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ECCIL WHITE PAPER 2018

HEALTHCARE SYSTEM

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Foreword

The improvement of the Lao healthcare system is often stated as a key factor in the development of the Laos. It is a stated objective of the government to enact reform within the healthcare system by 2025, attempting to create a general improvement within the public healthcare system.

Although the government has succeeded in providing healthcare to its population, especially the poor, the European Chamber of Commerce in Laos (ECCIL) would like to respectfully offer suggestions as to how this reform may be achieved.

Much of the research used in this paper will have been found from sources ranging from the World Trade Organisation (WTO) to anecdotal evidence given by those involved in, or knowledgeable of, the healthcare system.

Introduction

The European Chamber of Commerce in Laos (ECCIL) would like to offer its support to the government's intention to reform the healthcare system in Laos. In conjunction with the government's values of equity, human rights and social justice, ECCIL would like to assist the government to complete this aim.

Further, it has been noticed by the both NGOs and workers within the healthcare system that a large portion of the Lao population prefer to cross the border, most often into Thailand, to receive healthcare rather than to remain in Laos[1]. The perceived quality of healthcare in Laos is not high enough to keep the population within Lao borders when they require treatment. This movement across the border does, however, signal that the desire for healthcare is increasing in Laos. The population is beginning to demand greater quality healthcare, strengthening what could be the domestic healthcare market.

This white paper will respectfully offer a number of strategies available to the government to achieve its objectives and keep its population within its borders when they require medical treatment. As the government has already achieved a number of its goals, such has reaching the targets set for the Millennium Development Goals in 2015, this paper will target further goals of the government's intended reform. This white paper will aim to provide guidance to ensure: i) Laos' healthcare system is successful in supplying a sufficient quantity of skilled healthcare workers; ii) Laos is able to continue the expansion and improvement of its healthcare infrastructure, and iii) Laos is able to continue improvement to its pharmaceutical industry, in particular the efficiency of its licencing policy.

[1] The International Ecotourism Society (2015). Accessed at: http://www.ecotourism.org/what-is-ecotourism

Human Resources

A central objective that ECCIL would like to offer support on is improving the supply and distribution of skilled healthcare workers within the Lao healthcare system. There are a number of strategies available to improve several aspects of the healthcare system in regard to its utilisation of human resources.

ECCIL would initially like to propose strategies to improve the quantity of doctors hired within the Lao healthcare system. At the current time, the number of healthcare professionals put to work is too low to sustain the smooth operation of the system, such that all healthcare requirements of the population are fulfilled. As the Ministry of Health (MOH) is unable hire many of the medical graduates in Laos, a large number are forced to begin a career outside of the health industry. Only 999 graduates were given sanctioned posts in 2016, forcing the remaining graduates into other professions[2]. As the primary path to begin a career in medicine is to be given a sanctioned post by the MOH, any limitation in the ability of the MOH to hire the required number of graduates is directly passed on to the capacity of the system to supply healthcare. Without an adequate number of workers within the industry, the system may continue to struggle to fulfil the needs of the population.

The inability of the MOH to hire the necessary number of graduates and the resulting underutilisation of skilled workers creates a large inefficiency within the healthcare system. A large portion of the time and money spent on the education of new doctors fails to impact the healthcare system and is lost into industries where such skills fail to be relevant. The inability to hire a greater quantity of doctors has seen Laos fall behind other countries of the region with respect to the rate of doctors within the population. Laos has only 0.49/1,000 physicians and 0.96/1,000 nurses within the population as compared with Vietnam which employs 0.78/1,000 physicians and 1.4/1,000 nurses[3]. Although the region differs greatly in regards each county's healthcare requirements, ECCIL would like to suggest strategies to improve this situation.

Currently, the shortage of hiring is caused by the limited size of the MOH; as doctors must be given sanctioned posts, the number of doctors is largely restricted by the capacity of the systems in place. It is ECCIL's opinion that this is an area where the government should allow the private sector to support the government, hiring those doctors which are unable to be offered sanctioned posts. The Health Sector Reform Strategy already acknowledged the need for private sector support in the future but did not specifically outline any policies. If the government were to introduce policies which used the private sector to reduce the number of skilled workers left unemployed, Laos could expect a significant improvement in the employment of doctors within the country. Strategies that aim to utilise the pre-existing potential within the system should be prioritised.

Doctors could then be enticed to return back to the public system when required by the use

[2] Ministry of Health (2016) Health Sector Report 2015-2016 – 5.3.1

[3] World Bank. Data for Lao PDR and Vietnam. Available by searching for the variable "Physicians (per 1,000 people)" within the Excel spreadsheet found at: https://data.worldbank.org/?locations=LA-VN

of incentives. The government could introduce a 'carrot and stick' approach, in which doctors must return to the public system when necessary in order to continue practice, or to receive certain privileges.

The use of incentive based programmes may be used throughout healthcare reform. Another issue within the current healthcare system which lends itself towards an incentive-based solution is the disproportionate distribution of doctors and healthcare workers in the country. At the current time, as well as a shortage of doctors, those who are given work are largely concentrated in cities whilst rural regions of Laos are left under-resourced. In 2016, approximately 40% of the healthcare workforce was employed within major cities, leaving only 60% to provide healthcare for the rest of the country. Healthcare professionals are drawn towards major cities as they are able to gain further part-time work to supplement their current wage. This concentration of workers and funding in more developed regions has left rural regions undeveloped and lacking quality healthcare.

In the light of this, the government may decide to improve this issue by incentivising work in rural areas. Were the government to look abroad, several efforts have been made within the ASEAN region to produce similar results. The government may decide to mirror any number of these successful policies.

In Vietnam, prior to beginning any further study past undergraduate, doctors must complete a period of work in a rural area which lacks staffing[4]. In this case, any doctor who wishes to progress their career would be required to perform work outside of a major city. It may further be inferred that those who desire to continue their medical education are the most skilled, making this programme not only successful in increasing the quantity of healthcare workers in rural regions but also the quality. Similar programmes may also be found in Thailand. Thai incentive programmes are not limited to educational incentives, instead they bundle incentives, such that working in rural areas does not only allow those doctors to have access to postgraduate education but also higher pay, logistic and housing support, career enhancement and improved health infrastructure[5].

Although the previous two suggested strategies are aimed at improving the distribution and quantity of healthcare workers within the Lao system, the government may also desire to improve the quality of their healthcare workforce. The system does not currently have sufficiently developed training programmes that are able to produce healthcare professionals that meet the standards of the region as well as the greater international community. This is particularly true of specialist sectors, such as neurology or oncology, which require great amounts of knowledge and highly specialised equipment. Despite progress which the government has made in these sectors in the last few years, ECCIL suggests further efforts should be focussed here.

In order to improve the level of teaching within the Lao healthcare system, the government may wish to consider the advantages of using foreign specialists to support the existing teaching infrastructure. The Lao healthcare system could experience significant improvements were the government to use policy to encourage specialists from outside the country to supplement

[4] S. Frehywot, F. Mullan, P. W. Payne and H. Ross (2014) Compulsory service programmes for recruiting health workers in remote and rural areas: do they work? Available at: https://www.researchgate.net/publication/44590845_Compulsory_service_programmes_for_recruiting_health_workers_in_remote_and_rural_areas_Do_they_work

[5] IBID

the current training efforts. The government could consider trading those policies which create barriers to the entry of foreigners in exchange for policies which has a greater acceptance of the advantages brought by specialists from abroad. The government may wish to consider policies which allow specialists to enter the country for a specific period of time, for example five years, with the hope that, in the future, the system will be sufficiently developed as to no longer require external training support.

Infrastructure

As well as improving certain aspects of Laos' human resources, the government may also wish to consider how improvements in infrastructure may result in a higher standard of healthcare service. Although there has been large success in the last few years, ECCIL would like to suggest that the government continues in its efforts. It is the opinion of ECCIL that the government should prioritise an increase in the quantity and quality of hospitals, in addition to easing private investment in more specialised equipment.

Hospitals:

Currently, one of the largest obstacles for hospitals in Laos is the existence of empty hospital beds; if the Lao people could be convinced to remain in Laos to receive treatment, the government could expect significant increases in the use of public and private hospitals, improving the healthcare system's revenues and capabilities. As well as improving the service of patients, improving the quality and quantity of hospitals within Laos will act to reduce the number of Lao citizens crossing to border to access healthcare.

The government's recent success in the expansion of healthcare infrastructure, in particular the number of hospitals, should be recognised; however, the government should use these successes to inspire further improvements in the industry. As well as outlining certain necessary improvements for the public sector, the Health Sector Reform Strategy (HSRS) recognises that the private sector will play a large role in the development of the health systems infrastructure[6]. It is important to note at this point that ECCIL does not recommend that the private healthcare system should enter into the market and attempt to take patients away from the public sector; they should act only to support the public health centre and reduce the inefficiencies which exist in the industry. The government should consider encouraging the private sector to take up some of the excess that the public sector are not able to meet. The government should place the private sector in a position where it is able to meet the need of at least some of those patients patients who currently leave the country.

Allowing the private sector greater freedoms to engage in business, such as greater freedom in the hiring of foreign specialists and easier access to pharmaceuticals, will place private

[6] The Ministry of Health and The World Health Organisation (2016) Health Sector Reform Strategy and Framework till 2025

sector investors in a better position to support the current public system. Were the government to encourage private hospitals to increase in number especially in population centres near the border, those who are likely to cross the border may decide to remain in Laos if improved services were available.

Equipment:

At this time, Laos produces only the most basic medical products, including compresses, injection needles and tubes. Although this does indicate the start of a domestic production industry in medical equipment, the government should recognise the importance of imports of medical products into Laos. In order for Laos to meet its infrastructural requirements, the health system must import large amounts of equipment from foreign countries. Without this external support, Laos would struggle to ever reach a higher level of healthcare. This being said, the government should consider continuing to ease the ability of Lao hospitals to import more specialised equipment which is not available from the domestic market.

The importation laws are, to this day, far too bureaucratic to allow Lao hospitals to effectively import and use foreign technology to improve the health experience of their patients. As a result, ECCIL suggests that the government should aim to cooperate more extensively with foreign export companies, allowing them greater access to the medical equipment market. This is especially true for advanced technologies which could be used to greatly advance the government's efforts to develop the healthcare system.

Pharmaceuticals

Together with making it easier to import medical equipment, ECCIL also suggests that the government eases policy on its pharmaceutical imports. ECCIL would like to propose strategies to deal with two issues which currently exist within the Lao pharmaceutical industry, namely the inefficiency of drug registration and, consequently, the high rate of unregistered drugs.

Firstly, it appears drug registration takes too long in Laos. At this time, drugs can take between 6 – 24 months to be registered[7] within the Lao system excluding the further time which may be required to have the import license accepted. This makes the registration far too time consuming for new, effective drugs to enter the system and combat disease. This frustration adds to the efficacy of private investors entering the healthcare market as well as driving the importation of counterfeit and parallel products.

A further frustration is that many of these drugs under investigation have already been tested internationally. The 'Index Nominum' is an international database including trade names; official and unofficial synonyms; substances and derivatives; chemical structures

[7] The trading working group under Lao Business Forum, 2016

and molecular weights for over 5,300 substances[8]. It is ECCIL's opinion that the government could use databases such as these in order to fast track the licensing of certain drugs, where the information is already readily available. By speeding up the licensing of these drugs, the Lao health system will be able to supply a greater healthcare service and, hence, increase the number of patients remaining in Laos.

As a result of this inefficiency, a high percentage of drugs within the Lao system are not registered[9]. The Trade Working Group under the Lao Business Forum estimated that up to 50% of the drugs circulated in Laos are not registered. This may be for a number of reasons; the drugs may be a) counterfeit, or b) subject to parallel importation. These numbers stand as a possible response to Laos' highly restrictive import policy, suggesting that the government does not have proper control of the flow of medicines into Laos. For both counterfeit and parallel imported drugs, ECCIL advises that the government works more closely with import companies and border patrol in order to reduce the amount of unregistered drugs in the country. ECCIL suggest that the government conducts regular inspections of pharmacies in order to confiscate products which are not registered. Also, the government could consider the training of government officials to recognise pharmaceutical products, including their packaging and artwork, so that imported packages can be more easily checked.

8 Truven Health Analytics (2013) The Index Nominum. Available at: http://www.micromedexsolutions.com/micromedex2/4.26.0/WebHelp/Document_help/Index_Nominum_document.htm

9 Ministry of Health (2016) Health Sector Report 2015-2016. page 81

Conclusion

Despite progress towards the achievement of its goals, there still remains significant room for improvement within the Lao healthcare system. ECCIL has respectfully suggested several strategies which the government may wish to consider when tackling the discussed issues.

Allowing the private sector to play a greater role within the reformed system, such that they are able to bare a greater portion of the financial burden and provide services which the government are not currently able to provide, may lead to a improvement in service and likely reduce the loss of patients (potential revenue) across borders.

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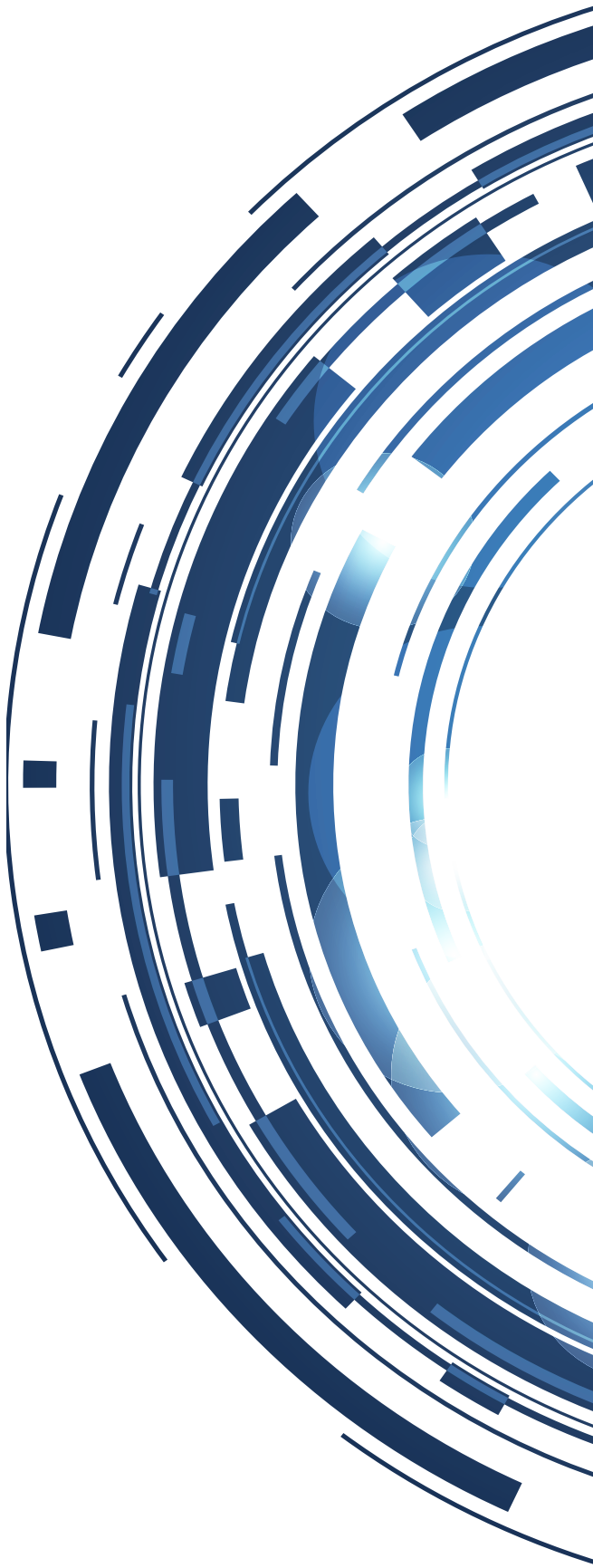

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