

Public-Private Investment Partnerships for Health

An Atlas of Innovation



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From evidence to action

TURKS AND CAICOS ISLANDS—National Hospitals

Summary

In April 2010, the Turks and Caicos Islands Government (TCIG) completed a full revamp of its health system through a PPIP arrangement with Inter-Health Canada Limited (ICL) by launching a new National Health Insurance Plan (NHIP). ICL has been responsible for designing, building and operating two state-of-the-art integrated health facilities on the Islands that now deliver healthcare services that meet international standards: Cheshire Hall Medical Center on Providenciales and Cockburn Town Medical Centre on Grand Turk (FP Staff 2010). The hospital complexes were completed on schedule and on budget in January 2010, and started providing services in April 2010. TCIG pays ICL a unitary payment for the construction and the core management of facilities, and a capitated rate to provide a full range of clinical services. TCIG began the discussions that led to the PPIP in 2005.

Political Overview

The Turks and Caicos Islands (TCI) is a United Kingdom Overseas Territory located in the British West Indies. TCI comprises a chain of islands to the northeast of Hispaniola and has a current estimated population of 35,000. TCIG offers universal health coverage financed through a national health plan augmented by government revenues to cover the indigent and the unemployed.

Historically, TCIG has devoted significant financial resources to referrals outside of the Islands for specialist medical care, under the treatment abroad program (TAP). According to an evaluation in 2005, TCIG estimates TAP was contributing an additional 40% to the country's overall health budget. With an annual growth rate of over 20%, TAP could eventually bankrupt TCI's small but growing economy. A major reform of the entire health system was needed, starting with new infrastructure and quality health service provision that could meet the demands of the growing population. To allow universal access to healthcare, TCIG implemented the NHIP. Coverage and participation in the NHIP is mandatory and universal for all TCI residents and immigrant workers. Individuals covered through the NHIP are able to purchase private health insurance for supplementary care, non-covered services and treatment abroad (Feachem, Betts et al. 2008).

Contract Specifics

In 2008, TCIG entered into a 25-year contract, extendable for five years, with ICL to build two new health facilities in TCI and to deliver healthcare services that would be accredited by the Canadian Council on Health Services Accreditation. The two hospitals have been built with a total capacity of 60 beds—20 beds on the island of Grand Turk, the capital and seat of the government, and 40 beds on Providenciales, the most populated of the islands. To allow for initial requirements and future development, only half of these beds are commissioned during phase I of construction; a further 30 beds will be added as the population grows. The design concept allows for future expansion if necessary. The estimated cost of designing, building and providing basic facilities management is \$124 million.

PPIP At a Glance

- Number of Beds: 60 (Grand Turk beds: 20, Providenciales beds: 40)
- Surgery Rooms: 3
- 24/7 Emergency Services
- Diagnostic Imaging
- LDRP Maternity Suites
- Dialysis Center
- Pathology and Blood Bank
- Physiotherapy
- Re-education
- Dentistry
- Residents Served: 35,000
- Integrated Primary, Secondary, Tertiary Hospitals: 2
- Capitated Rate varies with population
- Concession Period: 25 years (extendable to 30)
- Project Cost: \$124 million



Source: 3D image of the hospital, PM Group

Multiple PPIP locations



Private Partners

The project creates two subsidiaries of ICL based in TCI: InterHealth Canada Infrastructure, Ltd. and InterHealth Canada Clinical Services, Ltd. The former has designed, built, equipped and managed the two new medical facilities which provide comprehensive primary, secondary, lower

tertiary and emergency care. The latter entity is delivering clinical and non-clinical services at these facilities.

Covered Population

The hospital is available to all 35,000 residents of TCI.

PPIP Characteristics

This PPIP seeks to achieve the following:

The Public Policy Objective

TCIG has provided upgraded healthcare facilities for all residents through the PPIP. Residents have access to better quality treatment at the same cost as before.

Design Build Operate

ICL is responsible for designing, building and operating the two new national hospitals. TCIG will pay ICL a set unitary payment for 25 years to cover capital repayment and basic facilities management (not including clinical services).

Deliver Clinical & Non-Clinical Services

ICL is responsible for delivering integrated clinical services—primary, secondary, lower tertiary and emergency care at the two hospitals, and will oversee all non-clinical services. TCIG will pay ICL a per capitated rate which will be adjusted annually.

Government Ownership of Assets

TCIG owns the two national hospitals that comprise this PPIP. At no point under the contract will ICL own the facilities.

Government Review & Monitoring

The clinical services contract specifies a comprehensive list of key performance indicators based on international standards, and payment to ICL is subject to deductions for non-compliance. The PPIP also requires maintaining accreditation by Accreditation Canada as a prerequisite for payment; loss of accreditation is grounds for TCIG to terminate the agreement. TCIG's Health Regulatory Authority will also conduct quality monitoring.

Long-Term Investment

The contract covers 25 years and is extendable for up to five years.

Risk Transfer & Predictable Government Health Expenditures

ICL has been responsible for financing the complete project costs and has borne the risk for all financial outlays throughout the design and build phases of the PPIP. TCIG payments for the design-build-operate portion of the contract started only when the hospitals were completed in January 2010. For clinical services, the payments started only when the hospitals began delivering services in April 2010. The initial capitation rate was established based on actuarial calculations and will be adjusted annually. Every three years, a full actuarial review will be undertaken to adjust the rate for medical technology and demographic changes.

Cost Neutrality to Patients

Patients will pay a minimal out-of-pocket co-payment to access the high-quality services provided at the two healthcare facilities. In many cases, the co-payment is less than what was being paid at the old, outdated facilities.

In addition, due to large overseas treatment costs, the new health system will reduce public health expenditures by nearly 30% while providing higher quality services. Thus in TCI, the ideal principle of (cost neutrality)³ is expected to be achieved.

Equity of Access for All

To ensure that healthcare services are not cost-prohibitive for any resident, TCIG has implemented an affordable NHIP at the same time as the PPIP. The NHIP provides mandatory insurance coverage for all residents and migrant workers. Due to government subsidies, employees and employers will obtain a full range of health services for a combined total of 5% of wages. This is split equally between employers and employees so that no employee will pay more than 2.5% of his or her wages.

Systemwide Efficiency Gains

The PPIP will allow the government to provide a “comprehensive package” of clinical and non-clinical services for its residents, while drastically reducing overseas care.

Key Expected Outcomes

Greater Accessibility

Patients will have access to trained local and international medical professionals in TCI. Unless the medical staff cannot resolve medical cases in the new facilities, patients will not be referred abroad for treatment. Patients will have better access to state-of-the-art treatment on the islands, and in most cases will not need to travel abroad.

Financial Stability for the Government

The TCI healthcare system was in need of radical change as it faced the soaring healthcare needs of its growing population combined with the escalating costs of its overseas treatment program. The implementation of the NHIP ensures universal healthcare coverage for all TCI residents. TCIG can now deliver quality healthcare to its citizens, while ensuring healthcare costs remain stable.

Better Quality for Less

With the implementation of the NHIP, patients will pay a minimal out-of-pocket co-payment at the point of service, in order to access state-of-the-art facilities. Because of the reduction of TCI's large overseas treatment costs, the new health system is expected to reduce TCIG's actual health expenditures. Thus, in TCI, the principle of (cost neutrality)² is expected to be achieved.

National Health Insurance Plan

As of November 2009, TCIG began accepting contributions to the NHIP, which provides universal health cover-

age to all TCI residents. The NHIP will provide residents security against sizable out-of-pocket expenses during ill-health. Residents consider a 2.5% deduction from employee paychecks fair and equitable.

Critical Success Factors

Government Leadership

Beginning in 2005, senior officials from TCIG, including the Ministers of Health and Finance and the Attorney General, attended key meetings and were personally committed to ensuring the program's success, as well as the PPIP's alignment and integration with the NHIP.

Capacity Building

PPIPs bring with them roles for governments that are unfamiliar, and ways of working that require new skills, new processes and new attitudes. Two of these, 'the government as a partner' and the 'government as an active purchaser and regulator,' are particularly critical to the success of PPIPs. The structure of the TCI PPIP aimed to ensure TCIG honed this expertise.

International Standard Component

The fact that this PPIP requires the private partner to maintain the same accreditation and quality standards as Canadian hospitals added legitimacy to the project. This critical component secured buy-in from multiple stakeholders, including community members, who might otherwise not have been strong advocates of the PPIP.

TURKS AND CAICOS ISLANDS—National Hospitals PPIP Configuration

