Interview with Prof. dr.F.C. Breedveld, Chief of the Executive Board, Leiden University Medical Center (LUMC)

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Your role as Chair of the Executive Board is a mix between CEO and CMO. On a daily basis, which do you see yourself as more – the Chief Executive Officer of the hospital or the Chief Medical Officer?

The choice to have a Chairman of the Executive Board with a medical background is not something that is set in stone. The most important element for the Board is to look at the institution as a whole and to evaluate its overall performance in the market. If this position is not as positive as it could be, then perhaps it is best to appoint someone with previous managerial or business experience that would be able to reposition and turn the university medical centre around so that it performs at its best. It is possible that this person comes from another industry that is unrelated to the work that is done here at the university, but if the general managerial elements are in place and the university is performing well, then it is important to focus on the educational and scientific elements of the institution. In this regard it would be important to have a leader that understands research competitiveness and is able to energize the student body by promoting the integral management of education together with science and care. The appropriate person for this task would be more of an academic and medical specialist such as myself.

One of the stated aims of LUMC is to improve quality of life for patients by developing solutions to health problems. Since you have been at the head of the Executive Board, how have you worked to develop health solutions and how pleased are you with the results so far?

First and foremost I think it is essential to be a reliable and predictable manager that allows for the independence of groups that hold responsibility of the core tasks of the university, and to ensure that they have the freedom to advance education, healthcare, science and innovation. Each department at the university is assigned an independent budget at the beginning of the year, which is then spent according to what they believe are their priorities. Obviously there has to be a certain level of productivity coming from each department, but how that is achieved is decided by the head of the department rather than dictated by the Executive Board.

Similarly, our healthcare is patient-centered but there is also great importance given to innovation so that our research can interact with the patient care to provide new solutions for the way we treat our patients. Our focus is on translational research that can be transferred to the clinical area. All departments have their own lab in which they are able to decide the kind of research that they undertake. Having this kind of structure and organization is the first element that allows us to come up with health solutions for our patients.

Another advantage that we have as an institution is our constant investment in technology and expensive equipment that is used for advanced research. Our aim is to maximize the access to our equipment so that the largest amount of groups can benefit from our investment in research technology. The idea is to create technological platforms that are accessed in a democratic way and allow for the transfer of information. An analogy that I like to use to describe this relationship is the idea of a soccer team, which is owned by a single wealthy individual but relies on all the players and parts of that team to be successful.

All the large global pharmaceutical companies we have met have mentioned the advantages of conducting clinical research in the Netherlands due to the highest standards of researchers in the country and the overall ease of conducting clinical trials. Given this, how do you see your role at LUMC in encouraging clinical trials to come to the Netherlands?

LUMC allows researchers more freedom in the studies that they conduct because of the diverse sources of funding that make up our entire budget. Essentially we have a large portion of our revenue coming from the insurance companies, but we also have some public funds that are allocated to the hospital by the government. Even though we do receive some taxpayer money, we still have absolute freedom in how we allocate the funds within the university medical center,

which allows our doctors and researchers to concentrate part of their time on innovative investigation rather than only on patient care. This kind of setup is difficult to create in other countries because public money cannot be mixed with private money, and therefore institutions are limited in their options for integrated management. Furthermore, private clinics do not have this kind of advantage and are forced to concentrate on their money-making activities that also come with tight time constraints. Our objective at LUMC is to foster innovation based on research by creating the right environment for creativity to flourish.

In partnership with TI Pharma, who specializes in research initiatives that are not feasible for individual pharmaceutical companies to conduct, what have been some of the most innovative and unusual research initiatives that LUMC has been a part of and has developed in the last couple of years?

We have many ongoing projects in collaboration with a number of institutions, including TI Pharma, some of which are very explorative in nature. One example I can think of is a project working with gene therapy for Duchenne Muscular Dystrophy that affects mostly young boys. We also have a lot of research going on for the optimal application of treatments and individualized medicine. For this kind of work the researchers identify bio-markers that will determine whether a treatment is effective for a specific individual and what factors can be modified to optimize treatment.

At the end of the day the only way to sustain the impressive research standards of the LUMC is by ensuring a constant flow of capital into the hospital’s operations. While surely you have very generous grants and donors, the hospital inevitably must function as a business to ensure its sustainability. In this context, what do you do to maintain the profitability of the hospital in light of the heavy academic pressure to spend further in new and different research initiatives?

Clearly our first concern is to have a higher income than costs and we achieve this by balancing out the departments that are most profitable against those that are experiencing losses. It is no mystery that some therapeutic areas are more profitable than others. At the moment cardiology is very popular in generating revenues, so we try to balance those out with other areas which are much harder to see profits in, like pediatrics for example. Clinical research is also a variable that we can use to increase our revenue because it is linked to the private sector and can therefore be profitable. There are also some revenue streams coming in from charity and generous donors, however, the Netherlands does not have the same philanthropic culture as that of the United States. It is hard to raise large amounts of money through charity because our taxes are decided on a basis of income. This means that the very wealthy people are taxed sometimes as much as 60% of their income, and therefore they feel that they contribute enough to society in this way.

Finally, we have incoming funds from processes of valorization in which the medical center is able to capitalize on its knowledge by selling it. We are able to establish a number of patents every year and this opens up other revenue streams for the years to come. Until now we have not had a problem in managing our costs and have always had more income than expenses.

The LUMC also has an office that is dedicated specifically to attracting investors and possible partners from the private sector that are interested in licensing a therapy that was developed here at the medical center. We also encourage the creation of spin-off companies that aim to develop products out of the research that is conducted within the institution. The LUMC provides financial and logistical support for these activities and we have spaces dedicated entirely for the spin-offs. In this way our researchers can have a space to work in at an affordable price and we also benefit from the financial successes that these companies might be able to generate. The initial capital is also provided by the institution because the loans are given to us at competitive rates which the researchers would not be able achieve if they had started on their own. We are able to neutralize the costs of the loans by charging rent for the usage of the space allocated for these companies, and therefore we minimize our financial burden while still investing in our most talented people. Finally, these spin-offs also have the advantage of our infrastructure, including the equipment and facilities that are available for their use. I like to believe that these companies end up giving back to the community and this is why we encourage their creation and development.

What are the characteristics of the LUMC that define the institution and that have allowed for such great successes?

Interestingly enough in the European rankings of research institutions you will always find at least three Dutch institutions amongst the top ten, and this includes the LUMC. When you consider that we are such a small country then these results are very impressive and they are a direct reflection of our culture of entrepreneurism and innovation. When this institution was created 15 years ago, there really was a visionary element that has guided our work throughout the years. It was that same entrepreneurial spirit that developed the hybrid private-public system with which we operate that is ultimately responsible for the flexibility that brings innovation and effective research to our labs. We are also an institution that takes pride in its ambition and intellectual freedom and this is something that we hear from our staff that is extremely loyal to the hospital.

Additionally, we have the advantage of being located in one of the country’s most strategic locations. Leiden is located between the two major cities of the Netherlands, namely Amsterdam and The Hague, and is very well-served in terms of transportation. While some people might prefer to be in Amsterdam, I find that Leiden’s academic and cultural environment offers a higher quality

of life for an educational setting without being too boring. Finally, we have a very positive relationship with the mayor and the local authorities of the city that allows us to continue growing and bringing value to the area.

What is the way forward for the LUMC and what is your vision for the future of the hospital?

I believe that there will be a greater specialization of activities for all hospitals including the LUMC. The healthcare of the future will probably dictate that massive institutions such as this are not very sustainable. We will probably find that medical practitioners will group together to form private clinics with first-care medical services. Smaller hospitals will become very efficient at dealing with basic and routine services that are not very complex in nature. Then you have the larger institutions that will deal with acute and life-threatening conditions that require expensive infrastructure. This is for things like bone marrow transplants, radiation, open-heart surgeries, etc., and I foresee that the LUMC will become one of these institutions. So in this sense I see a greater focus in the fields where we operate. Of course this always has to be partnered with the consideration of the value of the research being conducted and whether this is profitable or not. Ultimately the goal is to improve the overall healthcare system, and if this is done by having each hospital specialize in specific areas of expertise then there is no point in having me compete against another institution if they can do it better.

Our readers are mostly executives from pharmaceutical companies and the wider healthcare sector. What would be your final message to them about the commitment of the LUMC to innovation?

I would like to see the LUMC recognized as a great research institution worldwide. Finally, if you want to be competitive in the biomedical field this is the perfect place to start your studies or your career.

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