

# A STUDY TO IDENTIFY THE ADVANTAGES AND DISADVANTAGES OF ACQUIRING ADVANCED HEALTHCARE

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## ABSTRACT

It's a case study essay on how the new healthcare reform affects county-level hospitals like Ronggui Hospital, to see what chances and problems it brings. Level-Two Grade-A general hospital in Foshan City's Shunde District, Ronggui Hospital is a public institution with an autonomous legal entity. This hospital used to have twelve community medical care service stations, but they are now independent. In this sector, competition has been fiercer due to public hospital expansion and the emergence of private hospitals. In the past, the administration of Ronggui Hospital has debated how the Hospital might flourish in a distinctive fashion throughout Shunde and even in the Pearl River Delta region.

**KEYWORDS:** Healthcare service quality, Medical Quality Management, Total Quality Management

## 1. Introduction

The public healthcare system relies heavily on it. If public hospitals are to serve the general public, they must first secure functioning capital. Local governments are now required by the new health care reform to contribute the funds for the establishment of county hospitals and the purchase of medical equipment. Are municipal governments, on the other hand, able and willing to invest? Bankruptcy may be an option if they are required to make good on years of hospital debt. Investments by counties in local hospitals represent for less than 1% of overall hospital revenues at the moment (Yao, 2005). Even yet, medical equipment updates take up over 10% of hospital income (whether or not the argument "bad equipment contributes to backwardness" is based on this level of expenditure is debatable). How can local government resource allocation fulfil public demand while also keeping up with the newest technological advances? On the one hand, public hospitals must serve the public interest, while on the other, they must make due with inadequate funding. On the one hand, the government is outlawing the medical cost reimbursement system based on drug sales profits, yet it is unable to come up with a workable solution to the medical compensation practise (Chai, 2011). Because of this predicament, hospitals have had to find creative ways to make up for the money they've lost through governmental laws. There are a variety of ways to

achieve this, including perpetrating health care fraud and writing prescriptions that are incomprehensible, as well as charging patients far more for medicine than what they would pay at a regular pharmacy or causing patients to be hospitalised when they don't have to.

Despite the fact that county hospitals have seen an increase in their economic value in recent years, the hospital's structure still needs improvement. Inspection, examination, and operation fees are the primary source of the additional revenue. Doctors' diagnoses have not resulted in a rise in the number of people diagnosed. In addition, hospitals have been managed at random since there is no standard for managing hospital costs (Wu, 2009). In addition, hospitals at the county level are burdened with large debts from prior poor administration. Asset and fund utilisation rates are low, and the capital turnover ratio is much lower. According to a study published on January 12th, 2012 in the Guangzhou Daily, 188 of the province's 192 county-level hospitals were saddled with an average debt of 48.26 million yuan. Only four hospitals have no outstanding debt. An essay titled "How Should County-Level Hospitals Break Through?" According to Guangdong's Deputy Director-General of Health, Liao Xinbo, the county-level public hospitals in Guangdong Province had an average operating capital ratio of 1.67 percent in 2010. Many county-level public hospitals had a ratio that was even lower than the actual safe boundary number and were caught in a vicious loop with issues including financial flow shortages.

## 2. Literature Review

A combination of the author's clinical work experience and theoretical knowledge forms the basis of this thesis statement. As the most recent health care reform takes root, the author first presents the study issue of how hospitals can devise plans and implement strategic management. So after doing extensive study and analysis on Ronggui Hospital's competitive strategy and present management condition, the author aims to discover a universal competitive strategy that is also compatible with Ronggui Hospital's unique characteristics. In this approach, the author wants to provide future county hospitals with some useful lessons.

As a result of this study, the author uses strategic management theory and methods (such as PEST analysis and three competitive strategies) to Ronggui Hospital's internal and industrial environments to perform analyses and research. In addition, the author designed the "Questionnaire on the Current Situation of Ronggui Hospital" and the "Questionnaire on Market Demand for Ronggui Hospital in Shunde District, Foshan City" to carry out random investigations among local residents and in-depth interviews among hospital employees to understand people's demand for medical services and employees' views on the competitiveness of Ronggui Hospital in the current medical market.

They should know their hospitals' strengths and weaknesses, be able to adapt to external developments quickly, seize new possibilities for growth, and deal with current problems head-on.

So they must pick and develop suitable hospital competitiveness strategies, define strategic objectives and draw out workable operational steps as well as assessment techniques carefully on the basis of that information. A step further, they should improve the organisation and operation procedures and build up the core competitiveness of hospitals themselves against the backdrops of inadequate government financing and poor management. All of these efforts are aimed at helping hospitals grow steadily and healthfully.

Ronggui Hospital is utilised as a case study in this research article. We examine contemporary media and academic publications on county hospital healthcare reform. Studies are conducted from the viewpoints of the new medical reform's origins, key steps and consequences, as well as the opportunities and problems they have brought out. Furthermore, the author applies important management theories to Ronggui Hospital's internal and external environments, as well as its competition tactics. Strategic thinking on unique competitive strategies and detailed implementation methods are offered to enable the Hospital to stand out from severe competition and serve as a good model for county-level hospitals to thrive in the new healthcare reform.

Title, abstract, keywords, five chapters of the main body of the dissertation, bibliography, appendices and acknowledgements make up this dissertation.

Chapter 1: Getting Started. As a result of assessments of the existing status and development concerns of county-level hospitals, theoretical framework, importance of the study, and research methodologies are proposed in this chapter in an effort to offer theoretical support for the creation of hospital strategies.

Chapter 2: Health Care Reform in China: A Historical Review and a Bibliography. This chapter reviews press and academic publications on the reform of county-level hospitals, as well as assessments of the present state of China's healthcare and medical systems, and a conclusion of the accomplishments, difficulties and reasons for the failure of the previous healthcare reform. The new healthcare reform is introduced, including its history, goals, and key provisions. Currently, county-level public hospitals are in a clearer position, with a focus on the new healthcare reform's problems and the decreased investment and inadequate financing provided by the federal government. In addition, fresh development prospects are also identified. All of this is done in order to inspire other county-level hospitals to come up with innovative development plans.

Chapter 3: Research Methods this chapter explains the data collection methods used in the dissertation and how data is accessible and analysed, as well as how the document is formatted.

In addition, research methods and organisation are discussed in detail in this chapter.

Chapter 4: Choosing and Implementing Hospital Strategies. This chapter provides an overview of Ronggui Hospital's physical and social landscape. The author applies important management theories to examine the Hospital's internal and external environments, as well as its competitive tactics. For the hospital, several market strategies and execution techniques are being offered.

Chapter 5: Recap and Implications. The results of this study's findings are discussed, as well as their implications. The study's limitations are highlighted, as well as suggestions for further research.

### 3. Research Gap

The government's funding in the health sector rose year after year as the market-based health services evolved. However, the investment as a percentage of overall health expenditures was decreasing. Before the year 2000, numerous township hospitals and local state-owned hospitals were sold or publicly auctioned because of inadequate investment and ineffective policies. The Guidelines for Medical and Healthcare System Reform in Cities and Townships were published by the State Council in February 2000. The establishment of pharmacy from hospital separation was one of the concepts outlined in this paper. It also prompted collaboration and merger among different medical institutions in order to create a medical services conglomerate. Profitable medical facilities have to loosen pricing control, exercise independent management, and pay taxes in compliance with appropriate legislation and regulations. Overall, the Guidelines provided a solid framework for medical reform that is fully market-oriented. Nineteen township hospitals and three municipal hospitals in Liaoning Province were auctioned in 1999; all the township hospitals in Zhejiang Province were also sold; and health facilities in Shandong provinces Linyi and Tongjiang and Shehong in Sichuan province were also auctioned off. The public auction of the Suqian health facility in March 2000 signalled the beginning of the reform of hospital ownership. More than a hundred items were put up for sale in total. Thus, federal funds were withheld. The author, Li (2010), says: Trusteeship was originally suggested by the Wuxi municipal government in the Notice of Opinions on the Responsibilities of Municipal Hospitals Implementing Mandatory Asset Management of Medical Services (Trial) in 2001. The Proposals on Reform of Investment and Financing of Shanghai Municipal Health Institutions, which were promulgated in early 2002, were a further investigation of ownership reform. Pilot reform of "separation of pharmacy from hospital" was also implemented in local regions by relevant departments, but no substantial progress was made. In the beginning of May 2005, officials of the Ministry of Health severely criticised the weakening commonweal nature of public medical institutions and their overemphasis on the pursuit of economic benefits and emphasised the importance of adhering to the model where the government takes the lead and the importance of through the development of mechanisms geared toward the marketplace. Medical system change cannot be primarily accomplished through ownership reform. It does not support "the degradation of the state-owned and the development of the private-

owned." Chinese healthcare reform was deemed a failure by the Development Research Center's Healthcare Reform Research Team in 2005. (the Research Team of the Development Research Center of the State Council, 2005). Then-Health Minister Gao Qiang gave a special report on the present state of affairs shortly after that. Gao brought up the previous healthcare reform, saying it was riddled with flaws and could hardly be considered a success. Since then, healthcare reform has been the subject of several contentious arguments.

#### **4. Research Objective & Methodology**

Data were analysed with the use of content analysis. An initial step was to transcribing and recording interviews in Chinese as preliminary data before translating the results into English. After then, the transcriptions were carefully examined, and theme analysis was performed by hand to give the collected material new life and structure (Ali & Agyapong, 2015). The essential words and sentences' meanings were used to identify different themes, and comparable phrases and words that often appeared in the transcripts were grouped together under the same themes and eventually produced a summary. Chinese public class-A hospitals' technological aspects were raised when asked about it by reporters.

According to the respondents, Chinese Public Class-A hospitals offer superior medical service capabilities, including more sophisticated equipment, great curative effects, and highly trained healthcare professionals, as compared to those at lesser levels of care.

"Hospitals with a technical quality rating of Class-A are far superior to those without... Other departments' medical technology levels are likewise at the top of China's heap, since we have our core disciplines to focus on. It's difficult for healthcare professionals to get into a Class-A hospital because of our stricter recruitment criteria."

"So much money was put in by our government... Class-A public hospitals were concerned about hospital building and technical skill enhancement. It's great that we have so many great, seasoned doctors to mentor the next generation of medical professionals." In response to (Respondent No. 5),

"When it comes to diagnosing and treating common ailments, the gap between Class-A hospitals and other hospitals isn't all that great. Class-A hospitals, on the other hand, excel in the treatment of complex illnesses and significant procedures."

#### **5. Data Analysis & Findings**

Chinese public Class-A hospitals, according to most participants, have a bad service attitude and a dearth of emotional support. They often compare private hospitals to those in the Chinese public system. Class-A public hospitals were found to have a service attitude that lagged well below private hospitals and even certain community hospitals with fewer resources.

"The service attitude of public Class-A hospitals is often inadequate when compared to some private hospitals... this is the distinction between public and private hospitals. Public county hospitals and municipal hospitals both have the same customer service approach. It's not looking good at this point."

"Because strong customer service is one of their competitive advantages, private hospitals tend to have superior service attitudes." I'm the 16th respondent.

"Private hospitals place a higher value on compassion. Private hospital doctors and nurses genuinely care about their patients. It provides patients with a sense of security... Patients who can afford it are more likely to go to a reputable private hospital where they will receive quality care and excellent service."

"Group consultations and surgeries have taken place in private hospitals where I have visited. The main distinctions between public and private hospitals are in the service areas, not in the technological aspects... I'm referring about the major, well-established private hospitals."

In addition, respondents asserted that even within the same Public Class-A hospitals, service attitudes varied among medical departments. Respondent asserts this.

Respondents 10 (Plastic Surgery) and 5 (Ophthalmology Department) reported that their departments were more concerned with how patients felt and generally performed a better job in humane concern than other departments due to the relatively early "socialisation." Plastic surgery and ophthalmology's laser centre aren't considered to be part of the basic medical category. They are public hospitals' property, but they operate autonomously, distributing in the manner of socialisation and hiring workers on their own. As a result, in order to compete with for-profit hospitals, these divisions provide greater service to existing clients.

Public Class-A hospitals were rated as having congested and chaotic environments by majority survey participants. They believed that the therapeutic setting and infrastructural development might be enhanced. Respondents generally cited the following issues in relation to the environment:

"Every day, our hospital is overflowing with patients. There are usually a slew of individuals waiting outside of consulting rooms and in the waiting areas. If nurses do not stop them, some patients will peer inside or walk inside. There is no such thing as privacy here.

The infrastructure is the problematic aspect of the situation. To begin with, parking is a major issue for Class-A hospitals. The bathrooms, particularly on the first level of the outpatient facility, are ancient and filthy. Many little advertisements may be seen on the door of the toilets. A bad first impression of the facility will stick with patients.

For example, there aren't enough road signs, and the signage that is there isn't clear enough. Patients who came from rural areas may lack the curiosity to look for warning



signals. Many patients have inquired about the location of the Internal Medicine Inpatient Building or the other buildings, even though the guide-board is not far away.

"The treatment environment has to be updated... the old decorating has not altered much in the last decade which is worse than private hospitals."

## 6. Conclusion

There are several limits to this investigation. To begin, the interviews only included healthcare professionals from Chinese Class-A hospitals who had previously worked in Public Class-A hospitals for at least three years, indicating that they had better knowledge of Public Class-A hospitals.

Class-A hospital is far superior. All the healthcare professionals interviewed were elderly, with extensive service histories and high positions. As a result, we risk losing the opinions and viewpoints of junior healthcare workers, who are just getting started. Furthermore, this study only included front-line doctors and nurses who provided their own subjective opinions. Patients and hospital administrators, for example, were left out of this study. Patients and other stakeholders' opinions on Public Class-A hospitals' HSQI can be compared to healthcare professionals' perspectives to see how they compare. Finally, majority of the healthcare professionals questioned worked in a public Class-A hospital in a large city like Guangzhou, Beijing, Shenzhen, or Xiamen. All of China's Public Class-A hospitals are recognised in accordance with rigid national criteria and rules, therefore the study was applicable to the majority of Public Class-A hospitals. However, while each Public Class-A hospital has its own medical skills and operational circumstances, regional factors like as population, regional economic level, and so on might have an impact. Finer study of public Class-A hospital HSQ in different locations will be an important subject for future studies in the future. Class-A hospitals might be distinguished from their peers with more precision if data from other hospitals were compared in a systematic manner. Despite these drawbacks, our research provided valuable preliminary information on healthcare quality in Chinese public Class-A hospitals from the viewpoints of healthcare professionals.

Every hospital should place a high value on patient safety and quality of care (HSQ). Chinese Class-A public hospitals must also continuously increasing HSQ in order to preserve their top position in the Chinese medical industry. Research on HSQ from the viewpoints of healthcare workers is a great method to understand more about hospital concerns in depth and may assist identify effective solutions to specific difficulties. There is strong evidence among healthcare providers that "person-centered" treatment, which involves protecting both physicians' and patients' psychological rights and needs, was a priority for HSQI in Class-A public hospitals are those that are free to the public. Furthermore, communication between healthcare providers and patients, as well as the treatment process and environmental issues, should be highlighted and improved. Final point: the HSQI procedure will take time to complete. It necessitates collaboration

between healthcare experts, patients, hospital administrators, the government, and the rest of society.

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