

Privatization in Belgium : present status and perspectives



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Hospital ownership

	Workforce	Doctors
Public	Statutory / Employee	Self-employed / Statutory / Employee
University	2 Public 5 Private	
Private	Employee	Employee (seldom) / Self-employed



Hospital ownership



Non Profit

If commercial ⇔ no subsidies for construction
and/or renovation



Hospital ownership

Acute beds 2009 in Belgium

Status	University **	Beds *
Private	Yes	5.984
Private	No	22.771
Public	Yes	9.121
Private	No	7.757
Total		45.633
* Without « Sp » beds		
** University hospitals or beds with university characteristics		



Hospital Financing

1) Budget :

- Without fees
- National ⇨ Hospital
- Elements of budget :
 - Construction and renovation : historic
 - Exploitation costs
 - General parameters
 - Nursing units – APR DRG ⇨ Length Of Stay
 - Complementary : “quality support” – consumption
 - Pharmacy
 - Social factors
 - Teaching



Hospital Financing

2) Fees - Drugs

⇒ Lump sums + fee for service

3) Ambulatory Care

4) Public hospital

⇒ Deficit covered by the authority



Characteristics of Hospital Regulation in Belgium

⇒ **No formal accreditation**

⇒ **Norms**

⇒ **Supply side**

⇒ **Structures - # beds - # nurses - # m² - # patients / program**

↳ = input orientation

⇒ **Controls**

⇒ **Bureaucracy - Production volume**

⇒ **Rising expenditures**

⇒ **Budget + inflation + growth**

⇒ **Price volume relationship (budget)**

⇒ **Command and control : Top-Down - One size fits all**



Tools for a good management ...

✎ ... derived from the world of the enterprise

⇒ Core business

⇒ Focus on process :

⇒ End-to-end

⇒ Lean processing

⇒ Workflow charts

⇒ Change management

⇒ Staff satisfaction

⇒ Stop the silos (Mintzberg) → Enterprise Re-engineering Process



Tools for a good management ...

- ⇒ **Performance indicators**
 - ⇒ Results : output measurement
 - ⇒ Patient's satisfaction
- ⇒ **Quality management**
 - ⇒ Best practices
 - ⇒ Safety indicators (error reduction)
 - ⇒ Professional standards
 - ⇒ Continuous education
- ⇒ **Customer = patient**



Conditions to implement this change

- **Bottom up culture**
- **Autonomy of hospitals**
- **Professionalization of the management**
- **New governance administrators**
- **Same ground rules for all (levelled playing field)**
- **Competition**



We need some privatization

- **Already present in the sector of residential care and ambulatory care**
- **Unavoidable for financing the upgrading and rebuilding of the facilities**
 - **Private Public Partnership**
- **Mandatory for management**
 - **At least separate ownership from management in the public sector**



Privatization

- **For profit ?**

- ⇒ **Risks**

- Pressure on the work force**

- Bad SLA**

- **Creaming out – patient selection**
 - **Gag rules**
 - **Payment related to risk**

- ⇒ **Opportunities : management tools**

- Making profits : OK, but 2 conditions**

- **Invested mostly in the “healthcare factory”**
 - **Remuneration of the invested capital according to a ceiling (ethical investment)**



Public vs. Private

- A hospital fulfils a mission of public interest : healthcare delivery, while respecting basic rules :
 - Accessibility
 - No discrimination between patients
 - Accountability
 - Efficacy and (?) Efficiency



Public vs. Private

- These obligations can be translated in a charter of missions to which private groups could adhere to manage hospitals
- No absolute necessity to “privatize” the whole system.
- If done, rules should be set by the public authority.