Public Private Partnerships: Principals and Practice in Health Sector

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Mr. **Alexander S. Preker** is an Executive Scholar and Adjunct Associate Professor at Columbia University and Mt. Sinai. He is President and CEO of the Health Investment & Financing Corporation. He is a Founding Member of the New York Chapter of the Keiretsu Forum, an LLP with Keiretsu Capital and an active investor in early-stage life science companies. He is one of the Commissioners for the Global Commission on Pollution, Health and Development, a Member of the Board of the USA HealthCare Alliance, and an Associate Member of the International Hospital Federation. He is the Editor-in-Chief for the Health Investment and Financing Series at World Scientific Press.

Prior to his current work, Mr. Preker had a long career, working at different times for the World Bank, the International Finance Corporation (IFC) and the World Health Organization (WHO).

His training includes a Ph.D. in Economics from the London School of Economics and Political Science, a Fellowship in Medicine from University College London, a Diploma in Medical Law and Ethics from King's College London, and a MD from University of British Columbia/McGill.

# **Basic Principles**

## The Why and How

### ► Why Public Private Partnerships (PPPs)?

- Achieve better outcomes health care
  - Health
  - Responsiveness
  - Financial protection
- Improve performance of health care system
  - Intermediate goals (efficiency, effectiveness, equity etc.)

### How to Introduce and Manage PPPs?

- Systems approach
- Range of activities
- Preconditions

# **Objectives, Goals & Impact**

## **Performance Log Frame**





OUTPUTS

PROXY MEASURES



Financing monev

Training people

Research knowledge

Manufacturing

drugs equipment supplies

Construction buildings grounds Roles of the state stewardship policymaking governance

#### Market forces

supply demand prices market equilibrium Public health services health promotion prevention

#### Clinical services

diagnostics inpatient rehabilitation palliative care home care dental care physiotherapy other allied services

#### Non clinical

management support services financing (insurance)

Public/Private Mix

Process indicators efficiency effectiveness equity access productivity quality

UCH indicators \* population coverage prepayment service depth

#### Financial protection affordability impoverishment

#### Health Outcomes

morbidity mortality quality of life functionality

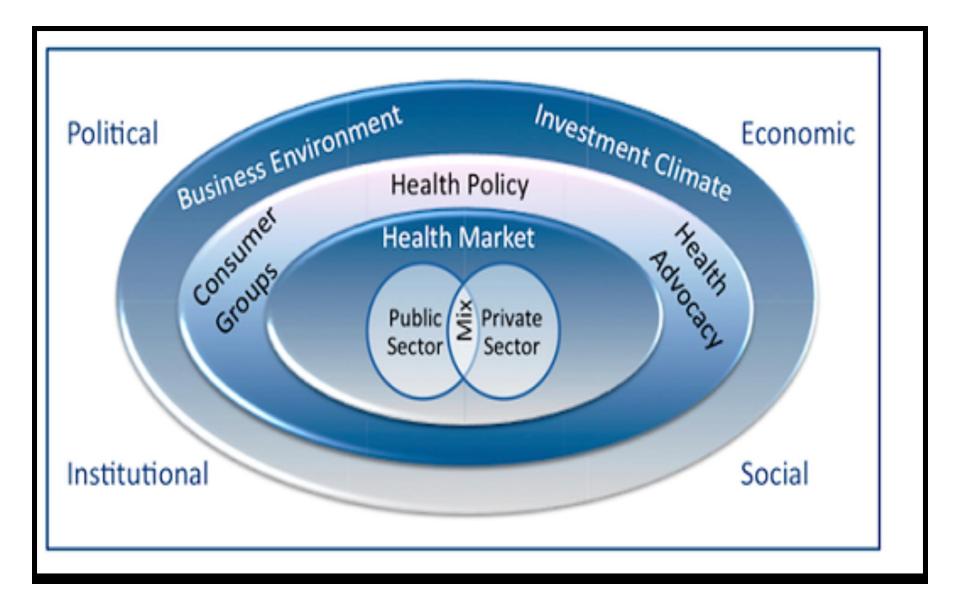
#### Patient experience

patient satisfaction consumer quality waiting times

#### \* Universal Health Coverage

# **Systems Approach**

## **Look Beyond the Health Sector**



# **Range of Activities**

## **Sub Sector Inputs**

### Services

### Inpatient Care

- Acute care in hospitals
- Rehabilitation
- Long term care/nursing homes
- Hospice care

#### Ambulatory Care

- Outpatient care in hospitals
- Home health care
- Clinics (medical, dental etc)
- Diagnostic Labs
- Non-clinical services
- Health insurance
- Medical and health education
- Research and development
- Population based services
- Management consulting
- Other advisory services

### Manufacturing

- Pharmaceuticals & biotechnology
- Medical equipment & devices
- Supplies and consumables
- Health information technology
- Other non-clinical advisory services

# **Pre-Conditions**

## Criteria

### ► Capable Public Sector

- Openness to working with private sector
- Shift from direct engagement to managing others
- Develop skill-set to manage others

### Functional Private Sector

- Free or low cost of entry and exit
- Many buyers and sellers
- Open competition with few distortions
- Prices set by equilibrium between supply & demand

# **Beware of Market Failure**

## **Core Challenges**

### ► Is there Information Asymmetry

- Can you measure what is being produced
- ► Is there a Concentration in Market Power
  - Can one player capture the market
- ► Is there an Even Playing Field
  - Can one player capture the market

### ► Is the Cost of Doing Business Higher than the Benefits

- Can you control regulatory overload, corruption, rent seeking

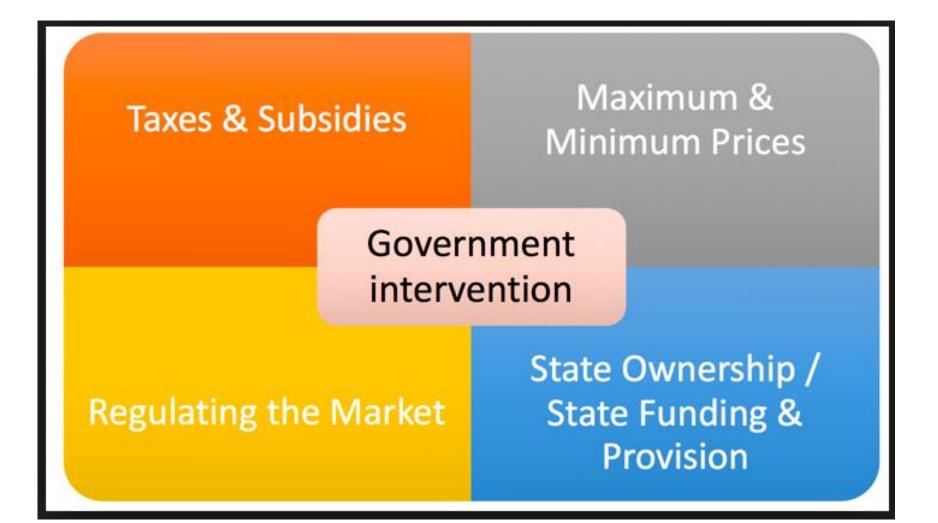
# **Transaction Costs**

## **Cost of Doing Business is PPPs High in**



# **Role of Governments**

## **Governments Interventions can Help or Hinder**



# **End of Overview**

