

PUBLIC-PRIVATE PARTNERSHIP IN HEALTH CARE - A TOOL FOR THE DEVELOPMENT OF PUBLIC MEDICAL INSTITUTIONS

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Abstract

Introduction. International experience accumulated over the past 25-30 years suggests that PPP is one of the main mechanisms for expanding the resource base and mobilizing reserves for economic development and improve the effectiveness of public health care. **Objective:** To substantiate the possibility of public-private partnership (PPP) use in healthcare as a strategic goal, a tool for its development. **Materials and methods.** To achieve the objective mentioned general scientific methods of analysis, synthesis, substantiation, interpretation of scientific data, as well as systemic and structural-functional approaches were used in the work presented. The information base of the study was the academic works of domestic and foreign experts in PPP and management. **Results.** The development of health care on the principles of PPP as the main tool for achieving sustainable development of Ukrainian health care in the long term has been analyzed. Recent years Ukrainian budget is scarce and this causes a lack of financial resources that could be used to increase the efficiency of medical services provision. The limited financial resources received by state and communal medical institutions are the reasons of their poor material and technical equipment, lack of modern technologies, decent remuneration of medical and scientific personnel. All this makes it necessary to introduce new, more effective forms of organizing the activities of state and communal healthcare institutions, including PPP principles. The article substantiates the mechanisms of PPP as a tool for the development of health care. **Conclusions.** Based on

Ukrainian economic situation the justification of a more effective form of organizing the activities of state and communal healthcare institutions based on PPP principles, reasonably forms the strategic goals of healthcare development in this country and determines the directions for the implementation of healthcare functions in accordance with the environmental conditions.

Key words: public-private partnership; state and communal healthcare facilities.

Introduction. Health care of any power is a complex of state, social, economic, medical and other measures, as well as society. In Ukraine, the state is responsible for maintaining and improving the general population health, and health care is a priority for the development of the country. This is due to the fact that improving the quality of medical services entails decrease in mortality, increase in life expectancy and level of population health. Thus, health care is a set of measures to preserve and strengthen the health of a nation. Public health is currently experiencing economic difficulties and needs to coordinate its activities in finding ways to develop.

Objective: To substantiate the possibility of public-private partnership (PPP) use in health care as a strategic goal, an instrument for its development.

Materials and methods. To achieve the objective mentioned, the following research methods were used: analysis, synthesis, generalization, interpretation of scientific data, as well as systemic and structural-functional approaches. The information base of the study was the academic works of domestic and foreign specialists in PPP and management.

Results. Health care improvement in Ukraine is not possible without introduction of new treatment technologies, updating the material and technical base, and requires large state investments. However, the country's recent years budget has been scarce; health care lacks financial resources necessary to increase the efficiency of medical services [3].

The need for state regulation of the health care field is due, firstly, to high social significance of this sphere for power's development, and secondly, health care sector is poorly regulated by market mechanisms, unlike, for example, economic one.

In this regard, in order to optimize government spending on health, it becomes necessary to use PPP mechanisms.

This is due to the fact that the improvement of state and communal health care institutions under modern conditions is possible only through the introduction and use of PPP mechanisms as a catalyst for innovative processes. Secondly, the material and technical base

of the health care system has a significant level of moral and physical depreciation, which determines the modernization urgent need in the field under discussion and private investors support is vital here.

The state and private sector are mutually interested in PPP, the state is interested in improving the quality of medical services and reducing the financial burden on budgets of all levels, and the private sector, in turn, has the opportunity profitably invest funds and increase them under state protection.

The following official documents contribute to the development of PPP: the Law of Ukraine dated July 1, 2010 No. 2404-VI “On Power-Private Partnerships” [4] and the Law of Ukraine dated 24.11.2015 No. 817-VIII “On Introducing Amendments to the Laws of Ukraine for the Establishment of Regulatory Limits for Development of Power - Private Partnership and Stimulation of Investment in Ukraine” [5].

However, a group of scientists [6, 7] identifies a number of factors holding back the development of PPP in health care. Firstly, there are deficiencies in the regulatory framework, which, despite the entry into force of the listed laws on PPP, significantly slow down the process of their practical application. Secondly, there are many unresolved issues regarding the distribution of responsibilities, risks between the state and private partners, as well as the use of investments in organizations with different ownership forms.

Thirdly, there are high risks for private companies. The latter need state guarantees of safety and profitability of health projects. Otherwise, the state loses investors and, accordingly, the finances invested by them.

Fourth, in health care a qualified managerial staff has not been trained to manage institutions on the basis of PPP principles [8]. Often the manager in a medical institution is the head physician who does not have economic education, and most importantly, he does not have the skills and deep understanding of financial instruments use. Therefore, managers who would effectively organize the work of health care organizations on PPP principles and could also be a link between partners are needed.

And yet, despite a number of constraining factors, the development of public-private partnerships is a promising area in Ukrainian health care sector.

The development of PPP will contribute to the development of health care institutions infrastructure, increase financing of institutions providing medical care to the population, increase its accessibility and quality. To use PPP mechanism, it is possible to reduce the burden on medical personnel, as well as reduce staff shortages and provide medical organizations with modern equipment [9].

The development of new organizational and legal forms of health care institutions on PPP principles, their innovative development, introduction of resource-saving technologies will contribute to their improvement in general [10]. It will create conditions for the formation of new medical technologies for prevention, diagnosis, treatment, taking into account the rationale for their implementation, implementation algorithms and monitoring their use.

Also, the innovative direction of development will facilitate the introduction of technologies that are of practical importance and competitiveness, which will bring the development of Ukrainian public health care to a new level.

Under modern Ukrainian economic conditions the re-equipment of the material and technical base of state and municipal medical institutions becomes possible only if private investors are attracted, that is, the implementation of the mechanism of public-private partnership.

Conclusion. Insufficient financing, poor material and technical base of health care and medical technologies, lack of modern information technologies and qualified managers in medical institutions are a number of problems that exist in modern Ukrainian health care. To solve these problems, it is necessary to introduce PPP mechanisms into the sector.

Interest in using this area is beneficial for both the state and private business. For the latter, the benefits lie in participating in the development of socially significant medical facilities and the possibility of making profit. For government bodies, interest in the use of PPP is expressed in the possibility of developing medical and diagnostic base for health care and improving the quality of medical care for the population, attracting qualified labor resources to the health care sector.

The advantages of PPP use in healthcare are the modernization of state medical institutions and the improvement of the quality of medical services to the population in them, the successful implementation of large infrastructure projects.

Thus, attracting large private investors to medicine is quite obvious.

PPP mechanisms should be a strategic goal for the development of state and municipal health care, in accordance with which they will develop marketing, financial, organizational strategy and formulate policies on the main aspects of the sector as the main tool for achieving sustainable development of Ukrainian health care, improving the quality and accessibility of medical care.

The prospects for further research are to justify and develop an optimized model of a university clinic based on the principles of PPP and constructive concept for their management.

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