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Health and Politics®

essays

January 2016, Ankara
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Alternative Management Models for City Hospitals in Turkey

Introduction

The aim of this article is to present and discuss possible alternative management models for city hospitals, which are being constructed under the Public-Private Partnership (PPP) model to be progressively put into service in Turkey. To this end, first, the PPP will be briefly elaborated. Then, the current situation of PPP in Turkey's health sector will be addressed to be followed by the presentation of alternative management models for city hospitals.

Public-Private Partnership

As it is known, in the late-1970s, PPP has emerged as a model in financing many projects—chiefly infrastructure projects—in South Africa, United Kingdom, Spain, Canada, and the United States. In Turkey, the PPP¹ model, which dates back to the 1980s (The Official Gazette 1987), has been introduced by supplementary Article 7 of Health Services Basic Law No. 5396 of 2005. In 2013, General Directorate of Health Investments and in this context, the Office of Public-Private Cooperation were established by Decree-Law No. 663 (The Official Gazette 2011).

In its broad definition, PPP refers to partnership between the public sector and private sector investors in design, planning, financing, construction, and operation of projects of public services provided by the state under a contract or an institutional agreement (Schneider 2003). PPP is a contract-based model. Under this model, which the state is involved only in the production of medical services (core services), the construction of health care facilities, provision of medical support and non-medical services and operation of commercial spaces are delegated to the private sector. The key feature of the model, which, thus, the scale of the model is expanded, is its mode of financing. The state makes payment against goods, services and construction works, which it procures via joint venture under long-term contracts in the form of annual lease (Karasu 2011).

The PPC has various models. Among the most common types are build-transfer, build-operate-transfer, and build-lease-transfer. At present, the Ministry of Health uses the build-lease-transfer model. In the health sector, the PPC model has nearly 20 years of history. The other factors in preferring the PPC Model in financing and organizing investments are the advantage of splitting the investment into installments in a less costly manner, thus, allowing the state to extend the costs of projects to a longer term, the private sector's ability to complete the projects faster, and the opportunity to benefit from the technical and operational capacity of the private sector (OECD 2010).

Current Situation in PPC in Turkey's Health Sector

By January 2016, 18 PPC hospitals with a total capacity of about 28,000 beds are already under construction in Turkey. Among these, the construction of Mersin, Yozgat and Ankara Bilkent hospitals are almost complete, and are expected to be put into service soon. Even Mersin City Hospital is envisaged to start to operate in July 2016 (Table 1). The number of health care facilities projected to be constructed under the PPC model is 34.

¹ In Turkey, the concept of Public-Private Cooperation (PPC) is preferred rather than PPP.

Table 1. City Hospitals Under Construction with the Public-Private Partnership Model in Turkey

1	Adana City Hospital	1.550
2	Ankara Bilkent City Hospital	3.660
3	Ankara Etlik City Hospital	3.566
4	Bursa City Hospital	1.355
5	Elazığ City Hospital	1.040
6	Gaziantep City Hospital	1.875
7	Isparta Hospital	755
8	İstanbul Başakşehir Hospital	2.682
9	İzmir Bayraklı City Hospital	2.060
10	Kayseri City Hospital	1.584
11	Kocaeli City Hospital	1.180
12	Konya City Hospital	838
13	Manisa Hospital	560
14	Mersin City Hospital	1.250
15	PHAT + PMDAT	0
16	PTR + Psychiatry + HSPH Package	2.400
17	Yozgat Hospital	475
18	Eskişehir City Hospital	1.081
Total		27.911

Abbr. PHAT: Public Health Agency of Turkey; PMDAT: Pharmaceuticals and Medical Devices Agency of Turkey; PTR: Physical Therapy and Rehabilitation; HSPH: High-Security Forensic Psychiatric Hospitals

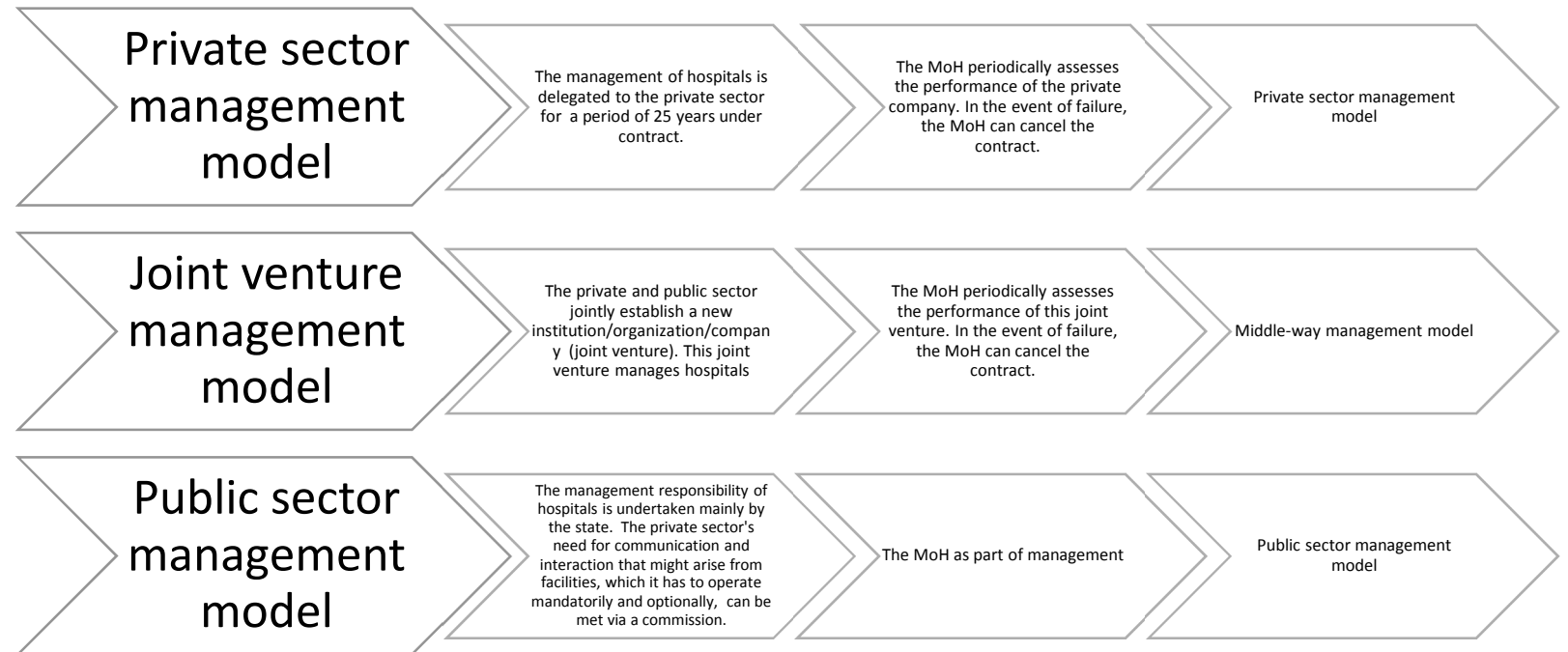
Source: Sağlık Bakanlığı (2016)

Alternative Management Models for City Hospitals

Three basic models are suggested as alternative management models for city hospitals in Turkey. These are;

1) private sector management model, 2) joint venture management model, and 3) public sector management model (Figure 1). Whatever the model is, the primary framework should be founded on “good governance”

Figure 1. Alternative Management Models for City Hospitals



Source: The Author

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