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COMPARATIVE STUDY OF PUBLIC-PRIVATE PARTNERSHIP IN HOSPITALS OF IRAN AND OTHER SELECTED COUNTRIES

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ABSTRACT

The type of public-private partnership adopted by hospitals of the West and other developing countries is to enter dynamism resulted from competition into a system that is still funded and managed by the public sector. The objective is a comparative study of public-private partnership in hospitals of Iran and other selected countries. In this descriptive-comparative study, Britain, Canada, India, Lesotho, Thailand, Germany and Brazil that had successful experiences in implementing public-private partnership model were selected. A similar hospital in Iran was also entered in this study. To collect data of countries under study, papers, and dissertations of electronic databases i.e. NHS, WHO and reports of selected countries were utilized. Collected data were summarized and classified based on the variables of the study and compared and analyzed in comparative tables. Each of the countries under study has taken some measures in the context of legal, political, financial, capacity building and social variables and has utilized the results to improve the creation and implementation of public-private partnership in hospitals. While Iran has limited experience in using this model in hospitals, but tries to implement the mentioned factors to extend the model. With regard to actions taken in selected countries to extend the implementation of public-private partnership in hospitals, using their experiences in Iran, drafting, and adoption of policies and guidelines in this regard due to Iran's local conditions are highly recommended.

Keywords: Public-Private Partnership

INTRODUCTION

One of the key issues for development of countries is to create facilities and infrastructure; no economy in the world can progress without the necessary infrastructure (United Nations Economic Commission for Europe, 2008). In most countries, the public sector had the responsibility for infrastructure development of health systems and the private sector has been away from this role due to some reasons such as high costs, long return on investment, weak financial background and the lack of protection from laws and regulations (Bagheri and Asgharnia, 1391).

On the other hand, the international experience in public health system has shown that despite dramatic advances in science and technology, this system has still faced numerous challenges. Along with the emergence of hospitals equipped with a variety of specialized units, medical professionals in medical fields and health care coverage, new issues related to health are more and more each day and are a serious threat to the public. Some of these issues are increasing health care costs and not-very-good quality of services provided (Oliver and Barbero, 2005).

In addition to cost and lack of resources, public bureaucracy in developing countries has created many problems for the health sector, including focused decision-making, poor management, poor communication between the different levels, weak incentives to increase efficiency and quality of health care organizations as a whole and each of the staff (Waiter *et al.*, 2000).

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In the current era, level of economic development is highly dependent on utilizing private sector partnership in financing, management, and risk-taking in the field of public services since taking partnership in providing many services is considered to be appealing to the private sector (Hall, 2009).

Accordingly, the private sector can solve the issue of funding in the public sector with the aim of maximizing profits and economic growth; on the other hand, it provides new opportunities for public sector to use facilities efficiently by accepting the risk of services and establishes marketing management for higher incomes. Therefore, the public sector can solve investment, management, maintenance, performance improvement, and productivity challenges using capital, equipment, facilities, incentives, private sector management, its skilled technical workforce, budget support, and academic activities (Eggers and Startup, 2006). With public-private partnership, both can provide better services with higher qualities through the available resources and can create an optimized value for money that are not possible alone (Himalika and Khathibi, 2014).

The objective of this model is to combine the best features of public-private partnership to increase profits (Eggers and Startup, 2006). With hospitals' continuing financial and management problems, resulted failures will continue in health section. Believing that recognizing the experiences of successful countries in this regard can pave the way for the appropriate creation and implementation of public-private partnership in hospitals, the current study is conducted with the objective of comparative study of factors influencing the creation and implementation of partnership model of public-private partnership in hospitals of selected countries.

MATERIALS AND METHODS

This research is a kind of applied research, which is known as comparative-descriptive study and collects information related to creation and implementation of public-private partnership in hospitals of successful countries through library studies. Therefore, the research community includes the countries that implemented a form of public-private partnership (outsourcing to private ownership) in their hospitals. Consulting experts in the field, the researcher has selected Britain, Canada, India, Lesotho, Thailand, Germany, and Brazil from research community as successful examples to compare the factors that influence the choice and implementation of the model in their hospitals with each other and with similar cases in Iran's hospitals.

Needed data have been collected by searching the papers and dissertations for keywords in electronic databases, NHS and WHO websites and reports of selected countries on public-private partnership in hospitals. Data related to select Iran's hospitals have been collected through visiting university law office, talking to hospital senior authorities and studying agreements and contracts of private sector with university.

Collected data were summarized and classified based on research variables and were compared and analyzed in comparative tables. Research variables or the factors that influence the selection and implementation of public-private partnership model in hospitals of selected countries include legal, political, financial, capacity building and social parameters.

RESULTS AND DISCUSSION

Findings

Countries under study experienced public-private partnership in a number of projects including the construction or operation of hospitals and had successful background in this regard. Based on the previous studies, there is no certain legal framework in these countries that includes all legal requirements for public-private partnership projects and agreement in contracts is the criterion for determining the obligations and risks. In general, there are some rules in some countries, for example in Canada; public-private partnership is legally promoted (Report on PPP in Europe, 2010). In Germany, the procurement rules are applicable in partnership projects of hospitals and in Brazil, the draft of public-private partnership law plays a key role in the Ministry of Planning and National Council of Money to set partnership programs (Report on PPP in Europe, 2010; Ter-Minassian, 2004).

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Table 1: Comparative table of variables under study in the selected countries

Effective variable	legal	policy	financial	Capacity building	social
The name of country					
Canada	There is no specific law – agreed rules in the contract + framework of public interest protection	Normative Neoliberal policies and marketization + depoliticization of the PPT bureaucracy -introducing DBFO as the best hospital PPP model - using PFI to provide clinical services	- return on investment of private sector in the long-term by the public sector - financial support from insurance companies - financial support of doctors by the public sector	- Promoting medical education and research and business activities - Encouraging innovation and innovative care	- Coordination of public interest and finance - increased access to rural areas - Out of hospital services, such as the elderly - Enhanced economic benefits, reduced public expenditures and improved performance
England	- There is no specific law - agreed rules in the contract + OTF advice and support	- Decentralization policies + PPP units creation in ministries - devolution Incentives	- An annual grant from the NHS Trust, to the private sector - Allocation of loans to the private sector by banks	- PPP Training and guidelines preparation for executives	- improving the standards of hospital care - Modernization of facilities and services
Brazil	- draft of PPP law + Coordination, approval and supervision of the Ministry of Planning and National Monetary Council	- Decentralization policies + competition encouraging policies - the public sector Monitoring on projects progress and contracts - Developing public sector capacity for	- return on investment of the private sector by public sector - allocation of Loans for PPP investment	- Promotion of professional researchers to foster innovation in educational capacity building	- increased access to hospital care - Improved performance of public hospitals - Improved general health

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		new investment - Project management and risk assessment			
Germany	- There is no specific law - Procurement rules are fully implemented for PPP + agreed rules in the contract	- Policies to support small companies to join the PPP - Promotion of the BTO model for PPP - general supervision of the public sector	- Compensation of costs by public sector in the case of bad performance of the private partner - Allocation of loans to the private sector by banks - The general financial compensation, life cycle and value for money	- Legal and economic advice to PPP partners	- Improved quality and standards of hospital services - Modernization of facilities and services
Lesotho	- There is no specific law	- Ministry of Health support of PPP and outsourcing hospital services + public sector supervision	- Fixed annual salary from public sector to the private partner	- Promoting education and motivation of doctors, specialists and staff - attracting Skills, money and management of private sector	- increased access to hospital care - Modernization of facilities and services - Integration of health service networks - Performance standards based on social and environmental sustainability
Thailand	- A separate chapter on PPP in the Constitution + draft of PPP law - Three decision making, policy and regulation	- encouragement of private sector partnership - Infrastructure development - The accountability of public sector to improve the	- Allocation of low-interest loans to invest on PPP - Financial model value for money	- public sector's Certificate for Education with a focus on patients and improving the referral system - Capacity building under	- Monitoring public interest - Improving the referral system

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	committees	efficiency and effectiveness of PPP		the supervision of Ministry of Health	
India	<ul style="list-style-type: none"> - There is no national comprehensive law - PPP Financial, monitoring and development committees + Legal, political and financial support of the public sector 	<ul style="list-style-type: none"> - Encouraging competition policy - supervision of the public sector on PPP - Promoting BOT and DB model in PPP 	<ul style="list-style-type: none"> - Loans and facilities from development funds - The annual financial assistance from the public sector to the private partner 	<ul style="list-style-type: none"> - Booklets and online systems to teach PPP - Pilot projects - Technical advice and support 	<ul style="list-style-type: none"> - increased access to hospital services - An increase in private insurances - Free services to poor people - Health insurance for the poor
Iran	<ul style="list-style-type: none"> -Iran's 20-year vision plan -the fourth and fifth laws of development 	<ul style="list-style-type: none"> - Support of the Ministry of Health from PPP and outsourcing hospital services - supervision of the Ministry of Health on contracts 	<ul style="list-style-type: none"> - Allocation of low-interest loans from banks - paying salaries to staff from the public sector 	<ul style="list-style-type: none"> - Improving Medical Education and Research - Limited implementation of PPP projects with NGOs 	<ul style="list-style-type: none"> - access of the lower social classes to better services - receiving high-quality services with lower costs - Improving performance and reducing public costs - Modernization of facilities and services - attracting patients through supplemental insurance

The policy in these countries is decentralization policy; for example in Brazil the pro-competitive policies are promoted (Ter-Minassian, 2004) and in England, separate units are considered in the structure of Ministry of Health to address the issues related to the public-private partnership (Simončič *et al.*, 2012). Moreover, in Lesotho, the policy of outsourcing of services, management of medical equipment and maintaining public sector's role as supervisor of Health sector is supported (Vian *et al.*, 2014).

In the countries under study, the private sector is responsible for funding the design, construction, and maintenance of hospital projects. For the case of funding variables, one can refer to England that the

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private sector can provide loan and annual amount from NHS trust to cover service costs and loans (McKee *et al.*, 2006). In Germany, in the case of malfunction of the private partner, the public partner will pay the expenses (Beck, 2010). In Thailand, fiscal policies are based on "value for money (VfM)" (Pombejra, 2007).

Capacity and motivational building in the countries under study is achieved by promoting the use of the capacities of the private sector, enhancing medical education, increasing staff development, and training opportunities and job responsibilities. For example, in Lesotho, as compensation to insufficient capacity, the public sector has founded a company for capacity building in the Ministry of Health to manage public-private partnership in hospitals, predict, and identify required actions for capacity building in the Health section (World Bank, 2013). In India, the public sector carries out capacity-building interventions to develop institutional and individual capacities. Advantages of online system and manuals are utilized to train state governments, local municipal agencies, and federal agencies. Moreover, initial pilot projects are used to test models of hospital partnerships and obtain technical advice and support (Raman and Björkman, 2009).

Social variable as a factor in the creation and implementation of public-private partnership model for hospitals refers to improvement of social conditions through coordination of public and financial benefits and in the countries under study, required attention is paid to it. For example, in Canada, the aim is to increase rural accessibility and some outpatient services including services for the elderly, or "M.R.I "are created (Macdonald *et al.*, 2011).

In England, the modernization of the services is at the center of attention (Efficiency Unit, 2003), as in Germany, quality enhancement, standards improvement, knowledge transfer, and elimination of depreciation on investment through cost per patient are some of the priorities of the health section (Beck, 2010). In Lesotho, integrated health care networks have increased the need to create public-private partnership (Vian *et al.*, 2014). In Thailand, the public sector pays attention to public interests, accountability, policy and implementation of strategies, development program design and, regulation and supervision in order to avoid conflicts of interests (Pombejra, 2007).

Public-private partnership in Iran's hospitals is based on the country's 20-year vision plan and the fourth and fifth laws of development. Through decentralization policies, this scheme gains decision-making authority to participate and regulate contracts under the supervision of the vice president of the Ministry of Health and promotes necessary funding for investment with financial support of the public sector. In this regard, public sector's support to supply qualified workforce should not be ignored (Danesh, 2015).

Summary of the actions taken by the selected countries about the variables under study are given in Table 1 as "comparative table of variables under study in the selected countries".

Discussion

According to World Bank's report in 2002, public hospitals around the world are facing financial crisis and are under pressure due to increased costs and budget restrictions. Therefore, public-private partnership can be a powerful political tool to improve the sustainability and quality of service of public hospitals. There is a controversial issue and that is the need for accurate policies (The World Bank Group, 2002).

The findings of this study represented that the countries under study recognize the advantages of public-private partnership to address financial and quality barriers in health services and have a great tendency to attract private partnership. Although most of these countries do not have a definite law for public-private partnership, but there are some protective encouraging laws to attract partnership. These laws provide a way for investigation, decision-making, and agreements between the two sides and play governing role by giving advice on the content of contracts. Grimsey and Lewis reached a similar conclusion in their study: "currently, some countries have not fulfilled favorable legal and regulatory framework for public-private partnership. Without efficient legal framework, disputes and conflicts are inevitable (Grimsey and Lewis, 2004). " Pongsiri" in a study named "laws and public-private partnership", concluded that public sector is effective in success of projects by creating the necessary infrastructure and technical and legal framework (Pongsiri, 2002).

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Success of public-private partnership in public hospitals is dependent on public sector policy in appropriate supervision on contracts with private sector and negotiations between both public and private sectors. Meanwhile, the independence of public hospitals to benefit from the opportunities ahead is of high importance (Jabbari *et al.*, 2013). In the countries studied in this research, decentralization, encouraging, supporting and monitoring policies have been observed that are "strategies for healthy competition and tendency for public-private partnership (Khalili, 1380). In Canada, depoliticization of the bureaucracy of public-private partnership is carried out to eliminate the constraints of partnership. According to the findings of the research conducted by "Klijn and Teisman", restrictive investment laws are obstacles to the development of public-private partnership (Klijn and Teisman, 2003). Confirming the findings of the effect of policy in the current study, one can refer to the results of the research conducted by Khalili that says the public sector should adopt privatization and private sector partnership policy in its own policies (Khalili, 1380).

Public sector's limited budgetary resources to finance large projects and the high demand of investment in these projects have had the countries to make all their efforts to utilize private sector partnership and create a competitive environment for their activities; these efforts are in the form of public-private partnerships that accelerate the process of economic growth of countries. In this financing system, the private sector rather than the public sector provides the capital and public services by running a simple business, and in return receives the fee for the quality and quantity of its services. On the other hand, private investors need incentives to participate in this market. These incentives are the appropriate loan interests, low-risk projects and a reasonable capital gain (Heybati and Ahmadi, 2009). In the countries studied, the public sector helps the private sector by providing loans, grants or fixed payments to finance projects. Thus, the incentive of investors to finance distressed areas is promoted and this leads to decreased financial burden on the public sector to provide public services. In this regard, the public sector can put time and effort on important areas and benefit from the risk management and innovation of the private sector (Waiter *et al.*, 2000). In Canada and Brazil, the public sector has the responsibility for return of capital of private sector. Therefore, according to the study conducted by "Mirzakhanian", the public sector can provide incentive for public sector in partnership plans by facilities such as currency exchange, guarantees and loans (Mirzakhanian, 2007).

Capacity building as a way to strengthen the skills, competencies, and abilities of individuals and communities and to help the improvement of structures and processes can create and implement public-private partnership model in the countries (Capacity Building). In the countries under study, capacity building is performed by expert consultancy, training, and encouraging since according to the United Nations Development Program, a capacity-building process should encourage the partnership of all individuals involved in the project and should plan with the aim of dealing with the issues related to growth policies (United Nations Committee of Experts on Public Administration, 2006). Among the countries studied, only India runs the pilot policy for some projects. Temporary implementation of the plan has the advantages of examining the feasibility of the plan, identifying defects and issues, improving, and avoiding wasting of time and cost on flawed plans (Billé, 2010). Recently, Iran implements some limited number of partnership projects.

Social support as one of the important and essential objectives in public-private partnership means giving priority to the needs of the public and helping to provide these needs. In fact, the public-private partnership should improve public living (particularly the living of the poor) (United Nations Economic Commission for Europe, 2008). Each of the studied countries has implemented programs aimed at social protection. According to the findings of Berkman and colleagues, "lack of social support is a risk factor for heart diseases and mortality in these patients *et al.*, (2003). Therefore, the countries under study can take effective steps for social support through public-private partnership.

Conclusion

Considering the actions taken in selected countries to spread public-private partnership in hospitals, using these experiences in Iran and drafting and adoption of policies and guidelines in this regard, due to Iran's local conditions is highly recommended. However, in recent years, particular attention has been paid to

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this and Ministry of Health and Medical Education with the guidance of Supreme Leader of the Islamic Republic of Iran has begun a new move towards public-private partnership in the Document of Health General Policies.

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