Impact of Health Sector Economic Reforms in Underdeveloped Countries

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***Abstract*—**This paper investigates the connotation, and some of the realistic implications, of the economic reform of health sector in under developed countries. The paper investigates the issues that economic reforms have to address, and the policy targets they are considered to accomplish. The work argues that the development of economic reform is not connected only with understanding the priorities and refining them, furthermore with reformation and restructuring the organizations through which health policies are employed. Considering various organizational values, that are likely to be regular to all economic reform programs, a regulatory approach to institutional reform is unsuitable. The paper further investigates the selection of economic reform that may as well influence via technical suggestions and analysis, but the verdict to continue, and the consequent success of execution, eventually depends on the progressive political sustainability. The paper concludes by giving examples of institutional reforms from various underdeveloped countries and includes recommendation of the responsibility and control of donor organizations.

***Keywords*—**Economic Reform, Health Sector, underdeveloped Countries.

I. Introduction

THE economic reforms are defined as the changes that are used to improve the equity and efficiency of the health sector as health systems are facing significant challenges [1]. In recent decades, various healthcare institutions have sought worldwide best ways to regulate, fund and deliver health services. The development of underdeveloped countries at all levels, have made eminent innovation in the reforms of the health care system. However, the outcomes of the reforms are uncertain, but the possibility is that the new concepts and models will lead to better health systems. The result of the actions implemented in the 90s was limited. Successful control of expenditure made in the mid was temporary and meant a real reduction in their minimum growth. Health plans transferred to their patients of the cost of their services, and coverage was reduced, along with partnerships as well [2]. The dominance of market logic has not stopped growing state intervention in the pursuit of its regulation. It is evident that competition has allowed the development of numerous innovations in financial management, allowing the advancement of efficiency in micro-management level. However, the increasing of total expenditure on health as percentage of GDP and the persistence of a significant portion of the population without coverage, leads to the conclusion of the inefficiency of the system at the macro level [3]. Therefore, all the issues and aspects related to Healthcare Reforms have been discussed in detail along with its policy implementation. Budgetary limitations have spurred the concerns over the financing issues of health care reforms. Some opinions suggested that if the rising cost of the health care accounts for 15 percent of the economy expenditure, this trigger jump in the inflation could be repercussion next year and beyond.

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II. Literature Review

Health has been a fundamental right of every human and is one of the important worldwide goals. In underdeveloped countries, the level of government spending on the sector of health was low as compared to other sectors [4]. This indicated that a reduced health factor badly impacted the economic reforms of the households. For example, Thoa, Thanh, Chuc and Lindholm (2013) stated that the result of inadequate economic reforms led to households exhausted property, and their consumption was reduced, and they became indebted. Through this affect not only their productivity and income was reduced, but also they got out-of-pocket for the health services they needed. The user fee was a barrier in the underdeveloped countries [5].

A. Economic Policy Reforms

The economic reforms played a significant role in the development of health sectors. Before 1994, countries like Mexico adopted the policies of nominal anchor exchange rate that kept it away from depreciating [6]. The regimes of exchange rate enabled the foreigner to invest in the market to earn profit in the local market as the interest rate received was domestic which could then be converted into their own currency at the appreciated rate. This was possible till the time when investor realized that the obligation of accumulated debt-servicing was too heavy. As long as foreigners were willing to invest in the market, the domestic credit was increasing in the countries without any pressure of inflation, and the finance lending resulted in excess of imports over exports. Investors did not observe the fiscal deficit; furthermore, failed to realize that the expansion of the domestic credit was increasing the liabilities of the government along with the implications of long-run sustainability unless the financed capital inflows resulted in high productivity [7]. However, findings suggested that the maintaining of nominal exchange rate led to un-sustainability, whereas, the regime of exchange rate then resulted in either floating exchange rate or to the one in which the currency is permanently tied to the foreign currency.

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B. Social and Economic Influences on Health

There were different levels of socioeconomics in the underdeveloped countries such as gender, education, income, area of residence, occupation and income. Some of the factors manipulated the maintenance of health. Education, income and occupation were inter-related and manoeuvre the lifestyle and health status of an individual [8]. Furthermore, unequal opportunities lead to inequality of health. The disparity was observed in the life of the people; in addition, a study suggested that difficulties of an initial period of life lead to many issues of health in adult life. When people found difficulty in finding the required resources and were discriminated, they were then prone towards addiction due the social and economic issues. Their dietary habits also contributed to their overall hygiene; malnourished people were more prone to catching diseases than well-nourished people. The gradient in health status of people with varying social and economic backgrounds was also evident in average life span of both groups [9]. People with limited or no education were engaged in hazardous occupations with chances of physical harm. Unemployed folks were dependent on their benefactor or state for fulfillment of their fitness needs. The difference in health perception was also a contributing factor to healthcare inequalities. Most of the citizens do not seek medical help until they were sick. Immigrants from other countries of the world were customized to their less-privileged conditions back home. The behavior of these migrants adds to healthcare inequalities existent in Britain [10]. They were not aware of their health rights in their country and failed to grasp the value of their health as a contribution to society. Reference [11] stated that women' health conditions especially of those in a child-bearing age highlighted the contrast in healthcare provision to society.

C. Economic Impact

The underdeveloped countries required companies to finance and share the heavy burden of public health. The health system rested primarily on the shoulders of private enterprises, which bought insurance to neither protect their employees, which was neither right nor fair [12]. All we know was that it was something inherited from the days of slavery, when the masters were responsible for health, food, lodging, farm tools and clothing of the slaves. In the modern era, the responsibility lied with the government. The health care system in the underdeveloped countries was owned and operated by both public and private sectors. The countries had no single system nationwide. On average, citizens spend a lot of money for their health that was more than average to increase the GDP of the country. But, these costs were unevenly distributed [10]. Those who were not covered by insurance were as many as millions and represented a much higher percentage of the population. According to various analysts, the problems of health care system of the emerging economies were very broad and complex [13], [6]. These problems were due to low efficiency of the health system, lack of guidance to prevention, a high proportion of non-insured population, strong growth in health costs for individuals, businesses and government and other misguided incentives. Economies of scale have been related to long run operations. Economies of scale were achieved, if an added unit of output could be produced for less than the average of all preceding units i.e. if the long run marginal cost was under long run average cost, so the marginal cost was declined.

D. The Demand For or Supply of Health Care: Average vs. Marginal Concept

A marginal cost was the change in total cost that resulted when the quantity produced changed by a single unit. It represented the cost of producing additional item of a good. Average cost was the total cost per total quantity [14]. For example, if a hospital was operating with three machines and total cost of operations was £3 million, and it served 100 patients per day than total average cost per patient would be £30,000. Now, if the hospital adds another machine to its operations and now serving 150 patients, total cost would rise, let's say £3.5 million and an average cost per patient would become £23,333. Marginal cost change in total cost per change in total quantity would be equal to £10,000. Economies of scale relate to long run operations. Economies of scale were achieved, if an added unit of output can be produced for less than the average of all preceding units i.e. if the long run marginal cost was under long run average cost, so the marginal cost was declining.

1. The Rule of the Margin

Economics analyses included economic activities according to marginal principles. It was an importance two-fold. The analyses in the study showed that the marginal values of economic variables helped in better decision-making, and marginal return lead to economies of scale. In order to understand the importance of marginal analysis instead of average cost analysis, the author took the example of schemes planned to reduce hospital inpatient surgical costs achieved by reduce the duration of stay by discharging the patient early. The average cost of an inpatient stay was available to hospitals; therefore, calculating average costs was easy [15]. However, these costs were not consistent. Particularly, the cost might be much smaller than the average towards the end of stay, since the average comprises allocation of the costs of cure and possibly of high dependency care that was provided at the beginning of an inpatient stay. If hospital reduced dependence days (end of the day), it resulted in scanty savings than expected. Whereas, analyzing marginal costs in regard to decrease or increase in number of dependency days gave correct estimates of savings.

E. Government Source Reporting on Health Inequalities

The government of underdeveloped countries was working continuously in making the health policies in order to eliminate the discrepancies of health issues from the system. The factors leading to health inequalities was due to limited development of policies by the developers; however, government had unlimited access to the making of these health policies [16]. The state holds the best position to report health care system inadequacy. The causes of healthcare inequalities

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were so diverse that a single policy cannot resolve the concerns. The long-term management of this problem requires effective collaboration among various government departments. The shortcoming of health reforms was the lack of discussion of an economic aspect of policy implementation [17]. A study of different papers and critique of information available about health care reforms suggested that a government and private sector shared their knowledge and expertise [18]. They could help each other in designing policies with the emphasis on eradication of inequality from the economic health care reforms.

III. Methodology

Qualitative research method was used as a research design for this study. Data was collected through online sources and literature search, and the data was analyzed using content analysis. The research on improving the economic health care reform is an Ex-post facto research. The purpose was to state what has been founded through the research findings. In addition, this is an applied research in that the objective of the research was not only to come up with the problems that were there in the healthcare, but also to make recommendations for improvements. If the purpose of the research was only to highlight the problems that were there in the healthcare then the research would have been fundamental. The purpose of the fundamental research was only to come up with knowledge for the sake of getting knowledge. Hence, the purpose was to come up with problems and also use the analysis of the data garnered earlier and made recommendations for improvements. In this research, underdeveloped countries have been targeted.

A. Research Approach

The research was based on secondary data collection, and the study has been analyzed through unstructured data. A secondary source interprets and analyzes primary sources. For the collection of unstructured data, secondary sources was used such as prior researchers, results of the other researches that have been carried out specifically in the underdeveloped countries on the issues related to healthcare and economic reforms and the initiatives taken so far by the Department of Health. Some types of secondary sources are textbooks, journal articles, literary criticism and comments, encyclopedias, biographies, investigations often start with secondary data, collecting internal and external sources. To keep the bias out of the research, secondary data has been taken from multiple sources. The researcher made reference to all of these researchers conducted earlier and tried to draw a relationship between the changes, whether positive or negative, which has taken place over the years.

This research design is less costly as compared to collecting data through primary methods like surveys and is exceedingly efficient in gaining information from different sources. The criterion of selection of the literature will be relevancy of the topic of research and the publication year. Author will use both public and private libraries, as well as, online libraries will be visited to access the data. Some of the online databases that will be accessed are Ebsco, Emerald, and Phoenix and so on.

IV. Discussion

Financing and coverage of health care of the under develop countries are to be compared to OECD countries, in terms, for example, multiple payers and other sources of coverage, which vary depending on some characteristics of the population such as employment, income and age [16]. Despite all efforts and innovative mechanisms, reforms of the 90s did not achieve its primary objectives: controlling costs and health care costs, and increased coverage. These typical system management problems failed to be overcome through adopted market instruments. Thus, it can be noted that the health system of developing countries is based on the values of individualism and competition, combining public measures to specific social groups with production services market protection [11]. Increased financial resources, and provide budgets for the implementation of development plans for the service, or service development and modernization, or development of manpower and other aspects of the necessary development has reached to increase the budget of the Ministry of Health and Population times what it was, which underlines the State's interest to provide potential material to the Ministry of Health and Population.

A. Healthcare Economic Reforms

It is now well established that social and economic factors affect availing of a health care facility at all levels. There may be a variety of reasons for this differential behavior in society. These causes can broadly be classified as “financial, structural, and cognitive” [19]. These barriers in contacting a healthcare provider often lead to failure to diagnosis at the right time, appropriate care for the ailment, and overall lack of a treatment approach. All of these eventually cause a decline in an attempt to provide equal healthcare to all.

A number of people do not contact healthcare professionals because of inadequate financial resources. There may be two reasons for this inadequacy; not having an insurance policy for medical coverage or belonging to a low-income social group [7]. These people fear getting into a circumstance that may lead to losing money. This reluctance causes them to react in a careless way to their medical needs.

People who are insured with health policies may also cover from reaching out to a caregiver for medical aid. This problem arises from complex interrogative procedures, followed by insurance companies. People do not want to get into trouble for a small ailment and ignore to seek medical advice [20]. Another reason for not going to a medical care provider is; having to wait long hours to see a doctor. People may have limitations such as not having someone to look after their child for long durations, not getting a time-off from the employer for their medical appointment, or having a load of social obligations.

Migrants or people with a disability may also face communication problem during their meeting with a health professional. Lack of information about health predicaments,

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accessible amenities, and the importance of staying in sound health, also contribute to overlooking self-care [21]. Sometimes a patient fails to understand the implication of their diagnosed condition and does not pursue quality treatment. Discriminatory behavior of a caregiver is also a likely cause of health illiteracy.

B. Government Strategies and Models of Health Promotion

Health promotions addressed both primary and secondary causes of a healthcare problem. These campaigns are relevant for creating awareness in the general public and minimizing the spread of problems. Whenever a healthcare emergency arises, healthcare providers are responsible for initial interventions. After the initial intercession, the health care professional evaluates the crisis and presents his or her idea to restrict such crisis in the future. Health promotion models work on identification, history, results of a healthcare problem and have a target outcome of the campaign. The government of developed countries has launched a number of health promotions for current health issues. Some of these promotions are for smoke cessation, cancer, child obesity, drug abuse and drinking problems. For instance, the government has responded to the nation's repeatedly reported drinking problem with a strategy of "Reducing harmful drinking" [22]. The policy highlights the problem by giving statistics of alcohol related hospital admissions and deaths. The policy aims to build awareness on negative impacts of alcohol on families' lives, and ultimately compel them to overcome their bad habit.

The interactive campaign "Change4life helps people quit drinking. The effort includes; risk assessment, financial assistance to alcoholics' families, particular care, support to adolescent alcoholics, trained medical staff for identifying and rectifying alcohol symptoms in visiting patients, reassessment of parameters involving alcoholism, and help make it practical for all. The local bodies of developing countries are financially aided to treat alcoholics [23]. The state has also taken into account restricting alcohol advertisement, keeping a check on alcohol availability at low cost, and publicly displaying warnings about alcohol overuse.

V. Conclusion

Expansion in the healthcare insurance coverage to the people, who could not get insurance is the primary issue of the health reform. Numerous extending proposals are relying on a mixture of public and private advances to accomplish wider exposure with apportioned obligations across different people. In the health care reform, policy makers have a debate that the true mixture of coverage and integration is the key to success. Medicaid is the primary program for healthcare coverage in the developing countries, which is intended for high need and low-income populations. Implementation of health projects for the development of primary care services in most rural areas of the developing economies, as well as expansion in the implementation of projects financed from the Social Fund for development projects such as Family Medicine, Women's Health Project, the project of developing primary health care, and the draft manpower development, this in addition to the extension and implementation of major projects for the child's health and the fight against diarrhea and acute respiratory diseases to all rural areas, has led the implementation of these health programs and services to a significant decrease in the rate of infant mortality.

VI. Recommendations

A. The Role of Governmental Regulatory Agencies and Its Effect on the Healthcare Industry

The duties of health care regulatory agency should take account of monitoring health care practitioners and facilities as well as serve the associated organization with information about fluctuating changes in the industry [19]. These agencies should establish rules and regulations at local and federal state that healthcare organizations have to follow mandatorily. Some of these agencies, particularly those that provide approval for health care professionals, thus require no essential contribution. This extensive regulation of health care should be at both the state and federal level.

Federal government should include essential regulation such as licensure of health care personnel at the state level and with devices and pharmaceuticals, also the laboratory testing procedures. These agencies should make to save the consumers from fraudulent and inefficient healthcare. It should be a must to introduce regulation through legislation in some exceptional cases so that everybody follows it lawfully. Therefore, in 2010 PPACA abbreviated as "Patient Protection and Affordable Care Act" was passed which included many innovative regulations, the most vital being the health insurance mandate categorizing all citizens to purchase health insurance [6]. The role of these agencies is to certify the food safety and hygiene, drugs and medicine effectiveness, prevention of hazardous spills of toxic substances, diseases, death and disability, on-site inspections to evaluate workplace hazards, conducting researches and assuring quality.

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