



October 2016 – SUPPORT Summary of a systematic review

Does contracting out services improve access to care in low- and middle-income countries?

Contracting out of health services is a formal contractual relationship between the government and a non-state provider to provide a range of clinical or preventive services to a specified population. A contract document usually specifies the type, quantity and period of time during which the services will be provided on behalf of the government. Contracting in is the contracting of external management to run public services, which is another particular type of contracting.

Key messages

- Contracting out services to non-state not-for-profit providers may increase access to and utilisation of health services.
- Patient outcomes may be improved and household health expenditures reduced by contracting out.
- None of the included studies presented evidence on whether contracting out was more effective than making a similar investment in the public sector. We are therefore uncertain of the effects of investing in contracting out compared to an equivalent investment in public sector health services.



Who is this summary for?

People making decisions concerning the use of contracting out services in low- and middle-income countries



This summary includes:

- Key findings from research based on a systematic review
- Considerations about the relevance of this research for low-income countries



Not included:

- Recommendations
- Additional evidence not included in the systematic review
- Detailed descriptions of interventions or their implementation

This summary is based on the following systematic review:

Lagarde M, Palmer N. The impact of contracting out on health outcomes and use of health services in low and middle-income countries. Cochrane Database of Systematic Reviews 2009, Issue 4.

What is a systematic review?

A summary of studies addressing a clearly formulated question that uses systematic and explicit methods to identify, select, and critically appraise the relevant research, and to collect and analyse data from the included studies

SUPPORT was an international project to support the use of policy relevant reviews and trials to inform decisions about maternal and child health in low- and middle-income countries, funded by the European Commission (FP6) and the Canadian Institutes of Health Research.

Glossary of terms used in this report:
www.supportsummaries.org/glossary-of-terms

Background references on this topic:
See back page

Background

Contracting is a financing strategy to spend public sector funds to deliver services. Selective contracting out of services in low- and middle-income countries to the private sector is often a component of reform packages promoted by bilateral and multilateral agencies. Often both the private for-profit and private not-for-profit sectors are important and well resourced providers of healthcare services. The motivation for contracting with the private sector is both to utilize these resources in the service of the public sector and to improve the efficiency of publicly funded services.

How this summary was prepared

After searching widely for systematic reviews that can help inform decisions about health systems, we have selected ones that provide information that is relevant to low-income countries. The methods used to assess the reliability of the review and to make judgements about its relevance are described here: www.supportsummaries.org/how-support-summaries-are-prepared/

Knowing what's not known is important

A reliable review might not find any studies from low-income countries or might not find any well-designed studies. Although that is disappointing, it is important to know what is not known as well as what is known.

A lack of evidence does not mean a lack of effects. It means the effects are uncertain. When there is a lack of evidence, consideration should be given to monitoring and evaluating the effects of the intervention, if it is used.

About the systematic review underlying this summary

Review objective: To assess the effects of contracting out healthcare services in health services utilisation, equity of access, health expenditure and health outcomes.

Types of	What the review authors searched for	What the review authors found
Study designs & Interventions	Randomised trials, controlled before–after studies and interrupted time series studies of contracting out of healthcare services (a formal contractual relationship between government and non-state providers)	One controlled before–after study, one interrupted time series study, and one cluster randomised trial
Participants	Populations that would potentially access health services (users and non-users) as well as health facilities in low- and middle-income countries	<ul style="list-style-type: none">– Bolivia: A neighbourhood in the capital city of la Paz– Pakistan: The population of the rural district of Rahimyar Khan– Cambodia: Six districts of the country (two contracted out and four run by the government). It also evaluated a non-reported number of districts contracted in
Settings	Not limited to any level of healthcare delivery	Two studies (Pakistan, Cambodia) evaluated a contracting out motivated by weaknesses or absence of public system. Both took place in mostly rural areas. One study (Bolivia) included a programme based in an urban setting consisting of a network of eight health centres and one hospital
Outcomes	Objective measures of health services utilisation, access to care, healthcare expenditure, health outcomes or changes in equity	Health services utilisation and access to care (three studies), health expenditure (one study) and health outcomes (one study). No studies were found that measured changes in equity of access

Date of most recent search: April 2006

Limitations: This is a well-conducted systematic review with only minor limitations, but the last search for studies was in 2006.

Lagarde M, Palmer N. The impact of contracting out on health outcomes and use of health services in low and middle-income countries. Cochrane Database of Systematic Reviews 2009, Issue 4.

Summary of findings

Three studies were found. All of them measured outcomes related to health services utilisation. Only one of them assessed patient outcomes and health expenditures. In the three studies, the effects could be attributed to causes unrelated to the intervention. One study had baseline differences between groups. Additionally, contracted districts received and used more financial resources (85% more than government districts). The districts compared in another study were not equivalent, and a concurrent extension of an insurance scheme probably contributed to increasing demand. The third study did not report information about possible confounders.

- **Contracting out services to non-state not-for-profit providers may increase access to and utilisation of health services. The certainty of this evidence is low.**
- **Patient outcomes may be improved and household health expenditures reduced by contracting out. The certainty of this evidence is low.**

About the certainty of the evidence (GRADE) *

⊕⊕⊕⊕

High: This research provides a very good indication of the likely effect. The likelihood that the effect will be substantially different[†] is low.

⊕⊕⊕○

Moderate: This research provides a good indication of the likely effect. The likelihood that the effect will be substantially different[†] is moderate.

⊕⊕○○

Low: This research provides some indication of the likely effect. However, the likelihood that it will be substantially different[†] is high.

⊕○○○

Very low: This research does not provide a reliable indication of the likely effect. The likelihood that the effect will be substantially different[†] is very high.

* This is sometimes referred to as 'quality of evidence' or 'confidence in the estimate'.

† Substantially different = a large enough difference that it might affect a decision

See last page for more information.

Contracting out of health services to non-state not-for-profit providers		
People	General population	
Settings	Rural and urban settings in low- and middle-income countries (Bolivia, Cambodia and Pakistan)	
Intervention	Contracting out of health services to private not-for-profit organisations	
Comparison	No intervention	
Outcomes	Impact	Certainty of the evidence (GRADE)
Health services utilisation	<ul style="list-style-type: none"> - In one study, there were differences in two of eight outcomes measured (an absolute increase of 21% and 19% in use of public facilities and uptake of vitamin A). - In another study, deliveries attended by health personnel increased by 20.8%. There was no effect in the duration of hospital stay or in bed occupancy. - The third study showed an increase of nearly 4,100 visits per day (0.33 visits per capita per year), but the effect faded with time. 	⊕⊕○○ Low
Healthcare expenditure	One study found that household health expenditures diminished; although it was difficult to assess the size of effects (the authors suggested a reduction of between US\$ 15 and \$56 in annualized individual curative care spending).	⊕⊕○○ Low
Patient outcomes	One study found that the probability of individuals reporting that they had been sick in the past month was reduced. There was also a decrease in the incidence of diarrhoea in infants.	⊕⊕○○ Low
GRADE: GRADE Working Group grades of evidence (see above and last page)		

Relevance of the review for low-income countries

→ Findings	▷ Interpretation*
APPLICABILITY	
<ul style="list-style-type: none">→ All of the studies were undertaken in low- and middle-income countries→ In the three included studies, the contracts were carried out with non-governmental organisations (NGOs), no studies were found that evaluated contracts with private for-profit providers.→ The studies provided very little description of the actual measures implemented by the contractor (management, organisation, salaries, and incentives) to achieve the goals established in the contract.	<ul style="list-style-type: none">▷ Differences in health systems; patient and physician attitudes to NGOs; and legal restrictions may limit applicability of the findings.▷ Contracting can be a potentially effective strategy in particular settings but it may be difficult for governments to re-deploy public funds to private providers when available funds are already committed to public services.▷ Factors that need to be considered to assess whether the intervention effects are likely to be transferable include:<ul style="list-style-type: none">- The availability of not-for-profit organizations to carry out the contracts;- The capacity within the public sector to set up and monitor the contracts.
EQUITY	
<ul style="list-style-type: none">→ The included studies did not provide data regarding any differential effects of contracting out for disadvantaged populations.	<ul style="list-style-type: none">▷ Depending on the population to which the contracted services are targeted, contracting could have a positive or negative impact on equity. If NGOs are available to deliver services in underserved or rural areas not covered by public-funded services, contracting could be expected to reduce inequities. On the other hand, if NGOs do not serve disadvantaged populations, contracting out could increase inequities.▷ In the long term, the contracting out of health services could constitute a disincentive to the strengthening of public provision of services in underserved areas.
ECONOMIC CONSIDERATIONS	
<ul style="list-style-type: none">→ The findings of the studies provide little evidence of the long term desirability of contracting out.	<ul style="list-style-type: none">▷ While contracting out appears effective as a means to scale up service delivery rapidly in small areas, there are potential constraints that face these schemes in the longer term. It is unclear whether capacity exists among non-state providers to scale up their service delivery efforts. There are also concerns that a focus on contracting out may encourage donors to bypass failing or fragile states, thereby overlooking building the institutional capacity of the local health system (including Ministries of Health) as either a steward or a service delivery organisation.▷ In the long run it is not clear if contracting out is a more effective or efficient way of improving access to health services compared with a programme aimed at strengthening public sector healthcare delivery in specific underserved areas.
MONITORING & EVALUATION	
<ul style="list-style-type: none">→ Some of the improvements observed in the included studies may be attributable to other factors, such as the intervention of an international NGO in an area.	<ul style="list-style-type: none">▷ If a decision is made to contract out services, the impacts of contracting out compared to strengthening the public sector should be rigorously evaluated before scaling up. Both anticipated benefits and unintended adverse effects should be monitored.▷ A key aspect of the monitoring of contracting out is evaluating the capacity of the health system to adequately undertake this task

*Judgements made by the authors of this summary, not necessarily those of the review authors, based on the findings of the review and consultation with researchers and policymakers in low-income countries. For additional details about how these judgements were made see: www.supportsummaries.org/methods

Additional information

Related literature

Loevinsohn B, Harding A. Contracting for the Delivery of Community Health Services: A Review of Global Experience: World Bank, 2004.

Palmer N, Strong L, Wali A, Sondorp E. Contracting out health services in fragile states. *BMJ* 2006; 332:718-21.

Palmer N, Mills A. Contracts in the real world – case studies from Southern Africa. *Soc Sci Med* 2005; 60(4):2505-14.

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Conflict of interest

None declared. For details, see: www.supportsummaries.org/coi

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This review should be cited as

Lagarde M, Palmer N. The impact of contracting out on health outcomes and use of health services in low and middle-income countries. *Cochrane Database of Systematic Reviews* 2009, Issue 4.

The summary should be cited as

Bastías G, Rada G. Does contracting out services improve access to care in low- and middle-income countries? A SUPPORT Summary of a systematic review. October 2016. www.supportsummaries.org

About certainty of the evidence (GRADE)

The “certainty of the evidence” is an assessment of how good an indication the research provides of the likely effect; i.e. the likelihood that the effect will be substantially different from what the research found. By “substantially different” we mean a large enough difference that it might affect a decision. These judgements are made using the GRADE system, and are provided for each outcome. The judgements are based on the study design (randomised trials versus observational studies), factors that reduce the certainty (risk of bias, inconsistency, indirectness, imprecision, and publication bias) and factors that increase the certainty (a large effect, a dose response relationship, and plausible confounding). For each outcome, the certainty of the evidence is rated as high, moderate, low or very low using the definitions on page 3.

For more information about GRADE:
www.supportsummaries.org/grade

SUPPORT collaborators:

The Cochrane Effective Practice and Organisation of Care Group (EPOC) is part of the [Cochrane Collaboration](http://www.cochrane.org). The Norwegian EPOC satellite supports the production of Cochrane reviews relevant to health systems in low- and middle-income countries. www.epocoslo.cochrane.org

The Evidence-Informed Policy Network (EVIPNet) is an initiative to promote the use of health research in policymaking in low- and middle-income countries. www.evipnet.org

The Alliance for Health Policy and Systems Research (HPSR) is an international collaboration that promotes the generation and use of health policy and systems research in low- and middle-income countries. www.who.int/alliance-hpsr

Norad, the Norwegian Agency for Development Cooperation, supports the Norwegian EPOC satellite and the production of SUPPORT Summaries. www.norad.no

The Effective Health Care Research Consortium is an international partnership that prepares Cochrane reviews relevant to low-income countries. www.evidence4health.org

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