

REGULATION OF PRIVATE HEALTHCARE INSTITUTIONS IN PAKISTAN: A LEGAL AND POLICY APPRAISAL

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Abstract

The issue of private healthcare in Pakistan is essential, as it is a complement to the state-owned healthcare and meets the increasing healthcare needs. The high rate of growth in the sector raises questions of quality, responsibility, and equal access. Weak regulatory enforcement, fractured oversight, and institutional capacity are the sources of ethical, legal, and policy issues. Major concerns are unregulated private facilities, inconsistent service delivery, and accessibility for the disadvantaged groups. Moreover, this research emphasize on an analytical understanding of the regulation of private healthcare, revealing prospects for evidence-based policy, ethical practice, and efficient healthcare provision.

INTRODUCTION

Private healthcare in Pakistan is an important part of the country's healthcare system, as it provides around 70-80 percent of outpatient care (Mehboob, 2023b). The industry includes hospitals, clinics, diagnostic centers, and specialty centers, with several located in urban centers (Afzal & Arshad, 2023). Its importance is not without regulatory and policy challenges, which raise issues of service quality, ethical practices, and equitable access (Ghaffar et al., 2024; Mumtaz, 2024).

The legal framework of the system is created to ensure that the facilities of private Healthcare

systems are not below the minimum standards, security of patient rights, and accountability mechanisms (Malik et al., 2024). Nevertheless, looseness in enforcement, increase of power between provincial commissions, and the authorities do not have enough ability, staff, or resources to conduct inspections (Khan et al., 2025).

Notably, over-payment, incompetent practitioners, and poor quality of medical equipment remain, lowering people's trust and increasing differences in healthcare (Ali & Rehman, 2025). Systemic gaps have been tried to

be filled with policy initiatives such as public-private partnerships, national health financing initiatives, and universal health coverage initiatives (Mehboob, 2023a; Muhjazi et al., 2024).

Research Justification

The research helps create stable rules by linking policy aims with following the law. It also reiterates the need to ensure that practices in the private sector are aligned with national health priorities at the point of ensuring patient welfare. Thus, the results will offer practical recommendations on the changes that will promote efficiency and transparency in the Pakistani private healthcare sector.

Literature Review

The urbanization, increasing demand for healthcare, and the fact that the Pakistani population has a limited capacity to deliver services in the public sector have led to the rapid expansion of the private healthcare sector (Afzal & Arshad, 2023; Mehboob, 2023b). Literature puts it in the limelight that, though private facilities play a role in the general health coverage, issues of regulatory compliance, monetary accessibility, and standardization of services are problematic. These issues are aggravated by the laxity in the application of licensing and the lack of regular inspection of provincial healthcare commissions (Muhjazi et al., 2024).

The importance given to policy studies is that the partnerships between the government and organizations, public-private partnerships, can improve service delivery and increase coverage (Malik et al., 2024). Furthermore, the Public-Private partnership has proven useful in immunization and maternal-child programs, but its management loopholes and poor coordination restrict their expansion. Mehboob (2023b), the absence of standardized procedures plus accountability systems is known to be a major obstacle to the provision of ethical and efficient services.

Regulation is further complicated by financing problems. Mostly free-market, private healthcare is still not affordable to the low-income groups. Khan et al. (2025), assert that inadequate access

and significant out-of-pocket expenses exacerbate health disparities. Additionally, research conducted by Muhjazi et al.(2024), the legal frameworks, including the Drugs Act, 1976, the Sindh Healthcare Commission Act, 2013, and the Punjab Healthcare Commission Act, 2010, are working, but their implementation is inconsistent (Ghaffar et al., 2024). Ethical issues such as patient safety, malpractice, and service quality necessitate robust legal and policy frameworks. (Ali & Rehman, 2025; Mumtaz, 2024).

Historical Context of Regulation of Private Healthcare in Pakistan

The private healthcare sector is gaining more importance in Pakistan as a lot of people are now seeking treatment in private hospitals and clinics (Ghaffar et al., 2024). However, the rules and regulations to regulate and manage this sector have not evolved rapidly (Ali & Rehman, 2025). Consequently, the regulation is still not strong enough as compared to the speed of the growth of private healthcare system (Mehboob, 2023a).

As the private sector grew the need for proper regulation became more apparent but early attempts were feeble and uncoordinated (Mumtaz, 2024). Some of the important legal frameworks such as Punjab Healthcare Commission Act 2010, Sindh Healthcare Commission Act 2013 and Khyber Pakhtunkhwa Healthcare Commission Act 2015 were introduced by the subsequent provincial governments for the establishment of regulatory bodies for licensing, inspection and maintenance of minimum service standards (Mahmood et al., 2024).

Despite these reforms, the enforcement has been often patchy due to limited institutional capacity and administrative challenges. Alongside, national-level institutions such as the Pakistan Medical and Dental Council (PMDC) were enhanced to improve professional regulation (Afzal & Arshad, 2023) . However, the uniform enforcement of healthcare regulation across all the provinces still remains a major concern in overall development of healthcare regulation in Pakistan (Muhjazi et al., 2024; Malik et al., 2024).

Theoretical Context of Regulation of Private Healthcare in Pakistan

Public welfare and private healthcare regulations sometimes clash with each other. In the perspective of a public-policy, regulation is one way to cure a market failure, particularly in markets with asymmetric information, such as the healthcare sector, where patients lack expertise and may be unable to effectively evaluate quality or safety. The medical practice is controlled by ethical frameworks, such as principles of beneficence, non-maleficence, justice, and professional accountability, that require that medical care be provided by private institutions, and that such care should not exploit the vulnerability of the patients.

These ethical obligations are regulated to maintain compliance by the establishment of minimum standards, licensing, supervision, and providing redress where negligence or malpractice has occurred. The theory of health economics also favors regulation: in unregulated markets in the practice of private healthcare, the desire to make a profit can motivate overpricing, excessive treatment, and poor quality. Regulation (through licensing, accreditation, price control) may be used to align the incentives of the private providers with the health objectives of accessibility, affordability, and quality of the health services provided to the population. In Pakistan, strong healthcare laws are needed to protect patients, provide good treatment, and make healthcare fair for everyone, instead of leaving everything to business competition.

Laws Regarding Regulation of Private Healthcare in Pakistan

1. **Provincial Acts** - Sindh Healthcare Commission Act 2013, Punjab Healthcare Commission Act 2010, KP Healthcare Commission Act 2015 - Punjab Healthcare Commission Act, Sindh Healthcare Commission Act, and Khyber Pakhtunkhwa Healthcare Commission Act were created to regulate the private healthcare. Such commissions control licensing of hospitals, clinics, and diagnostic centers, provide regular inspection, and provide sanction of the observed standards. They address

grievances, malpractice inquiries, and impose disciplinary measures against facilities or practitioners who are breaching ethical, operational, or legal standards to make sure that patient safety, quality of service, and accountability are being met in the private healthcare industry.

2. **Drugs Act 1976 (amended)** - The Drugs Act 1976 (amended) controls the production, distribution, and sale of pharmaceuticals within Pakistan. It also guarantees safety, quality of medicine, and efficacy of medications, which provides the patient with protection against inferior or fake medication. The Act also makes manufacturers, distributors, and sellers legally responsible and ensures that safe and reliable pharmaceutical practices are followed in the country.

3. **Pakistan Medical and Dental Council Act 2022** - The Pakistan Medical and Dental Council (PMDC) Act governs the licensing process of the medical and dental practitioners in Pakistan. It oversees that specialists in the medical profession can fulfill their qualifications, ethical standards, and responsibility in their practice. The Act also encourages professionalism, safety of patients, and quality provision of healthcare in the country.

4. **Sindh HealthCare Commission Act 2013** - The Clinical Establishments Registration and licensing regulation establishes minimum standards of privately owned Pakistan-based clinics and hospitals. They control infrastructure, staff, hygiene, patient records, and operational processes. Such regulations guarantee quality healthcare provision, ethical standards, and patient security, as well as give a legal framework of licensing, inspection, and compliance of the private medical facilities.

5. **Pakistan Nursing Council (Amendment) Act 2022** - The Regulations of Nursing Homes and Private Hospitals set standards for the operation, ethics, and safety of healthcare facilities. These include things like infrastructure, staffing, hygiene, emergency preparedness, and patient care practices. The goal of these regulations is to protect patients' rights, maintain professionalism, and provide safe and responsible healthcare services across Pakistan.

Challenges for the Regulation of Private Healthcare in Pakistan

1. **Absence of efficient enforcement** - there is a great number of private hospitals that are not properly licensed or controlled by the authorities and are working with no specific laws and regulations, resulting in uncontrolled work, poor quality of provided care, and more dangerous treatment of the patient. The recent research indicates that there are unlicensed, improper waste management, and unchecked pricing by private hospitals.

2. **Governmental issues** - The system of fragmented governance and constraints on institutional capacity has further hindered regulation. Regulatory authorities do not have the proper resources, manpower, or political will to perform routine inspections, compliance checks, or apply uniform standards across provinces.

3. **Exorbitant price and unfair accessibility:** Without fixed prices, there is a chance of high cost of the private healthcare system and reports of crazy charges on services, thus quality treatment is not accessible to the low-income groups.

4. **Commercialization and profit motives:** Commercial hospitals, out of profit motives, tend to be more concerned with the money, and not the patients, resulting in over-treatment, unneeded operations, poor quality, or indifference.

5. **Losing transparency/accountability:** No provision of an avenue to redress patients, address grievances, or implement medical negligence accountability exposes patients to vulnerability. Regulatory slackness, conflict of interest in the regulatory boards, and lack of transparency in the working processes were reported in most of the private institutions in the investigative reports.

6. **Regional differences:** The unequal enforcement of regulations across provinces, that leads to poor quality of healthcare, along with patient safety provisions, in rural and underprivileged groups.

All these issues are put together to erode the confidence of the people in private healthcare, leading to increased health inequity and jeopardizing the ultimate aim of safe, quality, and accessible healthcare services to all.

Opportunities for the Regulation of Private Healthcare in Pakistan

Even after a prolonged struggle with regulatory challenges, there are immense opportunities to raise the level of control mechanisms and enhance the governance of the private healthcare in Pakistan. Existing regulatory bodies like the Punjab Healthcare Commission and similar provincial agencies can be made stronger by giving them more funding, trained inspectors, digital monitoring systems, and clearer laws.

Second, the urgency of regulatory reform is becoming increasingly recognized by policymakers, members of the judiciary, and civil society. The public has increasingly scrutinized the issue in parliament, through investigative media coverage of unlicensed hospitals and systemic failures in the system, such as the popularly discussed 2025 inspection of the Islamabad private healthcare industry. These developments generate political pressure to change in legislations, tougher implementation laws, stiffer punishments against non-compliance, and more openness of regulations decision making.

Third, standardized pricing systems and legally approved fee-controlling systems, as accepted by the Lahore High Court, may serve to ensure that arbitrary overcharge is avoided, as well as create fairness in the billing practice and make it more affordable to the middle and lower-income households. The consumer protection would be further enhanced by transparent requirements of cost disclosure. Fourth, standardization of national and global best practice-based institutionalization of wide-ranging quality assurance and accreditation will allow embedding of a single standard of care, clinical governance procedures, systems of ethical compliance, and professional accountability within the private facilities.

Lastly, improved collaboration among the provincial regulatory bodies, national health bodies, and the public health bodies may contribute to a harmonized regulatory system with uniform guidelines, shared data networks, and uniform implementation of regulations across jurisdictions. When addressed by a long-term political investment and administrative change,

such opportunities may change the state of healthcare regulation in Pakistan, protect the ethical practices, enhance the safety measures of patients, and facilitate a more justifiable healthcare access to quality care services in the country.

Discussion

The process of governing the Pakistani private healthcare indicates the ongoing mismatch between the legal-policy frameworks and the real-life situations. Although the provincial regulatory bodies and legislation are officially present to license, regulate, and monitor the activities of the private institutions, the failure to comply on a broad level depicts that laws alone are not sufficient since they require enforcement, political will, and the capacity of institutions. The unregulated pricing, unlicensed hospitals, and lack of accountability lead to the fact that even though it promises to be accessible and responsive, in many instances, the system of private healthcare cannot even comply with the minimal quality, safety, and ethical standards.

Conclusion

Private healthcare in Pakistan plays a major role in providing medical services to many people and often supports the public healthcare system. However, even though laws exist, regulation is still weak and inconsistent. This leads to problems in ethics, service quality, and fairness. The growth of unlicensed clinics, high fees, lack of professional accountability, low standard of service system, and weak institutional control compromises patient safety and lower public trust in healthcare institutions. To improve health, private healthcare should not only be on papers, but these laws must be properly enforced. This can be done by strengthening health regulators, making licensing and approval more strict, setting fair fees, improving complaint systems, and increasing transparency. The policymakers should understand that regulation is not a burden to the administration, but a constitutional and moral duty to protect citizen's basic right.

Recommendations

1. Empower and endow regulatory authorities like the Punjab Healthcare Commission (PHC) and other similar provincial commissions to perform periodic inspections, licensing, accreditation, and monitoring of the private health care facilities.
2. Installing standardized national rules and regulations of the healthcare establishments to make a consistent difference across provinces, therefore, diminishing the regional variations in quality and access.
3. Standardize and implement generalized pricing and fee-control systems to avoid exorbitant costs and to add more affordability and fairness to the expensive medical business (particularly when it is low-income).
4. Establish and enforce quality-assurance and accreditation programs, such as minimum standards of service (infrastructure, staffing, hygiene, record-keeping), and regular check-ups of these standards.
5. Put in place clear grievance and accountability protocols on behalf of the patients - creating the ability to report malpractice, negligence, unethical conduct, and offer avenues of redress.
6. Disseminate awareness campaigns to the masses on patient rights, ethics, and the value of licensing/accreditation - enabling the citizens to pressure institutions to provide compliant and quality care.
7. Foster the collaboration of the state and the non-state sectors, and government regulators should incorporate the involvement of this partner in the country's health planning and equal service provision planning.

Research Limitations

The present study relies mainly on secondary sources, such as published academic literature, media coverage, governmental reports, or policy evaluation, that can be influenced by publication bias, selective coverage, incomplete data sets, or non-provincially balanced coverage. The fact that this regulatory environment is changing very fast and that legal reforms are continuing throughout different provinces can make some of the

mentioned research, statistical reports, or policy documents obsolete at the time of review. Moreover, major regional differences in regulatory frameworks, enforcement capacity, institutional effectiveness, and transparency of data restrict the ability to generalize findings uniformly across all provinces in Pakistan.

Moreover, useful quantitative data on the rate of compliance with licensing, patient safety, costing, price transparency, and standard quality measures are frequently restricted, disjointed, or proprietary in nature, thus limiting full empirical validation of certain analytical assertions. Lastly, the lack of primary fieldwork, stakeholder interviews, or on-the-job institutional observation limits understanding of the administrative practices, institutional behavior, patient experience, accountability mechanisms, and enforcement dynamics at the ground level in the segment of the administrative system in the private healthcare industry.

Research Implications

The main source of this research is secondary sources, published academic literature, media coverage, government reports, and analysis of policies, which can be biased on publication, selective news, incomplete data, or unequal coverage of provinces. The dynamically changing regulatory environment and continuous legal changes in different provinces can make some of the mentioned studies, statistical reports, or policy documents obsolete to some extent by the time of their consideration. Moreover, major regional differences in regulatory systems, enforcement capacities, institutional performance, and the transparency of data restrict the opportunity to make consistent generalizations about all provinces of Pakistan.

Moreover, credible quantitative information relating to the compliance levels of licensing, patient safety, cost, pricing visibility, and standard quality measures is frequently unavailable, discontinuous, or proprietary, which also limits the complete empirical verification of certain analytical assertions. Lastly, a lack of primary fieldwork, interviews with stakeholders, or observing the real-life operations of the

institutional context limits the ability to understand more about administrative practices, institutional behavior, patient experience, accountability, and ground-level enforcement processes in the private healthcare industry.

Future Research Directions

The empirical field research will be extended in the future with systematic audits of individual hospitals and clinics, systematic interviews with health care professionals, patients, and regulatory bodies, as a way to determine whether the licensing and quality standards and ethical practices are adhered to. These studies would provide supported information on the real-life application of regulatory systems. The comparative research carried out among various provinces can also shed more light on the differences in enforcing regulations across different regions, accessibility, affordability, and service quality.

Monitoring the patient outcomes, the cost trends, quality indicators of the service, and institutional performance across time would also be beneficial in assessing the effectiveness and sustainability of the regulatory interventions long-term. Further, the policy analysis needs an in-depth investigation into the possibility of creating an integrated regulatory framework at the national level, its structural design, and legal considerations, as well as possible difficulties in aligning various provincial regulations.

Future scholarship can also focus on how the role of civil society organizations, patient advocacy groups, and professional associations is changing to enhance the level of accountability, transparency, and governance in private healthcare systems, and how the socio-economic inequalities influence equitable access to regulated private healthcare services.

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