The Impact of Restructuring on Acute Care Hospitals in Newfoundland

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Key Implications for Decision Makers

- Regionalization by itself does not fully address cost drivers and may not be an effective means to control healthcare expenditures.

- Opportunities for further integration and rationalization of services and institutions exist throughout the province. Strategic planning and leadership is critical to meeting these objectives and controlling costs.

- Hospital closure, in the context of regionalization and programmatic management, may not lead to deterioration in healthcare provider attitudes, patient satisfaction, or quality of care.

- Options to sustain the number of healthcare workers in the face of rising human resource expenditures include infusion of new money; efforts to improve work attendance, overtime and productivity; efforts to reduce unnecessary demand; and reduction of need as a result of improved population health.

- Targeted interventions, rather than broad system changes, offer greater potential to improve use and efficiency, as well as patient satisfaction.

- Access to acute care beds is a problem, which will persist unless bed use improves.

- The climate of the workplace needs to be improved so that healthcare workers’ organizational commitment and workplace emotional climate rise to the level of their general job satisfaction.
Executive Summary

Context
This report studies the impact of restructuring in the acute care sector in Newfoundland and Labrador. Regionalization occurred between 1995 and 1997. In 1996, the Health Care Corporation of St. John’s, the largest of the province’s acute care boards, implemented program-based management, partly to facilitate the closure of a hospital and the integration of clinical services. This study evaluated the impact during and shortly after restructuring in the following areas: costs, level of acuity, appropriateness of hospital stay and efficiency of acute care bed use, human resource indicators, healthcare provider perceptions, quality of care, and patient satisfaction. Analyses focused on time-related trends and comparisons between St. John’s and the rest of the province where regionalization, but not the implementation of program-based management, occurred.

Major Findings

- Costs continued to rise, fuelled in part by higher human resource expenditures, largely outside the control of regional boards.

- The size of the workforce as a whole did not change, although there was consistent immediate reduction in management positions.

- In St. John’s prior to restructuring an objective was declared, leadership was provided to achieve the objective, a strategic plan for rationalization was developed, communication, execution, and evaluation of the plan occurred.

- Integration of administrative and support functions did occur across the province, but clinical integration did not consistently follow.

- Opportunities for further integration of boards and rationalization of services and institutions exist; however, strategic planning is required.

- There was no measurable impact in the short term on quality of care, use, or efficiency attributable to regionalization.
Considerable employee dislocation occurred during the restructuring in St. John’s.

Most employee groups supported the need for restructuring and had reasonable levels of general job satisfaction, but organizational commitment and the emotional climate of the workplace were rated poorly. These negative findings could not be directly attributed to the restructuring itself.

Any observed improvements in use, care processes or patient satisfaction seemed more closely linked to targeted interventions than to system-wide restructuring.

Accessibility of acute and long-term care beds remained a problem, as did the general level of appropriateness of acute care bed use.

**Approach**

The research team selected indicators broadly reflective of acute care sector performance. Information on the history of regionalization and restructuring in the province from the late 1980s to 2002 was collected and analysed. Data were also analysed to examine changes in: costs of acute care delivery; acuity and use; appropriateness and efficiency of acute care bed use; access to select healthcare services, human resource indicators; healthcare providers’ perceptions of restructuring, the workplace, and quality of care; quality of care for stroke, community-acquired pneumonia, dialysis, acute myocardial infarction, schizophrenia, and coronary revascularization; medicine/surgery/women’s healthcare indicators; and patient satisfaction. Indicator trends were followed from 1995 to 2002 comparing St. John’s to the rest of the province. Historical events over the same time period were linked to data collected. No causal connections were drawn from the analysis, but trends over time were linked to system changes.

**Persisting challenges for the future**

There are major forces at work in the healthcare sector in the province of Newfoundland and Labrador, as elsewhere. There is a steady increase in real healthcare costs with an unabated demand for healthcare services, and there is poor access to some services.
Healthcare providers are dispirited. Finally, regional politics have created challenges and have impeded change processes in some regional health boards.