



Pay for performance in hospital management: A case study

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ABSTRACT

Background: This study aims at exploring the aspects of this newly applied payment mechanism compared with the previous ones.

Methods: A mixed qualitative and quantitative study, including a descriptive analysis of P4P aspects compared with non-performance-based payment method and a quantitative comparative analysis of hospital departments' revenue and employees' payment, was conducted over a time period of 2013–2015.

Results: The desire to provide high-quality services and association between staff reimbursement and some of the features, including performance, patient satisfaction, full-time participation at work, equity in income distribution among staff in different occupational groups, were among the main characteristics of P4P. But in terms of non-performance payment system, the quantitative analysis of data affirmed no significant correlation between the quantity of provided services, staff salary and department's revenue.

Conclusion: It is evident that pay for performance can persuade employees to improve the quantity and quality of rendered services with much more emphasis on achieving the health system goals and improving patient health outcomes.

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KEYWORDS

Performance-based payment method; Iran health system reform; health provider; healthcare institution; qualitative study

Introduction

Performance measurement identifies the level of service quality and distance from the desirable level which requires the improvement to be resolved [1–3]. Considering the important role of performance measurement especially in hospitals, a compensation system, which links providers' payment to their performance and quality of provided healthcare services, was introduced [4]. Thus, most of the health systems have started to connect providers' compensation mechanism with attributes such as quality and performance. In response to this global movement, Iran Ministry of Health and Medical Education (MOHME) established a measurement system for hospital performance which was associated with a payment method in 1997. The system was supposed not only to be efficient but also payable by patients reflecting providers' performance, quality, and safety of care provided to care recipients [5,6]. The proposed payment model has been called 'pay for performance' and was implemented in public hospitals as a performance measurement tool emphasizing on providers' responsiveness and productivity, quality improvement and patients' satisfaction [7–11].

P4P has also been used in many developing countries to achieve planned targets regarding their health system reform. Several improvements in the coverage and quality of healthcare services, accountability enhancement of health providers and reduction of unnecessary health costs through increased efficiency have been consequently reported [12–17]. According to a study conducted by Allen et al [18], most of the incentives used in health systems are financial for improving health staff productivity and service quality. They mentioned performance-based payment as an example of such financial motivators, which aims to pay service providers according to some of their performance indices [18].

Evidence obtained from the implementation of P4P in the primary care services delivered by UK health system affirmed considerable achievements in terms of quality, effectiveness, and efficiency [19]. Similarly, Barreto et al. [20] confirmed that performance-based payment improves health outcomes throughout the world. For instance in Brazil, this program has been proved to be useful in improving the coverage and quality of healthcare services. Many other literatures have also agreed with these findings and mentioned