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Institute of Policy Studies
of Sri Lanka (IPS)

Health Statistics



Ministry of Health

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Introduction

This is the fourth consecutive publication of Census of Private, Co-operative and Estate Hospitals and it covers the period 2005-2008. The previous publication in 2006 covered the period 2003-2004. The study is carried out as a supplement to Sri Lanka National Health Accounts of IPS.

In 2006 the Private Medical Institution Regulatory Bill was enacted in Sri Lanka's parliament for the registration, regulation, monitoring and inspection of private medical institutions, and to provide for the necessary infrastructure to foster the sector's development.

Sri Lanka's health care system maintains a credible standard today due to an unofficial sharing of the workload between state hospitals and private hospitals.

In Sri Lanka, private health facilities deliver both western medical care, and other forms such as Ayurveda, Homeopathy and Chinese traditional medicine. Bulk of the private health is delivered by western medical care, and services are largely ambulatory. The major portion of health care delivery in the private hospital sector is delivered by the medical professionals employed in government hospitals utilizing the provisions available for them to engage in private practice. Doctors employed in the government hospitals are allowed to practice in private hospitals after completion of allocated daily official working hours. Private sector health services mainly depend on the capacity of the government doctors to work

in these hospitals. A few hospitals have employed expatriate doctors in their institutions mainly for cardio-vascular surgeries to meet the rising demand for such surgeries.

In Sri Lanka, private hospital services have been patronized mostly by the people in higher income groups who have the capacity to pay for the service. Those in the lower income groups seek service provisions free from state hospitals. Although households in all income groups make use of private out-patient facilities when the need arises, in-patient services in private hospitals are mostly used by an affordable segment of the society.

Many private hospitals which are registered as Board of Investment approved projects, have embarked on expansion of infrastructure to accommodate new state of the art medical technologies and to increase bed strength. During the period under review, in-patient and out-patient numbers have increased significantly which indirectly indicates the improvements in affordability to make payments to fee levying hospitals by households and individuals. On the other hand, it could be viewed as a result of long waiting time, non-availability of drugs and other related issues in state hospitals experienced by the care recipients. A few private hospitals located in Colombo are now listed in the Colombo Stock Exchange, and there has been a trend towards merging of some private hospitals and changing of ownership.

The infrastructure available and facilities and services provided in the private health sector including provisions for specialist consultation, has attracted the attention of the health seeking population mainly in urban areas. As an example, a weight loss surgery known as Laparoscopic Adjustable Gastric Banding (LAGP) procedure is now being performed at a private hospital in Colombo. LAGP, also known as Lap Band, is one of the invasive procedures available in the West that help in weight reduction and weight maintenance.

Many hospitals in Colombo and metropolitan areas and a few co-operative hospitals maintain their own fleet of ambulances to meet the emergency needs of patients. Although there are government health institutions available within a radius of 10 kilometres, the growth of the out-patient visits and in-patient admissions in private hospitals clearly demonstrate the business and marketing dynamics of the private hospital industry to exploit the weaknesses in the state health sector.

Private hospitals system from its inception charged a user fee for treatment as opposed to non-fee levying treatment in government hospitals. In 2004, Colombo private hospitals levied Rs. 400 as consultation fees including Rs. 100 as hospital charge. This amount gradually increased over the years to Rs. 700 including Rs. 200 as hospital fee in 2008. Further, out-patients were

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indirectly encouraged to procure their prescribed medicines from the respective hospital pharmacies.

Survey methods

Data for this study were obtained mainly from a range of primary sources.

The list of medical institutions was regularly updated by the Health Economics Policy Unit of IPS and the final list updated in 2008 identified 133 private hospitals in operation including 10 co-operative hospitals and 30 Estate hospitals, of which 13 were taken over by the respective provincial governments. Information regarding the entity's operational facets, revenue and investment were obtained via a questionnaire mailed to institutions in operation which had a response rate of 60 per cent. Telephone contacts, personal interviews and cross-checking with company annual reports were some measures developed to ascertain the accuracy of information. Like in the previous years, the responsiveness for the information on revenue earned, needs caution about the veracity of the information provided.

Among the private hospitals in the island, one hospital in the Jaffna district is over 150 years old, and another two in Jaffna and Colombo districts respectively, are over 100 years old. Three hospitals located in Colombo and 1 each in Matara and Kandy districts are having a history of around 50 years, according to the year of establishment reported by the respective institutions.

Highlights during the Period

- Sri Lanka's only state-of-the-art private radiation treatment facility for cancer patients commenced its operation in 2008. This Radiation Treatment Unit comprises of a solid concrete bunker built to specifications provided by the Atomic Energy Authority, Brachytherapy unit, Mould Room, CT Scanner and CT Simulator rooms, Computerised Treatment Planning unit, Iodine Treatment in addition to facilities for chemotherapy treatment.
- State of the art hospital for eye-care was opened.
- Two new private hospitals were opened in 2008 with 100 beds. Both hospitals are located in the Western Province.
- Two private hospitals in Colombo have introduced Vitro Fertilization for couples who are seeking help to have babies.
- Many private hospitals have successfully established e-channeling facilities linking outstation e-channeling windows with Colombo private hospitals.

Analysis

1. Number of Institutions

Table 1: Number of Private Hospitals by Province, 1990-2008

Province	1990	1994	1996	2000	2001	2002	2003	2004	2005	2006	2007	2008
Western	27	33	35	44	45	45	46	47	46	46	47	53
Southern	4	5	5	5	5	5	5	5	7	7	7	9
Central	6	6	6	5	5	5	5	5	6	6	6	6
North Eastern	2	2	2	1	4	3	4	4	5	5	5	7
North Western	5	6	6	6	6	6	7	7	6	6	6	8
North Central	0	0	1	0	0	0	0	0	0	0	0	1
Uva	0	1	1	1	1	1	1	1	1	1	1	1
Sabaragamuwa	2	3	3	3	3	3	3	3	5	5	5	5
Total	46	56	59	65	69	68	71	72	76	76	77	90

A total number of 133 non-government health institutions were in operation in 2008, of which 90 were private hospitals for allopathic treatment. Out of the total number of private hospitals, 53 were located in the Western Province mainly in the Colombo district with its high population density, in close proximity to state owned teaching hospitals and due to other socio-economic factors such as the concentration of middle and upper level urban working class populations. The number of private hospitals that were in operation in the Western Province increased from 47 in 2004 to 53 in 2008. All new hospitals have been built as investment projects registered under the Board of Investment.

Table 2: Number of Non- Government In-patient Institutions by Province 2005 - 2008

	Private				Co-operatives				Estate				Total			
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
Western	46	46	47	53	3	3	3	3	0	0	0	0	49	49	50	56
Southern	7	7	7	9	2	2	2	2	5	5	5	5	14	14	14	16
Central	6	6	6	6	1	1	1	1	6	6	6	6	13	13	13	13
North Eastern	5	5	5	7	1	1	1	1	0	0	0	0	6	6	6	8
North Western	6	6	6	8	1	1	1	1	0	0	0	0	7	7	7	9
North Central	0	0	0	1	1	1	1	1	0	0	0	0	1	1	1	2
Uva	1	1	1	1	0	0	0	0	13	13	13	13	14	14	14	14
Sabaragamuwa	5	5	5	5	1	1	1	1	9	9	9	9	15	15	15	15
Total	76	76	77	90	10	10	10	10	33	33	33	33	119	119	120	133

2. Co-operative Hospitals

There were 10 co-operative hospitals located in various districts, out of which 3 hospitals were located in the Western Province and 2 hospitals in the Southern Province. Total bed strength of these hospitals was reported to be 369 in 2008, an increase from 352 in 2004. Among these hospitals, one located in Kurunegala is the largest with 78 beds and next is the hospital in Chulipuram in Jaffna with 50 beds. Kurunegala, Gampaha and Galle hospitals maintain at least one ambulance each for patient transportation.

In 2008, 258,000 patients have visited these hospitals for OPD treatment as against 325,000 in 2004. The reduction in out-patient visits could be attributed to non-availability of specialists, longer waiting time to meet consultant physicians and location of private hospitals in close proximity. There had been 8,700 in-patient admissions in 2008 which was about 6,400 in 2004.

In almost every co-operative hospital, government doctors serve during off duty hours with the approval of the government. These

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hospitals are governed by an elected board of members approved by the Commissioner General of Co-operatives and operate independently. User fee charges are very much lower in these hospitals compared to the fees charged by private hospitals.

3. Estate Hospitals

There had been around 32 estate hospitals established by the plantation companies which were gradually brought under respective Provincial Councils and at present partially operating as transit points to transfer patients from estates to the nearest rural hospital or peripheral units.

4. Beds

The total number of private hospital beds increased from 2792 in 2004, to 2990 beds in 2008 which is a growth of 7 per cent during the four year period under review. Around 198 new beds were reported during the period with an average of 5 beds per hospital. Also, when compared with the total national bed strength (Public and Private), this amounts to around 4 per cent of total hospital beds in the country. The increase in bed strength is largely seen in the Colombo district while outside Colombo, private hospitals' bed strength remained at the same level as before. Out of the total strength of 2990 beds, 2270 or 76 per cent were found in hospitals located in the Western Province, of which 1895 beds were found in hospitals in the Colombo district. This clearly shows that the private hospital industry is mainly centred in the Colombo district while the remaining hospitals are in suburbs and outskirts playing a subsidiary role.

One of the major reasons for this situation is the expansionary strategies adopted by the Colombo based private hospitals by modifying facilities with latest medico -technologies which attracted patients from distant areas to seek treatment in Colombo hospitals, forcing outstation hospitals to operate below capacity at a break-even point. E-channeling now in operation in main cities in the country

has boosted the demand for specialist consultation in hospitals located in Colombo, Kandy and Galle. According to hospital sources, large numbers of patients from outstations are seeking admission for treatment in Colombo hospitals for old age diseases such as cerebrovascular surgeries, ischemic heart diseases, other heart diseases and diseases of the circulatory system. Figure 1 shows the expansion of bed strength in private hospitals since 1990.

The average capacity of private hospitals has increased marginally taking into account increased bed strength of hospitals in recent times. In 2004, the mean number of beds was 39 but was reduced to 33 in 2008. This is mainly due to increasing number of hospitals not keeping the same pace with increasing the number of beds due to reduction of number of beds in already existing hospitals. Table 3 below provides the mean number of beds during 1990-2008 and Table 4 provides the Provincial-wise breakdown of the number of beds in hospitals in 2002 and 2008.

Table 3: Mean Number of Beds in Private Hospitals

	1990	1994	1996	2000	2001	2002	2003	2004	2005	2006	2007	2008
Mean Beds per Hospital	35	36	37	34	31	37	37	39	39	38	39	33
Total Hospitals	46	56	59	65	69	69	71	72	76	76	77	90
Total Beds in Hospitals	1607	2041	2165	2223	2172	2560	2599	2792	2926	2912	2992	2990

Table 4: Number of Beds in Private Hospitals by Province for 2002 - 2008

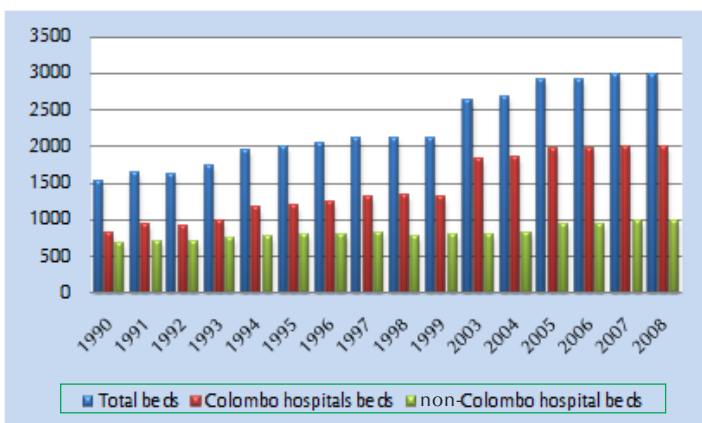
Province	Total Beds in Reporting Hospitals							Mean Beds per Reporting Hospital						
	2002	2003	2004	2005	2006	2007	2008	2002	2003	2004	2005	2006	2007	2008
Western	2001	2081	2209	2225	2211	2270	2270	44	45	47	48	48	48	43
Southern	96	96	96	121	113	110	111	19	19	19	17	16	16	12
Central	203	209	214	230	230	245	249	41	42	43	38	38	41	42
North Eastern	44	33	43	51	50	54	54	15	8	11	10	10	11	8
North Western	141	123	173	207	207	208	208	31	24	18	35	35	35	26
North Central	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Uva	25	21	21	21	21	21	21	25	25	21	21	21	21	21
Sabaragamuwa	50	36	36	71	80	84	77	17	12	12	14	16	17	15
	2560	2599	2792	2926	2912	2992	2990	37	37	39	39	38	39	33

Except for a few major hospitals in Colombo and in other major cities such as Kandy and Galle, in other hospitals the bed strength stands between 10-20 beds per hospital. All co-operative hospitals maintain an average of 10-12 beds per hospital.

4.1 Bed Turnover Rate

Average admission capacity of the hospitals gained marginally during the period. The bed turnover rate is the number of patients per hospital bed at any given time of the day. This rate indicates the demand for hospital beds for a given period of time. According to IPS database, the bed turnover rate has been increasing from 49 in 2002 to 63 in 2004, to 72 in 2007 and 75 in 2008. During the period under review, the increase in the number of in-patient admissions and reduced bed occupancy reflects the increase in bed turnover rate. Checking out after minimum period of stay due to the cost factor could be a contributory factor for the reduced bed occupancy rate.

Figure 1: Private Hospital Total Beds 1990-2008



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5. Laboratory Services by Private Hospitals

Most private hospitals have their own medical laboratories which has been a permanent revenue source for the institution. Similar to government doctors working in private hospitals, most of the lab technicians are government employees working in private hospitals during their off duty hours. According to the data available from reported hospitals, there had been 3.5 million laboratory tests carried out in private hospitals in 2008, up from 3 million in 2005. These numbers exclude the tests done in private laboratories. Of the 3.5 million tests in 2008, about 3 million tests had been performed by the hospitals located in the Colombo districts. Two major hospitals in Colombo had accounted for around 45 per cent of laboratory service of Colombo hospitals.

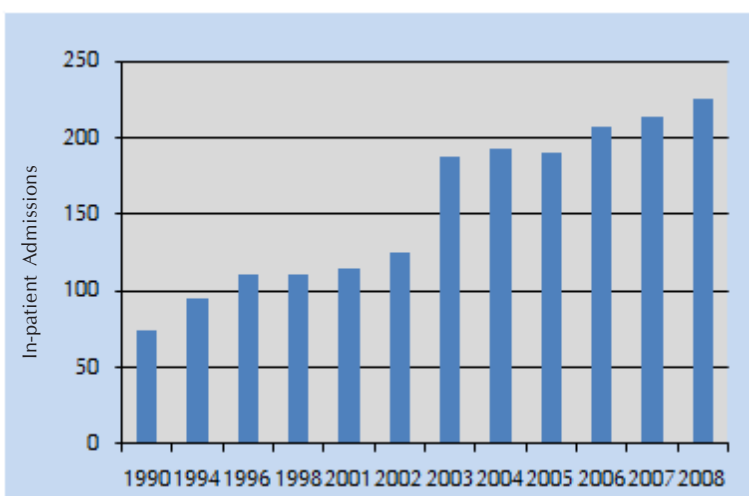
6. Facilities and Equipment

In recent years, many hospitals in the Western Province introduced new medical technology to their institutions to attract patients amidst the hidden competition among hospital services providers to increase their market share in health care delivery. The best example is one where a hospital in Colombo introduced a state-of-the-art private radiation treatment facility for cancer patients. This Radiation Treatment Unit comprises of a solid concrete bunker built to specifications provided by the Atomic Energy Authority, Brachytherapy unit, Mould Room, CT Scanner and CT Simulator rooms, Computerised Treatment Planning unit, Iodine Treatment in addition to facilities for chemotherapy treatment. Many hospitals are now equipped with CT scanners, stress machines and other equipment related to cardiac therapy.

7. In-patient Admissions

The total number of in-patient admissions in 2008 is reported as 221,000, as against 173 000 in 2004, an increase of 27 per cent. As at 2008, growth of the in-patient admissions has been 350 per cent since 1990 (Figure 2). Out of the total in-patient admissions, around 79 per cent has been reported in the Western Province especially in the Colombo district.

Figure 2: In-patient Admissions ('000)



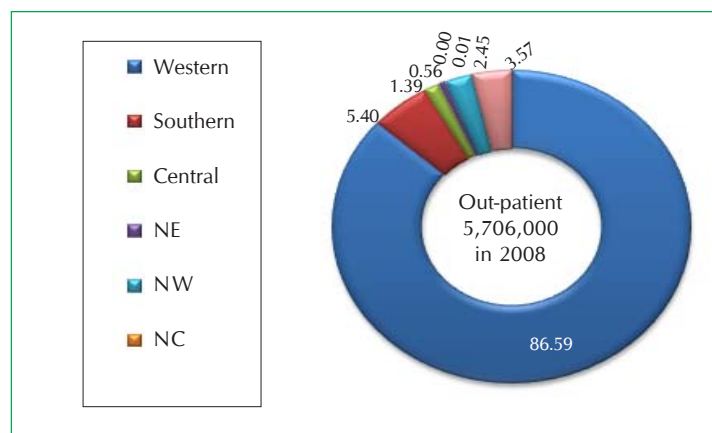
The hospitals located in Central Province, North Western Province and Southern Province have reported 16 per cent of the total in-patient admissions. Private hospital in-patient admissions per 1000 population are 11.05 as against 218 per 1000 population in government hospitals. According to hospital sources in Colombo, most of the in-patients had diseases characteristic of the later stages of the life cycle.

Charges for admissions varied from hospital to hospital and geographical location. Average room charges with meals per day were around Rs. 3,500 with basic facilities in Colombo hospitals.

8. Out-patient Visits

Out-patient visits in private hospitals all-island, which recorded 419,000 in 1990 reached 5,706,000 visits in 2008 which reflects an over 1000 per cent growth during the period. Growth of out-patient visits had shown fluctuations during the period between 1992 to 2008. Accordingly, from 1992 to 1998, there had been an average annual growth of 32 per cent and during 1999 to 2001, the growth had been 27 per cent. From 2002 to 2004, the annual growth had fallen to 15 per cent, and from 2005 to 2008 the growth rate has further declined to 4.2 per cent.

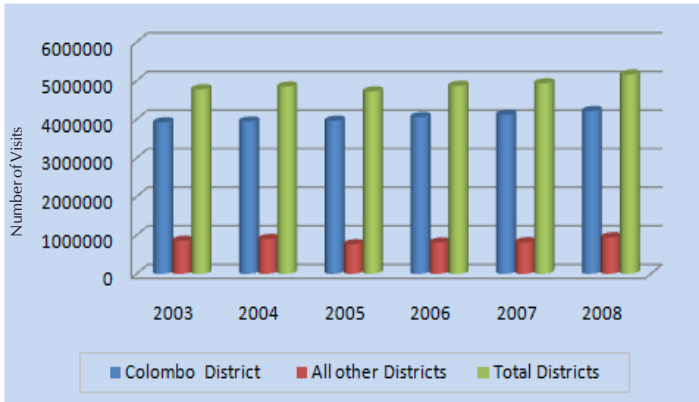
Figure 3: Out-patient Visits in Private Hospitals by Province in 2008



Out of the total out-patient visits in 2008, 87 per cent had been in the Western Province. The main contributory factor has been the location of 36 hospitals in the Colombo districts out of 53 institutions located in the Western Province. Out-patient visits to Colombo hospitals which were 3.9 million in 2003 reached 4.8 million in 2008, which is a 23 per cent increase in the 5 year period showing an annual average growth of 5 per cent.

Total receipts collected by these hospitals from out-patient visits amounted to Rs. 2.8 billion, (32 per cent of total revenue) estimated on the basis of Rs. 600 per patient which consisted of Rs. 500 consultation fee and hospital charges of Rs. 100 for hospitals in the Colombo districts. Figure 4 below indicates the out-patient visits in the Colombo district in comparison with other districts.

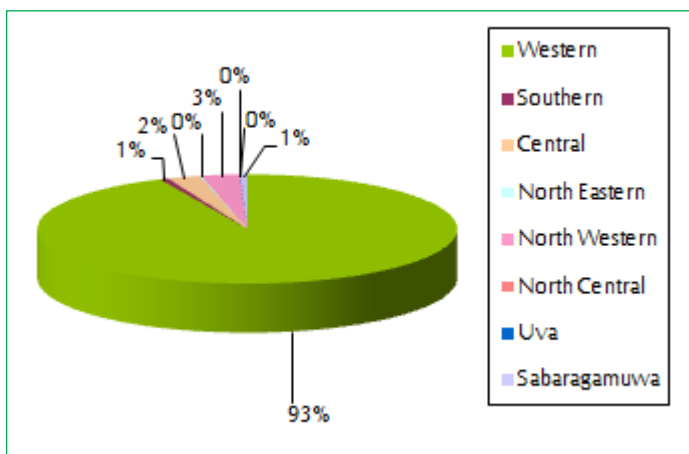
Figure 4: Comparison of Out-patient Visits in Colombo District with All Other Districts 2003-2008



9. Capital Expenditure

It has been reported that total capital expenditure amounting to Rs.2.2 billion had been incurred by private health facility providers in the year 2008. In comparison, capital expenditure incurred in 2004 had been Rs. 700 Million (Figure 6). As shown in Figure 5 below, around 93 per cent of capital expenditure was incurred by the hospital providers in the Western Province.

Figure 5: Capital Expenditure by Province 2008

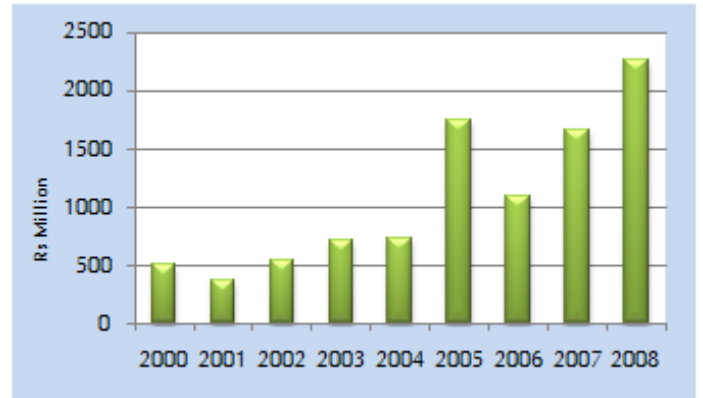


In the Western Province, a total of 7 hospitals which are registered as Board of Investment Registered enterprises have spent around Rs.1.9 billion as capital expenditure, which includes a new hospital opened in Colombo with a Rs. 580 million investment. This situation could be attributed to the changes in concessionary terms with respect to BOI registered investment projects introduced in 2002 and 2003 namely, small scale infrastructure including construction of hospitals in 2002, and small scale infrastructure projects including construction of hospitals in 2003. Each of these schemes had different features in terms of eligibility and concessionary terms which contributed to enhance investment by private hospital providers.

10. Revenue

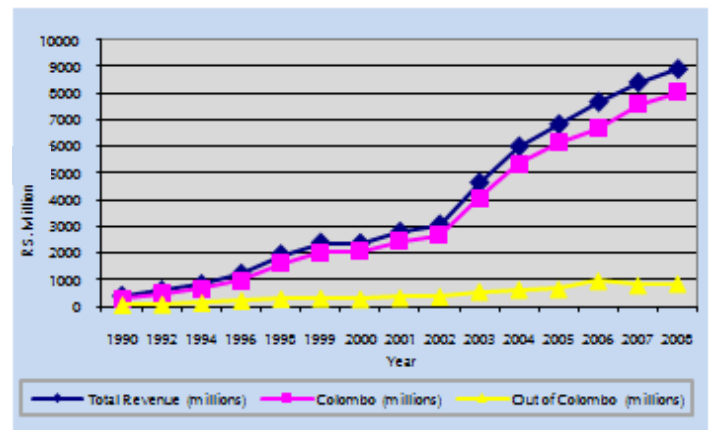
Three major sources of revenue in private facilities are out-patient channelling of consultants and physicians, in-house

Figure 6: Capital Investment in Private Hospital Industry 2000-2008



treatment for patients admitted, and laboratory services. Some hospitals maintain their own pharmacies though it is not compulsory for patients to procure their medicinal requirements from these pharmacies, that provides an additional source of income to hospital providers. Figure 7 below shows the trend in revenue earned since 1990-2008.

Figure 7: Revenue of the Private Hospitals, 1990-2008



It was reported that private hospitals earned Rs. 8,882 million as their revenue in the year 2008. From the above Figure 7, it is seen that private hospitals have experienced a rapid increase in their total revenue after 2002. Further, it could be observed that the major share of the total revenue has been received by the hospitals in the Colombo district through the years and their share is highly correlated with the total revenue of all hospitals. In 1990, out of the total revenue, Colombo district accounted for 81 per cent, whereas in 2008, this had increased to 90.3 per cent.

Conclusion

Sri Lanka's private health sector has leaped forward since 2001 and now shares the burden of health care coverage by reducing the work-load of state hospitals to some extent. Privately financed health goods and services has taken the place of second tier of Sri Lanka's health system. These goods and services include in-patient, and out-patient which covers dental, eye care and other non-government funded health services. The costs are paid

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through a combination of out-of-pocket expenses and private voluntary insurance programmes. There are more than 100 private hospitals and the majority of these centres are sustained mostly by out-of-pocket payments. Although there is a private hospital regulatory bill in force to regularize the functions of these hospitals, the government has not interfered with user charge provisions and accessibility issues. Sri Lanka has experienced shifts toward privatization in the past two decades; however, health services remain primarily publicly financed. Private hospital providers mainly target the sustainability of the public health care delivery system and issues regarding quality of care. The majority of quality of care issues are pertaining to waiting time, insufficient delivery systems including pharmaceuticals, insufficient human resource supply, and outdated diagnostic and treatment equipment.

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Glossary

Co-operative Hospital: A hospital that is managed by the elected officials from the community in an administrative area identified by the Commissioner General of Co-operative Development.

Estate Hospital: A hospital that treats patients from a particular estate it serves. Treatment is done by an estate medical officer.

Paramedical Staff: Professions closely linked to the medical profession and working in conjunction with them. Paramedical personnel in a hospital include the Pharmacists, Medical Laboratory Technicians, Radiographers, Physiotherapists, Dietitians and ECG recordists (Oxford Medical Dictionary).

Acronyms

IPS: Institute of Policy Studies of Sri Lanka

MoH: Ministry of Health

End Notes

- i In this study, hospitals and nursing homes are defined as 'institutions'. The definition does not include small scale dispensaries and medical centres.
- ii The authors concede that the number of private institutions in the North East could be as high as 10. However, due to the problems associated with eliciting information, the study was limited to institutions that were easily identifiable.

Contact Information

For further information on this survey, please contact G. D. Dayaratne at IPS (Tel: 011-2143327, Email: dayaratne@ips.lk). Please note that in order to preserve respondent confidentiality, information pertaining to individual hospital is not available for release.

Any suggestions for improvement of the survey design and this report are welcome, and should be directed to the person indicated.

To receive this publication regularly, contact the Health Economics Policy Unit by calling on +94-11-2143327 or e-mail to health@ips.lk.

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