

# Room for improvement: performance of public hospitals in four LAC health systems

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Hospitals are a key component of health systems and health spending in Latin America and the Caribbean. Across the region, hospital care already accounts for about **1/3 of total health spending** and it is **expected to increase** in absolute and relative terms as populations age and medical technology improves. The public sector has a substantial role in providing and paying for hospital services, through ownership and management of public hospitals and through public insurance schemes.

**How well do hospitals perform?** We used administrative data on public hospitals from four health systems to construct commonly used measures of hospital efficiency (average length of stay) and quality (using the rate of Cesarean sections as an indicator of appropriateness).

**What is hospital performance and how to measure it?** Efficiency and quality are two key dimensions of performance. Efficiency is about getting the most value for our spending. Quality includes several domains, such as effectiveness (providing evidence-based health care services to those who need them), safety (preventing and reducing harm), and patient centeredness (whether care is responsive to patient needs). While some indicators require a lot of detailed data, many health systems can already examine basic indicators –and revise as their data systems evolve–. Interested to learn more? Please be in touch and look for our report on hospital performance measurement to be published in late 2023.

We find large scope for public hospitals to improve in efficiency and quality. **Figure 1** shows that, for example, Brazil has a C-section rate of 50.6%, which is higher than the rate in Mexico, Peru and Ecuador; it is also higher than the **OECD average** of 29% in 2019.

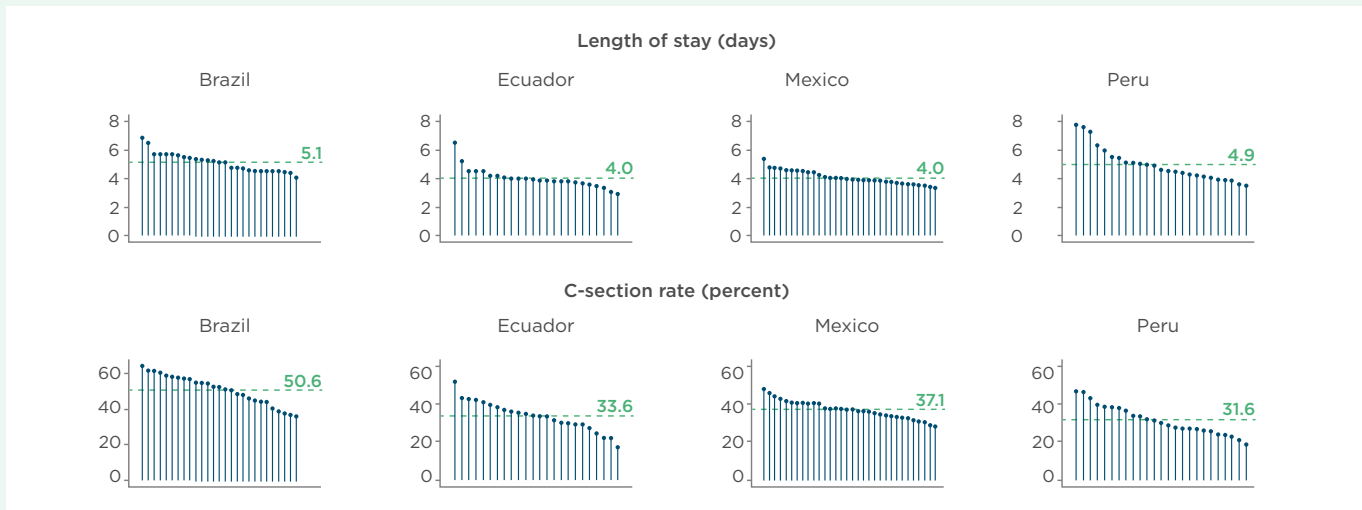
**There is also substantial variation within countries.** Each dot in **Figure 1** is a state or region within a country. All health systems have higher and lower performing states. There are legitimate reasons for this variability, such as different disease profiles and local contexts. In some states, hospitals may also compensate for under-performing primary care systems. Conversely, if there are barriers to access, some hospitals may only receive the most challenging patients, who might be at high risk of dying, requiring longer stays or requiring C-sections. Even considering those factors, the large variation across states suggests an important scope for improvement.

**What could we gain with better performance?** **Table 1** shows a rough estimate of what could be expected if the variations across states were reduced. For this estimate we assume that all states performed as well as a state that performs well but is not the best performer (the 25<sup>th</sup> percentile across states of its own country). This should be feasible even allowing for local circumstances: after all, there are states that perform even better.

**The potential gains are large.** For example, Ecuador could save about 820,000 (23.5%) hospital bed-days and Brazil could reduce C-sections by 186,000 (almost 20%). Using a stricter benchmark –such as the **WHO recommendation** that only 15% of deliveries should be C-sections– the potential gains would be even larger.

→ **FIGURE 1**

**Variation in public hospital efficiency and quality across regions and states (2015-2019)**



Notes: each dot is a state or region. Unadjusted averages for 2015-2019. Preliminary results based on own calculations.

**How to realize these gains?** Improving hospital performance would benefit everyone. There are many policy levers that countries can use, beginning with systematic and routine measurement of key indicators. Even simple indicators, like those shown here, can be very informative and motivating. It is also critical to improve governance and management, and to align all components of the health system to promote performance, from foundational rules and regulations to payment systems and hospital management.

→ **TABLE 1**

**Potential gains (simulation)**

	Efficiency Hospital bed-days	Quality C-sections	
Benchmark	25 <sup>th</sup> percentile	25 <sup>th</sup> percentile	15% (WHO)
<b>Total</b>			
Brazil	8,166,488	186,394	872,363
Ecuador	819,209	16,508	44,090
Mexico	3,473,661	55,813	320,711
Peru	1,270,245	33,774	78,975
<b>Percent</b>			
Brazil	12.9%	19.6%	91.9%
Ecuador	23.5%	22.3%	59.4%
Mexico	15.8%	10.4%	59.5%
Peru	34.2%	23.7%	55.3%

Sources: potential gains are the difference between a state's actual performance and the benchmark (the state at the 25<sup>th</sup> percentile of the measure's distribution or the WHO recommendation of 15% in the case of C-section rates). Preliminary results based on authors' calculations using unadjusted averages for 2015-2019.