

Public Private Partnerships: Principals and Practice in Health Sector

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Bio

Alexander S. Preker



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)?**

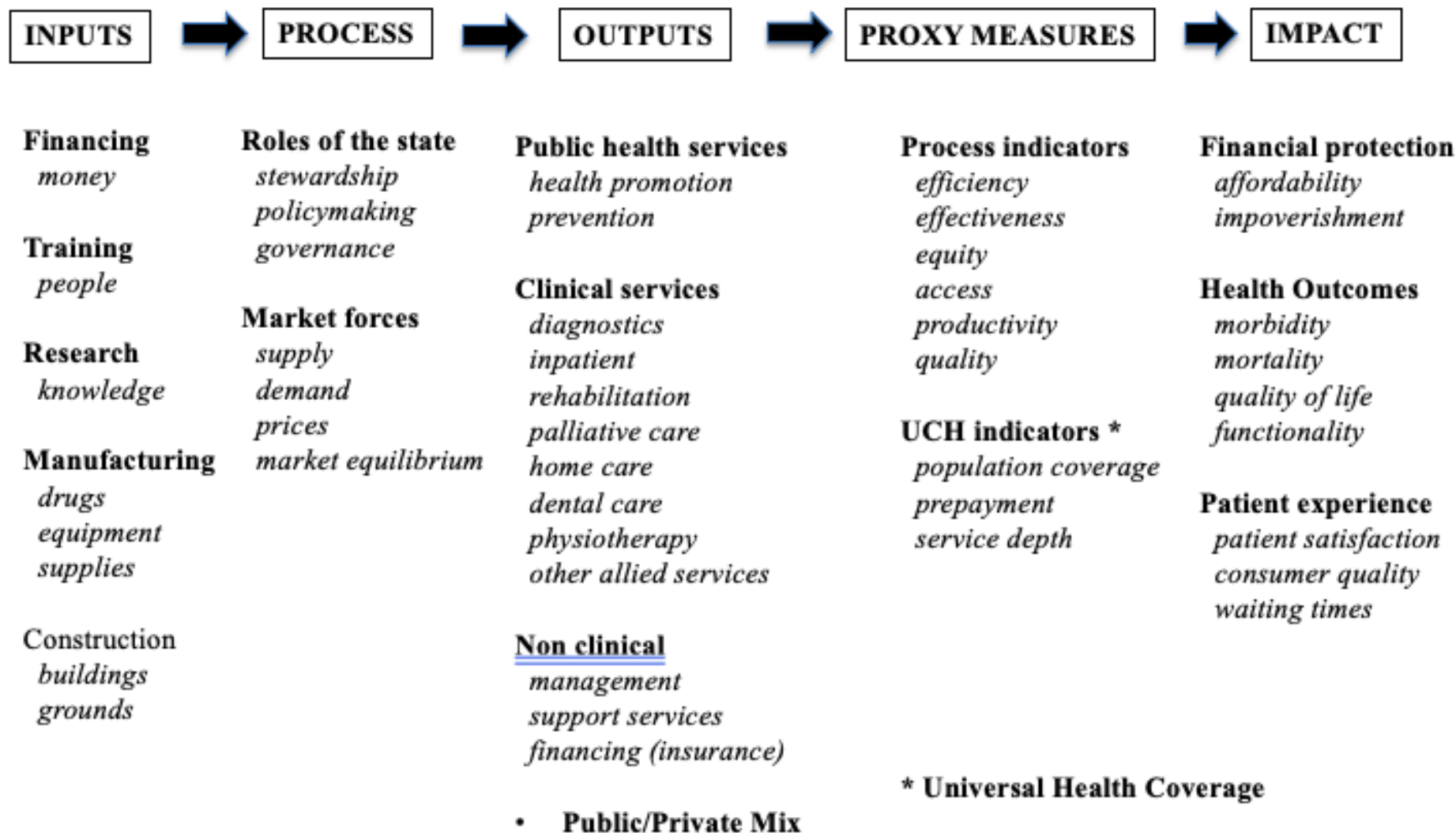
- Achieve better outcomes health care
 - Health
 - Responsiveness
 - Financial protection
- Improve performance of health care system
 - Intermediate goals (efficiency, effectiveness, equity etc.)

▶ **How to Introduce and Manage PPPs?**

- Systems approach
- Range of activities
- Preconditions

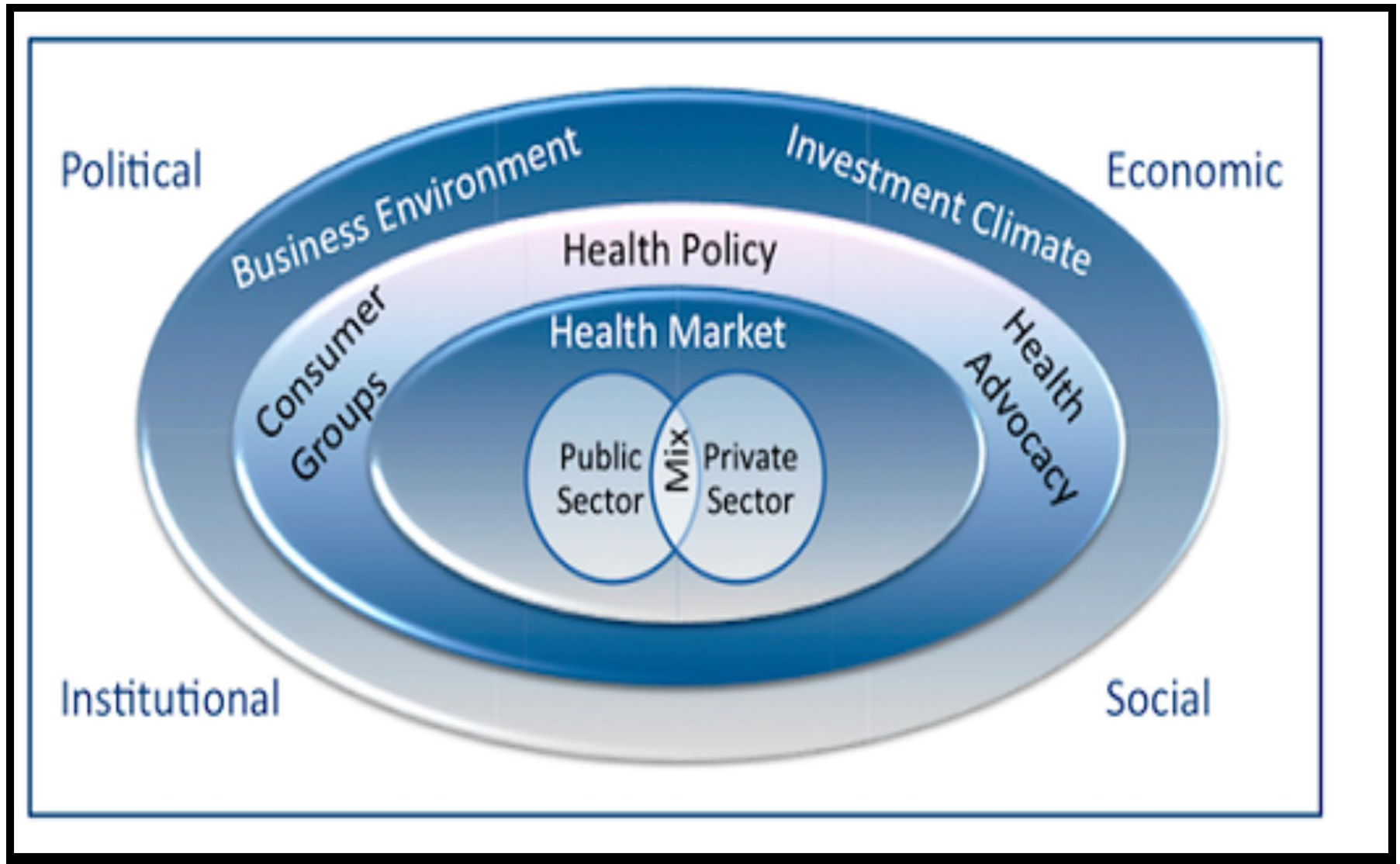
Objectives, Goals & Impact

Performance Log Frame



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

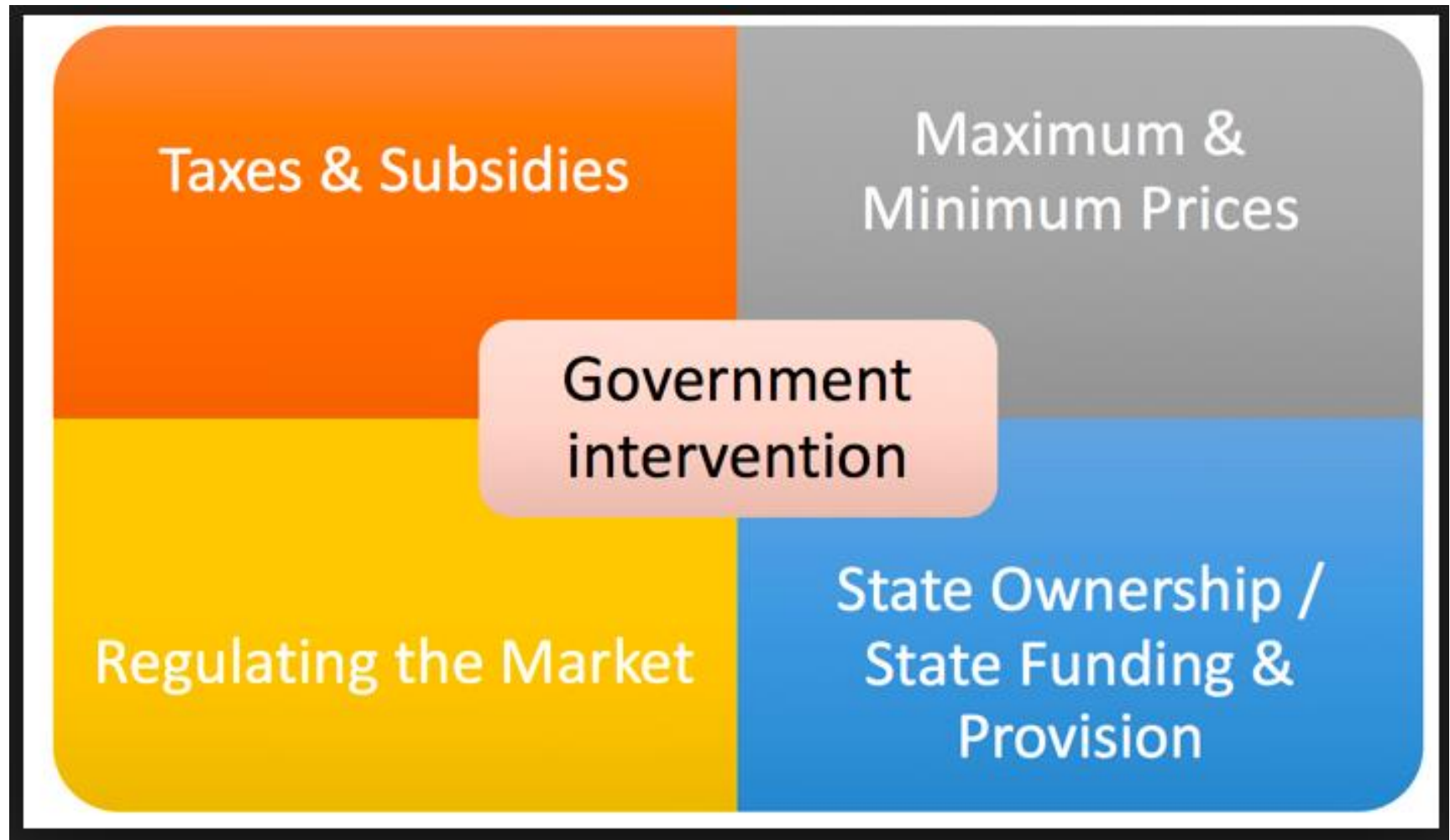
Transaction Costs

Cost of Doing Business is PPPs High in



Role of Governments

Governments Interventions can Help or Hinder



End of Overview

