

A federated approach to efficient healthcare management

Managers and doctors recommend using a decentralized structure based on clinical management as an alternative to the traditional hospital units.

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The growing dissatisfaction among medical professionals, along with budgetary restrictions, makes it vital to provide flexible health structures to improve both patient care and efficiency in Spanish health care.

In the report [Amphos 2013](#) prepared by IESE's [Jaume Ribera](#) and Javier Mur, a group of clinical and health-care managers offer reflections and recommendations on implementing the model that best addresses the challenge at hand: clinical management units (CMUs).

These units, which represent the workforce of a particular area, agree with the hospital management on the portfolio of services offered, the budget, the objectives and the incentives, and are responsible for their own clinical and financial results.

From traditional to federated hospitals

In this federated organizational model, each unit enjoys a high level of autonomy and decision-making capacity, albeit subject to the general rules of the center, while also benefiting from the advantages of centralized services.

In this way, hospitals find an answer to their biggest dilemma: the need to be large enough to achieve economies of scale, while at the same time being small, flexible and adaptable enough to offer personalized services to patients and a higher level of engagement among the professionals.

The federated structure is predicated on the following principles:

- *Subsidiarity*. Decisions should be made at the point closest to the customer and at the lowest possible level in the organization.
- *Common Language*. All units share the same values, rules and strategy.
- *Interdependence*. Power is distributed between the units.
- *Separation of Powers*. The responsibilities of the management center are differentiated from those of the units.

To reorganize hospitals, it is necessary to identify the management duties that can be delegated to the CMUs in relation to strategy, personnel, resources, partnerships and processes.

With regard to the level of autonomy, health-care managers are in general agreement that the units must have ample freedom and that delegation must be done progressively.

Barriers to CMUs

The main obstacles hindering progress in clinical management are not only legal and political, but also human and cultural.

The lack of a legal framework for CMUs limits them from being fully implemented, but does not prevent their progress. It requires institutional support from managers and political bodies alike.

Another common obstacle is the lack of skills in leadership, people management and economic control among clinical professionals, who up until now have been focused on health-care functions.

Moreover, some managers are reluctant to delegate and restructure their responsibilities, and the general environment based on routine is hardly conducive to innovation.

Overcoming the challenges

Those who participated in the research project identified 10 initiatives for advancing this process.

- Analyze the starting point and create a development plan. With these, it is possible to lay out the overall design of the new organization.

- Roll out a pilot. Its success will depend on the credibility of the project and on achieving the bandwagon effect.
- Identify and develop leaders. Leverage key members of the CMUs to champion the model.
- Create a new legal framework. This would regulate CMUs and facilitate their implementation.
- Anticipate an incentive plan. Recognize the changing roles of professionals.
- Involve all groups. Create multidisciplinary teams and establish cohesion programs to promote teamwork.
- Engage in effective, continuous communication. Facilitate the major cultural change required for transitioning to the new management model.
- Establish a system to provide complete and integrated information. This would cover both the health-care and economic aspects of CMUs.
- Strengthen commitment. Secure the buy-in of the management team as well as health and non-health professionals.
- Create a nationwide network. This network can be used by the heads of CMUs to exchange experiences.

Staying patient centered

A key part of this new hospital model is, of course, the patient. CMUs should align themselves with patient expectations and promote care coordination, incorporating mechanisms that involve patients in clinical decisions and then systematically measure their experiences.

IESE's [Center for Research in Health Care Innovation Management](https://www.iese.edu/insight) (CRHIM) developed the Amphos research project, in cooperation with the biopharmaceutical company AbbVie, aimed at encouraging hospital institutions to adopt a more transparent, results-oriented approach to health care management.

www.iese.edu/insight