

CHAPTER 1

INTRODUCTION



1.1 Rationale

Over the last two decades, Thailand's economy has developed rapidly the same as other neighboring countries. The project of international economic and trading square among Thailand, Lao PDR, Myanmar and China was set by these respective governments to serve the regional economic growth. Upon supporting this project, Thailand and neighboring countries also promote infrastructure cooperation projects for transportation and international checkpoint.

Relatively, this leads to peoples in these countries traveling across the border for many purposes. Other than trade border area has become critical concern of foreign people influx seeking for jobs and health services as well as the dispersion of migrant people to other parts of the country. Opening borderline has had effects on political conflict, economics status, social problem such as drug trafficking, prostitution, smuggling and especially impacts on health.

People tend to move from that economically less developed countries to more developed ones. Castello and Freeman (1992) indicated that the choice of destination of migrants depends on the difference of GNP in the country of origin and country of destination. Migrations are positively correlated with GNP in destination country and negatively with GNP in country of origin. Other factors, which influence migration, are expenses for travel and types of employment (Cuthbert and Sterns, 1981 and Massey, 1994).

At present, migrant workers can be seen in many provinces in Thailand. Border areas have become magnets for many mobile populations whose purposes of crossing the border are trades and tourism as well. The nomadic lifestyle of hilltribe populations also causes the cross-border migration.

It was reported that during the past two years, three fourths of foreigners seeking for health services in Thailand were migrant workers. The Burmese accounted for 80% of those foreigners who received Thailand health care provision while the rest 10 and 5% were Cambodians and Laos respectively. At least, 50 million baht was spent annually for medical treatment and this does not include the necessary cases for 6,209 newborns of migrants between years 1993 and 1996. User fee is the charge of their services as the same of Thai patient's rate but most of foreign patients cannot pay for these services. Consequently, these foreign patients left financial burden to health facilities about 131,172,026 baht in year 1999 (Pinprateep, 1999).

Nan is one of the provinces located along Thai-Lao PDR border in the northern part of Thailand. This province created 3 major activities associated with health at the border under cooperative agreement between Thailand and Lao PDR as follows respect.

- 1) Provide health services for foreign people and Nan health facilities faces increasing number of foreign patients who cannot afford to pay the cost of health care provision and these usually end up leaving financial burden on the health providers. The diseases which is most frequently found are fever of unknown origin-FUO (32.4%), diarrhea (17.9%), tuberculosis (15.3%), malaria (11.7%) and pneumonia (10.9%) (Nan Provincial Public Health Office, 2000).
- 2) Control the communicable diseases, especially in disease that could simply be prevented by vaccination, prevention of malarial disease and dengue hemorrhagic fever.
- 3) Promote cooperation on health at the border between both countries. There have been 3 Thai-Lao consultative health meetings at the local level between year 1998 to 2000. Other interactions included various health manpower development programs, for example, medical training, laboratory and obstetrics skill improvement training.

According to health care expenses in Nan province, from the patients crossing the border seems to be increasing every year. There were 1,479 patients in year 1994 and it increased up to 5,973 patients in year 2000. Costs of health care provision to foreign patients that are not paid to health care provider had been increasing from 410,000 baht in year 1994 to 2,250,915 baht in year 2000 (Nan Provincial Public Health

Office, 2000). The financial gap between revenue and cost of health care provider in Nan province increases wider every year. This is because of the cost that the cross border patient left to health facilities and workload of health manpower in the health facilities along the border areas.

To manage with this economic burden on health facility, the financial gaps and potential on health care services for foreign patients should be explored. However, there have not been researches to investigate such issue in Thailand. Thus, this study is conducted to examine the component of costs and revenue to identify conditions that the health facilities can recover the cost from health care provision for foreign patients. Consequently, the result of this study can be used to carry out strategy for cooperation on health at the border as well.

1.2 Research Question

What is the cost recovery of health care provision for foreign patients in Nan province?

1.3 Objectives of the Study

- (1) To identify cost components and calculate the total cost of health centers and hospitals.
- (2) To calculate the unit cost of health centers and hospitals.
- (3) To estimate the total cost of health care provision for foreign patients.
- (4) To estimate the total revenues from the health care provision for foreign patients.
- (5) To derive the cost recovery of health care provision for foreign patients.

1.4 Scope of the Study

This study will analyze the cost recovery of health care services for foreign patients from the providers' viewpoint. Data of health facilities in Nan province, i.e Nan

general hospital, three community hospitals and five health centers, which are located along the Thai-Lao PDR border, and the provision of health care services for foreign patients in the fiscal year 2001 (October 1st, 2000 to September 30th, 2001) will be collected and analyzed.

1.5 Definitions

Absorbing Cost Centers. (ACCs) is the department that receives indirect cost, which allocated from Transient Cost Centers (TCCs). In this study ACCs is composed of Patient service (PS) and None patient service (NPS).

Average cost Establishes a relationship between costs and activity levels or volume. It is calculated by dividing some total cost by some total measure of activity.

Cost is the resource consumed for production and service. In addition, on the process of services for the consumers, cost is the value of manufacturing factor use in the manufacturing of products and services to achieve the final products/output or services. This study investigates the cost of health care services for foreign patients of provider's viewpoint.

Capital cost an economic resource that provides benefits to a company over one or more years beyond the period of acquisition. In this study capital cost is the depreciation cost of the building and durable equipment.

Cost recovery is the ratio of revenue to cost (cost recovery ratio equal to Revenue divided by Cost)

Health care providers are the hospitals and health centers that provide medical treatment. In this study, providers are the health facilities, which provide services to foreign patients in Nan province.

Labor cost is expenses paid to the employees in return of services rendered, including other monetary fringe benefit such as wage, salary and overtime.

Material cost is the costs of all raw materials used to manufacture the finished product. In this study, material cost is the cost of resources that each department in health facilities are withdraw from the dispensing departments (the major dispensing department of the hospital are the pharmaceutical department, supplies and general administration department). In addition, material cost are including the utility expenses such as water expenses, electrical expenses and maintenance expenses for durable equipment and building.

Medical cost is expenses of medical treatment of the patients such as medication, physical and laboratory examination and investigation expense.

Non-medical cost is the expenses, which used to support the patients' treatment, but does not directly incur from the treatment of the patients. This includes OPD card, stationery and etc.

None Patient Service (NPS) is the department, which do not give service to patient directly such as health promotion department, health education department and prevention and disease control department.

None Revenue Producing Cost Center (NRPCC) is the department which is responsible for management and supportive function to other department but does not make revenue to the organization (cannot charge by themselves).

Patient Service (PS) is department that responds for services to patient directly such as out patient department, emergency room, dental health department, in-patient department and etc.

Revenue are all of income which flowing into the business as a result of services rendered or good sold by the company. In this study, revenue is user fee of services that foreign patients paid.

Revenue Producing Cost Center (RPCC) is a supportive department which is responsible for medical services and makes revenue to organization by charge from patient.

Total cost is represents the aggregate resources consumed by the organization or a part of the organization such as department, a work area, a product, or a service. The total cost also known as full costs.

Transient Cost Centers (TCCs) is the NRPC and RPCC which are allocated to Absorbing Cost Centers.

Unit cost is the cost per one unit of patient visit of each department.

1.6 Expected Benefits

The expected benefits from this study is to provide the situation of health care provision, and the useful information for decision and making to formulate health policies for Nan province and other border provinces, such as health care service scheme for foreign patients, health care financing and prevention and control of communicable disease along the borderline.