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Public-private partnerships to invest in healthcare infrastructure may enable governments to allocate scarce capital resources more effectively and improve health outcomes, fostering economic growth.

Introduction

Public-Private Partnerships (PPPs) vary from country to country, but generally consist of a long-term collaboration between the public and private sectors in which the private sector assists the government through investments, which address public problems. Through this long-term collaboration, private partners actively participate by providing expertise and experience aligned with the government’s objectives, leading to efficient execution of infrastructure and effective provision of public services. As an alternative to direct government capital expenditures for infrastructure, PPPs can assist governments in accelerating the delivery of essential services in order to promote social and economic growth in the best interests of the public and private sector. By leveraging the strengths of the public and private sectors, healthcare PPPs can help governments increase access to care, reduce healthcare costs, and deliver healthcare more efficiently.

In order to use PPPs more effectively governments should:

- Implement Uniform PPP Policy Using International Standards
- Institute Disease-Focused PPPs
- Consider PPPs for Smaller Health Facilities and in Rural Areas
- Learn from Global Best Practices

1. Healthcare PPPs

Healthcare PPPs are business ventures, funded and operated through cooperative contractual arrangements between a government and one or more private sector companies. While structures vary, the typical PPP parties are governments (MoH or regional health authorities/hospitals), a Facility Manager (FM), an Engineering, Procurement & Construction contractor (EPC), and a Technology Provider (TP). The FM, EPC and TP parties sometimes form a single operating company consortium by creating a Special Purpose Vehicle (SPV). The SPV has the sole purpose of delivering the infrastructure and providing non-clinical services for the hospital or clinic over a long period, typically 20 years or more. In Healthcare PPPs, the private sector generally provides financing for the initial capital expenditures required to build and equip the hospital facilities, and risks are allocated among the respective parties according to how they can best be managed. There are variations in PPP structures ranging from **Build and Finance**, in which the private sector partners build and finance a health facility while the public sector operates it, to **Design-Build-Finance-Operate-Maintain**, in which the private sector designs, builds, finances, operates and maintains a public facility. These different kinds of PPP structures contain varying degrees of private sector involvement, with corresponding changes in the allocation of risks between the private sector parties and the government.

2. Benefits of Healthcare PPPs

By combining the strengths of the public and private sectors, Healthcare PPPs can assist governments in more efficiently allocating scarce capital and budgetary resources required for developing and operating healthcare facilities, leading to greater efficiency and increased access to care. PPP healthcare procurements tend to ensure that facilities are completed to program and budget specifications, and can yield a more economic whole life cost than if the facility had been developed and delivered solely by the public sector. By delivering to time and budget, PPPs can also accelerate access to healthcare and potentially lead to better health outcomes. For example, Turkey is currently procuring 22 new PPP hospitals, which when completed will add 28,000 hospital beds to the country’s current capacity of 200,000 and lead to improved access to care. Generally, governments enjoy lower costs, greater efficiency and increased access to care by developing infrastructure through PPPs.

3. GEHC as a Technology Partner in PPPs and the Benefits of Partnering with GEHC

3.1. About GE Healthcare

3.1.1. Managed Equipment Services (MES) or Technology Partnership (TP)

GE can deliver Technology Partnerships (TP) or Managed Equipment Services (MES) to provide service, equipment and finance needs for a Healthcare PPP. MES/TP solutions are designed to be flexible, adaptable and responsive in addressing evolving clinical practices, including productivity, workflow enhancements and step-changes in technology deployed. These programs also support technological and non-technological organisational change initiatives. They also provide support and space for leadership development, to enable a rapid adaptation to an equally rapidly changing healthcare market. With GE Healthcare as a partner, governments will have sourced a robust long-term partner with broad experience and expertise in delivering complex projects on time, within budget. By providing equipment, services and financing GE can limit technological obsolescence, serve as a fulcrum point for maintenance to reduce administrative burdens and tailor finance solutions to the needs of the government.

3.2. Healthcare PPPs Finance Capabilities

Sales & Project Finance (S&PF) is GE’s dedicated customer finance organisation working hand in hand with the Healthcare PPP Centre of Excellence. S&PF helps to structure the financing of a project and works with customers and financial institutions to arrange the funding, using a wide range of financial solutions, such as: equipment financing, leasing, export credit, structured debt, investments and grants. In addition, S&PF leverages GE’s worldwide financial network along with its strength and credibility to source funding from multiple financial institutions.⁴

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3. GE Healthcare HHS-Partnerships Group, supra, 4.

4. GE Healthcare, Hospital & Healthcare Solutions, Give life to your healthcare project, 11.
4. Best Practices

GE has engaged in multiple Healthcare PPPs throughout the world. For example, in the UK GE participates in a PPP with university hospitals to provide a comprehensive solution of medical and non-medical equipment. In Canada, GE is working with a regional hospital to provide the most current technologies to enhance quality care delivery and efficiency. GE has been a leader in developing Healthcare PPPs in India, including smaller care-focused PPPs in rural areas for underserved populations. In addition to these PPPs, GE has PPPs projects in the pipeline in the following regions: the Middle East, Africa, Latin America, India, China, Asia Pacific, Europe and North America.

5. Recommendations

In order to develop PPPs further, governments should consider the following recommendations:

- **Implement Uniform PPP Policy Using International Standards:** Countries should consider adopting uniform national PPP policies, which unify standards and regulations for PPPs. By so doing, governments can remove obstacles which overlapping and conflicting regulations can present to the development of PPPs.

- **Institute Disease-Focused PPPs:** PPPs are often used to develop general hospitals. Governments should also consider PPPs, which focus on specific diseases and care areas. PPPs can be a tool in combating diseases, which lead to the highest amounts of death in a country. For example, if there is a high incidence of coronary heart disease in a planned PPP area, then technology solutions that would enable diagnosis and treatment of coronary heart diseases should be key components of that PPP.

- **Consider PPPs for Smaller Health Facilities and in Rural Areas:** PPPs are commonly considered for large-scale projects in areas with large populations. However, PPPs can also exist on a smaller-scale. Such smaller-scale PPPs may be particularly useful for rapidly growing urban areas and rural areas traditionally underserved in healthcare. For example, GE was recently involved in a PPP for a 12-bed “Sick Newborn Care Unit” in India. This smaller PPP will help increase care in an underserved region and can be a model for other such smaller PPPs.

- **Learn from Global Best Practices:** While the PPPs will vary by country depending on particular needs and circumstances, countries should also learn from global best practices in PPPs. Some countries, such as the UK, have a long experience with Healthcare PPPs. Countries that have only recently begun or have not yet developed PPPs should look to learn from other countries on best practices. Adopting best practices is the surest way of accelerating projects, stimulating competition among private sector participants, securing access to international financing and ultimately reducing uncertainty as to the completion of projects. Countries, international organisations and companies with experience in PPPs should also consider conducting programs and exchanges to share best practices with countries less experienced with PPPs.

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About GE Healthcare

GE Healthcare provides transformational medical technologies and services to meet the demand for increased access, enhanced quality and more affordable healthcare around the world. GE (NYSE: GE) works on things that matter – great people and technologies taking on tough challenges. From medical imaging, software & IT, patient monitoring and diagnostics to drug discovery, biopharmaceutical manufacturing technologies and performance improved solutions, GE Healthcare helps medical professionals deliver great healthcare to their patients.

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