



Public Private Partnerships (PPPs) for the health sector

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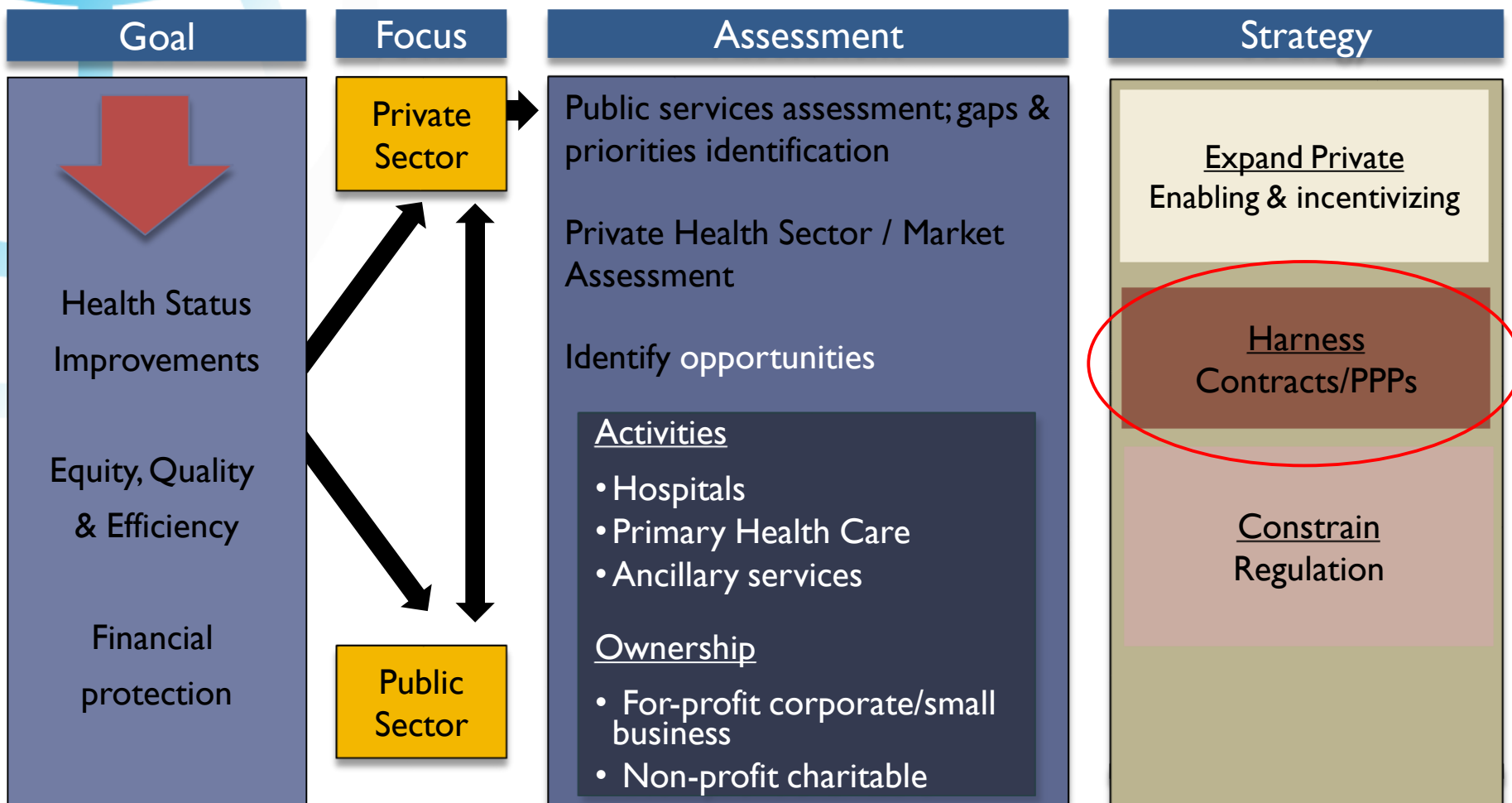
Jakarta
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Indonesians Use Private Sector Healthcare

Outpatient and inpatient utilization have increased, especially among the bottom 40% and at private facilities

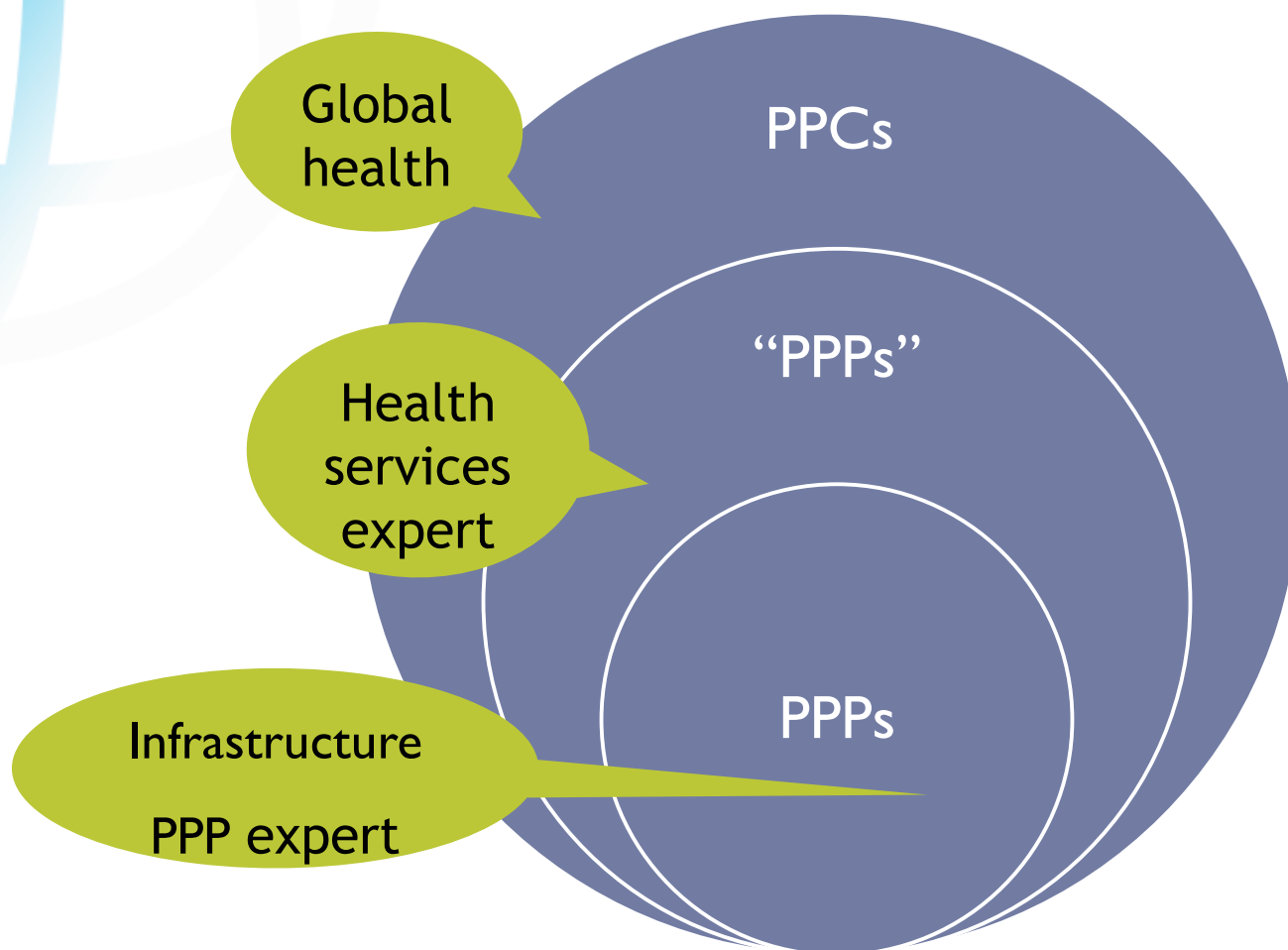
		2012	2013	2014	2015	2016
Outpatient utilization (all)	National	12.90%	13.50%	15.40%	17.00%	16.10%
	Bottom 40%	11.70%	12.20%	13.90%	16.00%	15.20%
Outpatient utilization (private)	National	8.10%	8.70%	10.40%	8.70%	10.10%
	Bottom 40%	6.40%	7.10%	8.50%	7.60%	8.50%
Inpatient utilization (all)	National	1.90%	2.30%	2.50%	3.60%	3.70%
	Bottom 40%	1.30%	1.60%	1.80%	2.60%	2.70%
Inpatient utilization (private)	National	0.80%	1.00%	1.10%	1.70%	1.70%
	Bottom 40%	0.40%	0.50%	0.60%	0.90%	0.90%

Health System Goals Should Drive Private Sector Engagement



PPPs are used to mobilize private finance, increase access, improve quality of service, introduce efficiencies in the delivery of public health services, introduce innovations and technology, and finally improve health outcomes.

PPPs Can be Interpreted in Different Ways



- Demand-side
- Social franchising
- Voucher programs
- Food fortification
- Outsourcing
- Contract Management
- Equipment supply with Service
- Super-Specialty Hospitals
- Imaging Centres
- Ambulatory Surgery Centres

What is the definition of a PPP?



The final responsibility for service delivery continues to remain with the public sector agency
→ **Execution is by private partner**

7 essential conditions that define PPPs

Different PPPs for different country needs

Non-clinical Services

Contracting out works and services such as IT services, cleaning, catering, maintenance, waste management etc.

Country examples:
global

Management Contracts

Management of hospitals or networks of hospitals and/or clinics

Country examples:
Brazil, Lesotho, India

Infrastructure PPP (PFI)

Contracting a private provider to design, build and manage facilities

Country examples:
UK, Spain, Italy, Mexico, South Africa, France, Australia

Clinical Services

Contracting out services such as dialysis, radiotherapy, day surgery etc.

Country examples:
Romania, Peru, UK, India, Bangladesh

Clinical Support Services

Contracting out support services such as laboratory and radiology diagnostics, ambulance services, supply chain management

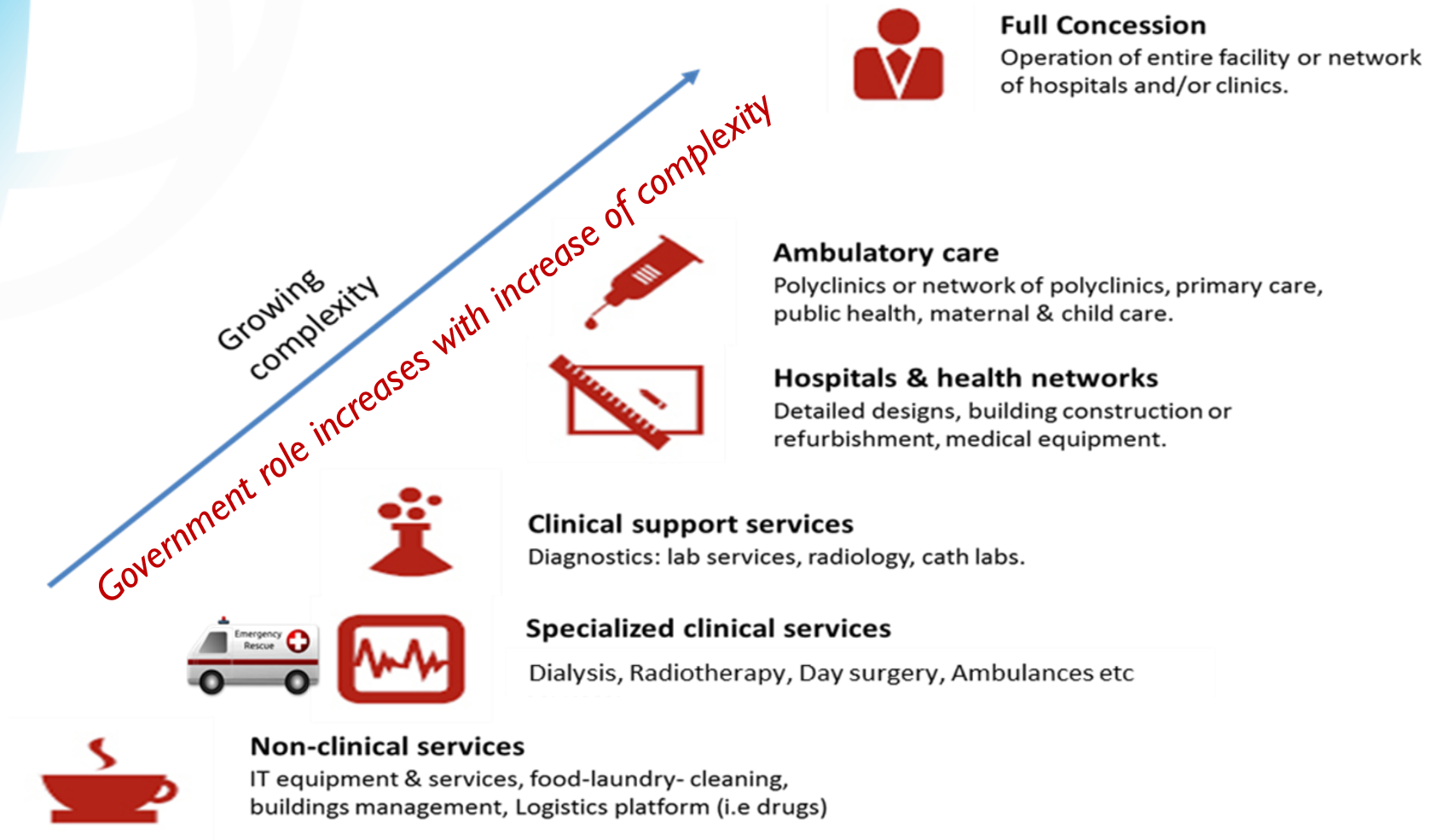
Country examples:
Global

Infrastructure and Services PPP

Contracting a private provider to design, build, and manage facilities as well as deliver clinical services

Country examples:
Portugal, Lesotho, Spain, Turks, Caicos, India

Differing Levels of Complexity



Some lessons learnt

- PPPs need to be developed within the framework of the broader health policy objectives and health system needs
- The private sector has more to offer in terms of service delivery efficiency and quality and not just financing
- Developing a pipeline of transactions of larger scale (such as network of providers) rather than small scale one-off transactions is more beneficial to both partners
- It is important to focus on the entire PPP life cycle, from policy to transactions to contract management and payments
- Lack of institutional capacity in the public sector is the major cause of failure of PPPs

Health PPP Process

Phase 1: Analysis and Prioritization

Diagnose health sector needs
Agree on health priorities and system gaps
Develop a PPP Strategy for Health

MOH PPP Unit

Phase 2: Preparation and Capacity building

Conduct feasibility/sustainability study
Review legal/policy framework
Assess MOH institutional capacity
Strengthen MOH PPP Team

MOF, Bappenas, MOH

Phase 3: Design and Award

Identify Health PPP pipeline
Market it to the private sector
Design PPP transaction
Conduct procurement process

**MOH PPP Unit with
MOF and Bappenas**

Phase 4: Implementation and Evaluation

Regularly monitor progress and payment mechanisms
Close PPP and Evaluate
Share lessons learned from PPP/H

**MOH PPP Unit with
MOF and Bappenas**

Stakeholder Consultation
Private Sector
Consumers

Use outside expertise, as necessary



Terima Kasih!



Services agreement for the regional collection, treatment and incineration of hazardous medical waste.

Prepares the groundwork for **further PPP arrangements** at 168 health-care facilities in 10 districts of Lesotho.

Awarded to **Mediwaste**, a consortium of Ditau Health Solutions and Matsete Investments.

300,000 people with improved access to services

Lesotho: Medical Waste PPP (2012)

Upgraded **diagnostic imaging and radiology** facilities.

7-year concession to provide advanced imaging and radiology services across **4 government hospitals/medical colleges**.

Awarded to Wipro GE Healthcare Ltd. and Medall Healthcare Private Ltd.

98,800 people with improved access to services

\$6 million in investment



India: Andhra Pradesh Radiology (2010)

Two new **120-bed hospitals**.

25-year PPP to design, finance, construct, equip, maintain, and provide dialysis, imaging, and lab services.

Awarded to **Prodemex** (Toluca) and **Marhnos** (Tlalnepantla).

20,000 people with improved access to services

\$120 million in investment

33% decrease in operational costs.



Mexico: Toluca & Tlalnepantla Hospitals (2010)



Four 4-year contracts to refurbish, operate, and manage dialysis centers at 8 hospitals around the country.

Awarded to local operators for B. Braun, Fresenius (Germany), Baxter (USA), and Gambro (Sweden).

224,640 people with improved access to service

\$40 million in private investment

Over €2.9 million in fiscal benefits

Romania: Outpatient Dialysis Services (2002)