

# GPHIS

**“PATIENT RIGHTS BEYOND WAIT TIMES  
PRIVATE HEALTHCARE OPPORTUNITIES”**

**Dr Jack Shevel  
April 2008**

6th Annual

## HEALTH INNOVATION AND POLICY SUMMIT

Consolidating Gains – Moving To The Next Horizon

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# Presentation Format



1. Share some macro views on Healthcare
2. Compelling synergies of PPPs
3. Academic Hospital PPP – South Africa
4. NHS initiatives – United Kingdom
5. Solutions to PPP Challenges



# Some Caveats


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1. No Compromise on Patient Care....**EVER**
2. Focus on Quality Care then Profit
3. Not an Expert on Canadian Healthcare
4. Views expressed based on Global Experience  
(Africa / Australia / UK / Portugal / Spain / Middle East / Thailand / E.Europe / India / BMGF / IFC)
5. No Blueprint for Success exists



# The Macro Economics

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- People who get Sick  Want to get Better
- Who will Provide?
- Who will Pay?
- New challenges of Longevity / Inflation / Technology / Pharma / Patients Rights
- The changing role of Government



# About Healthcare

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- HC is a combination of:
  - **POLITICS**
    - Votes / Constitutional Rights / Protection / Regulations
  - **ECONOMICS**
    - Demand / Supply / Budgets / Infrastructure / Costs / Vested Interests / Perverse Incentives
  - **EMOTION + EMOTION + EMOTION**
    - Choice / Irrationality / Sensationalism / Adverse Press
- HC is given to PEOPLE by PEOPLE!
- This business is all about PEOPLE!



# Comparative Analysis

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	<u>Public</u>	<u>Private</u>
➤ Structure	+	+++
➤ Accountability	+	+++
➤ Deliverables	+	+++
➤ Incentives	x	++
➤ Competition	x	++
➤ Investment / Profit / ROI	x	++
➤ Budgetary Constraints	+++	x
➤ On Demand	x	++
➤ Innovation	+	++
➤ New Technologies	+	++
➤ Service Ethic	+	+++



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**PPPs – Part of the Solution**

# Why not a Hybrid System?

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If services can be delivered:

- With Same or Better **Outcomes**
- At a Lower **Cost**
- **Timeously**
- With High levels of **Accountability**
- With Patient **Choice**
- In the **Best Interests** of Patient = Satisfaction



# PPP prevalence in other sectors

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- Transport Roads / Rail / Airports / Ports
- Energy & Resources Water / Nuclear / Oil & Gas / Mining
- Social Education / Prisons / Local Government
- Defence Training Facilities & Equipment
- Technology Software Services Equipment
- Telecoms Telecommunication / Postal

**Why not more Healthcare PPP's?**



# Factors driving PPP growth

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- ↑ Patient Expectation / Knowledge / Rights
- ↑ Demand for Quality Care / Services
- ↑ Volumes for Diagnostics / Imaging
- ↑ New High Tech Equipment
- ↑ Need for Efficiency
- ↑ Pressure on Public HC Budgets / Accountability
- ↑ Corporatization of Healthcare
- ↑ Free Market Economy

**PATIENTS HAVE NO PATIENCE & WANT A CHOICE!!!**



# PPP's offer many advantages



- **New Infrastructure / Upgraded Facilities**
- **Share in Expensive New Technologies**
- **Modernised Management Systems**
- **Introduction of Strong Service Ethic**
- **New Revenue Streams**
  - **Under-Utilized Facilities**
  - **Joint Venture**
- **Attract / Retain / Share Quality Resources (Additionality)**
- **Comparative KPI – Competitive Pricing & Benchmarks**
- **New Innovation – Finance / Mobile Solution**



# Public & Private - Share the Load



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**Just Do It!**

**South Africa**

Outsource Beds / EMS / Training / Dialysis / Academic Status

# Bloemfontein PPP – Mutual Benefit

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## Private Sector

- Private Hospital License
- Reduces high capital start-up costs
- Introduce New Technology
- Pilot PPP
- Promote Academia
- Training of Resources



## Public Sector

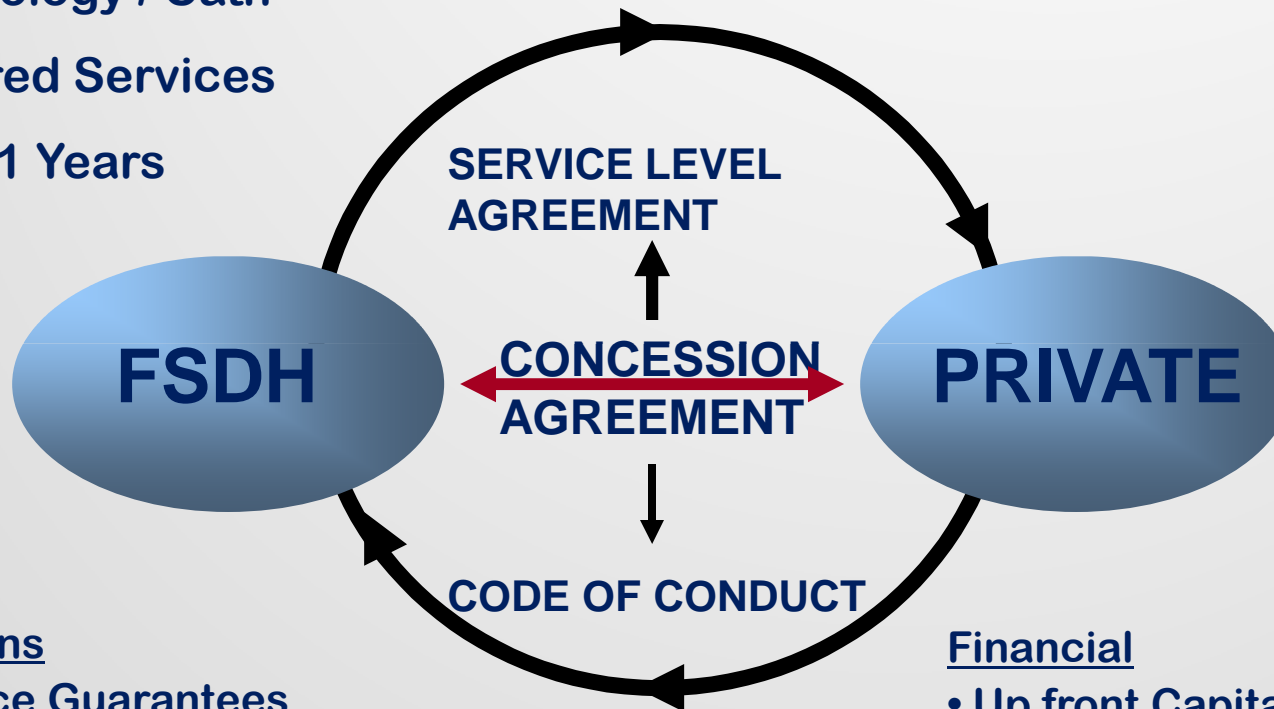
- Utilizes excess infrastructure
- Upgrade Hospital
- Co Location Concept
- Share Hi Tech
- Onsite access to private patients
- Retain & Attract Staff



# Project Structure

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- 270 Beds , 6 (+3) OR's
- Radiology / Cath
- Shared Services
- 16-21 Years



## Key Provisions

- Performance Guarantees
- Penalty For Non Performance
- Dispute Resolution
- Liaison Committee

## Financial

- Up front Capital
- % of Turnover
- JV on Hi Tech



# FSDH Conclusion



**“THE PROJECT HAS SUCCEEDED BECAUSE OF:**

- **VISIONARY LEADERSHIP, INNOVATIVE & PRAGMATIC MANAGEMENT**
- **PARTICIPATION OF THE NATIONAL TREASURY PPP UNIT**
- **A MULTI-DISCIPLINARY PROJECT EVALUATION TEAM & A STRONG NEGOTIATION TEAM**
- **ABOVE ALL THE WILLINGNESS OF BOTH PARTIES TO MAKE COMPROMISES TO ENSURE A LONG-TERM WIN-WIN AGREEMENT”.**

\* **Extract from Dept. of Health Presentation delivered at the National Treasury’s PPP Conference in Bloemfontein in April 2004**

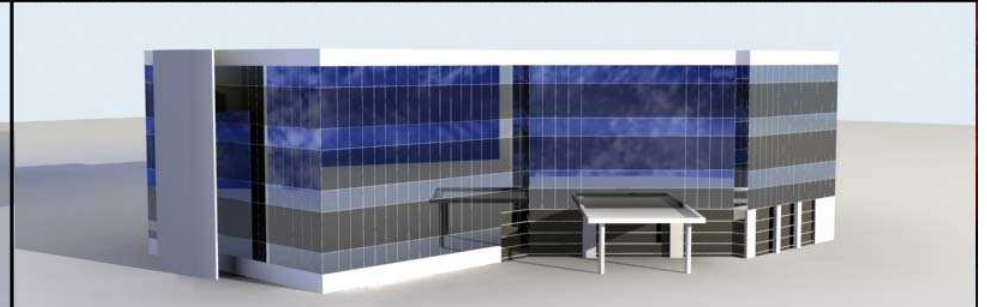
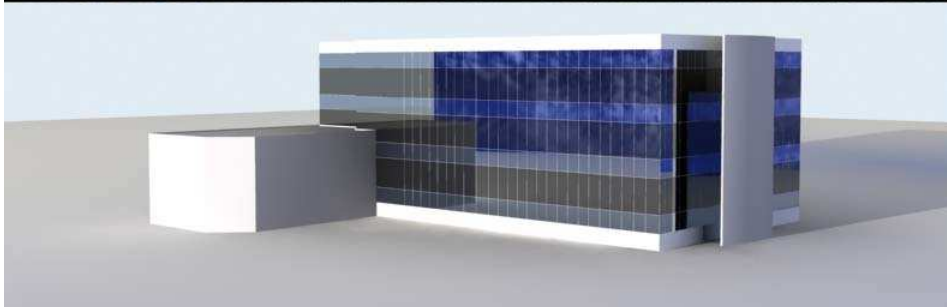




PROPOSED NEW ENTRANCE FOYER

28 MARCH 2003  
PELONOMI PRIVATE HOSPITAL





PRESIDENT

REPUBLIC OF SOUTH AFRICA



25 November 2004

Dear Dr. Shevel

**EYE CARE AWARENESS WEEK AND WORLD SIGHT DAY**

Please convey my special gratitude to all the hospitals that participated in World Sight Day cataract surgery project.

I appreciate your efforts to improve the quality of life of the disadvantaged people of South Africa.

Yours sincerely

A handwritten signature in black ink, which appears to read 'Thabo Mbeki', is positioned above the printed name.

**THABO MBEKI**

Dr. J. Shevel  
Chief Executive Officer: Netcare  
P.O. Box 5108  
**Rivonia**  
2128

GHS

**United Kingdom**

**“The NHS is the envy of the World”  
Margaret Thatcher 1989**

# What did the NHS want?

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- ↓ **Waiting Times**
- ↑ **Capacity / Infrastructure**
- ↑ **Additionality**
- **Disrupt Cartels**
- ↑ **Operational Efficiency**
- **Drive New Clinical Behaviour**
- **Pilot New Models**

## **INNOVATIVE SOLUTIONS**

**ISTC launched late 2002**

**Tenders from 158 International HC Companies**



# Public Private Partnership Interfaces

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## United Kingdom - NHS

- Piloted waiting list initiatives
  - 2002 - Cataract surgery (Morecombe Bay)
  - 2003 - ENT procedures (London Choice)
  - 2003 – HIP arthroplasty (Portsmouth)
- Awarded 2 Independent Sector Treatment Centre Contracts (2003/4)
  - 5 years each (Total value > £125m)
  - >90 000 procedures (Mobile and Hospital Solution)
  - Cataracts / General Surgery / Orthopaedics
- Awarded 2 Independent Sector Treatment Centre Contracts (2003/4)
- Numerous other contracts awarded (Netcare UK / Amicus)
  - Imaging Services / General Surgery / Use of Private facilities



# Greater Manchester Surgical Centre

GHS



Global Healthcare Investments & Solutions

# Greater Manchester Surgical Centre

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- NHS Built and leased to Netcare
- 48 Beds
- 3 Laminar flow theatres
- Included expansion plans to 4 theatres and 62 beds in 2006
- 45,000 Procedures over 5 years



# OC Chains – [www.netcare.co.uk](http://www.netcare.co.uk)

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# Ophthalmic Chains



- Netcare modeled the required activity per distribution and proposed a combination of fixed and mobile site solutions
- Netcare chosen as successful bidder out of five finalists
- Contracted to the DH and 42 different PCT's
- Contracted to provide 44,700 cataract operations over 5 years
- 6 mobile units (2 theatre, 2 ward and 2 outpatient units)
- 20-24 operations per theatre per day six days a week
- 45 Outpatient pre operative assessments per day
- 60 follow up post operative visits per day



# UK Outcomes



- **New infrastructure / new HC resources**
- **Able to deliver high volume surgery on sustainable basis**
- **Developed and introduced new operating and clinical pathways into NHS**
- **Highly effective and cost efficient service delivery model**
- **Set new benchmark**
- **Clinical outcomes exceeded Royal College**
- **Patient satisfaction extremely high**
- **Pathfinder project adaptable elsewhere and in different disciplines**



# Challenges

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- Overcome Relationship Issues – Public Perception
  - Lack of Trust
  - Buy In of All
  - Address Vested Interests
- Need Specialized Project Team – led by Finance
- Complex Legal Documentation – Outside Legal Firms
- Insurances / Guarantees
- Implementation & Continuous review
- Face Challenges together and find Solutions (Attitude)

**10 +10 = 30 especially for Patients**



**THE SINGLE MOST  
IMPORTANT FACTOR  
FOR GROWTH IS...**

***INNOVATION!***

# Innovation: Rising to new heights



*GHIS*

*Working together to bring  
better care to more people*