

PPP IN HEALTH SERVICE DELIVERY: ISLAMIC REPUBLIC OF IRAN

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OBJECTIVES & MODELS OF HEALTH SECTOR PPPs (VENKATRAMAN, 2012)

FOR INFRASTRUCTURE

Hybrids of Design, Build/ Rehabilitate,
Finance, Own, Operate, Manage, Transfer
(DBFOM, BOOT, ROT)
Integrated Model
Private Financing Initiative (PFI)
Land/ Tax Subsidies
Joint Ventures

FOR SERVICE DELIVERY

(Clinical/ Non Clinical / Support Services)

Contracting (Outsourcing)
Operational / Mgmt. Contract
Co-location
Franchising

PPP/ PSE MODELS

FOR FINANCIAL PROTECTION

Health Insurance / Social Health Insurance
Demand Side Financing
Supply Side Financing
Grant in Aid
Social Protection Funds
Purchasing/ Strategic Purchasing

OTHER ENGAGEMENT OPTIONS

Public Private Mix
Digital Health Technology (e.g. Telemedicine)
Social Marketing
Drug Research
Human Resource Supply/ Trg. Capacity Building
Self Regulation- Quality Improvement

Scope for Hospital level PPPs

Non-Clinical Services

IT Support

Maintenance

Food

Laundry

Cleaning

Waste

Clinical Support Services

Laboratory

Diagnostics

Lease of Medical Equip.

Ambulance

Specialized Clinical Services

Dialysis

Radio-therapy

Day surgery

Other specialist services

Hospital Operations

Mgmt. of entire hospital or network of hospitals and/or clinics

PRIVATE HEALTH SECTOR: IRANIAN CONTEXT

Private sector in Iran is rapidly expanding (80% of OP and 30% of Hospitalisation; 19% of hospitals, 16% of hosp. beds; 12% specialists; 37% Pvt. OOP of THE) (Tabrizi, et al 2018)

HTP (2014) recommends private health sector engagement (focus on strategic purchasing and health insurance coverage)

Potential Opportunities for Private Sector Engagement in Iran

- New Tertiary Care Hospitals / Medical Institutes (~80,000 additional beds+ Specialists)
- Renovation and Quality improvement in public hospitals
- Restructuring health insurance program and strategic purchasing of services
- Expansion of Diagnostic Labs/Trauma Care Services/ Medical Devices
- Expansion of primary care services (Family Physician program)

PPP PROJECTS IN IRAN: ISSUES

Contracting of PHC Network under Family Physician program with insurance companies

Health house → Rural comprehensive health service center / Health post → Urban comprehensive health service center → Poly clinics)

Insured population + co-payments

Capitation mode financing + Performance Incentives

BUILDING SPECIALITY HOSPITAL (DBFLOT) & COLOCATION

Hasheminezhad Hospital + Moheb Medical Institute; New Specialty Hospital (140 beds) + Renovation of Old Govt Hospital - provide specialty services in a government hospital

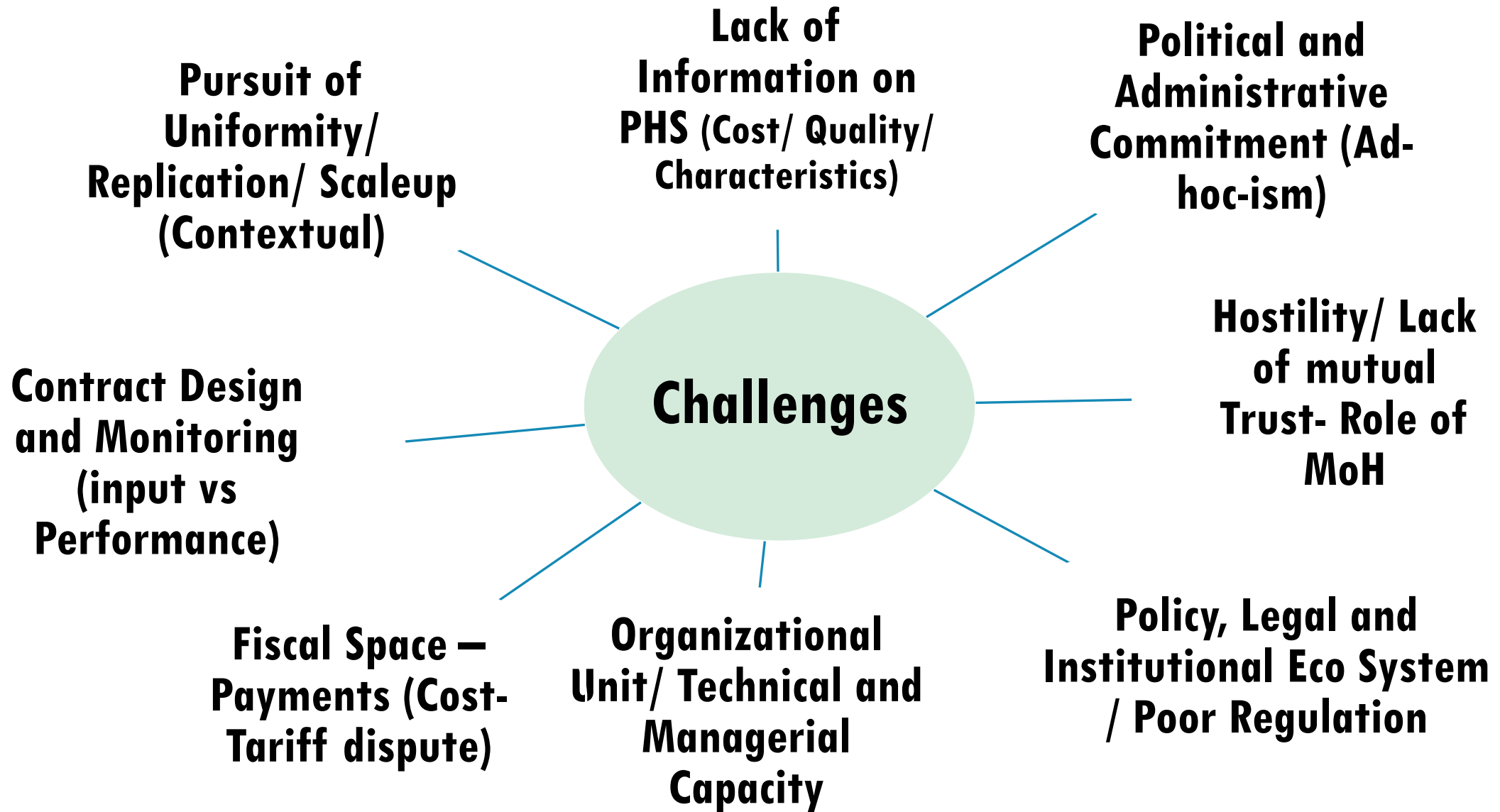
Issues:

Short term (8+ 8 years); 70% beds public tariff; NGO (Private) took all investment (debt financing) and revenue risks (No VGF / Vol. guarantee / subsidy / service charges from Govt); Delayed payments; No IT system to verify / validate services; NGO under severe financial strain; No exit option; Negative publicity; lack of due diligence

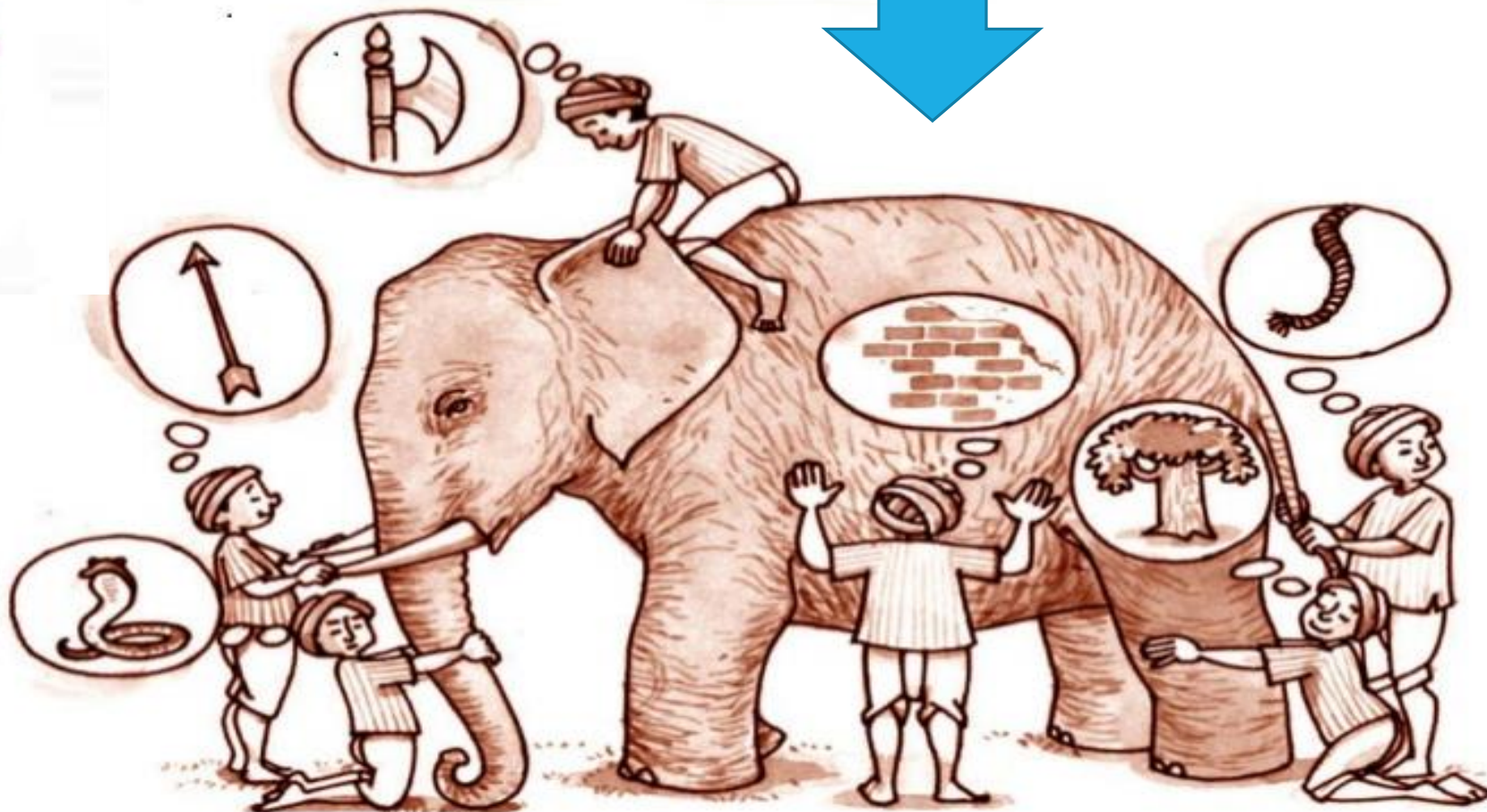
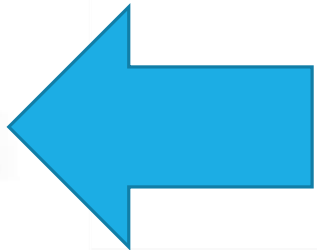
3 Brown field (BOT) projects with Maheb Institute – Lack of uniformity in contract clauses - tariffs.

Outsourcing of Clinical Support Services (Radio diagnostics)

PPP IN HEALTH SECTOR: IMPEDING FACTORS

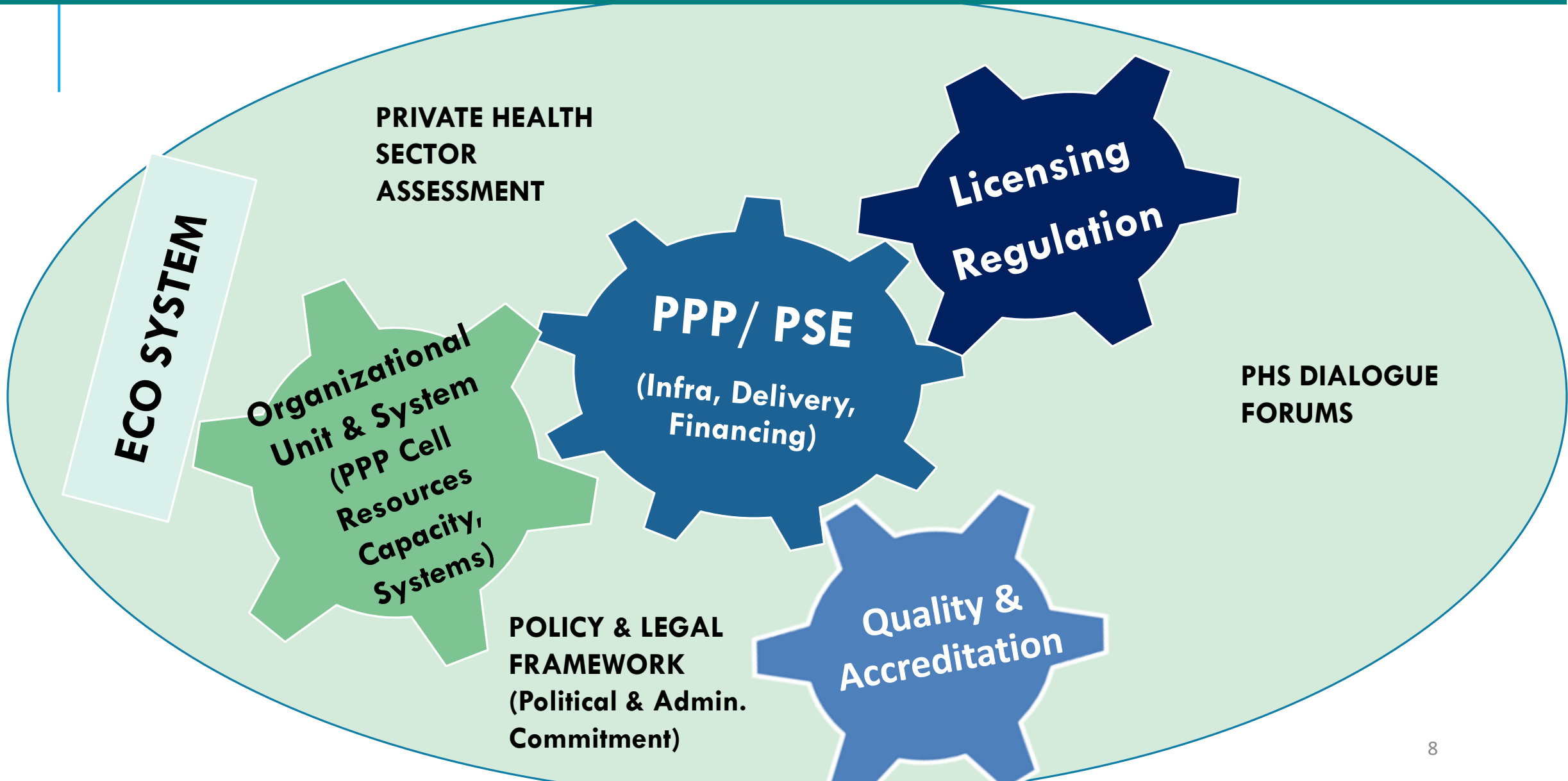


**Challenge:
Understanding of the Private Sector and
Public Private Partnership**



PRIVATE SECTOR ENGAGEMENT: IDEAL STRATEGY

(Venkatraman, 2012)



DESIGN AND MANAGEMENT OF PPP- KEY PRINCIPLES

- ❖ Prepare well / Spend time in due diligence (Feasibility)
- ❖ Realistic Project Objectives, Scope of Services, Costs and Benefits (Revenue)
- ❖ Stakeholder Consultation- Wider publicity – Handle Hostile stakeholders
- ❖ Define KPI; IT Enabled Perf. Tracking System; Validation and Payment Linkage (Avoid Human interface)
- ❖ Assess Risks and prepare Risk mitigation strategies
- ❖ Balance detailed yet administratively easy to monitor contracts.
- ❖ In long term projects, build flexibility and contract amendment options
- ❖ TA to handhold through stages of the project
- ❖ Manage Relationships (between Partners)
- ❖ Clear Exit/ Transition Plan
- ❖ Transparency and Integrity in procurement
- ❖ Clarify your role as both Provider and Purchaser

Public-Private Partnerships in Health Care in India

Lessons for developing countries

A. Venkat Raman and James Warner Björkman

Routledge Studies in Development Economics

From Ideology to Impact

The 'What', 'Why' and 'How' of Public Private Partnerships in Health in India

Engaging the private health service delivery sector through governance in mixed health systems

The Advisory Group on the Governance of the Private Sector for Universal Health Coverage

