

## QUALITY MANAGEMENT IN ROMANIA'S PRIVATE AND STATE HOSPITALS

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### **Abstract**

As the people are constantly changing, so are the institutions. The population begin to have greater expectations from industries that directly involves them. One of them is the hospital. As time goes by, people demand a certain level of quality and improvement. To meet their requirements, hospital's managers thought of applying the quality management principles. In Romania, quality management began to be applied both in state and in private hospitals.

**Keywords:** Quality management, State hospital, Private hospital.

### **1. INTRODUCTION**

A hospital represents a good brought to humanity because, above all, it saves lives- a thing that should not be forgotten when referring to this institution.

In a constrained financial context, hospitals and clinics are normally in the center of attention. The purpose of this paper is to examine how quality management principles have been implemented in the private and public hospitals in Romania, and also, to determine if the quality management could be represented as an advantages for these institutions.

### **2. THE EUROPEAN BUSINESS EXCELLENCE MODEL (QUALITY MANAGEMENT)**

EFQM excellence model, first known as "The European business excellence model", was introduced in 1991 along with the European Quality Award, being awarded for the first time in 1992.

The elements of a quality management system are divided into 4 areas:

- The management responsibility grade

- Resource management
- The achievement of services and products
- Measurement, analysis and improvement of these processes.

The lack of evaluation systems, in various forms, is known as one of the symptoms of an organization. Recently, due to constant increasing demand for medical services, limited resources and high costs, a bigger attention is paid to a hospital evaluation system. Additionally, according to the studies realized by the World Bank, hospitals consume between 50% and 80% of the health sector budget. This doubles the importance of assessing hospital performance. Since 1859, efforts were made to measure a hospital's performance, when Florence Nightingale measured the quality of health through studies on mortality and infection rate.

Inside the hospitals, the concept of performance represents a quality tool for efficiency and effectiveness, all brought together.

In the Romanian medical system, the quality of care is a dynamic concept with many features. These features are directly proportional initiated with the point of view of the person who answer a particular question, with the social, environmental and last but not least, organizational environment.

In this way, it can be admitted that health quality lies on unique values and also depends on the situation's context. Therefore, the health care dimensions' are the following:

- The accessibility - representing the easy way for patients in order to obtain the proper medical services.
- Specificity - the level to which a patient is ensuring proper care.
- Continuity
- The efficacy - the extent to which health services are provided correctly, without mistakes.
- Effectiveness - the maximum level at which a service can meet specific needs.
- Safety environment - the extent to which the work environment is out of danger.

The health system in Europe has a long tradition on perpetual development of new methods and examination models of quality. Among the most well-known are the professional standards, the commissions, inspections, certifications and accreditation.

The excellence model of the EFQM (European Foundation for Quality Management) is known as a representative theory that was conceived with the mere purpose of improving the traditional model of

quality, Total Quality Management. The EFQM model, an integrating system of businesses, covers all the management areas that are represented by processes, entries and exits.

Whilst the TQM system is seen more as a conceptual system, the EFQM model is seen as a measurement instrument.

The EFQM excellence model represents a generic ensemble for the quality management, and is used in all types of organizations, no matter what sector they belong to, the size or the structure. The essence of this approach stands in the 9 dimensions model.

These are:

- Leadership;
- Planning and strategy;
- Human resources management;
- Resources;
- Processes;
- Customer's satisfaction;
- Impact on society.

The main objective of the EFQM model is to help the organizations achieve business excellence throughout a perpetual improvement. Thus the model becomes a business system that covers all the management areas.

### 3. SHORT DESCRIPTION OF ROMANIA'S HEALTH CARE SYSTEM

After the 1989 Revolution, Romanian business sectors went through major changes. One of the most influential factors to begin with is the transition from communism to democracy, transition which affected all activities within the country boundaries. Also, since then, there has been a population decline of about 5%. Although these changes have been felt across all business sectors, we will focus on the country's health care system that is permanently changing.

Over time, the health care system in Romania has seen both good and bad times. In particular, since 1990, the health care system knew little irregularities.

Unfortunately, today our health care system is more affected than those in other European countries.

The first sign was the average life expectancy of the Romanian population which is approximately 6 years lower than the European average.

The main causes of death are represented by cardiovascular diseases, followed by cancer. This translates in a less healthy lifestyle for people and a mindset focused on continuous demand of medical products.

After a gradual improvement, with the end of 2008 and the beginning of 2009, public health expenditure returned in 2010 to a value comparable to 2007. According to the State Budget Law from 2013, public allocations to the health sector represented 4.51% of GDP. Even so, the total public expenditure were almost 4 times smaller than the European average.

According to the estimations made by the World Health Organization, private health expenditures have a contribution of 1.2% of GDP, compared with the European average of 2.3% in January.

However, Romanian public health system is still unable to meet the demands of a modern society, especially because of a poor infrastructure, the lack of qualified human resources and also a limited administrative capacity.

Health care system's problems are mostly related to the quality, capability but also, their availability. It should be noted that in the European Union, the health care sector is still considered an alternative domain maintained under a national responsibility.

According to the statistics made by the Ministry of Health, hospitals and private clinics began to receive more and more funding from the National Health Insurance House (CNAS). Thus, in 2011, the private health care sector received the sum of EUR 150,703 from FUNASS, amount which subsequently increased, reaching in 2012 more than EUR 213,500.

Therefore, it is very possible that in the near future, the investment balance would lean towards the private health sector, due to a constant increase of the number of private clinics and hospitals, and especially, due to the preference of mass of patients.

Another part where private hospitals have an advantage against the public ones, is the reputation of doctors coming from state hospitals. Private clinics attract some of the best doctors from different state hospitals, providing them a double, or even triple package salary. In this way, doctors tend to leave the state sector. Regarding this fact, a difficult situation takes place for the patient: when the patient is

recommended a certain doctor, if that doctor works in the private sector, the patient will have to pay much more compared to the price paid at a state hospital.

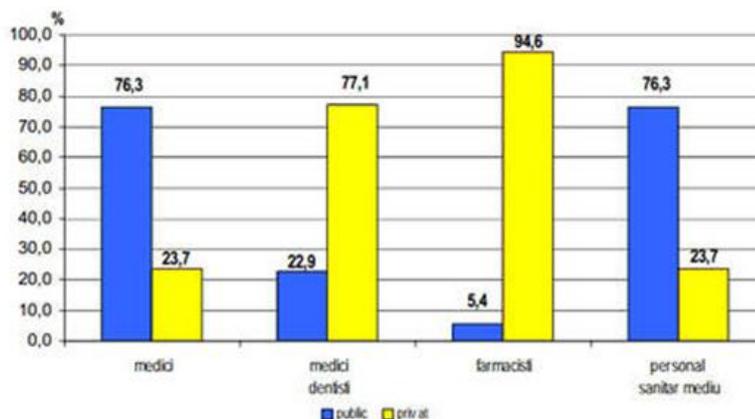


FIGURE 1 – DISTRIBUTION OF MAIN HEALTH STAFF ON FORMS OF OWNERSHIP IN 2012

Source: <http://www.ms.ro/index.php?pag=62&id=12329&pg=1>

According to the above picture it can be seen that the majority of the doctors are working in the public sector (76.3%), compared to only 23.7% in the private sector.

Moreover, unlike state hospitals, private hospitals have at least one pharmacy with open circuit, inside or at the entrance, which means a more significant profit.

In contrast, public hospitals are not allowed to establish a commercial pharmacy. However, when the approval to build a pharmacy is finally received, the amount of money raised does not get into the clinic's budget, but into the direct hands of the owner of that pharmacy.

It can also be easily observed that there is a increased percentage of pharmacists in the private sector - 94.6% compared to the public sector, where we find a rate of only 5.4%.

Seeing these analyzes, we can say that we are witnessing a true competition between private hospitals and state hospitals. Although the "winner" seems to be the private system, yet there is still hope from the Government to restore those state hospitals, in order for them to be as competitive as the private ones.

Even the public health sector is not exactly the strongest point of the country, it is still preparing one of the best doctors, who are able to solve difficult cases and also they keep the hope of improvement. Both private and state health care system have important professors with vast experience from working abroad, doctors who want to help people, even if the financial benefit is insignificant. Although the health care system is severely criticized both by Romanians and by the citizens abroad, in state and private hospitals are performed daily operations, analysis, cutting-edge treatments and the

lives of thousands and thousands of people are saved, which clearly indicates that funding is necessary but it is not a vital issue. Doctors will continue to save lives, whether they work for the public or private sector, because in the end, a human's life lies in the hands of that doctor.

#### 4. QUALITY MANAGEMENT IN HOSPITALS

In a business environment, this system has multiple usages:

- Auto-evaluation instrument;
- Benchmark between organizations;
- Guide for finding fields that need improvement;
- Structure for organizations management systems.

Moreover, this model divides the organizational performances into people results, buyers/society results and into key results of performance. This is the reason why it can be stated that this performance concept includes not only a tangible level, but also an intangible level.

Therefore, on one hand, the hospitals should develop their tangible indices as well as their intangible ones and periodically measure the performances. On the other hand, the EFQM model studies should cover the management areas and perspectives, using a variety of research themes and methodology.

In the health department there are permanent losses that induce great costs for the whole society. These losses are caused by various factors:

- Medical technology or health care services that are inefficient or non-performing;
- Unequal access to health care services;
- Great variations in the medical practice performance and its results in different hospitals;
- Customers' dissatisfaction with regards to the services they received and the amount of waiting time upon receiving health care services etc.

This is why the subject of the health care quality is highly controversial and has its implications at an economical, financial, technological level, as well as at a human resources and organizational management one.

The World Health Organization defines "the quality of the health care system" as the "levels of achieving the health care inner goals in order to improve health and the response capacity to the general expectations of the population".

In this moment it is assumed that there are at least three fundamental dimensions embedded in the concept of quality:

1. Professional quality – the product/service that complies with all the conditions that are imposed by the medical top professionals (practice standards);

The health care professional quality is generally measured by the technical competence, the compliance of the clinical protocols and practice guides, the usage of the infection control measures, the information and counseling, the integration of health care services.

2. Patient's expectations for a certain service – the quality seen from the customer's perspective (client's satisfaction);
3. Management of the total quality – the most effective and productive way of using the resources in the limits that are established by the authorities/ buyers (efficiency).

The Management of the Total Quality Concept (MCT) was not entirely developed in the health care system. By "total quality" we mean the service quality as well as the system quality.

There are three principles that dominate the total quality concept:

- Focus on the customer;
- Permanent improvement of the quality;
- Team work.

## 5. CONCLUSIONS

A hospital represents an important economic actor, vital for research, medical innovations, and also for creating a proper image for a specific country.

In Romania, with the beginning of the financial crisis, state hospitals and private clinics have experienced many economic fluctuations. However, Romania's health institutions have managed to overcome these difficulties and to recover so that patients could still continue to be treated as well as possible.

Until 1997, in Romania there were only state health institutions. But by next year, clinics and private hospitals were born, fact that separated the health care system in two axes, the state and the private sector.

The private sector entered the Romanian market with the will of offering everything that the state system hadn't had the power to offer. Therefore, new clinics were born based on different specialties, with modern medical equipment, well-trained medical staff, with comfortable waiting rooms and offices, with new furniture, but also with certain financial claims far beyond the power of some patients. These clinics represents an attraction for patients, especially because they try to hide the ugly and depressing image of a state hospital, and also providing non invasive treatments, promising to treat any illness .

From that moment, in Romania, a continuous parallel was formed. For years, the state system was criticized and compared with the private system, who was represented as a leader.

Private clinics and hospitals were offering important advantages not only for patients, but also for medical staff (financial benefits were almost doubled compared to state system). This led, step by step, to a reorientation of the doctors towards the private system, leaving the state hospital with few qualified personnel.

Even so, not all doctors left the state system. For some of them, the job security and an undetermined contract valued much more than a motivating salary package and a collaboration contract renewed annually. What doctors know and do is constantly changing, but the patients' needs remain the same. People get sick, they worry about the costs of treatments and in the end hope to find the best doctor who is able to heal them. Patients are not aware of the needs that hospitals may have, they do not know what budget was allocated to that hospital or clinic; all they know is that they must do everything they can to heal themselves.

Fulfilling their desires correspond to the requirements of a structured quality management. Nowadays, most patients prefer at any time, to be treated in a private hospital even if they will spent a much higher amount than they would have done in a state hospital. Therefore, hospitals and private clinics are constantly developing in Romania, always bringing an element of innovation, following the example of the abroad clinics and hospitals.

Although the interior and exterior of private hospitals is different than state hospitals, old medical teachers continue to work in large state hospitals. Thus, although the private system provides flawless condition, this does not mean that the state system is totally deprived.

One thing remains certain: state hospitals will continue to operate and the government will allocate funds gradually for rearranging them in such way so that they will have an image comparable to private

hospitals. In the end, the patients are the winners because they can choose between a private and a state.

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