



Extract from the report to the
Public Accounts Committee on
the management of the activities
in the hospitals

March
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I. Introduction and results

1. This report looks into the management of activities in the form of patient assessments and treatment of patients in five selected hospital departments. The report concerns the Ministry of Health and Prevention (now the Ministry of Interior and Health) and the regions that are responsible for running the hospitals.

2. In recent years, hospital departments have been faced with increasing demands with respect to management of activities. As a result of the adoption of the new hospital structure, the hospitals have been required to reorganise, and at the same time the standards set for the quality of treatments have been raised and the financial management of the hospitals has gradually become activity based. To this should be added that as a consequence of the annual finance agreements entered between the regions and the Government, the hospitals have for many years been instructed to increase the level of activity and productivity.

3. The objective of the examination has been to assess the framework established for managing the activities in selected hospital departments. The examination is pointing forward in that it is attempting to identify areas where the framework and management can be strengthened.

Rigsrevisionen has examined the frameworks established in five gastrointestinal surgery sections for the management of activities like, for instance activity objectives and budgets. The purpose of this investigation has been to assess the impact of the frameworks on the management of activities.

The report is not looking into the various hospital departments' management of economy and budgets or the financial and activity-related results of the running of the departments. Nor is it addressing issues relating to budget deficits and workforce reductions as experienced by some hospitals during the first months of 2010.

4. The report is answering the following three questions:

- Have the departments planned and budgeted the activities in the departments on a satisfactory basis?
- Are the IT systems underpinning the planning and performance of activities in the departments?
- Are the management information systems providing the information required to follow up on activities?

Activity management

The activity level of a department is reflecting the total number of examinations, operations and treatments performed by the department.

Activity management is related to the processes and actions that are ensuring that treatments and examinations are delivered as agreed taking into account the financial framework, quality and service.

RESULTS AND MAJOR FINDINGS

Over the past two decades, the operational responsibility in the health sector has to a large extent been decentralised to the individual hospital departments, which are now holding the primary responsibility for ensuring efficient management of the activities in the hospitals. The level of activity is a reflection of the number of patient assessments, operations and treatments a hospital department has performed. It is an essential precondition that activities are managed efficiently if the departments are to provide highly professional and cost efficient services.

The examination has been focused on the management of activities in five gastrointestinal surgery sections. Rigsrevisionen is of the opinion that the results of the assessment may also be of relevance to other types of hospital departments.

According to Rigsrevisionen's overall assessment, the frameworks established for the departments' management of activities are not entirely satisfactory. Thus management of the activities performed in the departments could be enhanced if the IT support of planning activities and the quality of management information and cross-departmental planning was improved, and the foundation for budgeting was more robust. Generally the regions agree that the departments' management of activities requires continued monitoring.

This overall assessment is based on the following factors:

The basis upon which the departments are planning and budgeting their activities is only partially satisfactory. The departments have together with the hospital management set up relevant objectives for the activities to be performed by the departments. It is essential that the departments, that are operating on the basis of activity-based budgets, are informed of the financial basis for the activities it is about to perform. Furthermore, it is essential that the impact on the budget of activities such as departmental reorganisations or the introduction of new treatments, etc. in the middle of the accounting year is clarified as early as possible. An improvement in planning across hospital departments would be reflected in the quality of activity planning in the individual departments and the reliability of departmental planning.

- The objectives set for the activities pursued by the departments include number of operations to be performed within a budget year and objectives concerning service level and quality. It is Rigsrevisionen's assessment that the objectives are relevant and underpinning the overall goals of the hospitals. At the same time the objectives serve to clarify what is expected from the individual department.
- The hospital departments are in some areas relying on each other. According to Rigsrevisionen's assessment improved planning and coordination across hospital departments can contribute to identifying factors that may be restraining activities in the individual departments. It will further facilitate cross-disciplinary management decisions to solve bottleneck problems and improve the basis for activity planning.

- Hospital departments are managed in accordance with one of two basic fundamental principles: either the department is operating within a fixed budget or the budget is activity financed. The departments that are operating on the basis of activity-financed budgets are belatedly informed of the production value of the activities they are required to perform during the budget year. As a consequence hereof, neither the financial basis nor the underlying assumptions concerning the cost of activities is known to the departments till the middle of the budget year. This means that the department has to manage activities in the first half of the year on the basis of inadequate financial information. The fact that activities cannot be adjusted to reflect the budget till primarily the third and fourth quarter creates uncertainty in relation to planning and management of activities in the individual department.
- Rigsrevisionen finds that the regions need to consider the negative and positive implications of respectively fixed and activity-based budgets on department level, including the consequences of the budgeting principles for the management of the activities and budget compliance.
- On occasion, it takes a long time before adjustments of the budget made mid-term are approved by the hospital management, and the required funding is authorised. This creates uncertainty in relation to the planning of activities.

The departments' IT systems are underpinning planning and performance of activities in the department to some extent. The departments can, however, make more extensive use of IT to support working procedures for scheduling of personnel and planning and execution of surgical operations. More extensive application of IT could contribute to making the working procedures in the departments more effective.

- The departments are to some extent using IT systems to underpin the scheduling of personnel and surgical operations. Increased use of IT can provide a better overview of working procedures, strengthen knowledge sharing concerning changes made in the planning and execution of surgical operations, and generally improve communication internally in the department and across departments. And this may contribute to ensuring better utilization of personnel resources, operation theatres, etc.
- A department with many acute patients will often have to make adjustments to the scheduling of surgical operations up to the time of the actual performance of the operations. Extended use of IT could facilitate the ongoing adjustment of the departments' scheduling of surgical operations.
- Furthermore, IT systems can provide data for the planning, including data on the time required to perform different types of operations and prepare patients for operation. In that way the IT systems would contribute to identifying bottleneck problems in relation to execution of operations, etc. and the departments' would be better equipped to plan the execution of the operations more accurately.
- Generally, the regions agree that resources would be better utilized if the departments' planning and execution of operations could be more extensively underpinned by IT. However, the regions are emphasizing that investing in new IT systems would involve considerable costs, and a decision to do so would require assessment of benefits and drawbacks that are affecting also other projects in progress.

The departments' management information systems are not providing the information required to ensure satisfactory follow-up on activities.

- The management information systems of the departments contain data on payroll and use of temporary personnel, and are providing a satisfactory basis for following up on said areas.
- The management information systems do not in all cases include detailed data on activities. More detailed data on, for instance various types of operations and treatments would allow the management of the department to assess the need for resources and personnel on an ongoing basis.
- Furthermore, the data provided on production value are not always real-time data. This means that departments that are relying on activity-based budgets do not have an updated picture of the value of the activities that are performed in the department. This makes it difficult for the departments to monitor progress against the budget. Generating real-time statements of the production value of activities is only possible if the activities performed in the departments are reported continuously and the systems of the Danish National Board of Health are reliable and generating statements of activities regularly. Furthermore, the data received by the regions from the National Board of Health should be transferred to the departments' management systems without delay. The regions are pointing to the fact that they are largely relying on the system run by the National Board of Health and the statements generated in this system concerning management of activities.
- Rigsrevisionen finds that there may be a need for management information on department level to ensure that the management of the individual departments can base their future decisions on a more solid foundation. Generally, the regions agree that the quality of management information providing the basis for following up on activities can be improved.