

## Accreditation of Healthcare Providers

*This note is the first in a two-part series looking at the important issue of accreditation. It is generally understood in healthcare reform that accreditation serves in setting quality standards and uniformity in a health system – “[it] is the most commonly used external mechanism for standards-based quality improvement in healthcare.”<sup>1</sup> In the first note in the current series on healthcare reform some of the concerns with quality in South Africa’s public healthcare system were examined and it was suggested that a renewed focus on the effective delivery of primary healthcare services would be an appropriate first step on the road to healthcare reform. This note addresses another building block of health reform: the important aspect of accreditation.*

### 1 Introduction

In the Health Minister’s recent Health Budget Vote Speech in parliament, he confirms the future establishment of an independent Office of Standards Compliance (OSC). Minister Motsoaledi states that they will “audit 25% of health establishments annually to assess if they comply with core standards for quality. This will be done with a view to accrediting those that meet the standards.”<sup>2</sup> During his speech, Minister Motsoaledi also mentioned that funding will be set aside

this year for strengthening the OSC.

It appears from the ANC’s proposed national health insurance (NHI) plan<sup>3</sup> that accreditation of health providers will be compulsory and a prerequisite for contracting with the NHI authority (NHIA). However the definition of accreditation as used in the proposed NHI extends beyond the traditional use of accreditation in so far as regulating quality; it extends to a type of licensing mechanism for health facilities and providers eligible to provide healthcare services under the NHI system. This

is a significant departure from global definitions of accreditation.

In this note we consider the implication of these two different uses of accreditation. In order to inform our discussion we briefly summarise the theoretical role and benefits of accreditation, before considering the ANC’s current proposal for a new independent accreditation authority in South Africa. We then look at international accreditation authorities, and also discuss potential problems when using accreditation as a prerequisite for contracting. A brief assessment of current

This research note forms part of a series of notes dealing with issues of health reform in South Africa. In the interest of constructively contributing to the NHI debate, the Hospital Association of South Africa (HASA) has commissioned this series of research notes which can be accessed on the Econex website: [www.econex.co.za](http://www.econex.co.za).

1. WHO, 2003. “Quality and Accreditation in Health Care Services: A Global Review,” Evidence and Information for Policy, Department of Health Service Provision, Geneva.

2. Department of Health, 13 April 2010. Available at: <http://www.doh.gov.za/docs/sp/sp0413-f.html>

3. NEC Subcommittee, 2009. National Health Insurance Policy Proposal. 22 June 2009.

accreditation programmes in South Africa is provided before we draw conclusions. The next Health Reform Note will expand on this analysis by considering the practical implications for establishing and operating a national accreditation authority.

## 2 The Role and Benefits of Accreditation

It is important to understand what the difference is between licensure, certification and accreditation. Table 1 defines each of these concepts. As the table shows, accreditation is much more than licensure or certification; it signifies the achievement of high quality service delivery and a certain level of performance. Accreditation does not only indicate compliance with a set of minimum standards or regulatory requirements, it focuses on continuous improvement and achievement of specific quality goals.<sup>4</sup> The accreditation (or external peer

Table 1: Definitions

Accreditation	Public recognition by a national healthcare accreditation body of the achievement of accreditation standards by a healthcare organization, demonstrated through an independent external peer assessment of that organization's level of performance in relation to the standards.
Certification	Formal recognition of compliance with set standards (e.g. ISO 9000 series for quality systems) validated by external evaluation by an authorised auditor.
Licensure	Process by which a government authority grants permission, usually following inspection against minimal statutory standards, to an individual practitioner or healthcare organization to operate or to engage in an occupation or profession.

Source: Shaw (2004:5)<sup>5</sup>

assessment) of healthcare facilities is vitally important to the overall operation of a health system. It is the backbone of service provision in this sector, foundational to its credibility and continued quality improvement. At a minimum, accreditation reduces the problem of information asymmetries between patients and providers – it is a stamp of approval informing patients about the level and quality of healthcare services that they should receive at

specific facilities. Accreditation usually provides information on (i) the structure of hospitals or clinics and the type of services that are offered at each facility, (ii) information is given on the processes followed at the specific institution, and (iii) information on the expected outcomes of care is also supplied in some cases. The three types of information and/or standards mentioned here, is explained in Box 1.

### Box 1: Types and examples of standards for accreditation

**Structure standards** look at the system's inputs, such as human resources, the design of a building, the availability of personal protective equipment for health workers, such as soap, gloves, and masks, and the availability of equipment and supplies, such as microscopes and laboratory reagents.

**Process standards** address the activities or interventions carried out within the organisation in the care of patients or in the management of the organization or its staff. Process standards for a hospital or health centre might address areas, such as patient assessment, patient education, medication administration, equipment maintenance, or staff supervision. Recently, professional bodies have developed explicit process standards called "clinical guidelines." Such guidelines are based on scientific medical evidence (Evidence Based Medicine). Governmental agencies, insurers and professional bodies are promoting their use in the management of common or high-risk clinical conditions.

**Outcome standards** look at the effect of the interventions used on a specific health problem and whether the expected purpose of the activity was achieved. Examples of outcomes, both positive and negative, are patient mortality, wound healing without complications (e.g., infection), delivery of a healthy infant without complications, and a resolution of an infection through the appropriate use of antibiotic therapy.

Source: Rooney & Van Oostenberg (1999: 9)

4. Rooney, A.L. & Van Oostenberg, P. R., 1999. "Licensure, Accreditation, and Certification: Approaches to Health Services Quality," *Quality Assurance Methodology Refinement Series, USAID*.

5. Shaw, C.D., 2004. "Developing Hospital Accreditation in Europe," *WHO Regional Office for Europe*.

Accreditation standards across the world have recently begun to increasingly include more outcome based standards where the quality of a healthcare facility is determined not only by the type of equipment it has or the processes it follows, but more importantly by the results of treatment and patient satisfaction. Many accreditation organisations have developed new performance indicators that measure patients' experience and the outcome of health service delivery. In this way accreditation provides information that most frequently is not available to the public or even the hospital/clinic itself, healthcare professionals or the regulatory authorities.<sup>6</sup> Search costs in terms of locating an appropriate provider or determining which provider would be best for a specific service, will also be reduced if credible information is provided freely.

Additional positive externalities and purposes of accreditation include the following:

- "Improve the quality of healthcare by establishing optimal achievement goals in meeting standards for healthcare organizations;
- Stimulate and improve the integration

and management of health services;

- Establish a comparative database of healthcare organizations able to meet selected structure, process, and outcome standards or criteria;
- Reduce healthcare costs by focusing on increased efficiency and effectiveness of services;
- Provide education and consultation to healthcare organizations, managers, and health professionals on quality improvement strategies and "best practices" in healthcare;
- Strengthen the public's confidence in the quality of healthcare; and
- Reduce risks associated with injury and infections for patients and staff."<sup>7</sup>

Hospitals or clinics may want to be accredited for any of the above reasons, but also because it increases the public image and accountability of the facility. For this reason, accreditation is voluntary in most countries, but there are a few examples of mandatory accreditation. In these cases accreditation is usually linked to financial reward, or it can be a pre-requisite for reimbursement or even contracting with funders. Whether accreditation will be mandatory or not, is an important decision on the road to health reform.

### 3 The Current Proposal

As was confirmed by Minister Motsoaledi, it is envisaged in the proposed NHI plan that a National Office of Standards Compliance (OSC) will be established in order to accredit all public and private sector health service providers (primary, secondary and tertiary care) under the NHI.<sup>8</sup> It was mentioned above that accreditation will be a pre-requisite for contracting with the NHIA and receiving payments for claims related to NHI patients. Accreditation will be phased in over a 5-year period, aiming to accredit 25% of all providers each year.<sup>9</sup> General practitioners (GPs) in multi-disciplinary practices will also be accredited, but GPs in areas with human resource constraints will still be allowed to provide services to NHI patients, while being encouraged to develop multi-disciplinary practices and obtaining accreditation. There is however no indication in the NHI plan as to what the process may be in areas where an artificial shortage of providers is created because of providers not meeting the accreditation criteria. With accreditation as a pre-requisite for reimbursement, the OSC will therefore serve a dual function in assuring/improving quality and 'licensing' providers to contract

### About ECONEX

ECONEX is an economics consultancy that offers in-depth economic analysis covering competition economics, international trade, strategic analysis and regulatory work. The company was co-founded by Dr. Nicola Theron and Prof. Rachel Jafta during 2005. Both these economists have a wealth of consulting experience in the fields of competition and trade economics and they also teach courses in competition economics and international trade at the University of Stellenbosch. Cobus Venter, who joined the company during 2008 as a director, is also a consultant economist at the Bureau for Economic Research (BER) in Stellenbosch. For more information on our services, as well as the economists and academic associates working at and with Econex, visit our website at [www.econex.co.za](http://www.econex.co.za).

7. See footnote 4, p.2.

8. The plan to accredit both public and private sector providers, implies the use of a universal coding system. Especially when outcome measures are reported, this will be essential. For instance, mortality rates across different hospitals have to be case mix adjusted and this can only be done if the same quality of coding and coding system is used by both sectors.

9. It seems that the ANC NHI proposal is to accredit 25% of all providers each year, but that they allow for an extra year to complete the accreditation process if necessary – therefore taking a maximum of 5 years.

with the NHIA. Since the proposed accreditation authority will accredit healthcare providers in an attempt to ensure high quality service delivery, as well as indicate eligibility to serve NHI patients, the formal definitions in Table 1 illustrate that the OSC will provide both accreditation and licensure services. In addition, the ANC's plan states that this authority will also provide certificates to those healthcare providers who only fulfil certain requirements or attain some standards, but cannot be accredited yet. There is a number of potential problems when an organisation attempts to serve all these functions, but before considering these in more detail, we first look at other accreditation authorities globally.

## 4 International Accreditation Authorities

If one considers the use of accreditation internationally, it seems that only a few countries have implemented accreditation programmes for individual doctors or other healthcare professionals (as opposed to healthcare facilities), and with limited success.<sup>10</sup> It seems that the

costs of accreditation in terms of time, money and dedicated personnel, are too burdensome on individuals. England is an example of a country where accreditation is voluntary, and healthcare facilities serving National Health Service (NHS) patients are not accredited by one single organisation. In 2001 there were more than 35 accreditation authorities "with a wealth of standards and trained assessors but little integration, consistency, or reciprocity between them."<sup>11</sup> There also exists a number of umbrella bodies which oversee and support the accreditation processes and authorities. First established as the King's Fund Organisation Audit, CHKS is the largest independent accreditation body in the UK combining "the work and expertise of three established accreditation programmes regarded as leaders in the field of voluntary healthcare accreditation in the UK: The Health Quality Service (HQS), the Healthcare Accreditation Programme (HAP) and the Accreditation and Development of Health Records Programme (ADR), now known as PRIMAP."<sup>12</sup> This organisation is completely independent of government and accredits both public and private healthcare facilities. In response to

this fragmented nature of accreditation authorities in the UK, the United Kingdom Accreditation Service (UKAS) was established by the government to accredit the various authorities (or 'evaluators' as they are called). "UKAS is the sole national accreditation body recognised by government to assess, against internationally agreed standards, organisations that provide certification, testing, inspection and calibration services. Accreditation by UKAS demonstrates the competence, impartiality and performance capability of these evaluators."<sup>13</sup>

However, accreditation remains voluntary and is not a prerequisite for payment under the NHS. More similar to the ANC's envisioned OSC for South Africa, the National Agency for Health Accreditation and Evaluation (ANAES) is the only authority in France which is responsible for the mandatory accreditation of all healthcare facilities serving the French national health insurance patients. This is one of only a few mandatory accreditation systems in the world. ANAES is a public organisation jointly funded by the government, the public healthcare system, and the healthcare institutions.<sup>14</sup> It is important

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Econex has extensive experience in Competition Economics, International Trade and Regulatory Analysis. Strategic analysis was recently added as practice area. We have an established reputation for providing expert economic advice for high profile mergers and complaints that appear before the competition authorities. Some of the more recent highlights include the complaint against British American Tobacco, the merger between MTN and iTalk, the complaint against Senwes and the acquisition of KayaFM by Primedia. Apart from competition work we have also been involved in trade matters which included analyses of the effects of tariffs, export taxes and anti-dumping tariffs.

As a result of our work in competition analysis we also have extensive experience in some of the sectors of the South African economy where regulation continues to play a role, e.g. the telecommunications, health and energy sectors. We use economic knowledge of these sectors to analyse specific problems for some of the larger telecommunications, health and energy companies.

10. Montagu, D., 2003. "Accreditation and Other External Quality Assessment Systems for Healthcare: A Review of Experience and Lessons Learned," DFID, Health Systems Resource Centre, London.

11. Shaw, C.D., 2001. "External assessment of health care," *British Medical Journal*, Vol.322, pp.851-4. (p.853)

12. United Kingdom Accreditation Forum (UKAF). Available at: <http://www.ukaf.org.uk/HAQU.htm>

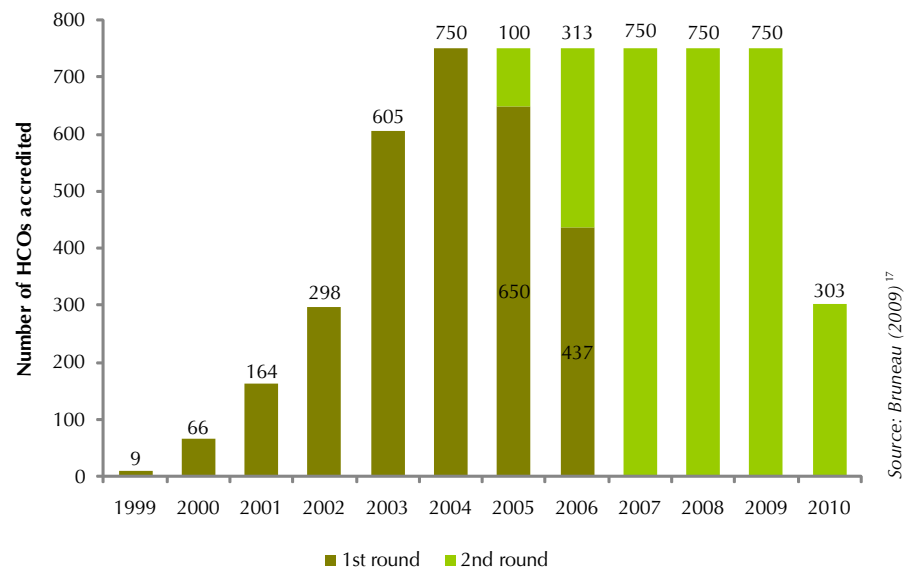
13. United Kingdom Accreditation Service (UKAS). Available at: <http://www.ukas.com/about-accreditation/about-ukas/default.asp>

14. Pomey, M-P., François, P., Contandriopoulos, A-P., Tosh, A. & Bertrand, D., 2005. "Paradoxes of French accreditation," *Quality and Safety in Health Care*, Vol.14, pp.51-5.12. United Kingdom Accreditation Forum (UKAF). Available at: <http://www.ukaf.org.uk/HAQU.htm>

to note the size of this central organisation - this authority has more than 400 full-time staff members, including health professionals and health economists, with an additional pool of over 3,000 external practising healthcare experts, including 780 surveyors.<sup>15</sup> In 2008 the operational budget was EUR 66.2 million (R 794.4 million<sup>16</sup>). Accreditation is valid for 5 years in France, and by 2009/10 two rounds of accreditation had been completed during which all Healthcare Organisations (HCOs) were accredited, i.e. more than 2,950 HCOs. Figure 1 shows the development from the first round of accreditation which started in 1999, to the second round ending in 2010. This graph illustrates the issues around performance in the first years in which one can anticipate some teething problems. The French were not able to accredit as many facilities in the first four to five years as they are currently accrediting annually. The first round of accreditation also took much longer than anticipated. Clearly, if accreditation is the only point of entry for servicing the NHI, then South Africa will have to devise a way of getting the accreditation process up to speed very rapidly in order to ensure that enough facilities are accredited to start with.

Table 2 describes the accreditation authorities in a number of countries. Most of the countries have more than one accreditation organisation, but only one was chosen for this analysis in those

Figure 1: Development from first to second round of accreditation in France



particular cases (usually the one primarily focused on hospital accreditation). The table provides the accreditation authority's name, describes its relationship to government, assesses whether accreditation in that country is voluntary or not, and if that organisation accredits public and/or private healthcare facilities

## 5 Potential Concerns with Mandatory Accreditation

A study by the World Health Organisation (WHO) in 2003 found that Italy and France were the only two countries at that time where accreditation of all health facilities

was compulsory by law.<sup>18</sup> Accreditation was however also required in Scotland<sup>19</sup> and in the USA<sup>20</sup> specifically for government reimbursement under Medicare and Medicaid.<sup>21</sup> Mandatory accreditation places a heavy burden on the accreditation authority, especially with the implementation of a comprehensive insurance plan like the proposed NHI in South Africa. Although accreditation is necessary to ensure quality health access by informing capacity, quality and safety, it will be exceedingly resource-intensive (time, finances, human resources and expertise, etc.). Considered strategic planning is needed to efficiently manage the accreditation process and the

15. Haute Autorité de Santé, 2008. Annual Report, Summary. Available at: [http://www.has-sante.fr/portail/plugins/ModuleXitiKLEE/types/FileDocument/doXiti.jsp?id=c\\_868431](http://www.has-sante.fr/portail/plugins/ModuleXitiKLEE/types/FileDocument/doXiti.jsp?id=c_868431)

16. Average exchange rate for 2008: R 12 = € 1 (www.oanda.com)

17. Bruneau, C., 2009. "Should Accreditation be a Legal Requirement? Benefits and risks of a mandatory approach," Presentation at the 26th International ISQua conference, Dublin, Ireland, 11-14 October 2009.

18. See footnote 1.

19. See footnote 11.

20. See footnote 10.

21. Medicare and Medicaid are state-funded health insurance schemes in the USA for people over 65 and people with low incomes, respectively.

associated constraints – especially given that accreditation of a health facility usually takes at least 3 days<sup>22</sup> on site and there are approximately 396 public hospitals and 211 private hospitals<sup>23</sup> in South Africa that will have to be accredited if all hospitals are to be part of the NHI provider network. As was explained before, the ANC’s plan also

includes the accreditation of GPs with multi-disciplinary practices and all primary care facilities. This will place an additional burden on the OSC, since all providers have to be accredited to contract with the NHIA. Incentives are usually better aligned when the accreditation programme is voluntary, but if accreditation is required by law,

the organisation should be independent from government, even if it is funded (or partially funded) by government to ensure that both the private and public sectors are held to the same standard to ensure equity in access. An example of a consequence of mandatory accreditation by a parastatal organisation is that of ANAES, the accreditation

Table 2: Accreditation bodies in various countries

Country	Organisation	Relationship to government	Voluntary	Public / private facilities
Argentina	Technical Institute for Healthcare Organisations (ITEAS)	Independent, Non-governmental Organisation (NGO)	Yes	Public & private
Australia	Australian Council on Healthcare Standards (ACHS)	Formal links, but not directly funded	Yes	Public & private
Canada	Canadian Council on Health Services Accreditation (CCHSA)	Independent, NGO (in some provinces government gives a financial incentive for accreditation)	Yes	Public & private
France	National Agency for Accreditation and Evaluation in Healthcare (ANAES)	Independent public agency, partially funded by government	No	Public & private
Germany	Cooperation for Transparency and Quality in Hospitals	Independent, but partially funded by government	Yes	N/A
Italy	(Individual provincial programmes)	Government agencies	No	Public & private
Japan	Japan Council for Quality Health Care (JCQHC)	Independent, but founded in association with government	Yes	Public & private
Korea	Hospital Performance Evaluation Programme	NGO, but government supported	Yes	N/A
Malaysia	Malaysian Society for Quality in Health	Independent, NGO	Yes	Public & private
Netherlands	Netherlands Institute for Accreditation of Hospitals (NIAZ)	Supported by government	Yes	Public
New Zealand	Quality Health New Zealand (The New Zealand Council on Healthcare Standards)	Independent	Yes	Public & private
Thailand	Hospital Quality Improvement and Accreditation Institution	Independent, but partially funded by government	Yes	Public & private
USA	Joint Commission on Accreditation of Healthcare Organisations (JCAHO)	Independent	Yes	Public & private

Source: WHO (2003) and Rooney & Oostenberg (1999)

22. Most common survey duration internationally. See footnote 1.

23. Health Systems Trust, 2006 & 2008. Available at: <http://www.healthlink.org.za/healthstats/108/data>

## 6 Current Accreditation in South Africa

authority in France: due to the process being compulsory, it is perceived as an inspection from the government, rather than an assessment of compliance with certain quality standards. Care should be taken to avoid turning this system into a wasteful bureaucratic exercise. Further weakening trust in ANAES is the fact that government budget allocations to healthcare facilities are linked to accreditation reports.<sup>24</sup> Pomey et. al. (2005:54) warns that combining the objective of quality improvement through accreditation with that of resource allocation or financial sanction could be problematic, "Such a use would have the effect of diminishing – if not cancelling – the benefits of accreditation as a learning tool in favour of a system of penalties." This is an important point for consideration in the South African health reform process – especially given the ANC's current proposal of a mandatory accreditation system.

The incentive to under-report negative events is present in both voluntary and mandatory accreditation systems, but can be even further encourage under a mandatory system where public budgets are determined by the level of compliance, or where it is a pre-requisite for reimbursement. In those cases, providers will have an incentive not to report all negative events to the accreditation authority (such as accidental deaths due to the provider's negligence, for instance). This phenomena also adds considerably

to the total costs of accreditation, as there would have to be a separate policing function focused on detecting these events and preventing providers from under-reporting.

Another potential concern with the currently proposed accreditation system, i.e. attempting to both license and accredit providers simultaneously, is the different periodicities of the two objectives. Licensing is usually a once-off event, signifying compliance with minimum standards or qualifications, whereas accreditation is usually valid for two or three years after which a facility has to be accredited once again, indicating the ongoing achievement of specific standards of high quality service delivery. It is not clear from the ANC's proposal whether the accreditation of healthcare providers by the OSC will be a once-off event, or be repeated every two to three years (potentially also problematic for the initial 5-year phase-in period if this is the case).

Independent of whether accreditation will be a once-off event or a continued, repetitive process, it will be a mammoth task for the new authority. It is in this context that the current draft NHI plan states that efforts will be made to identify existing accreditation authorities in South Africa, in order to assist with the proposed accreditation process. The next section assesses the existing accreditation process in South Africa.

Accreditation is completely voluntary in South Africa at the moment. The Council for Health Services Accreditation of Southern Africa (COHSASA) is the only local accreditation organisation. COHSASA is a non-profit, independent organisation which accredits both private and public facilities. Healthcare facilities are assessed in terms of the International Society for Quality in Health Care<sup>25</sup> (ISQua) standards which have been modified for South Africa and comprise of two sections, namely (1) healthcare organisation management, and (2) patient care.<sup>26</sup> In light of our discussion above, this is an important point since the ANC's proposal suggests that the OSC will also use ISQua standards to accredit healthcare providers.

COHSASA may be able to assist the proposed new OSC, but there are many obstacles that will have to be overcome before the establishment of such an authority. For instance, at the moment COHSASA accreditation is voluntary and they charge for accreditation, but if accreditation is made mandatory, the government will have to decide whether it will be state-funded or not. Compared to COHSASA, the OSC will also require many more expert/trained staff, increased funding and more time to accredit all healthcare facilities in South Africa. The

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If you want to add your name to our mailing list, please send an e-mail to [iris@econex.co.za](mailto:iris@econex.co.za)

24. See footnote 14.

25. ISQua is the international umbrella body that accredits the health service accreditors.

26. Cullinan, K., 2006. "Health Services in South Africa: A Basic Introduction," *Health-e News Service*.

focus will also be somewhat different with a greater emphasis on quality and outcome standards than what is the case currently. Some of the private hospitals in South Africa are accredited by the International Organisation for Standardisation (ISO) rather than COHSASA. ISO develops and publishes international standards for many different product and service delivery areas. The aim is to facilitate international standardisation across countries and also between private and public sectors in manufacturing and service delivery. In other words, ISO accreditation for hospitals in South Africa implies that those hospitals comply with specific international standards focused at the healthcare sector. ISO accreditation has been very useful in the South African context in terms of setting standards and ensuring high quality service delivery in this sector. These standards may also be a starting point for the proposed OSC. Therefore, even though there are good, internationally comparable accreditation

processes in South Africa, the envisaged OSC is a much needed organisation that will require careful thought and planning to ensure its proper functioning. Such an organisation will be fundamental to the operation of the NHI, and pivotal in the overall health reform process.

## 7 Conclusion

This note showed that across the world, accreditation is most often voluntary and therefore used as a method for improving quality, rather than being mandatory and a pre-requisite for contracting or a determinant of government funding. Where accreditation is a pre-requisite for contracting, as is the case in France, there is a central organisation responsible for accreditation with a large budget and many permanent and temporary staff members. The incentives that a provider faces in order to be accredited are completely different

depending on whether accreditation is compulsory or voluntary. The government should first decide what its goal is with accreditation, because if it is the improvement of quality or the delivery of high quality services, mandatory accreditation may not necessarily be the best option. Voluntary accreditation associated with certain financial rewards may be a wiser choice in the South African context where quality improvement is vital in order to improve delivery and outcomes in our healthcare system. Most importantly, the accreditation authority should be an independent quality regulator that applies the same standards to both the public and private sectors.

However, given our understanding of the current proposal for compulsory accreditation as a pre-requisite for providing services to NHI patients, the following Health Reform note will consider the practical implications of establishing such an authority in South Africa.