

Incorporation of Private Hospitals

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According to research conducted by the Association of Private Hospitals and Health Institutions, the number of private hospitals in Turkey has been increasing tremendously, reaching approximately 500 in 2010, and more than one-third (1/3) of these hospitals are in Istanbul. The incentives present in this process stand as the major reason for this trend. Negative perceptions and beliefs found among Turkish consumers about the quality of service in public hospitals appear to be another factor prompting consumers to patronize private hospitals.

A **private hospital** is a hospital owned by a for-profit company or a non-profit organization and funded privately through the payment for medical services by the patients themselves, insurers, or foreign embassies. Successive Turkish governments have been implementing policies to facilitate the use of private sector services. Supported by public policies and the increasing demand for private health care services, the number of private hospitals has increased, accounting for 11.2% of in-patient beds in 2009.

Given the importance private hospitals have gained in the last years in Turkey, this article will highlight the legal aspects relevant to the incorporation of private hospitals in accordance with current health legislation. Health services provided by private hospitals in Turkey are mainly regulated by the following laws and regulations:

- Basic Law on Health Services (Law no. 3359) ("**Health Services Law**"), which sets out the main principles regarding the provision of health services;
- Special Hospitals Law (Law no. 2219) ("**Special Hospitals Law**");
- Regulation on Private Hospitals ("**Private Hospitals Regulation**").

General and Specialized Private Hospitals

Private hospitals are classified into two (2) groups, general hospitals and specialized hospitals. Accordingly, general hospitals are required to:

- (i) Have the minimum building, facility, service and personnel standards as envisaged in the Regulation,
- (ii) Have at least one hundred (100) patient beds excluding the intensive care and observation beds,
- (iii) Have permanent specialist doctors for at least four (4) specialist areas,

- (iv) Provide constant and regular outpatient and inpatient examination, diagnosis and treatment services,
- (v) Have the required clinics for the specialist areas in which treatment is provided, emergency room and intensive care units,
- (vi) Have either a radiology, biochemistry or microbiology lab or purchase such lab services, and
- (vii) Operate on a full day basis.

On the other hand, "specialized hospitals" may be incorporated in order to provide services to a specific age or gender group or patients with a specific illness or specific organ or organ group patients, and are required to:

- (i) Have at least two (2) permanent specialist doctors for each specialized field of medicine related to the main activities of the hospital,
- (ii) Have at least one (1) permanent specialist doctor in other specialist areas required by the relevant specialized fields of medicine,
- (iii) Provide constant and regular outpatient and inpatient examination, diagnosis and treatment services,
- (iv) Have the required clinics, units and labs for the specialized fields of medicine in which treatment is provided and emergency room or purchase the lab services required by the specialized fields of medicine,
- (v) Operate on a full day basis, and
- (vi) Have at least ten (10) patient beds.

The incorporation and operation of private hospitals require the obtainment of;

- (i) a Prior Approval Certificate,
- (ii) a Private Hospitals License, and
- (iii) the Activity Permit Certificate from the Ministry of Health.

Staff

For the incorporation of private hospitals, a staff number for the clinician specialists is determined and at the incorporation process, private hospitals should obtain half the determined number of clinician specialists. The remaining part of the staff should be reached in the next two (2) years. If the number of clinician specialists reaches four (4) or less, operation of the hospital will be suspended for two (2) years, and if the lack of staff is not rectified in these two (2) years, the license of the private hospital will be revoked.

Location

Article 8 of the Private Hospitals Regulation indicates that private hospitals should be built;

- (i) in places that are documented by the relevant authority as authorized by the relevant governorship to be free from nuisance and air and water pollution and away from industrial and other buildings that would adversely affect human health, and
- (ii) areas that are documented by the relevant authority as authorized by the relevant governorship or the District Traffic Commission to be suitable with regard to transportation.

Prior Approval

Article 9 states that in order to establish a private hospital, the owner of the hospital should first obtain the prior approval of the Ministry of Health. The application for prior approval should include the following:

- 1) The reports acquired from the relevant authorities evidencing that the conditions specified in Article 8 have been fulfilled.
- 2) In the full architectural project plan showing the hospital layout and which has been prepared and signed by an architect, the architectural projects;
 - a) Of a general plan at a scale of 1/500 or 1/200,
 - b) Of all floor plans at a scale of 1/100 or 1/50,

c) Including the system details at a scale of 1/20 and all sides, with at least two (2) sections provided for the operating room and elevated entrance and with at least three (3) sections provided for hospital projects with a bed capacity of fifty (50) or more and that has a basement and other similar points.

3) The documents certified by the relevant municipality evidencing that the hospital architectural project is consistent with the applicable area and zoning legislation.

Upon satisfaction of the Ministry of Health with the application, a Prior Approval Certificate shall be issued within thirty (30) days of the receipt of the application by the Ministry of Health, provided that the application is complete.

Furthermore, Article 10 also explicitly states that private hospitals may be established in buildings the prior approval for which has been obtained from the Ministry of Health; which have been constructed in accordance with the relevant construction and planning laws and regulations; and which possess a building usage permit.

Managing Director

A private hospital should be managed by a managing director and an assistant managing director, both of whom should have already been doctors for a minimum of five (5) years; agreements between them and the private hospital are to be presented to the Chamber of Medical Doctors.

The managing director of the hospital has to manage and handle all administrative, medical, technical and executive work of the hospital. Conditions mentioned in the Private Hospitals Regulation are the following: A managing director:

- Has to be citizen of the Republic of Turkey,
- Has to have been a doctor for a minimum of five (5) years,
- May not have committed an infamous crime and should not have been discharged with ignominy from the position of managing director.

Conclusion

In Turkey, the government always monitors private hospitals with respect to the quality of services and prices within the framework of contracts. But still it is believed that there are fundamental questions about quality, price and outcomes in private hospitals.

Despite these problems with private health care services, the demand for private health care services is expected to increase, especially after the Social Security and General Health Insurance Law.

This article has portrayed briefly the legal framework for the incorporation of private hospitals. The classification as a specialized or general hospital affects the legal requirements, but all private hospitals have to meet the same requirements with relation to prior approval from the government and the managing director.

To receive the Prior Approval Certificate, architectural plans must be submitted, as well as documents evi-

dencing that the architectural plans meet the zoning requirements in place for the location. Certain standards also have to be met with regard to the staffing; private hospitals must have half their required staff at the time of incorporation and are not permitted to have their number of clinician specialists fall below four (4). The location must be appropriate both with regard to transportation as well as factors that could affect human health.

In an era where private hospitals are booming, especially in Turkey, these regulations will contribute to establish a solid corporate framework and appropriate surveillance of health care activities conducted by private parties.