

Healthcare in Valencia, Spain

“Among micro-level reforms, strengthening market mechanisms—increasing patient choice of insurers, allowing greater competition between insurers, relying on a greater degree of private provision, and allowing more competition between providers—is particularly important to contain costs.”¹

Challenges

The Spanish health system offers almost universal coverage, a wide variety of services and a high quality network of hospitals and primary care centres.

In the south Valencia region of the Alicante province, challenges for public healthcare have escalated in the recent years. This is the fifth most populous region of Spain and more than 19 per cent of residents are foreign nationals, mostly north European retired citizens. The demand for top-class health services is high, due to population pressures, changing demography, raised expectations and escalating technology costs. In addition, supply has been restricted: many hospitals have struggled to survive due to a scarcity of trained doctors, as well as inefficient technology to support administration. As a result, most local authorities have struggled with budget deficits. The public-private partnership framework was envisaged as a way to break this cycle of overspending and to moderate costs.¹

Method

Large scale outsourcing

In 1997, the Regional Government of Valencia selected the Alzira Health District for the first public-private investment partnership in Spain. This is a pioneering approach to using private capital to finance hospital services, aiming to introduce competition and modern management tools. The PPIP arrangement, also called the “Alzira model,” is based on a strategic partnership between the Government of Valencia and the Union of Temporary Businesses (UTE) Ribera, a private consortium. UTE Ribera is contracted to:

- > Design and build a technologically advanced 300-bed University Hospital - Hospital de La Ribera - and operate the district health network consisting of Hospital de la Ribera, 4 integrated health centres and 46 primary health centres.
- > Deliver clinical and non-clinical services for the 250,000 residents of Alzira district and for any out-of-district patients.²

At present the Government of Valencia lets four different contracts: Alzira district, Denia district, la Manises and Torrevieja, with more planned in the future.³

By giving responsibility for a population’s full-service hospital provision, this approach enabled the autonomous government of Valencia to provide free and universal integrated healthcare to a designated region and within budget. Over 20 per cent of the Valencia region (around 850,000 people) is now covered by similar contracts which explicitly set out the costs the government will pay for the hospital’s services for the area it covers.⁴

1 Pardo, J.L. (2008), Spanish Alzira Model: NHS contracting out a geographical area, 4th International Health Summit, Prague, 7 April.

2 The Global Health Group (2009), *Public-Private Investment Partnerships*: http://globalhealthsciences.ucsf.edu/GHG/docs/PPIP_Overview.pdf

3 Healthcare Europa (2010), *Spain: How the Alzira model works*, Laing & Buisson, April.

4 <http://www.nhsconfed.org/NATIONALANDINTERNATIONAL/NHSEUROPEANOFFICE/GET-INVOLVED/Pages/Valenciastudytour.aspx>

Figure 1: Alzira Model: NHS contracting out in a geographical area⁵

Source: Pardo, J.L. (2008), *Spanish Alzira Model: NHS contracting out a geographical area*, 4th International Health Summit, Prague, 7 April

Public funding	Private investment and management
Payment per <u>capita</u> : fixed budget (risk transfer)	Investment in infrastructure
Freedom of choice: <u>money follows patients</u>	Management Innovation
	Client orientated healthcare
	Integrated healthcare
Public property	Public guarantee
Reversion to the Government at the end of the contract	Equal access and services for everybody
Integrated in the NHS	Government: Inspection and control, through the commissioner working in the hospital

Length of contract

A private company is awarded a contract to build and run an integrated health system, including hospital and primary care. The contract for the “concession” term is 15 years (extendable to 20 years),⁶ contrasting sharply with Britain’s short-term contracts (ISTCs were five years), so real changes can be tested and established. In return, the company runs the entire health department and must offer universal access to its wide range of services. The private contractor assumes the risk, employs its own medical staff and management and builds new healthcare facilities. In essence, it is a privately managed public hospital.

An added dimension of this arrangement is that the “concession” arrangement requires healthcare providers to deliver care for the patient right through from primary care. This means that operators have an incentive to treat people in the most appropriate and cost-effective setting, which means limiting the demand on hospital services through preventative and community care.

Use of technology

From the very start, these hospitals set out a clear goal of creating a “paperless hospital”. They planned an infrastructure that could integrate systems used in all departments; from digital X-rays to electronic medical records, from business management to the supply chain.

Microsoft has created a system for Torrevieja hospital which has the ability to “understand” other clinical databases running outside of the department. Specialists, GPs, and administrative staff can all access comprehensive and up-to-date information drawn from a shared database. At Torrevieja, staff can monitor a patient’s health around the clock and casualty department staff can work on patients’ medical records using a Tablet PC mobile computer.⁷

Hospital de Manises displays the benefits of this service oriented architecture. Another manifestation is that digital screens present all departmental waiting times, and these are accessible from peoples’ homes over the internet, along with waiting times at primary care physicians’ surgeries, enabling patients to choose where to go with full information.⁸

5 IMF (2010), Macro-Fiscal Implications of Health Care Reform in Advanced and Emerging Economies.

6 The Global Health Group (2009), *Public-Private Investment Partnerships*: http://globalhealthsciences.ucsf.edu/GHG/docs/PPIP_Overview.pdf

7 Microsoft (2008) “Healthcare Provider Increases Productivity”, Hospital de Torrevieja, 2008.

8 Reform/McKinsey study visit 15/11/10.

Outcomes

Higher productivity

The easy and quick access to patient information afforded by the new technology has led to high employee productivity at Torrevieja Hospital, resulting in an average time of 4.3 days for a patient's stay at the hospital compared to 6 days in most other hospitals in Spain. Likewise, in the first year, between October 2006 and the end of 2007, it had carried out 15,000 operations – up to four times more output than other Spanish health centres.⁹

The Alzira PPIP has substantially increased surgical theatre output to 6.7 surgeries per theatre per day, compared to 3.8 in a comparable local public hospital, and reduced the average length of stay to 4.76 days, against 7.68 in the public hospital.¹⁰ The Alzira hospital, de la Ribera, has been rated as one of the top 20 hospitals in Spain for 7 out of the last 10 years.¹¹ In user satisfaction surveys for Hospital de la Ribera, users recorded a 91 per cent positive opinion towards services and a 95 per cent loyalty towards the hospital.¹² Absenteeism among staff at la Ribera is also just 2.5 per cent, far lower than equivalent public hospitals and other enterprises of similar dimensions.¹³

Hospital de Manises demonstrates better control of clinical records and makes the process of going to hospital easier and quicker for the patient.

Better performance management

Up-to-the-minute business intelligence reports can be accessed at all times on staff laptops. Performance of staff can be easily monitored and they receive bonuses depending on their monthly performance. As a result of high performance, they can earn up to 40 per cent more at Torrevieja Hospital than other hospitals in Valencia; a key reason they retain world-class doctors for a longer time.¹⁴ This system of accurate, target-related bonuses also assists Hospital de Manises in reaching high levels of staff satisfaction.

Improved waiting times

The system also alerts patients of upcoming appointments and waiting times by text message. At the hospital entrance, appointment statuses are displayed on automatic appointment machines. This appointment scheduling system helps patients contribute to the management of supply and demand for healthcare services. The average waiting time in Torrevieja Hospital is 60 minutes-compared to 120 minutes in most other Spanish hospitals.¹⁵ At Hospital de la Ribera, lower waiting times are complimented by longer opening times, as outpatient and elective surgery hours run from 8am - 9pm, as well as on weekends, compared to normal opening times of 9am -3pm in public hospitals in Spain.¹⁶

Touch screens in accident and emergency departments keep patients' relatives informed of their health status. The time saved by not personally communicating this information can then be devoted to other patients.¹⁷

Demand management

Numerous hospitals have taken steps to reduce referrals to hospital following primary care consultations. Hospital de la Ribera recently attached a consultant physician to each health centre, working with the same patients as the GP. This is designed to implement clinical guidelines with the local GPs, resolve medical problems in the health centre, and reduce the number of inappropriate hospital referrals. Further innovations include enlarging health centres with on-site X-ray services, accident and emergency departments, and medical

9 Microsoft (2008) "Healthcare Provider Increases Productivity", Hospital de Torrevieja, 2008.

10 Pardo, J.L. (2008), *Spanish Alzira Model: NHS contracting out a geographical area*, 4th International Health Summit, Prague, 7 April.

11 Healthcare Europa (April 2010), *Spain: How the Alzira model works*, Laing & Buisson.

12 Pardo, J.L. (2008), *Spanish Alzira Model: NHS contracting out a geographical area*, 4th International Health Summit, Prague, 7 April.

13 Bulletin of the World Health Organization, Vol. 87, No. 12 (December 2009), *Spanish health district tests a new public-private mix*.

14 Microsoft (2008) "Healthcare Provider Increases Productivity", Hospital de Torrevieja, 2008.

15 Microsoft (2008) "Healthcare Provider Increases Productivity", Hospital de Torrevieja, 2008.

16 Rechel, B. et al (2009), *Capital Investment for Health: Case Studies for Europe*, European Observatory on Health Systems and Policies, WHO.

17 Reform/McKinsey study visit 15/11/10.

specialist outpatient clinics. Hospital de Manises is integrating medical care pathways with the aim of streamlining the management of health problems, from primary prevention through to palliative care and including acute care, rehabilitation, secondary prevention and chronic care.¹⁸

Reduced cost

One of the key benefits of the Alzira model is the reduced cost for all those involved. Hospital de la Ribera has now been in operation for over a decade and has improved accessibility and quality of care, while remaining cost neutral for patients and the Government. For patients, health services are free as they previously were, and for the Government, healthcare costs per capita are at least 25 per cent lower than in other areas.¹⁹ In addition, the contractor assumes the financial risk of operating the hospital.²⁰

These hospitals are financed by the Valencian government which makes capitation payments to the private company for the duration of the contract (an annual sum, based on the Consumer Price Index and the Valencia Health Ministry's budget, paid per head of population). Currently, the public average cost is around 900 euros.²¹ Private providers are required to deliver healthcare at a lower cost – at least 25 per cent lower than in other areas.²² At Torrevieja Hospital, for instance, just 571 euros is spent per patient per year, yet all the evidence from quality metrics indicates that there has been no diminution of quality.²³

18 *Administrative concessions: the vision*, Hospital de Manises, 15/11/2010 ; Reform/McKinsey study visit 15/11/10 ; University of Barcelona (2009): http://hpm.org/en/Surveys/University_of_Barcelona_-_Spain/14/Hospital_at_Home_in_Valencia.html?sessionId=C483116864A5339B8359ABBE073098E5?p_c:255=255&content_id=251&a=sc&language=en

19 The Global Health Group (2009), *Public-Private Investment Partnerships*: http://globalhealthsciences.ucsf.edu/GHG/docs/PPIP_Overview.pdf

20 Pardo, J.L. (2008), *Spanish Alzira Model: NHS contracting out a geographical area*, 4th International Health Summit, Prague, 7 April.

21 Microsoft (2008) "Healthcare Provider Increases Productivity", Hospital de Torrevieja, 2008.

22 The Global Health Group (2009), *Public-Private Investment Partnerships*: http://globalhealthsciences.ucsf.edu/GHG/docs/PPIP_Overview.pdf

23 Microsoft (2008) "Healthcare Provider Increases Productivity", Hospital de Torrevieja, 2008.