

Hemodialysis Center at the National Kidney and Transplant Institute, Quezon City, Manila, Philippines

Full Description

Project Summary:

Background

The National Kidney and Transplant Institute (NKTI), a government hospital specializing in renal care in Quezon City, Manila, was facing numerous problems, including an insufficient number of hemodialysis machines, outdated equipment, and increasing costs stemming from the maintenance and repair of old equipment. As a result, NKTI struggled to accommodate emergency cases and was forced to turn down one to two patients each day for treatment, which increased the level of dissatisfaction among patients. Initially, the NKTI planned to invest in a new hemodialysis center to address these problems. However, due to an annual budget deficit, the NKTI not able to purchase sufficient equipment to meet demand.

Accordingly, NKTI decided to pursue a PPP to help solve NKTI's problems and convert the facility into a world-class hemodialysis center.

Project Structure

On tendering the PPP project, NKTI received three principal bids and awarded the project to Fresenius Medical Care Inc. on the basis that it was the most responsive proposal. The project was structured as a five-year equipment lease agreement, reflecting the estimated useful life of a hemodialysis machine. Under the agreement, the private partner is responsible for: (i) supplying all hemodialysis equipment, including state-of-the-art water treatment and dialyzer reprocessing machines; (ii) providing maintenance, including service technicians; (iii) ensuring the availability of hemodialysis supplies at all times; (iv) training staff; and (v) maintaining and upgrading other relevant technology and equipment.

In return, NKTI agreed to: (i) provide space, staff, and access to utilities; (ii) maintain quality performance of health services in accordance with international standards; (iii) ensure compliance with government regulations and policies; and (iv) make timely lease payments to the private partner for the use of the machines, in the form of adjustable lease fees per treatment.

Lessons Learned

The hemodialysis center of the NKTI became fully operational in August 2003. Currently, the NKTI has 47 state-of-the-art hemodialysis machines that operate 24 hours per day to provide efficient services to patients. The center helps ensure patient satisfaction by providing high standard hemodialysis treatment at competitive rates. The center now accommodates about 120 outpatients each day, with an average number of 34,283 treatments per year. This has resulted in increased revenues from both hemodialysis services and other ancillary units, providing NKTI with income above the lease payments owed to the private partner. Due to this success, the NKTI entered into a second contract with Fresenius Medical Care Inc. in 2009.

The project allowed the NKTI to secure state-of-the-art technology for dialysis treatment and accommodate more patients, at the same cost of treatment and less risk to the government. Accordingly, the project shows the hallmarks of good value for money for a PPP project. IFC and the Infrastructure Journal have also recognized the project as one of the 40 best PPPs in the world.¹

Footnote 1: Source(s) <https://www.adb.org/sites/default/files/projectdocument/79124/41664-012-phi-tacr-01-a10.3.pdf> accessed 17 February 2019

<https://www.officialgazette.gov.ph/2013/04/24/nkti-hemodialysisproject-among-thetop-10-ppp-projectsin-east-asia-pacificand-south-asia-region/> accessed 17 February 2019

<https://www.slideshare.net/TedHerbosa/pppsin-health> accessed 17 February 2019

<http://www.nkti.gov.ph/news/533-the-nktihemodialysis-projectas-featured-in-theppiaf-s-publicationentitled-emergingpartnerships-top-ppps-in-emerging-markets> accessed 17 February 2019

<https://www.scribd.com/document/121923270/NKTI-s-Presentation-to-ADB-on-Hemodialysis-Project-Public-Private-Partnership> accessed 17 February 2019

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