



**A Resource
For Managing
Health Sector
Reform**

Issue Brief



Enhancing Managerial Autonomy in Polish Health Facilities

DDM Issue Briefs communicate important findings of our research on critical issues in health sector reform to key health policy makers, counterparts, and colleagues in the field.

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Poland, like many of the formerly socialist countries of Central and Eastern Europe, is in the midst of health sector reform. Social health insurance was implemented in Poland in January 1999, and 16 new regional insurance funds are now contracting with both public and private providers for health services in their jurisdictions.

There is an on-going policy debate in Poland concerned with the degree of privatization that should be pursued for health institutions in a system modeled after the Soviet system which was centralized, bureaucratic, and wholly government-owned and operated. The critical issues include the level of autonomy granted public managers as well as the degree to which the provider organizations become independent.

The Harvard-Jagiellonian Study

A group of researchers from Harvard School of Public Health and the Jagiellonian School of Public Health undertook a study to assess some of these issues as well as measure seeking early indications of the impact of enhanced institutional authority. Supported by the DDM Project under a grant from the US Agency for International Development, the group surveyed a sample of 24 providers comprised of 18 new “independent” units and six more traditional “budgetary” units.

The research was conducted through face-to-face interviews with directors and senior staff during a three-month period in mid to late 1998. Given the circumstances and research design, the findings are best seen as indicative, rather than conclusive. Nevertheless, they provide interesting insights into this critical process that is underway in Poland

Principal research findings

- 1 Autonomy has in fact been enhanced for managers in the independent units, who reported that they were satisfied with their level of authority. This stands in stark contrast to managers of the budgetary units, who were almost uniformly dissatisfied.
- 2 In spite of the fact that independent managers had legally increased financial authority, they did not commonly use the promised autonomy—other than signing multiple institutional contracts. Less than one-third of them reported that they borrow (short-term credit) or shift expenses among line items without MOH permission.
- 3 On personnel issues, managers of budgetary units have traditionally been able to hire, fire, and promote individuals, subject to certain constraints still in effect, which is also the case for independent units. But, managers of the independent



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units have the additional authority to determine the number of posts and to set salary levels without MOH approval. In practice this is complicated by the mandatory involvement of the government in the competitive hiring process for certain key posts and the existence of powerful unions. It is far more common, therefore, for independent managers to determine the number of posts, than to set salary levels.

In addition, while both traditional and autonomous units are permitted to use merit-based incentive compensation for employees, it is rarely practiced by the budgetary units and relatively common among the independent units.

Some results of increased autonomy

Although no definitive conclusions can be drawn, some early indications are promising. Managers of independent units, for example, appear more likely to contract out for services and to provide regular monitoring of patient satisfaction.

On the other hand, there appears to be little evidence that managerial autonomy as practiced in Poland seems to be leading to the adoption or use of more sophisticated financial management practices such as financial planning (projecting revenues and costs for multiple years), cash budgeting, or capital investment analysis.

A comparison of performance by the two types of health units reveals that independent units have been introducing more medical and non-medical services, initiating new ways of generating additional revenue, reducing staffing levels to improve efficiency, reducing institutional debt, and undertaking improvements in physical facilities and routine processes. In fact, a single hospital with a charismatic manager accounted for almost 100% of the budgetary unit activity in these areas.

Privatization and Public Management

There is a debate in Poland focused on the ability of semi-autonomous institutions to perform adequately in the new environment. The health sector is no exception. Many believe that full privatization will be necessary to achieve improved performance in health delivery. But, as health systems move along a spectrum of privatization towards greater reliance on market forces, potential losses may also be incurred:

- ❶ The government's ability to implement system-wide policy initiatives will be diminished, especially in the absence of a strong regulatory process.
- ❷ Although efficiency may be enhanced, effectiveness in achieving health goals as measured by quality of care or the health status of the populace may not improve.
- ❸ Applying market forces in health can have negative consequences upon equity (defined both as equal access to health services and equal access to health). In part, this means defining which health services are rights and which are seen as privileges.
- ❹ Increased privatization, unfortunately, does not always lead to greater efficiency in delivering necessary health services.

This underscores the need for improved public management capacity for improved performance of public health services.

The full study is Paul Campbell, Mukesh Chawla, Jacek Klich, Barbara Bulanowska, Marcin Kautsch, and Marzena Kulis (2000). "Enhancing Managerial Autonomy in Polish Health Facilities." Harvard-Jagiellonian Consortium for Health, DDM Report No. Boston: Harvard School of Public Health.

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