

Interpretation of the Operation Manual for Performance Appraisal of National Tertiary Public Hospitals (2024)

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In a dynamic health care environment, public hospitals, serving as primary providers of essential medical services, shoulder the responsibilities to address public health and wellness needs. To further improve the quality of medical services and propel medical system reforms, the National Health Commission (NHC) issued the Operation Manual for Performance Appraisal of National Tertiary Public Hospitals (2024) (hereafter referred to as "Operation Manual 2024"). This iteration signifies a pivotal stride toward enhancing the management and service standards of China's public hospitals, offering clear guidance for their future progress and development.

The Operation Manual 2024 represents stringent requirements for medical quality, showcasing the nation's determination to deepen medical reform. This article provides an in-depth policy interpretation, encompassing background, main contents, comparison with previous editions and implications on the future development of public hospitals.

Background

Driven by the rapid social and economic development, there is a growing demand for medical services. In 2023, the total number of visits in hospitals nationwide was 9.56 billion, representing an increase of 1.16 billion or 13.5% in number of visits compared with 2022. On average, the number of visits in hospital per capita was 6.8.¹ In 2023, the national per capita consumption expenditure on medical and health care services grew by 16.0% to RMB2,460, accounting for 9.2% of the per capita consumption expenditure.²

As public hospitals are the mainstay of medical service system, their service quality and management efficiency are associated with the wellness and well-being of hundreds of millions of people. Therefore, developing and improving the performance appraisal system of public hospitals has become essential in the improvement of medical service quality and the reform of the medical system. In this context, the Operation Manual 2024 was developed, underpinned by an in-depth analysis of the status quo of medical services and a science-based anticipation on the evolving trend. Due to multiple factors, including aging of the population, growing number of people suffering from chronic diseases and rapidly developing medical technology, public hospitals are facing greater challenges than ever. How to optimize the allocation of medical resources, improve service efficiency and provide quality services and patient safety has become a pressing issue.

Moreover, the NHC attaches high importance to medical quality and patient safety, which are embedded as the core of medical services. The Operation Manual 2024 aims to provide guidance for public hospitals to strengthen internal management and embrace technology-powered medical services with more stringent measures and detailed indicators, enabling them to better adapt to the digital future.

The release of the Operation Manual 2024 marks a continuation and deepening of previous policies of the National Health Commission, representing the nation's stringent requirements on medical quality and determination to deepen medical reform. By bringing it to life, it is expected to advance innovation and reform in the management system, operating mechanism and service model among public hospitals to adapt to the evolving needs of medical services in the new era.

Key changes in the Operation Manual 2024

The Operation Manual 2024 introduces new appraisal indicators, updates specific provisions and highlights the importance of data quality control and monitoring. It aims to improve overall medical service quality comprehensively and refine the management practices of public hospitals.

Newly added indicators

In March 2022, the NHC issued the Operation Manual for Performance Appraisal of National Tertiary Public Hospitals (2022) (hereafter referred to as "Operation Manual 2022"), providing a list of the first batch of high-value medical consumables to be governed, encompassing 18 categories including single or multiple component metallic bone fixation appliances and accessories, guide wires and ear prostheses. In 2019, the income from key monitored high-value medical consumables accounted for 33.17% in the total income of consumables from tertiary public hospitals, indicating a significant share of high-value medical consumables in hospital operating costs.³ In 2021, the key monitored high-value medical consumables contributed 30.45% to the total income of medical consumables, showing a downward trend.⁴

The Operation Manual 2024 reemphasizes the performance appraisal on the contribution of the income from key monitored high-value medical consumables, showing that greater importance has been attached to cost control and rational allocation of resources within the industry. This newly added indicator aims to control the irrational growth of medical expenses to achieve optimal use of medical resources, safeguard the rights and interests of patients and advance efforts of public hospitals to strengthen internal management, optimize the procurement and use of consumables and facilitate the improvement of both quality and efficiency of medical services.

This indicator also encourages hospitals take more refined management measures, including cutting costs through centralized procurement and enhanced clinical path management to reduce the use of unnecessary consumables. With the deepening of medical reform, the performance appraisal of public hospitals focuses more on cost-effectiveness analysis and continuous improvement of medical quality.

Case study

An improvement in the use of medical consumables



A municipal health commission conducted a survey on the use of medical consumables among hospitals under the municipal administration and organized experts to carry out an investigation and supervision of the use of medical consumables in a public hospital in the city. Findings showed that the hospital consumed a large quantity of imported consumables. The municipal health commission put forward specific rectification measures and requirements, including standardizing the approval, acknowledgement and supervision of the use of medical consumables, especially for imported high-value consumables, with an aim to reduce the share of imported high-value consumables which would be substituted by domestic ones.

Through these measures, the share of imported high-value consumables used by the hospital in October 2021 decreased by 3.3% compared to August same year.

Newly added appraisal content

1 Unscheduled readmission rate

Under Indicator 8: The unscheduled readmission rate is added in addition to the postoperative complication rate. This newly added indicator is the extension of postoperative complication rate, focusing on patients who get readmitted to the hospital after surgery or treatment for the same or related condition within a certain period (usually 30 days). The indicator is designed to reduce unnecessary readmissions and improve continuity and coordination of medical services, enabling patients to achieve early recovery and receive necessary follow-up visits after initial treatment. In doing so, hospitals can shift attention to long-term effects of treatment and rehabilitation for patients, thereby improving the overall quality of medical services.

A low unscheduled readmission rate indicates that a hospital provides patients with effective medical services through recovery and follow-up visits after discharge to reduce readmissions for the same condition, showing that the hospital provides high-quality medical services with an effective and safe treatment.

According to the Action Plan for Improving Surgical Quality and Safety (2023-2025) issued by the General Office of the NHC in August 2023, the rate of unscheduled return to the operating room will be no higher than 1.8% by the end of 2025. Moreover, the Circular on the Action Plan for Improving Medical Quality in an all-round way (2023-2025), issued by the Department of Medical Administration of the NHC in May, requests to reduce the incidence of negative events through special actions, including operative complications, anesthesia complications and perioperative mortality and uncover hidden operative risks and mitigate the harm in a timely manner; by the end of 2025, the rate of hospital-acquired complications will no higher than 7.5%. These interconnected policies demonstrate a national-level commitment to reducing the unscheduled readmission rate.

Case study

Management system for unscheduled reoperations



A tertiary Grade-A hospital has developed its management system for unscheduled reoperations to promote continuous improvement in medical quality and safeguard the safety of patients. The system describes the definition of unscheduled reoperation and its management process and detailed provisions, including monitoring, evaluating, analyzing and reporting, as well as training and evaluation of relevant people.

Through these measures, the hospital can better control the incidence of unscheduled reoperations and improve the quality of medical services.

2 Quality indicators of tumor care

Under Indicator 10: A series of performance indicators on tumor-related quality control are added in addition to any single disease, according to the Quality indicators of tumor care (2023), issued by the NHC in March 2023. These indicators encompass clinical staging evaluation prior to the first treatment, pathological diagnosis prior to the first non-surgical treatment, postoperative pathological TNM staging, perioperative mortality and molecular pathological detection prior to the first targeted and immunotherapy treatment and standardized intraoperative lymph node dissection. These indicators aim to advance the standardized management amidst the tumor diagnosis and treatment and improve diagnostic accuracy and target-specific treatment, thus providing more effective treatment for tumor patients with higher quality of life.

AI-based quality control system for patient history



A tertiary Grade-A hospital has developed an AI-based quality control system for patient history, making automatic intelligent quality control possible for tumor diagnosis and TNM staging through natural language processing and intelligent word segmentation.

Since the system was brought to life, *the appraisal rate of pre-treatment clinical TNM staging has surged from 47.5% to 97.2%*, showing a significant improvement in standardizing tumor diagnosis and treatment.

3 Liquidity ratio

Public hospitals have achieved progress in strengthening financial management and controlling current liabilities. For example, the average liquidity ratio of national tertiary public hospitals was 1.8 in 2021, up from 1.7 in 2020. With the deepening of public hospital reform, standardized financial management and risk control are gaining more attention. Under Indicator 36: Liquidity ratio will be appraised in addition to the current asset-liability ratio, implicating further standardization of financial management and an improvement of risk control.

Liquidity ratio is a financial indicator to measure short-term solvency. The higher the ratio, the more likely an organization pays off short-term debts. Measuring liquid asset-liability ratio can drive hospitals to improve fund utilization efficiency, optimize asset structure and achieve financial stability and sustainability across hospitals.

Updated working requirements

The latest normative documents have been introduced in the Operation Manual 2024, including the Circular of carrying out thematic activities to uplift patient experience by improving medical experience issued by the NHC and the National Administration of Traditional Chinese Medicine, providing new work requirements and guiding principles for performance appraisal. The updated work requirements, highlighting the importance of uplifting patients' experience and improving the quality of medical services, call for more attention to patients' needs in daily operations through optimized service processes and improved service efficiency.

Data quality control and monitoring

The Operation Manual 2024 addresses the importance of data quality control and outlines the requirements for hospitals to develop a sound system of data collection, management and analysis to ensure data authenticity, integrity and timeliness. Through monitoring, hospitals can identify and address issues on data collection and processing in a timely manner to improve data quality. Furthermore, pursuant to the Data Security Law of the People's Republic of China and other regulations, logging in the public hospital performance appraisal platform requires complete real-name authentication, while system login and related operations require digital certificates.

Case study

Medical big data platform



A tertiary Grade-A hospital has delivered data governance and easy query services by building a medical big data platform, using machine learning, natural language processing (NLP) and other technologies to integrate multi-modal medical data, including the data inside and outside the hospital and public health data. *This enables the establishment of a series of processes encompassing data integration and processing, data standardization and governance, and data quality control.*

Moreover, the hospital has built an open platform for data-based services to deliver data asset query and unified data management and launched a data authorization and approval mechanism to safeguard the security for data transfer and access.

The Operation Manual 2024 extends the depth and breadth of performance appraisal for public hospitals by adding key indicators, updating work requirements and strengthening data quality control and monitoring. These changes reflect a focus on broader dimensions with detailed requirements, including medical quality and patient safety, rational drug use, service process, operational efficiency, resource efficiency, revenue and expenditure structure, expense management, economic management, sustainable development, personnel structure, talent development, discipline construction and credit building. These updates aim to drive hospitals toward high-quality development in a normalized, standardized and homogenized style.

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