



PUBLIC - PRIVATE PARTNERSHIPS (PPP) IN HEALTH PROJECTS

Salvador-Infante Hospital Complex

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Minister of Health**



- **Chile**

- PPP in Chile
- Healthcare in Chile
- PPP in the Health Sector in Chile
- The Salvador -Infante Hospital Complex Project
- Conclusions

Chile at a glance

- Population: 15 million inhabitants
- 13 Administrative Regions
- Metropolitan Region: 6 million inhabitants.
- Per-capita annual income: US\$ 5,500 (Year 2004)
- Political and Economic Stability
- Low Risk Index
- Human development index: 0,854, rank 37
- Public Health Expenditure is 3.25% of GDP.



ICC 2005-2006: 25 most competitive countries

Country	GCI 2005 rank	GCI 2004 rank	Cambio
Finland	1	1	--
United States	2	2	--
Sweden	3	3	--
Denmark	4	5	1
Taiwan	5	4	-1
Singapore	6	7	1
Iceland	7	10	3
Switzerland	8	8	--
Norway	9	6	-3
Australia	10	14	4
Netherlands	11	12	1
Japan	12	9	-3
United Kingdom	13	11	-2
Canada	14	15	1
Germany	15	13	-2
New Zealand	16	18	2
Korea, Rep.	17	29	12
United Arab Emirates	18	16	-2
Qatar	19	—	--
Estonia	20	20	--
Austria	21	17	-4
Portugal	22	24	2
CHILE	23	22	-1
Malaysia	24	31	7
Luxembourg	25	26	1

Latin America Ranking ICC 2005-2006

	Country	GCI 2005 rank	GCI 2004 rank
1	Chile	23	22
2	Uruguay	54	54
3	México	55	48
4	El Salvador	56	53
5	Colombia	57	64
6	Costa Rica	64	50
7	Brasil	65	57
8	Perú	68	67
9	Argentina	72	74
10	Panamá	73	58
11	Venezuela	89	85
12	Honduras	93	97
13	Guatemala	97	80
14	Nicaragua	99	95
15	Bolivia	101	98
16	Rep.Dominicana	102	72
17	Ecuador	103	90
18	Paraguay	113	100

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“We are certain that our people, our creativity, can position Chile in the world; and our ability to forge useful trade alliances will play an important part in our people's future prosperity.”

Ricardo Lagos Escobar
President of Chile

- With these words President Lagos called on government officials and private investors to meet the challenges of the Concessions Program, as it consolidates, wins legitimacy with users, and defines a new profile for State action in building and developing infrastructure.

The Concessions Program 2001-2004 has now moved into new areas.

The ongoing program of roads and airports has been extended to irrigation works, prisons, ports, and railroads, and will include hospital infrastructure.

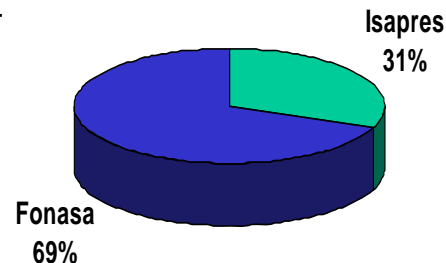


Passenger Terminal, Conaiel Bui Airport, Concepción

- Between 1993 and 2004, 45 **highway, airport and other projects** were awarded as concessions, for an over-all investment of **US\$6.5 billion**.
- The program has helped put together 27 investment groups, made up of more than **40 Chilean and foreign companies**, from **ten countries**, who are taking part in the innovative mechanism of public-private partnerships to build great works of infrastructure for Chile.

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- In Chile the Healthcare System is a public-private mix:
 - 29% of the population – those with higher incomes – have private insurance (ISAPRE) or other systems.
 - 69% of the population belong to the public insurance system (FONASA).
- Strengths and Challenges of the Chilean Healthcare System:
 - Positive results in Public Health indicators.
 - Need to adapt to the changing epidemiological profile and health needs of the population.



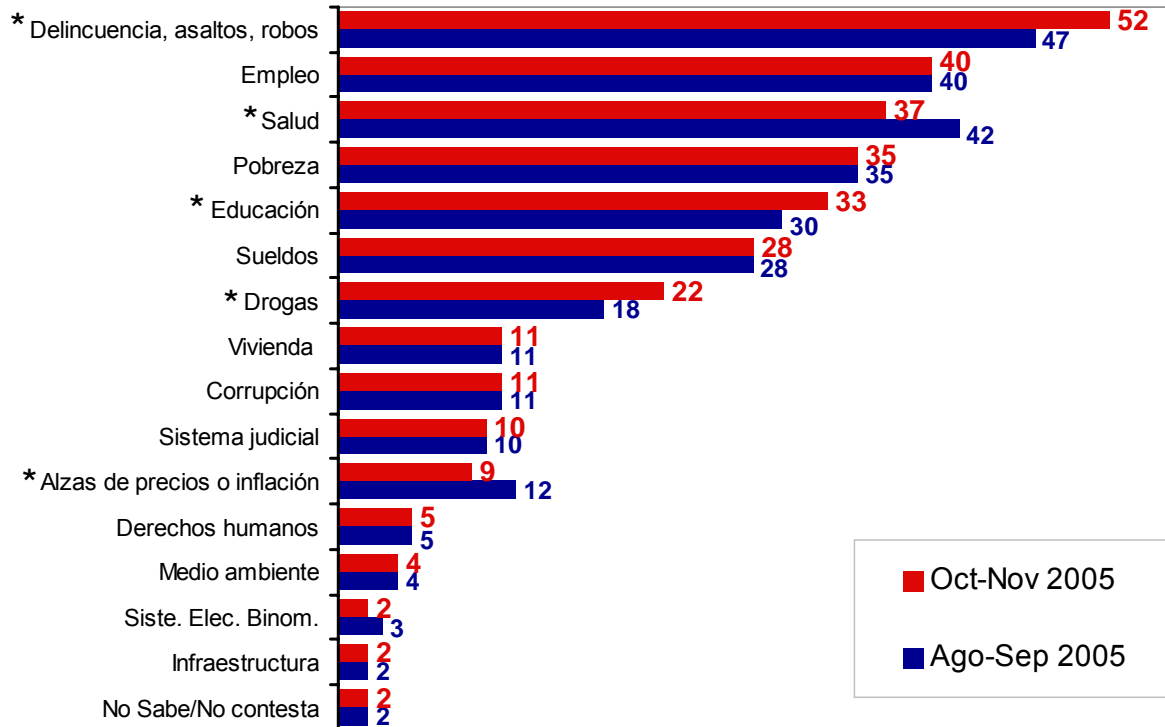


Strengths and Challenges of the Chilean Healthcare System:

	STRENGTHS	CHALLENGES
P U B L I C	<ul style="list-style-type: none">• High coverage of Primary Health Care• Health care networks that extend to all corners of the country	<ul style="list-style-type: none">• Management of resources• Long waiting lists for specialty care
P R I V A T E	<ul style="list-style-type: none">• Better facilities (with limited territorial extension)	<ul style="list-style-type: none">• High out-of-pocket expenditure



Health is one of the public priorities





The Chilean healthcare system is in the process of transformation.

Ongoing Health Reform.

- Strengthened Health Authority and health care network management.
- Explicit Guarantees for citizens (AUGE Plan).
 - Access, quality, waiting times and financial protection (maximum co-payments) guaranteed by law for care relating to priority health conditions.
 - Standards of care set in clinical guidelines developed with experts.
 - Information system to follow all patients through the healthcare system to insure compliance with guarantees.
 - The goal is to optimize cost effectiveness and efficiency in highly complex situations, as well as user satisfaction.
- Financing.



The Ministry regulates the healthcare system

- Public (FONASA) and Private (ISAPRES) insurers have the role of financing and transferring resources to healthcare providers.
- Healthcare networks:
 - Private sector.
 - Public sector.
 - De-centralized management:
 - 28 Healthcare Services.
 - 195 Hospitals.
 - Municipal-controlled Primary care centers.

Public sector healthcare network

- 28 Healthcare Services.
- Annual budget is US\$ 1.12 billion;
 - US\$ 573 million in personnel.
 - US\$ 248 million spent on goods and services.
- 28.294 beds.
- 6,738.395 specialist medical consultations.
- 1,198.828 hospital discharges.
- 1.187.364 surgical interventions.
 - 513.635 complex interventions.
- US\$ 600 million invested over the last decade through international loans.



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Resource Gap for Infrastructure Needs (2005-2015)

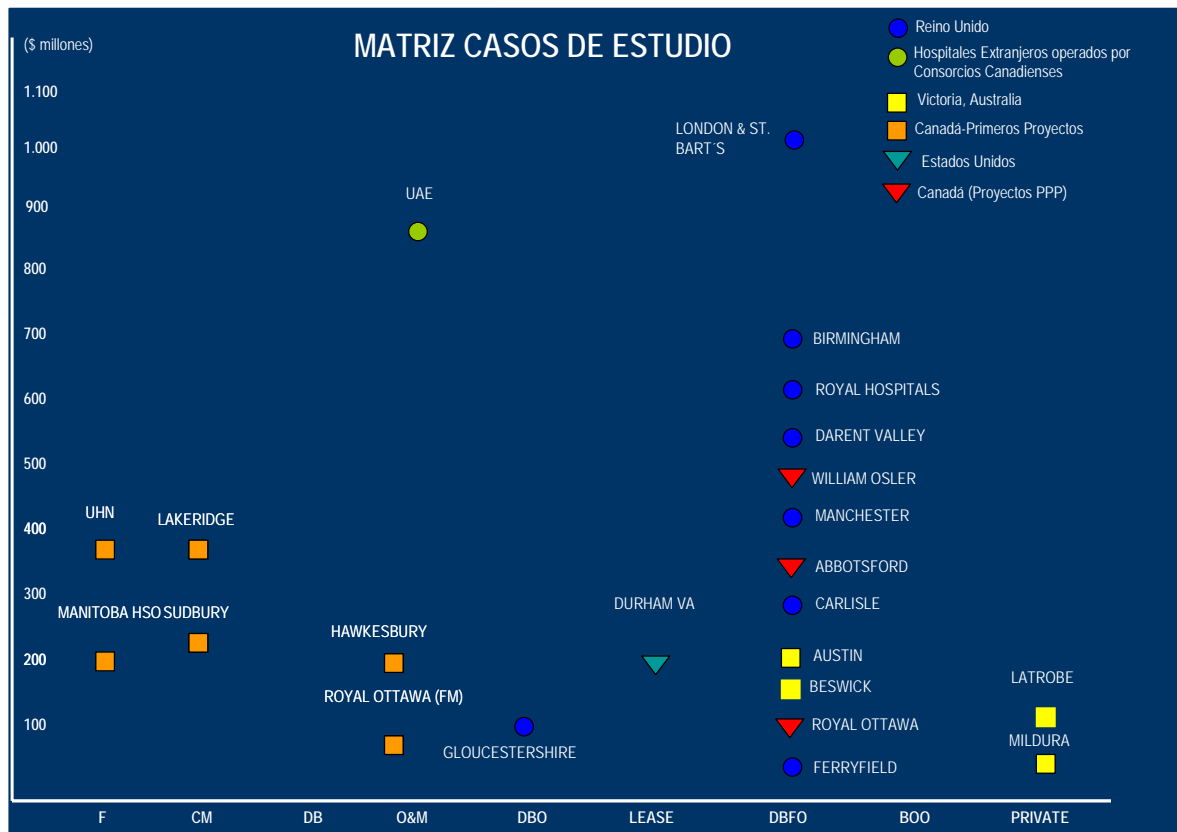
	MM US\$
Infrastructure needs	1554
Available public resources	650
Resource gap	904

Relevant PPP experiences in healthcare projects

- U.K. has 67 PPP projects (M£ 12 million).
- Australia has some experience in PPP development.
- South Africa and Canada have several PPP hospitals projects.
- Italy, Spain, Greece, Portugal have completed negotiations for the construction of several PPP hospitals.
- Mexico is developing the first PPP hospital projects in Latin America.



Relevant PPP experiences in healthcare projects





Features of the PPP model for healthcare projects in Chile

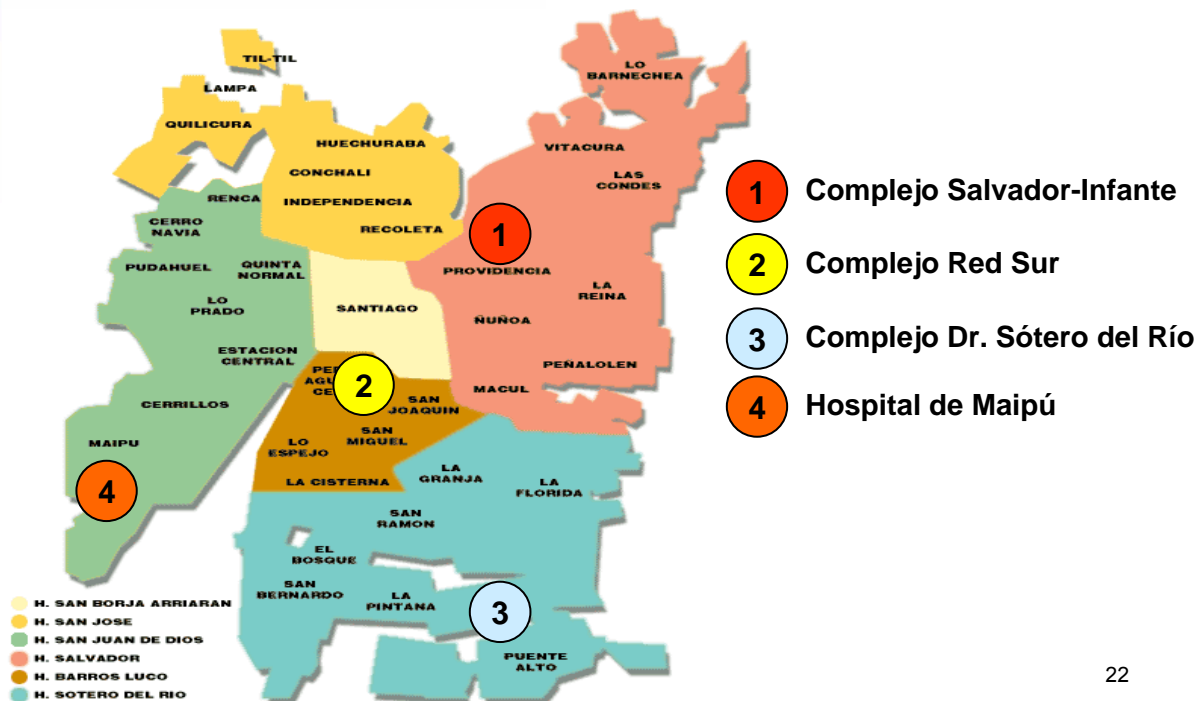
- The concessionaire will propose a design, build, finance and operate (DBOT model)
 - Essentially the “bricks and mortar” as well as non-clinical services such as maintenance, food and janitorial services.
- All clinical services will continue to be provided by the public hospital corporations directly with funding from the government
- Access to medical care will be available to all Chileans and delivered by public healthcare professionals.



Advantages of the DBOT Model

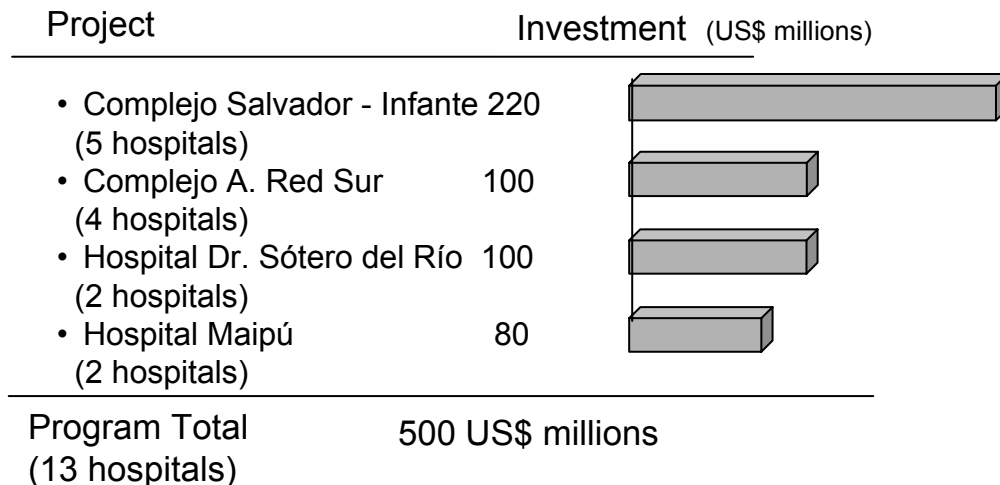
- Captures the Innovation and experience of the private sector in design and operation of hospital infrastructure
- Focuses on the project lifecycle (long term cost saving)
- Includes equipment replacement and updating.
- Upgrades service quality.
- International experience shows that DBOT is more cost effective in this type of project.

First Hospital Infrastructure PPP Program





PPP Projects in the Chilean Health Care Sector





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The East Metropolitan Healthcare Network is the largest and most complex healthcare network in Chile.

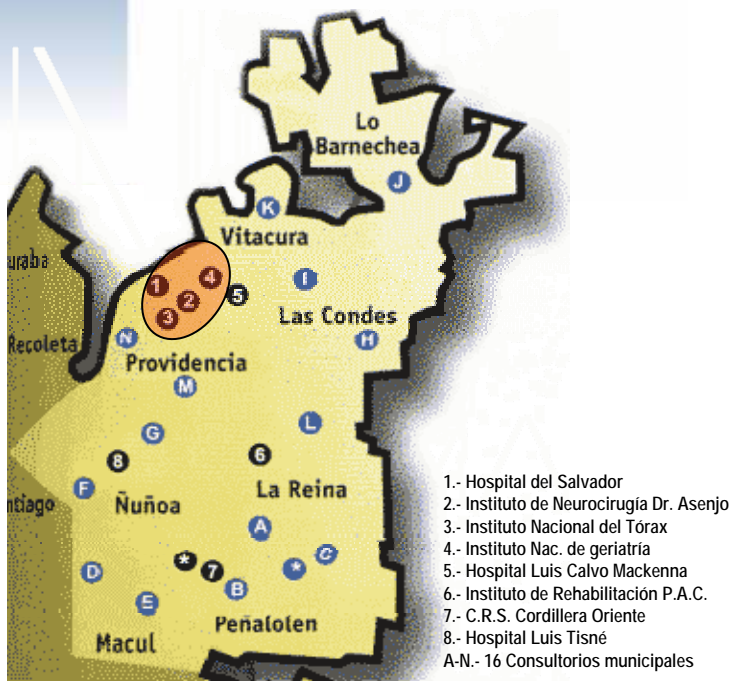


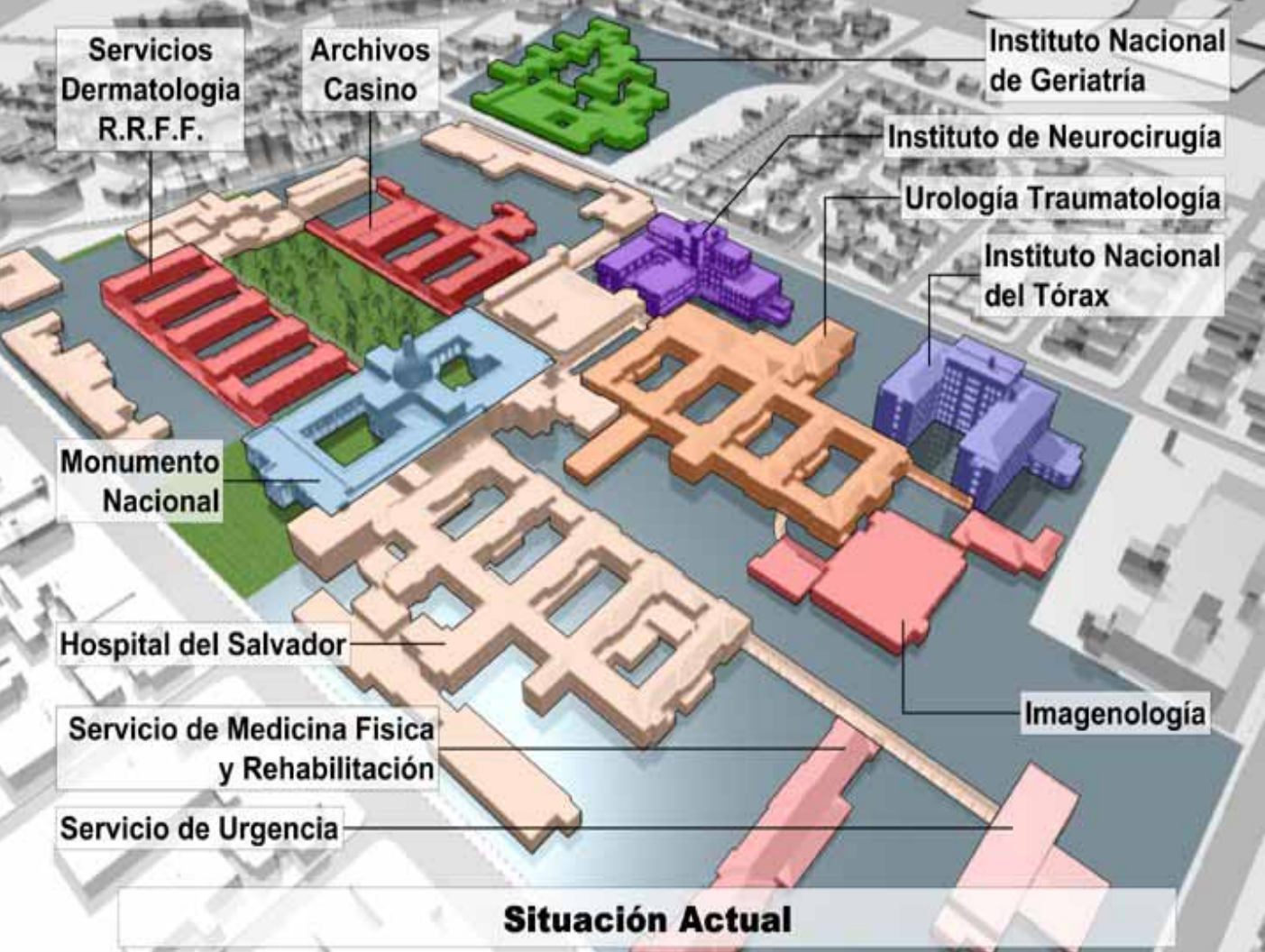
- 1,530 beds
- 579,795 specialist medical consultations
- 59,885 discharges
- 32,378 major surgeries
 - 2,786 complex
- Regional and national patient referral service.

Source: SSMO, Cuenta Pública 2004

Salvador – Infante Hospital Complex

- Hospital del Salvador (HDS)
 - Main Hospital in the network.
- Instituto Nacional del Tórax (INT)
 - National referral center.
 - 66.5% thorax surgery.
 - 50.3% cardiovascular surgery.
- Instituto Nacional de Neurocirugía (INCA)
 - National referral center for neurosurgery.
 - 58% infant interventions
 - 37.1% adult interventions.
 - 100% Highly Complex interventions
- Instituto Nacional de Geriátría (ING)
 - National referral center.
 - The only center of its type in Chile.





Servicios
Dermatología
R.R.F.F.

Archivos
Casino

Instituto Nacional
de Geriátria

Instituto de Neurocirugía

Urología Traumatología

Instituto Nacional
del Tórax

Monumento
Nacional

Hospital del Salvador

Servicio de Medicina Física
y Rehabilitación

Servicio de Urgencia

Imagenología

Situación Actual



The Project's Main Objectives:

1. To consolidate the Salvador-Infante Hospital Complex (CHS-I) as a regional and national highly-specialized medical center.
2. To achieve greater synergy among hospitals. To rebuild the Salvador Hospital, ING, INCA and INT.
3. To transform the CHS-I into a successful healthcare and operational management model for the Health Reform.
4. To consolidate the CHS-I as a center for medical formation using long-term strategic alliances with different universities.
5. To take an innovative approach to investment in the health sector, that optimizes available resources through PPP.

Specific Objectives

Quality of Service

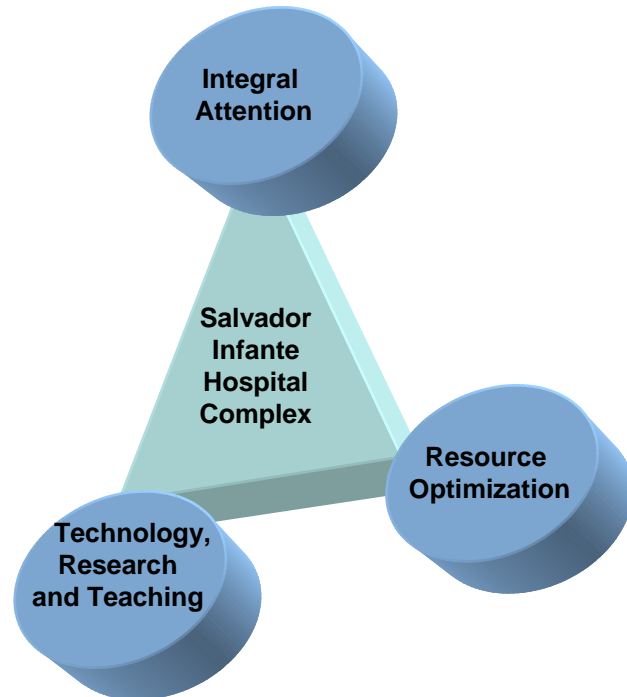
- New model with a focus on highly complex care
- Consolidation of expert teams

Efficiency

- Functional integration
- IT for Management
- Increase income generation using the new business model with PPP

Clinical technology

- Development of maximum clinical complexity
- Research and university teaching

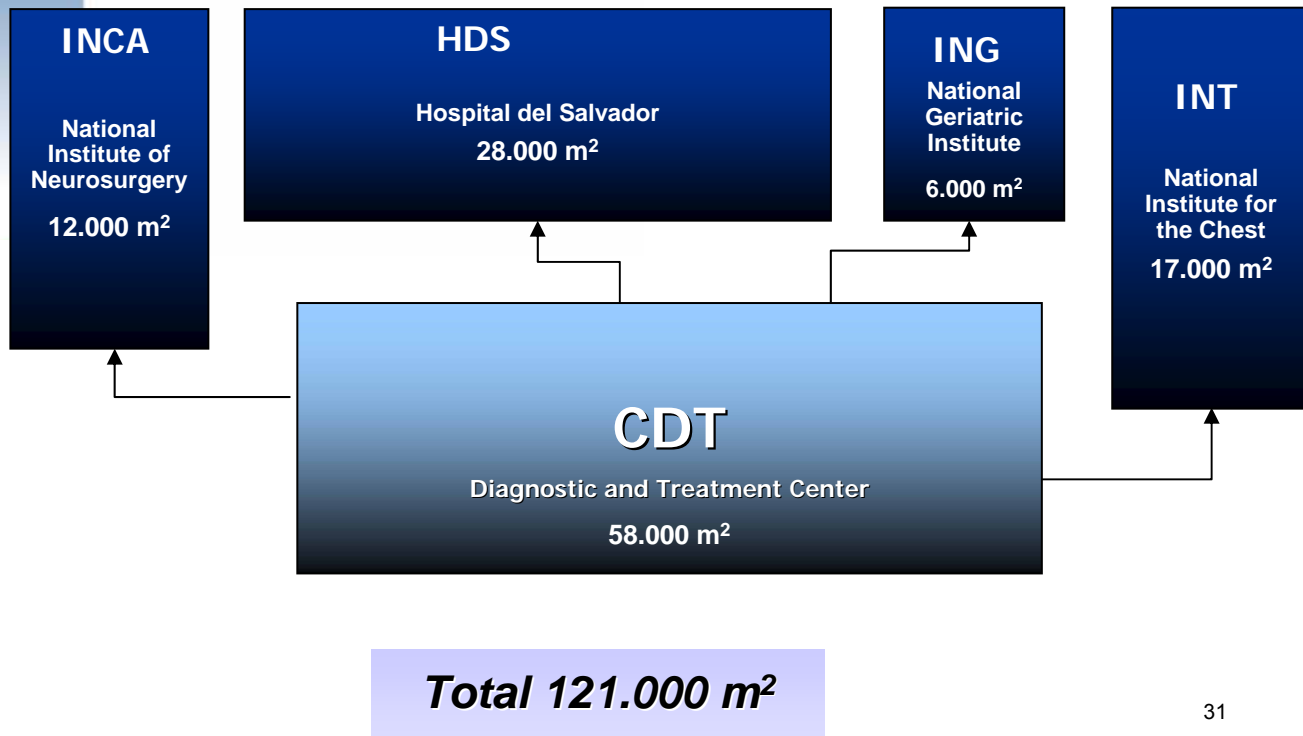




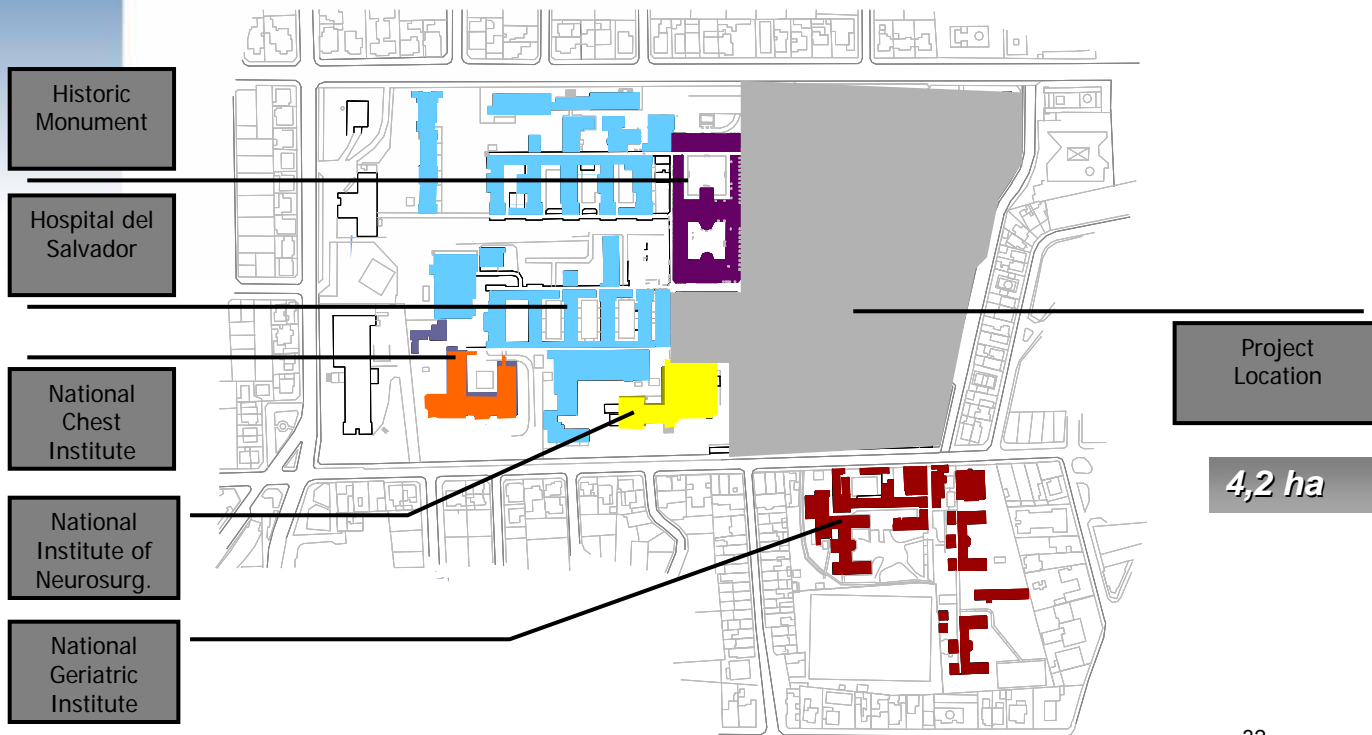
Required Investment

- New Buildings for Hospital del Salvador and Geriatric, Thorax y Neurosurgery National Institutes
- New Diagnostic Center
 - Medical consultation, out-patients procedures, radiology center, laboratory center, pharmacies, etc.
- Critical Areas
 - Emergency, surgical pavillons, ITU-ICU.
- Medical Equipment
- IT

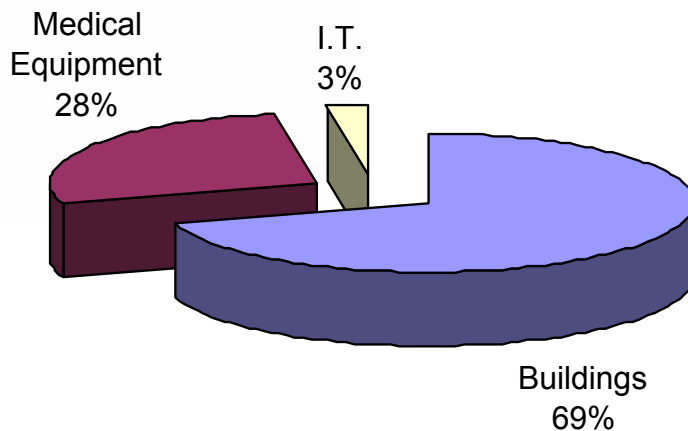
Projected Infrastructure



Project Location



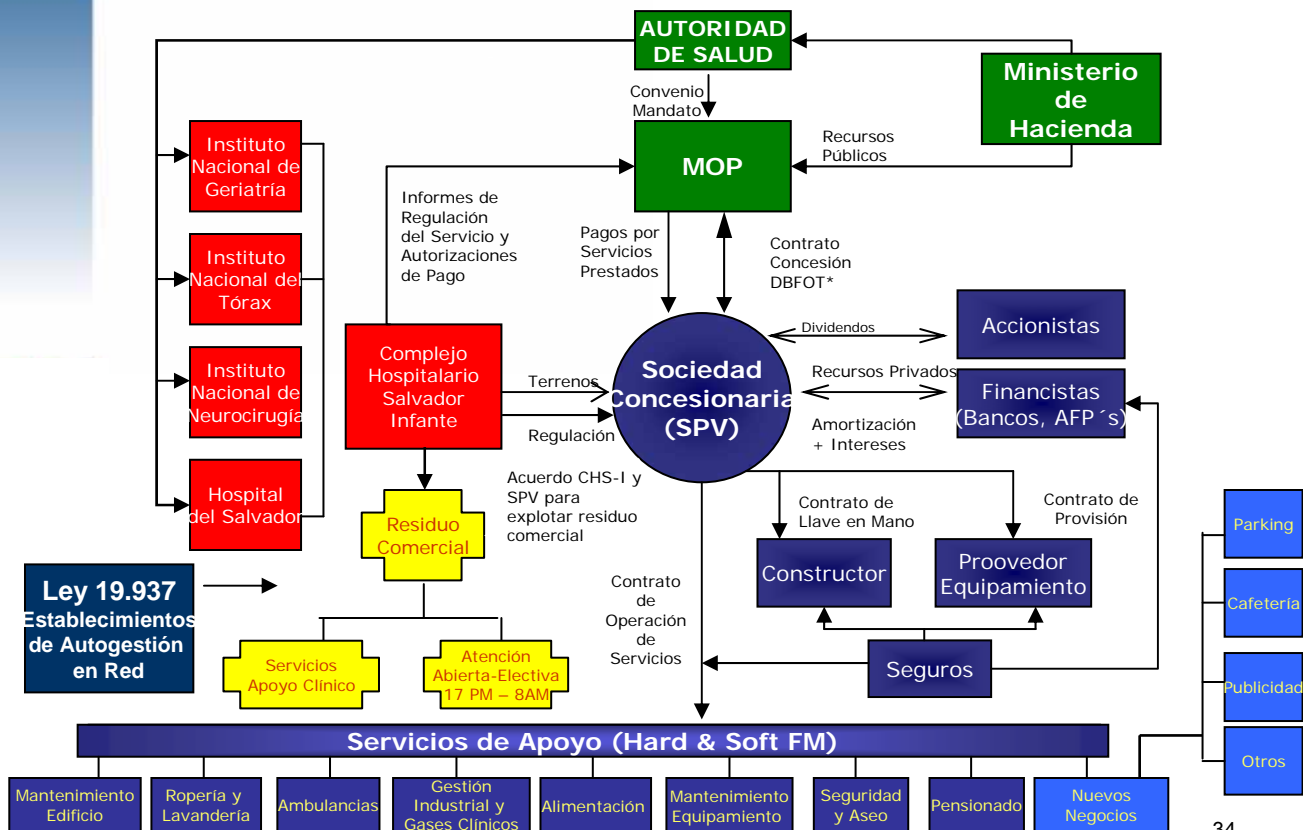
Projected Investment



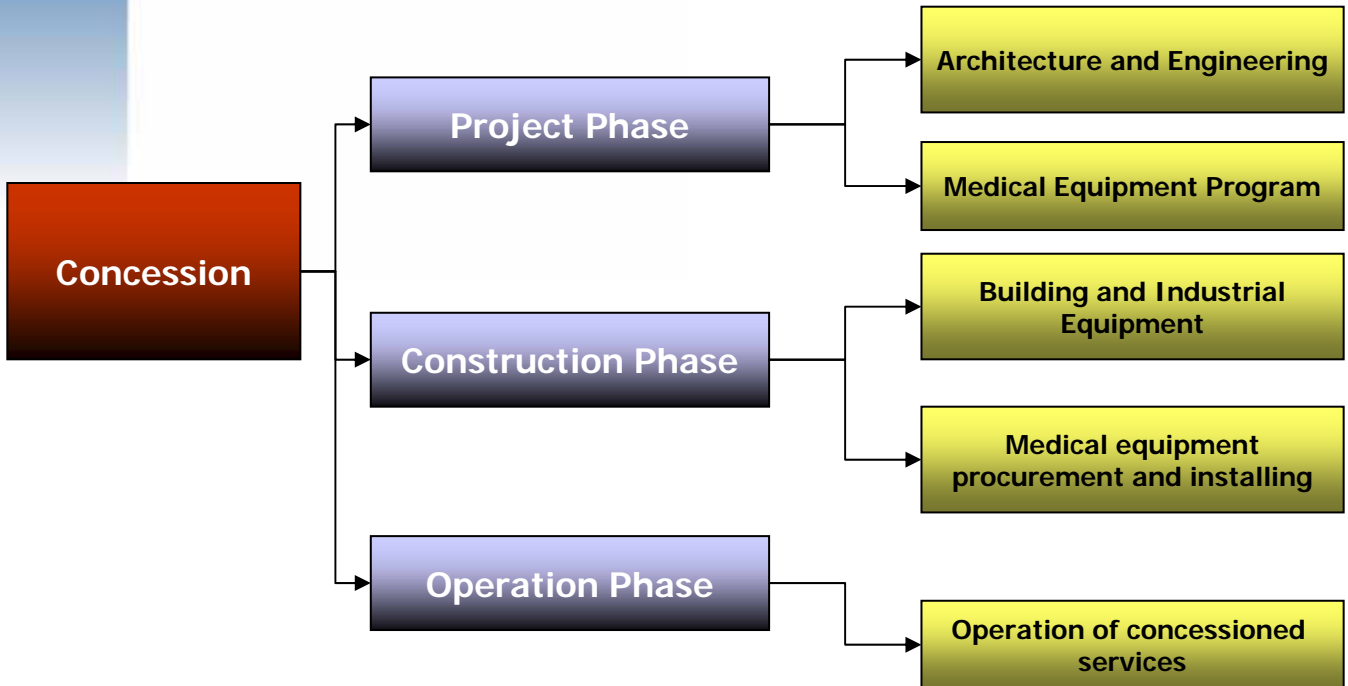
Total Investment
US \$ 220 Million



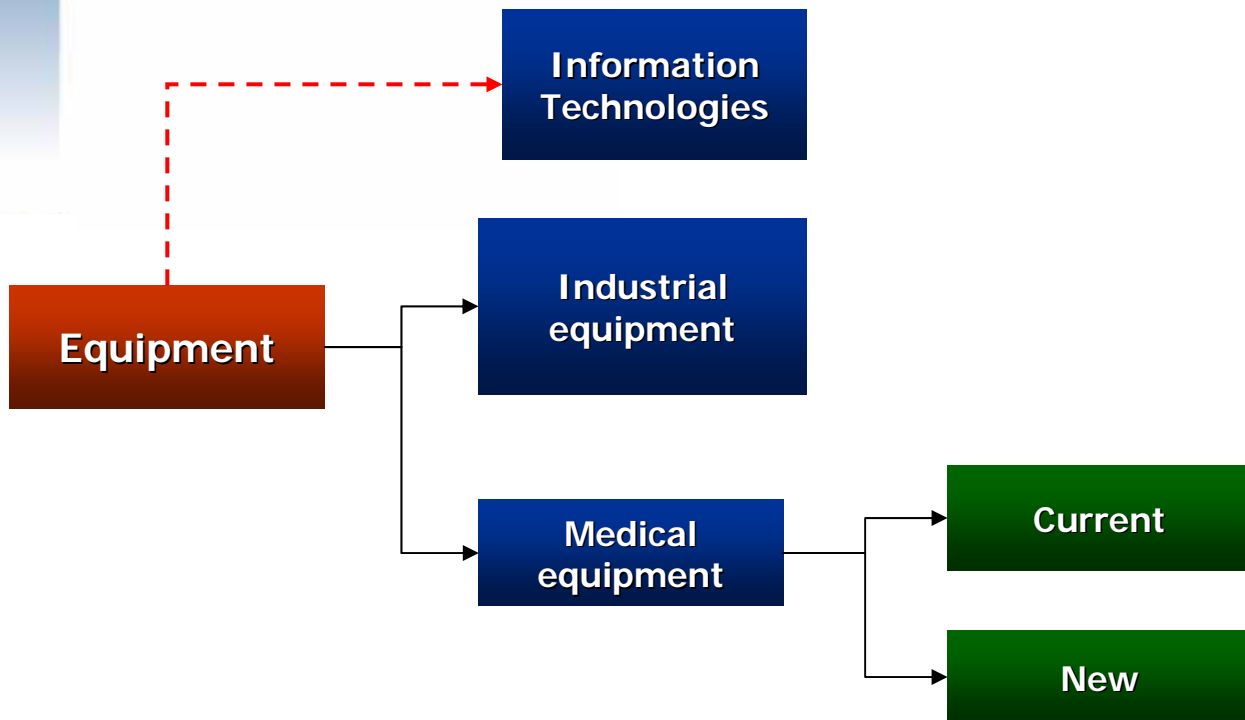
Concession Model



Concession Model



Equipment

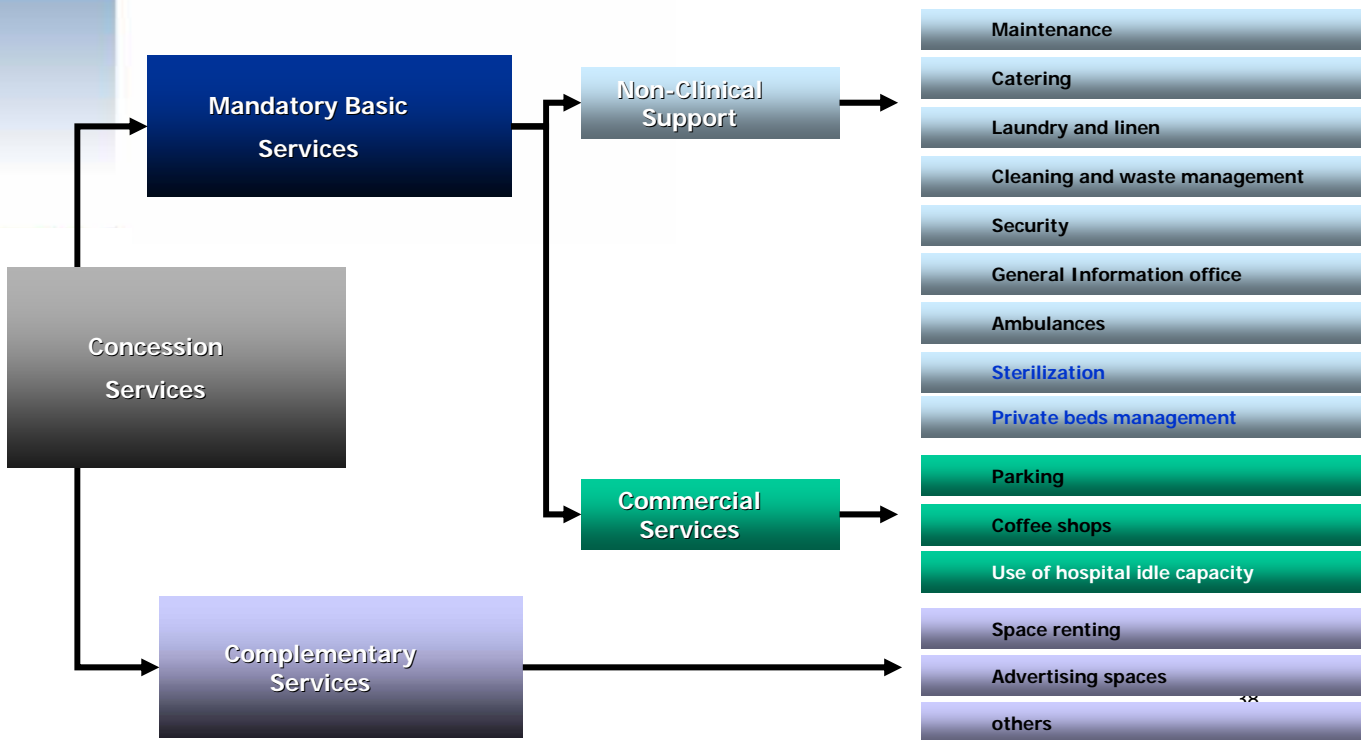




Industrial Equipment

- Air Conditioning
- Thermal Unit
- Electrical energy and lighting
- Clinical gases
- Pneumatic mail
- Telephone and communications
- Hydraulic and sanitary installations
- Security and access control
- Wiring
- Elevators and escalators
- Fire security
- Intelligent Building

Concession Services



Concessionaire Revenues

**Payments from
the government**

**Payments for infrastructure and equipment during the
concession period**

**Operational
Payments**

Payments for concession services

**Revenue from
commercial
services**

This revenue should reduce payments from the government

Thank you !!