PHC 6102, Principles of Health Policy & Management
Policy Implementation: Policy Operation

Presentation Contains 8 Slides


2. The objectives of this lecture are:
   - Identify key factors that determine successful health policy operation
   - Recognize capabilities and competencies of policy operation managers
   - Integrate policy operation concepts into a health policy example

3. In previous lectures, the Policy Formulation phase and the first stage of the Policy Implementation phase were presented. In this part of the series, we will review Policy Operation. In the final lecture, we will cover Policy Modification.

4. As you can see from the left-hand side of the chart, Agenda Setting is established through a framing of health problems and creation possible solutions during a set certain political circumstances. Then, Legislative Development is the point in the Policy Formulation phase where specific health policy proposals are turned into legislation. Following the formal enactment of legislation into law, the first stage of the Policy Implementation phase, rulemaking, takes place. Operation is the second stage of the implementation of health policy, and the topic of this presentation. Note that Operation can feed back to Rulemaking. This means that experiences in the operation of policy can influence regulations.

5. Policy Operation is led by political appointees and civil servants. At its essence, the operation of a regulatory agency is an exercise in management, similar to that in the private sector. Regulators are tasked with operating the policy created by laws and designed by the regulations.

6. Laws that contain specific objectives lead to good policy rulemaking and operation. In addition, to be successful, regulators must form cogent hypotheses on how the objectives should be accomplished through action. That is, successful policy implementation requires a clear understanding on the cause and effect relationship between policy action and goal achievement. Examples of clear objectives and operational hypotheses will be presented later in the lecture.

Furthermore, for policy operation to succeed there must be certain organizational and managerial attributes. First, a fit between the policy objective and the implementing organization is critical. This includes whether or not a regulatory agency is sympathetic to the policy goal. Certain failure awaits a policy whose objectives are resisted by its implementers. Next, does the organization have the resources to implement the policy successfully, including the authority, funds, personnel, and technology? And from a managerial perspective, the policy operation leaders must have certain competencies. Do they have a strong grasp of what processes will meet the objectives of the policy? Can they conceptualize how the policy will impact the stakeholders? Do they have the know-how for their domain they must manage, such as healthcare financing for a manager CMS? And finally, can they collaborate with people?

7. So to clarify policy operation, let me continue the example regarding the Centers for Medicare and Medicaid started in the previous lecture. Again, this is a fictional example based on the
Affordable Care Act. Let’s say that Congress passed a law requiring CMS to improve the quality of health services provided at hospitals for Medicare beneficiaries. In this made-up example, the law simply stated that the Secretary of the Department of Health and Human Services (meaning CMS) “shall institute a pilot program to improve inpatient health quality and reduce costs to the Medicare program.” This lacks details, of course, but the objective is clear – better quality, less cost.

Remember, in this example, CMS published draft rules, affected parties (such as hospitals) made comments, and finally the regulations were published and codified in the Code of Federal Regulations. These regulations defined exactly how quality would be measured, how the data should be reported to CMS, and how payments would be reduced if the hospitals did not meet the quality measure targets. So what now?

First, what are the hypotheses on how the policy should work? Does CMS think that these regulations will cause the desired effect? Let’s say that CMS chose only the quality measures that will most likely reduce costs for the Medicare program, such as reducing hospital readmissions. In this, the CMS hypothesis is by that meeting quality targets, costs will be reduced.

Next, does the policy fit with CMS? Is CMS sympathetic to the effort of measuring inpatient quality to reduce cost? Is reducing cost a role for CMS? Does CMS think that its role should be to store and share quality data? Furthermore, do they have the technical expertise to collect and oversee the data transfer from hospitals? Do they have the computer systems to handle the volume of quality data? In this example, we can assume the policy fits with CMS operation, but that assumption by no means assured in real life.

Finally, does CMS have the managerial competencies? Does CMS have employees that understand quality measurement? Can these employees articulate the hypothesis to a reluctant hospital industry? Do they understand how hospitals will react in order to preserve their industry’s financial profits?

This concludes the lecture on “Policy Implementation: Policy Operation.” The following questions are some that you will be expected to know:

1. How do laws impact policy operation?
2. How does policy fit determine successful implementation?
3. What managerial competencies are important for successful implementation of regulations?

Thank for your attention. Now please go to “Policy Modification.”