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Sustainability for financial success: Quality healthcare provision in economic uncertainty (Part 2)

Quality Healthcare Provision in Economic Uncertainty

Following on from last issue's interviews with representatives from Greece and Portugal, (E) Hospital spoke to Mr. Josep M. Piqué, CEO of Hospital Clínic at the University of Barcelona; and to Mr. Richard Dooley, President of the Health Management Institute of Ireland; to find out how Spanish and Irish hospitals are coping with the effects of the financial crisis.

Your country has been severely affected by the ongoing economic crisis. What have been the main effects on the Spanish healthcare system and hospitals in particular?

(Mr. Josep M. Piqué) During the frame period of 2011-2012 there has been a significant reduction in the budget of regional healthcare systems. In Catalonia the healthcare system budget was reduced by 10%, compared with the increases of 4-5% that had been taking place in recent years. Because of that, the budget of the hospitals has decreased in a range of 6-12%. This has implied reductions in all expenditure items including salaries and job positions in many institutions.

(Mr. Richard Dooley) Well the main effects would be that we are almost rationing service delivery and there is now an inability to plan. The whole planning environment has hugely changed, you can't plan forward with the same surety that you could before; it has halted all service development. The renewed focus on efficiency and service cuts can only go so far before you are rationing services.

Is your government making special provisions to protect the healthcare sector? If so, please tell us about them.

(Mr. Josep M. Piqué) Beyond cost cutting measures such as the reduction of salaries for civil servants, increments in drug copayment have been introduced. In the coming months, some services will be excluded from the 100% public payment portfolio. Also, there is a plan to introduce structural reforms in our system but those measures have not yet been introduced or they are only partially or preliminary implemented. Some of these reforms include concentration of tertiary procedures in a few selected and well-experienced centres.

(Mr. Richard Dooley) There are a number of national programmes in place. They are nationally driven, nationally led and bring new models of service delivery into the system. One welcome initiative in place over the last two years is the national clinical programme. It looks at how we deliver services across the main specialties and is certainly bringing about efficiencies and cost savings as the current high rate of expenditure per head of population is just not sustainable in this country.

On the hospital level, what are you doing to combat these financial constraints? How are you sustaining high quality healthcare?

(Mr. Josep M. Piqué) Because our contract with our public insurer was reduced to 8% of the total budget, we had to cut our costs in the same proportion. To achieve that goal we looked for measures to increase the efficiency of our processes and to cut expenses in those procedures that do not add a significant value to our healthcare product. This includes eliminating some redundant diagnostic tests, more cost-effective selection of drug prescription, policies to reduce electricity, gas, or communication technologies expenditure, etc. In addition to that, we closed some additional beds in summer, which resulted in a slight reduction in activity in non-critical procedures. Finally, some wage cuts were also applied.

Regarding investments in new health technologies or products, a new policy was introduced. This was done in order to make a more accurate selection of which technologies should be incorporated based on rigorous cost-effectiveness or cost-opportunity analysis. Our Innovation Department was in charge of the analysis performed using validated tools for health technology assessment. (Mr. Richard Dooley) I suppose the continuous challenge is to maintain the high quality of service delivery that we have been achieving; it is maintaining that quality and sustaining it into the future. Areas that need to be improved take resources from another service area and some services have to make do without.

Has anything positive come out of this situation?

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(Mr. Josep M. Piqué) This budget constriction was a good opportunity to fuel those initiatives oriented to enhance efficiency and more rational use of public resources. Also, these circumstances provided an appropriate professional climate and environment to introduce structural reforms otherwise difficult to perform in upward economic cycles.

(Mr. Richard Dooley) Yes, it calls for new skills and competencies from managers. A certain level of leadership is required to sustain the quality of healthcare delivery that we need. This is one element and a huge challenge. From my knowledge, it has brought to the fore both clinical and administrative leaders in a way that I haven't seen before.

From the management point of view it has entailed a far closer scrutiny of how we actually spend our resources and has highlighted that our finance systems aren't sufficiently detailed to the level that we want them. This has brought a renewed focus on the whole area of financial management and management accounting; making sure that every euro spent has a tangible outcome.

What is your outlook for the future?

(Mr. Josep M. Piqué) This is not a transient crisis. This is a combination of a deep economic crash and a profound crisis of our healthcare model. Taking into account this perspective, it is crucial to introduce deep changes to our approach of providing healthcare. It is particularly relevant how we will manage chronic diseases in elderly people, how we will finance chronic treatments for until recently inexorably fatal diseases such as AIDS or advanced cancers, or how we will implement strategies for the prevention and prediction of prevalent diseases.

In this context, we need the improved commitment of health professionals to obtain long-term sustainable health outputs, better coordination of different care levels, a new approach and incentives remunerating healthcare providers and professionals, and a more intensive participation of the patients and citizens in healthcare decisions.

How has your national association of hospital managers addressed the financial crisis? What are they doing to help?

(Mr. Richard Dooley) Our regional forums and networking opportunities are hugely important. The national conference held recently received huge positive feedback. It allowed managers to get their voices out into the open on these issues and it has been achieved with a level of profile that has not been achieved before. All of the key players in Irish healthcare attended: the Minister for Health, Secretary General of Department of Health and the new CEO of the HSC.

One of the key things that came out of the conference was the need to professionalise and skill-up the whole area of management within the health service and the HMI is there, leading the discussion on behalf of managers.

Finally, what advice do you have for other countries in similar situations?

(Mr. Josep M. Piqué) I would advise others to anticipate as much as possible the reforms in their healthcare systems, to be prepared for the huge transformation needed to fulfil the demands of taking care of an ageing population, and to absorb those increasingly expensive new technologies with significant impact in life expectancy.

I would also advise cutting routine healthcare procedures, disinvesting on those technologies with no proven significant value and increasing the awareness that incorporating any technology, product or organisational innovation has to be done by means of rigorous analysis of health technology assessment.

(Mr. Richard Dooley) My advice is to look at the formal and informal training that is in place for managers and clinician leaders.

There is a great opportunity here for the profession of health service management. Health managers have the opportunity to influence the current debates about the system. These debates need to be led and contributed to by health service managers.

At a lower level, we need to focus on how we train managers. When you look at it, you put a person in charge of a hospital that may have a budget of 150-200 million euro, that is a huge resource and too often we place managers that are not equipped or skilled or don't have the necessary competences or the training that is required to fulfil delivery at that level. We don't do it well enough. This is an opportunity to go back and look at how we build management as a profession in health services and it is the only way that we will go onto a sustainable platform into the future.

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