

## Chapter 14

# Public–Private Partnership in Health and Long–Term Care: The Hong Kong Experience

**Wing Tung Ho**

*The Chinese University of Hong Kong, Hong Kong*

**Ben Yuk Fai Fong**

*The Hong Kong Polytechnic University, Hong Kong*

### ABSTRACT

*An exponential growth in elderly population reflects a proportional increase in recourses that are unaffordable and unsustainable to the economy. This rapid demand for health services and long-term care not only leads to non-financial implication like shortage of manpower and long waiting time, but this also creates a large burden on health and related services in the public sector. Involving the private sector to provide better and more efficient facilities and services and to encourage innovation will enhance productivity, speed up project and service delivery, and increase opportunities for investment in health. This chapter examines existing problems within health care systems in aging populations such as Hong Kong, explores the advantages and challenges of Public Private Partnership (PPP), identifies successful factors in establishing PPPs models, reviews the PPP projects in Hong Kong and elsewhere and recommends methods in promoting PPP in health and long-term care as sustainable solutions.*

### INTRODUCTION

An exponential growth in elderly population reflects a proportional increase in recourses that are potentially unaffordable and unsustainable to the economy. This rapid demand for health services and long-term care not only leads to non-financial implication like shortage of manpower and long waiting time for services, but this also creates a large burden on health and related services in the public sector. Compared to around thirty years ago, most diseases of the aged are not acute nowadays, but rather, most of them are chronic, and thus demanding long-term care. The cost of treating chronic diseases is much

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greater than acute diseases because of the non-episodic nature. Elderlies suffering from chronic diseases have to bear expensive medicines and treatment to stay alive and to prolong their life (Yuen, 2014).

Involving the private sector to provide better and more efficient facilities and services and to encourage innovation will enhance productivity, speed up project and service delivery, and increase opportunities for investment in health. Merits of such collaboration in the form of public private partnership (PPP) include utilizing the skills and experience, access to technology, and innovation of the private sector for better delivery of public services and enhancing unity of responsibilities for delivering services. Potential problems of PPP are unreliable levels of service and greater secrecy and lack of transparency resulting in benefits not being shared with the public agency (Lee, 2005).

The objectives of the chapter are (i) to examine existing problems within health care systems in aging populations such as Hong Kong, (ii) to explore the advantages and challenges of PPP, (iii) to identify successful factors in establishing PPPs models, (v) to reviewing the PPP projects in Hong Kong and elsewhere, (vi) to recommend methods in promoting PPP in health and long-term care.

## **BACKGROUND**

Private Sector Involvement (PSI) is a strategy to involve the private sector in delivering infrastructure projects and services so as to improve public services. Government departments are encouraged to make good use of private sector resources if there is a chance to uphold the economic and fiscal objectives of maintaining an efficient government, promote employment opportunities, and involve the private organizations in civil services. There are two types of PSI, including outsourcing and public-private partnership (Efficiency Unit, 2015).

In PPP, the public and private sector join forces to provide public facilities or services. In this setting, both sectors are expected to contribute their resources and expertise to the project and share the risks involved. Nevertheless, the definition of PPP may defer in different objectives of projects. It depends on which part of the important arrangement is focused on. For instance, PPP can be defined as any agreement where both public and private sectors bring their skills to a project, with a high level of responsibility and involvement, and aim in providing public services or projects (Chan & Cheung, 2014).

In 2008, PPPs in healthcare was proposed by the Hong Kong Government as an agenda of, and a significant step in, the healthcare reform in Hong Kong. This proposal aims to provide more healthcare service choices to the individuals, to boost healthy competition within the private sector, to achieve better allocation of resources through the collaboration between the public and private sectors, as well as to facilitate cross-fertilization of healthcare expertise, and to benchmark the cost-effectiveness and efficiency of healthcare services. This proposal has gained a broad support from the community (Legislative Council, 2015b).

Public Private Partnership in healthcare is expected to redress the imbalance between the public and private sectors with the objectives of improvement in the quality of care, better use of the resources, enhanced training and sharing of experience and expertise, and ultimately helping to ensure the sustainability of the health care system. These aims will be achieved through savings, enhanced cost-effectiveness, optimal use of human resources, cross-fertilization of expertise and experience, and promotion of healthy competition and collaboration. In primary care, services are purchased from the private sector, allowing greater choice of services for individuals in the community. In secondary and tertiary care, again services are purchased from the private sector, and private doctors are employed on a part-time basis in public

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