

Public Private Partnership

A new approach in healthcare



health. care. vitality.

Public Private Partnership

Holistic model - lifecycle approach.



Content:

- Conditions
- Approaches to develop a PPP-model
- Benefit for the hospital
- Benefit for the public
- Further proceedings

A possibility to secure public healthcare supply efficiently.

Conditions of successful PPP-models

Good and sound preparation



- Motivation
 - Transparency of problem solution (i.e. solving of revitalisation accumulation, improving of budget situation, quick realisation)
 - Maintaining value of buildings on the long run
 - Effective building management
- Integration of decision-maker as early as possible (politicians, ministers, etc.) and users to avoid/reduce of resistance and mistrust due lack of knowledge
- Comprehensive stock analysis
- Appropriate share of risks already at preparation
- Integration external consultants to cover technical, economical and legal challenges

Approaches to develop PPP-models

PPP

Assignment of responsibility

Qualification of risks

 **Transparency**

Life-cycle


Long-term



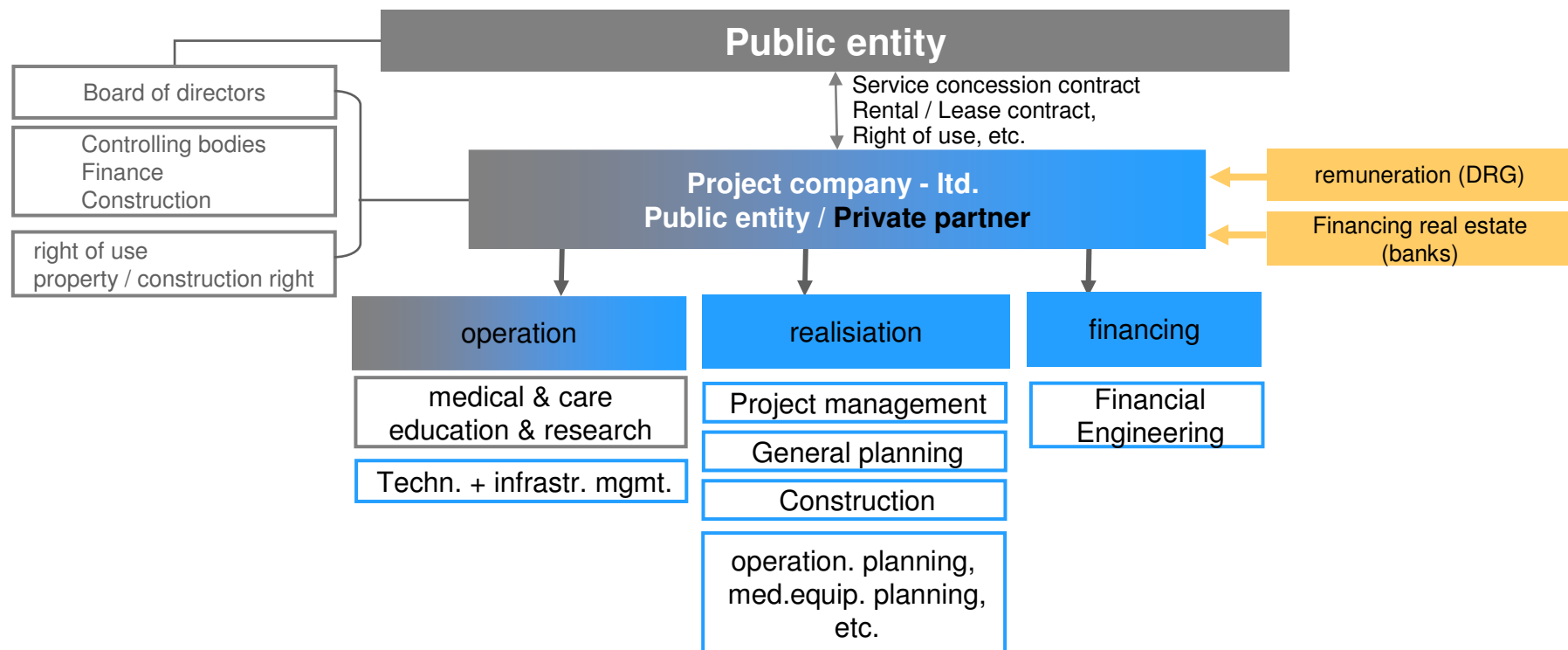
Relevance of Public-Private-Partnership

In Hospitals
PPP is predominantly a model
for cooperation.

A long term collaboration of
2 partners that share risks
and glories in
everyday life

Approaches to develop PPP-Models

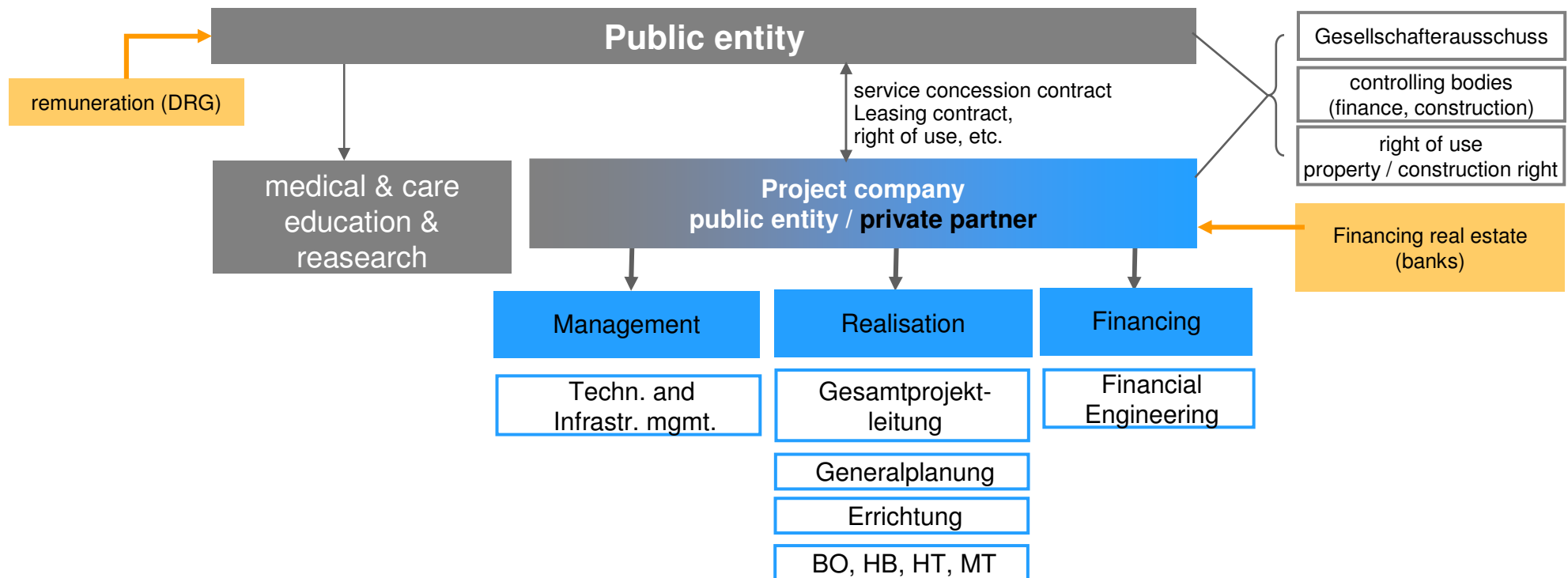
The holistic model in hospital



Public and private partner establish together a project company

Approaches to develop PPP-Models

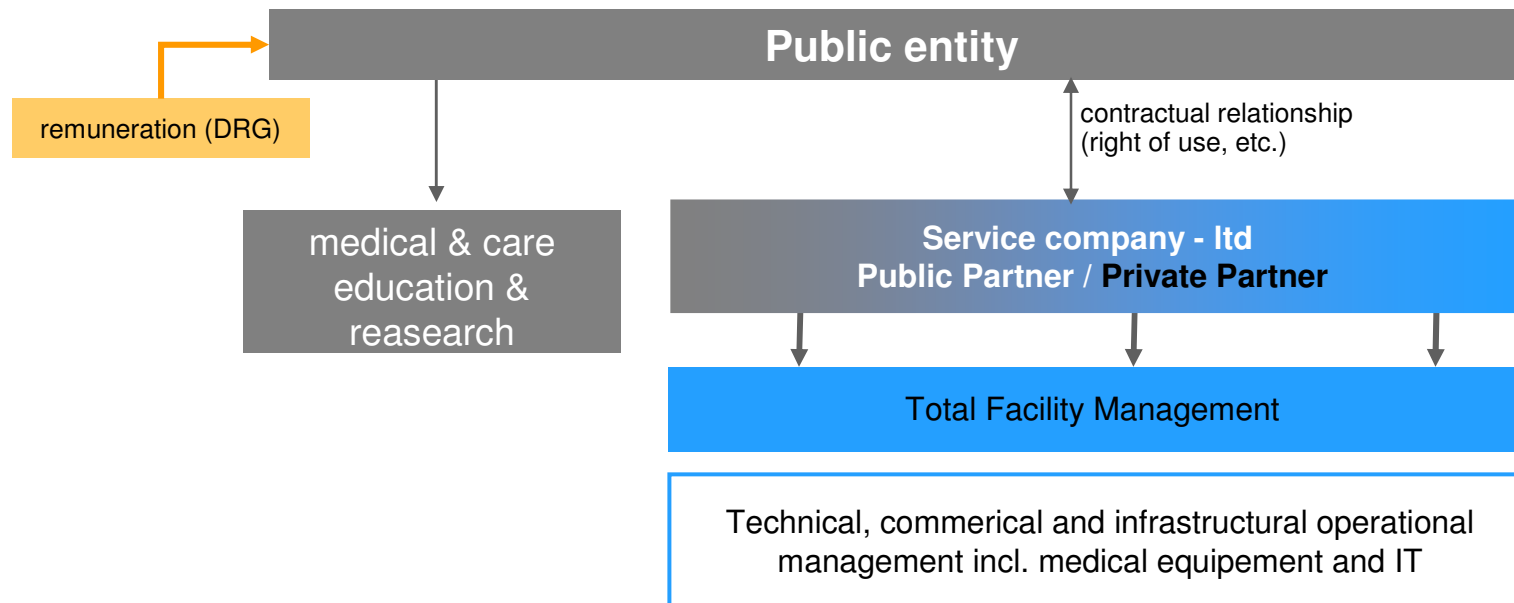
PPP for investments and support services



Public and private partner establish together a project company

Approaches to develop PPP-Models

PPP - integrated services



Public and private partner establish together a service company.

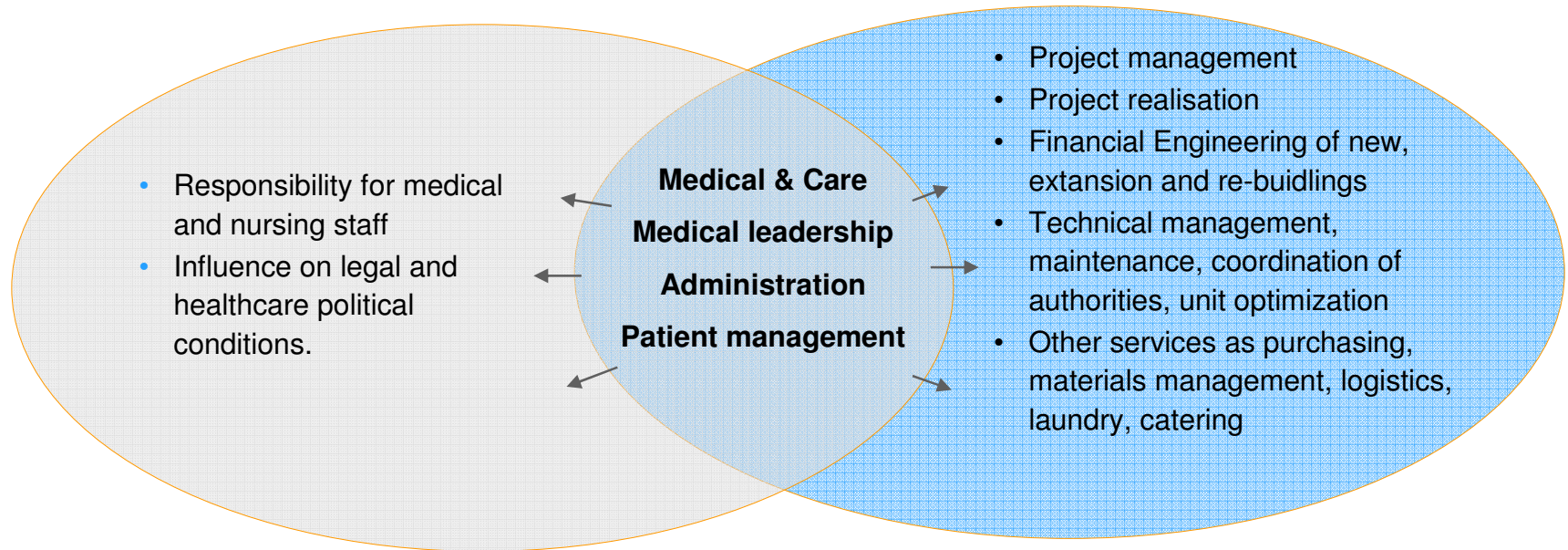
Approaches to develop PPP-Models

Cooperation in everyday's life



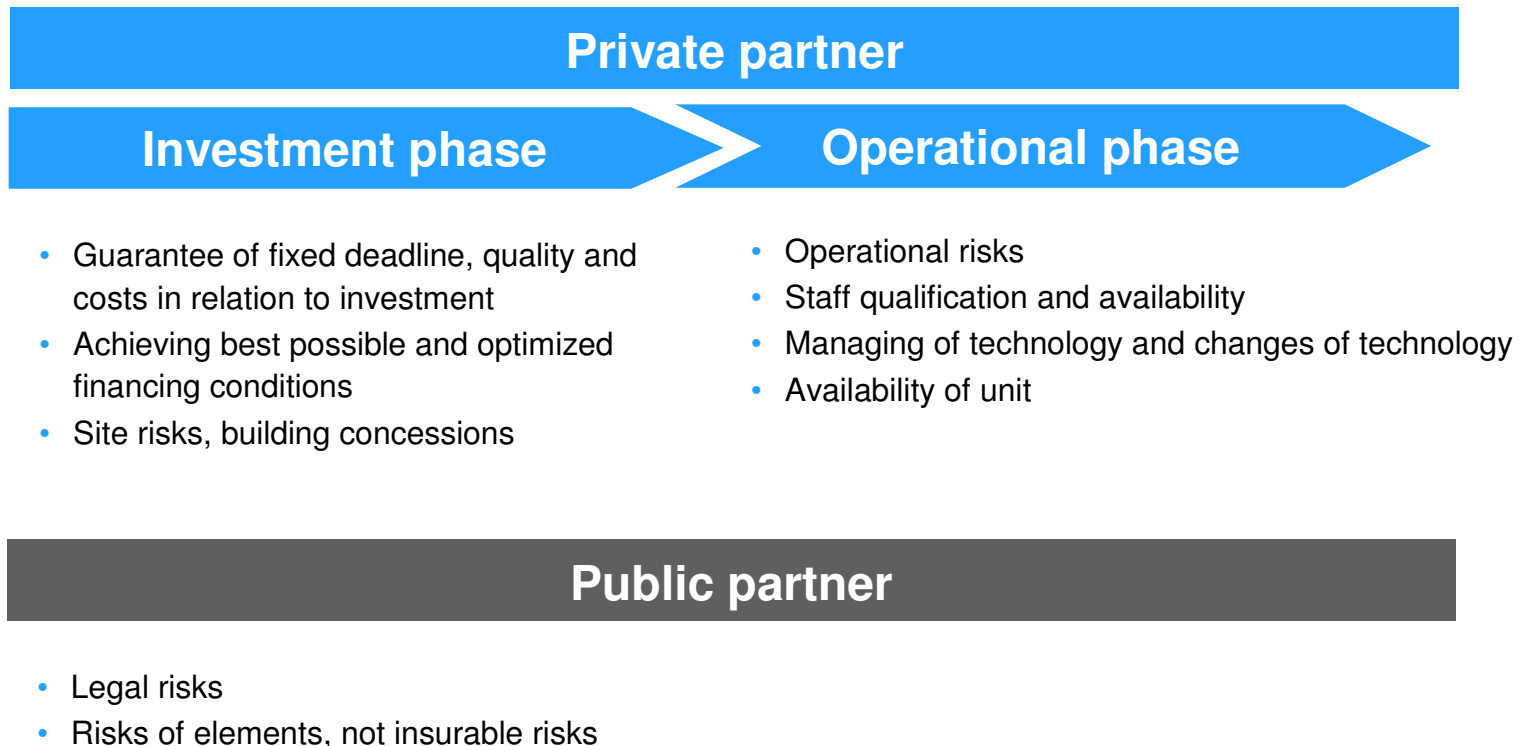
Share of tasks within the PPP-company

Partner bear the risks they may be able to control best. They render services on own account as shareholder.



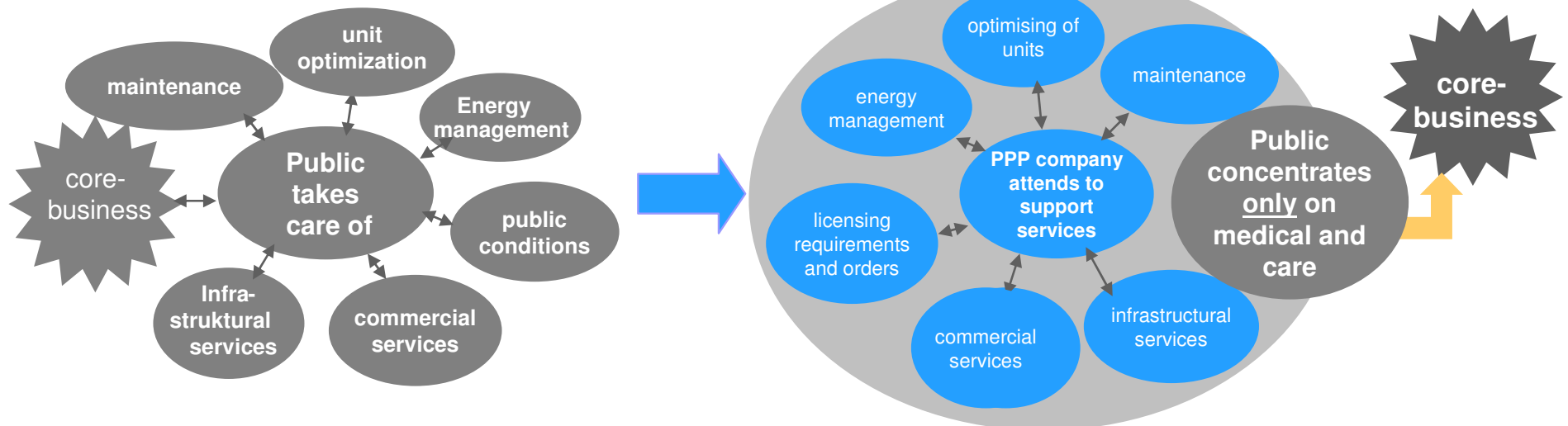
Approaches to develop PPP-Models

Appropriate share of risks



Benefit for hospitals

Know-How Partnership



- Many interfaces
 - spoils concentration to core business
 - less effectivity
- Intransparent and high costs
 - few possibilities to cost control

- Reduction of interfaces, hence
 - concentration of public on core business
- Support services become core business of private partner
- Higher effectivity due to specialising

Benefit for hospitals

PPP - Advantage of partnership



The core competence (medical & care) remains within the project under the control of the public legal entity.

- Focus on the core tasks within the public mandate.

Support services (construction, technical management) are being provided by the private partner.

- Focus on the maintenance and improvement of the cost and services structures.
- Secondary tasks become core tasks of the private partner.

Consulting services to support the core tasks of the public partner.

Benefit for public

PPP - Advantage of partnership



Compliance with Maastricht requirements

- favourable financing models

Local content

- involvement of local suppliers

Management and project know-how of private partner for sustainable and efficient operation of the healthcare facility

- Cost optimization
- Process optimization

Control and influence by Public at any time

- transparency of disposition of funds
- audit court
- management medical & care

No interface problems

- one partner is responsible for all services

- Interactivity at rendering medical and support services
- Use of professional IT-tools
- Consistent documentation
- Dynamic adaption of fees over time
- Establishing of incentive schemes to increase willingness for optimization (i.e. remuneration modality)

General procedure

Basis - Decision for PPP



Concept Creation

Proposals for possible solutions
Spatial and functional planning
Operational Organization

Model Layout

Basic parameters for contractual relations,
coordination with decision makers
Expert opinion (tax and legal)
Preparation tendering procedure

Tendering Procedure

Publication and selection
Assignment
Decisions of the boards

Formation Project Entity

Company contract
Registration in company
register

Project Start

Closing of contracts (general
contractor, financing, land plot,
existing buildings, building right)

Planning

Detailed planning

Construction

Realization of construction,
Start-up of operation
Commissioning

Operation

Regular Operations

Public Private Partnership - Experiences



Provincial Hospital Vöcklabruck, Upper Austria

Provincial Hospital Steyr, Austria

Trauma and Emergency Hospital Linz, Upper Austria

Regional Hospital Schladming, Styria

Psychosomatic Center Eggenburg, Lower Austria

Thermal Spa Laa a.d. Thaya, Lower Austria

Charité, Berlin

Hospital Vöcklabruck, Upper Austria

Public-Private-Partnership - Leasing model



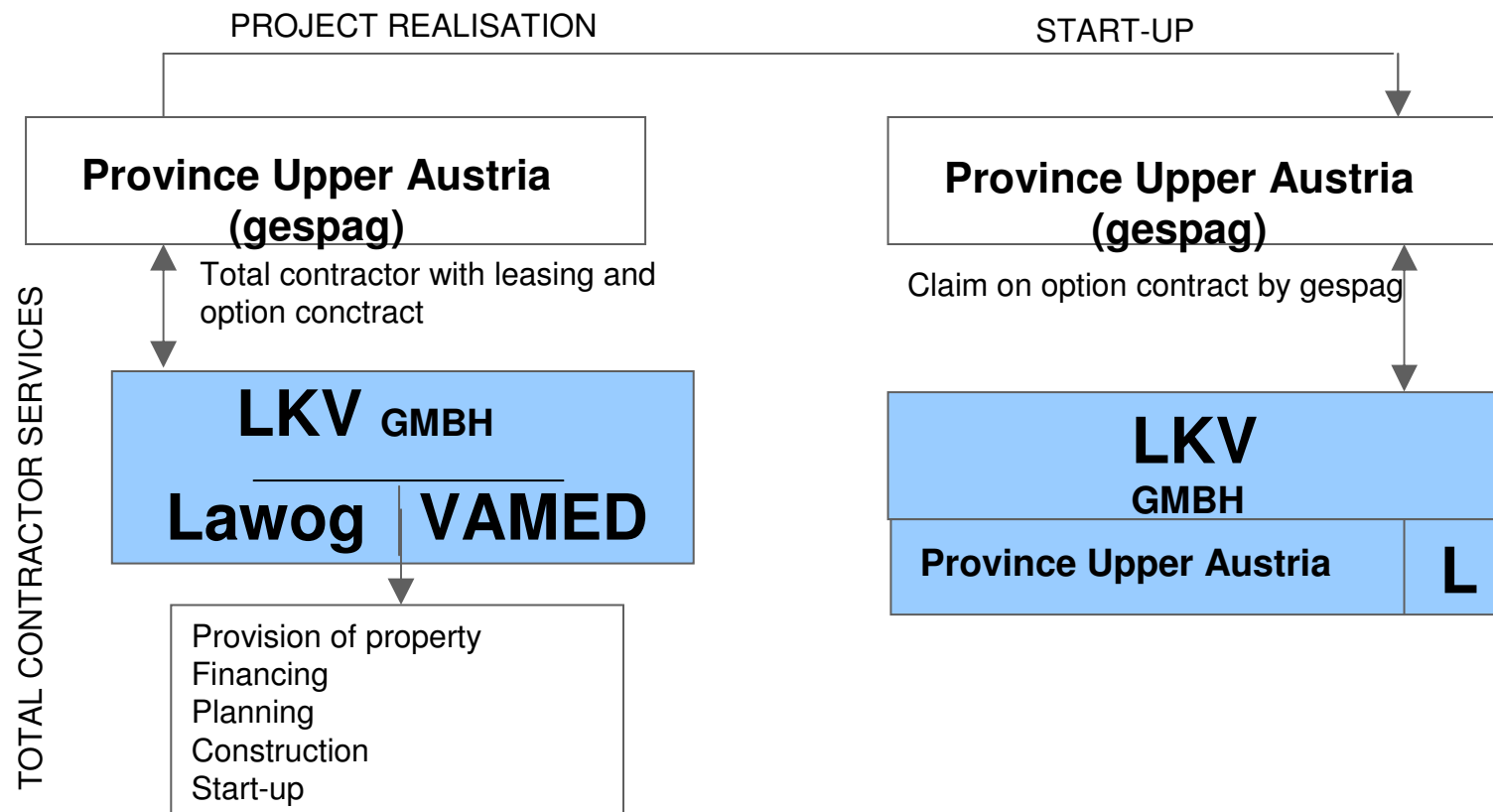
Completion: 2004
Project volume: € 299 Mio.
Beds: 565

- New building of a provincial hospital in cooperation with public authorities
- Positive impact by accelerated project realisation on labour market and regional economy
- All services from project development to turnkey realisation
- Financing engineering
- Comprehensive consulting and special services
 - Assistance services for old location
 - Continuous tax optimization
 - Training and start-up assistance



Hospital Vöcklabruck, Upper Austria

Model Process



Hospital Vöcklabruck, Upper Austria

Advantages of Leasing model



Award of contract complying with EC-law

- Legal expertise by University of Vienna

Tax savings

- Continuous tax refund
- Land register entry only from property
- Land transfer tax only from property

Reduced risk for property developer by

- Fixed dates
- Fixed costs

Best possible transparency by accessory auditing

Hospital Vöcklabruck, Upper Austria

Advantages of Leasing model



Positive impact by accelerated project realisation on

- labour market
- regional economy

Comprehensive consulting and special services

- Assistance services for old location
- Continuous tax optimization
- Training and start-up assistance

Financing package

- Attractive financing conditions
- Tendering of financing
- Conclusion of financing contracts
- Processing of credit agreements
- Monitoring of financing conditions
- Cash Management

Hospital Steyr, Upper Austria

PPP - Leasing model



Completion: 2006
Project volume: € 155 Mio.
Beds: 200 additional beds

- Full equipment and financing of annexe - 2nd cutting center, psychiatry, psychiatric department, supply and disposal buildings, reconstruction nuclear medicine and planning of pharmacy according to GMP
- General planning and general contractor,, start-up, leasing
- Financial facilitating
- Start-up
- Leasing



Accident and emergency hospital Linz, Upper Austria

PPP - Building and service concession model



Completion: 2005

Project volume: € 378 Mio. (incl. financing)

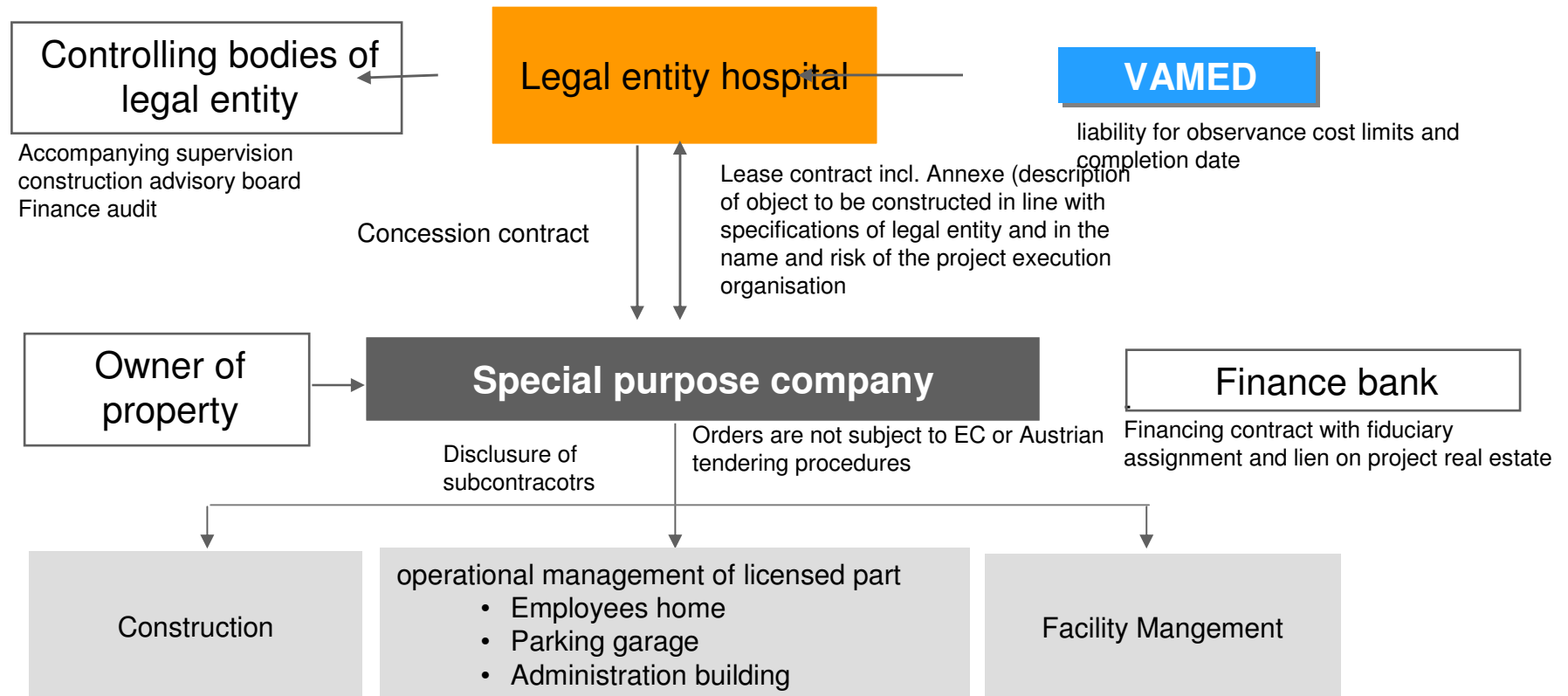
Beds: 155

- New building of the accident and emergency hospital in cooperation with public authorities
- All services from project development to turnkey realisation
- Financing engineering
- Partial management
- Project development and utilization of old hospital



Accident and emergency hospital Linz, Upper Austria

PPP - Building and service concession model



Provincial Hospital Schladming

PPP - private turnkey contractor model



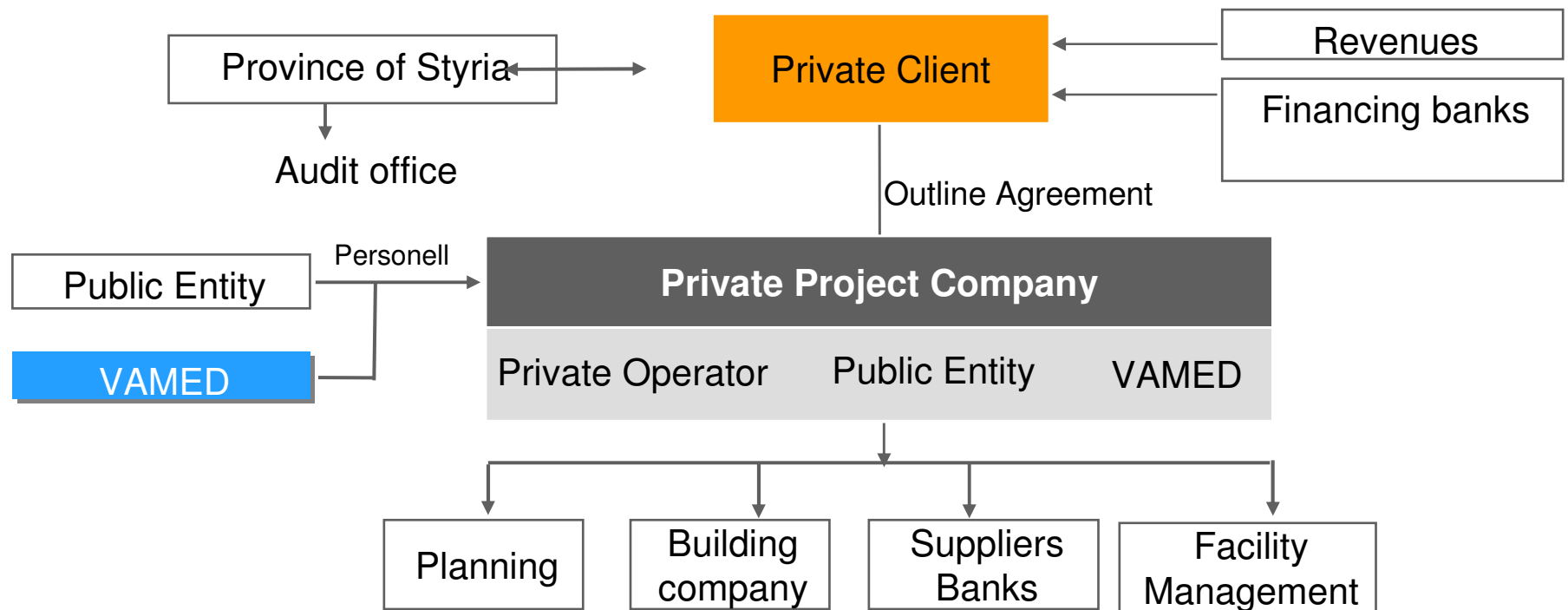
Completion: 2006
Project volume: € 44,6 Mio.
Beds: 112

- New construction of the general public hospital in cooperation with the public and protestant diaconess. Integration of private operators.
- Turnkey construction
- Financial facilitating
- Leasing



Provincial Hospital Schladming

PPP - private turnkey contractor model



Psychosomatic Center Eggenburg, Lower Austria

PPP - Lifecycle Partnership



Completion: 2006
Project volume: € 14,5 Mio.
Beds: 100

- New building of a model hospital for psychosomatics - trendsetting perspective for new strategic orientation of an acute hospital which was threatened by shut-down
- Services offered:
 - Project development
 - Feasibility
 - Financing
 - Planning
 - Construction
 - Overall operational management

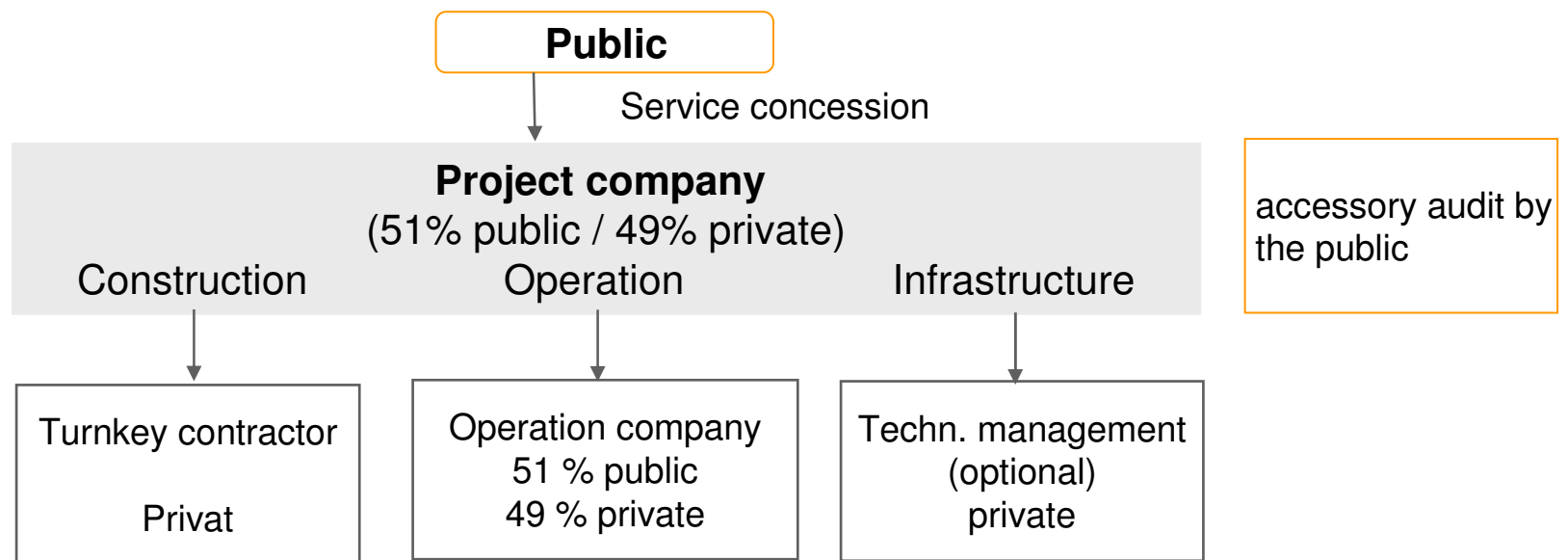


Psychosomatic Center Eggenburg, Lower Austria

PPP - Lifecycle Partnership



Foundation of a project company with majority shareholding by the public. Companies tasks are project development, planning, construction, financing and operational management.



Thermal Spa Laa a.d. Thaya, Lower Austria

PPP - in healthcare tourism



Completion: Spa: 2002, hotel: 2005

Project volume:

Spa: 33 mil. €; hotel: 36,4 mil. €

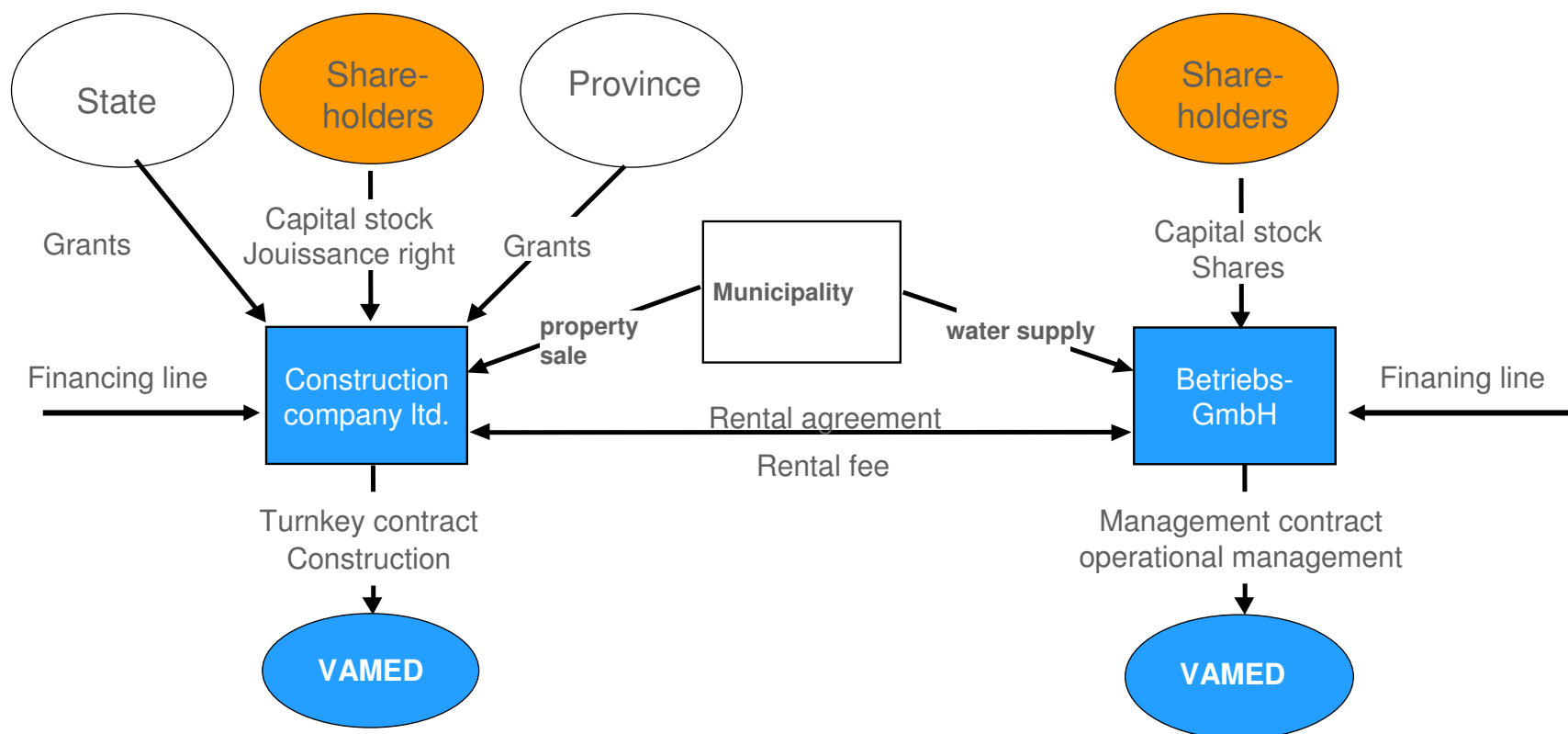
Beds: 244

- Realisation of a touristic leading project complying with touristic healthcare trends as impulse to regional tourism and economy.
- Services offered:
 - Project development
 - Financing
 - Turnkey construction
 - Overall operational management



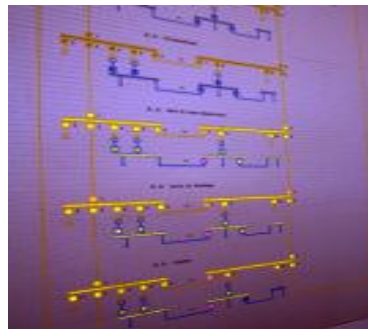
Thermal Spa Laa a.d. Thaya, Lower Austria

Structure of realisation (phase 2)



Charité - medical school & univ. hospital, Germany

Integrated service model



Partner since: 1996→2000→ 2006

Medical devices and units: 60,000

Beds: 3,200

Gross floor area in m²: 1,200,000

- Design and management of a service company: Charité CFM Facility Management GmbH with the aim of:
 - Professional management of buildings, technical equipment and infrastructure over entire lifecycle aiming cost reduction, increase in value and service.
 - Integrating the principles of business management, architecture, behavioural science and engineering.

Immediate implementation, savings at running business

Charité  a new path at healthcare business

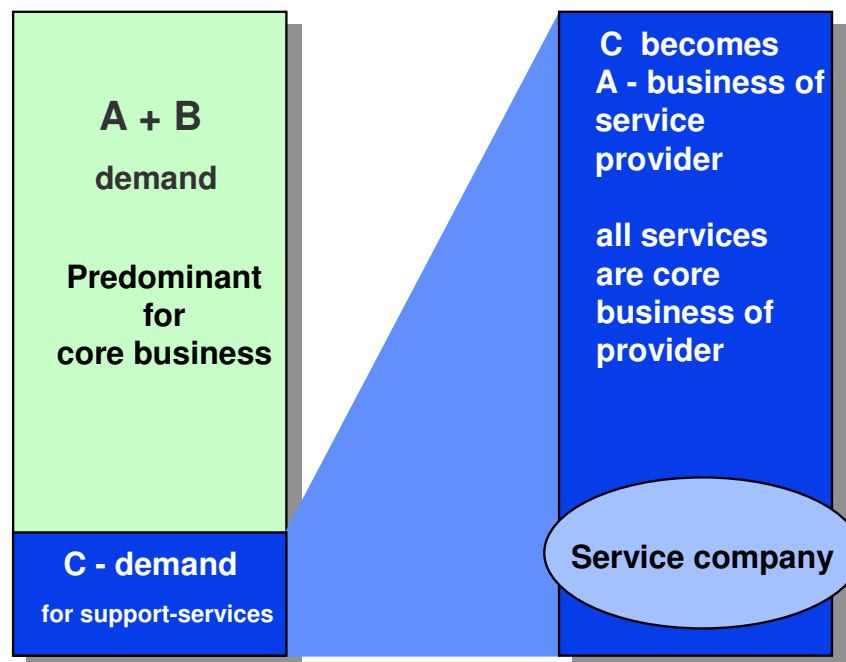
Starting a procedure to tender all non-medical services with significant cost reduction at constant/improved quality. I

Charité - medical school & univ. hospital, Germany

Make or buy - Involvement of external service providers



- Better and more effective by specialists
- Delegation of (staff)-responsibility



Know-how+Transparency

Order	➡	Service
Service	➡	Costs
Costs	➡	Price
Price	➡	Invoice

Price in competition to market

Re-engineering of processes

Decrease of costs
Increase of services
Flexibility of use

Delegation of responsibility

Psychological discharge
of collateral tasks

Concentration of enterprise to its
core competence

Charité - medical school & univ. hospital, Germany

Savings potential by integrated facility management



Integration of single supporting services to economical networking with the duty to create continuously conditions which allow undisturbed concentration to a company's core business.

FACILITY MANAGEMENT needs

- Knowledge about client's core business and about all facts
- a holistic, long sighted perspective, hence a consistent information system

The core of facility management is an integration task.

Charité - medical school & univ. hospital, Germany

Savings potential by integrated facility management



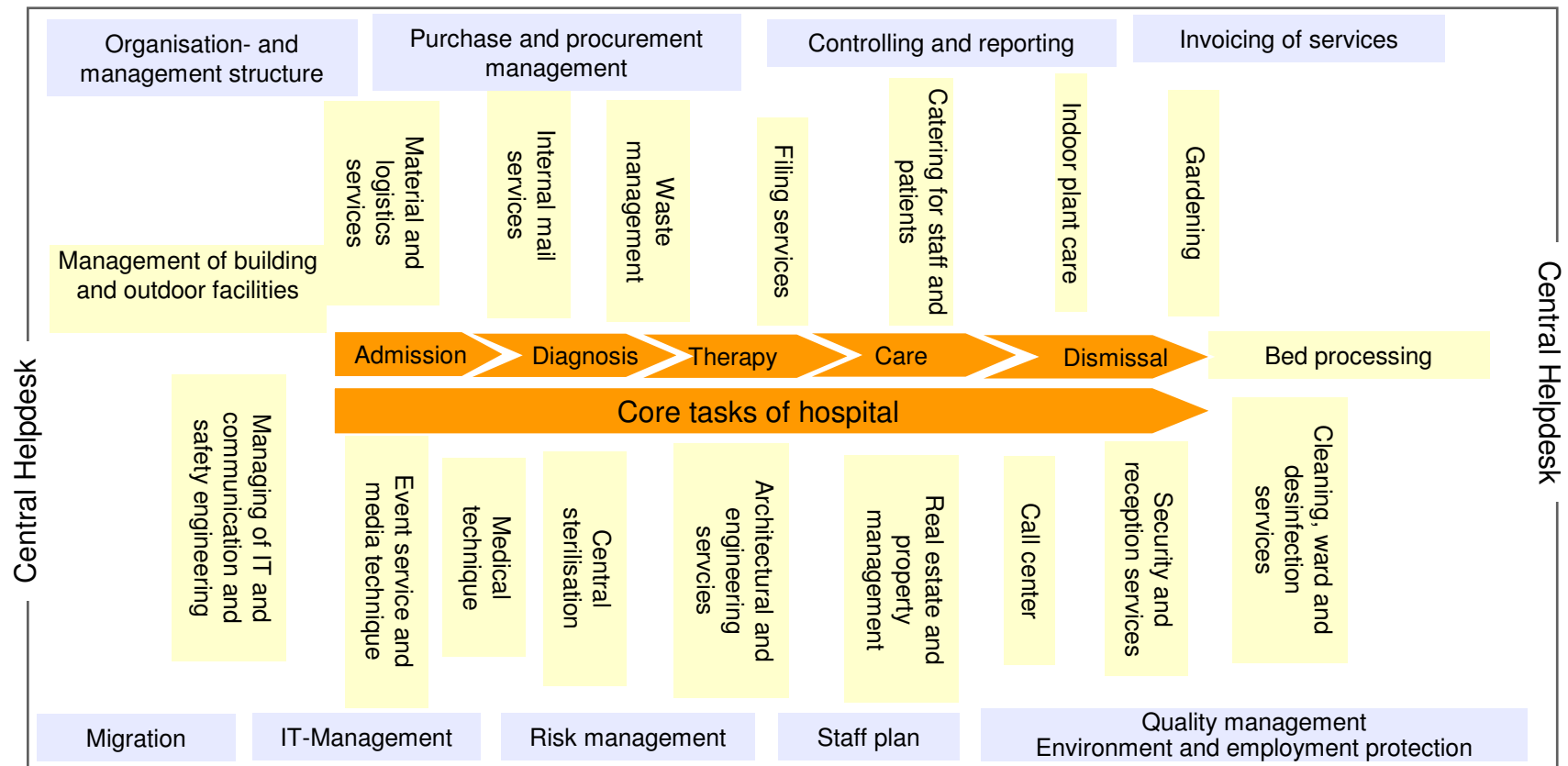
Professional management of buildings, technical equipment and infrastructure all over the entire lifecycle aiming cost reduction, increase in value and service.

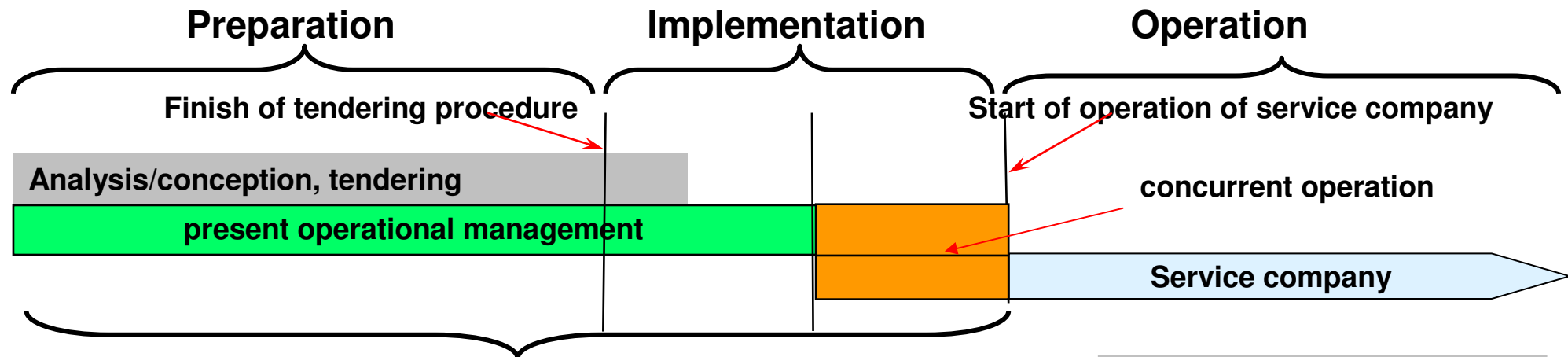
Facility manager build up harmony between workplace, user of workplace and business processes.

Facility management integrates the principles of business management, architecture, behavioural science and engineering.

Charité - medical school & univ. hospital, Germany

Service portfolio and management concepts





- Preparation of final business plan
- Conception of business processes
- Conception of specific organisation
- QM, breakdown organisation
- It-implementation, controlling tools
- Process of performance transparency per user cost center
- Commitment of maintenance and service strategies
- Coordination and negotiation of required outside services
- Coordination of reporting, etc.
- Introduction and coordination of user representatives

Note:

Possibility of activating costs of establishment as "expenses for setting into force of a business" within accountings of service company