Quality and Efficiency: can Indonesian private hospitals achieve both?

Case studies of two private hospitals in Yogyakarta and Balikpapan

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Background

- As of April 2014, BPJS Kesehatan have signed contracts with 1.141 hospitals (Idris, 2014), 557 of them (49%) are private hospitals
- BPJS Kesehatan paid at the average 70 - 80% of public hospital revenue and around 20 - 30% of private hospital revenue.
- By becoming the main payer of Hospital now BPJS can also influence how health care can be delivered.

- As early as March 2014, complaints from private hospitals already emerged. Most commonly hospitals argued that the price is too low (Najib, 2014), hospitals were forced to implement efficiency at the cost of quality
- On the other side, BPJS argued that both quality and efficiency can be achieved through clinical governance, strong medical committee and implementation of clinical pathways.

- So far there is no comprehensive study to examine both arguments.
- This paper is a case study involving two private hospitals, one in Balikpapan and one in Yogyakarta, Indonesia.

Method

- This is a case study. Data was obtained cross sectionally, from January to June 2014.
- Variable of efficiency is measured by cost per patient care where as quality is measured by satisfaction level.
- Data were obtained from hospital financial records and satisfaction level surveys from January to June 2014.

Results

Balikpapan Private Hospital

	Number of Patients		Tariff (in IDR)			
	Out Patient	In Patient	INA CBG OP (total)	INA CBG IP Total	Real OP Total	Real IP Total
January	19	15	3,182,784	74,862,930	3,242,673	132,634,532
February	15	32	3,284,384	148,483,148	4,736,096	315,191,029
March	24	60	4,779,307	254,718,135	4,651,435	509,562,919
April	137	74	107,712,952	309,128,648	122,686,478	765,233,160
May	127	155	146,224,272	405,237,308	176,763,994	848,943,388
June	147	114	116,981,950	498,178,635	138,566,195	1,038,935,746
TOTAL	469	450	382,165,649	1,690,608,804	450,646,871	3,610,500,774

Total Patients	919
Difference OP	68,481,222
Difference IP	1,919,891,970
Real Average OP	960,868
Real Average IP	8,023,335
Average INA CBG OP	814,852
Average INA CBG IP	3,756,908

Results

Yogyakarta Private Hospital

	Number of Patients		Tariff (in IDR)			
	Out Patient	In Patient	INA CBG OP (total)	INA CBG IP Total	Real OP Total	Real IP Total
January	805	99	160,005,825	537,781,266	171,835,300	866,688,669
February	922	77	183,261,330	418,274,318	196,810,120	674,091,187
March	619	90	123,035,535	488,892,060	132,131,740	787,898,790
April	550	89	109,320,750	483,459,926	117,403,000	779,144,359
May	552	95	109,718,280	516,052,730	117,829,920	831,670,945
June	560	100	111,308,400	543,213,400	119,537,600	875,443,100
TOTAL	4008	550	796,650,120.00	2,987,673,700	855,547,680.00	4,814,937,050.00

Total Patients	4,558
Difference OP	58,897,560
Difference IP	1,827,263,350
Real Average OP	213,460
Real Average IP	8,754,431
Average INA CBG OP	198,765
Average INA CBG IP	5,432,134

- In both cases, efficiency was reached mainly through tight control of drug prescription and reducing doctors' fee.
- In Yogyakarta private Hospital doctor's fee was reduced to 40% from "regular fees", while in Balikpapan reduction was dependent on doctor's prescription pattern

- Satisfaction level among BPJS patients in both hospitals were moderate and low. There are complaints from Yogyakarta hospital regarding "different kind of therapy" they received after joining BPJS.
- In Balikpapan complaints came from chronic patients who used to have long term medications at once and now they have go several times to hospitals.

Discussion

- Involvement of private hospitals in National Health Insurance era is crucial.
- Public hospitals are overwhelmed by patients
- According to several reports there are now 5 - 6 hours queue in public hospitals outpatient department, 2 months waiting list for elective surgery and 6 months waiting time for cancer therapy. (Gondhowiarjo S, and Hanung, S. 2014)

Discussion

- Current trend of efficiency might have negative impact on demand side (customer) and supply side (health provider).
- On demand side, people might think that JKN is only for the poor, that good health can only be achieved by higher cost and so on.
- On supply side, early report of "fraud" already emerged: "up-coding" strategies; false discharge (Fajriadinur, 2014)

Why?

- Premium is too low
- According to Thabrany (2012) the minimum premium rate for JKN should be Rp 50.000 to Rp 60.000 per person per month, and yet when the the program was launched, the premium was set minimum at Rp 22.202.

- Quality vs efficiency is a dilemma
- US case: quality of care provided by the Managed Care organization ‘has proven consistently low compared with other states’ Medicaid managed care plans,’’ the report said

Parker, J. 2011. Redesign of the Georgia Medicaid and Peachcare for Kids Programs. Evaluation of Current State and Alternatives for The Future.

- Japan Case: In Japan, with the fixed price for each consultation, doctors are forced to prioritize quantity over quality of interactions with patients.
- In 2010, there were 13.1 doctor consultations per capita in Japan—more than twice the average for countries in the OECD

Legislating Low Prices: Cutting Costs or Care? Christopher M. Pope, PhD, Heritage.org, 2013

- In Japan, doctors work an average of 71 hours per week, compared with 51 hours per week in the United States.

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Should Private Hospital have privilege?

- The difference cost structure between public and private hospital was ignored when setting INA CBG's tariff
- Indonesian Private Hospital Association have already proposed different reimbursement scheme for private hospital in 2012
- The problem may be lie on the wide variety of private hospitals; there are some that are for upper income, many are for middle and lower income (Hort et al, 2011)
- When determining INA CBG's, this wide variation influence "average" calculation of cost.

How to balance quality and efficiency

- Indonesia is setting a target of Universal Coverage by 2019.
- The issue of quality and efficiency should be addressed more thoroughly.
- Although a maximum efficiency and maximum quality at the same time cannot be achieved in real world, the balance beetween the two should be reached in order to sustain the program of JKN.
- A wider, multi centered study should be conducted. Future study should involve private and public hospital as well.

- Questions to be answered for next studies:
  - How far can hospitals implement efficiencies
  - Should there be a different reimbursement system for private hospital that do not receive government subsidies
  - Should user fees be introduced for private hospitals; i.e co payment/coinsurance.

Conclusion

1. Two private hospitals, one in Yogyakarta and one in Balikpapan implemented efficiency measures after becoming health provider of BPJS Kesehatan in 2014
2. Both hospitals have relatively low satisfactory levels among BPJS patients compare to non BPJS patients
3. Further study involving more hospitals, private and public, is needed to recommend how to balance quality and efficiency