

FUTURE HEALTH



Key Challenges facing Hospitals today

Hospitals in the UK face increasing challenges and recent media reports highlighted a couple of these areas. News reports highlighted the use of latest technology, showing the benefits of robotic surgery and also innovative eye surgery implanting miniature cameras to cure blindness. The second and more topical area was on infection rates and MRSA.

These and other challenges facing hospitals can be grouped into 5 key areas:

- ♦ **Improving Quality of Care**
- ♦ **Increasing Demand for Care**
- ♦ **New expensive but effective technology**
- ♦ **Staff shortages**
- ♦ **Financial**

♦ **Improving Quality of Care**

Whilst every management team strives for this the results show great variations in care provision throughout the country as indicated by the differing waiting lists, infection rates, uneven quality of operating theatres, medication errors and safety issues. The sheer costs of these combined issues would be astronomical given that the government estimated the direct costs of medication errors alone in hospitals to be between £200m-£400m in a 2003 report. There are solutions to these issues such as using technology for example in drug prescribing and dispensing, as many hospitals in the US have done for some time.

However, the two main drivers in getting these issues resolved in are better informed patients and also economic pressures as these indicators are bound to be tied to future reimbursement for NHS hospitals.

♦ **Increasing Demand for Care**

The main reason for increasing demand for care has been the increasing age in the UK population. In 1948, 5m or 11% of the population was 65 or over and in 2006 this grew to 9.7m or 16% of the population. To add to this, real incomes have grown and also improvements in medical technology mean that patient demand has grown. There is no going back and many hospitals will in future have to reorganise around a narrower range of clinical specialities, differentiate themselves on quality and service and get patients out of beds more quickly. There are indications that this is already starting to happen.

♦ **New expensive but effective technology**

Medical technology appears to be improving at an ever faster rate and this includes new drugs coming on to the market. The robot featured in the news reports recently costs £1m without the training of surgeons and various add on costs compared to say £10,000 for an instrument set in theatres. The advent of x-ray machines which cost between £100-£200,000 has given way to PET CT and more powerful MRI scanners costing nearly £2m apiece. Every month stories abound of new cancer beating drugs that costs so much that NHS hospital either refuse to prescribe them or limit their use.

All of these technologies benefit the treatment and clinical outcome of patients. New technologies will pose financial and other challenges to hospitals but avoiding employing these will only postpone the inevitable and possibly damage a hospital's reputation in an increasing world of choice for patients. Hospitals will have to strive to increase their surplus to meet the cost of such purchases, establish hospital wide technology assessment committees and also try to tie up with other hospitals to band purchasing groups.

♦ **Staff shortages**

In recent times, there have been reductions in various nursing and other clinical staff in NHS hospitals to cope with growing financial deficits. However, strategy documents show that the NHS is expecting a shortfall of 14,000 nurses and over 1,000 junior doctors' in 2011. Currently there are also shortages of staff in the diagnostic modalities as well as medical physicists who plan cancer radiation treatment. Whilst national strategies are required to resolve some of these shortages, hospitals can go a long way in trying to alleviate these shortages by coming up with better recruitment packages, reducing incidence of absence, improving the workplace climate, use of flexible working hours and innovative benefits and using information technology to free up time. Without a concentrated effort, staff shortages will result in eating up precious financial resources.

♦ **Finance**

This is probably the biggest challenge facing hospitals since most of the other challenges end up putting pressure on budgets. Since payment by results, NHS hospitals now also face pressure on their incomes and have to get used to managing their resources more effectively. With uncertain economic times ahead, government tax revenues can only go one way and this will put pressure on hospitals in the next few years. Managing staff, recruitment and retention will be paramount to keep a lid on the largest portion of a hospital's costs. Part of this process must entail basic financial training for budget holders, most of whom are not financially literate especially when they first get promoted to such a role. In addition, not only the Board of Directors and the senior management team but also budget holders and department heads must know what the hospital's financial targets and operating margins are and why these have to be met. Of course, operational margins have to flow from a Strategic Plan which should detail operating and capital budgets for 3-5 years. If managers with responsibility for financial results do not know these facts and are therefore not able to manage their budgets effectively then Finance Directors face an uphill and losing battle.

It is interesting to note that in a 2007 US hospital executives' survey, the top 3 challenges facing hospitals were found to be financial, hospital/doctor relations and quality of care respectively. Of these the financial challenges polled twice as much votes as the second most important challenge.

Both NHS and private hospitals face these challenges and whilst there maybe differences in how these can be dealt with in each sector, the common solution to both in the future is increasingly professional and innovative management embracing change. Change has to incorporate increasing efficiency and productivity in hospitals. Hospitals have to change their cultures and embrace change in a continuing programme of improving processes and learning. Therefore, the quality and adaptability of the senior management team is paramount in preparing the hospital to meet these challenges. Hospitals are staffed by bright, dedicated, well intentioned people and there is no reason why they cannot learn and assimilate as they have proved in their disciplines and rise to the occasion.

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