

Committee: World Health Organization

Issue: The question of the privatization of healthcare in developing nations

Student Officer: Ece Ağalar

Position: President

PERSONAL INTRODUCTION

Dear delegates,

My name is Ece and I live in İstanbul, Turkey. I'm 17 years old and currently a junior at Üsküdar American Academy. I will be the President of the World Health Organization in the 2nd American College of Greece Model United Nations conference. This will be my 10th conference and I'm more than excited to meet all of you. I love MUN because I feel like it makes me try to think outside of the box and also challenge myself to be creative and see things from other perspectives. Also, I love the idea of being in a room with strangers and being able to communicate with them easily. I have met with some of my best friends in MUN conferences. I wish that all of you will have the chance to meet new people and keep in touch with them even after the conference.

This will be my 4th conference outside of Turkey. I believe that conferences like this, involving international students, are the most challenging and the most entertaining ones. Many international and national conferences in my MUN career have added a lot to my personality. As a student, who is getting prepared to apply to colleges, I can definitely say that the things I have learnt and experienced in these conferences prepared me for many things. I am looking forward to meeting with each and every one of you and I am really excited that I will be collecting new experiences and I will be adding new contacts to my network. I am more than happy to be chairing along with two really hardworking and absolutely amazing colleagues who are familiar with the culture of this beautiful country. I am sure that the World Health Organization in the 2nd ACGMUN will thrive with all of your contributions and I am, together with my co-chairs, always here to help you. That being said, you can contact me on this email address: eagalar19@my.uaa.k12.tr anytime you want. See you in March!

Best Regards,
Ece Ağalar

TOPIC INTRODUCTION

There are many countries, which have privatized healthcare and most of the other countries are working towards reaching the good quality of privatized healthcare. However the main problem with privatization is that it unbalances the quality of healthcare provided to the different economic groups of a country. It basically means that the citizens who have better income will be able to have access to better facilities and even to get better treatment options. The feeling of necessity to go to a private healthcare facility to get better treatment puts the poor majority in developing countries into a difficult position. They generally give up on everything to seek treatment in private hospitals and clinics. This eventually leads to other problems in the families involved, such as malnutrition, lack of education and an increase in other diseases, specifically infectious diseases, since their life standards are lowered due to the money spent on private healthcare.

When private healthcare is mentioned, hospitals or clinics are not the only things which are privatized. The privatization of healthcare causes the privatization of other sectors too. People who seek treatment in privatized facilities have to pay for their own drugs and supplies and this adds to the overall cost, which will be paid for their health, alongside with the expenses of the insurance companies. As mentioned earlier this situation inflicts a vicious cycle of problems upon the poor majority.

DEFINITION OF KEY TERMS

Privatization of Healthcare¹

Privatization of healthcare is the situation in which the expenses of the healthcare or the medicine are not covered by the government but rather by the private groups funded by the patients.

Pharmaceuticals²

Pharmaceuticals are related to pharmacies and pharmacists. They are basically drugs and medication used in medical practice.

¹ Sanjay Basu's article named "Comparative Performance of Private and Public Healthcare Systems in Low- and Middle-Income Countries: A Systematic Review."

² World Health Organization Resources, Pharmaceuticals and Health Sector Reform in the Americas: An Economic Perspective

Prescriber

The noun prescriber derives from the verb prescribe which means to give advice on something or to authorize someone³. In this sense prescriber is the doctor who prescribes the drugs. The prescribers have an important part in the private healthcare facilities since they form the connection between the facilities and pharmacists.

Private Insurance Companies⁴

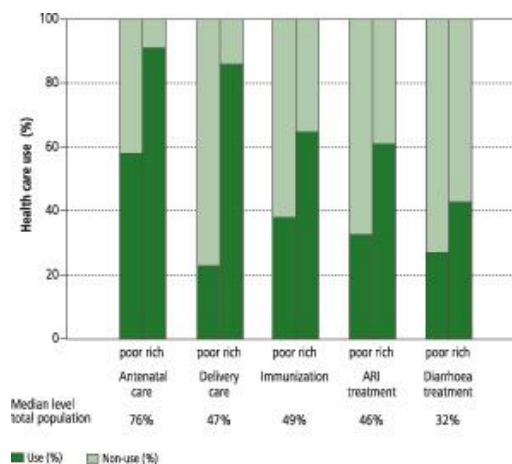
Private insurance companies are entities, which provide citizens with a healthcare package for a fixed amount of money. They generally form the bridge between the patients and the companies.

Medicaid and Medicare⁵

Both of these are insurance programs that the government of the United States of America created. Medicaid is targeting low-income portion of the country while Medicare is designed to serve the more economically privileged group. It is important to understand their behavior in order to make assumptions and to try to take action towards the possible conflicts, which can occur in the application of private healthcare in other nations.

BACKGROUND INFORMATION

The main problem with privatization in developing nations is that it tends to create inequity among the citizens. Since the majority of the population does not have a balanced income, the welfare of the families varies substantially. Some families are not able to cover the expenses of the healthcare while some are. This means that not everyone in a country has the opportunity to reach a standard of healthcare. Healthcare is one of the essential human rights. This right is supposed to be protected by the 25th Article of The Universal Declaration of Human Rights. In this specific article it is stated that “Everyone



#1 Data of WHO examining the access to different domains of healthcare in developing nations

³ Oxford Dictionaries

⁴ The Guardian- Jessica Glenza

⁵ The Daily Signal – Robert Moffit and Nina Owcharenko

has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control” (Declaration). This article ensures everyone a standardized healthcare. However, in most of the less economically developed countries, standardized healthcare has not yet been provided. Privatizing the healthcare in these countries does not help the citizens to access healthcare but it intensifies the difference between classes and makes it harder for the low-income portion of the population to access healthcare services. This leads to many various problems, especially controversies caused by the deep differences in high rates of mortality. Privatization in developing nations should be considered carefully from many aspects since it is a really critical issue concerning human life.

Market Mechanisms

Marketing will take its place once the healthcare is privatized. This will lead to competition among the companies, which will result in an increase of the prices. This will be reflected on the patients. States would also encourage that since they benefit from the income of privatized healthcare facilities from taxes. However, the citizens will be affected by the increased prices.

Ethical Side of the Issue

When human rights are considered, the right of an individual to reach healthcare is important. As it is previously stated, Article 25 of The Universal Declaration of Human Rights is very specific on this right. It is the State's duty to provide the best opportunities to its citizens. Privatizing the healthcare however, is not doing this but it rather depends more on the 'pay and go' system. The quality of the treatment is in direct proportion with the money the patients pay. This, in a way, interferes with the right of a person to obtain the best healthcare. This system gives a chance to the doctors to refuse a patient based on his or her income. When the guidelines are not set properly and a lot of freedom is given to people, it is really hard to control the ethical side of the issue. In the private sector, the doctors have the right to say no to a patient according to his or her insurance. The doctors and healthcare facilities have the right to choose their target group of patients according to the insurance package they are using. This is the greatest example of inequality since it means that if someone does not have enough money he or she may not be able to obtain the best treatment possible.

Bribing and corruption are really pernicious problems of the developing nations. Since there are not real authorities and legal systems in the countries, bribing solves cases and this cannot be stopped. Bribing needs to be monitored.

When bribing is already present in healthcare in most of those countries, the situation would possibly become worse when the healthcare is privatized. Uganda is an example of a developing nation who is suffering from bribing in their healthcare. A study shows that bribing is a major part of the country's healthcare system. The authors of the paper, Bouchard, Kohler, Orbinski and Howard, concluded "This study identified perceived corruption as a significant barrier to access of orthopedic care and orthopedic medical devices in Uganda"⁶.

The Role of Insurance Companies

Insurance companies are also one of the entities that are gaining money from private healthcare. They are the ones who are ensuring that people will get the treatment they want by the money they are investing in their companies. The interaction between the insurance companies and the customers who are buying the service is a reasonable one since the customers are satisfied, because they are securing their future, and the insurers are satisfied, because they are performing their duties. On the other hand, the relationship between the insurance companies and the doctors is not that bright. Because, when a doctor works with an insurance company, the money the doctor is gaining changes since the insurance company interferes with the decision process of the price of a treatment. The money given to the doctors from the patients, with insurances from less developed insurance companies, is less than the money left from the patients who are paying out of their own pockets and the ones who are working with other, more privileged, insurance companies. This creates tension among doctors since they feel like they are not earning what they deserve. In addition, the insurance companies are standing between the doctor and the patient by setting standards in healthcare such as setting a time for the office visit and routine diagnostics. After the set time, the insurance company does not cover the expenses so the effort to meet the standard rests with the efficiency of the doctor. "The industrialization of medicine, with its focus on productivity and profit, conflicts with the values of medicine and causes widespread anxiety. It impacts especially doctors' professional self-identity, changing the role of medicine from 'a craft concerned with the uniqueness of each encounter with an ill person, to a mass manufacturing industry preoccupied with the throughput of the sick'"⁷.

Another important problem with the insurances is that not all of the citizens are insured or they are underinsured due to various reasons. Even in the United States of America this is still an issue. States hoped to decrease the number of uninsured people by implementing the Obama Affordable Care Act in 2014. Affordable Care Act seems like a brilliant solution example to this problem for all of

⁶ BMC International Health and Human Rights – Maryse Bouchard

⁷ *The BMJ* – Doctor Clare Gerada

the countries but unfortunately it makes neither the medical personnel nor the insurers satisfied. Insurers say that they cannot afford the expenses of some of the procedures, facilities say that they cannot decrease the prices because they are spending money on equipment, human work etc.

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

The United States of America

The United States of America is a country which has a fully privatized healthcare system. The country has two separate programs called Medicare and Medicaid. Because there were problems with providing insurance to the citizens, the former president, Barack Obama, initiated Affordable Care Act in 2014. With this action, Obama hoped to present everyone a chance to get the standard medical treatment; however the system failed. Medicare and Medicaid limited the range of treatments so the equal chances were not provided as expected.

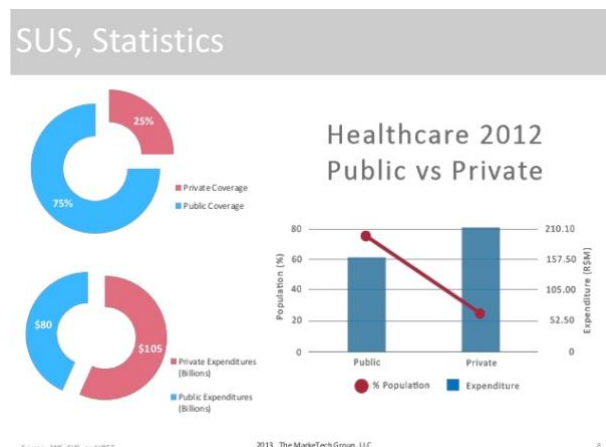
India

India is a country which has gone through a privatization process. Even though there is a big portion of the population which is not necessarily wealthy, they tend to choose private healthcare facilities compared to public ones due to better service, facilities treatment etc. For example, a study of health and health care among scheduled castes showed that “38% sought private medical help when their children became ill, compared with 28% for government health facilities”⁸.

Brazil

Brazil is considered to be a developing nation. In this country healthcare is provided to everyone and it is free. However, the country’s healthcare system started being privatized in 2015 “ ...with the approval of the Amendment to the Constitution n. 386 (EC 386), that makes clear the underfinancing of the SUS, and of Law n. 13,097, that allows

participation, directly or indirectly, of foreign capital, in health-related



#2 Data of Private vs. Public Sector in Brazil

⁸ Oxford University Press article named *Health, Poverty and Development in India* by Gupta Das.

actions and care”⁹. The country is new in privatized healthcare, however the first reactions from the public were not positive towards the decision and the current situation in the country is worth investigating.

Turkey

Turkey is one of the developing nations, which has both privatized and public healthcare at the same time. The system seems to be working in the country, however the prices of the private sector are fairly high due to immense competition among the businesses.

United Kingdom

The United Kingdom has what is called socialized medicine. The government covers the treatment and pharmaceutical expenses. Citizens do not pay for most of the services. The government uses the money it collects from taxes. The system works in the country although there are some flaws such as the delays of some surgeries due to the high volumes of the healthcare centers. Still, the government is not planning to privatize the health sector. They also believe that the privatization should not occur in developing nations.

The Joint Commission

The Joint Commission is an independent, non-profit organization, which is trying to standardize the healthcare provided in facilities mostly in The United States but also in other parts of the world. The standards set by the commission is aiming the best quality in facilities and its accreditation has been seen as an indicator of standard and high-quality service. It is important to understand its functioning in order to implement the system in other countries to create an environment of equality and ensure that everyone has access to quality healthcare.

BLOCS EXPECTED

The United States of America and Canada bloc would be in favor of privatization. Both of the countries are privatized somehow. The USA is actually a perfect example of a privatized health care since the entire healthcare provided is through insurance companies.

Another expected bloc would be Australia and the United Kingdom. Both of the countries are not in favor of privatization. The government of Australia covers most of the health expenses of the public and the government in the United

⁹ Mario Scheffer’s article named *Foreign Capital and the Privatization of the Brazilian Health System*.

Kingdom covers almost all of them. Both of these countries adopt the more socialistic understanding in terms of healthcare. It would be expected to see them working together against the privatization.

TIMELINE OF EVENTS

Date	Description of event
1950	America decided to implement Medicare and Medicaid system
1960	The ones with low income had difficulty with providing health insurance for themselves because of the doubled prices in USA
1970	Privatization of health care in Chile has started
1980	Private sector blossomed in India and it became a sector, which is promoted
1991	By this year 14% of Jamaica's, 37% of Mexico's, 12% of Tunisia's and 26% of Nigeria's State-owned Facilities were privatized
2000	The government of India has launched the Insurance Regulatory and Development Act
2009	The Government of Kazakhstan drafted a guideline called Healthcare Code
2012	UN passed a resolution on Global Health concerning the right of people to access equal and best treatment possible

RELEVANT RESOLUTIONS, TREATIES AND EVENTS

December 6th, 2012, General Assembly, Sixty-Seventh Session, Agenda Item 123 – A/67/L.36

This resolution focuses more on Global Health but when checked and read with some attention it is possible to see that there is the idea of making the healthcare accessible and equal to everyone all around the world. Operative clauses 8, 16 and 19 are examples of this.

Resolution number 7. Passed by the 29th congress of PSI (Public Services International)

This resolution promotes the public access to healthcare for all regardless of status, group etc. It also aims to start campaigns to protest privatization of healthcare primarily in developing nations to create an equal environment for everyone.

Resolution 2010/24 by United Nations Economic and Social Council

This resolution is trying to improve the Global Health Care. It encourages entities such as NGOs, government bodies of the Member States and the Private Sector to work in collaboration with each other to provide the best healthcare possible to everyone.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

The World Health Organization Report, in 2000, examines the health systems and displays the problems that countries and citizens are facing because of the systems implemented. The paper, points out that the cultural backgrounds, poverty level and population should be considered while implementing healthcare systems. The paper also stresses that it is really important not to directly accept a health system from another country. It says that developing nations should at least modify other systems before implementing¹⁰.

The Affordable care act was shown as an example to the developing nations and countries like Turkey were influenced by it. However, clearly it does not work properly and it causes dissatisfaction among different communities of countries, exactly like the situation in Turkey. These countries' governments are trying to improve the standards of public healthcare. They are not yet ready for the privatization of healthcare.

POSSIBLE SOLUTIONS

There can be various possible solutions. A guideline must be set in order to determine if a country is ready enough, well equipped to get privatized. Countries should be invited to work in collaboration with NGOs to work on their public health systems to dwindle the vast difference between the healthcare presented in private facilities and public ones. The possible solutions should be constructive so that the countries can actually volunteer to accept. They should not offer to stop privatizing or shut down privatized facilities but they should try to make the public services better for the poor majority of the population. Also the delegates should consider

¹⁰ *Journal of Public Health Research* – Wei Han (data scientist).

the financial aspect of the situation. If the proposals of solutions are too optimistic or if they ignore the fact that governments earn money from this sector it would be hard to settle on a resolution. So they should think of different ways of sparing money such as minimalizing the usage of supplies, which will be determined by a guideline set by the collaboration of member states and related NGOs. These guidelines would also limit and standardize the healthcare provided to everyone. The government officials and company officials/private sector holders should set the guidelines. Forming a common set of guidelines for all developing nations will not work properly since every country has unique patterns of economic and cultural habits.

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