WORKSHOP DESCRIPTION

Cooperative Networks as a Source of Organizational Innovation- Two Canadian Case Studies: Education and Health Care Co-ops

Innovative Cooperative Solutions Workshop
ICA Research Conference, Mikkeli, Finland
13:30-18:00 Thursday, August 25, 2011

Wendy Holm

FOCUS

This workshop will be geared to a general audience, and will bring to life two case studies of innovative Canadian cooperatives: CMEC (Cooperative Management Education Co-operative) and HealthConnex, a health care cooperative. The background paper to this workshop, **Cooperative networks as a source of organizational innovation** (Novkovic and Holm, 2011) presents the case studies grounded in the theoretical framework of networks, complex adaptive systems and cooperative advantage.

CONTEXT

In this age of globalism — where rivers of capital move silently through borderless economies, sourcing at the lowest cost and charging back to society its costly externalities – we are adrift on a raft of our own making. Firms today excel at what neo-classical economists and governments have been cheering them on to do since the mid 30's: make investors richer and the economy will be better for it.

But somewhere along the way, communities got left behind. Economic bullies have captured the flag. The question now is: how do communities take it back?

As the theory and examples presented in this paper suggest, stakeholders, unfettered by hierarchical systems and supported by a cooperative infrastructure, seem to have a natural instinct to cooperate. This fosters relationships that, in the presence of common purpose, create networks. As Novkovic suggests, when networks are complex — bringing together differing perspectives and resources — and when systems are democratic and open-ended, the potential exists for unplanned adaptation, innovation and entrepreneurship. This is particularly true when led by cooperative champions who present a vision of a public good that elicits strong buy-in.

Under these unique circumstances, innovation blooms like wildflowers in a meadow - with unexpected bursts of colour and in unanticipated places. And, like the wings of a butterfly, many small actions have resonance on a much wider scale, creating the co-operative framework for an adaptive, community-focused process that – properly harnessed – can deliver the dignity and security of a sustainable future.

Complex Organizational Theory

Relationship based
Open systems (interact w environ)
Open Membership
Democratic
Non-Linear
Context and path dependency
Decentralized, Self-Organizing

Complex Adaptive Systems Characteristics

Diversity
Interconnected independent agents
Adaptive capacity
Ability to learn
Decentralized decision-making
Relationships more impt than individs
Non-linear, path dependent

COMPLEX ADAPTIVE NETWORKS

CO-OP CHAMPIONS

CO-OP CHAMPIONS

COMPLEX NETWORKS
For common purpose, often outside core area often multi-stakeholder with diverse org. forms

SECTORAL or REGIONAL
For professional or co-op development (member services)

INDIVIDUAL CO-OP
Network of individual co-op members e.g. farmers, artisans, consumers

TYPES OF CO-OPERATIVE NETWORKS

SUPPLY-CHAIN
Co-op Networks that form links in a supply chain (e.g. fair trade coffee)

PURPOSE DRIVEN
Co-op networks for specific purpose (2nd tier co-ops & federations)

Two Canadian Case Studies:[1]
CMEC - Cooperative Management Education Co-operative
HealthConnex - Health and Wellness Cooperative

ABSTRACT:

This paper presents case studies of two multi-stakeholder Canadian cooperative networks: CMEC (Cooperative Management Education Co-operative) and HealthConnex, a health care cooperative. It builds on information presented in Cooperative networks as a source of organizational innovation (Novkovic, Holm) which reviews the theoretical framework of networks, complex adaptive systems and cooperative advantage and presents CMEC and HealthConnex as examples of complex adaptive systems that arose as a result of social entrepreneurship, driven by a common purpose of the network participants.

Both CMEC and HealthConnex were convened by co-operative entrepreneurs who shared a clear and member-focused vision with all stakeholders.

In both cases, the result was the creation of an important public good – co-op management education and an innovative health and wellness network— to meet needs not addressed by other sectors in the economy. In both cases, the focus has been member benefits, rather than financial gains.

And in both cases, had the cooperative sector not stepped in to build the networks, they would not exist today. Moreover, the co-operative model offers an innovative way to deal with the quasi-public ownership arrangement when member-control is vital but private ownership is not the best solution, such as the case of Canadian healthcare.

For both CMEC and HealthConnex, shared buy-in and democratic decision-making by the membership was critical to their success and expansion. The dynamic and autonomous linkages arising from their networks have resulted in numerous unplanned actions that continue to influence and shape the outcomes of both in beneficial and resonant ways.

This type of collective entrepreneurship highlights the co-operative form of organization as a medium for social coordination through economic activity. Similar to recognition of opportunities in the entrepreneurial context, the clear purpose, or vision, of co-operatives to produce social benefit will drive the 'champions' to look for the right solutions to overcome all obstacles.

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[1] Wendy Holm. For presentation at the Innovative Cooperative Solutions Workshop, ICA Global Research Conference. Mikkeli, Finland August 25, 2011

CASE STUDY: CMEC: Co-operative Education Management Co-operative[1]

Wendy Holm[2]

August 25, 2011

What is CMEC?

The Co-operative Management Education Co-operative (CMEC) is a co-operative formed to support the educational development of future co-operative leaders.[3]

Education, training and information is the fifth co-operative principle.[4] Although co-operatives readily invest in the education of their members, business management training for staff that embraces and reflects the unique character of the co-operative model in hard to find. And without a solid grounding in cooperative management principles, co-ops cannot possibly reach their full potential as powerful contributors to the economies of their communities.

In 2000, a group of forward looking Canadian co-operators and academics created the Co-operative Management Education Co-operative (CMEC) tasked with developing a unique, masters-level degree program for cooperative leaders. Championed by Tom Webb[5] who recognized a need for management training specific to co-operatives, and supported by Sidney Pobihuschy (Co-op Atlantic), Dennis Deters (The Co-operators Insurance) and John Chamard (Chair, Management, Saint Mary's University), CMEC welcomed its first students to SMU's Masters of Management, Cooperatives and Credit Unions graduate studies program 2003.

Background

Rising to predominance in the early twentieth century, capitalism has had a brief but destructive run. Meant to be the servant of society, the economy under capitalism has turned the tables on community. With increasing frequency, powerful economic players instead call the shots. The 2008 global economic collapse – the effects of which continue to create unprecedented volatility and risk in the marketplace - provides dramatic and irrefutable evidence of this.

To recover, we need to train leaders who understand and are committed to cooperative principles and can deliver – on both the local and global stage - a new, cooperative system of economic engagement that creates real wealth for communities.

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[1] Expanded version of a case study first presented in Co-operative networks as a source of organizational innovation. Novkovic, Sonja, Wendy Holm. ICA Global Research Conference. Mikkeli, Finland Aug 25-27, 2011

[2] Graduate Student, Masters of Management, Cooperatives and Credit Unions, Saint Mary's University, Halifax.

[3] CMEC http://www.smu.ca/academic/sobey/mm/cmec.html

[4] ICA 1995

[5] MMCCU designer and program's first manager.

Champions, networks and start up capital…

In 2001, Pobihushchy and Webb approached Saint Francis Xavier University with a proposal to house a new and innovative cooperative management program. Rejected but undaunted, they next approached Colin Dodds, then head of Halifax's Saint Mary's University. Dodds recognized the need and embraced the vision, but two more significant hurdles remained: accreditation and capital.

Within a year, a curriculum was developed and approved (by both St. Mary's University[6] and the Maritime Provinces' Higher Education Commission) and an ambitious fundraising target of $1.3 million was almost met ($900,000) from member donations.

Thanks to the persistence of CMEC's founders and the cooperative networks they created to move it forward, the new Masters of Management, Cooperatives and Credit Unions program accepted its first students in 2003 and graduated its first students in 2007.[7]

The Program: Masters of Management, Cooperatives and Credit Unions

Comparable to a conventional Master of Business Administration program, the MMCCU program is unique in that it places traditional business knowledge and skills – e.g. accounting, finance, marketing, and people management - within the broader context of the cooperative model; fulfilling the requirements of a business school but guided by and responsive to cooperatives and their priorities.

Designed for active co-op managers, participation in the MMCCU program enriches the skills of both the students and their cooperative. Courses are offered on-line, based on highly collaborative cooperative learning techniques. The richness of the experience is deepened by the international breadth of the student cohort. Participants attend an initial orientation, then come together again one year later for a study tour of either northern Italy's Emilia-Romagna region or northern Spain's Mondragón community; both of which are world leaders in the cooperative economy.

Strategic partnerships

CMEC collaborates with members in six countries, has faculty in four, and students and graduates in seven. Co-op enterprises represented include food, agriculture, credit unions, and worker co-ops, as well as federations and associations. Additionally, CMEC has formed partnerships with eight educational institutions in six countries.

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[6] Saint Mary's University Faculty of Commerce, Senate, and Board of Governors.

Today CMEC includes over 55 cooperatives, co-op associations and educational institutions as well as a dozen or so individual members. A full listing of CMEC members is presented in Annex A.

Members support CMEC with funds and/or by sending students. Membership shares are $100 each. Membership is open to four classes of members:

> Class A: Co-operative members may be co-operatives, credit unions, central organizations of co-operatives and credit unions, and/or their subsidiaries whose shares are fifty percent or more owned by co-operatives or credit unions, and who are involved in providing funding for and/or using the educational programs developed by the co-operative. Co-op members hold at least 10 shares each.
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> Class B: An association consisting of MMCCU Graduates and students in the last year of the program with only their final paper to complete. The Association holds one share.
>
> Class C1: Educational institution members may be any educational institution that supports the aims of the co-operative and is involved in co-operative education and/or research. Educational institutions are required to hold one share.
>
> Class C2: Individual persons, who have an interest in co-operative education stemming from a long association with credit unions and co-operatives as an academic, active volunteer, manager or worker, may become members. Individuals hold one share.

The Graduate Experience

For many of the students, the experience has been – in their own words - life changing. Below are some comments from MMCCU graduates:[7]

> *"The MMCCU program is a great opportunity for co-op managers to obtain a deeper perspective on the history, types and structures of cooperatives. The exposure to current thinking about the future of cooperation helps me better lead my co-op."*[8]
>
> *"Spain… was a life-changing event. I remember thinking, 'What if we had this in the U.S.? What if we had this partnering and working together, this kind of concern for community, for helping other co-ops?' A lot of the content of the MMCCU program is not widely available here yet. To some extent, we are co-op management pioneers—helping to create and test the growing body of knowledge."*
>
> *"I will leave this program with a great feeling of hope for our future."*
>
> *"The trip to Mondragon alone…was a pinnacle experience, a validation of my work and of the co-op model."*
>
> *"Orientation helped us form such great relationships… when we go online to read and respond to one another's postings, that's when the application occurs, that's the real learning opportunity."*
>
> *"The MMCCU program brings the fundamental co-operative elements to the forefront of your mind, on a day-to-day basis."*
>
> *"This program made me see the co-operative model as a method of sustainable development that is clearly attainable."*

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[7] http://www.smu.ca/academic/sobey/mm/about_student.html

[8] Erbin Crowell. A Cooperative Approach to Management Education. Cooperative Grocer: #148 May - June – 2010 http://www.cooperativegrocer.coop/articles

Next Steps

In just over a decade, CMEC has evolved from a loose network of interested co-operators to a successful example of co-ops coming together to meet their educational needs and empower the next generation of managers to advance the co-operative movement.

CMEC is currently undergoing succession challenges that will require engagement from all stakeholders to create an enabling environment for further adaptation. A greater investment in a management structure and resources conducive to an adaptive system will likely be required.

As it moves onto the global stage, attracting international members and recruiting students from many countries, CMEC will need to find common ground through alliances, associations and federations with cooperatives that share the common vision of an educated and cooperative world. To accomplish this, more support must be sought both from within the federation itself and from the larger global co-operative system.

Observations on CMEC as an example of a complex adaptive network[9]

CMEC offers a good example of how, in a multi-stakeholder environment, a shared-values platform can create innovation. Their brainchild, MMCCU, is a successful example of co-ops coming together to meet their educational needs and empower the next generation of managers to advance the co-operative movement

Characteristics of a complex system are evident: CMEC network is built on relationships between various agents, it is decentralized and democratically governed, and it deepens relationships between co-operative managers in the network. Emergent behaviour and unplanned outcomes are also apparent.

Cooperating together to fulfil their social mandate, CMEC's members (fifty-five co-operatives and credit unions, co-op associations, educational institutions and individuals) formed a complex network to deliver a specific public good: co-op management education based on ethical principles.

CMEC is democratically governed and decision-making is decentralized. The network is dependent on the relationships and interactions between its members, who provide governance and financial support for the program development and refer students to the program.

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[9] Excerpted from Co-operative networks as a source of organizational innovation. Novkovic, Sonja and Wendy Holm. Presented at ICA Global Research Conference. Mikkeli, Finland August 25-27, 2011

CMEC has produced a product – the MMCCU program – that links together different types of members in delivering and supporting a program that is unique in its offerings, structure and delivery.

The program has turned into career changing experience for faculty and staff as well. While the MMCCU degree was not necessarily structured as a research program, it has drawn a number of graduate students who excel in research and produce academic publications.

Saint Mary's University is a member of the CMEC co-operative; an unusual institutional arrangement that resulted in positive feedback from the business school accreditation body- also an unexpected outcome.

New networks have been created that span co-op owners, institutional partners, faculty, students and alumni. From these networks, linkages have emerged, particularly among graduates who are in the process of creating an alumni association and participate in governance of CMEC. A research network and international centre to house CMEC, the research network, and other certificate programs for more targeted co-operative education, is in the process of development.

The MMCCU program is now accepting applications for the fall of 2012. For more information, contact Tom Webb, program manager, at tom.webb@smu.ca; call 902-496-8170; or visit www.mmccu.coop.

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Crowell, Erbin. A Cooperative Approach to Management Education. Cooperative Grocer. Issue 148 May-June. 2010.

Dieters, Dennis. CMEC Board of Directors. The Cooperators Group. Personal communications. April 2011.

Livingston, Jane. Co-op Management Master's Degree Program: Lessons Learned. Cooperative Grocer. Issue 124 May – June, 2006.

MMCCU Program Report. March 14, 2011.

Webb, Tom. Administrator. Masters of Management, Cooperatives and Credit Unions Program. Sobey School of Business. Saint Mary's University. Personal communications. April 2011.

ANNEX A: CMEC MEMBERSHIP

Co-operative and Credit Union Members

1. Co-op Atlantic, Canada
2. Credit Union Central of P.E.I.
3. Northumberland Co-operative Dairy, Canada
4. Fredericton Direct Charge, Canada
5. The Co-operators, Canada
6. The Co-operative Group, UK
7. Scotsburn Co-operative Dairy, Canada
8. Sydney Credit Union, Canada
9. Credit Union Central of Canada
10. Midcounties Co-operative, UK
11. Credit Union Central of New Brunswick,
12. Credit Union Central of Ontario, Canada
13. Newfoundland Labrador Federation of Co-op
14. First Ontario Credit Union, Canada
15. Meridian Credit Union, Canada
16. Co-operative Housing Federation of Canada
17. Gay Lea Foods, Canada
18. Ontario Natural Food Co-operative, Canada
19. CUMIS, Canada
20. Credit Union Central of British Columbia
21. Scotian Gold Co-operative, Canada
22. Canadian Co-operative Association
23. United Farmers of Alberta, Canada
24. Scottish Organization of Agricultural Societies
25. Envision Financial Credit Union, Canada
26. Arctic Co-operatives Ltd., Canada
27. Credit Union Central of Alberta, Canada
28. Federation of Alberta Gas Co-operatives
29. National Co-operative Bank, USA
30. Boeing Employees Credit Union, USA
31. Wedge Community Co-operative, USA
32. Nova Scotia Co-operative Council, Canada
33. Brattleboro Food Cooperative, USA
34. Hanover Cooperative, USA
35. Canadian Worker Co-operative Federation

Co-operative and Credit Union Members (cont'd)

36. York Credit Union, Canada
37. ACA Poultry Co-operative, Canada
38. GROWMARK – Canada/USA
39. VanCity Credit Union, Canada
40. Credit Union National Association – USA
41. Concentra Financial, Canada
42. Cooperative Fund of New England – USA
43. Alterna Credit Union – Canada
44. Seward Co-operative, USA
45. New Zealand Association of Co-operatives
46. Co-op Federation of New South Wales
47. Co-operative Federation of Victoria, Australia

Educational Institution Members

1. Saint Mary's University, Canada
2. Co-operative College – UK
3. Center for Study of Co-ops – Nat'l Univ of Ireland, Cork
4. Co-operative Development Institute, USA
5. National Co-op Business Assoc. - USA
6. Co-operatives UK
7. N. W. Co-op Development Centre, USA
8. Lappeenranta Univ., Co-op Business Unit, Finland

Individual Members

1. Marshall Winkler, Hawaii, USA
2. Sir Graham Melmoth, UK
3. Dr. Leslie Brown, Nova Scotia, Canada
4. David Blackburn, Michigan, USA
5. Peter Podovinikoff, BC, Canada
6. Geoff Southwood, Alberta, Canada
7. Sonja Novkovic, Sobey Sch. of Business, St Mary's Univ.
8. Tom Webb, MMCCU, St Mary's Univ.
9. Valerieanne Byrnes, MMCCU 2010 Cohort
10. Wendy Holm, MMCCU 2010 Cohort
11. Kevin Matthews. MMCCU 2010 Cohort

CASE STUDY: HealthConnex – Cooperation for Community Health[1]

Wendy Holm[2]

August 25, 2011

What is HealthConnex?

HealthConnex Health and Wellness Cooperative is a complex network of independent, interconnected agents (cooperatives, physicians, technology providers, medical staff) who have come together under co-op leadership to provide a public good, in this case health care services.

Owned and governed by 13 co-operatives and credit unions, HealthConnex is a web-based health and wellness portal that allows Nova Scotians to build and access their own health records, store and retrieve test results or consultations with medical care professionals, peruse an on-line library of trusted, hi-quality, doctor-reviewed medical information, use an interactive symptom checker to see if and when they need to consult a doctor, and obtain an emergency health card that will let health care professionals access their on-line medical history instantly.

It also includes a "trackers" program to help subscribers establish and track goals, and a "reminders" program that can be set to trigger emails for anything from "time to renew your prescription" to "time for your next eye appointment".

Patients can also, through this portal, interact with their doctors (who they nominate to become part of the HealthConnex network) to renew prescriptions, book real and/or virtual appointments and request medical advice.

Like many successful complex networks, HealthConnex was created through the passion and commitment of its co-op champions.

Background

HealthConnex began some 10 years ago as a gleam in the eye of Dr David Zitner, Health Policy Fellow at the Atlantic Institute for Market Studies, a public policy think tank in Halifax, Nova Scotia. But in concept, it goes all the way back to June 15, 1944[3] – the day Tommy Douglas and his Co-operative Commonwealth Federation swept to victory in the Canadian province of Saskatchewan on a platform of radical social justice initiatives including publicly funded health care. In 1966, Douglas' Medicare was extended to all Canadians.

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[1] Expanded version of a case study first presented in Co-operative networks as a source of organizational innovation. Novkovic, Sonja and Wendy Holm. ICA Global Research Conference. Mikkeli, Finland Aug 25-27, 2011

[2] Graduate Student, Masters of Management, Cooperatives and Credit Unions, Saint Mary's University, Halifax.

[3] June 15, 1944 was also the day Finnish armies defended their homeland against invading Soviet troops in the Battle of Kuuterselkä.

Initially, the Canadian government paid half the bill and called most of the shots. In the late '70's, things changed: the federal government began reducing their share of health care funding, downloading to the provinces greater fiscal responsibility and administrative autonomy.

By the 1980's, in response to funding cuts and rising health care costs, some provinces instituted extra billing (doctors) and user fees (hospital visits). In response to high-profile criticism by public advocacy groups that such measures encroached on universal health care access, the Canada Health Act was passed by Ottawa in 1984, prohibiting both.[4]

Canada had held the line on universality, but the delivery of Tommy Douglas' great plan for the health and well being of Canadians was at risk. When he penned his 2004 op-ed in the National Post,[5] Zitner described a health care system that was overstressed: federal budget cuts had resulted in provincial cut backs; patients faced long waits for appointments and medical procedures; doctors were in short supply; many family practices were closed to new patients and – for the first time in memory – some Canadians were without a family doctor.

When cash-strapped Nova Scotia Premier John Hamm raised the specter of user fees, both sides prepared for the battle. Proponents argued that without new sources of funds, an already-weakened government health care system would further deteriorate over time as demographics and budget cuts drove costs up and affordability down. Opponents argued that user fees and extra billing created a two-tiered system with good health care for the rich and left-overs[6] for the poor and was a far cry from Tommy Douglas' vision of the health care rights of Canadians.

Was there a middle road? Something that could improve efficiency in the existing system and allow Nova Scotians better access to quality health care?

Cooperatives to the rescue

David Zitner saw a better way:

> *"…provincial governments are crying poor while insisting on inefficient service delivery… [But] only a face-to-face visit with your doctor is an insured service and therefore subject to the restrictions of the [Canada Health Act]. ….what if we encouraged the creation of patient co-ops within medical practices, so that patients who wish to do so may pay a monthly or annual fee for… IT and other non-insured professional services that make doctors more productive and efficient? …*

[4] In fact, since health care is a matter of largely provincial jurisdiction, the federal government does not have the constitutional authority to regulate provincial practice. It effectively does so, however, by tying federal health care funding to provincial compliance with the Canada Health Act.

[5] National Post. Monday April 4, 2004, page A10

[6] User fees and extra billing creates two a tiered medical system because it means some patients cannot afford to access the care they need. Additionally, user fees and extra billing attract the interest of private sector health care conglomerates, who woo the best and brightest with better salaries and more modern facilities, impoverishing public sector capacity.

"Patient co-ops are a way to inject more money into the health care system without raising taxes; to improve the quality, speed, efficiency and convenience of contacts with medical professionals via technology; and to encourage more specialization among various levels of professionals like primary care nurses working under a physician's supervision…

"Health care co-ops are one way to insure that Canadians receive the care they value… Patient power starts here…"[7]

Getting traction…

When he wrote that op-ed, Zitner was a faculty member of the Department of Medical Informatics at Dalhousie's school of medicine. He and colleague Dr. John Ginn were studying inflammatory bowel disease. As the only IBD research hospital in the Maritimes, patients travelled long distances to Dalhousie for diagnosis and treatment. For many, this was time-consuming, expensive and stressful.

Zitner and Ginn believed if patients had access to communities of interest and reliable medical information to more proactively manage their illness, hospital visits could be reduced and patient satisfaction improved. They applied for and received a research grant from the Canadian Office of Learning Technology to provide evidence of what the two already knew: improving access to medical information for patients suffering from chronic bowel diseases resulted in better health outcomes.

Research in hand, Zitner and Ginn optimistically approached the Capital Health District in Halifax to fund modest IT costs to develop a web-based system of patient information and support that would be ultimately funded by patient subscription fees. They were turned down flat.

Convinced the system was important to improving patient health, Zitner and Ginn supported it off the side of their desks for six months, then approached Nova Scotia Cooperative Council with an idea: *"why not create a new health and wellness cooperative to meet the needs of the community and give patients the care they deserve?"*

According to Nova Scotia Cooperative Council (NSCC) CEO Dianne Kelderman, it then became a simple matter of "synchronicity and destiny." With 402 cooperative and credit union members, NSCC is a formidable player in the NS economy.

In 2007, Kelderman put the idea before NSCC's Innovation Council, which each year calls on its members to propose innovative ideas worthy of growth and encouragement or commercialization. Chosen that year's winner by the Innovation Council, NSCC was given the green light to move Canadian Public Health Cooperative (now referred to as HealthConnex) from research stage to implementation.

[7] Ibid.

Champions, networks and start up capital…

Although the need had been clearly identified and the effectiveness demonstrated, the networks and infrastructure to support the health and wellness co-op had to be created from scratch. The first task was to raise $3 million to fund the program. Nova Scotia's co-op sector - and in particular its credit unions – needed convincing because health care was outside their normal course of business.

The "force major" behind HealthConnex's creation, Dianne Kelderman developed and tested the business case, raised the capital, put in place the governance structure, convinced the partners, set it up, undertook the advocacy work and oversaw the public relations. Says Kelderman "I was kept awake at night for the first 4 years hoping I could get the credit unions to see the vision, get excited about pursuing business outside their comfort zone and become the agents for change."

Of the $3 million in start-up funding, approximately $1.8 million came from the 13 cooperative and credit union members. HealthConnex also received an important $1 million grant from Nova Scotia Department of Economic Development's *Innovations Fund.* This provincial funding was pivotal; Nova Scotia economic development officials saw HealthConnex as not only economically viable and replicatible, but also exportable, with strong job creation benefits.

According to Kelderman, Nova Scotia's Department of Health was "not as enthused" as the economic development ministry. HealthConnex was also a political hot potato; charging for health care smacked of privatization to many; NSCC had to work hard to differentiate themselves from that model. The province had to be convinced that there were economic and health benefits, that HealthConnex was not a private sector model but a member owned cooperative, that they did not operate in contradiction to the health act (only charging for non-billable services) and that no money was needed from the government. In the end, the Premier told Kelderman "How can we not support it?"

Today, HealthConnex is 100 percent funded by member equity, and has roughly $3 million in the bank.[8] Once HealthConnex grows to scale and profits are realized, they will be retained for reinvestment and modest returns will be paid to the capital invested by the 13 coop members.

Strategic partnerships

The HealthConnex Board has seven members: four represent the owners (13 founding coops and credit unions), two are held by Praxis (representing the medical doctors) and founder Dr.

[8] In 2010, HealthConnex raised close to half a million from 19 individuals who purchased shares under the province's Equity Tax Credit program.

David Zitner is the seventh director. HealthConnex also works closely with the NS Department of Economic Development and interacts with other organizations within the cooperative sector.

One of HealthConnex's most strategic partnerships is with the medical community, who view the on-line clinic as a service provider. According to Zitner, roughly eighty percent of patients in doctors' waiting rooms are not sick; they are there to have a prescription renewed or for minor, non-acute concerns. Doctors subscribing to the service believe HealthConnex will reduce wait times, provide them with administrative benefits (people can book their one appointments, for example), create greater access for sick patients and make their practice more efficient.

To quickly and efficiently achieve access to physicians, a critical link was added with HealthConnex's purchase of Beneworth, a private, for-profit company already providing medical office management services to 1,800 Nova Scotia doctors' offices. By acquiring Beneworth, HealthConnex was able to piggy back onto existing medical billing systems, upgrading and enhancing the services offered to doctor-clients by including, for example, on-line prescription renewals, e-consults and web-booked appointments.

Today, over $200 million a year flows from provincial medical plans to doctor's offices through HealthConnex's wholly owned Beneworth subsidiary. On April 28th, the provincial government is expected to approve HealthConnex's request to access *e-results* (hospital downloads), which will greatly enhance the service available to doctors since they cannot access *e-results* as individual practitioners.

Though not exactly a collaborator, the provincial ministry of health is clearly a stakeholder. In Nova Scotia today, doctors receive $30 a visit for patient care. Nova Scotia's 811 Call-a-Nurse line costs the province $60 for every patient call. HealthConnex will provide a superior service at a much lower (and patient-funded) cost. Further, by reducing chronic, non-acute medical visits and improving overall patient health outcomes, HealthConnex promises to lower taxpayer expenditures for medical costs. There are also benefits for small businesses: with HealthConnex, much of the time taken by employees to attend doctors offices for routine medical needs can easily be shortened to a simple phone call.

The future of HealthConnex…

While Kelderman and Zitner were the key persons behind its creation, HealthConnex has developed the linkages and momentum to deliver its promise of better health care for Nova Scotians.

Their target market is the 308,000 Nova Scotians who are members of provincial co-ops. Some credit unions are already considering purchasing bulk memberships for staff and directors and as part of their member rewards programming. Within 2 months of its February 2011 launch, HealthConnex had already enrolled over 500 Nova Scotians. Zitner estimates subscription to HealthConnex will cost patients approximately $120 - $150 a year for Level 1 participation

(modern health information technology, reminders, health management information, access to reports by telephone and e-mail, and access to primary care nurses).

Several Nova Scotia credit unions are interested in creating in-branch HealthConnex kiosks - staffed by employees - to help members access benefits. They are also discussing offering subsidized or free memberships to low income members.

HealthConnex is currently working with The Cooperators to tailor a version to meet their member needs, and hope through this connection to bring it to a national level. And, says Kelderman "…as interest arises from international partners, we will gladly work with them to tailor a platform to meet the needs of their cooperative marketplace." Already, credit unions in the United States are knocking at this cooperative door.

Observations on HealthConnex as an example of a complex adaptive network[9]

HealthConnex offers a good example of how co-operation among co-operatives is more likely to create innovative solutions for their members. The need filled by HealthConnex was not met by the private and public sector. It wasn't until it was championed by the cooperative sector itself that the parties critical to making it happen were brought together to look for solutions.

It is also a good example of how, when the vision of the drivers of innovation – in this case the physicians involved, and NSCC CEO - is both clear and member-focused, complex networks are created. For Nova Scotia's cooperatives and credit unions, moving into the health care field was something completely new. Based on Zitner's common-sense vision to improve health outcomes for Nova Scotians, cooperative community values were mobilized to create buy-in to a new, shared vision of community wellness.

HealthConnex network is a non-hierarchical system that interacts with other organizations – doctors, health care providers, other cooperatives, NS Co-op Council and the general public. Decision-making is decentralized in the hands of clients and their doctors. The open and diverse, relationship-driven system ensures that the network is both responsive to community needs and well positioned to meet those needs.

The importance of the service provided by this complex network is undeniable. More importantly, in the Canadian context of public healthcare provision, and an aversion to its privatization, this not-for profit, multi-stakeholder cooperative is a winning solution. Subscribing doctors believe HealthConnex will make their practice more efficient. By reducing chronic, non-acute medical visits and improving overall patient health outcomes, HealthConnex can be expected to lower taxpayer expenditures for medical costs as well. There are also benefits for

[9] Excerpted from Co-operative networks as a source of organizational innovation. Novkovic, Sonja and Wendy Holm. Presented at ICA Global Research Conference. Mikkeli, Finland August 25-27, 2011

small businesses: with HealthConnex, much of the time taken by employees to attend doctors' offices for routine medical needs can be shortened to a simple phone call.

HealthConnex demonstrates how social mechanisms can foster networks and adaptation in a rapidly changing market environment: through HealthConnex, local networks of health care practitioners will emerge to meet the needs of a more health conscious society. This will contribute positively not only to the personal health of residents but also to the economic health of the region.

HealthConnex, like other complex networks, has already produced unexpected linkages and interactions within the system's building blocks that have resulted in innovative but unplanned outcomes. For example, planned in-branch health kiosks in Nova Scotia credit unions and subsidized or free memberships to low income members. This represents a very important step for the credit unions. Fostering healthy communities has always been part of their mandate. Removing access barriers to Nova Scotia's new co-operative health and wellness network is a creative and innovative way of supporting community wellness.

Also unintended by the original proponents was the adaptability of this system to the needs of communities beyond Nova Scotia. Discussions with The Cooperators and a U.S. credit union evidence the resonance this approach has for communities outside of Nova Scotia. This creates "export" revenue for the co-op, supports jobs (design, software, sales) in Nova Scotia and creates the potential for scale efficiencies at a national and international level.

The creation of a new partnership with Nova Scotia's ministry of economic development was also unexpected. Traditionally, funding for such an initiative would have been from the Ministry of Health. The fact that the funding came from Nova Scotia's Department of Economic Development confirms the economic and entrepreneurial benefits created by this innovative approach to providing healthcare.

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