Managing a healthcare organisation during a financial crisis: Hatzikosta General Hospital of Ioannina, Greece | 2013-2015

- Intro & an interesting story
- The environment: Greece 2013-2015
- MOH: Structure and strategy
- The organization
- The situation
- Facts
- Approach and main tool
- Results
- Case studies

Presentation of an international case study to MSc Health Management Students of City University London.

Module: Strategic Management in Healthcare

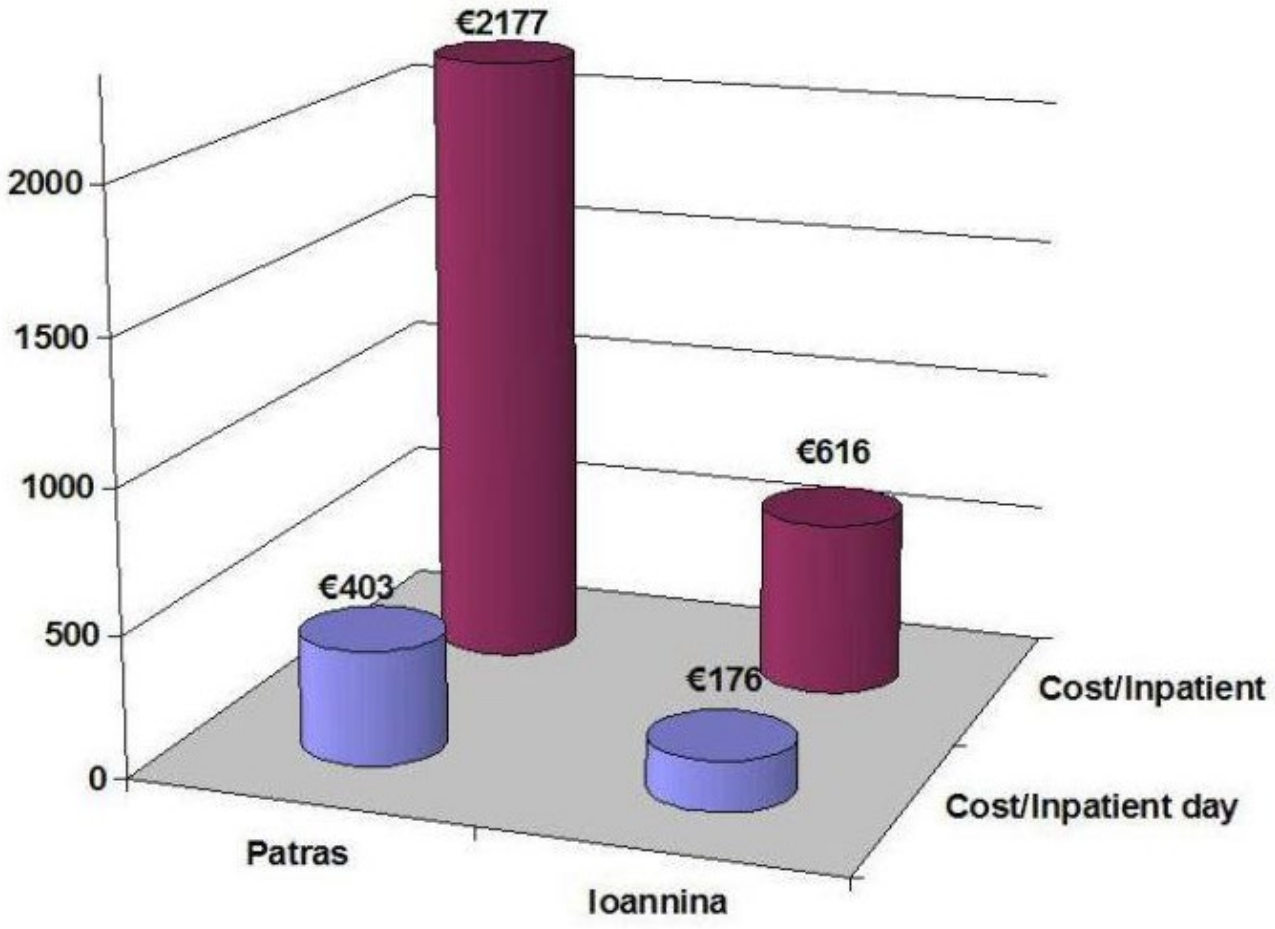
Date: 25.02.15

An interesting story!

- 2004, an MSc Health Management Student
- Planning a hospital performance measurement model
- Develop 34 indicators
- Applied to 2 identical Greek hospitals

…..results?

An interesting story!



Map of Greece

Source: United Nations 2008.

Population/demographic indicators, 1970–2008

	1970	1980	1990	2000	2008
Total population (000s)	8 793	9 642	10 089	10 917	11 237
Female population – % total population	51.2	50.9	50.7	50.5	50.5
Fertility – children per woman aged 15–49	2.39	2.21	1.39	1.27	1.51
Birth – crude rate per 1 000 population	16.5	15.3	10.1	9.5	10.5
Death – crude rate per 1 000 population	8.4	9.0	9.3	9.6	9.6
Age dependency ratio – pop. 0–14 and 65+/pop. 15–64	55.5	56.1	49.2	47.0	49.0
Old age dependency ratio – pop. 65+/pop. 15–64	17.2	20.6	20.4	24.2	27.7
Population: 0–14 years – % total population	24.6	22.8	19.0	15.3	14.3
Population: 15–64 years – % total population	64.3	64.0	67.0	68.0	67.0
Population: 65 and over – % total population	11.1	13.1	14.0	16.7	18.7
Population: 80 and over – % total population	2.0	2.3	3.0	3.1	3.9
Life expectancy at birth – years	72.0	74.5	77.1	78.0	80.1
Urban population – % of total	53.2	58.1	58.8	60.1	61.4[a]
Population density – people per km²	66.5	73.8	77.0	82.7	84.5
Population growth – annual %	0.56	1.28	0.45	0.59	0.22
Literacy rate – % in population aged 15+	86.5	91.1	94.9	97.2	97.1

Sources: OECD 2009; WHO Regional Office for Europe 2010; United Nations 2010; NSSG 2010.
Note: [a] data for year 2005.

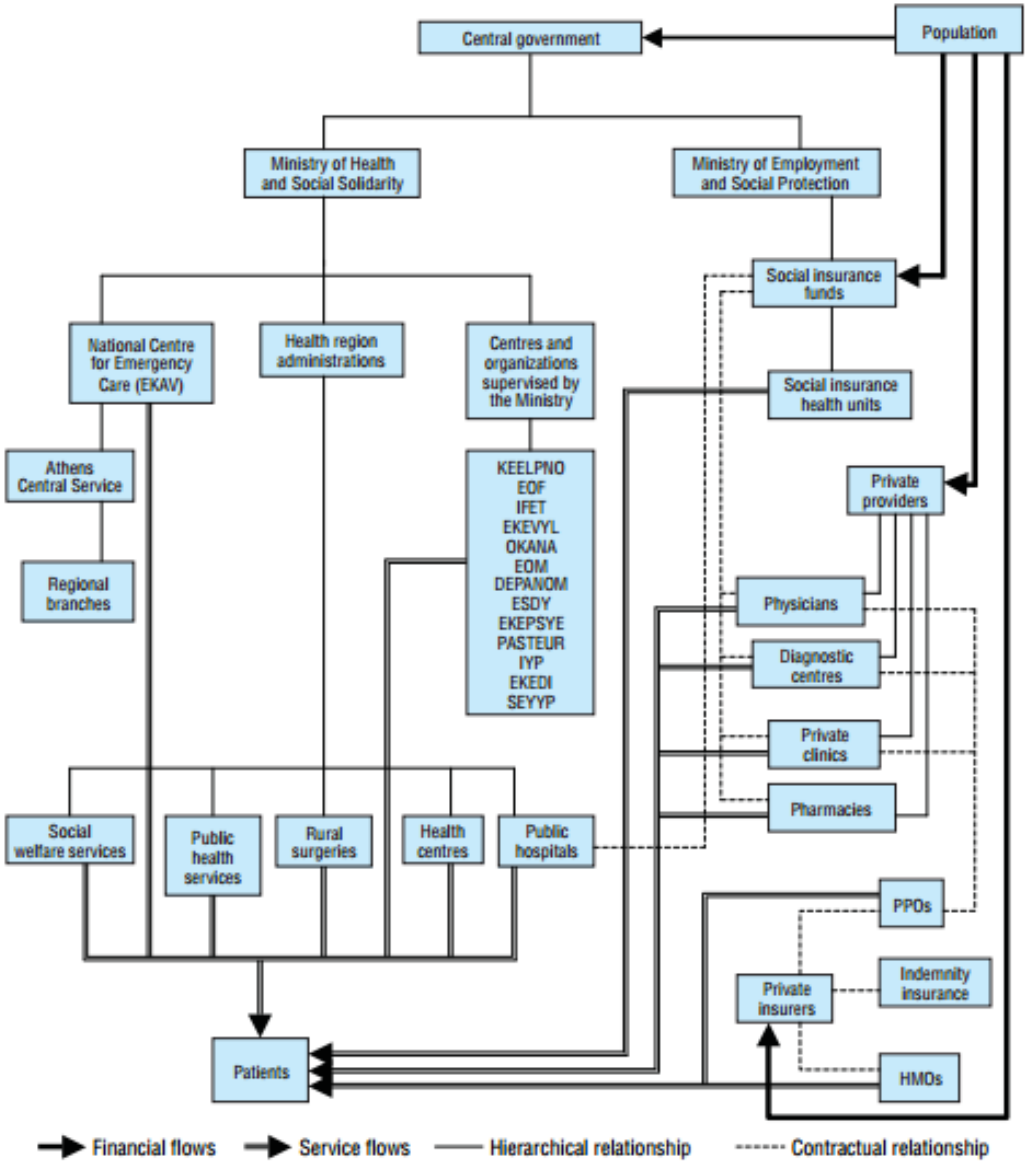
Key facts for Greece from OECD Health Statistics 2014

	Greece			OECD average		Rank among OECD countries*
	2012		2000	2012	2000	
Health status						
Life expectancy at birth (years)	80.7		78.2	80.2	77.1	20 out of 34
Life expectancy at birth, men (years)	78.0		75.5	77.5	74.0	20 out of 34
Life expectancy at birth, women (years)	83.4		80.9	82.8	80.2	17 out of 34
Life expectancy at 65, men (years)	18.1		16.2	17.7	15.6	16 out of 34
Life expectancy at 65, women (years)	21.0		18.7	20.9	19.1	20 out of 34
Mortality from cardiovascular diseases (age-standardised rates per 100 000 pop.)	343.6	(2011)	532.8	296.4	428.5	8 out of 34
Mortality from cancer (age-standardised rates per 100 000 pop.)	193.5	(2011)	213.9	213.1	242.5	27 out of 34
Risk factors to health (behavioural)						

Health expenditure					
Health expenditure as a % GDP	9.3	8.0	9.3	7.7	18 out of 34
Health expenditure per capita (US$ PPP)	2409	1453	3484	1888	24 out of 34
Pharmaceutical expenditure per capita (US$ PPP)	599	275	498	300	8 out of 33
Pharmaceutical expenditure (% health expenditure)	25.2	19.9	15.9	17.9	3 out of 33
Public expenditure on health (% health expenditure)	67.1	60.0	72.3	71.4	26 out of 34
Out-of-pocket payments for health care (% health expenditure)	28.4	..	19.0	20.5	4 out of 34
Health care resources					
Number of doctors (per 1000 population)	6.2 (2011)	4.3	3.2	2.7	1 out of 34
Number of nurses (per 1000 population)	3.3 (2009)	2.7	8.8	7.5	32 out of 34
Hospital beds (per 1000 population)	4.9 (2009)	4.7	4.8	5.6	14 out of 34

*Note: Countries are ranked in descending order of values.

Overview of the Greek health care system



- public hospitals = rack bone of the system
- Root of the health system problem:
  - National Insurance System
  - 10million population > 280 public insurance funds
  - Only country with no opt-out option
  - Income of Hatzikosta hospital from private insured patients over the last 2 years? … 0

Payment methods by type of provider

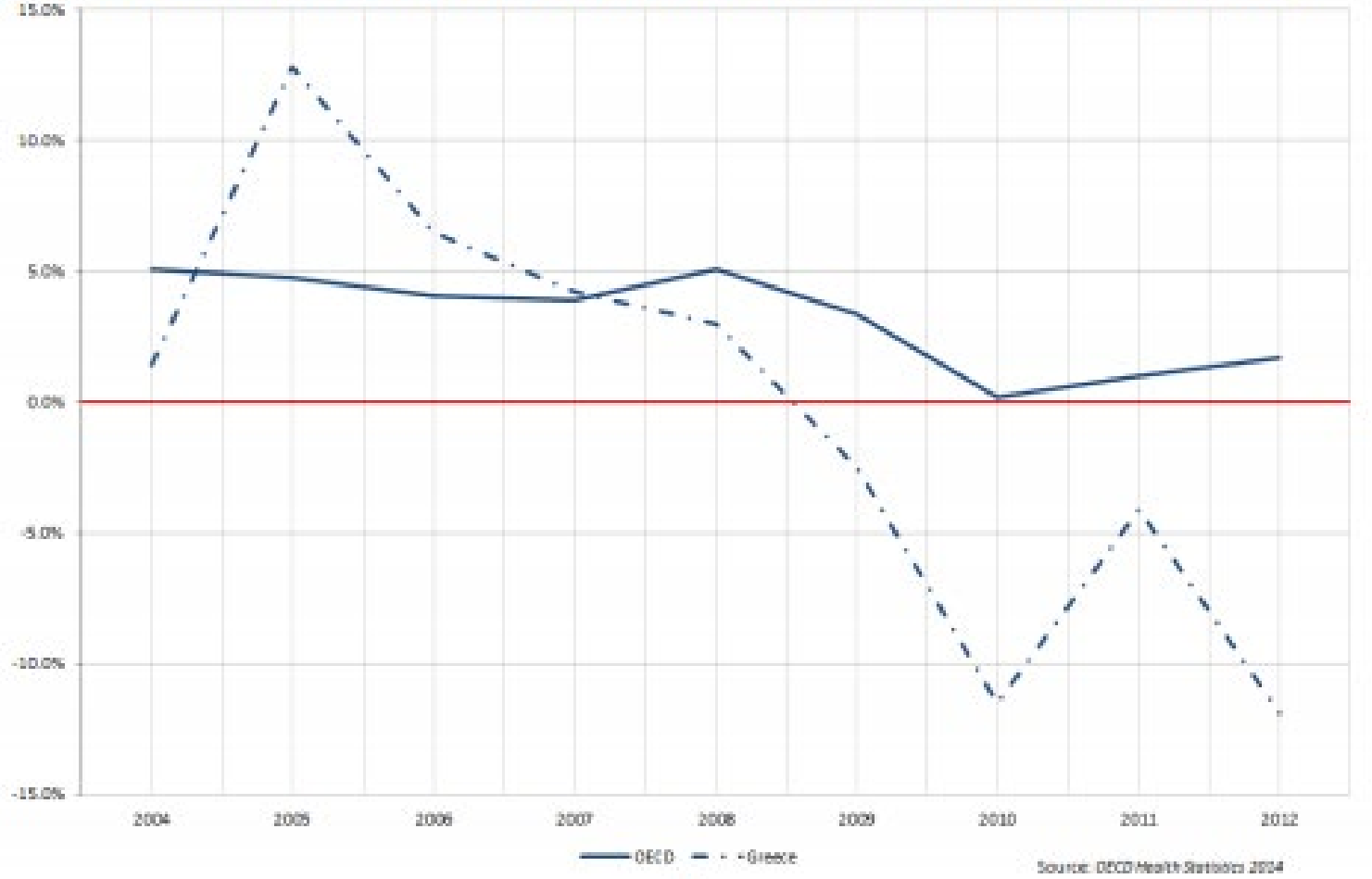
Health providers	Payment method	Payer
ESY hospitals	– Fixed budgets and subsidies – Per diem fees – Fixed payment per case-mix group (e.g cardiovascular surgeries) – Fee for service for diagnostic tests and afternoon outpatient clinics (fees are determined by a fixed price index)	– State budget – Social insurance funds – Private insurance – Household budgets
Rural health centres	Annual budgets	State budget
Social insurance fund hospitals	Annual budgets	Social insurance funds
Army hospitals	– Annual budgets – Per diem fees – Fee for service	– Ministry of Defence – Social insurance funds
Profit-making private hospitals	– Per diem fees – Fixed payment per case-mix group (e.g. cardiovascular surgeries) – Fee for service for diagnostic tests, surgical procedures and outpatient services	– Social insurance funds – Private insurance – Household budgets – Donations by philanthropic and other sources
Private hospitals	– Per diem fees (freely determined) – Fee for service for diagnostic tests, surgical procedures and outpatient services (freely determined) – Fixed payment per case-mix group (e.g. cardiovascular surgeries)	– Private insurance – Social insurance funds – Household budgets
Private diagnostic centres	Fee for service and group contracts	– Household budgets – Social insurance funds

Hospital's income

- €5 per out patient visit
- €25 per inpatient never applied
- Cash by uninsured
- Donations (equipment/material etc)

- No marketing for donations
- Fixed budget ….No motive to increase income

Health expenditure growth rates (in real terms) since 2004, Greece and OECD average



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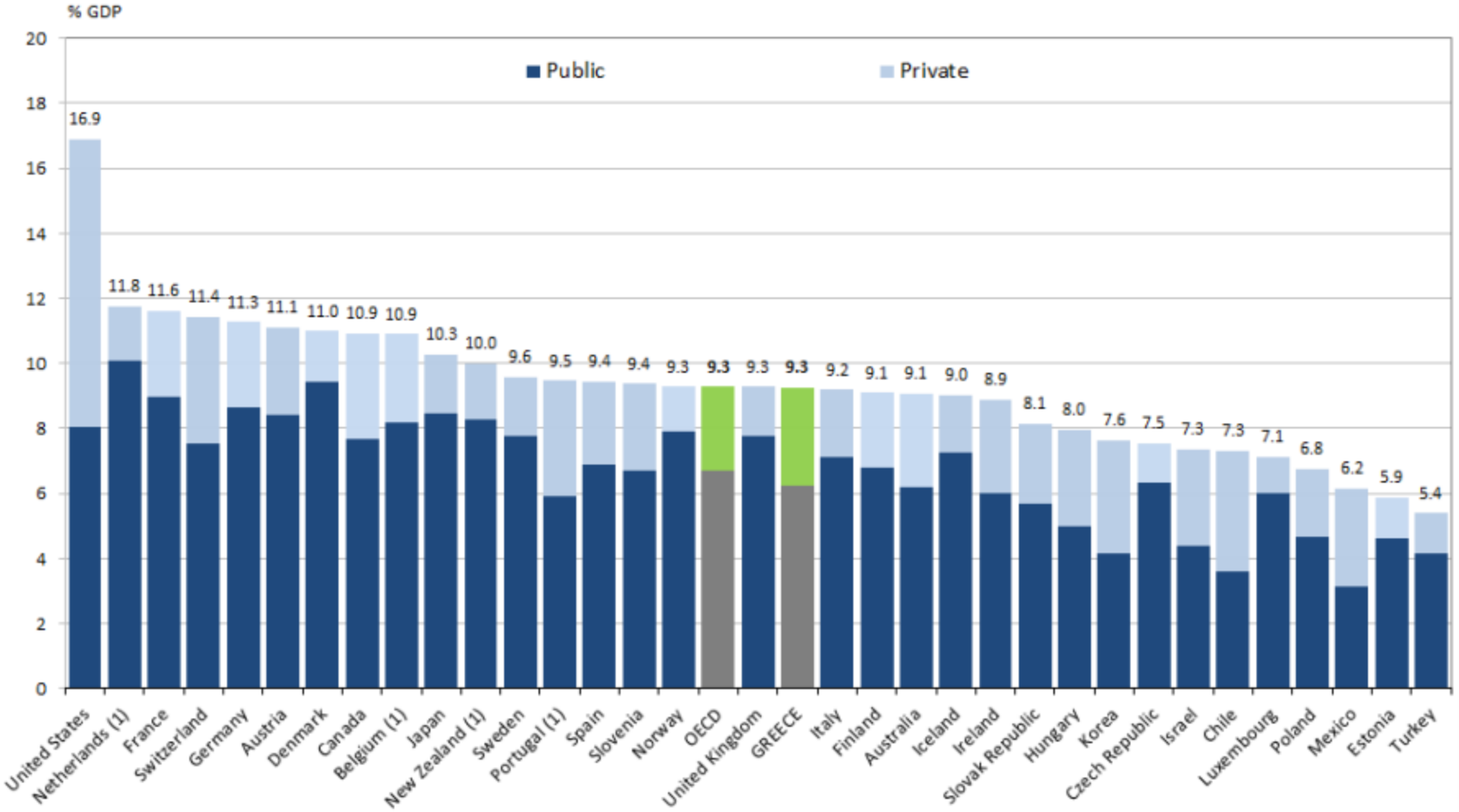
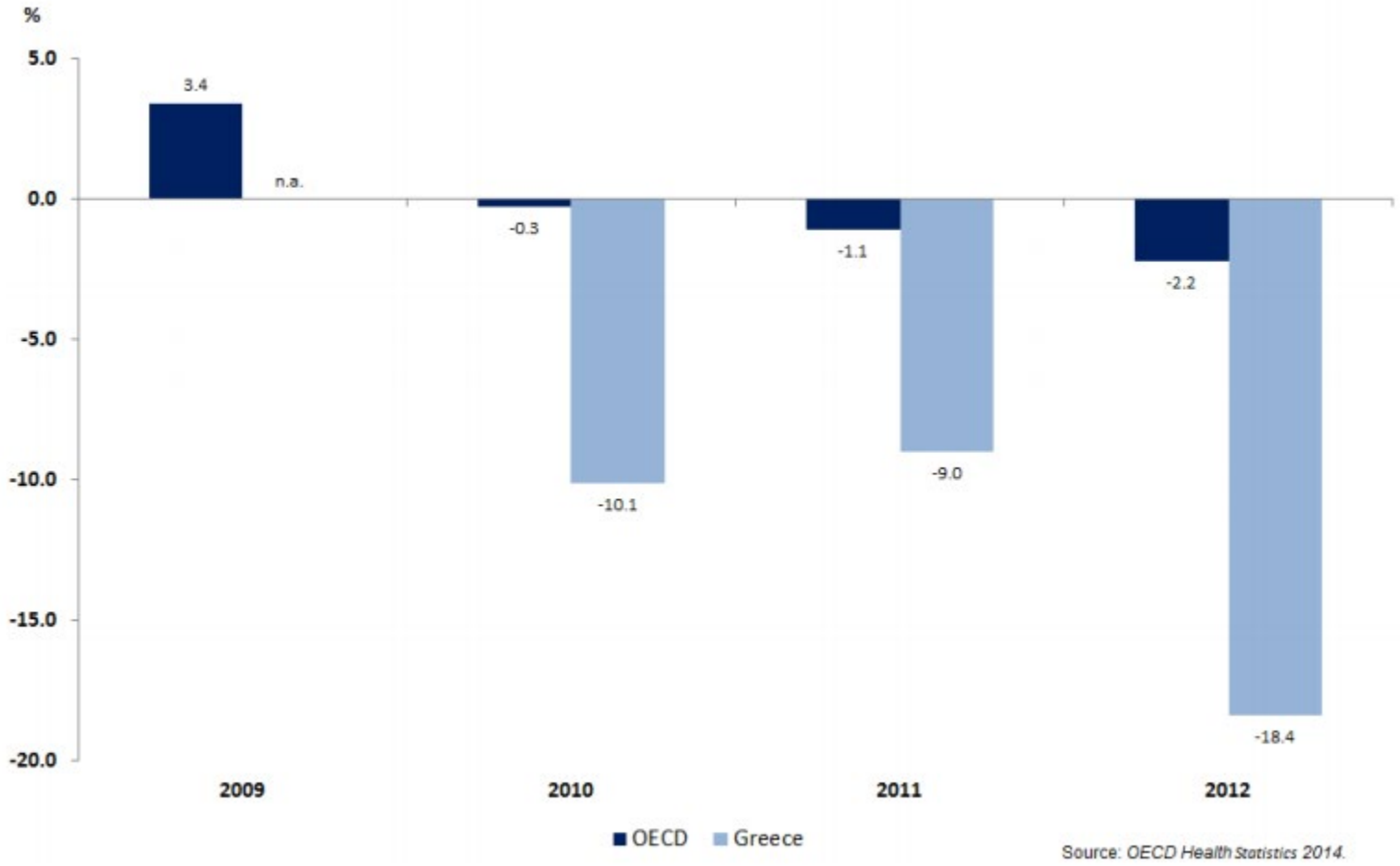
Health expenditure, public and private, as a share of GDP, OECD countries, 2012 or latest year



Annual growth of pharmaceutical spending (in real terms) since 2009, Greece and OECD average

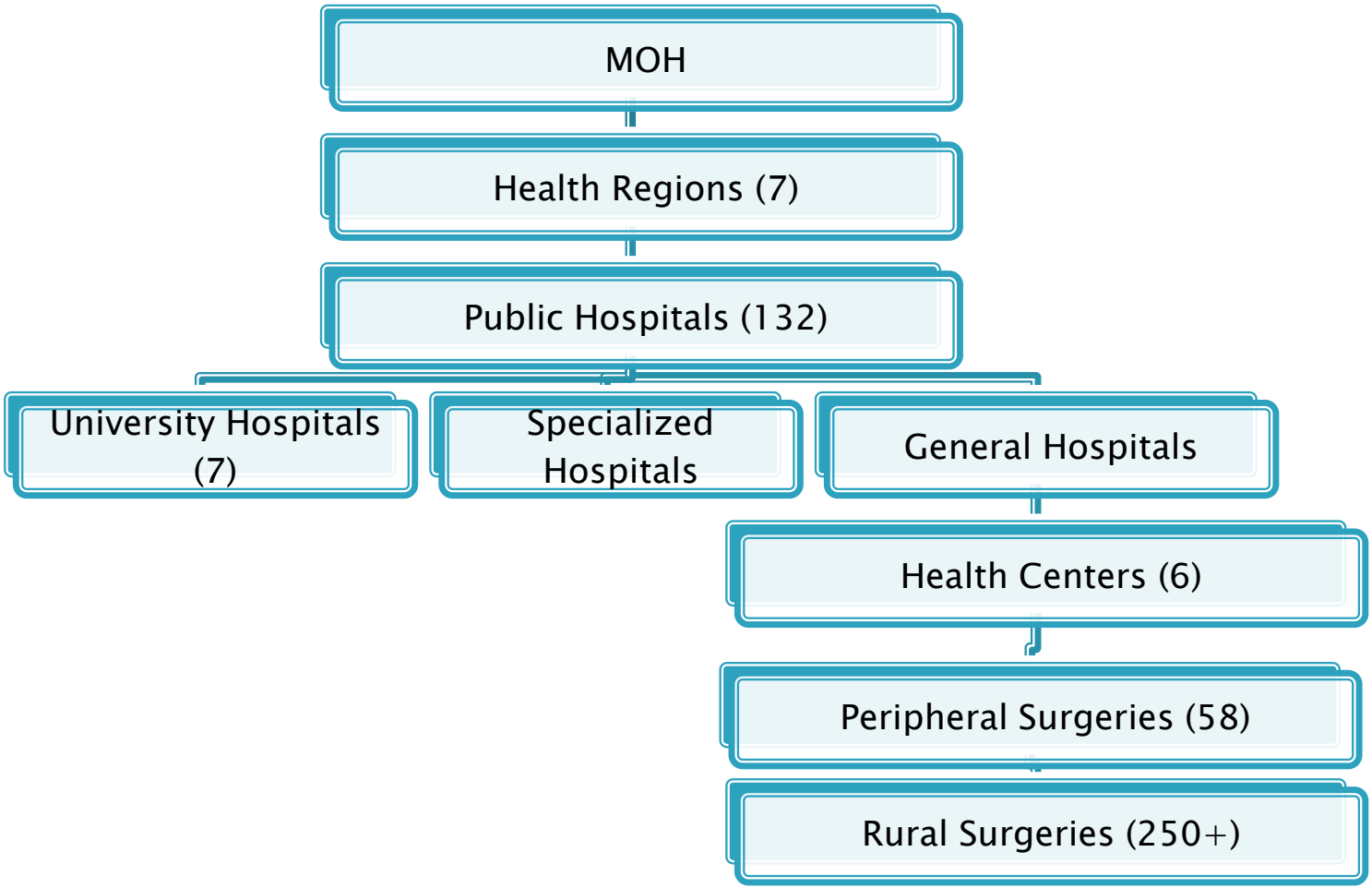


Source: *OECD Health Statistics 2014.*

Hospital expenditure (not including payroll):

- 2013: € 2,17b
- 2014: € 1,64b
- 2015: € 1,40b (aprox)

Structure


MOH
Health Regions (7)
Public Hospitals (132)
University Hospitals (7)
Specialized Hospitals
General Hospitals
Health Centers (6)
Peripheral Surgeries (58)
Rural Surgeries (250+)

6th Health Region

MOH's strategy (2013)

- Reform in primary care
- Psychiatric reform
- Rationalization of expenses while keeping Quality Stanards
- Meet criteria set by MOU

MOH's targets

1. Be In line with **budget**
2. Control Cost Centers, **Expenses** & **Contracts**
3. Increase **Income**
4. Bring **suppliers payment** period to 3 months
5. Guarantee transparency of **tenders**
6. Apply **accounting standards** and publish financial statements on time
7. Implement **cost accounting**
8. Organize **supply chain** (eg barcodes)
9. Take advantage of European **subsidy programes**
10. Adjust work schedule on actual **payroll budget**
11. Reach 60% of **generics** use
12. Achieve **patient satisfaction**
13. Use patient **process protocols**
14. Reduce **HAI**
15. Develop **quality improvement actions**
16. Implement **performance measurement** tools

Health Region Strategy & Targets

Managing a hospital organisation when…

- Budget:
  - 2014 down by 65% comparing with 2009
- Personell:
  - Minus 10% comparing with previous year (approx -120 persons!)
- Demand:
  - Unchanged / light increase

Plus +++

- In between a reform in primary care
- Lack of specific training
- No shadowing period. No induction period
- Unskilled, unmotivated, old staff
- Bureaucracy
- No protocols
- 3rd word HRM system
- Complicated legislative framework
- Bad use of IT
- Lack of autonomy
- 3 different ministers in 14 months!
- €32 million invoice write offs within the first month!
- €8 million discrepancy on invoices issued
- Reputation of Directors
- Resistance to change
- Handle media pressure
- Brake stereotypes!
- Local factor

Hatzikosta: The hospital

- One of the most historical hospitals of Greece
- 160 yrs of history.
- 1979 to 1989: Medical School of University of Ioannina, the 3rd oldest University of Greece
- 350 beds
- 14 clinics
- 6 health centers
- Psychiatric centers
- Junior Nursing School
- 1200 employees
- 400/day in A&E
- 7000 outpatients/month

Area covered

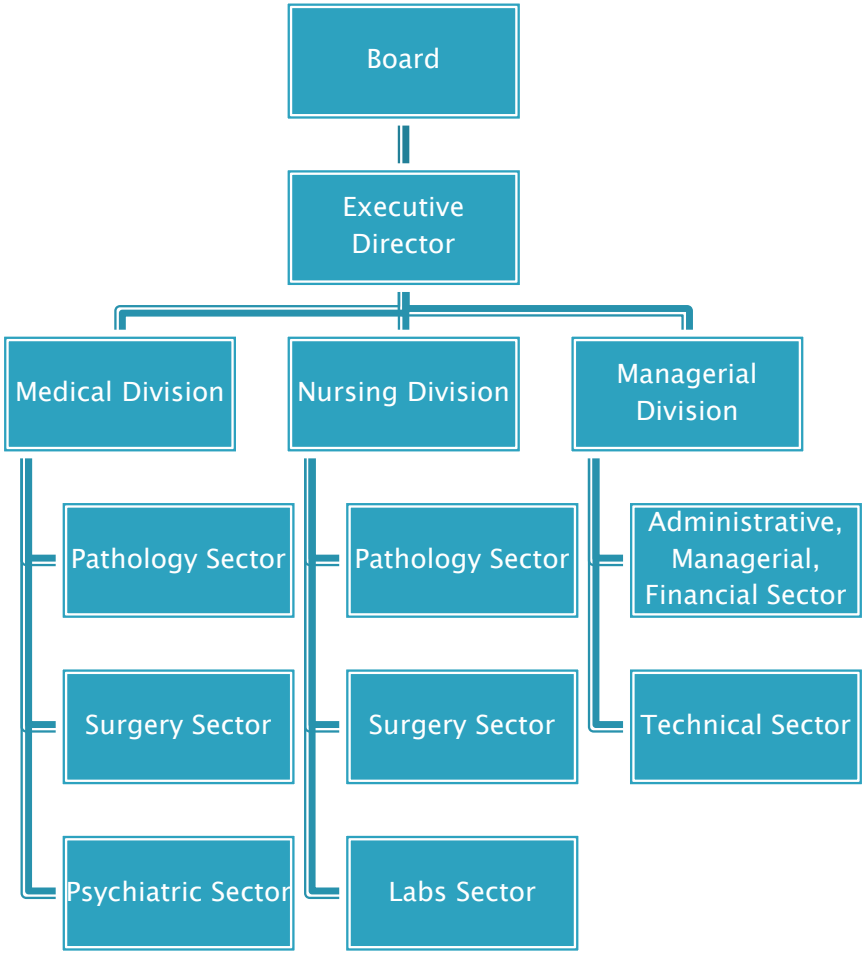
- Ioannina City: Capital of Epirus Region, administrative capital of Northwestern Greece
- City of 150.000 people
- Region of 350.000 people
- Meeting demand of 700.000 people
  - + periodic demand (summer increase)
  - + south Albania (350.000 people)

A&E dept operating on a 1/1 basis with University hospital Competing a University Hospital of 800 beds

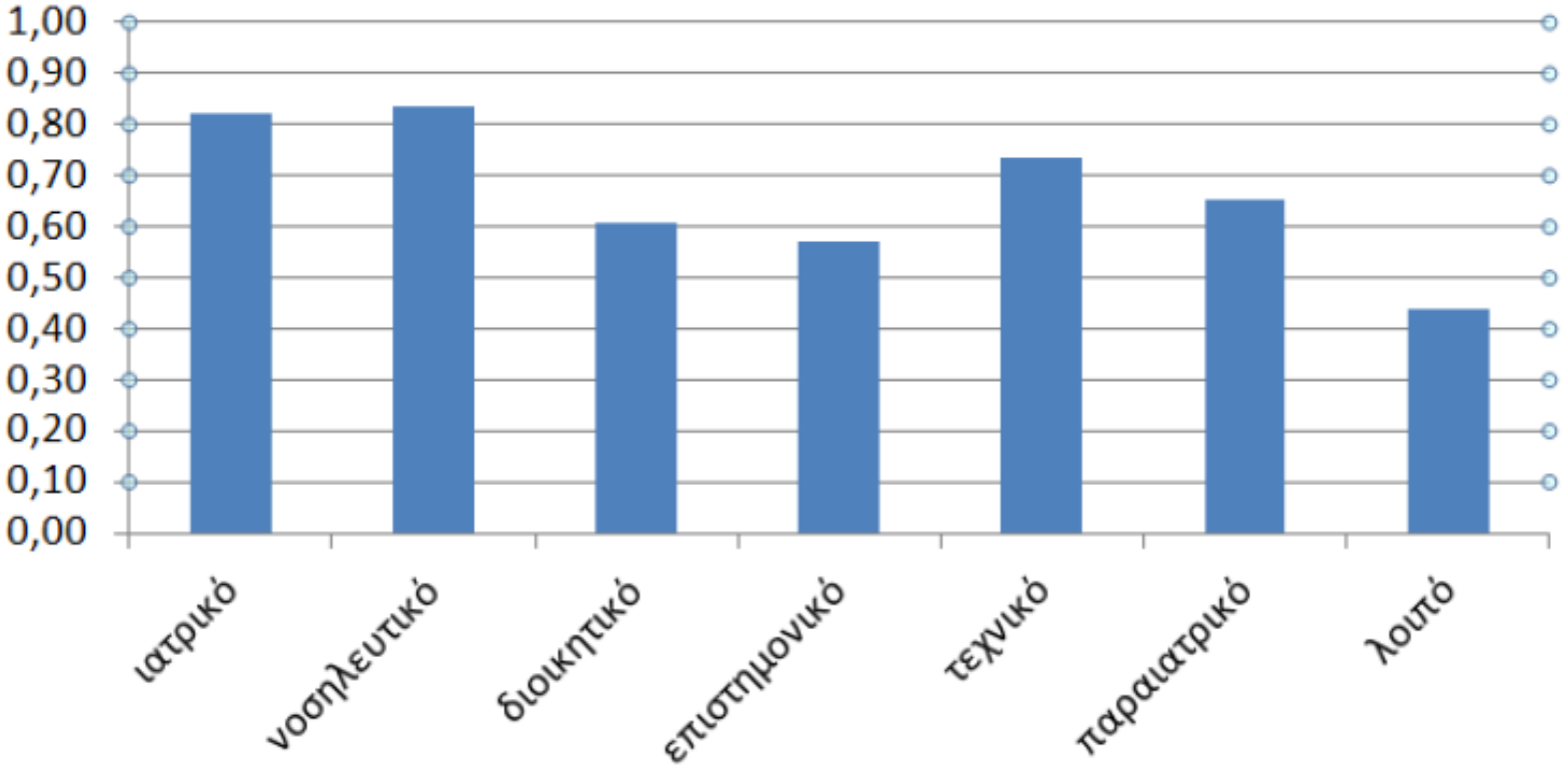
2nd largest hospital of the Area covered, out of 13
4th largest hospital of 6th Region out of 32

- Google Maps

Hospital Structure

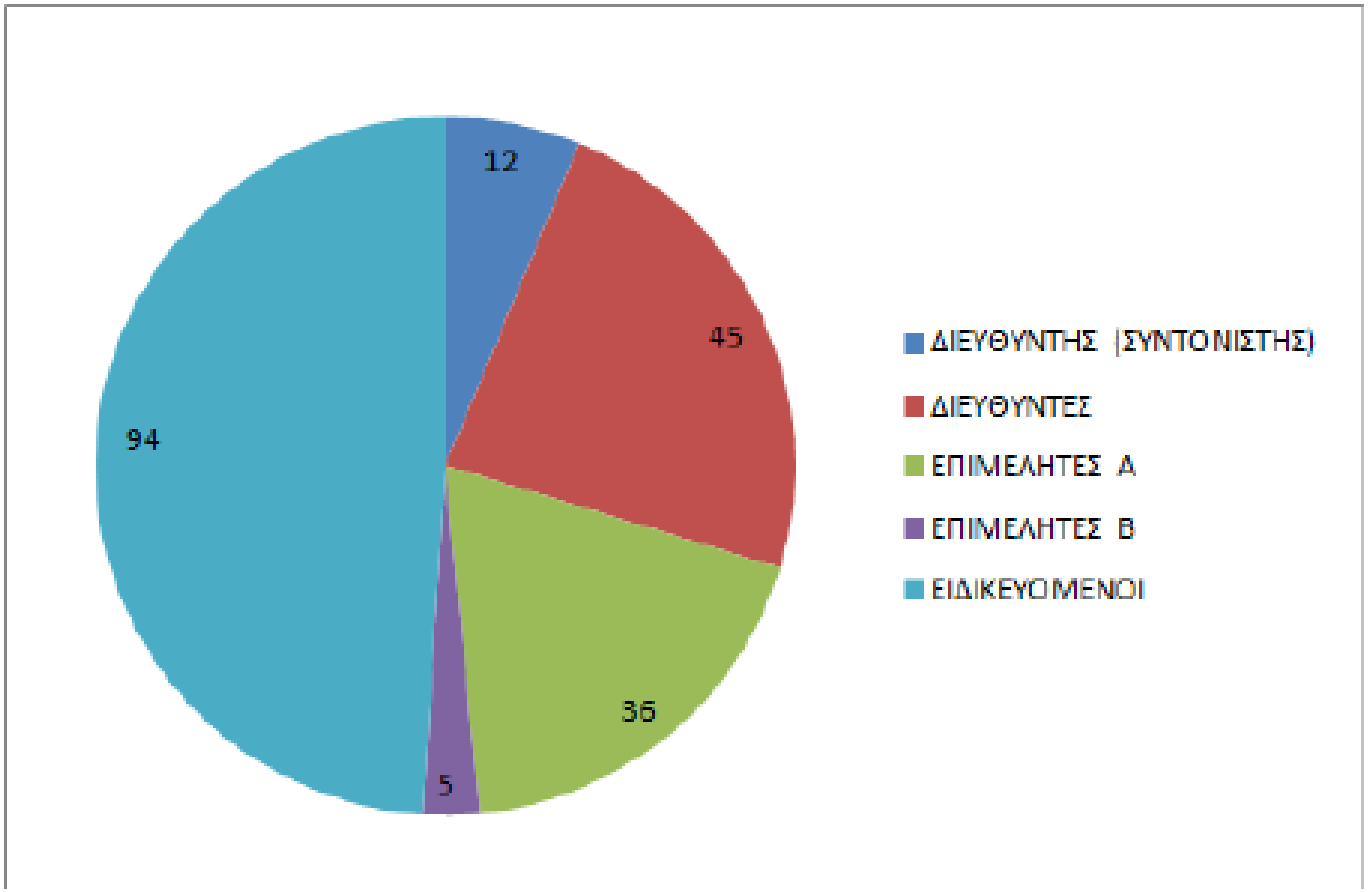


Staff shortages

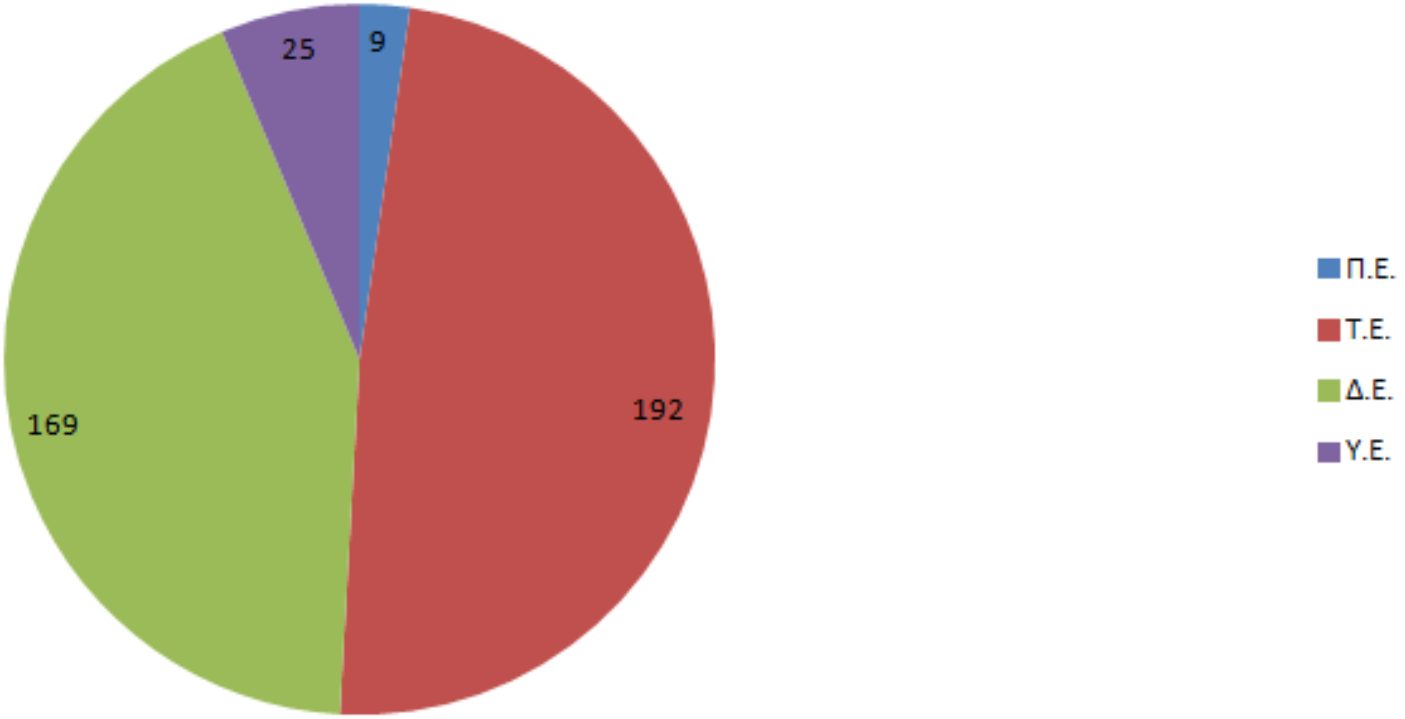


(όπως στις 31.10.2014)

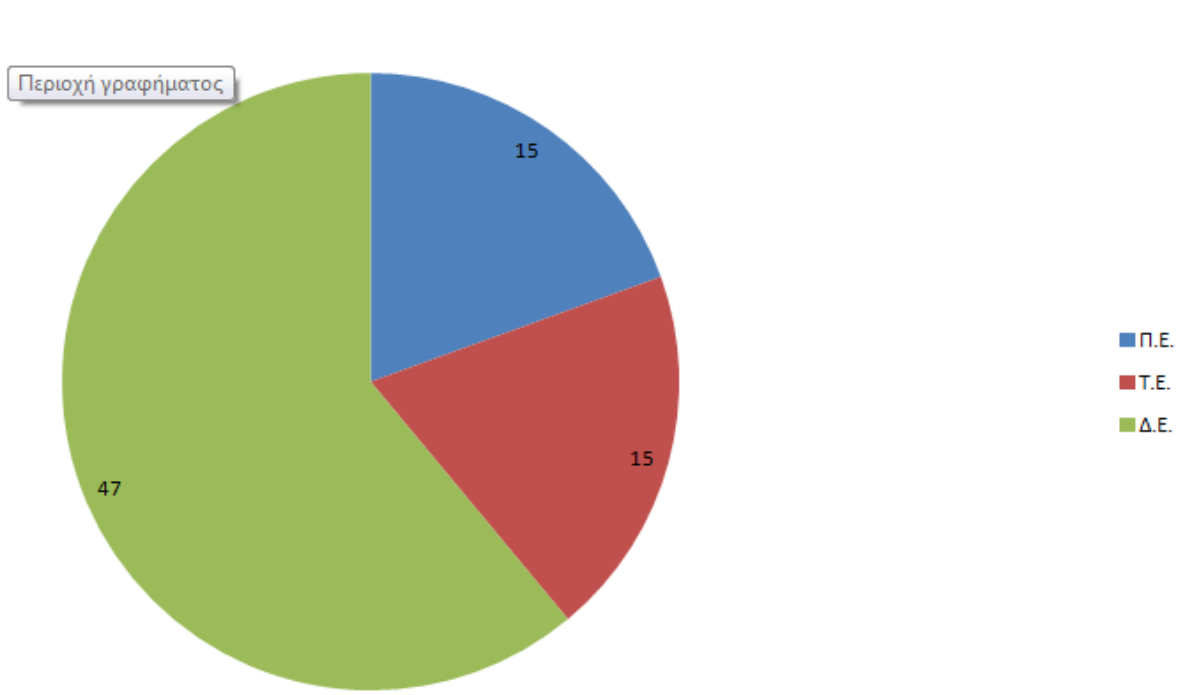
Medical staff breakdown



Nursing staff breakdown



Managerial staff breakdown



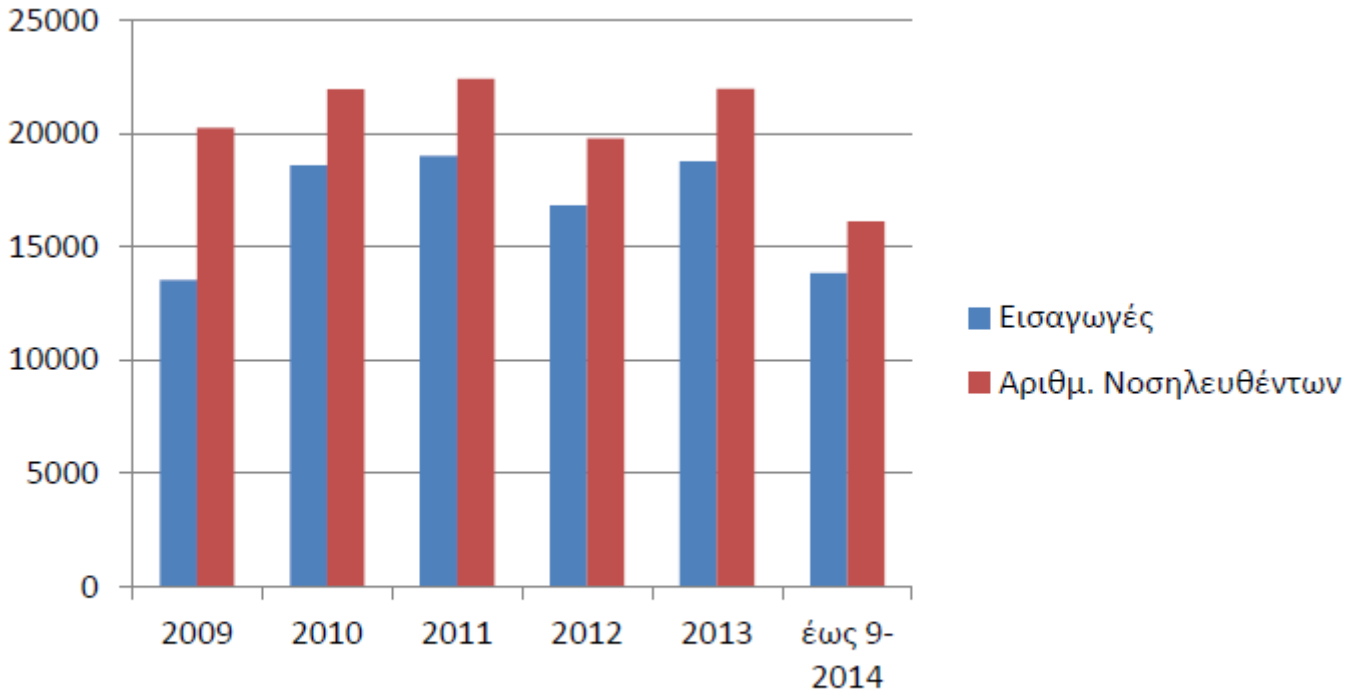
Hospital's Targets (1/2014)

- Make maximum use of IT and new media (ERPs, LIS, MIS, social media etc)
- Renew medical equipment
- Operate new psychiatric center
- Adjust on the reforms on primary care
- Staffing
- Extroversion
- Communicate the huge work
- Motivate staff
- Maintaining quality of health services
- Find new sources of funding
- Creating a smart hospital

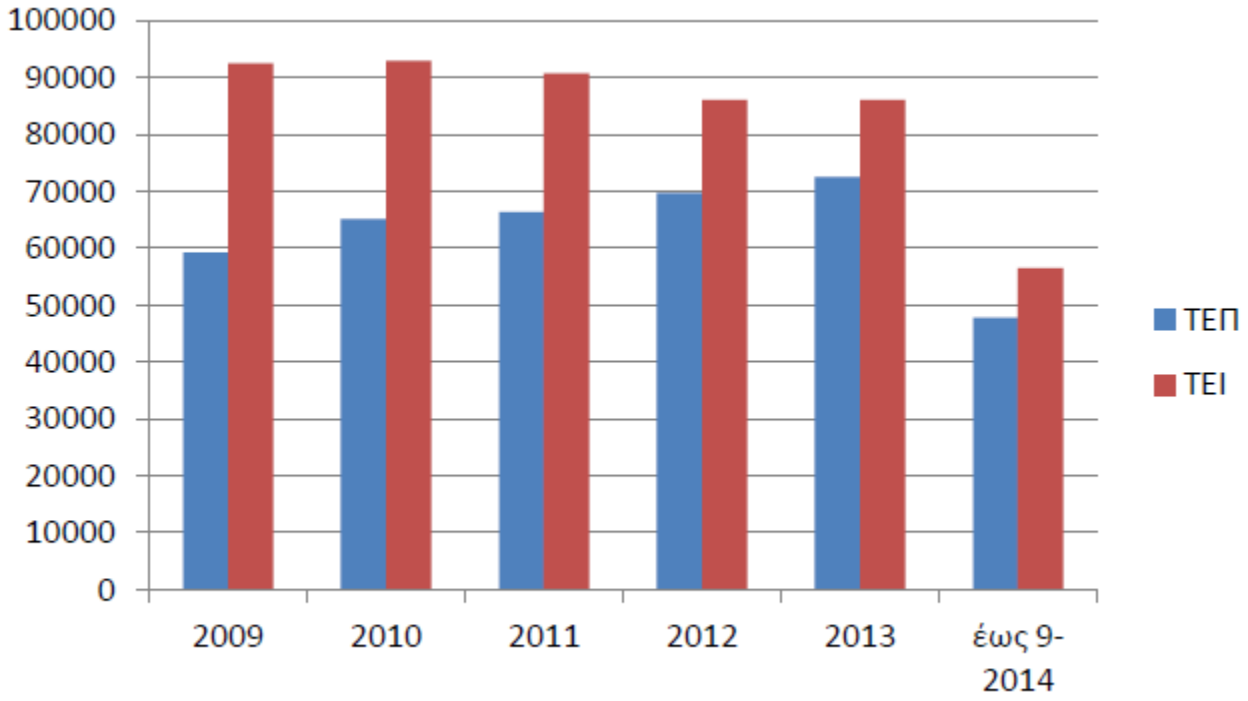
Approach

- Diagnosis
- Setting S.M.A.R.T. targets
- Listen to people
- Involve employees
- Lead by example!
- Be as active as possible.
- Publicly speak the hard work done by employees
- Say the truth
- Hard work!
- Burn fat!

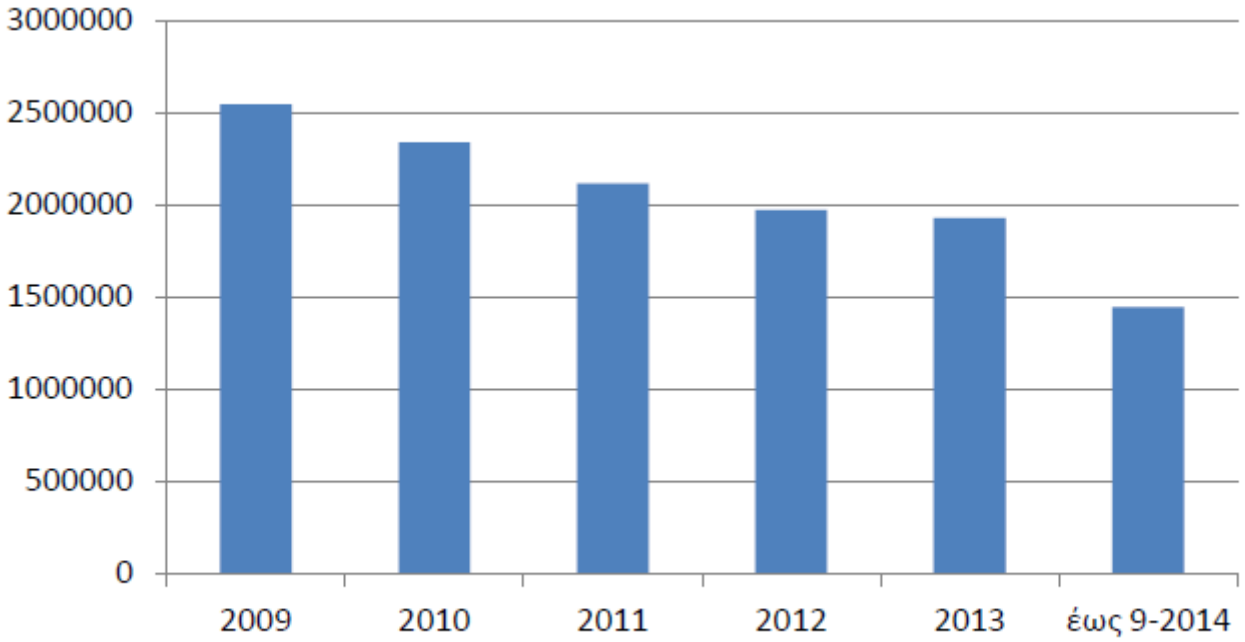
Admissions, #persons admitted



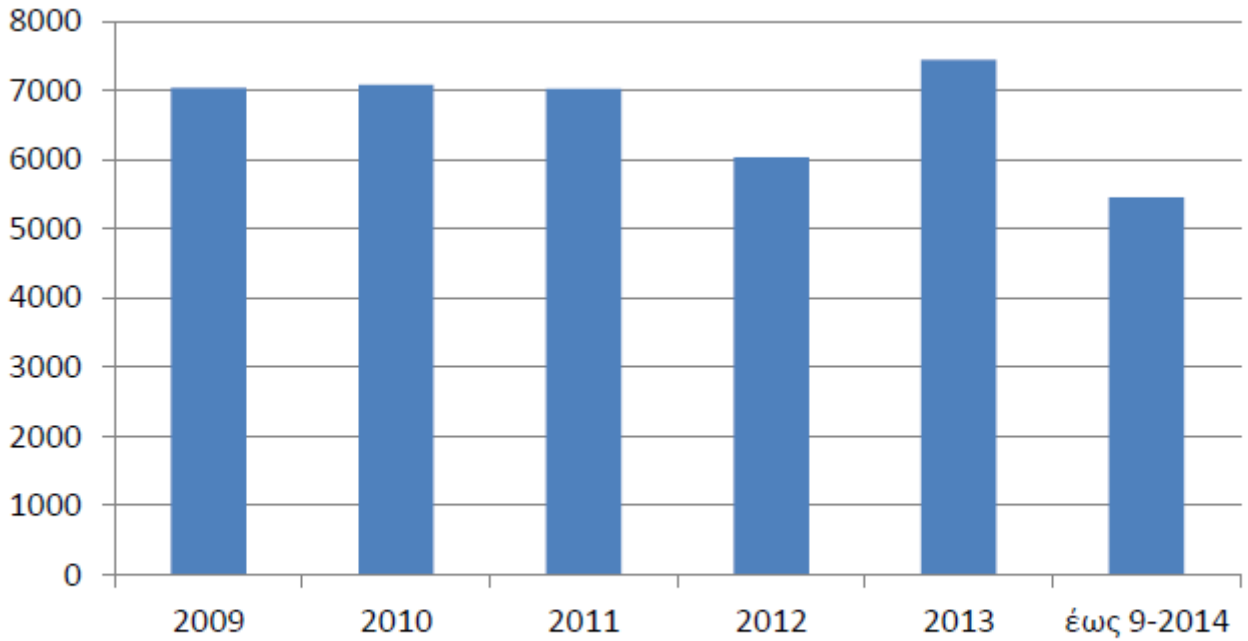
Volume on A&E, outpatient visits



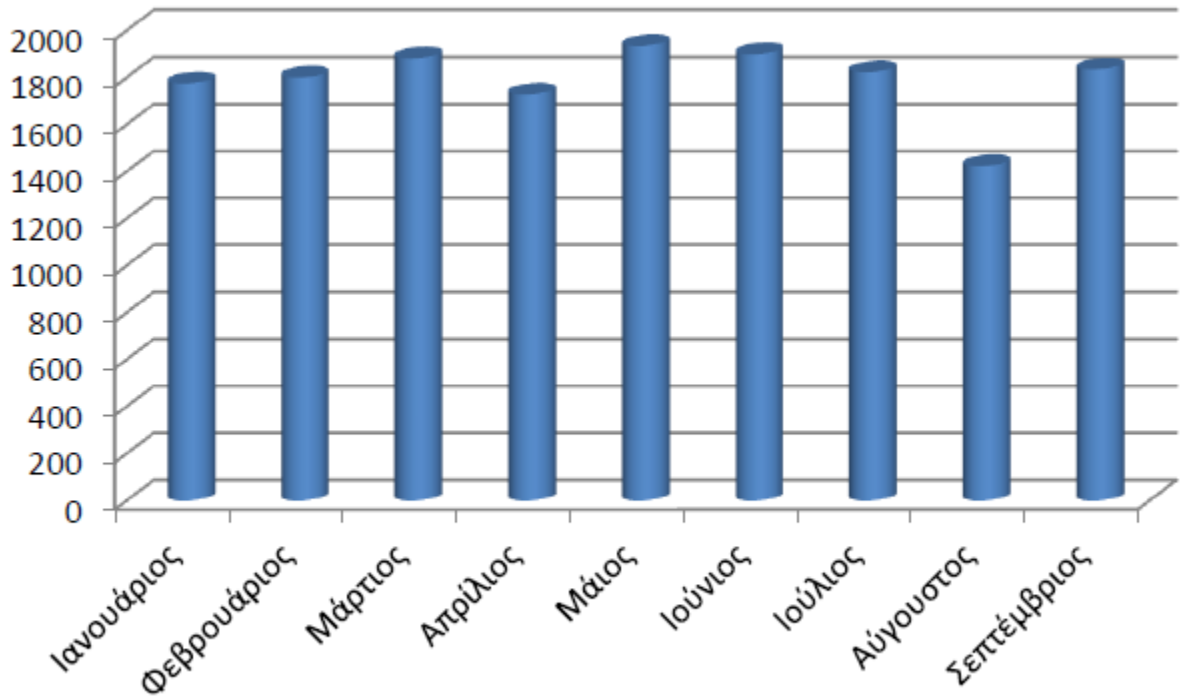
Lab exams


3000000
2500000
2000000
1500000
1000000
500000
0
2009
2010
2011
2012
2013
έως 9-2014

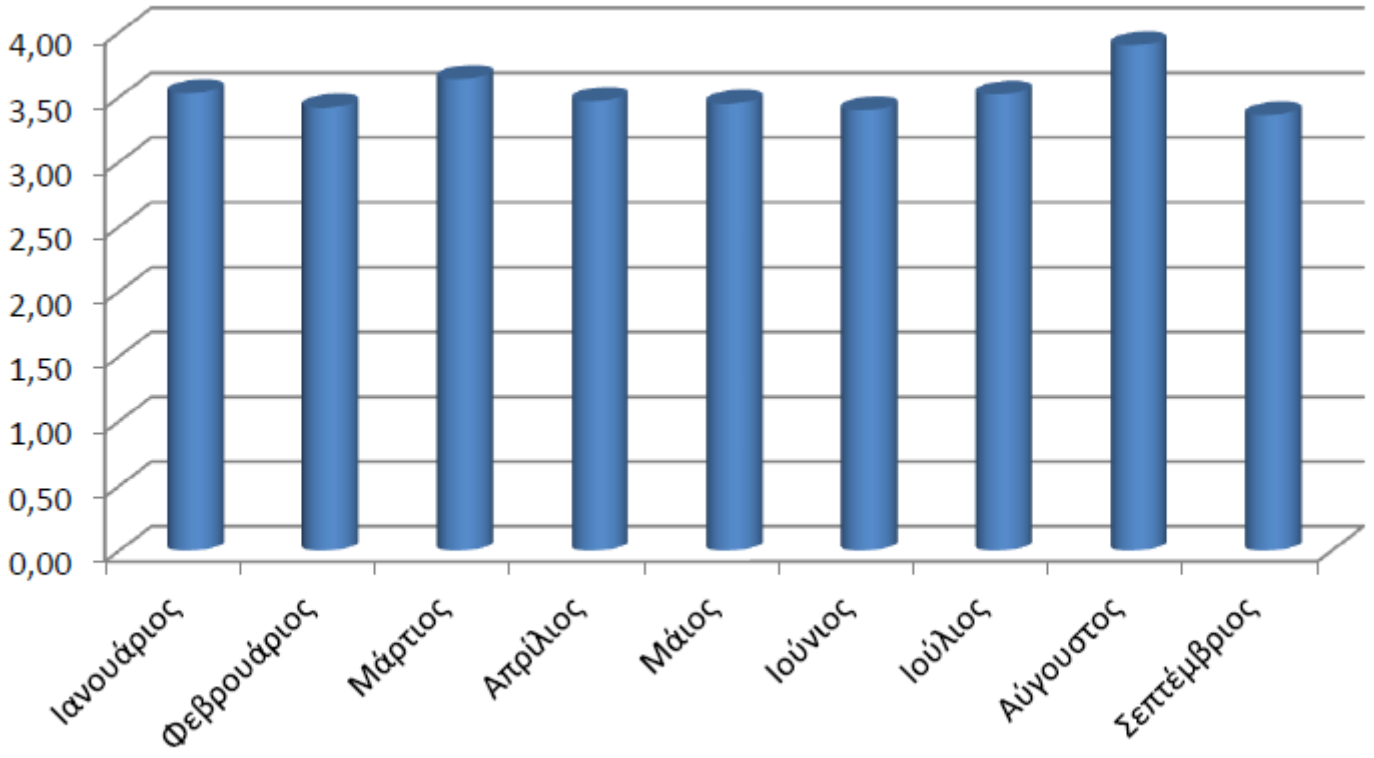
Surgeries


8000
7000
6000
5000
4000
3000
2000
1000
0
2009
2010
2011
2012
2013
έως 9-2014

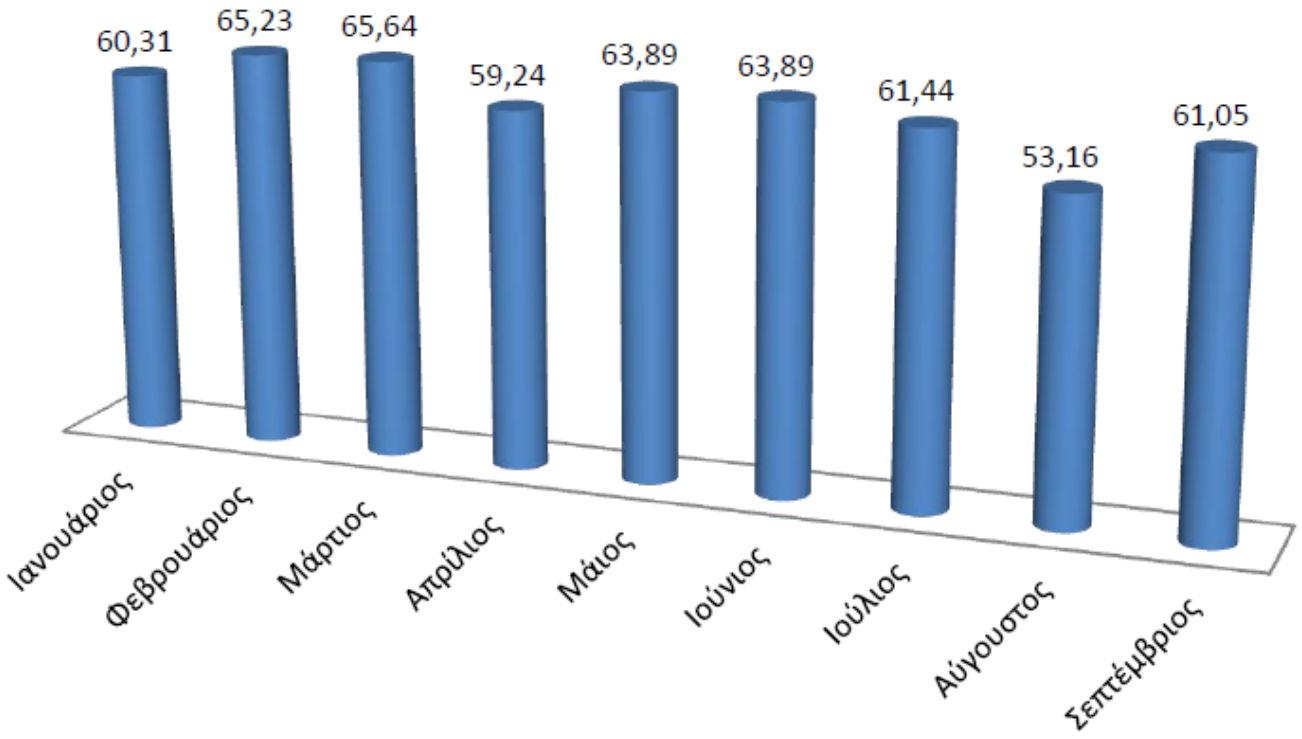
Patients/month (2014)



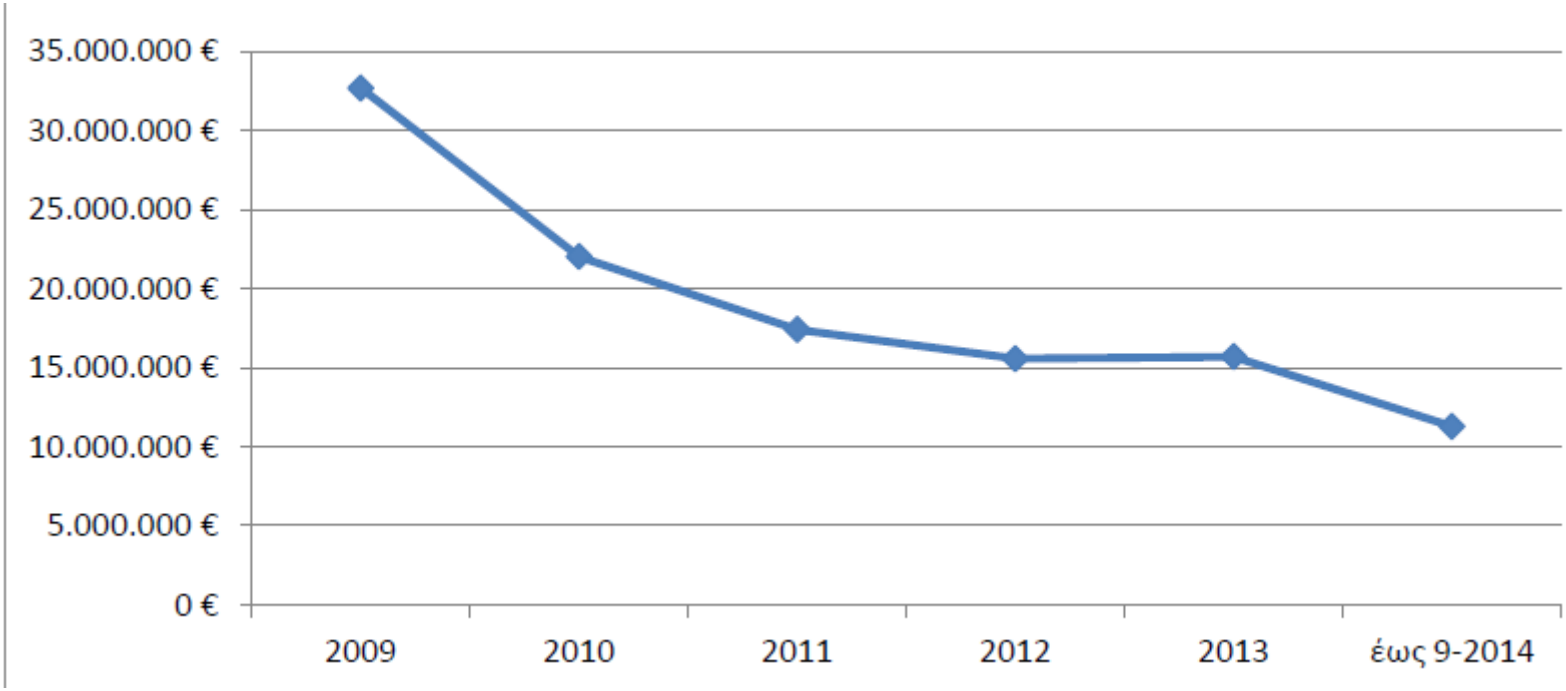
Average LOS (2014)



Occupancy Rates (2014)



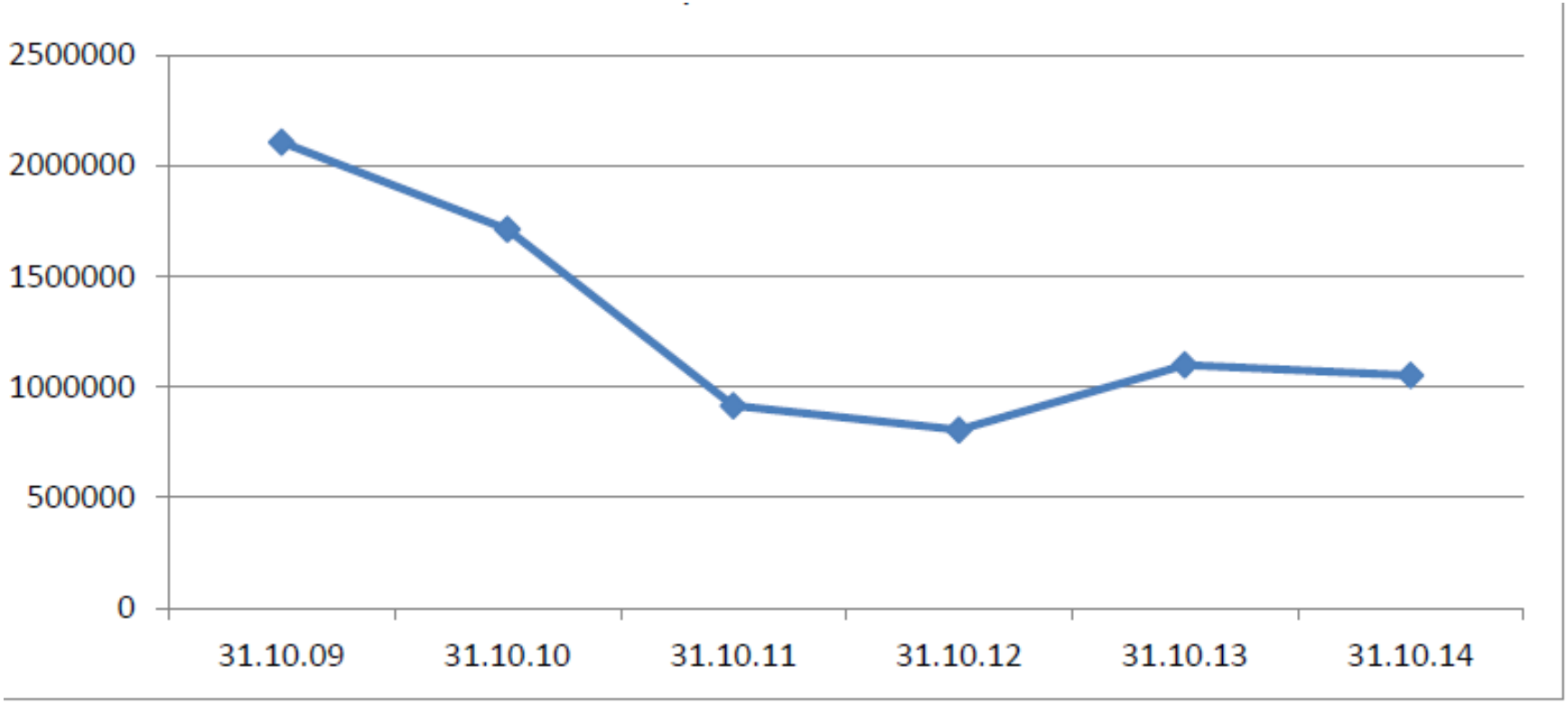
Expenditure (2009-2014)



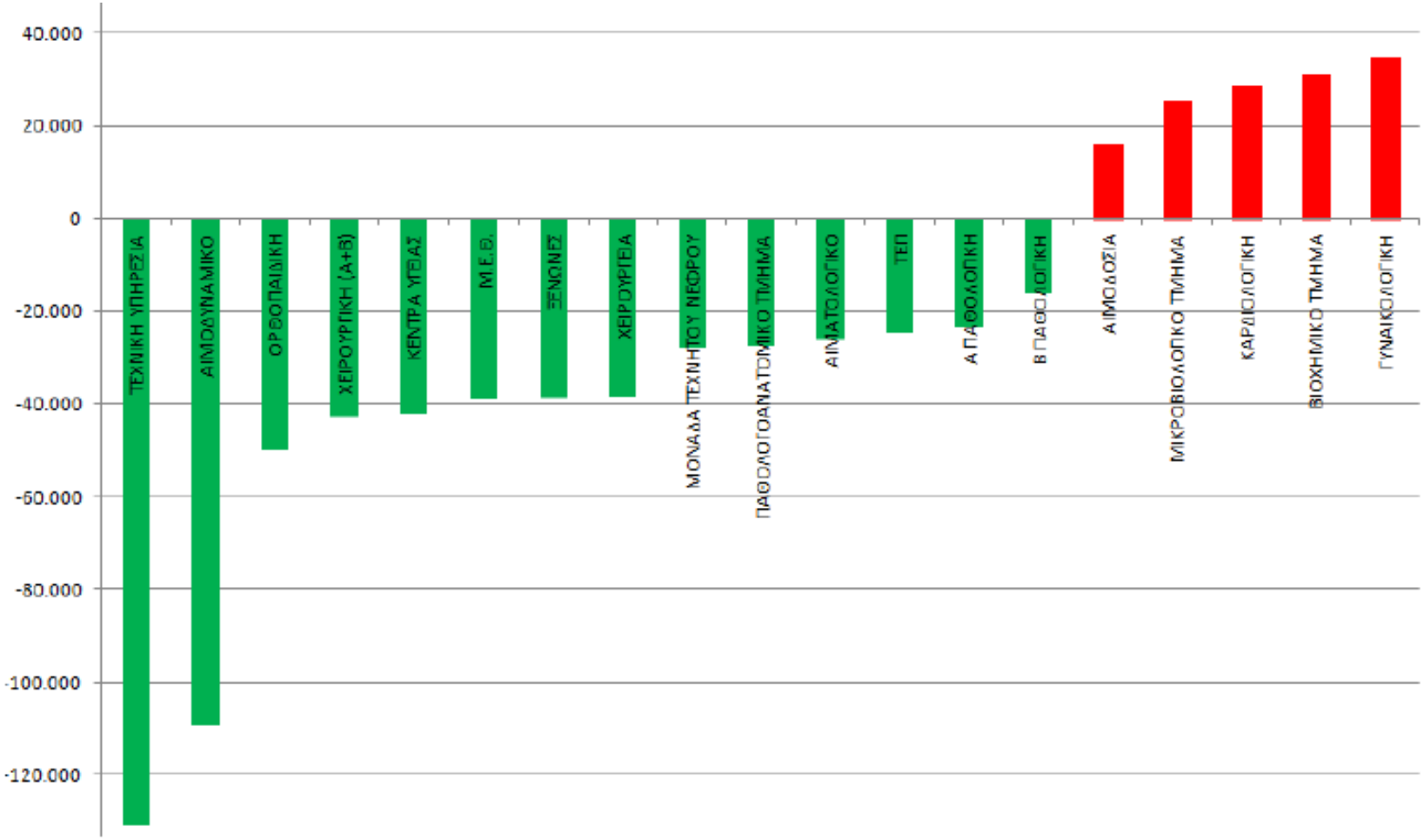
Expenditure by cost center

	2009	2010	2011	2012	2013	έως 9-2014
Υγειονομικό Υλικό	11.782.792 €	7.204.517 €	5.025.889 €	4.207.934 €	4.143.476 €	2.912.085 €
Φάρμακα	6.880.065 €	4.298.913 €	3.356.892 €	2.900.204 €	2.774.586 €	2.221.514 €
Ορθοπεδικό Υλικό	2.953.509 €	2.009.248 €	1.214.476 €	993.435 €	1.280.289 €	1.089.201 €
Χημικά Αντιδραστήρια	2.872.468 €	2.189.556 €	1.992.254 €	1.647.797 €	1.569.535 €	1.290.551 €
Λοιπές Δαπάνες	8.205.260 €	6.323.055 €	5.826.666 €	5.817.380 €	5.930.128 €	3.769.334 €
Συνολικές Δαπάνες	32.692.093 €	22.025.290 €	17.416.177 €	15.566.750 €	15.698.013 €	11.282.685 €

Cost center case (orthopedic material)

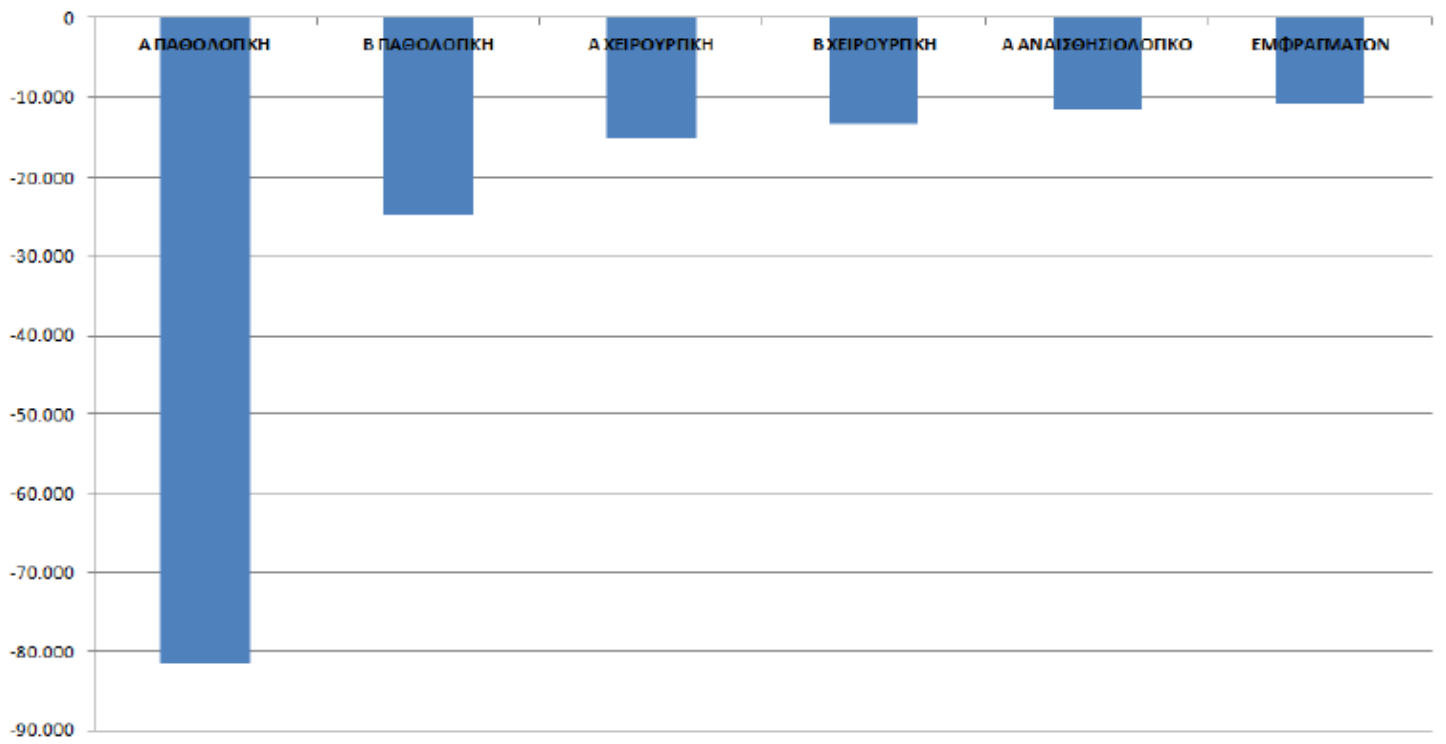


1st semester of 2013 vs 2014



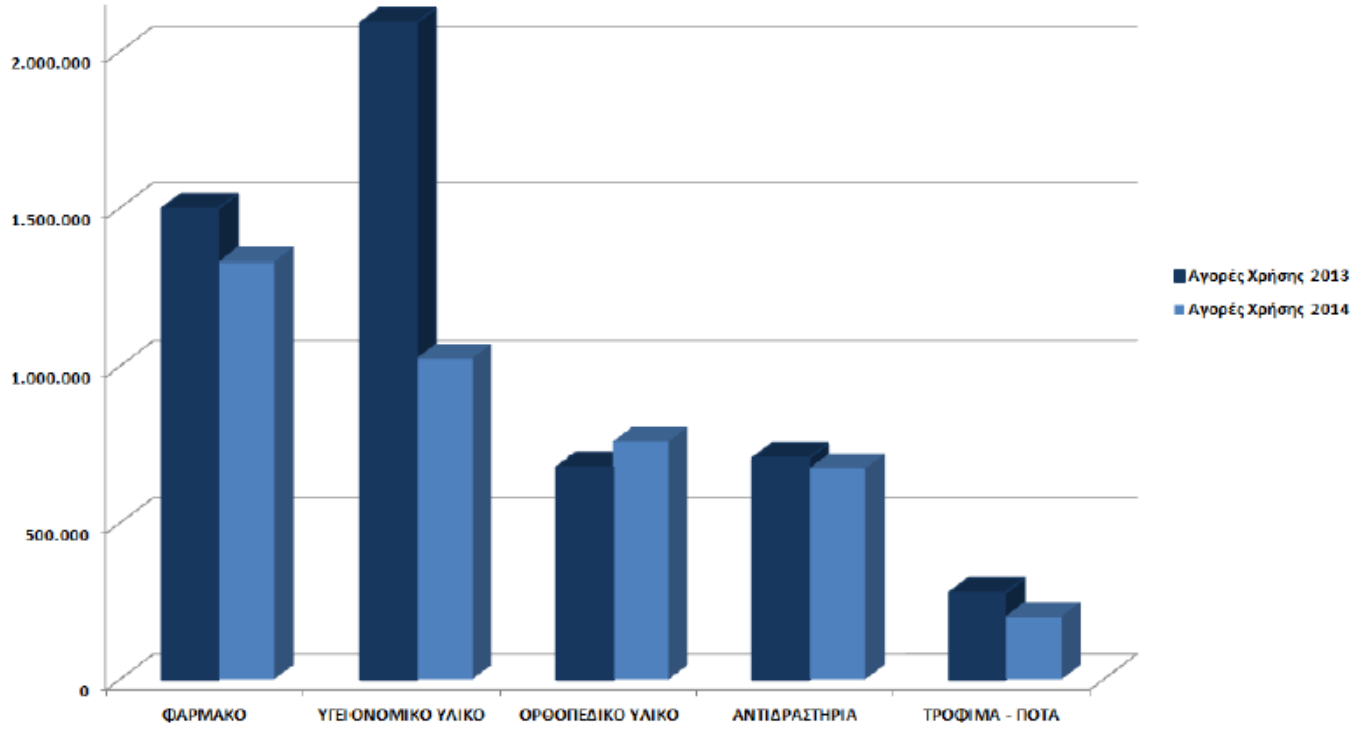
Εικόνα 19: κλινικές και τμήματα με τη μεγαλύτερη μεταβολή σε δαπάνες για 1ο 6μηνο 2013 & 2014

Clinics with the best reduction of drug use



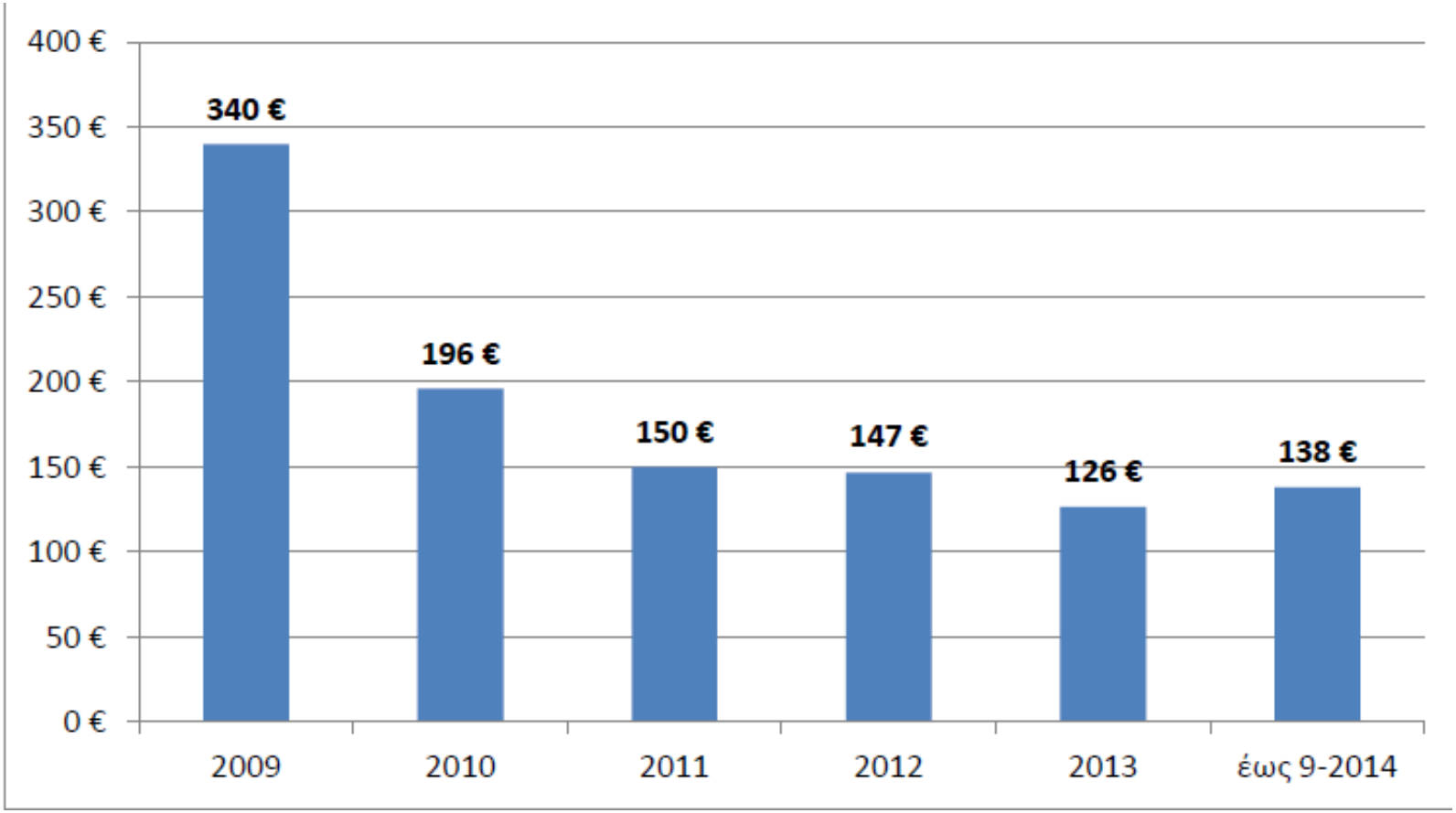
Εικόνα 20: κλινικές με τη μεγαλύτερη μείωση σε κατανάλωση φαρμάκου (1ο 6μηνο 2013 & 2014)

2013 vs 2014 by cost center (1st semester)

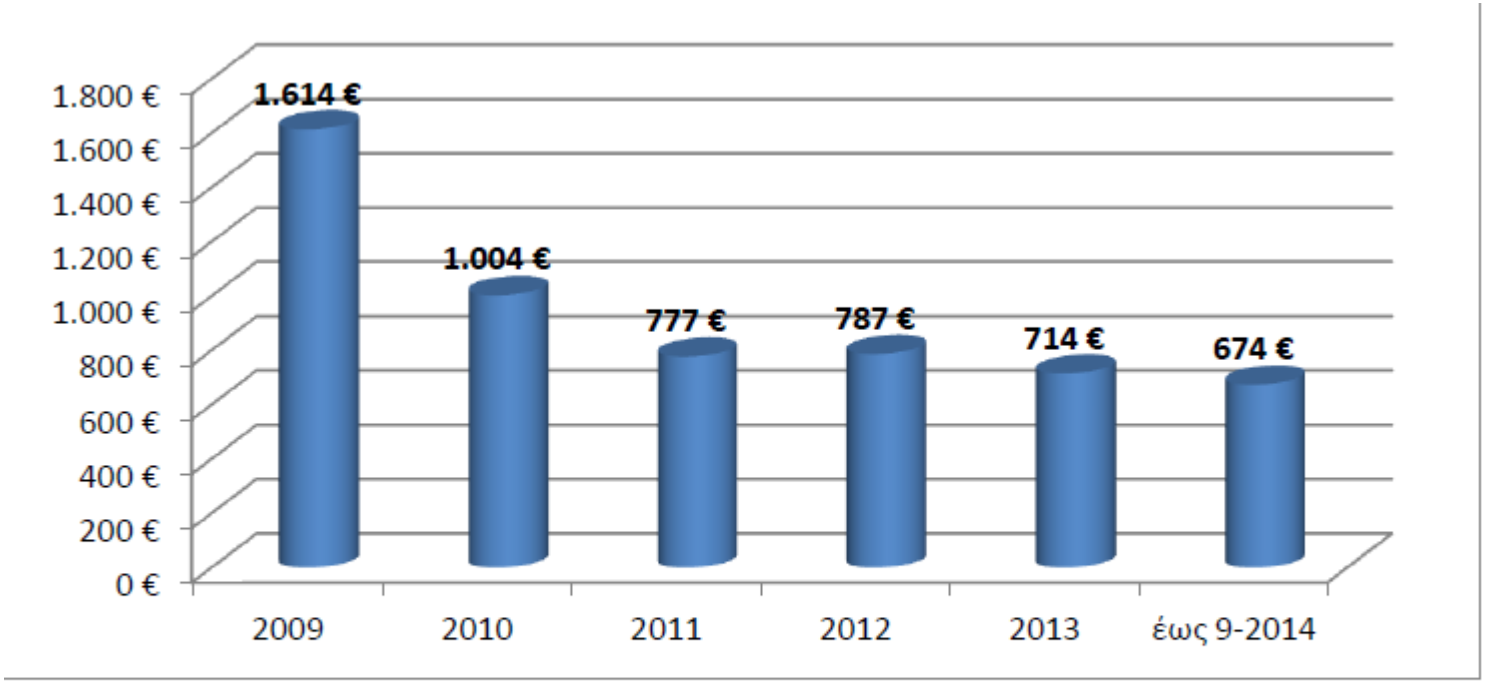


Εικόνα 21: πίνακας αγορών για το 1ο εξάμηνο 2013 & 2014

Drug consumption / inpatient



Total cost / inpatient



Results

- 2014
  - Hospital ranked in the top 5 medium sized Greek Hospitals
  - Personally ranked in the top 5 hospital directors
  - Within budget
  - Improved the hospitals brand name
  - Improved quality and volume in specific clinics

The main tool

- Esy.net (national health system net)
- Presentation of esy.net
- Advantages
- Disadvantages
  - – credibility of data?
  - – interconnection with ERPs

Case study 1: the cardio problem

- The Cardio problem
  - Minus 3 doctors
  - In operation:
    - Clinic
    - Intensive Unit
    - Cardiovascular operations unit

    - Action: ?
    - Results: ?

Case study 2: the HRM dept

- How does an HRM dept of a hospital works?

- List (bullet points)
- How do u think we hire?

- 1/5 rule
- 2009 applications examined in 2010
- Handling of staff with mental problems?

Case study 2: the HRM dept

- Resistance to chance!
- Lack of skilled educated staff
- Performance measurement system
- E-hrm software

Case study 3: Primary care

- A reform never implemented!

Case study 4: budget allocation

- € 220K/month for Hospital & Health Centers
- Allowance to exceed by 9%
- Submitted schedules of €260.000
- Health centers: 4 doctors seeing on average 0-10 incidents…

Case study 5: The hospital IT problem!

- Procurement back in 2006
- €1.5 million for an ERP
- SLA could not be signed
- Expensive LIS to balance
- Clinics not connected to admissions
- A&E not connected with labs

Case study 6: use of IT in public hospitals

- 130 hospitals
  - 8 different main ERPs
  - Lack of a holistic approach
- Every month a demand of new
  - Eg. E-procurement, blood donors registry
- €20m for patient records software
  - Only 50.000 records to be scannned
  - Records have to be kept for 20 yrs
  - No software to connect to existing ERPs

    - # IT staff oh hospital???

Case 7: the A & E process

- Triage system
- Manually keeping patients record
- If admitted
  - Data entry to ERP (5 mins)
  - Data entry to e-admissions platform of the national insurance organization

  - Customer experience? Doing well on medical time…but not on administrative.

Case 8: The liquid oxygene

- Cost/year: €240k
- Oligopoly…almost monopoly of suppliers
- Cost of expanding network: €20k
- Cost of lquid oxygene generator: €80k

- Why not implemented?
  - 1. time + allocation of budget
  - 2. resistance to change
  - 3. …corruption?
  - 4. legislation?