

Case Hämeenlinna

The big picture of the Finnish discussion about profitability, and its effects on the arrangement and realization of the services of a medium sized city

Jukka Lindberg, Head of Purchasing Management, Social and Health Care Services and Services for Elderly Care in Hämeenlinna

Risto Mäkinen Managing Director, Primary Health Care Services (municipal enterprise),

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The Finnish welfare

In the European Scale Finland is a large but sparsely inhabited country. The majority of Finland's population of 5.4 million lives in the southern parts of the country. Finland has urbanized and industrialized mainly after the Second World War. Even though the country industrialized rather late it stepped into the post-industrial society in the European pace along the accelerating globalization. Between the 60s and 80s Finland built ready the welfare model which rested on the Nordic value base. In this welfare model the founding is based on progressive taxation and the operation mode on universal, free or strongly subsidized and comprehensive welfare services. When in the 80's other European countries already slowed down the developing of a welfare nation, in Finland it went on until the beginning of the 90's. The development dried up suddenly because of the historically deep economic depression on the first half of the 90's. After the depression there has been more discussion about the maintenance rather than expansion of the model.

The ideology of the Nordic welfare model reflects the development of social and educational services. In health care Finland has a long history of funding from multiple sources. The municipalities have the responsibility of financing and producing the basic health care (health centres) as well as financing the special health care which is executed by wider regional operators (health care districts). In these ensembles the financing and arrangement of services follows the principles of the Nordic welfare state – funding based on taxation and low portion of financing from the user. On the other hand a comprehensive national insurance based system is being upheld in Finland with which the occupational health care, citizen's visits in the private health care (and the dental care), the loss of earnings being due to illness and other costs relating to the health care (travels, medicines) are subsidized. The portion to be financed by the users is bigger in Finland than in the rest of the Europe but that is mainly because of the high excess in dental care and medicine. Instead of or in addition to these public systems part of the citizens has got their own health care insurance.

The critical scholars of social policy have introduced a controversy in the development in Finland during the last two decades and especially about the receding of the welfare state from its value base in compromising in a Giddenser way in the direction of the 'third road'. Especially the individualisation of welfare states and the becoming of welfare politics as part of the EU's economy's controlling mechanisms has been criticized. A wide concern has been expressed as to the differences in earnings; poverty and the growth of inequality even though Finland as a whole performs rather well according to the European welfare indicators. Recently attention has also been paid to the growth of variations in health between different population groups.

The lines of discussion about productivity in Finland

The issue of productivity was discussed sporadically already on the 1980's but it became more important along with the economic depression and has been so for the last two decades. The productivity of the public sector was developed in the beginning of the 90's in the broad Laatu-project (Quality-project) executed in the municipality sector, where by means of activity analysis were aimed at to develop the bottom-up based productivity. The Laatu-project was a certain significant opening for the track of systematic developing of productivity. At the same time also principles for broad usage of concepts of productivity in the developing of municipal services was placed. The terms of productivity of the public sector were not loaned straight from national economics, business economics or administrative science. Emphasizing the characteristics of the public sector and public goods, along with the simple input- output –relation also quality and efficiency was wanted to include to the concepts as notable elements of productivity

The valid recommendation of productivity in the public sector

The recommendations for the estimation of the productivity were given to the public sector in 1998 and 2000. The last recommendation considering the development of productive operating is from 2008. This recommendation leans to the concepts of contribution, output, the working process, quality, effectiveness, the frugality and fluency of operating processes and the personnel's ability for achievements. Along with the earlier versatile theoretical definitions of concepts also Kaplan's and Norton's terminology in Balanced Scorecard adapted to the public sector has been utilised in the recommendation. Pivotal factors are also the services' affectivity-centred and customer-oriented way of thinking. In the Finnish public administration there is no endeavour to describe only the relation between contribution and productivity (input – output) but it is divided in three E's: economy, efficiency and effectiveness.

New Public Management

By European standards the New Public Management can be held mainly as a scattered conversation tradition. It does not form a coherent theory or concept system. The NPM-discussion came to Finland rather late but anyhow it has had significance. The NPM-discussion has been a channel mainly for the neoliberal criticism against the public sector. The themes related to this discussion are inter alia the bringing of competition to the public services, the critique of the public monopoly production and the discussion about the missing incentives in public service. Theoretically the NPM leans on the Public Choice Theory and the theory of Quasi-markets.

Practically the reforming ideas of NPM appear in the opening of competition in the public services, the separation of organizing (purchasing) and producing services, commercial enterprising and incorporation of bureaux, the development of bureau-services towards electronic services, the commissioning of systems of aim and management by results and increasing of jurisdiction of the management. Based on the NPM-ideology changes have been made in Finland both on the levels of the government and municipalities.

The restructuring of municipalities and services

A crucial part of the Finnish discussion about productivity relates to the restructuring of municipalities and services of the country. The government of Finland enacted a periodic law for 2007-2012. The basic definition of policy of the law is that only by forming bigger municipalities or operators consisting of several municipalities (areas of cooperation) especially in the social welfare and health care, the organizing and founding of the services for the citizens is solved. The minimum requirement of population for the services of primary health care was enacted to be 20,000. In Finland, municipalities are the main financiers and organizers of the services. In 2007 there were about 440 municipalities. The median size of a municipality was only some thousands of people. The central aim of the law was to increase productivity and the most important way was integrations; the less operators and bigger size of the organisation the more productive the result.

During the validity period the number of municipalities has dropped to 330 and the median size to around 7,000 inhabitants. In addition to the unification of municipalities there have been formed different areas of cooperation in order to reach the population ground of 20,000. The number of municipalities and areas of cooperation is still thought to be too big as economically durable basis of organizing for the services of social welfare and healthcare.

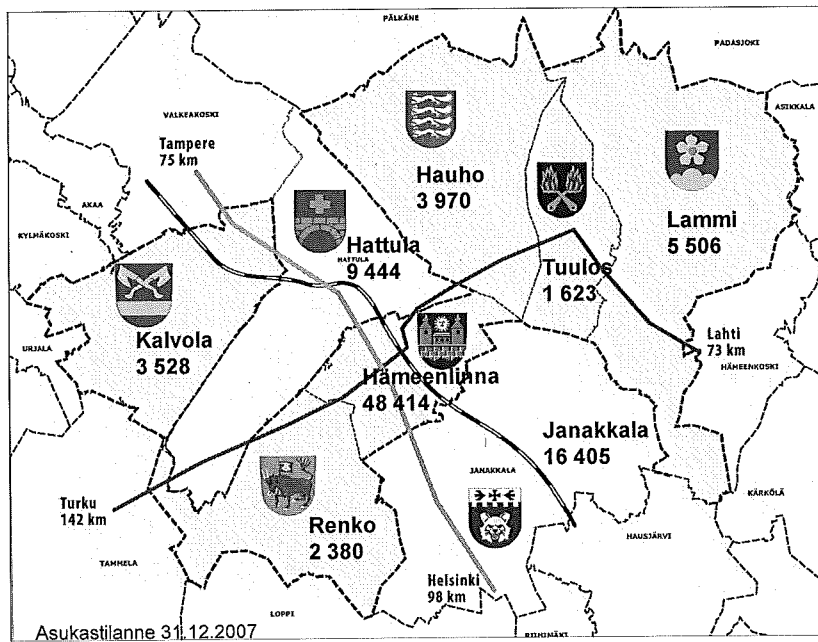
Case Hämeenlinna as an example of the discussion about productivity and development in 21th century

In comparison with in Finland Hämeenlinna is a medium-sized city in the middle of Southern Finland. Before the project to restructure municipalities and services there were around 48,000 inhabitants in the city. Before the federation of municipalities in 2009 Hämeenlinna consisted of a compact geographical area which was surrounded by different sized – mainly small - municipalities. With the project to restructure municipalities and services from the beginning of 2009 five of the surrounding municipalities joined to Hämeenlinna (Hauho, Lammi, Tuulos, Kalvola, Renko). Here a new Hämeenlinna of almost 70,000 inhabitants was formed. Two

municipalities which are part of the region and working area opted out from the consolidation of municipalities (Hattula, Janakkala). Hämeenlinna as part of the Southern Finland, see the link:

<http://maps.google.fi/?ie=UTF8&ll=60.914414,24.818115&spn=2.579792,7.042236&z=7>

Image 1. The municipalities of the region of Hämeenlinna and the populations in 31.12.2007



The change in the Hämeenlinna region can be thought as incomplete compared to the aims of the project to restructure municipalities and services. The structure of municipalities in Finland integrated but not sufficiently as the situation of Hämeenlinna region shows. All in all the restructuring in Finland has been estimated to be going to the right direction but in the evaluation in 2009 of the law about the structure of municipalities and services it was stated that the development was still unfinished.

In the reformation executed in Hämeenlinna the big policies in the discussion about productivity has been introduced in many ways. Along with the federation of municipalities a partial model of career (life-cycle model) was introduced where the organising and producing of welfare services was divided based on the needs for service by population group – not by the governmental borders of the ministries. Before organised as clear sector entities the social-, health-, and culture services were build in a new way to the organization from the point of view of the political decision making (boards), the purchasing organizations (the function of purchaser) and the producing of services (the function of production). Into both of the ends of the career (children and families with children, elderly persons) were built entities consisting of different welfare services. The services of health and capacity serve mainly the whole population.

In relation to the reformation there was a shift to the steering of pact (the purchaser – producer – model) where the founding and subscribing of services were separated organisationally from the production of services. The Weberian bureau –organisation was replaced with the steering based on service pacts both in the city’s produced (in-house) services as well as in privately produced (outhouse) services. Along with the steering of pact also an inclusive productization of municipality services were started.

The service- and acquisition –strategy was reformed along with the change. The in-house services of the city were decided to be developed strongly. Related to this, services were also publicly utilised and incorporated. Also the multi-producer service model was decided to be increased by endeavouring to create markets and benefit from them when it is possible. A goal was set also to liquidate monopoly arrangements everywhere where it is possible.

The great goal has been to adapt the wide productivity concepts so that the number, quality, effectiveness (both customer and societal level), operation process, and the ability to accomplishments of the acquired services form a balanced entity.

Along with the change also reforms in the service structure have been executed. Resources from heavy institutes have been moved to lighter open-services. Residential services have been built to replace institutions. Home help services have been developed to different customer- and patient-groups. The service structure and supply have been converted thoroughly to lighter along with the change.

Improving productivity and effectiveness in Finnish primary health care – chronic care model as a road map in Hämeenlinna

Rising costs, a wide gap between clinical guidelines and outcomes of the care, and increasing demand of services are not tackled by single isolated improvement activities. Instead, there must be improvements at the community, organisation, practice and patient levels. The Chronic care model (CCM) provides a framework for transformation of the primary health care services (Bodenheimer 2002).

Fifty Finnish primary health care providers have formed a consortium to improve the services by implementing the CCM during 2010-12. The aim is to improve the outcomes of the care and to reduce the resources required – i.e. to improve the effectiveness and productivity. CCM is based on six perspectives written in bold below, where we describe the planned changes in Hämeenlinna Health Care Services providing care for about 70,000 inhabitants in the city of Hämeenlinna, Finland.

The delivery system design is shifted from reactive towards proactive. Finding the patients with chronic conditions and health risks, creating a recall system and providing planned care is proved

to reduce the reactive visits based on symptoms. Some of the individual visits will be supplemented by group activities; group visits and enhanced *self-management support*. The patient's central role in managing their health is essential. This is facilitated by coaching methods to support the change of the daily activities. The individual care plan with defined aims, methods and follow-up strengthen the change. *Clinical information systems* should organise patient and population data to facilitate efficient and effective care. The use of electronic medical records must be improved. Patients with high risks, co-morbidity and poor outcomes of the care will be found when recording protocols are rigorous and structured. This enables to develop reporting and analysing tools which helps to allocate the resources where most needed. *Decision support* is improved by integrating an Electronic Medical Decision Support into the electronic medical record by providing word-class medical databases on every clinician's desktop, and by effective continuing professional development strategies. The aim is to integrate specialist expertise and primary care.

The community is recognised as a resource by forming partnerships with community organisations to support and develop interventions that fill gaps in needed services. *The Health System* is engaged to promote effective improvement strategies aimed at comprehensive system change.

The transformation will be fundamental. The first year is now spent to implement these basic changes. The clinical practices are under a changing process and the basic tools are provided. However, the results are not yet known. The evaluation with before – after- setting will reveal the (1) outcomes of the care of common chronic conditions, (2) the resources used to serve the patients.

In conclusion

The central elements of profitability have been taken into account in the development of the operation in Hämeenlinna. The discussion about profitability in the public sector has guided the operation towards the wide concepts of profitability. Elements to the reformation have been received from the NPM-discussion. The city has executed actively the goals of reformation of the municipality- and service structure. Service structures have been renovated and service processes developed innovatively in several functions in response to the demands of today and challenges of the future. The changes are versatile but the productivity can be thought of as one big common denominator in the background of the development.

It is justifiable to ask if this all is worth it. Are the results estimated after two years vis-à-vis at all with the development work done? Two years is a short time for estimation but the cost curve has turned clearly down in the case of improving health and capacity, and the services of the elderly citizens. The productivity measures require further development. It is easy to measure the number of services produced, which in evaluations has been relatively satisfied. Also the quality of

customers has been noted to be good in the inquiries. The quality systems of measuring the technical quality of the services are still in the making. The gauging of the effectiveness of the services is the most defective on the whole. The fluency and expediency of the service processes' require ongoing improvement.

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