

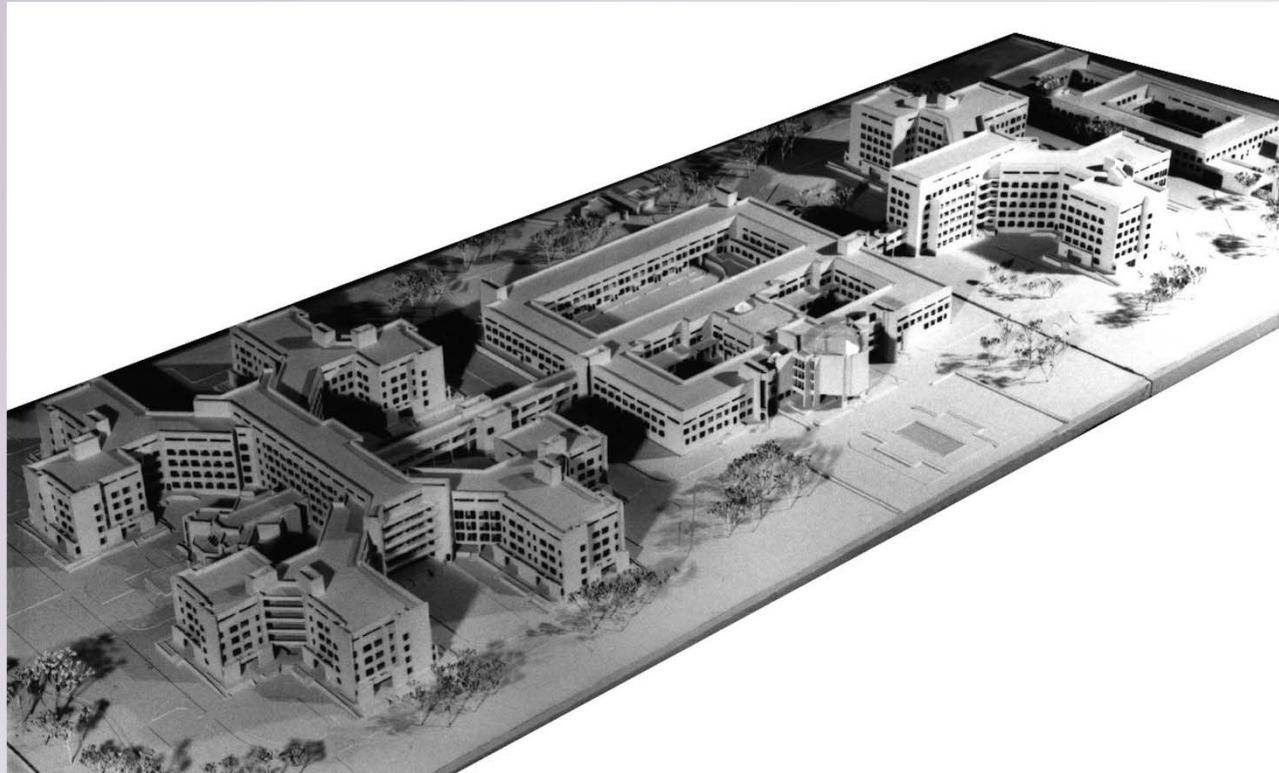
PILOT PROJECT
PUBLIC-PRIVATE PARTNERSHIP (PPP)
IN THE HEALTHCARE SECTOR
St. Petersburg, Children's hospital 5

November 2010



Healthcare Institution

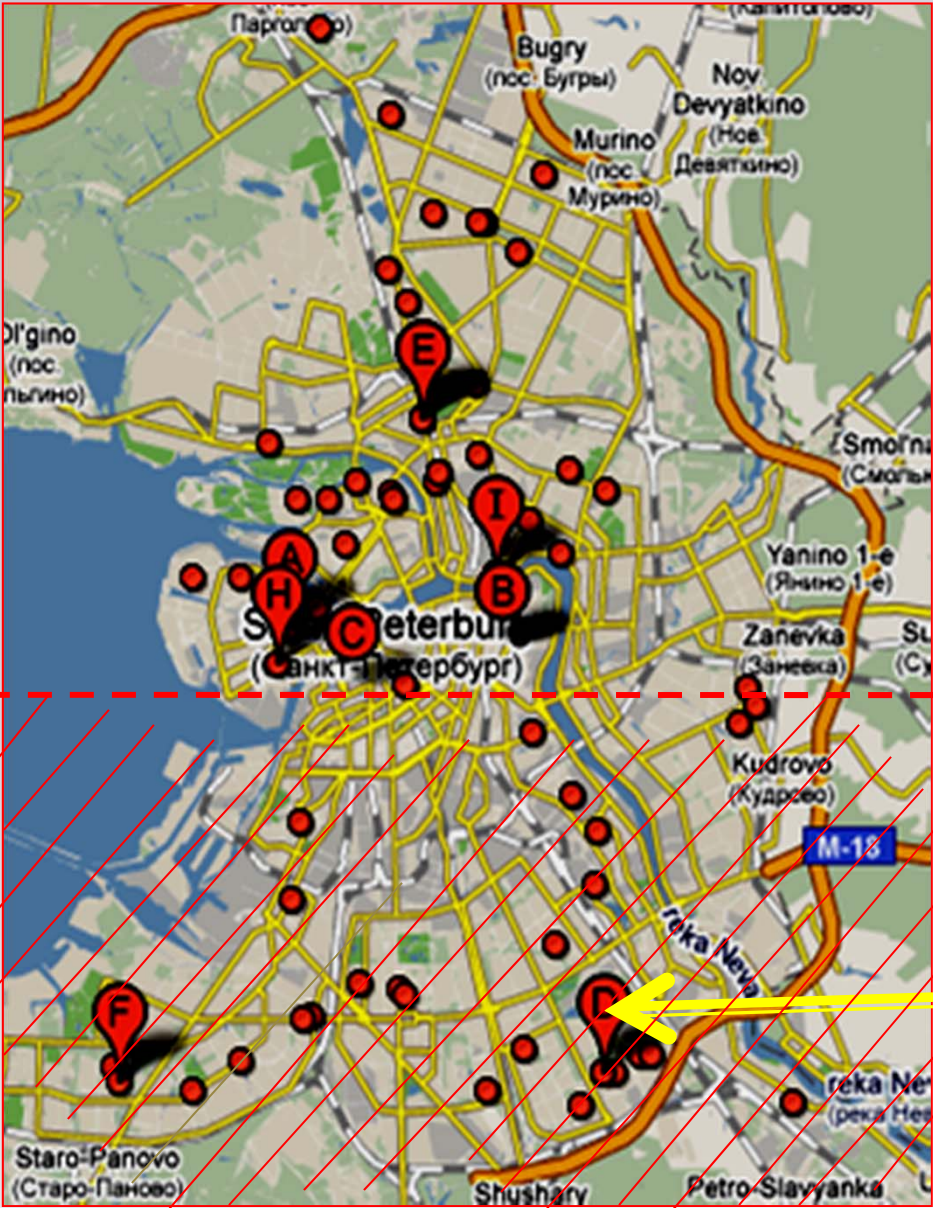
Filatov Children's City Clinical Hospital №5



✓ Total area: 103 436 sq. km

✓ Total construction area: 29 646 sq. km

Children's hospitals in St. Petersburg



A – Children's hospital of Maria Magdalena

B – Children's hospital №19 (under reconstruction)

C – Children's hospital St. Nicholas of Wonderworker №17

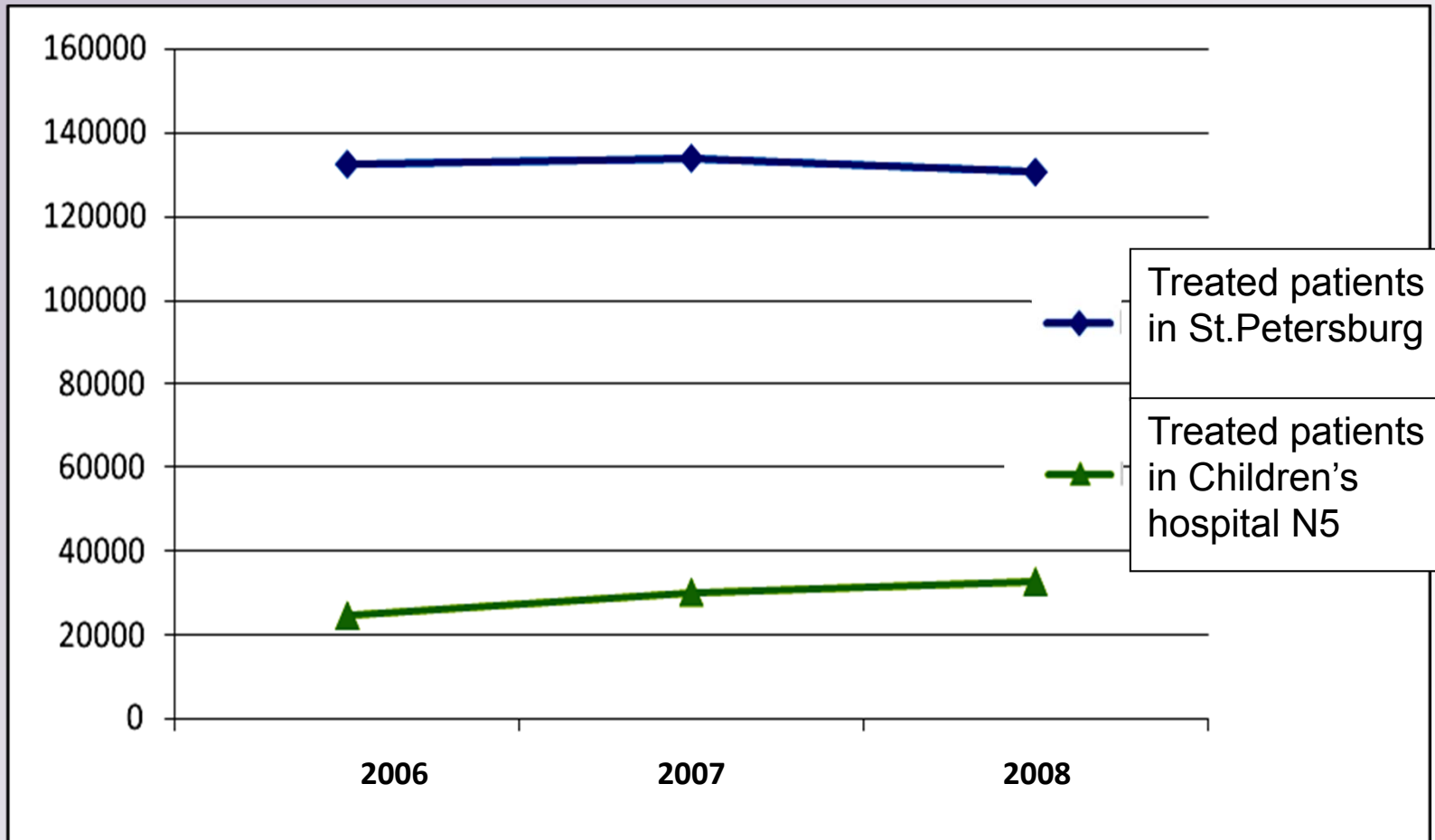
E – Regional children's clinical hospital

G – Children's hospital of St. Olga

D – Children's hospital №5

F – Children's hospital №1

Demand for children's hospitals in St.Petersburg



External factors

- General and primary morbidity rate increase among children and teenagers in St. Petersburg
- Increase of road and traffic accidents with children
- Growing number of disabled children
- Ecological degradation
- Growth of migration flows in St. Petersburg
- Social-economic crisis

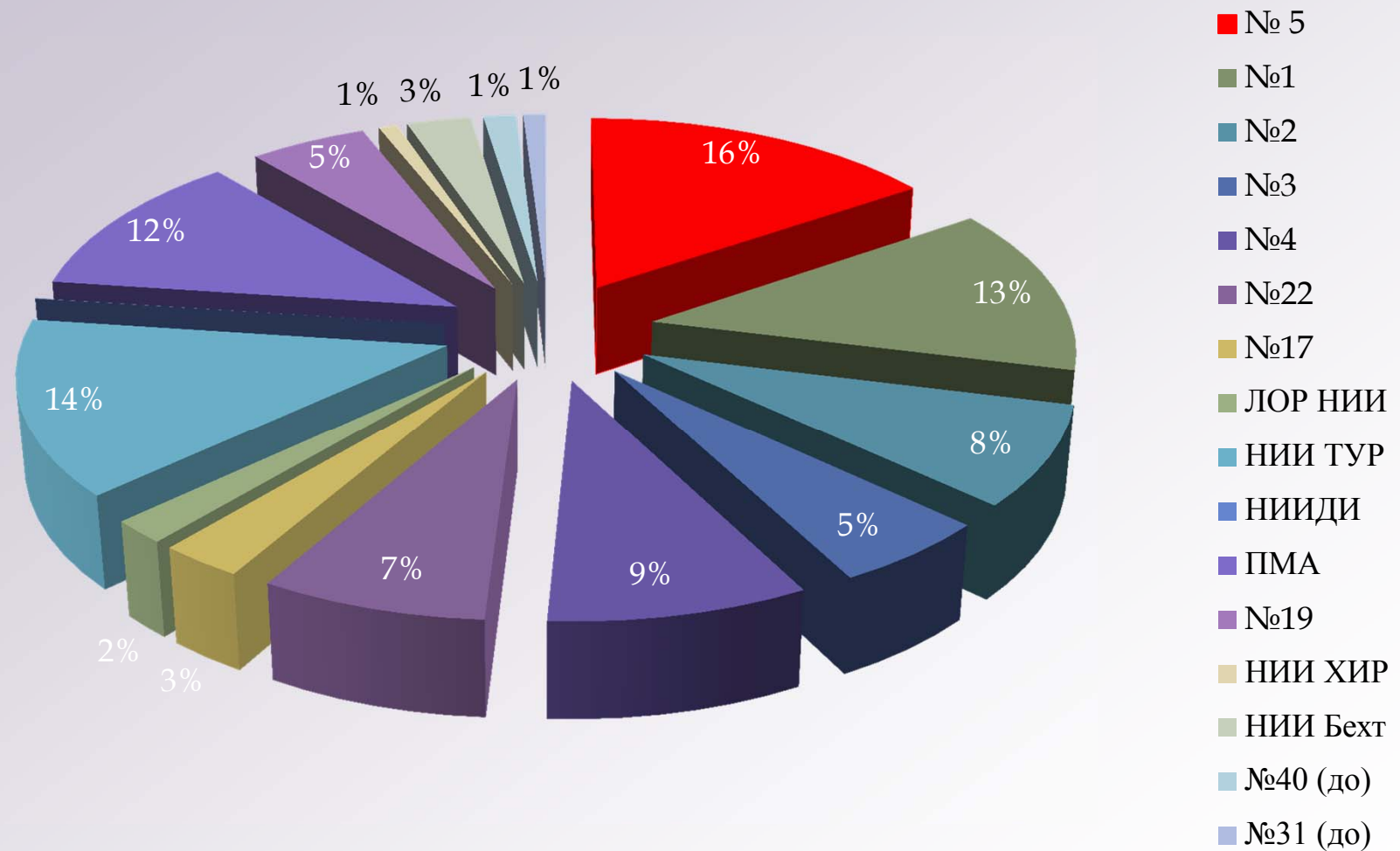


Demand increase for children's inpatient departments in St. Petersburg during the next 5-10 years

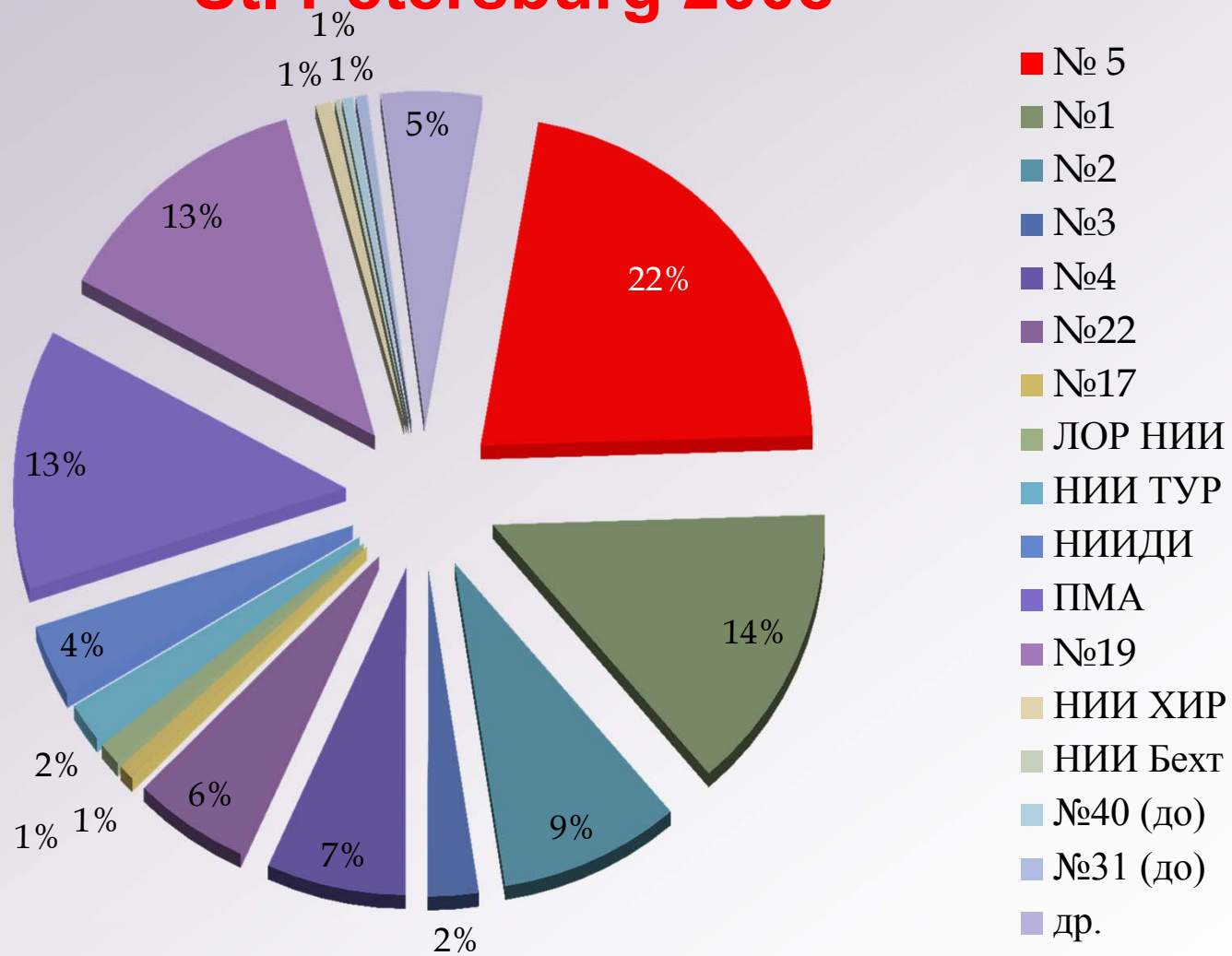
Leading disease among children in St. Petersburg:

- *respiratory diseases (20%)*
- *injuries and poisonings (15.3%)*
- *diseases of the digestive system (10%)*

Structure of bedspace in children's hospitals St.Petersburg 2008



Distribution of treated patients St. Petersburg 2008



WHY children's hospital N5

- Largest children's hospital in St. Petersburg as for the number of beds (16%) and treated patients (37%) *
- 91% of city emergency care
- Specialists in all leading diseases in St. Petersburg (infections, trauma, diseases of digestive system, respiratory diseases etc)
- One of the best inpatient departments indicators in St.Petersburg (hospital stock, bed turnover, bed work, average treatment, mortality rate etc)
- Highly qualified staff ready to introduce innovations, strong scientific base
- Strong base for opening a department for concomitant injuries
- Wide geographical area coverage in St. Petersburg

*2009

Current situation in the hospital

- High demand for facility renovation and new equipment
- Lack of financial resources to meet the city demand for medical services
- Understaffing exceeds 60%



Influences the quality and time of treatment in inpatient department, treatment efficiency, low level of patients satisfaction



Vision

By 2030, CCCHN№5 shall become a multifunctional, good equipped hospital providing high quality medical services (including high-tech healthcare end emergency care) effectively using its resources.

Priorities:

- Multifunctional hospital
- Medical treatment of children after traffic accidents (concomitant injuries department)
- City children's rehabilitation center
- Developed IT infrastructure
- Use of energy saving and inpatient care replacement technologies
- Focus of patients
- Flexible management structure

How do we plan to achieve these results?

Public-private partnership

LEGISLATION BASIS

- Federal Law №115 on Concessional Agreements
- The Law of St. Petersburg of 25.12.2006 № 627-100 on the Participation of St. Petersburg in Public-Private Partnerships
- The order of the St. Petersburg Government № 346 and 347 (2009)
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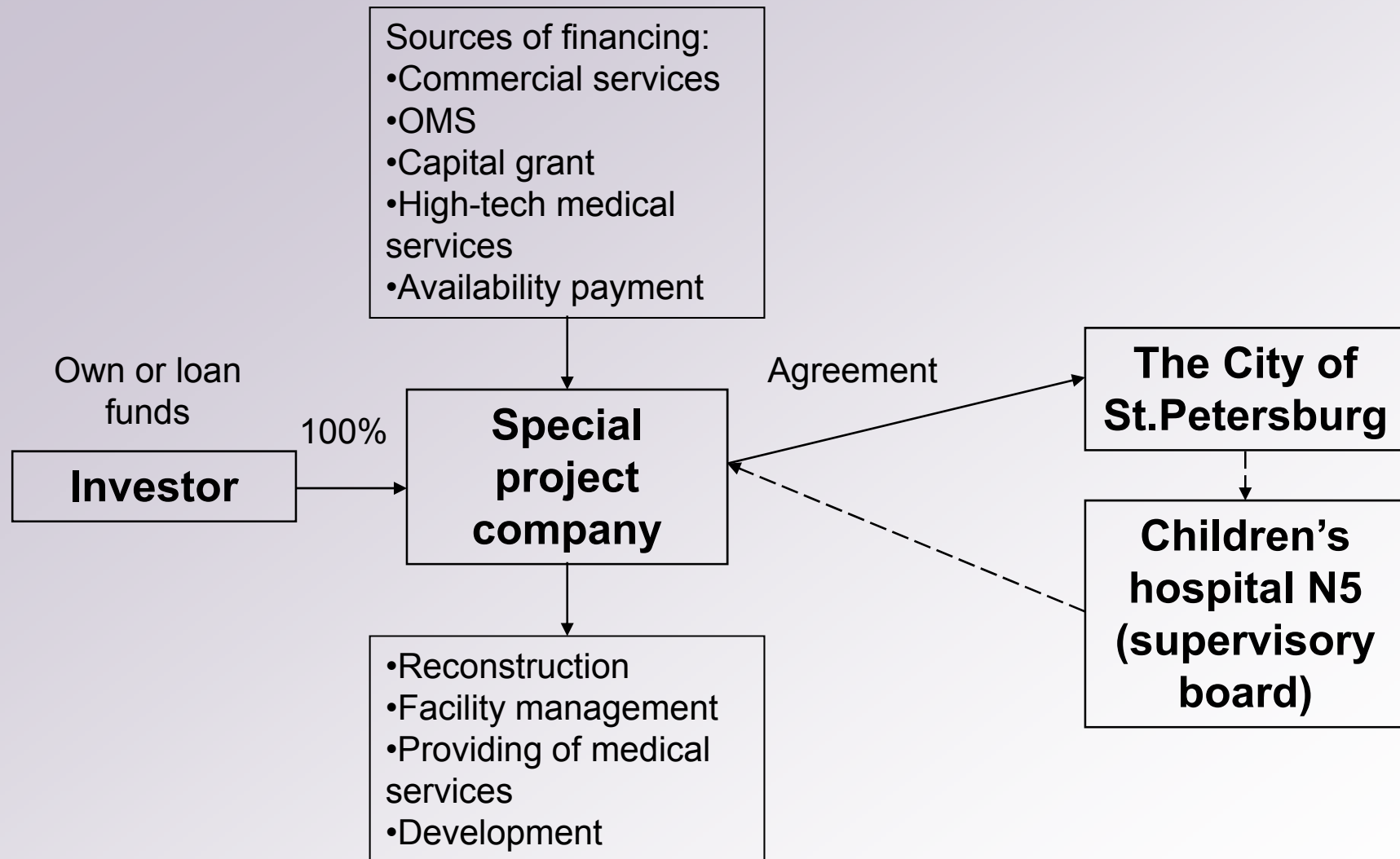
Scenarios

- Scenario 1.** Targeted restructuring without management functions transfer (facility management)
- Scenario 2.** Active restructuring with the transfer of management functions
- Scenario 3.** Radical restructuring with the transfer of management functions (construction of new medical institutions on the territory of the hospital)

Financial model 1



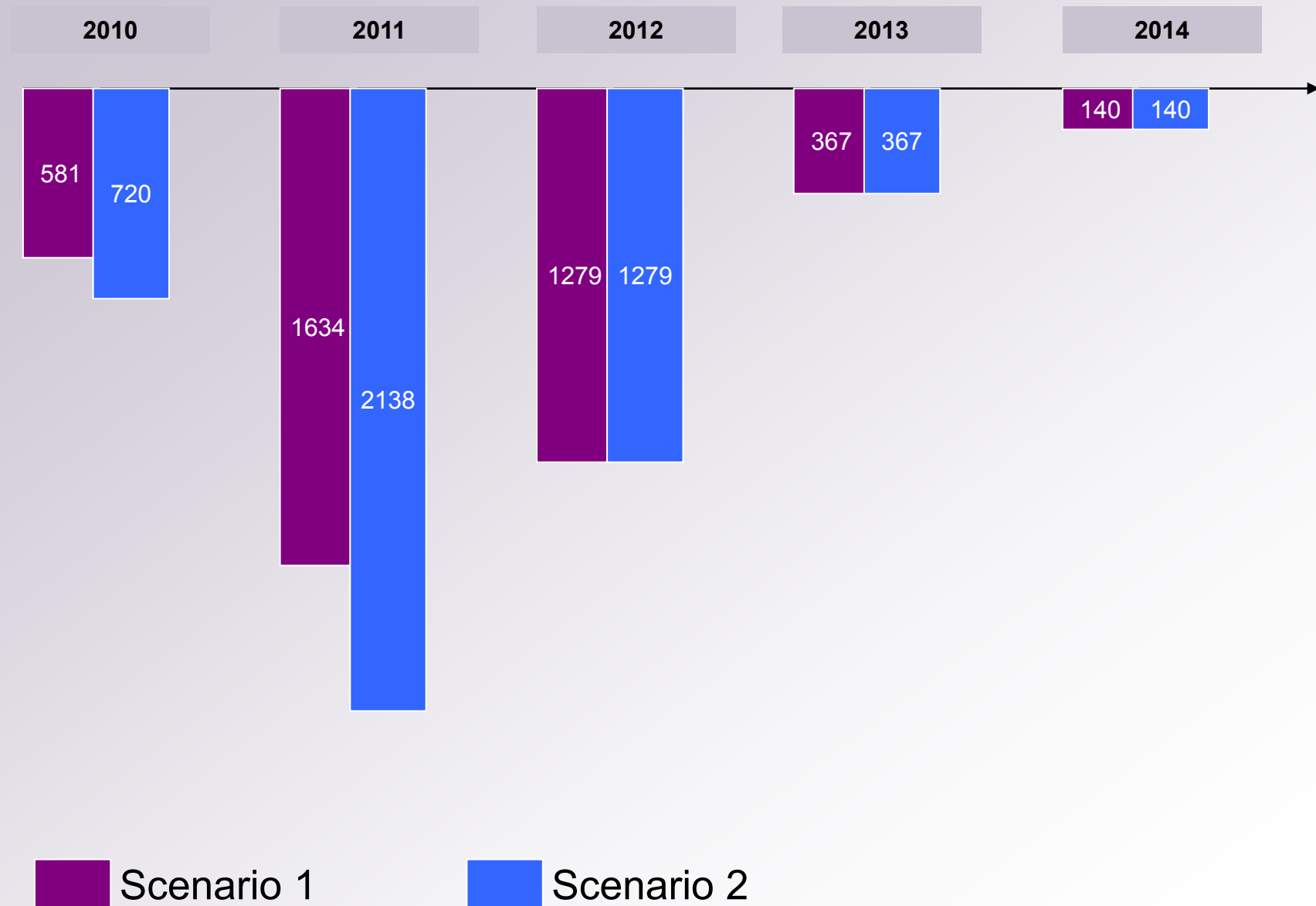
Financial models 2,3

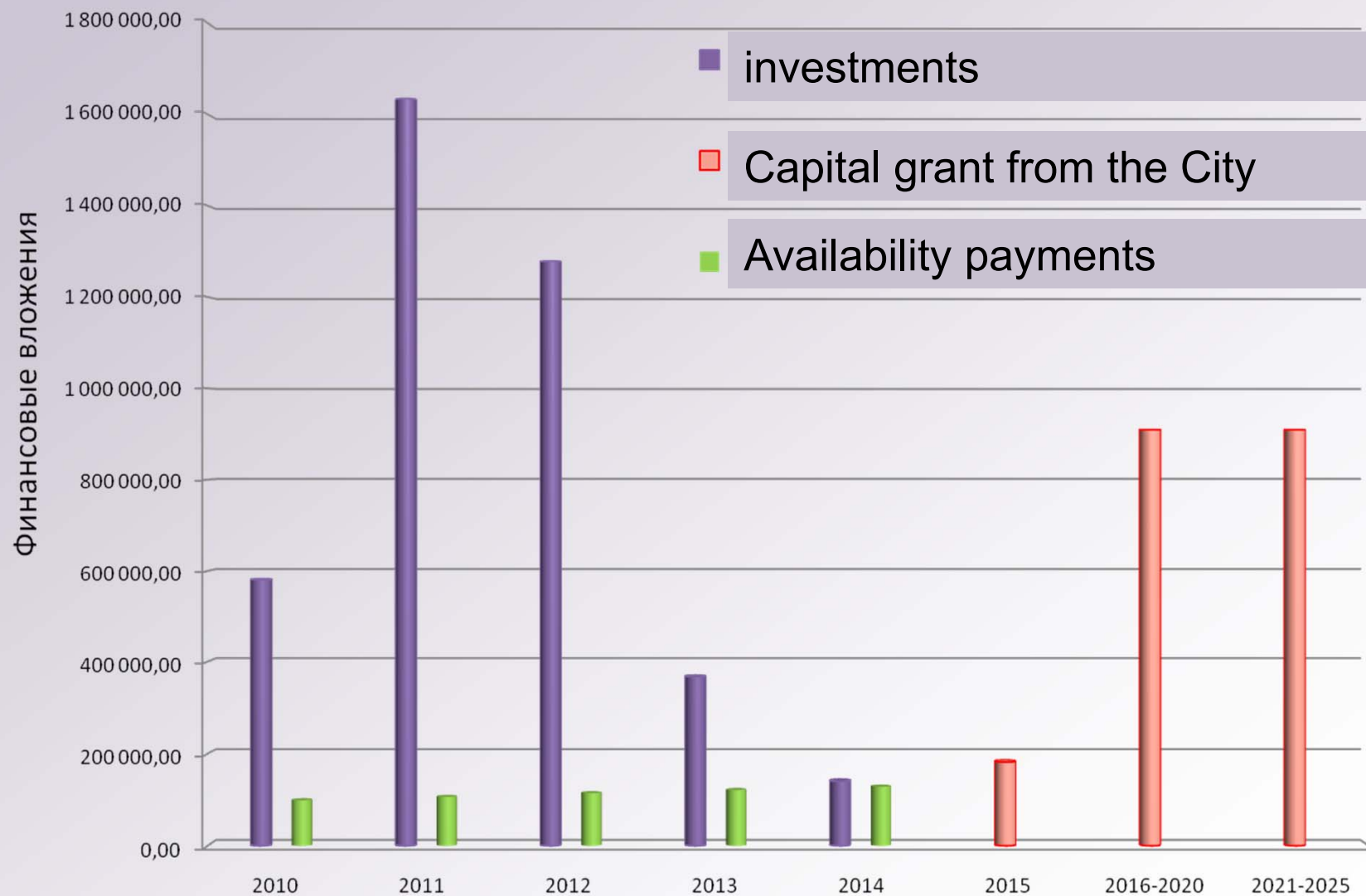


Efficiency indicators

Indicator	Scenario 1	Scenario 2
Net present value, mln RUR	-1065,0	850,6
Profitability index	0,73	1,18
Payback period, years	-	13,2
Internal rate of return	2,5	18,5

Investments distribution, mln RUR





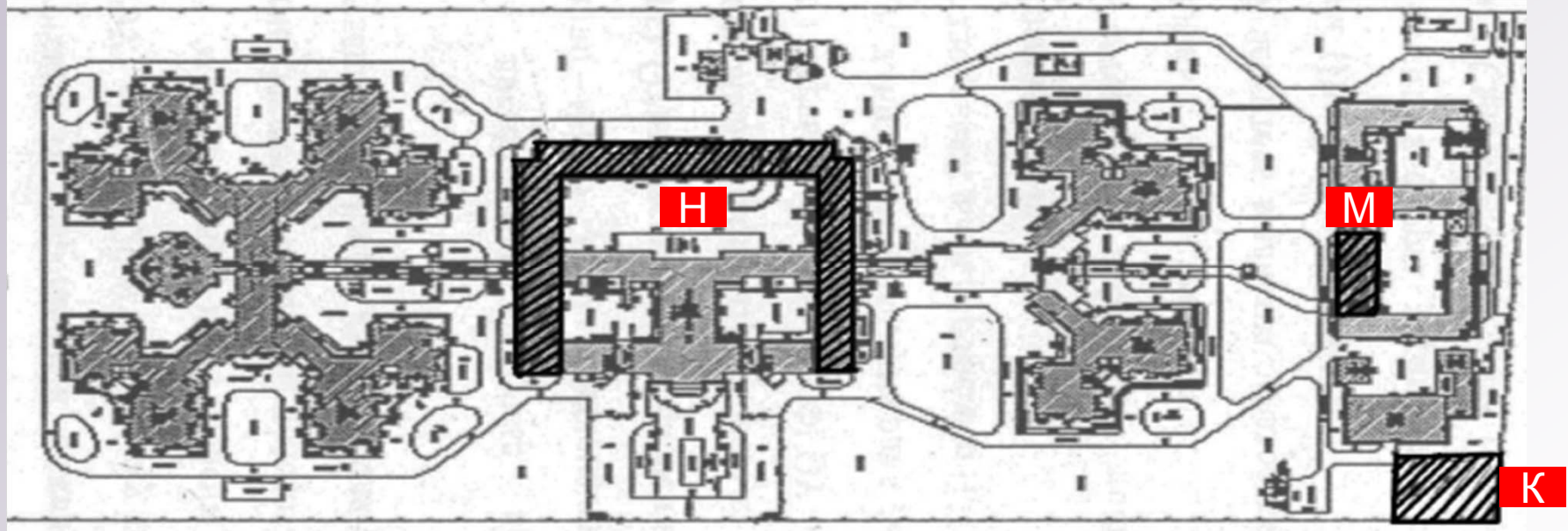
Sources of revenues

	Scenario 1	Scenario 2	Scenario 3
OMS (treatment)	88%	83,1%	82,4%
Paid services, DMS (treatment)	8,7%	7,7%	6,8%
High-tech services (budget)	2%	3%	4,3%
Concomitant injuries (budget, OMS)	-	5%	4,4%
Rehabilitation (OMS)	-	-	0,7%
Paid services, DMS (rehabilitation)	-	-	0,5%
Premises rent	0,4%	0,5%	0,3%
Target financing	0,9%	0,7%	0,6%
Total	100%	100%	100%

Efficiency indicators for investors

Indicator	Excl. risk factors (discount rate)			Incl. risk rate		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1 (1%)	Scenario 2 (3%)	Scenario 3 (3,5%)
Net present value, mln RUR	848,2	1526,2	1162,9	649,5	850,6	452
Profitability index	1,21	1,33	1,24	1,16	1,18	1,09
Payback period in years	14	12,2	11,5	14	13,2	15
Internal revenue rate				16,5%	18,5%	16,5%
Availability payment payback period				-	17 years	17 years

Possibility of construction of new facilities on the territory of the Children's hospital N5



- New construction in K zone, 200 sq.m
- Top-side construction in H zone – 1500 sq m, and in M zone – 200 sq.m
- Construction on adjacent territories, if agreed with the Committee on city property

TIMEPLAN

- By September 2010 the project was supported by the Governor of St. Petersburg, vice-governors, Committee on Healthcare, Committee on Strategic Investments
- November 2010 – Development of the concept of the project by Grant Torrent company
- January 2011 – Evaluation of the Concept by the City commission
- March 2011 – Development of the technical and economic assessment of the project
- May 2011 – Evaluation of the project by the City commission
- September 2011 – Government order on the preparation of tender documentation
- November 2011 - Tender

ДИПЛОМНЫЙ ПРОЕКТ

**Архитектурно-градостроительная концепция детского
многофункционального лечебно-оздоровительного
комплекса**