

## ***Creating a New Healthcare System in the Middle East: the Case of Private Healthcare Providers in Kurdistan***

### **ABSTRACT**

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**RESEARCH OBJECTIVE:** The main goal of this explorative study is to investigate the public perception of private healthcare providers in Kurdistan region in Iraq. Moreover, the research aims to test the questionnaire and research technique (face-to-face) interviews in terms of their usefulness and adequacy for a further representative survey, which is planned in the upcoming years.

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**THE RESEARCH PROBLEM AND METHODS:** The research problem is to analyze patients' perception and satisfaction from healthcare services offered by private hospitals in Kurdistan region of Iraq.

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**THE PROCESS OF ARGUMENTATION:** Developing countries have an increasing difficulty in providing cheap and effective healthcare sector for the entire society. In this regard, the autonomous regions like Kurdistan are in a doubly-disadvantaged position, as they have to overcome the problems of poor infrastructure, while designing a new health system, at the same time struggling with military conflict with ISIL.

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**RESEARCH RESULT:** The research result show surprising gaps in public knowledge about the private hospitals and their healthcare service quality. The study finds, among other, that the easiest way to improve patients' satisfaction is to improve hygiene and cleaning standards in private hospitals. Although these findings are purely explorative, they should be taken into the account when designing a research project which should produce representative, reliable findings for the entire region.

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**CONCLUSIONS, INNOVATION AND RECOMMENDATIONS:** As there is no alternative to increase of the role of private providers in Kurdistan region, the regional authorities should monitor the quality of healthcare services offered by both public and private providers to ensure a reasonable standard of healthcare system. Thus, the further studies on healthcare market in Kurdistan should include comparisons between private and public providers.

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→ **KEYWORDS:** **KURDISTAN, HEALTHCARE SERVICES, PRIVATE AND PUBLIC HOSPITALS**

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## 1. Introduction

The rapid development of healthcare markets, the increased competition between both public and private providers and the growing heterogeneity of patients' needs have shown policy makers that it is extremely difficult to satisfy the expectations of all of the stakeholders. These challenges are mostly visible in emerging economies and developing countries (de Paula Moura & Moura 2016). Moreover, in the developing countries which struggle with economic difficulties at least two of three classical dimensions of the healthcare system – financing and health service provision are usually left to market actors, while the public sector limits its activities to governance in this field (Wendt, Frisina, & Rothgang, 2009). But what happens, if a country starts to build a new healthcare system? In such a case, political stability becomes a key factor which ensures the successful implementation of new policy (Reich, 1995).

Yet, what the handbooks on public policies do not provide is the answer to a question: how to design the efficient healthcare system in a situation, when a political stability and security is a luxury one cannot afford? This explorative study aims to analyze the efficiency of the healthcare system in Kurdistan- an autonomous region in Northern Iraq. The investigation takes the perspective of the patient/customer and its satisfaction with the healthcare services depending on the type of provider: public and the private one. The main goal of our investigation is to test the questionnaire, which will be used for further representative random survey. Albeit our results at this stage cannot be generalized, the study shows that the quality of services of the private providers is considered by the respondents as much higher than in the case of the public ones and that a public policy that supports the private investments in healthcare might in fact lead to an increased efficiency of the entire system.

The structure of the paper is as follows. The second section gives an overview of the Kurdistan socio-economic and political history. The third section presents the development of the healthcare system in the region. The fourth section describes the research methods. The fifth section presents the results of the explorative investigation. The final section discusses the limitations and puzzles for further research.

## 2. Kurdistan: the development of the regional economy and the healthcare market

The path of Kurdistan to the status of an autonomous region in Iraq was slow and difficult. Initially after the World War I in 1918, the British and French opted for an independent Kurdish state, but the Arab Revolt 1920 put a halt on these plans. Therefore, the territories populated by the Kurds were incorporated into Turkey, Syria, Iran and Iraq. In the case of the Iraq, the Kurdish issue returned with the coup d'état in 1958, as the new PM Abd Al-Karim Qasim promised the regional autonomy of Kurdistan. As this promises failed, the Kurdish Revolt has been initiated in 1961 and lasted till 1975. The period of 1980s was marked by Iran-Iraq war (1980-1988) and a continuous political destabilization of Kurdistan, including the Bagdad government Al-Anfal campaign (1986-1989) against Kurdish insurgence units, which resulted in a heavy damages to the infrastructure in the regions and severe casualties among civil population. Only after the Persian Gulf War in 1991, the Kurdish revolt against Saddam Hussein authoritarian regime resulted in establishment of the Kurdish Autonomous Region (Chorev, 2007).

Yet, Kurdistan in that period suffered both from the embargo imposed by United Nations on Iraq and the other (internal one) introduced by Saddam Hussein. As the result, the period of 1991-2003 was marked by economic and political crises, keeping the peripheral role of the Kurdistan in the region. Only the overthrow of Saddam Hussein authoritarian rule in 2003 resulted in a relative political and economic improvement – in spite of tensions with the central government in Bagdad and the military campaign against the Islamic State of Iraq and the Levant (ISIL). The region experiences high economic development due to oil revenues and foreign investments of multinational petrochemical companies (Gunter, 2011).

## 3. The development of the healthcare market in Kurdistan

For the first time, the health care system was founded in the whole Iraq around 1920. Yet, the system operated without a separate ministry of health until 1950. At that date the ministry was established and a capital intensive hospital model was, adopted a that required the imports of medicines and medical equipment from abroad. The improvement in healthcare services became more pronounced in 1970, after the nationalization of the oil sector. In the 1970s and 1980s the Iraq witnessed very dynamic economic and social development and implemented an

effective health care system for the whole population supported by the central government (Garfield, Dresden, & Boyle, 2003). This system was considered as one of the best systems in the Middle-East, albeit some regional disparities existed: as Kurdistan was a peripheral region, also the healthcare infrastructure there was less developed than in the central parts of the country. For instance, only in 1978 the central Iraq government allowed for creation of the first medical school (a branch of University of Sulaimany in Erbil, founded in 1968) and the first doctors graduated in 1984 (Husni, Taylor, & Koye, 2006).

Yet, following the Gulf War in 1991 and economic sanctions imposed by the United Nations, Iraq entered a prolonged economic crisis. Consequently, the economic hardships have in turn ruined the whole system and health care started to deteriorate (Akunjee & Ali, 2002).

After the establishment of the regional autonomy and parliamentary elections in 1992, a ministry of health was established in Kurdistan Regional Government. In the beginning, the regional government has adopted the same health care system which operated in Baghdad and with the same structure. Therefore, we could find public hospital providing emergency or primary health care to all the population as well as general public hospitals providing the medical services for all community at very low charges, since most of the costs were covered with public subsidies by Kurdistan Regional Government and more importantly – with the funds from ‘oil for food programme.’ The healthcare efficiency has therefore improved since the black hole of 1980s, also in terms of medical education: in 1993 two new medical schools in Duhok and Sulaimany have been opened (Husni, Taylor, & Koye, 2006). Yet, this initial development was soon hampered by internal Kurdish civil war (1994-1998).

After 2003 and the democratization of Iraq, the rapid socio-economic development of Kurdistan was accompanied by also intense development of the healthcare facilities. However, most of them were private, as the funds allocated health infrastructure reconstruction by American government went to the central government in Baghdad, and the Kurdistan benefitted little from these resources. On the contrary, the cooperation between regional ministry of health of the Kurdistan with the central ministry of health is very problematic, as the latter is constantly accused of withholding or delaying funds which should go to the region. As the consequence, those sparse public hospitals which were rebuilt or reconstructed are constantly overcrowded and lack enough medical staff (Ali, 2016). Obviously, also the quality of medical services started to deteriorate, as the region additionally accepted thousands of refugees from neighboring countries, mostly from Syria (Tawfik-Shukor & Khoshnaw, 2010). As

the public sector was unable to fill the growing demand for good quality healthcare services, the private actors took initiative. These led to the establishment of private hospitals funded by local physicians or investors, most of them funded in the capital of Kurdistan – Erbil.

A simple overview of the data available at the Directorate of Health in Erbil Governorate, reveals the interesting expansion of the medical private sector at the expense of the public one. For example, in 2009 the percentages of the patient's beds in private hospitals in Erbil city was at 11%, two times higher than the same percentage for 2008 (5%). The number of beds in private hospitals in Erbil increased from 96 beds in 2008 to 216 beds in 2009 – an increase by 120% (Kurdistan Ministry of Health, 2009). In the 2008-2009 period, the number of beds in hospital in the entire Kurdistan region (including Erbil Sulaymaniyah and Dohuk Governorates) has increased from 6200 to 6600, and most of this increment can be attributed to private providers (World Bank, 2015). By the end of 2016, the number of beds in Kurdistan reached 8396, an increase of 28% (MoH, 2016).

#### 4. Methods

In our empirical exercise, we assess the population perceptions about private hospitals as well as the role of these hospitals to enhance health care. As the main goal of this paper is exploratory, we do not aim to generalize results, but rather to look for potential linkages that could be developed into testable hypotheses for the further research project. Moreover, we test the methodological tool, in our case the questionnaire (the copy of the questionnaire is provided in the appendix). The research methodology is conducted through a face to face survey targeting a population sample distributed in different area. This research technique is more time-consuming and costly (when hiring research assistant) than a traditional distribution of paper questionnaire to respondents and a later collection of filled copies, but in return it offers – at least in principle – more reliable results. Consequently, we expect to have a higher response rate to the questions included in the questionnaire. The empirical investigation will also test the clarity and coherence of the questions formulated in the questionnaire.

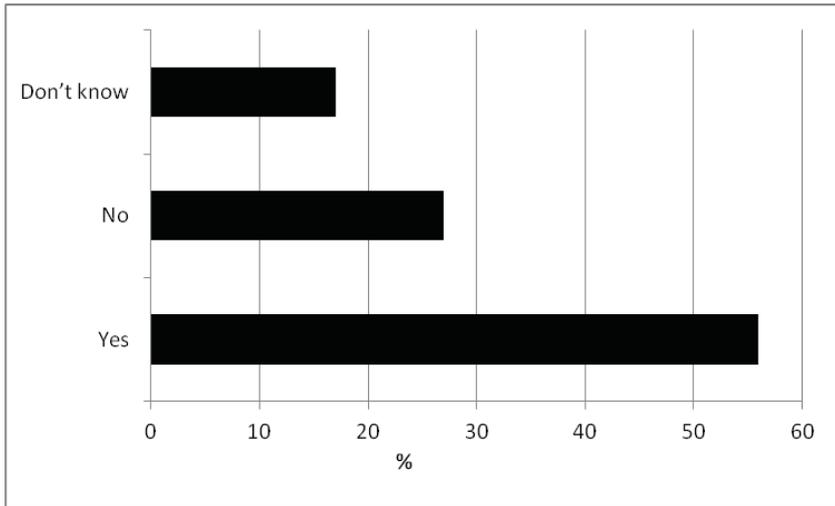
The survey was carried in Erbil Governorate in March 2017. The sample consists of 100 individuals, and can be split into 2 major groups – the employees of hospitals and the potential customers. Both of the types of respondents were randomly invited to the survey, but the amount of

surveyed individuals was initially determined to fit into purpose of the exploratory study. To be more precise, the questionnaires were distributed to:

- 30 respondents in three private hospitals in Zheen hospital, Serdam Hospital and Cardiac private hospital in Ebril – these were physicians, nurses, lab specialists, imaging service operators and administrative staff;
- 70 respondents chosen randomly in different public places (mostly supermalls).

## 5. Results of the explorative research

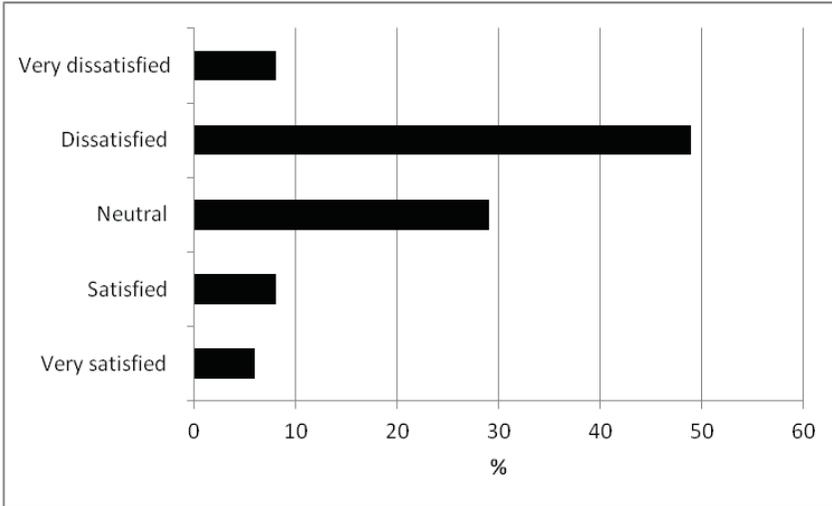
Since we conducted a face-to-face survey, we were able to control and help the respondents in order to have their point of view. We expected that such approach, albeit more time consuming would yield a more reliable results. Our initial expectations were in fact correct, as we received valid data from all 100 questionnaires. In this sense, the first aim of the explorative study was met. We are now strongly convinced that in the case of a random, representative survey employing research assistants who would conduct the same face-to-face interviews would secure more reliable data. Yet, what still remained unclear was the quality of the questionnaire itself. Therefore, in this section we present and discuss the results of our empirical study. Even if the results should be treated with the reservation due to sample selection bias and its small size, they might offer some incentive for designing the research hypotheses for a follow-up study and feedback information to redraft the questionnaire in more coherent and clear way.



*Figure 1.* The response to the question “In your opinion, is there a difference in the performance between private and public hospitals in Erbil?”  
Source: own elaboration.

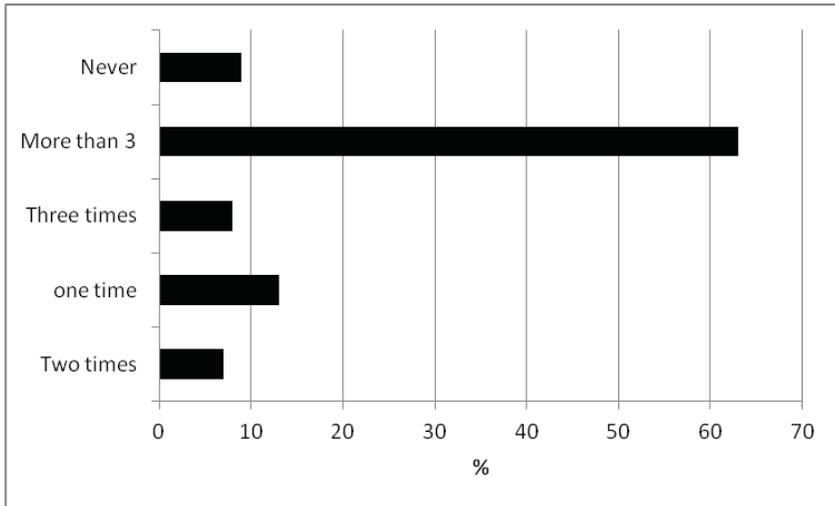
The first question aimed to get a general response about the respondents awareness of the public and private healthcare providers and possible differences in the quality of service offered (Figure 1). According to our expectations, the majority of respondents (56 out of 100) think that there is a gap in performance between hospitals in Erbil, specifically between private and public hospitals. On the other hand, 27% of individuals surveyed claim that there is no gap in performance, all private and public hospitals are performing in the same pattern, using same equipment and same local medical staff.

In the next round of questions, we wanted to investigate more the factors which account for the perceived difference in quality about the private and public hospitals (Figure 2). Therefore, one of the questions touched upon the issue of satisfaction of patients with the skills of employees (technicians, administration and doctors) of the private hospitals. To our surprise, the results were rather unfavorable, as 57% of respondents were either very dissatisfied or dissatisfied with the skills of the workforce.



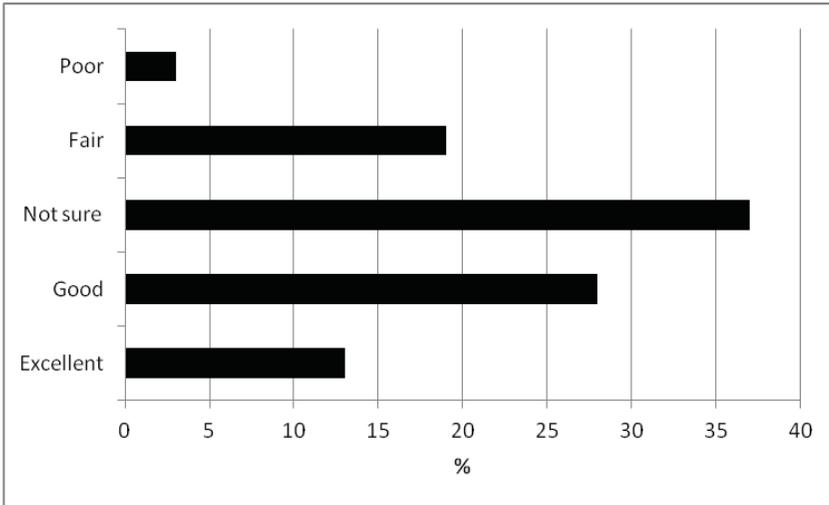
*Figure 2.* The response to the question: “How satisfied are you with the skills of the private hospitals workforce?”  
Source: own elaboration.

Yet, these results should be discussed within a broader perspective of the condition of healthcare system in the entire Kurdistan. Obviously the skilled workforce shortage is a major barrier encountered by not only the private, but also public hospitals. Moreover, we did not test for the same assesment of the workforce skills in public hospitals – a question which definitely needs to be included in the new version of the questionnaire. Finally, we should control for the experience of the respondents towards public and private healthcare providers. The neutral answer to the question might be caused by the fact that respondents have never been or had the chance to be operated in private hospital and they don't know the difference between private and public ones. On the other hand, we have tested for the incidence of visits of our respondents in hospitals during last 12 months. As the figure 3 shows, the surveyed individuals visit hospitals quite often, and a vast majority (63%) more than 3 times a year. This means that our respondents, albeit not fully representative for the population of the entire region, have a considerable experience with healthcare services and are able to assess their quality.



*Figure 3.* The response to the question: “How many times have you been to a doctor or admitted in a hospital during the last year?”  
Source: own elaboration.

In this regard, we should also make one important comment. In most of the cases, the physicians practicing in the public hospitals are same ones practicing in the private hospitals. And an interesting issue to mention is that it is strictly forbidden for physician to attend and practice in the private hospitals during the morning period since they all are employed and paid by the government for the services they are providing in the public hospitals. So the private providers are usually in a weaker position – they employ the same staff, but their workers might be already tired after the shift in a public provider, which might impact negatively on the quality of their work. Therefore, it might be potentially interesting to investigate how the private providers try to overcome this barrier and maintain high standards of healthcare in their hospitals.



*Figure 4.* The response to the question: “How would you evaluate the private hospitals ability to treat health problems”  
Source: own elaboration.

The next question asks implicitly about the ability of private providers to treat health problems of the respondents (Figure 4). In this case, the answers were much more positive – 41% considered them as good or excellent. On the other hand, we have found another evidence on a potential ignorance of many respondents on that topic. If more than 1/3 of individuals (37%) are “not sure,” this probably means that they do not have any experience (neither positive nor negative) with the private hospital as compared to a public one.

Finally, we have asked our respondents about their satisfaction towards different dimension of private hospitals’ activities (Figure 5). To our surprise, the biggest deficiencies indicated were not the costs or the efficiency of the nursing care, but rather the hygiene and cleanliness of the hospital. Almost 2/3 respondents expressed negative assessment in this regard (63%). This finding is on one hand very pessimistic, as it indicates that many of the private providers could not maintain the rigorous standards of hygiene at their facilities. Yet, on the other hand this result could be present as an opportunity, as the increment of patients’ satisfaction can be achieved at a relatively low cost.

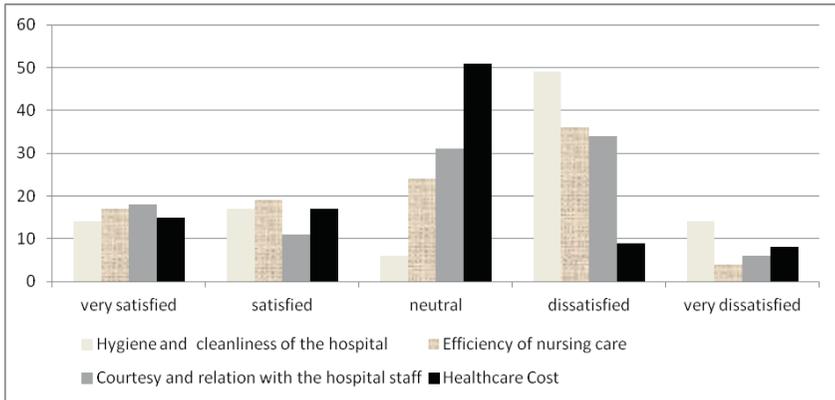


Figure 5. How satisfied are you with the following statements.  
Source: own elaboration.

## 6. Conclusions

The main goal of this explorative study was to investigate the public perception of private healthcare providers in the Kurdistan region of Iraq and to test the questionnaire and research technique (face-to-face) interviews. Our result show surprising gaps in knowledge on the private hospitals and their healthcare service quality among the surveyed individuals. Moreover, the study finds that the easiest way to improve patients satisfaction is to improve hygiene and cleaning standards in private hospitals. Although these findings are purely explorative, they should be taken into the account when designing a research project which should produce representative findings for the entire region.

The developing countries have and increasing difficulty in providing cheap and effective healthcare sector for the entire society. In this regard, the autonomous regions like Kurdistan are in doubly-disadvantaged position, as they have both to overcome the problems of poor infrastructure and design new system, at the same time struggling with military conflict with ISIL. As there is no alternative to increment of the role of private providers in Kurdistan region, the regional authorities should monitor the quality of healthcare services offered by both public and private providers to ensure a reasonable standard of healthcare system. Thus, the further studies on healthcare market in Kurdistan should include comparisons between the functioning and quality of private and public providers.

The Kurdistan region will need to develop and achieve higher standards in the fields of science, technology and management relevant to hospitals. The private hospitals are not sufficiently enhancing healthcare due to:

- Skilled personnel shortage;
- High healthcare cost;
- The total absence of medical insurance;
- The absence of e-invoicing system in private hospitals to deal with expatriates.

Therefore, investing in people and raising the human capacities of professionalism is one of the priorities of the successive governments of Kurdistan. There is no doubt that our public and private universities and institutes and scientific research centers will play a major role in this task, through their collaboration and cooperation in assessing the labor market demand and its weaknesses.

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Appendix

This is the questionnaire that deals with health care and your involvement in health care. Please take a few minutes to express your opinions about the availability and quality of health care in your community. Your answers are important to the success of this study. Thank you for your assistance.

1. In your opinion, is there a difference in the performance between private and public hospitals in Erbil?	<b>Yes</b> <input type="checkbox"/>	<b>No</b> <input type="checkbox"/>	<b>Don't know</b> <input type="checkbox"/>		
2. Do you always deal with only one private hospital?	<b>Yes</b> <input type="checkbox"/>		<b>No</b> <input type="checkbox"/>		
3. In your opinion, is there a difference in healthcare cost between private hospitals in Erbil?	<b>Yes</b> <input type="checkbox"/>	<b>No</b> <input type="checkbox"/>	<b>Don't know</b> <input type="checkbox"/>		
4. How satisfied are you with the skills of the private hospitals workforce?	<b>Very satisfied</b>	<input type="checkbox"/>			
	<b>Satisfied</b>	<input type="checkbox"/>			
	<b>Neutral</b>	<input type="checkbox"/>			
	<b>Dissatisfied</b>	<input type="checkbox"/>			
	<b>Very dissatisfied</b>	<input type="checkbox"/>			
5. Should private hospitals procure advanced equipment for diagnosis and treatment?	<b>Yes</b> <input type="checkbox"/>		<b>No</b> <input type="checkbox"/>		
6. How many times have been to a doctor or admitted in a hospital during the last year?	<b>One time</b>	<input type="checkbox"/>			
	<b>Two times</b>	<input type="checkbox"/>			
	<b>Three times</b>	<input type="checkbox"/>			
	<b>More</b>	<input type="checkbox"/>			
	<b>Never</b>	<input type="checkbox"/>			
7. How satisfied are you with the following:	<b>(VS)</b>	<b>(S)</b>	<b>(N)</b>	<b>(DS)</b>	<b>(VDS)</b>
A. Hygiene and cleanliness of the hospital					
B. Efficiency of working nurses					
C. Courtesy and relation with the hospital staff					
D. The healthcare cost					

<p>8. Which care center would you prefer to be taken to if you had a personal injury?</p>	<p><b>Public clinic</b> <input type="checkbox"/></p> <p><b>Personal physician</b> <input type="checkbox"/></p> <p><b>Hospital emergency room</b> <input type="checkbox"/></p>
<p>9. In your opinion, what is the reason behind choosing a hospital not in your living area?</p>	<p><b>Availability of specialist</b> <input type="checkbox"/></p> <p><b>Special hospital care</b> <input type="checkbox"/></p> <p><b>My Doctor practices there</b> <input type="checkbox"/></p> <p><b>Familiar with the hospital</b> <input type="checkbox"/></p> <p><b>Religious reasons</b> <input type="checkbox"/></p> <p><b>Higher cost in the local area</b> <input type="checkbox"/></p>
<p>10. How would you evaluate the private hospitals ability to treat health problems</p>	<p><b>Excellent</b> <input type="checkbox"/></p> <p><b>Good</b> <input type="checkbox"/></p> <p><b>Not sure</b> <input type="checkbox"/></p> <p><b>Fair</b> <input type="checkbox"/></p> <p><b>Poor</b> <input type="checkbox"/></p>
<p>11. How would you evaluate your health?</p> <p>a. No significant illnesses or disabilities.</p> <p>b. Minor illnesses and/or disabilities</p> <p>c. More diseases or disabilities</p>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p>
<p>12. How frequently are you visiting a physician for a medical checkup?</p>	<p><b>Once a year</b> <input type="checkbox"/></p> <p><b>Once every two years</b> <input type="checkbox"/></p> <p><b>never</b> <input type="checkbox"/></p>

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