

	What the review authors searched for	What the review authors found
<b>Interventions</b>	Contracting out of healthcare services (a formal contractual relationship between government and non-state providers).	One CBA study from Bolivia One ITS study from Pakistan One cRCT from Cambodia
<b>Participants</b>	Populations that would potentially access health services (users and non-users) as well as health facilities in low- and middle-income countries.	- Bolivia: A neighbourhood in the capital city of La Paz. - Pakistan: The population of the rural district of Rahimyar Khan. - Cambodia: Six districts of the country (two contracted out and four run by the government. It also evaluated a non reported number of districts contracted in.
<b>Settings</b>	Not limited to any level of healthcare delivery.	- Two studies evaluated a contracting out motivated by weaknesses or absence of public system. Both took place in mostly rural areas. - One study with a programme based on an urban setting consisting of a network of eight health centres and one hospital.
<b>Outcomes</b>	Objective measures of health services utilisation, access to care, healthcare expenditure, health outcomes or changes in equity	Health services utilisation and access to care (three studies), health expenditure (one study) and health outcomes (one study). No studies were found that measured changes in equity of access.

**Date of most recent search:** April 2006

**Limitations:** This is a good quality systematic review with only minor limitations.

Lagaarde M, Palmer N. Evidence from systematic reviews to inform decision making regarding financing mechanisms that improve access to health services for poor people. A policy brief prepared for the International Dialogue on Evidence-Informed Action to Achieve Health Goals in Developing Countries (IDEAHealth). Geneva: Alliance for Health Policy and Systems Research, 2006. <http://www.who.int/rpc/meetings/HealthFinancingBrief.pdf>

# Summary of findings

Three studies (one randomised trial, one interrupted time series analysis and one controlled before–after study) were found. All of them measured outcomes related to health services utilisation. Only one of them assessed patient outcomes and health expenditures. Overall, these studies suggest that contracting out services to non-state providers can increase access and utilisation of health services. Patient outcomes may have been improved and household health expenditures reduced by contracting out.

In the three studies, the effect could be attributed to causes unrelated with the intervention. In the randomised trial (in Cambodia) there were baseline differences between groups. Additionally, contracted districts received and used more financial resources (85% more than government districts). The districts compared in the controlled before–after study (in Bolivia) were not equivalent, and a concurrent extension of the insurance scheme probably contributed to increasing demand. The interrupted time series analysis (in Pakistan) did not report information about possible confounders.

## About the quality of evidence (GRADE)

⊕⊕⊕⊕

**High:** Further research is very unlikely to change our confidence in the estimate of effect.

⊕⊕⊕○

**Moderate:** Further research is likely to have an important impact on our confidence in the estimate of effect and may change the estimate.

⊕⊕○○

**Low:** Further research is very likely to have an important impact on our confidence in the estimate of effect and is likely to change the estimate.

⊕○○○

**Very low:** We are very uncertain about the estimate.

For more information, see last page

Outcomes	Impact	Number of participants (studies)	Quality of the evidence (GRADE)
<b>Health services utilisation</b>	<ul style="list-style-type: none"> <li>- In one study, there were differences in two of eight outcomes measured (an absolute increase of 21% and 19% in use of public facilities and uptake of vitamin A).</li> <li>- In another study, deliveries attended by health personnel increased in 20.8%. There was no effect in the duration of hospital stay or in bed occupancy.</li> <li>- The third study showed an increase of nearly 4,100 visits per day (0.33 visits per capita per year), but the effect faded with time.</li> </ul>	(3 studies)	⊕⊕○○ Low
<b>Healthcare expenditure</b>	Household health expenditures diminished; although it was difficult to assess the size of effects (the authors suggested a reduction of between US\$ 15 and \$56 in annualized individual curative care spending).	(1 study)	⊕⊕○○ Low
<b>Patient outcomes</b>	The probability of individuals reporting that they had been sick in the past month was reduced. There was also a decrease in the incidence of diarrhoea in infants.	(1 study)	⊕⊕○○ Low
p: p-value GRADE: GRADE Working Group grades of evidence (see above and last page)			

# Relevance of the review for low- and middle-income countries

## → Findings

## ▷ Interpretation\*

### APPLICABILITY

- All of the studies were undertaken in LMICs
- In the three included studies, the contracts were carried out with non-governmental organisations (NGOs).
- The studies provided very little description of the actual measures implemented by the contractor (management, organisation, salaries, and incentives) to achieve the goals established in the contract.

- ▷ Differences in health systems; in patient and physician attitudes towards NGOs; and legal restrictions may limit the applicability of the findings. The effects of contracting with private for-profit organisations are uncertain.
- ▷ The three evaluations included in the review do not provide information about how to operationalise the contracting out of services.
- ▷ Contracting can be a potentially effective strategy in particular settings but it may be difficult for governments to re-deploy public funds to private providers when available funds are already committed to public services.
- ▷ Factors that need to be considered to assess whether the intervention effects are likely to be transferable include:
  - The availability of not-for-profit organizations to carry out the contracts;
  - The capacity within the public sector for set up and monitor the contracts.

### EQUITY

- The included studies do not provide data regarding any differential effects of contracting out for disadvantaged populations.

- ▷ Depending on the population to which the contracted services are targeted, contracting could have a positive or negative impact on equity. If NGOs are available to deliver services in underserved or rural areas not covered by public-funded services, contracting could be expected to reduce inequities. On the other hand, if NGOs do not serve disadvantaged populations, contracting out could increase inequities.
- ▷ In the long term, the contracting out of health services could constitute a disincentive to the strengthening of public provision of services in under-served areas.

### ECONOMIC CONSIDERATIONS

- The findings of the studies provide little evidence of the long term desirability of contracting out.

- ▷ While contracting out appears effective as a means to scale up service delivery rapidly in small areas, there are potential constraints that face these schemes in the longer term. It is unclear, for example, whether capacity exists among non-state providers to scale up their service delivery efforts. There are also concerns that a focus on contracting out may encourage donors to bypass failing or fragile states, thereby overlooking the important role building the institutional capacity of the local health system (including Ministries of Health) as either a steward or a service delivery organisation.
- ▷ In the long run it is not clear if contracting out is a more effective or efficient way of improving access to health services compared with a programme aimed at strengthening healthcare delivery in specific underserved areas.

### MONITORING & EVALUATION

- Some of the improvements observed in the included studies may be attributable to other factors, such as the intervention of an international NGO in an area.

- ▷ If a decision is made to contract out services, the impacts of contracting out compared to strengthening the public sector should be rigorously evaluated before scaling up. Both anticipated benefits and unintended adverse effects should be monitored.
- ▷ A key aspect of the monitoring of contracting out is evaluating the capacity of the health system to adequately undertake this task

\*Judgements made by the authors of this summary, not necessarily those of the review authors, based on the findings of the review and consultation with researchers and policymakers in low- and middle-income countries. For additional details about how these judgements were made see: <http://www.support-collaboration.org/summaries/methods.htm>

# Additional information

## Related literature

Lagarde M, Palmer N. The impact of contracting out on access to health services in low and middle-income countries. *Cochrane Database of Systematic Reviews*. In press. (2008).

The impact of health financing strategies on access to health services in low and middle income countries. (Protocol) *Cochrane Database of Systematic Reviews* 2006, Issue 3. Art. No.: CD006092. DOI: 10.1002/14651858.CD006092.

Loevinsohn B, Harding A. Contracting for the Delivery of Community Health Services: A Review of Global Experience: World Bank, 2004.

Palmer N, Strong L, Wali A, Sondorp E. Contracting out health services in fragile states. *BMJ* 2006;332(7543):718 - 721.

Palmer N, Mills A. Contracts in the real world – case studies from Southern Africa. *Soc Sci Med* 2005;60(4):2505–2514.

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## Conflict of interest

None declared. For details, see: [www.support-collaboration.org/summaries/coi.htm](http://www.support-collaboration.org/summaries/coi.htm)

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## This summary should be cited as

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## Keywords

*All Summaries:* evidence-informed health policy, evidence-based, systematic review, health systems research, health care, low- and middle-income countries, developing countries, primary health care.

## About quality of evidence (GRADE)

The quality of the evidence is a judgement about the extent to which we can be confident that the estimates of effect are correct. These judgements are made using the GRADE system, and are provided for each outcome. The judgements are based on the type of study design (randomised trials versus observational studies), the risk of bias, the consistency of the results across studies, and the precision of the overall estimate across studies. For each outcome, the quality of the evidence is rated as high, moderate, low or very low using the definitions on page 3.

### For more information about GRADE:

[www.support-collaboration.org/summaries/grade.htm](http://www.support-collaboration.org/summaries/grade.htm)

## SUPPORT collaborators:

**The Alliance for Health Policy and Systems Research (HPSR)** is an international collaboration aiming to promote the generation and use of health policy and systems research as a means to improve the health systems of developing countries. [www.who.int/alliance-hpsr](http://www.who.int/alliance-hpsr)

**The Cochrane Effective Practice and Organisation of Care Group (EPOC)** is a Collaborative Review Group of the Cochrane Collaboration: an international organisation that aims to help people make well informed decisions about health care by preparing, maintaining and ensuring the accessibility of systematic reviews of the effects of health care interventions.

[www.epocoslo.cochrane.org](http://www.epocoslo.cochrane.org)

**The Evidence-Informed Policy Network (EVIPNet)** is an initiative to promote the use of health research in policymaking. Focusing on low- and middle-income countries, EVIP-Net promotes partnerships at the country level between policy-makers, researchers and civil society in order to facilitate both policy development and policy implementation through the use of the best scientific evidence available. [www.evipnet.org](http://www.evipnet.org)

### For more information:

[www.support-collaboration.org](http://www.support-collaboration.org)

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