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Territorial Social Innovation in the Nordic Countries and Scotland



Offerdal Healthcare Center

Offerdal Healthcare Center, in a rural area in Jämtland, provides healthcare services to the local residents and is driven as a resident-owned cooperative economic organization with about 700 co-owners.

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Preconditions, Inspiration, Nurture

A number of structural reforms were implemented in Sweden in the early 1990s with the objective of improving efficiency, quality, value for money invested and cost control in the governance of healthcare services. The changes included the purchaser–provider split, new contracts for providers and increased choice of healthcare providers for inhabitants (Annel et al. 2012). These changes also resulted in reducing the density of social and welfare services in rural and remote areas in Sweden.

A local healthcare center located in the rural area in Offerdal Parish in Jämtland County, Sweden, was threatened by closure in the early 1990s. Offerdal Healthcare Center's personnel decided to show initiative and take matters into their own hands in order to prevent it happening.

Implementation

The employees of the Offerdal Healthcare Center came up with an idea to establish a cooperative economic association. The idea was discussed with the municipal authorities and the County Council, who were generally positive about it. In 1992, the workers' cooperative was established, and was owned and self-managed by the employees. At the time of the establishment, such an ownership model was considered unique and innovative in Sweden, particularly within the healthcare sector.

A contract was signed between the cooperative and the County Council regarding the supply of the healthcare services. In 1996, an evaluation of the Offerdal Healthcare Center's performance was carried out, looking at the working environment, efficiency, customer satisfaction, quality, economy, etc. The cooperative was evaluated using the same criteria as those applied to conventional healthcare centers and the results were highly positive. In 1996, a contract with the County Council was prolonged for another five years.

In 2010, there were significant budget cuts for primary healthcare in Sweden, and the Offerdal Healthcare Center was once again threatened by closure. This time, the management decided to turn to the local residents and ask for their support and to become co-owners. Several information and dialogue meetings were held in the village with over 200–250 participants. The idea to create a citizen-owned cooperative received a positive response in the local community, as the residents were interested in keeping the healthcare center in the village. In 2010, a new cooperative was established. The new form of the cooperative did not entail any particular structural changes besides selecting a new governing board. The cooperative organizes yearly meetings in which all co-owners are invited to participate.

In 2011, Offerdals Hälsorum (Offerdal Wellness Room) was established under the umbrella of the cooperative, working holistically with occupational health and safety in small enterprises by combining medical science, behavioral science and ergonomics. Offerdals Hälsorum accounts for about 25% of the cooperative's activities, and Offerdal Healthcare Center accounts for the rest.

Resources

Since the establishment of the citizen-owned cooperative economic organization, about 700 local residents have invested in the organization. One share in the cooperative costs SEK 400 and a yearly membership fee is SEK 150. No direct financial assistance has been

provided by the municipal and regional authorities, but the authorities were in general supportive and positive.

The residents' co-ownership alone would not have been sufficient to cover the costs and overcome the economic challenges associated with the budget cuts for primary healthcare in Sweden. Offerdals Hälsorum was established as a complementary activity to bring in extra profit.

The Network / Cooperation

Since 2010, the healthcare center has been driven by the employees and local residents in a democratic governance model where every voice is equally important. There are about 700 co-owners and over 2,100 patients at the Offerdal Healthcare Center.

The County Council of Jämtland and the Municipality of Krokom have been among the major supporters of the cooperative from the very beginning, and have encouraged the testing of new and innovative solutions in the healthcare sector.

Offerdals Hälsorum works directly with the private sector and consultants in the nearby area. Cooperation has also been established with Coompanion (an economic association providing advice on cooperative entrepreneurship), Sunderby Folkhögskola (a college nearby Luleå) and several social enterprises.

Enablers and Barriers

Favourable public procurement

Jämtland County Council developed its own model for healthcare provision in the county, and the public procurement principles were based on quality and other values such as working methods rather than being guided solely by the lowest price offer. Due to these public procurement rules, Offerdal Healthcare Center was able to obtain a public procurement contract in 2012.

Residents' support

Support by the local residents and their trust in the organization have been crucial enabling factors for establishing the cooperative.

Structure of the organization

The advantages of a cooperative business derive from its structure and democratic model of governance. Ensuring a high level of satisfaction on the part of both employees and patients has been among the guiding principles of Offerdal Healthcare Center's work, because the center is structured and operated to meet the needs of its members. The employees and other members of the cooperative participate in decision-making, and have better possibilities to influence the center's activities, their employment situation, etc. Through engagement and participation, the members feel empowered and more committed.

Generational switch

The healthcare center has experienced several challenges since the establishment of the cooperative. One of the challenges that the worker's cooperative faced was related to the generational switch, as most of the employees retired since the center's establishment in 1992.

Budget cuts and uncertainty about the future

In 2010, there were significant budget cuts for primary healthcare in Sweden. In 2010, the 'choice reform' was introduced in Sweden in the areas of primary healthcare, medical treatment and social welfare services (Act on Freedom of Choice in the Public Sector). According to the reform, the patient is given the possibility to choose the supplier that shall perform the services. The reform is combined with freedom of establishment of providers (both public and private) accredited by the local county council. Some rules regarding public procurement have also been changed (Annel et al. 2012).

These changes led the employees of the healthcare center to think about alternative ways to organize their work and come up with innovative solutions. When it comes to future perspectives, there are certain uncertainties related to further budget cuts for primary healthcare, Swedish regional reform, increased competition, as well as labor and competency shortages.

Social Innovation Effects

Outcomes, Impact and 'Scaling'

The residents viewed the presence of the healthcare center as important for the survival of the village. Keeping it open has therefore been central for local development, including from the perspective of job creation. The municipality has seen a positive demographic development over the years that can be partly attributed to the accessibility of healthcare services.

Offerdal Healthcare Center was nominated as the cooperative of the year in Sweden in 2012. The association received considerable attention from politicians, other organizations and the media in Sweden. Offerdal Healthcare Center was invited to share its experience at several conferences and other events, such as Almedalen Week.¹

There have been several attempts to introduce a similar cooperative model at other healthcare centers in Sweden. According to the interviewee, these cases are relatively few until to date.

¹ <http://www.almedalsveckan.info/6881>

Lessons Learned

Offerdal Healthcare Center is an example of a democratic governance model within healthcare, and has proved to work well in the context of a rural area in Jämtland. It is a unique example of a healthcare facility driven by the residents and employees together. According to the interviewee, a cooperative model has a bright future in the healthcare sector in Sweden and its opportunities should be further explored and utilized more.

The establishment of the citizen-owned cooperative economic association was an innovative solution that was necessary for keeping the healthcare center running in Offerdal. Over 700 persons have invested in the company, which shows the importance of the healthcare center for the viability and wellbeing of the local community. The establishment of the cooperative has also made it possible to safeguard jobs at the healthcare center, which makes a highly important contribution to local development.

The structure of the organization, which envisages the participation of the members of the cooperative in the decision-making process, strengthens the community spirit, builds trust and contributes to a greater engagement of the residents.

The importance of support from the local and regional level was also found useful in facilitating the establishment of the cooperative. Another facilitating factor was previous experience on the part of staff members in managing a worker-owned cooperative and their commitment to driving the development. Without the commitment of the employees and the local residents, the initiative would not have become reality.

Further budget cuts for primary healthcare in Sweden, regional reform, increased competition, as well as labor and competency shortages pose potential challenges for the future existence of the healthcare center.

References

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Robert Björngard, Operations manager, telephone interview, May 31, 2016