

Case study: The economisation of healthcare – quality assurance and control

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Recent years have witnessed a shift in the way that Germany's healthcare sector is managed. This change of direction can be described as "economisation". In this instance, however, economisation has not entailed the withdrawal of the state. On the contrary, it has been accompanied by a strengthening of state regulation and the introduction of a series of mechanisms and instruments such as mandatory quality management designed to guarantee the high performance standards demanded by good governance.

This paper discusses the transformation of governance in the healthcare sector, and uses an example of quality management to examine the potential unintended side effects of good governance instruments and explore matters that require further development.

Governance reforms and good governance – the healthcare sector

The term "governance" is sometimes translated into German as "Steuerung" (management or control). In the context of the debate on the delivery of public services such as healthcare, a conscious distinction has been drawn between "governance" and "government". "Government" has a very narrow meaning, referring exclusively to the actions of those who govern. "Governance", on the other hand, is a very broad term that also encompasses the role of civil society and business in public service provision. In short, governance refers to the interaction between the state, the market and civil society.

The term "governance" does not in itself denote a preference for any particular form of management. For "governance" to become "good governance", its management structures must guarantee criteria such as participation, transparency, responsiveness, effectiveness and efficiency.

In recent years, there has been a fundamental change in the way that Germany's healthcare system is managed. In brief, there has been a shift from a professional-bureaucratic management style to a system that is very strongly focused on the market and on competition mechanisms. However, this economisation of service delivery has been accompanied by the introduction of structures designed to promote good governance.

This paper will first describe the challenges faced by the healthcare system and recent reforms, before exploring the intended and unintended effects of economisation.

The complex problems affecting the healthcare system

The healthcare system is currently facing a number of complex challenges (democracy, demand for services, new treatment methods) at a time when policy makers are mainly concerned with how it should be funded. Indeed, this focus on cost-containment has now become the overarching goal of healthcare policy.

Demographic change constitutes a major challenge for Germany's occupationally based health insurance system in which social security cover for medical care during illness is funded through contributions based on gross pay. Declining numbers of people actively paying contributions into the system have to cover the growing needs of ever-increasing numbers of service users and this is a problem. Moreover, the structural crisis of the labour market, seen in a high level of core unemployment and a rise in atypical forms of employment (exempt from social security contributions), further exacerbates the health insurance system's funding problems (Gerlinger, 2010; Rosenbrock & Gerlinger, 2014).

The economisation of the healthcare system – a panacea for its ills?

To tackle the growing gap between new requirements and rising demand on the one hand and what is financially "feasible" on the other, Germany and several other European nations have significantly stepped up the pace of healthcare policy reform. Although these different reforms vary considerably in their detail (for an overview, see Gerlinger), they all seek to promote a greater economisation of the health service.

The term "economisation" describes measures designed to make individual and collective action more rational and fit to purpose and base it on the law of economics and on efficiency (Mühlenkamp, 2003, p. 70). The fact that the health service is funded through an insurance system clearly means that it has always been necessary to make economic calculations. From a governance perspective, hospitals are hybrid organisations *per se* where financial and medical considerations have to be weighed against each other. So what exactly has changed in recent years?

It is possible to grasp the full extent of the policy shift if, instead of seeing economisation as a binary "yes/no" phenomenon, we see it as a continuum (Schimank & Volkmann, 2008). At one end of the continuum, cost is simply not an issue. In the case of healthcare services, doctors and nurses would, under this scenario, not have to worry about minimising losses or maximising profits – they would simply do whatever was necessary from a medical or nursing point of view. The first, albeit still very mild, form of economisation comes when doctors, faced with a choice between two treatments that are equally good in medical terms, are asked to accept the cheaper alternative. However, cost-consciousness becomes an imperative when health service actors are confronted with fixed budgets and forced to prioritise particular patients or treatments (in other words, to ration their resources). When doctors are then told to prioritise patients and treatments in such a way as to generate a positive financial balance, we have reached a situation where *profitability* has become an actual target. Finally, the most extreme form of economisation occurs when decisions are based purely on financial criteria and all other considerations such as medical needs and patients' wishes are subordinate to the goal of profit maximisation.

More competition...

Viewed in terms of this more complex meaning of "economisation", healthcare policy in Germany would appear to have undergone a paradigm shift over recent decades. It has moved from being a policy that created a domain completely segregated from the market to protect people against the social risks of a market society to a policy that effectively uses market-based methods itself. An "*against-the-market*" healthcare policy has turned into a policy that works "*with the markets*" (Klenk & Nullmeier, 2010).

The economisation of the healthcare system has been a gradual, incremental process. Ever since the oil shock of 1974/75, people have started to experiment with different forms of budgeting designed to make doctors more cost-conscious. However, the definitive switch to full economisation, where profitability is now a target, only occurred in the 2000s and is currently most apparent in the hospital sector.

...and more state

Interestingly, this economisation of the health service has not been accompanied by the withdrawal of the state from its public healthcare role. Instead, the state has taken on a different role – instead of providing the services itself, it now sees itself as the regulator of a health service run according to free market princi-

ples. This can be seen in quality assurance, for example. Until the early 1990s, there were no statutory regulations concerning quality assurance in the healthcare system whatsoever – quality assurance was entirely a matter for the individual physician. However, as the importance of cost-effectiveness in the health service started to grow, people came to realise that problems associated with overuse, underuse and misuse of medical care were not only medically but also financially critical. Quality control thus became part of the policy agenda and more and more regulations were passed to cover quality reports, mandatory training, minimum commercial quantities and external audits. The resulting very dense web of quality assurance measures has had the primary goal of preventing hospitals and doctors from tackling increased cost pressures simply by lowering their quality standards (Klenk & Reiter, 2015).

Is economisation still a means to an end, or has it become an end in itself?

The trends described above are the subject of heated debate in Germany. Some people see economisation as a means of ensuring good governance insofar as it allows cost-saving potential in the healthcare sector to be maximised, drives innovation and guarantees greater customer focus on the part of service providers. Others, however, have been very critical of this trend which has given rise to a number of negative effects. It is, for instance, abundantly clear that economisation has been established at the expense of the people who work in the health service – efficiency gains have primarily been achieved by increasing their workload and through cost savings on salaries and professional development. Moreover, there are signs that economisation is also associated with increased social inequality among patients, with some, for example, being unable to afford treatments requiring co-payments. Indeed, their dependency on medical care and treatment limits the power that they would otherwise enjoy as customers. Ultimately, there is a concern that the intrusion of market principles into the healthcare sector increasingly confronts doctors and nurses with moral dilemmas that force them to choose between what is an economically and rationally desirable course of action and what is the best medical treatment and care option for their patients.

It should be noted that none of the above is intended to suggest that all was rosy previously. Prior to economisation, hospitals suffered from rigid bureaucratic structures and were ruled by their senior consultants (who were the "lords" of the hospitals, Wilkesmann, 2016). Moreover, while Germany invested far more money in its healthcare system than did other comparable OECD countries, its actual standard of healthcare was no better than average (Vogd, 2016, p. 281).

There is no doubt that considerable potential existed to contain costs in hospitals and that savings were in the public interest. The question, however, is how much economisation should there be and who should benefit from it: is the aim to provide benefits to individual patients or to the economy as a whole? There is reason to believe that the economisation of hospitals has long since ceased to be purely a means of driving innovation and patient focus and has now become an end in itself. The limits of "healthy stress" (Bode & Vogd, 2016) have now been exceeded. If we wish to achieve good governance in the healthcare sector, we must restore a sensible balance between the three goals of cost-effectiveness, high medical standards and patient focus.

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<http://www.sozialpolitik-aktuell.de/gesundheit-datensammlung.html>

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