

NIK on the commercialisation of hospitals

Commercialisation of most of the audited hospitals does not bring about the desired effect. The queues of patients do not get any smaller, the total debt of health care does not shrink and a part of hospitals subject to transformation run into debt again. Only the hospitals that generated positive financial results before the commercialisation manage well. The commercialisation has been of no help to the hospitals that incurred significant losses before.

NIK conducted an audit of the privatisation of hospitals in the period 2006 - 2010. It reviewed and assessed e.g. the process of liquidation of public hospitals and management of the property remaining after their liquidation.

According to the assumptions of the Ministry of Health, replacing public hospitals with companies was supposed to motivate their management boards to care more about the hospitals' financial standing. In reality, in some cases (upon acceptance of local governments) the whole transformation process (in terms of hospital functioning) amounted to accounting operations, or debt relief of a given hospital. At the same time, the hospital's current status was maintained: the existing directors became liquidators and new directors of as many as a half of the audited institutions. It helped neither to maintain transparency nor to repair the situation. As a consequence, the hospitals which incurred high losses before the commercialisation fell into another spiral of debt after the transformation. Profits were generated by the hospitals which solved their financial problems before the commercialisation or significantly limited losses by adapting their own structure to the market requirements, as well as by headcount optimisation, good work organisation and effective negotiations with providers as regards prices and payment dates for medicines and medical equipment.

The key objectives of the commercialisation included: to stop making losses and reduce the queues of patients waiting for medical procedures. In most of the audited hospitals they were not achieved, though. Availability of health benefits guaranteed as part of insurance did not improve, either. NIK also points out that despite the fact that local governments took over financial obligations of the hospitals undergoing transformation (from 2000 until the audit completion date, 105 hospitals were transformed into private companies^[1]), the total debt of the public health care remained at a similar level (it went down from PLN 10.3 to 9.6 billion).

Local governments (founding bodies of hospitals), which did not properly oversee the adequacy of transformations, also made some mistakes in the hospital commercialisation process. They ignored the regulations and rules governing liquidation, improperly monitored financial standing of the newly established entities and the scope of services provided by them. The auditors enumerate actions that may have dangerous consequences in future:

- four local governments (Płock, Pleszew, Rawicz, Wieruszów) transferred ownership in the real properties (worth nearly PLN 100 million) to newly established companies – in case they go bankrupt the hospital network providing treatment in the given area will disappear;
- four local governments (Zabrze, Pleszew, Tomaszów, Nowa Sól) transferred their property to new companies before completing the formalities, without even making the inventory;
- in Wschowa and Szprotawa no reliable appraisal of the leased facilities was made - thus guaranteeing low rent to new entities, the owner did not have guaranteed right to supervise the real property.

The ministerial programme for supporting hospital transformations met with little interest of local governments. Within the first two years only 15 percent of funds allocated for three years was used (PLN 212 million of nearly PLN 1.5 billion). On the other hand, the Ministry of Health had no chance to use the programme to check how the commercialisation works as it did not guarantee for itself the transfer of hard data that would enable reliable assessment of the transformations' results.

[1] 14 percent of the total number of hospitals - 751. The most hospitals were transformed in the following Provinces: Dolnośląskie (23), Śląskie (16) and Kujawsko-Pomorskie (11), the least in Podkarpackie and Podlaskie Provinces (one in each). Until 12 September 2011, the number of transformed hospitals went up to 126.