

Interview: Cevat Sengül - General Secretary, Association of Private Hospitals and Health Institutions (OHSAD) - Turkey



11.05.2015

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The secretary general of the association representing Turkish private hospitals discusses the private sector's role in the Turkish healthcare system, as a subset of hospitals with a particularly high standards and robust medical infrastructure.

Could you please begin by explaining the role of OHSAD plays in the Turkish medical community?

OHSAD plays an important role in the communication between our member hospitals and government institutions such as the Ministry of Health and our social security institution, SGK. Our members are private hospitals for the most part, along with a few private non-hospital private medical institutions. The minister of health, Dr. Mehmet Müezzinoğlu, who is an owner of a small hospital which is member of OHSAD too. Since we represent every private hospital in the country, the government is able to meet with us on their behalf and avoid having direct contact with individual hospitals on a regular basis; in all, we meet with the Ministry of Health at least twenty times per year.

At present, there are two key subjects that we cover during these meetings, the first being the SGK price list. Social security pricing is very important for our members, because 70 percent of patients in private hospitals are referred from the public system and are covered by social security. The

other issue is standardization and stability in Turkish healthcare regulations and operating procedures, of which there are very little; as the government works to change regulations, OHSAD plays an important role in helping to determine the course of regulatory development, and as a counterbalance to rapid change so as to provide a degree of stability and coherence to regulatory policy.

Following the success of the Healthcare Transformation Program over the last decade, what would you identify as the biggest strengths of the current medical system?

Today, the private hospital numbers and standards are very strong, much stronger than they were ten years ago. Before the healthcare revolution began, there were very few private hospitals, less than 300, and those were small with only 50 beds on average with relatively weak care standards. Now there are almost no small hospitals, with most having at least 100 hospital beds, and we now have more than 600 private hospitals across the country. The quality of these institutions has improved so much that Turkey now has more JCI (Joint Commission International) accredited hospitals than any country in the world, except the United States. This distinction is very important for medical tourism, because patients strongly prefer to be treated at facilities with a JCI accreditation, as it guarantees quality and safety to a high degree. There are currently 41 accredited hospitals in Turkey at present.

Why is Turkey an ideal destination for medical tourism, given you proximity to developed healthcare systems in Europe?

Please consider Turkey's position on the world map; we are at a crossroads between Europe to the west and Central Asia to the east, with Russia and Eastern Europe to the north and the Middle East to the south. We are also close neighbors with Syria and Iraq, as well as Libya to a lesser extent, whose healthcare systems have collapsed to different extents in recent years from war and political unrest. Our primary target market is the Middle East and the broader Muslim world, as Turkey is a particularly attractive destination for Muslim patients who are more comfortable visiting another Muslim country for medical treatment.

We also target areas of Europe, most notably the UK and the Netherlands where the local medical systems can be quite slow for certain types of treatments, as well as Germany where three million ethnic Turkish people live today. The Balkan countries, such as Serbia, Croatia, Bosnia, Kosovo and Romania, are also a significant source of business.

How significant is medical tourism as a revenue source for OHSAD members in general?

Last year, medical tourism accounted for about 15 percent of revenue for Acibadem group hospitals. For the average OHSAD member, that proportion is roughly ten percent. In total, this business is worth USD one billion in revenue for the private hospital sector, out of USD ten billion in total.

What is the role private hospitals currently play in the Turkish healthcare system?

Since 2008 the Ministry of Health has blocked the open of any new private hospitals, due to the boom in construction from 2003 to 2008 that saw the number of private hospitals in growing very rapidly. This construction ban has caused hospital groups to reinvest in their existing facilities instead of further capacity, drastically improving the quality of our medical infrastructure and equipment to the point that many of our facilities meet the most stringent international standards such as JCI.

Our role in the system currently is as providers of sophisticated medical services and complex medical procedures that require robust medical infrastructure and high quality standards. As such, while only 18.9 percent of Turkish hospital beds and 23.8 percent of specialist physicians are in private institutions, we have 38.3 percent of the ICU beds and perform 53 percent of class A1 surgeries, the most complex category of procedures including organ transplants, and sophisticated surgeries for complex cases of cancer. Private hospitals also perform a disproportionately large percentage of class A2 and B surgeries, at 36 and 27 percent, but only perform 15 percent of class E procedures, which are very minor surgeries. At the same time, we have seen the proportion of the social security budget fall from 31 percent in 2009 to 23 percent in 2013.

For the future, we will continue to carry this burden, while the public system will hopefully be reformed and restructured to manage normal healthcare issues more efficiently. One of the big changes on the public side will be the construction of several 'hospital cities' in major population centers in Turkey, which will be the biggest medical facilities in the country when finished.

Do the Ministry of Health and the SGK share this vision?

The government understands that the private sector is better suited to perform complex medical procedures, and so will continue to rely on our hospitals as they are at the moment. In general, the private sector works very smoothly with the public sector, and they are woven together into the Turkish healthcare system.

Also, both the public and government appreciate a relatively low healthcare budget, and private hospitals have proven to be more efficient in many regards than public facilities. However, price

increases are inevitable at this point, and must be made within the next year, due to inflation driving increases in the price of imports and rising operational costs.

To wrap up, what do you see as the biggest potential sources of growth for OHSAD members in the coming years?

Given the restriction on the construction of new private hospitals, existing private facilities will absorb any increases in demand. Thus, the majority of growth we expect to see will come from increases in capacity utilization and rising prices. We expect that by 2020, the sectors revenue will double to USD 20 billion, and that the participation of medical tourism will reach 25 percent, and bring USD 5 billion per year to Turkey.

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