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The Turkish government has just backed down from an attempt to make Turkish private providers either dedicate entire hospitals to fulfilling government contracts, or to functioning entirely in the private sector.

Acibadem, the largest hospital group, says the government action had led to it reducing its contract work from 12% of sales to zero.

PÄ±nar Lembed, Director of Investor Relations and Corporate Finance, said that Acibadem would probably now build it up to around 10% again: “Thankfully, the government has recognised that the world is not either black or white, but that there can be shades of grey.”

However, the government has not withdrawn a stricter price tariff, which many private operators claimed was too low.

Acibadem, where Abraaj Capital took a 46% stake in August 2007, is in the process of more than doubling its hospital chain from 6 to 14, through an ambitious construction programme, which will leave it with nearly 1,400 beds.

Lembed says the company is considering expanding internationally: “We are looking at Eastern Europe, the Middle East and South East Asia.”

She says the Turkish private sector is divided into two groups: Group A hospitals cater almost exclusively for individuals who have gone completely private –essentially the 1.5% of the population with healthcare insurance, plus cash payers. Group B hospitals cater for the much larger middle class, who use public insurance to partly pay for the service, and then pay an extra 30% on top for private care.

She says that, as a group A hospital chain, Acibadem, which is affiliated with Harvard, competes with the Foundation Hospital, which is affiliated to John Hopkins, and with the VKF American Hospital.

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