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Case study

## **Denticija, a Dental Clinic in Kaunas**

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## Denticija, a Dental Clinic in Kaunas

### Introduction

For the past several months, Kamilė has been wondering who is right: them or her? The question kept returning to her mind time and again. Kamilė was preoccupied with this question again when somebody knocked on the door of her office.

- Come in!

An elderly woman entered her office. Kamilė filled a cavity she found in the woman's teeth and the patient left. There were no other patients waiting for an appointment, and there were two more hours until the end of her shift. Kamilė stood at her office window preoccupied with her own thoughts. She was gazing out the window at the Kaunas Central Market and the shabby roofs of the buildings scattered throughout the city centre. Kamilė remembered the time when some 20 years ago she came to work for this dental clinic as a dentist's assistant. Back then the clinic was the dream of all future dentists, but only the children of medical professors, their close friends, or the most gifted students from the medical university had a chance to be employed by this dental clinic. Kamilė was one of the gifted students.

Back then it was a huge clinic with a team of 40 doctors. With time, most of the then dentist's assistants became dentists themselves. Some of them left to work abroad, and others found employment with university hospitals in Kaunas and Vilnius. The majority went into private practice, i.e. started a private dental practice, but not Kamilė. She remained loyal to the clinic. Kamilė was loved by her patients and the staff and administration at the clinic. Everybody liked her for being professional, diligent, attentive and positive.

Throughout the 20 years of her career Kamilė had no time to start her own family. Kamilė lived in the flat that previously belonged to her sick aunt. It was a two-room flat in a pre-war four-storey building located close to the city centre. Kamilė's salary was sufficient to buy food and clothes, to pay her housing costs, and to set aside a bit for savings. She had never sought to earn a great deal of money, but from time to time Kamilė had the feeling that by remaining loyal to her workplace she failed to earn as much as her colleagues did.

Kamilė's colleagues would usually open up their own private practices or get a job with Denticija to earn some extra money. As a result, they did not have time to work for the dental clinic for more than several hours per week. Although the administration of the dental clinic kept claiming that extra employment with other clinics was not compatible with the policy and aims of their dental clinic, Kamilė was the only one who strictly complied with this principle. For that reason, she more and more often got the feeling that her values must be preventing her from leading a wealthier life. Kamilė knew she was a great specialist, but at the same time she knew she was the hardest working specialist at the clinic with the smallest income of all. Kamilė would comfort herself by saying that at least she complied with the internal policy of the dental clinic. Moreover, she kept repeating to herself that she had no entrepreneurial spirit and would rather avoid the burden related to establishing and managing her own practice. 'Let them worry and let them earn', Kamilė kept repeating to herself.

She could, however, not get rid of yet another thought that her workload was much bigger than that of all the other doctors. In addition, Kamilė had to shoulder much more responsibility and a bigger load of care than the rest of the doctors at the dental clinic because she was both a dentist and the head of one of the departments of the dental clinic and had some administrative work to do, too. Kamilė could not see the reason for her financial failure at work. It was only today that Kamilė learned from her colleague something she should have learned a long time ago and something that probably would

have helped her to take quite a different turn in her professional life. But the thing she learned today also made her very angry.

### **Health care services in Lithuania: view of patients**

More than half of the dental clinic's patients are senior citizens, mostly pensioners. The majority of pensioners in Lithuania experience various economic constraints that force them to be content with the basic medical services that are financed by the state. The state has strictly defined the cases in which a citizen is entitled to health care services financed by taxpayer money, including the frequency and the duration of the provision of such health care services. As a result, more and more citizens have no other choice but to pay for their healthcare more and more often because the state-financed health care services are not sufficient or the waiting list of patients in need of the health care services is too long.

The practice has become characteristic of various areas of health care (dentistry, gynaecology, oncology, etc.) over the past 20 years differs, but it can be briefly summarised by saying that health care in Lithuania is officially free of charge, but the amount and the quality of the health care services financed by the state is not sufficient. Patients therefore have no other choice but to pay out of their own pocket to receive health care services of the desired quality in the needed quantities. This is especially true of dental services. Private dentistry has flourished over the past ten years to the extent that even the behaviour of patients has changed. Nowadays, instead of making an appointment with a dentist at the local polyclinic for a preventive check-up or a toothache, most of us tend to rush to the nearest private dental clinic.

Some inhabitants do not even consider taking advantage of free health care services, preferring to arrange appointments at private health care clinics when they need to have their eyesight or blood tested, when they need to have computer tomography or an ultrasound, or when they need to consult a gynaecologist, an allergist, a plastic surgeon, a dermatologist, a psychologist, an orthopaedist, a venerologist, and a number of other specialists. The majority of inhabitants have no practical or theoretical knowledge of the way the state-financed health care system functions, i.e. which of the health care and medical services are available to them free of charge and which of the services they need to pay for and how big the payment is. But one thing is obvious; it is rather complicated to make use of the free health care services because it takes a lot of time, the health care establishments are not patient-friendly, and patients have to make some co-payment anyway.

The state-financed health care services are used in cases when the patient in principle does not want to pay or cannot afford to pay for health care services or when a lot of different tests and consultations are necessary to diagnose and cure a disease that is complicated and difficult to treat. In both cases the patients are mainly senior citizens who have little money and are in poor health but have the free time that working people are always short of. They can therefore afford to spend many hours in a queue waiting for their appointment at a polyclinic and demanding the provision of free health care services by the health care system. If they fail to receive free healthcare, they spend a lot of time flipping through all the complicated decrees passed by the government regarding the free health care services that they are entitled to in order to prove to the health care system that they are entitled to the services that they demand to be provided free of charge.

### **Health care institutions in Lithuania: view of patients**

The dental clinic has an agreement with the state (the State Patient Fund) according to which the state uses the services of the private dental clinic to provide the inhabitants with free health care service provided for by law or to make sure that patients receive certain health care services for state-defined prices, while the health care establishment receives a certain amount of state financing in return.

If a private health care establishment does not enter into any agreement with the state, it may price its services and define how it provides services to the patients itself. But if a private health care institution signs an agreement with the state, in return for state financing to be received the private health care institution must adopt complicated rules defining the way appointments with doctors are made, services to patients are provided, financing and services are accounted for, etc.

Over the past ten years, the internal rules of private health care establishments that receive financing from the state have become similar to those of a typical health care institution financed by the state budget: long waiting lists have appeared, the quality of services has become questionable, confusion regarding the prices of health care services have become unavoidable (because some services are financed by the state, while some others are not), doctors' salaries became smaller (because for some of the services provided they are paid according to state-defined prices rather than the prices the doctors are paid for their services in private clinics). As result, neither patients nor medical staff are happy about each other.

The health care institutions that do not receive any financing from the state retain their own clear business management system and ensure an impeccable quality of health care services, although they remain more expensive. This type of private health care clinic has no problems with waiting lists for patients and has a functioning system aimed at increasing patient satisfaction with the health care services provided. There is little doubt that a vast majority of the inhabitants of Lithuania would choose a private health care establishment if they had enough money to pay for its services.

### **Denticija: view of administration**

The dental clinic Denticija in Kaunas (before 2011 it bore the name Odontologijos Klinika Stomatologijos Poliklinika) is one of the biggest and oldest dental clinics in Lithuania and by far the biggest dental clinic in Kaunas. Fifty-seven years of experience and the modern equipment acquired as a result of the modernisation that the clinic underwent at the end of 2005 and that was jointly financed by the owners of the clinic and EU funding have enabled the clinic to become the best full-service dental clinic in Lithuania. There are 10 dental offices in the clinic and all are equipped with the newest treatment equipment, including videography tools enabling to detect even minor enamel or interdental defects and compromised tooth fillings and root canals, and there is an excellent dental laboratory. The dental clinic provides a huge variety of therapeutic and prosthetic treatment services, including complicated tooth extraction, jaw surgery, implantation, and manufacture of prosthetic appliances. The clinic offers therapeutic and cosmetic surgery, including all dental services. Moreover, the clinic accepts credit cards and payment by instalments. Patients may choose to accrue payments on their own account at the policlinic, too.

In 2005 the dental clinic underwent major renovation and its premises were adapted for the disabled. As a result there is now a separate entrance, a lift and a separate registration desk for the disabled. Denticija occupies a huge building located on the main street of the city (Vytauto St.) in the centre of Kaunas and in the vicinity of the Old Town of Kaunas. It is within 100 metres of the central bus station and the central marketplace, 300 metres of the central railway station, and 1 km of Akropolis, a leisure and entertainment centre. The

building is owned by the owners of the clinic. Because of the heavy traffic on Vytauto Street, the dental clinic is easy to reach by public buses, trolleybuses and minibuses.

There are 22 highly skilled professional doctors working at the clinic. All in all there are 83 employees. Since its establishment, Denticija has been known for the quality of its services and for employing the best dentists in Lithuania. The dental clinic earned a good name as the biggest and the best dental health care institution in Soviet times and did its best to live up to its name after Lithuania regained its independence. But when Lithuania witnessed a sudden growth in the number of private dental practices some 10 years ago, the number of the clients choosing Denticija as their dental health care service provider drastically went down. After the modernisation of 2005, the dental clinic managed to regain its name as the best dental health care institution. With the onset of the economic crisis in Lithuania a few years later, the number of clients went down again, however. It is difficult to understand why a dental clinic that provides all dental services, employs many of the best dental specialists, and is equipped with the most modern equipment in Lithuania is not able to boast of profitable business, while all private dental practices are profitable.

### **Denticija: view of patients**

Since Soviet times, Denticija has been known for having the best specialists and the best dental health care equipment in Kaunas, although nowadays there are other good clinics, too. Some time ago the clinic underwent major renovation, but its building is still reminiscent of a half-empty Soviet giant. Moreover, it is rather strange that the clinic occupies only a small part of the huge building, and the rest of it is not being used for anything else. Nobody needs the empty premises in the remaining parts of the building because most motorised and pedestrian traffic has moved to other parts of the city. The building has become a weird monument to the Soviet era. It is located in a bizarre location near the Kaunas bus station and market place. It has never been safe to walk in the neighbourhood of the central station in the evenings, and after working hours the number of pedestrians here goes down drastically.

The registration office of the dental clinic is rather peculiar, too. There are several elderly ladies working there. Most of the time they perform the function of lift-operators and cloakroom attendants and regulate the stream of clients instead of acting like service-minded, qualified registration office staff. The inside of the building gives one the impression of a public institution because the building itself is huge and full of narrow, winding and confusing corridors leading to several dental offices located at the dark ends of the corridors. The system of registration for an appointment is partly centralised and partly individualised. This peculiar structure of the business and the building is reminiscent of the legendary Kaunas shopping centre Merkurijus, which went bankrupt several years ago. At first one single shopping centre occupied all three floors of the building. Some time later, the three floors of the shopping centre were rented to different trade operators. After a while, a number of traders were renting small trading areas on each of the three floors. Before going bankrupt, Merkurijus housed 50 small independent apparel traders operating in the huge three-storey luxury building. After most motorised and pedestrian traffic in Kaunas shifted from Laisvės Avenue to other streets of the city and to the new big shopping centres, the 50 small traders moved from Merkurijus, too. No other purpose was found for the building and it was demolished.

There were times when Denticija was proud of being popular among the local residents and of being famous for its specialists, dental health care equipment, and the quality of its services. It was even difficult to get an appointment with a doctor at the dental clinic. Many patients asked their acquaintances to help them get registered for an appointment at the clinic or were ready to bribe the doctors. Today the dental clinic is merely one of many dental health care establishments that lack cosiness, although it does provide good dental

treatment services. Since nowadays preventive and curative dental health care services have become a consumer good, it is much more convenient to get your dental treatment services closer to your home or workplace or to visit a doctor whom you know personally.

### **Denticija: view of doctors**

On that day Kamilė's shift started at 10 a.m. Since no patients were registered for an appointment, Kamilė decided to go see her friend Virginija and have a cup of coffee together. Outside Virginija's office were several chairs for patients, but there were no patients waiting for an appointment. The door to Virginija's office was half open. Kamilė peeked through the door and noticed a patient sitting in the dental chair. She decided to take a seat in the waiting room and wait for Virginija to finish working with the patient. Kamilė sat in the waiting room sipping her coffee in silence. She could hear Virginija talking to her patient whom she was about to let go.

'There are three more teeth that require treatment. Because one of them is in rather poor condition, you'll need an additional jaw treatment consultation. You may have it all done here for state-defined prices, but there's a very long waiting list. You'll have to wait for approximately six months for an appointment with a jaw pathology consultant. The entire treatment will take approximately a year because you'll be put on a new waiting list every time you register for a new appointment. Some of the services won't be available here, and you'll have to go to another clinic where you'll be charged an additional payment for everything. In the end, you'll have wasted several years and loads of money.

Kamilė was horrified to hear Virginija telling all these lies to the patient. She almost choked on her coffee. She had never heard such lies. What does she mean by saying that the patient will have 'to wait for half a year for an appointment', that 'the treatment will take a year', that 'some of the services will not be available here' or that 'you will be charged an additional payment for everything?' Kamilė could not sit still: 'All of this is just one big lie!'

The dental treatment that Virginija described to the patient was daily routine for Kamilė, and she was always able to provide her patients with the full treatment that was required in this dental clinic. And it also only required three or four visits from the patient. It was possible to provide all the services here, there were no waiting lists any more (they disappeared several years ago), and the prices were also reasonable. Most of the services were free of charge. Kamilė could not believe her ears or that Virginija could be telling such big lies to her patient. Kamilė was about to step into Virginija's office and tell the patient that Virginija was lying, but she stopped herself because of her intense curiosity to hear what Virginija would say next. Kamilė remained seated in the waiting room at the half open door of Virginija's office.

'If you wish', continued Virginija, 'you may come to my private practice tomorrow at 10 a.m., and I will treat all three teeth within three more visits and without any waiting lists. In addition, the same jaw pathology consultant that you are about to visit in room 308 of this clinic will be at my private practice, too. He will do an x-ray and you will pay for it tomorrow at my private office. We will do all the tests that might be necessary here at this dental clinic free of charge. Here is the address of my private practice. Will you be able to come tomorrow at 10 a.m.?'

'I will. Thank you doctor', the patient said happily.

Virginija dialled an extension number. 'Hi, Robertas. My patient will come to see you in a few minutes. He needs a consultation regarding his lower jaw. Please do an x-ray. Tomorrow he will go to Kęstučio Street to undergo the necessary treatment there. Should any other tests be required, please do all of them today and bring the result to my private practice tomorrow, OK? The patient will pay for everything tomorrow.'

Kamilė had become a witness to a plot against her employer and was overwhelmed with outrage. Virginija referred Denticija's patient to her private practice and lied about the

waiting lists, prices, and the course of treatment. Moreover, the patient will pay her tomorrow for services provided at this dental clinic. Virginija had been working hand in hand with Robertas and cheating on her and Kamilė's employer. Moreover, Virginija was using the equipment, the lab, and the infrastructure of this dental clinic to be able to treat the patients referred to her private practice because Virginija could not afford to buy all the equipment for her own practice. 'So that's what's happening' Kamilė sadly reasoned. Suddenly she understood why Denticija was short of patients, why most doctors work here only for several hours per week, and why the laboratory and the technicians were so busy while the doctors did not have much to do.

When the patient left, Kamilė no longer had any desire to have coffee with Virginija, but she forced herself to step into her office and say what was on her mind.

'Virginija, are all of you doing that? Do all doctors come to work for Denticija just to swindle the clinic out of its patients and to refer them to their own private practices? Do you work here just to be able to perform complicated tests and then continue treating the patients at your private dental practices and to pocket money for that? Have you already referred all of our patients to your private practices?'

'Hi, Kamilė, come in. Did you hear me speaking to the patient? Certainly, we all do that. Don't be naive. Of course we do refer all the solvent patients to our private practices. What's wrong with that? You can't earn a decent salary by working for this dental clinic. This institution is nothing more but a cheap school. We come here only to learn to do our job well, to get acquainted with innovations in the field, to keep up our qualification, and to retain our licence. Do you get paid here what you are worth? In my private practice, I earn three times the salary that I am paid here, so why should I say no to it? Concerning all the tests, if I couldn't get them done here, I'd find another place to do them. Wake up, Kamilė, everybody's been doing that for quite a while by now. In general I think you should also find a job with a private dental practice. You may come to work for me. You're an excellent dentist and I will pay you a better salary than here.'

### **Denticija: view of administration**

Kamilė's shift ended at 16.00. There hadn't been too many patients that day and Kamilė had time to think over the conversation she had had with Virginija that morning. Kamilė was burning with anger all day long. She could not forgive herself for not knowing for so long the real reason why her colleagues were working at Denticija. She was not sure whether the administration of the clinic knew about it. If the administration was aware of the situation, and most probably it was, then why did it allow the doctors to work for other clinics too, especially for their own private practices? Why not make them choose one place or another? Moreover, Kamilė was angry with the patients for being so stupid and failing to see that this dental clinic was really very good and that here they received the best dental health care services. The patients had no idea about the way the health care system functioned and therefore were buying into the lies of doctors like Virginija. Kamilė was angry with everyone: the patients, the doctors, the administration of the clinic, and herself. Finally she decided to talk about the situation with the administration. At 16.00 she picked up the phone and made an appointment with Marija, the deputy director.

Marija had been working at the dental clinic for six months. Everything was new to her, just like it was to the new director of the dental clinic. The previous director and her deputy had been fired after several years of unsuccessful efforts to help the clinic get out of the economic recession. 'She deserved it', Kamilė said to herself. 'She had no chance of improving the economic situation of the clinic if she did not know how to make doctors work for this clinic.'

'Hi, Marija. I came to ask whether the administration of the clinic is aware that most of the doctors it employs have their own private practices?'

'Hi, Kamilė. Yes, we're aware of it and are very angry with them because of that, but there's nothing we can do about it. If we didn't allow them to have their private practices, they wouldn't agree to work for us. We therefore have to be content with those few hours that they agree to work for our dental clinic.'

'That's nonsense, Marija. They wouldn't be able to work in the private sphere if they were on their own. They would need a laboratory and all the equipment that this clinic has, including the clinic's infrastructure, to be able to treat their patients. Without this clinic, they would have to attend expensive in-service training courses to be able to keep their licence. Without this clinic, they wouldn't be able to work in the private sphere and would earn much less. And look what's happening now. They're using all this clinic has free of charge. Moreover, do you know that they're working here just to refer our patients to their own private practices?'

'Yes, we're aware of that, or at least we have a feeling that it's happening. We're working on it, but we aren't quite sure what to do and what the real reason for the problem is. It seems like we're doing the right thing, but we cannot use all the profit that we earn to raise salaries because we also need to spend some money on the maintenance of the empty parts of the building and to pay back the loan that we took to purchase the equipment. Moreover, we provide a lot of services that are paid for at state-defined prices, and we have to pay the state-defined tariffs to the doctors who provide those services. All of it seems rather complicated, Kamilė. It's not so easy as it may seem at first glance.'

'It's not that complicated, Marija! Simply tell the doctors to choose whether they want to work for only you or for somebody else and pay them the market price for the services instead of paying the state-defined tariffs. Do not relate the income of the clinic to the payments for the doctors. Introduce a clear pricing policy. Compose treatment plans for the patients and establish a price for the entire treatment instead of the current payment for the different parts of the treatment that a patient requires. And do not differentiate payments to the doctors depending on whether they provided a state-financed or a commercial health care service. It is that simple.'

'It seems simple, Kamilė, but this would require reorganising the previously established system. Moreover, how will it be possible to make the doctors behave the way we want them to behave? They will not like the new system. They already feel highly demotivated. They'll take all of our patients to their private practices. What will we do then? How will we get new patients? We provide the same services as other clinics do. Certainly we are exceptional in some ways; for example, we have much better equipment and are able to offer a much wider range of dental health care services but not many care about that. Patients only care about the quickest and the best possible dental treatment. Moreover, you, the doctors, keep on telling the administration how to manage this business, but you fail to stick to any rules yourselves and do not demonstrate any loyalty. In addition, it is impossible to reach any agreement with you.'

'That's not true, Marija. You're simply failing to take the situation into your hands because you make the wrong assumptions, which lead to the wrong decisions!'

### **Denticija: director's view**

After the conversation with Kamilė, Marija went to see the director of the dental clinic.

'May I come in? I wanted to have a word with you.'

'Come in. What is it?' the director asked.

'Kamilė came by my office. She learned today that our doctors refer our patients to their private practices. They only have the necessary tests paid for by the state performed at this clinic or treat insolvent patients, usually pensioners, at our clinic. If this is true, we will never be able to earn any profit. I am the one responsible for quality. I can assure you that the quality of our services is the best in Kaunas and even in Lithuania. But I see that in

our situation we have to improve something else, not quality. I can see that our problems lie somewhere else.'

Marija continued talking. The director was listening to her and admiring her youthful drive. 'This means there is real change we can embark on.'

When Marija left, the director remained standing and gazing out of the window for a very long time. For the past six months, he had been searching for an answer to how to make this dental clinic really profitable. He used to be a successful head of a department at the University Clinics and a professor there. His staff liked him very much and he was the best doctor in his department. But heading a private clinic is very different from heading the department of a state-financed hospital. As a head of a private clinic, you need a different set of skills. The state-financed hospital had never been short of clients; he did not need to think about marketing or how to sell their services. There he did not need to think about the return on equity or how to motivate the staff. All he needed to do at the state-financed hospital was to do his job well and to continuously upgrade his qualifications. But here everything is different. Here nothing happens by itself. You need to find patients, make them come, please them to make them want to return, explain the pricing and the services to them, substantiate the price and the quality of services, and prove that you are the best because nobody takes that for granted. Here you need to manage and to motivate your medical staff.

His feeling of anxiety was lessened by the hope that all the answers would soon become clear. Marija alone gave hope that the long-sought answers would soon be found. Kamilè sounded rather promising, too.