

## Volume 10, Issue 3 / 2008 - Business Models

### Rationalisation or Rationing, a Way Out of the Crisis?

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One third of hospitals operating at a loss". Thus ran the headline of a recent news item by the German Press Agency. The 2007 German Hospital Barometer survey of German hospitals has again highlighted that hospitals continue to wrestle with economic problems.

However, closer scrutiny of the economic situation reveals a more complex picture. According to the study cited above, 44.5% of the hospitals surveyed were undecided about their future economic prospects, while more than 23% rated them as good.

Some hospitals are more economically successful than others. This is a trivial observation; the interesting question is whether the longstanding demands and agitation for rationalisation as opposed to rationing in the health service are helpful or beneficial to hospitals and if they are the reason for the economic success of some hospitals. Can and should hospitals choose between these alternatives?

#### An Inextricable Dilemma

For more than 15 years the German health system has been continually offered a choice between "rationalisation" and "rationing". Thus far, no clear response has been forthcoming, primarily because the implications of making this choice range from the trivial to the monstrous. A number of definitions developed by the philosopher and medical ethicist, G. Marckmann, are set out to help facilitate objective consideration of this issue and, hopefully, give answers to this unresolved question.

#### Rationing

According to Marckmann, rationing is the restriction of services. It arises from the tension between limited resources and infinite demand. In this respect, it is neither a confrontational term, a "declaration of war" on the health system or, as many politicians would argue, a means of differentiating between "valued" and "less valued" patients. On the contrary, it is a simple statement of fact. Services must be circumscribed because resources are scarce. The choices made and the constraints imposed as a result are not academic decisions but value judgments, which must be taken in the context of a broad political and societal debate. Individual service providers and those who bear the cost of healthcare cannot take responsibility for these decisions because it is not within their capabilities to do so. Such decisions must be preceded by a discussion about values, both at political and societal level.

#### Rationalisation

When resources are limited, the goal must be to deliver the same medical and care effect using fewer resources or deliver a larger medical and care effect using the same resources. The goal, therefore, is to increase efficiency, which is the hallmark of rationalisation.

Rationalisation is the primary strategy available for dealing with scarce resources. It stands to reason then that those who deliver the service are most familiar with the processes involved and best placed to identify potential improvements. Rationalisation measures should be administered at the service provider level, including in hospitals. Significant efforts are being made to secure efficiency improvements and substantial successes have been achieved. Organisational changes such as the establishment of specialist centres in medicine have delivered measurable rationalisation outcomes. There follows an analysis of new rationalisation approaches.

#### Rationalisation Potential: Evidence based Medicine

Evidence based medicine (EBM) is a relatively new concept, which was first introduced in German healthcare only a decade or so ago. Despite its relatively recent origins, it has emerged from an intense and often divisive debate between methodologists and service providers as a key healthcare strategy. In a British Medical Journal readers' poll evidence based medicine was rated the eighth most important medical advance since 1840. Implementing bodies in many health systems (for instance, G-BA, IQWiG, NICE) have adopted EBM approaches as their legal and organisational modus operandi. Greater application of the principles of EBM offers further potential for rationalisation.

In the absence of other indicators, conclusions about the effects of medical interventions have frequently been based on surrogate parameters. A series of false conclusions were reached for certain drug therapies and certain hospital treatments have also been found wanting when subjected to rigorous scrutiny (primarily randomised clinical trials). For example, the initial euphoria which greeted the use of robots in endoprostheses gradually gave way to the realisation that the procedure's shortcomings outweighed its benefits. The use of these robots has

been suspended and most of them now languish in hospital basements. Gastric freezing for stomach ulcers, transmyocardial laser revascularisation and the use of MRT to diagnose multiple sclerosis have all suffered similar fates. Studies using EBM criteria showed that the disadvantages of these often expensive therapeutic and diagnostic procedures outweighed their utility.

Evidence based utility assessment offers significant rationalisation >

> potential. The instrument was established in German law through legislation enacted in 2004 to modernise the statutory health insurance system and extended in a 2007 health reform which introduced cost-benefit analysis in the pharmaceutical sector.

It must be assumed that the use of these principles for utility assessment would contribute to rationalisation in hospital treatment.

“Knowledge Creates Health”: The Rationalisation Potential of Critical Health Literacy The courts did not censure the use of robots in surgery per se but noted the requirement to provide patients with complete and comprehensive information. Pressure from patients for greater involvement in decisions on medical treatment is also increasing. Patient surveys carried out by the Technicians Sickness Fund show that only 5% of patients want treatment decisions to be left solely in the hands of medics.

These findings are replicated in all age groups and medical conditions and provide evidence of a new and frequently ignored patient wish (Figure 1).

In view of the growing importance of patient and customer orientation, this wish should be taken seriously and addressed through appropriate measures. Some sickness funds have already started to take action in this respect.

Not only do enhanced patient participation and improved information reduce liability risks, they can also improve treatment outcomes. For this reason, health education should be developed.

The idea that “knowledge creates health” lies at the heart of strategies aimed at improving “health literacy”. The focus must be on improving access to and understanding of existing information, rather than on providing more information.

From information, education must emerge. Improvements in the economic efficiency of treatments can also be expected from such measures.

The results of patient education courses developed for diabetes treatments are a good case in point. This concept has been internalised in the mission statements of successful hospital operators.

## Conclusion

Rationalisation and rationing are both indispensable strategies for the responsible organisation of medical care in an era of scarce resources. The dominant strategy is rationalisation for which service providers, owing to their in-depth knowledge of care processes, should have responsibility. Hospitals are also required to make a contribution towards rationalisation.

Explicit rationing measures cannot be implemented in a responsible manner by individual service providers or those who bear the costs of healthcare. These decisions are contingent on the outcome of a political and society-wide debate on values. Individual hospitals cannot be given responsibility for taking such decisions.

It is high time that Germany engaged in a public debate on the values that will determine prioritisation in medicine. This means all sides must adopt unambiguous positions on what we will and will not pay for in our health system.

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