



IESE

International Graduate School of Management

University of Navarra
Barcelona-Madrid

0-484-007

FH-224-E

HOSPITAL UNIVERSITARIO

In February 1984, six months after having taken up the post of Chief Executive Officer of Hospital Universitario, Juan Bosch found himself facing a difficult situation. The recently created Autonomous Union of Physicians of Hospital Universitario (SAMHU) had just officially notified him of their position with regard to the negotiation of a new collective agreement. Among other things, SAMHU demanded that the management and Board of the hospital establish two different collective agreements. The first of these was to be negotiated with the Employees' Committee and would affect all hospital personnel except physicians and other members of the faculty (pharmacists, physicists, chemists and biologists). Physicians and faculty members would be covered by a second agreement to be negotiated by the permanent committee of SAMHU.

SAMHU's position, which had already been communicated to the head of Personnel, had caused concern among the hospital's management. The Employees' Committee (consisting of two left-wing unions with no physician members) was completely against the idea of two agreements because of the possible consequences for jobs and salaries. But at the same time, many other hospitals in the country were following the developments closely since Hospital Universitario, apart from being one of the most respected and prestigious hospital centers in the country, had more than once gone through labor disputes and organizational reforms that had had repercussions throughout the health care sector.

Juan Bosch had a meeting that afternoon with Carlos Puig, President of the hospital's Board of Directors, in order to discuss the matter and decide on a plan of action.

Case of the Research Department at IESE.

Prepared by Antoni García Prat, IESE, it is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. It was translated and modified slightly by David W. Young, Harvard School of Public Health. Funding for its preparation was provided by a grant from the Pew Memorial Trust. February 1984.

Copyright © 1984 by IESE and the President and Fellows of Harvard College.
No part of this publication may be reproduced without the written permission of IESE.

Last edition: 2/95

Background

Hospital Universitario was a university-affiliated medical center situated in the center of the capital of its region. The city had more than 1 million inhabitants and the region, 6 million. In the same city there was another hospital of similar size and characteristics owned by the Social Security Administration and affiliated with another university also located in the region. There had always been a great deal of rivalry and competition between these two hospitals.

Hospital Universitario was a large health center providing both specialized and subspecialized care with a great deal of high-level medical technology. It therefore served as a referral center for all the hospitals in its region and regularly received referrals of patients with highly complex diseases requiring specialized treatment. It also had a very active emergency room that treated more than 60,000 patients a year and an outpatient department that delivered more than 200,000 visits a year. But the hospital did not only treat patients referred from the rest of the country; there was also a great demand for its services from the neighboring community and the metropolitan area of which it was a part.

The hospital had 700 beds divided among units of 28 beds each, plus various specialty units for intensive care (coronary, respiratory, diabetes, etc.). Its occupancy rate was close to 100%. Some 80% of the patients were covered by the Social Security Administration, while the rest were distributed among private patients, free care patients and patients with private insurance.

The hospital was organized into 5 divisions, each of which was headed by a chairman who was a member of the tenured faculty of the university. The 5 divisions were Medicine, Surgery, Maternal/child, Specialties, and Ancillary diagnostic services and treatment. Each of these divisions encompassed between 3 and 7 different services, each of which was headed by a chief of service. At the head of the entire medical organization was the Medical Director, who was not a university physician and had been hired especially for this function.

One of the most distinctive features of the hospital was its university affiliation. It was physically located alongside the medical school and many of the tenured professors of the medical faculty were at the same time members of the clinical services of the hospital. In fact, by a long-standing custom, the medical school faculty filled teaching, clinical care and research functions in the hospital despite the fact that they had no formal employee arrangement with it. As such, there existed a high correlation between the medical school's teaching hierarchy and senior positions in the hospital's divisions and services. There were a number of exceptions to this general tendency, however, since some professors who were also chiefs of service had preferred not to integrate their teaching and clinical care activities so as to have a greater number of colleagues in the hospital.

Another consequence of the hospital's university affiliation was that there was a large number of medical students in the clinical services. Some of these, during their studies, became interns, which allowed them to collaborate with the professors in their clinical duties. Other, so-called "rotating", students were in their 6th year of studies which consisted of short periods of practical training in different clinical services.

Every year, the hospital also received a contingent of approximately 100 licensed physicians who were serving a residency. These were physicians who were undergoing specialty training for 4 or 5 years and contracted with the hospital for this entire period of time as "residents".

Finally, the hospital was conducting a variety of important research projects involving its university faculty. The projects had, in the last few years, led to some findings which had been published in some of the most prestigious medical journals in the world. Some of the hospital's faculty members held important positions in international medical associations.

Recent Changes

Until recently, the administration of the hospital had been a shared responsibility between the Medical Director and the General Director, supported, and at times hindered, by members of the Board of Directors entrusted with special areas such as buildings, personnel, supplies, budget, etc.

Modern ideas about hospital management and the difficulties created by willing but unqualified participation of the members of the Board had persuaded the Board to create the position of General Director, or Chief Executive Officer. With the objective of putting these modern ideas into practice and making the hospital management more professional, the Board defined the position and its functions, selecting Juan Bosch for the post. Sr. Bosch was an industrial engineer with experience in senior management positions in the chemical industry and also in the field of international hospital management.

The arrival of a Chief Executive Officer was received with relative indifference by some people in the hospital although many understood the need to bring modern management methods to bear on areas traditionally neglected or poorly organized. The former senior-level executives, the Medical Director and the Administrator, reacted differently, however. The Medical Director, who himself aspired to the post, stayed on with a rather uncooperative attitude, though without showing open opposition. The Administrator handed in his resignation and moved to head up an important private clinic in the city.

Juan Bosch filled the Administrator's vacancy and reorganized the reporting structure, establishing direct links with the new head of Personnel, the current head of Maintenance Services and the head of Nursing. The new head of Personnel and Sr. Bosch shared a background in industry.

After analyzing the hospital's problems in depth, Sr. Bosch had arrived at the following priority objectives:

- to draw up a five-year investment plan to replace the current policy of sporadic and provisional investments
- to develop a management control system that would provide information about the costs of the various services and at the same time serve to control and evaluate the individuals responsible for those services
- to normalize labor relations so as to eliminate situations that could give grounds for union complaints about the hospital (interns, assistants, and personnel who were not registered with Social Security)
- to draw up a new work schedule including days off and vacations and to investigate the possibility of setting up an objective system for supervising it.