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Cover Story:

Reimagined Hospitals
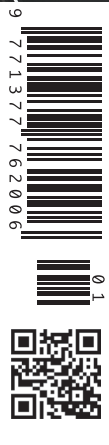
Building a Better Hospital

Summary: Unsustainable increases in healthcare costs make it imperative that we rethink how the entire healthcare value chain is organised. This rethink includes the role of the hospital, which lies at the centre of the value chain.

Costs have been soaring, with people living longer and their care needs increasing as they turn to the healthcare system more to manage chronic conditions like diabetes and heart disease. Costs are increasing also because more countries are embracing universal health coverage as a national goal and are expanding available health resources to meet the growing demand. This poses a particular challenge for developing countries, whose health budgets are far smaller than those of developed nations.

integrated into well-designed processes and workflows. Technology dropped into traditional hospital settings, without rethinking who does what and how, will not drive down costs. Furthermore, medical equipment must be made interoperable, working in unison like – an analogy often used – the controls of an airplane cockpit.

As processes are re-engineered, many functions can be moved to external settings to save costs and increase patient safety. Picking up infections in the hospital environment is all too common and can have serious, even fatal, consequences for patients who are already in a weakened condition. Certain functions can be done in safer places as we have seen, for example, with the rise of urgent care facilities, same-day surgery centres, specialty care chains, or – as we are seeing more and more – in the patient's own home with the help of telehealth tools.

Big changes in mindset are essential to harness technology to lower costs

With the rise of artificial intelligence and digital health, which is reshaping how healthcare is delivered, technological innovation is frequently touted as an antidote to increases in healthcare costs. Technology does offer enormous potential to drive down costs while also improving the quality of care. Many functions of the traditional hospital can be unbundled and done more efficiently or moved entirely out of the hospital to lower-cost settings. While a rethink of the hospital's core functions is needed across markets and regions, it is most critical in the emerging market countries where the International Finance Corporation, the World Bank Group's private sector-focused arm, invests and advises.

A couple of big changes in mindset are essential to harness technology to lower costs. First, payment mechanisms must be reformed to get incentives right. Hospitals need to be at the frontline of these reform efforts. Instead of charging patients for every procedure they undergo or product they receive, which tends to be quite costly and leads to over-servicing, bundled payment models or, better yet, capitation models should be advanced. Costs can be best controlled when lump sum payments are allocated to a provider for tending to all the care needs of a particular patient population. Capitation models incentivise providers to deliver the care that the patient actually needs.

A second critically important area for action here is process improvement. Technological advances create efficiency gains in a wide range of healthcare functions – including patient and workflow administration, diagnosis and delivery of care – but only if the technology is appropriately

Whether technology fuels or curbs costs will be determined by whether providers are given the right incentives and by whether clinical processes are adapted to align with the new technologies introduced. The name of the game will be integration: the integration of care, patient pathways and the systems behind them to achieve a true multidisciplinary approach to healthcare; the integration of technology into these well-designed systems; and the integration of payor and provider to maximise the potential of data analytics and care programmes. The health value chain must be seamlessly connected. Technology, if integrated well, holds enormous potential to improve care and lower costs, building a better kind of hospital – and healthcare system – for the future. ◼

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✅ Key Points

- Healthcare costs have been soaring worldwide, and technology can be a useful tool in containing the cost.
- Remodelling the payment models is the first priority.
- Upgrade of traditional processes and workflows for smooth technology integration is also important.
- The above will allow the transfer of some links of the work chain from a hospital to safer places elsewhere.
- The integration within the health value chain is a foundation for building a better kind of hospital.