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## Management Crisis in Health Care System in COVID-19 Conditions

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**Abstract:**

**Purpose:** The objective of this article is to present the conditions in which the changes, aiming at improvement or facilitating the process of health care system management, improvement of treatment quality and hospitals' finances take place.

**Design/Methodology/Approach:** Analysis and method of situational assessment were used. The period of time from World War II till 2022 has been subjected to analysis, with special attention towards the time of COVID-19 pandemic. The analysis is of descriptive character, shows concepts of health care system management in particular periods of country functioning. Situational assessment has been performed to find out how health care sector functions in a particular moment. FODA method is one of situational assessment methods and refers to knowing everything about the analyzed period in particular sector.

**Findings:** The research results show that together with transforming political and economic situation, there were changes in health care system management concepts. Implemented concepts were to improve material, financial and organizational situation of health care system. The period of pandemic was a serious complication in changes implementation when all economies tried to save life and health of patients, however, with different result. The pandemics also showed weakness of countries in fighting with such a serious threat. Health care system management of the last few years has shown a return to centrally controlled economy of post war period and lack of ideas for the future. Outflow of young medical staff and ageing of still employed personnel is also a noticeable phenomenon.

**Practical implications:** The complete results can be utilized by managers and the Minister of Health advisors for building the concept of long-term health care system management and improvement of medical services.

**Originality/value:** Realized analysis shows management shortcomings and points to examples of wrong decisions causing the collapse of health care system. Data concerning management crisis in the period of COVID-19 pandemics deserve special attention.

**Keywords:** Management crisis, health care system, corona virus.

**JEL codes:** H12, I18.

**Paper type:** A research study.

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## **1. Introduction**

Experiment of health care system has been an ongoing process for a few years. Patient and Medical staff suffer due to such situation. Lack of concepts of changes in health care system and implementation of new pseudo ideas connected with health care system management caused patients' treatment effectiveness deterioration and significant increase of hospitals debts. Covid related issues coincided with this situation, which greatly complicated treatment process and decreased financial possibilities of hospitals. The subsequent proposals related to changes in health care system are not optimistic.

On the contrary, they show the future of hospitals in the darkest colors. Thus, it is not surprising that medical staff looks for job in different countries, or at least in different sectors of employment. However, the future of patients is more than worrisome, especially the ones with chronic diseases. Also planned treatment of patients with so called civilization diseases is very problematic. At this point, it is justifiable to ask a question if it is management crisis or crisis management in current situation of health care system.

This article aims at uncovering conditions in which health care system improvement changes or facilitations in the process of management take place. It also shows medical treatment quality improvement and financial state of hospitals. In order to realize this objective, the results of research connected with hospitals' financial situation and analysis of literature in the field of management effectiveness and management crisis were utilized. Editorial limitations of this article do not allow for presenting complete research results.

This is why only fragments related to presented contents are quoted in this article. In order to confirm claims included in this article, information from websites in the form of specialists doctors, specialists in the field of health economics and economists dealing with health care system functioning in Poland were also used hereinbelow.

According to traditional approach, management is a process of making rational decisions related to the future (Micklethwait and Wooldrdge, 2000). However, there are no management norms, unambiguous patterns or standards facilitating the process of decision making, since there are no two identical management units.

Therefore, making appropriate decisions in good time, place, range and situation is a kind of masterwork. PWN Encyclopedia defines management as 'a collection of activities aiming to achieve a specified goal connected with the interest (need) of a certain management subject (encyklopedia.pwn.pl). On the other hand, B. Gliński states that 'management is a managerial activity related to setting goals and aiming at their realization in organizations subordinate to a manager on the basis of ownership of the means of production or their disposition' (Encyklopedia, 1981).

From the dictionary point of view crisis is referred to as economic growth process break and regress in economic growth of the country (sjn.pwn.pl). This issue can be referred not only to economic phenomenon, but also to social, technical and organizational and legal phenomena directed to single people, as well as communities with settled internal organization and management system. The subject literature presents many different approaches and interpretations of crisis.

Bandura-Madej states that “crisis is a state of internal imbalance caused by a critic event. It is characterized with strong emotional tension, fear of losing control, the feeling of being frightened and helpless, as well as different kinds of behavior disorganizations and somatic symptoms. It is a kind of turning point requiring undertaking appropriate actions’ (Bandura- Madej, 1998). This definition is of very general character and refers to crisis phenomena commonly appearing without connection with economic phenomena.

According to E. Urbanowska-Sojkin ‘crisis is a kind of pathology in development of an enterprise, often caused by disproportion between objectives and resources used to achieve them. It is a defined decisive situation’ (Urganowska-Sojkin, 1999). Interpreting crisis as a pathology, it is possible to state that it is not a good phenomenon for managing entities and for the whole country. It causes certain disturbances in existence or realization of one or more factors determining existence and development of managing entities with outside influence, as well as the internal ones dependant on managing skillfulness.

Crisis in an organization (management crisis) is often not incidental and does not appear instantly. It makes it possible to recognize its reasons and identify its sources, which can have direct impact on effective improvement of the situation. Underestimating or tolerating crisis management can lead to serious problems or even economic entity collapse. Lack of possibility to realize organization’s mission, vision or strategy often corresponds with functioning costs increase, limitation of new undertakings and increase of debts. The crisis in an organization is often associated with management crisis or crisis in management.

## **2. Materials and Methods**

Performed situational analysis showed the frequency of health care system management concepts change, as well as related consequences. It was mainly a result of policy realized by managing option in a certain period of time.

Health care system management in Poland has been a serious problem for quite a long period of time. Constitution in force nowadays (article 68) refers to health care with a double meaning (Constitution, 1997). On one hand, there is an issue of citizens’ right to health protection as a substantive law, which are law regulation constituting a legal concept of health protection. J. Jończyk says that ‘everyone’s

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right to health protection has not been well defined in Constitution or in other acts of law or normative acts' (Jończyk, 2010).

Therefore, it is a subject of different interpretations, especially in constitutional law (Górecki, 1997). However, there is a problem how to manage health care system to be able to ensure it to every citizen in need. The history of post war health care system shows that various concepts of managing health care system were unsuccessful to meet expectations and interpretations of quoted article of currently governing Constitution.

Performed research showed that in post war Poland, the Ministry of Health was occupied with building health care organization in accordance with political requirements of the country. At the same time the Ministry became a central decision-making body in reference to health care system and a guarantor of creating homogenous health policy (Wdowiak, 1981), so centrally controlled economy. It was a good idea to recreate hospital infrastructure, however, on the other hand the idea was not that good in reference to central control of health care system with modest financial means for patients' treatment.

In the subsequent years attempts to reform and improve health care system functioning were performed in accordance with central control subordinated to government's policy. Industry-specific healthcare centers were created in the 1950s. Army, police, railway workers had their own health care facilities. They were excluded from health care insurance and subordinated to appropriate ministries.

Farmers and their families were not included in free health care system. In 1970s they were already included in common health care system which contributed significantly to health situation in villages. However, there was still budget financing of health care system which did not ensure appropriate quality of medical services. 1970s brought next changes in health care functioning system with unchanged budget financing system.

In 1973 a resolution on organization of health medical groups entered into force (Resolution, 1973). Integrated health care groups began to exist. They included hospitals, healthcare centers, basic and specialists health care institutions. The aim of such health care groups was ensuring basic and specialists health care for local people. The Act of 1974 ordered the problem of financial bonuses paid from social insurance in case of illness, maternity and other reasons. The following bonuses came into life: illness allowance, childbirth allowance, care allowance or funeral allowance (the Act of law of 1974). However, there was still central control and budget financing which did not meet patients' requirements in terms of medical services quality.

On the other hand, 1980s there was an attempt to depart from central control and slow decentralization of health care system management. Nevertheless, financing of

health care system did not change. The competences of the Minister of Health and Social Care were limited towards voivodships and communes. Unfortunately, there was a decreasing amount of financial expenses for health protection in budget structure of the country (Indulski and Orzeszyn, 1981). Independence of health care facilities was increased, but they were still financed from the national budget.

Year 1997 was to be the beginning of widely understood reforms of health care system – the Act of law (Act of 10997) on common health insurance came into force on 1st January 1999. It caused changes in health care system management. Regional Health Authorities were created. Their responsibility was collecting financial means from workers' contributions. They were also responsible for signing agreements with healthcare providers and financing such services.

According to this new concept, financing of health care system was to be performed in a mixed system - budget and insurance contributions (Niżnik, 2004). Regional Health Authorities were to operate on the basis of market mechanisms and rules, for example: purposefulness of expenses, economy, non-profit activity and struggle to ensure equitable success to medical services. It was evaluated that Regional Health Authorities were too expensive, bureaucratic and led to a big chaos in health care system. Due to this fact a decision about establishing National Health Fund was taken. It was to replace Regional Health Authorities (Act of Law of 2003).

Acts of law issued in the next years specified functioning rules of healthcare providers and financing healthcare services. Prospective financing with the use of prices, rates and limits specified by National health Fund was implemented. Moreover, within the frames of public finances, highly specified procedures, health policy programs, Emergency Medical Service, public blood service and sanitary inspections were financed (Rój and Sobiech, 2006). Works on diagnosis-related groups were commenced and implemented on 1st July 2008 by virtue of a ordinance of National Health Fund President (Ordinance, 2008).

The next idea for a change in health care service financing rules was implementation of hospitals network, so in other words system of basic hospital protection of health care services which was to be financed by National health Fund (Act of law, 2017).

The system of basic hospital protection of health care services was to ensure health care recipients access to medical services within: hospital treatment, highly specialized services, specialized outpatient care performed in outpatient departments of hospitals, medical rehabilitation, drugs programs, drugs used by chemotherapy, as well as night and holiday medical care with simultaneous guarantee of continuity and complexity of performed services and stability of financing them. And at this moment a systemic change connected with the way of financing these services appeared (Resolution, 2017).

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A developed system of hospital settlements within market economy was transformed. A system of flat-rate financing was implemented (Orliński, 2019), determined in advance for the subsequent years of activity (Resolution, 2017). The amount of flat-rates was to be determined for the billing period specified in the contract, however not longer than a calendar year. It was planned to liquidate National Health Fund and replace it with a Special Fund 'Health', eliminate health insurances and change it of a health tax.

On the websites of the Ministry of Finance there was information that 'from the beginning of 2018 health care system would be provided and protected in Poland by national health Service. It would be financed form the national budget and will encompass all patients, including the ones who are excluded by the previous system and did not have the right to take advantage of medical help paid from public funds' (medmiasto.pl).

At the same time, a 'Strategy of the National Health Fund for years 2019–2023' appeared ([www.nfz.gov.pl](http://www.nfz.gov.pl)), which means that the concept of managing health care system would be changed and the idea of liquidating National Health Fund was no longer taken into consideration.

Unfortunately, year 2020 brought COVID-19 pandemic and consequently the need to perform changes in health care system functioning. The costs of hospitals functioning, as well as costs connected with curing patients significantly increased. There was a need to support hospitals financially, mainly the ones dealing with covid patients. Problems related to supply, medical staff functioning and hospitals debts appeared.

A new concept (proposed act on modernization and hospitals effectiveness improvement) related to medical care functioning has been appointing Agency of Hospitals Development which would be responsible for initiating, supporting and monitoring of repair – development processes in hospitals.

According to I. Lipowicz representing the University of cardinal Józef Wyszyński in Kraków, the project on improvement and development of hospitals in its current shape would not improve hospitals' situation.

On the contrary, it can cause destabilization of already weakened health care system ([www.termidia.pl](http://www.termidia.pl)). It should be indicated that the main reason of hospitals' debts is a systemic mechanism, which on one hand, does not provide enough contract services through National Health Fund, and on the other hand presents an under-evaluation of medical services. Solutions implemented by a legislator additionally increase these debts. Therefore, there is still a problem of long-term concept of medical care management.

### **3. Results**

Presented examples of realized concepts related to management of health care system indicate problem approach variability. In each case there were problems connected with underfunding, lack of personnel, lack of appropriate equipment and insufficient financial means for drugs and medical materials, so low quality of medical services. It was especially noticeable in the period of COVID-19 pandemics, where contrary to what had been stated by the Ministry, there were shortcomings of practically everything, from masks and personal protective equipment, through drugs, machines and places in hospitals. Managers tried to blame medical personnel realizing health services.

Change of the Minister of Health indicated lack of concept connected with implementation of new ideas. Solutions implemented at the beginning of XXI century in other European countries did not find approbation among authorities. Old concepts of hospitals budget financing and flat-rate settlements came back under conditions not evidently clear for medical facilities. Moreover, the way medical services are valued is still criticized.

To sum up, it is possible to state that medical care system management crisis has appeared. The project of the act on modernization and enhancing hospital effectiveness is still being amended. However, there are still no solutions which would cure health care system.

### **4. Discussion**

Health care systems functioning in Europe are different and what follows, their evaluation is also different. Indexes of Sustainable Development of Health Care and Breast Cancer Systems show that Poland is on 25th and 22nd places among 28 EU countries.

The first three places are occupied by Sweden, Denmark and the Netherlands ([futureproofinghealthcare.com](http://futureproofinghealthcare.com)). For example, health care in Denmark is almost free, widely accessible with a wide range of services. All citizens there, are subjected to compulsory health insurance financed mainly from taxes. It could be said that this is budget financing which current Polish government tries to implement.

However, for the time being it is impossible to achieve since features characterizing health care in Denmark are completely different that the ones in Poland. Moreover, in Poland patients pay for health insurance 9% of gross remuneration. For example in France health insurance contribution is 13,55% of a worker's remuneration and is composed of two parts: paid by an employer (12,8% of the remuneration) and by an employee (0,75% of the remuneration) ([copernic-avocats.pl](http://copernic-avocats.pl)).

In Germany contribution in statutory health insurance depends on income of health insurance fund's member and currently is of 14.6% of gross remuneration (datev.pl). Czechs pay health insurance contribution in the amount of 13.5% of gross remuneration (www.money.pl).

However, not the contribution is the main problem, but the way funds are used and engagement of the government in health care system organization and financing. For example, German health care system has been functioning since 1996, and in Poland concepts have changed along with national authorities, or even more often, which is well presented throughout last 7 years. Changes 'tested on a living organism' are implemented, and when it becomes clear that the idea was wrong, the next one is introduced. Similar situation was observable in reference to pandemics.

In Bloomberg's blog published on 27th April 2021 (one of the biggest information agency of the world) Poland was on the second-to-last place when it comes to struggling with COVID-19 pandemics. Only Brazil was worse estimated. (Kazimierska, 2021). Brutal but true evaluation of the crisis situation related to pandemics shows that it is not enough to create teams and organize press conferences. Focusing on activities performed by health care system is most important (Orliński and Macuda, 2021).

The issue of crisis in managing health care system presented in this research paper relates to a serious problem which is the concept of health care system functioning in Poland. Political changes on the highest level cause that every governing option tries to improve hospitals' financial situation and medical services quality.

However, revolutionary changes do not favor hospitals' financial situation improvement. Transferring health care within health insurance on tax payers since 1st January 2022 does not correspond with the concept of budget financing of health care system promoted by the government. Conceptual and organizational chaos deteriorates the quality of performed health services and prolongs waiting time for services. Pandemics health care system functioning in the state of emergency is and was an additional problem, even though the government announced the end of pandemics and transforming to the state of epidemic threat for 16th May 2022 ([www.medonet.pl](http://www.medonet.pl)).

Coronavirus stays in the society and still poses danger of the next wave, which is already noticeable in Poland (Krakow.wyborcza.pl) and in other countries. Nonetheless, hospitals are forced to come back to the mode of functioning from the times before pandemics, even though the virus is still a threat to patients' health and lives. Hospitals still fight problems connected with pandemics. Situation is even worse because there are new issues connected with refugees from Ukraine. The conclusions are obvious. It is high time to think about the increase of financial, material, human and capital resources and the ways they should be used. Then it is time to change and modernize hospitals, since they really, immediately need it.



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