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## THE FEASIBILITY OF USING PUBLIC-PRIVATE PARTNERSHIP MECHANISMS TO IMPROVE THE QUALITY OF SECONDARY AMBULATORY CARE

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### Abstract

**Introduction.** Today, inadequate health care system has been formed in the country with insufficient funding and lack of radical changes. The need for solving these problems made it necessary to develop a set of measures that go beyond the competences and financial capabilities of the state and the share of sectors, which allowed the formation of a public-private partnership institute.

**Objective:** To explore the feasibility of mechanisms and private-public partnerships to improve the quality of secondary ambulatory care.

**Materials and methods:** The study was performed using the method of system approach and analysis. The information base for its realization was the scientific works of foreign and domestic specialists, normative documents on the problem, as well as the results of their own research.

**The results of the study.** Today it is clear that the modernization of the public sector of the health care system in terms of its financing and management can be carried out only with the participation of business. The transition to the use of PPP mechanisms in the secondary ambulatory care system, in particular, in the organization of the work of consulting and diagnostic centers, will significantly improve the situation by using additional investments, optimizing costs and creating conditions for technological breakthrough and



stable development of the KCC, will create conditions for ensuring effective targeted use of resources, increasing availability and quality of medical care to the population.

**Keywords:** feasibility, public-private partnership, consulting and diagnostic center, availability, quality, timeliness

Health care in Ukraine is characterized by a decrease in the quality, availability and timeliness of medical care, unfavourable medical and demographic situation, inadequate funding, low resource efficiency, imbalance in the structure of medical care, poor implementation of the state guarantee program for medical care and other disadvantages. Thus, inadequate funding and lack of radical changes in the country has led to an ineffective system of health care. Due to the low level of technological equipment, structural imbalances, the existing problem of personnel qualifications, including management, the quality of provision of medical care in state hospitals remains low. Also, poor funding contributes to the development of shadow medicine [8, 9, 10]. Growing dissatisfaction with domestic health care requires an increase in its efficiency and quality [11]. The need for solving these problems made it necessary to develop a set of measures that go beyond the competences and financial capabilities of the state and the share of sectors, which allowed the formation of a public-private partnership institute. This form of interaction between the state and private capital was called "public-private partnership" (public-private partnership, PPP [1].

The introduction of PPP mechanisms will ensure the legal and economic independence of health facilities, their economic sustainability, quality and timeliness of the provided medical assistance and the availability of the population to expensive treatments.

**Objective:** To investigate the feasibility of using the mechanisms of the private-public partnership to improve the quality of secondary ambulatory care.

**Materials and methods:** The study was carried out using the method of systematic approach and analysis. The information base for its implementation was the scientific works of foreign and domestic specialists, normative documents on the problem, as well as the results of their own research.

#### **Research results:**

According to the law of Ukraine "On public-private partnership" dated 01.07.2010, No. 2404-V, state-private partnership is cooperation between the state of Ukraine and territorial communities in the person of the relevant state bodies and local self-government bodies (state partners) and legal entities, except state and communal enterprises, or individuals - entrepreneurs (private partners), which is carried out on the basis of the



agreement in the order established by this Law and other legislative acts, and corresponds to the features of public-private partnership defined by this Law [2]. According to N.G. Hoyda and N.V. Courdil (2012), despite significant progress in establishing the legal framework for PPPs, Ukraine is at the beginning of a complex and long-lasting process of institutional transformation of relations between the state and business in health care, which needs further improvement of the legislation and bringing it in line with the norms and principles of international law, which provide for a clear and coordinated interaction of all branches of government and a favorable administrative partnership for business partnerships [29]. According to T. Semigina (2012), the construction of a public healthcare model and the development of PPPs, within which the state is called for strategic management and organizational and legal regulation of health care, are key elements for adaptation to the current European strategy of Ukraine [30].

Experience in many countries of the world shows that one of the areas of PPP application is healthcare: the state is interested in improving the quality of medical care, and business can make a profitable investment, while at the same time fulfilling a significant task for society. [2] At the same time, there is a concern that the PPP may become the next stage of privatization of state-owned enterprises of social institutions, which will lead to a sharp increase in the payment for social services, including in the spheres of education and health care. Entrepreneurs, in turn, are concerned about the growing role of the state and its invasion of the business sector. It is argued that the state, having mastered capital and new technologies, using an administrative resource, can become a winner in competition with business, may increase taxes and duties from taxpayers, which will negatively affect the interests of private business. There are also a number of questions about the effectiveness of the PPP [3]. Nevertheless, state enterprises and institutions benefit from PPP, since it is capable of contributing to the implementation of socio-economic modernization programs with the lowest costs and losses for the public sector [4].

A feature of the healthcare sector is that most social and medical infrastructure organizations are not subject to privatization. At the same time, the state budget at different levels does not have enough funds to finance the provision of quality medical care. This contradiction can be resolved through the use of PPP practice, which is based on the alternative of privatization of state-owned objects of social significance and strategic importance [18]. Foreign practice shows that the monopolization of the social sphere by the state or business demonstrates in both, and otherwise, low efficiency in economies of different countries [25, 26, 27].



It was stated that modernization and development of health care are impossible without using modern mechanism of effective and competent investment policy - PPP model. In developed countries, PPP is the main tool for attracting a share of investment capital, which significantly improves the infrastructure of medical institutions. This concept recognizes the main organizational and legal form of PPP in the field of private health public corporations with state participation [5, 7]. As forms of attracting private investors to state health care are considered: sale of state-owned hospitals, the surrender of state-owned hospitals for lease without changing fictional purpose, the creation of joint ventures and the transfer of state-owned medicines to a concession. The state can implement any forms of PPP, depending on the profile, region of investment attractiveness of the project. In all variants it is advisable to save the state order. Promising is the creation of large medical and social holdings (open joint stock companies) with the participation of the state and private investors. The activities of such holdings should be focused on the provision of both primary, secondary and specialized medical care. Structural basis of holdings - territorial multi-profile centers [6, 16, 25].

It is emphasized that the interaction of the state and business in health care brings together the strengths of each of the partners, and in order for this interaction to take place, there is a need for mutual interest of each of the parties. Foreign experience proves the high efficiency of the private sector in the management of the LP [15]. In Germany, state-owned LPIs are sold to investors for a symbolic amount in exchange for investments and commitments for the execution of a public order. The percentage of private clinics in Germany has increased from 4% to 22% over the past 10 years. As a result, against the backdrop of lower public spending, health care remains high [12]. In Sweden, the process of market transformation in healthcare began in 1991. The private sector was admitted to the possession and management of hospitals, ambulance services and laboratories. The result was a decrease in the cost of X-ray services by 50%, the cost of laboratory services - by 40%, ambulances - by 10%, and waiting times for diagnostic services and treatment declined by 30% per year [13]. In Australia, as a result of health care reform, the cost of building new hospitals has fallen by 20%, while the number of serviced patients has increased by 30% per year [14].

Implementation of the PPP has an impact on health reform. The following PPP options are possible for health care reform: [17]:

- development of modern infrastructure for medical assistance with the involvement of the private sector for the construction of new medical facilities and enhancement of



technological equipment of existing ones (creation of a national network of blood banks, dialysis and perinatal centers, ambulance services near the roads for the provision of emergency specialized assistance in road traffic accidents, etc. );

- the transition to innovative technologies for the provision of medical-diagnostic process with the involvement of the private sector (the program of comprehensive informatization of medical institutions, supply of medical and information equipment, maintenance and technical support of the information infrastructure of medical institutions);

- improving the skills of medical personnel with the involvement of the private sector to organize and finance a continuous process of improvement, including on the basis of foreign clinics (organization of educational process on the basis of high-tech medical centers, exchange of specialists and organization of foreign internships);

- the possibility of attracting the private sector to conducting expert research and improving the regulatory framework (developing a regulatory framework, organizing dialogue with the population and the medical community, establishing an effective system for monitoring the social satisfaction of the results);

- the formation of a competitive environment in health care, the creation of equal conditions for health care organizations with different forms of ownership, the development of voluntary health insurance and an attractive investment climate for business structures [17].

According to J. Sinisammal et al. (2016), the interaction of state and private business in health care can be manifested in the direct participation of private health facilities in providing health care free of charge to the population, for example, the connection of private medical organizations to the implementation of the territorial program of compulsory medical insurance (OHS); provision of public aid free of charge to the public [22]. At the same time, private medicine is not very supportive of its own participation in OMIs. The reasons for such a position are the following: commercial medical establishments generally consider work in the OHS system as an ineffective component of their activities, due to the fact that at the expense of OMI usually only the main items of expenses are reimbursed (not including maintenance costs , purchase and maintenance of equipment, etc.); non-state clinics prefer to deal with cash; some heads of private organizations do not want to mix well-off patients and patients who are accustomed to receiving free medical care; employees of non-governmental medical institutions consider the rates of OMIs in custody of sleep research and treatment underrepresented by 20-30% offmarket value. These issues need to be taken into account when stimulating the participation of private business in the MHI system.



For the effective integration of the interests of the state and business in the form of PPP, the necessary conditions (internal and external) must be formed. Up to external conditions include [18, 19, 20]:

- creation of equal competitive opportunities (presentation of uniform requirements for medical organizations irrespective of the form of ownership, refusal of administrative attachment, realization of the right of choice by the patient of the insurance medical organization);

- tariff policy (including all items of expenses in the tariff, partial holding of funds, economically justified tariff rate);

- distribution of risks (the introduction of direct mutual settlements between medical organizations, the creation of risk funds for the timely stabilization of crisis situations, the introduction of emergency assistance to the structure of the tariff, because it is impossible to carry out massive preventive measures that allow to reduce the number of emergency hospitalizations for a short time) [18, 19, 20].

The internal conditions include: effective management in the management of resources and costs, organization of managerial accounting in a medical institution; availability of skilled personnel, creating an attractive environment for employees (organization's image, wages, corporate culture formation, advanced training and staff training, application of psychological trainings); availability of modern high-tech equipment and information infrastructure; meeting the needs of patients on the basis of improving the quality of medical care and creating an attractive environment (prolongation of the institution's time, advertising, provision of related services (pharmacy, point of seroprotection), expanding the range of diagnostic services) [18, 19, 20].

As emphasized by N. McIntosh et al. (2015), the PPP creates opportunities for raising the level of health, maintaining social stability in society, improving the quality of health care to the level of world standards, optimizing public spending and minimizing structural imbalances, thereby acting as an effective tool for reforming health care [21].

In the framework of the PPP special attention needs to be paid to the practice of interaction of private medical organizations with budget institutions. Some authors categorized this interaction and identified several options: 1) assistance to budget institutions in the organization of their medical care, both paid and free; 2) use of temporarily free capacities of budgetary institutions; 3) attraction to the state institutions of additional material and labor resources; 4) equalization of the opportunities and conditions for the provision of paid services (replacement of paid services provided by budget hospitals for provision of



services by private institutions on the basis of the same institution) [27, 28]. Within each option, EA O. Tappaskhanova and Z. A. Mustafayeva (2012) identify the most appropriate schemes of interaction, in general they are reduced to the following: a) assistance in providing certain types of medical care to budget institutions in the absence of equipment required by specialists and so on; 6) the involvement of additional commercial patients in state hospitals; c) the sale of certain types of medical services to private clinics; d) provision of additional services to commercial hospitals for patients of budget hospitals; e) providing budget institutions with information, reference, analytical and other services [29]. In addition, according to D. K. Ciccone (2010), the PPP can be seen as an instrument for involving the public sector of the economy in the tradition of effective governance [26].

A systematic analysis of the data of foreign and domestic literature has shown that the perspective direction of development of consulting and diagnostic centers is the transition to a new financial-economic model through the use of mechanisms of public-private partnership.

According to the results of a self-study, the use of PPP mechanisms in the organization of work of consultative and diagnostic centers should become an effective tool for improving the quality, availability and timeliness of secondary care for outpatient care.

For the successful development of PPP in the system of secondary ambulatory care provision on the basis of consulting and diagnostic centers, the development of a single conceptual apparatus is required; improvement of the legislative and legal framework; definition of rules where the interaction of the state and the business will create contradictions for society as a whole and with the combined use of PPP results.

**Conclusions.** Today it is clear that the modernization of the public sector of the health care system in terms of its financing and management can be carried out only with the participation of business. Different forms of interaction with PPP as a basis for the formation of an optimal model of the functioning of secondary outpatient care system on the basis of consulting and diagnostic centers will allow to bring the available financial resources into line with the volumes of state guarantees. The use of PPP mechanisms in the secondary ambulatory care system, in particular, in the organization of the work of consultative and diagnostic centers, will significantly improve the situation by obtaining and rational use of additional investments, optimizing costs and creating conditions for technological breakthrough and stable development of outpatient secondary care facilities.

The prospect for the development of the outpatient counseling and diagnostic assistance system at the secondary level is the application of mechanisms of public-private partnership and the formation of a functional and organizational model of the consulting and



diagnostic center on the principles of PPP, which will ensure effective targeted use of resources, increase the availability, timeliness and quality of medical care to the population.

The results of the study will be taken into account when substantiating and developing a modern model of the consulting and diagnostic center on the principles of public-private partnership and its management mechanisms.

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