Healthcare cooperatives: a reliable enterprise model for health and wellbeing

Nairobi, March 26, 2018

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1.- Health cooperatives: a global overview

The health cooperative movement is an international reality, with a presence in numerous countries in different forms, but always with one shared goal: to improve citizens’ health and healthcare professionals working conditions.

According to ICA and B20 figures, some 100 million households worldwide enjoy access to healthcare thanks to cooperatives. The presence of this enterprise model has been confirmed within the health systems of 76 countries, registering more than 3,300 health cooperatives with an overall turnover of 15 billion dollars.

These figures include organisations with a range of origins and structures, whether doctors' cooperatives, cooperatives managing hospitals and healthcare facilities and institutions dedicated to disease prevention, health promotion and staff and patient training. They also include cooperatives dedicated to the distribution of pharmaceutical products and those providing health insurance.

Irrespective of the form employed, all healthcare cooperatives typically have one shared goal: to bring together health professionals and users so as to reconcile misalignments between healthcare supply and demand. They generally aim to engage all stakeholders involved in healthcare, to jointly manage costs and risks and to achieve the utmost quality in care provision.

Currently, there is an important debate as to the sustainability of healthcare systems when faced with such challenges as increased life expectancy and ageing population, with the corresponding increase in the demand for health services as a result of certain conditions acquiring chronic status, and the greater need for care. The increase in health expenditure as a consequence of this process places pressures on national health systems, whether public, private, or a combination of the two models, thereby jeopardising their sustainability.

Over recent history, health cooperatives have demonstrated their huge capacity to adapt to new socio-economic contexts, while being the ideal structure in resolving new
needs. The peculiarities of the health market mean that non-profit organisations are particularly efficient in this context. Cooperatives represent an enterprise model that competes in the marketplace like any other, but does not need to pay returns to its shareholders, and so reinvests all its profits in improving services, thereby guaranteeing sustainability.

Cooperatives are capable of adapting to very different healthcare systems. This flexibility is largely thanks to the fact that their governance model focuses on the pursuit of solutions to the needs of people and of society at large. Cooperatives evolve and reinvent themselves in response to new problems.

Depending on the needs they aim to address, cooperatives take on different forms:

- **Worker cooperatives**, the main aim of which is to generate employment on decent terms for healthcare professionals and to allow doctors freely to practise their profession subject to no economic factors that could impinge on their professional judgment. Two examples of cooperatives of this type would be Asisa and Assistència Sanitària in Spain, although they likewise exist in Argentina and Australia.

- **Production cooperatives**: such as pharmaceuticals, which account for some 20% of the medication distribution market in Belgium, 70% in Spain and 10.5% in Italy.

- **User cooperatives**, which, in response to a lack of public health provision, difficulties in accessing private healthcare, or a failure to care for certain groups, manage their own care services. Examples of this type of cooperative may be found in Japan, Singapore and Canada.

- **Cooperatives involving different groups**. These are known as multi-stakeholder cooperatives, as clearly exemplified by the social cooperatives in Italy or the Scias cooperative which manages Barcelona Hospital in Spain.

2.- The benefits of cooperatives in the health domain

Though the world has never been in better health, the gap between the current situation and the still greater potential that medicine offers has perhaps never been wider. Success in achieving Universal Health Coverage is close related with the efficient implementation of healthcare. It means making good decisions on spending. But also, as healthcare is a labour-intensive industry, doctors, nurses or other health workers, can make a big difference.

Improvements in healthcare provision can be reached if resources are pooled and health professionals enjoy better working conditions. Cooperatives are good at combining workers’ skills and financial resources to respond to market failures in serving the interests of workers, producers and users and providing services and products otherwise inaccessible.
Cooperatives exist when groups of individuals come together to achieve an objective that they could not make alone. They are a rational alternative to investor-owned companies when the goal is different from maximising return to shareholders. Cooperatives often come about as a response to inefficiencies in serving the interests of people, such as where services and products are unavailable or not accessible. Because the cooperative enterprises purpose is different from investor-owned businesses, these firms behave differently, pursuing long-term goals and securing sustainability.

Health cooperatives have been serving to members and their communities over the past two centuries, and even in countries with universal public health systems, they never disappeared altogether.

However, as the potential of cooperatives is still far from being fully harnessed, it is important to better understand their role and their competitive advantages to meet the health needs of the population.

The Cooperative Health Report, a research study published by IHCO and EURICSE in 2018 to assess the worldwide contribution of cooperatives to healthcare, confirms that health cooperatives have grown in importance over the past 20-30 years in all studied countries. Their growth has been a reaction to the increase in the demand for health services and the growing difficulties faced by public authorities to manage rising health care expenditures.

Independent of the health system’s characteristics where they operate, cooperatives efficiently manage to adapt and reinvent themselves over time. They evolve in relation to their membership, governing bodies and service delivery to fulfil unmet needs better. Health cooperatives also help overcome coordination failures that arise from asymmetric information that typically characterises health care services. Moreover, rather than competing with public providers, health cooperatives tend to fill gaps complementing the products and resources provided by other actors.

Cooperatives prioritise addressing the needs of specific stakeholder groups, or the community at large toward improving the accessibility of health services for population groups who would otherwise be excluded. Health cooperatives can adjust to changing economic, social and political conditions more readily than conventional organizations and enterprises. They can assume various forms aligned with their surrounding cultural and socioeconomic environment.

Cooperative members may include users or patients, doctors, nurses, health professionals, retailers or customers of medicines, or a combination of these stakeholders. The choice of one cooperative type over another depends upon the problem they seek to address. This may include the inability of users to pay for services, which is typically not a problem solved by conventional, for-profit firms. Other objectives may be improving the working conditions of doctors, nursing staff and paramedics; meeting the different needs of users; and striking a balance between the advantages provided by advanced technologies and the need to provide personalised services.
3.- Worldwide examples

Cooperatives are present in the health sector of many countries. In Argentina, for example, cooperatives are mainly engaged in primary health care, nursing and pharmaceutical services, arising as a response to the social and economic context, in which nearly 50% of the population has no access to healthcare.

Mention should also be made of one particular phenomenon in the country. Following the 2001 economic crisis, numerous health facilities faced financial difficulties, and their owners entered insolvency proceedings. Many of these companies were revived as cooperatives, set up by the professionals who work there. (Companies Revived by Workers)

In Australia, general practitioners practise on a self-employed basis, or grouped together at small enterprises. In the 1990s, a number of large-scale investors and multinationals broke into the healthcare market, buying up medical practices. Doctors reacted to this phenomenon by coming together as cooperatives so as to be able to compete in terms of scale and efficiency, while maintaining their independence and their ability to practise in accordance with their professional judgment, free of outside pressures.

In Brazil, cooperatives account for much of the market, with Unimed the largest medical care network in the country, and the largest medical cooperative system in the world. Cooperatives, which has a presence across 85% of national territory, represents 32% of the private health market. The success of Brasil's health cooperatives is down to their high level of acceptance among society; the better pay they offer and their rating among professionals; a good relationship with non-governmental organisations and public bodies; and the showcasing of cooperative principles and values, which are highly appreciated by Brazilian society.

Particular mention should be made in Europe of the example of Belgium's pharmaceutical cooperatives. There are 616 cooperative pharmacies, 12% of all pharmacies in Belgium, grouped into 15 cooperatives supplying 20% of the non-hospital pharmaceutical market. Their key mission is to provide consumers with pharmaceutical products of the highest quality and at a fair and affordable price. They date back to 1880, and enjoyed substantial development over the course of the 20th century. They now generate an annual turnover of around 600 million euros, and handle the supply of medication, medical devices, and other health products for 2.2 million people. They employ over 3,500 people either directly or indirectly, including 1,000 pharmacists.

In Spain, pharmacy cooperatives developed at the beginning of the 20th century, aimed at facilitating pharmacy offices' access to all pharmaceutical products under equal conditions and without distinctions depending on the size or geographical location of the pharmacy. Today cooperatives control the 70% of the pharmacy market share in the country and continue ensuring the accessibility to medicines.

A notable example of worker cooperatives in the health sector is La Coopérative des techniciens ambulanciers du Québec (ambulance cooperative), established in Québec in the 1980s when several organisations transformed their corporations into cooperatives
following the desire of workers to undertake more responsibility and acquire greater control in the workplace. Ambulance coops generally follow the worker model of cooperatives, in which members are both owners and employees who control all of the cooperative’s operations.

Health user cooperatives aim to fill gaps in health service delivery, including developing prevention services and improving wellbeing. They often ensure access to treatment and provide services tailored to at-risk user groups, for example in marginal and sparsely populated areas where access to health services is problematic. In Canada, for instance, clinics following the consumer model type have developed special health services for seniors, indigenous peoples and people with chronic illnesses.

Cooperatives have a long tradition in the Japanese health system, and their function and activities have been covered by national legislation since the 1940s. Health and well-being cooperatives, as they are literally referred to in Japan, are essentially organisations that group together users living in a geographical area or a community with the aim of managing their members’ healthcare provision. This is a different model from those seen in Brazil and Australia, where the initiative comes from the professionals. In Japan, although these days professionals belong to such organisations, cooperatives emerged as an organisational formula for citizens to resolve their individual health care needs.

HeW Coop, Japan’s federation of health cooperatives, is made of 111 health and welfare member-owned organizations which bring together 2.92 million members. Federation’s cooperatives manage 75 hospitals, 337 primary health care centres, 70 dentistry offices, 28 nursing care homes and 210 helper stations, generating 37,437 jobs. They also target the needs of elderly populations and have helped innovate medical practices in rural areas.

It is also relevant in the health sector the development of multi-stakeholder cooperatives, which the main feature is the participation in their membership or governing bodies of different groups of interest (medical doctors, nurses, other health professionals, patients, local governments, etc...) who share a general-interest goal. This joint endeavour strengthens the links that cooperatives have with the local community and their ability to meet its needs.

Singapore has developed this cooperative model; its health community cooperatives manage centres that guarantee health and elderly care and provide an integrated suite of services.

Also noteworthy are Italian health cooperatives, which tend to involve a plurality of stakeholders, including volunteers, in their governing bodies and are, hence, distinguished by a strong local anchorage, while at the same time are well integrated into the Italian healthcare system. Confcooperative Sanità represents 11,000 cooperatives active in the healthcare sector in Italy, with a turnover of close on 15.3 billion euros and over directly employing 368,000, mainly long-term workers, most of whom are women.

There are examples in Africa as well. In Lesotho, the Village Health Workers Cooperative aims to enhance and sustain village health by delivering basic primary health care
services to all individuals within their designated villages through a savings and credit scheme.

Established in 2012, Tubusezere Cooperative provides care and treatment for women living with HIV and AIDS in Rwanda. What makes this cooperative unique is that services are provided for former sex workers, by former sex workers.

The women’s cooperative emerged from a group of former sex workers seeking information on group support for social and health treatment for HIV and AIDS, and reaching out for resources, support and organizational know-how. One NGO in particular, the Society for Family Health, provided the women with skills and knowledge on HIV and AIDS treatment and prevention, and encouraged them to establish a cooperative. The partner NGO provided care and cooperative management training throughout the process of cooperative incubation and start-up.

Many experiences worldwide demonstrate that cooperatives have some competitive advantages in the health domain compared with other forms of organization. They are linked to health cooperatives’ ability to respond to new needs that emerge in society and to attract resources that otherwise would not be dedicated to health and well-being. Furthermore, their flexibility encourages innovation in design and experimentation with new organizational structures, while making them particularly resilient to the economic and social crisis. Moreover, health cooperatives are usually the consequence of the joint commitment of all those involved in healthcare services, which builds a relationship of trust between them that helps to improve the accessibility and the quality of services. All these features position health cooperatives as a great contributor in achieving the UN Agenda 2030.

4. The case of health cooperatives in Spain

The origins of health cooperatives in Spain date back to the 1950s. Dr Josep Espriu, who at the time was a practising doctor in Barcelona, wanted to pursue a form of medicine that was far from typical at that time, a structure that, years later, he himself would refer to as social medicine.

His vision included a relationship of trust between doctor and patient that would foster satisfactory medicine for both parties, alongside a tireless search for innovations that would help improve the healthcare received by the citizens, increase accessibility to health system, and improve the working conditions of doctors.

According to his vision, it was important that patients should be free to choose their doctor, and that doctors should enjoy the necessary independence to practise their profession subject to no conditions other than purely medical factors.

The cooperative movement provided him with a suitable framework to put his vision of medicine into practice, allowing him to develop over the years the network of cooperative enterprises that now lie behind the Espriu Foundation.
The Espriu Foundation is made up of four cooperative enterprises, Autogestió Sanitària, Lavínia, Scias and Asisa. These organisations act as the umbrella for a complex corporate holding made up of hospitals, medical centres, insurance companies, diagnostic units, user care centres, technology companies, community centres, friendly societies, etc.

Let’s review some key aspects of the main Espriu’s cooperatives:

Assistència Sanitària is a health insurance company which belongs to the doctors' cooperative Autogestió Sanitària. Its aim is to achieve social medicine that satisfies both professionals and users, by including the opinions of the former within the cooperative health movement, on the basis of constant dialogue with users.

Together with the Scias cooperative, it has developed over last 60 years an organisational model known as co-management. Based on the principle that the two key players in the act of healthcare are doctor and patient, a democratic structure is established to facilitate involvement by professionals and users in the decision-making process.

Hospital de Barcelona, owned by Scias cooperative, is a first-class establishment treating some 156,000 patients every year. It is likewise considered to be a landmark institution thanks to various aspects that make it stand out among such establishments.

The hospital belongs to a multi-stakeholder cooperative, which includes both users and professionals among its members. The centre is managed on a democratic and participatory basis, founded on cooperative principles. It also maintains a strategic alliance with the doctors' cooperative Autogestió Sanitària, allowing it to organise services in a different way from the closed and hierarchical structure traditionally seen at such institutions. Doctors are free to work at the hospital, treating their own clients, who are the real owners of the hospital facilities.

For the users of healthcare services, there is a big difference between being a client and being a member of a health cooperative. The Scias-Hospital de Barcelona affiliation means a right of ownership and engagement in decision-making with regard to such a vital issue as our own health.

Asisa is an insurance company that belongs to the Lavinia cooperative, made up of more than 10,000 doctors and with a nationwide presence.

It has been in operation since 1966, and currently provides health cover for more than 2 million people, including the state sector employees grouped together at the MUFACE, MUGEJU and ISFAS mutual insurers.

Asisa has throughout all its years in operation stood out for its willingness to collaborate with the public health sector, essentially through civil servants’ insurance, and the management of government concessions (financing, construction and management of public health services), or Public-Private Partnership.

The HLA Hospital Group combines 15 hospitals, 35 specialist units and some thirty medical centres, all owned by the Lavinia cooperative. This hospital holding company,
which has a turnover of more than 364 million euros a year and employs over 7,000 professionals, draws its inspiration from a healthcare model based on quality, the reinvestment of profits and the development of its own healthcare network. It dates back to the 1980s, when a group of doctors belonging to the Lavinia cooperative decided to extend their offering and begin to acquire clinical facilities.

In Spain, although the national health system provides universal coverage, some 30% of health expenditure is non-public in nature. Within this context of competition and, to an extent, overlap, the entities of the Espriu Foundation serve more than 2.3 million people, close on 4.8% of the Spanish population.

What are the decisive factors that prompt so many people to choose to receive their healthcare from the Espriu’s cooperatives? The answer lies to a great extent in the differences between cooperatives and other private healthcare companies.

Espriu’s cooperatives do not have to reward shareholders. The surplus generated each year is reinvested for the benefit of members, users, healthcare quality and technological innovation, thereby guaranteeing sustainability.

Although private organisations, they have a distinctly open nature, and are fully prepared to partner the public health sector. Such partnership takes the form of agreements that release resources and facilitate savings for the public system, making health cooperatives a strategic ally of the government in improving the accessibility and quality of population’s health.

These are also organisations committed to society, with a genuine dedication to people and their surrounding context. Aside from medical activities, Espriu cooperatives promote numerous initiatives for the benefit of society, in spheres such as culture, education, sport, international cooperation and help for underprivileged groups.

In the international context, according to the 2018 World Co-operative Monitor, the report published each year by the ICA to record the performance of cooperatives around the globe, the Espriu Foundation is the second-largest network of cooperatives in the world.