

Corporate governance in teaching hospitals: a study on a university hospital

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ABSTRACT

This work portrays the manner that the teaching hospital of the Federal University of Uberlândia (HC-UFU) is facing the integration process of governance practices in their environment, especially the impact that this will suffer during and after the adoption of restructuring measures (REHUF). The hospital serves as a large organization and, in this way, is able to align management practices with governance policies making it necessary to have clarity and soundness in the strategies, processes and structures of these hospitals. In this context, the research helps to clarify some points: the management model of the HC-UFU to adopt governance practices. If so, how they occur in the context of internal processes. To ensure that the analysis of the empirical data is able to contemplate the various aspects that involve the whole object of investigation, the procedures following the assumptions of the exploratory and qualitative research. The guidelines of the research include: degree of centralization/decentralization of administration, form of participation in the decisions of hierarchical levels, degree of autonomy and managerial accountability and reporting process.

Introduction

The study aims to reveal the behavior of university hospitals linked to the Ministry of Education (MEC) in relation to the adoption of governance practices. Above all, what the most relevant results are in the restructuring process of the HC-UFU installed in the State of Minas Gerais.

The new trends in both public and private organizations directed at adopting governance practices. These practices assist in decision making, performance and organizational control to demonstrate greater transparency in accountability.

Health service managers face difficulties in managing the emergence of new technology, an aging population, the variability of approaches, directly impacting the health care model, especially when these changes are not accompanied by a proportional increase in revenue and a source of funding for the health sector (Martins, 2010). Regarding the management of university hospitals in Brazil, through its historical characteristics, some factors impede the implementation

of a more effective model for organizational performance, they are: lack of a mission and vision of the future that focus on the processes and results from strategic planning, lack of evaluation standards and performance measurement, not targeting the needs of customers and participative management focused on continuous improvement in a structured and consistent manner (Martins, 2010).

The funding of teaching hospitals is a major concern for presidents. The cost of a teaching hospital that offers education and assistance at the same time, is about 40% higher than that of a traditional health facility, as the amounts paid by the Unified Health System (SUS) for assistance do not meet the needs of the University Hospital (UNB Agency, 2009 apud MARTINS 2010). Aside from these factors, data from the Ministry of Education showed that its 46 university hospitals operate with a deficit of 5.443 million workers, this has caused bed closures, in addition to accumulating debts that exceeded figures of \$500 million reais (UNB Agency, 2009 cited in Martins 2010). In this sense, it is necessary and urgent to find ways to rethink health care models in Brazil and to propose

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new management practices and system organization of health services.

The reasons that led us to choose this theme is the result of our experience of three years at the Clinic Teaching Hospital of the Federal University of Uberlândia where we were able to experience and observe the problems of the current funding model of university hospitals in Brazil, and the misuse of restraint financial resources, the rapid and growing demand for the de-skilling, and the disincentive for their own lack of prospects for solving this situation.

Since the creation of SUS, public hospitals and philanthropic organizations, now play a key role as a reference for medium and high complexity care. Among these hospitals, the teaching ones, that accumulate technological capability, built with public funds, for the most part from the SUS, took on a more strategic role in the system, given its role in forming human resources (Martins 2010).

The control of the university hospital is through the implementation of SUS, takes on a key role in three areas: constitutional, to ensure the principles of the SUS; organizational, rational use of resources, educational and interactive with the professional teams in order to safeguard the principles of rational practice and interdisciplinary, without hurting the ethical principles and ensuring the actions of teaching, research and extension, through the guidance of the state policy (Martins, 2010).

The Ministries of Health and Education, integrating their actions, in a government policy of consolidation of the National Health System (SUS) and health training, have issued the joint order no. 1000 April 15, 2004, published in the Official Gazette on May 16, 2004 (BRAZIL, Ministry of Health, 2004), which establishes criteria for the certification of the HUs, dealing with the academic mission and relationship with public health. Subsequently, Ordinance No. 1006 (BRAZIL, Ministry of Health, 2004) created the Program of Restructure of Teaching Hospitals of MEC and ordinance No. 1702 (BRAZIL, Ministry of Health, 2004) the restructure program for all Teaching Hospitals within the SUS.

These orders also redefined responsibilities with a view to more adequate budgeting of these institutions and effecting social control over health actions. The HUs started, thereafter, to formally participate in the Public Health of the SUS and they must agree and comply with the goals of public health management, under guidelines for public state policies, also with a view of the formation of human resources for the reality of the national health, as well as participating in the processes of permanent education for the SUS.

This topic has been the subject of increasing interest both in the academic area, as well as for society and the government itself. Recent data show that HU's consumed in 2008, funds of approximately U.S. \$ 3.65 billion, registering a deficit, only during this period, of \$ 22 million (ANDES, 2009).

In a report produced by MEC, most of this deficit stems from labor debts concentrated on supporting foundations, caused by precarious work contracts. Still according to the study, only 69% of the financing of the network is supported by MEC. The rest is borne by the Ministry of Health (MOH). In the sum of all federal teaching hospitals, there is a deficit of \$ 274 million between what is paid and that which is produced (ANDES, 2009). In this context lies the importance of investigating whether the adoption of new governance practices contribute to an effective change in the management model of the HC-UFU. Internal processes are essential for evaluating the construction process of governance and management practices. So that is part of the proposed research question, which is: Are there impacts on the management model of HC-UFU when it adopts corporate governance practices? If so, how do they occur in the context of internal processes?

The initial hypothesis is that there are impacts on the management of teaching hospitals linked to MEC undergoing a restructuring process, but we can not clarify how these impacts occur or how deeply. This research will focus on the analysis in the hospital installed in the State of Minas Gerais, linked to the Brazilian Association of University Hospitals and Teaching (Abrahue). It is believed that this definition is satisfactory for understanding the advances obtained in relation to governance practices contributing to the improvement of internal management processes of teaching hospitals linked to MEC (Martins, 2010).

In this sense the aim of this research is to investigate whether there are impacts on the management model of university hospitals linked to the MEC when they adopt governance practices. To reach this goal it was necessary to raise the following specific objectives:

- Analyze the changes in public health policies in particular in the management model of university hospitals linked to MEC;
- Check how managers intend to act against the restructuring process in the hospital;
- Identify how important governance practices can be helpful in this organization.

Theoretical framework

In this work, we intend to discuss important aspects of the model of health services, understood here as the set of activities whose primary purpose is to promote, restore and maintain the health of the population (Martins, 2010).

To approach the topic being researched, we proposed consulting studies dealing with the system of financing public health, in this way, enhance knowledge and seek alternatives that could bring contributions for a better balance,

efficiency, economy and efficacy and transparency in the management of university hospitals connected to MEC.

The management systems of health services aims to meet the needs and demands, and representations of the population in a given society at any given time. The management systems of health services are composed of three macro functions: regulation, financing and delivery of health services (Mendes, 2002). The macro control function in the ranks: state regulation, self regulation, social regulation and regulate market order. On state regulation, the state manager, the role of collective mediator, has a set of activities to achieve the objectives, implementing and evaluating the rules for managing the system.

To work the macro regulatory function, Mendes (2002) considers that the authorizing State should exercise a set of regulatory roles:

- The rectory: is the ability to conduct the political system of health services.
- Standardization: the definition of rules and standards for system management.
- Superintendent: is the monitoring and evaluation system for health services.

When assuming the regulatory roles, the manager develops a range of state functions: political leadership, strategic planning, media, the situation analysis and trends, economic evaluation and health care technology, the standardization of work processes; the development of human resources, the auditing of health services, health surveillance, scientific development and technological financing. A macro function is the mobilization of financial resources from primary sources (individuals, firms) or secondary (government and external sources); accumulation in real or virtual funds (public budget, public funds) in the distribution of financial resources.

For the performance of the macro funding function, the state manager develops three main roles: an extractive role with regard to resource mobilization through taxes, contributions, among others. A cumulative role to deposit the resources coming from various sources in real or virtual financial funds and an allocate role with respect to the distribution of financial resources for managers or other providers of health services.

Since the macro function of providing health services is concerned with service production that should result in changes in the health status of the users.

The changes that have been proposed in the management of health care systems have increasingly required adopting new decisive measures appropriate to this new reality, making it vital to learn how to formulate and plan new strategies for the implementation of governance.

One can highlight the concept among those attributed to corporate governance presented by the Brazilian Institute of Corporate Governance:

(...) is the system by which companies are directed and monitored, involving relationships between Shareholders / Stockholders, Board of Directors, Independent Auditing and Auditing Committee. Good corporate governance practices are designed to increase the value of society, facilitating their access to capital and contribute to its sustainability.

The study examines the governance of relations between the various stockholders in the external environment with the goals by which the organization is guided.

Interest in the subject was renewed after the crisis of large American companies in 2001, at this time the U.S. government was forced to intervene to regain confidence in the governance model.

Kickert (1997, p. 732), infers that, public governance is also relative to the legality and legitimacy, rather than a hard market value, in which the interaction between the political and social context play a crucial role. Thus, public governance is a complex activity involving the management of complex networks in political sectors of society. Public governance is not only a question of increasing effectiveness and efficiency, but also preserving legality and legitimacy.

Currently, financial indicators are no longer the only deciding factors, but the way they have been achieved and the impacts on society, ethics, the concept of the product on the market and others that have become guides for the procedures adopted by corporate governance.

Synthesizing it, governance is the system, linked to property, the characteristics of the financial system, the complex capital markets and global economy, by which corporations are controlled and monitored.

Methodology

Method and research technique

To ensure that the analysis of the empirical data is able to contemplate the various aspects that involve the whole object of investigation, the procedures following the assumptions of the exploratory and qualitative research, with reference to the contributions of Bogdan and Biklen (1994), who portray key features of this type of research. For the authors, in a qualitative research, the natural environment is the direct source of data and the researcher is the primary agent.

The qualitative researchers attending the study sites because they are concerned about the context. Understanding that actions can be understood in a better way when they are observed in their normal environment where they take place (BOGDAN; BIKLEN, 1994, p. 48).

Within this context, a case study methodology was proposed because it was the most recommendable strategy in which to study the atmosphere in its most natural state, understanding its complexities and interrelationships (ELSENHARDT, 1989).

The unit analyzed was the Teaching Hospital of the University of Uberlândia (HC-UFU) in the city of Uberlândia in the state of Minas Gerais. It is a large hospital, that provides services of both medium and high complexity, affiliated to ABRAHUE.

To begin with, a bibliographical reference was drawn up based on literature found in articles, book and topics discussed in scientific congress reports. At the same time, an investigation plan was carried out by interviewing directors, managers, doctors and technicians. During this period, from October 2008 to July 2010, there was a control process implanted for consigned material, structuring of the internal auditing sector (which did the Annual Operative Plan monitoring and monitoring of the stipulated indicators in the contract between the HU and the Municipal Health Management), billing control (approved and billed products, cuts, implementation of cost management and budgeting by the cost center).

At this time, twelve interviews were carried out with directors, managers, doctors and technicians, aside from active observations and document analysis in search of a data triangulation.

This interaction showed, for this case study, a typical problem that occurs in the present model of financing for Brazilian University Hospitals. Other studies should be carried out in other University Hospitals, so as to understand if the adoption of new governance practices contributes to effective changes in the management model of University Hospitals linked to Ministry of Education.

Conclusion

Research has shown that there are some impacts on the model of hospital management and that the most important are changes in information flow, involvement in professional and also in relation to the hospital with society in general.

The decision process is centered on management, with a small participation of managers in different sectors. The strategies, structure and internal processes are considered to be pillars for the management, were constructed and defined by the level of direction, which makes a contribution to more effective governance practices. Resistance to change is a cultural factor that hinders the inclusion of new processes.

The hospital has a communications industry that operates by providing information and answering to the society in general.

Internally the reporting process is not very efficient and the degree of autonomy and responsibility of middle managers is low. The division of responsibility of the principal members of the hospital is clearly defined, though part of these professionals do not have training, skills and experience to assume these positions.

The HC-UFU has performance measures to ensure and demonstrate that resources have been economically obtained and used efficiently, although the existing meetings to monitor and review these processes are inefficient. The internal audit function has a discrete participation and with little appreciation.

All servers in the HC-UFU have mechanisms to express their concerns, complaints about maladministration, violation of laws or ethical problems, and are protected against reprisals.

The greatest contribution that governance can bring to the hospital is the possibility of integration between sectors, with autonomy for decision making and process streamlining, taking into account the external environment, coupled with a conduct based on honesty in all actions.

The restructuring is seen as a reformulation able to modify the form of management, making the environment more suitable for achieving efficiency and effectiveness.

The restructuring process in public hospitals is of great importance, both as they relate to financial resources, equipment, staffing, and in order to build a strategic planning more efficient. It is necessary to include in the discussions and decisions, all responsible for each area, as well as who is on the end of the process.

Such restructuring could provide SUS users with a more qualified and reliable service, both for security and assistance, as the use of resources through more efficient management.

Resistance to change is a limiting factor and that is culturally ingrained in the viewpoint of some managers, especially when you have a centralized administration, making the implementation of corporate governance more difficult to assimilate.

Governance actually happens, when it is accompanied by a culture change, the implementation of efficient processes that enable optimization in decision making and better resource management.

For a more comprehensive understanding on the subject, we suggest a study with a larger universe of hospitals, taking into account the importance of the issue for the professionals and also for the users of SUS.

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