

Best Practices

HOSPITAL REFORMS

Even prior to HSRA convergence, several provinces had already made the decision to take a hard look at their hospital systems. After all, a hefty 25% to 30% of the provincial budget went to their operations. Some provinces took advantage of foreign funded projects like the Governance and Local Democracy Project or GOLD of the USAID for technical help. These resulted in some hospital reform initiatives even prior to the HSRA. Whether home grown or inspired by the HSRA, hospital sector initiatives can be classified into several distinct categories, namely: quality improvement systems or programs, financial reforms, facility upgrading and hospital category upgrading.

Financial reforms include income retention, increase and retention of revenues and a billing and collection system based on the financial classification of the patient. One of the indicators used by the team is the presence of efforts toward fiscal autonomy. It should be realized, however, that fiscal autonomy might not necessarily be the only solution to improvement in hospital services and initiation of reform. If this were so, then all of the private hospitals should be of high quality and financially viable. However, the possibility exists as seen in some provinces that fiscal autonomy with increased revenues will enable the hospital to decide for itself on their priority concerns, like the supplies, drugs, and equipment that are requisites to improve the quality of service.

Although the Department of Health no longer sees fiscal autonomy and corporatization as a priority area for reform because of the associated legal, social, and political problems, it has submitted two draft executive orders to the President. The two executive orders will corporatize the Ilocos Regional Medical Center and the Quirino Memorial Medical Center. It intends to pilot test corporatization in these two hospitals and to continue exploring hospital autonomy through the program.

The Department of Health has also set safety mechanisms to address the danger that corporatization of the hospitals will cause them to address needs other than that of the community. These mechanisms include the appropriate choices for membership in the hospital board of trustees, a patient classification system, retention of ownership by the government and maintaining government subsidy.

Hospital autonomy through corporatization has been a critical issue in the course of implementing hospital reforms under the HSRA. The big challenge is not on the technical component, but on the crucial hurdle with the politics in implementation. Local health development stakeholders have been apprehensive of hospital corporatization since there has been no successful model to showcase the feasibility and appropriateness of hospital autonomy in the county. This social phenomenon has been apparently reflected on the commonalities of experiences and insignificant effects of local health stakeholders' efforts toward fiscal autonomy and management.

The inadequate budget for hospital operations has been compelling over time even in some areas where hospitals have retained and utilized, if not all, yet part of their income. Although, it has been observed in the convergence sites that there is an increase in annual hospital budget, yet such an increase has been relatively affected by income retention. According to key informants, “the amount of hospital income retained has a bearing on the increase in hospital budget; and that the desired budget requirement to meet health demands and hospital operations continues to be a limiting factor in providing better health service. In the case of Negros Oriental, all hospitals have been allowed to retain and use their income, but experience revealed restrictions to some extent on regular budget appropriation. They are required to realize health reforms that need upgrading of facilities and equipment, additional manpower to augment service delivery and more budgets for drugs, medicines and supplies and other maintenance and operating expenses. Inasmuch as they want to implement those desired reforms in hospitals, they are constrained on very limited as well as inadequate budget.”

Translating the health development plan to improved health service delivery has been an enduring issue/concern of hospital management and health providers over the imperatives and priorities of local chief executives and policymakers. At the start of implementing hospital reforms vis-à-vis the effects of devolution necessitates LGU’s strong political will to initiate health reforms. Therefore, this requires the infusion of resources (financial, logistics, manpower, etc.) and policies to provide the legal mandates. Otherwise, the realization of hospital reform interventions, in a sense could not be fully achieved without the political support, which is commonly manifested in terms of financial and legal complementation from the LGU. If these attributes would be set in place, only by that time that hospital autonomy could be considered doable.

Quality improvement and assurance indicators include the existence of a quality assurance committee, leadership and governance seen through management teams and policies, use of 5S (sort, systematize, sweep, standardize, self-discipline) and presence of a feedback mechanism. Similarly, the presence of a 5S program may only be a surrogate indicator as what are more important are the learning and the quality culture that such a program aims to inculcate. Facility upgrading refers to Sentrong Sigla or Philippine Health Insurance Corporation accreditation. Hospital management and personnel have often mentioned upgrading a hospital’s classification to the next higher level (primary to secondary, secondary to tertiary) as a goal. It should be used with caution.

The concept presupposes that higher category hospitals perform better, a concept that may not necessarily be true. Furthermore, if we follow the same argument to its logical conclusion, the country will achieve good hospital services only when its more than 2700 hospitals have been converted to medical centers. There are also concerns regarding cost-efficiency and economies of cost. A more logical alternative is to consider it good practice if a hospital system has the appropriate mix of primary, secondary, and tertiary hospitals to address the needs of its catchment population. The DOH supports this three-tiered model that addresses local concerns rather than indiscriminate upgrading.

Of the eight provinces included in this study, four have significant hospital reform activities based on an evaluation matrix devised by the research group. The following are short summaries of these initiatives. The study then subjected these to a set of criteria and selected the best practice for a province.

Bulacan

This province's hospital reform initiatives fall mainly under financial reforms and quality assurance/improvement initiatives. Under financial reforms, it strengthened public-private sector linkage by letting private facilities provide services for indigent patients at reduced fees. It also took steps to achieve targeted hospital income levels, which are used to cross-subsidize its charity patients. In quality assurance, the Provincial Health Office started a public service excellence program that is "customer" centered and utilizes a feedback mechanism. Improvement in resource generation and quality of service has resulted in better facilities and increased occupancy rates.

Negros Oriental

Among the few provinces that allow hospitals to retain and use their income is Negros Oriental. It also realized that financial reform must be instituted to improve the hospital sector. One initiative involved coordination with the private sector. Affluent members of the community would refurbish private wards. Each hospital has a board that decides how its funds are to be spent. These hospital boards are multi-sectoral and they have a say in policy and ensure transparency in budgeting and financing. In the case of the Negros Oriental, Provincial Hospital funds generated now match those provided by the government for its MOOE.

The Province also purchased sophisticated diagnostic equipment using a loan guaranteed by the provincial government after then Governor Macias' wife personally experienced problems from unavailable diagnostic modalities. These included a spiral CT scan, a mammography unit and an ultra-sound machine. For the use of both private and charity patients, the diagnostic center caters not only to patients from Negros Oriental but also from neighboring provinces. Quality assurance initiatives are in the form of 5S implementation and monthly client surveys evaluating personnel behavior and attitude. Survey results have gone unheeded by some hospital staff.

Misamis Occidental

Like Negros Oriental, Misamis Occidental addressed the key element of financial matters and quality assurance in hospital reform. Their efforts were enough to win for them the Sentrong Sigla award for 2 years and Php2.4 million in prize money. The political leadership set the following targets: self-sustaining hospital operation through income generation and retention and upgrading diagnostic and therapeutic capabilities of six public hospitals. To generate income, they increase private rooms and decrease cost of operations by participating in the Parallel Importation Program of the PITC and the DOH. In quality assurance, they also use the 5S technique for basic quality improvement

training augmented by other programs. A customer feedback program is in place. The results of initial surveys generally show satisfaction with hospital services. The present governor has recently become amenable to income retention by hospitals, but user fees for charity/indigent patients are not to be instituted. Hospital personnel feel similarly, but advocate for income retention.

Pangasinan

Governor Agbayani prioritized hospitals over inter-local health zones because hospitals are provincial concerns and under their authority. The first Convergence Workshop on March 2001 identified the following hospital reform concerns:

- • Dilapidated facilities
- • Sustainability of hospital reforms
- • Lack of manpower
- • Need to increase utilization of hospitals
- • Additional MOOE funding
- • Poor quality care

To address these concerns, the following actions are needed:

- • Partial repairs/request for funds
- • Continuous QAC monitoring, improved billing and collection procedures
- • Maximize utilization of manpower
- • Partial upgrading of equipment
- • Automatic 10% increase in MOOE funds by LGUs
- • Implement quality assurance programs

Their vision for 2004 would see all hospitals as SS and PhilHealth accredited, the provincial hospital fully financially autonomous and all 5 district hospitals financially viable.

As a result of these initiatives the provincial hospital, the San Carlos General Hospital did an initial situational analysis to determine the problems that they must address. Then they conducted 5S seminars in all departments, which later inculcated value, motivation, discipline in the staff and better relationships between patients and co-employees. They formed a Quality Assurance Committee; thus, ensuring quality services in the hospital. For example, among the issues identified and addressed was waiting time, of which they instituted actions that resulted in shortening of waiting time and increasing patient satisfaction.

Financially, they have been able to increase revenues through a more efficient billing and collection system and improved pharmacy operations. Hospital revenues increased from PhP2.4 million in 1998 to PhP10.5 million in 2000. The provincial hospital shares its revenues with the other 14 hospitals. Therapeutic committees identified drugs for use and procured them. Physically, the hospital premises underwent changes like new fencing, covered walks and the addition of laboratory equipment.

Two district hospitals followed suit. They have also concentrated efforts in quality assurance through 5S and generation of income. They have had initial success through the increase of their revenues. District hospitals have also maintained a pre-devolution relationship with municipal health offices even though there was initial resistance on the part of the mayors.

Summary of Best Practices in Hospital Reform

As mentioned previously, all hospital reforms in the four provinces with hospital reform initiatives went through a process in the study, and Pangasinan emerged as the province with best practices in hospital reform. The choice was made not only because Pangasinan had initiated all four indicators of hospital reforms, but also because of the extent that they had implemented these reforms. The income of San Carlos had increased tremendously more than four-fold and they shared it with the other hospitals that had also taken steps to increase their revenues. They had instituted their quality assurance practices and improved the facility based on observations and suggestions for the improvement of hospital services. The hospital also achieved accreditation with PhilHealth and was upgraded to a tertiary hospital by the DOH, a category that it has maintained up to the present. Although not included as a hospital reform indicator, the province's drug procurement reforms have been successfully implemented in the hospital.

In the case of SCGH, the move to upgrade it was logical, a consequence of the need of the province for such a level of hospital facility in the area. However, this paper previously cited that upgrading a hospital's category by itself might not be a good indicator of the quality of hospital services. The appropriateness of the level of services for the area provides a better alternative. Hospitals like SCGH and in other provinces that have initiated hospital reforms should now concentrate on addressing indicators of quality and efficiency of service.

These indicators can be developed by the DOH based on many other studies that have been started, like those conducted for the former Hospital Operations and Management Services and the GOLD Project. These indicators should consider the traditional occupancy rate, average length of stay, net death rate, average cost per day. Other indicators such as surgical and other nosocomial infection rates, customer satisfaction surveys and others that are used in the assessment of quality of service can also be used. The case mix of hospitals should also reflect its category and impact on the assessment of its efficiency and quality of service.