

W B I D E V E L O P M E N T S T U D I E S

Establishing Private Health Care Facilities in Developing Countries

a guide for medical entrepreneurs

Seung-Hee Nah and Egbe Osifo-Dawodu, MD



The World Bank
Washington, D.C.

Contents

Forewordix
Acknowledgmentsxi
Abbreviations	xiii
Chapter 1: Introduction	1
So You Want to Build a Hospital?	1
Recent Trends in Health Care	3
Overview of Health Care Facilities	6
Chapter 2: Project Concept and Mission Statement	13
The Whats and Whys of Your Project	13
Project Concept	13
Mission Statement	15
Project Management	16
Chapter 3: The Prefeasibility Analysis	19
Better to Stop Now than Fail Later	19
Conducting the Prefeasibility Analysis	20
Key Questions	20
Risk Assessment and Management	25
Chapter 4: The Feasibility Analysis	29
Finding and Clearing a Path to Success	29
Conducting the Feasibility Analysis	30
Nonfinancial Analysis	31
Financial Analysis: No Margin, No Mission	52
Will Your Hospital Be Viable?	65
A Note on the Business Plan	66

Chapter 5: Obtaining Financing	67
Keeping Your Fuel Tank Filled	67
Keys to Success in Obtaining Financing	68
How to Look for Financing	70
Types of Financing	73
Structure of Financing	76
Chapter 6: Marketing Your Facility	83
If You Build It, Make Sure They Come	83
Developing and Refining Your Marketing Strategy	84
Building and Maintaining the Hospital's Reputation	91
Chapter 7: Facility Planning and Design	95
Time to Start Drawings	95
The Facility Design and Planning Team	96
Space and Functional Programming	102
Conceptual (Preliminary) Design	103
Schematic Design	103
Consider Future Expansion	105
Cost Projections	105
Chapter 8: Major Medical Equipment	107
Not Everyone Needs an MRI	107
A Systematic Approach	108
Selection Criteria	108
Procurement	116
Delivery and Installation	120
Training	121
Maintenance and Insurance	122
Chapter 9: Facility Construction	123
As Planned, on Time, and on Budget	123
Planning for Construction	123
Construction Assignment	129
Construction Documentation and Construction Contract	130
Insurance Requirements	132
Time to Break Ground	133
Chapter 10: Facility Opening	135
Preparing for the Big Day	135
Staffing	136
Documentation of Operating Policies and Procedures	137
Building Commissioning	138
Medical Equipment	139
IT System	139
Operating Licenses and Permits	140
Minor Equipment and Supplies	140
Insurance	141

The "Hotel Management"	142
Training and Support System for Troubleshooting	143
Dry Runs	143
Opening Day Preparations	144
Appendix A: Sample Timeline for Building a Health Care Facility.	147
Appendix B: Millennium Development Goals	151
Appendix C: Types of Public-Private Partnerships	153
Appendix D: Health Status Indicators	155
Appendix E: Health Facility and Hospital Development.	157
Appendix F: Evaluating and Selecting Hospital Consultants	163
Appendix G: Typical Provider Payment Mechanisms	169
Appendix H: Different Forms of Business Ownership	171
Appendix I: Sample Project Cost Estimation Summary	175
Appendix J: Summary of Project Costs and Financing Plan for a Greenfield Hospital Project.	177
Appendix K: Sample Format for a Financial Projection Model	179
Appendix L: Sample Outline for a Business Plan	191
Appendix M: Selected Examples of Financing Sources	201
Appendix N: Additional Information on Preferred Shares.	203
Appendix O: Programming Individual Departments or Services.	205
Appendix P: Criteria for Selection of Medical Equipment and Products.	211
Appendix Q: Sample Table for Construction Cost Estimates by Category	215
Appendix R: International Competitive Bidding.	221
Appendix S: Parsons META Hospital and Health Care Construction Pitfalls	223
Appendix T: Sample Job Description for Director of Nursing	225
Appendix U: 10 Rules for Planning a Hospital.	227
Suggested Reading	229