Local Government and the Reform of Health and Social Care in the Netherlands*

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2.1

Premise

On January 1\textsuperscript{st}, 2007 the Social Support Act (referred to as the Wet maatschappelijke ondersteuning – WMO) was introduced in all municipalities in the Netherlands. Under the act, policy responsibility for setting up social support for vulnerable groups in society will lie with the municipalities. For the Dutch municipalities, the new responsibility is relatively large: the total budget for the WMO at local government level is about a third of the municipalities fund, and roughly 11 per cent of the total expenditure of local government.

The scope of this decentralisation operation is unrivalled. Although the national government and politicians have been talking about decentralisation and subsidiarity\textsuperscript{1} for decades, the Netherlands have witnessed a gradual centralisation according to some scholars. They have characterised the municipalities as “local outstations of central government” and the Dutch expert on decentralisation, Derksen, said (“Binnenlands Bestuur”, January 21, 2005):

> It is easy to defend the position that there is no actual local government in the Netherlands. 90\% of what municipalities do, is implementing national policy and directives. [...] It is extremely difficult to make something real out of local politics. In local elections almost nothing is at stake. They are merely opinion polls for national elections.

But not all experts agree on this point, and in the last few years we have seen some indications of a reverse trend. In some policy domains, important tasks have been transferred to the local and regional government level. The effects of these changes still have to be seen.

Anyway, the new WMO will definitely have a strong impact on Dutch municipalities, in more than one way. Will they be able to provide the services Dutch citizens expect to get? What changes will occur for the local and regional providers in the field of social work? Will the new law provide “the

* This chapter is based on Peters (2006).
sustainable system of long term care and social support” (Ministry of Health, Welfare and Sports, 2004) that the national government is aiming for?

In this chapter, we will explore the contours and possible effects of the WMO for the local government level. First, we will give a short overview of the main features of the WMO (PAR. 2.5). Then, we will describe the challenges that local government is confronted with, especially the political decisions that have to be taken at the local level (PAR. 2.3). The question to be answered is whether or not the WMO means an impulse for local democracy in the Netherlands. To that purpose, two quick comparisons are made (PAR. 2.4): with other decentralisation operations in the Netherlands, and with the decentralisation of social care and welfare in Sweden. These comparisons make it possible to determine two main conditions for creating an impulse for local politics, which are presented in PAR. 2.5. The article ends by some concluding remarks on the effect of the WMO on the local democracy in the Netherlands.

2.2

The Social Support Act

The WMO is one of three new laws which aim to restructure the field of healthcare and social welfare in the Netherlands:

1. a new Health Insurance Act (Zorgverzekeringswet): as of January 2006, a new insurance system for curative healthcare came into force in the Netherlands; under the new act, the system is operated by private health insurance companies under some public guidelines;
2. in 2007, a reduced Exceptional Medical Expenses Act (Algemene wet bijzondere ziektekosten – AWBZ), a centrally financed and implemented arrangement meant to deliver intensive long-term care services that cannot be privately insured;
3. at the same time a new Social Support Act (WMO), in which some of the ‘light’ AWBZ-services are integrated with the Services for the Disabled Act (Wet voorzieningen gehandicapten – WVG) and the Social Welfare Act (Welzijnswet), both responsibilities of local government already.

An important reason for these new plans is the enormous increase in expenditure on healthcare. The Exceptional Medical Expenses Act in particular has become extremely expensive: between 1999 and 2004 the costs have increased from almost 13 billion euros to more than 20 billion euros (explanatory statement belonging to the WMO proposal, p. 6). The yearly increase in expenditure grew from less than 1 per cent in 1968 to 3 in 1998 and the anticipated yearly increase for 2019 is between 5.5 and 7.5 per cent, depending on the scenario that is used (Ministry of Health, Welfare and Sports, 2004, p. 18).

By transferring some of the lighter services – for now only the domiciliary care for the elderly, but later other services will follow – from the Exceptional Medical Expenses Act to the new WMO, the Dutch government wants to restrict the Exceptional Medical Expenses Act to intensive chron-
ic and continuous care which involves great financial risks for individuals and which cannot be insured privately. In particular, this applies to people with serious physical or mental disabilities, elderly people with dementia and chronic psychiatric patients.

The domiciliary care is transferred to the WMO, and therefore to the municipalities, who become responsible for a broad range of services in the field of care and social support. It is interesting to see that the Dutch government explicitly refers to other European countries when choosing the local level as (Ministry of Health, Welfare and Sports, 2004, p. 6):

This decision was based on a study of experiences in other countries; this revealed that most countries have a decentralised system. Sweden takes this the furthest. Informal care is also used to a much greater extent in other countries. In Spain 80% of care is delivered by informal carers.

The budget for the former services under the Exceptional Medical Expenses Act will be combined with the financial means for the Services for the Disabled Act and the Social Welfare Act. The total budget of more than 4 billion euros will be added to the Municipalities Fund, the main source of finance for the Dutch local government. In the long run, the Exceptional Medical Expenses Act will be restricted to long term residential care only; all services needed for people staying at home will be provided by the WMO. For the moment, it is only the domestic care that is transferred to the WMO, due to a quite reserved Parliament. Domestic care is an important service for the elderly and disabled living at home, and the transfer will create a big change for clients and domestic care organisations. People who need domestic care will no longer have an enforceable right based on the Exceptional Medical Expenses Act, but it is the local administration who decides whether or not people are entitled to domestic care services, and at what cost.

2.2.1. Performance Fields in the WMO

In the new WMO, social support encompasses nine components or performance fields. Until January 1\textsuperscript{st}, 2007, these tasks were provided by the Exceptional Medical Expenses Act (domestic care), the Services for the Disabled Act and the Social Welfare Act.

In the WMO, services that until now were not connected in any way and were provided for through entirely different circuits are joined together. The former services based on the Exceptional Medical Expenses Act are individual services in the field of care, as is the case with the services provided for by the Services for the Disabled Act. At the other end, general welfare services like strengthening social cohesion (by providing community services) are of a totally different nature. All these services are brought under control of the local administration, with the intention that municipali-
ties will link all these services and will provide integrated care, to meet the needs of every individual person.

2.2.2. Responsibilities of Citizens and Government under the WMO

With the WMO, the national government has introduced a new approach to the division of responsibilities between government and citizens. The main policy document, called *En Route to a Sustainable System of Long-Term Care and Social Support* (Ministry of Health, Welfare and Sports, 2004, p. 2), states:

The Cabinet has therefore opted for a three-pronged approach:

\(a\) People who are able to do so will be required – to a greater extent than is currently the case – to find solutions in their own social environment (informal care) to problems that occur. The Cabinet is therefore putting a number of axioms in the area of care and support that have developed historically up for discussion. This will mean that people will have to support themselves to a greater degree, and a number of insured rights such as domiciliary care will disappear;

\(b\) Municipalities must provide a good cohesive system of support for their residents who are not sufficiently able to implement other solutions in certain situa-
tions, either on their own or together with others. Examples are helping with housekeeping, offering social support, adapting the home, transportation with a wheelchair etc. [...] Municipalities will have to decide for themselves how they will be providing this support [...] c) The state will make sure the AWBZ [Exceptional Medical Expenses Act] insures what it is intended to insure: intensive chronic and continuous care which involves great financial risks for individuals and which cannot be insured privately. This in particular applies to people with serious physical or mental disabilities, elderly people with dementia and chronic psychiatric patients. There must be adequate, good quality services available for these target groups, including residential care in an institution if necessary.

With this three-step approach the national government takes the next step in the reform of the Dutch social welfare state. The conservative government, consisting of Christian-democrats (CDA), the right-wing Liberal Party (VVD) and the small social-liberal party D66, wants people to take more responsibility for their own situation, and refers them to the civil society when they need help, in the first instance at least.

2.2.3. Philosophy of Governance

An important element of the reform operation is the application of a new philosophy of governance called ‘Liberating Frameworks’, introduced by an official advisory body of the Dutch government, the Council for Social Development (Raad voor Maatschappelijke ontwikkeling – RMO). With this reform the government wants to stress ‘the increasing importance of horizontal administrative relationships – municipalities towards their local residents and mutual comparisons between municipalities, instead of vertical relationships: from State to province and municipality and vice versa. In terms of the WMO this means that central government, as the legislator, defines the size of the playing field and the rules. Thus the WMO specifies the areas in which the municipality should pursue its own policy, how it is to be financed, who is to be involved in the creation of this policy and how its performance can be made visible. Within these boundaries, all actors can decide locally how they will implement the law under the direction of the municipality. Central government will keep its distance but will still be responsible for the system of the WMO as a whole and will therefore be able to be called to account on the social results of the law if these are not up to par (Ministry of Health, Welfare and Sports, 2004, p. 10).

2.2.4. Field Perspective

The introduction of the WMO and the restriction of the Exceptional Medical Expenses Act bring about change for the care providers too. Under the present Exceptional Medical Expenses Act, care providers do business almost exclusively with insurers or their administration offices. Under the WMO
they will soon be dependent on contracts with municipalities for most of their activities. The government expects municipalities to organise their directing role in such a way that successful activities of care providers, such as in the area of the communalisation of care, will also be able to gain a foothold under the WMO.

The government is a strong advocate of private organisations, particularly in providing social support. The law therefore establishes the primacy of private initiative for the implementation of these services. The municipality itself can only ‘deliver’ the service when there are no suitable private organisations that are able to provide the required services (Ministry of Health, Welfare and Sports, 2004, pp. 12-3).

As for the professionals in the field of social work, their daily activities do not appear to be influenced by the policy and financial transformations in the field. But appearances are deceptive. The changing environment means that their work changes too. They will have to focus on their clients’ needs more and more, as client satisfaction becomes an important criterion for municipalities when handing out contracts to service providers. Another important change is caused by the growing numbers of informal carers that have a role at the local level. Under the WMO, municipalities are forced to refer people who want assistance to informal carers and volunteers as much as possible. This is in line with the philosophy of the new WMO, which wants people to take care of themselves and their family, neighbours, etc. For the professionals in the field, this has major consequences, as they will have to work with all these informal carers and volunteers. Their work might change to supervising and managing these non-professionals, instead of providing care themselves. This obviously requires professionals to have other competencies and training.

## 2.3 Changes for Local Governments

In the summer of 2006, the Upper Chamber of the Dutch Parliament approved the Social Support Act (WMO). On January 1st, 2007, the new law was introduced in all Dutch municipalities. For more than two years prior to this, all actors at the local level started to prepare themselves for the new law and its consequences. Politicians of municipal councils were advised and trained to understand the challenge that would face local government. Local aldermen and administrators started consultations and negotiations with client organisations representing patients with a chronic disease, the elderly and the disabled, and with care providers, welfare organisations and other future providers like housing companies. In the local administration preparations have been in full swing too. Civil servants have been busy writing policy documents about the services that will be available as of 2007, preparing the purchase and tender procedures for service providers
and rearranging the administrative organisation to better serve citizens asking for help. As the municipalities are responsible for providing people with a coherent package of services, they need to create a central contact point in the organisation where potential clients can refer to. Hundreds of consultants have been hired by local government, and they will be needed over the coming years. Everywhere in the country, study conferences and symposia have been held on the WMO and the related changes, aimed at all the actors that will be influenced by it.

2.3.1. Doubts and Worries

The challenges for local government are enormous, which justifies the question of whether municipalities are ready for the implementation of the WMO. Doubts have been expressed about the way in which the municipalities will handle their new role in providing a broad range of services to all its inhabitants. For years, this new municipal ‘directors’ role has been a subject of discussions about local government and central-local government relations, but with the arrival of the WMO, local government will be put to the test: will they be able to actually set up the chain cooperation needed to provide people with the services they need? Will they be able to direct this process of chain cooperation between the different providers, private and public, professional and voluntary, that are active in the WMO-field?

Especially for small municipalities the reform operation might be too much. Therefore, the Ministry of Health, Welfare and Sports, together with the Association of Dutch Municipalities (Vereniging van Nederlandse Gemeenten – VNG), has set up an extensive support programme, with brochures, guides and models on different sub-themes of the WMO, a extensive website (www.invoeringwmo.nl), a monitoring instrument with statistics on the different client profiles of the WMO (elderly, disabled, psychiatric patients, etc.), pilot projects etc. The smaller municipalities are encouraged to join forces and together purchase care services from the care providers and welfare organisations that often work on a regional scale anyway.

2.3.2. Political Aspects on the Local Level

For local politics, the WMO is expected to present an enormous change too. Local politicians in the municipal councils will be confronted with many difficult decisions. These include decisions on the level and availability of services for the different client groups of the WMO, the conditions under which services will be provided, the price of the services etc. In the present situation, services like domiciliary care are an enforceable right at a fixed price for everybody, but under the WMO the municipality can decide that certain groups of inhabitants cannot apply for certain services, or can only access them at a very high price. Other sensitive decisions concern the ex-
tent to which the care services are outsourced to private and commercial organisations, and the range of choice that is offered to people needing help: does a disabled person have a right to make structural alterations to his house which are paid for by the government, or does he have to move to a more suitable house? Does a patient have a right to a special scooter for his transport needs, or will he be dependent on the – more limited – collective transport for the disabled? The municipality makes its own policy in this regard, and the standards and conditions will be determined by the municipal council as the highest authority.

2.4
The WMO and Local Democracy: Problem or Stimulus?

In the process of implementing the WMO that is currently going on in the Netherlands, not much attention is paid to these political aspects and decisions, and the consequences for local politics and politicians. The national government and the Association of Dutch Municipalities are both stressing the need for municipalities to reorganise the local administrative organisation and to consult with providers and client groups. Not much attention is paid to preparing the politicians that are part of the municipal councils for the political deliberations and choices they will face in the near future.

In the longer term, an interesting question is whether or not the WMO holds an impulse for local democracy in the Netherlands. The state of the political debate at the local level has caused observers to worry about the future of local democracy. In 2000, a State commission was installed to advise the national government on reforms of the local political system (Staatscommissie Dualisme en Lokale Democratie, 2000). The analysis was that political decision-making at local level is an inwardly oriented process between administrative bodies that have overlapping responsibilities. The missing political discussion in the municipal council, caused by the tight relations between the municipal executive (the mayor and the aldermen) and the political majority in the municipal council, was held responsible for the poor interest of the community. To increase the interest of the citizens, a series of structural reforms was introduced in 2003 to loosen the ties between executive and council. First evaluation studies show that more conflicts have arisen between both actors at the local level but no substantial increase in quality of the political discussions was observed.

Some observers of local government have suggested that rather than structural reforms, the decentralisation of important tasks and competencies, like those in the field of care, could revitalise democracy at the local level. Political decision-making on issues that matter to citizens at the local level could cause them to show interest in the political discussions in and around the municipal council. Could the WMO be a crucial element in the revitalisation of local democracy? Predicting the effects of the WMO can be
helped by comparing the operation with similar decentralisation operations, of which only a short and sketchy description can be presented here.

2.4.1. Comparison I:
Other Decentralisations in the Netherlands

In 1994, the Services for the Disabled Act (WVG) was introduced, decentralising the decision-making power on services for the disabled to the municipalities. After the first 10 years, evaluation studies and observers see no substantial impact of the decentralisation on the political discussions in the municipal council. In most municipalities, the services for the disabled are at some time or another on the agenda of the council, but the discussions are more often than not limited to the formalisation of the policy proposals of the executive. A possible explanation can be found in the relatively small numbers of citizens that are affected by the Services for the Disabled Act; for local politicians, the Act is not something that can be used to attract large numbers of interested citizens to the local political arena.

A second example is of a more recent date: in 2004, under the Work and Social Assistance Act, the financial responsibility for providing welfare payments was decentralised to the municipalities. By these measures, local government was expected to restrict the access to the welfare system more strictly by monitoring new applications for welfare more closely and by introducing new measures to stimulate or even force people to find and accept paid work. An interesting observation is that in municipalities with a budget deficit, the municipal council pays more attention to the policies under the new Act than in other municipalities. Apparently the financial stimulus, an important element of the new Act, works well in the sense that it activates and motivates local politicians to take an interest in the welfare policies in their local community.

2.4.2. Comparison II:
Decentralisation of Care and Welfare in Sweden

Another way of predicting the consequences of the decentralisation of the WMO-tasks to local government is to look abroad. In the field of care, Sweden is often used as an example for the Netherlands, because of the similarities in the welfare State system in both countries and the attitude of the population towards its achievements.

In Sweden, important responsibilities in the area of elderly care, care for the disabled and mental care were decentralised to the local government level in the '90s. This decentralisation operation had great effects on the services that were provided for these groups of clients: municipalities struggled with the new responsibilities and the rising costs in the care sector, and some differences in the service levels of the municipalities were
noted. That gave rise to national debate, but research shows that in the municipal councils the political debate concentrated on issues of cost efficiency and the outsourcing of service provision.

2.5 Conditions for Stimulating Local Democracy

The experiences with decentralisation operations in the Netherlands and in Sweden make it possible to determine two main conditions for creating an impulse for local politics.

2.5.1. Political Awareness at the Local Level

Firstly, politicians in municipal councils all over the country have to realise that major decisions concerning the WMO are facing them in the coming years. They need to get involved in the process of decision-making in their municipality and not wait until they are asked to approve the measures that are taken by the executive.

Observers of the decision-making in the Dutch municipalities have noted that at least some of the future clients of the WMO have realised what’s happening at the local government level. In particular, interest groups representing the elderly and the handicapped have found their way to the executive and the civil servants at the local level and have made their political demands very clear. Other groups of potential clients are hardly represented: in particular, the clients in the welfare services field, like young people or families with social problems, aren’t represented at all in the political arena.

This process shows that the WMO will be a test case for theories on local ‘governance’. Governance is an often-used term, referring to the changes in processes and ways of governing, especially concerning the new relationships between State and civil society. Traditional mechanisms of representation and accountability are weakened in the shift from local government to local governance, bringing in new forms of citizen participation. Some scholars suggest that the negative consequences for representative democracy – via the municipal council, that is – are compensated for by the positive implications for participatory democracy (Blakeley, 2005, p. 150).

Whether the traditional role of the members of the municipal council as representatives of the citizens will be wiped out completely, or will still be standing after the introduction of the WMO is an interesting question.

2.5.2. Acceptance of Greater Local Diversity

A second condition for the WMO to be a success in stimulating local democracy is the acceptance by the Dutch of differences in service provision across the country. The WMO will give a greater responsibility and discre-
tion to local authorities to make their own choices about the standards and prices of service provision. This will no doubt lead to more local variation in the way that the WMO-services will be provided. For a country that has a very strong tradition of ensuring the same standards of service provision across the whole country, this will be an enormous change.

The national government has, until now, stressed the possibilities that the WMO offers for local authorities to make their own policy, based on the needs and demands of its own citizens. The term maatwerk (‘made to measure’ would be the best translation) is used to make clear that people are best served by this freedom of local authorities. But the national organisations of client groups are not convinced by this line of argument; they don’t see any advantages in more local freedom in this respect. They have successfully lobbied Parliament for more guarantees that municipalities have to comply with a (high) minimum level of service provision. Like the national media, the Members of Parliament aren’t ready for the greater differences between municipalities in the field of care, as could be heard during the parliamentary debate on the WMO in the spring of 2006. Neither are the care providers in some respects: different conditions of municipalities make it difficult for them to develop a general programme of services they can offer. The question really is: who is ready for more local diversity in the field of care and social welfare in the Netherlands? Except for the Ministry of Health and the Association of Dutch Municipalities not many are, it would seem.

2.6 Conclusions

When the Social Support Act (WMO) came into force on January 1st, 2007, some people hoped that the new law, which brings greater responsibilities to local authorities, would be an impulse for local politics. Experts agree on the need to worry about the state of local democracy in the Netherlands. Will politicians be able to understand and stress the need to discuss these services in a political and not only an administrative-technical way? Will politicians be able to recognise the room for local choices and have a substantial debate at the local level? Will the debate on issues that really matter to people – i.e. care and welfare and all issues concerning the level and price of the services provided – attract people to the local political arena?

Serious doubts have been raised about these questions. Maybe the WMO will not save traditional representative democracy at the local level but could form an impulse for new, participatory forms of democracy, i.e. governance. An important condition for the revival of local democracy is the acceptance of local differences across the country in level and price of services in the field of care and welfare. The resistance could be difficult to overcome though, as most actors in the field don’t have a strong interest in local variation. This raises the question: who actually wants local democracy?
Notes

1. Subsidiarity is the principle which states that matters ought to be handled by the smallest (or, the lowest) competent authority. It is presently best known as a fundamental principle of European Union law. According to this principle, the EU may only act (i.e. make laws) where member States agree that action of individual countries is insufficient. The principle was established in the 1992 Treaty of Maastricht, and is contained within the proposed new Treaty establishing a constitution for Europe. However, at the local level it was already a key element of the European Charter of Local Self-Government, an instrument of the Council of Europe promulgated in 1985 (see Article 4, Paragraph 3 of the Charter). Available from: http://en.wikipedia.org/wiki/Subsidiarity [Accessed 20 December 2006]

2. The smallest municipalities in the Netherlands have around 6,000 inhabitants.


4. Under the Exceptional Medical Expenses Act (AWBZ); the fixed price is not altogether true, as for a few years Dutch clients of domiciliary care have to pay a small fee according to their income level.

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