

Public-Private Partnerships for Healthcare and Turkish Health Reform

**Lawyers Associated Worldwide
Annual General Meeting
5th of November, 2010**

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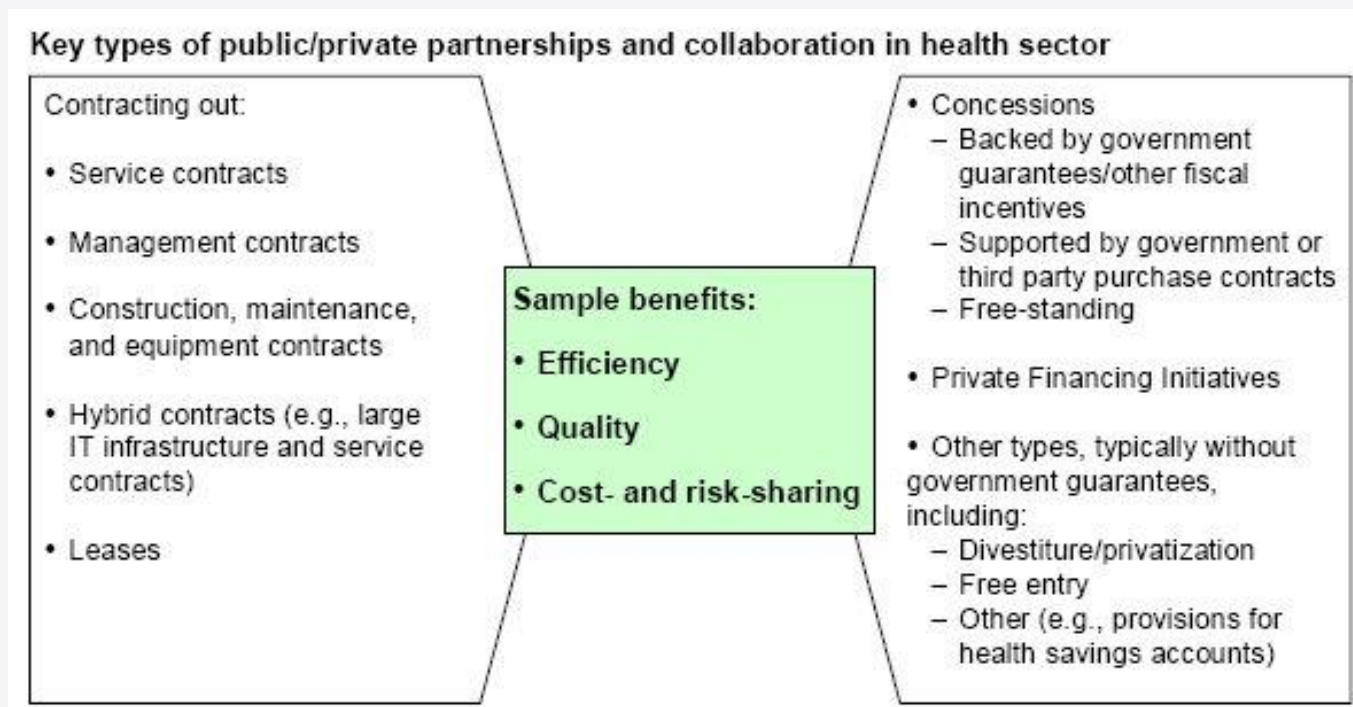
PPPs for Healthcare

- Public sector challenged in finance, management and provision of healthcare throughout the world.
- Increased demand for health services
- Dominant economic paradigm in favor of private provision of goods and services
- Toolbox:
 - Privatization
 - Public-private partnerships (PPPs)
 - Contracting –out
 - Performance management



PPPs for Healthcare

- PPPs are characterized by the sharing of common objectives, risks and rewards so as to deliver a service or infrastructure to the public.
- Involvement of the private sector differs



PPPs for Healthcare

- Policy perspective: Health authorities cease to run hospitals directly, devolving and procuring the services wherever available.
- PPP schemes for hospitals may involve:
 - Design
 - Construction
 - Provision of goods (equipment, furniture, consumables)
 - Provision of services
 - Operation of commercial ares
- Dominant method is the UK born Private Finance Initiative (usually DBFO)
- Most advanced in UK and Italy



PPPs for Healthcare

- Design of PPP schemes critical for success: Business case, financial model, legal documentation (contract and specifications)
- Planning for future demand for health services
- Output specifications
- Payment mechanism (including the penalty mechanism)
- Contingencies
- Patient rights - data protection
- Provision of medical services (public monopoly?)
- Continuity of the service
- Secondment of public personnel



Turkish Health Reform and PPPs

- Demand for healthcare services rapidly increasing in Turkey
 - Economic growth
 - Increased availability and quality

Population	72.000.000
Total healthcare expenditure	6% of GDP
Per capita health expenditure	767 USD (adjusted)
Public expenditure/Total	68%
Per capita public expenditure	520 USD (adjusted)



Turkish Health Reform and PPPs

Health Transformation Program (HTP) 2003-2013

- Restructuring the MoH
- Merging social security institutions
- Autonomy to hospitals
 - Regional hospital unions to be established.
- Increasing quality standards (JCI)
- Increased care to patient rights
- Performance-based system
- Family doctors
- E-Health applications



Turkish Health Reform and PPPs

- MoH has established a PPP Program as part of HTP.
 - Hospital unions for administration and provision of healthcare
 - PPP for facility provision and management
- Legal framework:
 - No general PPP law.
 - Fundamental Law on Health Services – additional article (2005)
 - Implementing regulation (2006)
 - Projects not subject to public procurement code.
 - Legal framework tested by action for annulment at supreme administrative code.
- Special PPP unit within the MoH established (2007)



Turkish Health Reform and PPPs

Main elements of the legal framework:

- Construction of new facilities and renovation of existing facilities
- Approval by the Higher Planning Board
- Superficies right over national estate
- DBOFT system
- Performance-based availability payments + services payments + commercial areas
- Non-clinical and support services
- SPVs for each project
- Ratio of equity capital: not less than 20%
- Maximum duration of contracts: 49 years



Turkish Health Reform and PPPs

A clear POLICY stating the objectives of PPP and how these objectives are to be achieved

Health Transformation Programme

A well established INSTITUTIONAL FRAMEWORK comprising responsibilities and decision rights transparently

Higher Planning Board approval

Special PPP unit within the MoH

A well defined LEGAL FRAMEWORK that enables the establishment and implementation of PPP arrangements

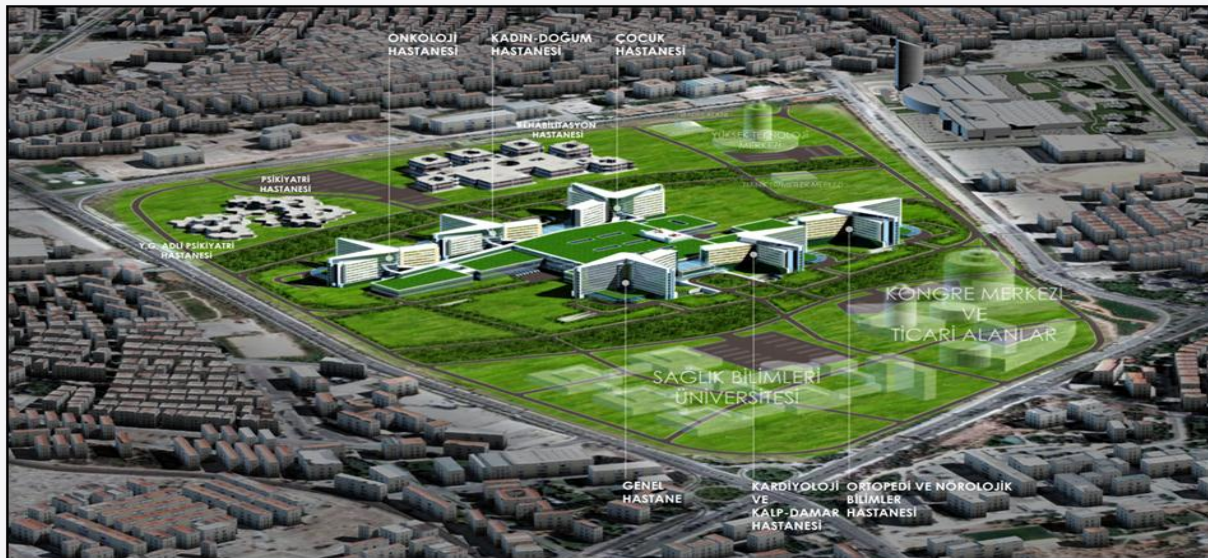
Law and detailed regulation

Tested by a court case



Turkish Health Reform and PPPs

- MoH PPP Program covers:
 - Approximately 40 health campuses with a total bed capacity of 30.000
 - 12 physical therapy and rehabilitation hospitals
 - 8 psychiatric hospitals
- Time frame: 5 years
- Total investment: USD 5 billion (conservative estimate)



Turkish Health Reform and PPPs

Kayseri Integrated Health Campus – first tender (2009)



Local population: 2.8 million

Beds: 1548

Capacity: 10.000 patients/day

Demand: Local + regional + international



Turkish Health Reform and PPPs

- Bids received for:
 - Kayseri
- Bids expected for (Dec. 2010):
 - Ankara Etlik – 3000 beds
- Prequalification applications made for:
 - Ankara Bilkent - 3000 beds
 - Elazığ – 950 beds
- Prequalification application expected for:
 - Manisa – 400 beds
- In the pipeline:
 - Istanbul – 2000 beds
 - Ezurum – 800 beds
 - Others



Turkish Health Reform and PPPs

- Business opportunities for:
 - Construction companies
 - Facility managers
 - Service providers
 - Financial institutions
 - Consultancies / law firms
- Investment period
- Operation period



Thank you for your patience

