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Optimising healthcare processes

“Enhancing financial support in nursing homes.”
*“A Dutch study on strategies to secure funding from care
commissioners”*

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Preface

This thesis was conducted as part of the Master of Health Sciences in optimizing healthcare processes at the University of Twente. Over the past seven months, this research has been carried out through a literature review and expert interviews.

The aim of the study was to explore how a nursing home could secure more funding by optimizing its procurement department and how they could then obtain more funds from the healthcare commissioners. The research also focused on the collaboration between healthcare commissioners and nursing homes and how nursing homes could potentially receive higher reimbursements. Relationship management and cooperation between various parties in the healthcare sector have always interested me. This study led to many interesting answers and conversations.

A total of 18 interviews were conducted. I would like to thank all interviewees for their time, input, and contributions to this study.

Throughout this study, I have learned a great deal about conducting research. It was very interesting to speak with many different employees from healthcare commissioners and nursing homes. I found it fascinating to observe the various dynamics and how the employees strive to keep healthcare accessible and affordable for every Dutch citizen.

Finally, I would like to thank my supervisors from the University of Twente, Prof. Dr. Louise Knight and Dr. Vincent Delke. They provided me with guidance and support during the research and gave me the freedom to conduct the type of study I wanted. Their advice has contributed significantly to the completion of this study.

Lars Groeneveld

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Abstract

In recent years, healthcare costs have significantly increased due to advancements in technology, an aging population, and the rising prices of medical supplies and pharmaceuticals. As people age and develop multiple chronic conditions, their use of healthcare resources grows, further increasing costs. In this context, it is crucial to optimize financial management in nursing homes, particularly in their purchasing departments.

This research aims to address the challenges of securing additional funding, which can be unpredictable and difficult to justify, by focusing on non-wage operating expenses. The study investigates whether good purchasing practices can lead to more funding and how collaborative strategies with care commissioners can secure increased financial support.

The findings reveal that maintaining a good workforce and strong internal processes such as accurate invoicing and thorough documentation of client-related expenses significantly enhance financial management in nursing homes. The study highlights the importance of transparency, trust, and strategic communication in building relationships with care commissioners. Moreover, it shows that nursing homes can negotiate additional funding by presenting well-structured plans that showcase cost-saving measures and operational improvements.

In conclusion, this research offers guidance for managing healthcare costs in nursing homes by optimizing non-wage operating expenses. Effective purchasing practices and strategic communication are key to securing the necessary funding while maintaining or enhancing the quality of healthcare services. This approach addresses immediate financial challenges and ensures the long-term sustainability and accessibility of care.

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VVT	Nursing homes and home care
GPO	Group purchasing organisation
TCE	Transaction cost economics
CAO	Collective labour agreement
ZVW	Healthcare Law
NZA	Dutch Healthcare authority
ZZP	Healthcare intensity package
MPT	Modular package home
VPT	Full package home
IZA	Integral care agreement

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Chapter 1 Introduction

1.1 Introduction

In recent years, various industries have experienced cost increases, particularly in the healthcare sector, due to a multitude of factors. Especially in times of rising costs, nursing homes face the dual challenge of managing increasing expenses while maintaining high standards of care. This highlights the critical need for improved financial management and collaboration within the nursing home sector. This research aims to identify and evaluate the extent to which care commissioner interfere with the purchasing activities of nursing homes and the variables that impact collaboration. Additionally, it explores the potential for achieving more funding for nursing homes through enhanced financial management and collaborative efforts. This chapter introduces the study, starting with a discussion of the background. It then addresses the research problem, followed by the research aims, objectives, and questions. The chapter concludes with an overview and significance of the study.

The healthcare sector has witnessed particularly steep cost increases due to a multitude of factors. These include the escalating costs associated with technological innovations, the demographic shift towards an aging population (Chen et al., 2023), the increasing demand for healthcare workers (OECD, 2023), and the rising prices of medical supplies and pharmaceuticals (Pwc, 2024). Nursing homes play a significant role in this landscape, as they are directly impacted by these rising costs, the aging population, and an increasing demand for healthcare workers. Additionally, care commissioners are responsible for managing and distributing funds provided by the government and the citizens across specific regions. They allocate these funds to nursing homes, which then manage and use the money to deliver care services, such as paying staff and purchasing medical supplies. The relationship between the two is defined by contracts that outline how the funds will be used and what services will be provided. In essence, care commissioners control the distribution of resources, while nursing homes handle the actual care delivery using those resources. These rising costs in healthcare put significant pressure on both society and the healthcare industry. When it comes to affordability, these increasing expenses and shortages significantly influence how easily individuals can access necessary medical care. This issue is particularly critical given that healthcare represents a significant portion of a country's GDP (OECD, 2023), As such, it profoundly affects both nursing homes and care commissioner in

their decisions. Reports from G20 and G7 countries highlight a consensus on the pressing need to update and refine healthcare financing systems to address and reduce funding gaps. This global recognition underscores the necessity for more efficient management of healthcare funds (G20 & G7, 2023).

To address these complexities in the Netherlands, the Dutch government reached a new agreement in 2022 (IZA) with various organizations such as healthcare workers, hospitals, healthcare providers, health insurers, and municipalities to prepare healthcare for the future. The Dutch government aims to ensure that good healthcare can continue to be provided to everyone who needs it, now and in the future, ensuring accessibility for all citizens. The Dutch healthcare also identifies challenges such as more care use and a shortage of staff (Rijksoverheid, 2022).

An illustrative example underscoring the need for improved financial management and collaboration in the healthcare sector is the recent bankruptcy of a chain of general practitioners (GPs) in the Netherlands (IGJ, 2024; NRC, 2024). This chain struggled to manage its financial resources effectively and failed to deliver the expected level of care, ultimately leading to its collapse. This incident highlighted the critical need for better coordination and resource management among healthcare providers to ensure financial stability and continuity of care.

A significant part of healthcare spending goes to personnel, these costs appear to be more often as predictable due to collective labor agreements. However, a large portion is also spent on the purchasing of other operating expenses, which have been more variable in recent years and have become a major area of concern. Agency theory and resource orchestration theory provide valuable frameworks for understanding these dynamics, particularly in the Dutch nursing home sector.

Agency theory highlights the principal-agent relationship between care commissioners (principals) and nursing homes (agents). Care commissioners, representing their own and public interests, delegate the provision of care to nursing homes, expecting them to deliver quality and available care services while maintaining the costs effectively. However, this relationship could be complicated by information asymmetry and misaligned incentives, which can make it challenging to ensure that nursing homes prioritize both cost efficiency and quality care. The predictability of personnel costs, driven by collective labor agreements, limits the flexibility of nursing homes in managing one of their largest expense categories. This constraint forces nursing

homes to focus on other areas, such as reducing the variability of operating expenses, which has increasingly become a major area of concern.

Resource orchestration theory complements this by emphasizing the strategic management of resources to create value. In the context of nursing homes, this theory suggests that the ability of these institutions to effectively orchestrate their resources such as personnel, equipment, and procurement processes which could enhance cost efficiency and quality care. Aligning internal processes with the expectations of care commissioners is important for securing necessary funding and support. By demonstrating strong resource orchestration capabilities, nursing homes might be in a better position to strengthen their position in negotiations with care commissioners, showcasing their competence in managing resources beyond personnel costs.

There are studies that focus on the collaboration between payers and providers for the primary care (Doerr et al., 2017), and there are studies that address the challenges of rising costs and the accessibility of care (OECD, 2023; G20 & G7, 2023). However, these studies have traditionally focused on different settings or types of care, such as primary care (Burgon et al., 2019; Doerr et al., 2017), and in settings where the financial systems and structures are different. In other care systems, there is no consistency in providing healthcare in terms of access, equity and quality (Dhimal et al., 2023), whereas the Dutch elderly care system operates through a collective funding mechanism (NHCI, 2024), affecting how costs, quality and collaborations are managed. As a result, the existing research is inadequate for the nursing home industry as it focuses more on primary care or broader cost factors and does not address the collaboration between care commissioners and providers for the Dutch nursing home sector.

Therefore, this study focuses on the rising costs within the healthcare sector, particularly to explore the influence of care commissioners on purchasing activities within care providers beyond personnel. Initially, the research aimed to showcase optimized purchasing practices to care commissioners to demonstrate cost-conscious management and thereby secure more funding. However, preliminary findings from interviews indicated that other operating expenses are not influenced by the care commissioners. Consequently, the focus of the second stage shifted

to exploring other ways for nursing homes to improve their relationship with care commissioners by demonstrating effective internal processes and fostering good collaboration.

1.2 Objective of the study

Initially, this research aimed to explore how nursing homes could secure additional funding by demonstrating optimized purchasing practices. It was hypothesized that by showcasing a high efficiency in purchasing, nursing homes would be better positioned to justify requests for increased funding from care commissioners.

Stage 1 of the research focused on evaluating whether care commissioners consider the purchasing practices of nursing homes when making funding decisions. However, findings revealed that care commissioners do not consider the purchasing practices of nursing homes when collaborating. This indicated that demonstrating optimized purchasing alone was insufficient to secure additional funding.

To address this gap, the research was expanded to include a second stage focusing on understanding the expectations of care commissioners and identifying potential strategies for obtaining additional funding for nursing homes. This stage involved conducting interviews with representatives from both care commissioners and nursing homes in the Netherlands to gather in-depth insights into their perspectives and requirements.

The objective is to identify collaborative approaches that nursing homes can adopt to increase their budget and to pinpoint factors that contribute to more effective collaboration, ultimately aiming to ensure better accessibility of healthcare.

This objective leads to the following research question:

Research Question (RQ): *“How can nursing homes manage their resources more effectively to demonstrate the need for increased funding from care commissioners?”*

This overarching question aims to explore the strategies nursing homes can employ to enhance their purchasing strategies, achieving cost savings and demonstrating these efficiencies as a basis for securing additional financial support, thereby maintaining high-quality services.

To further address this central question, the study will investigate the following sub-questions

RQ1: *“To what extent do care commissioners consider the purchasing practices of nursing homes?”*

This question explores the role of purchasing practices in the evaluation and funding decisions made by care commissioners. Specifically, it investigates how care commissioners assess the purchasing activities of nursing homes, including the efficiency, effectiveness, and strategic management of their procurement processes. The aim is to determine whether and how the purchasing practices of nursing homes influence care commissioners' decisions regarding funding and support.

RQ2: *“What expectations do care commissioners have, and what strategies can nursing homes employ to meet these expectations in order to secure additional funding?”*

This question aims to identify the key factors and strategies that nursing homes can adopt to align with the expectations of care commissioners. By understanding these expectations, nursing homes can better position themselves to obtain additional funding and improve collaboration with care commissioners,

The sub-questions are crucial because they break down the main research question into specific, manageable parts. By examining purchasing practices (RQ1), the research aims to determine the extent to which care commissioners oversee and influence these activities. This will provide insights into whether and how purchasing practices are considered in funding decisions. Exploring care commissioners' expectations and strategies to meet these expectations (RQ2) will help identify actionable approaches for nursing homes to align with these expectations to secure additional funding. Together, these sub-questions offer a clear picture of how nursing homes can improve their purchasing practices and develop strategies to meet the broader expectations of care commissioners

1.3 Research process

The first chapter introduced the significant rise in healthcare costs and the specific challenges faced by the healthcare sector. It outlines the research objectives, questions, and the study's significance within the broader context of healthcare management and policy.

The second chapter provides a detailed contextual analysis of the Dutch healthcare insurance system, the economic and organizational theories underpinning the study, including agency theory, trust between organizations and resource orchestration theory. It discusses how nursing homes minimize costs, manage relationships, and strategically utilize resources and spending in Dutch nursing and home care.

The study is divided into two distinct stages. Stage 1 focuses on assessing the oversight of care commissioners on non-wage purchasing activities, while stage 2 explores alternative strategies nursing homes can use to secure additional funding.

In the third chapter, stage 1 of the study focuses on understanding the extent of care commissioner oversight in the purchasing decisions of nursing homes, which accounts for approximately 25% of total expenditures. Expert interviews with nursing home managers revealed that care commissioners did not actively oversee or influence purchasing practices directly, despite their substantial impact on operational costs. This lack of oversight was a significant finding, as it suggests that care commissioners do not place much emphasis on how this 25% of the budget is spent. This oversight implies that simply optimizing purchasing processes will not lead to the desired outcome of securing additional funding.

The findings from stage 1 demonstrate that nursing homes cannot rely on their purchasing efficiencies alone to make a compelling case for increased funding. Instead, care commissioners are more concerned with the overall financial health and strategic direction of nursing homes such as regional collaborations and addressing shortages.

Given these findings, stage 2 shifted its focus to understanding what care commissioners do expect and how nursing homes can better align with these expectations to secure additional funding. Stage 2 involved conducting a broader range of interviews with both nursing home representatives and care commissioners to uncover the strategies that would be more effective in

achieving financial support. The goal of this stage was to identify what care commissioners value and how nursing homes can adapt their strategies accordingly.

The interviews in stage 2 highlighted several key areas where nursing homes can improve. The findings suggested that care commissioners prioritize effective financial management, long term sustainability and transparent collaboration.

Chapter 5 discusses the findings from both stages, identifying common themes and actionable strategies. It emphasizes the importance of transparent communication, robust internal financial practices, and collaboration between nursing homes and care commissioners.

Finally, the research offers recommendations for nursing homes and care commissioners to optimize internal processes, enhance collaboration, and enhance operational and financial efficiency to justify funding requests. The study concludes with answers to the research questions.

Chapter 2 Theoretical Framework

This chapter starts with a contextual analysis, which is crucial given the unique nature of the Dutch healthcare system. Following, the chapter provides a detailed literature review, which is important for creating a strong theoretical foundation. The study uses an integrative literature review to understand the topic by combining different aspects and sources of literature (Torraco, 2016). The literature review starts principal-agent theory to show the relationships between care payers, providers, and nursing homes. It then describes the aspects of relationships between nursing homes and care commissioners and how the costs of nursing homes are divided and distributed. Furthermore, the resource orchestration theory is described.

2.1 Contracting relationship

In the Netherlands, the relationship between care commissioners and nursing homes is regulated by the long-term care act (WLZ). Care commissioners are responsible for purchasing care in specific regions, negotiating contracts with nursing homes to ensure the provision of long-term care (Zorgkantoor; Zorginstituut Nederland, 2024).

A major challenge in this system is the scarcity of personnel and the limited availability of places in nursing homes due to a rapidly growing elderly population. This leads to longer waitlists and threatens the accessibility of care. To address these issues, the integrated care agreement (IZA) provides a framework for promoting more efficient, accessible, and affordable care (IZA, 2024). It encourages collaboration between various parties, including care commissioners and nursing homes to find innovative solutions and initiatives that address these challenges.

However, there are often mixed interests involved. Care commissioners prioritize minimizing waitlists and ensuring that their clients receive the best possible care, while nursing homes must balance the need to deliver high-quality care with maintaining financial sustainability. This requires securing adequate funding to avoid operating at a loss, especially as they manage the increased demand for care. Effective cooperation between care commissioners and nursing homes is key to aligning these goals and ensuring that both patient care and financial viability are met.

2.1.1 Contextual analysis: the Dutch healthcare structure and the purchasing spent on Dutch elderly care

General introduction to Dutch system... (characteristics)

The Dutch healthcare system is different than other healthcare systems and is largely influenced by the comprehensive health insurance act (ZVW) which enforces principles of solidarity and accessibility. These principles significantly impact the operational and financial dynamics of nursing homes in the Netherlands, especially in the context of optimizing purchasing departments. The Dutch healthcare system does not offer financial incentives for patients to select healthcare providers, this creates an environment where nursing homes prioritize quality, speed, and customer satisfaction in their service delivery (NHCI, 2024).

Compulsory health insurance model (insurance law & healthcare law)

Nursing homes in the Netherlands operate within a regulated framework, with the compulsory health insurance model playing a central role. This model for nursing homes is composed out of different factors:

- 1. Not being subject to public procurement obligations:** A significant aspect for nursing homes institutions in the Netherlands is that they are not required to follow public procurement procedures when purchasing goods and services. This exemption enhances their flexibility and autonomy, allowing for greater operational efficiency by avoiding the lengthy processes associated with public tenders and procurements.
- 2. Navigating regulatory and financial constraints:** The financial model, characterized by contributions from various sources including the health insurance fund (Zvf), places nursing homes in a complex financing system. Effective purchasing strategies must therefore not only seek cost efficiency but also ensure compliance with minimum standards (Zorginstituut Nederland, 2021) . Figure 1 show the financing system for healthcare in the Netherlands (Ministry of Health, Welfare and sports, 2022).
- 3. The role of technology and innovation in purchasing.** With the increasing amount of healthcare technologies, nursing homes must also consider innovation in their purchasing decisions. Adopting new technologies can lead to improved care and cost efficiencies. However, the integration of new technologies may be expensive (Peeters et al., 2013)(Rijksoverheid, 2022)

2.1.2 The financial model for clients

For medical treatments, the structure is based on tariffs set by the government, which may be determined on an hourly or per-daypart basis. These tariffs are not uniform, they vary significantly depending on the level of care required by the patient or client (NZA, 2023). A client is set in a care intensity package (ZZP, zorgzwaartepakket in Dutch). There are ten different care intensity packages, ranging from ZZP-1 to ZZP-10. These packages vary extensively, from lighter packages designed for individuals who need minimal assistance with daily care, to more intensive packages for individuals, for example, with severe forms of dementia who require help with all activities. ZZPs 1 through 3 are covered under the Social Support Act (WMO) and do not allow for residential care in a nursing home or care center. However, clients currently under ZZP 3 are an exception. ZZPs 4 through 10 falls under the long-term care act (WLZ), which does permit residential care. However, there is an increase in long term-care act at home, where clients receive full care, but the difference is that the client remains at their own home. There are two variants, one is the MPT, modular package home and the VPT,

fully package home. The difference between the two packages is that the MPT is contracted at an hourly rate and the VPT is contracted as a total sum per day.

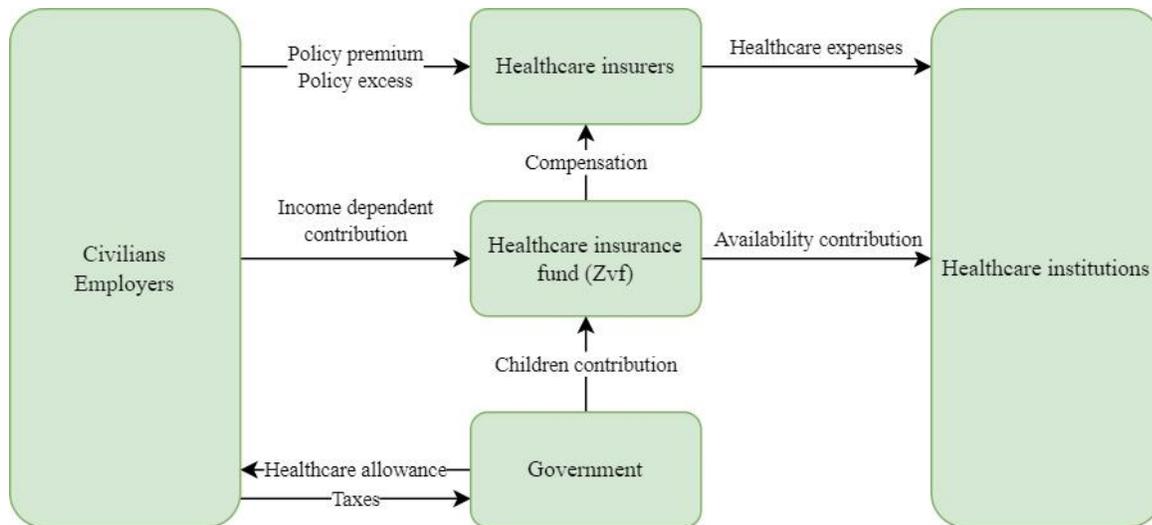


Figure 1: Financing streams (Zvw) translated from Dutch national healthcare website

2.2 Agency theory within nursing homes, suppliers and care commissioners

Agency theory offers a framework to examine the complex relationship between principals (who delegate authority) and agents (who act on behalf of principals) (Jensen et al., 1976). Agency theory addresses the challenges that arise due to the differing objectives and risk preferences of principals and agents alongside the issue of information asymmetry (Jensen et al., 1976; Williamson, 1981). It investigates how these differences, and the unequal distribution of information can lead to potential conflicts, emphasizing the need for mechanisms to align the interest of agents with those of the principals. Principals seek to ensure that their interests are effectively represented and pursued by agents, who possess more information about their actions and intentions. Additionally, in certain scenarios, it benefits the agent to invest resources (known as bonding costs) to assure they will avoid actions that could harm the principal, or to guarantee compensation to the principal if such harmful actions are taken (Jensen et al., 1976).

In organizations, the agency theory problem assumes to cause goal conflicts due to information asymmetry between principal and agent (Eisenhardt, 1989).

This imbalance can lead to agency costs, including monitoring expenses for the principal and bonding costs for the agent, alongside the residual loss due to divergences in decision-making

(Jensen et al., 1976). The theory proposes mechanisms such as contracts, incentives, and information systems to align the interests of both parties and mitigate the inherent conflicts.

Agency costs can be defined as, monitoring expenditures, this encompasses the costs incurred by the principal (such as an organization's owners, shareholders, or managers) to oversee and ensure that the agent's (such as managers and employees) actions are aligned with the goals and interests of the principal. The self-interested behaviors of agents can result in agency costs, which include monitoring expenses incurred by principals to oversee agents' activities and ensure alignment with organizational goals (Foss et al., 2007). This might include costs related to auditing, implementing checks and balances, and other oversight mechanisms.

Secondly, bonding expenditures by the agent, these are costs undertaken by the agent to assure the principal of their commitment to act in the principal's best interest. This could involve engaging in activities to increase transparency or agreeing to certain penalties for non-compliance. Bonding costs are almost impossible to measure (Depken et al., 2006).

The last category, residual loss refers to the loss that persists despite the efforts to monitor and establish agreements. Even with these measures in place, there is often a misalignment between the agent's actions and the principal's ideal outcomes. This misalignment leads to what is termed as residual loss, signifying the loss of value stemming from the goals not being completely in sync.

2.2.1 Identifying principal-agent relationships

In the context of nursing homes, their purchasing departments and care funders. Agency theory can provide a lens to understand the different relationships nursing homes are involved in. Agency theory can be used to determine relationships between employer-employee, buyer-supplier and other relationships (Harris & Raviv, 1978).

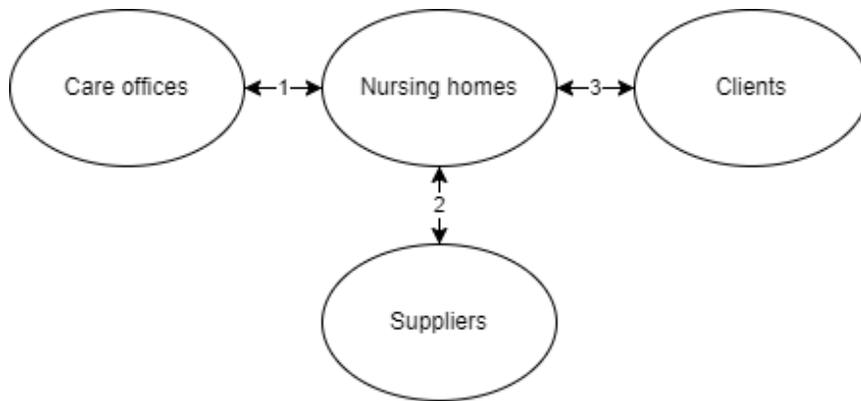


Figure 2: Principal agent relationships among healthcare payer, nursing homes, suppliers, and clients.

The first (1) principal-agent relationship that is identified is the one between care commissioners (the care payers) and nursing homes. Here, care commissioners act as the principal, orchestrating the financing for patient care within nursing homes. Their role necessitates entrusting nursing homes with the capital required to offer essential healthcare services. Nursing homes, on the other side of the equation, assume the position of the agent, charged with the execution of care services financed by the payers (Jensen et al., 1976). This positions nursing homes to manage and utilize the provided funds with the expectation of delivering quality care. However, the motivation for nursing homes to optimize operational efficiency can lead to a difference in priorities, potentially leading to a misalignment with the care commissioner's objective of achieving cost-effective, high-quality and affordable care (Jensen et al., 1976). When we look at the mechanisms to align the interests of both parties and mitigate the inherent conflicts, several strategies could be implemented. Establishing clear, detailed contracts that outline the expectations, responsibilities, and penalties for non-compliance can help align the interests of care commissioners and nursing homes. These contracts can specify quality benchmarks, operational standards, and financial accountability measures. Additionally, providing incentives for nursing homes to prioritize quality care, such as performance-based bonuses or funding adjustments based on care quality metrics, could help ensure that nursing homes remain focused on delivering high-quality care.

The second (2) principal-agent relationship that is recognized, is the relationship between the purchasing department of a nursing homes and the suppliers' delivering goods and services. Nursing homes serve as the principal in this dynamic, engaging in the procurement of goods and services necessary for their operation. Their role involves delegating authority to suppliers to

fulfill these needs (Jensen et al., 1976). Suppliers, acting as agents, aim to sell their products while maximizing profits. This, however, may not always align with the nursing homes' objectives, highlighting a potential conflict of interest (Jensen et al., 1976). Possible ways to mitigate these risks, is to establish clear procurement policies and contracts that define quality standards, delivery schedules and penalties for non-compliance. Additionally, nursing homes can implement performance-based incentives for suppliers, stimulating them to meet quality and service benchmarks.

The third (3) principal-agent relation, while less central to this research, involves the relationship between nursing homes and their clients. In this relationship, the clients serve as the principal, placing their trust in nursing homes to provide care and services that meet their health needs. The nursing homes, in this relationship the agent, are tasked with the delivery of these services. The nursing homes have the duty to provide care for its clients. However, the financial pressures may hinder the delivery of care and services to its clients. This may create tensions with optimal care delivery and the need to manage costs.

2.2.2 Trust and relationships

Trust is a factor that may influence the relationship between care commissioners and nursing homes. There are two primary forms of trust that play a role in organizational contexts: interpersonal and interorganisational trust. Understanding the distinction between these types of trust is crucial for comprehending their impact on the dynamics between care commissioners and nursing homes.

Interpersonal trust refers to the trust that exists between individuals. This type of trust is built direct through interactions and personal relationships. Zand (1972) indicates that trust reduces the need for extensive monitoring and control, which could enhance efficiency and flexibility. Zand (1972) provides a comprehensive analysis of trust, highlighting its characteristics and implications within organisational settings. According to Zand, trust involves a confident expectation that one party will act in the interest of another, even in the absence of direct oversight. This expectation reduces the need for extensive monitoring and control, thereby enhancing both efficiency and flexibility within organisations.

In Zand (1972) trust model, the relationship between two parties (for example party A and party B) is built on a cycle of trust and openness. The idea is that when Party A provides more

transparency and shares more information, Party B becomes more comfortable and is willing to expose more of their own information. This exchange creates a reinforcing cycle of trust: party A shares information openly and honestly (transparency). For example, a nursing home (party A) could provide detailed financial forecasts or share plans about resource allocation with the care commissioner (party B). Party B interprets this openness as a sign of trustworthiness and begins to feel more comfortable. The care commissioner, seeing that the nursing home is being transparent, trusts that they are acting in good faith. In response, party B also begins to share more information or resources. For instance, the care commissioner may reveal more about their long-term funding plans or provide additional financial support. As both parties continue to share more openly, the level of trust deepens. This mutual exchange reinforces the relationship, creating a positive feedback loop where both parties become more collaborative and committed to each other's success.

Zand (1972) identifies several characteristics of trust, the first is reliability is that the other party will consistently meet their commitments and obligations. The second is openness, this is the willingness to share information freely and transparently, without fear of exploitation. The third is competence, this is that the other party possesses the necessary skills and knowledge to perform their role effectively. This is supported by Sonnenberg (1994), who indicated that trust increases when people are perceived as competent.

Interorganisational trust on the other hand, refers to the trust that exists between different organisations. This type of trust extends beyond personal relationships and is often based on the organisations' reputations, past interactions and perceived competence (Zaheer et al., 1998). Interorganisational trust is crucial for reducing transaction costs, improving information exchange, and fostering cooperative behaviour between organizations (Zaheer et al., 1998).

When applying these theories of interpersonal and interorganisational trust to the relationship between care commissioner and nursing homes, several key points emerge:

Trust between care commissioners and nursing homes could lead to (1) better collaboration because both parties are more likely to share information, increasing transparency and strengthening trust. Trust also improves (2) communication by promoting open and honest dialogue, helping to achieve common goals. Additionally, trust could enhance (3) operational efficiency by allowing care commissioners and nursing homes to streamline their operations, reducing perceived risks and uncertainties, and leading to fewer delays in the funding process.

2.3 Resource orchestration: nursing home expenditure and healthcare budgets

Nursing homes must decide how they manage their resources among different departments and services, such as medical supplies, resident care services (dietary services and leisure activities) and training and development. Resource management is ‘the comprehensive process of structuring the firm’s resources portfolio, bundling resources to build capabilities, and leveraging those capabilities with the purpose of creating and maintaining value for customer and owners (Sirmon et al., 2007).

For nursing homes, structuring resources refers to the strategic alignment and allocation of resources to ensure they are optimally organized to meet immediate and long-term demand (Sirmon et al., 2007). The resource allocation process is connected to two budget types that can be identified: capital and operational budgets (Pharmbills, 2024; NetSuite, 2024). Capital budgets are concerned with long-term financial planning. This budget is concerned with new buildings and infrastructures, maintenance and repairs, medical devices, beds and office space and information technology infrastructure.

Operational budgets are essential for managing daily activities of healthcare organizations. It covers costs like staff salaries, medical supplies, utilities, and the revenue coming from patient services and insurance payments. This budget ensures resources are available for patient care. To better understand the incoming cash flows for nursing homes it is important to know that nursing homes can operate in different sectors, including elderly care, maternity support, disability assistance, in-home care, and daytime activities.

Bundling the resources within nursing homes involves integrating diverse resources to form capabilities (Sirmon et al., 2007). Resource bundling in nursing homes involves the integration of various resources—such as staff skills, technological tools, and physical infrastructure—to form unique capabilities that enable the nursing home to perform specific actions effectively. These actions could range from providing high-quality medical care to offering supportive daily living assistance. The goal for nursing homes with bundling resources is to create value for its clients, characterized by solving problems, for example disability care, health issues, mobility challenges and satisfy needs, for example social interaction, emotional support.

Leveraging the resources within nursing homes can be defined as utilizing the structured and bundled resources to achieve strategic objectives and maximize value creation for all stakeholders. Strategic partnerships are collaborating with other organizations such as other

nursing homes and suppliers and is considered a way to enhance service offerings and reduce costs (Kogut, 1991; Sirmon et al., 2007). Partnering with suppliers or other nursing homes to purchase in bulk or collaborating for delivering care can lead to costs savings and better access to care. Economies of scale can be achieved in procurement of different goods, making operations more cost-effective (Kogut, 1991).

Diving into the care expenditure of nursing homes in the Netherlands, Intrakoop, (2022), a Dutch purchasing cooperation which connects suppliers and nursing homes, gathered information about spending for about 400 nursing home organizations.

In the nursing home and home care sector operational (spend) budgets are allocated as follows: 73% of the total operating expenses are dedicated to staffing costs, 4% are attributed to depreciation, and the remaining 23% are allocated to 'other operating expenses'. The focus on this research is on the other operating expenses. The distribution of costs is illustrated in Figure 3.

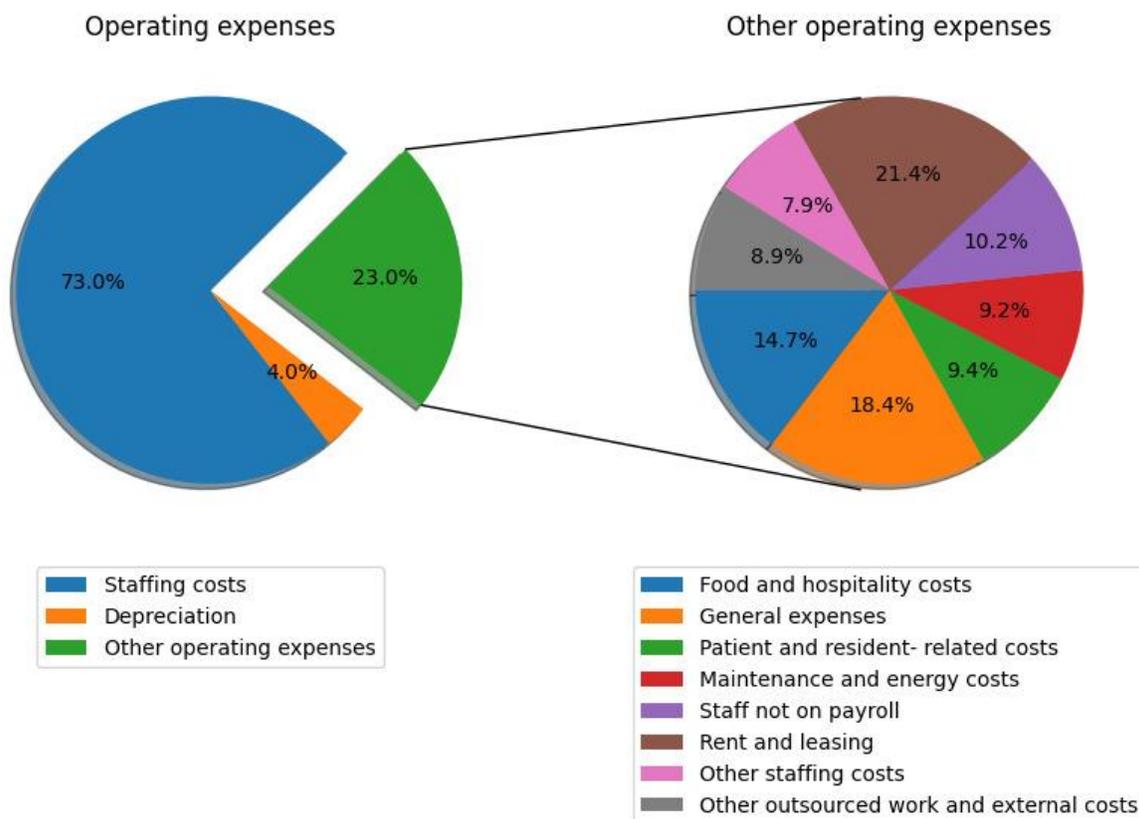


Figure 3: Operating expenses and distribution in 2022 for Nursing home sector (Intrakoop, 2022)

Staffing expenses in the nursing home and home care sector are generally predictable and stable, because of the framework provided by the collective employment agreement (CAO). This

agreement ensures that wages are set according to predefined standards, making staffing costs more transparent and justifiable to care commissioner. However, the 'other operating expenses' presents a notable contrast. These expenses, which encompass a range of costs from utilities and maintenance, are not only climbing at a quicker pace but also fluctuate more unpredictably than staffing costs. This dynamic is shown in Figure 4Figure 3, which clearly shows a notable increase in operating expenses between 2017 and 2022, thereby underscoring the critical need to confront and mitigate the escalating financial strain associated with these variable costs.

The variability and rapid increase in other operating expenses can be partly explained by the funding inflation lag effect (Olivera et al. 1967). This concept highlights the delay between when additional funding is secured and when it is deployed to face the inflation rates. As inflation continues to increase, the value of the received funds may diminish before they can be fully utilized, leading to a situation where despite increased funding, the real purchasing power decreases. This lag in extra funding creates financial strains, as the costs of operational expenses rise faster than the ability to compensate with available funding. Addressing this challenge requires not only timely funding but also strategic planning to ensure that these funds are allocated efficiently as soon as they are available. This strategy will help to stabilize 'other operating expenses' and prevent them from outpacing budget adjustments and inflation trends.

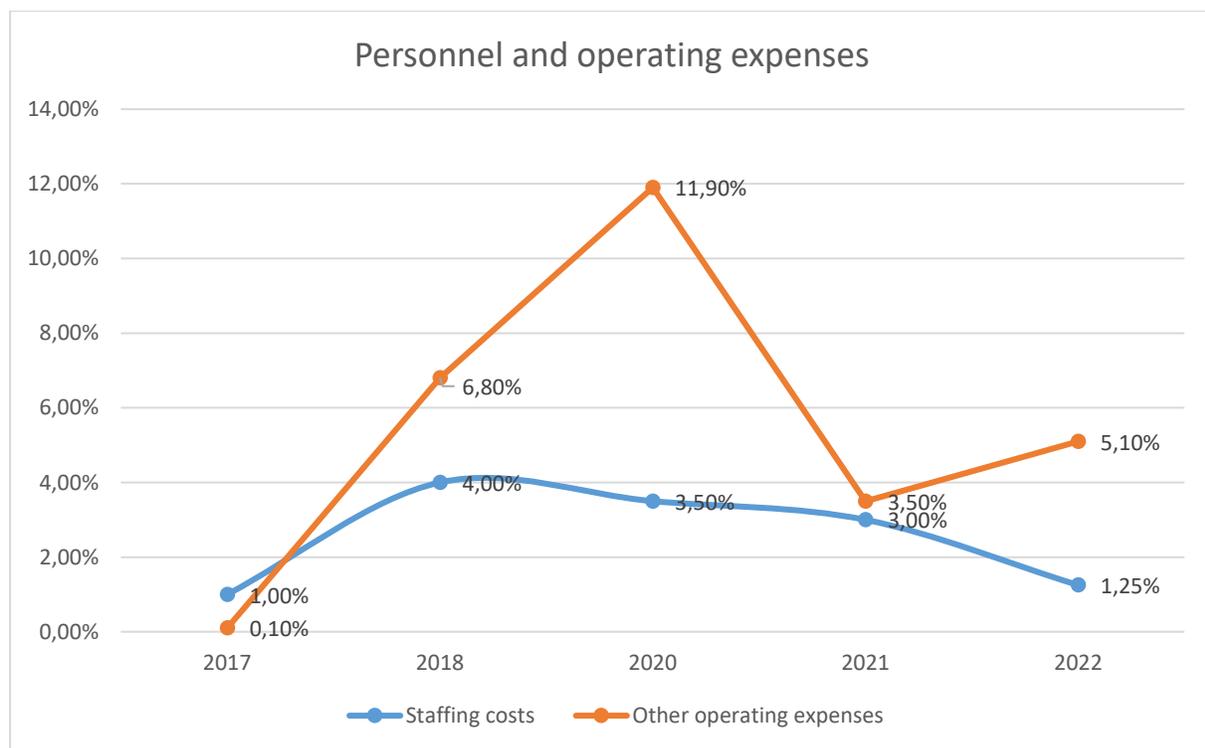


Figure 4: Operating expenses and wage price increases

2.3.1 Transaction cost economics

In the context of business transactions, particularly in the healthcare sector, transaction cost economics focuses on the processes related to identifying and negotiating with suppliers, purchasing care services, and monitoring their performance (Brouthers, 2013). There is a risk that a supplier may engage in free-riding or opportunistic behavior which necessitates monitoring of their performance.

Coase (1937) introduced TCE to explain why firms may prefer internalizing transactions when market costs exceed internal coordination costs. Williamson (1986) elaborated that firms grow their internal operations until the cost of performing a task internally equals the cost of outsourcing it. Two main factors that increase transaction costs are human factors like opportunism and bounded rationality, and environmental factors like asset specificity and uncertainty (Williamson, 1975, 2008).

For nursing homes, this means that they may choose vertical integration, handling tasks in-house (for example catering or laundry) to avoid risks tied to external suppliers' opportunistic behavior. Additionally, bounded rationality limits decision-makers' ability to fully access their options, increasing transaction costs (Gigerenzer & Goldstein, 1996).

2.3.2 Minimize transaction costs

To minimize transaction costs, nursing homes can employ several strategies. One of the most effective approaches is using non contractual, self-enforcing mechanisms like goodwill and trust (Dyer, 1997; Nelson, 2011). These mechanisms are beneficial over long periods, unlike contracts which are time limited.

Promoting extensive information sharing between parties also reduces information asymmetry and fosters trust and transparency, which are crucial for effective collaboration. trust-based relationships reduce the need for frequent contract renegotiation and monitoring, lowering overall transaction costs (Dyer, 1997; Nelson, 2011b).

Additionally, repeated transaction with a small group of trusted suppliers can lead to economies of scale and scope, further reducing costs and increasing efficiency in supplier-buyer relationships (Dyer, 1997).

Chapter 3 Stage 1 interviews

To address the identified gaps, this research is divided into two stages. The first stage involves semi-structured interviews with nursing home managers to examine whether and to what extent care commissioners have oversight with procurement decisions and operational processes. The second stage expands the participant base to include representatives from care commissioners and nursing home managers to validate and deepen the insights from the first stage.

This chapter's structure is as follows: it begins with a reminder of the research problem and aims, followed by an explanation of the chapter's purpose. The subsequent sections detail the research design, sample and data collection methods, and data analysis methods. The chapter concludes with an outline of the results section.

3.1.1 Research design

This study began with an integrative literature review on transaction cost economics, agency theory, and resource orchestration to help the researched conceptualize the dynamics within nursing homes. This review helped the researcher understand several key aspects: the decisions nursing homes face regarding make-or-buy decisions (transaction cost economics), the relationship between nursing homes and care commissioners (agency theory), and the theory that trust may contribute to a better relationship, and the allocation and management of resources within nursing homes (resource orchestration).

However, the study revealed a significant gap in understanding the funding mechanisms between nursing homes and care commissioners, including the possibilities and limitations inherent in these mechanisms. The literature review did not satisfy in achieving detailed insights into the constraints of financing, such as whether these limitations vary between individual nursing homes, different care commissioners, or on a broader, country-wide scale.

To address the missing variables and gain a more comprehensive understanding, the study was divided into two stages. In stage 1, interviews were conducted to bridge the identified gaps and gain deeper insights into the oversight or concerns of care commissioners regarding the suppliers of nursing homes.

In Figure 5 the various relationships are visible; these relationships have been discussed in section 2.2.1 Identifying principal-agent relationships, and two new elements have been added for

both investigation stages. In stage 1, the focus is on the line indicated by the red arrow, which indicates whether the care commissioner influences the relationship and the choice of suppliers by the nursing homes, particularly whether care commissioners consider how efficiently this is done.

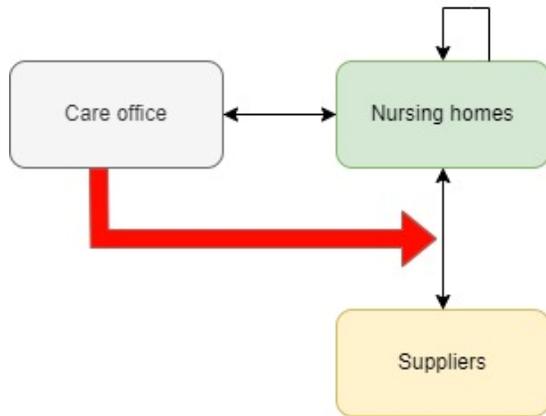


Figure 5: Influence of care commissioner in purchasing management

The study will also explore the conditions under which nursing homes can receive additional funding, such as whether care commissioners discuss where nursing homes purchase their supplies and what kinds of supplies are bought. Additionally, the study seeks to detail the budgeting process. While the Dutch Healthcare Authority (NZa) allocates annual budgets based on care intensity, it is unclear how these funds are distributed by care commissioners. The study aims to determine if nursing homes can receive more funding than the predetermined rates and under what conditions this might occur.

To answer these questions, interviews are conducted with managers in a nursing home. These are semi-structured interviews, with questions based on the variables identified during the theoretical framework. The interviews aim to gather detailed insights into the internal processes of nursing homes, focusing on aspects such as procurement, budgeting, and financial management, and how these aspects are viewed by care commissioners. Expert interviews are used because: (1) expert interviews quickly gather in-depth data from key figures, providing unique insights into complex topics (Bogner et al., 2009), (2) utilizing experts as entry points simplifies the access to specialized fields and broadens the research networks through recommendations of additional

experts and (Bogner et al., 2009) (3), using expert interviews facilitates acquisition of high-quality information driven by the expert professional motivation and their interest in contributing to the research topic (Bogner et al., 2009).

Semi-structured interviews, as a common qualitative research techniques (Kallio et al., 2016), investigates what nursing homes are doing to optimize their operations and their strategies to seek extra funding. It's important for the research to have sufficient knowledge of the field to act as a quasi-expert (Bogner et al., 2009), this to also engage in the conversation and ask follow up questions (Kallio et al., 2016). The semi-structured interview questions were developed following the general guidelines of (Kallio et al., 2016). While the steps outlined in their guide were used as a framework, the process was not followed rigidly. Instead, it provided guidance in developing the interview guide, which was refined through pilot testing and adjusted based on preliminary findings.

Stage 2 of the investigation was built on the findings from stage 1. This stage involved a broader range of participants, including representatives from care commissioners, to further explore the themes and insights identified in the initial interviews. Stage 2 aims to validate the findings from stage 1 and provide a more comprehensive view of the funding mechanisms, possible oversight in the procurement processes, oversight in the operational process and interactions between nursing homes and care commissioners. By involving a wider array of stakeholders, stage 2 will help ensure that the study's conclusions are robust and applicable across different contexts and setting.

3.1.2 Sample

The stage 1 interviews were conducted with five professionals within a nursing home including experts in finance, real estate, purchasing, control advisor, and a local manager. These participants were selected for their crucial roles and extensive knowledge of the processes within nursing homes. The objective of these interviews was to understand how these internal processes connected with the expectations and requirements of care commissioners. The insights gained informed the subsequent interviews with other nursing homes and care commissioners, ensuring that the questions were relevant and comprehensive.

The interviewees were colleagues of the researcher, and all interviews were conducted face-to-face to facilitate a more in-depth and personal discussion. Elaborated details including responsibilities are shown in Table 1.

The question set for the stage 1 interviews was developed to align with the components derived from the literature framework. The variables discussed included trust, cost mitigation, transaction costs, aligned incentives among the chain, and spend analysis. Each profession's questions were slightly adjusted to ensure relevance to their specific role and how their activities and decisions were influenced by or aligned with the care commissioners' requirements and expectations. This tailored approach ensured that the responses were meaningful and directly applicable to the study's objectives. The question set can be found in Table 2.

Role	Responsibilities	Key areas of focus
Finance manager	Overseeing financial operations and budgeting	Budgeting, cost control
Real estate manager	Managing physical assets and property	Real estate management
Purchasing officer	Procuring supplies and services	Procurement processes, spend analysis
Control advisor	Monitoring and compliance with care commissioners	Compliance, cost mitigation
Local manager	Overseeing daily operations and staff management	Operational efficiency, resource allocation

Table 1: Summary of interviewees

Objective	Question
General information.	1. What is your role?
Trust	2. Is there a (in)direct relationship with your role and the care commissioner?
	3. If there is a relationship, how do you see trust playing into your relationship with healthcare funders? Do you feel trust is present? Why or why not? What factors contribute the most to build and maintain this relationship?
Cost mitigation	4. In which way does your organization strive to minimize costs? 5. Can you describe an instance where cost-saving measures led to financial improvements?

	<p>6. How can your organization present these cost-saving strategies to care commissioner to demonstrate potential savings and advocate for increased funding?</p> <p>7. How can the success of these cost-saving measures be used to enhance discussions with care commissioner and secure additional funding?</p>
Transaction costs	<p>8. What are the main costs you face day-to-day, and how do you keep them under control? How could these strategies help you secure better deals with care commissioner?</p>
Aligned incentives among the chain	<p>9. Are there currently aligned incentives between nursing homes and care commissioner to achieve specific goals? If not, what types of incentives could be implemented, and how might they contribute to more efficient funding?</p>
Spend analysis	<p>10. What are the main challenges you face when seeking increased funding from care commissioner? How do you typically present your case for needing more resources?</p>
Other remarks	<p>11. Can you provide recommendations for how the process of receiving additional funding could be made more transparent? Additionally, what suggestions do you have for streamlining operations to ensure smoother interactions with care commissioner?</p>

Table 2: Stage 1 interview questions

3.1.3 Data analysis

To analyze the data from the stage 1 interviews, this study employs Gioia coding (Gioia et al., 2013), a qualitative research methodology particularly suited for developing new theoretical insights while remaining grounded in empirical data. The Gioia method is chosen because it allows for an inductive approach to theory development, which is critical for exploring complex and nuanced issues within nursing homes and their interactions with care commissioners. Additionally, deductive coding was employed because there was a set of variables derived from the literature (Clarke & Braun, 2006). This combination of inductive and deductive approaches ensures a comprehensive analysis, allowing us to generate new theories while also testing them against established variables. The Gioia method provides a structured approach to data analysis that begins with raw data and moves towards higher-level theoretical constructs. This aligns with the study's goal of building a comprehensive understanding of the funding mechanisms and decision-making processes in nursing homes while remaining open to emerging themes that may not be captured by existing theories. By allowing for the emergence of new concepts and relationships directly from the data, the Gioia method ensures that the findings are not constrained by pre-existing theoretical frameworks. This flexibility is essential for capturing the real-world complexities and dynamics of nursing home operations and their interactions with care commissioners (Gioia et al., 2013).

The Gioia method emphasizes capturing the voices and perspectives of the participants through a detailed and iterative coding process that identifies first-order concepts (directly reflecting the participants' language) and second-order themes (more abstract, theoretical constructs). Understanding the nuanced perspectives of nursing home managers on trust, cost mitigation, transaction costs, shared incentives, and resource orchestration. The Gioia method ensures that these perspectives are systematically analyzed and integrated into the broader theoretical framework.

This study employed a coding process by reading the transcripts multiple times to enhance the credibility and validity of the findings. The process begins with the identification of first-order concepts from the interview transcripts, followed by grouping these concepts into second-order themes based on similarities and differences. This methodical approach helps uncover underlying patterns and relationships within the data, providing a robust foundation for theory development. For example, in analyzing how nursing homes manage their finances and interact with care commissioners, the Gioia method can reveal strategies and challenges that may not be immediately apparent.

The study aimed to explore both well-established theoretical constructs and new, emergent themes related to nursing home funding and resource allocation. The Gioia method is particularly suited for this dual focus, as it allows for both the confirmation of existing theories and the discovery of new insights. By using the Gioia method, the study can effectively bridge the gap between theory and practice.

3.2 Results stage 1 interviews

3.2.1 Introduction to results

This study investigates the funding mechanisms, procurement processes, and resource allocation within nursing homes, focusing on their interaction with care commissioners. Despite an initial literature review, significant gaps remained, particularly regarding the detailed working of these funding mechanisms.

Stage 1 of the interview aims to fill these gaps through preliminary interviews. The main objective of the stage 1 interview is:

1. Do care commissioners intervene in the procurement decisions of nursing homes, and how does this influence their decision-making and funding processes?

2. Under what conditions can nursing homes receive additional funding?

The results section will examine the relationships between nursing home employees and care commissioners, cost management strategies in nursing homes, shared goals and potential incentives, and suggestions for improving transparency and efficiency in the funding process.

3.2.2 Results stage 1 interviews

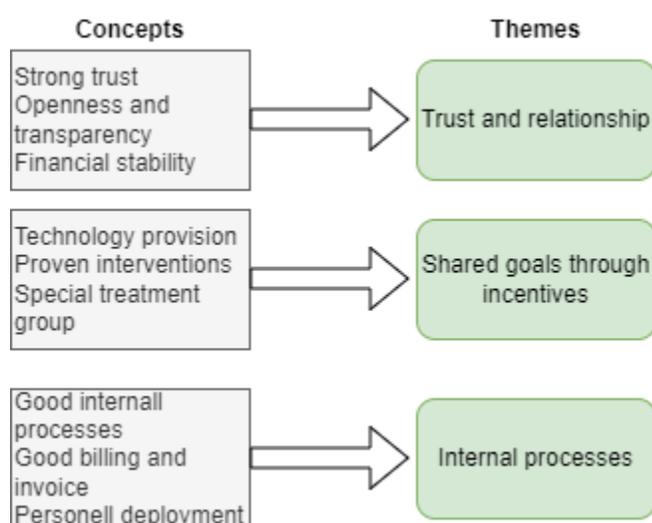


Figure 6: Coding scheme stage 1

Trust and relationships

The interviews revealed varying perspectives on the relationship between nursing homes and care commissioners. The control advisor, who serves as the primary contact for the nursing home with the care commissioner, emphasized the importance of a strong trust relationship. This trust is built on accurately sharing budget forecasts and maintaining openness and transparency. According to the real estate manager, this trust is further reinforced by the organization's financial stability, particularly through effective real estate management. The real estate manager explained that financial management is divided into two components: one for care services and another for housing clients.

Conversely, managers who do not directly handle budgets or interact with care commissioners, such as the purchasing agent, real estate manager, and finance manager, viewed trust as less critical. The real estate manager noted that there is a clear budget component for real estate, which specifies the funding allocated for housing clients. Additionally, the purchasing agent and

finance manager both observed that care commissioners do not have significant oversight over their purchasing practices and that they are not required to report directly to care commissioners. A key finding was that the financial stability of a care organization leads to increased reliability and trust with the care commissioner. Effective real estate management, including proper maintenance and timely upkeep, contributes significantly to this stability. By efficiently managing the real estate component, a nursing home can generate revenue, creating a financial buffer that ensures stability even during challenging times.

Shared goal through incentives

The interviews also investigated the potential for shared goals between nursing homes and care commissioners using incentives. The finance manager and the control advisor indicated that there are incentives available, such as an additional percentage on a healthcare package for treating special conditions like Korsakov syndrome. Another example of an incentive involves the mutual benefits of using technology. For instance, if a care commissioner funds a medicine dispenser for a home care setting, the technology helps reduce the need for additional home care staff to manage medication administration. This setup benefits both parties: the care commissioner covers the cost of the technology, while the home care provider experiences reduced staffing needs.

Internal processes

Well-functioning internal processes appears a significant theme, with various strategies highlighted by the interviewees. This was supported by the real estate manager and the local manager, who both stressed that good financial management is crucial for nursing homes. The local manager mentioned that staffing deployment is very important for cost control, including a good mix of experienced and less experienced workers, while the purchasing of goods is less relevant. Despite this, the professionals still believe it is important to procure sustainable, long-lasting goods to ensure cost-efficiency over time. The professionals tend to focus more on how they can manage and save costs internally rather than seeking additional funds. For instance, a local manager highlighted the importance of managing personnel deployment to control costs effectively. Another important aspect that emerged is risk management. This includes monitoring

and properly utilizing the most expensive care package, ZZP-10, as well as accurately reporting its use to prevent future repayment issues.

3.2.3 Summary of stage 1 interviews

The stage 1 interviews aimed to fill gaps in understanding the detailed workings of funding mechanisms, procurement processes, and resource allocation within nursing homes, especially their interactions with care commissioners.

The control advisor highlighted a strong trust relationship with care commissioners based on accurate budget forecasting and transparency, supported by the organization's financial stability and effective real estate management. In contrast, the purchasing agent, real estate manager, and finance manager viewed trust as less critical, with no direct oversight from care commissioners in their professions.

Cost management was a significant theme, with an emphasis on effective internal processes and good financial management. Staffing deployment was seen as crucial for cost control, while sustainable, long-lasting goods were valued for long-term efficiency.

The potential for shared goals through incentives was also explored. Incentives mentioned included extra percentages on healthcare packages for special diseases and the mutual benefits of using technology provided by care commissioners, which reduce staffing needs.

These findings highlight the importance of trust, cost management, and shared incentives in the relationship between nursing homes and care commissioners. They set the stage for the next part of the study, which will involve more participants to validate and expand upon these insights.

Chapter 4 Stage 2 interviews

For the second stage of this study, interviews will focus on identifying strategies for increasing funding and improving resource management within nursing homes. Stage 2 will explore how nursing homes can effectively secure additional financial support from care commissioners, given the finding from stage 1 that there is no significant oversight. This stage aims to develop practical approaches for engaging with care commissioners to enhance funding opportunities.

4.1.1 Progression to stage 2

The transition to stage 2 is essential for several reasons. First, the insights gained from stage 1 provided a preliminary understanding of the key themes such as trust, cost management, and shared incentives between nursing homes and care commissioners. However, these findings need to be validated through a larger and more diverse sample to ensure their robustness and applicability across different contexts.

For a comprehensive understanding, while stage 1 focused on the perspective of only nursing home managers, stage 2 aims to develop viewpoints from both care commissioner representatives and nursing home representatives. This inclusion is crucial to capture the full spectrum of interactions and dependencies between these two entities. Understanding both sides will help in identifying systematic issues and opportunities for improvement.

Stage 1 interviews revealed that the care commissioner associated with the initial nursing home did not involve suppliers in their decision-making processes. To gain a more comprehensive understanding, stage 2 will also explore whether other care commissioners engage differently with nursing homes' supplier. Additionally, stage 2 will focus on other operational issues that care commissioners may find important and have influence in, such as efficient management of internal processes and real estate management, as these aspects were noted in the initial interviews as critical. Just as we provided a figure in stage 1 to illustrate the focus of that stage, Figure 7 visually demonstrates the extent of care commissioner influence on operational aspects of nursing homes.

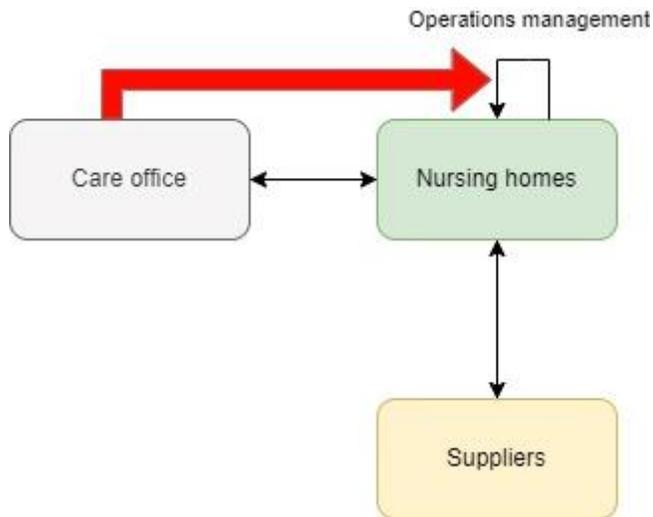


Figure 7: Possible influence of care commissioners on operations management

Furthermore, stage 2 will investigate all initiatives where care commissioners may influence specific goals by providing additional budget allowances and how these are managed by the nursing homes. This step is vital to ensure that the findings are representative and to uncover any additional themes or concerns that may not have been evident in the initial sample. By incorporating the perspectives of multiple nursing homes, stage 2 will provide a more holistic understanding of the dynamics at play and the varied experiences across different settings.

4.1.2 Semi structured expert interviews

In this phase of the study, the same technique of semi-structured expert interviews was employed to ensure continuity and depth in data collection. The use of semi-structured interviews in stage 2 is driven by the success of this technique in stage 1. The semi-structured interviews were conducted with a new set of participants, including care commissioner representatives and additional nursing home managers. The interview guide was refined based on the insights from stage 1 to include more targeted questions about the influence of care commissioners on suppliers and the specific influence of care commissioners on financial decisions and internal processes. Additionally, questions were included to explore other operational issues identified as important, such as internal process management and real estate management. Importantly, the interviews will also seek to determine whether there are provisions for facilitating extra budget allocations and under what conditions these might be offered.

By employing semi-structured interviews in stage 2, the study aims to validate the preliminary findings from stage 1 and explore possibilities for securing more funding. This method helped to ensure that the study's conclusions are robust, nuanced, and applicable across different contexts.

4.1.3 Sample

The sample for stage 2 consists of representatives from 8 nursing homes including the stage 1 interview and 5 care commissioners. All participants were fulfilling the role of the primary contact person for their respective care commissioner or nursing home.

There is a grouping in the sample size because care commissioners in the Netherlands are divided into regions. Most of the interviews with the nursing homes are connected to care commissioner A, this is illustrated in the table. There are also care commissioners and nursing homes that are not connected, these are care commissioner B until E and nursing homes 8 and 9.

Interviewee	Interview duration
Care commissioner A	32:25
- <i>Nursing home 1 (stage 1 interview)</i>	45:40
- <i>Nursing home 2</i>	49:40
- <i>Nursing home 3</i>	40:44
- <i>Nursing home 4</i>	28:08
- <i>Nursing home 5</i>	32:22
- <i>Nursing home 6</i>	37:10
Care commissioner B	52:57
Care commissioner C	46:56
Care commissioner D	33:15
Care commissioner E	39:35
Nursing home 7	29:00
Nursing home 8	23:09

Table 3: Interviewees including duration

4.1.4 Interview questions

In stage 1 of the interviews focused on understanding the dynamics between nursing homes and care commissioners. Key variables were identified: trust and relationships, cost management and shared goals through incentives. These initial interviews have provided valuable insights,

allowing to delve deeper into the specific areas that influence these relationships and operational efficiencies.

Key outcomes from stage 1 interviews:

1. **Trust and relationship:** Trust was considered as present and crucial between the primary contact at the nursing home and the care commissioner but was less evident among the other staff. The overall financial and operational performance also contributed to this trust.
2. **Internal processes:** Cost management is vital, with an emphasis on effective internal processes and financial management. Strategies include well-functioning staff management and a good invoice and billing system.
3. **Shared goals:** incentives, such as extra funding for specialized care and technology for home care were recognized and identified as mutually beneficial for nursing homes and care commissioners.

Building on these outcomes, the questions for stage 2 aimed to further investigate these variables and explore additional factors. Specifically, the study examined the perspectives of both care commissioner representatives and nursing home representatives. Furthermore, interviews with different care commissioners were conducted to identify variations and common practices. The questions will explore how the objectives of care commissioners and the overarching challenges of the care sector are addressed, particularly through the use of incentives, and how nursing homes navigate these issues. The questions are displayed in Table 4 and include the variables: Budget forecasting, operational performance, risk minimization strategies, extra budget allowances and trust relationships.

Themes	Care commissioner	Nursing home
Budget forecasting	What is your expectation about budget forecasting from the nursing homes?	What do you do for budget forecasting?
	Can you describe a good and bad practice of a nursing home that does not satisfy your standards of forecasting, how does this affect the relationship?	How is the process going if you apply for funding at the care commissioner? How do you communicate if there occur shortages?
Operational performance	How important is the billing and output of the nursing homes? Are there nursing homes that have inaccurate billing and service output, how does this affect the process?	Does the care commissioner signal potential shortages to the care commissioner? How does billing time affect this signaling?

	How important is the operational performance of a nursing home for a care commissioner? Do you interfere with the business of nursing homes beside the care side?	What do you do to increase operational performance? Is there any involvement from the healthcare commissioner in your business beside the care side?
Risk minimization strategies	Do financially stable nursing homes benefit have a more favored position? If they are financially stable, does this gather trust for the care commissioners? Do less financially stable nursing have to make more effort to get funding from your side?	Does the care commissioner ask for financial statements such as solvability reports?
	What risk minimization strategies do you implement to assure care commissioner that funds are used appropriately. Are nursing homes aware of these measures?	Have you had any checks with regards to the most expensive healthcare package (ZZP-10)? How do you comply with this check and what do you do to provide the information for these checks?
Extra budget allowances	Do you offer extra budget allowances? What are the reasons behind these extra allowances?	Are there possibilities to earn extra allowances? Does this contribute to a common goal? How do you deal with these extras?
Trust relationship	If all the factors about which we talked about are satisfied in a way you would like to, does this generate trust between you and the nursing home?	How would you overall describe your relationship with the care commissioner? Is there a degree of trust? If so, what fosters this trust and would there be less trust if those variables would not be satisfied?

Table 4: Question set for Nursing homes and care commissioners

4.1.5 Data collection and analysis method

The participants for the main study were interviewed using Microsoft Teams. This allowed for a flexible and accessible method of data collection. All interviews were recorded with the participants' consent and subsequently transcribed for analysis.

Both care commissioners and nursing homes were initially contacted through email to explain the purpose of the research and to schedule the interviews. This ensured that participants had a clear understanding of the study's objectives and their role in it.

The transcripts of the interviews were analyzed using thematic analysis (Clarke & Braun, 2006.) The aim of this research is to investigate whether the care commissioner influence expenditures other than personnel costs, and to explore how a nursing home can potentially earn additional money. We are thus examining the motives and patterns in these various relationships. Therefore, thematic analysis is the most appropriate data analysis method because it is well-known in qualitative studies for identifying and analyzing patterns (Clarke & Braun, 2006.)

According to Vaismoradi et al.2016, thematic analysis is characterized as a “systematic process of coding, examining meanings, and providing a description of social reality through the creation of themes.”

Before beginning the coding process, Vaismoradi et al. (2016) recommend an initial phase to familiarize oneself with the data by reading the interview transcripts multiple times and taking notes. This helps the researcher to create an overall understanding of the data and the main concerns in the phenomenon being studied (Vaismoradi et al., 2016). There was a first coding set that emerged from stage 1 of the study.

This analysis was carried out using a three-step coding process: open coding, axial coding, and selective coding (Corbin & Strauss, 1990). The first phase, open coding, involved identifying distinct concepts and themes for categorization. During this phase, the researcher organized the first level of data by creating initial broad thematic domains for data assemblage. Units of meaning were classified by expressions (single words or short sequences of words) to attach annotations and "concepts" (Flick, 2009).

Given that there were already outcomes from stage 1, we have defined a coding scheme based on those outcomes, and the thematic analysis for stage 2 involved both inductive and deductive approaches. Each interview in stage 2 was individually coded using the coding schema from stage 1. However, to capture new insights, an inductive approach was also employed to allow new themes and codes to emerge from the stage 2 data.

The integration of both approaches was crucial, as new interviews conducted in stage 2 added new codes. This iterative process ensured that both the recurring patterns from stage 1 and the new insights from stage 2 were systematically analyzed and integrated. Initial codes can be understood as "a feature of the data that appears interesting to the analyst and refers to the most

basic element of the raw data that can be assessed in a meaningful way regarding the phenomenon" (Clarke & Braun, 2006). The coding scheme that is used for this phase can be found in Appendix B.

During the axial coding phase, the initial codes were organized into fewer, more meaningful groups. This phase involved sifting, refining, and categorizing the collected data to create distinct thematic categories in preparation for selective coding. Axial coding identifies relationships between open codes to develop core codes (Strauss, A, 1998).

In the selective coding phase, the final themes began to develop. This phase, the third level of coding, enabled the researcher to select and integrate categories of organized data from axial coding into cohesive and meaningful expressions. Selective coding continues the axial coding at a higher level of abstraction through actions that lead to an elaboration or formulation of the story of the case (Flick, 2009).

4.2 Results stage 2 interviews

Stage 2 aimed to validate and expand upon findings from stage 1 by including perspectives from care commissioner representatives and additional nursing homes. This chapter presents the key themes that emerged, providing a comprehensive understanding of interactions and operational issues between nursing homes and care commissioners. The five final themes identified are: (1) regional collaboration and awareness, (2) trust, (3) personnel management, (4) financial performance, and (5) cultural differences. Each theme is thoroughly examined in the following sections.

4.2.1 Regional collaboration and awareness

Regional collaboration is essential for maintaining affordable and accessible care, with various care commissioners employing different strategies to achieve this goal, reflecting regional differences and priorities.

The care commissioners that were interviewed had different ways to stimulate regional collaboration. Care commissioner A enhances collaboration through additional project funding, leading projects, and emphasizing the importance of aligning actions with stated intentions within the region. For example, if a nursing home frequently promotes a specific direction, such as delivering care at home—which is highly valued by care commissioners—they must genuinely

adhere to that approach to maintain credibility and effectiveness. Transitioning to nursing home 5, which is connected to care commissioner A, it was noted that while they appreciate and value the collaboration, there is room for improvement. They mention that the projects for the region are often the same, but more people per organization are involved, and while the essence remains consistent, only the implementation varies across organizations.

Care commissioner B promotes cooperation by offering additional allowances on the budget for joint interventions, encouraging care providers to work together. This method ensures that everyone adheres to the same agreement for implementing an intervention that saves personnel. As a result, adhering to this agreement can lead to a budget increase of 0.1%. Care commissioner B also proposes initiatives on their website and encourages all the nursing homes to implement these initiatives, including business-oriented ones.

Care commissioner C allows nursing homes to come up with their own plans, for which they can receive extra budget, provided they meet certain conditions and contribute to regional challenges, especially in sectors facing shortages. This approach includes discussions to ensure the initiatives are helpful for all sectors, but it is noted that Care commissioner C is a smaller provider.

A contrasting approach observed in the study was that a care commissioner does not support the use of financial incentives in the form of extra budget allowances, citing concerns that such measures could become perverse incentives. Instead, these commissioners advocate for the use of transitional funds which are funds designed to enhance regional collaboration, with the belief that innovations and improvements in care can pay off over time. They focus on stimulating projects that drive efficiency and quality, without necessarily offering additional financial allowances. Their method of budget allocation is distinct, as it prioritizes long-term sustainability and regional cooperation, making their approach unique in how nursing homes under their oversight receive funding.

Lastly, care commissioner E implements a customized approach for the availability of their providers in the region, for example night and weekend care. They offer extra allowances for crisis functions, evening, weekend, and night care to address specific regional needs and enhance the overall availability of care. However, the urgency for such interventions is relatively low in

their region, leading to delays in implementing more substantial actions. It is also noted that care commissioner E is a smaller provider.

Despite these efforts, there are challenges. Nursing home 8 (which is not connected to one of the interviewed care commissioners), particularly in initiating collaboration with other nursing homes. The nursing home highlighted a significant lack of direction, pointing out that this absence of support contributes to unresolved issues such as staff shortages and insufficient collaboration. The nursing home emphasized that more proactive and strategic support from care commissioners is needed to address these challenges effectively and improve overall care.

A common theme across all discussions is the commitment to keeping healthcare available for all people in the region. A strong sense of responsibility is felt by both nursing homes and care commissioners to maintain healthcare accessibility. As nursing home 7 highlights, *"One of the biggest challenges over the next ten years is the availability of healthcare services."* Care commissioners strive to stimulate to keep healthcare accessible through various means, such as providing extra budget allowances, regional projects, or a combination of both. Each care commissioner has its own views and visions on fostering regional care and maintaining accessibility. Although they may prioritize different aspects—such as budgeting for technology, innovation, or adopting a custom-made approach—they all share the common goal of ensuring accessible healthcare for everyone.

Furthermore, some regions have not experienced significant problems, while others with different demographic compositions face more challenges and are seeking more solutions. The collaboration is stimulated by different approaches from care commissioners, with larger ones inclined to lead projects and offer more generic allowances, while smaller offices prefer customized plans tailored to a specific nursing home that support the specific needs of their region. To facilitate ongoing communication and address issues promptly, semi-annual meetings are held where representatives from both nursing homes and care commissioners can discuss concerns, share progress, and strategize on future initiatives. These meetings play a crucial role in maintaining transparency, trust, and openness.

4.2.2 Trust

Trust between nursing homes and care commissioners is highlighted as a crucial aspect of their relationship. Almost all participants emphasize the importance of trust, openness, and transparency, noting that both good and bad issues can be discussed freely. Openness, transparency, and trust are experienced from both sides. Nursing home 4 supports this by stating, *"It is good to know that there is no hidden agenda."*

Trust is universally recognized by care commissioners and nursing homes as vital. Along with clear communication, trust is seen as essential for effective collaboration. All care commissioners report having good and direct contacts with their nursing homes, underscoring the importance of consistent and reliable contact persons in fostering trust and maintaining open communication. A remarkable statement from nursing home 5 is that there is no alternative to the care commissioner and that they are forced to work and collaborate with each other. Healthcare commissioner A indicated a good relationship but distinguished between a business and personal relationship, emphasizing that theirs is primarily business oriented.

Despite the consensus on the importance of good communication, nursing home 8 reported a less satisfactory relationship with their healthcare commissioner, describing it as very business-like and referring to their care commissioner as *"a black box for us"*. This nursing home cited frequent changes in contact persons as a source of discomfort and instability.

In terms of communicating both nursing home and care commissioner representatives stress the importance of easy, low-threshold communication between the two organizations. Openness, honesty, and transparency are highly valued. Reflective capabilities are also highlighted, with healthcare commissioner E noting the importance of nursing homes reflecting on issues when mistakes occur. Similarly, care commissioner C distinguishes between proactive and reactive providers, noting that proactive providers tend to have more direction and a strategy, leading to better collaboration.

Care commissioners emphasize the importance of keeping agreements, which contributes significantly to improved relationships.

The distinction between effective and ineffective relationships often hinges on the presence of a consistent contact person with whom issues can be addressed. Effective relationships are characterized by stable contact persons, openness, and transparency. In contrast, ineffective

relationship was marked by frequent changes in contact persons and a lack of openness and transparency.

4.2.3 Personnel management

This section focuses on the personnel management strategies employed by nursing homes and the perspectives of care commissioners on these strategies.

Personnel is universally regarded by both care commissioners and nursing homes as one of the biggest challenges. Care commissioner C supports this view by stating, "*there are no providers without personnel problems.*"

A shift has been observed by various nursing homes, indicating that attracting personnel has become a crucial factor. Interviews revealed that, while attracting clients was previously a primary concern, the focus has now shifted towards the difficulty of attracting qualified personnel. Clients are now abundant, but recruiting and retaining staff has become increasingly challenging.

Interviews also revealed that all nursing homes and care commissioners are engaged with technological developments aimed at reducing the need for personnel. Nursing home 3 illustrates another benefit of technology, noting that its implementation relieves staff who may be physically less capable but still possess valuable knowledge. Additionally, nursing homes reported that technology contributes to making their organizations more attractive to new employees. This technological integration not only improves operational efficiency but also enhances the workplace environment, making it more appealing to potential staff. Nursing home 2 emphasized that proper purchasing of good equipment that support the workforce contributes to being a good employer, which not only attracts new employees but also helps in retaining them. Technologies can reduce the workload or make tasks less administrative. For example, implementing an effective patient reporting system streamlines documentation processes, while equipment like a lift to mobilize clients can reduce the physical strain on staff,

One way to track personnel changes for care commissioner is to make use of a dashboard. Care commissioners highlight their use of an early warning system that tracks various parameters, including staff turnover and sickness absence. Both care commissioners and nursing homes

emphasize that personnel significantly impact the costs of an institution and is important to manage closely, with nursing home 4 stating, "it is the biggest lever we can pull".

4.2.4 Financial performance

The interviews revealed that financial health is critical for both nursing homes and care commissioners, encompassing two main aspects: care financing and housing.

The care part, as analyzed by nursing homes, highlights the importance of managing personnel costs effectively. A balanced mix of higher-cost and lower-cost personnel is crucial for maintaining a sustainable care budget. While more experienced and often more expensive staff can provide higher-quality care, younger or less experienced, lower-cost staff can also play a valuable role. As noted in stage 1, local managers carefully monitor personnel deployment according to occupancy levels to ensure an efficient use of resources. From the perspective of care commissioners, monitoring financial performance is essential to prevent any nursing home from going bankrupt, as this would have severe consequences for the entire region. For instance, care commissioner C indicated they had a case where one nursing home almost went bankrupt, necessitating bi-weekly meetings to address the issue. *"It is also our problem if they go bankrupt,"* they noted.

Real estate is another crucial element for financial performance. Both nursing homes and care commissioners recognize that a well-managed real estate policy significantly supports financial stability. From stage 1 the real estate manager noted that the care component budget is generally considered low, effective management of the real estate component can produce good results. Proper real estate management contributes to the overall operation and financial health of a nursing home.

Interviewees from care commissioner A mentioned that they have good internal processes and client administration, which they consider important for accurate reporting and timely billing. Their care commissioner supports timely billing with a maximum period of 90 days. They noted that other care commissioners face issues, resulting in unclear annual financial balances due to inefficient billing processes. A key example underscoring the importance of accurate billing and internal processes involved nursing home 5, which had to repay a substantial amount due to improper claim reporting. However, the nursing homes under care commissioner A currently do not face such problems and are considered financially stable.

Care commissioner B includes initiatives focusing on other operational costs, such as sustainability, to lower net operating costs for care providers beyond just personnel expenses.

Nursing homes employ various strategies to obtain higher tariff percentages through specific interventions or collaborations. The standard tariff consists of the reference tariff, which is the starting point for procurement agreements between care commissioners and providers. Care commissioner A mentioned encountering unusual attempts by nursing homes to secure more funding. Multiple care commissioners and nursing homes indicated that legal disputes have arisen in the past over the tariffs disbursed to nursing homes.

An exceptional care commissioner employs a total points system and multi-year agreements to determine the disbursed tariff. Nursing homes are evaluated based on various criteria, such as availability, financial performance, and care quality, to assess whether they meet the requirements for the full tariff. This care commissioner distinguishes itself from others by having a transparent evaluation process and not facing any lawsuits related to tariff issues, unlike other care commissioners who have encountered legal problems in this area.

4.2.5 Cultural and local differences

Care commissioners and nursing homes revealed notable differences across the Netherlands within the regions and between the care commissioners.

To begin with, nursing home 8 indicated that there is no difference in the component for housing people between the west and other parts of the Netherlands. However, they note that while real estate prices are higher in the west, the budget allocated remains the same.

Regional cultural differences significantly influence care management and delivery. For instance, care commissioner B pointed out that sickness absence rates tend to be lower in smaller villages due to the tight-knit social control present in these communities. This social dynamic enforces attendance more effectively than personnel management alone. Care commissioner B mentioned an example that in a village, if an employee calls in sick but is later seen by a colleague at the school playground, social dynamics discourage unnecessary sick leave.

Nursing home 5 highlighted better collaboration in the eastern part of the Netherlands. Institutions in the east are more inclined to help each other, whereas institutions in other parts of the country focus more on maintaining their competitive advantage. For example, the nursing

homes in the eastern part tend to be less concerned with competitive advantage and recognize the need and urgency to tackle the problems of accessibility to care for the citizens.

In the eastern region, the care commissioner takes more responsibility, prioritizing regional benefits over financial aspects. A contact person from nursing home 5, worked for different nursing homes in various regions, noted a different atmosphere in other parts of the country, where some nursing homes prioritize their interests over regional collaboration. Care commissioner A supports this observation, noting that their region's mentality fosters more collaboration compared to other parts of the Netherlands.

Care commissioners C and E mentioned that they are smaller than average. Care commissioner E noted that, while significant changes to make care delivery more accessible are not yet urgently needed in their area. However, they acknowledged that, for example, in the south of the Netherlands, there is a significant staff shortage, creating a pressing need for collaboration. Interviews revealed that these smaller care commissioners often choose more customized approaches and are more closely involved in their communities.

Demographic differences across regions contribute significantly to these variations. Regions with higher population densities or different social structures may face unique challenges and opportunities, impacting how care commissioners and nursing homes manage their operations and collaborate. Understanding these local and cultural nuances is crucial for developing effective, region-specific strategies that ensure the best outcomes for care delivery.

4.2.6 Summary of key results

The stage 2 interviews identified five key themes that shape the interactions and operations between nursing homes and care commissioners: regional collaboration and awareness, trust, personnel management, financial performance, and cultural and local differences.

Regional collaboration and awareness are crucial for maintaining affordable and accessible care. Care commissioners employ various strategies, such as project funding, budget allowances, or a mixed approach, to enhance this collaboration. Despite these efforts, mutual support from both nursing homes and care commissioners is still necessary.

Trust is essential for an effective relationship between nursing homes and care commissioners. Open and transparent communication and having a consistent contact person are critical components.

Managing personnel is a challenge for nursing homes. Technology can help reduce the need for staff, and care commissioners support this by facilitating technological adoption. Effective personnel policies are crucial.

Financial stability is important for both care commissioners and nursing homes. Proper real estate management and efficient internal processes contribute to this stability. Care commissioners employ different strategies to monitor financial performance, as they cannot afford for a nursing home to go bankrupt.

Regional differences can result from the choices of care commissioners. Social and demographic influences also play a role and must be considered, such as in the case of sickness absence rates.

In summary, while approaches and challenges vary by region, common goals include maintaining accessible healthcare, building trust, managing personnel, ensuring financial stability, and addressing local cultural differences.

Chapter 5 Discussion and conclusion

5.1 Discussion

The aim of this research was initially to determine whether care commissioners have oversight over the suppliers chosen by nursing homes and whether a fully optimized purchasing department could more demand additional funding. Subsequently, the study investigated how nursing homes and care commissioners could collaborate better and how nursing homes could achieve more funding through optimized operational practices.

The central research question was: *"How can nursing homes manage their resources more effectively to demonstrate the need for increased funding from care commissioners?"* A qualitative study consisting of two stages, involving expert interviews and a literature review, has been conducted to address this research question. This research focuses on achieving increased funding from care commissioners by improving operational processes and identifying which ones are critical.

The first phase examined whether there was involvement from care commissioners in the procurement process of nursing homes. The second phase explored the expectations of care commissioners to determine how nursing homes can secure more funding.

To answer the first sub-question, "*To what extent do care commissioners consider the purchasing practices of nursing homes?*" the results from the literature review and the interviews can be utilized.

During the interviews, it was noted that collaboration was a crucial factor for nursing homes and care commissioners in achieving certain goals. This included, for example, the joint deployment of a specific tools such as e-health technologies or the shared use of personnel in a particular region.

In the literature review, the concept of resource orchestration and the importance of strategic partnerships were discussed. Strategic partnerships are seen as a way to bundle resources from different organizations. This bundling can create unique combinations that provide competitive advantages. According to Sirmon et al. (2007) these partnerships are integral to the resource management process, often referred to as resource orchestration.

Sirmon et al. (2007) emphasize the role of dynamic capabilities in managing strategic partnerships. These capabilities include the ability to reconfigure and adapt resources in response to changing market conditions, ensuring that organizations remain agile and responsive (Sirmon et al., 2007). This can be seen in the approaches used by care commissioner A, who enhances collaboration through additional project funding and leads projects that align with regional needs. Similarly, care commissioner B stimulates joint interventions by offering additional budget allowances, encouraging care providers to work together.

Kogut (1991) also highlights the flexibility and learning opportunities provided by strategic partnerships. He argues that such collaborations allow firms to share risks and leverage each other's strengths, facilitating knowledge transfer and innovation. This aligns with the observations from the interviews, where joint efforts in deploying tools and personnel were seen as crucial in meeting the needs of nursing homes and care commissioners.

Effective purchasing practices play a critical role in achieving operational excellence (Mundia et al., 2021). While staffing challenges may be beyond their control, due to the shortages,

organizations can strive to be good employers, which positively impacts staff retention and performance.

Effective personnel deployment emerged as a crucial factor. Connecting this to existing literature, it becomes clear that scheduling is vital for maintaining an efficient and satisfied workforce (Johnson & Barach, 2017; Yen et al., 2018). Effective scheduling can lead to improved operational efficiency and enhance the quality of care. Balancing staffing levels appropriately ensures that healthcare facilities can meet patient needs while optimizing resource utilization (Johnson & Barach, 2017; Yen et al., 2018). During the interviews, it was also mentioned that the personnel deployment is the most important aspect of costs that can be influenced.

It is crucial to note that a shift in the economic landscape may affect nursing homes, forcing them to adapt accordingly. One interviewee highlighted that, whereas in the past it was more important to have attractive buildings to draw in new residents, the current priority has shifted towards attracting and retaining new employees. This change is significant because the demand for healthcare services in the Netherlands is expected to rise due to the aging baby boomer generation. Consequently, the need for healthcare workers will increase, even though there are already shortages in the sector (IGJ, 2024).

The shift underscores one of the key challenges identified in the introduction: the increasing demand for healthcare workers (OECD, 2023). As the healthcare sector struggles with rising costs and limited resources (G20 & G7, 2023), nursing homes must find innovative ways to attract and retain staff. Staffing problems were recognized during the interviews, including a recognition in the need to enhance purchasing practices to facilitate good equipment for personnel to work with.

The analysis found out that ensuring well-organized internal processes, such as billing, is essential for maintaining operational efficiency.

The interview findings also contain results to answer the second sub-question, *"What expectations do care commissioners have, and what strategies can nursing homes employ to meet these expectations in order to secure additional funding?"*.

During the interviews, it was noted that there is no alternative to the care commissioner for these nursing homes, a situation that the literature describes as the rational standard of reliance. This concept, as elaborated by Mouzas et al. (2007) implies that organizations are rationally dependent on each other, regardless of personal trust. This form of reliance is based on mutual expectations and legally binding agreements that facilitate the exchange of resources, information, and services between organizations.

The rational standard of reliance suggests that while personal trust is beneficial and can enhance the quality of inter-organizational relationships, the fundamental reliance between organizations is maintained through formal agreements and mutual dependencies (Mouzas et al., 2007). This reliance is characterized by the understanding that each party is committed to meeting its obligations as outlined in their agreements.

The interviews indicated that trust, openness, and transparency are crucial for the relationships between care commissioners and nursing homes. This observation aligns with the theory proposed by Zand (1972), which suggests that trust reduces the need for extensive monitoring and control, enhancing efficiency and flexibility. Trust between care commissioners and nursing homes lead to better collaboration, as both parties are more likely to share information, increasing transparency and strengthening trust. Furthermore, the interviews indicated that compliance with agreements also builds trust for the care commissioners, this is in line with the theory about inter-organizational relationships, which suggests that trust is often based on the organizations' reputations, past interactions and perceived competence (Zaheer et al., 1998).

Promoting extensive sharing of information between firms can significantly lessen the problem of information asymmetry (Dyer, 1997; Nelson, 2011b). When parties openly share information, it builds trust and transparency, further strengthening the relationship. This openness helps align interests and ensures that both parties are well-informed, which supports more effective collaboration and reduces misunderstandings.

Furthermore, the assignment of a fixed contact person on both sides enhances consistency and trust, providing a direct line of communication. This not only makes the relationship more personal but also prevents misunderstandings and inefficiencies caused by frequently changing points of contact. A fixed contact person can facilitate quicker problem-solving, better communication, and continuity in collaboration, contributing to a more sustainable and stable relationship.

The interviews made clear that while the primary care provision agreements are formalized in contracts, there are often numerous small agreements and understandings that are not formally contracted. These informal agreements play a significant role in maintain the relationship. This observation aligns with the literature of transaction costs economics, which emphasizes the importance of reducing transaction costs in business relationships (Coase, 1937). One way to achieve this is through employing non-contractual, self-enforcing mechanisms such as goodwill and trust (Dyer, 1997; Nelson, 2011) . These mechanisms are effective over an indefinite period, unlike contracts that have a limited duration.

Interviews revealed that care commissioners aim to focus on specific target groups, interventions, and joint projects for nursing homes. They do this by initiating various budget allowances or project funds. This scenario directly relates to the principal-agent problem.

The principal-agent problem arises when the interests of the agent (nursing homes) do not fully align with those of the principal (care commissioners) (Jensen et al., 1976). In this case, care commissioners attempt to achieve their goals by offering financial incentives and budget allowances. However, despite these incentives, the desired cooperation may not occur as expected. This situation is referred to as residual loss.

Residual loss refers to the loss incurred when the agent's actions deviate from the principal's interests, even after implementing monitoring and incentive mechanisms (Jensen et al., 1976). It represents the remaining inefficiency after all efforts to align interests have been made. In the context of care commissioners and nursing homes, this means that despite the financial incentives offered, the goals of the care commissioners are not fully achieved if the interests of the nursing homes do not align with those of the care commissioners. In this case, this was what care commissioner A indicated that if a nursing home did not commit to the agreements that were made, efficiencies were noted with the collaboration.

5.2 Theoretical contribution

This study addresses multiple research gaps, making important theoretical contributions to the field. It adds to the limited knowledge about the relationships between care funders and care providers in the Netherlands, particularly focusing on the interactions among care commissioners and suppliers.

The study emphasizes the crucial role of dependency on care commissioners, explaining why nursing homes are forced to collaborate with them. This insight helps in understanding the dynamics in these relationships. To the best of the authors' knowledge, no previous research has examined whether suppliers are integrated into the relationships between nursing homes and care funders. The literature review covered transaction cost economics, agency theory, and resource orchestration in the context of nursing homes and care commissioners. The findings show that care commissioners do not consider the procurement needs of nursing homes, as supported by stage 1 interviews.

The findings relate to existing theories in the following ways: care commissioners aim to focus on specific target groups, interventions, and joint projects for nursing homes. They do this by initiating various budget allowances or project funds. This scenario directly relates to the principal-agent problem. In this case, care commissioners attempt to achieve their goals by offering financial incentives and budget allowances. However, despite these incentives, the desired collaboration may not occur as expected, leading to residual loss, a key characteristic of this problem.

For agency theory, the research highlights the mandatory collaboration due to the dependency on care funders. This dependency forces nursing homes to align with the goals and objectives set by care commissioners, even if it does not fully align with their own interests. Furthermore, it highlights that trust is based on the organisations' reputations, past interactions and perceived competence (Zaheer et al., 1998.).

5.3 Practical implications

The interviews have provided valuable insights into the relationships between care commissioners and nursing homes. Five key themes were identified that describe these interactions and the operations of nursing homes: regional collaboration and awareness, trust, personnel management, financial performance, and cultural differences. These themes offer several practical implications for improving the collaboration and operational efficiency of care commissioners and nursing homes.

Care commissioners should enhance regional collaboration by providing additional project funding, budget allowances, or encouraging nursing homes to propose their own plans. Smaller

care commissioners should consider tailoring their approach to regional needs, such as offering extra allowances for specific requirements unique to their region. However, care commissioners must avoid creating excessive administrative burdens that can overwhelm nursing homes. The incentives should aim to keep care affordable and accessible for all people.

Nursing homes must actively participate in regional initiatives and align their actions with the initiatives of care commissioners. They should take advantage of any offered incentives to address shortages and contribute to the shared responsibility of ensuring accessibility.

Care commissioners must maintain trust through openness and transparency, continuing with clear and consistent communication. They should ensure a stable contact person for nursing homes, as frequent changes can lead to discomfort and instability. Transparent communication about successes, challenges, and failures is important for building strong relationships. Care commissioners should emphasize the importance of nursing homes adhering to the agreements they have made.

Care commissioners should support nursing homes in managing personnel challenges by facilitating technological developments and considering additional budgets specifically designed to attract and retain staff. Nursing homes should also consider proper equipment purchasing and create a supportive work environment to enhance staff retention and attract new employees.

Nursing homes should focus on attracting and retaining staff in a collaborative manner, avoiding the problem of staff shortages being shifted to other providers. They should effectively manage sickness absence and invest in good work equipment to become better employers.

Both nursing homes and care commissioners should maintain open communication to discuss financial positions, especially when difficulties arise. Preventing the bankruptcy of a nursing home is crucial for social reasons. They should make mutual agreements and maintain good contact to devise plans for recovery if a nursing home faces financial challenges.

Care commissioners should recognize and address cultural and demographic differences to develop effective strategies that suit these developments. Each region is unique and requires a tailored approach. Nursing homes can collaborate with care commissioners to identify problems and jointly find solutions.

In conclusion, these practical implications highlight the importance of tailored approaches, transparent communication, and collaborative efforts between care commissioners and nursing homes to ensure the accessibility, affordability, and quality of care across different regions.

5.4 Limitations and future research

Initially, the study aimed to investigate whether an optimally functioning purchasing department could lead to enhanced financing for nursing homes, examining the efficiency of these departments. However, it became evident that care commissioners were not particularly concerned with the efficiency of purchasing departments. As a result, the focus of the research shifted to a broader perspective on how to secure increased funding for nursing homes.

This study has several limitations that should be addressed in future research. One significant limitation is the sample size and scope of the interviews conducted. To achieve a more comprehensive understanding, future studies should involve a larger and more diverse group of participants. This would help validate the findings further and offer deeper insights into the complexities of relationships among care funders, care providers, and suppliers.

Additionally, since the initial findings indicated that care commissioners did not actively intervene with suppliers, further research could explore potential interventions by care commissioners in areas beyond personnel costs. Given that these costs constitute a substantial portion (24%) of the revenue, investigating how care commissioners could impact other cost areas, such as sustainability initiatives, could provide valuable insights.

Future research could also include more extensive interviews with various care commissioners across the Netherlands and their corresponding nursing homes. For instance, initiating a pilot project to implement and test a comprehensive checklist for nursing homes to earn a tariff based on predetermined criteria could offer practical insights.

Furthermore, expanding the scope to explore additional variables and contexts could enrich the study's findings. This might involve examining the perspectives of group purchasing organizations on supplier integration or engaging with the branch organization for care, Actiz. By incorporating these elements, researchers can develop a more robust framework for understanding the critical relationships in the healthcare sector.

5.5 Conclusion

This study aimed to answer the central question: "*How can nursing homes manage their resources more effectively to demonstrate the need for increased funding from care commissioners?*" A two-stage study involved with expert interviews was conducted with nursing home and care commissioner representatives.

The findings indicate that care commissioners do not significantly oversee the procurement processes within nursing homes. Instead, the findings indicate that if nursing homes seek increased funding, they must focus on transparency and openness, along with demonstrating strong financial management practices. These strategies are crucial for nursing homes to better position themselves for additional support from care commissioners.

This study concludes that care commissioners do not have oversight with procurement processes within nursing homes. Instead, nursing homes may adopt specific and important strategies such as collaboration through transparency and openness. Additionally, demonstrating good financial management practices is crucial for nursing homes to better position themselves for additional support from care commissioners. This approach not only benefits the internal operations of nursing homes but also strengthens their relationship with care commissioners.

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Appendix A

Stage 1 full interview set

Objective	Question	Goal
General information.	1. What is your role?	
Trust	2. Can you describe the relationship with the healthcare funder and your role?	This question aims to gather detailed descriptions of how nursing home managers perceive their interactions and role in relation to healthcare funders. This includes understanding their view on the distribution of power and the way of communicating with payers.
	3. How do you see trust playing into your relationship with healthcare funders? Do you feel trust is present? Why or why not? What factors contribute the most to build and maintain this relationship?	This question will help in identifying any gaps or misalignments in expectations between the healthcare payer and the nursing homes.
Cost mitigation	4. In which way does your organization strive to minimize costs?	This question seek detailed examples of successful cost-cutting initiatives.
	5. Can you describe an instance where cost-saving measures led to financial improvements?	This to later set the question for care commissioner about their perspectives on these practices.
	6. How can your organization present these cost-saving strategies to care commissioner to demonstrate potential savings and advocate for increased funding? 7. How can the success of these cost-saving measures be used to enhance discussions with care commissioner and secure additional funding	This question aims to bridge the gap between the efforts that are (not) made by nursing homes to bring down costs.
Transaction costs	8. What are the main costs you face day-to-day, and how do you keep them under control? How could these strategies help you secure better deals with care commissioner?	This question opens a discussion later for the healthcare payer whether they are aware of the transaction costs and to start discussions about

		cost efficiency.
Aligned incentives among the chain	9. Are there currently aligned incentives between nursing homes and care commissioner to achieve specific goals? If not, what types of incentives could be implemented, and how might they contribute to more efficient funding?	This question explores how nursing homes and care commissioner currently align their goals, which will be mirrored questions about how payers view spend efficiency and data-driven decision-making.
Spend analysis	10. What are the main challenges you face when seeking increased funding from care commissioner? How do you typically present your case for needing more resources?	This open-ended question aims to explore the difficulties involved in negotiating for more funds, which will inform how to ask payers about their criteria for extra funding.
Other remarks	11. Can you provide recommendations for how the process of receiving additional funding could be made more transparent? Additionally, what suggestions do you have for streamlining operations to ensure smoother interactions with care commissioner?	This question is to give the interviewee an open way to explore their view on this topic.

Appendix B

Main theme	Subtheme	Description
Trust	Trust in budget management	Strong trust relationship highlighted by the control advisor, based on accurate budget forecasts and transparency.
	Presence of trust	Instances where trust is explicitly mentioned or implied between care commissioner and contact person at the nursing home.
	Reliable contact person	Care commissioner contact person is seen as a reliable contact person who maintains trust through transparency and accuracy

Cost management	Internal processes	Emphasis on good internal processes for cost management.
	Sustainable procurement	Importance of procuring sustainable goods for long-term cost efficiency
	Cut down on personnel costs	Strategies focused on reducing personnel costs for better financial management
Financial stability	Care component	The costs associated with providing the care
	Financial management	Effective financial management practices that ensure the overall stability of the organization.
	Housing component	Financial stability related to the housing aspects for clients, ensuring proper budget allocation.
	Overall financial health	General statements and practices aimed at maintaining the overall financial health of the nursing homes.
Achieving shared goals	Incentives	Incentives such as extra funding for specialized care, noted by interviewees as crucial for shared goals.
	Use of technology	Utilization of technology to reduce staff deployment and improve operational efficiency.
	Mutual benefits	Shared goals seen as mutually beneficial for both nursing homes and care commissioners.
	Collaboration	Collaborative strategies between nursing homes and care commissioners to achieve common goals.
Risk minimization	Deployment of expensive care package	Strategies to minimize risk through the careful deployment of expensive care packages.
	Keeping	Importance of maintaining agreements to ensure trust and minimize

	agreements	operational risks.
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