

Assessing Hospital Governance in Iran Social Security Organization

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ABSTRACT

Hospitals are key actors in national health systems, and invariably account for a large share of spending. Consequently, governments, health professionals, communities, and other stakeholders are deeply concerned about how hospitals are governed and how they perform. The objective of this paper is to present a framework developed to assess the governance of Iranian Social Security Organization hospitals. In developing the framework for hospital governance, five key aspects are identified: mission, decision making process, financing, stakeholders and accountability. The framework permits diagnoses of the ills in the hospital governance at the policy and operational levels and points to interventions for its improvement. In the case of Iran Social Security Organization, where the framework was applied, a positive aspect was formulation of the statement for mission and determination of objectives of hospital in the framework of the Strategic Plan, while weaknesses were identified in decision making process, accountability, financing arrangements and participation among stakeholders. It requires considering through granting the right for decision making concerning the staff affairs, financial affairs and asset management, recognition and analysis of internal and external beneficiaries, use of indirect accountability mechanisms can result in improvement hospital governance in the Social Security Organization. In the shade of these developments, it is expected hospital governance will be improved.

KEY WORDS: Hospital Governance, Assessing Hospital Governance, Iranian Social Security Organization.

INTRODUCTION

Hospitals are key actors in national health systems, and invariably account for a large share of spending. Consequently, governments, health professionals, communities, and other stakeholders are deeply concerned about how hospitals are governed and how they perform (OECD, 2004). However, stakeholders may emphasize varied priorities such as access to care, fiscal efficiency, service quality, transparent accountability, or public service (Bogue, Hall and Forgia, 2007).

Governance may be defined as the structures and functions of an organization that set and enforce policies and exercise the ultimate authority for decisions made in or on behalf of the organization (Umbdenstock & Hageman, 1991; Holland, Ritvo, & Kovner, 1997; Pointer & Orlikoff, 1999). Savedoff (2011) defines governance as the combination of political, social, economic and institutional factors that affect the behavior of organizations and individuals and influence their performance.

In one of the WHO research study publications on public hospitals is defined as: A set of processes and tools related to decision-making in steering the totality of institutional activity, influencing most major aspects of organizational behaviour and recognizing the complex relationships between multiple stakeholders. Its scope ranges from normative values (equity, ethics) to access, quality, patient responsiveness, and patient safety dimensions. It also incorporates political, financial, managerial as well as daily operational issues (Saltman et al, 2011).

Defining governance within the health sector is still relatively new and the composition of governance varies across reports, suggesting that the conceptualization of governance is an ongoing process (Mikkelsen et al, 2011).

The latest body of work on governance in health goes further into developing approaches to assess overall governance within the health system (Islam, 2007; WHO, 2010). These studies suggest indicators which can be

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broadly divided into two groups: 1) determinants of governance; and 2) governance performance indicators (Savedoff, 2009). Determinants of governance (or rule-based indicators as they are sometimes referred to) describe whether a procedure, regulation, policy or law exists, whilst a governance performance indicator assesses to what degree rules or policies have been followed and enforced. In general, it is easier to obtain determinants indicators than performance indicators which usually require surveys such as Public Expenditure Tracking Surveys (PETS), facility surveys, exit interviews and household interviews(Kaufmann and Kraay, 2008).

Internationally, research on hospital governance has recently begun to emerge. Durán & Saltman (2013) believed that institutional arrangements, financing, accountability and the capacity for decision-making capacity against responsibilities are regarded as the major variables in Governing Public Hospitals. Harding and Preker (2003) focus on how governance arrangements, defined as the “relationship between the organization and its owner(s),” can contribute to an accountability environment or “generate incentives” for improved performance. Although they recognize that the mechanisms of governance can vary considerably, they maintain that public hospitals in many developing countries generally lack good governance due to poorly defined and unclear objectives, weak or absent supervisory and oversight structures, lack of market exposure, political interference, and lack of information. They advocate that organizational reforms that support autonomous decision making at the hospital level would improve governance by promoting a strong performance orientation, strengthening supervisory structures and enabling survival in a competitive environment.

Social Security Organization of Iran has been regarded as one of the administrators in health services and the second health service manufacturer in the country, having almost 350350 inpatient and outpatient treatment centers and representing health care services to more than 39 who are under coverage of insurance(Statistical Yearbook of the Social Security, 2014). Currently, 2 out of 70 hospitals affiliated to social security organization have been appeared as company and rest of hospitals engage in their affairs in traditional method. The corporate method due to various reasons such as no infrastructure for reform, inappropriate organizational structure, lack of authority to decide, and shortage of liquidity has not worked out successfully. On the other hand, rest of SSO medical centers have faced the challenges in bureaucratic system, increase of costs and dissatisfaction by the clients, and this reveals significance of evaluation of governance by hospitals and reform of their administration(Arden, 2007).

The purpose of this article is to present a framework developed to assess the governance of Iranian Social Security Organization hospitals.

Principles and framework for assessing hospital governance

In developing the framework for this study, we rely exclusively on the four aspects of hospital governance by Saltman et al along principles of governance by the Good Governance Institute and Healthcare Quality Improvement Partnership. By incorporating all those dimensions, we propose 5 governance dimensions that will guide us in assessing the framework of hospital governance in Iran Social Security Organization. Those aspects include mission, decision making process, financing, stakeholders and accountability (Table 1).

Table 1. Key dimensions and sub dimensions of hospital governance in Iran Social Security Organization

Dimension	Sub- Dimension
Mission	Formulation of mission Goals Type of services Type of clients
Decision Making	Decision right in human resources management Decision right in financial management Decision right in physical resources management
Financing	Budgeting Method Participation of Social Security organization in the financing of hospital Participation of donors in the financing of hospital Loans Being in charge of the hospital for Budget deficit Payment System
Stakeholders	Staff Physicians Ministry of Health and Medical Education Labor unions Parliament Community
Accountability	Hierarchy accountability Indirect accountability Internal assessment External evaluation Hospital Committees Accountability to patients

METHODS

This study is an applied research with descriptive method. Managers of Iranian Social Security Organization hospitals comprised the subjects of the study. This study surveys the Governance aspects in Iranian Social Security hospitals. This is done by examining elements of the governance includes mission, decision making process, financing, beneficiaries and accountability mechanisms.

Data were collected via library method with referral to books, journals, authentic websites, PhD theses, documents available to databases, and counseling with professors and scholars.

Information on hospital governance was obtained through open-ended questionnaires and personal interviews. We specifically interviewed the hospital administrators in the respective hospitals to obtain information on the internal structural elements of each hospital's governance system. We interviewed some key players in the health sector of Iran Social Security Organization. We also relied on published information and other secondary sources of data on the hospitals and from the Ministry of Health. The results of the study are presented and analyzed in a descriptive manner.

Findings

Mission dimension

The statement for mission and aims of Social Security hospitals in Iran has been prepared based on strategic plan. The existential philosophy of these hospitals relies on supply of health services to the ones who are under coverage of social security coverage.

Decision Making dimension

The hospitals affiliated to Iran Social Security Organization have no authority for hiring and firing their employees, and social security organization takes action to employ staffs based on need assessment by the hospitals and issuance of headquarters, under which the process of selection and employment of manpower comes to realize by the organization. Organizational structure of the hospital is determined by the headquarters and assigned to the hospital, that the hospital has no role in design of organizational structure of the hospital. Concerning Payment system, payment system and an amount to pay are determined at the headquarters and assigned to the hospital, that the hospital must pay based on the associated agenda. Hospital has no right to construct, repair and maintain, for which a license must be given to the hospital in doing so. Social security organization undertakes the ownership of building, properties and capital equipment in the hospitals, that all these are considered as the organizational assets.

Financing dimension

Funds of social security hospitals include payment in form of linear or functional budget, the resources from supply of services to the insured, and Franchise paid by the insured. In social security organization, any hospital receives an annual budget which has been formulated based on the costs at the previous year and its increase for the New Year, that the budgeting is based on linear budget. To establish a new building and wide equipment, a centralized budget has been considered in social security organization allocated to the hospital after confirmation by the authorities.

The payment system in social security hospitals is fulfilled as follows:

- paying salaries and benefits which are paid to the staffs based on staffing law.
- Incentive pay system which is paid to the physicians based on performance and to the ordinary staffs based on non- physician staff instructions.

Stakeholders dimension

The main beneficiaries of Social Security organization and their expectations have been represented in table below:

Table 2. Beneficiaries of Social Security organization and their expectations

Row	Perspective	Entity	stakeholder	Expectations
1	Civil	Service recipients	Insured	Receive legal services with respect for human rights and dignity
			Employers	
			Pensioner	
		associations	proletarian	Constructive interaction with the organization to maintain the benefits of fund and social brokers under framework of rules and regulations
Employer				
2	Governance	Executive	Ministry of Cooperatives , Labour and Social Welfare	Fulfillment of organizational mission and alignment with the government policies for the purpose of maintenance of fund and rights of social brokers
			Health	
			Commissions and Councils of Government	
			National Audit Office	
		Legislative	Assembly and related	

	judicial	committees	Fulfillment of legal duties and organization's accountability
		Courts	
		The court of justice	Monitoring proper implementation of rules
		Office of the Inspector General (OIG)	
3	Organizational	Staffs	Development of human capital by observance of meritocracy and implementation of proper financial and administrative structure
		Organizational units	
		Other service provider units (agencies, contractors, etc.)	Positive interaction with the organization

Source: Strategic document of Iran Social Security Organization, 2008

Accountability dimension

Since the hierarchical system governs in hospitals affiliated to social security organization and the power governs in a hierarchical way at hospital, the accountability mechanism is in a hierarchical form and the head of hospital must be in charge against the provincial authorities and headquarters. Concerning periodic visits to the health deputy, the processes of providing health services are examined and the support processes are evaluated by the rest of deputies at the organization. Financial accountability enjoys a strong mechanism, so that all the financial documents of the hospital are examined at financial affairs administrative, which the hospital must be in charge for all the costs. The hospital must be accountable for all the planned supervisions at the concerned entities such as Office of the Inspector General (OIG), medical science universities and also for the inspections due to patient's complaint to the associated authorities. Evaluation of validity of hospitals is made by the health deputy of university per year.

Table 3. Hospital governance matrix of Iran Social Security Organization

Governance dimension	findings
Mission	The mission of the social security hospitals provide health care according Law requirement of the Iran Social Security Organization to be insured.
Decision Making	- Hospitals affiliated to social security organization have no right for hiring and firing their employees that the process of selection and appointment of manpower fulfills in a centralized form by the central organization. -The hospital has no right in designing and changing the payment system. -Ownership of building, properties and equipment is undertaken by the social security organization.
Financing	Financing hospitals affiliated to the social security organization include: - Organization's payments in form of linear budget - Resources from supply of services to others under the coverage of insurance - Payment franchise by the ones under coverage of insurance
Stakeholders	- The ones under coverage of social security - Ministry of cooperatives, labour and social welfare - Ministry of Health and Medical Education - Staff - Patients - Medical council
Accountability	Accountability in a direct and hierarchical way

DISCUSSION AND CONCLUSION

This study represented a clear framework for evaluation of governance in hospitals, and evaluated each of five dimensions of governance in hospitals including mission, decision- making, financing, beneficiaries and accountability at social security hospitals. Durán & Saltman (2013) conducted a Case Study concerning innovative strategies in administration of public hospitals, it can mention institutional arrangements, financing, accountability and decision-making capacity against responsibilities as the major variables in governance in hospitals, and this study is consistent with the findings of this study. Further, findings of study by Bogue et al.(2007)concerning the contributing factors in governance in hospitals in some dimensions such as the decision right and accountability mechanisms are consistent with the results of the present research. Using Taylor's good governance principles, Abor et al. (2008) examined governance in hospitals in Ghana that the findings of their study are not consistent with the dimensions used for evaluation of hospitals in this study.

According to the frameworks for evaluation of governance in hospitals proposed by Islam (2007), World Health Organization (2010), Lewis &Pettersson (2009), Siddiqi et al (2009) and the principles of good governance of the United Nations Development Programme (1997), the key elements in the governance include components of accountability and participation by beneficiaries, and this is consistent with the findings of this research.

Status of social security hospitals differ from public and private hospitals in many aspects, because these hospitals have been established to provide Health Care services to the ones under insurance of social security.

In Iran's social security hospitals, decision is made in a centralized way and administrated by the social security organization, that such a finding is consistent with the findings of research by Bogue et al. (2007). Iran's social security hospitals receive their financial resources from linear budget. Sadeghi & Zare (2009) obtained similar results in their study. Accountability system in Iran's social security hospitals has been appeared as direct and hierarchical accountability system.

Jakab et al. (2000) in their study perceived that accountability in the hospitals which serve as the budget units and receive linear input-based budgets is in a hierarchical and direct form.

Evaluation of governance in Iran's social security hospitals indicates that the current way for administration of Iran's social security hospitals cannot help for resolving the problems and challenges, for which it requires taking action for empowerment of hospitals and increase of competitive power through modification of governance structures within hospitals. To reform structure of governance in Iran's social security hospitals, the suggestions below are represented:

- Before taking action to change structure of governance in Iran's social security hospitals, the factors affecting how to administrate the hospitals must be examined and then the structural modifications must be made, in which any hastiness must be avoided.
- An important point which must taken into account lies on this fact that a type of governance cannot come beneficial for all the hospitals
- Identification of a fundamental and right balance point between autonomy and control has been regarded as the key point in hospital reforms, because excessive autonomy and control represent the failure in hospital reforms.
- Granting the right of decision-making to the hospitals at the area of human resources management and financial resources can result in improvement of how to administrate the hospitals
- With regard to effectiveness of budgeting method in administration of hospitals, a major step lies on moving from traditional budgeting to functional budgeting
- The opportunities for earning revenue can result in improvement of performance in hospitals in case the hospitals gain interests
- Currently, the current process in Iran's social security hospitals is in this way that the social security organization pays for the budget deficiency via a budget amendment; yet due to role of hospitals against budget deficiency, it is suggested the moving budget from budget amendment to lacking budget amendment.
- Considering the beneficiaries and their role in decision-making and planning at hospital reforms will increase effectiveness of reforms.
- There is an inseparable relationship between governance arrangements and accountability mechanism, thus it requires reducing the direct accountability and increasing the indirect accountability mechanisms such as formulation of regulation and contracts.

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