

CERTIFICATE OF NEED REQUIREMENT IN THE SAUDI HEALTH SYSTEM: AN IDEA WHOSE TIME HAS COME

Mohammed H. Mufti, MD, FRCS, MS, ABMM

Virtually no coordination exists among health provider agencies in the Kingdom of Saudi Arabia. Facility and equipment planning in one sector rarely takes the resources of another sector into account. Even within a sector, joint use of resources is not widely practiced. Duplication of resources and services is the direct result of lack of coordination between provider agencies, and contributes to the escalating cost of health services in the Kingdom.

Most hospitals in Saudi Arabia have established processes and procedures when seeking approval for the purchase of costly medical equipment. Hospitals aim to ensure that funds are used efficiently by requiring justification for procurement of equipment. The processes vary from hospital to hospital, but generally include providing information on estimated cost of equipment, justification, manpower requirement, equipment to be replaced and alternatives considered.

There is an urgent need to establish a Certificate of Need (CON) committee, representative of all health sector agencies, to regulate procurement of high-cost medical diagnostic and therapeutic equipment, as well as to regulate the construction or expansion of health facilities, in an effort to ensure that total health resources in an area/city are not in excess of reasonable need for that city or area. A CON committee is recommended to control proliferation of high-tech medical equipment and the number of hospital beds and other medical programs in the Kingdom, and can be an effective tool for national health facility planning.

There is also an urgent need for a national committee/commission to regulate the procurement of high-cost medical diagnostic and therapeutic equipment, and the building or expansion of health facilities. The purpose of a commission would be to ensure that total health resources in an area (including all sectors) are not in excess of the reasonable need of such a city or area, given the disease pattern, the demographic profile, and other factors that determine the need for health care.

The need to regulate procurement of high-cost medical equipment is already recognized by hospitals. Most hospitals in the Kingdom now have very elaborate processes and procedures that anyone (program directors, department heads) must go through in order to secure approval for the purchase of costly medical equipment. Requirements vary slightly from hospital to hospital, but usually include information on equipment to be replaced,

alternatives considered, other costs involved, and expected effects of such equipment to the hospitals. Purchases exceeding SR100,000 (about US\$27,000) usually require more rigorous criteria.

The motivation behind this requirement for the hospital is the pressure of budgetary constraints. Many programs

which is fixed. In requiring justification for procurement of equipment, hospitals aim to ensure that funds are used efficiently. Equipment that cannot be approved for lack of funds is deferred to the next budget period. These individual hospital control measures, which hopefully ensure that equipment that would be underused/unnecessary is not purchased, are important, but must be seen in light of overall cost containment. Hospitals are mostly motivated by the fact that they have to operate within a budget. The main motivation behind hospital regulation is not cost-containment. Equipment that cannot be justified in one period is sometimes approved in the next period when funding is available. Individual hospital effort is not enough of a cost-containment strategy because it does not address the very important issue of duplication of resources.

There is, as yet, very little coordination among health provider agencies. If, for example, a nearby hospital has underused diagnostic and therapeutic medical equipment, this may not stop other hospitals from procuring such equipment for possible underutilization. This problem does

resources is not widely practiced. As well, the fact that hospitals in the service area are running very low occupancy does not prevent other sectors from building a similar facility in the area.

The result of this is that we have a lot of underused, highly sophisticated/expensive medical equipment, sometimes more per capita than most of the developed countries. No doubt, the availability of state-of-the-art equipment and facilities enables Saudi residents to enjoy the level of health services available only in the highly developed countries. This has contributed immensely to the health status of the population. Fewer Saudis now need to go abroad for treatment.

There is also no doubt that overutilization and abuse of

availability of health resources increases their use with no appreciable gain in progress. Some highly specialized procedures are used for routine services, i.e., increase in the use of MRI, CT scan, ultrasound, etc. As well, a large number of hospital beds and a significant number of acute care hospital beds are occupied by long-term patients. At a time when there is tremendous pressure on the government budget, purchasing expensive equipment that makes only a marginal difference to quality should no longer be tolerated.

Certificate of Need

The Certificate of Need (CON) requirement for the entire health sector, including the private sector, is highly recommended to control further proliferation of high-technology medical equipment in the Kingdom. The aim would not be to prevent the procurement of any state-of-the-art medical equipment that is deemed necessary to improve or maintain high-quality medical care in the Kingdom. The balance between the cost of equipment and the benefit would have to be weighed. Equipment should no longer be purchased on the basis of simply being the

Growth in the number of hospital beds and other medical programs in the Kingdom would also be controlled by the CON process. Some cities in the Kingdom have more facilities than needed. Further increases in such cities only make such resources abundant and liable to overutilization. The Certificate of Need requirement would serve as an effective tool of national health facility planning.

Certificate of Need Commission/Committee

Membership in the commission would be made up of representatives from all health sector providers and other key players, such as the Ministry of Finance and the Ministry of Planning. Membership in the commission would require individuals with proven concern for economic efficiency and the need for cost-containment. The commission should never be a forum where members try to protect the interest of any sector or individual. Approval/rejection of applications for procurement of equipment, expansion of facilities, introduction of programs/projects, should be strictly based on predetermined guidelines.

Purchase of Equipment Requiring CON

Organizations wishing to purchase equipment covered by CON requirements would need to certify the following, including any other points that the committee might deem necessary: that no existing equipment is a suitable alternative to that which is intended; and that there is enough need to justify buying new equipment and evidence of this need, such as long waiting lists, long-distance travel for such service, use of more painful/less suitable alternatives, etc., which would have to be verified. Such

organizations would need to certify that no other facility in the area has such equipment or would allow the use of their equipment. All CON applications would need to be endorsed by similar facilities regardless of agencies in the service area. The organization would also certify the expected effect of the new equipment on the institutions, such as increase in number of personnel, increased admissions, surgeries, and changes that might occur as a result. The CON committee could be a standing committee or be part of the overall coordination and integration commission. Either way, it is crucial that the CON committee be representative of all health sector agencies.

Building New Hospitals, Expanding Existing Beds

Organizations wishing to build new hospitals or expand the existing ones might be required to certify the following: bed/population ratio in the area is reasonably low; population for which the new facility is intended does not have access to other facilities, or getting care elsewhere involves undue suffering and difficulty. For facility/bed expansion, the organization would need to show high occupancy rates; long waiting lists; excessive travel time; and how the expansion would affect the facility in terms of resource need and service use. For both new hospitals and the expansion of old ones, information about the disease pattern and demographic trend would be required by the commission.

The escalating cost of health services in the Kingdom is partly blamed on the duplication of resources and services resulting from lack of coordination of the activities of different health provider agencies. There is, therefore, a need to establish a high coordination committee comprising top officials from all public provider agencies. This committee would coordinate health planning among public providers, ensure joint/intersector use of resources, regulate/control investment in expensive medical equipment and other expansions, and ensure that medical needs are provided at the appropriate level. The coordination committee would have an important role in the development plans.

Finally, attempting to exercise control over the activities of the different government sectors through the coordination committee is expected to be difficult and vigorously resisted. Change in itself is always threatening, as some would prefer the status quo. Losing a measure of authority is normally resented. Most importantly, each of the health agencies (sub-systems) represents an important constituency, e.g., the Ministry of Defense and Aviation, the National Guard, Security Forces, universities, etc., and success in obtaining funds and developing highly sophisticated hospitals extends the domain of activities and enhances prestige and sphere of influence. Program directors of these agencies are not used to control and regulatory pressures, and some, at least initially, would vehemently oppose any committee that attempts to impose cost-containment/efficiency measures. If the committee has

its mandate and support from the highest level of agencies, it should not be deterred by such protests. On the other hand, if creation of such a committee does not have firm commitment from the highest possible level, and leaders just pay lip service to the idea of coordination, things will remain as they are, and might even get worse. Such a committee simply exposes itself to ridicule by individuals who would prefer running things the way they have always been run, even though the current economic situation makes their position untenable.

Dr. Mohammed H. Mufti, MD, FRCS, MS, ABMM
Consultant in Health Administration and
Chief Executive Officer
Security Forces Hospital
P.O. Box 3643
Riyadh 11481, Saudi Arabia

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