

# PUBLIC - PRIVATE PARTNERSHIP IN HEALTHCARE

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**Abstract** The WHO World Health Organization encourages PPP and believes that it is inevitable in healthcare because it represents significant opportunities. The WHO strategy is the promotion and protection of public health, which is presented in this way as well. Achieving the goals and economic launch of the PPP project requires a lot of resources and knowledge. The focus should be on the development of a methodology related to the preparation of a PPP project. PPP - partnership in healthcare is a strategy to increase efficiency. We will present the advantages and disadvantages of public-private partnerships in healthcare in the Republic of Serbia, in the Republic of Croatia, PPP-Partnerships of Canada and healthcare in the UK-as well as development, legal regulation and institutional support.

**Keywords:**

health  
management,  
professionalization,  
European  
healthcare  
perspectives.

## 1 Introduction

Peter Drucker considers health management to be a two-headed monster. The biggest problem, in his opinion, is the relationship between the medical and non-medical part of healthcare. Both are competent. Medical profession for medical processes is based on scientific medicine, while health management is based on incompetence, because it is managed by incompetent managers. By introducing PPP and concessions in healthcare systems, this gap would be reduced and the problem of incompetent management would be reduced, as well.

It can be concluded that "management is a key condition for success, ie for stability of work and development of both economic and non-economic systems." Peter Drucker defined management as directing and ensuring the implementation of efficient and effective use of available resources, in order to achieve the desired results.

Thus, modern management is, if Draker's definition is interpreted more deeply, a system that represents a synthesis of concepts and individual aspects of management. It covers the set of management processes necessary for the management of the company in modern conditions and as such provides a suitable basis for understanding the links between management processes and other organizational functions. Modern management focuses on: setting priorities, ability to use time, market research and penetration of new markets, research and development of technological and non-technological processes, long-term visions and strategies, work style, care for talents and knowledge workers, rewarding, delegation, elimination of bureaucracy and formalism, development of internal and external entrepreneurship, loyalty of employees and users, stimulating innovation, productivity and profitability, commitment of employees to achieving goals, psychological factors of change, generating and considering alternatives, improving and changing control (Gavrilović, Ugrinov, Radošević, Nikolić, 2020).

When it comes to healthcare management, it is important to note that it has its own specifics. Most of the time it developed in parallel with general management, but it did not take over or accept all the principles and theories from it. This fact is based precisely on the specifics of healthcare management. There are many reasons for that, but they are not the subject of this dissertation.

What is very important is the fact that the healthcare system must be viewed as a coherent whole consisting of many connected parts, sectoral and cross-sectoral components, as well as the community itself, and that all this together affects the health of the general population. Therefore, the healthcare system should be created in such a way that all its parts work as a whole and adapt to each other. This can be achieved through the division of labor and constant mutual communication, as well as through the separation of medical and non-medical work.

Healthcare management can be viewed as an instrument for improving the business of health care institutions, but also as an instrument for efficient transfer of technology and knowledge.

Healthcare, as one of the key infrastructural segments of every society, in most countries, including Serbia, is under the auspices and regulations of the state. The development of the private and public healthcare sector with constant influence on all important institutions in order to promote health and greater availability of modern medical procedures, equipment, materials and human resources is possible with a stronger presence of PPP.

This could be one of the key strategic goals.

Caldwel, Butler and Poston (2010), based on a survey of 525 health managers, concluded that there are three most important challenges in health: financial (cost reduction), the need to introduce healthcare reforms and care for uninsured citizens.

Hood (1991) cites new values in public sector management by introducing professionalization in public sector management, exposing it to market competition and demonopolization. New governance originated in the UK and Australia 30 years ago, when public administration was reformed. The reforms were aimed at public service users, ie that public services in all performances can be improved by applying management techniques and systems that have been successfully applied in the private sector.

Although more than thirty years have passed since this thesis, professionalization and demonopolization have not taken root in most transition countries. PPPs and concessions would significantly affect changes in the traditional governance paradigm of public administration.

Goodwin (2016) discusses European healthcare perspectives and challenges for health managers that require more serious change: changes in increasing efficiency, productivity and cost control, increased demands for health care, as a consequence of the aging population improvement of medical technology and pharmacy, the need to design efficient and lasting responses to increase user demand for greater choice and better and faster access to health services and increase patient rights movements, the need to overcome chronic diseases (diabetes, cardiovascular diseases, obesity, etc.) caused by changes in the lifestyle of the population, as well as changes in the environment.

The 2016 EU resolution addresses the problem of facing many global challenges, which will have a decisive impact on future health policies: increase in chronic diseases and the condition of those who will depend on other people's help, increasing inequalities in health, threats to health, such as new incurable diseases, microbial resistance to drugs and environmental agents, financial sustainability of health systems, patient mobility.

One of the radical changes that could answer many pre-asked questions is the introduction of public-private partnerships in healthcare.

## **2 Public-private partnership in healthcare**

PPP is also a form of cooperation between the public and private sectors in healthcare, which introduces long-term participation of healthcare providers, as well as individuals in health care. (Možina, Rozman, Glas, Tavčar, Pučko, Muler, Turner, 2007) The essence is in the introduction of the private sector in healthcare, and consequently the impact on the financing of public services. PPP can also be perceived as a proactive introduction of changes in healthcare, in order to make it more efficient and effective. (Nordstrom, Ridderstrale, 2001)

Nevertheless, those who are leading the changes and who would be in charge of introducing public-private partnerships in healthcare are unprepared for that job. Savič emphasizes (2008) that the concept of management in healthcare is still connected with the belief that a doctor with a medical faculty should also perform managerial work.

The Global Health Group at the University of California, San Francisco, teamed up with PwC Global Healthcare in 2012 to form a joint fund to advance PPP studies in healthcare around the world. This fund is intended for PPP research as an innovative approach to improving the quality, efficiency and accessibility of healthcare in countries around the world, at all levels of economic development. The aim is to improve academic studies, documentation, evaluation and research of PPPs, in order to increase the understanding of their design, impact, costs and challenges, and to raise the level of information for more adequate decision-making.

Their research concludes that 400 million people do not have access to basic health services, that between 2015 and 2050, 22% of the total population will be over 60 years of age, that 7.2 million medical professionals are lacking, and that due to chronic diseases, roughly calculated, 73% of patients will die. (<https://www.pwc.com/gx/en/healthcare/assets/ppps-in-healthcare.pdf>)

The OECD and the BRIC have invested more than \$ 3.6 billion globally in global health infrastructure, as global budget spending grew by more than 65% between 2010 and 2020 (PwC Health Research Institute, 2011). Therefore, countries are increasingly looking for innovative partnerships and contracting models for financing care, as well as for the education to acquire knowledge, skills and abilities to provide care services. Although there is no easy answer to these problems, PPPs have emerged as a promising tool for alternative financing, infrastructure development and service delivery. (Abuzaineh, Brashers, Foong, Feachem, Da Rita, 2018)

PPP can be applied to many sectors. It usually seeks to attract private sector capital, as already mentioned, in order to improve the provision of public services to a particular sector. As stated above, PPPs are very complex organizations, and it is very important for governments to ensure that project outcomes support the goals of the healthcare system, and that PPPs facilities and services are integrated

into the wider healthcare system. (Abuzaineh, Brashers, Foong, Feachem, Da Rita, 2018)

The same authors state that partnerships in healthcare have emerged more cautiously compared to other sectors in the last 20 years. They vary from solutions to improve hospital infrastructure, to the delivery of both clinical and non-clinical services.

Using the above definitions of PPP, it can be concluded that in healthcare PPPs can be divided into three categories: those that deal with the needs of the healthcare system through the construction of facilities, those that focus on stand-alone clinical services and those offering a package of construction or renovation of an existing facility and infrastructure together with clinical services. (Sekhri, Feachem, Ni, 2011)

The 2018 report of the Global Health Group at the University of California, San Francisco and PvC Global Helthcare, addresses all three of these categories and the challenges of healthcare systems worldwide. Some of their conclusions are: that governments gravitate to PPPs in different segments of the health system including: the need for new or upgraded infrastructure, capital investments and capital movements, the need to improve management skills that would lead to improved quality and cost, and efficiency of health care, the need for a stronger and more efficient supply chain, the need for additional services, knowledge and skills or the expansion of service capacities.

Just like this report, other authors have come to a similar conclusion, namely that hospitals around the world are very neglected, facilities and services are poorly managed, governments have no budget resources for capital investment in healthcare, and are limited by national employment policy (and this is the case in Serbia as well). All of this limits the ability of governments to implement healthcare reforms. (Klein, 2015; EIU, 2015; Roehrich, Lewis, George, 2014; McIntosh, Grabowski, Jack, Limakatso, Nkabane-Nkholongo, Vian, 2016. i dr.) Through partnerships with the private sector through PPPs, governments gain access to more flexible and innovative practices, such as: the introduction of IT systems, human resources with high performance quality of knowledge, skills and abilities in both the medical and non-medical segments. It is especially important that more adequate innovative management enables capacity expansion,

improvement and more efficient provision of services. Governments are also gaining access to new sources of funding and sharing risk with the private sector. (McIntosh, Grabowski, Jack, Limakatso, Nkabane-Nkholongo, Vian, 2016.)

When we speak about the trends of PPP in the world, it can be concluded that the largest number of PPPs are concluded in the field of transport and other non-health sectors in the world. However, countries with lower public budgets are increasingly resorting to healthcare PPPs. According to the 2018 Report of the Global Health Group at the University of California, San Francisco and PwC Global Healthcare, it is difficult to quantify the exact size of the PPP health market for a number of reasons, including limited data available for the sector, a wide and diverse range of models involved in defining PPPs in different reports, different stages of development of current PPPs, and the tendency for PPPs in healthcare to be classified in the social sector in general.

The Project Finance and IJGlobal (2017) estimate that there are about 600 health infrastructure projects that are globally active and are PPPs. Although these data are limited to infrastructure, a good insight is given into the geographical trends of PPPs, including hospitals, healthcare centers that are operational, under construction or in the pre-development phase. Out of more than 60% of infrastructure projects identified by The Project Finance and IJGlobal, 15% are located in North America, sub-Saharan Africa and the Middle East, and less than 5% in North Africa.

From all the above, it can be concluded that healthcare infrastructure is a significant cost for any country and can often require a partnership with the private sector through PPPs. Nevertheless, overall public healthcare spending encompasses much more than physical infrastructure. It also includes the provision of services. This presents an additional opportunity for the private sector to improve healthcare management.

Istorijski gledano, vlade su angažovale privatni sektor da pruža usluge kroz JPP u zdravstvu kako bi se postiglo više u: The PPP in healthcare provides governments with the opportunity to leverage the private sector, its resources and expertise, to enable investment in major projects that advance national and local public healthcare goals, such as improving the quality of service delivery and better care. Historically, governments have engaged the private sector to

provide services through PPPs in healthcare to achieve more in: financing and co-financing of projects, project design, including infrastructure design, but also care and service delivery, construction and renovation of facilities, maintaining solid infrastructure, supply and application of equipment, IT and management of non-clinical services, management of clinical and non-clinical services and support. (Abuzaineh, Brashers, Foong, Feachem, Da Rita, 2018)

Three models of PPP in healthcare can be singled out as a trend: infrastructure model - build and rebuild public health, discrete clinical model - add or expand services and service delivery capacities and integrated model - provide a comprehensive package of infrastructure and service delivery. (Abuzaineh, Brashers, Foong, Feachem, Da Rita, 2018; The Project Finance and IJGlobal, 2017)

The government's decision on which model to implement is driven mainly by local healthcare needs and by environmental, political and other social factors. It is noticeable that infrastructural PPPs are the most common, as well as the fact that the discrete clinical and integrated model is becoming more and more important and for many governments they represent a "light at the end of the tunnel". (Sosa Delgado-Pastor, Brashers, Foong, Montagu, Feachem, 2016)

Authors Marković and Brković (2019) state that PPP is one of the ways to overcome the problems of lack of money in the field of healthcare when it comes to infrastructure, lack of staff and the like. "It is a long-term cooperation between a public and a private partner to provide financing, construction, reconstruction, management or maintenance of infrastructure and other facilities of public importance and the provision of services of public importance, which may be contractual or institutional." "In Serbia, there are several opportunities for private sector participation in PPPs: performing ancillary work, exclusively building health facilities, building health facilities and then providing health services in the built institution, only providing health services if the fee for services provided consists of the right as such for commercial use, ie provision of services together with payment." (Marković, Brković, 2019).



By Resolution WHA63.27, the World Health Organization called on all countries to involve the private sector in the provision of basic healthcare services. (WHO, 2010).

The goals of PPP in the field of health are multiple. "Satisfying the interests of service users, better quality of health services, modernization of the health sector, providing greater value for money, increasing the responsibility of the health sector, building and reconstruction of health institutions within and in accordance with the project using innovative solutions, meeting public sector interests, risk sharing, alleviating the pressure on the state budget, reducing the need for government borrowing, satisfying the interests of the private sector, supporting entrepreneurship in difficult market circumstances, improving the confidence of the public sector, creating opportunities for bidding." (Alibegović, 2012)

The constant search for new possibilities, how to provide healthcare to the users of health services with the available financial resources intended for health care, is an issue that all managements of public health institutions face. One of the goals of the healthcare system is to enable its customers to provide health services in the shortest possible time, at the highest possible level of quality. An appropriate number of doctors is needed to fulfill this goal. It is in this segment of human resources that healthcare is facing a staff shortage, which is a consequence of the uneven flow of retired doctors, the departure of young doctors abroad, and the inadequate plan for the education of young doctors. On the other hand, there are users of healthcare services who are looking for more and more health services, which is a consequence of demographic changes, awareness of users of health services and rapid development of science, and new methods brought by technological development. All this is reflected in the workload of active doctors, whose work is not properly appreciated and is not valued enough. (Kušar, Fakin, Smrke, 2017) This is also one of the reasons why a large number of doctors decide to practice privately or go abroad. All of the above leads to the conclusion that doctors need appropriate advancement, equal pay for interns and specialists, the possibility of working for more employers, setting appropriate standards and norms, better working conditions and adequate leadership.

The management in healthcare faces the following challenges: how to effectively stimulate doctors, who, despite overcrowded schedules and unstimulating earnings, and inadequate leadership style, still persist in the public health network, how to allocate the available financial resources so that the obligor and the user of the health service receive the appropriate quality, availability and scope of health services.

### **2.1.1 PPP in the Republic of Serbia**

The Public Health Strategy in the Republic of Serbia for the period from 2018 to 2026 defines as one of the principles of the strategy all forms of partnership for healthcare improvement, and one of the goals of the strategy is to improve the availability and accessibility of healthcare. The goals of the strategy are well set, but PPPs need to be actualized much more, so that these goals, as confirmed through theoretical analysis, can be more easily achieved.

In 2019, a new Law on Health Insurance was adopted (Official Gazette, RS. 25/2019, Article 198, paragraph 3). This law enables the RHIF to conclude a contract with a legal entity, ie an entrepreneur, in accordance with the regulations governing public-private partnership, on the occasion of exercising the rights of insured persons to health care, under the conditions prescribed by this law. This law also provided for PPPs in the field of compulsory health insurance. "The provider of healthcare services with which the RHIF concludes a contract will have to provide the insured with medicines and medical devices that are covered by the obligatory health insurance." In this way, greater security of the insured will be achieved in securing the legally guaranteed rights within the obligatory health insurance." (<http://zdravlje-vodic.rs/u-privatne-ustanove-o-trosku-rfzo/>)

"So far, the RHIF has concluded 5 contracts with health institutions outside the Health Care Network Plan, 11 contracts with health care providers outside the Health Care Network Plan for the provision of infertility treatment by BMPO, 17 contracts for cataract surgery, 4 contracts for hemodialysis services, 4 contracts for the provision of hyperbaric oxygen therapy services, 3024 contracts with private pharmacies."

(<https://www.rfzo.rs/index.php/davaocizdrusluga/ugovaranje-dzu>).

The Republic Health Insurance Fund together with the Ministry of Health concludes contracts with Healthcare Institutions outside the Network Plan. The contract consists of: Public call for the upcoming year until 31.01. 2022, offers for concluding a contract with the price list of services, and the contract model valid for that year until 31.12. 2022.

The contracts apply to health institutions outside the Network Plan, as well as to social protection institutions (gerontological centers), private pharmacies, institutions that provide infertility treatment services, institutions that provide cataract surgery, hemodialysis facilities and hyperbaric oxygen therapy.

Once the conditions of the health institution have been fulfilled by the inspection of the Ministry of Health, the contract is renewed for the next year.

In their research, Marković and Brković state that "on October 9, 2019, the current accounts of 22 healthcare institutions were blocked in Serbia, and the total amount of the blockade is 3,037,255,636.07 dinars." One of the ways to provide the missing funds, in order to ensure the quality of health services, is PPP. (Marković, Brković, 2019). What could be deduced from the mentioned article by Marković and Brković as a lack of PPP in health care in Serbia is that it should also include health insurance.

As already mentioned, insufficient theoretical design of PPPs and concessions is noticeable, as well as their insufficient presence in practice in Serbia, where the private sector is still perceived as unsuitable for public affairs, especially when it comes to allegedly sensitive areas such as: health, education, etc. although it is known that in developed countries the private sector has largely entered all spheres of the economy and society.

Healthcare institutions in Serbia have a poor management system, because it is not managed by professional management. It is very important to eliminate "management amateurism in healthcare management and to introduce professionalization in both the institutions and the healthcare system of Serbia". (Radosavljević, Radosavljević, Anđelković, 2016) That is why we are committed to the professionalization of healthcare management, and we believe that it can be implemented faster and easier through public-private partnerships.

"The health system is one of the largest subsystems of the public sector. Healthcare institutions are dispersed in the depth and breadth of the territory of Serbia, because healthcare services are provided in 354 health care institutions, mostly in cities, municipalities and larger places. Doing business in a large number of locations makes healthcare accessible to a large part of the population. However, dispersion and decentralization complicate the management and organization, but also the design of the medical package becomes more complex and responsible. Of course, a larger number of health care institutions mean an increase in the number of places where decisions are made, and thus the potential dangers for making conflict decisions. It turns out that the biggest difference is between the healthcare systems in large urban and rural areas and places, which imposes the need to reduce this difference to a minimum in the future." (Radosavljević, Radosavljević, Anđelković, 2016)

In addition to the above, it is important to note that the healthcare system of Serbia has very large material assets, has buildings and medical equipment that is outdated and depreciated, and therefore non-functional. Therefore, these assets and technical equipment are often an aggravating and limiting factor in increasing the success, quality, efficiency and care of patients, and often lead to employee dissatisfaction, because they can not show their full potential.

Public-private partnerships can largely eliminate these problems and bring the healthcare system to a much better state.

### **2.1.2 PPP in the Republic of Croatia**

Contracting public-private partnerships in Croatia is still in its infancy, especially in the health sector. The whole concept of PPP in healthcare in Croatia is insufficiently defined and very risky for a public partner. The most important reason for concluding this partnership is the lack of public funds to finance the necessary public projects. At a time when the government is facing various fiscal constraints, cooperation with the private sector can yield positive results in raising the necessary capital. So far, contracts with the private sector in health have not been publicly presented, nor have the current state obligations from such contracts been presented to the public. Despite the fact that Croatia has limited experience in the healthcare sector in public-private cooperation, the policy of the Government of the Republic of Croatia towards public-private

partnerships is extremely positive because public-private partnerships are expected to encourage new investments. (Jurčić, 2011) In the field of health, there are several potential projects through public-private partnerships. These are the extension and reconstruction of the Neuropsychiatric Hospital "Dr. Ivan Barbot" in Popovača and the General Hospital in Varaždin, construction of the Clinical Hospital Center Rijeka in Sušak and renovation, expansion and raising the quality of service to a higher level of the Special Hospital for Medical Rehabilitation Lipik. Today, no project in the healthcare sector in Croatia is registered in the Register of Public-Private Partnership Agreements, which is maintained by the Public-Private Partnership Agency. All previous public and private sector contracts in healthcare have taken the form of equipment or space leases. According to the Law on Public-Private Partnership, the project proposer submits to the Agency for approval the project proposal and accompanying documentation prescribed by the Decree on the implementation of public-private partnership projects. After the approval of the Agency, such a proposal acquires the status of a public-private partnership project, and can be implemented according to one of the models of public-private partnership. The concluded public-private partnership agreement with all annexes that are its integral part, as well as all amendments and / or supplements to the public-private partnership agreement and its annexes are entered in the Register of Public-Private Partnership Agreement kept by the Agency. An excerpt from the Register is publicly published on the Agency's website in accordance with the provisions of the Public-Private Partnership Act and the Decree on the Implementation of Public-Private Partnership Projects. In the future, clear goals of public-private partnership in the healthcare sector in Croatia are expected, which should be aimed at satisfying public interests, better quality of health services, modernization of the health sector, providing greater "value for money", increasing health sector responsibility, building and reconstruction of health institutions within the deadline and in accordance with budget possibilities with the use of innovative solutions. A stable political and economic environment is required to encourage public-private partnership projects, including a stable tax system and a legal framework for private sector investment. (Alibegović, 2014)

### 2.1.3 PPP in the Republic United Kingdom

The United Kingdom has historically been one of the largest markets for public - private partnerships. The first projects began in the early 1990s. Although there have been changes in governing structures in the meantime, the need for PPPs has steadily increased. The form of public-private partnership grew under the name Private Financial Initiative. After 1997, government policy was divided into Scotland, Wales and Northern Ireland. This has led to significant differences in PPP approach within the United Kingdom. The United Kingdom is considered the originator of the public-private partnership, which still has the largest number of started, completed and implemented projects. Precisely because of the results achieved in this way, we mention the public-private partnership in Great Britain. Pangsiri states that the legal regulation of public - private partnership primarily has the task of establishing a balance of public and private interests that intersect in each PPP project, as well as protection of competition and promotion of market disciplines. (Barshall, Beatty, Cundall, 2021) Even in theory, there is no agreement on the definition of public-private partnership when it comes to states. There are variations between European Union countries as well as definitions and organizations that represent public-private partnerships. Flexibility of the form of both participants represents potential modalities and a large number of forms of cooperation. The main institutional center for PPPs and infrastructure in England is the UK Treasury Infrastructure Department established as a separate sector within the Treasury 2011. The next body is the Local Partnership, which together form the Association of Local Governments and the Treasury. The mission of the Local Partnership is to improve program and project management at the municipal level. The precedent legal system is applied in Great Britain. So England does not have a special law on all public-private partnerships, there is no "law" as such. There is no general comprehensive legal provision, ie powers are often derived from public body documents or specific laws. (Local Government and Rating Act 1997.)

Effective project implementation requires an assessment that goes through an investment plan. All infrastructure projects in the UK go through the Green Paper, ie approval procedure.

Although this is an area reserved for the state, as it manages a sector that has great responsibility for public health and the lives of citizens, private sector participation can pose a risk but can also contribute to better performance. The role of the private sector in the health system of the Commonwealth countries is important (Commonwealth realm is the common name of 16 sovereign states that recognize Britain's Queen Elizabeth II as their queen and head of state).

Mark Henovel presents Great Britain as the leader in public-private partnerships in healthcare, using skills and innovation in the public and private sectors to deliver outstanding healthcare. This is confirmed by 22 years of experience, more than 130 projects and two billion pounds of capital value. The Great Britain government has implemented acute, primary, social and mental health programs in this way. The projects range from St. Bartholomew and the Royal Project of London, which is an individual hospital contract of public-private partnership of 1.1 billion pounds (signed in 2006 and completed in 2016) to the home care center of 2.8 million pounds. The fact is that the goals are transparent, that the properly implemented public-private partnership projects have received the following: increasing the responsibility of the health system, better quality, reconstruction and construction of health institutions within the deadline, alleviating the pressure and burden on the state budget, by reducing the state's indebtedness (very important for the Republic of Serbia, which has been affected by the Kovid-19 pandemic for the last two years).

In Great Britain, they explain that these partnerships provide efficient and quality patient care. Partnerships provide solutions in which a private consortium is involved in every segment of the healthcare process from the design, financing, construction and maintenance of health facilities. It is important to learn lessons from the experience of countries such as Canada and the Great Britain. However, the dilemma remains whether it is possible to maintain the level of quality of healthcare provision when it is transferred to private partners who are interested in making as much profit as possible. This may become an issue not only for the professional public but also for healthcare users in Great Britain. The attitude of the private health sector in the Republic of Serbia is completely different. The state ie the public sector ensures that the quality standards of the provided health services are maintained in the given period of the signed contract.

### **2.1.2 PPP in Canada**

In recent years, the costs of providing health care in developed and developing countries have been growing exponentially. Governments around the world are looking for alternative mechanisms to reduce costs and increase the capacity of social programs with significant investments in infrastructure. PPP in the Canadian healthcare system is a relatively new phenomenon. In general, the success of a PPP project is assessed on the basis of a quality project outcome. This type of analysis is most often performed in a "value for money" analysis. The question arises as to whether quantitative elements are sufficient to measure PPPs such as healthcare? For a good outcome, PPP, the public health system of Canada requires the fulfillment of quantitative and qualitative criteria. Given that this is about a politically sensitive nature of healthcare, special attention must be paid to communication and public relations, planning and operation of the healthcare institution after construction in order to ensure successful PPP. This is due to demographic problems and population growth in Canada. The increase in population is due to the immigration population. This is one of the reasons why PPPs in Canada are not well or properly understood.

Although PPPs should bring economic benefits to communities, many critics argue that PPPs represent a distorted view of public sector funding. (Barrows, MacDonald, Bhanich Supapol, Dalton-Jez, Harvey-Rioux, 2012)

Canada adopted the International Financial Reporting Standard IFRS in 2012. Governments in developed countries such as Canada are increasing healthcare costs and are waiting for a further increase due to the aging population, their care and the need for treatment.

One of the first major investments in the healthcare sector in Canada was the city hospital that was part of the William Osler Vealth Health Center Wohc which is one of the largest corporations. The decision on PPP is made by the Ministry of Health and Long-Term Care. The entire project goes through a series of phases and approvals by the Commission for Reconstruction and Condition of Health Institutions, as well by the Infrastructure Agencies that oversee all PPP projects and alternative financing and procurement projects.



The Law on Local Health Network oversees: planning, financing and integration of healthcare services.

Canada, as an independent Commonwealth state, collects best practices, encourages competitiveness and socio - political rhetoric in politically sensitive areas such as healthcare. The Government is committed to the Qualitative Elements of PPP: improved performance, easier access as well as improved results, socio - political engagement at the local level, understanding of all dimensions of development, risk management (plan changes, no guarantee).

Quantitative elements: reduction of transaction costs, their classification, approval of agencies, all aspects are planned in detail, property rights, efficiency, reduction of costs risk.

Optimization and risk sharing are key to PPP success.

### **3 Conclusion**

Since the PPP has been introduced, everything points to the expansion of the areas in which public-private partnerships are implemented. The flexibility of the legally regulated relationship in the partnership leads to the best possible realization of the project. Despite conflicting opinions, the last decade has outlined the steady growth and development of the role of the private sector in the healthcare system. There is a better communication at the local level. Even a good and approved PPP project cannot be implemented without the support of the regional population. It is important to acquaint the population with the plan for managing changes in the healthcare system and to educate them in that area. Furthermore, it is necessary to explain that public health is not "free". PPP brings cost reduction and efficiency to the health system, due to "embedded" knowledge and economics from the private sector. The private sector, ie private partner needs better legal protections. It is also necessary to provide the public sector with regular control over the implementation of the project.

Although the private sector brings with it some negativity, it also brings improved business, quality and efficiency in providing services and making more profit. However, the control by the public partner is necessary for such cooperation.

The optimization of these two sectors is in the division of risk, knowledge and experience.

In all this, we must not forget the clinicians, because they should also be included in the implementation of the project, since their opinion and work is necessary for the satisfaction of the care and treatment of citizens.

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