Analysis of Several Modern Management Issues of China's Medical Consortium

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Abstract. With the deepening of health care marketization, many medical and health institutions resort to a variety of integrated approaches to establish alliances between hospitals or medical consortium, which has become an important way to achieve an orderly, rationalized and sustainable development, but there are also considerable cases of failed reconstructions of health care institutions. Based on the relationship between medical consortium and medical quality, patient’s right of choice, hospital development scale, third party supervision and internal coordination mechanisms, this thesis systematically analyzes the problems in the construction process of medical consortium, and proposes solutions to it. As a new exploration of health reform, medical consortium (hereinafter referred to as MC) provides an effective way for the realization of orderly and rationalized medical and health structure (1, 2). The establishment of MC can not only relieve the overburdened III-A hospitals of heavy patient admissions, enabling them to be responsible for teaching, research and treatment of complicated and critical diseases, but also allow the grass-roots hospitals and community hospitals to improve their diagnosis, treatment and technology levels under top hospitals’ technical support and guidance, so that they can attract more patients, and their idle medical equipments can be fully utilized. However, to keep the sustainability of MC, we need to take medical care quality, patient’s right of choice, the scale of development, third-party supervision, internal coordination mechanism and other aspects into a holistic thinking.

MC and Patient Choice Right

Improving the quality of medical care and controlling the excessive growth of medical costs is an important part of many Nation’s health care reform. Systematic and comprehensive understanding, communication and treatment for patients health needs medical institutions with certain scale to treat the patient's health problems in a whole process. MC is not only responsible for a specific disease, but also put emphasis on being responsible for the patient whole treatment process, and put emphasis on quality of care and efficacy. For instance, the
process of treatment for chronic patients involves a variety of treatment programs and contents, it even needs corporation of several medical and health institutions. As an association formed by several medical and health institutions, MC is beneficial for patients in whole process service and treatment. In this case, patients are often more inclined to choose MC member hospitals.

The assurance of patients’ right of choice in the course of treatment has been a major concern of many medical and health institutions. For an MC, even it has a natural advantage on their organizational structure, it still needs to strengthen internal management, improve the quality of medical technicians, and strengthen the doctor-patient communication, to form a comprehensive medical and health service system, so as to attract patient demand for health services, and to ensure the patient’s right to choose.

**Scale Economies of MC**

The formation of MC is, to some extent, good for solving the coexisted structural imbalances of excess and shortage in health care resource allocation. But the following problems merits discussion against the backdrop of public hospitals reform and the optimization of medical care resource structure: whether the current MC operation achieved the effect of 1+1>2? whether the size of MC is the bigger the better? whether unlimited occupation of market share leads to scale economics? And how can we achieve incremental economies of scale?

Obviously, an oversized MC will have many problems, for example: reduced coordination and synergy between medical institutions within the consortium, and decreased ability to respond quickly to changes of external environment, resulting in decreasing economies of scale in the MC; intensified monopoly of medical industry in the region that threatens the equity of health care services provided; more cumbersome management that give rise to potential hazards for medical quality and safety; ambiguous functional orientations and responsibility definitions of MC member institutions; loose structure and lack of cohesion etc.

The Scale of MC shall follow a moderate principal, and focus on improving scale of economies, i.e., under a certain geographical, economic, and policy environment, various elements of productivity form coordination in quantity, enabling more output with comparatively less investment. MC shall focus on diversification of medical specialties to achieve complementary advantages within the consortium, to form the professional division of labor and cooperation, such as in general hospitals, specialty hospitals and community health services; improve connotation construction of MC, strengthen the adjustment and management of internal system, to ensure that the overall scale of economies of consortium, and promote sustainable development; enhance risk awareness of MC, actively resist business risk and debt risk, improve the overall asset management capabilities of MC; clarify the internal rights and responsibilities relations of MC, to form the pattern of moderate competition and effectively avoid monopoly of health industry in the region(3).

**The Third-party Supervision of MC**

The service quality and levels of MC as a whole, and its numbers units shall be subject to appropriate supervision and management. The establishment of strict and effective medical and health care regulatory system is an important part of the construction of basic medical and health care system. At present, China's health administrative departments act both as an
athletes and as referees, this greatly weakened the strength of regulation and punishment. In accordance with the requirements of modern regulatory system and the practical development situation, third-party inspection and evaluation professional organizations can be actively established and developed for supervision of health institutions, the third-party supervisory authority can be delegated to medical service administration departments independent of the hospitals, social basic medical insurance sector, social certification bodies of health care quality, health care service industry associations, consumer protection organizations, to comprehensively supervise the hospitals’ management of disciplines and diseases, and handling of medical malpractices and disputes, to facilitate social understanding and support of the hospital operations (4).

The implementation of third-party supervision can ensure open and transparent medical information, effectively promote communication and coordination between hospitals, patients and society, enhance mutual trust, strengthen understanding, resolve conflicts, and ultimately improve the quality and service level of medical and health service. Third-party institutions functionally substitute for government to solve many social problems, and its effectiveness is even twice as the government's.

For example, the implementation of third-party evaluation of medical and health care institutions in the United States has nearly a hundred years history. As a third party evaluator, the Medical Association has a strong binding for practitioners, once the doctor be evaluated to continuously prescribe unreasonable prescriptions, the maximum penalty may revoke his license to practice medicine. At present, although medical services industry association have been established in China, their roles in monitoring the quality of medical care have not been effectively played. To further enhance the quality of medical and health care, China should gradually improve the construction of third-party intermediary institutions to enable them to undertake independent evaluation of medical and health institutions, to develop a systematic, complete medical quality evaluation index system consistent with the objective reality, and to carry out scientific, impartial, and authoritative third-party supervision.

**The Construction of Internal Coordination Operation Mechanism of MC**

The construction of the MC patterns involves the coordination of internal interests and relationships of member units, needs to build up a good internal functional coordination mechanism to ensure the stable and orderly development of the MC.

**Establish Common Development Goals**

Common development goals has a crucial role for the development of the MC, it can be a strong impetus and force for common development and coordinate operation of all members units, and a cohesion for synergy. The determination of goals should be unanimously accepted by all member units. The goals of the MC, with balanced interests and overall consideration of members units, shall be conducive to the realization of the interests of the member units, and vice versa. If the achievement of the MC goals doesn’t consortium of the units access of interest also c the development of the MC will also be affected, therefore the target of the MC should be accepted and approved by all member units to protect their vital interests to the utmost degree (5).

Secondly, we should give play to collective wisdom so that all members of the unit can participate in the development of MC goals, which shall be a yardstick and principal for implementation. In addition, MC goals shall be scientific to link the sub-goals of member
units so that they are interrelated for mutual promotion and coordinated development, strengthen cohesion and solidarity, to serve the development of MC.

Strengthen Internal Technical Collaboration

Medical technology gap is a general phenomenon in MC, technical assistance and support provided by superior technical unit members can drive the technological development of the whole MC, and gradually form a brand advantage. MC needs to give full play to brand and technological advantages of the leading medical hospitals and core hospitals by strengthening internal technical collaboration, thus rendering technical resources of the member units bigger and stronger, and reflecting the principle of comparative advantage in economics, so that technological superiority of all member units can be developed (5).

By establishing resource sharing system of scientific and technology research, education and training, professional training, equipment and devices, etc., all members of MC can have access to quality resource of core members; interdisciplinary mutual assistance and construction shall be carried out; two-way referral and cross-hospital consultation system between members shall be established, prioritized referral and consultation shall be applied to patients with complicated, acute, critical and catastrophic diseases in outpatient, emergency and inpatient services, etc.; effective sharing of MC technical resources shall be achieved to promote technological innovation, form a unique brand of service, and based on this, continually enlarge brand effect, expand health care services market, attract more patients, and thus enhance the competitiveness and development ability of the entire health care consortium.

Make the Members Play an Active Role

Every member of the MC units wants to play their active and dynamic role in the development of the consortium, and has a say in the development of consortium decision-making. Every member units should play an active role in MC to build a development mechanism featuring collective participation, discussion and coordination, unimpeded channel for members of the unit to express their will, so that it can work together to promote the rapid development of MC. The management committee and permanent office led by the Management Committee in some MC with reasonable organizational structure, are co-founded by representatives sent by member units to reflect the actual situation and development aspirations. The appropriate determination of each member aspirations. So that can promote the rapid development of MC. In terms of the specific use of power, if the centralization of MC is needed, it must be centralized, if decentralization of the MC is needed, it must be decentralized, adjustments shall be made according to the objective reality, local conditions, and opportunities, in a rational manner featuring not only unified command , coordinated operation, sustained cohesion, but also the fully mobilized enthusiasm and initiative of member units, to ensure healthy and efficient functioning of the MC (6).

To Resolve Internal Conflicts

The development quality of MC has a close relationship with the solution of the internal conflicts. The settlement of conflicts directly affects the development of MC. From numerous examples, it can be seen that well-developed MC doesn’t consortium conflicts directly affects the de what matters is the rational solution of conflicts to further enhance the cohesion, enhance communication, contact and solidarity between various internal members. Cooperation is the best way to resolve conflicts. In general, in high-cohesion MCs, member
units have much more opportunities to communicate and contact than those in lower-cohesion MCs. To improve the cohesion and to achieve rapid development, the MC should create and reinforce the conditions for member units to communicate and link with each other, such as regular meetings for medical, science education, outpatient offices, care and maintenance departments etc., all kinds of development seminars, and internal information exchange via newspapers, Internet and other forms, and joint implementation of special medical and health service projects (6).

Through communication, member units can achieve harmony, get understanding, reinforced solidarity to promote the development of the consortium.

To Meet the Interests Expectations of Member Units

Benefit relationship is the most essential part in MC. To some extent, the satisfaction extent of interests expectations of member units determines the cohesion of MC. On the issue of benefit distribution, MC should adhere to the principle of equality and mutual benefit, and distribute benefits with objectiveness and impartiality, by appropriate communication, coordination and proper handling in the span of space and time. Usually, there will be a real contradiction in the actual benefits distribution, i.e., the consistency of overall interests vs. the different interests of the member units. In this case, the reduced benefits due to objective reasons should be appropriately compensated and reimbursed by MC; member units can also allow their counterpart units to retain more benefits. Meanwhile, the consortium can create as much interest as possible, grasp the opportunity and be creative in the fierce market competition to continually grow and develop, establish a good brand image, enhance the internal vitality and external competitiveness as a basis for development, so as to meet the needs of growing interests of the members unit (7).

Several Specific Issues for Construction of MC Model

While choosing MC as an important approach to integrate medical and health care resources, we should carefully consider the following aspects from the perspective of property right connection, management model, information exchange, personnel mobility, and cultural integration etc.

Strengthen the Connection and Rationalize the Relationship of Property Rights

The construction of the MC needs to strengthen the connection and rationalize the relationship of property rights, and clarify the entity of property rights. In accordance with modern corporate governance structure, internal property management shall be strengthened; the relation of property rights between the state and core hospitals should be clarified; synergies between core hospitals and member hospitals shall be established; and the capital relations and alignments shall be strengthened to enhance the development capacity and resilience of core hospitals, increase control power of the MC, consolidate member units, establish internal and external assets networking, thereby the MC can truly become an entity with common interests, responsibilities and risk-sharing, SOP shall be implemented in MCs to improve the overall operating efficiency, enhance the internal cohesion, and ensure the sustainability of development (8).

Innovate Management Model, Standardize Management Processes

Taking into account the multiple health institutions under MC management, it is crucial to innovate management model and standardize management processes for MC development. Based on characteristics of the medical industry & medical service, and its own development
reality, the MC should establish a scientific leadership system, to innovate management methods; improve management efficiency; introduce performance evaluation system and Balanced Scorecard, Refined Management, JCI certification management, clinical pathway management and other advanced management methods and models; shift from resource sharing to asset restructuring to strengthen internal economic ties between member units, to realize internal asset relationship and action integration in MC; implement centralized strategic decision-making, and clarified responsibilities and obligations for all units at all levels, to achieve standardized, efficient, innovative management, and maximize management efficiency (9).

Enhance Information Integration, and Improve Management Efficiency

As a whole unit, MC should strengthen internal information integration, based on modern service & logistics generic technologies such as information technology, network resources, modern logistics etc., MC shall reform and innovate the traditional medical and health service model, to build new models and management processes featuring networking, information technology, digital service; build a health information sharing platform to expand communication channels; and construct an information resource management system, covering all internal member units’ drugs and medical equipment procurement, outpatient registration fee, emergency treatment, inpatient management, medical records management, financial and personnel management, medical statistics and other aspects, to achieve the integration, sharing and unified deployment of information resources, control and reduce the cost of health services, maximize the utilization of medical and health care resources, and effectively alleviate or resolve the problem of “low accessibility and high expenditure”(10).

Construct Exchange Mechanism, Allow Rational Personnel Flow

Multi-sited practice of physicians is one important part of public hospitals reform. The government encourages multi-sited practice, advocates reasonable flow of medical resources, and protects the rights of patients with access to quality medical and health resources. MC should build up a good exchange mechanism for rational flow of internal human resources, and further enrich and improve the connotation of multi-sited practice, effectively forms a system for health workers in Tertiary Hospitals regularly practice in primary health care institutions, and personnel from primary health care institutions go to Tertiary Hospitals and large hospitals for further study and training, to achieve a reasonable, standardized internal flow of human resources in the consortium.

Focus on Cultural Integration and Development Cohesion

After the reorganization, medical and health care institutions can effectively implement cultural integration, successfully resolve conflicts of different cultures, to achieve organic integration of different cultures, and form a culture-based liaison mechanism, this is a fundamental problem that must be faced and solved by MC.

MC should comprehensively promote cultural integration, on the basis of the inheritance of outstanding cultural of the its member units, MC shall implement innovation to stress distinguishing features, especially for organizational cultures with strong vitality, development power and cohesion, MC shall vigorously promote, take references and take in these cultures; MC shall fully solicit the opinions of staff, make full use of their initiatives, pay attention to enhance staff feelings of cultural identity and sense of belonging to the entire MC; in accordance with the unified MC development concept, work ideas, and behavior
guidance, effective cultural integration measures shall be taken to optimize the allocation and reasonable restructuring of the member units’ cultural elements; strengthen publicity and education of MC, gathering development strength, enrich culture connotation, actively create a good environment for public opinion and working atmosphere, and enhance the influence, solidarity and cohesion of the consortium (10).

To sum up, the construction of MC is a systematic process, involving a variety of key elements and stakeholders, all relationships shall be properly and reasonably handled. MC can continually move forward to a better, superior, and higher goal only by adhering to the fundamental starting point of improving the health of the people, and to the connotative & intensive development path.

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