NHN CEO In-Put

Launch Workshop: NHN QUALITY MANAGEMENT PROGRAMME

There have been 2 significant events which herald a paradigm shift in the provision of healthcare, and which are fast re-shaping private healthcare funding structures in SA.

The first is the establishment of the OHSC as an independent statutory body in 2013 signified a crucial era in efforts towards the transformation of the South African private and public health care sector. The OHSC formed part of the bold steps taken by the country as part of efforts over the years to improve the quality of health care and the safety of the recipients of health services in the country including health workers.

The promulgation of the norms and standards for different categories of health establishments by the Minister of Health marked the commencement of the regulatory functions of the OHSC in monitoring and enforcing compliance with the prescribed norms and standards in public and private healthcare sectors. Previously the OHSC conducted inspections in public health facilities using inspection tools derived from the National Core Standards.

The second is the HMI Findings Report published in 2019, whilst not having found ground as yet, the findings and recommendations will pave the way to health financing reforms. It found that:

"*Competition should occur on price, cost and quality, not on risk avoidance. The risk adjustment mechanism is a regulatory component designed to eliminate fragmented risk pools but, more importantly, it is an essential market mechanism to ensure that purchasing in the market becomes. more effective, by forcing funders to compete on value and, therefore, stimulate competition between and the efficiency of providers*".

It further found that the asymmetry of information is a critical barrier that needs reform:

"*Many stakeholders have acknowledged the importance of high-quality information, and, in particular, of outcomes measurement and to address the lack of information on the quality provided throughout the healthcare system. In the Revised Statement of Issues (RSoI), we stated that value-based competition requires the availability of cost and standardised outcomes data to enable competition to operate effectively*".

National aims for improvement include, but are not limited to:

- Addressing access to health care;
- Increasing patients' participation and the dignity afforded to them;

- Reducing underlying causes of illness, injury, and disability through preventive and health promotion activities;
- Expanding research on evidence of effectiveness;
- Ensuring the appropriate use of health care services; and Reducing health care errors (adverse events).

The NHN is dynamic in its diversity. Notwithstanding which the NHN as a collective is recognised as a "hospital group" in contracting and tenders. For this reason, it becomes important to observe levels of group adherence to ensure best value to members through the collective. The inextricability of quality to hospital efficiency requires robust interventions.

Whilst almost all hospitals indicate that they report on quality, it is not clear what is reported on and the extent to which information is qualitative and verifiable. Many hospitals have not invested in **effective data systems** for monitoring, capturing and reporting quality information (with some facilities still relying heavily on paper records). Without key data there are no plans in place for **improvement**. There is also evidence that data is being collected and not used and this is clearly a waste of time and resources. Easy to use systems for **reporting adverse events and near misses** can help to reduce under-reporting.

The current measurement of quality outcomes by individual facilities is inconsistent across facilities and absent in some facilities. Part of the purpose of measurement is to **benchmark and review**. The purpose of measurement is also to **sensitise and learn**, building shared understanding within the team, and also between managers and clinicians, including doctors. Better performing hospitals can be distinguished by their dedication to creating meaningful measures, acting upon such measures, and using them to achieve verifiable high levels of performance.

A successful NHN quality strategy will promote and accelerate the measurement, monitoring and improvement of quality in each NHN hospital over time. Such a strategy is motivated by the need to be **competitive**, to differentiate NHN hospitals, for **reputational improvement**, and ultimately to deliver increased **value** (quality/cost).

NHN QUALITY Journey

1. Data and Reporting Model (Implemented in mid-2021 by NHN – using the Insight Dashboard)
    a. Developed consolidated, uniform, quality reporting to support learning and improvement and to include mortality, patient safety and readmission measures in the first instance.
2. Implement the Quality Improvement Model through learning under the theme "Catalysing Quality and Spreading Excellence "

3. **Next Steps:**

    a. Decide whether to impose certain minimum quality requirements (structure and process) as a condition of membership.

        i. It is assumed that member hospitals of NHN wish to **preserve their individual identities** while at the same time **strengthening the NHN brand** for shared benefit. NHN hospitals can participate in a group-wide quality strategy on a voluntary basis. However, the membership of NHN can also choose to impose certain requirements as a **condition of membership**. Adherence to basic standards in relation to quality of care may be a base level for membership. This is justified by the possibility that failure by one NHN hospital to comply with minimum quality standards can lead to reputational damage for the entire group.

    b. Decide on the implementation of an **NHN Quality Benchmark**

Facilitate, encourage and support engagement with external standards, benchmarks or processes within a democratised regime. Cost efficiency assessments considers how expensive or inexpensive a hospital group (or hospital) is relative to peers. Cost efficiency assessments typically focus on benchmarking hospital costs per admission on a case mix adjusted basis. Medical schemes utilise cost efficiency assessments for a variety of purposes.

- Cost efficiency assessments are used to support the selection of network hospitals. Hospital groups which are adjudged to be relatively cost efficient are more likely to be selected for network participation. Hospital groups which are adjudged to be relatively cost inefficient are less likely to be selected for network participation.

- Cost efficiency assessments are used to support tariff negotiations. Schemes argue for lower tariff increases to compensate for cost inefficiencies.

- Value-based care models may include elements of cost efficiency assessments.

The quality of the cost efficiency assessments undertaken by certain schemes is questionable. The processes which govern certain of these assessments are similarly dubious. Concerns have been identified in relation to Medscheme.

    c. Major Funders/MCO's have asserted that it will continue to assess hospitals as it deems fit when constructing hospital networks. This is irrespective of whether parties have agreed to an assessment framework. NHN is in strong disagreement with this stance for reasons painstakingly outlined by NHN that are obvious to any assessment by one party over another.

This is especially in view of the above-mentioned refusal by Medscheme for an independent review, an unwillingness to support broadscale data sharing and the seemingly slow pace at which methodological enhancements are to be considered.

i. Cost efficiency scoring should be disseminated to the parties who are best placed to manage cost efficiencies. Whilst hospitals can play an important role in managing the cost efficiencies it must be acknowledged that hospitals alone cannot champion this task. The role of the treating specialist and the managed care organisation should not be underplayed. What then is the role of the managed care organisation in managing cost and efficiency proactively and collaboratively with the providers of care?

ii. The overwhelming majority of claims are preauthorised by managed care organisations. This includes lengths of stay and levels of care. The fact that inefficiencies exist with respect to the metrics is in of itself indicative of a failing of managed care.

iii. Treating specialists responsible for the clinical decision-making and the costs associated therewith. The fact that schemes and their managed care organisations share cost efficiency profiles with hospitals but not treating specialists and other provider participants (such as radiologists and pathologists) in the healthcare delivery chain is an egregious oversight which requires urgent redress. Medscheme have specialist liaison and specialist consulting divisions; we have no insight into how these teams engage with specialists. It is important to note that specialists can only be consulted on a peer-to-peer basis.

iv. Some medical schemes and their managed care organisations are shirking their responsibilities and failing to engage with treating specialists. This responsibility is seemingly being transferred to hospitals which whilst willing to assist have only a limited ability to do. The net result is sub-optimal and a new more collaborative approach is urgently needed.

We look forward to this exciting journey. It may be fitting to conclude my opening remarks with an extract from a recent achievement by 13 NHN Hospitals: -

Dear Neil

As you know, Discovery Health has done extensive work over the past 12 years on building a single, integrated hospital care rating tool, Hospital Care. The work is on the back of the Health Market Inquiry (HMI) recommendations in 2019 and builds on various quality and outcome initiatives that we have worked on with you and other groups in South Africa through the years. Based on an underlying methodology from Yale University, the intention of the Hospital Care rating is to provide consumers, healthcare professionals and hospital providers with a consistent and credible set of data and facts on which to track and compare underlying performance across different hospitals.

Rather than use standard star or number-based ratings, a more nuanced approach has been adopted where hospital comparison categories are graded as "better than expected", "as expected" and "less than expected". This achieves the objective of appropriately acknowledging and celebrating hospitals that are performing above average without diminishing the performance of hospitals where there is room for improvement. It also allows for a process of continuous improvement where we collectively work to improve the overall performance of the system over time. On behalf of Discovery Health, I am delighted to inform you that 13 hospitals across the NHN Group have achieved "Better than expected" on the Discovery Health Hospital Care rating when compared to other hospitals nationally for the full year 2019/2020. While a big part of this initiative is to support ongoing improvement efforts in quality of care, it is also an important moment to recognise and celebrate those hospitals that have ranked best in the country. Thank you once again for your partnership and ongoing collaboration on strengthening and improving the health system to the benefit of Discovery Health members and the South African population more broadly. Ryan Noach

Saluting:

Ahmed Al-Kadi Private Hospital • Bellville Medical Centre • Busamed Paardevlei Private Hospital (Rf) (Pty) Ltd • Cormed Clinic • Gatesville Medical Centre • Hillcrest Private Hospital • Midlands Medical Centre • Midvaal Private Hospital • Mitchells Plain Medical Centre • Mooimed Private Hospital • Rustenburg Medi-Care Centre • Wilmed Park Private Hospital • Zuid-Afrikaans Hospital