


MONITORING IS THE **BEST MEDICINE**

REQUIRING DATA-DRIVEN
OUTCOMES WILL HELP
TURKEY'S HOSPITALS THRIVE





*Matthew Jordan-Tank,
European Bank for
Reconstruction and
Development*



The rising demand and increased costs for health service delivery are straining health delivery systems worldwide. In most countries, the majority of the health delivery system is government controlled, with public hospitals accounting for the largest percentage of overall health care spending. These public hospitals are as expensive as they are central to the national health care policy, so it's in government's best interest to assure they are functioning efficiently and effectively. Yet they are perhaps the most complex and difficult environments in which to enact reform.

For at least part of the cure, Turkey has turned to a public-private partnership (PPP) facilities management (FM) model to bring in the expertise and efficiencies of the private sector in managing the hospital plant, allowing the government to focus on clinical service delivery. The approach includes the design, construction, financing, and non-clinical operation of hospital and health facilities. It is based on the experience and recorded results of more than 100 private finance initiative hospitals built in

the UK since the early 1990s—a model that has since been adapted to other markets including Australia, Canada, France, South Africa, and Spain.

TURKEY'S TURN TO LEARN

The Turkish government took away several lessons from the UK's experience with its public hospitals—lessons embedded in outcomes recorded throughout the robust monitoring process. The UK's National Audit Organisation has concluded that while most contracts are performing satisfactorily, or better, at meeting the expectations of public sector management entities, the public sector in the UK did not initially dedicate sufficient resources to contract management. As with most new procurement methods, FM PPP contracts present a challenging task for the public authorities to manage, especially given the operational complexity of hospitals.

Contract management is particularly important when the public sector is trying to ensure value for money. Without it, the intended value for money, upon which PPPs are chosen, can slip away quickly from the public sector, with risks initially transferred to the

private sector landing quite uncomfortably back on the doorstep of the government.

The UK monitoring results and subsequent recorded data are relevant for Turkey because its hospital infrastructure sector, controlled by the Ministry of Health (MoH), must modernize its hospital infrastructure to bring it up to international standards. This includes the need for an additional 90,000 hospital beds between now and 2023. To date, the Turkish Government's PPP program has resulted in awarding more than 15 PPP contracts under the first phase of the program for the construction and provision of products and services for integrated hospital infrastructure projects.

Under this model, the private sector is being called on to provide key infrastructure (buildings and equipment) and facilities management, while excluding clinical services. (The European Bank for Reconstruction and Development [EBRD], under a Framework approved in September of 2014, will contribute to the co-financing of up to eight hospital facilities management PPPs with a total project value of €6 billion alongside IFC, EIB, and a host of Turkish banks.) To date, new hospitals to be built in Adana and Etlik have reached full financial close, and several more are expected to close this year.

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MONITORING AND DATA ARE KEY TO PROGRESS

Recognizing the importance of contract monitoring, the MoH (with support from the EBRD) is strengthening its PPP contract monitoring capacity.



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Robust and accurate data collection is at the center of this effort. At the heart of successful PPPs is a public sector agency able to monitor the set of Key Performance Indicators (KPIs) that clearly define the quantity and quality of the infrastructure and services to be delivered by the private sector concessionaire. To minimize the potential for contractual disputes and other sorts of potential legal wrangling in the operational phase, it's important to define these KPIs and their data inputs in a straightforward manner, stating clearly who is responsible for collecting and reporting on KPI-related data, and who verifies the accuracy of these critical inputs.

As experienced public sector agencies know, time and effort spent on this aspect in the pre-tender phase will pay off in spades once the asset becomes operational. The ambitious scale of the PPP program will place a heavy set of demands on the Ministry for monitoring of the contracts. To be effective, the PPP program will require a dedicated, trained team to act as

equal counterpart to the PPP contractors. Much of a PPP's value is dependent on the private sector concessionaires being held accountable for delivering and maintaining the broad set of benefits they offer at that time of tender award.

Accountability of the PPP contractors is enforced by continuous monitoring and competence exercised by the public sector. For these new PPP-designed hospitals in Turkey to achieve a clean bill of health—not just at launch, but throughout their lives—a systematic approach to monitoring the PPP contractors' performance must be established at the outset, alongside a commitment to identify challenging issues early on. Strict monitoring of all building systems, cleaning, and hygiene throughout the new hospital asset are of course essential, as are the maintenance regimes around sensitive and valuable diagnostic equipment.

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