



Building Leadership for Health

Strategic and Business Planning for Health

Notes for Course Leaders

- ◆ This is a toolkit to develop your own course
- ◆ Slides are points for discussion not lectures
- ◆ You should use the course to discuss your own processes for strategic and business planning.

Strategic and Business Planning Agenda

- ◆ Introductions and learning objectives 30 mins
- ◆ Health strategies for regions discussion 60 mins
- ◆ Coffee 15 mins
- ◆ Introducing health strategies case study 60 mins
- ◆ Communicating health strategies exercise 60 mins
- ◆ Lunch 45 mins
- ◆ Business planning discussion 60 minutes
- ◆ Financial budgeting discussion 60 mins
- ◆ Coffee 15 mins
- ◆ Business planning case study 60 mins
- ◆ Reflections and learning points 30 mins

Introduction / Learning Objectives

- ◆ Please describe your experience of health strategic plans and business plans.
- ◆ What have been the main problems?
- ◆ How have you overcome them?
- ◆ The group learning objective for the day is
 - *"To develop a common agreement on best practice in health strategic and business planning and to understand the relationship between them"*
- ◆ What are your personal learning objectives
 - Please write them down

Health Strategies for a Region

- ◆ Express basic values of the service
- ◆ National and regional priorities for health
- ◆ Regional action on determinants of health
- ◆ Information on health needs
- ◆ Capacity of health services
 - Strengths, Weaknesses, Opportunities and Threats to improve health
- ◆ Usually set out as 3-5 year plans

The Strategic Planning Process

- ◆ Health status review
 - Health determinants and needs
 - National policies and their application
- ◆ Strategic issues and options analysis
 - Strengths/weaknesses/opportunities/threats
 - Political and public support
- ◆ Business Plans
 - Service plans
 - Financial and resource plans
 - Implementation

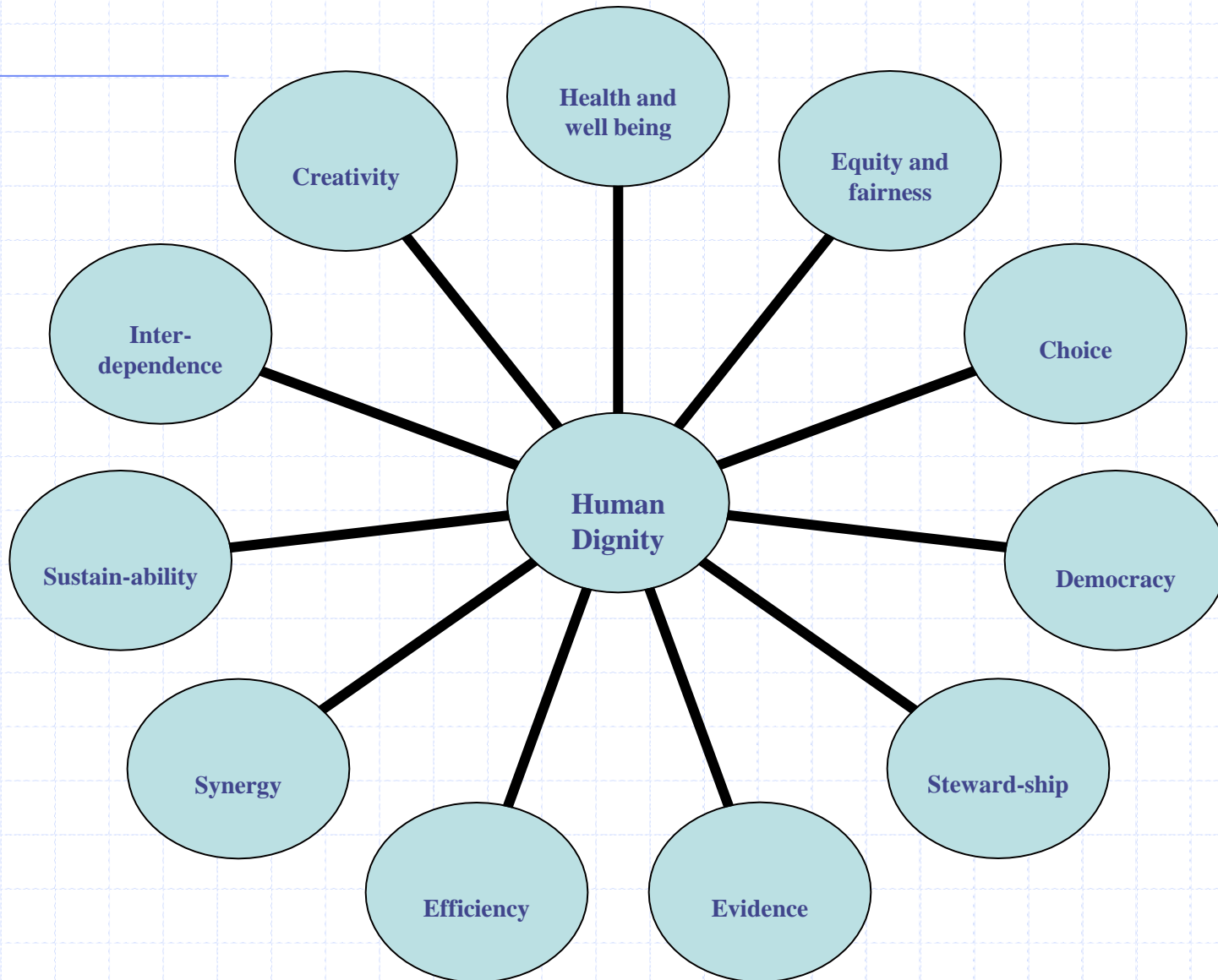
Health Values

- ◆ The WHO Ljubljana Charter identifies key health service values as:
 - Human dignity, equity and solidarity
 - Stressing positive health promotion
 - People centred health services
 - Striving for quality and cost effectiveness
 - Affordable to all
 - Focussed on primary care
- ◆ How would you define the values of your service?

Values are often in tension

- ◆ What is important about values
- ◆ Is not how they are expressed but
- ◆ How they are applied in practice and
- ◆ How tensions and trade offs are handled
- ◆ Discuss the tensions between values in your system – you may find the Madrid Framework of health systems values helpful for background see next slide.

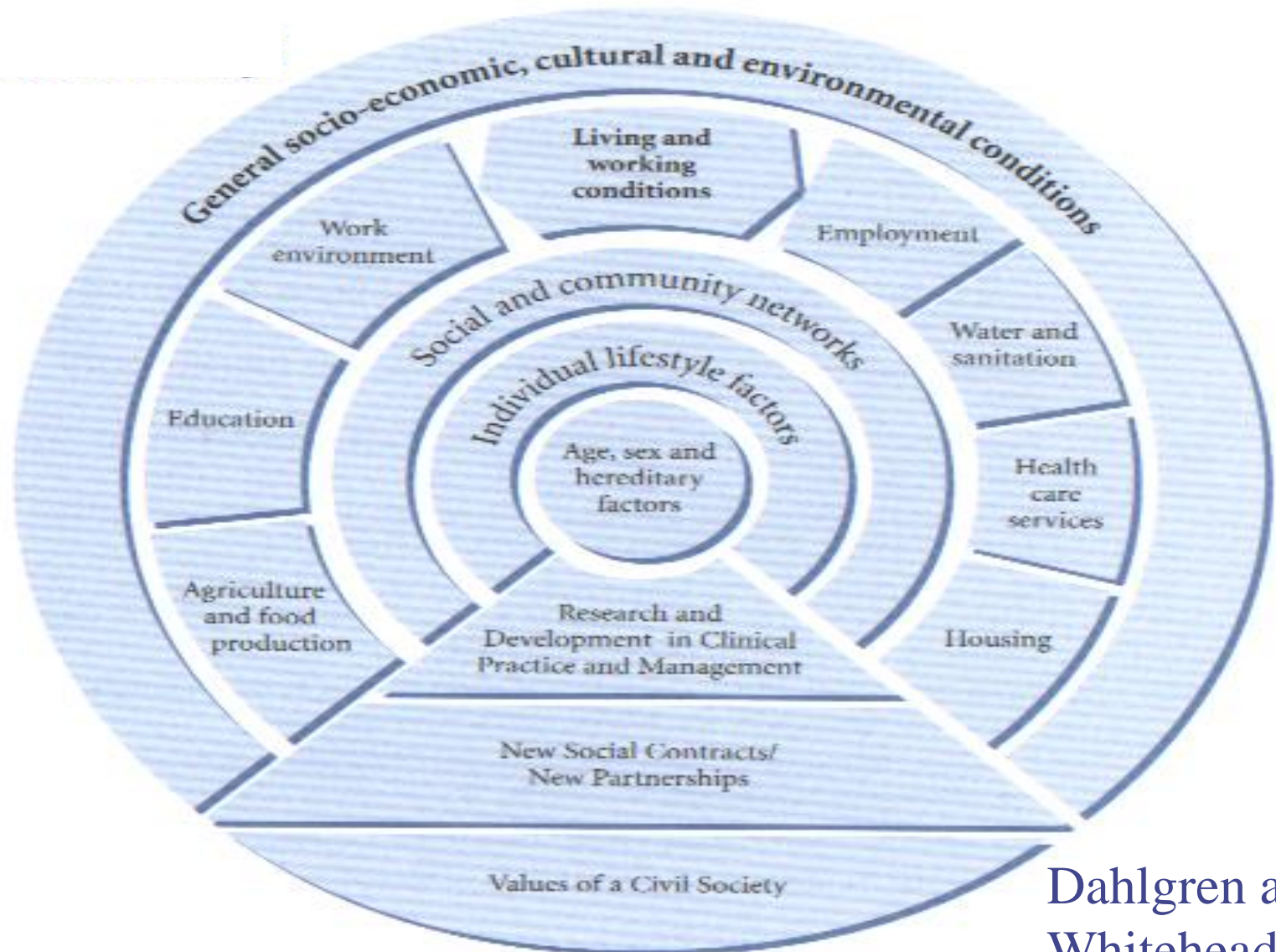
The Madrid Framework:



National and Regional Strategies

- ◆ What are the main national health strategies?
- ◆ How do these affect your region?
- ◆ How would you make the case for regional priorities
 - **What information would you use?**
 - **What other evidence or opinions?**

Determinants of health



Dahlgren and
Whitehead

Discussion: determinants of health

- ◆ Does a view of determinants of health help guide local priorities?
- ◆ What information do you need to understand local health needs better?
- ◆ What policy guidance do you need?

Health needs information

◆ Demographic data

- Age/ sex
- Ethnicity

◆ Social conditions

- Housing
- Employment

◆ Vital statistics

- Births/ infant mortality
- Deaths + causes

◆ Morbidity

- Child health
- Chronic illness
- Disability
- Mental illness
- Infectious diseases

◆ Wellness

- Smoking
- Alcohol and drug abuse
- Obesity
- Sexual health
- Violence/ injury

◆ Health hazards

- Water quality
- Air quality
- Infestations

◆ Knowledge base

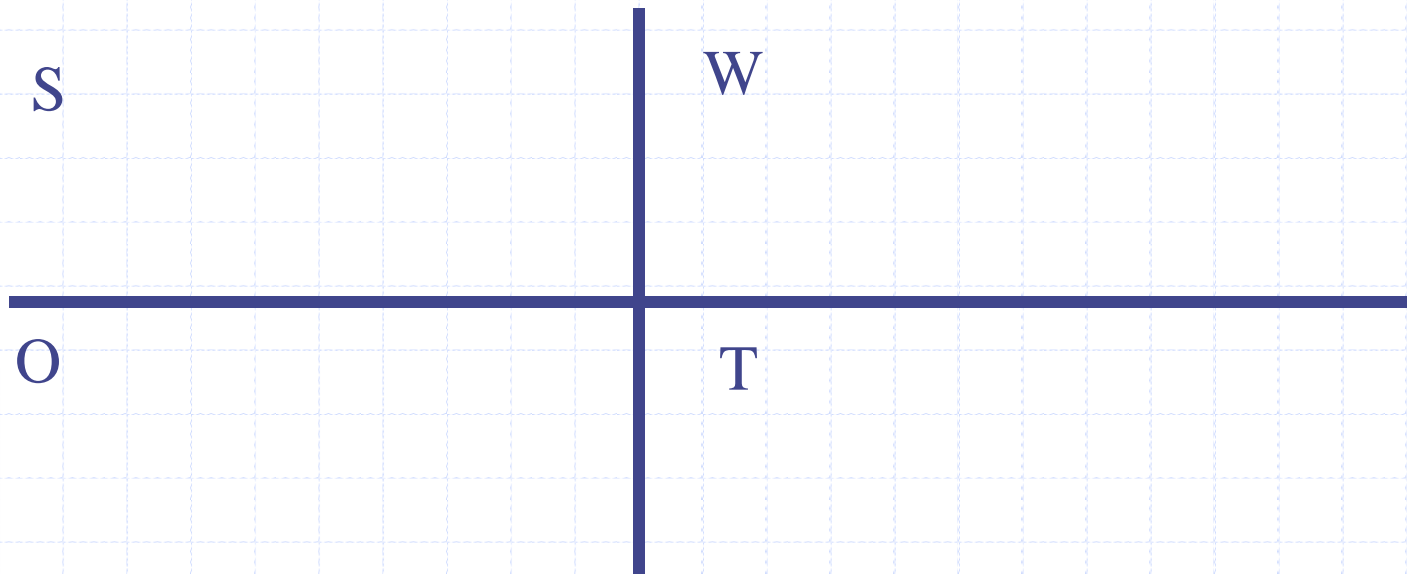
- Guidance on best practice
- National performance comparisons
- International best practice

Other Sources of Information

- ◆ While official data sources are important
- ◆ Health policy planning also calls upon
 - Local patient views and complaints
 - The knowledge of local communities
 - Local experience of medical practitioners
 - The views of local politicians and official
- ◆ What is your experience of using such information?

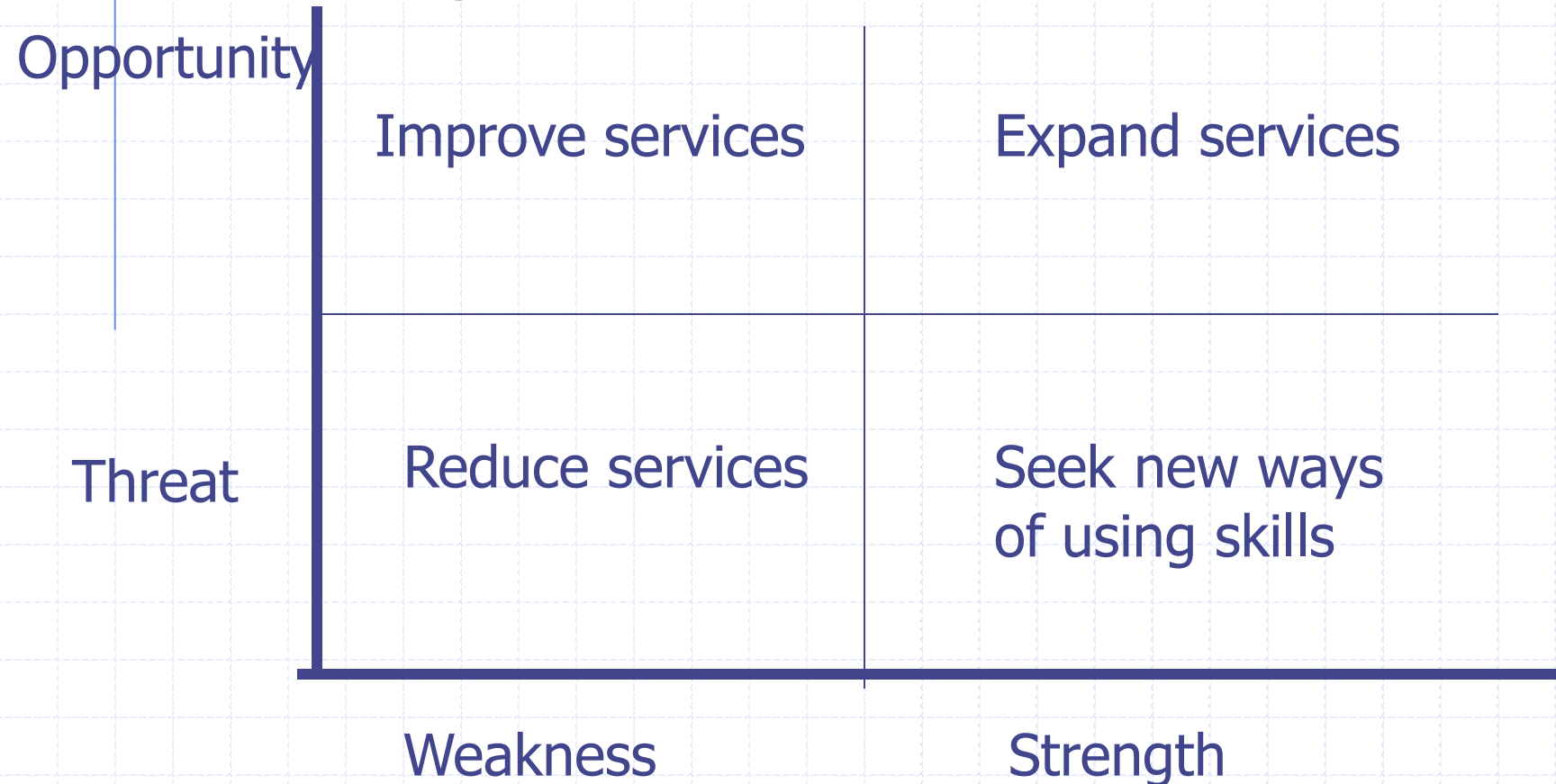
Capacity of Health Services

- ◆ It can be useful to carry out a SWOT analysis of local health resources with other stakeholders
- ◆ Understanding strengths, weaknesses, opportunities and threats can build agreement on action to build on strengths and overcome weaknesses
- ◆ Ask group to brainstorm using a simple format



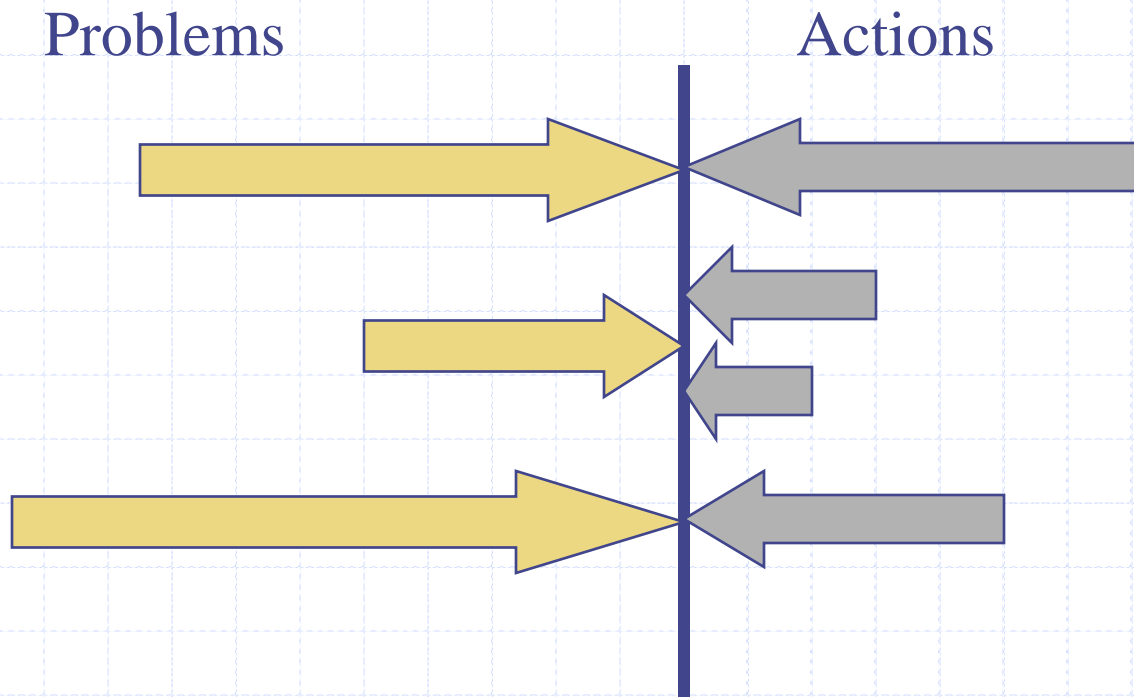
Capacity of Health Services

◆ Matching opportunity and capability



Using a force field analysis

- ◆ This can be used after a SWOT it simply sets weaknesses and threats against strengths and opportunities, the size of the arrow shows the scale of each factor



Discussion of the political process for health strategy

- ◆ Strategic planning requires skills in political and community engagement:
 - What is the best way of engaging with regional and local political structures?
 - What are the key lessons for building political support for health policies?
- ◆ What skills does a health leader require to develop regional strategic plans?

Headings for Regional Health Strategy

- ◆ Health values
- ◆ National and regional priorities
- ◆ Regional health issues
- ◆ Service improvement targets
- ◆ Targets for health improvement
- ◆ Targets for action
- ◆ Resources required including
 - Finance
 - Manpower and
 - Public support

Case Study: Regional Strategy

- ◆ Since regional strategic planning is specific to each country it is recommended that you develop a case study based on local best practice
- ◆ The following case study is based on experience in the Czech Republic.
- ◆ To use this review the material and discuss what you think their regional policies and priorities should be over the next 5-10 years.

Health in Czech Region Kraj

- Region of 550,000 people typical of Czech Republic
- 5 Districts 6 Main hospitals (over 200 beds)
- Plus one tertiary teaching hospital
- Similar age/sex structure, to other regions but
- More doctors but lower hospitalisation
- Overall cost per head in region close to national
- The health system is generally good ! No Crisis !
- But efficiency and equity need to be improved

Key Regional health issues

- **Diet, beer drinking and lifestyle factors lead to high levels of Cardiovascular Disease, Cancer, Diabetes**
- **High suicide rates poor mental health services**
- **Increasing smoking rates amongst women**
- **Growth in elderly population gives rise to increased demand for Rheumatology, Hip replacement etc.**
- **Unrecognised problems of Romany health**
- **Public health: decline in Vaccination, Health Promotion, public health separated from services**
- **Oversupply of hospital beds with small departments and low quality services**
- **Variable primary care quality, lack of community care**

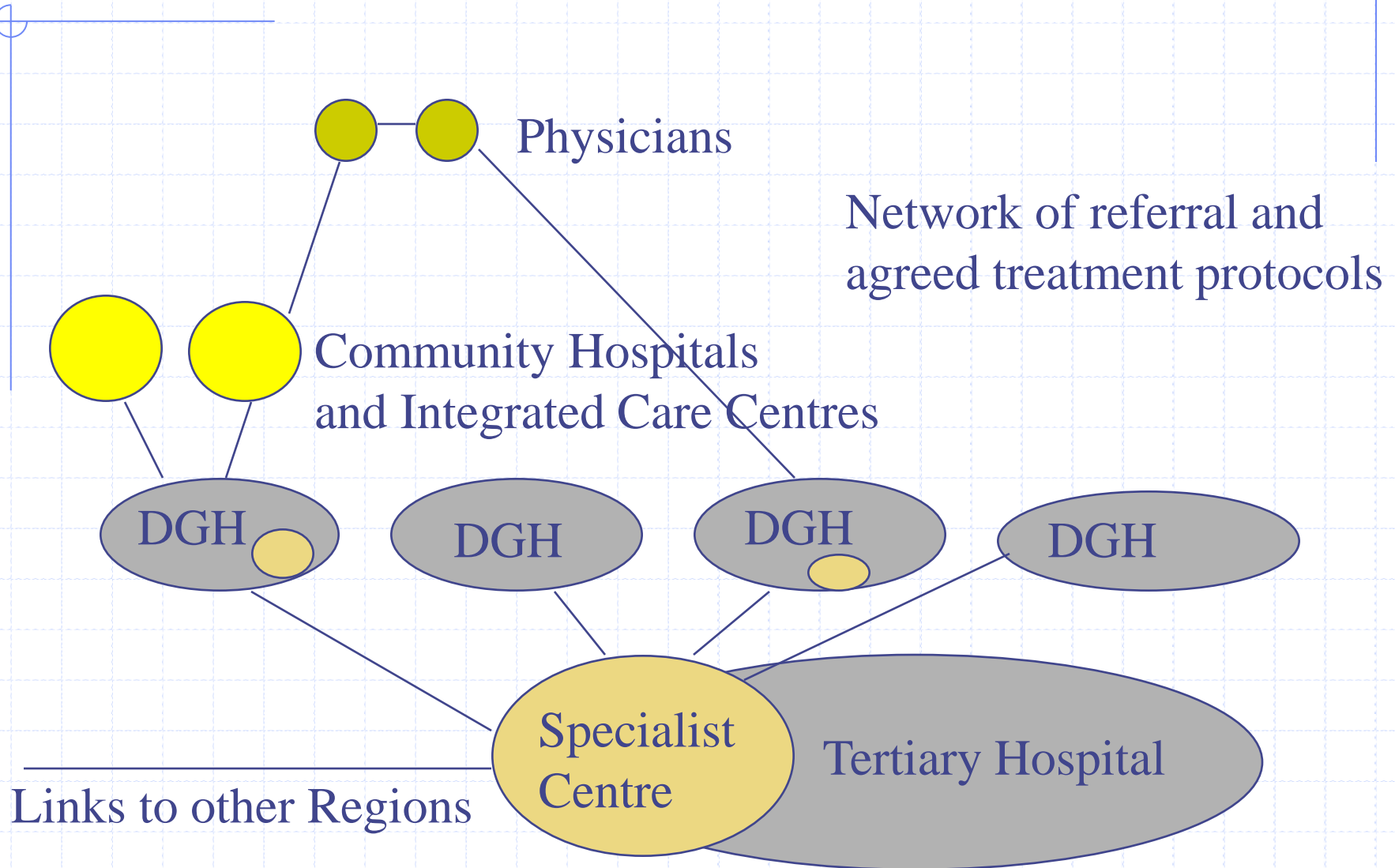
Hospital Service Network

- ◆ Overall acute bed standard
 - Beds = $\frac{\text{Pop} \times \text{hospitalisation rate} \times \text{LoS}}{365 \times \text{target occupancy}}$
 - For this region standard could be estimated as
 - $2700 \sim = \frac{555,000 \times 0.18 \times 7.5}{365 \times 0.75}$ Currently 3,900
- ◆ By these standards the Region has about 1,200 more beds than required for acute care but 400 are needed by patients from other regions and teaching
- ◆ Problems arise because units within hospitals are too small to offer best quality services.

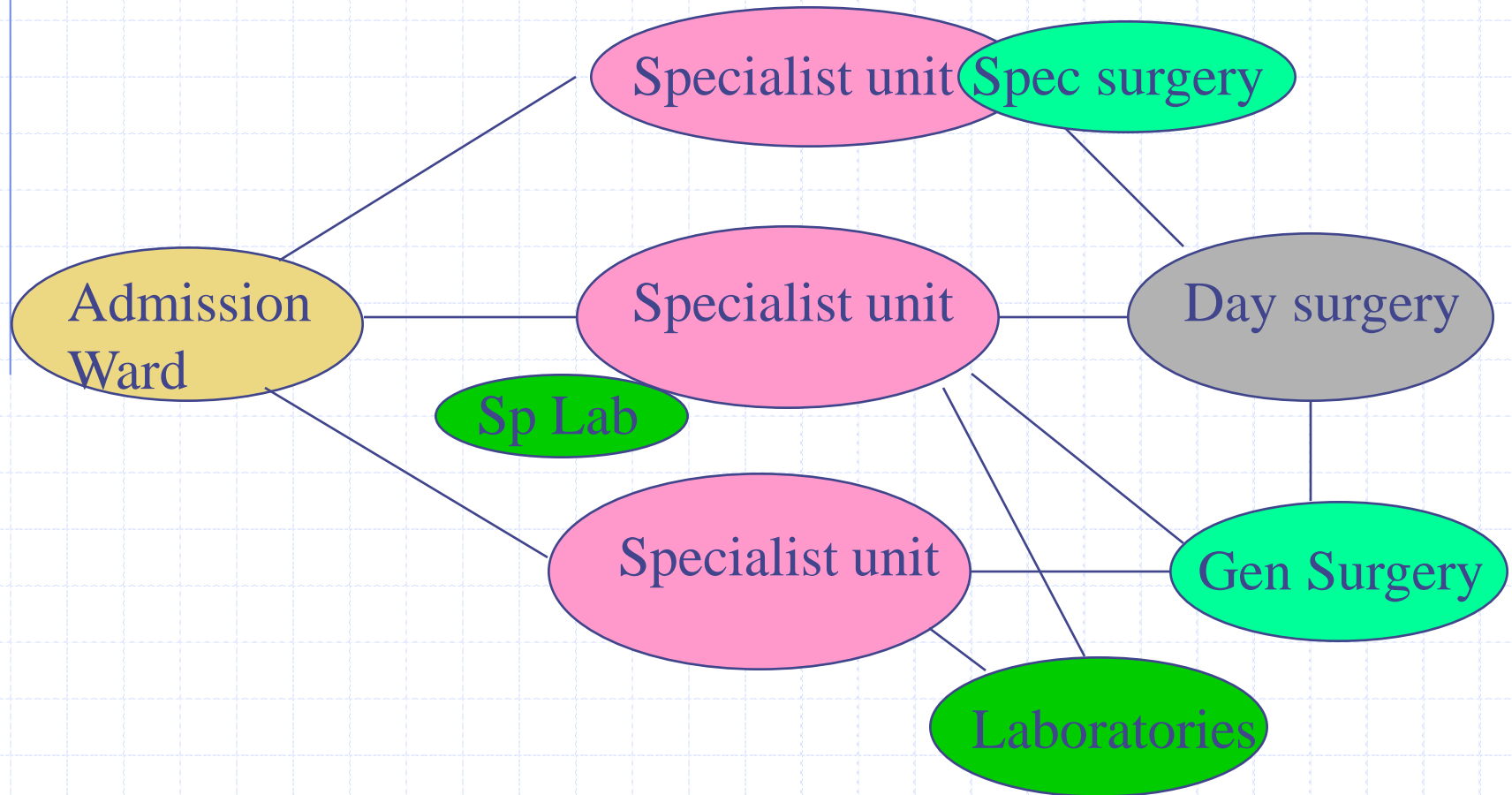
Hospital Service Network Recommendations

- ◆ Need to establish pattern of network e.g.
 - Specialist referral centre /district hospitals
 - Hub and spoke outreach specialties in DGH
 - Acute/ long stay / rehabilitation
- ◆ In three years it is proposed to close one main hospital (300 beds) and to redeploy 400 beds in existing beds for community use
- ◆ In 10 years it should be possible to redefine the hospital network with greater emphasis on community role of local hospitals and concentration of specialist services.

Hospital Service Network



Network within tertiary hospital



50 admission beds

8 x 100 bed units
each covering 3/5 specialties

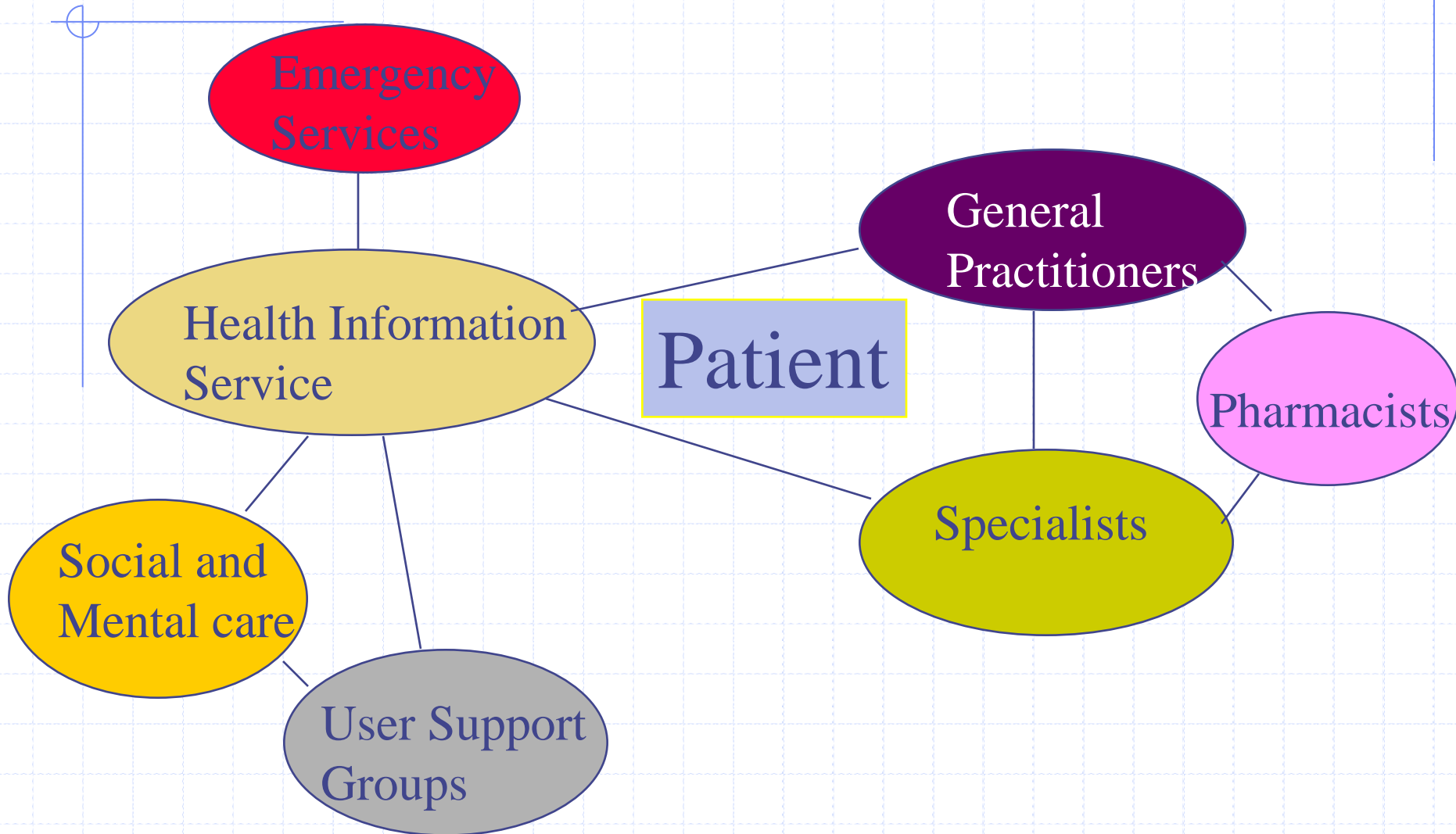
Local Care Networks

- ◆ Number of Physicians standard
 - Number = $\frac{\text{Population} \times \text{Consultation rate}}{\text{Consultations per Practitioner}}$
 - This can be estimated very roughly as
 - $575 \sim = \frac{555,000 \times 9}{8,700}$ current number 611
- ◆ By these standards Region has 6% too many primary care doctors.
- ◆ Note consultation rates in former Eastern block countries are 50% higher than in West Europe

Local Care Networks Issues and Recommendations

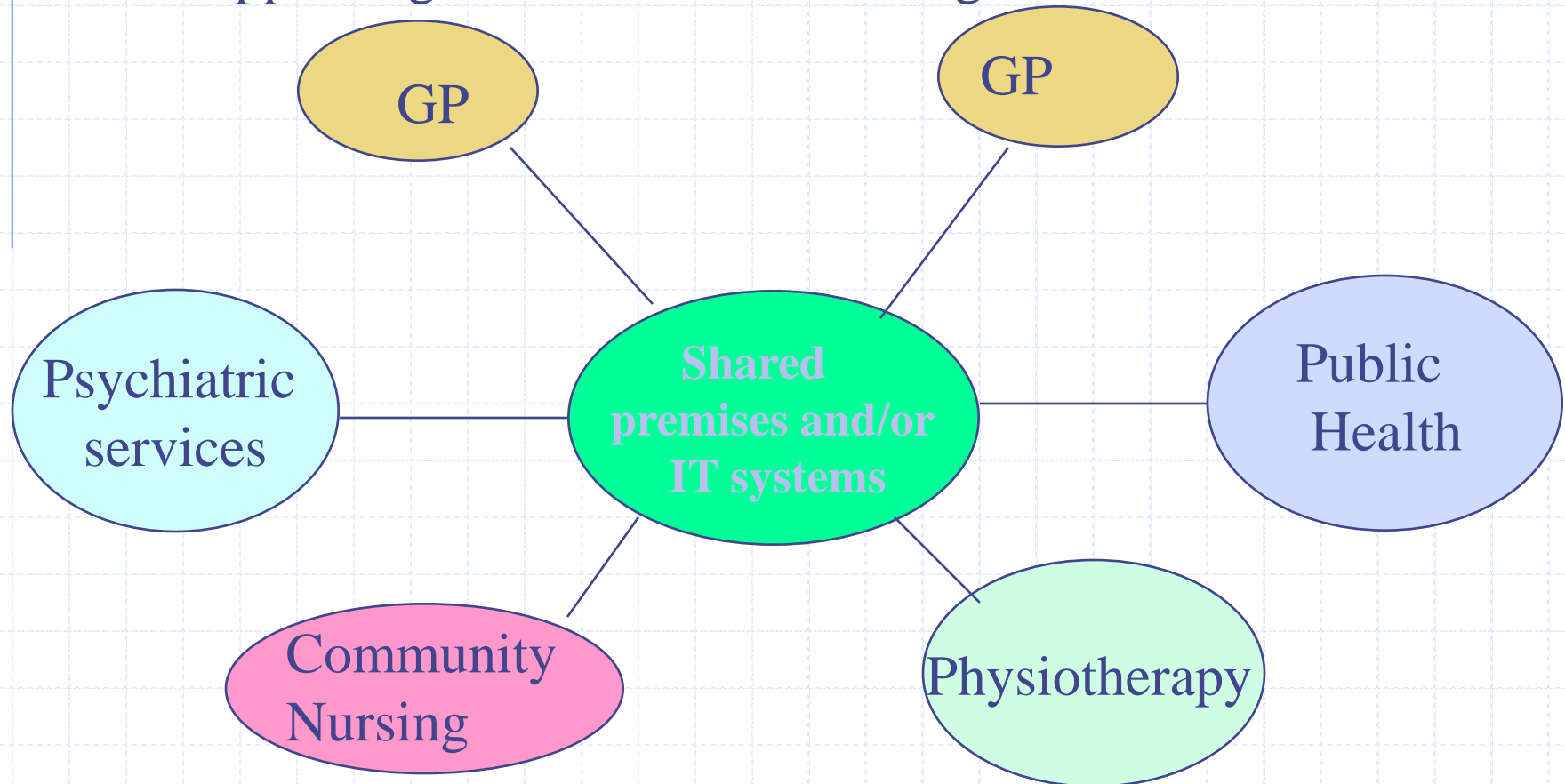
- ◆ Primary care is very variable, some areas well served others with too few doctors
- ◆ Quality very variable some very high referral rates
- ◆ Prescribing practice also very varied
- ◆ Other elements of local service such as emergency community nursing and psychiatric services poor
- ◆ Recommendation: no overall reduction in numbers will be sought but a major primary care practice improvement programme will be introduced to improve integration of care, address key weaknesses and equalise provision across the region.

Local Care Networks



Integrated care network

Primary care internal network of independent contractors providing mutual support e.g. 24 hr service and integrated local care





Business Planning for Health

Matching health policies
to plans and resources

What is a business plan?

- ◆ A regional plan provides a basis for hospital and district business plans.
- ◆ A business plan shows how the organisation will achieve its objectives with available resources.
- ◆ How the organisation will acquire the resources it requires and how it will use them.
- ◆ A business plan covers one year in detail and 5 years in outline to cover investment decisions.
- ◆ The first year of the plan is therefore a budget.

Business Plans

- ◆ Start with strategies for health
- ◆ Assess actions necessary to achieve targets
- ◆ Review local issues not covered by policies
- ◆ Calculate the cost of this programme
- ◆ Then try to reconcile this with resources by
 - Matching activity to health risks
 - Cutting costs by rationalising services
 - Raising income from cost sharing
 - Sharing costs by working in partnerships
 - Matching staff and other resource plans

Matching activity to health targets

- ◆ Health risk assessment agreed with Region
 - Can some activities be stopped without increasing health risk?
 - Can activity be switched from one area or disease to another to reduce overall health risks?
 - Do some diseases or health risks need to be addressed differently in order to reduce overall risk?
 - Are new actions needed to address specific health risks?
- ◆ How do you review options for switching resources?

Local Issues

- ◆ Business plans should review options for cost reduction
 - Is it possible to achieve the same level of performance with less staff, less beds or less costly medicines
 - Can other resources be used - community workers, nurses instead of doctors or partnership programmes.
- ◆ You will also need to take into account other local factors e.g.
 - The need for maintenance and renewal
 - Specific problems of cost and quality of service
- ◆ How do you review these issues?

Costing the Business Plan

- ◆ Costing is a continuing process
 - Cost estimates for discussion of regional policies
 - Cost estimates of activity levels and local issues
 - Cost estimates are essential for business planning.
- ◆ Understanding cost is also essential for health leadership because
 - They are the basis for negotiation with Region
 - For negotiation within the organisation
 - For discussions with potential partners
- ◆ Discuss the importance of understanding costs to the health leaders?

Basic costing principles for health

- ◆ Costs can be divided between:
 - Fixed costs of premises and equipment which cannot be avoided unless they are sold or used for other purposes
 - Semi-fixed costs like staff who can be diverted to other functions but are difficult to change in the short term
 - Variable costs such as the cost of drugs and disposables which vary directly with the level of activity
- ◆ Health leader need to have an idea of these cost categories as they apply to their services.
- ◆ Discuss what are the levels of these costs in total and as a % in relation to the services you lead?

Maximising income

- ◆ A business plan should also review opportunities to maximise income by
 - Cost sharing schemes – introducing user charges where possible and where equity can be preserved
 - Community health plans - communities identifying and paying for additional services from community contributions
 - Partnership schemes working with foreign funding and resources.

Maximising outcome

- ◆ You may be able to maximise outcomes by:
 - Ensuring plans are focussed on health issues which produce maximum benefit
 - Maximising the use of resources i.e. ensuring equipment, beds and staff are fully utilised
 - Achieving economies of scale by concentrating resources at certain centres.
 - Ensuring that maximum use is made of self care, home care, primary care to reduce secondary care costs

Staff and other resource plans

- ◆ This requires consideration of how services can be rationalised to increase productivity through better use of staff and equipment.
- ◆ A business process re-engineering programme may be required.
- ◆ It will also be important to consider the levels of staff and skills required over the 5 year period of the business plan.

Case Study

- ◆ If you have completed the Change Management and Project Management modules please:
 - Prepare a Project Definition for the preparation of a business plan for your unit
 - Prepare a Project Management structure
 - Identify tasks in a Project Control Chart
 - Identify key issues of change management you will need to address as health leaders.

Leading Business Planning

- ◆ Business planning is also a change management process within the organisation
- ◆ It requires a project team to prepare the plan and open communications throughout
- ◆ Discuss how you lead such a business planning process, what are the key leadership skills it demands?

Reflections and Feedback

- ◆ Please discuss and write down
 - What you have learnt that you found helpful
 - What you will do differently as a result of today
 - What you will improve when you give this course

Module Contributed by Graham Lister

- ◆ MSc in Management Science PhD in Organisation Behaviour
- ◆ 30 years experience in management consultancy and training with health services in UK, Europe, Africa, Asia, Australia
- ◆ Worked with The Nuffield Trust: on Global Health Issues and Health Leadership and Management and with the Netherlands School of Public and Occupational Health in EU accession countries
- ◆ Lectured in 20 countries on health management
- ◆ Senior Associate of Judge Management School Cambridge
- ◆ Teaches on International Health Leaders Course, Cambridge and MA in Health Management at University of Bern

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