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Health Sector Financing Project  
Ministry of Health  
Republic of Indonesia

**REPORT OF CONSULTANCY  
TO THE PROJECT  
IMPLEMENTATION OFFICE — HOSPITALS**

**Report No. 51**

August 1992



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## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	1
1. BACKGROUND FOR THIS CONSULTANCY .....	3
2. SCOPE OF WORK FOR THIS CONSULTANCY .....	7
3. METHODS FOR THIS CONSULTANCY .....	9
4. CHRONOLOGY FOR THE HOSPITAL IMPROVEMENT SUB-PROJECT .....	11
5. CURRENT STATUS/DEGREE OF COMPLETION FOR INDIVIDUAL PROJECT TASKS .....	17
6. OBSERVATIONS/COMMENTARY/DISCUSSION .....	19
7. RECOMMENDATIONS/NEXT STEPS .....	23
A. Completion of Project Objectives .....	23
B. Assistance with Implementation of Lembaga Swadana/Unit Swadana .....	24
1. Designation of structural unit to manage the Lembaga Swadana process ..	24
2. Development of a five-year plan for the implementation of Lembaga Swadana/Unit Swadana in government hospitals .....	25
3. Development and management of a long-term plan for manpower development in hospital management .....	25
C. Assistance with Quality of Care/Accreditation Activities .....	26
1. Hospital accreditation/licensing .....	26
2. Medical records/medical records personnel development and improvement .....	27

## **EXECUTIVE SUMMARY**

The hospital improvement sub-project of the Health Sector Financing Project (HSFP) has recently begun to achieve significant results, after unfortunate periods of delay in getting started and administrative confusion and turmoil. The sub-project is just at the point where it is potentially capable of making significant contributions to the health development of Indonesia, and it should be extended for a period of time sufficient for it to deliver on the potential which has been gradually coming. This extension would allow not only for the project to reach its completion and be adequately evaluated, but also for its results and achievements to be integrated and institutionalized within the structure of the Ministry of Health (MOH).

The hospital improvement project can greatly help in certain specific developments which should take place in the next phases of organizational development within the MOH. They are 1) the formalization of plans for implementation of "Lembaga Swadana/Unit Swadana" throughout the country, together with the development of a manpower development plan for training and career development in hospital management in Indonesia; 2) the creation of a hospital licensing and accreditation agency within the MOH that draws on the experience gained in the hospital improvement sub-project; 3) the creation and implementation of a manpower development plan for medical records personnel throughout the country, so that the medical records standards in the country can be gradually and systematically improved. Without these medical records professionals an improved medical records system is impossible, and without an improved medical records system any systematic attempt to improve quality of patient care in hospitals will be seriously held back. The staff and activities of the hospital improvement sub-project can greatly help with these important and necessary next steps in the progressive advance of health care in Indonesia.

## CHAPTER 1 BACKGROUND FOR THIS CONSULTANCY

The planning for the Health Sector Financing main project began in 1986 and the actual project itself officially began in 1988. It was developed in response to a great increase in interest in the organization and financing of health care within the MOH. The most commonly recognized motivating force was the drop in world oil prices, with a subsequent drop in foreign revenues to Indonesia and in funds available to the Government of Indonesia for all aspects of government activities. This economic setback made many within the MOH and BAPPENAS feel that the MOH might never have adequate funds to meet the health needs of the country, given the limited sources of financial support available at the time and the organizational structure then in effect. New sources of funds (particularly the private sector) would have to be sought and the usual way of organizing and managing health care in Indonesia would have to be reviewed and made more efficient.

In addition to this usual background rationale for the HSFP, there was a much deeper and more fundamental reason to be found in the increasing modernization and sophistication of organizational life in Indonesia in general, and the desire of many people in the MOH to move the health services of the country in the direction of modernization that many nearby countries were already taking. There was a short-term financial threat and it *did* add some urgency to the need to find new sources of funds, but probably a deeper and more long-term reason behind Indonesia's interest in the project was that Indonesia was modernizing and health care was moving along with the trend.

The main purpose of the project was to develop new sources of revenue for health care by 1) creating new health insurance and health care financing projects; 2) assisting hospitals to operate more efficiently, thereby decreasing the need for government financial subsidy; and 3) improving the efficiency and appropriateness of drug/pharmaceutical purchasing and utilization, thereby decreasing the amount of government funds spent on drugs and allowing those funds to be used elsewhere. Once these projects were in place to help the Government generate new sources of financial support, the project's second purpose was to create a central government economics planning and policy analysis unit within the MOH to help the Ministry make more focused and rational allocation decisions with regards to the new funds being generated.

The HSFP was originally seen as one project with four closely interrelated parts: social financing/health insurance, hospitals, drugs/pharmaceutical, and health economics planning and policy. In practice, the HSFP has functioned as four somewhat separate sub-projects under one organizational umbrella. This has allowed for a number of significant individual sub-project achievements and contributions, but it has hindered the larger, overall project from having one single, easily visible major impact. This is unfortunate, because the four components taken together have had a major effect on the MOH as a whole; they have introduced, encouraged, and generally advanced the principles and applications of modern health economic analysis and modern management techniques in an MOH that was just starting to move in that direction. The results of each individual sub-project can be evaluated separately according to technical achievements and outcomes, but the more important effect of the HSFP as a whole can best be seen as introducing changes in the processes and the ways of thinking about health policy, allocation of resources, and management of organizations in the MOH. At least part of the credit for this major modernization of the MOH's thinking, processes, and organizational form can be taken by the HSFP.

The hospital management improvement and reform sub-project of the HSFP had two main objectives: 1) development of improved management systems and organizational structures for government hospitals in Indonesia, and 2) changes in certain laws and regulations that prevented or seriously hindered the development of modern management practices in individual hospitals. The actual plan for the hospital

portion of the HSFP focuses mainly on the development of improved management practices and organizational structure. Its phases or stages were as follows:

- 1) Conduct a diagnostic study of hospitals operations in three provinces;
- 2) Design appropriate new management systems ("interventions") that would remedy management problems discovered during the diagnostic study;
- 3) Once the new management systems were designed, pre-test them in several controlled settings, make appropriate adjustments, and implement the packages of new systems in several pilot demonstration hospitals. These implementations of the packages of management systems should include preparing the staff to use them and assisting in their actual use during the pilot demonstration period; and
- 4) Evaluate the results of the new management systems in the pilot demonstration sites.

The project's efforts at changing laws and regulations were less clearly structured and actually consisted of a general educational and marketing effort with regards to the need and appropriateness of allowing managerial reform to take place. For all intents and purposes, the legal/regulatory aspect of this project was more informal and advisory in nature and not nearly as closely driven by specific sub-objectives.

It should be pointed out that the hospital improvement sub-project's development and progress has been paralleled by the development of a concept within the MOH called "Lembaga Swadana" for its hospitals. Although the two activities (i.e., the hospital improvement project and Lembaga Swadana) started separately, over time it became clear that the two have a direct relationship and that efforts should be made to integrate them. This has taken place and the hospital improvement sub-project has actually become an integral part of the MOH's efforts to implement Lembaga Swadana and turn its hospitals into Units Swadana. The chronology of the development of Lembaga Swadana/Unit Swadana is included in the chronology of this project given in Chapter 4, but it is appropriate to take a minute to discuss the concept of Lembaga Swadana and how it is being implemented within the MOH.

In late 1989 and early 1990, the Ministry of Finance launched the idea of Lembaga Swadana in general for government institutions throughout Indonesia, not just for hospitals. The concept was aimed at making individual operating organizations and units throughout the country more financially self-sufficient and less dependent upon central government financial subsidy. One way to do this, it was felt, was to allow individual operating units (such as hospitals) more flexibility in how they used their financial resources and indeed, to allow them to generate new financial resources locally and keep these resources for the use of the institutions that generated them. (At the time, government regulations required that individual operating units (such as hospitals) return *all* funds generated, let alone any *new* funds that might be generated by increased efficiency or new entrepreneurial efforts.) As a result, there was little incentive to put extra effort into operating more efficiently or generating new revenues, since any extra funds would immediately be drawn out of the operating unit and put back into the central Treasury. Consequently, very little effort was put forth to create new local markets, new products, and therefore, new revenues.

Under the Lembaga Swadana concept, the legal and regulatory controls on the use of funds would be eased so that individual operating institutions would be free to manage their resources more aggressively and to use them more creatively. This would give managers more incentive towards improved operating efficiency and the development of new products and revenues, since these funds could be retained by the institution and used for other purposes within the institution. In a sense, the idea was to give the

managers of individual government operating units (such as hospitals) the incentives to manage their institutions like private sector managers would manage theirs. (It should be pointed out that this was *not* intended as a privatization scheme, in which the Government would actually stop operating individual units and would turn them over to the private sector, as has been sometimes mistakenly alleged. It is merely an attempt to introduce some private sector management incentives to public sector operating units.)

Obviously, the hospital improvement sub-project for the HSFP fits very well into the Lembaga Swadana concept for hospitals, even though Lembaga Swadana was not widely known or discussed in 1986 and 1987 when the HSFP was being conceived. The hospital improvement sub-project has as its objective the development of improved management systems and organizational structures in hospitals, and these *could* easily become the basic tools for any hospital manager who was interested in turning the hospital into a more financially self-sufficient Unit Swadana. These new management systems would be valuable in any event, even if the manager didn't necessarily want the hospital to become a Unit Swadana, but would become even more valuable if he/she *did* want to do so. As time has gone by, the hospital improvement project has been seen to be an increasingly important tool or source of assistance to hospital managers wanting to turn their hospitals into Units Swadana. This has meant a *real* integration of the project into the *real* management life of hospitals in the MOH.

**CHAPTER 2**  
**SCOPE OF WORK FOR THIS CONSULTANCY**

The scope of work for this consultancy was originally as follows:

- 1) Assist long-term consultants and the contractor in reviewing and assessing the developed training modules for consequent implementation;
- 2) Assist in outlining the steps of the training implementation process;
- 3) Assist the identified contractor in developing and refining training methodologies and teaching aides;
- 4) Assist in identifying trainers and outlining steps for the training of trainers;
- 5) Assist contractors in developing pre-training and post-training testing material and methodology;
- 6) Prepare recommendations for the expendability, replicability and sustainability of the training implementation;
- 7) Meet, interact, and brief relevant MOH, USAID, PUDDIKLAT and other essential personnel;
- 8) Prepare a preliminary report before leaving the country; and
- 9) Submit a full-length report within four weeks of returning to the host country.

This original scope of work was developed in March/April 1992 for the consultancy that was to begin in July 1992. By the time the consultant arrived in Jakarta in July 1992 and started to review the situation with the Project Implementation Office — Hospitals, the contractors had already made considerable progress, both formally and informally, on objectives 1 through 5 above and the real challenge remaining dealt with objective 6. The importance of this objective was further heightened by informal reports that USAID had decided to discontinue financial support to the HSFP in April 1993 at the conclusion of the first five-year contract with the primary U.S. contractor, International Science and Technology Institute, rather than continue financial support for another two years as had originally been planned. Although this decision has not been formally and officially agreed upon and announced by the MOH and/or USAID, the possibility of termination of external financial support for the hospitals sub-project has increased the importance of preparing for long-term sustainability of the hospital improvement project and its integration into standard MOH operations and procedures. It was decided that the consultant should continue to work with the contractors for objectives 1 through 5 to whatever degree seemed appropriate, but that his main efforts should focus on the long-term sustainability and institutionalization of the products of the hospitals sub-projects work. This consultancy report, therefore, will focus mainly on objective 6 in the scope of work.

### **CHAPTER 3 METHODS FOR THIS CONSULTANCY**

This consultancy was carried out under the direct supervision of the two long-term advisors in the Project Implementation Office — Hospitals, Professor Doctor Rukmono and Dr. Philip Stokoe. The consultancy included interviews with a large number of professionals in the MOH, both in the central office in Jakarta and in individual hospitals throughout the country. These interviews focused on the current management and organization of government hospitals in Indonesia, the perceived need for change in hospital management, and the most appropriate way in which management training can be carried out. The consultancy also included extensive reviews of documents and consultant reports, training manuals and systems descriptions, general background reports and documents, and other related materials.

## CHAPTER 4 CHRONOLOGY FOR THE HOSPITAL IMPROVEMENT SUB-PROJECT

A chronology of the hospital improvement sub-project of the HSFP is presented here, as a means of more clearly understanding the project, how it has been carried out, and how much still remains to be done. Also, since the implementation of the hospitals sub-project has so closely paralleled and been integrated with the development of the Lembaga Swadana/Unit Swadana concept, the steps in the development of this concept will be added into the chronology, to understand better how the two relate to each other. The hospital improvement sub-project and the Unit Swadana concept for hospitals were two separate entities at the start, but their long-term development and sustainability are closely related and inter-dependent. Therefore, it is appropriate to present both in the chronology as if they had been directly related from the beginning.

- 1985 - 1988: Development of the concepts for the HSFP and preparation of the project document and agreements.
- Feb. 8, 1988: Authorization of the HSFP by USAID Administrator.
- Apr. 12, 1988: Project grant agreement signed by the MOH and USAID.
- Apr. 14, 1988: Contract for conduct of the project signed by USAID and The International Science and Technology Institute.
- Apr. - May 1988: HSFP staff begins to assemble. For the hospital sub-project, Professor Doctor Rukmono, the former director of the largest government teaching hospital in Indonesia, joins the staff.
- Jul. 1988: Conference at Gajah Mada University in Yogyakarta to plan the contents and the details of the hospital diagnostic studies to be carried out as the first phase of the hospital sub-project. Professor Rukmono presents a paper on what the contents of that diagnostic study should include.
- Jul. - Dec. 1988: Many short-term foreign consultants — Zuki, Rasmussen, Stevens, and Taylor (husband and wife) — visit Indonesia to help in the design and conduct of the hospital diagnostic study, as well as to help identify and prepare the private contractors who would carry out the diagnostic study.
- Mar./Apr. 1989: Hospital diagnostic studies carried out at four hospitals in each of three areas: West Sumatra (carried out by Pt. Binaman), East Java, and Bali (carried out by Productivity Quality Management). In each area, the hospitals included one private hospital and three government hospitals.
- Aug. 1989: Results of the hospital diagnostic study presented at a national hospital conference at Bukitingi, West Sumatra, attended by leading officials of the MOH. Nine areas of importance were identified as needing intervention and improvement.
- 1) organizational structure;
  - 2) management information systems;
  - 3) medical records;
  - 4) accounting systems;

- 5) budgeting systems;
- 6) pricing systems;
- 7) quality of patient care/establishment of patient care standards;
- 8) pharmacy services; and
- 9) law/legislation.

- Aug. - Nov. 1989:** Based on the results presented at the Bukitingi conference and modified in subsequent discussions, a series of nine interventions, one for each area identified, were developed by the project staff in cooperation with local consultants and other people in the MOH.
- Nov. 1989:** First commentary on Lembaga Swadana from the Ministry of Finance about government institutions operations in general.
- Dec. 1989:** Long-term foreign consultant, Dr. Philip Stokoe, joins the hospital sub-project.
- Feb. - Mar. 1990:** Contracts are let to five contractors to provide the detailed design for the nine pilot interventions that have been developed in general detail by the project staff; these nine interventions are to be pilot tested in three provinces. MOH staff and the contractors visit the nine test hospitals to learn more specific details about the test sites and then, working together, create the nine interventions (e.g., double entry accounting system).
- Apr. 1990:** HSFP director hears about further developments within the MOH regarding Lembaga Swadana and requests that the hospital sub-project provide background on the concept for the HSFP staff.
- Mar. - Nov. 1990:** The nine interventions are refined further and then pilot tested at nine sites in three provinces. The results are brought together and analyzed.
- Sep. 1990:** The annual MOH hospital directors meeting is held at Ciloto and there are four speeches on Lembaga Swadana by leading figures in the MOH who have been working on the implications of this idea for hospitals and by leading figures from other government agencies (MENPAN and LAN).
- Oct. 1990:** MOH working committee meet in Malang and discusses the conversion of hospitals into Units Swadana.
- Nov. 1990:** The second national hospital conference meets in Bandung and the results of the pilot tests of the nine interventions are reported. Again, MOH leadership attends and on the basis of the results reported, the contractors are asked to provide final modifications by February 1991.
- Dec. 1990:** The MOH is given the details of the first draft of a presidential degree on Lembaga Swadana and asked to comment on its implications for hospitals.
- Nov. 1990 - Jun. 1991:** Period of extreme administrative turmoil within the HSFP. The Project Director leaves the project and budget allocations are temporarily held up, awaiting clarification of project status. The hospitals sub-project continues to function in

this time period, but without funds for contractors and without certainty that details being worked on would eventually be funded.

- Jan. - Jun. 1991:** The MOH begins to deal with the details of Lembaga Swadana as it might affect hospitals. Fifteen government hospitals are tentatively selected to be the first Unit Swadana hospitals. The Ministry reacts to the second, third, and fourth drafts of the presidential decree dealing with Lembaga Swadana. It also begins to draft technical documents for the MOH as to how the idea of Unit Swadana might be carried out in hospitals. The hospitals sub-project of the HSPF is recognized as being important to the development of the Unit Swadana idea and it begins to be drawn more actively into the Unit Swadana discussions.
- Mar. - Jun. 1991:** The hospitals sub-project now begins to bring together the nine pilot interventions into three "packages" or "systems interventions": management information systems, financial management systems, and quality assurance/assessment/total quality management.
- May 1991:** Two manuals on Unit Swadana and how it might be implemented in MOH hospitals are drafted by Ministry staff. There is wide Ministry representation on the working group that puts the manuals together.
- Sep. 1991 (Approx.):** The Minister of Health makes application for 15 hospitals to become Unit Swadana hospitals. Since only four of these are "vertical" (MOH) hospitals, these four are singled out and resubmitted. From here on these four and one non-vertical hospital (R.S.U. Pasar Rebo) comprise the five test hospitals with which the HSF hospital sub-project will work. At this point, the hospital sub-project and Unit Swadana become officially intertwined.
- Aug. 1991:** The final draft of the presidential decree on Lembaga Swadana is issued by the Law Office of the Cabinet Secretariat.
- Sep. 1991 - Mar. 1992:** Nine contracts are tendered to five contractors and work is started on 1) procurement of hardware for the various test sites in the next wave of pilot tests for the three merged packages; 2) design of the software to be used in these computer systems; 3) plan for the actual installation and implementation of the three packages at the test sites; 4) design of training sessions at the test sites to accompany the implementation of the model packages or.
- Dec. 1991 - Jan. 1992:** Ministry of Finance issues guidelines for the retention of revenues (DRK) and the use of funds by Units Swadana.
- Mar. 1992:** Productivity Quality Management begins the training needs assessment at two of the pilot site hospitals to determine the readiness of the staff to implement the packages. The results of the training needs assessment are presented at a meeting of MOH officials who recommend certain revisions. The revisions are made and a report is approved by Echelon One personnel in April 1992 and approved.

**Apr. - Jul. 1992:** Contracts are completed and signed to carry out the final implementations and evaluation at the five test sites, as follows:

**Apr. 1992 -  
Mar. 1993:** Two hospitals (RSU Tegalyoso at Klatan and RSU Fatmawati in Jakarta) will have all three model packages installed. The contractors are helping purchase the hardware, implement the software, and train the hospitals' staffs in the use of the model systems.

**Aug. 1992 -  
Mar. 1993:** Three hospitals (RSU Persahabatan in Jakarta, RSU Hasan Sadikin in Bandung, and RSU Pasar Rebo in Jakarta) will each implement only one of the three model packages. RSU Pasar Rebo will test the quality assessment/assurance/total quality management package, RSU Persahabatan will test the management information system package, and RSU Hasan Sadikin will test the financial package.

In addition, contracts are completed with training organizations to complete the following training programs in August, September and October:

- 1) training of hospital directors from the 5 test site hospitals and from the 10 other MOH selected hospitals (Units Swadana). These training sessions will focus on the challenges of becoming Unit Swadana hospitals (i.e., financial self-sufficient hospitals) and the roles of the model packages in improving hospital management. This training will take place August 10 -15, 1992 outside Jakarta;
- 2) training of trainers (personnel nominated by the five test site hospitals) who will be responsible for providing ongoing training in the new model packages or "systems", either at test site hospitals or to hospital personnel at other hospitals. This training will take place August 19 - 25, 1992;
- 3) on-the-job training for staff at RSU Tegalyoso in Klatan and RSU Fatmawati in Jakarta, so that they can continue to learn about the new packages and systems that are being installed at their hospitals after the installations. This training will take place for 21 days during September 1992.

**Jun. 1992:** MENPAN letter to MOH approving the four hospitals suggested in December 1991.

**Jul. 23, 1992:** Permission granted by the MOH for the four hospitals to become Units Swadana and to take part in the hospital improvement project as full demonstration sites.

**Aug. 4, 1992:** Minister of Health opens the five-hospital demonstration effort at RSU Tegalyoso and announces that after the present "first wave" of 15 hospitals (5 test site hospitals and 10 others) become familiar with the new model management packages and systems, and after they begin to use these new systems as part of their efforts to become Unit Swadana hospitals, a second wave of 25 additional

hospitals will be added in 1993-1994. Eight of these hospitals will be MOH "vertical" hospitals (two of which will be specialty hospitals — orthopedic and eye/ear hospitals) and 17 will be non-vertical hospitals.

**Aug. 10, 1992:** Draft of technical guidelines for implementation of Lembaga Swadana in MOH hospitals presented to hospital directors for discussion at training session at Ciloto.

## **CHAPTER 5**

### **CURRENT STATUS/DEGREE OF COMPLETION FOR INDIVIDUAL PROJECT TASKS**

The first objective of the hospital improvement sub-project of the HSFP was to carry out diagnostic studies in a sample of Indonesian hospitals, public and private, to determine what management problems existed and what management interventions needed to be designed. On the basis of these diagnostic studies, a series of management interventions were to be identified and model interventions designed and tested on an individual basis in test hospitals. On the basis of the tests of the individual interventions, packages of management interventions (or systems) were to be developed and tested as modules that could then be implemented in a "turn key" (or ready to go) fashion at hospitals all around the country. As part of the implementation process (and the eventual transplantation to other hospitals around the country as "turn key" modules), studies were to be made to determine hospital personnel's readiness to learn and use the new modules, as well as the best way to prepare or train hospital personnel to use them. A series of training and preparation modules, standardized and provided in a turn key fashion, were to be developed for each of the management modules as well. At the end of this entire process, it was also hoped that a more formal evaluation of the standard modules, both the management systems and the training modules to prepare personnel to implement them, could be tested and evaluated in order to see whether the installation of the new management modules makes any actual difference in the operation, the efficiency and the progress to economic self-sufficiency of the hospital.

How many of these objectives have been achieved and to what degree? What are the prospects for further completion of the objectives between now (August 1992) and the completion of the first five years of the project and of the ISTI contract?

The hospital diagnostic studies were carried out successfully and completely and after considerable discussion and consultation, nine general interventions were developed and tested individually in nine hospitals. On the basis of that experience, the nine separate interventions were merged into three model "packages", "systems", or "modules". The specific details of these three modules are currently undergoing final development and are about two-thirds completed; the final completion of the detailed instructions, forms, recording sheets, and operating procedures should take place in the next six weeks to two months. The survey of readiness to learn and of the most appropriate method to conduct training has been completed and turned into general outlines for training. Contractors are now completing more detailed protocols for training personnel in the use of the modules and starting to pilot test training the personnel in two hospitals. This training component is probably about half completed at this time, with final detailed development of the training modules and the actual conduct of training only beginning at the present time. The implementation of the three management modules at the two pilot hospitals can be described as only just beginning and perhaps ten percent complete at the present time.

The next seven to eight months of the hospital improvement sub-project will be the most intense (and in many ways, the most critical) of the entire five-year project. The three management modules should be 100 percent complete by April 1993, without much problem. The development of the training approaches should be completed in a general way and tested in at least several sites, but it is not clear whether there will be time and budget enough to actually develop a turn key training module that can be easily transported to other institutions. A great deal of background information and training experience will be gained, but it is not clear that there will be time enough to do the detailed development of a step-by-step training package. The three model management modules will be partially implemented in at least two pilot test sites and parts of the modules will be further tested to some degree at three other sites. There will not be time to test whether the implementation of the three model management modules has any effect on the actual operation and financial stability of the hospitals at all.

In other words, in the last six months the hospital improvement sub-project has had a major surge of effort, after months of delay in getting started (from early 1988 to late 1991) and after six months of administrative and fiscal uncertainty (late 1990 to early 1991). The project has completed the diagnostic studies completely and will finish the detailed design of the three model management modules completely by the end of the current project period in April 1993. The training modules will be completed in a general fashion by the end of the project, but there will probably not be time or budget for the complete development of a detailed turn key training module that can be easily transported to other hospitals. All of these modules, management and training, will be pilot tested in several hospitals by April 1993 and a great deal of practical experience and information will be gathered by the contractors, the hospital personnel involved in the implementations, and the hospital project staff. There will be no time or budget to test whether the implementation of these new management modules makes any difference at all in the operations of the test site hospitals.

## CHAPTER 6 OBSERVATIONS/COMMENTARY/DISCUSSION

There are a number of individual observations and comments that can be made about the hospital improvement sub-project of the HSFP.

- 1) Despite a delayed start and some very serious administrative confusion and turmoil, the hospital improvement sub-project has made some very significant contributions to the development of improved hospital management in Indonesia. It has developed some significant management interventions, modules that will serve as models for the rapidly modernizing hospital management field in Indonesia. It has provided significant support and stimulus to the development of the entire field of hospital management as a separate and important part of the health care field. It has provided tremendous support and assistance to many sections of the MOH, and has been a valuable contributor to the development of the new laws, decrees, and regulations that comprise the Lembaga Swadana movement within hospitals in Indonesia. It has provided assistance and stimulation to a number of professional and academic training programs in hospital management in Indonesia, including the new master's degree program in hospital management at Gajah Mada University in Yogyakarta. It is working together with various other hospital development projects being initiated through Asian Development Bank and World Bank funding, and several of these projects will probably utilize the management modules that this project has developed as part of their efforts. In summary, it is clear that the hospital improvement project has been a major participant, catalyst, and in some cases, leader, in the movement towards more modern hospital management in Indonesia.
  
- 2) The MOH is currently entering one of the most ambitious modernization efforts of its hospital organizational structure and its hospital management practices that any country has undertaken at one time. This modernization effort is embodied in the Lembaga Swadana/Unit Swadana set of principles and practices. Although the hospital improvement sub-project and the Lembaga Swadana movement started separately, over a short period of time, their efforts have merged quite well and the hospital improvement sub-project and its staff have become a major contributor to the Lembaga Swadana effort.

Given the importance of the modernization efforts of Lembaga Swadana to the country's hospitals, and the hospital improvement sub-project to the whole Lembaga Swadana effort, it would be tragic to close down the hospital project completely in April 1993, as this would deal a severe blow to the Lembaga Swadana. Lembaga Swadana/Unit Swadana is very important to Indonesia and the hospital improvement sub-project is very important to Lembaga Swadana. This association alone would be sufficient reason to continue the hospital improvement sub-project as originally planned for another two years beyond April 1993.

- 3) Although the hospital improvement project will probably meet the objectives of creating the management modules and of testing these modules out in the test site hospitals, there will not be sufficient time or budget to evaluate whether or not the installation of these modules in the hospitals makes any difference. The reason why these new management modules were developed in the first place was to improve management practices, hopefully leading to greater economic self-sufficiency for those hospitals. It makes absolutely no sense, given all the expense and difficulties the project has been through, to develop the modules and then not take the time to evaluate whether they make any

difference. One additional year of the project beyond April 1993 would provide enough time to evaluate more carefully the results of the installation of these modules.

It should also be noted that the evaluation of this project, whether carried out in the time remaining before April 1993 or in the extended time that may be given, should include a *major* effort to gather *all* the subjective experiences of *everyone* connected with the development and installation of the three new packages. Very often when evaluations are carried out, objective data are gathered or standardized survey questionnaires are utilized, neither of which allows for the richness of personal experiences to be expressed. In this case, there will be hundreds of individual experiences with the development and installation of the modules, and the training and preparation of personnel; this experience must not be lost. If possible, every person who has been involved in the development, training, and installation effort should be given a chance to contribute the case history of his/her *personal* experiences with the effort, because it is the words and experiences of the people most directly involved that will contribute to the wealth of management and administrative history and development in Indonesia. (Perhaps it may be possible to get a university or a foundation to fund a major study to capture the *real* experiences of this project before they fade from memory and the key participants move on to other activities.)

- 4) One aspect of the project that should be noted with concern is the great concentration of interest and effort in the three model management packages on computers and sophisticated information systems. While this is an important development and an advance in technology, it must be stressed that there has not been nearly enough interest in and attention to the personnel who are collecting and providing the raw data that will eventually be computerized. The present level of training and sophistication of most of the personnel in most of the hospitals is relatively low and the quality of the raw data that they will be feeding computers is dubious at best. Unless significant efforts are made to strengthen the lower and middle levels of personnel who will generate the raw data that will be put into the sophisticated new systems and computers, those systems and computers will merely be circulating useless (or worse, misleading and dangerous) information.
- 5) In the same vein, there has been an unspoken assumption that the introduction of new computers, hardware, software, and management systems will automatically improve the quality of management. It must be stressed that computers and "systems" don't manage; people do. There has been comparatively less interest in the improved training of managers in the use of management systems than there has been in the development of the new computerized management systems themselves. This is a misplaced emphasis and now that the new systems have been developed, there must be a *major* effort to upgrade the training and preparation of the managers themselves, not just in the new management systems but also in the old ones. If the new management systems are to produce maximum results, the training and preparation of hospital managers must be upgraded significantly. This requires a major manpower development plan for hospital managers at all levels, an effort that is at least the size and scope of the new management systems in this project.
- 6) One of the coincidental findings of this project is the relatively poor situation of medical records in most of the hospitals in Indonesia; it is certainly quite poor in comparison with the lofty plans and hopes contained in the quality assessment/assurance/total quality

aspects of this project, which depend upon an adequate basic medical record system in each hospital. That is not the case now and a major effort must be made to upgrade the quality of both the medical records themselves and the people who manage and control them. There is absolutely no way that a hospital can have a semblance of an organized program of quality assessment and improvement without a good medical record system. This is one area in which major efforts must be made quickly.

- 7) It has already been mentioned that Lembaga Swadana is an extremely important development for health services in Indonesia and that the hospital improvement sub-project is an important part of Lembaga Swadana. It must be admitted, however, that at the present time, there is no published long-term plan for the development of Lembaga Swadana throughout the country, one that lays out clearly which hospitals will be added to the program and in what order, which personnel will be needed and how they will be trained and developed, which equipment (computers, etc.) will be needed and how it will be obtained, and so forth. Presently, Lembaga Swadana is still a new and somewhat informal development.

For the long run, a plan must be developed for the expansion and implementation of Lembaga Swadana throughout the country, if indeed Lembaga Swadana is to be the major national policy and plan that it seems to be. To make the future role of Lembaga Swadana (and incidentally, of the hospital project) clear to all parties, there will soon need to be developed a long-range plan for Lembaga Swadana that specifies which hospitals will take part in which order, which personnel will be needed and how they will be developed, and the like. The long-range plan for Lembaga Swadana — indeed, the long-range plan for the development of hospital management in the country — is badly needed and must be developed soon.

- 8) One of the areas in which the hospital improvement project has been very active and involved has been hospital quality assurance and improvement. As a result of that improvement, the hospital project has come to a very good understanding of what will be necessary to improve the quality of patient care in hospitals all throughout Indonesia in the future. One of the needs that has been clearly identified is a means for establishing, publicizing, and enforcing standards of hospitals and hospital care throughout the country. There have been beginning efforts within the MOH to establish standards of care for government hospitals, but it must be admitted that there have been no formal means established for the certification and enforcement of these standards, within either the government sector or the private sector. A national licensing and accreditation system and agency for hospitals in Indonesia is needed, one that can set standards for hospital care, check to see that these standards are being observed, and take appropriate steps when the standards are not being followed. The need to create a national hospital licensing and accreditation function within the MOH has been made evident by the hospital improvement project's work in quality assurance. Hopefully the work of the project can serve as one of the foundations for such an agency.

## **CHAPTER 7 RECOMMENDATIONS/NEXT STEPS**

There are two great challenges facing those who have sponsored, financed, and conducted the hospital improvement section of the HSFP. The first challenge is simply to be sure that the project has the time and budget to finish completely the tasks and objectives that were set forth in its beginning. It would be tragic and wasteful for the project to have come this far, and to have expended so much time and money, only to stop short of completion of the original objectives.

The second challenge deals with the institutionalization of the project's results into standard operating procedures of the MOH, and the possibility of the hospital improvement project becoming a strong part of the MOH's effort to modernize its management and operation of hospitals through application of the Lembaga Swadana principles. The hospital improvement project has a major role to play here, but the timing and the form of participation would be quite different than a simple "holding action" described in the first comment; it would be quite different and would be structured quite differently if it were institutionalized into the MOH as part of the Lembaga Swadana/Unit Swadana effort.

The recommendations, therefore, will be structured in two forms; the first deals with the simple completion of the project's original objectives and the second deals with the longer-term continuation and possible change of role as part of a larger MOH management improvement effort and/or as part of a larger MOH effort in hospital licensing and accreditation.

### **A. COMPLETION OF PROJECT OBJECTIVES**

If the decision is made simply to concentrate on the completion of the original objectives of the project, a one-year extension of the present project would be necessary and a two-year extension would be optimal. During this extension period, the activities and expenditures of the project would be focused on four areas: 1) project staff activities; 2) completion of the three management modules; 3) training activities; and 4) evaluation.

With regards to the project activities, if the project is extended, the project staff will continue to be needed, possibly in a reduced or changed form, to play two important roles. First, the project staff will simply be needed to manage the continuing activities of the project, and the eventual winding down of the project, and to supervise the conduct of the final evaluation efforts. Second, the project staff will be needed to provide liaison and assistance to other related projects (possibly funded by Asian Development Bank or World Bank) to ensure that the results and products of the present project are transferred into the new projects. This "bridging" process between the present project and future projects is an important way in which the results of the present project might be continued. To do that, there must be project staff on hand who have knowledge and experience with the present activities, who know the products and the results, and who are able to work successfully with other projects that might just be beginning.

A second function that will need to be carried out during the first year will be some final completions and modifications of the three management packages that are being developed. One of them, the financial module, is probably rather complete at present, but the other two (management information systems and quality assurance/total quality management) may still be somewhat incomplete by the end of this present project year. A small amount of further development funds for these two modules would probably be in order for one year after the present project year is completed in April 1993.

The major function during the remaining year (preferably two years) of the extension should be in the area of training and implementation of the modules. There will be a major need to provide further

training assistance and preparation to the five hospital test sites that are being used at present and possibly the ten other government hospitals that will be somewhat peripherally involved. The major project efforts should be concentrated in training, assistance with implementation and installation, and design of the turnkey training module. (This last subject, the production of turnkey training modules, is a major by-product of this project that will make it possible for the entire project's results to be spread quickly and comparatively easily to other hospitals within the MOH.) Training and staff development will be the major activity of the remaining period of the project, since the products (hardware and software) are almost fully developed and will need only minor modifications.

The fourth area of project activities during an extension will be the design and conduct of an effective evaluation process that allows the MOH to *really* learn about what worked and what did not, how the new systems work in practice, and how they can be installed more easily and effectively in the future. This evaluation effort should be carried out while the present implementation and installation is taking place, in order to learn about the real problems associated with these types of activities. It should also continue towards the end of the project (hopefully after the three model packages have had a chance to be in full operation for at least one full year) in order to measure the overall impact of the three model packages on the overall management and financial operations of the hospitals themselves.

Although an "evaluation" is usually something that is simply added on at the end of a project activity merely to fulfill standard requirements, this consultant would urge that the evaluation of this hospital improvement project be seen as the *major* co-function (together with the training and personnel development described above) of this project. It should be an evaluation that gathers both subjective and objective information, that looks both at the experiences of the people as they are implementing the new modules and at the end-results of the institution of these modules. The evaluation of this project should not be seen simply as an end-of-project, wind-down activity, but a major and ongoing activity *during* the entire project extension of one or two years.

## **B. ASSISTANCE WITH IMPLEMENTATION OF LEMBAGA SWADANA/UNIT SWADANA**

A second and more important reason for the extension of the present hospital improvement project, not just for a year or two but perhaps longer, would be to help in the long-range development of better management within Indonesian government hospitals in general. As part of this long-term management development and improvement, a number of steps will need to be taken by the MOH itself; the hospital improvement sub-project can then fit into these long-range developments as indicated below.

### **1. DESIGNATION OF A STRUCTURAL UNIT TO MANAGE THE LEMBAGA SWADANA PROCESS**

At the present time, the process of implementing the Lembaga Swadana/Unit Swadana development is not assigned to a particular structural unit within the MOH but is the responsibility of the same structures within the Ministry that are responsible for operating government hospitals in general. This is a good way to manage the process in that it ensures that the development of Lembaga Swadana/Unit Swadana is seen as everyone's challenge and that everyone is involved. It is not so good in the sense that what is everyone's task sometimes becomes no one's special task. Therefore, the temporary creation of a special implementation unit within the hospitals section of the MOH might be necessary. This unit could be formed from the previous hospitals improvement sub-project of the HSFP, could exist for a specified period of time (e.g., five years), and could be given the task of handling the details of the implementation of Lembaga Swadana in hospitals throughout the country. Policy for Lembaga Swadana would continue to be made as it is at present, but the implementation of the details of that policy, once decided, would be the responsibility of this unit. Its primary tasks would be to help develop the plan for the

implementation of Lembaga Swadana as well as to carry out the training and development of management manpower, as described below.

## **2. DEVELOPMENT OF A FIVE-YEAR PLAN FOR THE IMPLEMENTATION OF LEMBAGA SWADANA/UNIT SWADANA IN GOVERNMENT HOSPITALS**

As has been mentioned previously, there is a need for the Ministry to develop a detailed and specific plan for the implementation of Lembaga Swadana throughout the country, if indeed it is to continue to be the national policy for hospital development. At the present time, it is not exactly clear how fast the development will take place, which hospitals will be involved and in which time period, and how the preparation of guidelines/regulations and training materials, and development of manpower will take place.

If the structural unit described above can be created within the MOH, one of its first functions can be to develop the details of the implementation plan for Lembaga Swadana in hospitals over the next five years. It can serve as the staff secretariat to the Minister and the Director General of Medical Services, and can be charged with the responsibility of working out the details with all the various governmental agencies involved, both within and outside the MOH.

## **3. DEVELOPMENT AND MANAGEMENT OF A LONG-TERM PLAN FOR MANPOWER DEVELOPMENT IN HOSPITAL MANAGEMENT**

One of the most important aspects of the implementation of Lembaga Swadana and therefore, one of the most important functions of the new Lembaga Swadana implementation unit (the old hospital improvement sub-project) will be the development of a new generation of hospital managers, trained in modern management techniques. If Lembaga Swadana is to be a success, not only must there be a plan for its implementation throughout the country, there must also be a long-range plan for the training and development of hospital management manpower for the future. The development of this new generation of hospital management experts would be necessary in any event as Indonesia moves forward in a general way towards a more modern and efficient future; it is even more important as a result of the implementation of Lembaga Swadana with its very specific emphasis on improved, more effective management.

In this long-range manpower development plan for hospital managers, attention should be specifically paid to the following aspects:

- 1) establishment of criteria for selection of future hospital managers/directors;
- 2) establishment of a career development plan for these hospital managers (a plan that intentionally moves them through increasingly more responsible positions); and
- 3) establishment of a training plan for each hospital manager designee that includes initial orientation to hospital management, formalized education in academic and professional degree programs in universities, and continuing education and training, both on the job and in special short-term "institutes" of several weeks or several months at regular intervals of the career (e.g., every five years). These continuing efforts at long-term development and training can be intentionally designed to prepare candidates for the next career advancement step and can be timed to take place in the time between when the management candidates leave one position and move into the next, more-advanced level.

It would be the responsibility of the new Lembaga Swadana structural unit within the MOH to establish and manage the details and the contents of this career development/training process, although the details of the training itself would be carried out by others. The Lembaga Swadana unit will have many tasks to do and will clearly not have the time (nor the expertise) to conduct the training sessions itself; it should merely manage the process of manpower development and career preparation, seeing to it that others who *are* responsible for details carry out their responsibilities in a timely and appropriate fashion. Since this manpower development and career preparation function will be necessary even after Lembaga Swadana is fully implemented, this manpower development function will eventually need to be institutionalized within the hospital section of the MOH at some future period, probably when the special Lembaga Swadana implementation unit goes out of existence five years from April 1993.

### **C. ASSISTANCE WITH QUALITY OF CARE/ACCREDITATION ACTIVITIES**

In addition to the project completion activities and the activities focused on assisting the MOH in implementing Lembaga Swadana/Unit Swadana principles and policies, there is a third area in which an extended hospital sub-project might be active, either separately or together with the other two activities described. This area involves the improvement of quality of care activities and has two parts: the creation of a hospital licensing/accreditation function within the MOH and the development of a manpower development plan for medical records/medical information systems. The hospital improvement project of the HSFP has had extensive experience in areas that are directly related to these issues and should be able to make very significant contributions to both areas, if allowed to do so.

#### **1. HOSPITAL ACCREDITATION/LICENSING**

In activities quite separate from but obviously connected to Lembaga Swadana/Unit Swadana, various sections within the MOH have been concerned with the question of instituting and enforcing standards of care within Indonesian hospitals, both public and private. At present, there is no formal, continuing process for examining the nation's hospitals against a set of previously agreed upon standards for the purpose of ensuring and eventually upgrading the quality of hospital care in the country.

In most other advanced countries of the world, there exists some type of government-sponsored agency that is responsible for developing standards of hospital care, inspecting to determine whether standards are being met, and applying sanctions to hospitals that do not meet approved standards. The MOH should actively consider the establishment of such a unit, operating its general auspices but separate from the Government's activities in operating its own hospitals (in order to prevent obvious conflict of interest problems). This agency should operate under the general advisory direction of a broad-ranging committee that includes representatives of the medical profession and the hospital association, as well as other interested parties as may be appropriate. It should, however, operate as a part of the MOH's function, with the power of government sanction behind it.

This new hospital licensing/accreditation agency should be able to call upon the accumulated skills and knowledge of the present hospital improvement project staff to help it in its initial operation. The hospital improvement sub-project has been working very extensively in the areas of quality assessment/quality assurance/total quality management, and is probably as knowledgeable as any group within the MOH at this time. If the staff of the hospital improvement sub-project is taken on, wholly or in part, as the staff of the new hospital licensing and accreditation agency, its involvement should merely be for the initial period of several years, gradually transferring responsibility over to standard MOH staff who are specifically trained and prepared to function in this capacity on a long-term basis.

It should also be stressed that this function, if given wholly or in part to the hospital improvement sub-project staff, should be separate from any part that the staff might play in assisting with the implementation of Lembaga Swadana/Unit Swadana, since these two functions are separate and distinct activities. Any involvement of the same hospital improvement project staff in *both* activities would be detrimental from two points of view. First it would overwhelm the hospital improvement project staff with two huge responsibilities and would certainly be beyond their capacity. More important, it would confuse and blur the distinction between the two very different kinds of functions and activities (implementation of Lembaga Swadana/Unit Swadana on the one hand and licensing/accreditation of hospitals on the other). This would prevent the staff from developing one clear organizational focus and objective, thereby diluting its work and effectiveness. It would also blur the image of the project's functions in the minds of those outside the new unit ("Is it a management improvement unit or a licensing and accreditation unit?"), thereby reducing its effectiveness and efficiency.

It is clear that the rapidly advancing and expanding hospital sector in Indonesia will need to be supervised by a government-sponsored licensing and accrediting function in the near future. The present hospital improvement sub-project of the HSFP has a significant amount of valuable experience, as well as significant momentum, in this area. Its experience and momentum should be channeled into this important function now, since it is an opportune time in which experienced people and a supportive environment can come together to quickly create a needed structure that might, in other times and with other personnel, take much longer and have significantly less chance of success.

## **2. MEDICAL RECORDS/MEDICAL RECORDS PERSONNEL DEVELOPMENT AND IMPROVEMENT**

Experience in other countries has shown that it is impossible to have any sustained and coordinated program of quality improvement without adequate medical records. Experience in other countries has also shown that to have adequate medical records, a competent, professional group of health care personnel needs to be dedicated to the maintenance and improvement of medical records and medical information systems.

It must be said that Indonesia presently has neither an adequate medical records system nor an adequate number of well-trained and professional personnel skilled in the development and maintenance of excellent records systems. The hospital improvement sub-project can help significantly in the design of adequate medical records systems, but an adequate supply of medical records professionals depends on the MOH's manpower development plan for medical records/medical information systems specialists. The creation and implementation of this manpower development plan is essential for the development of improved medical records; the development of improved medical records is essential for the development of any type of national quality improvement in the country. The hospital improvement sub-project staff should be able to provide expert consultation and advice on the creation of this medical records manpower development plan, if the project life is extended for either a short-term or long-term period. Again, the presence of skilled expertise and a supportive environment in the Ministry makes this an extremely fortuitous time for the development of records personnel and leadership for the country for years to come.