



Comitato Interministeriale Programmazione Economica
Unità Tecnica Finanza di Progetto

SMI FINANCE CONFERENCES: PPPs IN INTERNATIONAL HEALTHCARE

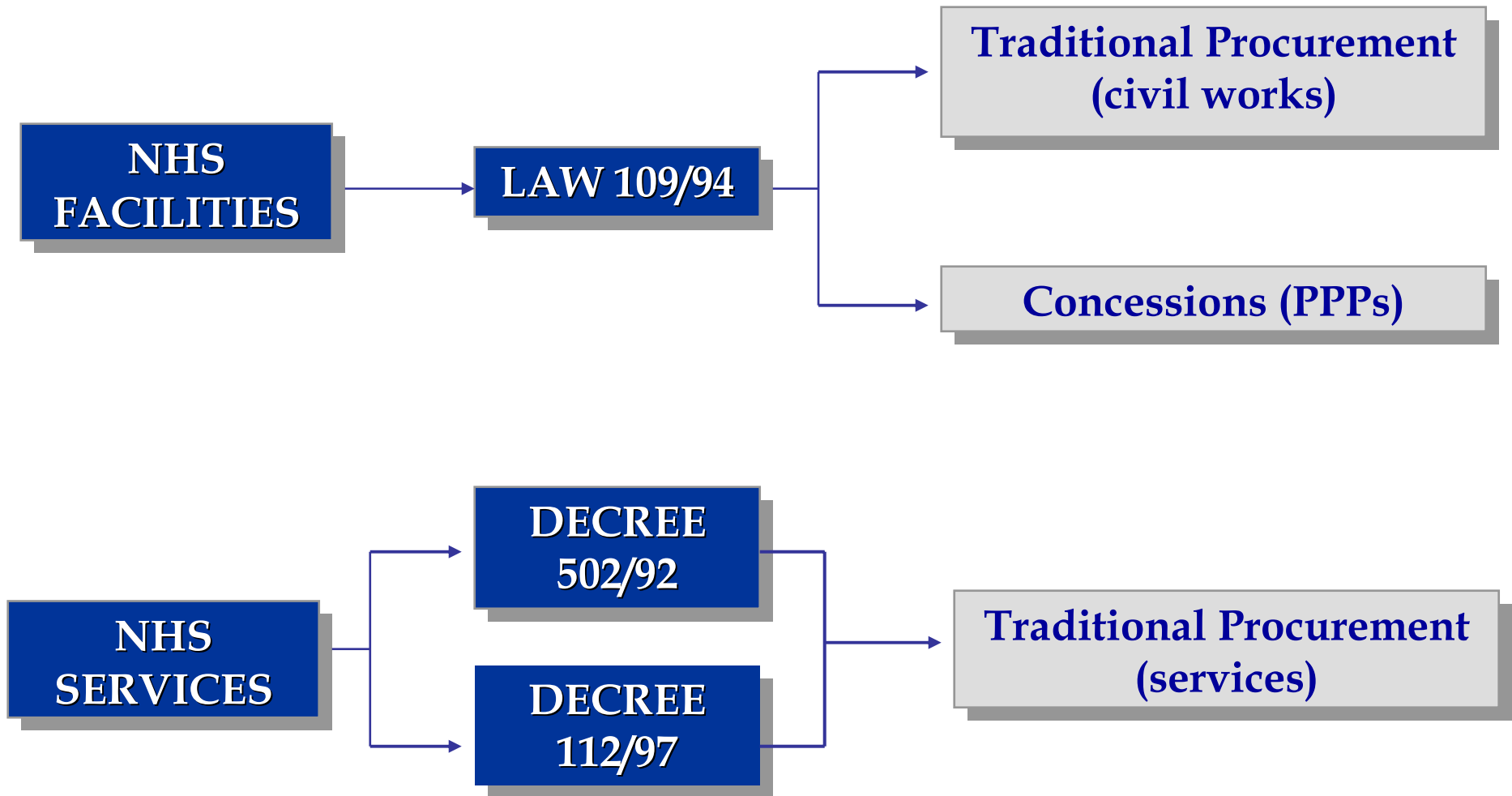
Potential for Healthcare Project

London, November 7th 2001

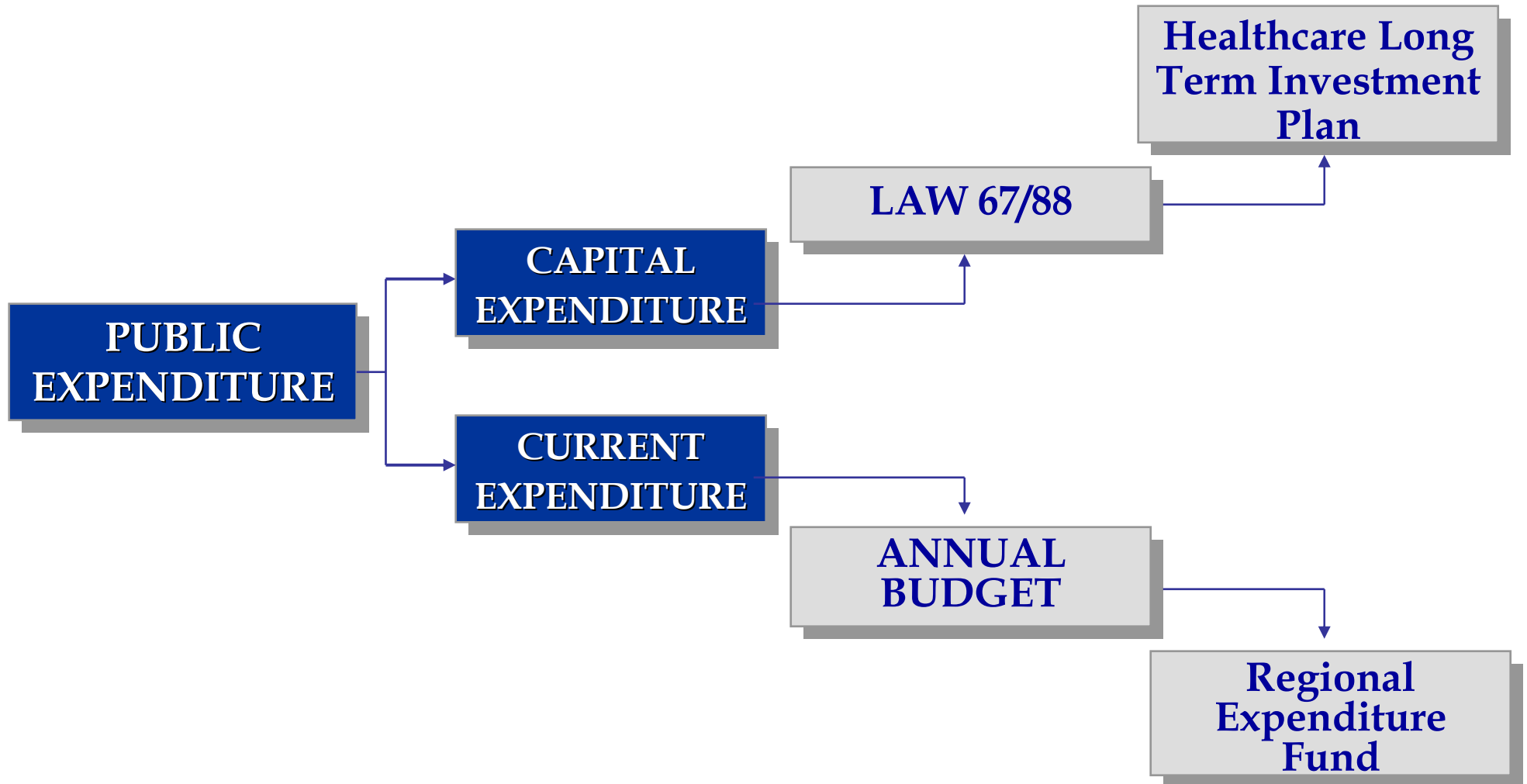
– Agenda –

- Legislative Framework
- The Investment Needs
- Private Sector Participation
- Lessons from Experience/Stumbling Blocks

– Legislative Framework –

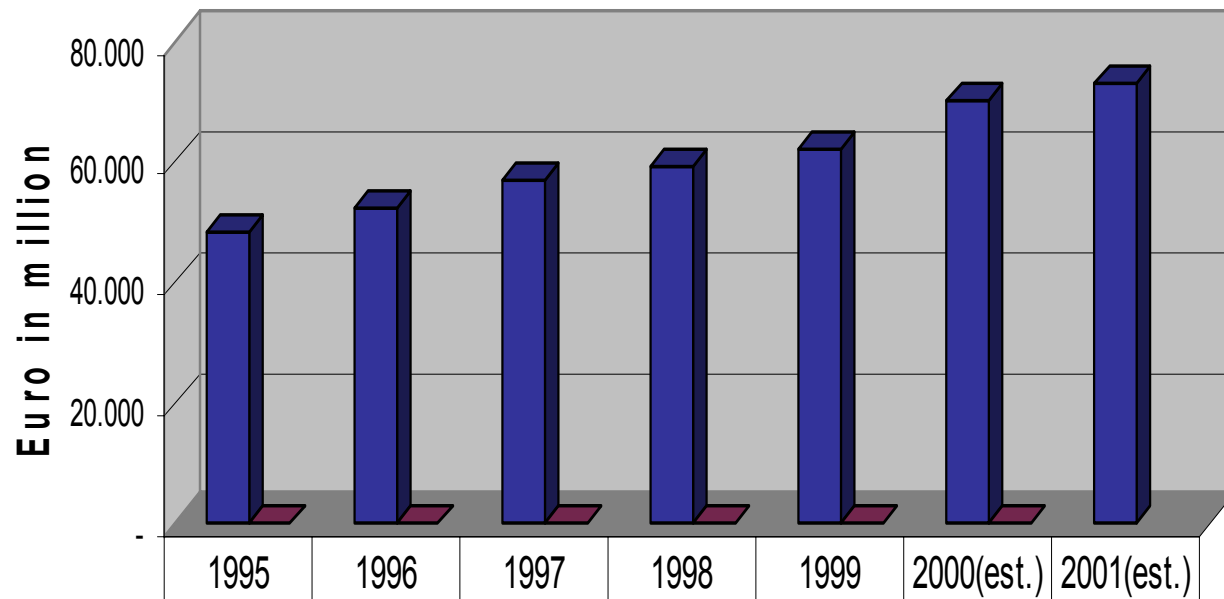


– Legislative Framework –



SSN per-capita expenditure: €1.150 (1999)

**Total SSN expenditure
(1995 - 2000)**



■ Total Expenditure	48.444	52.585	57.014	59.180	62.171	70.238	73.337
■ % on GDP	5,25%	5,35%	5,56%	5,52%	5,61%	6,03%	

– Legislative Framework –

**SENSITIVE
ISSUES**



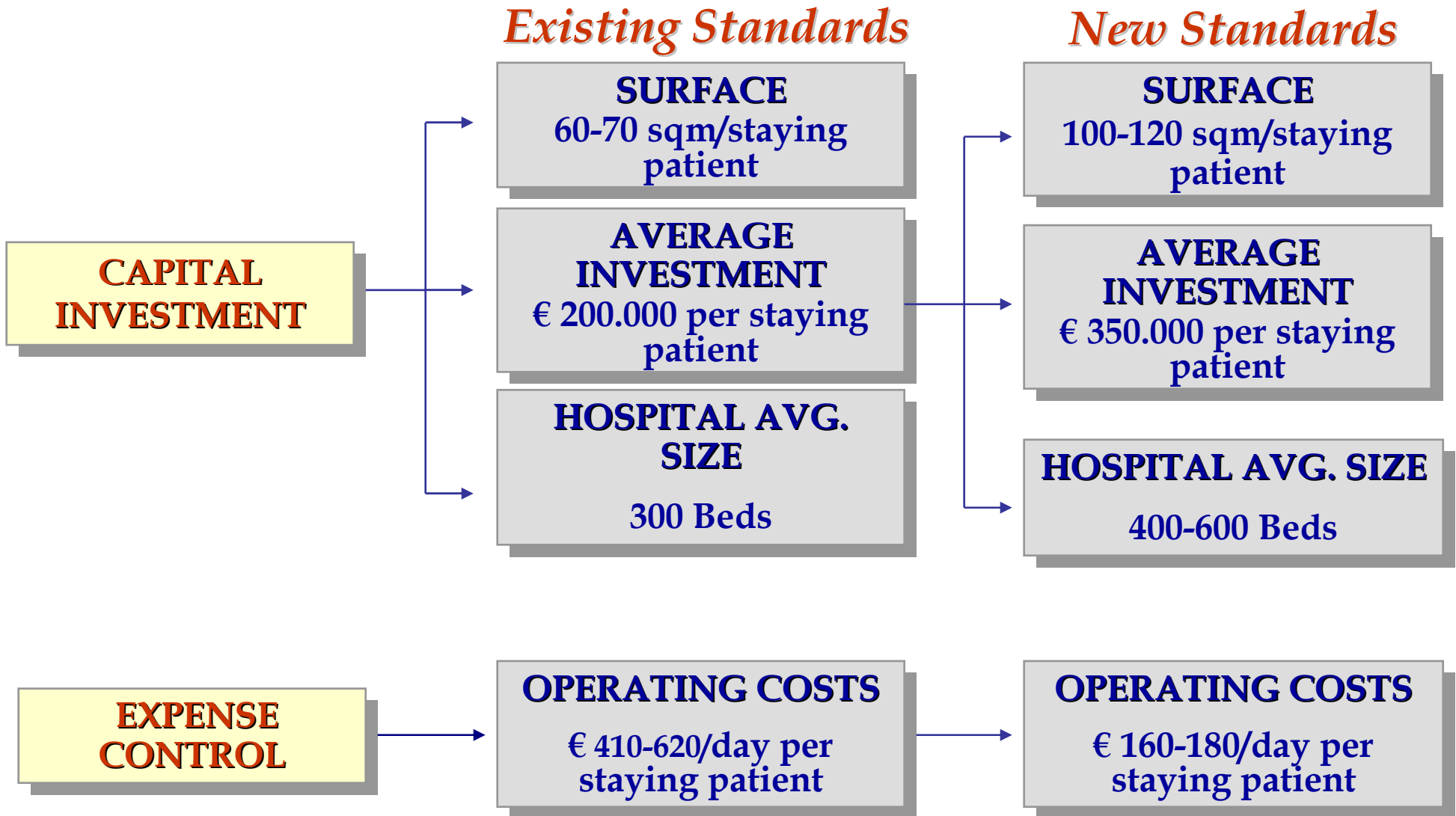
**CAPITAL INVESTMENT IN NEW BUILD
FACILITIES AND UPGRADINGS**

**REDUCTION OF THE HIGH LEVEL OF
PUBLIC EXPENDITURE**

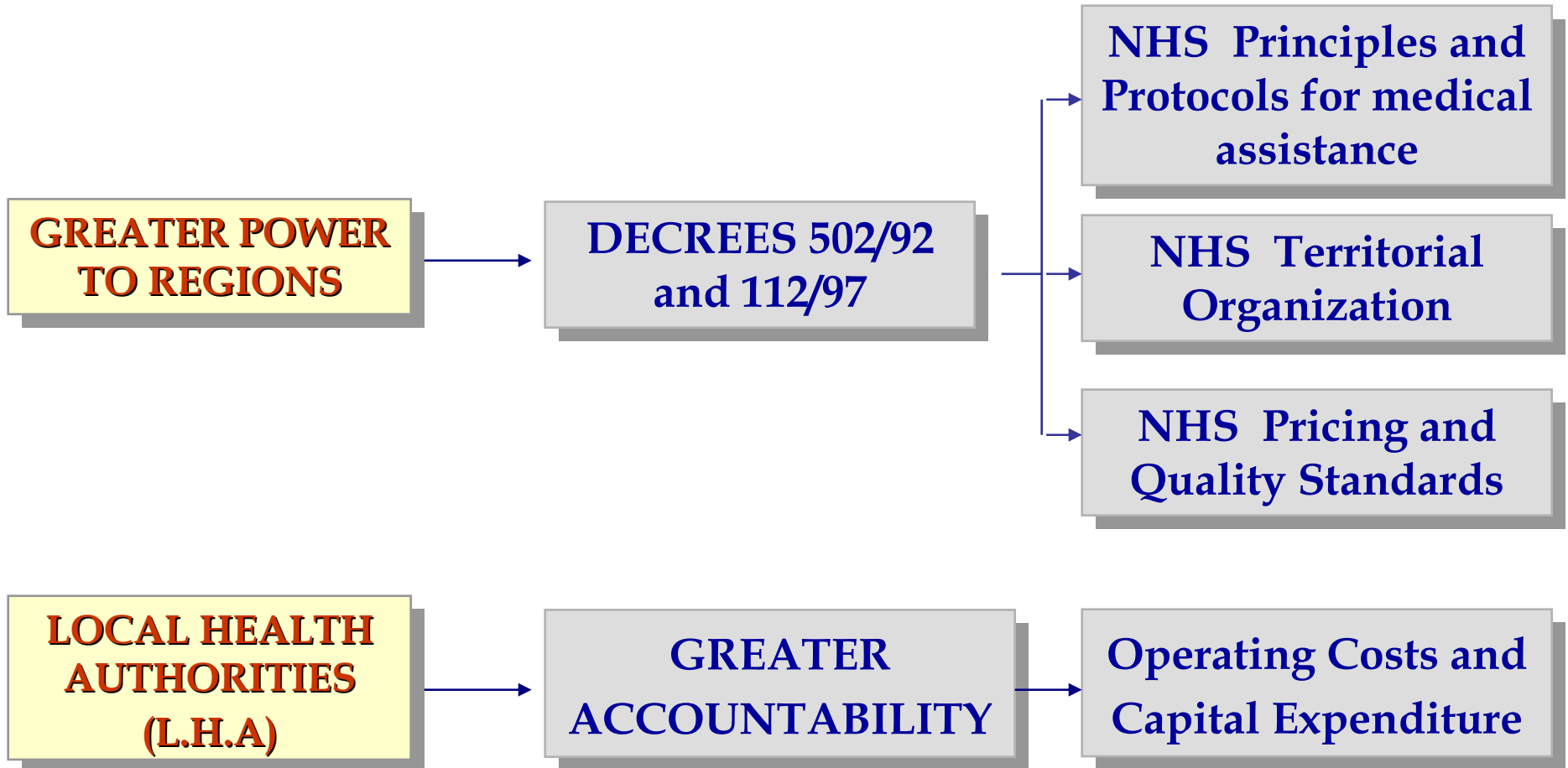
**GREATER POWER TO REGIONS TO
DELIVER HEALTHCARE SERVICES**

**GREATER ACCOUNTABILITY FOR
LOCAL HEALTH AUTHORITIES**

– Legislative Framework –



– Legislative Framework –



– The Investment Needs –

SSN (Italian NHS) efficiency goals (law 502/92)

Beds per 1000 inhabitants: 5,5 x 1000	→	Achieved (5,3 x 1000 in year 1999)
Bed occupancy rate: 75%	→	Achieved (76% in year 1999)
Beds in day hospital per 1000 inhab.: 1 x 1000	→	Not Achieved (0,52 x 1000 in year 1999)
Phasing out hospitals with less than 120 beds	→	Not Achieved (31% in year 1999)

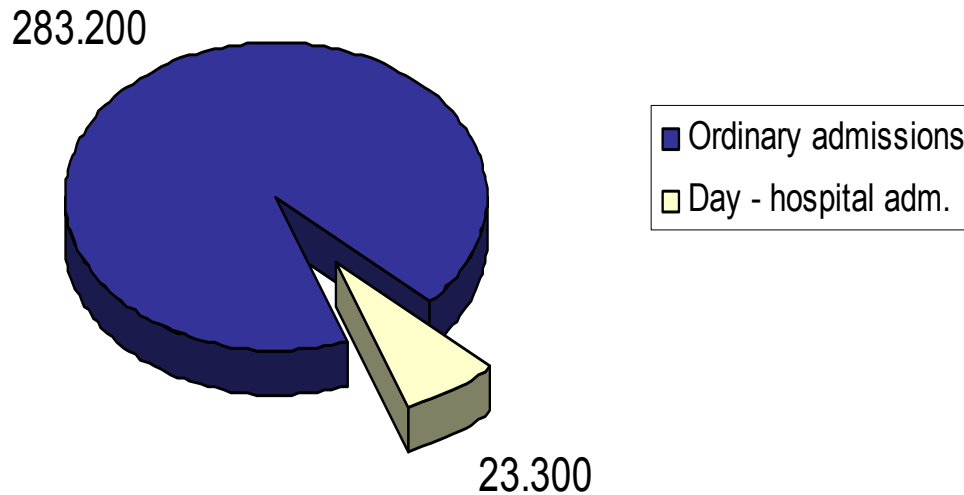
SSN efficiency goals (law 502/92)

Beds in day hospital per 1000 inhab.: 1 x 1000



Not Achieved (0,52 x 1000 in year 1999)

Number of SSN hospital beds
Year 1999



STRATEGIC
OBJECTIVE:
Increase the number of
day-hospital beds

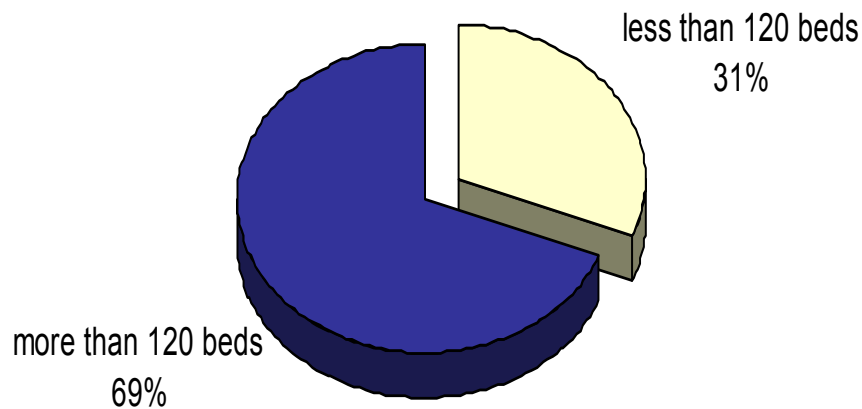
SSN efficiency goals (law 502/92)

Phasing out hospitals with less than 120 beds



Not Achieved (31% in year 1999)

Distribution of Hospitals per number of beds



STRATEGIC OBJECTIVE

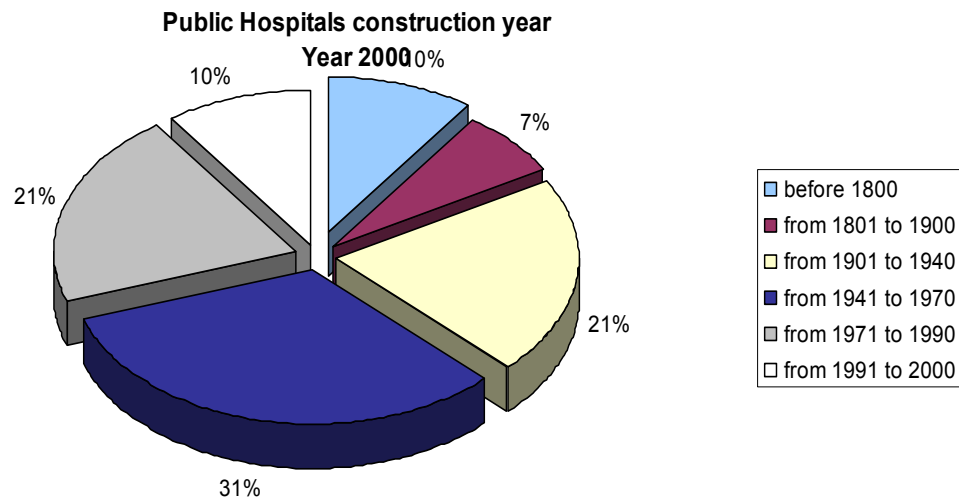
:
Optimise the number of
beds per Hospital
(avg. 400 - 600)

– The Investment Needs –

Current Status



70% of hospitals built before 1970



10% of them built before 1800

The way forward

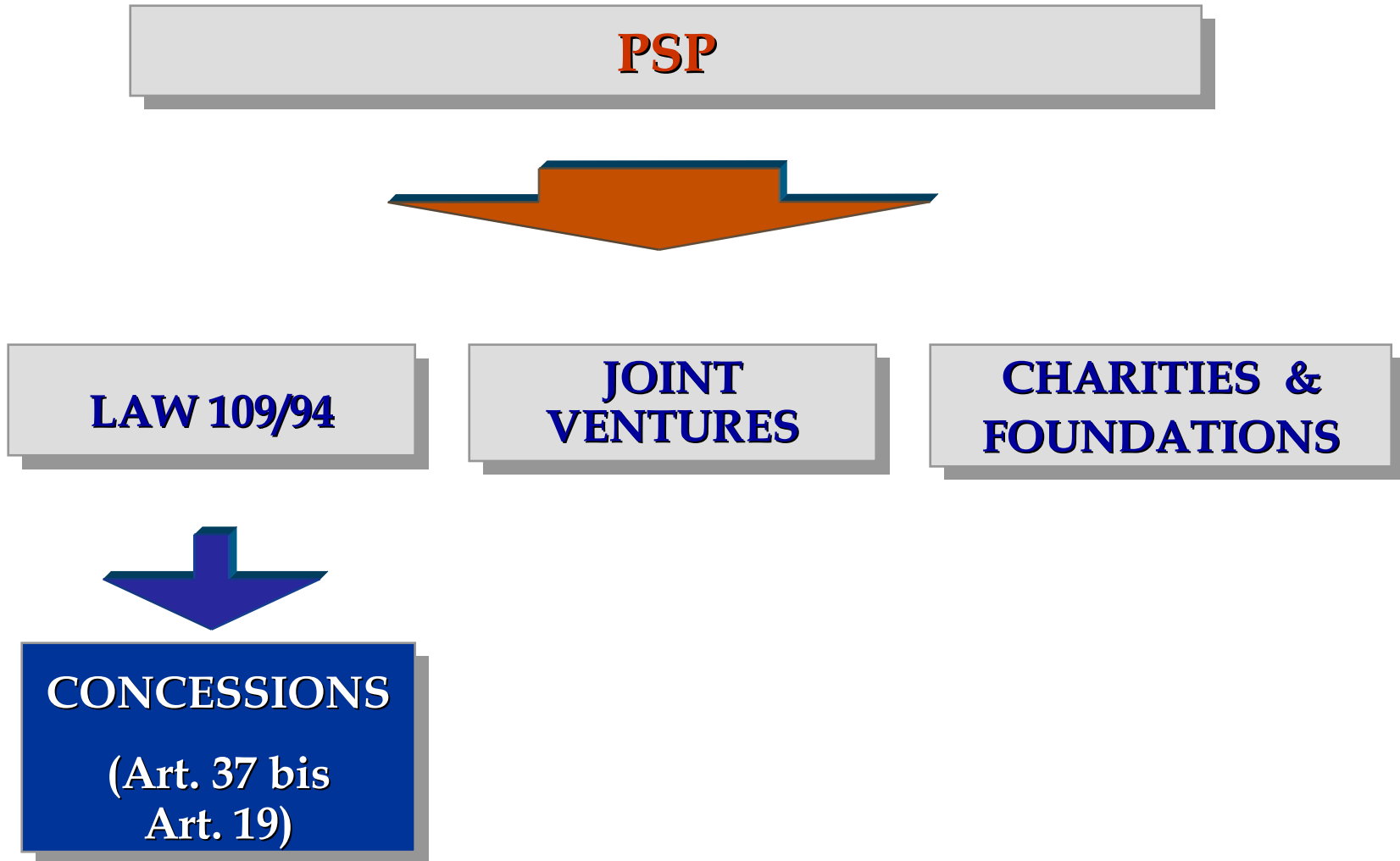


New design standards for hospitals

Emphasis on day - hospital beds versus admission beds

New concepts of patient comfort and assistance in delivering healthcare services

– Private Sector Participation –



– Private Sector Participation –

Project finance Provisions under Art 37 bis

1. ADMINISTRATION IDENTIFIES PUBLIC WORKS
(THREE-YEAR BUDGET & ANNUAL BUDGET + PUBLIC CONTRIBUTION)



2. PROMOTER SUBMITS PROPOSAL

- DESIGN
- FEASIBILITY STUDY
- ECONOMIC PLAN (CERTIFIED BY BANKS)
- DRAFT CONCESSION CONTRACT



3. ADMINISTRATION EVALUATES PROPOSAL/S
- DECLARATION OF PUBLIC INTEREST

– Private Sector Participation –

Project Finance Provisions under Art 37 bis



4. ADMINISTRATION LAUNCHES A RESTRICTED PROCEDURE

- BENCHMARK = IDENTIFIED PROPOSAL
- AIMED AT IDENTIFYING TWO COMPETITORS



5. ADMINISTRATION LAUNCHES A NEGOTIATED PROCEDURE

- PLAYERS = PROMOTER + TWO COMPETITORS
- AIMED AT AWARDING THE CONCESSION CONTRACT
- AWARDING CRITERIA: MEAT
- COSTS ARE REFUNDED:
 - 100% = PROMOTER
 - 60% = 1ST EXCLUDED COMPETITOR
 - 40% = 2ND EXCLUDED COMPETITOR

– Private Sector Participation –

Project Finance Provisions under Art 37 bis



6. ADMINISTRATION AWARDS THE CONCESSION CONTRACT:

- 30 YEARS
- PUBLIC CONTRIBUTION = 50% OF THE VALUE OF THE WORKS
- CAN BE RENEGOTIATED
 - * ALTER THE LENGTH OF THE CONTRACT
 - * TERMINATE THE CONTRACT



7. WINNER HAS TO SET UP A SPV

- LIMITED COMPANY (SPA OR SRL)
- CONSORTIUM



8. SPV CAN ISSUE DEBENTURES

– Private Sector Participation –

Project Finance Provisions under Art 37 bis



9. INVESTORS CAN EXERCISE STEP-IN RIGHTS

- TO PREVENT BREACH OF CONTRACT
- WITHIN 90 DAYS



10. FIXED TIME-TABLE

- 30/06 = SUBMISSION OF PROPOSALS
- 31/10 = IDENTIFICATION OF PROPOSAL OF PUBLIC INTEREST
- 31/12 = LAUNCHING OF THE COMPETITION

– Projects in the pipeline –

LAW 109/94 – art 37 bis

NEW FACILITIES



**3 NEW PROPOSALS AT
JUNE 2001**

**AVERAGE INVESTMENT
€ 125 ML**

**CONCESSION PERIOD
25 – 30 YEAR**

**PUBLIC CONTRIBUTION
(GRANT)**

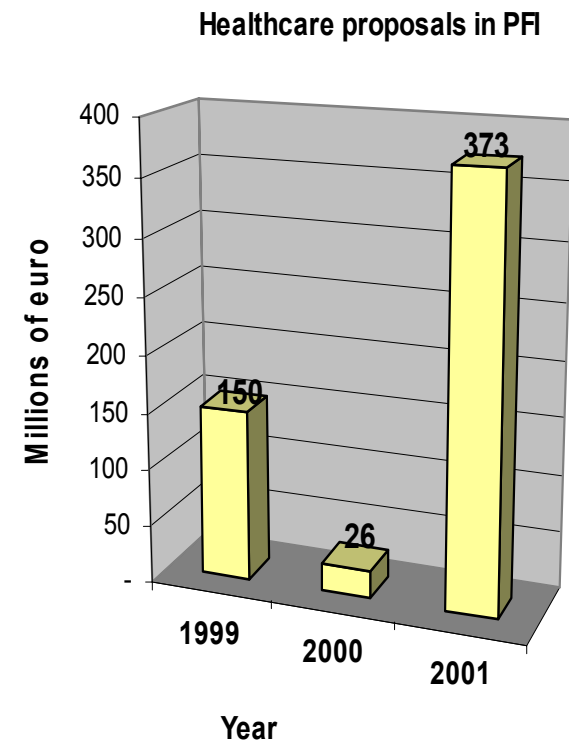
**END USER
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PUBLIC AUTHORITY**

Private Sector Participation

Proposals submitted since 1999 under the PFI procedure (art.37-bis Merloni - *ter* law) in healthcare :

- 1999 - one (Como)
- 2000 - one (Brescia)
- 2001 - three (Mestre, Desenzano, Napoli)

- Total investment 1999 - 2001 : € 550 million
- Total number of beds : 2.150
- Avg. investment per transaction : € 100 million
- Avg. investment per bed : € 250.000



COMO NEW "S. ANNA" HOSPITAL

- Awarding Authority: Azienda Ospedaliera - Como
- Promoters: Astaldi S.p.A., Aerimpianti S.p.A., Coop. Cascina & others
- Date of proposal: 1999

- Number of beds: 650
- Total investment : € 150 million
- Investment per bed : € 230.000
- Concession period: 19 years (incl. 3 years of construction)

Current status :

The proposal was declared of public interest in feb 2000. Since then the procedure has been put on hold waiting for final decision from the Administration about the site of the facility.

BRESCIA "SPEDALI RIUNITI" HOSPITAL

- **Awarding Authority : Azienda Ospedaliera - Brescia**
- **Promoters : Bovis Lend Lease Ltd., Elettrobeton Costruzioni S.p.A.**
- **Date of proposal: June 2000**

- **Number of beds: 154 (Expansion of an existing building)**
- **Total investment : € 26 million**
- **Investment per bed : € 168.000**
- **Concession period: 21 years (incl. 3 years of construction)**

Current status :

The proposal was declared of public interest in May 2001.

September 2001 : Restricted procedure launched.

NEW MESTRE HOSPITAL

- Awarding Authority : Unità Sanitaria Locale 12 Venezia (Local health authority)
- 2 Competing Promoters :
 1. Astaldi S.p.a., Aerimpianti S.p.A., Gemmo impianti S.p.A. & others;
 2. Impregilo S.p.A. Siram S.p.A. and others
- Date of proposal: June 2001

- Number of beds: 680
- Total investment : € 181 million
- Investment per bed : € 266.000
- Concession Period: 29 years (incl. 4 years of construction)

Current status:

- The awarding Authority has opted for proposal n. 1. Restricted procedure expected to be launched in December 2001

– Lessons from Experience/ Stumbling Blocks –

LAW 109/94 - art 37 bis

PUBLIC CONTRIBUTION

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**GRANT OF 50% CAPITAL
VALUE**



LAW 109/94 CAPITAL VALUE

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CIVIL WORKS

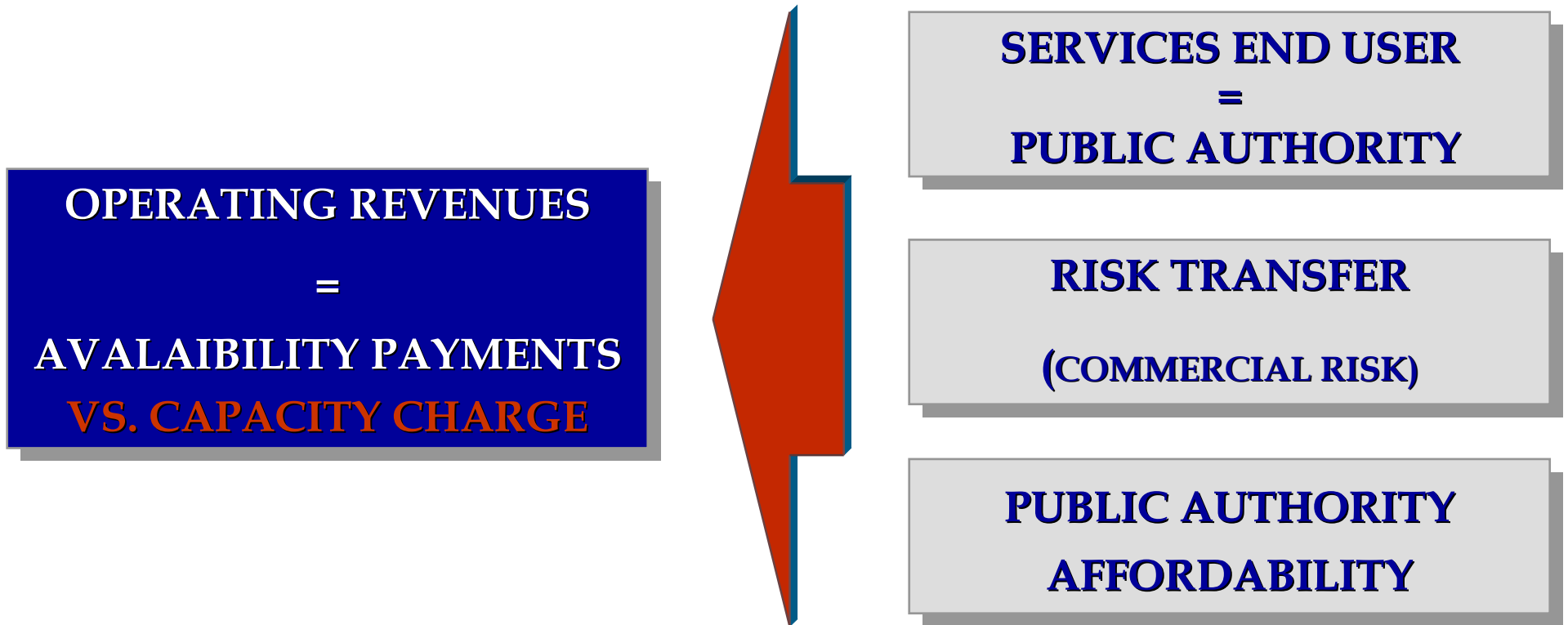
**CAPITAL VALUE FOR NHS
FACILITIES**

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**CIVIL WORKS +
PROCUREMENT**

– *Lessons from Experience/ Stumbling Blocks* –

LAW 109/94 – art 37 bis



– Lessons from Experience/ Stumbling Blocks –

DECREES 502/92 and 112/97

**PUBLIC AUTHORITY
CREDITWORTHINESS**



**L.H.A. AND HOSPITALS REQUESTED TO
PRODUCE S/A FINANCIAL STATEMENTS
AND
NEW PARAMETERS DISCIPLINING
TRANSFERS OF RESOURCES FROM REGIONS
(DRG AND PER- CAPITA FIXED AMOUNT)**

**TRANSFER OF RESOURCES BASED ON
ANNUAL BUDGET
VS
FULL REMBOURSEMENT OF EXPENSES
INCURRED**

**ANNUAL BUDGET
VS
LONG TERM PROVISIONS PROCUREMENT
AND OUTSOURCING OF SERVICES**

How to Contact Us

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