

## CHAPTER 1



### INTRODUCTION

Most of the people regard good health as a 'right'. They believe that a sick person should have access to medical services regardless of income. The basic idea is that health services are essential needs and people have a right to access them.

Health care is a basic human need, but in most developing countries deficiencies in standard of health and health services are so extensive that the prospect of achieving even minimal adequacy is a distant goal. Nevertheless, the pursuit of improved standards of health has become a primary concern. Consequently, the member states of the WHO declared that the main social target of governments and WHO should be ' the attainment by all the citizens of the world by the year 2000 of a level of health that will permit them to lead a socially and economically productive life.'

During the past three decades, most of the developing countries spent a large amount of money annually to provide sufficient health services in order to improve overall health conditions to their entire population. In almost all countries, health care cost have been rising faster than the general cost of living. The reasons for this are complex but include rising rates of health care utilization stemming from increased education, better transportation and increased expectations; costly advances in medical technology and a lack of incentives for cost containment.

Thailand, one of developing countries with a GDP per capita of 3,048 bahts in 1994. The total expenditure on health was 180,122 million bahts or as 5% of GDP with about 24% public sector expenditure and 76% from private households.<sup>(1)</sup> Thailand, like other developing countries, have fully endorsed the goals of Health for All by the Year

2000 and is making considerable efforts to find the resources and create the conditions required to meet them. However, there is still a long way to go to meet the health needs and demands of the population. Moreover, the economic situation often unfavorable together with financial constraints has made progress slow and uneven. Reforming the present health care financing system and developing suitable approaches to the supply of health care are considered to be both important and urgent.

To let the government takes all of responsibility in health care expenditure is very difficult because it needs a large amount of budget. To increase budget in public health activities means we have lost the opportunity in developing other activities which are also urgent need. On the other hand, if the government let people take responsibility in health expenditure by themselves, most of them will not be able to support. In the past, people in communities usually acted as a 'receiver' whereas the government organizations acted as a 'giver'. This health strategy was not suitable to further promote the health status of the population under resources constraint in the following decade. Therefore, the Ministry of Public Health has gradually changed its health strategy. In order to achieve the government's long range social goal of Health for All by the Year 2000, the health care program encouraging the participation of communities in health development has been recently introduced.

As we know, one of the noteworthy characteristics of health care is the uncertainty, people can schedule neither when they need health care nor how much they have to pay for it. Sudden illness causes large financial losses for people and it leads to other serious problems. Such special characteristics of health care may suggest a potential role for health insurance in order to protect the individual and family against such uncertainty.

Health insurance is regarded as a better option than other health financial schemes. Through increasing resource availability and promoting access to care for the population, equity and efficiency goals can be effectively promoted by health insurance.

In Thailand, the Ministry of Public Health has introduced a number of programs currently providing health insurance schemes for particular subgroups of the population. Each program varies each objectives, target populations, source of finance, paying mechanism and health service delivery.

Social Security Scheme, a program of health insurance scheme which its objective is protecting workers from non-working related illness. It has been implemented as an act since 1990. The workers covered by Social Security Scheme membership was 7% of the total population in 1994. It is financed by imposing mandatory insurance payments on tripartite contribution as 1.5% of payrolls of employers, employees and the government. The health care providers of the scheme are contracted public and private outlets which funded for service by capitation fee of 800 baht per insured workers per year. These are the medical resources, both manpower and facilities, the ability to contribute on the part of all three sources (employers, employees and the government) and the administrative capacity to implement and operate the scheme with increasing efficiency.

In providing health care benefits under Social Security Scheme, insured workers receive health service free of charge from the health care provider and the provider receive fund for service by capitation, which it can remove the financial incentives that encourage providers to increase the volume and cost of services.

### Statement of the problem

With the implementation of the scheme, the success of it crucially depends on the participation of 4 parties: employers, employees, health care providers and the government. As mentioned above, most of funds supporting medical services from health facilities or health care providers is the capitation fee set up by the Social Security Office. If the supporting funds are not enough to cover the medical cost incurred from supplying health service to the insured at any health facilities, that institution has to finance from its own budget. This may affect financial status of that institution. Then, funds for supporting medical services cost and the real information about expenditure incurred from the insured at particular health facilities under the scheme should not be ignored.

Even though the program of Social Security Scheme can remove the economic barrier to health and medical services but it may affect insured behavior in medical service utilization because of unnecessary services and drugs given and patients visit doctors frequently (moral hazard). There has been much debate about the capitation rate. A particularly controversial issue is whether the capitation provided amount is inappropriate for health service utilization; it can provides afford to provide medical care for the registered insured workers.

The Social Security Scheme has been established in Thailand since 1990. There are many changes which have occurred in both insured workers and medical providers. Insured workers expect to get high benefits of medical services from this scheme. But medical providers can not provide medical services as much as insured workers expect, because of limited resources. Several studies was found that problems and dissatisfaction of both insured workers and medical providers have occurred. The insured workers were dissatisfied with the inconvenience of having to travel long

distances, wasting time queuing in congested public hospitals. On the other hand, most medical providers in public hospitals were dissatisfied with the increased burden to provide medical care service to insured workers.

In the initial phase of implementation, each employer chose registered hospital on behalf of its employees. This is one of the causes of lower utilization than it should be (standard rates are around 3 contacts per person per year and 0.5 admission days per person per year) due to physical inaccessibility. Nittayarumphong and Bennett (1992) showed the actual rate in the second half of 1992 was very low, 0.28-0.38 visit per person per year and 0.1 admission day per person per year.<sup>(2)</sup>

There is evidence concerning low utilization rate due to lower satisfaction with care. If the insured workers are not satisfied with the medical service from health care providers, the rate of medical service utilization among the insured workers will be low. As this situation, the Social Security Scheme, a health insurance program in Thailand will be run without meet the objectives and effectiveness. And the long term total health care expenditure will be still ongoing increase each year. Then, assessment of patient satisfaction will make us know the strong and weak points of health care providers. The strong points will be encouraged the officers and weak point will be improved or corrected.

Chulalongkorn hospital, a big tertiary care hospital with about 1,443 patient-beds, is a charity hospital with the financial support from the government, the Thai Red Cross and a part from cost recovery. It provides medical services to all people with non-profit purpose. It is now acting an important role in giving health services to many patients covers a large area of Bangkok and others who are from other areas. According to the report from the hospital, the total number of patient is increasing year by year, especially the number of out-patient increased rapidly. There were more than 1,181,895

outpatient visits and 48,199 inpatient admissions per year.<sup>(3)</sup> It provides the modern and effective medical services to the population. Chulalongkorn hospital has been one of a main contractor hospital as health care providers according to the Social Security Scheme since 1991 with a large number of insured workers registered each year. There were more than 150 insured workers came to receive medical services every day and there is an increasing trend to serve this medical service in the future. Unfortunately, the studies related to utilization rate and its cost of the insured in Chulalongkorn hospital are not readily available up till now, and the information about the insured patient satisfaction with medical service has not been done before. Therefore, the study should be performed. As a result, the findings of this study will be very useful for health service planners and health care providers in the way that they can develop the quality of health services appropriate to those insured workers. It can serve as a guide for determining the budgets, the number and type of health personnel required in the future. Furthermore, the cost information about medical service consumed by the insured workers will be very useful to estimate resource requirements for the delivery of the services. It is an essential management tool, allowing the hospital to better predict costs. The hospital administrators can use it to adjust the reasonable rate of capitation payment set by the SSO and understand that which cost composition the biggest part and in what extent the importance is.

From the above reasons, the intention of this research is to perform the study to assess situation of medical service utilization under the Social Security health program in terms of medical service utilization rate, medical care cost, and patient satisfaction at Chulalongkorn hospital

## **Research questions**

### **Primary research question**

What is the rate of medical service utilization among the insured workers at Chulalongkorn hospital during 6 months (May - October) in 1997 ?

### **Secondary research questions**

1. What is the most common symptoms or diseases among both the insured outpatients and insured inpatients ?
2. How much of the hospital expenditure on medical care (or medical service cost) is consumed by the insured workers ?
3. Are the insured workers satisfied with the medical service provision of Chulalongkorn hospital ?

## **Objectives of the study**

### **General objective**

To assess the current situation of medical service utilization by the insured workers after the implementation the Social Security Act 1990 at Chulalongkorn hospital.

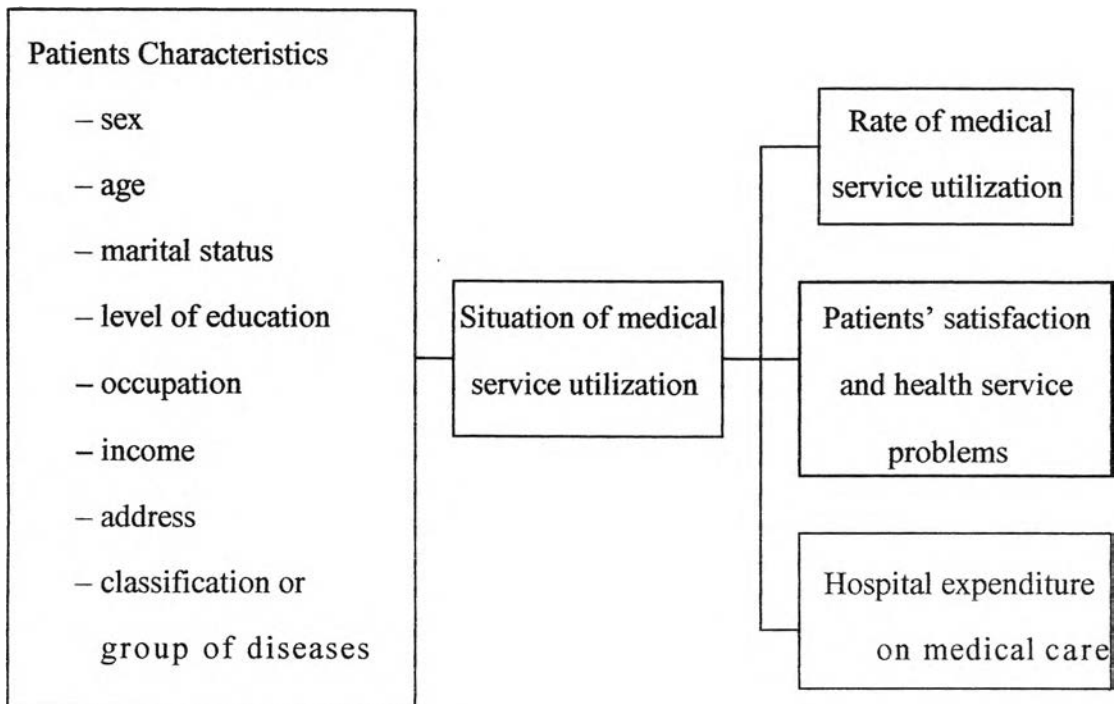
### **Specific objectives**

1. To identify the rate or average number of medical service utilization of the insured workers registered at Chulalongkorn hospital.
2. To determine the most common illness or group of diseases among the insured workers whom treated at Chulalongkorn hospital.
3. To assess the hospital expenditure on medical care consumed by the insured workers at Chulalongkorn hospital.

4. To determine the insured workers' satisfaction and health service problems on medical care at Chulalongkorn hospital.



## Conceptual framework



### Operational definition

Medical service utilization rate : is defined as the two following figures:-

$$\begin{aligned}
 &1) \text{ Proportion of number of patient visits to} \\
 &\quad \text{total number of registered workers} \\
 &= \frac{\text{number of patient visits}}{\text{total number of registered workers}}
 \end{aligned}$$

$$\begin{aligned}
 &2) \text{ Proportion of number of visiting patients} \\
 &\quad \text{to total number of registered workers} \\
 &= \frac{\text{number of visiting patients}}{\text{total number of registered workers}}
 \end{aligned}$$

Medical care cost or Health service cost : Cost of direct medical-material used in investigation and treatment made by the insured patients to health care provider from the hospital perspective which includes drugs, medical supplies, laboratory tests, and X-ray procedures and EKG.

Patient satisfaction : The hoped for outcome which defined as post consumption evaluation with courtesy of personnel , medical information, hospital facilities, hospital environment and service waiting time.

Capitation payment : Payment per person irrespective of the number of items of service provided or payment by the number persons on a list registered and regardless of the number of units of service rendered.

### **Scope of the study**

The study would be assessed the situation of medical service utilization by the insured workers at Chulalongkorn hospital. It is the cross-sectional study design. Data collection was done during May to October 1997 by both surveying and questionnaire interview. In this study, the medical care cost information is focus only on internal direct medical cost consumed. The cost of capital cost and opportunity cost will be excluded and will not be calculated.

The costs of drugs, medical supplies and equipment were taken from the pharmacy department, calculated by using the price charge multiplied by cost-charge ratio (in this case = 0.85). For the diagnostic laboratory tests and X-ray procedures, the unit cost were taken from the available study of “Unit cost of the laboratory tests and diagnostic imagine at outpatient department in Chulalongkorn Hospital” by Pintusorn Hempisut in 1992.<sup>(4)</sup> The cost was adjusted to the base fiscal year 1997.

To calculate the average hospital cost for each insured patient, the costs to the hospital of individual services actually received by each patient was identified from the patient records.

### **Expected benefits**

The expectation of this research are:-

1. The data from this study will be as basic information that useful for hospital administrator to consider and monitor the situation of quality of health care services.
2. Cost information from this study can provide feedback of hospital cost information to hospital administrator and government officer (Social Security Office) for considering to estimate resource requirements for delivery of the service.

3. The medical service provision should be improve and/or health personnel should be better trained in order to improve the quality of services.

4. To give some recommendations based on the data for further study and improve the services in the future.

5. To facilitate the hospital administrator and health care planners with information for health care planning and management.

### **Limitation**

There are some limitations in this study.

1. This study will be conducted only 6 months during researching period , therefore, the results and information can not be representative overall of those besides this period.

2. Since the study and results varies among times and places where the patients come from, then the results of this study can represent only the situation during researching period.

3. To study the patients' satisfaction and health service problems, the insured patients will be systematic randomly selected for questionnaire interview and will be done only during office hours in working days.

Because this is a short term , a case study of Chulalongkorn Hospital. The results can not be a representative on overall Social Security Scheme.