International Experiences in Hospital Reform

Dr. Madeleine de Rosas Valera
WPRO

Outline

• Why Reform Public Hospitals

• What Countries have Done: Experiences in Global Hospital Sector Reform

• What China can Do? Steps to Sustainable Hospital Reform
Effective Hospital Reform is aligned with Health System Reform

<table>
<thead>
<tr>
<th>Country</th>
<th>National Health Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>Health is a Right of All and Duty of the State; Universal Access</td>
</tr>
<tr>
<td>Germany</td>
<td>Social Solidarity, Access, Shared Risk</td>
</tr>
<tr>
<td>Malaysia</td>
<td>A Nation Working Together for Better Health</td>
</tr>
<tr>
<td>Philippines</td>
<td>Equity, Better Health Outcomes, Responsiveness</td>
</tr>
</tbody>
</table>

The Need for Public Hospital Reform

- Changing demographics
- Increase cost-efficiency
- New technology
- Modern knowledge management
- Improved incentives for hospital staff and patient satisfaction
- Universal, equitable access to health care
**Changes in Disease Mix**

![Disease mix shifts as countries develop from acute to chronic diseases](chart)

**Changes in Hospitals**

**Public Hospital Problems**

- Long Waiting Time & Unnecessary Suffering of the Patients
- Poor response to user expectations
- Underfunding of Health Sector
  - Rising financial deficits
  - Increased co-payments
  - External financial crisis

Source: WHO, 2001 Reports
Public Hospital Problems

- Inappropriate Hospital Design: politically motivated Site & Size
- Absence of long-term hospital financing plan
- Poor Hospital Management & Chronic Underfunding
  - Limited planning capacity
  - Lack of flexibility
  - Outdated view on hospital system, isolated “island” view
  - No involvement of stakeholders in hospital planning
- Allocative Inefficiency
- Technical inefficiency
- Staff migration
- Lack of incentives for good performance

What Countries have Done: Strategies of Public Hospital Reform

1. Sensitivity to Community Health Needs
2. Governance: Management Flexibility & Comprehensive Planning
3. Hospital Workforce
4. Hospital Financing
5. Quality Assurance & Patient Safety
6. Information Management & E health

1. Matching Hospital Services to Community Needs: Hospital Performance & External Influences

2. Hospital Governance: Different Definitions, Common Goal

- Public
  - Privatization
  - Corporatization
  - Commercialization
- Private
  - Public investments
- Public Private Partnerships
  - Contracting
  - Private Finance Initiative (PFI)
  - Collaboration

Hospital Autonomy

- Autonomy is the right to make decisions over various aspects of hospital operation, including inputs, outputs, and process (adopted from Preker, 2002)
- But…
  - It is not equal to privatization
  - Not an end goal
  - No absolute state of autonomy because of government health policies and regulation
- Best model: partially self-governing, self-directing and self-financing (Hildebrand and Newbrander, 1993)

Regulation & Autonomy

- Regulation requires autonomy and autonomy requires regulation
- The main emphasis of governments in many European countries has been on making hospitals autonomous (or even corporatized);
- But, the road to autonomization varies widely.
  - Busse, Reinhard, Hospital Autonomy and Regulation in Europe. European Observatory on HealthCare Systems. 2002
Public Private Partnership Method:  
**Contracting**

- Contracting is a purchasing mechanism used to acquire:
  - from a specific **provider**
  - a specified **service**
  - for an explicit **quantity**
  - of a known **quality**
  - at an agreed-on **price**
  - for a given period of **time**

- In contrast to a one-off exchange, the term contracting implies an on-going relationship, supported by a contractual agreement.  
  Preker and Harding, 2003

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3. **Hospital Workforce**

- Geographic disparity
- Migration
- Doctors Salaries & Fees, Work Hours & Overtime
- Specialized vs Family Physician to promote Gatekeeping
- Continuing Education: new skills & attitudes needed
  - Telehealth & Health Informatics
  - New Medical Technology
  - Quality Assurance & Evidence-based Medicine
  - Attitude to Patient Safety & Errors
4. Financing in Hospitals

- Fee for Service
- Negotiated Flat Rate for Benefit Packages
- Cost Sharing Fees for Essential Fee & Cost Recovery Fees for Additional Services
- DRG (Diagnosis Related Group) Capitation
- Blocked Grants
- Partial Income Retention
- Pay Performance Incentives
- Public Private Mix
- Combination of schemes

Health Technology Assessment

- Structured analysis of a health technology
  - Drugs
  - Devices
  - Medical and surgical procedures
  - Organizational and support systems
- Assessment of
  - Safety
  - Efficacy (benefits)
  - Costs and cost-effectiveness
  - Organizational implications
  - Social and ethical issues.

- Purposes
  - General public health policies
  - Research and development
  - Regulation of pharmaceuticals and equipment
  - Payment for services
  - Quality assurance
  - Education and training of providers
  - Consumer education

Source: David Banta, A Global Perspective of Health Technology Assessment
5. Quality Assurance & Patient Safety

- National standards & indicators (clinical practice guidelines, clinical pathways)
- Peer Review
- Accreditation process
- Work quality measures: safe surgery checklist, 30-day readmissions, mortality rates, patient follow-up, family & patient education at discharge
- Hospital committees involving patients in their care: “Patients for Patient Safety”
- Public reporting on hospital performance

79 Philhealth Benchbook Standards

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Accredited</th>
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<tbody>
<tr>
<td>Hospitals</td>
<td>1,608</td>
</tr>
<tr>
<td>Ambulatory Surgical Clinics</td>
<td>36</td>
</tr>
<tr>
<td>Rural Health Units</td>
<td>1,086</td>
</tr>
<tr>
<td>Free-standing Dialysis Clinics</td>
<td>30</td>
</tr>
<tr>
<td>TB-DOTs Centers</td>
<td>554</td>
</tr>
<tr>
<td>Maternity Care Clinics</td>
<td>470</td>
</tr>
<tr>
<td>Professionals</td>
<td>22,679</td>
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</tbody>
</table>

### 7 Areas of Quality Care

<table>
<thead>
<tr>
<th>Area</th>
<th># of Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Patient Care</td>
<td>30</td>
</tr>
<tr>
<td>2. Safe Practice and the Environment</td>
<td>17</td>
</tr>
<tr>
<td>3. Human Resources Management</td>
<td>8</td>
</tr>
<tr>
<td>4. Improving Performance</td>
<td>7</td>
</tr>
<tr>
<td>5. Patients’ Rights &amp; Organizational Ethics</td>
<td>6</td>
</tr>
<tr>
<td>6. Leadership and Management</td>
<td>6</td>
</tr>
<tr>
<td>7. Information Management</td>
<td>5</td>
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</table>
National Quality Benchmarking in Germany

Size of the project:
- 2,000 German Hospitals (> 98%)
- 5,000 medical departments
- 3 Million cases in 2005
- 20% of all hospital cases in Germany
- 300 Quality indicators in 26 areas of care
- 800 experts involved (national and regional)

Ideas and goals:
- define standards (evidence based, public)
- define levels of acceptance
- document processes, risks and results
- present variation
- start structured dialog
- improve and check


P4P: financial reward for improved outcomes

Definition: Provisions in health plan contracts that modify payment to a hospital or physician group based on the group’s performance on a measure
6. Hospital Informatics

- Health cards: “citizen-managed, personal electronic health record”
- ICT Infrastructure
- Telehealth, teleconsultation for remote and hard to reach areas
- “Paperless hospital”
- Data for evidence-based hospital policy

Country Strategies for Public Hospital Reform

- People-centered Healthcare and Participation from Brazil
- Strong Linkage & Referral System from Hospital to Primary Health Care from Malaysia
- Quality Standards in Hospital from the Philippines
- Efficiency & Universal Healthcare for All in Germany
What Works in Hospital Reform

<table>
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<tr>
<th>Policy Stewards</th>
<th>Providers</th>
<th>Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity does not suffer – the poor have access to healthcare</td>
<td>Shift to Patient-centered Healthcare (hospital structures, process, services)</td>
<td>Patients involved in planning &amp; monitoring reform</td>
</tr>
<tr>
<td>Better performance &amp; accountability</td>
<td>Community-based access</td>
<td>Patient Satisfaction</td>
</tr>
<tr>
<td>Collaborative Management</td>
<td>Links and communication with primary level care</td>
<td>Health Information &amp; Education</td>
</tr>
<tr>
<td>Incentive Structures</td>
<td></td>
<td>From Patient to Health Consumer</td>
</tr>
<tr>
<td>Reduce budgetary burden of government</td>
<td></td>
<td>Patient Rights</td>
</tr>
</tbody>
</table>

What China Can Do to Reform Public Hospitals

First Steps

- **Territorial Health Care Strategy**: align hospital services to community needs
- **Hospital Frontline Service Strategy**: Emergency Room, Out Patient & Basic Care Services at optimum efficiency
- **Hospital Choke Point Strategy**: identify areas with high expenses, wastage, high activity & patient complaints
Sustaining Hospital Reform

- Equitable health financing so healthcare is available at minimal costs and the poor do not become poorer from ill health.
- Evidence Based and Quality Healthcare
- Keeping the Change & Reform Relevant by regular monitoring, assessment, revisions or management of the reform; and evaluation of current & future healthcare needs of population.
- Autonomy, Performance Based & Accountable to the State & its People

Hospital Reform Scorecard

- Transactional Reforms
- Demand Side Reform
- System Management Reforms
- Supply Side Reform

Better Care
Better Patient Experience
Better Value for Money

HFMA 2007
• Hospital Reform needs to match country goals for universal access to health care and strive to be
  – **Good** (quality, access, effective)
  – **Fast** (wait times, convenience, efficiency)
  – **Cheap** (efficiency, point of service cost)

- UK Healthcare Financial Management Association

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**Summary**

• Effective hospital reform needs to be **customized to community needs**.

• Hospital planning & operation requires **flexibility in scale and scope**.

• Hospital reforms cannot be isolated from the larger health system as solutions do not end in hospitals.

• We can attain universal access can be met with **equitable hospital reform**
“Hospitals are at the crossroad of ethics and economy, which makes it so difficult to find solutions that are ethical and cost-effective at the same time.”

- Axel Weber, 2010