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**MANAGEMENT
OF PUBLIC-
PRIVATE
PARTNERSHIP
DEVELOPMENT
IN HEALTH
CARE INDUSTRY
OF UKRAINE**

Abstract

The need to implement public-private partnership projects that guarantee the social, medical, and economic efficiency of public administration in the field of health care was substantiated. The purpose of the study is to determine the ways to improve the organizational aspect of public-private partnership in the field of health care of Ukraine. The informational and methodical base is the data of the State Statistics Service of Ukraine, the Ministry of Health, the Ministry of Economy of Ukraine, orders and reports of the National Health Service of Ukraine. The main ways of improving the organizational aspect of public-private partnership in the field of health care of Ukraine and key organizational measures for the long-term development of the health care system have been determined. The personnel aspect of the implementation of public-private partnership mechanisms in the field of medicine of Ukraine was studied. The need for state stimulation of funds from private partners has been proven. Measures to attract funds from private partners to public-private partnership in the field of health care of Ukraine based on the experience of local authorities of Ukrainian

cities and the experience of state authorities were proposed. The analysis of quantitative indicators of the development of the health care sector, the measures for reforming the state regulation of the work of medical institutions have been identified. The increasing of public-private partnership projects and the implementation of state policy in accordance with the specified directions will allow solving social, resource, investment, technical and technological, managerial, scientific problems of health care functioning.

Keywords: *management, public-private partnership, health care, region, medicine.*

Introduction

Public-private partnership (PPP), which is based on the application of institutional mechanisms, involves organizational and economic relations between participants, due to which a new legal entity or institutional structure is created. It is possible to implement PPP projects that guarantee the social, medical, and economic efficiency of state administration in the field of health care. The implementation of these tasks is reflected in the following legal documents: Economic reforms program for 2010-2014 “Prosperous society, competitive economy, efficient state”, Program for the development of investment and innovation activities in Ukraine, Concept for the development of public-private partnership in Ukraine for 2013-2018, Concept for creating a state system for the protection of critical infrastructure, Ukraine’s National Security Strategy “Human Security – Country Security”, Sustainable Development Strategy “Ukraine – 2020”, Sustainable Development Goals of Ukraine for the period up to 2030.

Materials and Methods

The theoretical and practical definition of issues of reform and development of the health care sector, implementation of PPP projects in the field was studied by domestic scientists: Havrychenko D. (Havrychenko, Kozyrieva, Popova, & Serhiienko, 2022), Zakharchenko P. (Zakharchenko, 2017), Kilimnyk I (Kylymnyk, 2018), Melnyk A. (Melnyk, 2017), Parkhomenko-Kutsevil O. (Parkhomenko-Kutsevil, 2022), Rudenko-Sudarieva L. (Rudenko-Sudarieva, 2017) and others. The Ministry of Health of Ukraine

conducts systematization of the needs of current medicine, identification of priority and pilot projects in its various directions in order to create real illustrative examples of PPP in health care.

The purpose of the study is to determine the ways to improve the organizational aspect of PPP in the field of health care of Ukraine.

The informational and methodical base is the scientific works of domestic and foreign scientists, laws of Ukraine, resolutions and decisions of the Cabinet of Ministers of Ukraine, data of the State Statistics Service of Ukraine, the Ministry of Health, the Ministries of Economy of Ukraine, orders and reports of the National Health Service of Ukraine.

Results

Nowadays the government has not determined the priority areas of PPP development, their determination is declarative in nature. Therefore, there are unresolved issues in the field of PPP in the health care system of Ukraine. To solve them, it is necessary to clearly define the directions of PPP development in the sphere of health care of Ukraine. It is advisable at the state level to develop and implement an exemplary contract for the provision of medical services, which will provide for types of contracts for the provision of services on a permanent basis and contracts for the provision of one-time services (Kaminska, & Kostiuchenko, 2016).

It is advisable to implement the main ways of improving the organizational aspect of PPP in the field of health care of Ukraine by: developing a strategy with the involvement of PPP schemes specifically for the field of health care; development of a scheme for supervision of projects implemented under PPP schemes; development of standard forms of investment contracts and stipulation of a transparent algorithm for signing them, taking into account the powers of state, regional and local levels of management (services); establishment of an institute in Ukraine, which is engaged in the preparation of PPP projects at the pre-investment stage.

To improve the organizational aspect of the private partnership implementation mechanism within Ukraine, it is necessary to:

– creation of attractive models of relations between state, business and social parties, taking into account the main principles of the Model Law on PPP;

– personalization of responsibility for the preparatory process and the result of the PPP project implementation at the state, regional and local levels;

– intensification of work on the creation of provisions for further PPP planning at local levels;

– development and implementation of specialized training programs at various levels of management aimed at PPP projects.

In addition, for the long-term development of the health care system, it is proposed to implement the following organizational measures:

1. Recommendation of the PPP model for use in Ukraine as a financial mechanism for providing medical care.

2. To improve the effectiveness of the implementation of PPP models, provide recommendations regarding:

– application of services offered in the field of health care as components of general service systems within the scope of health care;

– initiating the implementation of PPP models at the regional and local levels, rather than a vertical system starting from the top;

– use of practical skills from the implementation of PPP models in the non-medical field;

– management of effective model forms of PPP at the administrative level with further improvement of mechanisms and relevant state legal frameworks.

The personnel aspect of the implementation of PPP mechanisms in the field of medicine of Ukraine also needs close attention. Thus, in order to organize PPP and manage risks in the process of implementing PPP, managers and specialists of central and local authorities need not only to acquire and actively apply relevant knowledge, but also to master the technology of rational use of accumulated experience.

Therefore, it is necessary to develop and implement specialized training programs for the preparation and implementation of PPP projects for both managers and specialists at various levels of project management. After all, the risks of PPP projects and the amount of resources involved are large, and the presence of elements of personnel support for PPP in the legislation is possible to the point of misunderstanding the essence of this phenomenon and its degree of responsibility by those responsible for the preparation of public

authority projects.

It is necessary to provide in the educational plans of institutions programs focused on the practice of master's training in PPP mechanisms, to introduce programs for improving the qualifications of employees of executive authorities and local self-government bodies on issues of PPP implementation and to introduce certification of project management specialists.

In addition, the improvement of the organizational and economic aspect should include the following measures:

1. Expanding the range of subjects that can participate in health care projects implemented on the basis of PPP, including the international non-governmental organizations.

2. Involvement of international non-governmental organizations in procedures for concluding contracts on the basis of PPP, by passing the public procurement system.

3. Provision of the possibility of long-term budgetary authority of state partners within the framework of the PPP project.

4. Outline the meaning of such a phenomenon as receivable within SPP, and conditional state receivable and conditional local receivable.

5. Introduction of step-in procedures, which provide for the sequence of changes of private partners.

6. The provision of special guarantees and mechanisms of management and response to support stable and uninterrupted preventive assistance to the private partner, which is not provided for by the current legal norms.

7. Development of special requirements for private partners that would take into account their ability to implement the project.

8. Standardization of medical services.

9. Determination of target objects (health care institutions) in order to be able to implement on their basis projects for attracting the resources of a private partner on the basis of PPP.

10. Expanding the range of subjects that can participate in health care system projects implemented on the basis of PPP, including the inclusion of international non-governmental organizations in their number.

11. Development of regulations for monitoring quality indicators of service offered by private partners and mechanisms for rapid

response to cases of impossibility of providing timely, uninterrupted and high-quality service by the private partner of the partnership.

12. Development of a typical structure of risk sharing between the private and public sides of PPP projects.

13. Improvement of the mechanisms of financial provision of health care systems.

The lack of a positive investment climate in our country, the lack of necessary guarantees and loyalty to private partners, which gives them the opportunity to work and guarantees confidence in the inviolability of their own funds, can lead to non-implementation of PPP projects in Ukrainian medicine.

Therefore, great hope for the creation of a favourable investment climate rests on officials who, by virtue of the rights and duties assigned to them by law, are able to change the situation for the better. Without good relations with the countries of the world, in particular the EU, and the capital of their private companies, as well as the capital of private companies registered in Ukraine, it is impossible to implement important PPP projects. Unfortunately, most of these officials today consider it possible to “tighten the nuts” of business representatives, receiving from them as much revenue as possible to the state budget. However, this policy is not effective for PPP (Radio Freedom, 2022).

It is necessary to envisage a system of state stimulation of the funds of private partners, as well as a system of financing these funds. We believe that in order to solve this issue, it is necessary to establish a project for the creation of the State Investment Bank in Ukraine or the Ukrainian Bank for Reconstruction and Development so that the main projects in the field of PPP are financed with its help (Radio freedom, 2022).

A private partner needs long-term stable rules of the game, protection of its own economic calculations, return of paid value added tax.

The Agency for Public-Private Partnership Support (APPPS) today in practice has almost not reached the formation of state policy in this area. It has clearly defined benefits and selected PPP projects. It should carry out mobilization, coordination of the work of state bodies, mobilization of resources and creation of necessary conditions for PPP. For this APPS, the personal patronage of the

President of Ukraine is necessary, as it is difficult for private partners in the Ukrainian business environment.

Most Ukrainian stock platforms collapsed due to “hot capital” that entered Ukraine and quickly left it. Against their background, Ukrainian companies and Ukrainian citizens suffered losses. That is why the necessary objects in the field of health care must be implemented with the involvement of long-term, fundamental, strategic private partners for tens of years, and not private partners who manage the object, and after a few years try to sell it for their own money (Radio Freedom, 2022).

According to the conducted research, as well as on the basis of the experience of local authorities of Ukrainian cities and the experience of state authorities, it is possible to propose the following measures to attract funds from private partners to PPP in the field of health care of Ukraine (Figure 7.9).

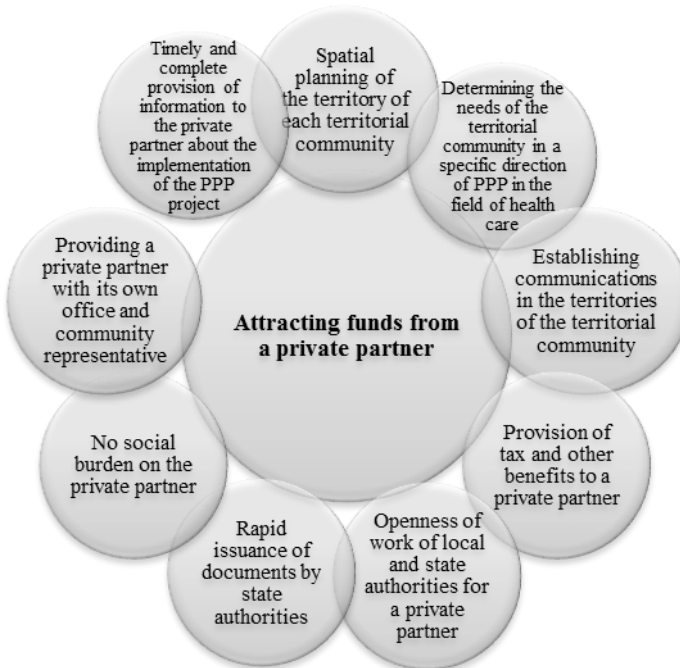


Figure 7.9 Measures to attract private funds for the development of PPP in the field of health care in Ukraine

Local authorities must determine a specific direction in the field of health care, the development of which each individual territorial community needs.

Each territorial community in Ukraine must develop its own scheme of spatial planning of the territory, on which specific land plots and specific PPP projects, which are needed by a separate settlement of this territorial community, must be determined.

It is necessary to bring all the insufficient communications to the defined measures or to fix communication actions, since private partners, in fact, do not wait for the authorities to build a road, bring water supply and drainage to the required area, but choose a plot of land with fixed communications. The private partner's funds allocated to the development of engineering and transport infrastructure must be used to create the infrastructure needed by the private partner for the project.

The private partner should be given benefits by the authorities, for example, regarding the payment of rent, regarding the payment of tax for the development of engineering and transport infrastructure. Thus, the costs of the private partner for the payment of mandatory payments to the state or local budget should be reduced as much as possible.

The local government should be open to the private partner, for example, by broadcasting sessions on the Internet, publishing the budget on the official website of the territorial community, including in English, including representatives of the private partner in the executive committees of local councils, of course, at the request of the private partner.

Issuance of certificates and other documents necessary for the PPP should be faster and more automated, because the private partner will choose the territorial community for the implementation of his own project, where the documents are prepared not in a month, but, for example, in a day.

The private partner should not feel any social burden during the implementation of the PPP project, for example, due to the construction and maintenance of sanatoriums or children's health camps, during the construction and management of a specific hospital.

There are open offices in territorial communities for the service of

a private partner. One of the representatives of the community must speak the language of the private partner, contact him and accompany him, at the request of the private partner.

The authorities must maintain constant communication with the private partner; provide him with full information on the implementation of the PPP project, preferably at the location of the private partner or in his office.

At the level of reforming the state regulation of the work of medical institutions, it is necessary to:

- to optimize the number of health care facilities in specific regions, optimizing the level of spending of finances for the provision of medical care at each level and continuing to create hospital districts taking into account the number of the population;

- to change the entire existing system of remuneration of doctors and junior medical personnel with the purpose of increasing the competence of medical personnel and improving the quality of medicine, establishing the minimum remuneration of physicians at least for the average salary in Ukraine and allowances for the level of efficiency of innovative activities and the use of experimental methods for treatment;

- to increase the list of paid medical services that can be provided by state medical institutions, which forms their own funds for carrying out activities in the field of medical innovation and reserves for financing unforeseen situations;

- to determine the areas of evaluation of the effectiveness of funding of medical institutions and the effectiveness of the management of institutions (chief doctors and their deputies);

- establish the responsibility of managers for inefficient use of budget funds.

The government plans to combine the law on concessions and the law on PPPs, which should also significantly expand the opportunities of private partners.

According to the results of the implementation of the proposed directions, it is possible to increase the number of PPP projects implemented in the field of health care. The predicted value by region is shown in Figure 7.10 (Ministry of Economy of Ukraine, 2021, Your Health, 2021).

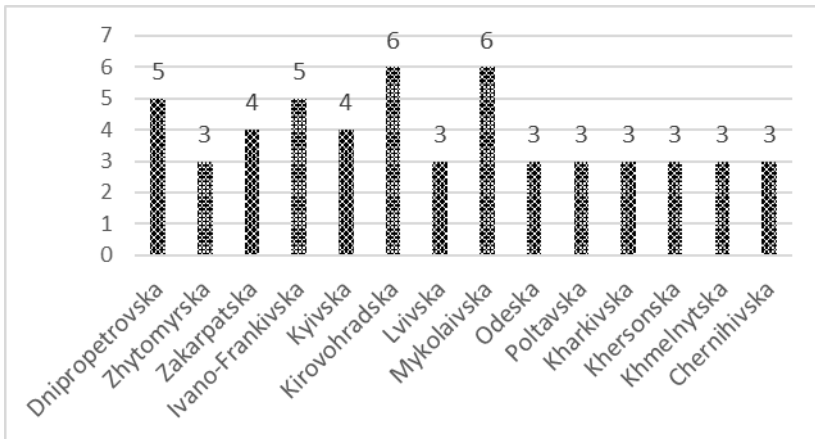


Figure 7.10 The number of PPP contracts, which are planned to be implemented in certain regions of Ukraine by 2024

Instead of low-power, low-load, poorly equipped hospitals, they will be created in other medical facilities (rehabilitation centres for thousands of ATO participants, diagnostic centres, hospitals, intensive care facilities for the treatment of patients with COVID-19, etc.). And the currently best hospitals will be additionally strengthened technically and in terms of personnel, so that every patient can receive quality medical care. In those that have recreational and resort importance (Ivano-Frankivsk, Zakarpattia regions), resort and sanatorium-treatment facilities will be opened according to PPP agreements. In industrial regions (Dnipropetrovsk, Zaporizhzhia regions) the number of institutions for diagnosis and treatment of cancer patients will increase. Lviv and Kyiv oblasts, which were currently the leaders in the pace of implementation of PPP projects in the field of health care, plan to increase their indicators by 6 times by 2024.

In accordance with the increase in the number of implemented contracts regarding PPPs in the field of health care, the number of medical institutions increased in the period until 2024 (Figure 7.11).

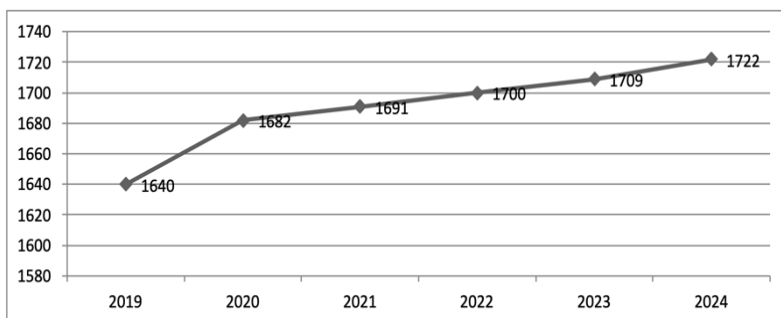


Figure 7.11 Dynamics of real and forecasting growth of medical institutions in Ukraine, 2019-2024

Improving the organization of private partnership and implementing it in practical activities will allow solving a number of problems of the functioning of health care (Legal Newspaper, 2021):

- public – with the help of the state’s involvement of the private sector in the joint solution of the problems of affordable, high-quality and timely medical care for the needs of society on the basis of partnership;

- resource – by attracting additional material, financial, labor and informational resources to the medical industry. It is the proper resource provision of health care institutions that allows creating a foundation for quality functioning, minimizing shadow informal payments for medical services, improving the working conditions of doctors and nurses, increasing the income of medical workers, and solving the problem of the shortage of medical personnel and reducing structural unemployment.

- investment – with the help of joint investment to solve strategic problems of health care in order to stimulate the socio-economic growth of the state;

- technical and technological – with the help of the introduction of the latest medical technologies, technical means, which are very necessary for Ukrainian health care;

- managerial – through the influence of business and the direction of joint efforts to use more effective management methods to ensure higher technical and economic performance indicators of the industry;

– scientific – with the help of new directions of development on a national, international and global scale in the conditions of globalization and internationalization of capital.

Discussion

The main benefits for the private partner resulting from medical reform are new PPP opportunities and changes in the PPP financing model, under which the state pays for specific medical services.

According to this financing model, the most important thing for the private partner is to have a clear list of medical services that the patient must pay for, and a list of services that the state can pay for. Only the creation of these lists will give the private partner an understanding of which area of health care it will be significant benefit from the PPP.

It can be observed that now all over the world, and in Ukraine in particular, great attention is paid to the development and improvement of the functioning of medical institutions. In the conditions of an unstable economic situation in the state, for the effective operation of the health care sector, it is necessary to implement and support the development of PPP as the most effective way of cooperation between the state and entrepreneurs. Positive changes and prospects in the field of Ukrainian medicine can be achieved only with the effective cooperation of the Ukrainian government, local authorities, entrepreneurs and patients.

Conclusions

The problems of PPP implementation in the field of health care can be solved with the help of: modernization of tax and transfer policy; increasing the share of productive employment and reducing the level of poverty in the state; strengthening the effectiveness of the level of social protection of the Ukrainian population, technical and technological reorganization of Ukrainian production; formation of safe workplaces in Ukraine and the appropriate level of labor protection.

Among the measures that should help to improve the organizational and economic mechanism of PPP in order to increase the effectiveness of the expenditure part of the budget, the following can be highlighted:

when carrying out budget planning, estimate prospective costs for PPP projects and establish the limit levels of such costs both in medium-term planning and in long-term budget forecasts in accordance with the main managers of budgetary financial resources;

to include in the list of indicators of long-term economic and budget forecasts the indicators of state obligations in relation to PPP projects and the replacement of budget financing with a private investment component during the financial support of PPP projects;

fix in PPP contracts long-term obligations that the budget has to the private investor, together with a number of obligations that private investors and operators have to the state, in order to create a sense of mutual trust regarding the implementation and success of projects in general;

to develop a procedure for registering objects implemented on PPP principles in the registration lists where objects of capital investments and state contracts are entered; such registers can be formed by the State Treasury of Ukraine with the aim of creating a single integrated system of management of the state's financial resources This approach gives the opportunity to ensure accounting and monitoring of the expenditure part of the budget in relation to PPP projects and contracts.

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