

Financial control and evaluation of health policies

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GOVERN
ILLES
BALEARS

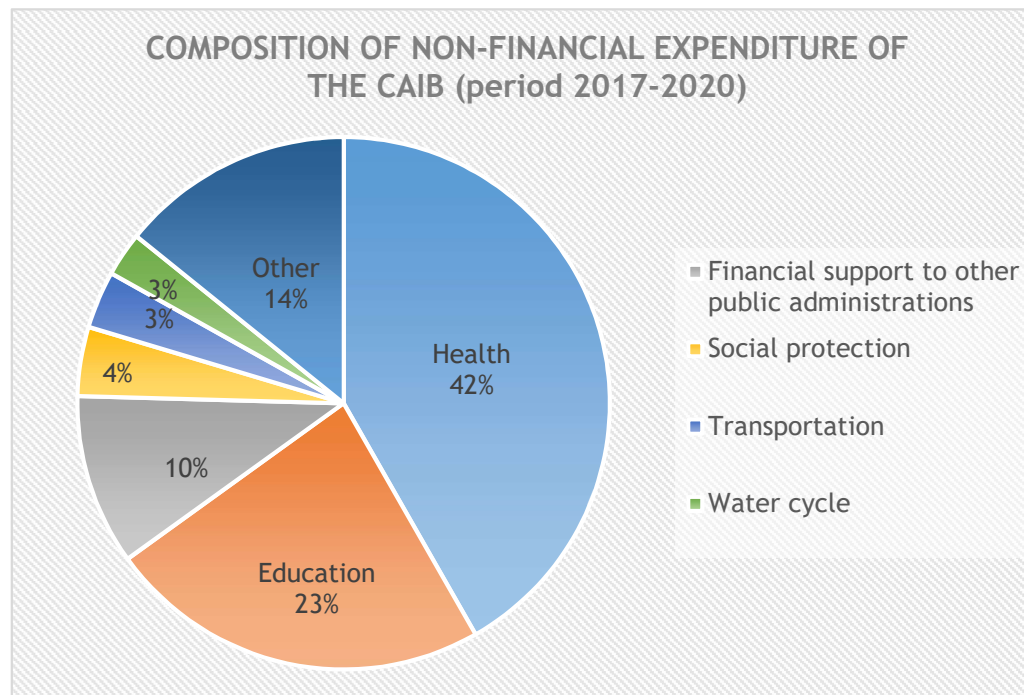
COMPETENCES AND EXPENDITURE OF THE AUTONOMOUS COMMUNITY OF THE BALEARIC ISLANDS (CAIB) 1/2

The main competencies of the CAIB correspond to the provision of health, education and social protection services.

CONSOLIDATED NON-FINANCIAL EXPENDITURE OF CAIB ADMINISTRATIVE BODIES (in millions of euros) (*)				
POLITICS	2020	2019	2018	2017
Health	2,084.5	1,755.0	1,571.0	1,546.6
Education	1,006.4	1,001.3	952.3	927.1
Financial support to other public administrations	479.8	461.9	424.2	363.9
Social protection	194.2	179.9	157.7	166.6
Transportation	153.5	134.4	126.1	167.1
Water cycle	88.9	93.7	99.1	165.3
Social promotion	74.3	91.6	94.7	66.2
Housing	54.1	43.1	19.7	18.3
Rest	404.0	533.3	610.2	357.8
TOTAL	4,539.7	4,294.2	4,055.1	3,778.8
* without adjustments corresponding to accrued expense pending allocation				

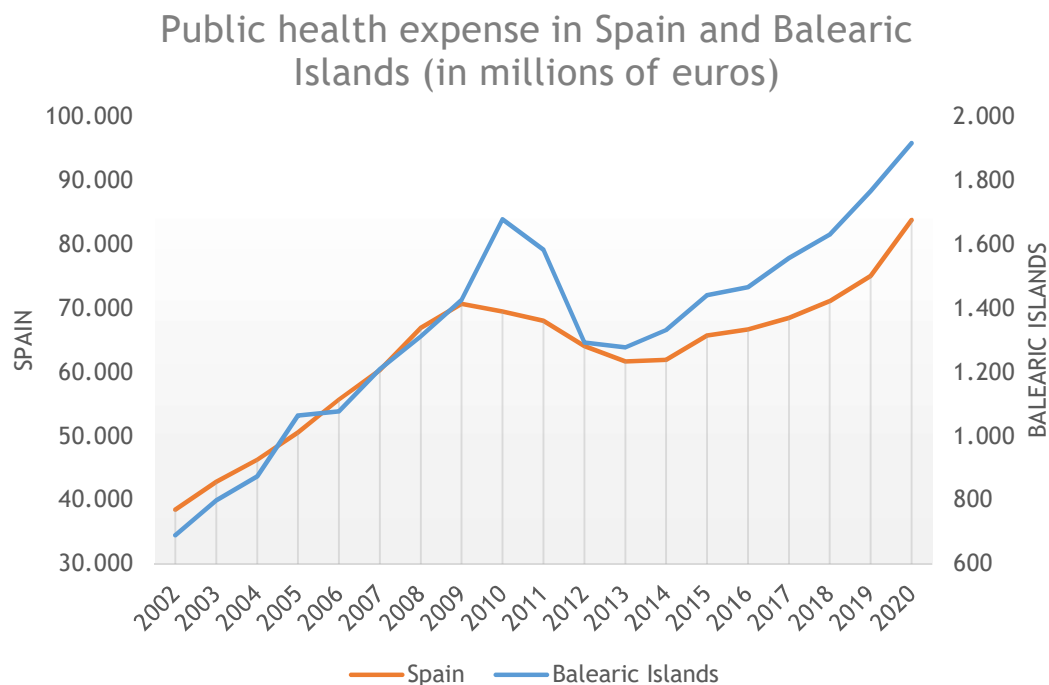
COMPETENCES AND EXPENDITURE OF THE AUTONOMOUS COMMUNITY OF THE BALEARIC ISLANDS (CAIB) 2/2

Health policy has represented, in the 2017-2020 period, 42% of the CAIB's consolidated non-financial expenditure.





EVOLUTION OF PUBLIC HEALTH EXPENDITURE IN SPAIN AND THE BALEARIC ISLANDS

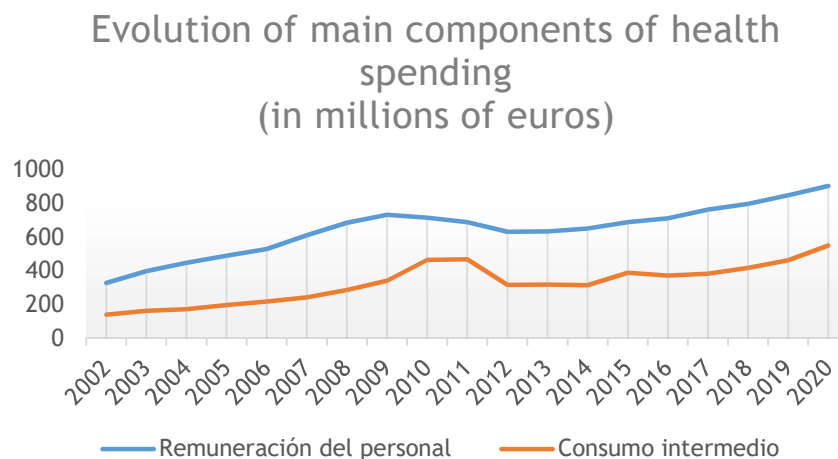


Source: Public health expenditure statistics , 2020 (Ministry of Health)

- In the period 2002-2020, public health expense in Spain and the Balearic Islands has increased by 218% and 278%, respectively.



EVOLUTION OF THE MAIN COMPONENTS OF PUBLIC HEALTH EXPENDITURE IN THE BALEARIC ISLANDS



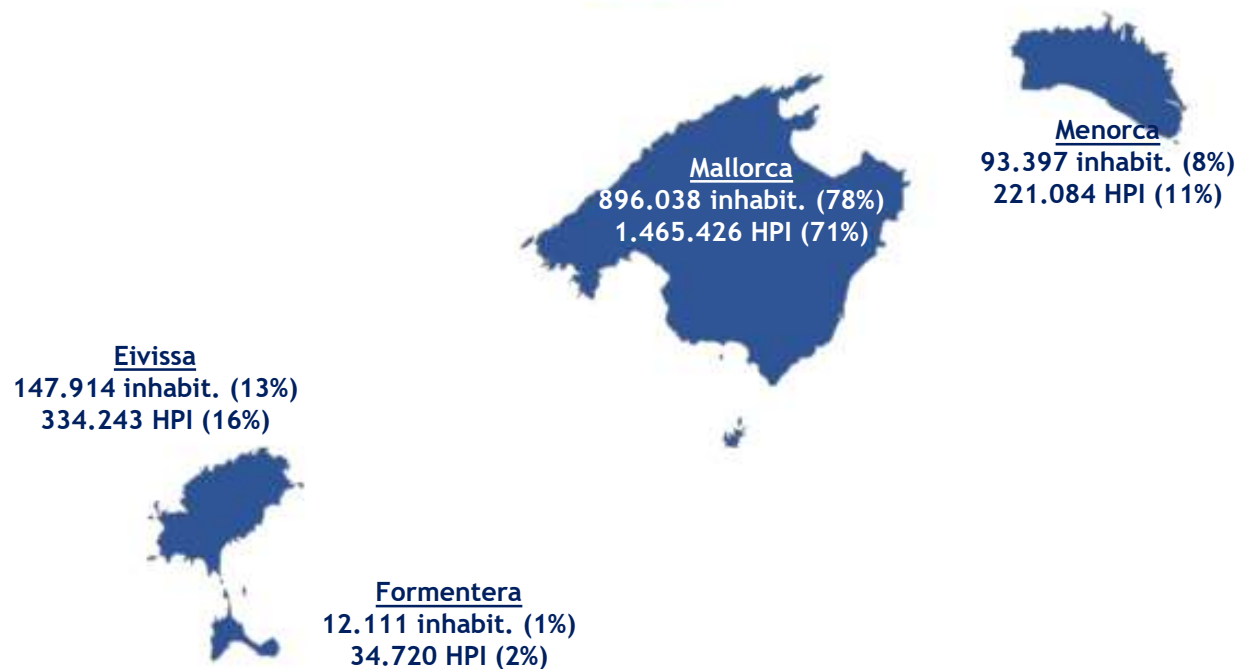
Source: Public health expenditure statistics , 2020 (Ministry of Health)

- In 2020, staff remuneration and intermediate consumption represent 47.1% and 28.7%, respectively, of health spending in the CAIB.
- In the 2002-2020 period , spending on staff remuneration has almost tripled and intermediate consumption has quadrupled (average annual increases of 5.8% and 7.9%, respectively).



DEMOGRAPHIC STRUCTURE OF THE BALEARIC ISLANDS

DEMOGRAPHIC DATA 2019

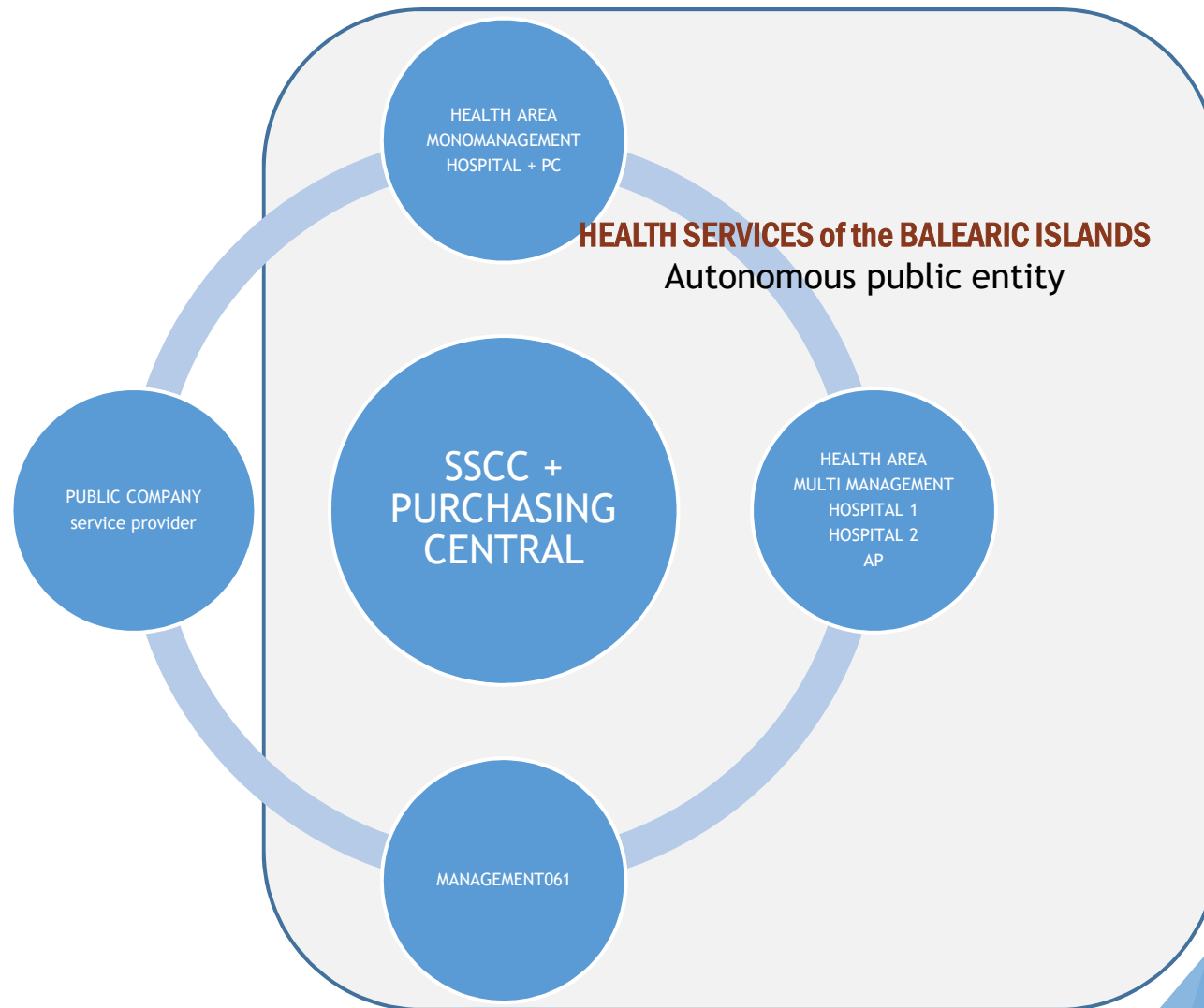


HP: Human Pressure Index (maximum)



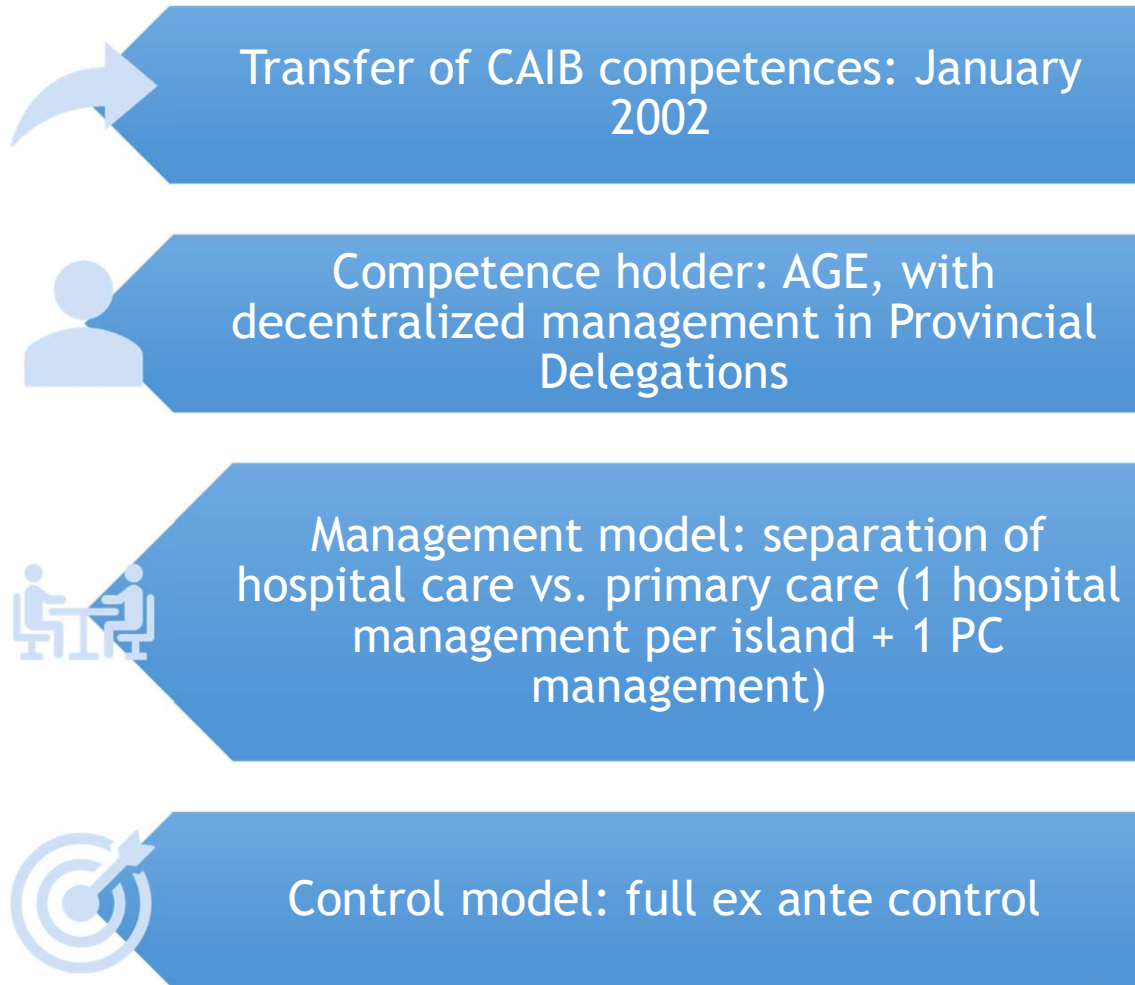
ORGANIZATIONAL MODEL

ISLAND GEOGRAPHY + POPULATION DISTRIBUTION





CONTROL FRAME UP TO 2002





CONTROL FRAMEWORK FROM 2002 TO 2015

CONTROL

- FINANCIAL AUDIT
- COMPLIANCE AUDIT
- THEMATIC AUDITS
 - STAFF
 - PROCUREMENT
 - PHARMACY
 - HEALTH BENEFITS

LIMITED EX ANTE CONTROL

Expense items
>€500,000

- ⑩ Check general aspects:
 - ⑩ existence of credit and adequacy to the economic nature of the expense or obligation
 - ⑩ adequate accounting entry of non-budgetary operations.
 - ⑩ generated by a competent body
 - ⑩ Compliance with legal requirements if they are multi-annual or structural expenses,
 - ⑩ Other aspects according to the type of expense file (contracts, subsidies,...) proposed by the Internal Audit Office of the Autonomous Community, within the framework of the applicable regulations.

Expense items
>2,000,000 €

- Verification of the internal audit of the application or use of public funds: material verification of the execution of works, supplies, acquisitions and services



CONTROL FRAMEWORK FROM 2016

Audit Plan 4/2016 of RISK ANALYSIS AND INTERNAL CONTROL OF THE HEALTH SERVICE OF THE BALEARIC ISLANDS (IB-SALUT)

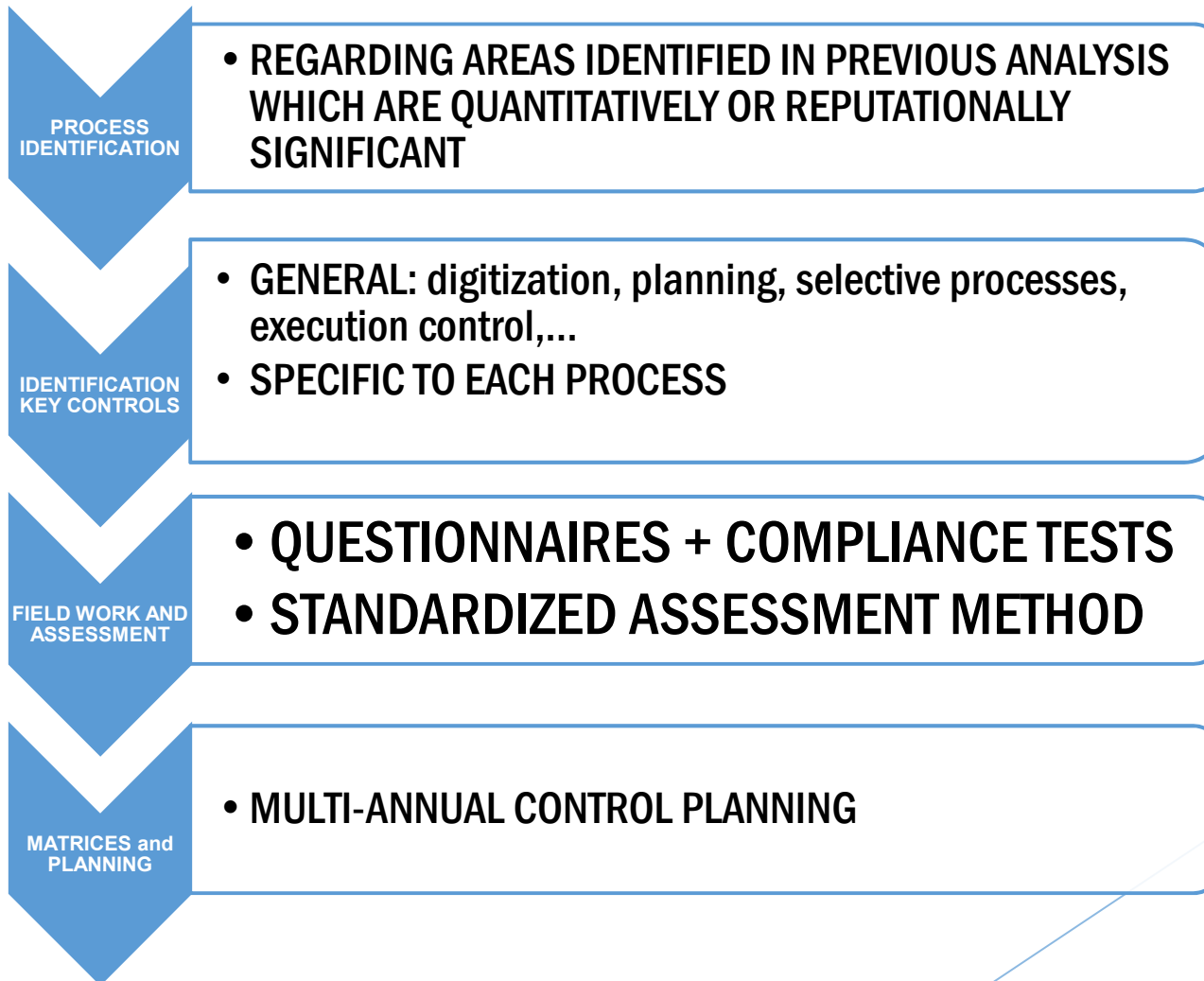
OBJECTIVES:

- 1.- ANALYZE STRUCTURE OF IB-SALUT EXPENDITURE
- 2.- IDENTIFY THE MAIN PROCESSES GENERATING EXPENSES, ANALYZE THEIR RISKS, INTERNAL CONTROLS AND THEIR EFFICIENCY



CONTROL FRAMEWORK FROM 2016

METHODOLOGY audit plan 4/2016

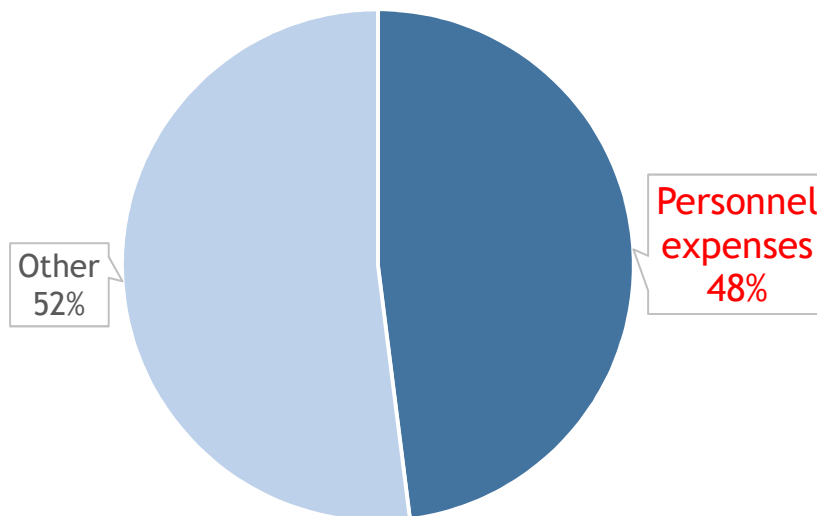




PRELIMINARY ANALYSIS

PERSONNEL EXPENSES represent 47% of the TOTAL ANNUAL EXPENDITURE

Personnel expenses/Total expenses



STRENGTH:
SAP HR (2013) payroll management and control tool

WEAKNESSES:
WORKFORCE INCREASE

EFFICIENCY PERSONNEL EXPENSES

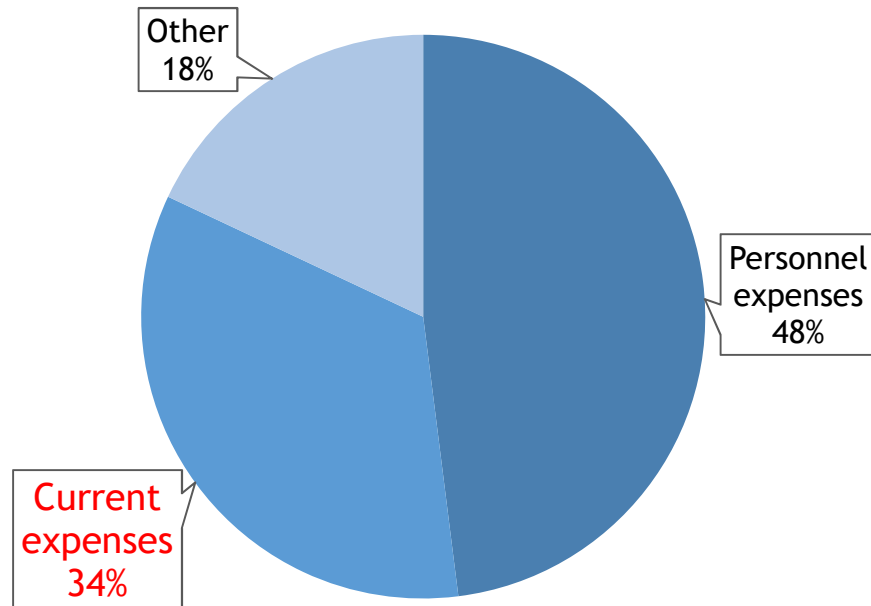
INCREASE/NEW REMUNERATION CONCEPTS



PRELIMINARY ANALYSIS

CURRENT EXPENSES represent 34% of TOTAL ANNUAL EXPENSES

Current expenses/Total expenses



SUPPLIES:

- anti-infectives
- antineoplastic and immunomodulatory
- surgical and healthcare material

HEALTH ASSISTANCE provided by
THIRD PARTIES

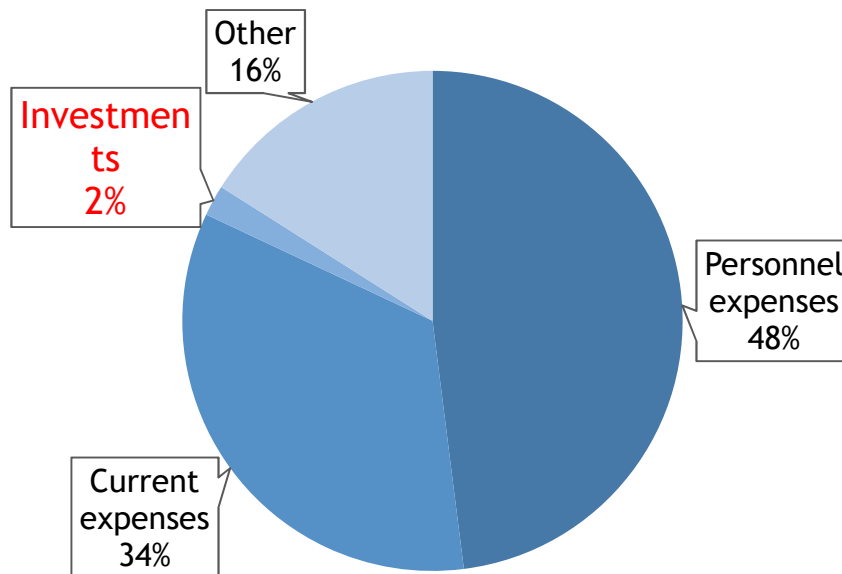
PUBLIC WORKS CONCESSION for
sanitary infrastructure



PRELIMINARY ANALYSIS

INVESTMENTS are **NOT** significant

Investments/Total expenses



Is it a counter-intuitive conclusion?

NO, IB-SALUT is a service provider entity

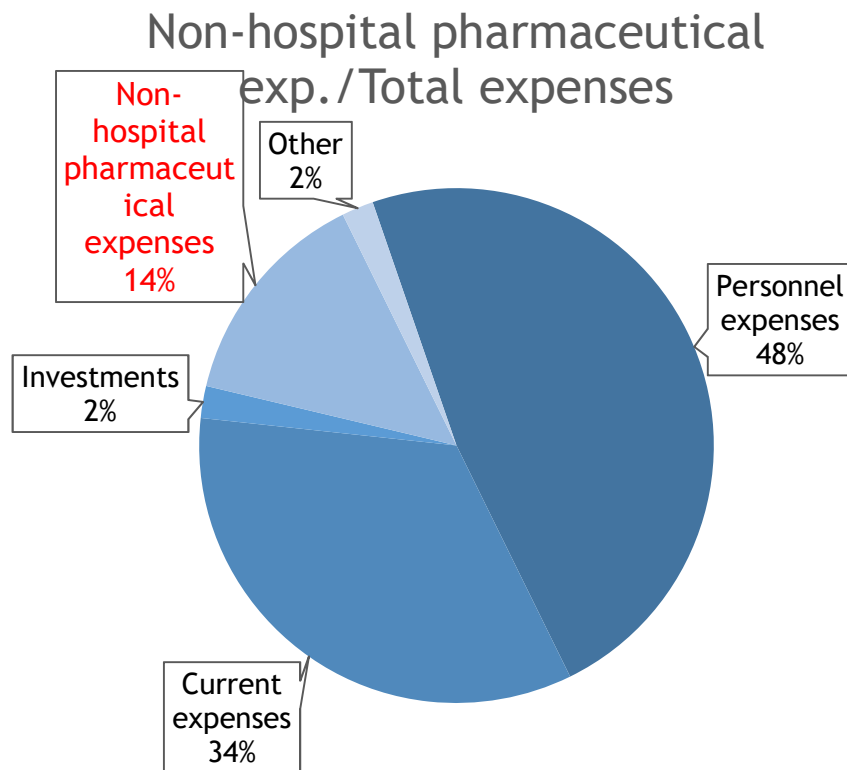
WITH public works concessions amounts to 6%

ITEM percentage is decreasing



PRELIMINARY ANALYSIS

Non-hospital PHARMACEUTICAL EXPENSE is a VERY ATOMIZED item

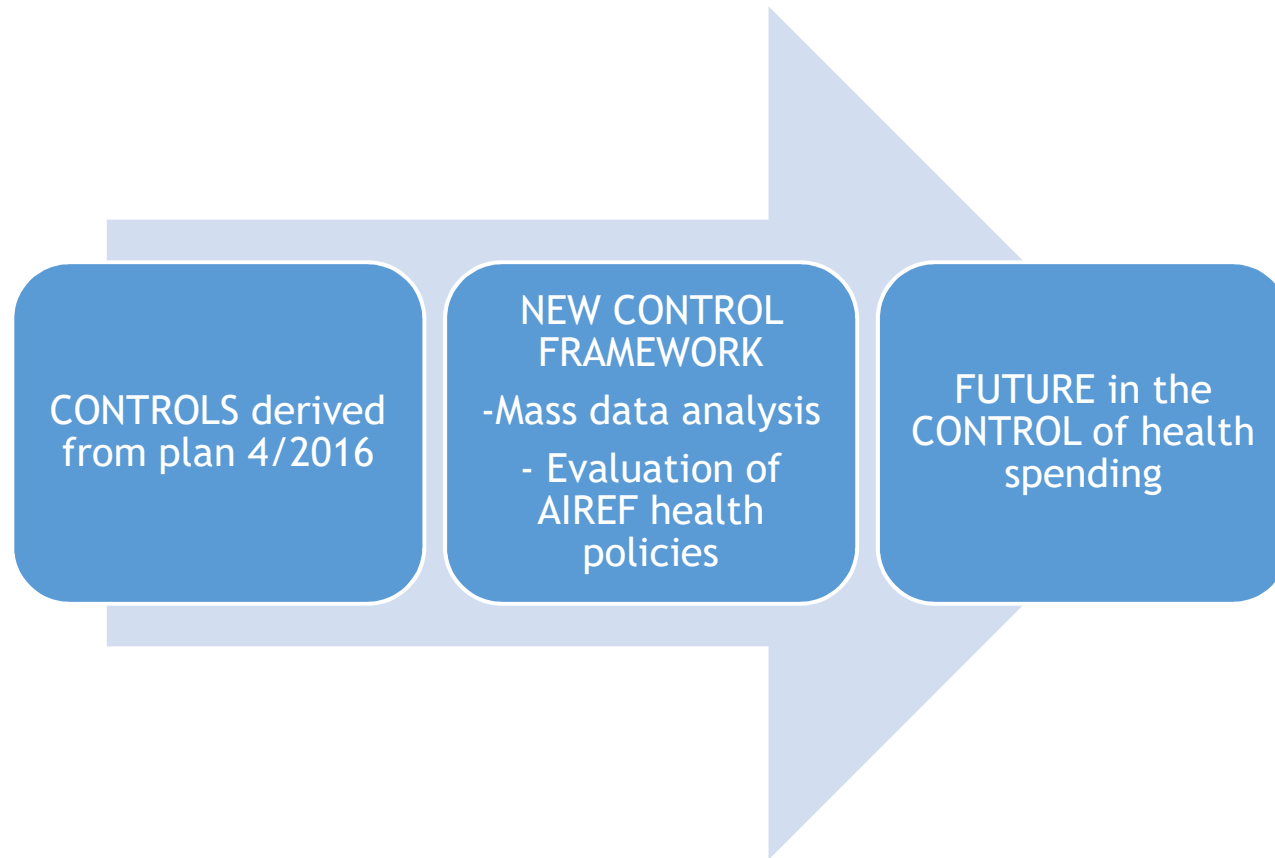


CONTROL MEASURES AIMED AT MEDICAL PRESCRIPTION:

- electronic prescription
- sales margins
- generics prescription



CONTROL FRAMEWORK OF CURRENT HEALTH EXPENDITURE in the BALEARIC ISLANDS





SPECIAL AREAS ATTENTION in personnel expenses

CONTROL STAFF ESTABLISHMENT

- Check the fit between real VS authorized staff establishment plans
- Permanent control of its evolution

SELECTIVE PROCESSES

- High risks in certain categories of staff
- Insufficient internal control procedures

PRESENCE CONTROL

- Lack of comprehensive control of all staff

VARIABLE REMUNERATION

- Complements linked to the activity
- Creation of new unauthorized remuneration concepts



AREAS OF SPECIAL ATTENTION in current expenses

PLANNING

- Procurement planning procedures
- Centralized product catalog

ACQUISITION OF CARE SERVICES

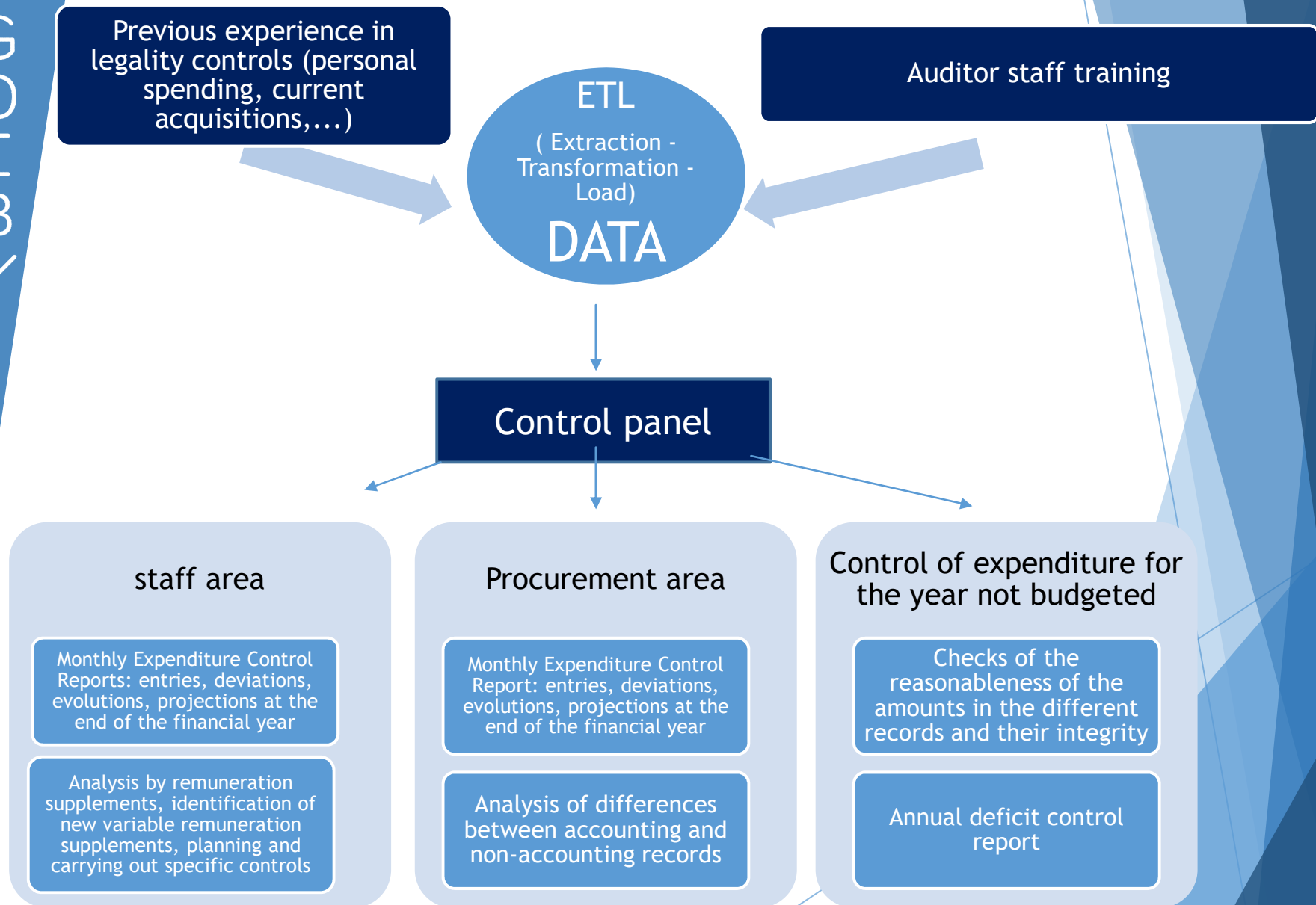
- Area with most poor key controls (6/8) ✖
- Area closely linked to health policy planning

REGISTRATION OF INVOICES and PAYMENT

- Delay in registration
- Lack of budget provision
- Delay in payment and increase in average payment period



PERMANENT CONTROL BASED ON MASSIVE DATA ANALYSIS





AIReF : Review of public spending on health

Evaluation of public policies

- The purpose of the Independent Authority for Fiscal Responsibility (AIReF) is to guarantee effective compliance by Public Administrations with the principle of budget stability through the continuous evaluation of the budget cycle, public debt, and the analysis of economic forecasts
- AIReF performs its functions through reports, opinions and studies
- Thus, AIReF can carry out studies requested by the Autonomous Communities and Local Authorities, which must be limited to the area of competence and without affecting the competences of other Administrations.

(Organic Law 6/2013 , creating AIReF)



AIReF : Review of public spending on health

The assignment to AIReF by the GOIB

- The Government of the Balearic Islands has commissioned AIReF to prepare a study (*spending review*) in certain areas of special interest, selected for their high budgetary impact and for their direct impact on the well-being of citizens: health and education spending
- By agreement of the Governing Council of September 13, 2021, it is approved to request AIReF a review study on various aspects of the aforementioned areas.
- It is the first time in the autonomous community of the Balearic Islands that a commission of these characteristics is proposed



AIReF : Review of public spending on health

Consensus in the definition of the Plan

- From the end of 2021 to the summer of 2022, the Autonomous Community of the Balearic Islands worked together with the AIReF to define and specify the Action Plan
- In the autonomous community, a working group was created made up of the Health Service, the Ministry of Education and Vocational Training and the Ministry of Finance and Foreign Affairs
- The coordination of the group and the dialogue with the AIReF was led by the Budget Control and Analysis Office, attached to the General Directorate of Budgets



AIReF : Review of public spending on health

Action Plan

- In July 2022, the *Action Plan of the Study in review of Public Expenditure on Health and Education in the Autonomous Community of the Balearic Islands was approved*
- This Plan is published on the AIReF website

<https://www.airef.es/es/evaluations-autonomous-communities/>



AIReF : Review of public spending on health

Action Plan Details

- It involves analyzing more than **1,800 million euros** of public spending in the Balearic Islands on health and education MIGJ1
- The scope of the study in the health field comprises three axes:
 1. Human resources planning and management of the IbSalut
 2. The public procurement strategy and the health purchasing and logistics model
 3. The strategy for the development and integration of health information systems and management and services.



Axis 1 Expenditure on personnel and HR policy

Aspects to evaluate

- The current dimensioning of the staff establishment plans and their territorial distribution between care levels, areas and health centers, with special emphasis on Primary Care.
- Planning and management instruments: HR management plans, budget templates and list of job posts
- Talent recruitment and retention systems: selection and provision of vacancies
- Registration of professionals and members of management teams
- Level and evolution of temporality



AIReF : Review of public spending on health

Axis 2 Contracting and purchasing strategy

Aspects to evaluate

- The specific regional development of the applicable regulatory framework in the activity of public procurement
- Strategy for public procurement and purchases of the management centers of IB-SALUT and hospital management and health areas.
- Organization and competences of the contracting authorities in the public health field of the community
- Level of integration and centralization of administrative processes and management units and services
- Critical processes of the operation and management of purchases, logistics and public procurement: ordering and demand planning, award procedures, evaluation and monitoring.



Axis 3 Integration of information systems

Aspects to evaluate

- IBSalut health information and service management systems that support care and management processes (public contracting, spending, personnel management...)
- Use of health information and management and service systems to support decision-making (data analytics)
- Level of development and implementation of a corporate analytical accounting system for healthcare costs and its integration into the economic-financial systems of the autonomous community



AIReF : Review of public spending on health

Methodology and Database

- Various analysis techniques will be used
 - Quantitative: documentary review, information collection through questionnaires, semi-structured interviews
 - Qualitative: statistical analysis, econometric techniques of time series and data processing
- Given the strong impact of the pandemic on spending, this evaluation will carry out a data analysis to determine which variables have been affected and the foreseeable structural impact in the future.
- The databases to be used will be public and/or private, with both open and restricted access.



CONCLUSIONS

Challenges/Ideas for the future

- The economic management of health services and their organizational culture is oriented towards effectiveness rather than efficiency.
- All forecasts indicate that health spending will continue to grow in the coming years. Demographic factors, new innovative drugs with a high economic impact, high-tech capital goods with high acquisition and operating costs, socioeconomic factors, etc., put upward pressure and the risk for financial sustainability grows.
- Improving the efficiency in the management of health systems is one of the ways to combat the aforementioned risks.



CONCLUSIONS

Challenges/Ideas for the future

- Administrative modernization has covered many gaps in legality and should allow the control entities to concentrate their resources on efficiency improvement tasks .
- The economic evaluation introduces rationality in the allocation of health resources.
- In Spain, new institutions include the evaluation of public policies among their activities (AEVAL, dependent on the State Administration, IVALUA, dependent on the Generalitat of Catalonia,...) .



CONCLUSIONS

Challenges/Ideas for the future

- More than 300 signatories from the knowledge sector in the field of health economics signed a Manifesto in favor of the consideration of the Economic Evaluation of health decisions .
- The UK experience with NICE may serve as an example.
- However, the decision-making process should be independent of the preparation of the evaluations, since there is not a single way to make rational decisions based on the evaluations carried out.

THANK YOU FOR YOUR ATTENTION



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