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## Volume 15, Issue 1, 2013 - Community Health: The Role of The Hospital

### The Changing Role Of The Hospital

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#### Challenges of Hospital Management

**The situation of hospitals at the end of the last century could be defined as transitional; between a stable model of partly predictable changes and the new schema of the healthcare environment and hospital management we know today. Hospitals are evolving within this new framework and the challenge for the management will be to define a relevant strategy, readable by all teams and at the same time manage uncertainty and constantly adapt to internal and external changes.**

Paradoxically, in a world with uncertain futures, the years 2010 to 2020 will herald an integrated view of the management of health organisations.

**The many challenges and constraints faced by hospitals will inevitably question their management.**

The first uncertainties that hospital managers will face regard the use of the hospital during the next decade. Indeed, the progression of chronic diseases correlated with the increasing age of the population may suggest that the rate of hospital use will increase. At the same time, the reorganisation of care could lead to the management of a large proportion of patients outside the hospital. Everything will then depend on the number of years without disabilities of the elderly population, as well as access to healthcare services for a part of the population. Concerning the need for care, in the upcoming years we will fluctuate between the development of personalised medicine, such as expensive targeted therapies for cancer and the use of mass medicine, which could be boosted by the resurgence of infectious diseases.

Thus, the hospital, by the universality of its missions is often disrupted in its organisation, torn between emergency care and planned management of patients. These two aspects of hospital activity can be illustrated by the uninterrupted admissions into emergency departments and outpatient surgery.

In France, the degree of competitive pressure is among the highest in Europe. Its intensity varies with the territory, making it a risk factor or, conversely, an opportunity for public health facilities. For example, if some hospitals suffer locally from increased competition in certain surgical disciplines and oncology. In recent years the share of public hospital surgical activity increased. This trend is expected to continue in the coming years, especially in terms of plans for the retention of doctors and nurses.

The importance of human resources management in the hospital will only continue to grow, not only because it is a critical component in the operation of hospitals, but because they represent a survival issue for most hospitals. This particularly important with the medical staff, whose figures are contradictory. The past decade has been one of continued growth of the workforce with a halt in 2009 for non-medical personal. At the same time, there are about 15,000 vacancies (full-time and part-time combined) for hospital doctors and the weight of the competition is very strong in some medical disciplines.

To date, one of the biggest unknown factors remains the level of resources and financing methods. The major breakthrough of the last decade has been driven by pricing activity coupled with regulation of volume/tariffs. This has generally enabled hospitals to gain control over their development because of the automatic level of resources generated by the increase in hospital stays. The downside was not really being able to anticipate this level of resources due to constant changes in pricing stays, definitions of the scope of pricing activity and the frequent drop in rates offsetting volumes of activity. But this pricing method is especially questioned in terms of relevance of some stays, hence the emergence of new approaches of pay-for-performance, performance expressed in terms of quality and appropriate care episodes in a management chain.

At the same time, the social protection systems in Europe are affected by the economic crisis: since 2010, some countries have resorted to a severe drop or a cap on hospital allocations.

In comparison, France has not experienced a decrease in resources, neither in relative or absolute value. However, given the objectives of economic competitiveness displayed, the level of social protection is highly regulated in value. The "natural trend" of hospital spending growth in relative value is (3.5%). Consequently, the financial balances are not, in fact, possible without gains in productivity or without additional contribution from the patient, often by support from their complementary social protection.

The development, or at least the continued investment and equipment, will also be a major challenge for the coming period. Previous years have seen a meteoric rise in the construction of hospital buildings and investments in general. More often than not, investments were made in response to a need but, on the other hand, they led to an increase in debt and sometimes deficits as generally the tariffs do not cover the additional costs associated with these investments. In addition, the economic crisis has dried up access to loans, and it is only recently that the provisions of investment support have emerged through the creation of tools for financing public investment, like in France, with the establishment of a public investment bank in the first half of 2013.

Hospital decision makers will also face the issue of equipment costs notably with the development of operating robots or information systems. The high price of new technologies can slow down their development. For example, a PET scan costs more than €2, 5 millions, plus an extra €2 million every year. Similarly, the Da Vinci robot price is €1, 2 million, plus an extra of €150 000 for maintenance each year.

This will lead to a pressure on organisations to make best use of these new technologies. The opposite may also occur, with some institutions searching for substitutes for costly items. The high cost of construction such as building infrastructure and materials raises the question of the creation or transformation of hospital organisation with regulated and even lower costs. Will there soon be Smart Hospitals?

Finally, there is the major subject of the coordinated organisation of care in a geographic area. This organisation is planned by the health authorities but at the same time pricing mechanisms and remuneration models are differentiated between professionals depending on whether they work at the hospital or at a doctor's surgery. This leads to strong competition between the two. Institutions will therefore fluctuate between cooperation and competition, which some authors have called "coopetition". This will result in more a comprehensive healthcare organisation, with a view to allow users to move easily between community care and specialised care.

#### **The Integrated Approach to Managing Complex Organisations**

Today it is essential for managers, current and future, to have a global vision and "360 degree" competences of the healthcare system and its organisations, hence the importance of a more integrated approach. It is obviously not about dreaming of integrated systems and organisations, but to take into account different parameters, sometimes contradictory effects, in order to guide an organisation today and manage the health services of tomorrow.

Regarding health strategy, the hospital director of tomorrow will need to develop a broader vision and develop its activities in coordination with other institutions within a defined geographic area. It is therefore important to define the scope of activities, shared-or-related, in order to ensure both continuity of care and the allocation of the necessary resources. To be able to develop successful organisations, it will be necessary to convince, on an internal level, all professionals who may be concerned. The management will also need to deploy a strong ability to negotiate with external partners. Therefore, we move from a structural management to the management of activities, and then the management of care pathways.

The management of healthcare organisations will have to rely on the processing of more and more precise data, this could be described as managerial epidemiology. While handling the "big data" is often regarded as a major competitive advantage, this approach requires a clear strategic line and a strong leadership from the directors of institutions, in order to involve all hospital staff in the transformation of organisations.

The establishment of multi-disciplinary teams also promotes a qualitative approach to the management of human resources, both to define the competencies required but also to lead multi-disciplinary groups. Behind this, there are issues of attraction and retention for hospitals as well as financial issues, if we consider the cost of absenteeism and inefficiency. It is in this sense that human resource management should take into account various parameters related to each other.

Finally, managing an institution is also managing processes, following a project or activity from the beginning to the end. This applies particularly to supply management and the provision of services, what is called the "supply chain." But the ambition in this area is mainly to develop the same approach to integrated processes of care, in a kind of device operations management applied to healthcare organisations. In fact, the management of care pathways, which has become a priority in France, is process management. This method of management aims to ensure continuity of care and ensure support in the right place at the right time. In the years to come hospital management will be devoted to this construction.

#### **Conclusions**

The hospital managers of tomorrow will have to manage uncertainty, even though teams will demand transparency in reference to their values and their desire to ensure a stable environment for their patients. The role of hospital manager will be difficult. But the contradictory forces that cross the health system also provide an opportunity to review the nature of the services to be provided and hence the organisation of activities such as working with the support of patients, who are now experts and hospital professionals..

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