

## **PARTNERSHIP OF PUBLIC-PRIVATE IN THE PRESENTATION OF HEALTH SERVICES: IMPLEMENTATION OF TURKEY-ENGLAND**

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### **Abstract**

Public-private partnership (PPP) can be defined as sharing the investments and services, costs, risks and profits of enterprises between public and private corporations based on an agreement. Even though healthcare industry has a little proprietor of a share in PPP, the healthcare industry makes a considerable contribution to PPP. Turkey undergoes change increasingly in the national healthcare industry by using PPP in recent decades. The model which becomes prevalent in the field of health contributes only for medical services (core services) in government. The government assigns medical facilities, medical support, presented services besides medical support and the operation in merchandising areas to the private sector by using this prevalent model in the field of health. In this study, the presented national health services in England and Turkey how PPP provides development in health services, which regulations are legislated for health services, and the projects for health services are considered. England and Turkey are covered in this study. The reason for incorporating England in this research is that PPP is used the first time in England besides PPP has been progressed and advanced in England.

**Keywords:Public-Private Partnership;Health services;The United Kingdom and Turkey.**

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## 1. Introduction

Economic, social, and political interactions with changing and developing world order over time created some changes in state's role. Understanding of state that produces and operates services has transformed into understanding of state that determines and regulates policies (Ministry of Development, 2012: 6). With globalization and liberalization processes, the ways of undertaking and assigning public services also have changed; many countries go into partnerships with private sectors in areas where state used to be dominant because of financial pressures over administrations of public services that are under the monopoly of the state as well as inability of public administration to meet the needs of today's world (Boz, 2013: 278; Tekin, 2010: 2). Public-private partnership models can be defined as a voluntary and collaborative agreement of non-state actors that aims to reach a common purpose by all participants or take on a specific task and share the risks, responsibilities, sources, competences and benefits (Nelson, 2002: 47); legal, institutional, enlarged, integrated methods in which private sector participates for designing required infrastructure, financing, and constructing the facility in order to carry out services or renewal, lease, maintenance and repair of already existing public investment (Güzelsarı, 2012: 30).

Public-Private Partnership Model is designed to enable participation of private sector to services that the state does not want to keep it's hands off fully and at the same time private sector does not dare to provide single-handed and in this way overcome financing problem that became the main dilemma of the state (Acartürk and Keskin, 2012: 27). Public Private Partnership (PPP) that was developed in England in early 1990s is one of the tools that is used by states to cope with financial and administrative troubles (Kesgin, 2013: 1).

The aim of the study is to investigate England- Turkey transition processes to public private partnership in health. In the study, England's public private partnership model in health and Turkey's public private partnership model in health are mentioned.

## **2. Public Private Partnership Model In England (Transition To Health)**

England is, undoubtedly, the first country that comes to mind when we speak of public private partnership. In England, private sector participated in road construction in 1660s. In 1800s, this participation accelerated and private sector became indispensable actor especially canal and railroad projects. The USA and France followed England. When the history of public private partnership in England, it can be said that it started with abolishing laws that prohibit participation of private sector on public services. In England, public private partnership models are generally named as private finance initiative. In this context, in order to coordinate these models, a working group of public treasury for private finance initiative was formed. The most important feature of this method that is seen as private finance initiative in England is long duration of agreements and responsibility of private side for investment and finance. In that sense, private sector takes investment and financing responsibilities required by services such as hospital, prison, garbage and it gets service charge from the state regularly during the course of agreement (Emek, 2009: 12).

Public Private Partnerships's abbreviation is PPP. Before PPP projects, the first applications in England in 1990s were known as Private Finance Initiative (PFI) and in this projects private sector contributed to financing of the projects (Turkish Medical Association, 2011: 32). Since 1990s, PPP has been dominant discourse of the institutional and legal regulations that are discussed under the title of reforming public administration in the world and area of creating more effective and socially beneficial projects by fusing the powers of public and private sector (McKinsey&Company, 2009: 4). "After abolishing the legal regulations that prohibit private sector to participate on public services in England, the framework of this model that is created in cooperation with private sector 'Private Finance Initiative (PFI)' was created. One of the main aims of PFI in England is to develop better relations between public and private in the levels of central and local governments. The main principles of PFI are, based on the ground of ability to take higher financing cost with the help of administrative and other benefits of private sector, getting the money's worth and transferring the risk to the side that manages best" (Boz, 2013: 281-82).

Table 1: Public Private Partnership Model Hospital Project Signed in England

Name of the Project	Year	Total Amount of Investment (Sterlin)	Details
Buckinghamshire Hospital NHS Trust	1997	45,1	Site rationalization
Dartford and Gravesham Hospital NHS Trust	1997	94	project to build a new hospital
Country Durham & Darlington Acute Hospitals NHS Trust	1998	61	A new district hospital for North Durham-Dryburn
Norfolk and Norwich Health Care NHS Trust	1998	158	A new DGH
West Sussex Health & Social Care Trust	1999	22	Renovation of Graylingwell Hospital
South Tees Acute Hospital NHS Trust	1999	121,6	Site reconstruction in James Cook University Hospital and centralization of acute hospital services
Hull and East Yorkshire Hospitals NHS Trust	2000	22	Motherhood and acute development- Hull Royal
University College London Hospitals NHS Trust	2000	422	Site rationalization
Guildford & Waverley PCT	2001	29	Providing a local nursing center at Farnham Hospital
Dudley Group of Hospitals NHS Trust	2001	137	Re-development and rationalization
Brent PCT	2002	21	New building emotional health facility
University Hospitals	2002	378,9	New DGH in Walsgrave

Coventry & Warwickshire NHS Trust			
East Lancashire Hospitals NHS Trust	2003	30,1	Re-preparation of phase V for Burnley Hospital
Southern Derbyshire Acute Hospitals NHS Trust	2003	312,2	Acute Services consolidation in the Site of Derby City Hospital
Salisbury Health Care NHS trust	2004	24,1	Re-development of DGH
Leeds Teaching Hospitals NHS Trust	2004	265,2	A new cancer building in St James University Hospital. Customization of blocks in Refurb and St James, Leeds general Şapel Allerton and Seacroft. Additionally, regional oncology and cancer center will be provided.
Northgate & Prudhoe – Neuro Disability Centre	2005	24	Center for neuro-disableds
Newcastle upon Tyne Hospitals	2005	298,6	Re-construction of acute hospital services of Newcastle. Kidney and social contributions for old persons center in Freeman Hospital. Translocation of Freeman and North Center for cancer. Royal Victoria Infirmary and re-development.

Source: KESKİN S.(2011). *Türkiye’de Sağlık Hizmetlerinin Sunumunda Kamu-Özel Ortaklığı Modeli (Aydın Örneği)*, Institute of Social Sciences, Adnan Menderes University, Master Thesis, Aydın-Turkey.

When the table 1 is examined, PPP hospital projects of England in 1997-2005 are defined. In addition, 159 hospitals are built up in 2009 in England. Number in question (159) equals to 90% of all the hospitals of that time (Price, 2011:14). “According to official registers, transition to PFI model in England took place in November 1992 by Norman Lamont. Nowadays, the ratio of

PFI application in England is approximately 12% of all public investment. In other words, nearly 12% of public investments are done with the PFI model. According to the reports of the English Finance Ministry, 30% of classic purchasing projects were done on time and 27% of those purchasing projects were done within their budgets, whereas these ratios were 89% and 77% respectively (Keskin, 2011: 46).

### **3. Public Private Partnership In Turkey (Transition To Health)**

In our country, the adventure of public private partnership started with an old law in the time of the Ottoman Empire and continues with the law no. 6428 “Law about Building up, Renewing facilities, and Getting Services through Public Private Partnership Model and Changing Some Decree Laws.” In Turkey, public private partnership in the health sector has its origin in the law no. 3559 Health Services Fundamental Laws. Law no. 3559 enabled health institutions that belonged to state institutions and organizations to turn into health institutions with legal entity thanks to cabinet decree. In this way, by bringing management mentality to the health sector, the first step towards public private partnership was taken. The first explicit regulation in relation to the operation of health services through public private partnership was done with law no. 5396 by adding additional clause 7 to law with no. 3559. In accordance with law no. 3559 and additional clause 7, it is possible to use private sector contractors for not only construction of health centers but also renovation of health facilities, providing medical equipment, managing trading areas in health facilities and providing non-medical services etc. (Çakır, 2014).

Public Private Partnership (PPP) Model in Turkey was used for transportation and energy infrastructures after the 1980s and since the 2000s it found application area in the health sector as well. Participation of the private sector in building integrated health campuses in determined cities under the PPP scope, is not only limited to construction of campuses; and involves the right of commercial undertaking of trade areas, excluding providing doctors, but including car park and cafeteria (Yusufi-Yılmaz and Gültekin-Karaş, 2011: 29). “As part of PPP with law no. 5283 in 6<sup>th</sup> of January 2005, A Law Concerning the Transfer of Some Health Units Belong to State Institutions and Organizations to Ministry of Health, health facilities belonged to other official bodies were incorporated into Ministry of Health as a first step. The second step was to create public private partnership model with law no. 5396 of health services fundamental law and

article 1 in 3<sup>rd</sup> of July in 2005. For the application that started with additional clause to law with no. 3359 health services fundamental law in 7<sup>th</sup> of May 1987 (article 7), *Regulation 13 Concerning the Construction of Health Facilities in Exchange for Leasing and Renovation of Health Facilities in Exchange for Running Service Areas of Facilities Except Medical Services* was put into practice” (Sözer, 2014: 218). “Based on the new application after the change in 3<sup>rd</sup> of July 2005, Ministry of Health could get required health facilities done by natural and legal persons, law with no. 5398 health services fundamental law build operate transfer model includes not only building up and operating a new facility but also operating facilities of ministry. Based on the relevant norm, “renovation of health facilities used by Ministry of Health according to envisaged project determined rules, could be done by contract by natural and legal persons in exchange for running service areas excluding medical service” (Sözer, 2014: 218). “Aims of introducing public private partnership model in Turkish health sector are those(Kerman et al, 2012: 12-13):

- Using private sector’s sources of finance to public investments,
- Ability of private sector’s quick decision making and implementing and integration of its creativeness to project, sharing the risk,
- Creating such an infrastructure in which each side does jobs they know best and are competent of,
- Not undertaking any cost by public until health facility enters into service,
- Shorten the time of construction of building that takes 8-10 years due to underfunding,
- Overcoming the problem of limited public source problem by extending the investment burden spread over years thanks to leasing,
- Getting services, except medical ones, and running of areas done by private sectors.

The aim of Public Private Partnership Model is to build up health facilities in return of leasing and renovate health facilities in return of running services except medical ones and operating areas. “In Turkey, PPP’s in the area of health was planned as ‘integrated health campuses’ and ‘city hospitals’ and in order to realize those plans there are serious studies. In those health campuses that are formed based on Public Private Partnership Model, serious of transformations in public hospitals, in which 6 people used to share the same room, operating rooms were not sterilized and polyclinics were about to lose their functions, are expected (Acartürk and Keskin,

2012: 47). Public private partnership hospitals in organization of health services enable growing and concentration in terms of service, labor and operation volumes and therefore, it brings about organizational, administrative and financial scale-up (Karasu, 2011: 231).

#### 4. Discussion and Result

Subject of PPP model of investment and service that is based on a state having a long-term (till 49 years) agreement with a private company is construction and leasing of facilities (hospital, school, prison, highway etc.) where public services will be provided, by private companies and state both pays the rent and transfers all the services in these facilities, except ‘core service’ to those companies (Turkish Medical Association, 2011: 8). In health campuses that will be based on PPP model, became one of the main issues of the agenda after 2000s, serious of transformations in public hospitals, in which 6 people used to share the same room, operating rooms were not sterilized and polyclinics were about to lose their functions, are expected (Acartürk and Keskin, 2012: 47). Aims of Ministry of Health with PPP model; having a hospital structure that gives qualified health services thanks to its physical place as well as having better patient satisfaction by making the most suitable investment, combining together the level of quality that it wants to obtain in health services with service practicality and quality of private sector. Ministry of Health that emphasizes the importance of rational and right planning, aims at constructing ‘smart hospitals’ with the capacity of 41091 beds and high energy efficiency, earthquake isolation and digital features under City Hospital project that is formed based on PPP model ([saglikyatirimlari.gov.tr](http://saglikyatirimlari.gov.tr)). Undoubtedly, one of the criteria in order to achieve the targets in healthcare field is to betterment of physical conditions of hospitals, in this context constructions of 30 hospitals in Turkey with PPP have continued ([www.saglikyatirimlari.gov.tr](http://www.saglikyatirimlari.gov.tr)).

Table 2: Public Private Partnership Model Hospital Projects of Turkey

	<b>Projects on decision phase</b>	<b>Projects with continuing tender process</b>	<b>Projects with continuing preparati on process</b>	<b>Projects waiting for approval from Higher</b>	<b>Projects with continuing pre-feasibility study</b>
<b>Projects with completed tender</b>					

		es	for tender	Planning Council	
Ankara Bilkent Integrated Health Campus (3660 Bed)	Kütahya Public Hospital (500 Bed and 100 Bed PMR)	Samsun City Hospital (900 Bed)	İzmir Yenişehir (Tepecik) City Hospital (1200 Bed)	İstanbul Sancaktepe City Hospital (3800 Bed)	Trabzon City Hospital (800 Bed)
Ankara Etlik Integrated Health Campus (3566 Bed)		Denizli City Hospital (1000 Bed)	Aydın Physical Medicine and Rehabilitation Hospital (150 Bed)	Antalya City Hospital (1000 Bed)	
Kayseri Integrated Health Campus (1584 Bed)				Diyarbakır Kayapınar Hospital (750 Bed)	
İstanbul Başakşehir İkitelli Integrated Health Campus (2682 Bed)				Aydın City Hospital (800 Bed)	
Yozgat Training and Research Hospital (475 Bed)					

Turkish Society of Public Health					
Adana City Hospital (1550 Bed)					
Elazığ Health Campus (1040 Bed)					
Gaziantep Health Campus (1875 Bed)					
Manisa Health Campus (560 Bed)					
Mersin Health Campus (1250 Bed)					
İzmir Bayraklı City Hospital (2060 Bed)					
Isparta Health Campus (755 Bed)					
Kocaeli Health Campus (1180 Bed)					
Konya Health Campus (838 Bed)					
PMR and ve HSPS packages (2400 Bed)					
Bursa City Hospital (1355 Bed)					
Eskişehir City Hospital (1081 Bed)					
Tekirdağ City Hospital (480 Bed)					
Şanlıurfa City Hospital (1700 Bed)					

Source: Ministry of Health Department of Public Private Partnership

Increasing and developing the level of health status and at the same time minimization of threats against health and protecting the society from those risks are the ultimate aims of health policies and one of the most important tools to do so is hospitals. With these amendments, significant changes will be provided in terms of providing more effective health services and solving the financing problem.

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