COMPETITION AND CONSUMER PROTECTION COMMISSION

Staff Paper No: 944

SUBJECT: **Understanding the Regulatory Effectiveness and Awareness Raising On Health Care Issues in Zambia**

A case study of Lusaka

ECONOMIC SECTOR: Health

DECEMBER, 2017

Introduction

The Zambian government has been giving priority to the health sector with the goal of ensuring equitable access to healthcare services for all Zambians, that is, better availability of adequate infrastructure, medical equipment and essential drugs. In order to achieve this, government has increased funding to the healthcare system and is emphasizing private sector participation in both the financing and provision of high quality health care, as well as public private partnerships (PPP) in the development and implementation of major health programs.[1]

Currently, the health system in Zambia combines public, faith-based, private and civil society owned health services. Except for the private for-profit facilities, the other facilities are inclined towards the provision of free and subsidised health services aimed at increasing access to these services.[2]

At the same time, Zambians at large are demanding better health care and there is a growing middle class able to pay for improved health services. Zambia has also experienced a rise in diseases traditionally not known, i.e. life-style related diseases, such as cancer, cardiac diseases and diabetes, which are bringing challenges for the health sector. The health care sector is thus undergoing important changes, giving rise to potential business opportunities.[3]

Problem Statement

Undoubtedly the number of health care providers has increased in Zambia along with an increase in the number of personnel. Ideally this is supposed to increase access to affordable quality health care services due to competition particularly in the private health care sector. To guarantee and safeguard access to safe health care services, Zambia has a number of legislations and regulators in the health sector which include, Zambia Medicines Regulatory Authority[4], Radiation Protection Board, Health Professions Council of Zambia (formerly the Medical Council of Zambia), General Nursing Council and the Environmental Council of Zambia among others.

The authority of these statutory regulatory bodies neither extends to the regulation of patient safety and quality assurance among public sector health care providers, nor does it incorporate the registration, inspection and

[1] http://www.swecare.se/Portals/swecare/Documents/Report-on-the-Health-Care-Sector-and-Business-Opportunities-in-Zambia.pdf
[2] http://www.aho.afro.who.int/profiles_information/index.php/Zambia:The_distribution_of_health_system%27s_costs_and_benefits_across_the_population
[3] Report on the Healthcare Sector and Business Opportunities in Zambia Gustaf Engstrand Consultant for SWECARE FOUNDATION January 2013
[4] www.zamra.co.zm

enforcement of health care establishments owned by the mining companies.[5] As observed by the Health Professions Council of Zambia (HPCZ), this has led to the lack of standardised pricing for health care effectively exposing consumers to "unethical" and unfair practices in the health care sector. Such practices include among others, unnecessary tests and the prescription of branded drugs which are often expensive despite the availability of cheaper generics.[6] Other health practitioners are alleged to have prescribed specific pharmacies and outlets from which prescription drugs are to be bought. Even where there is access, quality was often suspect as consumers of health services often got entangled in a vicious cycle involving commercially motivated doctors, hospitals, pharmacists and diagnostic clinics whose motive was to maximise profits at the expense of providing affordable quality health care.

Even though consumers can choose particular facilities where they can access health care services, the need for health services itself has no substitute. Given that health care is a necessity and an essential service, it is inelastic[7] in terms of own price[8] and income[9]. Such sectors tend to have and or promote collusion and anti-competitive practices by both practitioners and health facilities. The lack of medical knowledge by consumers, the dependant and trust consumers have on the advice of medical practitioners often results in them being subjected to costly medical services or collusive prices along the medical supply chain.

Rationale of the Study

The study which relied on primary data collected using questionnaires as well as secondary data from official publications and other health related documents was meant to establish whether there were anti-competitive and unfair malpractices in the health care provision in Zambia.

The Zambian Health Care Sector

The health care system in Zambia offers universal healthcare. However, by international standards, the healthcare is quite basic and often does not cover complicated health problems such as heart and kidney transplants among others. This has resulted in many Zambians seeking medical attention outside

[5] http://www.swecare.se/Portals/swecare/Documents/Report-on-the-Health-Care-Sector-and-Business-Opportunities-in-Zambia.pdf
[6] Statement by the Council Registrar and Chief Executive Officer, Dr. Aaron Mujajati at the Zambia High Commission in Pretoria South Africa. https://www.lusakatimes.com/2017/11/14/standardised-pricing-health-care-needed-prevent-patients-exploitation-private-sector/
[7] Jeanne S. Ringel etal, The Elasticity of Demand for Health Care A Review of the Literature and Its Application to the Military Health System accessible on https://www.rand.org/content/dam/rand/pubs/monograph_reports/2005/MR1355.pdf accessed on 17/11/2017
[8] The range of price elasticity estimates is relatively wide, it tends to centre on –0.17, meaning that a 1 percent increase in the price of health care will lead to a 0.17 percent reduction in health care expenditures
[9] The estimates of income elasticity of demand are in the range of 0 to 0.2

the country, predominantly in South Africa and India[10]. Generally, the Zambian public health care system is characterised by inadequate and poor state of essential infrastructure, equipment and transport with continued shortages of qualified health workers at all levels of health service delivery and erratic supply of essential drugs and medical supplies[11].

As of 2012, Zambia had 1,956 health facilities with Lusaka Province having the highest number at 294 health facilities followed by Southern 253, Copperbelt Province 250, Muchinga Province 99 health facilities. Of these, 88 percent were Government owned, 13 percent were owned by private health facilities while 6 percent were owned by faith based health facilities. The highest proportion of health facilities in the province were rural health centres representing about 58 percent that is, 1,131 of the facilities, followed by urban health centres at 23 percent that is 409 and health posts at 15 percent. In 2012, Zambia had six (6) third level health facilities, 19 second level hospitals; 84 first level hospitals; 409 urban health centres; 1,131 rural health centres and 307 health posts. [12]

The main sources of health care financing in Zambia are, government budget appropriations, donor funding through the national treasury, donor support to specific projects and activities and private financing.[13]

Study Findings

The study utilised a total of 412 respondents from 10 health facilities[14] both private and public within Lusaka District. Of the 412 respondents, 43.7% (180) were males while 230 or 55.8% were females. The age group 15 and 30 years old accounted for the largest percentage (41%) of the respondents while 59% of the respondents indicated a range headcount per household of between 4 and 7 people. More than half of the respondents (52%) had a total monthly income of less than K5, 000 and 25% earned between K5, 000 and K10, 000.

Rational use of Drugs[15]

The study shows that 60% of the respondents did not take any medication before going to the health centre. However, 59% of respondents had bought

[10] http://www.expatarrivals.com/zambia/healthcare-in-zambia, Zambia Medical Association, World Health Organisation.
[11] Zambia Medical Association, presentation given to the Infectious Diseases Division of Brown University school of Medicine at Miriam Hospital, Providence RI, USA on 21st May 2009 by Emmanuel M. Makasa MD, MPH
[12] http://www.moh.gov.zm/docs/facilities.pdf
[13] National health policy, 2012).
[14] The medical facilities where the data was collected from are University Teaching Hospital, Levy Mwanawasa Hospital, Lusaka Trust, CFB, Mums Care Clinic, Pearl of Health, Chipata Clinic, Mandevu Clinic, Chelstone Clinic, Kanyama Clinic and Chilenje Clinic.
[15] Rational use of drugs as defined by the WHO, means "Patients receive medications appropriate to their clinical needs, in doses that meet their own individual requirements, for an adequate period of time, and at the lowest cost to them and their community."

drugs at some point for their own consumption as a result of self-diagnosis. Additionally, 36.2% of the respondents said that they had purchased prescription only drugs without a prescription by a licensed medical practitioner.

The results for the rational use of drugs indicate that consumers are still ignorant of the need for diagnosis before taking any drugs and of the dangers associated with self-diagnosis. Access to prescription drugs without a written prescription points to a much bigger problem in the dispensing of medicine to patients and may be the contributing factor to self-diagnosis. Health practitioners are not allowed to dispense or sale prescription medicine without a prescription from a medical facility.

Cost of Healthcare

The study found that on average, 58% of the respondents spent between K100 to K500 on health care monthly. About 15% spent between K500 to K1000 and about 7% spent more than K1000 while only 20% of the respondents spent less than K100 per month. In terms of cost for medical tests, 88% of the respondents said that the cost of tests at the various medical facilities they had gone to costed between K10 and K200.

With respect to consultation fees particularly from private hospitals and high cost tertiary hospitals (UTH and Levy Mwanawasa Hospital), 76% of the respondents indicated that the average cost for consultation for primary health care and general doctor was between K50 to K100, while 32% said that the consultation fee for secondary care specialist was between K300 to K500 while 22% said that the cost of tertiary care - super specialist was above K500. The study also showed that for those consumers who received health care from private institutions, 49.5% of respondents felt that the charges for consultation were fair while 24.3% felt that the charges were rather too high, and needed to be revised.

Zambia was classified as a lower middle income country[16] by the World Bank.[17] However, poverty levels have remained relatively high with 54.4% of the population living below the national poverty line at the time of the survey (76.6 percent in rural areas and 23.4 percent in urban areas). 40.8 % of the population were extremely poor of which 60.8 percent of the extremely poor are in rural areas with Western Province having the highest poverty level incidences at 73% followed by Luapula at 67.7% and North Western at 67.6%. The 2015 Living Conditions Monitoring Survey estimated a national average monthly

[16] Low-income countries are those with the average gross national income (GNIs) of less than US$1, 005 per person annually. Lower middle-income countries have per capita GNIs of between US$1,006 per year and upper middle-income countries have per capita GNIs between US$3, 976 and US$12, 275.
[17] www.espa.ac.uk/files/espa/AO-ESPA-2016-Annex%201-Low-income-countries.pdf

household income of K1, 801 (K810 for households in rural areas and K3, 152 for households in urban areas).[18]

Health care expenditure includes the cost of medication, consultation fees, diagnostic tests and other hospital bills. Given the poverty and income levels, the survey results indicated that 15% of the respondents spent at least 31.7% of the average income on health while 58% spent 15.9%, 7% spent above 31.7% and 20% of the respondents spent 3.2% of their average income on health care.

Choice of Health Facility

Forty eight percent (48%) of the respondents indicated that they chose the particular healthcare facility because it was easily accessible while 58% of those it was accessible indicated that they preferred to be treated from the private hospitals.

Private hospitals are generally regarded as clean and less crowded hence the preference is not surprising. Public hospitals on the other hand tend to be crowded and understaffed coupled with inadequate medication to cater for the consumers.

According to the Ministry of Health, the private sector which was predominantly in Lusaka and Copperbelt is spreading to other Provinces in need of their services.

Availability and Choice of Drugs

The study revealed that thirty four percent (34%) of the respondents received their medicine from the pharmacy belonging to the public health institution. The results further showed that 42% of the respondents bought the medicine from chemists at private hospitals and 24% purchased from independent private pharmacies. The results further showed that 43% of the respondents often bought medicine from other sources not related to the health facility where they were receiving treatment. The results further showed that 49.8% of the respondents purchased the medicine from specific facilities recommended to them by doctors while 27% indicated that the source was a personal choice.

The lack of drugs is a problem that has received much attention not only in the public debate in Zambia, but also in the international literature debate on health care. Lack of drugs is not primarily confined to rural areas but also appears to be a bigger problem in urban areas. Often, patients are simply given a prescription and told to purchase drugs elsewhere because not all required medication are available at the health centres including in the public health centres.

By its very nature, the delivery of health services is marked by consumption decisions not made by consumers. For instance, in most cases it is not the

[18]https://www.zamstats.gov.zm/phocadownload/Living_Conditions/2015%20Living%20Conditions%20Monitoring%20Survey%20Report.pdf

consumers who decide which medicines to consume but the health practitioners treating them. This property of health delivery encourages collusion by doctors, pharmacists and hospitals to profit at the expense of the consumer. Hospitals or doctors can use this characteristic to promote each other through referrals or certain brands of drugs or diagnostic laboratories in return for payments from the benefiting parties. The ultimate burden of such collusion falls on the consumer. This often manifests itself in inappropriate, excessive or costly medication; unnecessary and expensive diagnostic tests; prolonged and expensive hospitalisation and others.[19]

Although one cannot conclusively say there is collusion between the health practitioners and dispensing chemists, the large number of consumers purchasing medicines from prescribed pharmacies maybe an indication of such practices.

Quality of Healthcare

With regards to the quality of health care vis-à-vis the success rate of the patients' visit to the health centres, information gathered indicates that 48% of the respondents took themselves to the hospital/clinic while 30% took someone else and 19% had gone for a follow up. 63% of the respondents interviewed had consulted/visited a medical doctor during their visit and stated that the quality of healthcare was satisfactory. As a result of their visit to the clinic, some respondents indicated that they got medication or injections and were asked to return if there was no change, others got prescriptions to buy medication from pharmacies as the medicines were not available at the clinic/hospital they went to.

Overall, the majority of the respondents indicated that they were successful in their visit to the hospital while 51% of the respondents indicated that at least one household member had undergone treatment for one month and below. The results further showed that 85% of the respondents were confident that the doctors' diagnosis were correct while fifty percent (50%) indicated that they knew that the diagnosis was correct because they/their household member had recovered while 39% of them indicated that they had confidence in medical practitioners from private and high cost hospitals and that the practitioners are experienced staff.

Further the study showed that 59.7% of the respondents thought that they were treated well in the centres that they went to. The majority of the respondents, 70%, felt that they got a chance to ask questions about the treatment that they receive and 78% indicated that they were satisfied with the treatment that was given to them.

The survey results indicate a high confidence levels in health practitioners and health facilities by consumers. In addition, consumers are generally happy with

[19] Collusion among Health Service Providers in India: Need for Effective Regulatory Enforcement Briefing Paper, http://www.cuts-ccier.org/COHED/pdf/Briefing_Paper10-Collusion_among_Health_Service_Providers_in_India.pdf

the services they receive and confident with the various diagnosis given by health practitioners.

Conclusion

The health care sector is one of the most important sectors in the economy. The Government of Zambia is charged with the responsibility of providing health services to its citizens. The study reviewed that there has been an increase in the number of health facilities both owed by government and the private sector. Of concern though is the relatively large number of consumers who self-medicate (59%) coupled with Pharmacies that dispense prescription drugs even to patients without prescriptions.

The study shows a general lack of medicines especially in public health facilities as shown by the large number of prescriptions. Consumers are therefore generally expected to buy their own medicines coupled with the costs for consultations; this largely contributes to the relatively high cost of health care services. The wide range of pricing by health facilities though indicative of possibility of non-cartel behaviour among the institutions, the large number consumers recommended to buy their medicines from certain pharmacies may be indicative of vertical agreements between some practitioners and pharmacies. The nature of the market makes it even more possible for such behaviour as consumers normally do not participate in choosing the particular type of drug or tests to be done.

Generally, consumers regard the services they receive from health facilities as satisfactory and have trust in the practitioners. Though this is a positive aspect as confers “legitimacy” on the offered services, such might as well be a factor health practitioners can easily exploit especially if they do practice unfair business with pharmacies on the expense of consumers.

Recommendations

(i) There is need for the Government to start prioritizing health education. This will impart knowledge in citizens on health including proper use of medication, avoiding self-diagnosis, seeking medical attention when necessary and knowing their rights on health related issues.

(ii) Medical practitioners should be discouraged from advising consumers to purchase their medicines or carry out tests from certain preferred institutions as this breeds room for collusions and exploitation of consumers. In addition, consumer education should emphasise on consumers to demand options of prescribed medicines both generic and branded in order to increase consumer choice.

(iii) Consumer education should also emphasise on consumers demanding an explanation and the reason why certain tests have been ordered. As indicated in the report, they are concerns that unnecessary tests are requested not for purely diagnosis but for money making especially by private health providers.

(iv) There is need to undertake further studies on areas of concern.