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Session 4: How PPPs are Structured in Practice

ADB Workshop on Capacity Building for Developing Health Sector Public-Private Partnership

Sog'liqni saqlash sektorida davlat-xususiy sheriklikni (DXSh) rivojlantirish bo'yicha OTB-ning salohiyatini oshirish seminari

22-23 September 2025
Courtyard by Marriott, Tashkent, Uzbekistan

EY
Shape the future with confidence

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Key concepts in structuring of PPPs

1. Appropriation of benefits

Benefit (Green circle)
Cost (Black circle)
Appropriation (Yellow circle)

Example 1: Road is commissioned between point A and B

Beneficiaries – a) commuters using new road, b) land owners adjacent to the road, c) commuters using existing (alternate) road if any, d) industries & logistics hub, c) tourism centres, e) local governments due to enhanced taxes, f) general public due to environmental benefits etc

Example 2: when a hospital is constructed in an area

Beneficiaries – a) patients & relatives b) healthcare professionals c) local pharmacies, diagnostics lab, food outlets, residential accommodation providers, d) employers due to fewer work days lost e) society at large for long term wellbeing & productivity etc

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Key concepts in structuring of PPPs

1. Appropriation of benefits

Economically weaker patients

Out patients
Diagnostics
Inpatient treatment

Insurance Patients

Out patients ?
Diagnostics ?
Inpatient treatment

Other patients

Out patients
Diagnostics
Inpatient treatment

Accommodation facilities /ATMs/ Banks

Retain & food services

- **Mayo Clinic (USA)**: in-house gift shops
- **Acibadem Hospitals (Turkey)**: branded pharmacies, cafés, and wellness shops on campus

Parking & transport

- **Cleveland Clinic (USA)**: Significant revenue from parking fees and valet services

Premium packages

- Medical value travellers – transport charges
- VIP lounges

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Key concepts in structuring of PPPs

2. Equity across beneficiaries especially in tariff finalization

Menti question

If the organizers brought a 1 kg cake to this session, what would be the most appropriate (equitable) way to divide it among participants?

- Give an equal slice to every participant
- Give equal slices to participants of the same rank, with each higher-ranking official receiving one extra slice compared to the rank immediately below
- Divide the cake into two halves: one for all male participants and one for all female participants
- Give two slices to those who came without breakfast, and one slice to everyone else
- Use a lottery to decide and give the entire cake to one person
- Give everyone a spoon and let them take as much as they can

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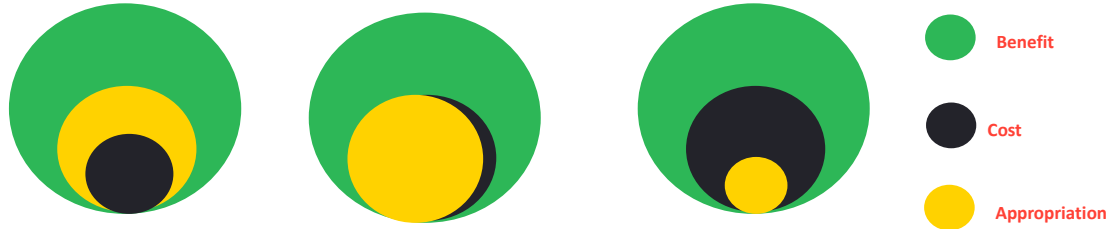
Premium packages

Jaya Prabha Hospital India – 500 bedded Greenfield hospital developed by hospital provider

- Outpatients across all categories to be levied at the same fixed fee – benchmarked with market defined rate
- Diagnostics for economically weaker patients to be levied at predefined fixed fee
- Government to reimburse for economically weaker patient
- Insurance patients to pay as per package rates negotiated between insurers and hospitals
- Other patients to pay market rate

Key concepts in structuring of PPPs

3. Viability Gap Funding



Project should be taken up when benefits > cost

However, when the appropriation of benefit is less than the cost, government may provide budgetary support during construction phase and / or operation phase – commonly known as **viability gap funding (VGF)**

Why is it not possible to appropriate benefits – cost of collection is higher from individuals, collection may not be desirable,

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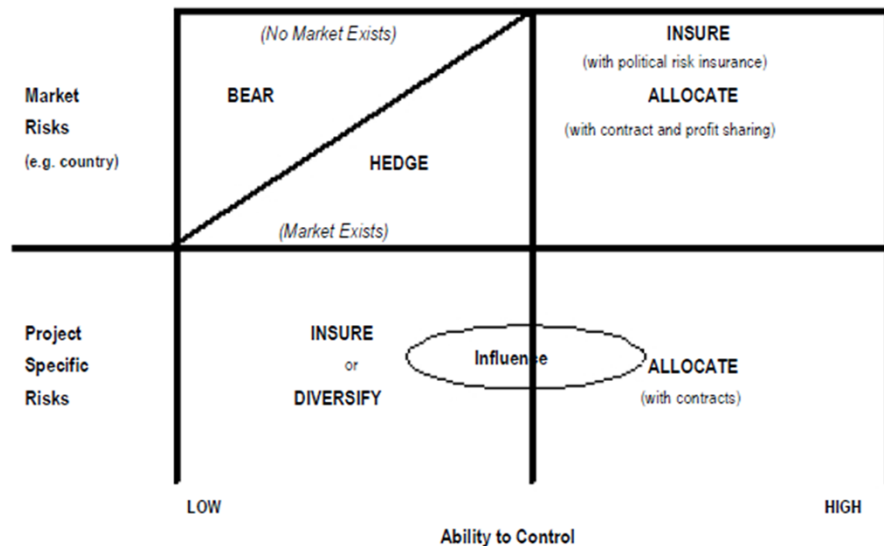
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Key concepts in structuring of PPPs

4. Risk Sharing



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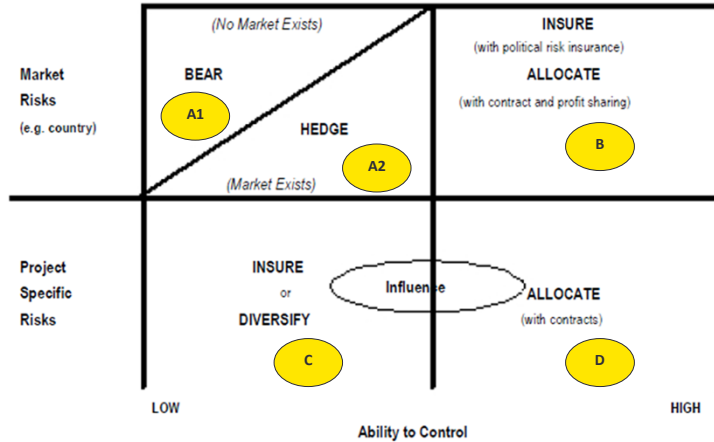
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Key concepts in structuring of PPPs

4. Risk Sharing



1. Time & cost overrun
2. Changes in legislations
3. Political instability
4. Risks related to operational activities
5. Delay in obtaining licences & permits
6. Forex risk

Source: Modified from Poland's A2 Motorways TN, Harvard Business Case

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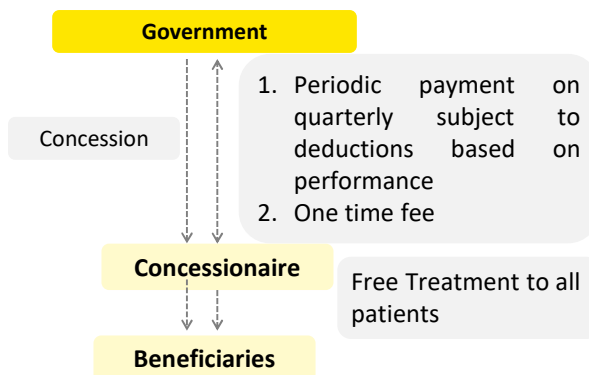
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Key concepts in structuring of PPPs

5. Dealing with Perverse Incentives

Menti question

A hospital that provides only maternity services charges patients solely based on the type of delivery—normal or caesarean section. What is problematic about this pricing structure?



- ✓ One Time Fee to be at the COD
- ✓ Periodic payment from Govt to be paid on quarterly basis
- ✓ Periodic Payment
 - Up to 30% occupancy – 30% of Periodic Payment
 - At 80% occupancy full periodic payment
 - 30% to 80% - linear interpolation
 - 80% to 100% - additionally 0.5% of periodic payment for every percentage increase in occupancy beyond 80%

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Thank You

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1. Integrated PPP

**Development of 500-bedded multispecialty hospital-Jayaprabha Hospital
India**

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Problem Statement



Bihar, the third most populous state in India with over **130 million population**, with ~89% of it rural, faced significant gaps in healthcare accessibility and affordability.

Healthcare Infrastructure Deficit

High Patient Load

Limited access to medical services

Shortage of healthcare workforce

The development of the 500-bedded multispecialty hospital-Jayaprabha Hospital on PPP

Role of Government

- ✓ Provide 7-acre Land & access to infrastructure like water supply, power and other utilities (except equipment)
- ✓ Provide support in procuring applicable permits and due payments
- ✓ Monitor adherence to all KPIs

Role of Private Partner

- ✓ Develop, equip, operate, maintain a 500-Bed Hospital
- ✓ Recruit sufficient manpower
- ✓ Operate and maintain a HMIS
- ✓ Obtain and maintain NABH, NABL, and other relevant accreditations

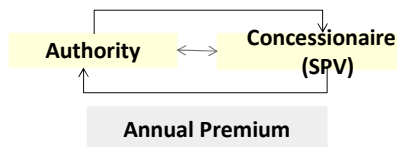
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PPP Structure



- Land Lease for Project
- Payment for services to Select Patient (subject to the defined rates)



Concession Period:

30 years and option for renewal for another 30 years

- ✓ Reimbursement by Govt
- ✓ Treatments & investigations at fixed rates
- ✓ 50% of the beds shall be General Ward

Economically Weaker Patients

Insurance Patients

- ✓ As per insurance company & hospital rate finalization at the time of empanelment

Other Patients

- ✓ Treatments & investigations at fixed rate
- ✓ Developer to have the flexibility to charge bed rentals (Semi Private, Private and Super Deluxe Beds)
- ✓ Such beds shall not exceed more than 50% of the beds

Bid Parameter

Annual payment (Concession fee & 1% of annual revenue). The Concession fee will increase by 6.5% every year

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2. Service PPP

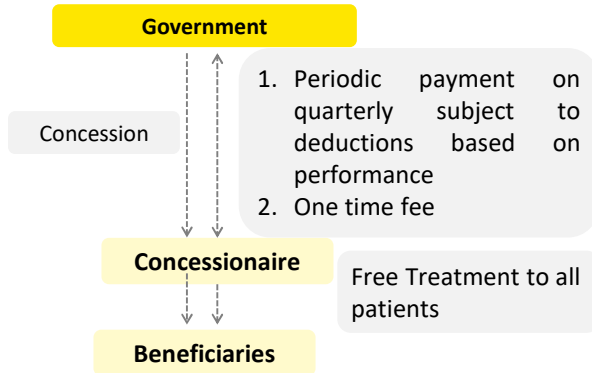
Operationalization of Mother and Child Hospital on PPP

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Operationalization of Mother and Child Hospital on PPP	
Role of Government	Role of Private Partner
<ul style="list-style-type: none"> ✓ Support Concessionaire in obtaining required permits ✓ Assist in accessing infrastructure and utilities ✓ Ensure timely procurement and supply of medicines and consumables ✓ Connect MCHW to essential utilities and assist in approvals ✓ Hire an independent monitor for periodic KPI assessment 	<ul style="list-style-type: none"> ✓ Develop (functional modification), Equip (Medical, Non- medical, Machinery, staff) and Operate the hospital ✓ Maintain structure and equipment ✓ Obtain (within 2 years of COD) and maintain NQAC standards ✓ Develop IT applications, ensure robust MIS ✓ Maintain other infrastructure (e.g. sewage network/biomedical waste management plant) within district hospital premise

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Operationalization of Mother and Child Hospital Wings in 25 districts of Uttar Pradesh on PPP (2500 beds)



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- ✓ Periodic payment from Govt to be paid on quarterly basis
- ✓ Periodic Payment
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3. Integrated Project

Bursa Integrated Health Campus , Turkey

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Bursa Integrated Health Campus, Turkey (1/3)



The Bursa Integrated Health Campus developed in Nilüfer city of Bursa province, is Turkey's ambitious healthcare PPP program to modernize the country's hospital infrastructure

Project Description



The project is an integrated health campus project covering **3 different hospitals** with a total capacity of **1,355 beds**



Main Hospital: 1,055 beds



Physical Therapy & Rehabilitation Hospital: 200 beds



High Security Forensic Psychiatric Hospital: 100 beds

The Main Hospital houses a General Hospital, Cardiovascular Diseases Hospital, Oncology Hospital and Women, Pediatrics, General, and Psychiatric Hospital

Purpose of the Project

- To provide multi-speciality healthcare campus to reduce patient outflow and improve regional access
- Expand Bursa's healthcare infrastructure in line with growing population and health service demand



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About the Project - Bursa Integrated Health Campus Project | Turkey Hospital PPP Project_Mr. Simon Jianjun Zhang_ICBC.pdf | THE FINANCIAL ARCHITECTURE OF TURKISH HEALTHCARE PPPs

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Bursa Integrated Health Campus, Turkey (2/3)



Role of Public Authority

- Retains ownership and responsibility for all medical services: hiring and deploying hospital staff, managing patients, and delivering core healthcare
- Monitors quality and performance, ensures compliance with contract
- Periodic payments to the private partner based on the availability and quality of services per the contract.



Role of Private Player

- Design, build, finance, and maintain the hospital campus
- Provide non-core support services- facility maintenance, utilities, furniture, grounds & garden landscaping, security, cleaning, laundry, HMIS and operation of ancillary commercial areas (cafeterias, car parking), while clinical operations remain public
- Hand over of the assets and management to government

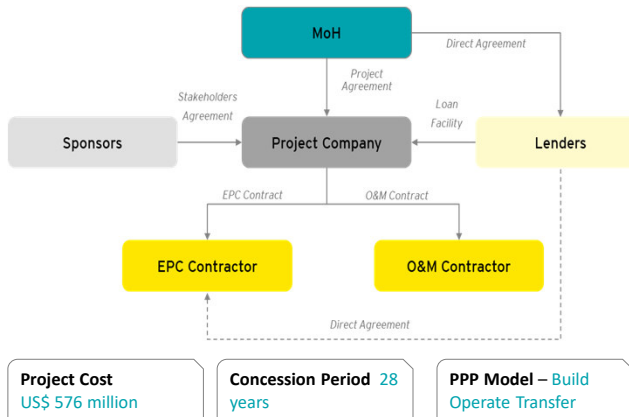
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Bursa Integrated Health Campus, Turkey (3/3)



PPP Structure:



Current Status- Project is operational as of 16 July 2019

A Special Purpose Vehicle (SPV), **BRS Saglik Yatirim** was created by a **consortium** of the sponsors for the project which includes Ronesans Saglik Yatirim A.S., Meridiam Infrastructure Eastern Europe S.a.r.l., Sila Consulting Medical Services, Sam Engineering and TTT Saglik Hizmetleri A.S.

Payment Mechanism

- **Availability Payments:** Paid for **CAPEX** - Payable in advance by the administration to the project company at the beginning of each quarter in consideration of usage of the health facilities during the relevant period
- **Service payments** – Monthly payments by MOH to cover the **OPEX** of the project. The payments consist of a) Non-Volume Services and b) Volume Services. Volume Services further divided into Medical support services and Service support services
- **Commercial Revenues-** Related to commercial activities in the project