HealthManagement
Promoting Management and Leadership

Volume 11, Issue 4 / 2009 - Country Focus: Italy

Recent Developments in the Italian Healthcare System a Look from Different Perspectives

The Italian healthcare system is changing. Like most other European countries, the system is suffering from a lack of resources. Italy is also experiencing the regionalisation of healthcare management, which in turn brings its own problems. Focus is shifting from inpatient towards primary care and cost rationalisation is fast becoming a new trend. This article will discuss these four main developments and how citizens, professionals, managers, politicians and private providers have often very different perceptions of these changes

Regionalisation of the Healthcare System

Healthcare is a regional matter in Italy. Since 1992, the Italian healthcare system has been regionalised but the national government still plays a key role. The government remains entitled to build the national strategic health plan (to be issued every three years) and to decide how many resources have to be assigned to the public healthcare system.

Agreements on these issues between the national and regional government are discussed and pursued in the National Board for Regional Health Policies Coordination and Affairs. The state role is designed to ensure common basic levels of assistance are provided in all regions but leaves the regional administrations free to increase those levels using their own resources.

Healthcare funding constitutes almost 70% of each regional budget and healthcare matters have often a strong impact on media and citizens. For these reasons, politics at both regional and local level tend to be very interested in controlling this sector. Indeed the regional administrations have become holdings with strong power in both steering demand and providing supply. This process pushes for a strong integration among managerial actors but on the other hand it tends to reduce their autonomy in facing the internal competitive market they operate in.

The main consequence of regionalisation is represented by the development of two different ways of thinking on how to deliver health to citizens and the role the regions play. The first one (mostly adopted in regions led by centre right parties) lets the market play a significant role by distinguishing providers from buyers and entitling the client to choose the provider he prefers, public or private. The second one (mostly adopted by centre left regional governments) is based on the network concept and tends to emphasise cooperation among actors operating in the demand and supply sides. This model tends to steer the citizen choice and considers private providers as supplementary actors to deal with when there is a clear need to increase public supply due to higher demand levels.

Also differentiation in the quality of service delivery has grown as a consequence of regionalisation and this has led to significant movement of patients mostly from southern regions to central and northern ones.

Reducing the negative effects of regionalisation is not easy; there is always the risk of punishing those regions that are more active in containing expenditure. Therefore the most important attempts made at central level to monitor and manage this trend are focused on signing agreements which aim both to create a common language among the 21 regional health systems and to help regions with poor performance records to improve their situation.

Performance measurement is another necessary consequence of regionalisation. Indeed, regions cannot be assessed solely on their ability to comply with economic and financial agreements signed with the central governments. Their efforts also have to be taken into consideration under parameters of output and outcome. For this reason many performance measuring systems are now being experimented.

Lack of Resources

Since Italians are getting older and chronic diseases are increasing, the growth of public funds annually assigned to the healthcare sector appears no longer adequate to ensure the present basic levels of assistance.

According to the latest OECD health data the Italian health expenditure in 2006 was 8,7% of GDP, less than the OECD average 8,9%). However it has to be highlighted that the public slice of this expenditure is 6,7% of GDP, more than the OECD average (6,5%). Moreover, from 2003 to 2007 regions have generated a deficit of about 22 billion euros. These problems will probably force the system to redefine levels of assistance ensured by public funds. The right to health will probably have to be redefined.

Other possible initiatives to counterbalance this trend already put into practice are cost rationalisation, an increase in taxation and other solutions like the introduction of supplementary health insurances.

At a central level, strict budget limits are continuously discussed by the National Board for Regional Health Policies Coordination and Affairs. In case acceptable agreements among regional administrations and national government are not reached, financial limits are imposed directly by national law. At a regional level these agreements or limits are implemented by designing interventions on the cost side (mostly based on appropriate reduction of hospitalisation and on rationalisation) or by acting on the revenue side. In this respect some regions (e.g. Toscana, Emilia Romagna and Marche) prefer to stress cost rationalisation and to emphasise appropriateness of treatment, others (e.g. Lombardia, Lazio) act mostly on the revenue side by raising taxation level or by imposing additional tickets for patients.

While the first way of approaching the problem is met with antagonism by professionals because of their disinclination to fix priorities and to consider costs as a limit to their activity, the second one tends to be less appreciated by citizens and creates the conditions for a heavier role for private providers in the national public healthcare system.

Shifting from Inpatient to Outpatient Treatments

One interesting way to reduce cost and to contribute to citizens' health consists of developing outpatient treatments and promoting a strong reduction in hospital admissions. To have an idea about actual dimension of effort requested to the regions, the new agreement on health now under discussion between central governments and regions talks about a reduction of 27,000 beds (public and private operating under licensing agreement) by 2014. In the meantime outpatient services should grow.

The real problem concerns the synchrony of changes. In most cases outpatient services need a considerable amount of time to be fully operative and capable of receiving the flow of patients from hospitals. At the same time, since resources are limited, it is not possible to invest more resources in outpatient services before disinvesting them from hospitals.

The appropriateness of treatments and the respect of scientific guidelines are signalled as the main drivers of this change process but political motivesplay a major role. Indeed reducing hospitalisation means a significant reduction of regional spending and possibility to comply with budget limits agreed with national government.

Shifting the focus from inpatient to outpatient is mostly about the need to lessen the burden on hospitals. Managers and hospital professionals see this change as a threat and it is quite difficult to ask them to spend necessary efforts to develop networks and to define common, more appropriate paths together with their outpatient colleagues.

One interesting consequence of this process concerns private providers. In the past they have mostly focussed on hospital services but now outpatient services have started appearing as an interesting business opportunity: less investments are required and demand for these kinds of services are growing very fast.

Cost Rationalisation

Due to the lack of resources, most regions are now looking for other solutions to reduce costs. One consists of rationalising the support processes not directly concerned with the core business of public companies providing health services. Supporters of this kind of intervention argue that these processes can be drained from the activities of public companies with no matter/ little consequence or danger for citizens or the companies. Moreover, they expect the same to be managed efficiently at a higher integrated level. This attempt has some important consequences:

a) Professionals are losing their traditional contact with drug and equipment providers;

b) Trade unions tend to resist this trend because they see this change as a hidden attempt to privatise some public jobs, and

c) For private providers of support services new interesting business opportunities are growing.

Another cost cutting intervention being widely discussed now in the Italian healthcare system is a different organisation regarding the use of hospital space and beds. Traditionally hospitals were organised along the lines of clinical specialties or departments. The new way to organise allows the top managers to decide how to use space and beds while multi-disciplinary teams of clinicians are in charge of treating patients according to the level of care required.

As a consequence, significant parts of hospitals are now dedicated to week surgery: open days are Monday to Friday and the first part of the week is taken up with elective surgery and other planned treatments. After some days of recovery, patients can be discharged before the weekend. Evaluation of this model is ongoing.

Both health planners at regional level and managers are attracted by this kind of organisation but its implementation is no easy because medical

middle managers, even though they would not admit it, don't want to lose control of their traditional resources (beds, nursing staff and equipment). At the same time, experiences of full implementation of this kind of organisation are very rare and best practices to be followed are difficult to find.

Conclusions

The Italian healthcare sector is changing rapidly and the new direction is quite clear: stronger role for regions, more responsibility at managerial level, less hospitalisation for patients and outsourcing of all "no core" activities. All traditional actors are conscious of this new direction but their compliance to change is not fully ensured. On the other hand new actors are coming into view and seem more interested than traditional ones in speeding up this change process. How these changes will take place is still unclear but what is certain is that change is imminent.

Author:

Dario Rosini

Managerial Control Unit Azienda

Ospedaliero-Universitaria Careggi

rosinid@aou.careggi.toscana.it

Published on : Mon, 21 Sep 2009