

## Spanish health district tests a new public–private mix

With public health systems facing shrinking budgets, in part due to the global financial crisis, governments are looking at new ways to make the most of limited resources. A handful of Spanish health districts are taking the lead. Mireia Bes reports from Valencia.

Faced with ballooning deficits in its health-care budget in the late 1990s, the Spanish regional authority of Valencia decided it was time to look for new ways to fund and run its hospitals. Starting with the health district of Alzira, the authority invited a private consortium led by Adeslas, a leading Spanish private health insurance company not only to build a brand new hospital, but to run it as well. Hospital de La Ribera, built at a cost of €61 million in 1999 (US\$ 91 million on 17 November 2009), was managed by a new kind of corporate entity known as a public–private investment partnership (PPIP). PPIPs are just one way of involving the private sector in publicly-funded health services, as most districts in Spain rely on a public–private mix of one kind or another.

Sir Richard Feachem, director of Global Health Group (GHG), a University of California, San Francisco “action-tank” – as opposed to think-tank – with a keen interest in the development of PPIPs, explains that this new kind of public–private hybrid goes beyond traditional public-service privatization where, typically, a private company builds a hospital, which is then managed by the public authority. In a PPIP, the public authority involves the private company in the daily running of the hospital itself as a partner in the management and provision of clinical and support services. As challenging as that might sound, the model has been enjoying positive results, notably in Spain.

“Valencia is the big success,” says Feachem, pointing out that in addition to Alzira, Valencia has subsequently created PPIPs in the health districts of Torrevieja, D nia, and Manises and will soon be starting one in the health district of Elx. Certainly the people of Alzira seem happy. “In the latest [surveys] we have a satisfaction [rate] of over 91% among the citizens of the health district, because they are happy with our services,” says Manuel Mar n Ferrer, Hospital de La Ribera’s director. The hospital has an interest in keeping

its patients happy, since it has a contractual obligation to pay the health-care bills of Alzira health district patients if they are treated elsewhere. Happily for Mar n, La Ribera draws in patients rather than losing them – with about 10% of the hospital’s patients coming from surrounding health districts.

As impressive as that 91% approval rating looks, it is not much higher than the 85% customer satisfaction reported in official surveys for Spain’s public health-care system as a whole. It appears that La Ribera does shine in certain areas – prompt scheduling of surgery, for example. The hospital is also known for guaranteeing epidurals, a big draw in a region that cannot provide anaesthetists on a round-the-clock basis.

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*Manuel Mar n Ferrer*

But where the Alzira PPIP really stands out is in its tight control of costs. Funded by the regional health ministry on a pre-agreed per capita basis, La Ribera spends 20–25% less than comparable publicly managed institutions, according to Juan Alfonso Bataller, the Valencia Regional Health Ministry Undersecretary. Bataller says that operational improvements, such as the digitalization of medical records and the sourcing of supplies based on competitive tender rather than established relationships, account for a good deal of these savings, but it’s clear that the Valencia region also benefits from the Adeslas consortium’s serious approach to investing in health.



Entrance foyer of Hospital de La Ribera.

Courtesy of Hospital de La Ribera

“I don’t think that any of the enterprises involved in the administrative concessions will become rich, because here we have an obligation to invest nearly everything that we earn,” says Mar n. The Alzira contract in fact stipulates that profit generated by the hospital be limited to 7.5% per annum, any amount in excess of that being subject to obligatory re-investment. This is slightly below the 8% return on assets that Feachem considers to be typical and acceptable for the private partners in a PPIP, but is way above the 1.6% profit that Mar n says the Alzira consortium actually makes. According to Mar n the consortium has never cleared more than that, while the rest is being ploughed into local projects, including new health centres and improvements to the hospital itself. So doesn’t the consortium care about profits? Mar n explains that Adeslas gets a “non-tangible benefit” in the form of good publicity for its business model, from “people knowing that a private system can provide a public service and manage a public service”. It also hopes its model will be taken up in other parts of Spain.

Another crucial challenge for the Alzira PPIP is managing hospital staff, 27% of whom are public sector workers inherited from the old publicly administered health-care system, while 73% are from the private sector. Public and private staff work under two regimes with different requirements and, according to Mar n, “cohabit perfectly,” but it is clear that one of the challenges that the hospital faces on a daily basis is keeping everyone happy, especially private-sector workers who feel they are getting a raw deal compared to their public sector peers. People like Pedro Dur n, an

emergency-room doctor at La Ribera who works for the consortium and is a representative of the Sindicato de Médicos de Asistencia Pública, a local trade union.

Durán feels that La Ribera's much-vaunted leanness has come at a price. "When the company says that it is 25% more efficient than other hospitals, well, how are they getting this efficiency? With lower salaries, with fewer workers and with longer working hours," Durán says, backing up his argument with some numbers of his own. He says that a study done by staff trade unions found that the hospital needed 258 more workers in all categories in addition to the 1000 existing workers. Understaffing is exacerbated by the constant influx of patients from other districts, Durán argues, questioning official estimates of 10% inflows that the union puts closer to 20–25% of La Ribera's total patients. The stresses caused by understaffing, inadequate pay and working conditions have led to the resignation of 40 doctors from a total staff of 400 doctors since 2007, Durán says, adding: "I don't think that this has happened in any other hospital in Spain."

Marín disputes that number, arguing that losses have been closer to 20 doctors, with departures driven by the general shortage of doctors in Spain, which gives the sector "a certain mobility." Says Marín: "The mobility of doctors is not greater than in any other national hospital. And a proof of the good working environment in the hospital is an absenteeism rate of 2.5%, much lower than in any public hospital



Health worker examines baby at Hospital de La Ribera.

in Spain and much lower than in any enterprise of these dimensions."

It is perhaps inevitable that a model that brings public and private interests into such close contact will give rise to this kind of criticism, just as the mix of politics and business makes some uneasy about the potential for corruption. Both GHG's Feachem and Jean Perrot, at the World Health Organization's (WHO) department of Health Systems Financing, stress the importance of independent control of PPIPs if public trust is to be maintained.

Since it was launched in Valencia region, the PPIP model has been taken up and is being tested elsewhere, including in Lesotho and in the British

Overseas Territory of Turks and Caicos Islands in the Caribbean. But WHO's Perrot is more sceptical as to whether the PPIP model would work in developing countries. "Public administrations don't have the technical capacities to set up such complex systems and to follow their progress," he says, adding that private consortia are not exactly lining up to jump in either.

Despite these issues, Feachem is looking forward to seeing the PPIP model tested elsewhere, particularly in developing countries where he thinks they have the potential to make rapid improvements in infrastructure and the access of ordinary people to high quality services. ■

## Recent news from WHO

- GlaxoSmithKline (GSK) agreed to donate 50 million doses of **pandemic influenza A (H1N1) vaccine** for developing countries, WHO said on 10 November. GSK expected to prepare the first shipments of vaccine for delivery to WHO by the end of November. WHO has a list of 95 developing countries that are eligible to receive donated vaccines, and aims to secure enough vaccines to cover 10% of the population of these countries.
- Despite considerable progress in recent decades, societies continue to fail to meet the **health-care needs of women** at key moments of their lives, particularly in their adolescent years and in older age, according to a WHO report released on 9 November. Launching the report, entitled *Women and health: today's evidence, tomorrow's agenda*, WHO Director-General, Dr Margaret Chan called for urgent action both within the health sector and beyond to improve the health and lives of girls and women around the world. Read the report at <http://www.who.int/gender/documents/9789241563857/en/index.html>
- A comprehensive action plan to save up to 5.3 million children from dying of **pneumonia** by 2015 was launched on 2 November by WHO and the United Nations Children's Fund (UNICEF). Pneumonia is the biggest cause of child deaths in the world, killing 1.8 million children under five years of age every year, more than 98% of which occur in 68 developing countries.
- **Global life expectancy** could be increased by nearly five years by addressing five factors affecting health: childhood underweight, unsafe sex, alcohol use, lack of safe water, sanitation and hygiene, and high blood pressure, according to a report published by WHO on 27 October. These factors are responsible for one-quarter of the 60 million deaths estimated to occur annually.

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