ECONOMIC ISSUES IN RETROSPECT AND PROSPECT

II

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PART I.

CHAP 2.

THE CONTRIBUTION OF THE PRIVATE HEALTH SECTOR IN TURKISH ECONOMY: A REVIEW FROM 2002-2017

Ali Gökhan GÖLÇEK[*]

Introduction

Being healthy is extremely important for human nature. Throughout history one of the basic phenomena that mankind need is being able to live without suffering, without sickness. Although the concept of health has been defined many times, there is still not fully convincing and inclusive definition. Being healthy of persons is directly related to the development and progress of countries. As known, healthy generations have the possibility of holding the dynamics in the hands of the country and moving them forward.

Becoming the health sector, put itself on the market mechanism among the capitalism wheels, it isn't based on time immemorial. After the Industrial Revolution, it was understood that human health is very valuable to capitalism and in this direction, governments have built policies. As known, health has been transformed into a sector with developing new teachings and left invisible hand. However, since it was understood that the health service could not be fully included in the private goods status, it was publicly offered as semi-public goods and services. Profit-giving services are mostly left in the private sector, and protective and basic health services are given for the protection of the public.

As known, the worldwide topic is a health spending to increase. While spending increases both in public and private sectors, in terms of revenues, the situation is underperformed of expected value. However, many legal and regulatory reforms in our health sector has improved the interest of the public; the private sector has also been able to attack at the point of service encounter. Apart from reforms and legal arrangements, it has been argued that the state has presented in the education and health issues which are in the status of semi-public goods and services, under favor of tax concessions and subsidies, there is a leap in the sectors in question.

The private community, which has risen in the health sector, has not only used the privileges it has, but also started to show a tendency to subcontract. This tendency, which has begun to

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be seen in the private health sector, has begun to pose a problem not only in the presentation of health services but also inequality of income and justice.

In this study, the contribution of the health sector on economy between 2000-2017, has been examined and explained with tables and graphs for both private and public sector. This study focuses on the economic privileges of the private health sector and its contribution on economy.

Right to Health and Health Transformation

In Turkish law, the right to health was not found a place at the constitutional level, until the 1961 Constitution. Article 49 of the 1961 Constitution stipulates that "The *State* shall be *obliged to.... ensure that everyone can live in body and soul health* " and that there should be a positive obligation to the state in the right to health.

In the 1982 Constitution, as in the Universal Declaration of Human Rights, the " *right to life* " concept was regulated. Accordingly, Article 17 of the Constitution states: " *Everyone has the right to life and the right to protect and improve his/her corporeal and spiritual existence. The corporeal integrity of the individual shall not be violated except under medical necessity and in cases prescribed by law; and shall not be subjected to scientific or medical experiments without his/her consent. No one shall be subjected to torture or mal-treatment; no one shall be subjected to penalties or treatment incompatible with human dignity".* With the said substance, the rights to live of all citizens under protection, the state security within positive obligation.

However, it has also been regulated in the Constitution, especially about health issues. At this point, Article 56 of the Constitution *contains the heading "Health Services and Protection of the Environment" and "Everyone has the right to live in a healthy and balanced environment. It is the duty of the State and citizens to improve the natural environment, to protect the environmental health and to prevent environmental pollution. The State shall regulate central planning and functioning of the health services to ensure that everyone leads a healthy life physically and mentally, and provide cooperation by saving and increasing productivity in human and material resources. The State shall fulfill this task by utilizing and supervising the health and social assistance institutions, in both the public and private sectors. In order to establish widespread health services, general health insurance may be introduced by law.* " The article not only mentioned about life but also about right to a healthy life. Because the state will maintain its own permanence by offering health services that show semi-public property properties to its citizens. From a constitutional perspective, it appears that economic and social rights are at the core of the right to benefit from health services.

Health services, which constitute one of the basic elements of the idea of creating a healthy society, which is an indispensable rule for sustainable development and human capital, is extremely important for the current state of the economy. As it is known, health services are spreading intense external benefits as a sign of semi-public property.

However, it is a reflection of the social state view that the health services considered as basic services should be seen as full public goods and only offered by the state. But the rising population, the developing technology, the increase in demand for health services due to the thought of individuals to live well, caused the expenditures made in this area to increase. The fact that this increase has reached a serious level has created a burden on public spending. Along with this situation, it has led to sterility and inefficiency in the mentioned areas. Governments have begun to offer health services in the form of public services with the private sector in order to eliminate these negative situations, to eliminate funding difficulties and to transform health services into quality and productive structure.

The situation has not developed very differently in our country. Prior to 1980, health services were being offered more as a public service, as in many countries. Social Insurance Institution (SII) 's premium incomes, and funds from the transfer of the Treasury and state hospitals, SII hospitals and a few university hospitals were providing health services. Private hospital operations were only available in metropolitan cities such as Istanbul and Ankara and offered limited services. However, there are a firm hand on the pharmaceutical industry, and SII has been drawing attention as the most important actor of this service network (Sönmez, 2009, pp. 32-33).

After 1990, in the framework of the policies proposed by the World Bank and the IMF, known as the Bretton Woods twins, it has drawn attention as a widespread practice, including privatization, commercialization and market inclusion of health services in central countries. (Turancı & Bulut, 2016, p. 41). The contribution of health expenditures on economic growth both in short and long-term is considerably high. In the framework of human capital theory, particularly the presence of healthy workforce affects productivity in directly (Alper & Demiral, 2016, p. 44). In light of this information, the health sector, which is a key component of economic growth and is a policy tool within the endogenous growth model (Karayılmazlar & Göde, 2017, p. 133), as is known, has commodified with the outsourcing process and the influence of neoliberal policies, in other words, it has become bought and sold.

Especially applied in the 1990s to some health policies is desirable nature of the reform, in the context of Turkey. It is possible to summarize the main points of the reforms carried out in the 1990s (Akdağ, 2011, p. 24):

- *The social security institutions (SII, BAĞ-KUR and Retirement Fund) are gathered under the roof of a single institution and the General Health Insurance (GHI) is put into practice,*
- *Providing family physician services as primary care health service,*
- *Saving autonomous structure to hospitals,*
- *Cloak controls in a guise of a healthier and more efficient structure.*

At the material time, despite the fact that important regulations have been made for the health sector, the application area has not been found, that's the reason why not operationalized. Finally,

against to current problems, Turkey has been targeted delivery of health care to everyone on equal terms with the Emergency Action Plan, announced in 2002. Justice and Development Party government launched the project known as the Health Transformation Program in 2003 to implement the vision set out in the Urgent Action Plan (Çavmak & Çavmak, 2017, p.51), and Turkey has revolutionized in the health care system with this program.

The fragmented structure in the health sector, the different service providers and funding sources, the health indicators behind the OECD countries and lack of social safety net constitute the basic justifications for the Health Transformation Program (Yereli, Köktaş & Selçuk, 2014, p. 275). Regulations under the Health Transformation Program are shown in Table 1.

Table 1: Health Regulations in Turkey After the Health Transformation Program.

Year	Reform	Topic
2003	Health Transformation Program	The organization, presentation, and financing of health services
2006	Social Security Institution	SII, BAĞ-KUR and Retirement Fund under one roof (Law No. 5502)
2006	General Health Insurance	Guaranteeing persons with social insurance and general health insurance (Law no. 5510)
2007	Health Practice Manifest	In the framework of the laws 5502 and 5510, GHI which is covered by Social Security Institution and within the scope and the basis and procedures for benefiting from the costs of health services, roads, daily and attendant expenses financed by the institution, and the prices payable for these services.
2011	Family Physician Services	Starting in the pilot area in 2002 and starting Turkey in general in 2011, aimed at the development of family physician services as primary care health service.

Source: Ministry of Health, the Health Transformation Program in Turkey, the 2012 Assessment Report, was compiled by us.

As shown in Table 1, after the publication of the HTP in 2003, the fragmented health system has been institutionally combined under the name of SSI. Insured persons are included under one roof which is also possible with the GHI. The financing phase of this new organization of health services has also been resolved with Health Practice Manifest (HPM). It is also aimed to improve the service delivery with the application of family physician services.

This transformation in the Turkish health system has led the Ministry of Health to become a more regulatory and supervisory structure, which is centralized in the presentation of health services. However, some studies have shown that health reforms have a negative impact, especially in terms of catastrophic health expenditures. Catastrophic health expenditures, for

example, rose from %9.8 in 2003 to %10.3 in 2011 (Selçuk & Köktaş, 2014). On the other hand, with the reform in health sector, the structure of university hospital, which had previously high rates of debt increase and prices, has changed and fiscal and financial structure has become more active with the regulations made (Gülşen & Yıldıran, 2017). In summary, some radical changes have been made with SDP and generally positive results have been obtained.

The health sector is one of the areas where the state intensively intervenes. Political decision-makers play an important role in the rehabilitation of human, financial and other resources through the Ministry of Health and other indirectly related ministries and health organizations. So, it provides a guarantee in terms of responding to the needs of the public and health services undertaken by public actors, ensuring fairness in the financing of health services, reducing inequality in reaching health services and improving all health-related indicators (WHO, 2006, p. 1).

However, in the globalizing world, borders have become increasingly close together, and service offerings become global. The presentation of semi-public goods and services, especially those with a high level of positive externalities such as education and health, has started to be carried out effectively both by the public and private sectors all over the world. In this context, the presentation of health services is done by who carries out and what's being in the scope of, which is important because of the essence of working.

Presentation and Scope of Health Services in Turkey

How can be publicised and financed of health care, depends on where health care is to be found as a type of goods or service. The pricing of health services on the market will lead to the financing of the service by the private sector, while the weight of public service will lead to public financing. In countries where the financing of health services is provided by the state or financed by social insurance, health care is aimed at equal access to important services, but the real situation is different.

The way in which countries offer health services differs according to the dominant mode of governance, but also with the ideology of the power present in the country. The presentation of health services can be classified according to four different views. These include i) private enterprise (the free market), ii) welfare orientation, iii) holistic (inclusivist) services, iv) socialist (central planning) (Sargutan, 2005, p. 427). The introduction of health services as a private enterprise is seen in some developing and underdeveloped countries (as Kazakhstan, the Philippines), especially in the USA. Individuals in these countries are paying the cost of health care and directly benefit from the service. The welfare-oriented presentation, which is the second group classification, is a system which is predominantly functioning in compulsory illness and health insurance which is also seen in our country. In the case of inclusive or holistic service provision, it is compulsory for full-scale health services and safety. The system is seen in

countries like Spain, Denmark, Slovenia. If the delivery of health services is socialist (central planning), then there is the question of nonmarket-totally collective service. Although it is seen in the countries of the former Soviet Union, today there is no country fully implemented.

The provision of health services by the public sector, and the market is shaped more by the structural characteristics of the goods or services. The peculiar characteristic of the health service is that it specifies who should provide the supply of this service and gives a clue as to how the financing will be realized. The reasons why the final product produced by health service providers are not fully defined and therefore differ from other goods and services are listed as follows: i) Although many individuals are sick, they do not want to be treated or not aware of their illness, ii) The urgent need for treatment does not reveal the patient's own choice iii) The patient cannot determine the cost of the treatment, iv) The patient does not know the quality of the treatment he received v) does not have the proper insurance services, vi) Blocking the optimal price of insurance moral hazard inherent in the insurance system vii) provided against infectious diseases the immunity is also beneficial outside the hospital itself viii) the absence of capacity at the competence level x) The patient is rational and does not receive competent health services in line with the ideas of other individuals in the society. This may be due to lack of income, as well as individual preferences and circumstances, such as time myopia and the social environment (Cuyler, 1971, pp. 189-202). Therefore, asymmetric information, which is considered one of the market failures, is a frequently encountered problem in the health sector.

However, the demand for healthcare services shows certain differences in the demand for other goods and services. First of all, health service is a derived demand[1]. Citizens in the health claim demand health service. Secondly, the physician, who is the service provider, has a direct influence on the demand (Orhaner, 2006, p. 6). In other words, the physician acting on behalf of the patient is in both supply and demand determining position. It is considered as a third factor that your demand will change according to the type of financing of the service. Accordingly, the payment of wages by insurance also affects the demand. Another distinguishing feature of the health services claim is that the goods show both investment and consumption properties. (Batırel, 1991, pp. 18-19).

The health sector is one of the fastest growing sectors in our country. Production stage in many public and private organizations and in the funding, process is moving along in the health sector in Turkey. Turkey takes place in the public and private sectors of service providers in the health sector where weight is at the public providers. These are consisting of three groups; Ministry of Health, Social Insurance Institution (SSI) and university hospitals.

Every ministry affiliated to the public sector can make health expenditures and especially institutions such as Ministry of Health, Social Security Institution, University Hospitals, Ministry

1 Derived demand is a consequentialness, which participated in the production of factors of production factors demand labor, capital, and material that is used in the production of land.

of National Education, municipalities are leading the way in making health expenditures. A change in 2016[2] , military hospitals affiliated to the Ministry of National Defense and Gulhane Military Medical Academy (GMMA), which had previously provided health services, were transferred to the Ministry of Health. On the other hand, private hospitals, examination rooms, polyclinics which are structured in the private sector are also actively involved in the presentation of health services.

A skeletal system that sustains the health care institutions of the Ministry of Health in Turkey. The Ministry of Health is authorized and responsible for the health of the country and has been divided into many lower and upper units as a central and provincial organization.

Table 2: Institutions and Organizations in the Health Sector, by Functions, Turkey.

<table>
<tr><td>Policy Formulation</td><td colspan="3">Health Services Presentation</td></tr>
<tr><td rowspan="2">-Grand National Assembly of Turkey
-Ministry of Health
-Constitutional Court
-Higher Education Institution</td><td>Public</td><td>Private</td><td>Non-governmental organizations</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>Administrative Decision Making</td><td rowspan="4">-Ministry of Health
-University Hospitals
-Ministry of Defense*</td><td rowspan="4">-Private Hospitals
-Foundation Hospitals
-Minority Hospitals
-Specialist Practitioner / Experts
-Physicians
-Outpatient Clinics
-Laboratories and Diagnosis Centers
-Pharmacies
-Medical Device and Material Sellers</td><td rowspan="2">-Red Crescent
-Foundations, Associations</td></tr>
<tr><td>-Ministry of Health
-Provincial Health Directorates</td></tr>
<tr><td>Health Services Financing</td><td></td></tr>
<tr><td>-The Ministry of Finance
-Social Security Institution
-Private Insurance Companies
-International Agencies</td><td></td></tr>
</table>

* According to Article 106 of Law No. 6756, "Gulhane Military Medical Academy and Military Hospitals" were transferred to the Ministry of Health.

Source: Turkey Health Report, Hıfzısıhha School Management, 2013.

The Ministry of Health, together with being the only institution providing preventive health services, is the most important institution that performs primary health care services. These services are carried out through health centers and sanitariums, within the scope of the right of health, organized in the 1961 Constitution. The primary tasks of health centers prevent and

2 According to Article 106 of the Law No. 6756 "*Acceptance of some measures to be taken in the context of emergency law and subscription of National Defense University and amendments to certain laws by Decree-Law. "All the rights and obligations of health institutions belonging to Gulhane Military Medical Academy and the medical institutions of the Turkish Armed Forces Rehabilitation and Care Center and military hospitals, dispensary and similar health service units and the General Command of Gendarmerie are all rights and obligations, receivables and debts, contracts and commitments, Together, they will be transferred to the Ministry of Health and the allocated immovables belonging to them will be allocated to the Ministry ".*

treat the spread of infectious diseases, to provide maternal and child health services, to take part in family planning, to provide public health education, to provide patient care and environmental health.

In the context of the Health Transformation Program (HTP), a new practice called family practice has also come into force. Family Practice; from the unborn child to the oldest member of the family, can be defined as the physician of all the members of the family. With HTP, individual preventive health services, outpatient services, and home care services are included in family medicine. In cases exceeding the scope of primary health care services, the family physician directs them to the relevant places by guiding the patient, like a health consultant.

Delivery of health services in Turkey are carried out by a three-digit form. These are primary service providers, secondary service providers, and tertiary service providers. The primary service providers were HTP; health center, official institutional arrangements, maternal-child health and family planning centers, tuberculosis dispensaries and health centers; The HTP has been reorganized to be the three primary institutions that provide primary health care. These were identified as Family Health Center (FHC), Community Health Center (CHC) and 112 Emergency Health Services.

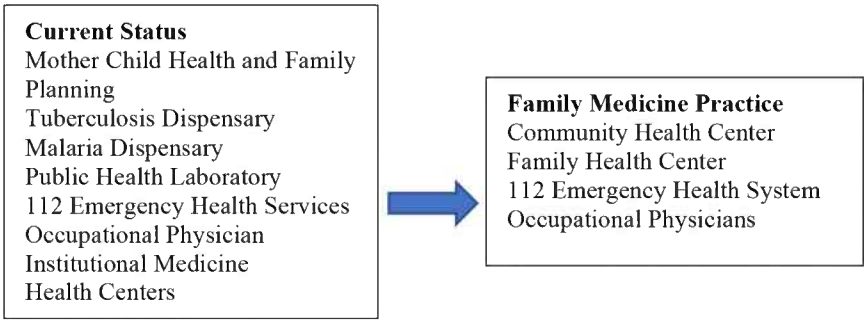


Figure 1: Change in Primary Health Care Providers in Turkey

Source: Primary Health Care Data Guide.

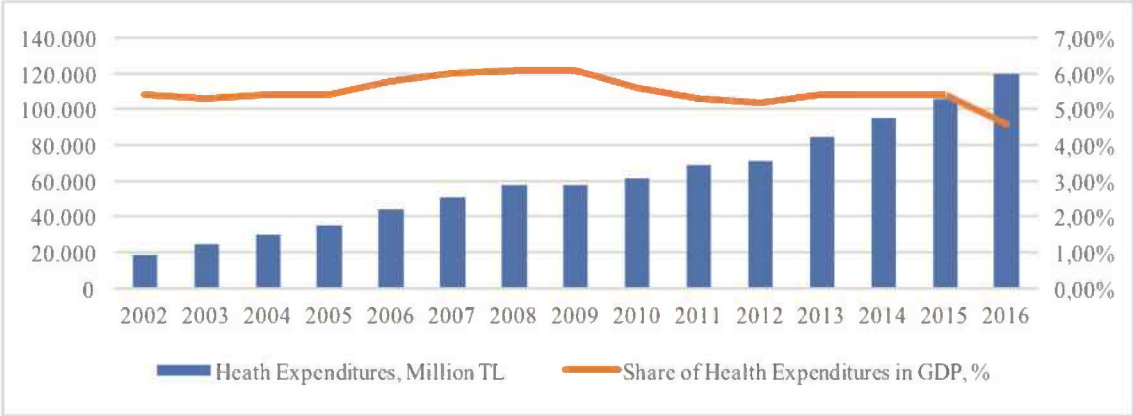
Second-tier service providers; state hospitals that are not training and research hospitals, private branch hospitals, private medical centers and private branch offices. Third level service providers are; training and research hospitals, private branch education and research hospitals and university hospitals.

The share of Dimension of Health Sector and Private Health Sector Interest in Economy

Before the HTP, financing of health care in Turkey was covered by different sectors, central government, local authorities, social security institutions, private social security institutions, such as private insurance companies and direct payments of the company.

While the health expenditures of the public sector in 1999 were 2.91% of GDP, the private sector share was 1.85%; and 4.76% in total. In 2002, the share of health expenditures in GDP increased from 5.3% to 6.0% in 2007, to 5.4% in 2013 and 4.6% in 2016.

Chart 1: Health Expenditures by Years and Share in GDP, 2002-2016

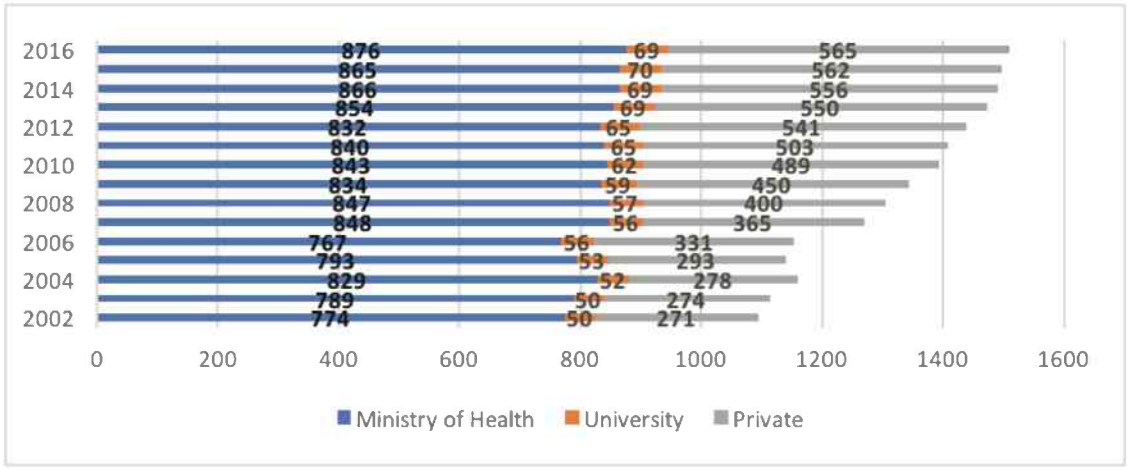


Source: It was created by me using TSI data.

The share of health expenditures within the Gross Domestic Product despite the improvements in health care services in 2002-2016 did not show much change.

During 1980, private health services showed an increase in the incentive policies of the private sector. In this context, the exchange of hospital numbers over the years also provides information about private sector development.

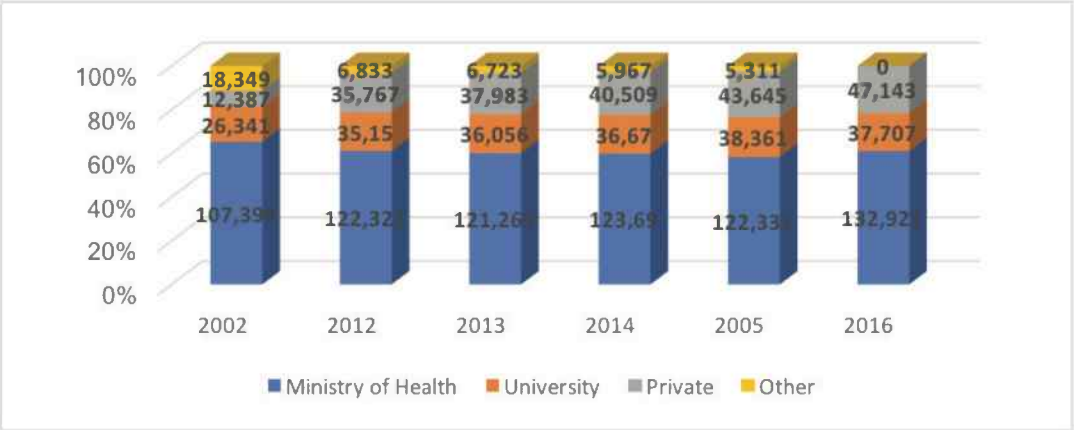
Chart 2: Number of Hospitals by Years, 2002-2016



Source: Health Statistics Yearly, 2016.

As it is seen in Chart 2, while the Ministry of Health hospitals are mainly in the health service provision, the number of private hospitals seems to increase. While the number of hospitals affiliated to the Ministry of Health in 2002 was 774, this figure was 876 with the addition of 102 hospitals in 2016. When we look at the numbers of university hospitals that provide better quality health care in our country, it was 65 in 2012, with an increase of 30% in 2002. Between the years of 2012-2016, not a lot of changes in university hospitals and university hospitals as of 2016. In Turkey, there are 69 units.

Chart 3: Hospital Bed Capacities, 2002-2016.



Source: Health Statistics Yearly, 2016.

When the bed capacity of the Ministry of Health hospitals is examined, the number of beds increased from 107,394 in 2002 to 122,222 in 2012 with the addition of 14,928 new beds. By 2016, the number of these beds has been determined to be 132,921. Nevertheless, there has not been a very significant increase in bed capacities of university hospitals over the years. However, the serious increase in the presence of private hospitals directly affected the bed capacities and the number of private hospital beds, which was determined as 12,387 in 2002, was 47,143 in 2016. In addition, there is not much change in the bed capacities belonging to other hospitals. With the amendment of the law made in 2016, military hospitals are transferred to the Ministry of Health; The number of beds in hospitals affiliated to the Ministry of Health has seen a significant increase compared to the previous year,

With the private sector starting to be involved in the health field; there has been a perception that quality presentation and service, previously attributed to university hospitals, has been reshaped around competition and market conditions, and that it is increasingly in private hospitals. When the number of qualified beds, number of intensive care beds, number of hemodialysis devices and number of medical imaging devices are taken into account, it is seen that the private healthcare sector has passed for a public, about delivery service.

Table 3: Share of Qualified Beds in Total Beds, %.

Years	Ministry of Health	University	Private	Other
2002	6,4	24,6	19,1	11,7
2012	37,1	50,1	81,1	47,7
2013	41,0	54,3	87,8	52,6
2014	45,2	59,1	83,9	55,3
2015	50,8	57,5	89,1	59,7
2016	52,2	61,6	93,7	61,3

Source: Health Statistics Yearly, 2016.

Table 4: Number of Medical Imaging Devices, 2016.

Years	Ministry of Health	University	Private	Other
2002	6,4	24,6	19,1	11,7
2012	37,1	50,1	81,1	47,7
2013	41,0	54,3	87,8	52,6
2014	45,2	59,1	83,9	55,3
2015	50,8	57,5	89,1	59,7
2016	52,2	61,6	93,7	61,3

Source: Health Statistics Yearly, 2016.

Table 5: Distribution of Intensive Care Beds, %.

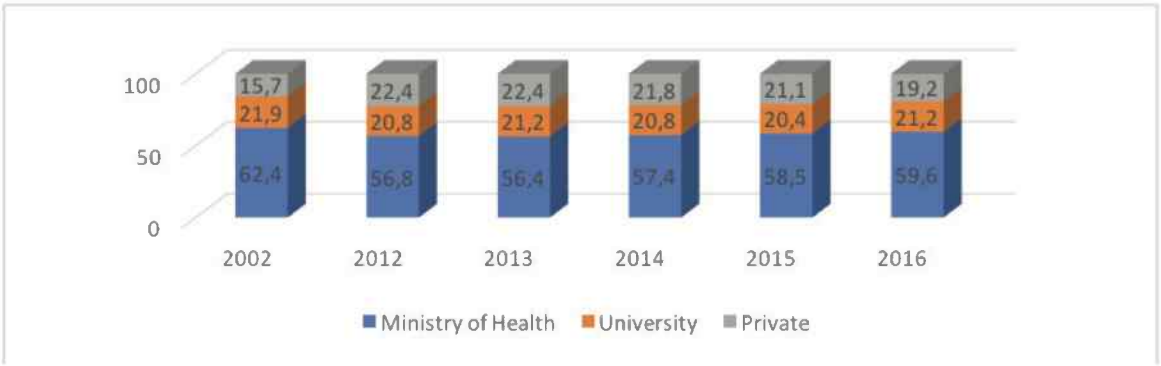
Years	Ministry of Health	University	Private	Other
2002	6,4	24,6	19,1	11,7
2012	37,1	50,1	81,1	47,7
2013	41,0	54,3	87,8	52,6
2014	45,2	59,1	83,9	55,3
2015	50,8	57,5	89,1	59,7
2016	52,2	61,6	93,7	61,3

Source: Health Statistics Yearly, 2016.

The use of more technology by the private sector in the health sector compared to the public has increased productivity and demand for the private health sector has increased, as a natural consequence. However, the fact that prices are left in market conditions means a burden

for patients who are treated in private hospitals. With private hospitals becoming a side of income for physicians, only the number of physicians working in the private sector is only 20% of the total number of physicians.

Chart 4: Distribution of Total Physician Numbers by Sectors, %.



Source: Health Statistics Yearly, 2016.

By contrast with Chart 4, the number of private sector employees in the health sector has increased over the years. Especially the presence of subcontracting companies is suppressing the wages of health workers, and many health workers can find jobs in private companies. As part of globalization and neoliberal transformation, the understanding of the state's downsizing of the economy has unfortunately also manifested itself in the field of health.

During the period of neoliberal health politics (which can be said to cover the post-HTP period), the number of people working in the public sector doubled, the number has increased to 6 times in private sector (Etiler, 2015, p. 5). However, it became possible for subcontracting employees to be included in the public sector (transition) with the legislation made in 2017. The benefit-cost analysis for the healthcare workers who will have the possibility of working more efficiently under job security can be done after the transfer process.

The situation of Private Hospitals over the Social Security Institution

Companies operating in the private health sector are granted both economic and legal privileges. As it is known the state alone cannot make sufficient presentation, and a victim is born in the areas of semi-public goods / services. In order to be able to avoid this, it is necessary to invest in the private sector. However, this situation is largely based on voluntary profit maximization under capitalist conditions.

The economic data related to the private hospitals to be used in this part of the study were formed taking into account the data and statistics of the social security institution. However,

the tax status of private healthcare enterprises and the economic and legal facilities they have will also be discussed in the next part of the study.

As is known, SSI is known as "*black hole*" in public expenditures. Particularly, the loss of damages caused by State Economic Enterprise (SEE)'s is seen as an important factor in taking this analogy. Nevertheless, the Social Security Board is the most important public institution in terms of health expenditure except the Ministry of Health. The Republic of Turkey is a social state of law, healthcare-related expenditures made with government support can be seen as a reflection of some of the social state. In this context, the health expenditures made by SSI are generally grouped under three headings as treatment, medicine, and other cattle. In the light of this data showing the shares of state hospitals, university hospitals and private hospitals, in particular, the shares of private sector SSI are shown in Table 7 as of 2002-2009.

Table 7: SSI's Total Health Expenditures, 2002-2009, Million TL.

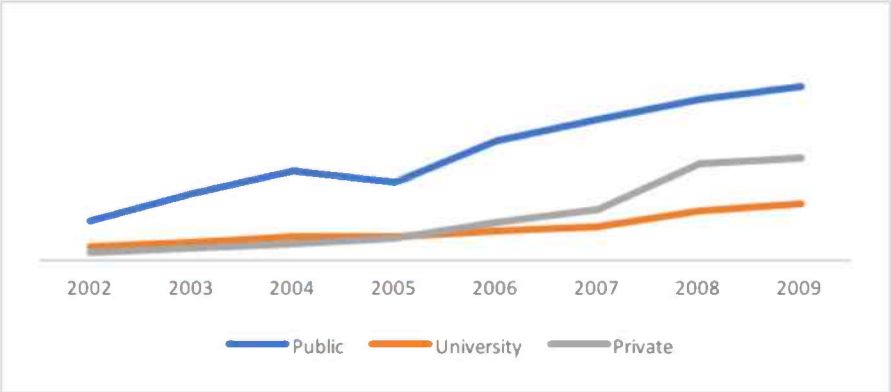
Years	Ministry of Health	University	Private
2002	1.815	620	396
2003	2.998	827	538
2004	4.083	1.079	743
2005	3.521	1.083	1.021
2006	5.442	1.325	1.723
2007	6.399	1.523	2.345
2008	7.325	2.247	4.381
2009	7.875	2.572	4.682

Source: SSI Financial Statistics.

After 2009, separate items were not shown for the sectors, and a different account was started to be arranged. For this reason, it is not possible to determine in what sector the total health expenditures made by SSI after 2009 are presented to the public.

Nevertheless, the private sector, which was particularly "*timid*" compared to the effects of the 2001 crisis, recovered as of 2005 and left university hospitals as the expenditure pen as competence. Another break, as seen in Chart 5, has been seen in 2007-2008, when the 2008 Financial Crisis began. As a result, it is not surprising that there is a recession when it is considered that the borrowing costs of an entirely private sector are increased. It is not wrong to say that in the foresight and estimates, the contribution of SSI to private sector health expenditures will increase over the years. This is because there is a tremendous increase in the number of private hospitals opened as already examined (Chart 2).

Chart 5: Total Health Expenditures Made by the SSI in Terms of Sectors, 2002, 2009.



Finally, it is aimed to see the economic size of the private health sector by examining the number of applications to hospitals and their invoice amounts excluding VAT. In this context, a total of 2,810,098,000 applications were made in 2010-2016, including state hospitals, universities and private patients.

Table 9: Number of Applicants to Health Service Providers

Years	Public Secondary Health Care Services	Public Tertiary Care Services	Private Secondary Health Care Services	University
2010	139.293	44.075	71.470	21.775
2011	156.117	50.142	85.924	25.179
2012	203.135	65.124	87.932	30.592
2013	222.136	73.167	91.386	34.699
2014	242.331	77.548	88.687	38.454
2015	251.887	85.539	90.428	40.589
2016	270.402	96.640	83.995	41.451

Source: It was created by me using SSI Financial and Health Statistics.

When the number of applications is examined, it is seen that state hospitals are demanded intensively. The reason for this is that the service offered is cheaper and the convenience of accessing physicians. However, it is seen that the demand is mostly in secondary health care services. At this point, it is fixed that the private sector has passed the university hospitals and the second largest language in the past has the number of applications. However, when the billing amounts are examined (the accrued figures are shown), it is seen that the private sector health facilities have improved after 2012 and more invoices have been received.

Taxation of Private Health Sector

Private hospitals operate as taxpayers in the context of income as well as corporations' taxpayers. Also, they are VAT taxpayers due to their service performance. Also, they are VAT taxpayers due to their offered services.

According to Article 37 of the Income Tax Law (IT), hospital operation is a commercial activity. Therefore, the profits obtained from this activity are also considered as commercial earnings. However, as it is known, private hospitals established as private companies, ordinary partnerships, and private enterprises, the profits of the partners are subject to income tax; the profit of private hospitals established as economic enterprises belonging to capital companies or associations-foundations is subject to the corporation tax.

According to Article 4 of the Corporate Tax Law, institutions belonging to public administrations and institutions, they are exempt from taxation of hospitals. Likewise, university hospitals are also exempt from corporate tax. However, the profits earned in hospitals belonging to the public benefit associations are subject to the corporation tax.

On the other hand, Article 17/2 of the Value Added Tax Law;

"General and annexed budget apartments, special provincial administrations, municipalities, peasants, associations formed by them, universities, revolving funds, public institutions and institutions established by law, professional institutions in the nature of public institutions, political parties and trade unions, retired lawyers and charities, beneficial associations for public interest, cooperatives for agricultural purposes and subsidiary foundations that are granted tax exemption by the Council of Ministers operate hospitals, be exempt from granted tax."

However, VAT responsibility continues for the delivery and services of the hospitals other than those listed above. However, the VAT rate for health services is regulated according to certain conditions. If all of the conditions are met, an 8% VAT rate will apply. According to the special notice B.07.0.GEL.0.54 / 5428-1880 dated 05/01/2005,*" Natural or legal person entity that is authorized by the relevant Ministries or laws, which is human and animal health care, diagnosis, treatment and rehabilitation services (including animal breeding services), ambulance services " VAT rate was determined as 8%.*

- If the service being made is subject to permission,
- If the permit is based on ministries or laws,
- The service provider must have this
- The service should be from preventive medicine, diagnosis, treatment, rehabilitation and ambulance services. In the case of the rental of ambulances, VAT is determined as 18%.

Another issue that is seen in private hospitals, in terms of taxation occurs in the remuneration of physicians working in private hospitals. Because private hospitals pay to doctors can be made in two ways. These are wage and self-employment payments. In this context, according to ITL Article 61, "*wages which are provided by means of money and remunerations given to employees who are subject to the employer and to a certain workplace and which can be represented by money*" are defined as wages. On the other hand, ITL Article 65 self-employment earnings are as follows "*to carry out on their own behalf and account under personal responsibility the work which is not subject to business and which is not based on professional knowledge or expertise*'.' However, according to ITL 65/3, The generated profits arising on the basis of professional services carried out by collective, limited partnership and ordinary partnership are also regulated as self-employment income.

In the light of this information, if doctors work in hospitals at a fee, some conditions need to be met. For example, between hospital and doctor; doctor room or partition to be allocated, the doctor is unable to accept patients without approval on its behalf, cannot run unauthorized another institution, provisions such as paid according to hours worked in the service fee that includes is required of the contract. These contracts must be recorded by the hospital administration to the MEDULA system, and the work permit for the physician to be employed must have been issued. After all this, two types of financial liability arise at the hospital. These are IT withholding and SSI employer's premium.

On the other hand, can not pay the fee for, only a physician who is called to the hospital in certain operations and no contract of service. This is because the physician will need to issue a receipt directly to the patient for the service he / she has done. The hospital costs will be billed to the patient by the hospital. In such a case, the physician will arrange the receipt, and the hospital will pay the amount of VAT after the stoppage. Then the physician will be able to deduct IT withholding by filing a tax return at the end of the temporary tax periods and at the end of the year.

Another situation seen in private hospitals is that physicians should provide service to the hospital by establishing a limited liability company. In this case, the company in which the physician is a partnership contract with the hospital and allocates the doctorate service to be provided from his / her partner or employees, that is, the workforce to the hospital for a certain amount of money. In such a case, the company will deduct the VAT inclusive of the VAT from the hospital every month for the duration of the contract and collect the fee. The Company also distributes these shares to its shareholders as its profit share.

Table 9: Incentives Provided to the Health Sector

Supporting Elements Provided to Health Sector in Incentive Applications								
Supporting Features			Territorial		Large-Scale		Strategic	General
			IV	V	IV	V	all	all
VAT Exemption			Available	Available	Available	Available	Available	Available
Customs Tax Exemption			Available	Available	Available	Available	Available	Available
Tax Discounting (%)	Investment Contribution Rate (%)	Out of OSB	70-30	80-40	70-40	80-50	90-50	-
		In the OSB	80-40	90-50	80-50	90-60	90-50	-
Insurance Primer Employee Relief Support		Out of OSB	6 years	7 years	6 years	7 years	7 years	-
		OSB internals	7 years	10 years	7 years	10 years	10 years	-
Investment Place Bullion			Available	Available	Available	Available	Available	-
Interest Support		TL Credit	4 points	5 points	Off	Off	5 points	-
		Currency / Forex Indexed Loan	1 point	2 points	Off	Off	2 points	-

Source: Private Health Centers Investment Process.

It is known that in the case of establishing private hospitals, some support is provided by the government in the framework of incentive implementation. For example, the government provides facilities for companies in a variety of subjects and areas such as customs tax exemption, tax reduction, insurance premium support, interest support for investments and investment site provision.

Appreciation Analysis and Conclusion

Health spending is rapidly increasing in the world and our country. After 1980, the function of the social welfare state was restricted with neoliberalism spreading to the world as the dominant view. Many countries have had to accept this teaching with the imposition of international institutions such as the World Bank and the IMF. As a natural consequence of this, the social spending of the countries has been reduced. As the conclusion of the Classical Economics Theory, with the validity of the notion of "night watchman state" in the public, national security and diplomacy, education and health services now reflect the paternalistic direction of the state which has seen trying to keep the social state conception alive. As neoliberal doctrine is built on inequality and competition, the reduction of social spending is extremely vital in the direction of this doctrine. The state, which is constrained and forced to shrink, increasing

demands for health and education services are on the way to regulating from the beginning, in the name of reforms.

The social burden on the back of the Ministry of Health have been loaded into SSI, and this burden has been reflected the individuals through legal regulations with Health Transformation Program (HTP) implemented in the health field in 2003. In addition to the negative consequences of HTP, some improvements have also been observed. Turkey has close to average in OECD countries; infant mortality rates have decreased, lifetimes have been extended. It is also aimed that social security institutions are gathered under one roof and services are presented in line with equitable principles. However, in order to reduce the increase in demand for health services, such factors as contribution rates have been introduced. In addition to the increase in demand for health services, out-of-pocket payments made by households have also increased in order to benefit from this service. In the coming years; it will not be too surprising that the reduction of the role of the state in health expenditures with the increase of various applications such as participation fee, supplementary fee, a difference of faculty member, complementary health insurance.

As a result, it is possible for the private sector to be able to operate in the field of health, under conditions where profitability in market conditions is low, and the risk ratio is low. In this framework, it has been tried to show how the private sector has a large share in the health sector over the years. At the same time, taxes and obligations have also been discussed in the study, the fact that private hospitals are a firm.

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