Hospital Management with Autonomy

by Dr M Zakir Husain

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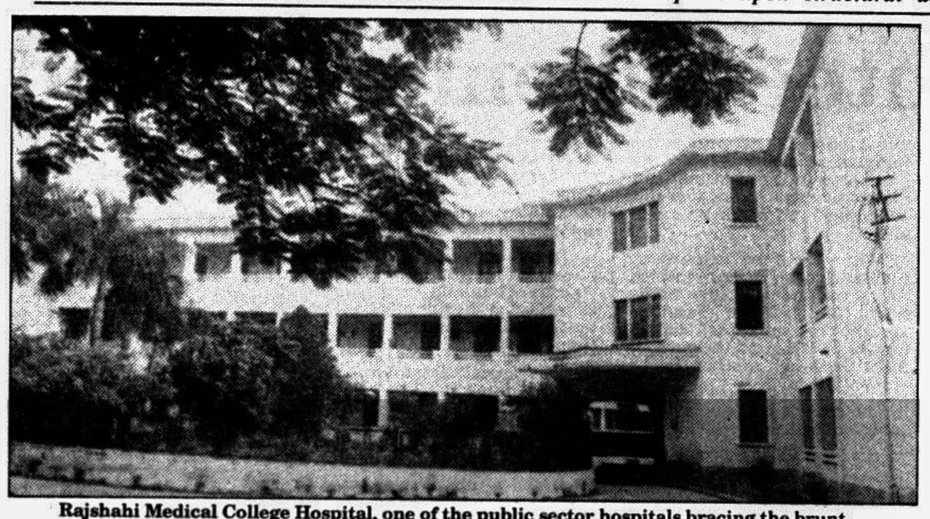

Rajshahi Medical College Hospital, one of the public sector hospitals bracing the brunt.

A modern general hospital has three functions: patient care, teaching and research. Good patient care is its main function. Teaching of health workers — doctors, nurse, and paramedical personnel are related to and derived from good patient care. Research and development into methods and procedures in both clinical and general services help improve the hospital standards of patient care and teaching; it is specially relevant to teaching and specialised care hospitals. The patient is the most important person and is central to hospital care and associated teaching and research — a fact which seems to be forgotten in these days of enchantment with high technology. Perception and rights of the patient about the care given to them often take a back seat.

The Situation

In most countries under colonial rule, hospitals had been established primarily as charitable public institutions or exclusively to treat those in the civil service and the armed forces. With freedom from colonial rule and establishment of democratic societies and governance, hospitals came to be chiefly publicly owned and operated institutions. Governments promised free medical care to all as a basic social good. But neither the growth of hospitals as voluntary community founded and managed enterprises nor the efficient management of public and private hospitals were not given much importance or encouragement in the past. With limited funds but unlimited commitment to free care, many public hospitals faced a difficult if not impossible task; many have earned a poor image and reputation with considerable displeasure and disappointment from the public — rich and poor alike. Ministries of Health are usually pushed into a defensive posture unable to provide either the rapidly increasing requirements of resources or divest the management or ownership to local governments or the voluntary sector.

Public owned hospitals are coming under increasing financial difficulties as the overall public sector investments are being reduced and rationed consequent upon structural adjustment regime. Most general hospitals in the public sector are short of funds even for routine patient care workload. Standards of care are falling; many patients are having to pay for drugs, diagnostic service and often other indirect or "unofficial" charges. The notion of free public care at point of delivery does not hold any longer. Free hospital care for the public are large is becoming increasingly an untenable promise well beyond the capacity of the public sector. The government revenue from taxes is a very small percentage of the GNP — well below the average in industrialised countries. Only the industrialised countries with a high tax base and receipt are able to maintain public welfare services that cover health care especially for the weaker and vulnerable section of the population through social security benefits.

Even in these countries, health care for the poor, the elderly and the unemployed is becoming difficult and significant percentage of the poor people is without security of medical and health care while their needs are greater. The issue of managing public hospitals with efficiency and on a self-reliant basis has assumed great importance and urgency. This is especially true in countries which had made high investment of public funds in health infrastructure.

On the other hand, with the embracing of market economy and under the structural adjustment regime, private health care sector is growing rapidly partly due to failure of the public hospitals and partly due to rising private incomes. But profit-oriented private medical care is usually costly which many cannot afford or do so at considerable sacrifice of other basic needs.

Some Suggested Steps

There is no universally relevant blue print for management reforms applicable to all situations. Without any intention of being prescriptive, some of the subjects of the review process are suggested as follows :

Taking a complete inventory and establishing a classification structure: All hospitals are to be categorised: teaching, specialised care, district, sub-district/thana hospitals, and private profit and non-profit hospitals. This should include size, location, range of services, ownership and source funds.

Setting standards: The range of services, recognised types of services/specialities, bed strength, staffing, and corresponding scale of physical facilities and equipment are to be set for each category. This should be applied equally to hospitals in the private sector.

Management reforms: These are required to involve local management boards and progressively divest the running of hospitals in the public sector to local authorities in districts and thanas.

Standard written rules and regulations : These are essential for local management of hospitals and standard set of rules and regulations under local management should be formed. The hospitals in the private sector ownership should also be required to establish written rules and procedures to be followed in running these hospitals with participation of stock holders and eminent private persons.

Grants in aid from public funds : These grants in aid should be established on the basis of annual estimated work load and actual performance, say, number of patient, days of care planned and provided. These should cover a stipulated part of the total hospital budget, say, 50 to 100 per cent depending on the category; the balance to be raised by the local authorities.

Consolidated grant : This should be reduced or adjusted requiring local authorities to raise a greater part of the budget. Grants may eventually cover only the cost of building renovations, special equipment, teaching and research.

Standard operating costs : The local authority should establish patient care costs and levy and recover charges. In addition, local authorities should be able to seek voluntary contributions as well as receive funds from the budget of local authorities to pay the actual cost of treating the poor or who are exempt from payment as determined.

Unit costs : Unit costs of services and average costs of patient care days should be established using professional cost accounting practice. This will allow comparative costs and measure relative efficiency of different hospitals. It will also allow certain norms and standards to be known and applied.

Annual operating budget : Annual budget of a hospital should be established on the basis of these standard costs which may differ according to category of hospital. Departmental budget should be established e.g. for patient service, pharmacy, laundry, housekeeping, operating, X-ray and, laboratory services, etc., departments should be allocated funds on the basis of workload.

Personnel management : Personnel management including selection and recruitment of staff should be decentralised and vested in the board. Procedures for assessment of staff performance should be clearly spelt out and transparent to all. Performance audit with reward and discipline should become a regular practice.

Autonomy in Hospital Management

The hospital Board of Management should work through various hospital committees such as for building, finance, purchase, public information and fund raising. In large hospitals, medical staff committees should be set up e.g. for medical audit, education and training, and equality assurance. The board should decide on hospital policies and approve the hospital budget and departmental allocations.

The board should appoint a trained and competent hospital administrator and other department heads through advertisement and written selection procedures.

Accreditation machinery for hospitals as recognition of their meeting the prescribed standards should be set up and procedures for periodic inspection established by a national hospital association. The Board should prepare annual report of the hospital including financial performance to the Ministry of Health or other funding ministry. The hospitals under private or NGO ownership should also be encouraged to follow similar though not identical procedures of management and adhere to nationally prescribed standards.

One of the proven ways of remodelling the management of public hospitals is bringing these under autonomous management with public participation and introduction of certain principles and methods of managing a corporate enterprise even if the hospital is not always a profit-making enterprise. The conventional view of hospitals as charitable institutions whose management is of secondary importance is obsolete and out of tune. That view makes little to help either efficient management or viability of the hospital to achieve its social objective.

Self-management is also compatible with the growing trend of decentralisation of civil administration and greater involvement of the local government bodies in running the local level development and public affairs. The hospital board should be autonomous.

Reform in Budget

The budget and costs will be a big issue to run hospitals well. The board will have special responsibility in preparing the budget and control expenditures. As a basic step, all services of the hospital must be carefully costed. Unit costing with expert help of qualified cost accountants will be needed. This detailed costing of clinical and allied services will be the basis of Departmental Budgeting, and determination of such useful budgetary information as cost of patient care e.g. cost per patient day of care will be necessary.

A major principle will be that all services and units having been costed will have to be charged and recovered. Those who are able and willing to pay will pay the actual cost. Those who are exempted will not pay directly but the cost of these services will be paid to the hospital from other sources so that the principle of cost recovery is not breached. All recovered costs will be retained by the hospital and direct costs for service given without charge to those entitled will be re-imbursed to the hospital and the hospital account book is balanced. The departmental budgets determined on estimated and actual units of service provided will be the basis of hospital annual budget with revenue forecast, and actual receipts/expenditures as basis for revised budget. The local government on the advice of the hospital Board of management will consider provision of financial support to the hospital budget. National standard of costs should be established for comparison of performance.

Expected Outcome

It is expected that under the regime of hospital autonomy supported by these reforms in management style and content will begin to make public hospitals financially solvent as well as socially responsive providing efficient and high quality care with accountability to the public consumers. It will also importantly provide a secure social sefety net for those who are less able or unable to pay the full cost so that they do not fall out of the system.

With the growth of market economy, there is less and less reason for the central government to take full charge of running and funding the hospitals of the country without the needed financial strength or the ability to manage from central level. A centralised bureaucratic approach without basic changes and real decentralisation of management and responsibility will achieve very little and will not be worth the effort going into it. With devolution of ownership and management, there is no real loss of control; the ministry of health will still hold substantial control by way of the purse i.e. making annual consolidated grants to the hospitals, the ministry will have quality control by laying down and enforcing clear national policies and national minimum acceptable standards of good hospital practice, it will still regulate the setting up and running of private hospitals and clinics, and it will still frame national health policies to direct and coordinate the development of the health sector.

There will be little or no need for the ministry to do the day-to-day management of public hospitals. While self-management is allowed to develop with local accountability and initiative, the image of both public and private hospitals can only rise. The public sector will thus not become redundant. It will recapture its high social relevance in a sector as unique as health that merits some equity even as there are inequities in social positions and incomes and consumption in the real world.

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Suharto : Hard Choices Ahead

by Dr A R Chowdhury

Events in the next few months would demonstrate whether Suharto, in power for more than three decades, is Indonesia's problem or its best hope for salvation.

EMBROILED in an economic crisis and political uncertainties, Indonesia may be on the threshold of change. Last week, the Indonesian currency and stock market went into virtual free fall as doubts about the political prospects for President Suharto added to fears about the state of the economy. Rumours that Suharto, the world's second-longest serving rule, will not seek re-election in March added to the air of crisis.

President Suharto, under enormous pressure to restore confidence in the country's sagging economy, has finally agreed to do what many observers have been demanding for a long time : curb the power of his family members and political cronies, dismantle monopolies and reduce red-tapism frustrating business activity. Despite these changes, Indonesia's currency has continued its free fall. The Jakarta Stock Exchange Composite Index has also dropped. Hopes for a quick return of confidence in the country's economy, at all levels, appear dashed. This may be an indication that the crisis has moved beyond economics to politics. The worsening economic storm may have begun to develop dangerous under-currents.

President Suharto has started to see the writings on the wall. In announcing a new US $43 billion bailout agreement with the IMF, he suggested last week that he will personally oversee the IMF programme as head of a new council of economic advisors. Although this package doesn't include any radical, fresh approaches to Indonesia's problems, conditions in the new IMF pact demonstrate how vulnerable Suharto has become. For instance, he has agreed to revise the latest government budget which is generally conceded to be based on unrealistic assumptions about the exchange rate, growth, and revenues. The economic growth projection has been reduced to zero from 3 per cent; while the inflation forecast has been revised upward to 20 per cent from 9 per cent.

In addition, some monopolies, subsidies and tariffs that have definitely distorted prices and hurt Indonesia's export competitiveness face elimination. The IMF pact calls for ending state-assistance including tax, custom and credit privileges for the car-building project of Suharto's younger son, Tommy. It also aims to eliminate Tommy's monopoly on clove-trading. Further, the pact plans to dissolve the plywood cartel run by Suharto's close confidant, Mohammed Bob Hasan; as well as eliminate state subsidies for the multi-billion dollar passenger-jet building programmes, backed by an influential member of the cabinet, B. J Habibie. It also calls for granting Bank Indonesia, the central bank, full autonomy to conduct monetary policy. The pact aims at gradually reducing subsidies on fuel and electricity and ending state monopolies on the import and distribution of commodities including flour, sugar, and soybeans.

Immediately after the announcement of this pact, high level officials from various western countries and donor agencies have been dispatched to Jakarta to reiterate the need to follow commitments made to IMF. They are urging stronger and quicker reform actions amid concerns that Indonesia is reluctant to implement the austerity measures.

Ironically, the latest reforms had been urged long ago by Indonesian economists, but the government preferred to wait until the IMF cornered them. Some Indonesians, however, wonder if the latest reforms won't fuel nationalists sentiments in the country, possibly causing an anti-foreigner backlash.

The IMF itself is not immune from blame in the Indonesian crisis. Even an internal IMF paper has criticised the agency's decision last year to recommend closing sixteen troubled Indonesian banks. Their closure created a dangerous credit squeeze in the economy. Moreover, the latest pact doesn't address the issue of debt — about US $150 billion — much of it short-term to private companies.

Suharto, for his part, has left little doubt that he intends to play an important role in solving Indonesia's current crisis. Though agreeing to IMF's various demands, he has expressed open annoyance with many of its proposals. Following Malaysia's Mahathir Mohammad's lead, Suharto has lashed out at foreign currency traders blaming them for derailing Indonesia's economy.

Any positive sentiment arising from the revised IMF pact is overshadowed by concerns about loan defaults, presidential succession and social unrest. Moreover, Suharto's record on handling the latest financial crisis has also been dismal. Reforms of the financial sector and curbs on expansive projects have been postponed when they were in conflict with business interest of members of the presidential family and their cronies. His government have come under an unprecedented barrage of criticism, with newspapers breaking new taboos daily, such as, printing calls for the president's resignation by people from different walks of life. In previous years similar calls for resignation came only from the students and the middle-class. Now the social elite has also joined the movement. They too want a change.

In recent weeks, opposition to Suharto's re-election has begun to emerge. Several nationalist groups have hinted that he should not run again. There has also been some movement in foreign an electoral alliance among several political figures including, but not limited to, Amin Rais of the Muhammidayah Movement, Abdurrahman Wahid of the Nahdlatul Ulama and Megawati Sukarnoputri, the daughter of Indonesia's first president, Sukarno.

Up to now, the good news for Suharto has been the all-important support of the armed forces. However, that may come with a price. In return for backing the president's re-election, the armed forces may demand the appointment of a military candidate as vice-president.

Suharto's comments last week signals his clear intention to remain in power for a seventh presidential term beginning in March. He, however, faces a stark choice. If he wants to revive market confidence, he must come out clearly in favour of some unpopular economic reforms, backed up by immediate action which makes that commitment credible. If he cannot do so, the Indonesian economy will further descent into chaos. The country may be cut off from foreign capital for a long time. The resulting market hemorrhaging may eventually force Suharto to step down in favour of someone who can take those painful decisions. The longer he clings to power, however, and the worse the economy gets, the more unstable the nation will become.

Events in the next few months would demonstrate whether Suharto, in power for more than three decades, is Indonesia's problem or its best hope for salvation.

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Ice Storm of Montreal: A Personal Account

by Jeffrey Sankoff

Some of the most important lessons have been those that cannot be learned without a little suffering. For example, the spirit of community and helpfulness that abounded over that week has been wonderful. For ten days, we have had a much needed break from the stupid politics that are always a source of anxiety in this province.

After the blizzard: Courtesy-IHT Christopher Morris/The New York Times

BY now, you all have heard the news of the incredible ice storm that has swept through the Northeast of the continent, hitting Quebec and eastern Ontario especially hard (all of you except for those living in the US, I gather. News reports there rarely detail much that happens outside the borders of that country I fear. But, I digress....).

I thought that I would take this opportunity to offer a kind of capsule of what really went on here, (and is still going on) and to reflect on what it has taught many of us in the affected areas.

First of all, some perspective.

Before this storm, the worst disaster to ever hit Montreal in recent decades, was the great flood of 1987. That July, the city was hill by an incredible daytime rain storm that flooded all of the major highways in and out of the city centre. As a result, no one was able to get out of downtown at the end of the workday and the city remained paralysed for two days before things dried out enough for life to return to normal.

As for winter storms, Montrealers are more than prepared for the worst types of blizzards. We often live through thirty or forty centimeter snowfalls without so much as batting an eye. We accept it as a fact of life. Even freezing rain is an annual nuisance. What then, made this storm so unusual and devastating?

On Monday night, January the 5th, temperatures rose to just below freezing and freezing rain began to fall. Over the next five days, three inches of freezing rain fell, coating the entire city in a thick and heavy coat of ice. That first night brought many old tress down as they broke beneath the incredible weight of the ice. Unfortunately, as they fell, they had a nasty habit of taking power-lines down with them. The second night, sturdier trees and large limbs of many other trees also began to fall with the same results, such that when Thursday rolled around, half of the population of the province of Quebec, more than 3 million people, were without electricity, heating or hot water. Entire regions of the province were blacked out with absolutely no electricity coming in along the thousands of downed lines.

In Montreal, live power lines caused fires as they fell onto trees or homes or caused street closures as they danced on the street or homes or caused street closures as they danced on the street showering sparks. As Hydro Quebec struggled to restore power to the city, the massive high tension lines which carry power from the hydroelectric dams in the north began to crash to earth as well.

When the rain finally stopped, a thaw set in during which many people were injured by falling ice from buildings and trees. For two days, every bridge in and out of the city was closed because of either power lines down on the roadway or the threat of huge blocks of ice crashing down from the structures.

For three days, the entire downtown core of the city was blacked out and even now that power has been restored the downtown area is cordoned off and all businesses and schools are closed.

Throughout the province, emergency shelters sprang open, offering heated lodgings for the hundreds and thousands of people who had nowhere to go to escape the cold. The water supply in Montreal became endangered when the treatment plants lost power.

Hospitals were inundated with the elderly and the very young who were unable to stay warm, get to shelters or use their electrically powered home oxygen machines or aerosolisers.

Eventually the army was brought in to help in evacuating towns and aid in the massive cleanup. In Montreal, that cleanup involves the removals of hundreds of downed trees and thousands of branches and power poles.

Now, temperatures have dropped to the minus 20 level and the million or so still without power or healing are in dire straits indeed. The government has said that the damage is so bad, that it will be up to three weeks before all areas receive their power back. Furthermore, the cold temperatures after the thaw has left the city encased in about a foot of hard ice making the cleanup extremely difficult and slow.

Personally, I was affected by this storm much less than many others were.

We lost power here three separate times but never for more than 24 hours.

Friends and family without power have stayed with us fairly constantly for the last several days. My car was buried in ice and the clutch was partially burned in extracting it. At work, we were stressed to the max with an ER that was packed to the gills with cold, sick and anxious people. When the water was off, we were making do with sterile water and bottled water that was hand delivered. The trees around our house took a beating but I managed to save them by nightly bashing the ice off of them with a shovel.

What have we learned from all of this?

I remember back in the spring, looking at what was going on in Winnipeg and elsewhere along the Red river and wondering what is must have felt like to live in the heart of a real natural disaster. Now I can say that I know! It feels downright stressful and overwhelming. Furthermore, I am sure that my friends in Winnepeg must surely appreciate how I felt in the spring as they now sit in the peg and watch what is going on here!

Of course, some of the most important lessons have been those that cannot be learned without a little suffering. For example; the spirit of community and helpfulness that abounded over that week has been wonderful. For ten days, we have had a much needed break from the stupid politics that are always a source of anxiety in this province. Three inches of ice will make even the staunchest federalists and separatists overlook their differences if only for a brief period.

And of course, there is the knowledge that no matter how bad it is now, this will all be over soon and then everyone will go home again. We should never forget that this is just a temporary inconvenience in the grand scheme of things and that elsewhere in the world, many others are not so fortunate to have that same ending to look forward to.

Oh well, that's just my version of things.

Garfield ® by Jim Davis

Tom and Jerry By Hanna-Barbera