

EFFECTIVE HOSPITAL 2007

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**WHAT MUST, WHAT SHOULD AND
WHAT COULD HEALTH INSURANCE
COMPANY DO FOR EFFECTIVENESS
OF HOSPITALS?**

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1.1 Existence of sector consensus

On 30 June 2006, AOPP, ANS, ASLSR, AVLDD, SKIZPALT, SLK, SLS, SLÚŠ, ZZP SR signed „Declaration of Health Sector“, where they, apart from other, declared need and social interest in:

- ensuring conditions for transparent competition of providers on the basis of agreed criteria;
- realization of differentiated approach for entering into contractual relations according to criteria for effectiveness and quality of provided health care

1.2 Health-political framework

Programme declaration of the Slovak government – August 2006

- The government shall support creation of conditions for transparent competition of health care providers
- At the same time it shall support creation of a system of differentiated approach for entering into contractual relations between health insurance companies and health care providers according to criteria for effectiveness and quality of provided health care
- The government accepts all forms of ownership of medical institutions and shall create condition for their multi-source funding

1.3 Applicable legislation (from 1.1.2005)

Act No. 581 (on health insurance companies), Article 7:

- (4) Health insurance company is obliged to specify and publish criteria for entering into contracts related to staff, material and technological equipment and quality indicators
- (5) Quality indicators relate to accessibility, effectiveness of using resources, effectiveness and adequacy of health care, perception of provided health care and results of health care

Within the meaning of price measures of the MZ SR there is a **price deregulation**

1.4 Acceptance of alternatives

Owner:

state, VUC (higher territorial units), town, private owner, church, university, mixed owner

Legal form:

allowance organization, non-profit organization, limited-liability company, joint-stock company

Optimum:

joint-stock company (established for the purposes of profit creation), funded from public sources and entrepreneurial activities related to health care provision

1.5 Acceptance of adjustments by the whole society

Never-ending process with the following scope:

- media
- expert presentations and discussions
- public discussions with policyholders – patients
- marketing

2. What must HIC do for effectiveness of H

2.1 To assess offer, results and potential of H

- *to analyse performance (outputs) of H*
- *to secure feedback*

2.2 To be a qualified buyer of health care

- *to create motivation for achieving effectiveness of H*

2.3 To reduce information asymmetry (policyholder)

- *to optimize readiness of a client for services of H*

2.1 To assess offer, results and potential of H

- Detail analyses of offer of medical services and performances and all other services
- Regular and standard assessment of medical and economic outputs
- Continuous evaluation of market potential of offer according to contractual components (type, extent, amount, price, quality and effectiveness of health care)

2.2 To be a qualified buyer of health care

- Differentiated conclusion of contracts on the basis of criteria for quality and effectiveness - *selective contracting*
- To provide a policyholder with maximum value – health profit - *from limited sources*

2.3 To reduce information asymmetry (policyholder)

To increase involvement and knowledge of policyholders:

- to recognize differences between contractual and non-contractual HCP
- what does effective availability of health care mean
- how to make decisions on the basis of quality indicators
- how to find appropriate provider
- how to defend against illegal fees for health care

3. What should HIC do for effectiveness of H

3.1 To use applicable legislation optimally

- to use network-creation function; to execute *price deregulation*

3.2 To create motivation environment for H by means of monitoring and evaluation

- medical-preventive care covered by health case insurance; health care beyond the framework of health care insurance coverage; medical results exceeding the region; foreign clientele; using medical technologies (device technologies, new treatment methods, etc.)

3.3 To monitor economic balance of H

- *costs* (their structure, decrease-increase)
earnings (their structure, increase-decrease)

3. What should HIC do for effectiveness of H

3.4 To manage a policyholder - patient

- in case of elective treatment (availability, quality, effectiveness)

3.5 To monitor satisfaction of clients (HIC, H)

- continuous monitoring; once a year by external entity; publication of results

3.6. Monitoring of quality management leading to accreditation

- implementation of integrated quality management system; existence of accredited university workplaces; continuous education of health employees

3.7 To support creation of effective HIS through cooperation

4. What could HIC do for effectiveness of H

4.1 To motivate H by monitoring:

- vision
- strategic planning (*in the area of health care provision, management and human resources – existence of effective and motivating system of remuneration*)
- marketing strategy
- effective cooperation with other entities
- involvement of the hospital in projects and competitions

4.2 Assessment of H:

EBITDA - Earnings Before Interests, Taxes, Depreciation, Amortization

EBIT - Earnings Before Interests and Taxes

4. What could HIC do for effectiveness of H

4.3 To monitor earnings from other sources

Entrepreneurial activities; sponsorship; grants; foundation; 2% from natural person income tax; structural funds

4.4 To monitor selected areas of organization culture

Organization of performances and services; “all under one roof”; extent and effectiveness of cooperation with other entities; involvement of the hospital in projects and competitions; overall image of the hospital

5.1 Selective contracting

1. Collection of necessary data according to quality criteria, effectiveness of staff and technical equipment
2. Analysis and prognosis of medical requirements of policyholders
3. Selective contracting of HCP on the basis of data evaluation

To achieve the above mentioned it is necessary in particular:

standardization of data collection (coding, reporting);
standardization of evaluation and publication of quality and effectiveness indicators; increase of awareness of policyholders

5.2 Health profit

It defines purchase of health care by insurance company, when insurance company purchases results of health care instead of capacity.

Efforts of insurance company are focused on purchase of quality and length of life (health profit) for scarce (insufficient) resources - *pay for performance*

5.3 Myth about cost prices

Price for performance (service) shall be derived from scarceness of respective good and not from costs.

Different HCP can provide different quality for the same price, and the total value of performance (service) with different effectiveness.

The aim of HIC is to ensure the highest possible value (health profit) for paid insurance.

The aim of HIC is not to secure conclusion of a contract between HCP and HIC and subjective satisfaction with HIC.

HIC can't, but ...

Also state hospital can be profitable!

If:

- it has optimal legal form – joint-stock company
- it's director is politically independent (an better, also economically independent)
- he will not steal and let anyone else to steal
- suppliers of goods and services are selected optimally from the point of view of prices
- personal and wage policy overcomes risks of the Labour Code (key employees - management contracts; doctors from interesting fields - as subcontractors of the hospital; no tariffs for payments; no central collective contracts)
- it minimizes office positions
- it will be a qualified partner for negotiations with HIC
- it's clients will not have to wait for services and if the staff will be kind