Health Governance and Financing: More Autonomy for better Results?

SNS Summit, Portugal

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Hertie School, Berlin

31 May 2023

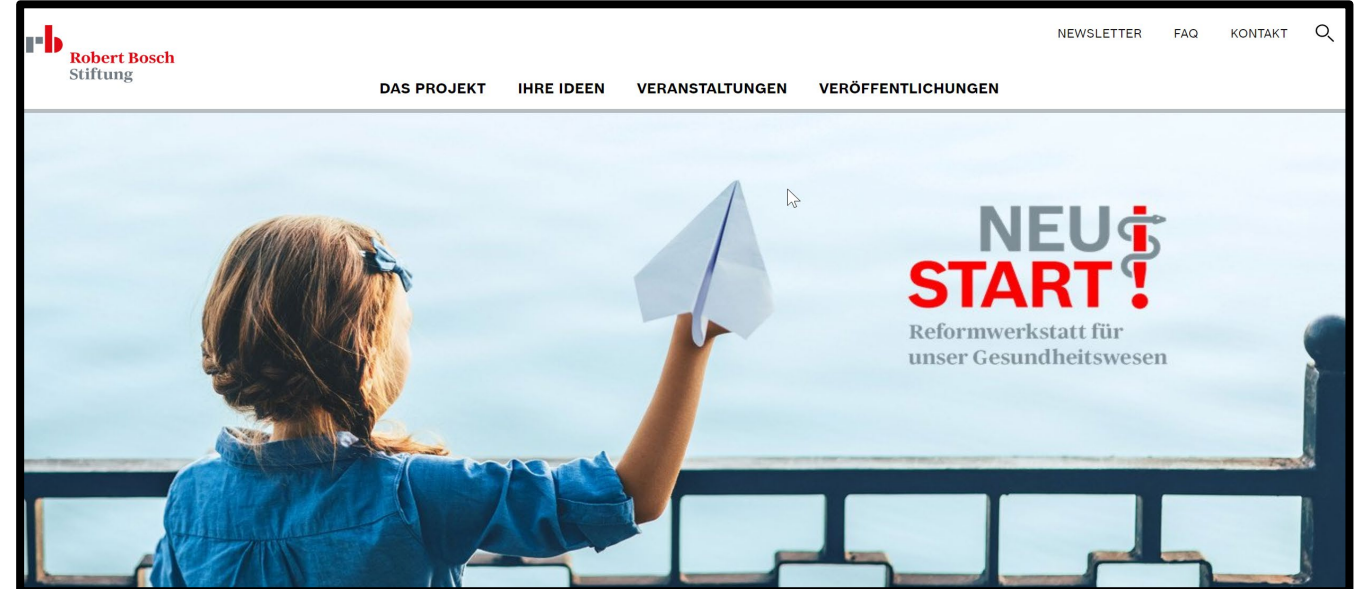# Imagine the healthcare system of the future:

1. Seamless quality of care

2. Lower costs

3. Equitable

4. Sufficiently digital and AI oriented

5. Improved access, lower waiting times, enhanced outcomes

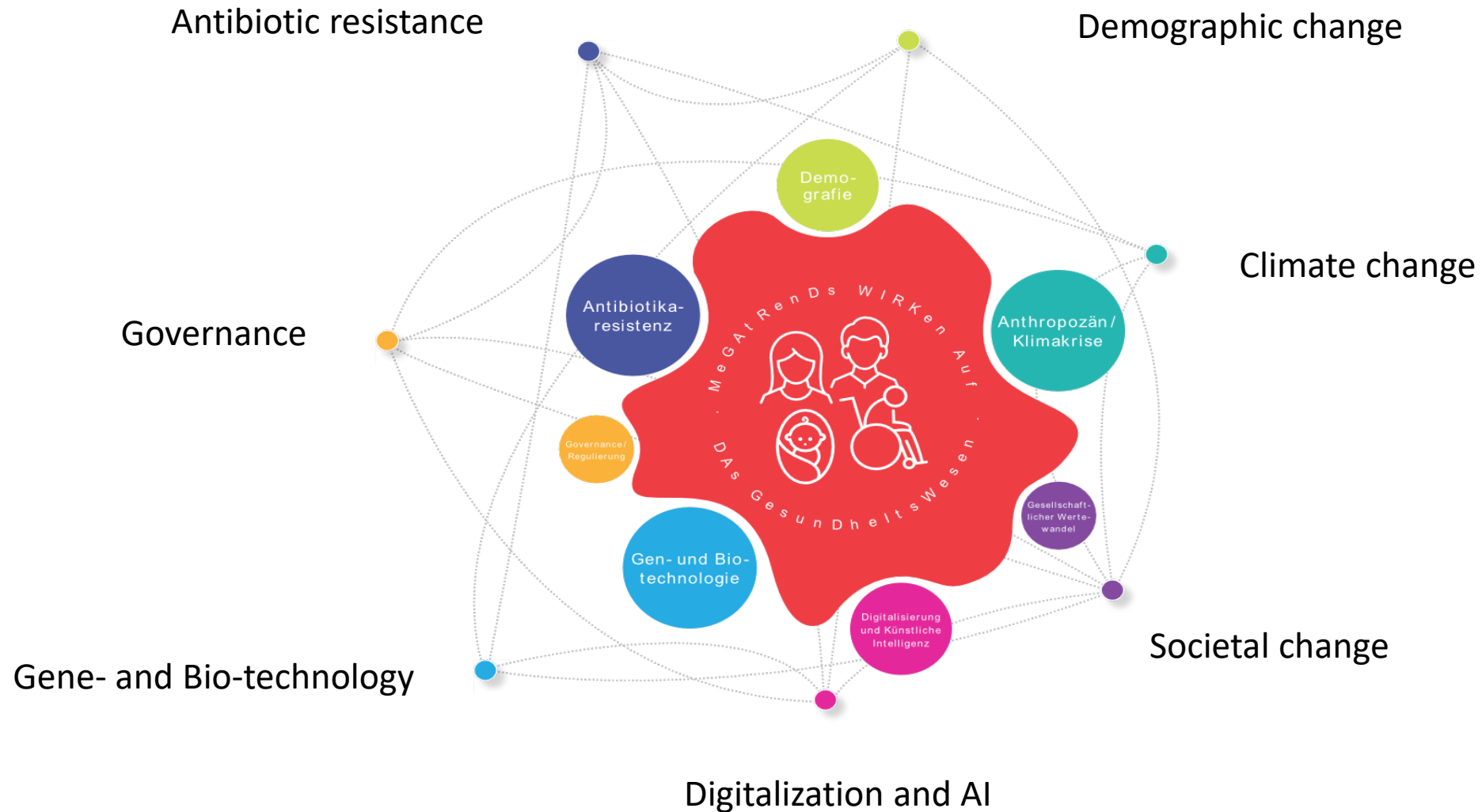6. Motivated healthcare professionals

7. ....

'Project Neustart: Reform workshops for our Healthcare'

7 workshops on various topics
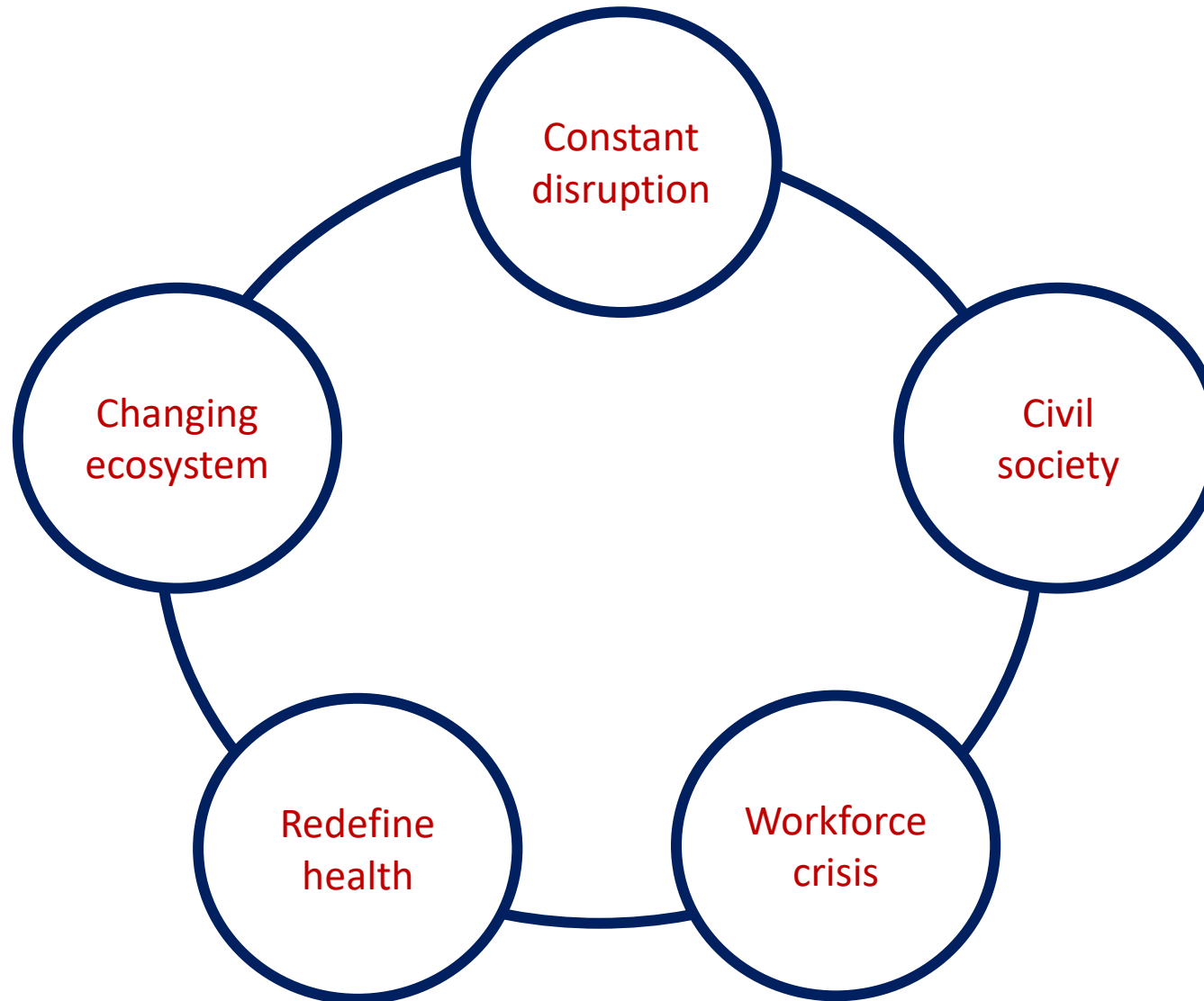
134 experts representing different stakeholders
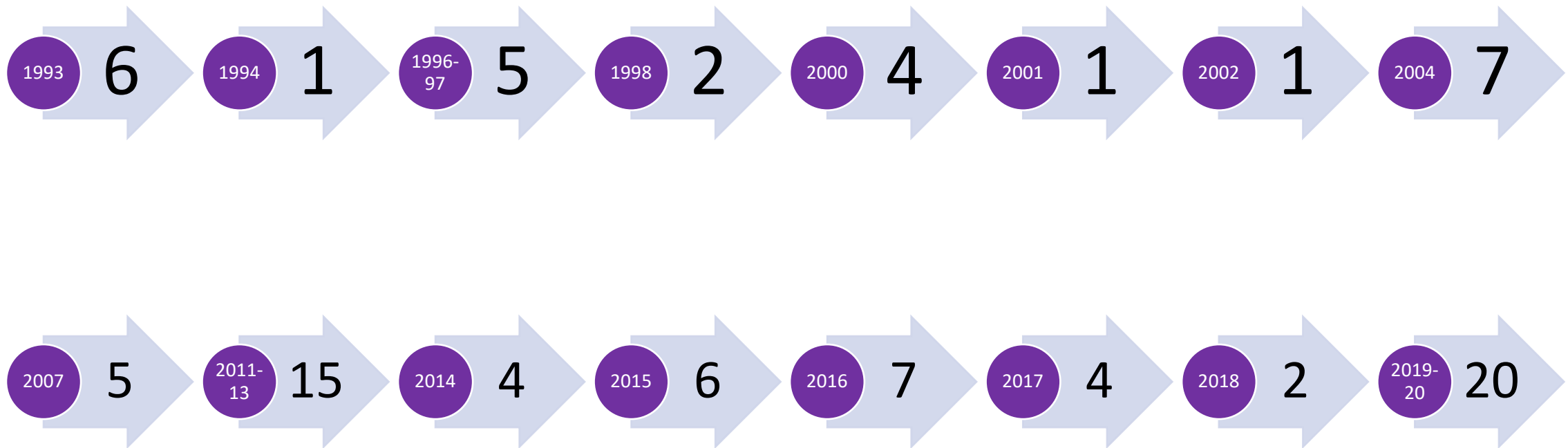
700 citizens across Germany

Antibiotic resistance

Demographic change

Climate change

Governance

Societal change

Gene- and Bio-technology

Digitalization and AI

Are current Health Systems Sustainable?

Reforms are Unavoidable

Healthcare one of the most reform-intensive sectors: Germany

Year	Count
1993	6
1994	1
1996-97	5
1998	2
2000	4
2001	1
2002	1
2004	7
2007	5
2011-13	15
2014	4
2015	6
2016	7
2017	4
2018	2
2019-20	20

Source: Health systems in Transition, 2020; Busse et al., 2017

Healthcare one of the most reform-intensive sectors: Portugal

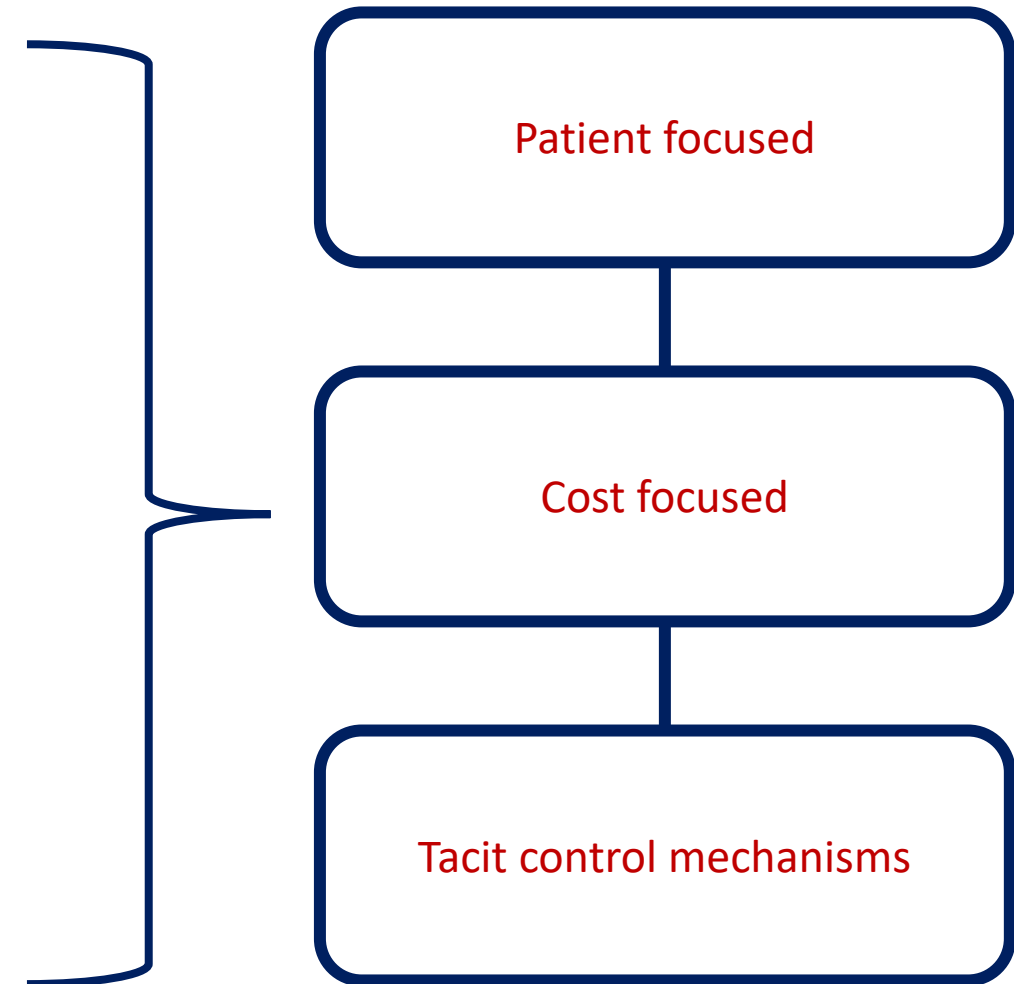| 1945-1968	responsible for health	1968-1974	Primary healthcare	1974-1990	NHS established	1990-2001	System management	2001-2005	Hospital management
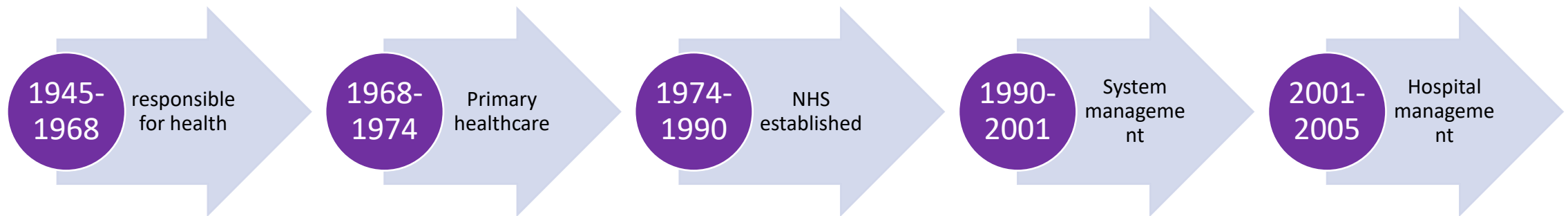
Source: Ferrinho et al., 2007

Healthcare one of the most reform-intensive sectors: Portugal

Policy measures	Goals
Regulation and governance	
Reinforcement of the HRA's powers (2014)	Strengthen regulation; improve health quality and safety
Reorganization of the Ministry of Health structure, including merge/extinction of some entities (2012–2014)	Improve efficiency; cost-containment
Health promotion	
National Health Plan 2012–2020	Health gains, focusing on equity and access to health care, health citizenship, health quality and healthy policies
Priority Health Programmes (2012 onwards)	Health gains through prioritization of 11 health programmes: diabetes, cerebro-cardiovascular diseases, oncological diseases, mental health, tobacco control, respiratory diseases, healthy nutrition, physical activity, prevention and control of antimicrobial resistance and infections, viral hepatitis, and HIV/AIDS
Pharmaceutical market	
Changes to the structure of distribution margins (since 2012)	Reduce public pharmaceutical expenditure
Promotion of generic drugs (since 2012)	Reduce public pharmaceutical expenditure
Revision of chosen countries for setting reference price (since 2012)	Reduce public pharmaceutical expenditure
Revision of reimbursement rules in the NHS (2010–2015)	Cost-containment
Use of clinical guidelines for prescription (since 2010)	Improve effectiveness and efficiency
Long-term and palliative care	
Expansion of the National Network for Long-term Care (2012 onwards)	Expand long-term coverage through contracting with private and social providers; reduce the length of stay in acute care hospitals
Creation of the National Network of Palliative Care (2012)	Improve access to palliative care; more effective delivery of palliative care
Primary and hospital care	
Benchmarking analysis of hospitals (since 2013) and primary health care groups (since 2014)	Improve effectiveness and comparability of performance among providers
New rules for contracting both with primary health care and hospitals (since 2012)	Pay by results; cost-containment
"Strategic Plan for Primary Healthcare Reform" (2016)	Reprioritize 2005 primary care reform
Improved patient choice across NHS hospitals (2016)	Reduce waiting times; improve patient information

Source: Health systems in transition, 2017

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Patient focused

Cost focused

Tacit control mechanisms

Source: Health systems in transition, 2017

Healthcare one of the most reform-intensive sectors: Germany

| YEAR	NAME OF REFORM (ORIGINAL NAME IN GERMAN)
2017	Strengthening Self-Government Act (*Gesetz zur Verbesserung der Handlungsfähigkeit der Selbstverwaltung der Spitzenorganisationen in der gesetzlichen Krankenversicherung sowie zur Stärkung der über sie geführten Aufsicht*)
	Legalizing Medical Hemp for Medical Purposes Act (*Gesetz zur Änderung betäubungsmittelrechtlicher und anderer Vorschriften*)
	Strengthening the Provision of Medical Aids and Pharmaceuticals Act (*Gesetz zur Stärkung der Heil- und Hilfsmittelversorgung*)
	Strengthening Provision of Pharmaceuticals Act (*GKV-Arzneimittelversorgungsstärkungsgesetz*)
	Nursing Care Professions Act (*Gesetz zur Reform der Pflegeberufe*)
	Modernization of Epidemiological Surveillance of Communicable Diseases Act (*Gesetz zur Modernisierung der epidemiologischen Überwachung übertragbarer Krankheiten*)
2018	SHI Contribution Relief Act (*Gesetz zur Beitragsentlastung der Versicherten in der gesetzlichen Krankenversicherung*)
	Nursing Staff Empowerment Act (*Pflegepersonal- Stärkungsgesetz*)
2019	Second Amendment to the Law on Transplantation (*Zweites Gesetzes zur Änderung des Transplantationsgesetzes – Verbesserung der Zusammenarbeit und der Strukturen bei der Organspende*)
	Improved Information Prior to an Abortion Act (*Gesetz zur Verbesserung der Information über einen Schwangerschaftsabbruch*)
	Strengthening Appointment Service Points and Care Delivery Act (*Terminservice- und Versorgungsgesetz*)
	Act for more Safety in the Supply of Pharmaceuticals (*Gesetz für mehr Sicherheit in der Arzneimittelversorgung*)
	Psychotherapist Education Act (*Gesetz zur Reform der Psychotherapeutenausbildung*)
	Midwifery Reform Act (*Hebammenreformgesetz*)
	Increased Salaries for Nursing Professionals Act (*Gesetz für bessere Löhne in der Pflege*)
	Digital Provision Act (*Gesetz für eine bessere Versorgung durch Digitalisierung und Innovation*)
	Anaesthesia and Surgery Medical Assistant Education Reform Act (*Gesetzes über die Ausbildung zur Anästhesietechnischen Assistenten/in und über die Ausbildung zur Operationstechnischen Assistenten/in*)
	Medical Review Boards Reform Act (*Gesetz für bessere und unabhängigere Prüfungen*)
	Introduction of an Allowance in Statutory Health Insurance to Promote Company Pension Schemes Act (*Gesetz zur Einführung eines Freibetrages in der gesetzlichen Krankenversicherung zur Förderung der betrieblichen Altersvorsorge*)

Workforce empowerment

Source: Health systems in transition, 2020

Workforce crisis?

Doctors emigration 1997-2016
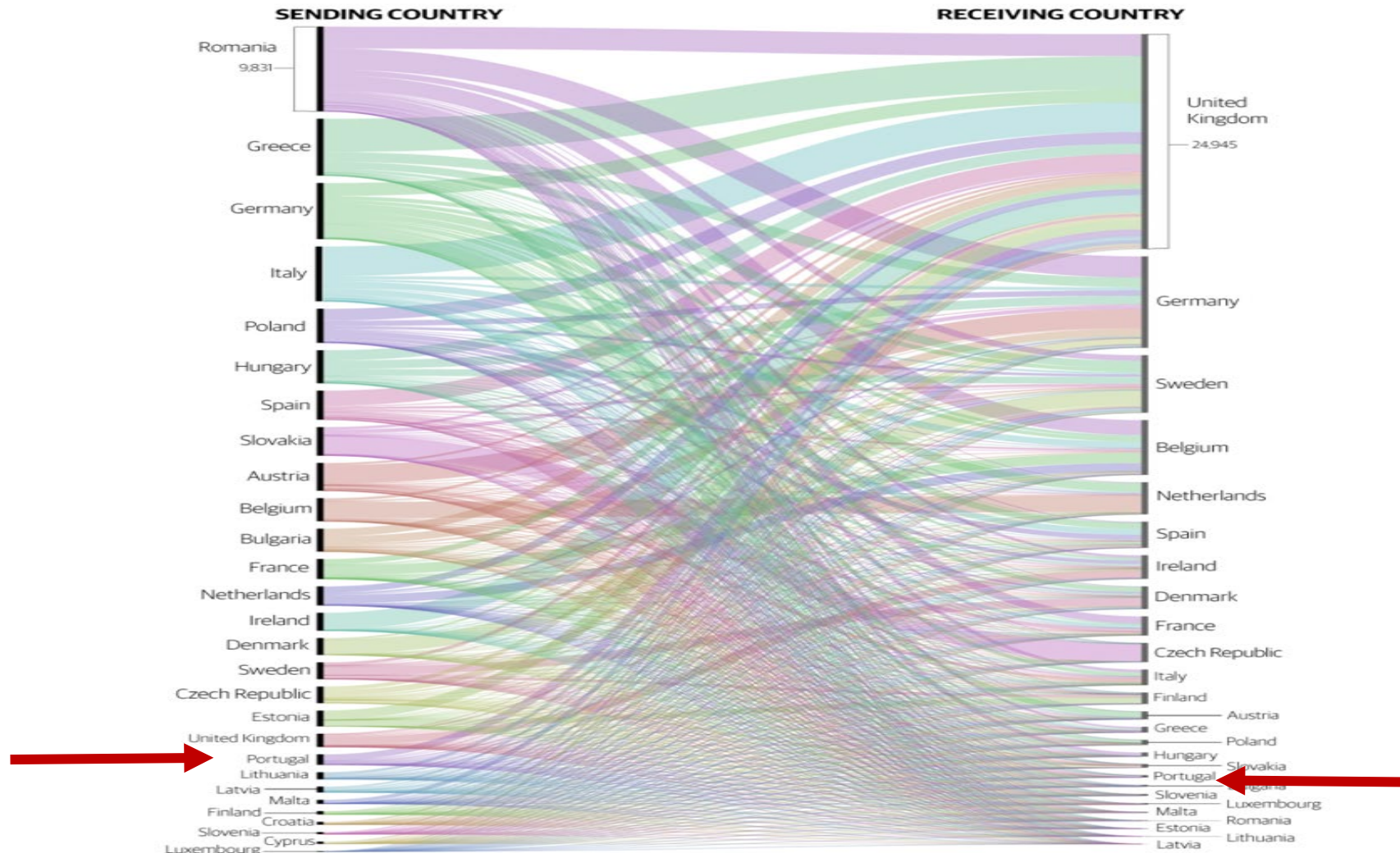
Workforce crisis?

Nurses emigration 1997-2016

Source: Politico, 2017
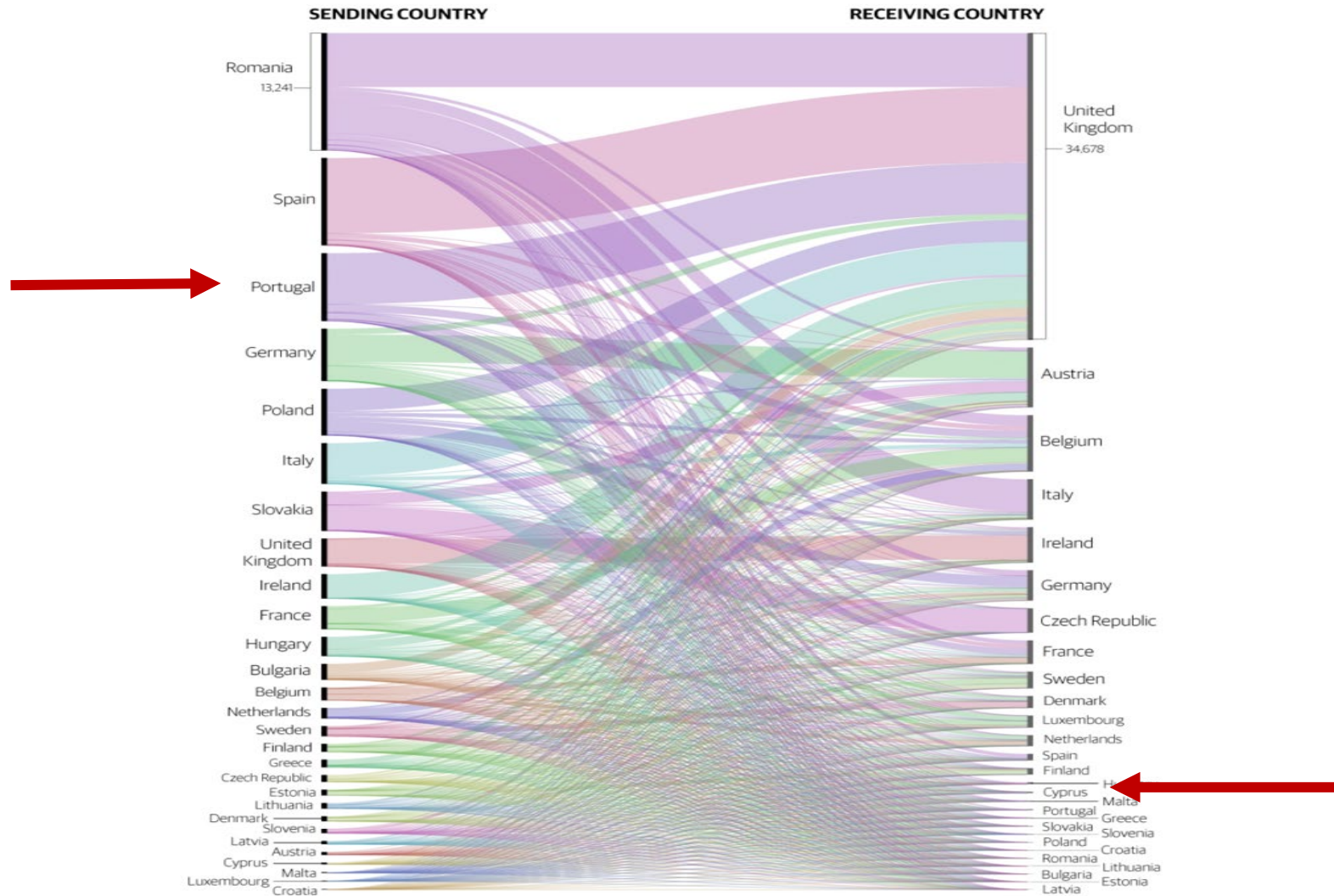
How can we fix the workforce crisis?

1. Why do individuals join the healthcare profession?

2. Why do healthcare professionals leave?

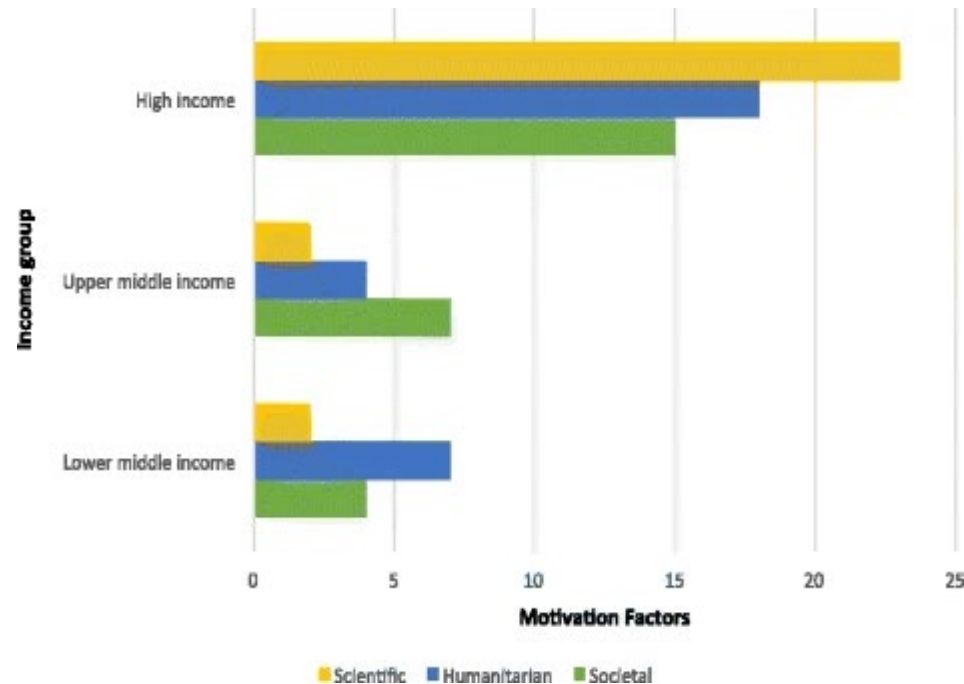# 1. Why do individuals join the healthcare profession?

Table 1 Domains and issues that emerge as main motivational factors

Domains	Issues
Scientific	• Ability to use new cutting edge technologies • Interest in medicine as a subject matter • Opportunities to travel and work internationally • Research opportunities • Loss of a loved one
Societal	• Job security • Social status/prestige • High income • Proposed by parents
Humanitarian	• Desire to help others • Desire to give back to their home community or country

Goel et al. BMC Medical Education (2018)

1. Why do individuals join the healthcare profession?
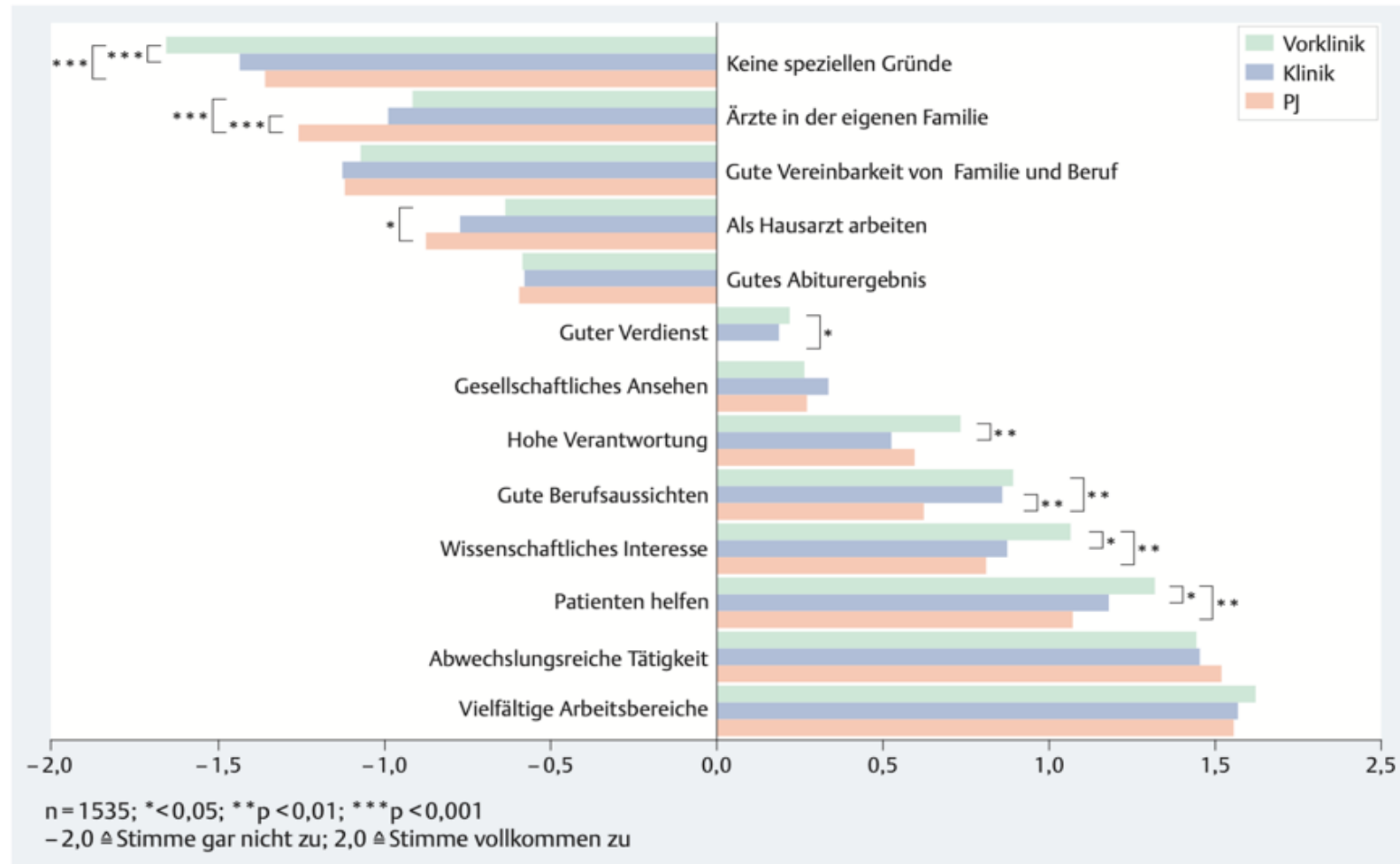
Becker JC et al. Warum Medizin studieren? Dtsch Med Wochenschr 2015; 140: e207–e216

2. Why do healthcare professionals leave?

Annual gross salary of specialists (2020)

Country	Salary
Ireland	172,882 €
Netherlands	160,869 €
Denmark	156,061 €
Iceland	155,276 €
Germany	146,200 €
UK	136,375 €
Belgium	116,727 €
Finland	116,232 €
Norway	100,387 €
Sweden	94,399 €
France	83,927 €
Italy	81,460 €
Spain	79,544 €
Slovenia	54,702 €
Estonia	43,361 €
Portugal	42,222 €
Czech Rep.	41,039 €
Greece	39,056 €
Slovakia	37,071 €
Turkey	33,013 €
Hungary	32,988 €
Latvia	24,203 €
Lithuania	22,939 €
Poland	20,200 €

Source: Euronews, 2023

2. Why do healthcare professionals leave?

Define the medical profession choosing three adjectives:
- Creative
- Indispensable
- Fascinating
- Rewarding
- Repetitive
- Boring
- Tiring
- Exasperating
- Frustrating
- Disappointing
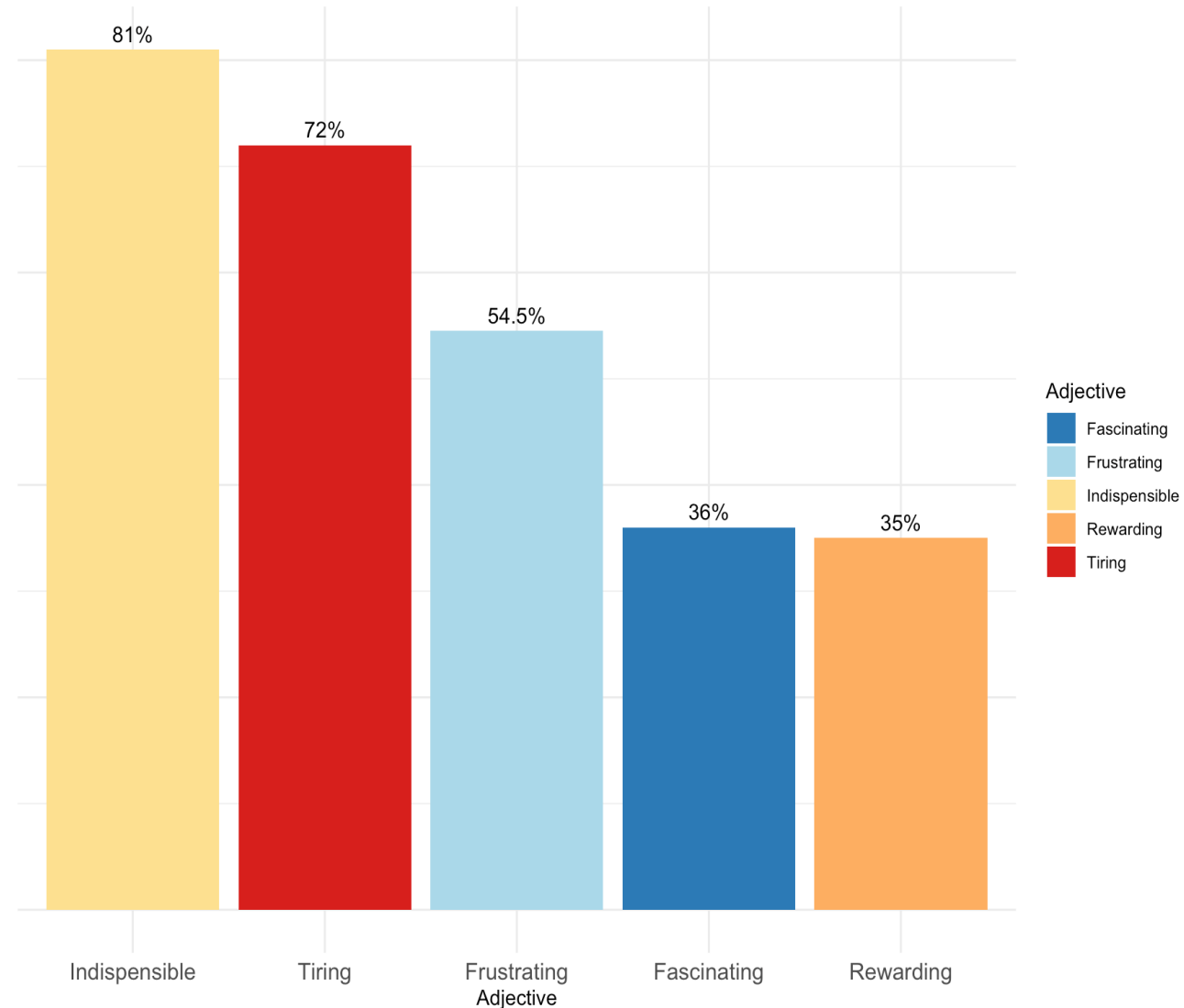
Source: FEMS, 2021

2. Why do healthcare professionals leave?

Indicate three possible causes for the decline in quality of services

Source: FEMS, 2021

2. Why do healthcare professionals leave?

Physicians are too dependent on hierachies
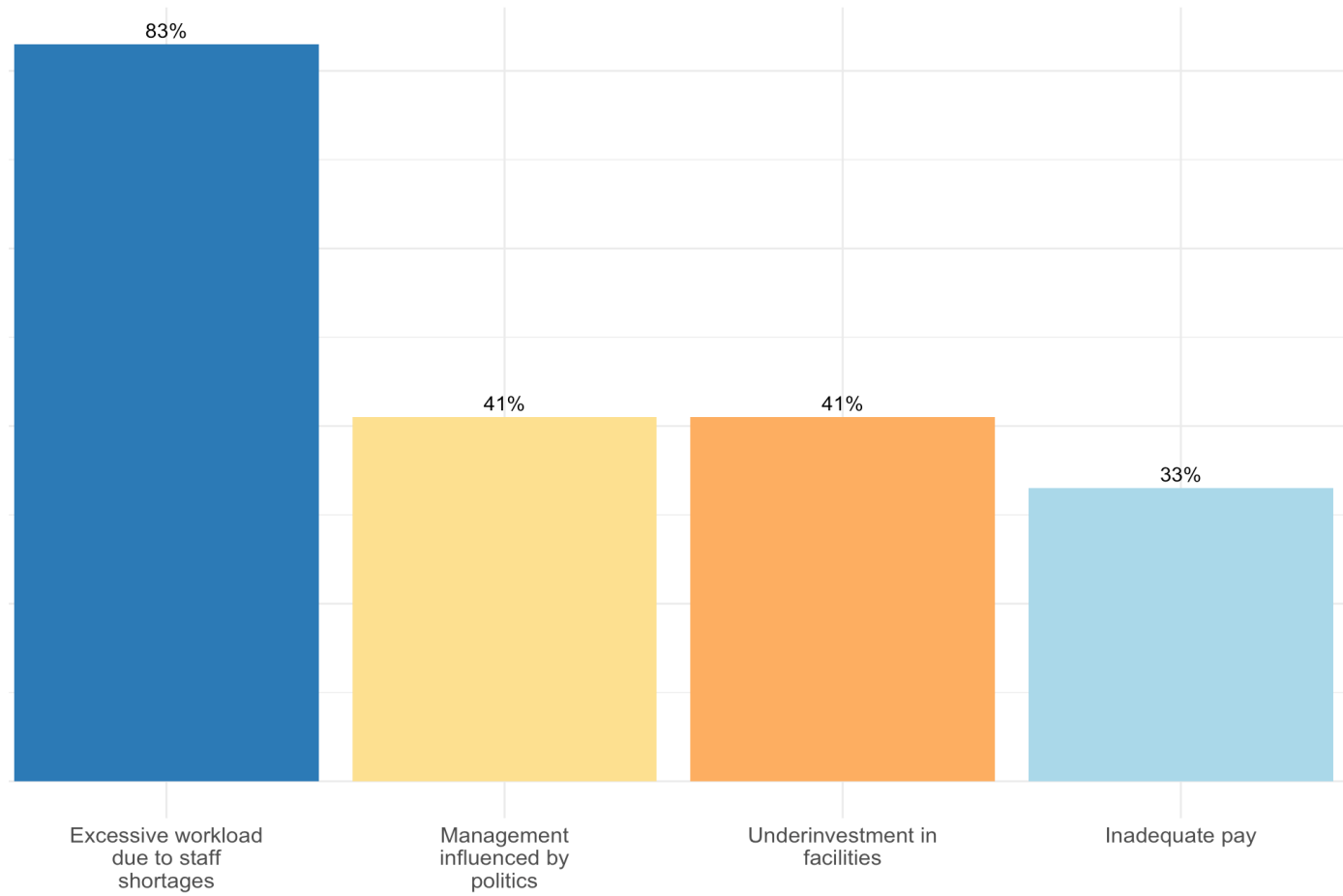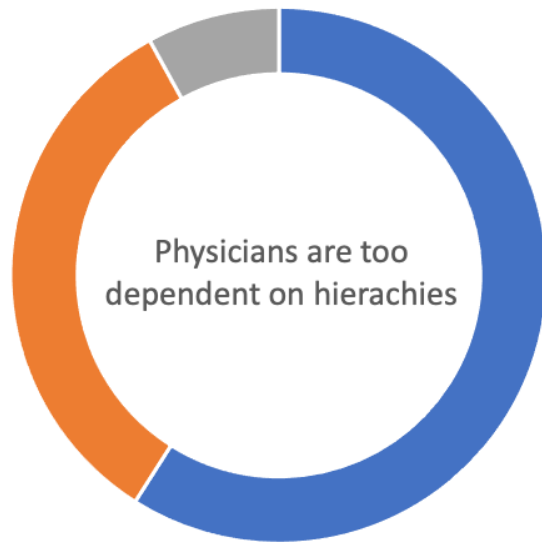
- Totally agree
- Agree
- Partially Agree

Physicians have limited involvement in policy and management

- Totally Agree
- Agree

Physicians have little societal recognition
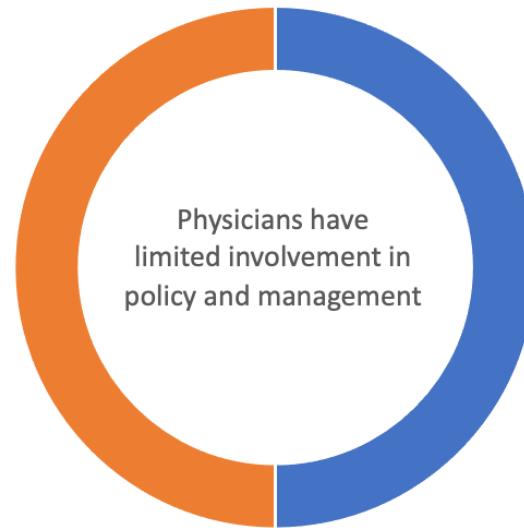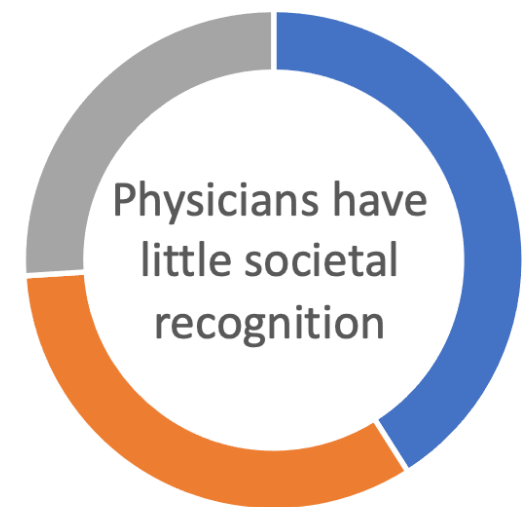
- Fully Agree
- Agree
- Disagree

Source: FEMS, 2021

2. Why do healthcare professionals leave?
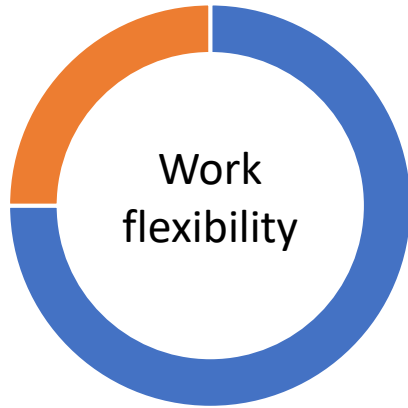
Work flexibility
- Dissatisfied
- Satisfied

Organisation of work
- Dissatisfied
- Satisfied

Career prospects
- Dissatisfied
- Satisfied

Opinions considered
- Not at all
- Not really
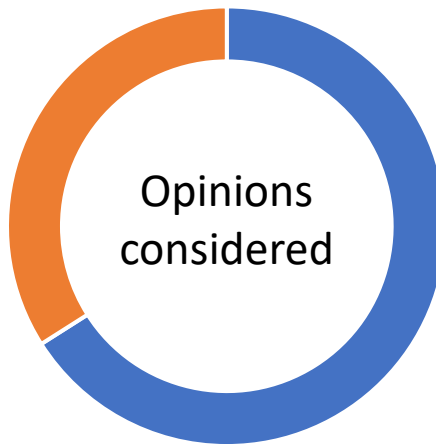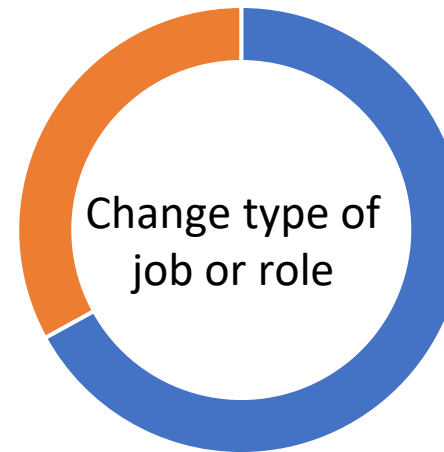
Change type of job or role
- Difficult
- Very difficult

Source: FEMS, 2021

Is there a case for Greater Autonomy?

The Autonomy Pyramid
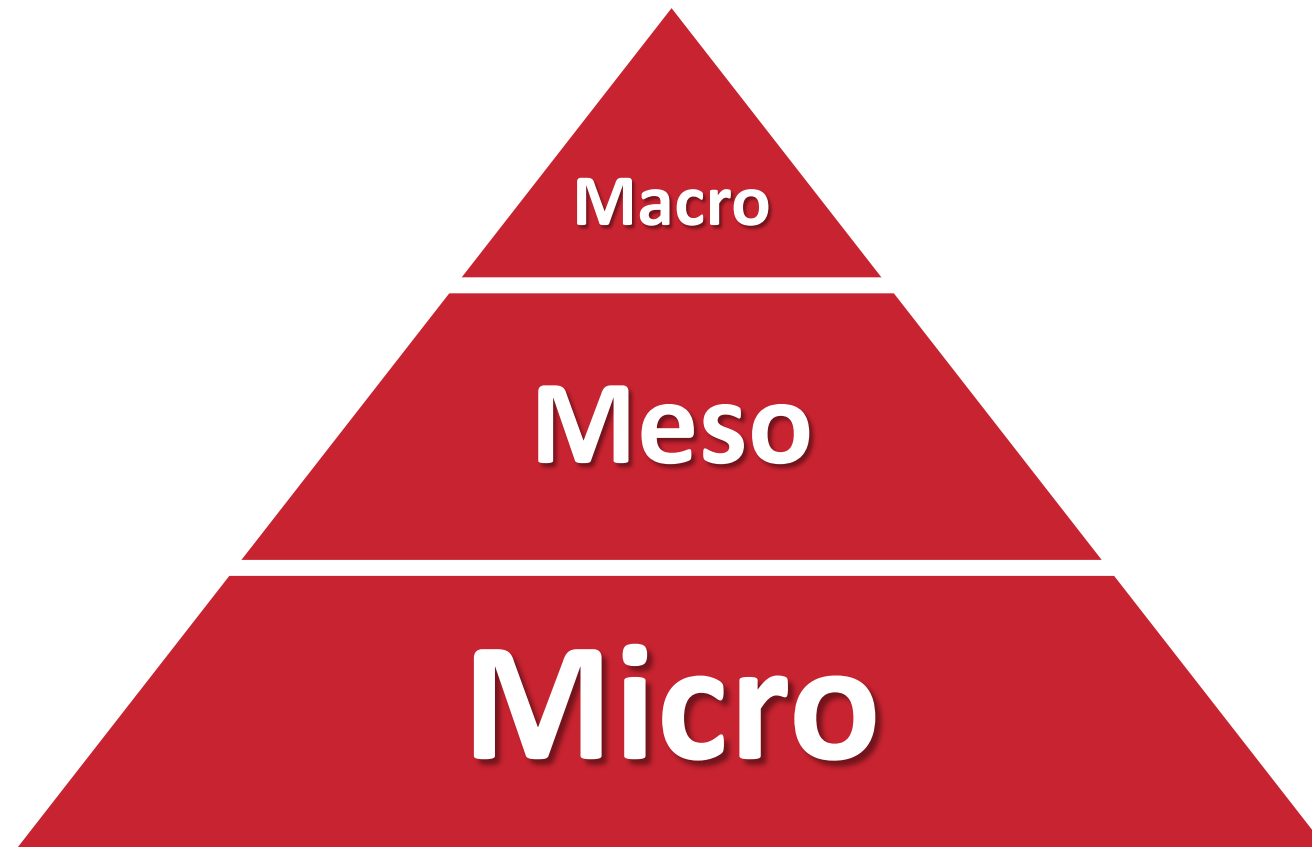
The Autonomy Pyramid
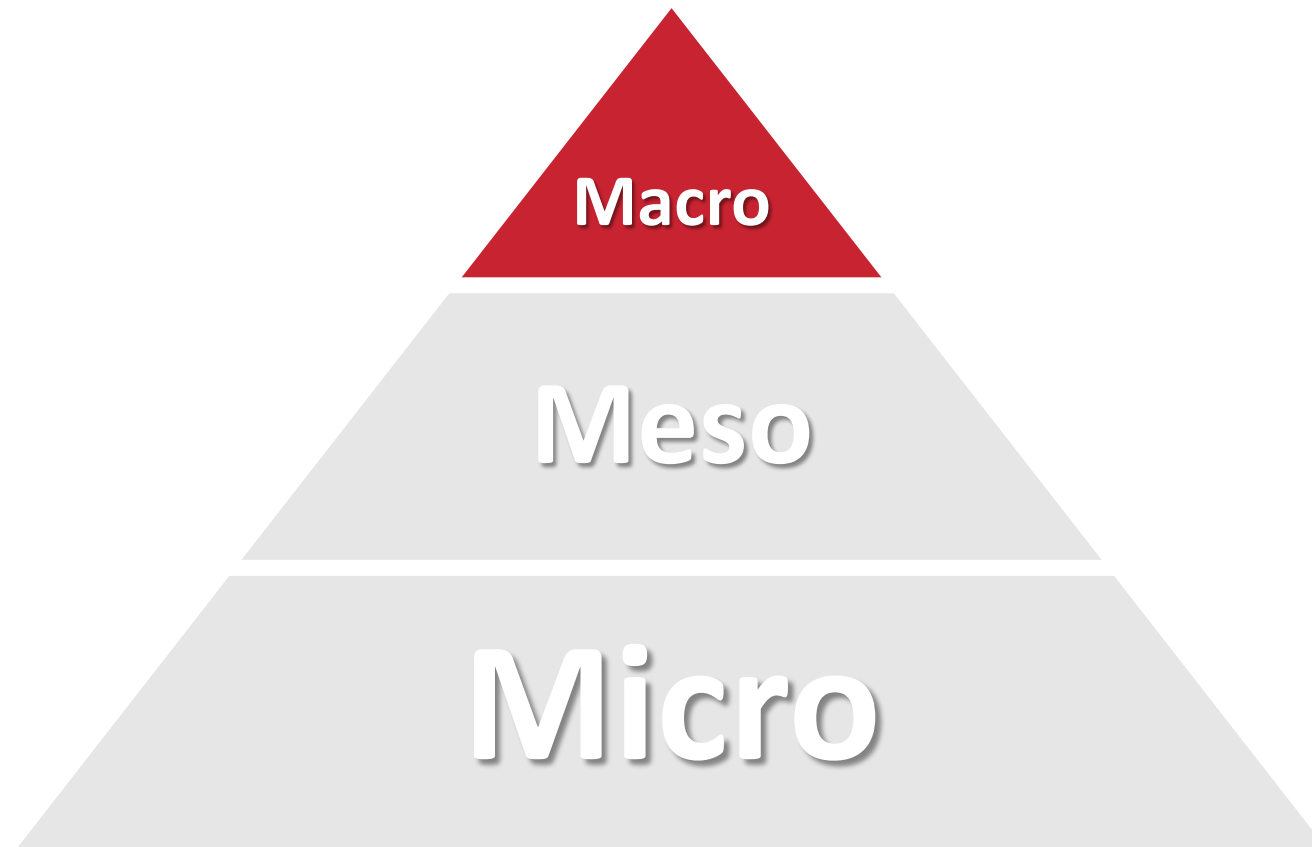
Decentralization

Technical and allocative efficiencies

Empower local governments

Increase accountability

Responsive to local needs

Associated with neo-liberal reforms

Reduce role of state

Increase competition

Minimize health spending

Empirical evidence is mixed
(Sumah et al., 2016)

Degree of administrative decentralization
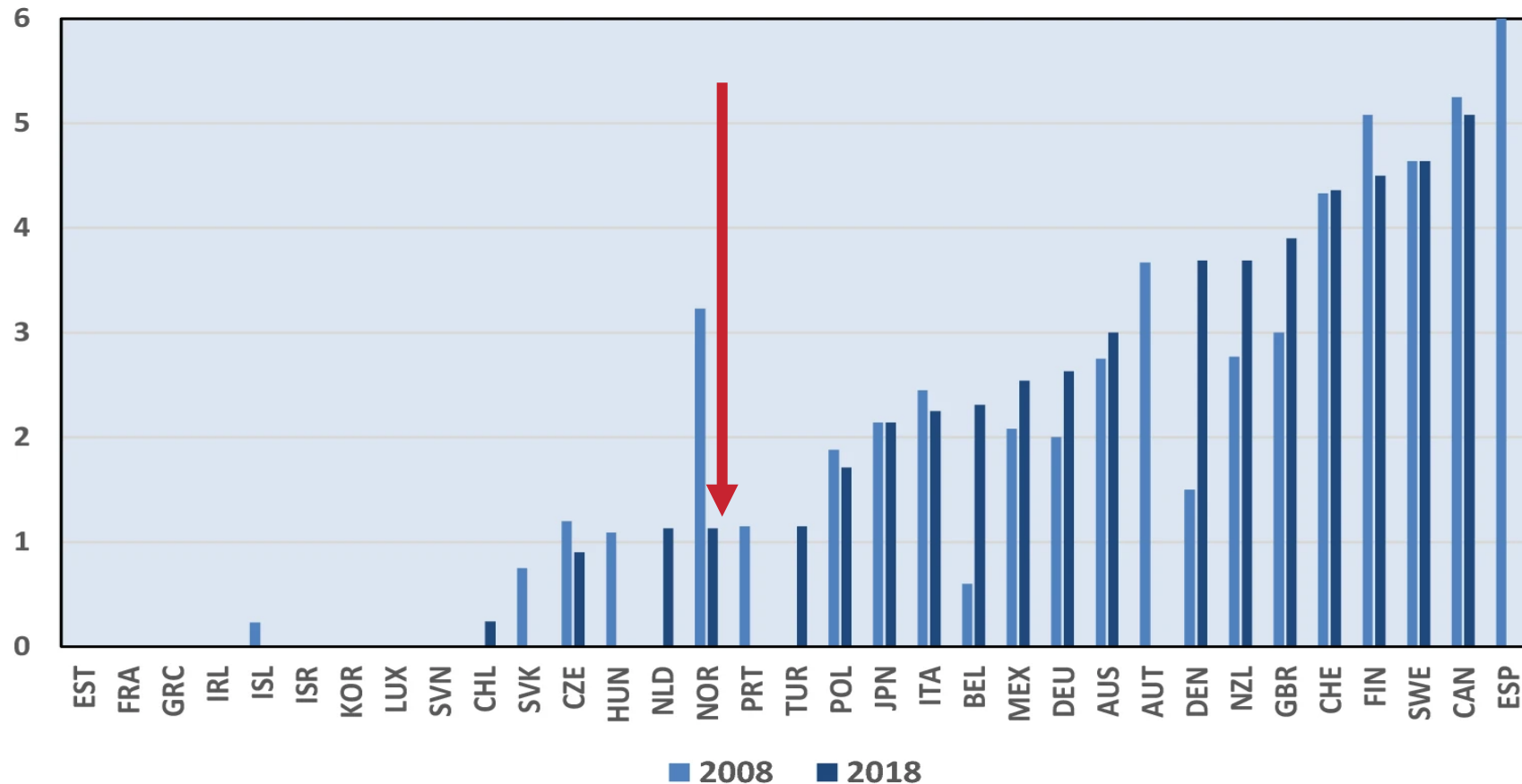
Note: The vertical axis is the decentralisation index, from the most centralised (0) to most decentralised (6).

Source: Dougherty et al., (2022)

Decentralization and select outcomes
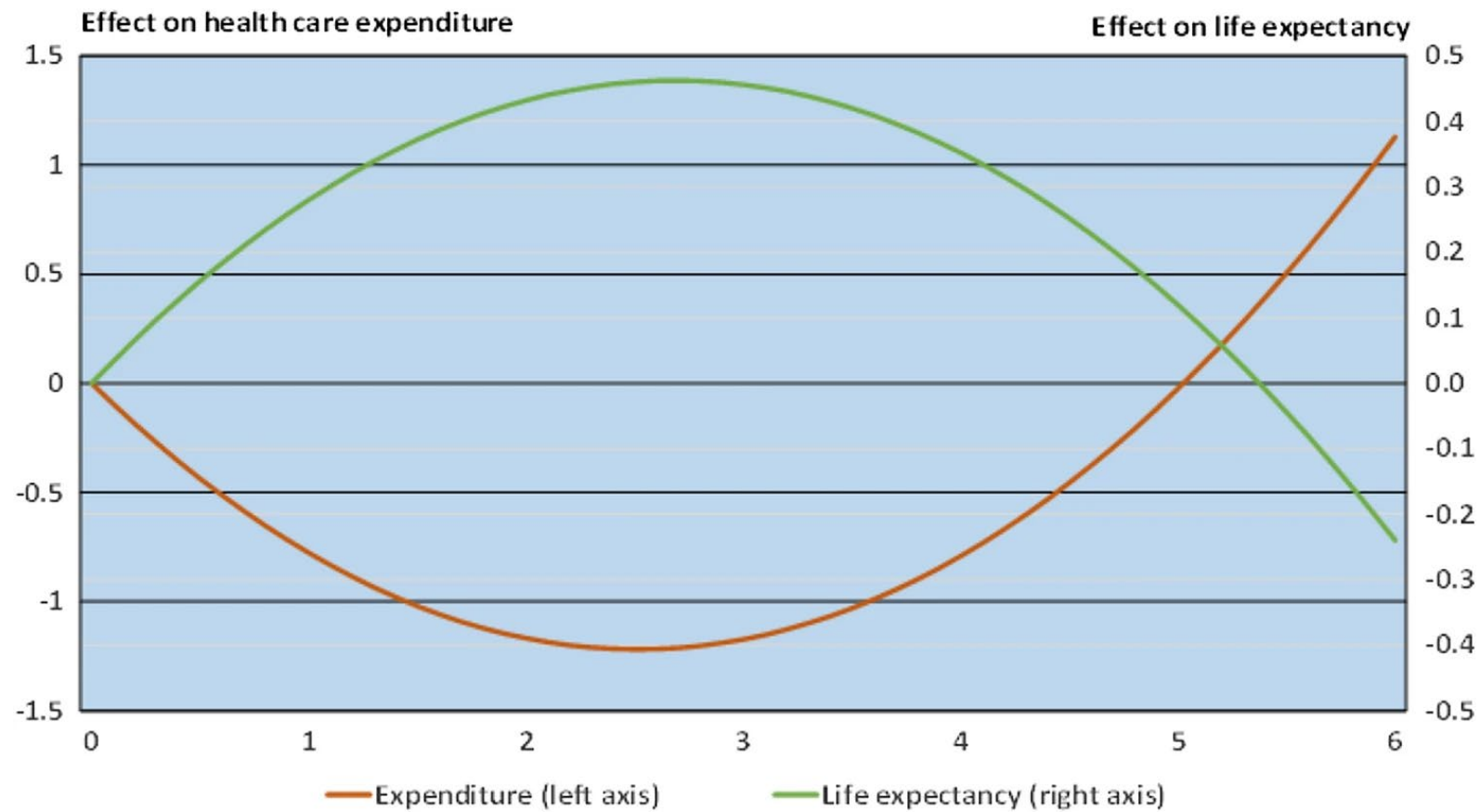
Source: Dougherty et al., (2022)

The Autonomy Pyramid

Macro

Meso

Micro
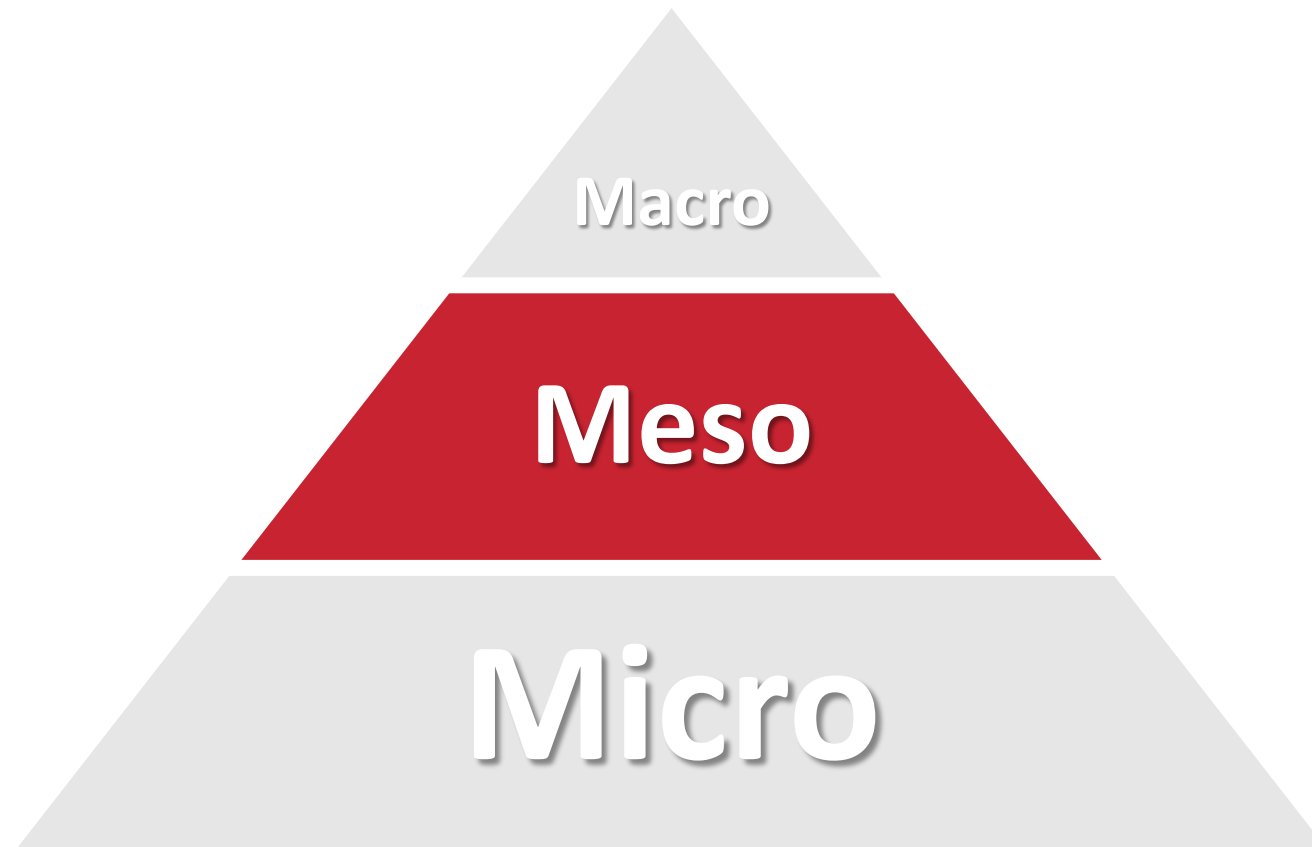
The trend towards quasi-independence…

Foundation trusts in the United Kingdom

Joint-stock companies in Estonia

Public stock corporations in Sweden

Semi-budgetary organisations in Czech Republic

Basis for autonomy

Technical and Allocative efficiency

Increase in Quality of care

Accountability and patient satisfaction

Case:
Foundation trusts in England

Foundation trusts

English NHS implemented a reform in 2004
- mix of public and private elements
- quasi-private hospitals called ‚Foundation Trusts‘

> *"It was a battle with the Treasury, battle with Labour, battle with the trade unions...It was a very, very difficult political battle..."*
>
> *"What was difficult was to get people to understand we were doing the change not to destroy the NHS but in order to save it."*
>
> *-Alan Milburn, Secretary of State of Health*

Foundation trust policy

- Freedom
  - corporate governance decisions
  - changes in board composition
  - local rather than central needs

- Greater control
  - appointing and rewarding staff
  - long and short-term strategies
  - operational and management flexibility
  - financial control with ability to retain surplus and reinvest

Foundation trust policy

- Still offer services to any patient in England
  - cannot select of reject patients
  - serve the same market

- Still accountable to their commissioners and the parliament
  - same national key rules and regulations
  - same national targets

- Provide healthcare according to NHS principles
  - free care at the point of access
  - based on need and not the ability to pay

„……by 2020, **every** NHS trust should become a Foundation Trust.“

	2004			**2008**			**2016**		
	FTs	non-FTs	Total	FTs	non-FTs	Total	FTs	non-FTs	Total
Acute and Specialist	25	147	173	83	86	169	111	50	161
Mental health	0	82	82	32	28	60	33	38	71
Ambulance	0	30	30	0	11	11	5	5	10
Total	25	259	285	115	125	240	149	93	242

Cost-efficiency
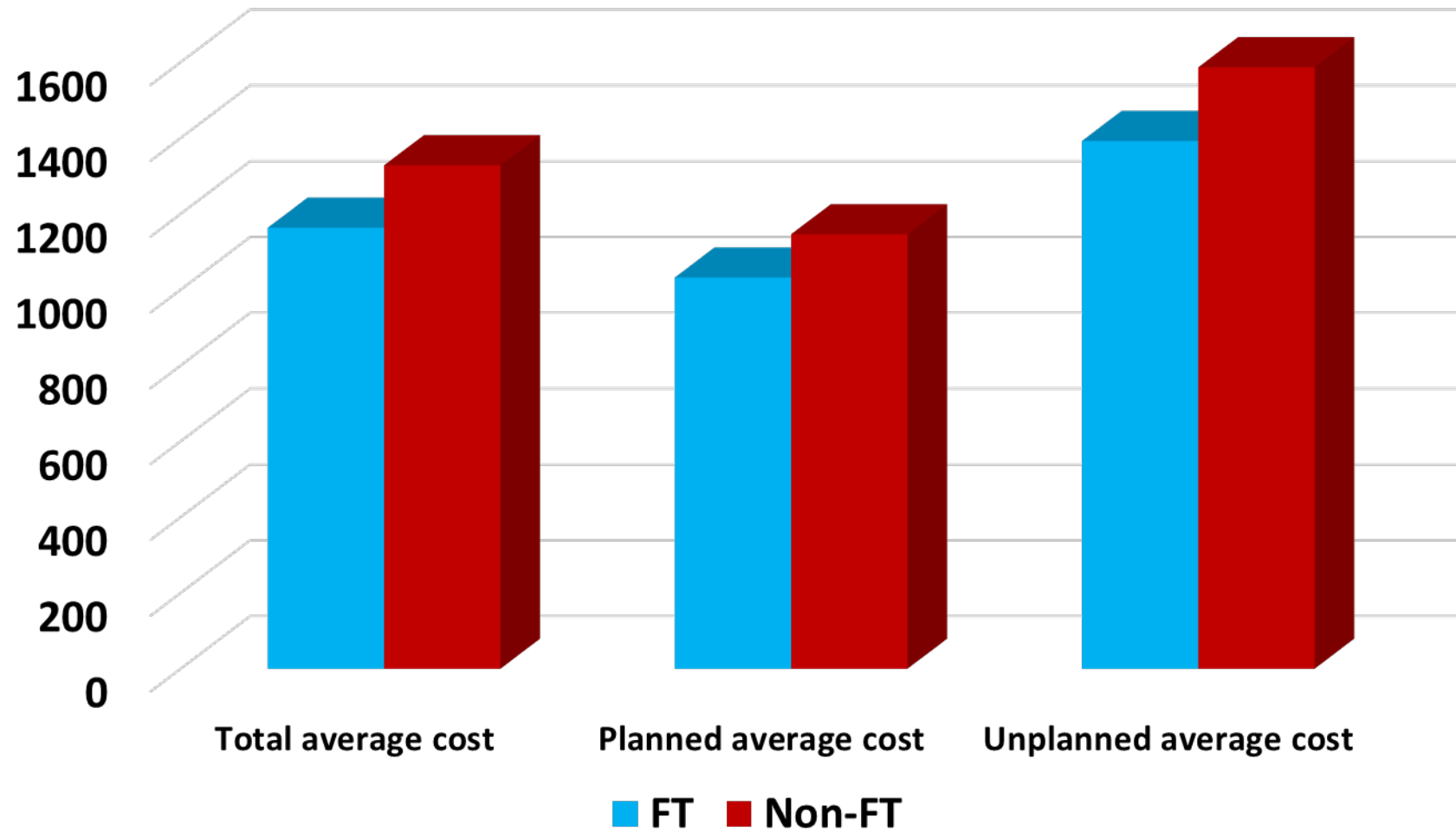
Cost-efficiency over time
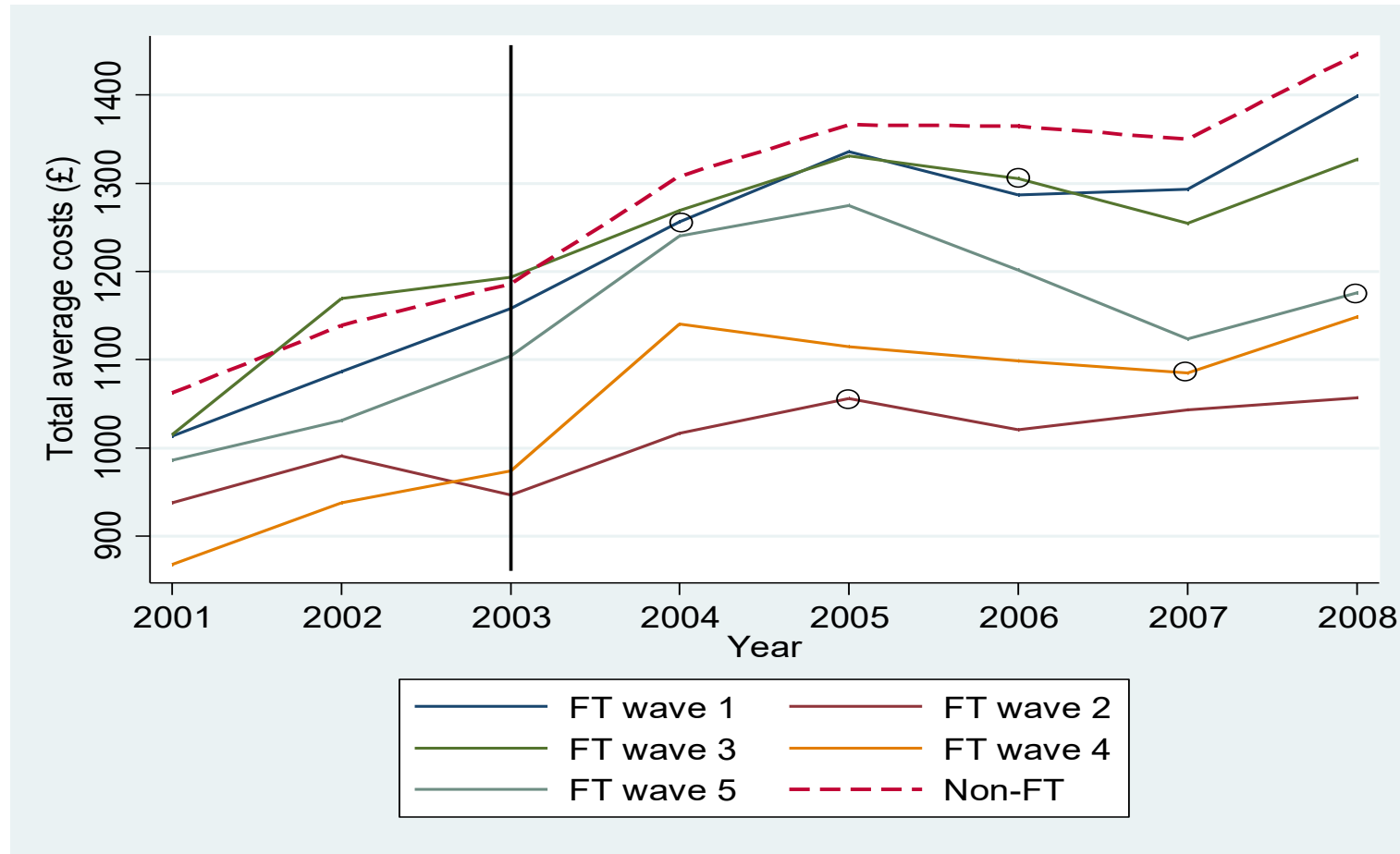
Cost-efficiency heterogeneity
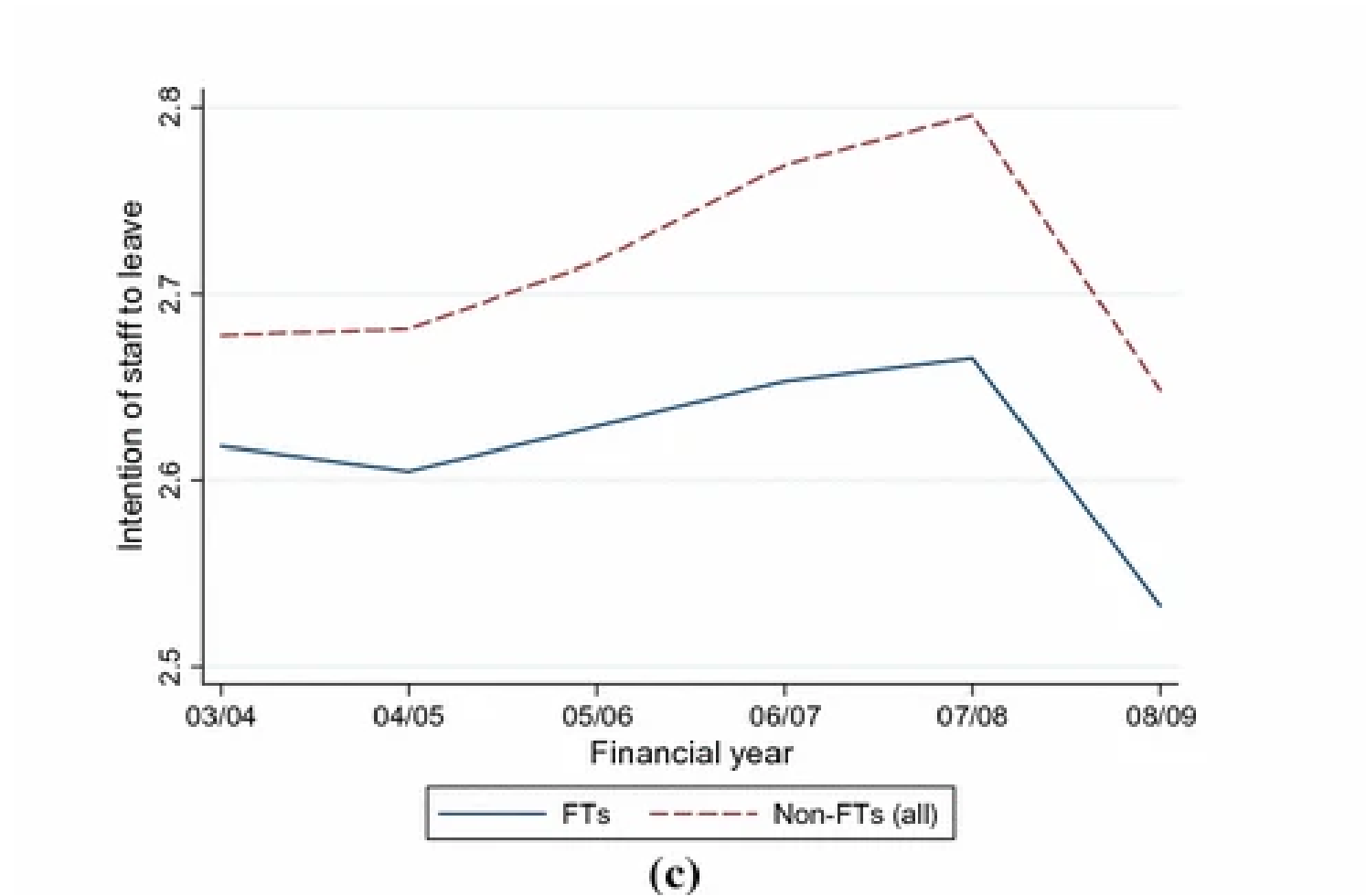
Percentage decrease in costs
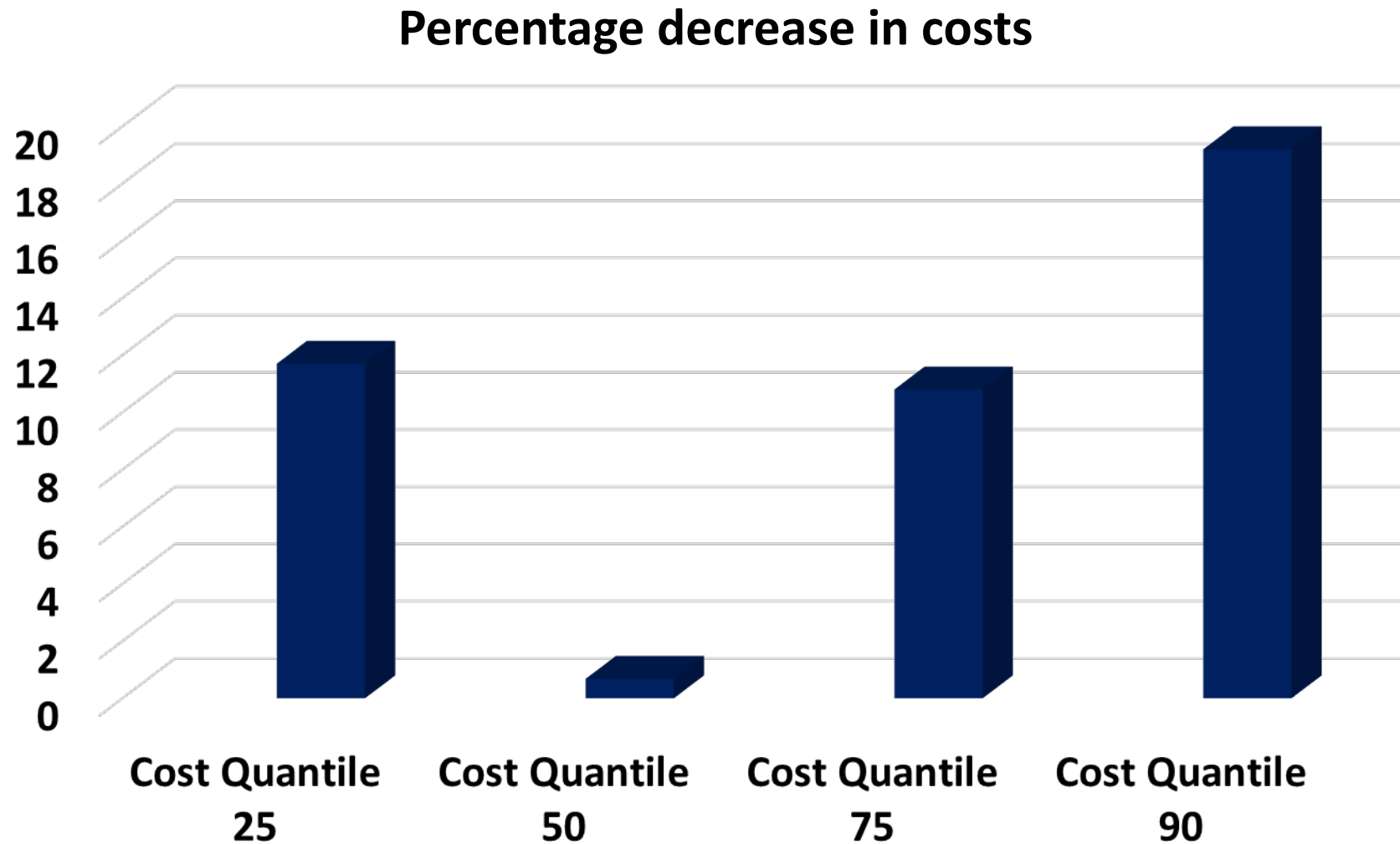
Patient movement – quality of care?

Further evidence

(a)

(b)

Source: Verzulli et al, 2018

Further evidence

(c)
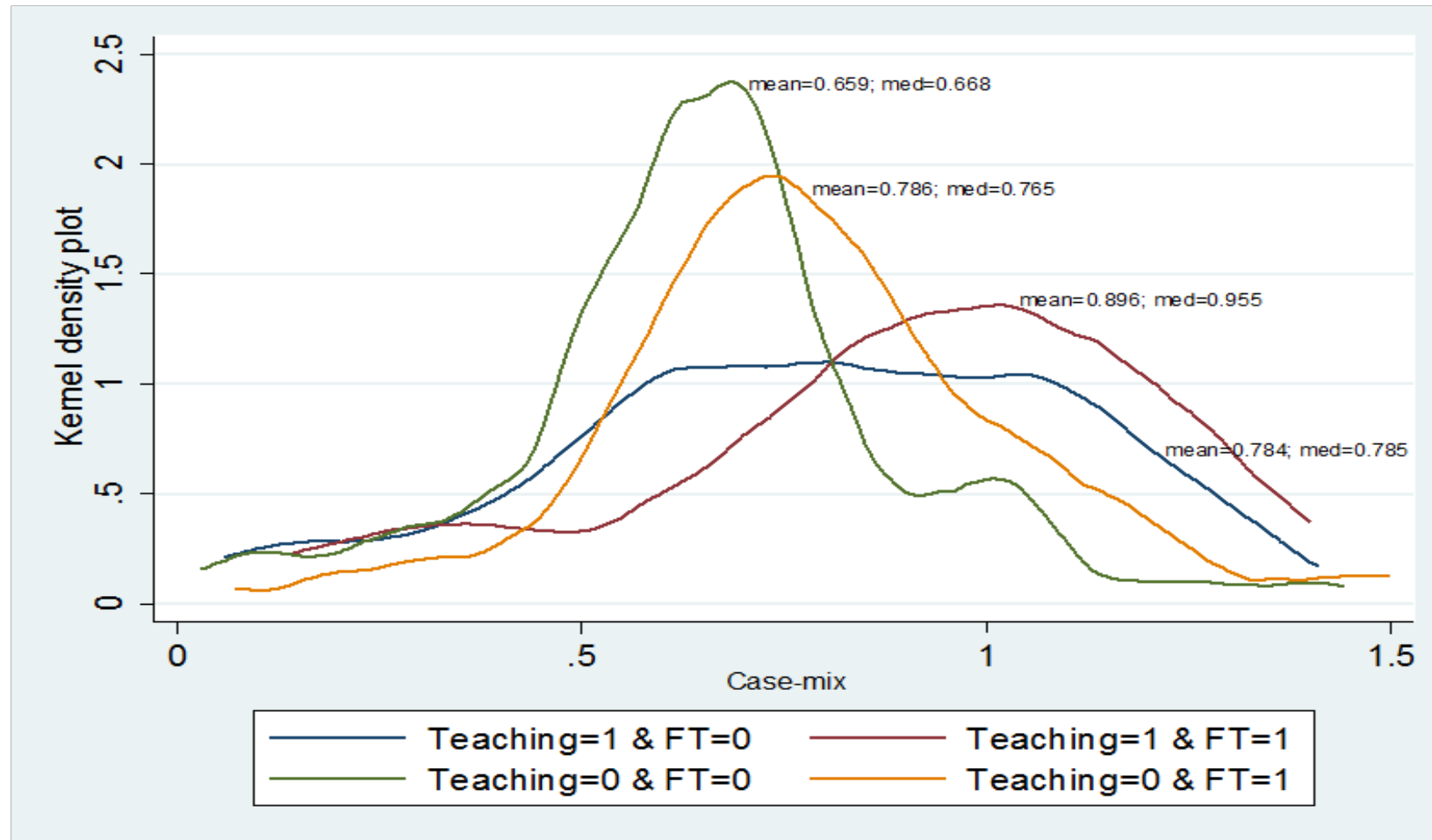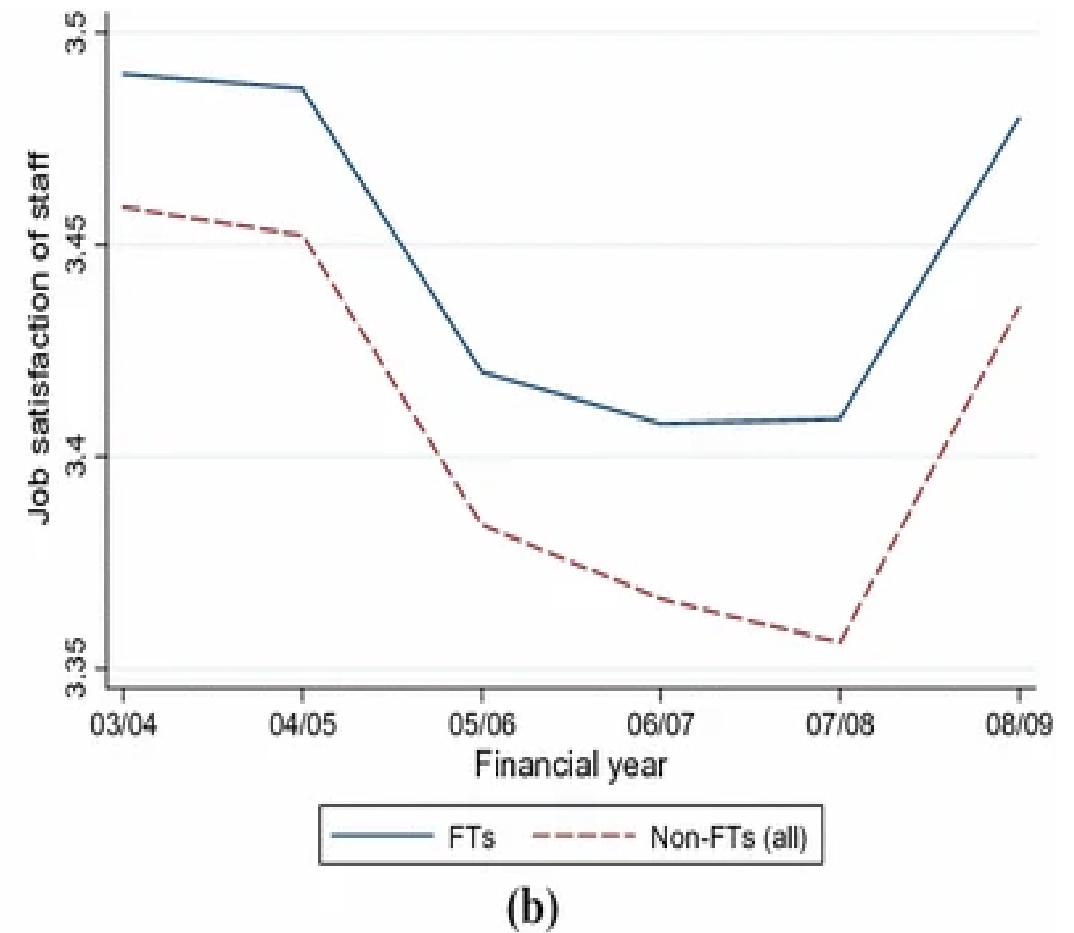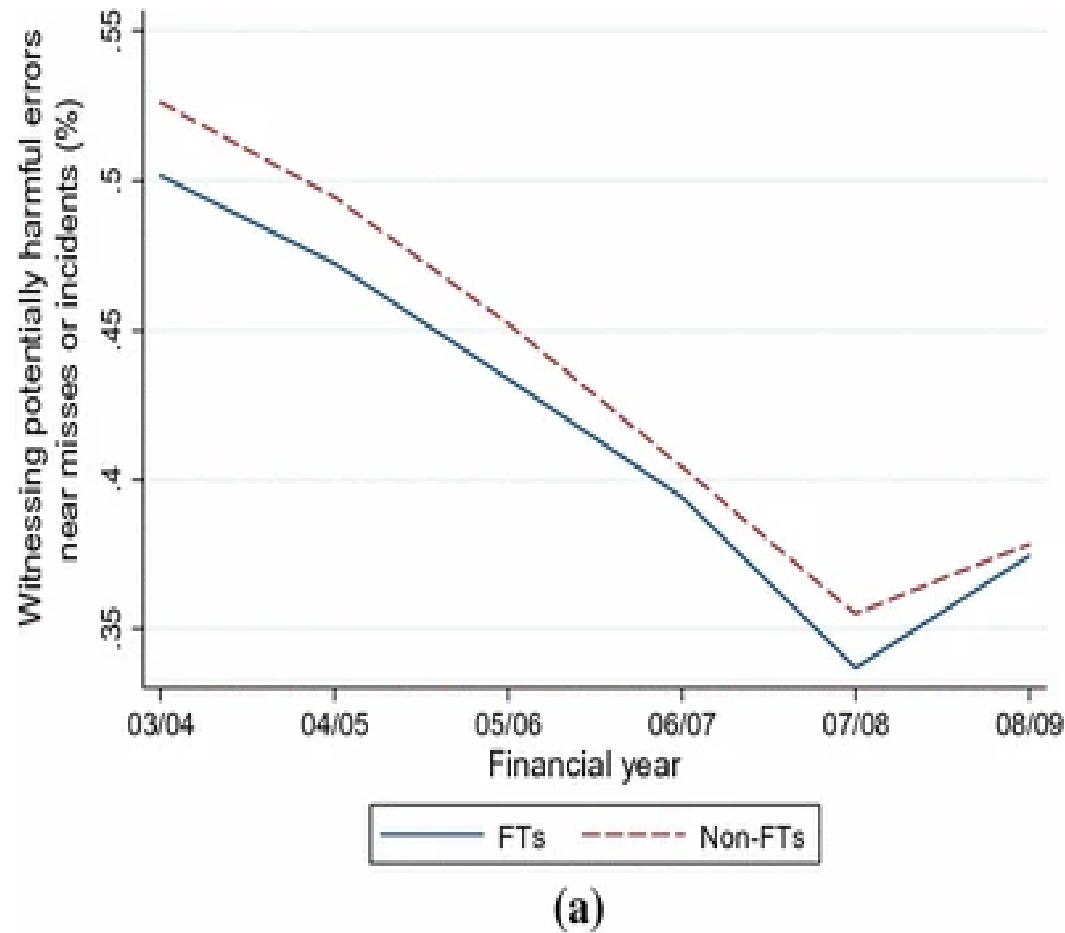
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The Autonomy Pyramid

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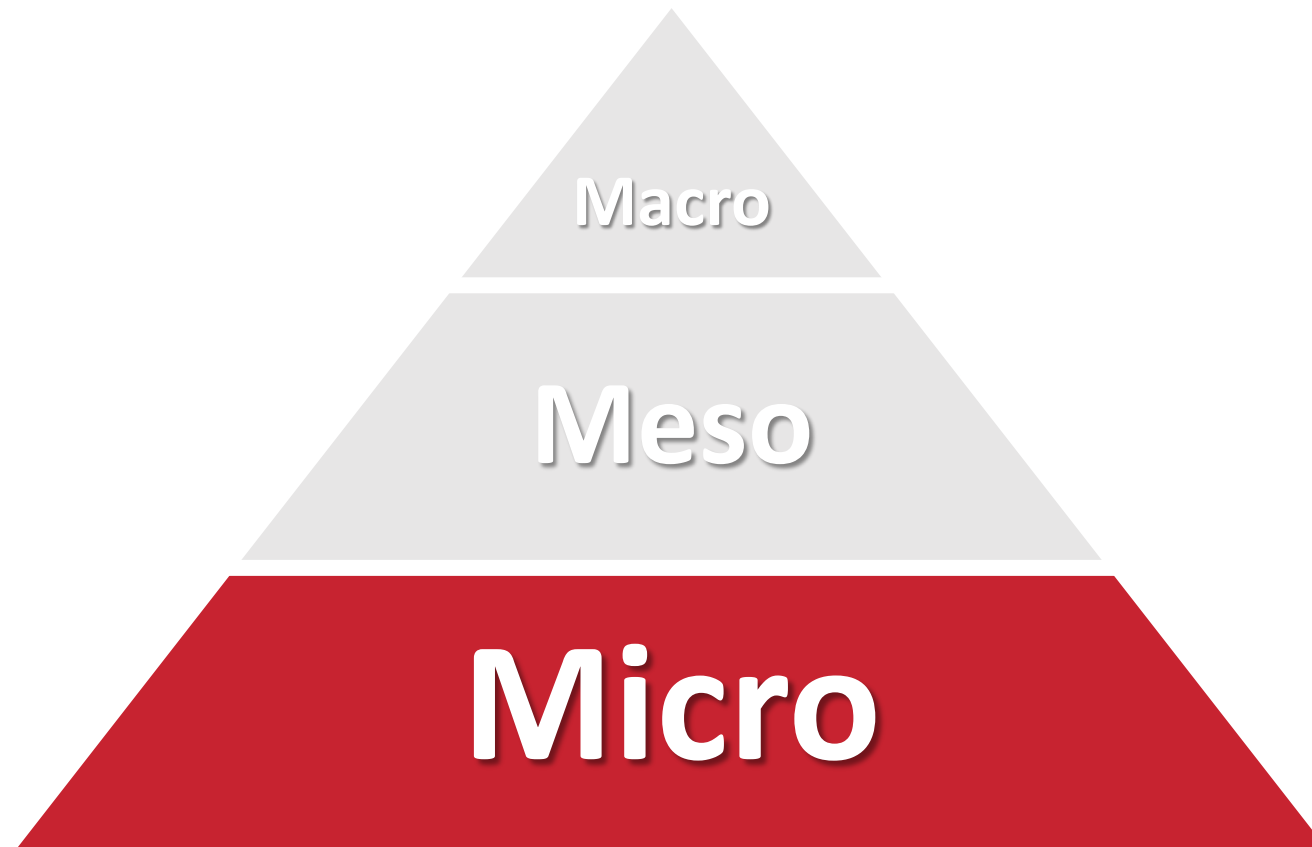
Integrated responsibility units - Portugal
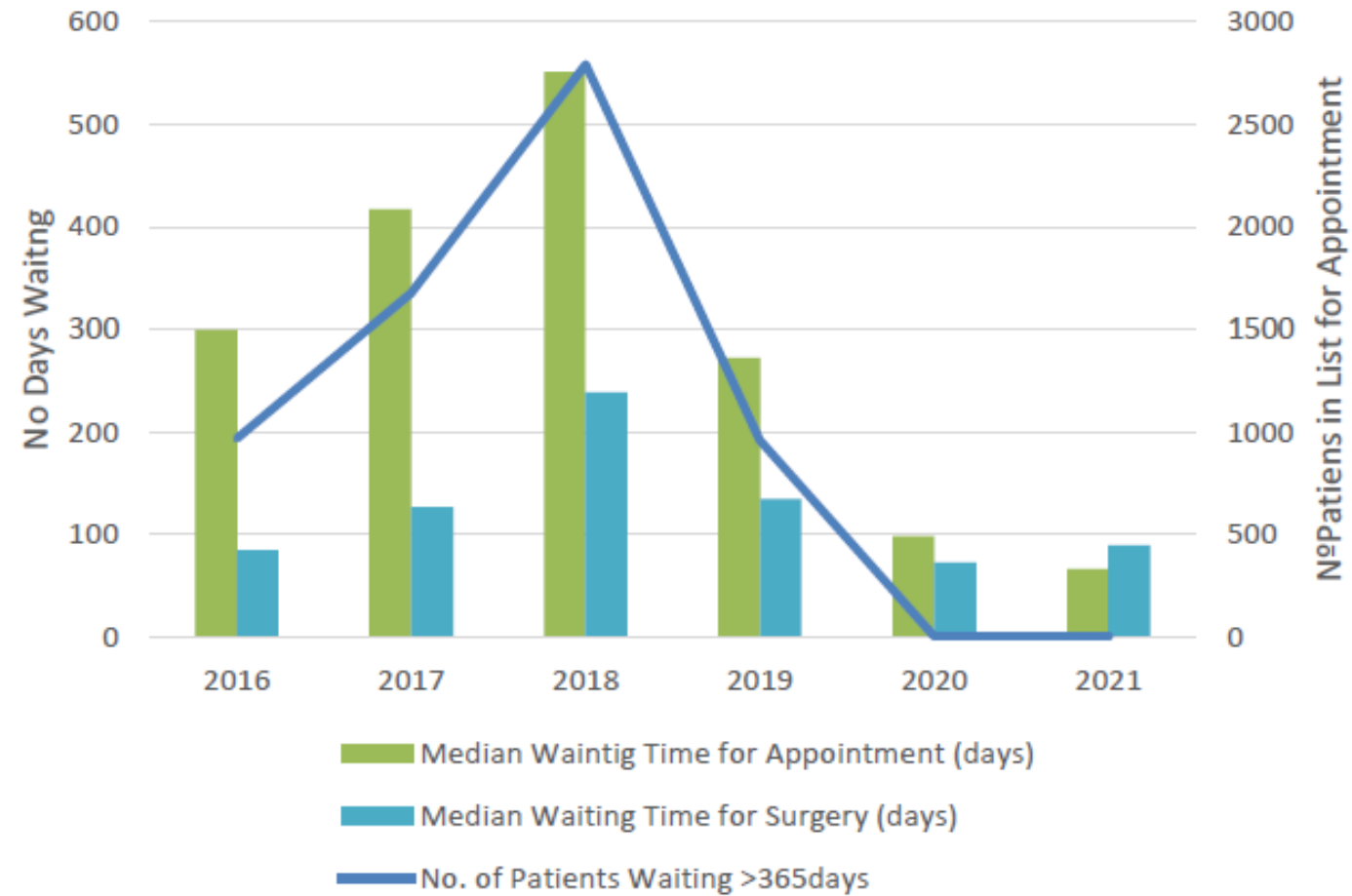
Multidisci-plinary teams

Specific problem focus

Transparency

Autonomy Accountab-ility

Balance UHC and freedom

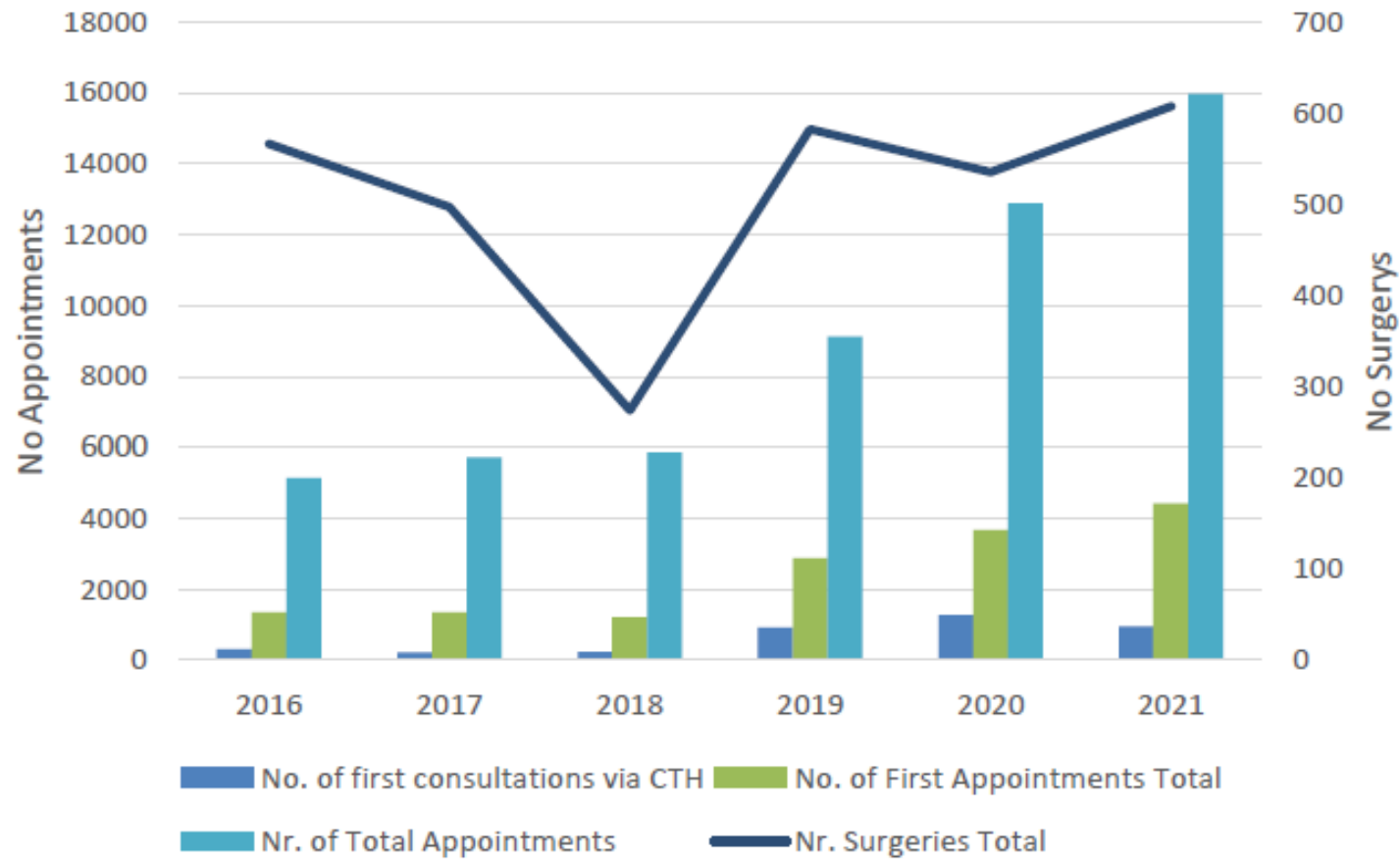# Waiting time

Source: José Miguel Alves de Figueiredo, 2023

Consultations

Source: José Miguel Alves de Figueiredo, 2023

Outcomes

Average hospital stay (days)	↓	29%	Readmission < 30 days	↓ 91%
OR occupancy rate	↑	25%	Incidence of falls	↓ 47%
Cost per treated patient	↓	30%	Satisfaction user	↑ 85%
Patients sent to private hospitals		0	Motivation of staff	↑ 33%

Source: José Miguel Alves de Figueiredo, 2023

Consultations
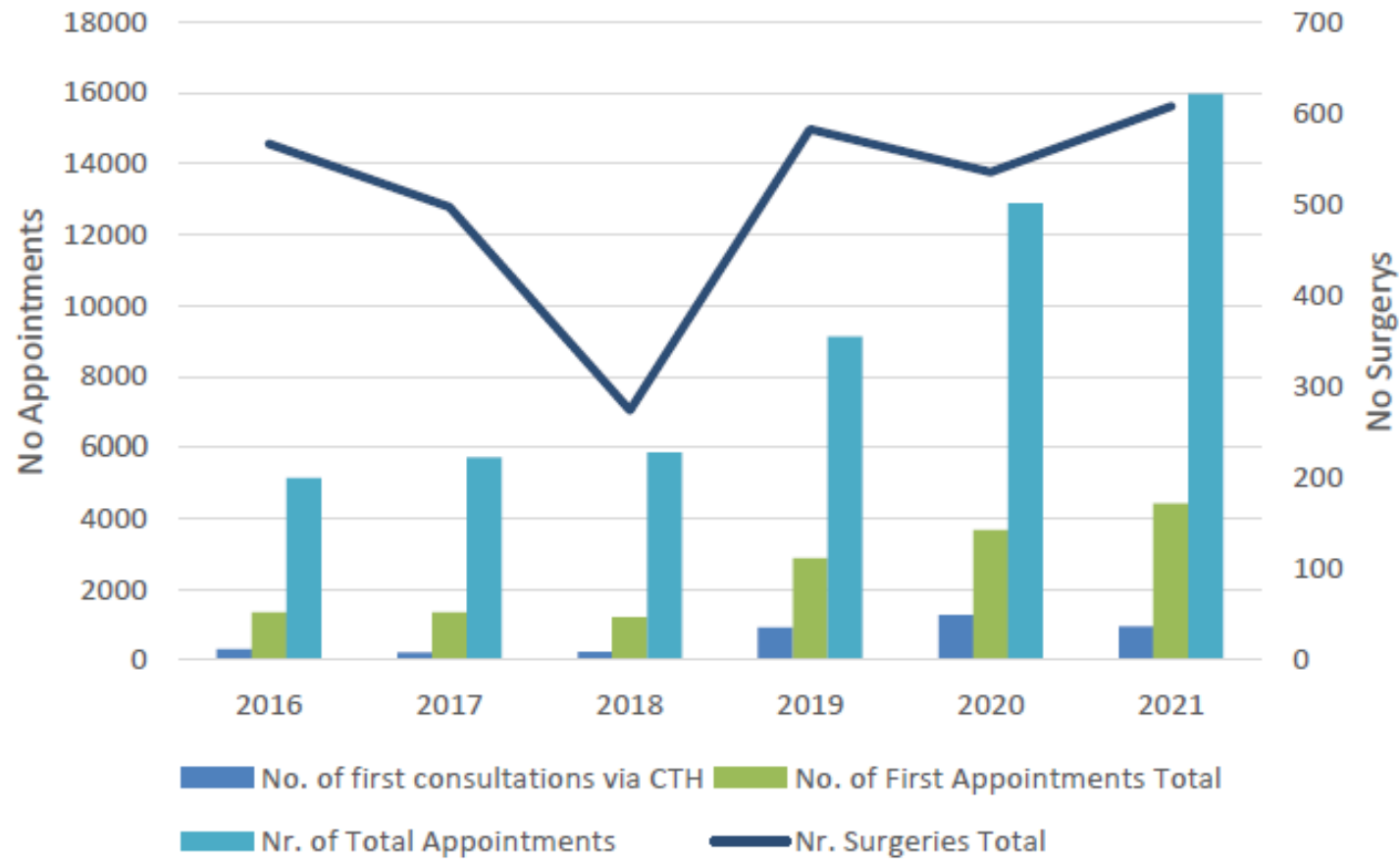
Source: José Miguel Alves de Figueiredo, 2023

IRUs

Clinical expert led

Streamlined process efficiency

Accountability and responsibility

Sense of belonging and value

Multidisciplinary team

Financial incentives

Need to consider

Communication strategy

Possibility of conflicts

Institutional process

Incentive mechanism design

Heterogeneity

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