

Part F: Feasibility Planning & Costing Guidelines

1 Introduction

The International Health Facility Guidelines (iHFG) have a number of fundamental objectives which are set out in Part A as follows:

- Establish the minimum acceptable standards for Health Facility Design and Construction.
- Maintain public confidence in the standard of Health Care Facilities.
- Determine the basis for the approval and licensing of hospitals.
- Provide general guidance to designers seeking information on the special needs of typical Health Facilities.
- Promote the design of Health Facilities with due regard for safety, privacy and dignity of patients, staff and visitors.
- Eliminate design features that result in unacceptable practices; and
- Eliminate duplication and confusion between various standards and guidelines.

These objectives promote and enable safe, reliable and appropriate healthcare through Private or Public facilities. However, the realization and long-term operation of healthcare facilities will require additional considerations from the earliest stages of planning to completion and operation.

2 Background

In recent years it has become increasingly obvious that some healthcare projects are not properly considered in terms of feasibility and there is inadequate provision for correct costing or funding. Some proponents appear to treat healthcare as a real-estate investment business rather than a critical, viable and sustainable service-oriented business.

Some projects are submitted to the health authorities for approval and licensing but are not necessarily built. The viability of some projects is not properly or realistically assessed at the start, resulting in un-realized or failed projects. Furthermore, the health authorities may have certain policies which govern the location of specialized, expensive and rare health services. Planners need to be aware of such policy directions and take them into account early in the planning process. Some may reason that private healthcare facilities, as businesses, should be allowed to fail; that the health authorities should not be concerned with the viability of private businesses.

Furthermore, others reason that public healthcare facilities are not subject to the profitability concerns of private healthcare and therefore, the health authorities should not be concerned with their feasibility. However, there is strong evidence that the consideration of the sustainability of business both for the private and public sector is in the best public interest.

Applications for public and private healthcare facilities which ultimately prove un-affordable and are not realised:

- waste money, time, and energy
- use the resources of health regulators and licensing agencies
- give a false impression of the up-coming future supply in healthcare
- affect the health authority's capacity planning due to unreliable supply estimates
- discourage other proponents to enter the market
- create a negative outlook for the healthcare business within financial sectors
- make the funding of new facilities harder
- distort the land-allocation decision-making for healthcare purposes.

In the case of facilities which are built but are found to be not sustainable as a viable business:

- the dependence of the patients and clinicians on the service facility cannot be maintained
- the quality and safety of operation is reduced to meet costs

- staff numbers and skills tend to be reduced to a minimum at a risk to the patients
- consultants and contractors are not paid, or payments are delayed
- services which were indicated in the licensing application are not delivered
- healthcare becomes increasingly un-affordable and inequitable.

In the case of specialized and regional health services:

- some low volume but high complexity services can only be provided safely from a few pre-approved central locations with adequate concentration of expertise, clinical skills and support facilities.
- most high volume, low complexity services can be distributed between central and remote areas subject to the provision of the necessary facilities and staff.

3 Purpose of Part F

The purpose of Part F of these Guidelines is to overcome the above issues as far as possible. Part F covers various subjects under Feasibility Planning and Costing. It is a framework for the healthcare industry to consider in relation to licensing and provides a methodology to be followed for license applications lodged with the relevant health authorities.

Specialists and those experienced in feasibility planning and costing can use their own methodology as long as they can demonstrate all the relevant issues as stated in this part are addressed and the deliverables are supplied. Alternatively, Part F provides a simplified methodology with supporting templates which may be used.

The deliverables of Part F are components of health facility licensing applications and are identified in Steps 1, 2 & 3 of the approval process outlined in Part A of these Guidelines.

4 The Structure of Part F – Feasibility Planning and Costing Guidelines

Part F covers the process of Feasibility Planning and Costing under the following structure:

- Executive Summary
- Strategic Context
- Investment Objectives
- Needs Analysis (Demand, Supply, Gap)
- Competitive Landscape
- Proposed Services and Facilities
- Options Generation and Evaluation
- Project Costing (Capital and Recurrent)
- Risk Analysis
- Financial Appraisal
- Options Selection
- Funding Strategy
- Procurement Strategy
- Timeframe and Staging
- Feasibility Self-check
- Deliverables.

5 Disclaimer

Disclaimer: The authors of these guidelines take no responsibility for the viability of commercial success of businesses relying on these guidelines. Owners/ operators and investors in the