

# CHAPTER 1

## INTRODUCTION



### 1.1. Background

There are 24 regional hospitals and 68 general hospitals in Thailand. The location of regional and general hospitals in four regions is as following: (Figure 1.1) and the types of hospital are presented in the Appendix 1 (regional and general hospitals).

- Northeastern region has 8 regional hospitals and 11 general hospitals
- Central region has 6 regional hospitals and 28 general hospitals.
- Northern region has 5 regional hospitals and 15 general hospitals
- Southern region has 5 regional hospitals and 14 general hospitals

Health Services in the hospitals are primary, secondary , tertiary medical care. Integrated services in the hospitals are health promotion, health prevention, curative care and rehabilitation.

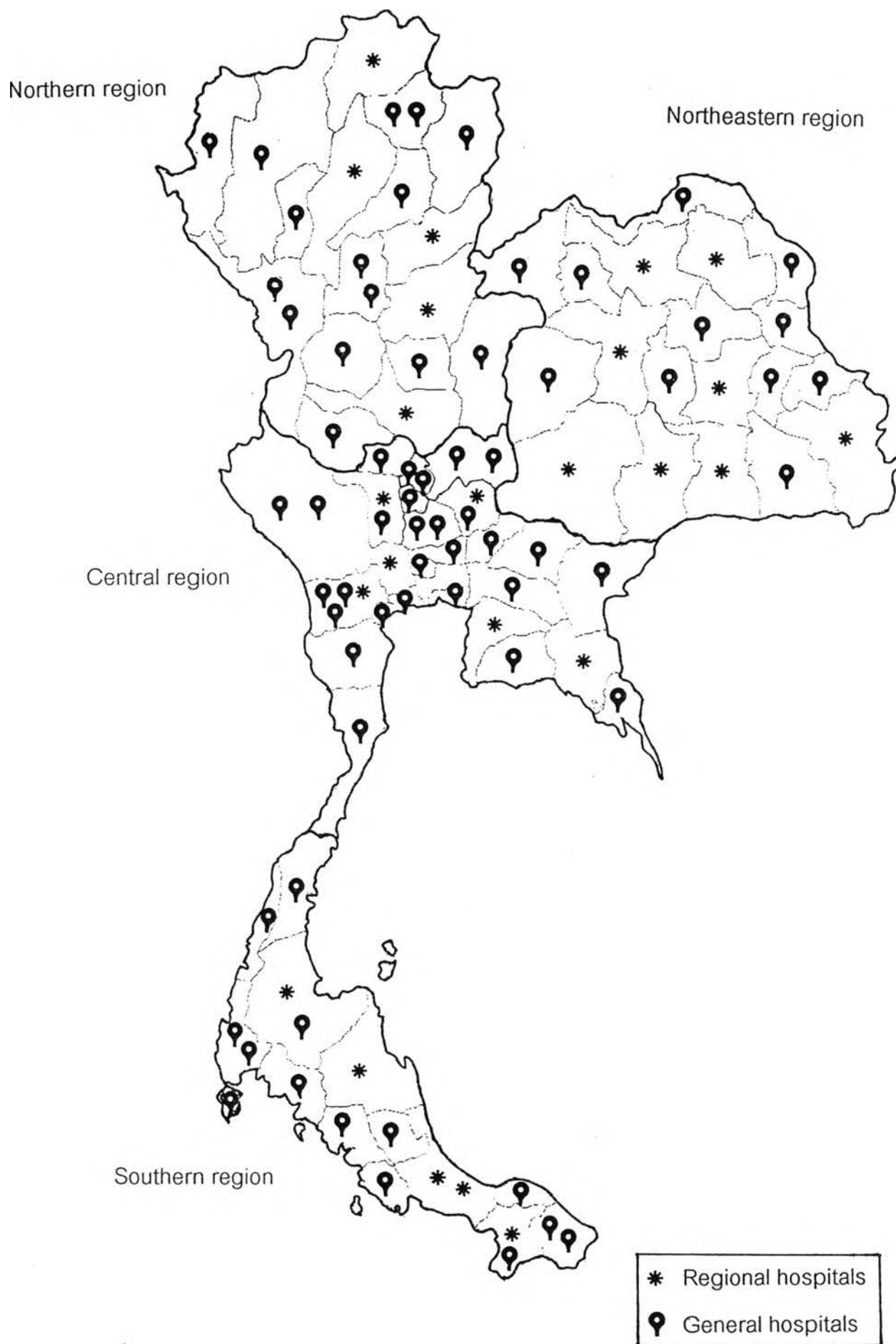
Regional hospitals have specifications as follow :

- More than 500 beds and a service centre each zone.
- Has special medical services in every field.
- Has a place for training students and health personnel.
- To proceeds the study of clinical research and health' s service research.

General hospitals have the following specifications :

- 200-500 beds. The general hospital has a more limited service ability more the regional hospitals which provide service for people in cities and receive patients referred from community hospitals.
- Integrated services such as health promotion, health prevention, curative care, rehabilitation provided as necessary.
- Train health personnel for clinical research and health research.

Figure 1.1. The location of regional and general hospitals in each region



From studies in public financed health care systems, decisions have to be made according to the allocated resources at regional and sub-regional levels. In many countries such allocations may be the product of incremental financing decisions based on historical situations which bear no relation to the population's health care needs. Such incremental and implicit budget allocation methods may serve political rather than health care motivations, enabling public decision makers to direct funds to marginal constituencies, their political followers. In developing countries the inequalities of resources can leave capital cities well endowed, often with inappropriate and underused high technologies, and rural areas neglected. Such policies are not unique to poorer countries.(World bank, 1998 ). And from analysis of the budget process in Thailand, the bureau of the budget (BOB) has put a greater emphasis on the role of controlling and policing the use of funds by government units and the process of budget is directed almost exclusively at the question of appropriate inputs with little attention paid to the desirability of output and out come (Dhiravegin,1987).

In the same way, the Ministry of Public Health (MOPH) allocated its budget to regional and general hospitals, to comply with rules and regulations. So the budget allocation system is built on historical situations and estimated from the resources required from the past periods with no relation to population health needs or allocated budget for programmed budget by 5 line items. Line items have a budget expenditure of 65 percent and non-government budget expenditure is 35 percent (in the fiscal year 1995-1997). So regional and general hospitals have the more revenue from budget allocation. The five line items are as follow : (Figure 1.2)

Line item 1 : allocated budget provide to salaries of civil servants and permanent employees in each hospital. Budget expenditure of line item 1 was 53 percent.

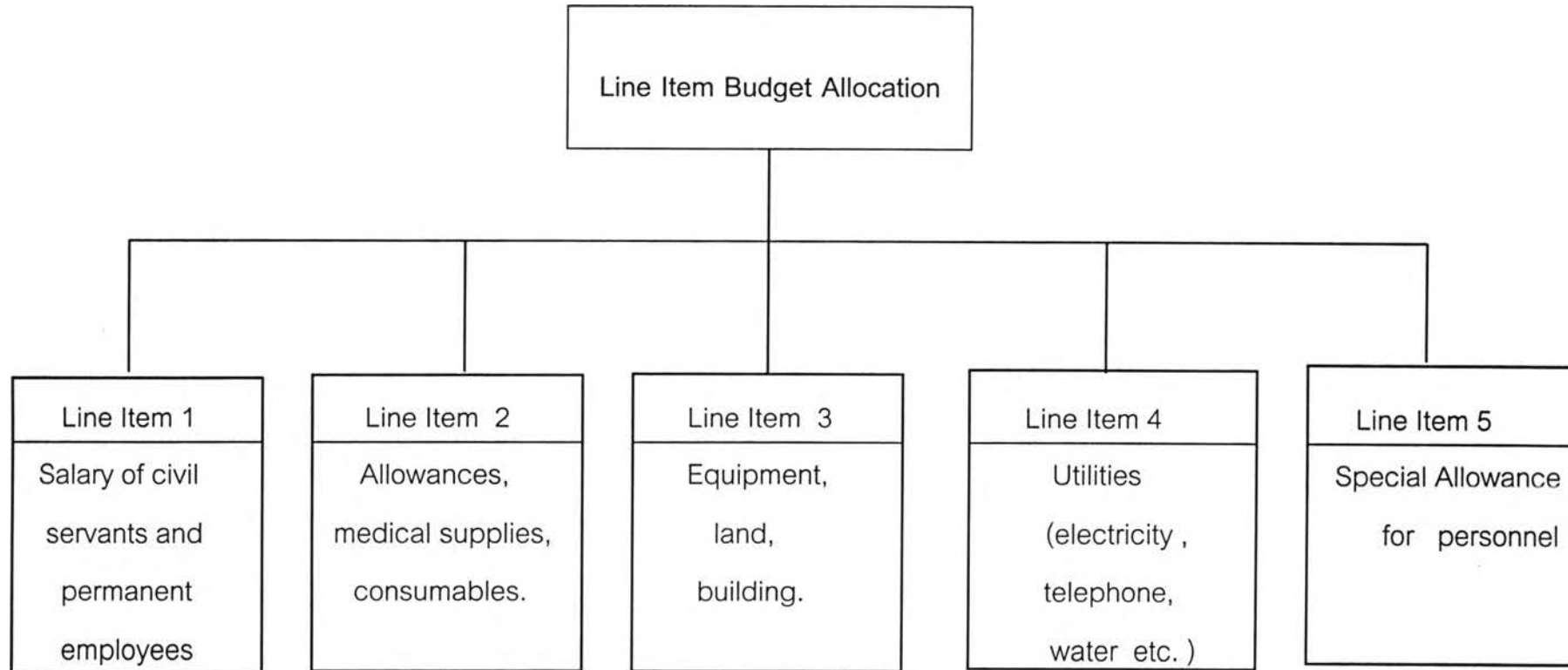
Line item 2 : allocated budget for medical supplies, consumable and allowances for the personnel who work in each hospital. Budget expenditure of line item 2 was 12 percent.

Line item3 : allocated budget for physician's equipment, land or buildings in each hospital. Budget expenditure of line item 3 was 31.33 percent.

Line item4: allocated budget for utilities such as electricity, telephone and water. Budget expenditure of line item 4 was 3 percent

Line item 5: allocated budget to provide a special allowance for personnel who are to work only for the hospital and have no private clinic. Budget expenditure of line item 5 was 0.67percent.

Figure 1.2 Line item budget allocation from MOPH to general and regional hospitals



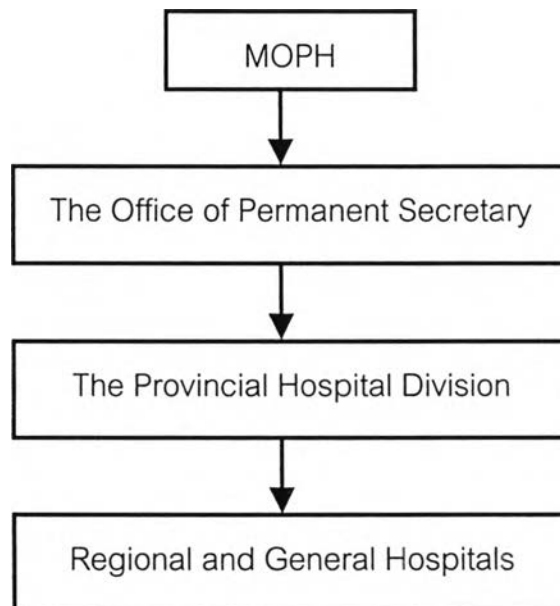
Source : The Provincial Hospital Division

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The Bureau of the Budget allocates the budget to MOPH. The Office of Permanent Secretary, under MOPH responsibility, supports the budget of regional and general hospitals which have been managed and controlled by the Provincial Hospital Division (PHD) and the Health Insurance Office (HIO).

MOPH allocates the budgets to the Office of Permanent Secretary. The Office of Permanent Secretary allocates the budgets to the Provincial Hospital Division. The Provincial Hospital Division allocates the budgets to regional and general hospitals by line items (Figure 1.3).

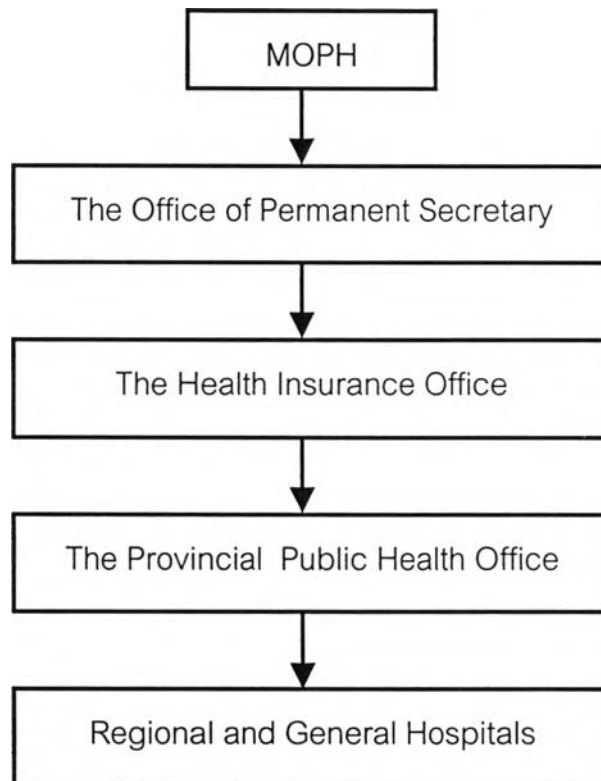
Figure1.3 Structure of Budget Allocation from MOPH to Regional and General Hospitals via the PHD



Source : The Provincial Hospital Division

The Health Insurance Office receives the budget from the Office of the Permanent Secretary under MOPH. After that the Health Insurance Office allocates budget to The Provincial Public Health Office by a person per year. The Provincial Public Health Office allocates the budget to regional and general hospitals(Figure 1.4).

Figure 1.4 Structure of Budget Allocation from MOPH to Regional and General Hospitals via the HIO



Source : The Health Insurance Office

## 1.2 Rationale

The revenue of general and regional hospitals is from insurance schemes, government budget and non-government budget with operating income from the budget allocation, which is 65 percent of the total revenue. Budget allocation should provide a pattern of resource allocation and plan for the accomplishment of programs related to objectives and goals in a definite time period, including estimates of the resources required, together with estimates of the resources available. Last year, however, budget was allocated according to line items and head of population. So budget allocation wasn't related to hospital needs for health service and population health needs.

The general and regional hospitals could not free themselves from inappropriate allocation or reallocation for health development services. So this allocation of the public health budget was not designed to promote equity and efficiency regarding population health needs in terms of budget allocation to hospital needs.

So this study is directed to answer " How can we improve budget allocation for general and regional hospitals in Thailand and improve equality of service by allocating budget according to hospital needs"

## 1.3. Research questions

(1) What was the pattern of budget allocation from MOPH in 1997 to regional and general hospitals in Thailand.

(2) What are the patterns to improve budget allocation for regional and general hospitals in Thailand and improve equality of service by allocating budget according to hospital needs.



## 1.4. General objective and specific objectives

### 1.4.1. General objective

This study contributes to the on going evaluation of budget allocation for regional and general hospitals in Thailand and also concentrate on budget allocation directed to the specific needs of each hospitals and its area.

### 1.4.2. Specific objectives

(1) To analyze the 1997 patterns of budget allocation from MOPH to regional and general hospitals in Thailand.

(2) To apply a weighted population according to the proposed equation of budget allocation from MOPH to regional and general hospitals in Thailand for population health needs in terms of budget allocation to hospital needs.

## 1.5. Scope of the study

This study is to suggest the budget allocation for achieving equity of health care at regional and general hospitals in Thailand, assuming that every regional and general hospital in Thailand has equal efficiency. The equity is defined as an equity of input and output for equal need, by studying allocated budget of fiscal year 1997 of general and regional hospitals which are under the responsibility of The Office of Permanent Secretary in MOPH. This study would also ignore the capital budget to avoid an irregular high capital budget in some year.

## 1.6. Possible benefits

The result of this study emphasises budget allocation for population health needs in terms of equity of health services at a hospital level and assists decision makers to consider options on budget allocation system. This means effective management of resource allocation and mobilization for population. Health services provided by the hospital are the integrated services namely health promotion, health prevention, curative care and rehabilitation. The curative care includes the primary medical care, secondary medical care, tertiary medical care.