

## THE MANAGEMENT OF HEALTHCARE INSTITUTIONS IN ROMANIA IN THE CONTEXT OF THE EUROPEAN UNION DEVELOPMENTS

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*Management in the healthcare system is a new notion in Romania. When we think about a hospital, we tend to think about the medical practice in the system and not about the hospital as an institution that should be managed so as to become profitable. Management is one of the most important factors generating economic performance at the institution level. Its functionality, efficiency and efficaciousness depend to a great extent on the quality, efficiency and efficaciousness of management. The hospital does not represent any longer only a medical institution, but also a business organization, sometimes a very large one, and exactly this is the reason why it should be managed by directors that have the required background to be able to integrate and understand the economic, social and professional factors influencing the development of the organization.*

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### **Management in healthcare institutions**

Management in the healthcare system is a new notion in Romania. When we think of a hospital, we tend to think of the medical practice within the hospital and not of the hospital as an institution that should be managed so that to become profitable.

The new law 95/2006 on the reform in the health sector contains the notion of hospital manager (article 178 paragraph 1: “The public hospital is managed by a manager, an individual or a legal entity.”), and the same law sets forth the type of qualifications that the hospital manager should possess, it not being required to have medical training, but its specific managerial training being of the first importance; this the reason why a new career tends to develop, namely that of hospital manager (the law 95/2006, article 178 paragraph 2: “The individual manager or the representative designated by the legal entity - manager should be a graduate from a higher learning institution and of some management or healthcare management development courses approved by the Ministry of Public Health and set forth by order of the minister of public health.”).

The first education institution that understood and created programs meeting these requirements was set up in the United States of America – the American College of Hospital Administrators, which still exists under the name of the American College of Healthcare Executives. The number of university programs for hospital managers has increased over time and is still increasing in order to provide quality health services. Most countries, whatever their development level and political system, rethink their health system for the purpose of increasing the quality of the medical services delivered. The consumer nowadays is overwhelmed by a lot of information, and enjoys a great liberty in choosing its service provider, but at the same time it claims to be an active contributor to its own healthcare. If patients are the ones dictating in the health system, the organizations within the system should model their activities taking into account their requirements and, last but not least, we should consider that the organizations within the health system provide patients with services the latter hope they will never need. Over time, the environment in which the hospital managers carry out their activity and even the hospital as an institution have changed; hospitals have become larger, more complex, the technology used has advanced, science has evolved, the financing means has been modified.

The manager tends to be in charge especially as regards the financial issues related to the hospital and for maintaining the moral and social order within the institution, in a continuously changing environment.

The transition from a centralized and monopolist economy, having a tense relation structure (namely some mainly unilateral connections, lacking optional alternatives) to a competitive economy, based on the market mechanisms of the action of the law of demand and offer represents, undoubtedly, one of the most serious challenges of the current period. Complex processes such as privatization, restructuring, liberalization of prices and elimination of subsidies, accompanying the economic reform, as well as the institutional and legislative transformations, the substantial modifications of the coordination mechanisms at various levels, at the same time with the tendency to access a new economic space by the intention of integration in the European structures are content changes, significant and wide mutations characterizing the Romanian environment.

Among the organizational changes, we should mention as important the following:

- the intellectualization of working processes, naturally, not of all of them to the same extent, but substantial as regards every function;

- transformation of knowledge in input, an essential “raw material” for almost all the activities of the institution;

- the increase in the creative dimension of the working processes within every function and activity;

- the increase in the efficiency of working processes, in productivity, a fact that reflects, clearly, superior performances of institutions by comparison with the previous period, in the conditions of maintaining the same sizes or even decreasing them;

- the externalization of certain specific activities as regards the value vector, which is, within the knowledge-based institution, the vector of strategic knowledge, which generates competitive advantages to the firm, at the same time with the internalization of some other activities, in the context in which the incorporated knowledge falls into the vector of the institution value;

- focusing activities on creating, sharing, using and capitalizing on the key knowledge as regards the profile and objectives of the institution;

- changing the emphasis onto the working processes as a consequence of focusing first on knowledge, on using and capitalizing on it and not on formal discipline, which predominated in the classical institution.

The result of these changes is the superior functionality in carrying out the activities within the institution, of the process dynamics of institutions.

In 1987, the International Health Organization defined health in medical institutions as “an approach that should allow and guarantee to every patient the harmonization of diagnosis and therapeutic acts, ensuring the best outcome in health conditions, in accordance with the current stage in the development of medical sciences, for the most profitable cost of the same outcome, involving the lowest risk, to the great satisfaction of patients, under the procedure conditions, outcomes and human contracts within the healthcare system”.

There are three fundamental principles specific to sanitary institutions providing medical services:

1. Social responsibility. The sanitary institution that provides medical services should take into account its place and role in society.
2. Result-oriented. The financial results (looking for efficiency), satisfying patients and stakeholders, should be considered in the quality management of the sanitary institution providing medical services.
3. Reaction and execution speed. The medical institution providing medical services should apply mechanisms of reaction and adaptation to internal results and external influences.

### **Quality improvement in the healthcare system**

Quality improvement means improving processes. The need to improve processes results from: the analysis of the management; internal audits; external audits of secondary party or third party; audits monitoring the certification body and/or the validation body; patients' complaints; enquiries regarding patients' satisfaction; modifications to laws and/or regulations regarding the relevant processes.

Quality may be improved by achieving a better efficiency than the existing one. In order to apply a quality improvement program, one should differentiate chronic problems from sporadic problems. The chronic problems are the ones responsible for an unsatisfactory quality, whereas the sporadic ones are the ones affecting negatively the results, sometimes representing more than defects, failures, errors, being inherent to the process itself.

The improvement actions are: analyzing and assessing the current situation in order to identify the areas to be improved; setting the improvement objectives; looking for potential solutions to achieve the objectives; assessing and selecting those solutions; implementing the selected solutions; measuring, checking, analyzing and evaluating the results of implementation in order to determine whether the objectives had been reached; making the modifications official.

The intellectualization and dematerializing economic processes is the most important transformation taking place in the health service sector. Given that we referred in detail to the content of these processes in the previous paragraphs of this chapter, we consider that it is no longer necessary to explain them. Our specification refers to the manifestation, intellectualization and dematerialization within the structural profile of the sector.

Firstly, one finds that, to the extent a knowledge-based economy develops within the health service sector, the intellectualization of processes generates more and more efficient knowledge, more and more added value, at the same time with the increase in its becoming operational in all the domains. Naturally, the intellectualization and materialization of processes varies within a wide range from a domain to another. These processes are the strongest in education, information technology, communications, consulting.

Secondly, the intellectualization and dematerialization of processes results in the attenuation of differences between the economic processes carried out in various domains of health services. On this basis, relations witness more fluidity, rapidity, harmonization, having multiple benefic effects as regards the generation and more efficacious use of knowledge.

Another consequence of the intellectualization and dematerialization of processes is the appearance of virtual forms of economy, in which the intangible, qualitative elements play a more and more important role, having multiple positive effects. The changes in the nature and content of economic processes are reflected also in the modification of the structure of investments and expenses in the economy, those related to the intellectual capital – the support of new processes – increasing substantially.

The well-known British specialist Charles Handy recommends the new mode of action to achieve an efficient management in the conditions of the new economy:

1. Acting fast, taking into consideration that bureaucracy blocks decisions;
- 2., Basing decisions and actions on good people even if their number is less than necessary
3. Practicing transparency and openness to novelty, benefic for the institution
4. Observing discipline, the standards and rules are key elements for the institution achieving efficiency
5. Carrying out strong and comprehensive communication processes, given that employees and the other stakeholders need to know what happens within the institution;
6. Focusing management on essential elements, given that 80% of the information existing in a firm is not necessary
7. Focusing on clients, treating each of them as an individual
8. Considering as a priority the treatment of knowledge and especially its sharing

9. Practicing leadership based on personal example, which had proved to be the most efficacious.

We should say that the increase in the quality of medical services so as to reach European standards may be achieved by:

- increasing the motivation of the medical-sanitary personnel and of the institutions where this activates;
- ameliorating the financing of sanitary institutions (from the state budget, the sole health insurance fund, etc);
- ameliorating the health infrastructure (investments in new hospitals, modernizing the existing ones, in equipping them with modern medical apparatuses, in training specialists to use them etc)
- training the medical-sanitary personnel to be neutral as regards their attitude to the patient, whatever the situation the latter is in as regards the health insurance, state or private
- a new attitude to less favoured categories, lacking any support (CAP pensioners, rural population with very low income, etc)

The decentralization of the health system is a constitutive part of the reform process in the sanitary domain. By the introduction of the health social insurance system, the patient may choose its provider of medical services, a fact leading to the migration of patients to large centers, with a view to be provided with high quality medical services and to have access to the state-of-the-arts technological means. The national programs that are a part of the strategic plan of the ministry try to equip all the medical institutions across the country that have specialists competent to use efficient technologies, so that high quality medical services be available anywhere to patients, without being necessary for them to move to some other places.

Although the financial-economic crisis has just started and Romania has not be began to feel its effects very strongly, during the following period the Ministry of Health shall have to homogenize the sanitary policy with the one of the European Union and, at the same time, retain the specialists that seem to accept no longer the conditions within the system.

The quality of medical services in the medical institutions of Romania shall reach high standards to the extent the medical personnel is motivated to carry out a high quality medical act, both by its income and, most important, by the environment in which it carries out its activity, and by the materials – apparatuses that it uses in its daily activity. If this economical-financial crisis has repercussions also on the budget of the Ministry of Health , it being reduced, the current investments and expenses in hospitals shall decrease, a fact that is not in favour of the patients who need high quality medical services.

More than any time before, hospital managers shall have to redesign their managerial programs for unfavorable situations but at the same time to retain their specialists, able to keep pace with the most recent discoveries in the field, for the purpose of maintaining the health condition of population as good as possible.

### ***Conclusions***

When changes are expected, a powerful culture may become a handicap instead of being an advantage. It is true that there are many things to preserve and the leader shall have the obligation to identify them and maybe to consolidate them; but it shall have, at the same time, to specify by all the communication means what things to change and to prove it is the first to act accordingly.

The managerial culture is strongly oriented towards achieving the objectives the managers are in charge with. It acts as a mechanism modeling the influences of exogenous variables and endogenous ones affecting the institution, from the point of view of the characteristics of the managerial work and the managers from every institution. Therefore, the organizational culture refers to the value system, the beliefs, aspirations, expectations and behaviour of managers within an institution, reflected in the management types and styles practiced within the institution,

strongly marking the content of the organizational culture of every company and its performances.

The functionality and general and specific managerial performances depend decisively on the quality of the methodologies and the competence of those using them (managers, specialists). Obviously, if managerial performances are witnessed, favorable premises are created for achieving economic performances in the domain managed.

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