Doctors in control: Organizational transition at the OLVG between 2000-2005

Part A

PROFILE OF THE OLVG

The OLVG (originally ‘Onze Lieve Vrouwe Gasthuis’) is a middle-sized general hospital in the heart of a 19th century residential area in the eastern part of Amsterdam. An annex (the former Prinsengrachtziekenhuis) is located right in the historical centre of Amsterdam. Its locations are unique. All other (seven) public hospitals in Amsterdam have their premises in suburban areas. Founded in 1898 the old accommodation of the main establishment was gradually replaced by new housing at the same spot; a process that took about fifteen years and was finalized in 2003.

Apart from offering all main medical specialisms, the OLVG also provides several specific (top clinical) services in the fields of cardiology, aids and orthopaedics. The OLVG has an emergency unit that sees over 40,000 patients a year and a level III intensive care unit with eleven beds. The OLVG also has a formal status as a teaching hospital.

The OLVG is the referral hospital for the eastern part of Amsterdam, including Diemen, though its specific top clinical services attract a wider public.

The current capacity of the OLVG amounts (2005 data):
- 2600 staff
- 550 beds
- some 300,000 polyclinic visitors yearly
- some 13,000 outpatients yearly
- some 19,000 clinical patients yearly.

Like all Dutch public hospitals the OLVG is managed by an executive board (Raad van Bestuur), in this case consisting of one member and a chairman. The executive board is controlled by a supervisory board (Raad van Toezicht) that counts five members. The members of the supervisory board also sit on various commissions that have specific governance tasks (audit, corporate governance, appointment and remuneration).
The general framework for hospital government in the Netherlands is laid down in a law (Wet Toelating Zorginstellingen, WTZi), which is effective since January 2006. This law defines the conditions for good governance and transparency in the health care sector as a whole. Preliminary work for its development was carried out by the Commissie Meurs that was formed in 1999 upon an initiative from within the sector itself. The Commissie Meurs formulated the principles of good governance and has been specifically keen on clarifying and defining the role of the advisory board and its relation to the executive board. Inventories among hundreds advisory boards in Dutch health care by the Commissie Meurs gave input to its final recommendations.

The focus on health care government during the past ten years was triggered by forthcoming social developments such as privatisation of both health care and the national health insurance system, the introduction of quality management and new governmental funding policies.

The new, legally required governance structure is called the 'Supervisory Board Model', since the instalment of a supervisory board is the essential difference from the former, so-called 'Board of Directors' (Raad van Beheer) model. The law does not require a supervisory board in all cases (like in small organizations), as long as some formally appointed body takes care of the supervisory role. The law defines the role of the supervisory council, the terms of membership and requires transparency of its coordination with the executive board. Details have to be laid down in the corporation (most Dutch hospitals are foundations) statutes of the hospital. The specific position and responsibilities of both the supervisory board and the executive board have been worked out in a code (Zorgbrede Governance code) that was developed by a commission of representatives of several professional organizations in the health sector, after the Commissie Meurs had made its recommendations.

Most hospitals, including the OLVG, had already introduced the supervisory board model in some way for some years before the new law would become effective.

Other parties involved

All Dutch hospitals have a works council, which, as a legally based representative advisory and participative body, is involved in decision making concerning major organizational issues and developments.

The Ministry of Health monitors the observance of rules of transparency and quality management and good governance. Public healthcare inspection (Inspectie van de Gezondheidszorg) guards the rights, needs and safety of patients by monitoring effectiveness, accessibility and safety of health care institutions.

THE OLVG IN 2000

Like in most other hospitals, medical specialists in the OLVG used to work in partnerships, supported by the hospital’s services and facilities. However, since this was felt as an obstacle to transparent management, quality enhancement and corporate policy development, all medical staff at OLVG had been put on the pay roll since 1998. Unfortunately this turned out to be counter effective. Two management lines existed: the general hospital administration on one hand and the medical staff, headed by a manager medical services, on the other. In fact the medical staff, though being responsible for the organization’s core business and generating its main turnover, functioned more or less apart from the executive management lines. Imposing new rules and appointing extra managers made things even worse; it created bureaucracy and pushed up the expenses.

In short, the OLVG in 2000 was a dualistic institution of doctors and managers, where it was often unclear who was in charge, and its financial position was alarming. Since this had its effects on the smoothness of OLVG’s services, it was particularly the patient who was hit.

At the same time, the OLVG faced the upcoming introduction of free-market system in health care and all its consequences with respect to financial management, quality control, competence, performance indicators and transparency.
Crisis at the Management Board

In November 2000, the chairman of the OLVG board withdraws because of a huge conflict with the medical staff. The chairman of the supervisory board rapidly convokes an 'emergency' meeting in order to take the necessary measures.

On the preceding evening of this meeting he calls Emile Lohman, who had just taken seat in the supervisory board. He cautiously drops his idea to delegate one of the supervisory board members to the executive board on a temporary basis, and if Emile would be willing to do this. And if so, how they could come to an adequate approach to the big issues in the hospital.