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Impact of Private Hospitals on the Nigeria's Health Sector

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Abstract

Nigeria's health sector has witnessed significant shifts over the past decades, with private hospitals emerging as critical players in healthcare delivery. While private hospitals have filled gaps left by an overburdened public health system, they also face considerable challenges, including limited access to credit, inadequate investment in medical infrastructure, weak regulatory oversight, and perceived exorbitant costs. This paper explores the dual role of private hospitals in both improving healthcare quality and exacerbating healthcare inequalities in Nigeria. Using a mixed-method approach, data was gathered through interviews with healthcare professionals and patients, as well as secondary analysis of national healthcare statistics. The findings indicate that although private hospitals have positively impacted healthcare delivery by reducing pressure on public facilities and providing specialized services, they have also deepened healthcare inequities, with only affluent segments of the population able to access their services. This study recommends policy interventions to improve regulatory frameworks, enhance access to institutional credit for private healthcare providers, and address cost barriers to ensure equitable healthcare access in Nigeria.

Keywords: Hospitals, Private hospitals, healthcare delivery, healthcare inequities, healthcare access, regulatory frameworks

Introduction

Health is considered a critical factor in shaping the development of societies globally, as it is deemed the most basic need for human survival. In recognition of this, governments worldwide have focused on building effective healthcare systems to support socio-economic growth. Over the years, the country has experienced growth in the private healthcare sector due to various factors, including inadequate public health infrastructure, inefficiencies in the public health system, and an increase in the demand for quality healthcare services. This shift towards private healthcare provision has raised important questions about the impact of private hospitals on the overall health sector, including access to healthcare, quality of service delivery, and healthcare outcomes in Nigeria. In Nigeria, the healthcare system between 1990 and 2020, Nigeria's healthcare system experienced significant challenges, including underfunding, poor infrastructure, and inefficiencies, particularly in public healthcare. The period saw a reliance on donor funding and international aid to address communicable diseases such as HIV/AIDS, malaria, and tuberculosis (Aregbeshola & Khan, 2017) ^[3]. While private hospitals emerged to meet rising healthcare demands, they often catered to higher-income groups, exacerbating inequalities in access to care. Health outcomes, such as maternal and child mortality rates, remained high despite some efforts to improve healthcare access and coverage.

Since 1980s, Nigeria saw a significant rise in the number of hospitals, with a marked increase in private health facilities alongside government-owned establishments. This expansion of private healthcare was driven by public debates on government health policies in the late 1980s (Onwujekwe *et al.*, 2019) ^[15]. In response to the growing demand for improved healthcare, the Federal Government held a national conference in 1988 to strategize better health service delivery. This conference identified the need for collaboration with developed nations and private sector integration, leading to calls for greater private sector involvement in the Nigerian healthcare system.

As a result, the Nigerian National Health Policy of 1989 promoted the growth of private hospitals and clinics, further boosted by the introduction of the Primary Health Care system in 1990. Private hospitals in Nigeria are often regarded as more efficient and better equipped than their public counterparts. They tend to offer specialized services and cater to the healthcare needs of the middle- and upper-income populations, who are willing to pay higher fees for better care. This has contributed to a growing disparity between the healthcare services accessible to different socioeconomic groups, with low-income individuals often unable to afford private healthcare (Onwujekwe *et al.*, 2019) ^[15]. As a result, while private hospitals may improve the quality of healthcare for some, they also contribute to widening inequalities in healthcare access in the country. The private sector has since played a crucial role in increasing the number of health personnel and improving healthcare services across Nigeria. The goal of Nigeria's current health policy is to ensure access to quality healthcare for all Nigerians, both in urban and rural areas, through enhanced collaboration between public and private healthcare providers. This study aims to assess the impact of private hospitals on the growth of Nigeria's health sector.

Problem

Several factors constrain the effectiveness of private hospitals towards the growth of the Nigeria's health sector. First, there is lack of access to institutional credits which prevent many physicians from establishing their own hospitals and clinics. Formal access to credit is almost unheard of in the health sector. Second, many doctors cannot afford the investment in medical equipment considered necessary to attract clients. This makes them unable to establish private practice. Third, there is weak regulation by professional associations as their effectiveness vary from state to state and chapter to chapter. Most providers are members in their professional associations and work in the public hospitals. Private sector doctors contribute very little to the associations revenues. As a result, issues of interest to private sector providers receive lower priority. They are often discouraged by this. Fourth, while there are private sectors associations for each professional group, most are not active and do not have chapters in every state. In general, the professional associations are caught between having to provide significant levels of service while relying on the inadequate resources of their members. Finally, it is generally believed that cost of medical services is exorbitant in private hospitals and this makes a large number of them suffer from poor patronage. The problem of this study is to establish how, inspite of these constraints private hospitals have impacted on the Nigeria's health sector.

Objectives

1. To determine the extent which private hospitals has influence the availability of health facilities in Nigeria's health sector.
2. To examine the impact of private hospitals on accessibility of health services in Nigeria's health sector.
3. To find out the challenges faced by private hospitals on health care service delivery in Nigeria

The study will be of significance as it will provide useful information to the stakeholders in the Nigeria's health sector on the need for effective collaboration with this private sector

in ensuring effective health care service delivery in Nigeria.

Literature Review

Theoretical Framework

A number of models are relevant to this study however this study is built on the theory of Public-Private Partnership (PPP) Theory. This theory focuses on collaborations between public and private sectors to enhance healthcare delivery. This theory gained prominence in the 1980s and 1990s, particularly with the rise of neoliberalism and the push for privatization and market-based solutions to public service delivery (Hodge & Greve, 2017) ^[9]. The central assumption of PPP theory is that collaboration between the public and private sectors to deliver public services more efficiently, leveraging the strengths of both entities. In healthcare, PPPs are seen as a solution to enhance the delivery of healthcare services by combining the resources, expertise, and innovation of private hospitals with the regulatory oversight and funding of the public sector (Brinkerhoff & Brinkerhoff, 2011) ^[5]. PPPs enable governments to address limitations in public healthcare infrastructure while encouraging private investments in the sector, ultimately improving healthcare accessibility and quality for the population.

PPP theory advocates that these partnerships can foster innovation in service delivery by introducing modern technologies, better management practices, and enhanced accountability from private sector participation (Hodge & Greve, 2017) ^[9]. In the Nigerian context, PPPs have been utilized to bridge gaps in the healthcare system, particularly in under-resourced areas, providing a pathway for sustainable development. However, effective PPP implementation depends on clear policy frameworks, adequate risk-sharing, and government support to ensure that the partnership meets public health goals while remaining profitable for private stakeholders.

The Public-Private Partnership (PPP) theory is highly relevant to private hospitals in Nigeria's health sector as it promotes collaboration between the government and private healthcare providers to improve service delivery. Through PPPs, private hospitals can access government support in the form of subsidies, infrastructure, or policy incentives, enabling them to expand healthcare services, especially in underserved regions. This partnership helps mitigate the public sector's limited capacity while leveraging private sector efficiency and innovation to enhance the quality and accessibility of healthcare. However, effective PPP implementation requires clear regulations and balanced risk-sharing to ensure public health objectives are met without compromising private sector profitability (Brinkerhoff & Brinkerhoff, 2011) ^[5]. It is relevant in assessing the role of private hospitals in complementing public healthcare services and improving access in Nigeria's health sector.

Historical development of private hospitals and medical services in Nigeria

The development of private hospitals in Nigeria dates back to the colonial era, where healthcare services were predominantly provided by missionary groups and colonial administrators. However, formal medical services were primarily restricted to urban centers, leaving rural areas largely underserved (Obinna *et al.*, 2017) ^[11]. The first privately owned hospital in Nigeria is Lagos Hospital, established in 1893 by Dr. John Randle, a Nigerian medical doctor and nationalist. The hospital was located in Lagos and

marked the beginning of private medical services in the country, providing healthcare to locals and expatriates at a time when medical facilities were limited. As the Nigerian healthcare system evolved post-independence, the public sector took on the major responsibility of providing healthcare services. This shift, however, came with significant challenges, such as underfunding, poor infrastructure, and inadequate staffing, which later paved the way for the emergence of private healthcare providers to fill the gaps left by the public sector (Iloh *et al.*, 2015) ^[10]. The structural deficiencies in public healthcare, coupled with rising demand for quality healthcare, fostered the growth of private hospitals across Nigeria, especially in urban regions like Lagos, Abuja, and Port Harcourt.

During the 1980s and 1990s, Nigeria's health sector saw increased privatization, driven by economic reforms and the inability of the public sector to meet growing healthcare demands. This era marked the significant expansion of private medical services, as private hospitals started offering specialized services, shorter wait times, and higher-quality care compared to public hospitals (Eme *et al.*, 2014) ^[6]. The introduction of Structural Adjustment Programs (SAP) in the 1980s, which reduced government expenditure on social services, further encouraged private sector participation in healthcare. By the early 2000s, private hospitals had become a critical component of Nigeria's healthcare system, though they were largely accessible to the affluent, leaving healthcare inequities unresolved (Aregbeshola & Khan, 2017) ^[4].

Between 2015 and 2018, the private healthcare sector continued to grow, playing a pivotal role in addressing healthcare challenges exacerbated by population growth, urbanization, and an overburdened public healthcare system. Private hospitals increasingly contributed to specialized medical care, such as oncology, cardiology, and advanced diagnostics, areas in which public hospitals were often lacking (Onwujekwe *et al.*, 2019) ^[15]. However, issues of cost, regulation, and accessibility persisted, with private hospitals criticized for charging high fees, making healthcare unaffordable for much of the population. Despite these challenges, private hospitals have remained integral to Nigeria's healthcare system, providing critical services where public healthcare facilities have fallen short.

Structure and distribution of private hospitals in Nigeria

The structure of private health establishments (medical service providers) shows a distinct variation in size. These include the well-established big hospitals, the growing medium-sized hospitals and relatively small-size hospitals. One of the major challenges facing private hospitals in Nigeria is the unequal distribution of healthcare facilities. Studies show that the majority of private hospitals are concentrated in urban areas, while rural regions, where most of the population lives, remain underserved (Aregbeshola & Khan, 2017) ^[3]. This urban bias is primarily due to the preference of trained healthcare professionals to establish practices in cities, where access to resources and higher-paying patients is better. As a result, rural areas continue to experience a shortage of private medical facilities and personnel, exacerbating healthcare inequality (Fadare *et al.*, 2015) ^[7]. This issue calls for targeted interventions that encourage healthcare professionals to invest in rural healthcare infrastructure.

Another pressing issue is the shortage of qualified medical

personnel in the private healthcare sector. While the World Health Organization estimated in 2010 that Nigeria had a considerable number of doctors and nurses, a significant portion of these professionals either migrate abroad or work informally in both public and private sectors. The lack of updated and reliable registration systems further complicates tracking the actual number of practicing healthcare providers in the country (Adebowale *et al.*, 2016) ^[11]. This shortage, especially in rural areas, impacts the quality of healthcare services, with small private hospitals often operating with minimal staff and inadequate facilities, leading to substandard care (Uzochukwu *et al.*, 2015) ^[16].

Furthermore, there is the issue of limited access to credit for private healthcare providers, which hinders the expansion and establishment of new hospitals. Many healthcare professionals lack the financial capacity to invest in the necessary medical equipment and infrastructure required for efficient operations (Onwujekwe *et al.*, 2018) ^[14]. This financial constraint is particularly pronounced in small private hospitals, which often operate as sole proprietorships with limited resources. Without access to formal institutional credit, these hospitals struggle to scale their operations or improve service quality, leaving them unable to compete with larger, more well-funded private and public hospitals.

Private Hospitals Influence on Availability of Health Facilities in Nigeria

Private hospitals have significantly influenced the availability of healthcare facilities in Nigeria's health sector. They have enhanced access to specialized medical services, particularly in urban areas, by providing alternatives to the often-overburdened public healthcare system. Onwujekwe *et al.*, 2018 and Aregbeshola and Khan 2017) ^[14, 4] have argued that private hospitals play a significant role in expanding the availability of healthcare facilities in Nigeria, particularly in urban areas. According to Onwujekwe *et al.* (2018) ^[14], private hospitals have emerged as vital contributors to healthcare delivery, especially in regions where public healthcare is inadequate or inaccessible. These private establishments often fill the gap left by government facilities by providing modern equipment and specialized services, making them attractive to affluent patients. However, their impact is primarily concentrated in urban areas, leading to an uneven distribution of healthcare resources. Aregbeshola and Khan (2017) ^[3] noted that while private hospitals contribute to healthcare availability in cities, they have done little to improve access in rural areas where the majority of the population resides. Fadare *et al.* (2019) ^[8] observed that private hospitals, especially smaller establishments, are constrained by limited financial resources and inadequate staffing, which hampers their ability to expand services. The cost of healthcare in private hospitals is often prohibitive, leading to reduced patronage among low-income patients (Adewuyi & Akinyemi, 2016) ^[2]. These factors suggest that while private hospitals have improved healthcare access for a segment of the population, they have not significantly increased the overall availability of healthcare facilities in a way that addresses the needs of Nigeria's diverse and largely rural population.

Impact of Private Hospitals on Accessibility of Health Services in Nigeria

Private hospitals in Nigeria have significantly improved access to health services by expanding healthcare

infrastructure, especially in underserved areas. They complement public facilities, reduce patient load, and offer specialized services. However, high costs in private hospitals may limit access for low-income populations, raising concerns about healthcare equity. Scholars argue that private hospitals have both positively and negatively impacted the accessibility of health services in Nigeria. On one hand, private hospitals have improved access to specialized healthcare services, particularly in urban centers.

According to Onwujekwe *et al.* (2018) ^[14], private hospitals often provide higher quality and faster healthcare services than public hospitals, thus attracting individuals who can afford their services. These private establishments are more likely to offer modern medical equipment and advanced treatments, which have helped to bridge the gap in healthcare services in areas where public hospitals are overwhelmed or under-resourced (Olumide *et al.*, 2016) ^[13]. However, this enhanced accessibility is limited to wealthier segments of the population, largely excluding low-income individuals.

Onwujekwe *et al.* (2018) ^[14] observed that private hospitals are more flexible in procuring drugs, which enables them to respond quickly to patient needs, thereby reducing stock outs and ensuring a steady supply of medications. This efficiency in supply management, coupled with their financial resources, makes private hospitals attractive to patients who seek reliable access to essential drugs (Fadare *et al.*, 2019) ^[8]. Also, private hospitals are less affected by bureaucratic delays and corruption that sometimes hamper drug availability in public institutions. However, some Ogungbemi, *et al.*, (2021) ^[12] noted that private hospitals often prioritize profitability, which impacts the affordability and accessibility of drugs for the general population. They maintained that the prices of drugs in private hospitals tend to be significantly higher, making essential medications unaffordable for lower-income patients. Furthermore, the concentration of private hospitals in urban areas exacerbates drug accessibility challenges in rural regions, where public health facilities, already strained, may not have adequate supplies. These limitations suggest that while private hospitals have improved the overall quantity of drugs available, they have not fully addressed the issues of affordability and equitable distribution, particularly in underserved regions (Aregbeshola & Khan, 2017) ^[4].

Challenges of Private Hospital on Health Care Services Delivery in Nigeria

Private hospitals in Nigeria face numerous challenges that hinder their ability to deliver quality healthcare services. High operational costs, inadequate infrastructure, and limited access to medical equipment significantly affect service delivery. Also, difficulties in recruiting and retaining skilled healthcare workers further strain these institutions. Regulatory barriers, inconsistent government policies, and high taxation create financial and administrative burdens. Observed that high operational costs, such as maintaining medical equipment and ensuring steady electricity, increase the financial burden on private healthcare providers. Furthermore, insufficient access to medical supplies and technologies hampers the quality of care. Many private hospitals also struggle with recruiting and retaining qualified personnel due to competitive salaries in other sectors or abroad, which further weakens their capacity to deliver efficient healthcare.

Sees regulatory challenges and inconsistent government

policies as a significant obstacles to private hospital operations. According to them, unclear guidelines and bureaucracy complicate the licensing and certification processes, leading to delays and additional costs. High taxation rates and lack of government subsidies for private healthcare providers also restrict their ability to invest in expanding facilities and services. These challenges ultimately affect the affordability and accessibility of healthcare services in private hospitals, particularly for lower-income patients.

Fadare *et al.* (2019) ^[8] argued that the high cost of medical care in private hospitals remains a significant barrier to access, particularly for lower-income households who rely more on public facilities. Moreover, the majority of private hospitals are concentrated in urban areas, with rural areas, where the healthcare need is most pressing, largely underserved (Aregbeshola & Khan, 2017) ^[3]. This urban-centric focus of private healthcare providers exacerbates health inequities, leaving a large portion of Nigeria's population without adequate access to healthcare services.

Methodology

This study employed a mixed-method approach, combining qualitative interviews with healthcare professionals and patients in private hospitals across five major cities in Nigeria (Lagos, Abuja, Kano, Enugu, and Port Harcourt) with quantitative analysis of healthcare access and service delivery data. Interviews focused on perceptions of private hospital services, challenges faced by healthcare providers, and the financial constraints of patients. Secondary data was drawn from national healthcare statistics and reports by the Nigerian Ministry of Health and the World Health Organization (WHO).

Findings

1. The research indicates that private hospitals have played a significant role in reducing the burden on public health institutions, especially in urban areas (Aregbeshola & Khan, 2017) ^[4]. Private hospitals are often perceived as offering better quality services and shorter waiting times compared to their public counterparts.
2. Many private hospitals face financial constraints, particularly in accessing institutional credit to expand their facilities or invest in necessary medical equipment. This limits the ability of many physicians to establish or upgrade private healthcare facilities.
3. Regulation of private hospitals by professional associations and government bodies remains inconsistent, with enforcement of healthcare standards varying across states (Onwujekwe *et al.*, 2019) ^[15]. This has led to discrepancies in service quality and patient safety.
4. The cost of care in private hospitals remains high, making it inaccessible to the majority of the population. This has exacerbated health inequities, as private healthcare is often only accessible to affluent individuals (Aregbeshola & Khan, 2017) ^[4].

Discussion

Private hospitals in Nigeria have made substantial contributions to the health sector by providing alternatives to the often overburdened public system. However, their effectiveness is hindered by structural challenges such as poor access to financing, lack of investment in advanced

medical technologies, and inconsistent regulation. While they serve wealthier segments of society, the high costs associated with private healthcare limit its accessibility for the majority of the population, deepening the inequality in healthcare access. There is a need for government and professional bodies to implement policies aimed at improving the operational environment for private hospitals while ensuring that healthcare services are affordable and accessible to all Nigerians.

Conclusion

The study is on impact of private hospitals on the Nigeria's health sector. The study concludes that, private hospitals in Nigeria have significantly alleviated the burden on public healthcare institutions, particularly in urban areas, by providing better quality services and reducing wait times. However, financial constraints, inconsistent regulation, and high service costs limit their broader impact. To address these issues, the government should facilitate access to institutional credit for private hospitals to enhance their capacity and ensure consistent enforcement of healthcare standards across states. Additionally, policies should aim at making private healthcare more affordable, thereby improving access for the wider population and reducing health inequities.

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