Government of
Khyber Pakhtunkhwa

Khyber Pakhtunkhwa Health Reform

Health Foundation Policy document

August 2021

Table of Contents

Executive Summary

Public Private Partnership is seen the world over as the quickest and most efficient way of expediting development and improving service delivery, and is a major priority area for the provincial as well as the national governments in Pakistan too. The emphasis on public private partnership has resulted in the largest low-cost housing project in the history of Pakistan, a flagship initiative overseen by the Prime Minister himself. The KP Government too is already reaping the benefits of PPP with the establishment of the Swat Motorway, the first provincially developed motorway in Pakistan.

The positive impact of Public Private Partnership is not just limited to infrastructure projects. PPP is a tool that can be used to improve service delivery in areas like health and education to have a significantly large social impact. The following document is a concept note exploring the possibility of co-opting the private sector to augment the existing health care service delivery system in the province.

This consideration stems from a need to significantly improve health outcomes in the province, expeditiously as well as sustainably. There are three key components to healthcare service delivery that the Government is responsible for:

1. **Financing** for provision of health care services.
2. **Regulating** facilities and services
3. **Implementing** quality services at affordable rates for entire population

Given the complex nature of health care, for the Government to effectively do all three, everywhere, is a significant challenge, and globally governments have started moving towards limiting themselves to doing two out of the three well, that is financing and regulating, while engaging the private sector to enhance and improve the quality of services at affordable rates.

This paper analyses the situation in KP and identifies opportunities for PPP in the health care sector in the province. The strategy presented here is formulated in light of existing baseline assessments after scrutinizing current performance and gaps in service delivery. It also aligns aspirations with financial resources at the Government's disposal. Furthermore, the paper also considers past Government run interventions, their shortcomings and the impact of Public Private Partnership (PPP), both globally and in Pakistan.

For this purpose, this concept note expressly lays out the current context of health outcomes in KP, an elaborate vision for the strategy proposed, its implementation modality and the agency responsible for execution and oversight.

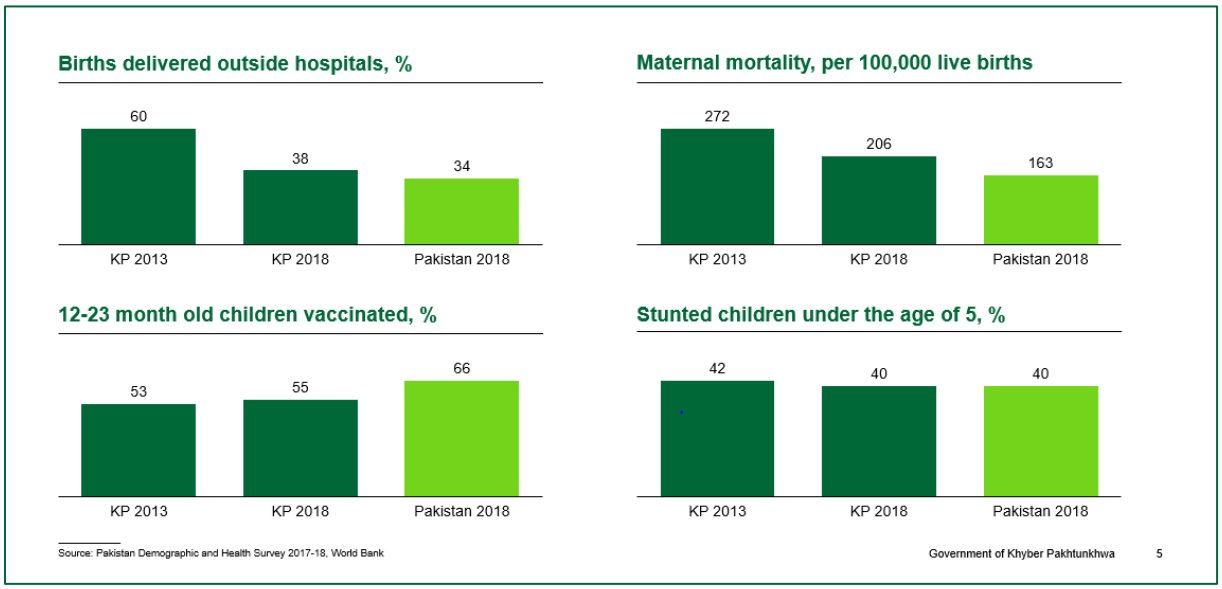
Considering this, it is requested that the cabinet provides the necessary direction and any other support needed to bring this strategy to life. In this manner, KP will also be able to reap the benefits of PPP in the health care sector.

Context: Public Private Partnership of Health services in Khyber Pakhtunkhwa

Over the last few years, Khyber Pakhtunkhwa has become the province that is at the forefront of health care reforms to improve access and quality of service delivery, and it is now starting to be recognised as such. The Sehat Card Plus universal health coverage program, launched by the KP Government, alone has captured the imagination of not only the citizens of KP but also the rest of country, who are now insisting that their respective governments provide similar health coverage. Khyber Pakhtunkhwa Government has shown the will, committed the financial resources and delivered on promises of prioritizing health care in the province. The Government continues to make significant investments in health care projects by revamping primary care facilities as well as 25 Non-Teaching DHQs and secondary care facilities which will transform the health landscape of the province. KP has made great strides in healthcare and some of the interventions are shown below:

Area	Description
Upgraded and revamped facilities	• Established a 250 bed state of the art Cardiology Institute in Peshawar • Setup a 500 bed allied & surgical block in Lady Reading Hospital • Operationalized a 200 women & children hospital in Charsadda and a +120 bed women's block in DHQ Mardan • Upgraded BKMC to become the 10th MTI; added 4 new wards of 160 beds
Launched Universal healthcare	• Provided healthcare insurance to entire province; PKR 1 Mn per family which can be availed in hospitals all across the country – +500,000 patients are expected to avail treatment worth +PKR 12 Bn in the financial year
Improved healthcare mgmt.	• Improved service delivery by handing over inter hospital referral system to Rescue 1122 – 1122's system provides real time insights of usage of inter hospital referrals, helping in data-based decision making – +300 ambulances catered to +12,000 patient trips in 3 months • Introduced an e-portal system for postings and transfers of HR to ensure data backed decision making • Recruited +2,000 doctors on adhoc basis to ensure greater provision of service delivery across the province

By prioritizing health over the last two tenures, the government has positively impacted health care, as confirmed by the data below. The persistence has gradually improved health outcomes in some segments.



However, despite sustained efforts to ameliorate the health systems, and in turn, improve quality of service, there is still significant room for improvement in key areas. As of data consolidated in 2017, Khyber Pakhtunkhwa has 4% more children being born outside of hospitals when compared with the rest of the country. At the same time, the percentage of children (12 to 23-month-old) fully vaccinated in the region is 11% lesser than the national level. Similarly, Khyber Pakhtunkhwa, also clocked in a maternal mortality rate that is 43 deaths higher than the Pakistani average of 163 (per 100,000 live births).

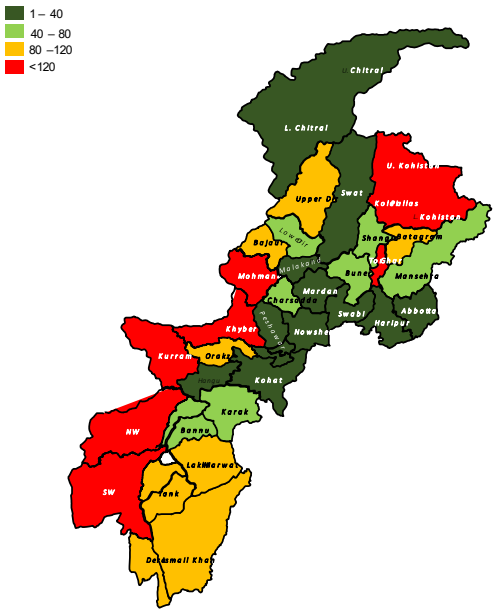
An assessment of other performance indicators, evidenced above, also paints an unflattering picture of health services in the province. For instance, data collected for 26 districts indicate that patient visits in primary care facilities are 30% below demonstrated potential in KP. Alongside this, only ~50% beds are occupied across secondary healthcare facilities in KP.

In terms of primary care services, the Ministry of National Health Services, Government of Pakistan carried out a district level assessment and ranked districts across Pakistan. Districts in KP ranked from no. 2 in the country (Peshawar) to no. 153 (Kohistan), showing the disparity in services across the province. The services measured included primary care services like ANC visits, RMNCH, TB effective treatment, HIV, Malaria Prevention, Infectious diseases score, basic sanitation, Normal Blood Pressure, Normal Blood Sugar, Tobacco use, Non communicable diseases, hospitals beds per 10,000 population, Physician density against threshold, availability of essential medicines, etc.

This exhaustive exercise was carried across every district in Pakistan and this report, released in April 2021, gives the KP Government the right platform to measure the impact of the interventions proposed in this document. The district rankings are shown below:

District	Ranking	District	Ranking
Kohistan	153	Buner	71
Torghar	152	Shangla	70
South Waziristan	140	Charsadda	59
North Waziristan	135	Lower Dir	53
Kurram	128	Mansehra	47
Mohmand	122	Kohat	40
Khyber	121	Swabi	39
Orakzai	116	Hangu	37
Tank	114	Chitral	32
Upper Dir	107	Mardan	28
Lakki	105	Malakand	25
DI Khan	99	Haripur	23
Bajour	92	Swat	20
Batagram	81	Nowshera	19
Bannu	80	Abbotabad	8
Karak	77	Peshawar	2

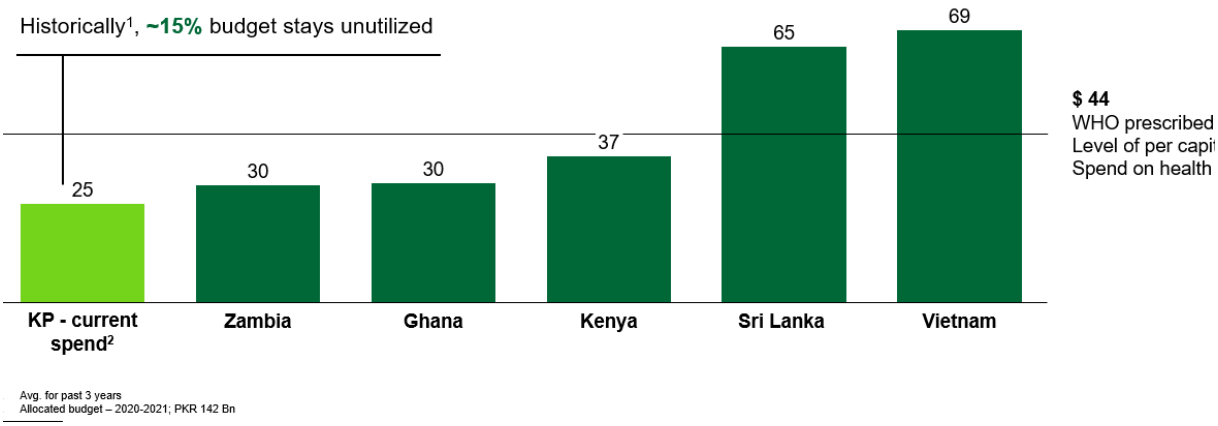
Source: Universal Health Coverage Index at District, Provincial & National Level, Ministry of National Health Services



This disparity in outcomes is driven by multiple challenges in the system, which must be catered to. Ensuring trained HR presence in certain districts of the province remains a constant challenge. Similarly non-availability of essential drugs, non-functionality of equipment, debilitated infrastructure, cleanliness, and other challenges across inputs means healthcare outcomes are below the desired aspiration.

In order to address these inputs, KP Government has increased financing in Health care significantly over the last few years, increasing budget by nearly 50% between 2019 & 2021 from PKR 86B to PKR 123B. However, in terms of finances, there are three key components: First, ensuring availability of funding, secondly utilizing the funding made available, and finally ensuring the funds utilized are done so optimally. Despite this increase in budget, KP's per capita healthcare spend is lower than that of sub-sahara African countries such as Zambia, Ghana, and Kenya, and within this budget nearly 15% remains unutilized.

Healthcare spend by govt. per capita, USD



The Government of KP in the past has carried out multiple interventions introducing enhanced allowances for hard areas/ districts. The Government has also invested more than PKR 730Mn towards health equipment procurement and repeatedly invested over the years in infrastructure. However, persistent gaps remain in the system; HR presence and availability has remained below par, new equipment procured has not been utilised and infrastructural problems continue to arise as before. All of these problems are amplified in the Newly Merged Areas.

The primary reason why these issues remain unresolved despite financial commitment is the challenge of governance in health care. The further away from Peshawar the area, the more difficult it is to ensure effective management, and the district rankings validates this hypothesis. The Health Department has struggled to ensure effective management in challenging districts.

However, KP Government remains resolute in its ambition to ensure that it provides access to quality health care to all its citizens, particularly residents of the Newly Merged Areas, where traditionally health indicators are amongst the lowest in the entire country. In order to do so, one of the most effective tools available to the Government is public private partnerships. By engaging the private sector to ensure implementation and improve health outcomes in areas where the Government has struggled, the Government can realign its focus on what it does well, resulting in overall improvement in health outcomes and service delivery. PPP will address the challenge of good governance through the private sectors efficiency, flexibility and accountability, while the government can ensure this through an effective monitoring and evaluation framework. PPP will result in better utilization of funds, availability of equipment because of decentralized decision making and accountability of the service provider.

This strategy identifies outsourcing management services to a specialist (private player) to improve service delivery across various districts and facilities in the province. These may include secondary hospitals, primary care services, infectious waste management, blood transfusion regime, diagnostic services, and other key interventions.

PPP as a strategy has been considered because of its success both globally, and in Pakistan. Global utilization of PPP strategies has enabled governments to offer specialisations otherwise not offered, ensure wider distribution and a much higher access of services. Similarly, countries globally have also been able to increase their system capabilities while establishing pay for performance reimbursement schemes. From an output standpoint, globally, Public Private Partnership has resulted in higher occupancy, shorter discharge times, reduced mortality rates and a much better patient experience. Some global examples of these successes are evidenced below.

Global examples of PPP in healthcare demonstrate major improvements across 3 key areas

1. **Accessibility of healthcare services**

   PPP allowed wider distribution of facilities especially in far flung areas and allowed specializations to be offered which otherwise were not being offered by govt managed healthcare facilities

   In India PPP in healthcare services allowed the country to increase healthcare accessibility to 30,000 in-patients and 200,000 out-patients

   In Egypt, 78,500 unique patients are expected to receive specialized tertiary care through modern facilities.

   PPP enabled South Africa to establish the only renal dialysis service provider for the entire population

2. **Efficiency**

   Public Private Partnerships has enhanced operational and structural efficiency of healthcare facilities achieving higher bed occupancy rates, shorter discharge times, increasing system capabilities, and has led to the establishment of pay for performance reimbursement schemes.

   In Spain, the waiting time to see a specialist in Valencia has been reduced to 38 days compared to the national average of 57 days

   Australia has experienced a 43% reduction in cost of hospitalization with new PPP holistic care centres

   Sweden has seen a 10% reduction in cost/birth compared to the national average

3. **Quality of service**

   Quality of service has improved greatly because of outsourcing healthcare facilities. Global examples demonstrate a decline in mortality rates, reduction in rate of hospital acquired infections, and has improved overall patient experience.

   In Brazil, outsourced facilities reported a 37% lower mortality rate as compared to that of directly managed facilities

Sweden reported 50% less errors in deliveries compared to the national average.

In addition, similar successes have been reported in Pakistan. An overview of outsourcing is detailed in the table below. However, a deeper analysis of specific examples is pivotal to build comprehension of successes achieved within our country.

Area	Examples	Impact
Primary care	KP Outsourced all PHC facilities for Battagram through partnership with World Bank and Save the Children (2008-2011)	OPD visits increased by 3x in 2008 to ~21,000 vs. 7,000 in 2007 Child immunization increased by ~7x in 2008 to ~900 vs. ~130 in 2007
	KP outsourced selective PHC facilities for 17 districts to PPHI (2006 – 2016)	34 p.p. higher medicine availability (67%) in Jan 2016 vs govt. facilities and 61 p.p. higher MO sanctioning (89%)
Secondary care	KP Outsourced management of 8 category C & D secondary hospitals in the Newly Merged Districts	2-5x higher patients served per month (320 beds cumulative) vs. even some Cat A hospitals (350 beds) 10-30% lower cost per patient vs. govt facilities vs. some Cat A hospitals
Tertiary care	NICVD, first tertiary care facility for cardiovascular diseases in South Asia, was established in 1963 by a private player	Provides free services across 10 regions in Sindh to ~650,000 patients annually (400,000 OPD, 37,000 IPD and ~200,000 emergency) Only cardiac facility in the world to have performed +12,000 cardiac procedures incl. +4,000 cardiac surgeries and +8,000 PCIs
Diagnostic services	Punjab outsourced pathology labs	Enabled 24/7 functionality throughout the year, with web-based portal to track patients and tests Increased volume of tests by ~9x to ~190,000 tests in Dec'18 vs ~21,000 tests in Mar '18

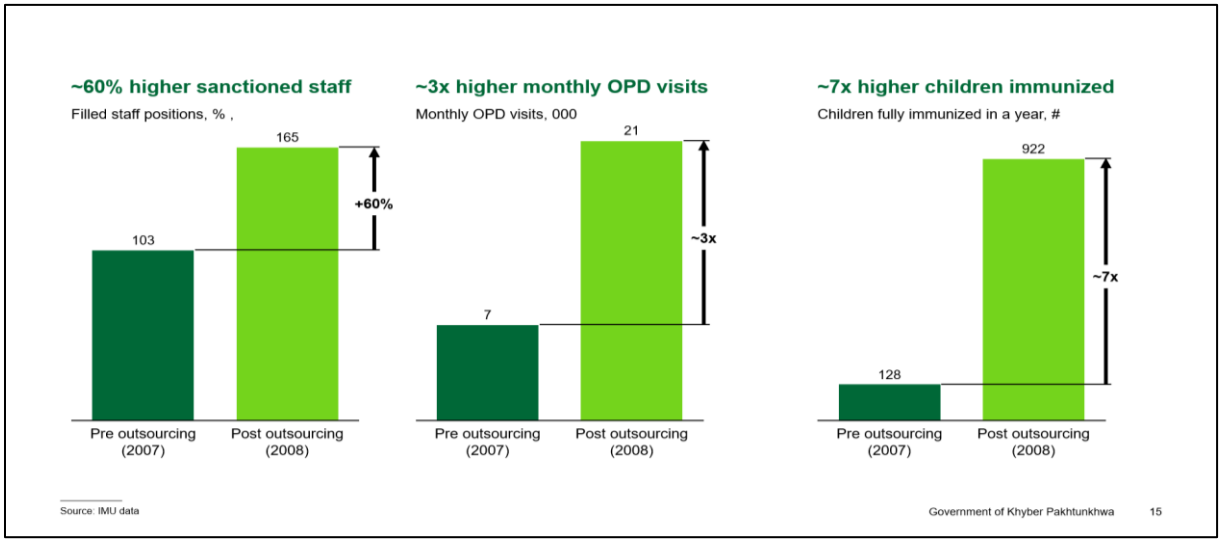
	Punjab outsourced CT scan services across the province	Improved the availability of CT scans to all districts (36) vs. 14 districts previously Increased scans per month by 30x from ~260 in Dec '17 to ~7,800 Jul '18 Reduced cost of operations by ~30%

Battagram Outsourcing

In Battagram, primary healthcare of the entire district was outsourced in early 2008. This was done via an effective collaboration between the provincial government, World Bank and an international NGO. The contract agreed upon by all three stakeholders was inclusive of all primary care and outreach programs.

Key interventions included, but were not restricted to developing a Hub approach to interconnect primary care facilities, granting limited financial and administrative authority to the hub, intiating ambulance services, introducing performance based incentives and enabling 24 hour provision of BEmONC facilities.

The impact realised was pivotal in improving health outcomes, and is evidenced below.

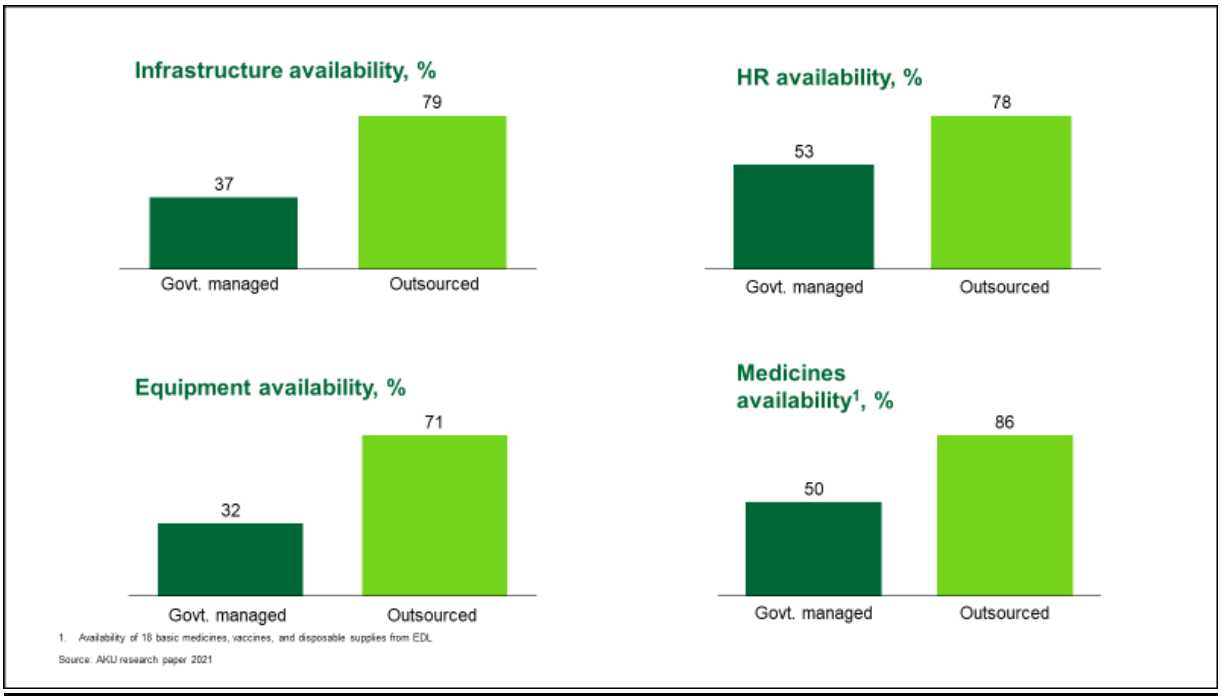


Sindh Outsourcing

In Sindh, around 60% of the primary care facilities were outsourced which resulted in a substantially higher level of service delivery across key indicators. In comparison to facilities manged by the Department of health, higher number of PPP managed facilities had back-up power supply, protected water source and functional toilets. Availability of essential staff was also higher at PPP facilities. In terms of equipment availability as well, more PPP facilities met the MCH equipment index. The performance of PPP run facilities was also better for medicine availability complying 80-85% with supply management indicators vs 40%

complaince by government managed facilities. Essentially the only properly functioning primary care facilities in Sindh are the ones run through public private partnerships.

The higher level of service delivery of PPP faclities is evident from the charts below.



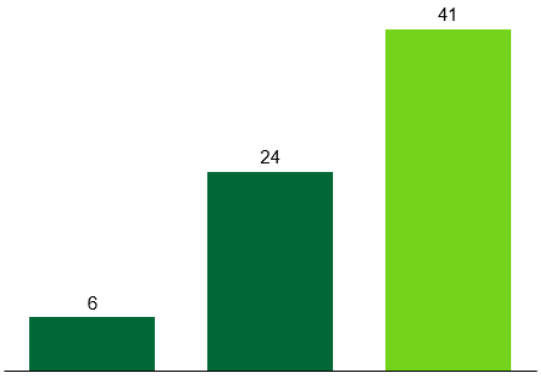
Outsourcing 8 category C & D secondary hospitals in KP (THQ Dogar, Mahmat Gat etc.)

Service delivery was outsourced across 8 Category C & D hospitals in the province. There were four main areas of attention firstly, increasing the range of hospital service portfolios. Secondly, improving the scope of Human Resource via an emphasis on availability. Thirdly, ensuring the availability of both critical medicines and necessary equipment. Lastly, revamping the overall structure of service delivery.

Across these four areas, multiple interventions were carried out. These include introducing biometric attendence, capacity building sessions, introduction of dialysis and radiology services, best storing practices, management systems to monitor stocks and infrastructural improvements, queue management systems, electronic patient management records, power backup generators. By emphasing on inputs and ensuring there availability, the Health Department wanted to provide service delivery where traditionally none existed, i.e at the doorstep of the people of merged districts and other remote areas. As evidenced below, interventions across these 4 areas improved access and efficiency of these public sector hospitals in the region.

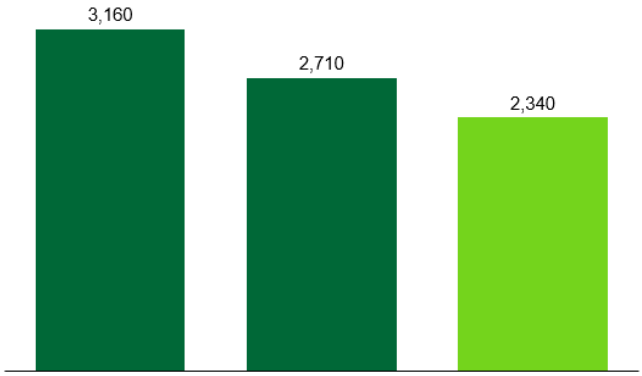
2-5x higher patients served per month

Patients serviced per month[1], '000



10-30% lower cost per patient

Cost per patient, PKR



Before intervention

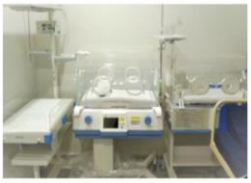
Damaged roofs

Crusting paint

Poor sanitation

Poor waste mgmt.

After intervention



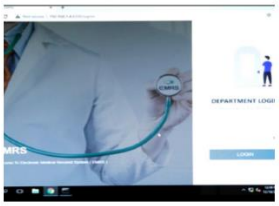
Revamped infrastructure and installed fully functional equipment

Infrastructure

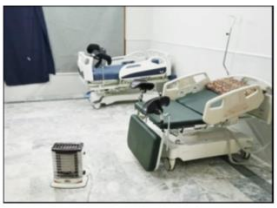
Before

After

Other interventions



EMRS[1]



Fully functional equipment

Solar panels

Waste segregation

Fully stocked pharmacy

1. Electronic Medical Record System

Private Player Set-up of NICVD in Sindh

NICVD was established in 1963 by a private player - a chain of health care centers and a training institute located in Sindh. In 1979, it was nationalized with financial control currently with the Sindh government. This is a notable facility as it not only caters to people from all provinces in Pakistan, but also other countries.

NICVD via its private set-up is able to leverage a multitude of services in its portfolio. These include end to end cardiology services, 22+ chest pain units and 9+ satellite centers across Sindh. Alongside this, NICVD is a post-graduate teaching institute recognized by multiple bodies.

Its impact lies in the fact that NICVD currently serves 650,000 patients annually across 10 regions in Sindh. It is also the only cardiac facility in the world to have performed +12,000 cardiac procedures incl +4,000 cardiac surgeries and +8,000 PCI.

NICVD satellite centre, Tando Alla Yaar

NICVD satellite centre, Nawabshah

NICVD chest pain unit

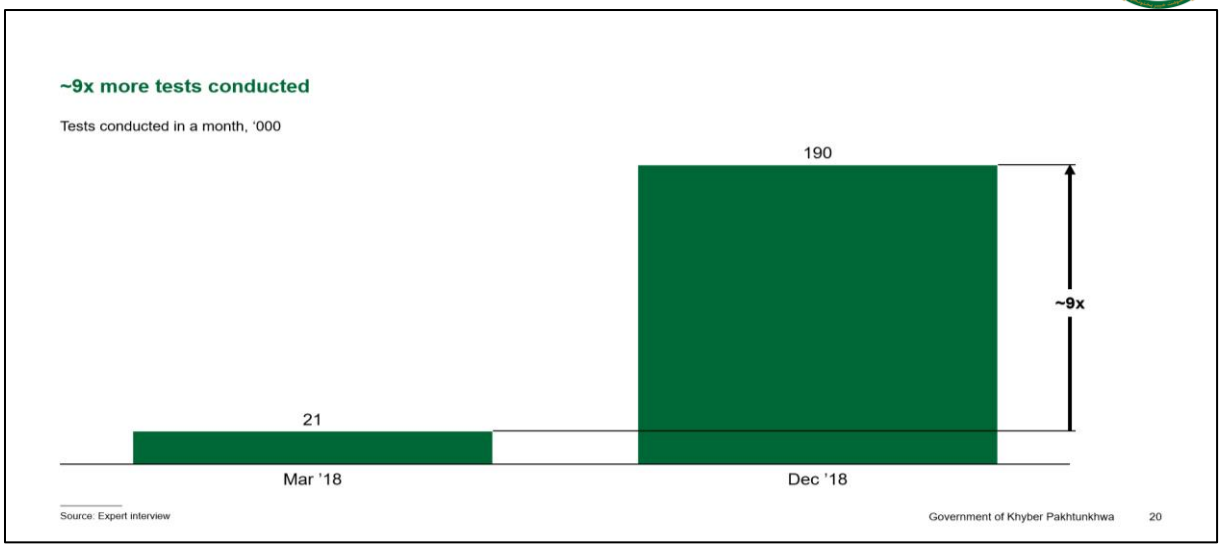
Source: Press search

Government of Khyber Pakhtunkhwa 1

Outsourcing Diagnostic Services in Punjab

The context herein was that within the province, only ~20% pathologist positions were filled, with underqualified technicians conducting tests. Similarly, there was improper sample storage and control with an unreliable uptime. To counter this, the government decided to outsource service delivery.

As showcased below, interventions by service provider helped improve total tests conducted, their accuracy and service quality. These interventions included assigning a dedicated staff to each lab, ensuring latest equipment with 24/7 functionality, 99% uptime, web based tracking portal and an expanded test portfolio of 43 total tests.

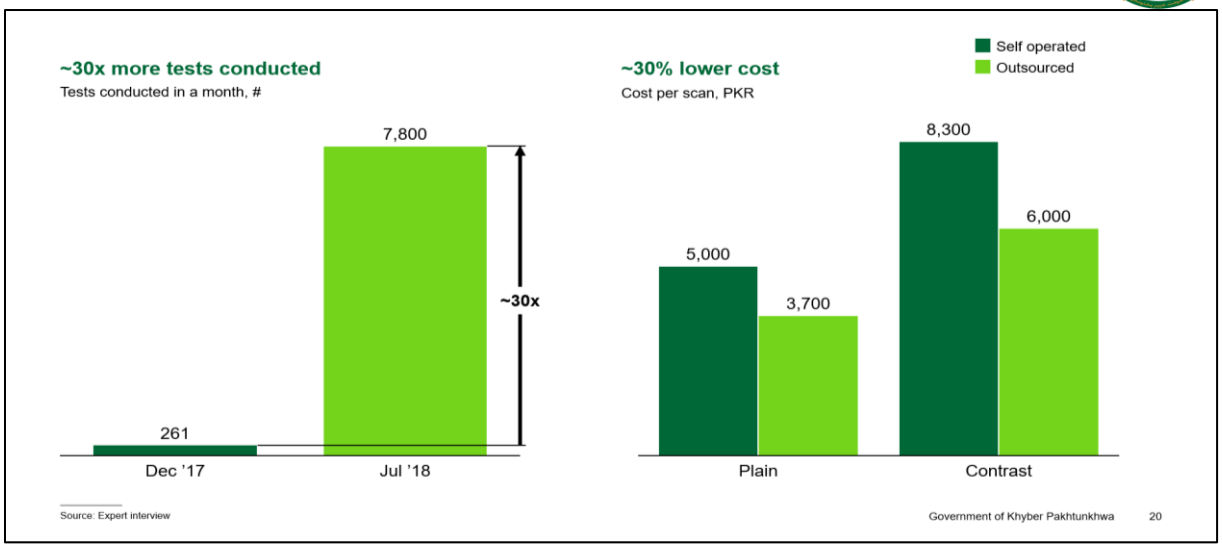


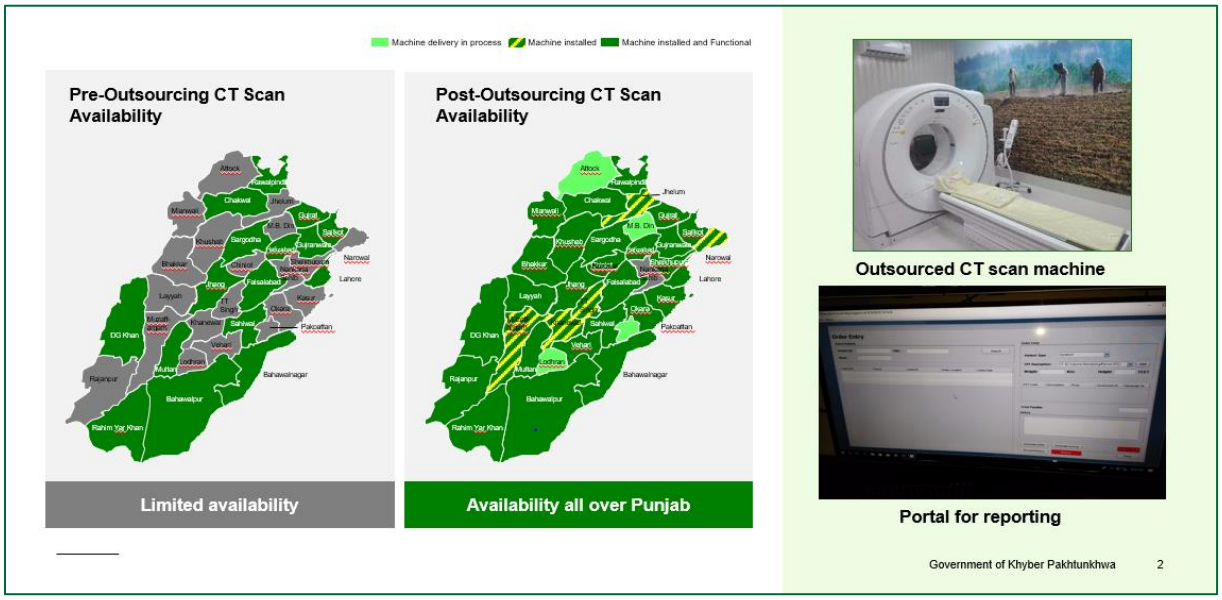
Outsourcing CT Scan Services in Punjab

CT Scan customers in Punjab were confronted with limited availability in ~50% districts; meaning that patients had to travel long distances. Alongside this, high market cost of CT scans and a low uptime of services would greatly impact service utilization rates.

As interventions go, a pay for performance model was implemented for 5 years to outsource the service. This included the private player having to provide a majority of the end-to-end services such as equipment, HR, 95% uptime, 24 hour turnaround and an online portal for tracking. To complement these efforts, the DoH provided a guaranteed patient load and an operational cost based on the conduction of scans. These strategies in tandem were able to drive up service utilisation and dramatically decrease usage cost.

A summary of benefits is provided below.





Bearing in mind these successes, both global and in Pakistan, alongside our dire need to improve health outcomes, this concept note seeks the approval of the cabinet to proceed with the outsourcing of critical health services within the province. The cabinet's approval will signify their trust and will be pivotal for the swift implementation of the government's carefully thought out strategy.

Aspiration:

The aspiration is to help primary, secondary and tertiary health facilities meet operational efficiency targets and improve their service delivery. The vision herein amounts to meeting said targets via outsourcing across 7 key areas:

1. Primary services:

    - The KP Government aspires to ensure standardized primary care services are accessible to all citizens of the province, drastically improving key preventive care indicators like immunization, stunting, antenatal care, maternal and infant mortality, non-communicable diseases, TB, malaria, dengue and other

communicable disease, and across all other government sanctioned preventive care services. KP Governments want to address the disparity in outcomes within the province by ensuring services in remote areas are on par with traditionally well performing region and in doing so, improving the district rankings nationally for all its districts, particularly those lagging behind. In order to do so, primary care services will be strengthened through Public Private Partnerships.

2. Secondary facilities:

    - The KP Government aspires to provide access to quality curative care to citizens in all remote corners of the province. The Government wants to make specialized services like medicine, pediatrics, gynecology and obstetrics, surgery, imaging and diagnostic services accessible in regions where roads and terrain prevent short travel times for quick access to quality care. Outsourcing can help bridge these gaps

3. Infectious Waste management services:

    - In a post covid world, greater realisation exists on the importance of prevention of infectious diseases rather than just cure. Hospital infectious waste is one of the primary sources of hospital acquired infections which are more resistant than regular infections. The KP Government aspires to ensure proper infectious waste disposal for all secondary hospitals across KP including merged districts. Outsourcing hospital infectious waste management can provide necessary expertise and hi-tech solution for implementation of EPA compliant waste treatment and disposal.

4. Non-clinical services:

    - KP Government aspires to have effective non-clinical services like janitorial, security, electric, plumbing and maintenance for all secondary hospitals across KP ensuring uninterrupted service delivery in a clean and secure environment for its citizens. Outsourcing non-clinical services will ensure round the clock services wherever needed.

5. Diagnostic services:

    - KP Government aspire to provide accurate, quick and efficient diagnostic services including imaging and pathology services for citizens of the province in a cost-effective manner. Correct diagnostic outcomes are the first step towards effective treatment. PPP will ensure accessibility of quality diagnostic services in regions where provision of such services is limited

6. Greenfield tertiary hospital:

    - Sehat Card now enables the private sector to invest in areas where traditionally investors shied away from, such as 500 bed tertiary care hospitals, where there was enormous investment costs but lack of recovery possibilities due to peoples limited capacity to pay, With universal health coverage, the environment is enabling enough to seek partners to establish tertiary care hospitals across KP. The KP Government aspires to establish 4 such tertiary care hospitals.

7. Blood transfusion:

    - KP Government aspires that accessibility of screened and segregated blood is ensured to all Secondary Care Hospitals. Through PPP, the Regional Blood Transfusion Regime will ensure that blood that is properly screened, segregated and kept under controlled temperatures at all times is available even to most remote secondary facilities.

8. Pharmacy Services:

    - The Government aspires that pharmacy services at secondary hospitals implement proper inventory management and supply chain systems; that medicine is kept in a temperature-controlled environment; and that quality medicine is made available in a cost-effective manner for the patients coming to public sector hospitals. PPP can ensure all of these goals.

Implementation Modalities:

This Policy directive will be used to transform the service delivery under PPP framework, and will be utilized across but not limited to the following domains:

1. PPP for Primary health services:

    - Scale of outsourcing
        - Primary care services in selected districts.
    - Criteria
        - Districts can be fully or partially outsourced. The criteria may include the following:
            - Districts where service delivery remains inadequate
            - Districts where outsourcing may augment the service delivery capacity of the Health Department, which can then strategically redeploy existing HR
        - Other considerations including Universal Health Coverage district ranking index, densely populated areas, regionally lagging districts, and districts with polio eradication challenges, as well availability of budgetary cover
    - Model
        - Complete districts, however in Peshawar or other large districts, selective facilities will be outsourced
        - Private partner takes over all HR and responsibility of management and provision of services incl. preventive, promotive, curative and outreach services
        - Private partner to manage staff that will continue to work at facility

- Facilities to follow government directions in cases of a pandemic or other health emergencies

- Financing arrangements
    - Health Department to provide a single line grant to the private partner based on district budgets against standardized staffing and service package, along with a management fee

- Monitoring and Reporting
    - Monitoring and evaluation framework including 3rd party evaluations shall be strengthened, and performance-based incentives to be introduced

2. PPP for Secondary health facilities:

- Scale of outsourcing
    - Selected facilities

- Criteria
    - Low performing secondary care facilities on key indicators (i.e. OPD, IPD and emergencies serviced, availability of surgical, obstetrics, diagnostic & other services, medicine, staff and equipment availability)
    - Category D should be priority subject to financial resource availability
    - Category A, B and C in remote districts

- Model
    - Private partner takes over all HR & responsibility for management and provision of
    - Private partner to manage staff that will continue to work at facility
    - Facilities to follow government directions in cases of a pandemic or other health emergencies

- Financing arrangements
    - Health Department to provide a single line grant to the private partner based on district budgets against standardized staffing and service package along with a management fee
    - Health Department to prioritize treatment of IPD patients through Sehat card

- Monitoring and Reporting
    - Monitoring and evaluation framework including 3rd party evaluations shall be strengthened, and performance-based incentives to be introduced

3. Outsourcing of infectious waste management services:
    - Scale of PPP
        - All secondary care facilities in KP
    - Model
        - Private partner to be responsible end to end hospital infectious waste management incl.
            - Training of Staff
            - Segregation of Waste
            - Sealing, Coding and Tagging,
            - Proper Transportation
            - Infectious Waste Treatment
            - Monitoring and Reporting
    - Funding arrangements
        - Approved PC-1 of ~PKR 1.7 Bn
    - Monitoring and Reporting
        - Waste management software would be installed to record and monitor end to end data from collection to incineration incl. manual data entry of waste bags at collection, and scanning of waste before incineration
        - IMU will be used for data validation

4. Non-clinical service outsourcing:
    - Scale of PPP
        - Umbrella outsourcing of janitorial and security services for all secondary care facilities and selective RHCs
    - Model
        - The private partner shall be responsible for providing the services, uniform, supplies and equipment
        - Services shall be provided throughout the facility
        - Biometric devices to be installed to ensure maximum attendance and tracking
        - Security clearance of the staff provided will be the responsibility of private partner
    - Funding arrangements

- Health Foundation to pay for the services after receiving satisfactory monthly report against set KPIs generated by the Hospital administration

- Monitoring and Reporting
    - Critical KPIs e.g. staff attendance and level of cleanliness etc. to be monitored against a checklist by assigned govt. staff

5. Outsourcing of Diagnostic Services:
    - Scale of PPP
        - MRI services across Cat A hospitals and CT-Scans for 25(settled) and 7(merged) secondary hospitals including all non-teaching DHQs
    - Criteria
        - Areas where tertiary hospitals are difficult to access; patient travel might not be possible in some cases
        - Hospitals where market cost of scans is high and demand is high
    - Model
        - Pay per performance operating model spread over a total of 5-10 years
        - Equipment to be procured on govt's name to save on duties
        - Complete service provided by the private partner incl. HR, equipment, maintenance, operations and reporting
        - Online portal to be setup by the service provider to deliver results digitally
        - Utilities and room provision will be the responsibility of the government
    - Funding arrangements
        - No upfront capital investment, Health Department to pay for services availed by the patients
    - Monitoring and Reporting
        - Critical KPIs to be defined e.g., uptime of services, turnaround time and accuracy of results, to be tracked by the hospital

6. PPP for greenfield tertiary hospital: (To be executed with the help of international expertise)
    - Scale of PPP
        - Private partner to establish new tertiary care hospitals
    - Criteria

- Areas with high demand to reduce pressure on existing hospitals and reduce travel time

- Model
    - Health Department may provide land for construction
    - Private player to provide capex for design, construction or refurbishment of infrastructure and ensure end to end management and delivery of clinical and non-clinical services
- Funding arrangements
    - Treatment of patients to be covered through sehat card
- Monitoring and Reporting
    - Health Department through the Health Foundation to implement a third-party monitoring and evaluation mechanism, to performance manage

7. PPP for blood transfusion regime:
    - Scale of PPP
        - All blood centres (4 in total) across the province
    - Model
        - Outsourced to private partners through a competitive procurement process
        - Private partner takes over the end to end HR, management and services incl. blood collection, screening, transportation and managing RBCs1 & facilitating hospital based blood banks
    - Funding arrangements
        - Variable budget based on competitive procurement process (costs ~ PKR 700-900 Mn)
    - Monitoring and Reporting
        - KPIs to be defined and tracked by the Health Department through Health Foundation

8. PPP for Pharmacy Services:
    - Scale of PPP
        - Selected secondary care hospitals
    - Model
        - PPP with private partners through a competitive procurement process

- Private partner establishes a pharmacy within the premises of the hospital to provide quality medicine and supplies at subsidized rates.
- Private partner will ensure availability of pharmacists and good pharmacy practices including provision of cold chain services where required.

- Funding arrangements
  - To be established through private funding
- Monitoring and Reporting
  - KPIs to be defined and tracked by the Health Department through Health Foundation

Implementation Agency:

The Health Foundation is the PPP arm of the Health Department and therefore will be responsible for the execution of this plan. Any and all funds required for any purpose will be directly routed to the Health Foundation (HF) which will retain its key functions which include designing and scrutinizing proposals for PPPs, procurement, contract management, facilitation of PPPs and monitoring and evaluation.

The government's confidence in the Health Foundation as an implementation agency stems directly from its successful track record. In the past, the Health Foundation was directly involved with outsourcing 8 secondary hospitals across KP. Its meticulously thought-out execution plan resulted in 2-5x higher patients served per month with 10-30% lower cost per patient when compared to government facilities.

Greater impact is forecasted for the project at hand, with the Health Foundation expected to strictly adhere to 3 principles, at all stages of implementation:

- **Exhaustive processes will be followed to approve PPP requests**

  Each proposal will be designed in detail through evidence-based analysis and will undergo extensive scrutiny of the Advisory, Technical committees followed by the Technical Advisory Committee of the Board before final approval by the Health Foundation Board of Governors

- **Existing laws and regulations**

  All existing laws and regulations of KPPRA, alongside provisions of the Health Foundation will be abided by. This effectively means that no exemption of any law would be sought for any outsourcing/procurement.

- **Monitoring and evaluation processes**
  M&E processes will be implemented to ensure transparency. For this, a third-party performance audit and grievance portal will be set up for private partners.

These 3 principles will also pay special attention to the Health Foundation Act, 2014 which allows the Health Agency to enter into public private partnership with private parties under mutually agreed terms in Health Projects with the approval of Health Foundation.

This overall approach should lead to successful execution and effective implementation oversight by Health Foundation.

Cost and financing

Given the inadequacies identified in some key areas across the primary and secondary healthcare systems, especially where services such as waste management, non-clinical and diagnostic services are lacking and areas such as blood transfusions are extremely strained, KP would need to increase its healthcare budget by approximately 10-15% to implement the suggested PPP strategy and address the areas of concern

Area	**Sub-Area**	**Budget allocation**	**Difference vs existing budget**
Facilities	Primary care	Pre-defined budget in accordance with defined standards, with a variable component tied to the management fee	Approx. 10-15% additional spending required
	Secondary care	Pre-defined budget in accordance with defined standards, with a variable component tied to the management fee	No change in budget against standard staffing and services
Services	Primary Care Services (Outreach)	Pre-defined/existing budget in accordance with standard provision of services, with a variable component tied to the management fee	PC-1 of PKR 1.7 Bn approved
	Waste management	Variable budget	PC-1 of PKR 1.7 Bn approved
	Non-clinical services	Variable budget tied to key performance indicators	PKR 1 Bn budget overall for any PPP/outsourcing for FY 2021-22
	Diagnostic services	Variable budget (pay for performance); DoH to cover cost of	PKR 1 Bn budget overall for any PPP/outsourcing for FY 2021-22

		services availed by individuals	
Other key interventions	Greenfield tertiary hospital	No budget allocation required	N/A
	Blood transfusion	Variable budget (competitive procurement process)	Top up budget[1] (costs ~PKR 700-900 Mn/year and can be adjusted through Sehat Card)

To ensure transparency in the budget being allocated to implement the outsourcing of healthcare facilities detailed above, certain guardrails will be put in place:

1. **Financial auditing** – an annual audit to be conducted of the budget spend, by a reputable chartered accountancy firm
2. **Performance review** – periodic performance review will be conducted via IMU and third-party surveys ensure fair allocation of performance-based incentives
3. **Robust contract management** – Health foundation will implement and strictly monitor compliance

Annex 1: Health facility breakdown in KP

Outsourced, government and total health facilities in KP

Level	Category	Bed Strength	Govt. Managed	Outsourced	Total
Tertiary	Medical teaching institutions (MTI's)	600	10	0	10
	Non-MTI's	300	2	0	2
Secondary	Category A/B	350 (Cat A) 210 (Cat B)	25	0	25
	Category C	110	26	1	27
	Category D	40	76	7	83
Primary	Rural health centers	10-20	116	4	120
	Basic Health Units	N/A	940	0	940
Total			1,119	12	1,211

Annex 2: Visual evidence of transformation

THQ hospital Waziristan outsourcing

THQ hospital Waziristan before

THQ hospital Waziristan after

Mamad Gat before

Mamad Gat after