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MECHANISMS OF PUBLIC-PRIVATE PARTNERSHIP IN THE FIELD OF HEALTHCARE

The article reveals the essence of public-private partnership in the field of healthcare and analyzes the legal framework for public-private partnership in the field of healthcare. The mechanisms of public-private partnership in the field of healthcare are described. Public-private partnerships in the field of healthcare should be identified as a structure of organizational and economic nature on mutually beneficial terms for the state system, local government and entrepreneurs, business structures and private medical entities, established on the basis of legislation and legal agreements, regulations, in the implementation of social and medical programs. Such processes will combine public and private resources, which will increase the efficiency of capacity utilization, allocation and minimization of any risk in the field of public-business partnerships and the introduction of innovative tools within healthcare.

Based on the theoretical analysis of the problem, approaches to understanding the features of public-private partnership in the field of healthcare of Ukraine are identified and characterized: organizational and managerial (institutional capacity of public authorities and the private sector); target (sectoral), taking into account the peculiarities of the structure of the national industry; financial, economic and legal – which take into account the actual amount of funding for the medical sector and protect the property rights of investors. The conditions for the development of public-private partnership in the field of healthcare are identified and substantiated: the spread of competition between medical institutions and sectors; business development; expanding the list of medical services; dissemination of cooperation between public and private partners; development of concession cooperation mechanisms and introduction of cluster models of public health management mechanisms.

Key words: *state regulation, mechanisms of state regulation, provision of medical services, healthcare system, social protection of the population, social justice, stimulation of economic activity of the population, qualification audit, institution of public-private partnership.*

Problem statement and its connection with important scientific and practical tasks. Today in Ukraine there is a catastrophically low level of budget funding for the entire healthcare system, which negatively affects the availability of medical care and medical services for the population. In addition, the deterioration of the general state of affairs in the medical field is a consequence of the unfavorable medical and demographic situation in our country, the lack of public resources and the action of a number of other negative factors. The main factor in resolving

these issues is the lack of public funds, so the development and modernization of the medical sector is primarily related to attracting funds from private investors. Only with a successful combination of financial and organizational efforts of government and business structures will it be possible to make the necessary impetus to the development of the healthcare system, which will not only move the medical industry, but also confidently move forward, making an innovative breakthrough with unity interests of the state, local governments, private business and ordinary patients. One of the forms of such interaction can be a public-private partnership in the medical field.

The institute of public-private partnership is quite common in European countries. Over the last few decades, its role in both the social and medical spheres has grown significantly. The experience of developed countries shows that the successful use of public-private partnerships (PPPs) allows the state to save about 10 percent of public resources in the healthcare system, compared to the state itself providing medical services to the population. The world practice of PPP application allows identifying several main advantages for the authorities in the healthcare system from interaction with the private sector of the economy, namely: attraction of additional financial resources in the medical sphere; raising the efficiency of budget expenditures in the healthcare system; application of managerial experience and innovative potential of private investors.

It should be noted that the interaction of private partners with the state also provides the latter with a number of advantages, among which we can highlight the following: the private partner joins the state and municipal assets; receives support and guarantees from public authorities, as well as positive social advertising. In addition to the state and private partners, attracting private capital to healthcare has a positive effect on society as a whole. It manifests itself in the following: the quality and availability of medical services increases; improved logistics of the medical industry, which allows to provide services at a new innovative level; the use of transparent mechanisms of interaction significantly reduces the shadow component of the market of medicines and services; the level and quality of human potential in society increases; attracting additional funds leads to a multiplier effect, which is manifested in the creation of additional jobs, increasing the salaries of medical workers, etc.

Analysis of recent research and publications. The following scientists have made a significant contribution to the development of public-private partnerships within Western European science: Edwin Albert Link, R. Kanter, L. Leryt, A. De Palma, J. Prunier, V. Rebon, R. Sklit, M. Hammami etc.

Among Ukrainian scientists the issues of implementation of public-private partnership mechanisms were dealt with: N. Bezbakh, N. Didenko, I. Dubok, N. Dutko, V. Garbarynina, S. Kvitka, M. Satanovska, V. Shandryk, O. Shpak, O. Syrota, V. Vaisman, S. Zaporozhets, A. Zaskalin etc.

Features of public-private partnership application in the field of healthcare were studied by: T. Alekseeva, N. Goyda, T. Kaminska, M. Klymenko, S. Kolesnikov, O. Martyakova, J. Meshcheryakova, K. Pavlyuk, S. Pidhaets, O. Portna, Y. Shevchuk, I. Trikoz, V. Varnavskyi and others.

Despite significant scientific developments in this area, a comprehensive study of the mechanisms of public-private partnership in the field of healthcare has not been carried out. In view of this, there is a need to study current scientific and applied problems of forming and implementing public-private partnerships in the field of healthcare.

The purpose of the study. Substantiation of the peculiarities of application of mechanisms of public-private partnership in the field of healthcare of Ukraine and development of practical recommendations on improvement of activity of authorities in this sphere.

Presenting main material. Today, the healthcare system has many shortcomings, such as declining public satisfaction with the availability and quality of health services, largely due to existing infrastructure constraints. One of the solutions may be the formation of public-private partnerships (PPP), with its various forms, approaches and combinations of them. The main goal of the PPP, in any field, is to combine the capabilities, resources and qualifications of the partners in order to achieve the best financial and material results with the maximum mutual benefit as a result of such cooperation.

The development of public-private partnerships in the field of healthcare should become one of the most important directions in the development of sector reform.

Prerequisites for these changes were: insufficient funding of hospitals and institutions, inadequate staffing, lack

of proper provision of quality medical services to the population, low response of the medical system to invested budget resources, as well as reducing the prestige of the medical profession.

The reasons for intensifying this direction in the reform include: the unwillingness of public authorities to such cooperation, the imperfection of the management system for the development of public-private partnerships in the industry, the lack of clear division of powers between public authorities and business, the imperfection of an effective mechanism state support and support of local governments in the field of entrepreneurship in healthcare and lack of proper level of control and responsibility for improper organization of the treatment process in hospitals [1, p. 69].

Thus, for the development of cooperation of private medicine with state and local authorities it is necessary to harmonize the legal framework governing the activities of private institutions, to find solutions to problems related to the implementation of the Law of Ukraine "On Public-Private Partnership" in medical industry.

Within the framework of public-private partnership, it is expedient to introduce social orders for private medical institutions and establishments for those diagnostic and medical services that are not yet ready to be provided by state and municipal medical institutions. Involving business in the implementation of state and local programs of socio-economic development within the framework of public-private interaction will help meet the medical needs of the population.

An effective system should be developed to promote the development of private medicine as a socially important sector of the economy, based on an appropriate set of measures for preferential taxation, lending, utilities, partnership between public and private healthcare facilities, and so on. Developing competition for healthcare through budget funding, the private sector, and health insurance can be an important management mechanism for improving healthcare efficiency.

The development of the medical industry also depends on the economic situation

in the country. Improving it will lead to economic growth and an increase in real incomes, which will have a positive impact on the public-private sector of the health sector and on the effective functioning of the health sector in general. There are four conceptual approaches to understanding the essence of PPP:

1) organizational and managerial, which has the necessary management mechanisms at the state level to provide support for the development of public-private partnership in any field and mechanisms for clear delineation of powers within the authorities [2];

2) targeted (sectoral), it takes into account the peculiarities of the national industry, the complexity of the conditions for creating mutually beneficial and long-term cooperation between the state, local governments and private partners [3];

3) financial, economic and legal, which takes into account the real amount of funding for the medical sector of the economy, tariff regulation, promoting the investment climate, taking into account and protecting the property rights of investors in conciliation procedures and resolving disputes, according to the legal framework of a country [4, p. 198];

4) political, in this approach, attention is paid to increasing the institutional capacity of public authorities and the private sector, sufficient awareness of citizens about public-private partnership, which in turn forms their trust in public authorities [5].

In summary, we can say that these areas are an effective mechanism for creating public-private partnerships, but they operate only in a country where it is possible to create civilized tools for such projects.

The international practice of creating PPP – projects proves that a careful study of various approaches, directions to the implementation of partnerships in the health system makes it possible to develop numerous models for the development of simple infrastructure projects in the medical field and in the provision of non-medical services (utilities, tourism, construction, etc.). And also for the introduction of complex (hybrid) integrated models,

which provide for the transfer of some government functions to a private partner (re-equipment, research etc.).

As we can see, the modern understanding of PPP means such cooperation between public and private authorities, where common interests and goals are combined to ensure the provision of public services, maintenance of certain infrastructure, its management, rehabilitation or construction. Therefore, the dynamic implementation of various forms of public-private partnership is taking place in many countries around the world. Given that one of the elements of a mixed economy, namely its theory, the formation of partnerships, it can be stated – the use of PPP in the medical field of countries with different economic development is a manifestation of a characteristic feature of modern economic relations.

However, it should be borne in mind that healthcare partnerships, in contrast to traditional administrative relationships, create their own models of interaction at all levels of certain organizations. Issues related to the redistribution of property rights, which have traditionally been the knowledge of public authorities, will be fundamental. The use of PPPs is more aimed at developing the infrastructure of healthcare facilities and the formation of quality medical services by specialists. Therefore, most facilities have powerful multidisciplinary hospitals that have high-tech units in their structure. In view of the above, it is worth considering the peculiarities of the nature and forms of public-private partnership in the healthcare system of Ukraine. Public-private partnership for Ukraine is still a new institutional tool that allows to increase labor intensification and ensure maximum use of the development potential of society by combining the assets of the state / local government with investment, research and other resources of the private partner. One of the reasons for slowing down the implementation of state projects in the form of PPP in the medical system – the limited experience of the state and local governments in the management of planning facilities in market conditions [6, p. 85]. It should be noted that the modern healthcare system of Ukraine still has the features

of the post-Soviet socialist model Semashko. Although against the background of the existing reform of the industry, it exists in its rudimentary form. That is, with free medical services, the population still pays for it. The budget method of financing is focused on the possibilities of the budget, and not on the real needs of the industry, and attempts to increase funding did not lead to real results, as they did not touch the cornerstones of existing problems. Therefore, the formation of health budgeting at the state level creates high financial risks for PPP projects, associated with short (annual) budget planning cycles and their annual approval procedure, which is sometimes too long.

In order to reduce financial risks, it is possible to provide for the possibility of involving the mechanism of project planning and project financing of PPP projects, which will significantly promote the interest of private domestic and foreign investors to participate in PPP. The Law of Ukraine "On Public-Private Partnership" dated 01.07.2010 No. 2404-VI regulates contractual relations between the state and the private sector [7].

Despite the fact that it developed a mechanism for interaction between the state and the private sector on the basis of public-private partnership, a large number of projects have not been created. Therefore, the level of involvement of the private sector in the implementation of infrastructure projects in Ukraine today is unsatisfactory. According to the logic of the Law, public and private partners are offered a mechanism of interaction in the form of concessions, joint activities and other agreements. However, in order to conclude a contract, it is necessary to go through a number of tender procedures, permits and approvals. And given the realities of the bureaucracy, such agreements take a lot of time and carry risks of unforeseen costs for the private partner [7].

In 2015, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On Amendments to Certain Laws of Ukraine on Elimination of Regulatory Barriers to the Development of Public-Private Partnerships and Stimulation of Investments

in Ukraine" dated 24.11.2015 No. 817-VIII [8]. These changes are intended to address existing barriers, improve PPP governance mechanisms, increase guarantees for private investors and reduce, and some eliminate, inconsistencies between legislation in this area. Although the Law contains a lot of declarations, it does not provide a civilized tool for the implementation of public-private partnership projects in the state and this hinders its development.

That is why today there are no examples of successful implementation of any promising, interesting for both the state and investors projects in the field of healthcare. Regardless of this and taking into account global trends, where partnership is one of the priority state tasks, Ukraine cannot and should not distance itself from the development and implementation of its own PPP projects. For example, some countries around the world (USA, Israel, Canada, China, etc.) have introduced an approach in their public-private projects related to public health, which refers PPP to the criteria of quality and cost-effectiveness of state development.

Recently, there has been a need in the state to use PPP mechanisms. It occurs primarily in socially important sectors of society for facilities that cannot be privatized or transferred to private ownership due to risk reduction or even cessation of social assistance (health services, cultural services, science, sports, etc.). Determining the role of PPPs in healthcare is also important for the Ukrainian economy. First, from a methodological point of view, this definition will make it possible to assess the state of public health more accurately at the level of the country, as well as a specific region, territorial community and medical institution. Second, at the legislative level in Ukraine, there is still no clear definition of the place of PPP in the medical market, so studies have different assessments and characteristics of PPP in the field of healthcare. In each specific PPP project, its interpretation reflects the goals and objectives in a particular situation.

The most common among scientists is the term "public-private partnership" as a system of institutionalized, long-

term contractual relations between the public and private sectors to achieve socially significant goals (eg, sustainable development of the system or industry) [1, p. 69].

Arguments are the understanding that a private operator can provide a higher level of service quality than could be provided by the state itself, given the faster pace of project implementation. Most service consumers support the idea of attracting private capital, as there is room for competition between potential partner organizations.

Today's legal framework and the transition period of economic development create an opportunity to innovate in any sector of the country [9]. During 2011–2017, the Cabinet of Ministers of Ukraine adopted a number of resolutions, which were approved by the Verkhovna Rada [10]. All of them determine the organizational and legal bases of interaction of state partners with private partners and the basic principles of public-private partnership on a contractual basis and the scope of its application. Relations between public authorities and business are also regulated by other norms laid down in the regulatory framework of Ukraine [11].

We think that the development of healthcare should always be in the priority interests of the state, local governments, because the shortcomings of this industry will be felt by every citizen of the country. However, the wide range of services in this area can be potentially interesting for business as a sale of medical and non-medical services, and it has a stable, although not always highly effective demand. These two provisions can be considered prerequisites for the development of public-private partnerships in healthcare.

The development of PPP in the field of healthcare in Ukraine is justified by several other factors that affect the expansion of the scale and forms of interaction between public authorities and business:

- first, planning is one of the mechanisms of a mixed economy, which allows to develop relations between business and public authorities;
- secondly, the PPP allows to involve the resources of the private sector in the processes of reproduction in industries

and spheres owned by the state and local authorities, as well as to use entrepreneurial initiative to increase the efficiency of budget spending;

- thirdly, the combination of efforts and resources of business and the state in the framework of specific projects creates their additional competitive advantages. structural transformation of healthcare activities between the state, private sector and public-private partnership can be carried out as follows [12, p. 24]:

1. Production sphere of POPs:

a) Private sector: pharmaceuticals; medical equipment, equipment, tools and means of medical appointment; auxiliary materials for medical purposes (furniture, medical clothing, etc.). b) PPP: pharmaceuticals; medical equipment, equipment, tools and means of medical appointment; reconstruction and repair and construction works of medical institutions and structures.

2. Non-productive sphere of POPs:

a) Private sector: pharmacy business; specialized media (medical profile); non-traditional and folk medicine; primary medicine (private medical offices, family doctor's institute); secondary (specialized) and tertiary (highly specialized) medicine (diagnosis, treatment in private practice); health insurance organizations; medical intermediaries and consultants. b) PPP: secondary (specialized) and tertiary (highly specialized) medicine (diagnosis, treatment); sanatorium and resort services (rehabilitation and rehabilitation); medical research, science, education (creation of the Institute of Management Training for POPs on the basis of medical education); prevention (sports, recreation in children's camps, physical education, «green» tourism). c) Public sector: donor service; primary (healthcare, family doctor's institute), emergency and disaster medicine; medical support for the rehabilitation of children, pregnant women, pensioners and the disabled; sanatorium rehabilitation after complex operations and diseases (rehabilitation); control and management of POPs [12, p. 24].

According to the analysis of the current state of use of public-private partnership in different sectors of Ukraine, we concluded

that it mostly uses two models: concession, in the form of an agreement, which retains the right of state or municipal ownership of the object and private ownership of the object. If we compare with the international practice of using PPP, these models correspond – the first BOO (build-own-operate), the second BOOT (build-own-operate-transfer). As you can see, the second model forms the private ownership of the object of public-private partnership. As for healthcare, there are very few public-private partnership projects in terms of forms, content, structure of contracts, mechanisms of guarantees from the state, methods of regulation, which distinguishes the medical system from similar contracts in other areas.

Thus, the private sector is interested in investing and receiving a guaranteed profit, involving in joint projects of modern technology, know-how, effective management. At the same time, the state and territorial communities receive additional funding for joint projects and solve not only infrastructural problems, ensuring efficient use of budget funds, but also achieving social stability. To sum up, despite the variety of forms of medical institutions, including business, each of them will have its pros and cons. However, each of them has a right to exist. Yes, as they together bring benefits to improve the quality of healthcare.

Conclusions. Compared to state institutions, business has greater mobility, speed of decision-making, the ability to innovate, the desire to find technical and technological innovations to ensure competitiveness. The state, in turn, can ensure the successful implementation of PPP projects by creating a stable regulatory framework, organizational measures, including interaction with civil society, as well as the use of financial and economic levers: subsidies, guarantees, incentives and other support. Taking into account these factors, we can generally predict the growth, development and diversification of forms of public-private partnership. However, in each country the dynamics of this process depends on the policy of the state, its desire to cooperate with business in search of economic and social consensus, the position of civil society.

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Бовсунівська І. В. Механізми публічно-приватного партнерства у сфері охорони здоров'я

У статті розкрито сутність публічно-приватного партнерства у сфері охорони здоров'я та проаналізовано нормативно-правове забезпечення публічно-приватного партнерства у сфері охорони здоров'я. Охарактеризовано механізми публічно-приватного партнерства у сфері охорони здоров'я. Публічно-приватні партнерські відносини у сфері охорони здоров'я повинні ідентифікуватися як структура організаційно-економічного характеру на взаємовигідних умовах для державної системи, системи місцевого самоврядування та підприємців, бізнес-структур і суб'єктів приватної сфери медицини, створена на основі законодавства та юридичних договорів, нормативно-правових актів, під час впровадження програм соціального та медичного характеру. Такі процеси дозволять об'єднувати публічні та приватні ресурси, що підвищуватиме ефективність застосування потенціалів, розподілення та зведення до мінімуму будь-якого ризику у сфері партнерських відносин між державою і бізнесом та впровадження інноваційних засобів у межах охорони здоров'я.

На основі теоретичного аналізу проблеми визначено та охарактеризовано підходи до розуміння особливостей публічно-приватного партнерства у сфері охорони здоров'я України: організаційно-управлінській (інституційна спроможність органів публічної влади і приватного сектору); цільовий (галузевий), що враховує особливості устрою національної галузі; фінансово-економічний та юридичний, які враховують реальний обсяг фінансування медичного сектору та захищають права власності інвесторів. Визначено та обґрунтовано умови розвитку публічно-приватного партнерства у сфері охорони здоров'я: поширення конкуренції між медичними закладами та секторами; розвиток підприємницької діяльності; розширення переліку медичних послуг; поширення співпраці між публічним та приватним партнерами; розвиток механізмів концесійної співпраці та впровадження кластерних моделей механізмів публічного управління здоров'я населення.

Ключові слова: державне регулювання, механізми державного регулювання, надання медичних послуг, соціальний захист населення, соціальна справедливість, стимулювання економічної активності населення, інститут публічно-приватного партнерства.