

Success in a Changing Market; Innovation, Funding, Communication

EHMA Annual Conference 2009: Opening Plenary

24 – 26 June 2009, Innsbruck, Austria

# “What Market for Health in Europe?”

Dr Antonio Duran, Técnicas de Salud, Spain



# Two main topics in the presentation

(+ Responding to Armin):

- Is there a European market in healthcare? what characterises it? What origins/ future directions?;
- What healthcare providers need to consider in order to deliver high quality care in the present context?

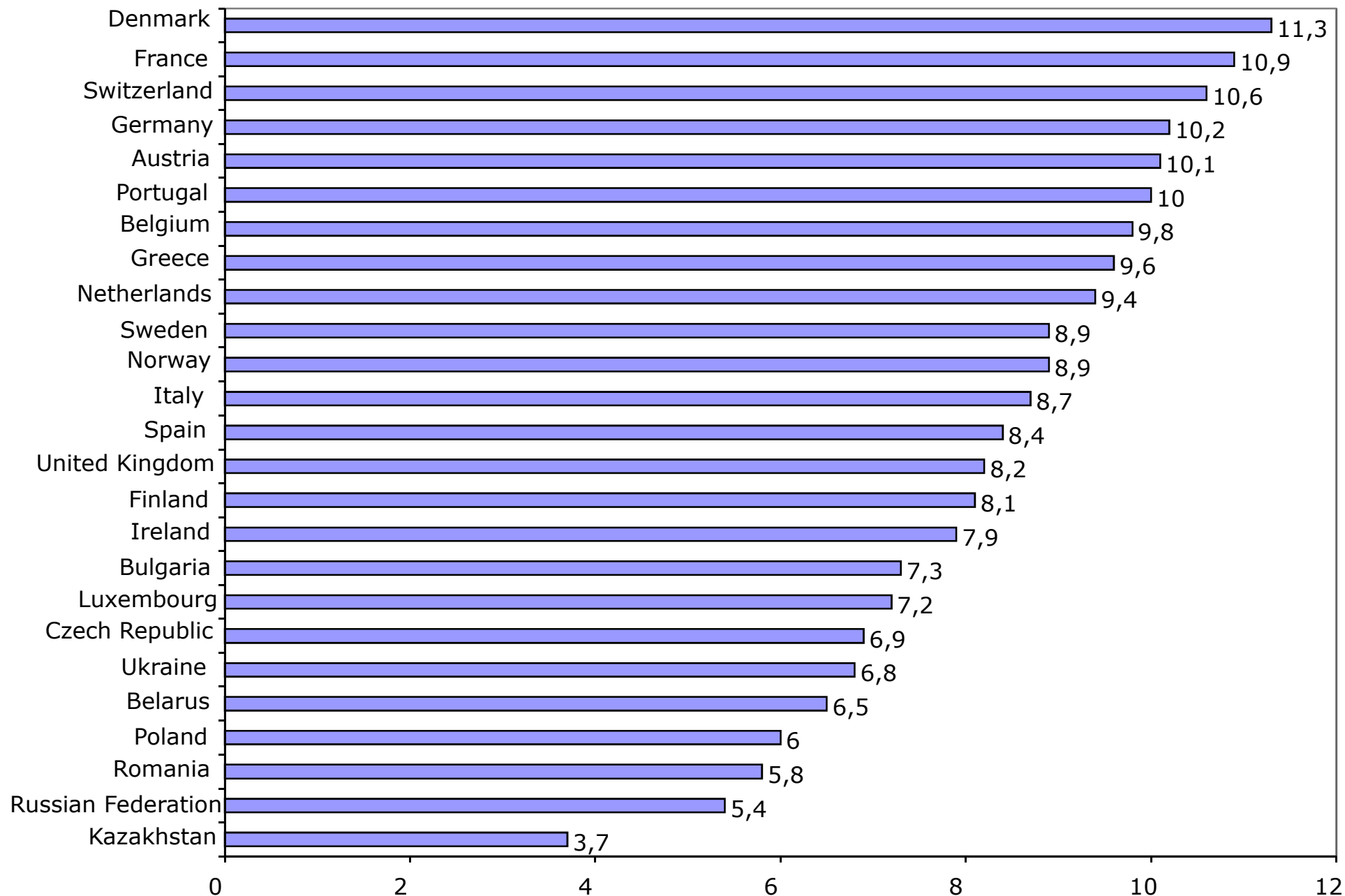
Of course there is a market;  
the health system is a key  
service industry in developed  
economies, and growing...

Around 7% of GDP in the EU15 (financial  
services or retail trade, 5% each).

EU: with social sector, 1/10 employments.  
Hospitals, 3-5.5% of total employment

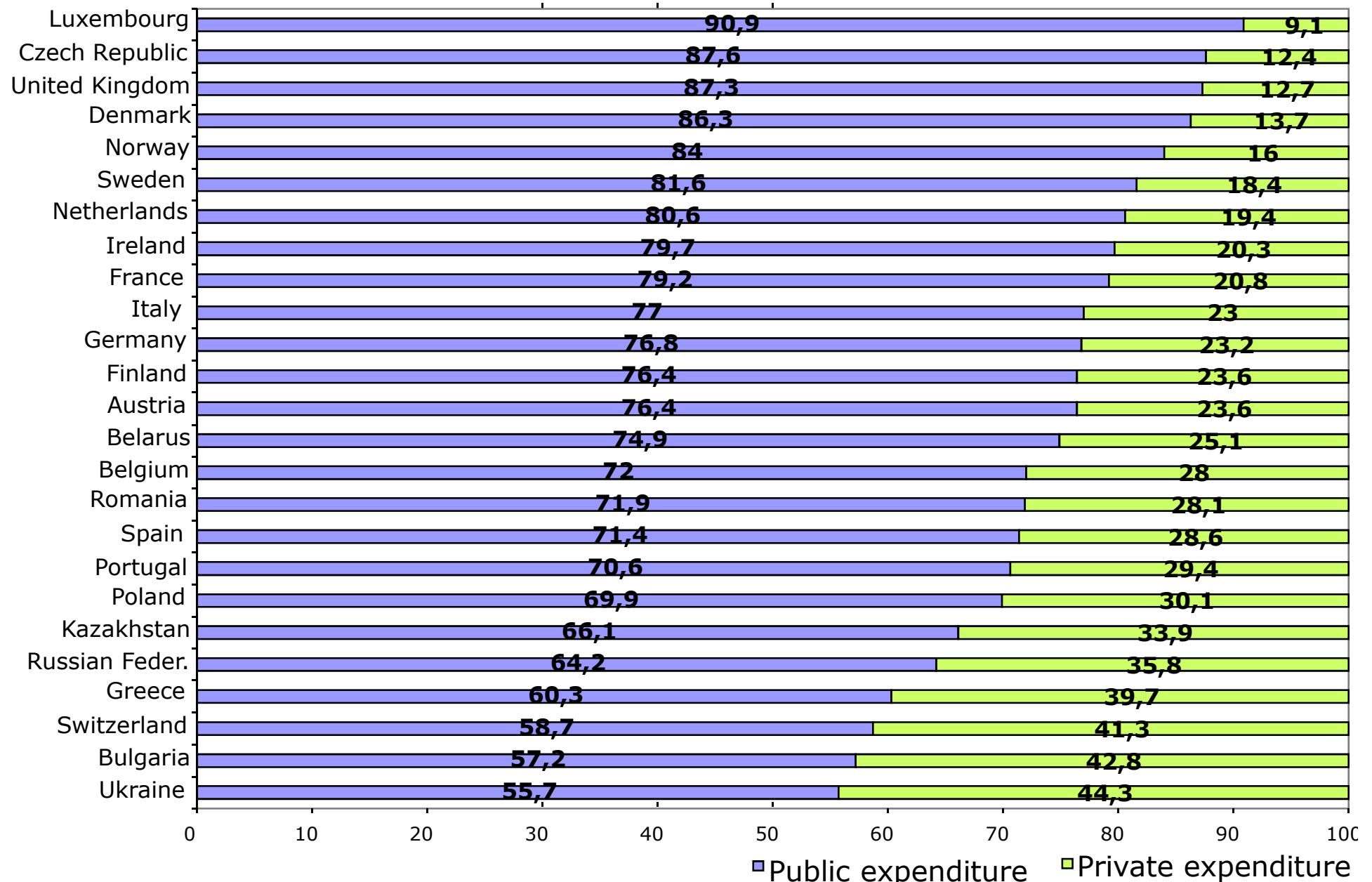
World Development Indicators, 2006, Everybody's business; WHO's health system strengthening strategy, WHO Geneva and O'Mahony M, Van Ark B. 2003, *EU productivity and competitiveness: an industry perspective. Can Europe resume the catching-up process?* European Commission, 2003.

## Total health expenditure as % of GDP, selected European countries 2007



Source: Joint OCDE, WHO and EUROSTAT National Health Accounts, [www.who.int/nha/country/en](http://www.who.int/nha/country/en), May 2009,

# Public- private health expenditure, selected European countries, 2007



Source: Joint OCDE, WHO and EUROSTAT National Health Accounts, [www.who.int/nha/country/en](http://www.who.int/nha/country/en), May 2009,

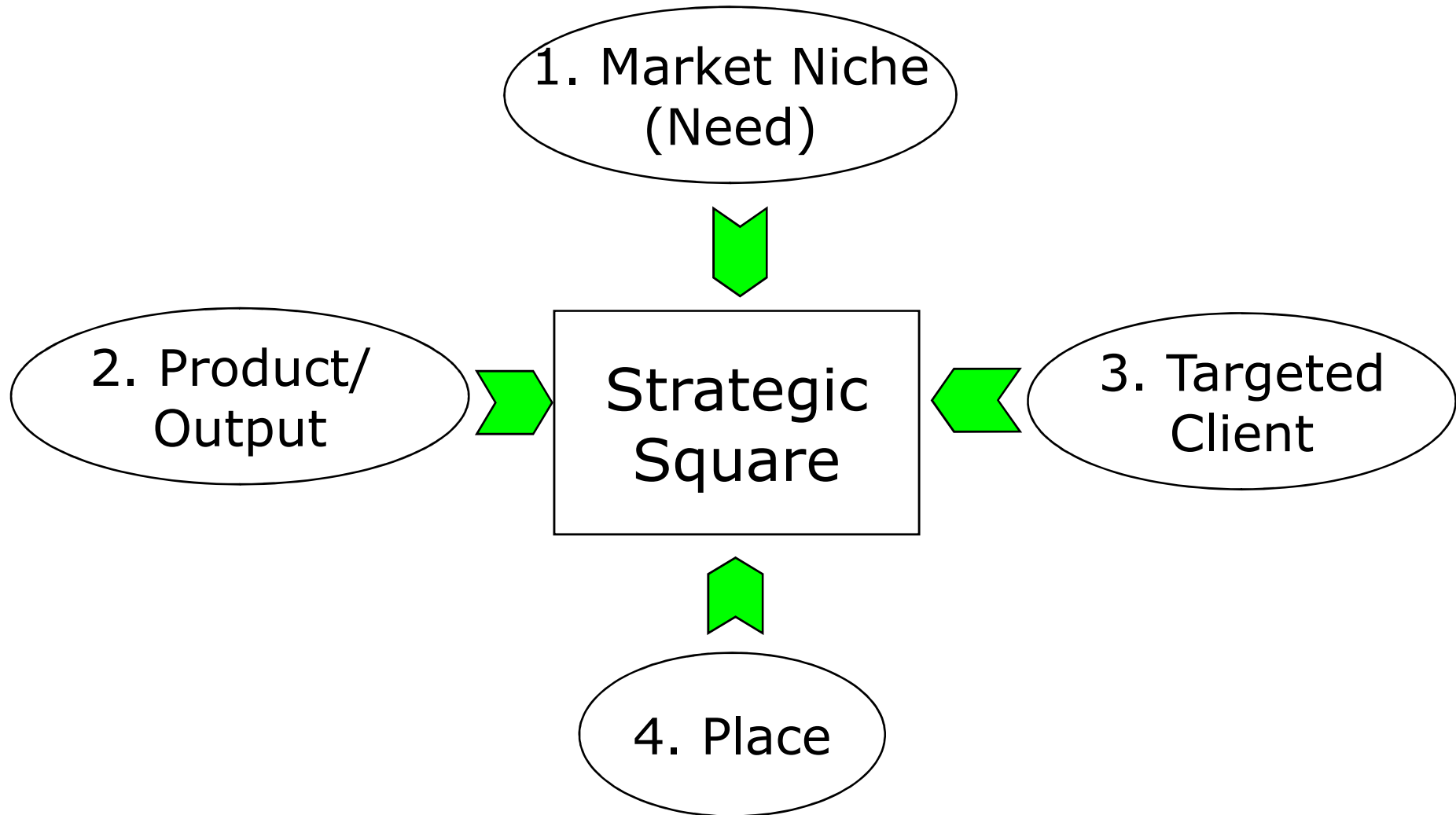
# Tradition of “Public Intervention” in Europe

1. Intrinsic limitations of the health care market:
  - arguable rationality; limited ability of the client to choose and control
  - frequent oligopolistic situations (geographical issues and control by the medical profession).
2. Public interest characteristics (externalities and public good aspects).
3. Historical territory for *post-conflict social cohesion* (poverty reduction, income redistribution, etc.)

Further progress in private health service management precluded by:

1. Unclear market signals /too complex a theoretical framework
2. Insufficient “intelligence” to run services (intellectual laziness?/ lack of interest?)

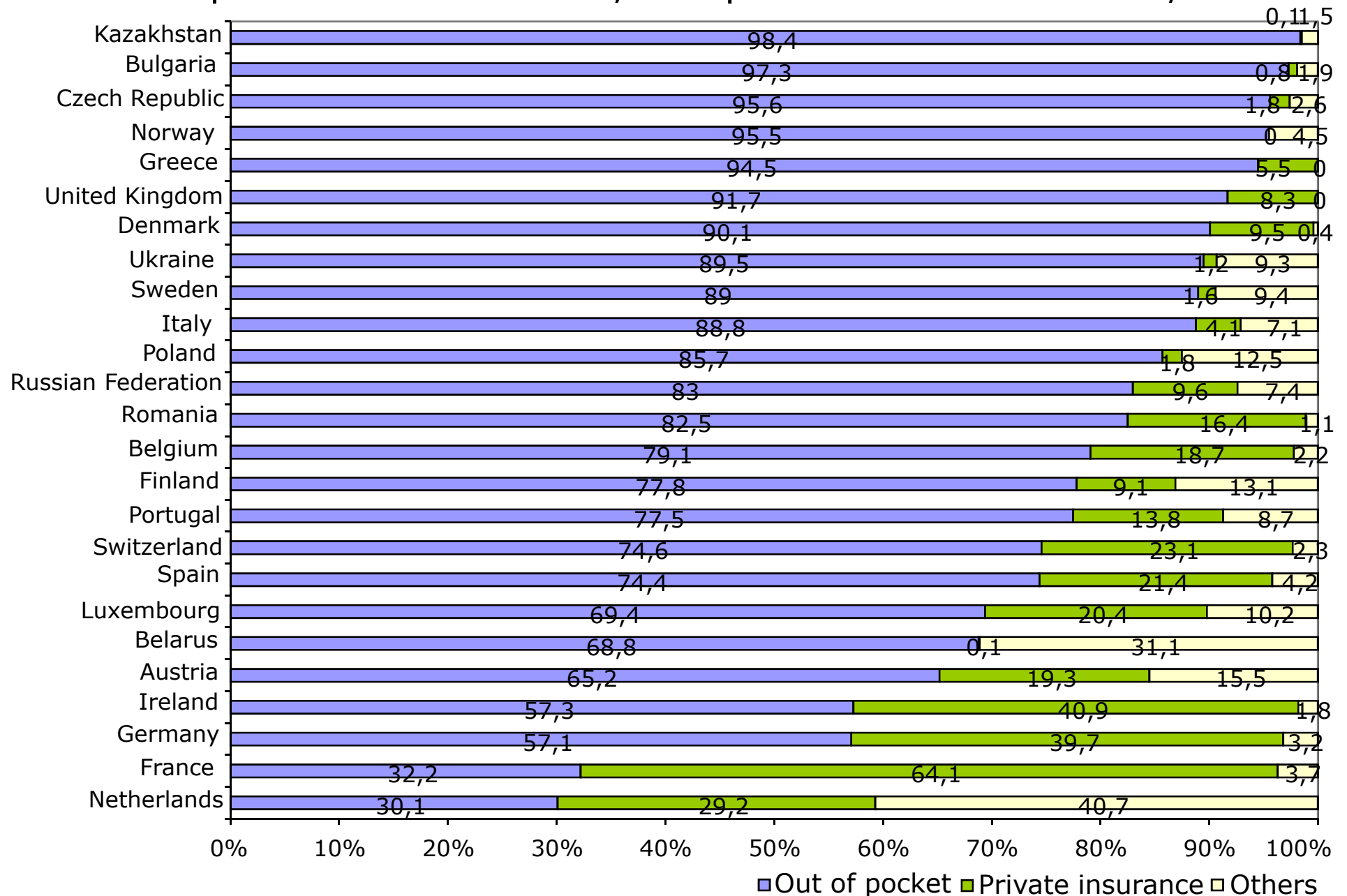




From: J. Vasconcellos, 1998, "The War Lords", Kogan Page, London, based on Michael Porter, 1985, "Competitive Advantage: creating and sustaining superior performance", Simon and Schuster

# All too obvious market segments?

# Private expenditure distribution, European selected countries, 2007



Source: Joint OCDE, WHO and EUROSTAT National Health Accounts, [www.who.int/nha/country/en](http://www.who.int/nha/country/en), May 2009,

# HEALTH SYSTEMS FRAMEWORK

## FUNCTIONS THE SYSTEM PERFORMS

**I** Stewardship  
(oversight)

**N** Creating resources  
(investment and  
training)

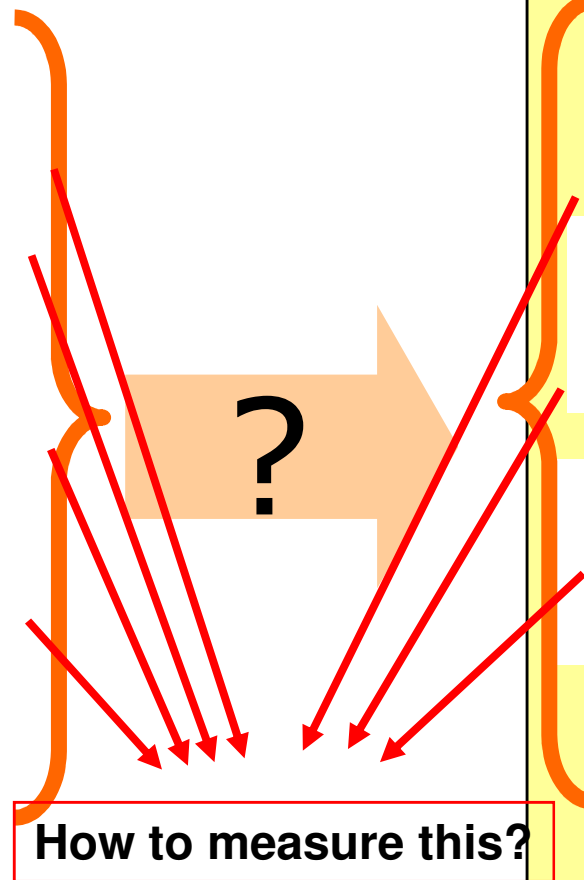
**P**

**U**

**T** Delivering  
services  
(provision)

**S**

Financing  
(collecting, pooling  
and purchasing)



## GOALS / OUTCOMES OF THE SYSTEM

Health  
(level and equity)

Responsiveness  
(to people's non-  
medical expectations)

Financial protection  
and fair distribution of  
burden of funding

Efficiency

## **FUNCTIONS THE SYSTEM PERFORMS**

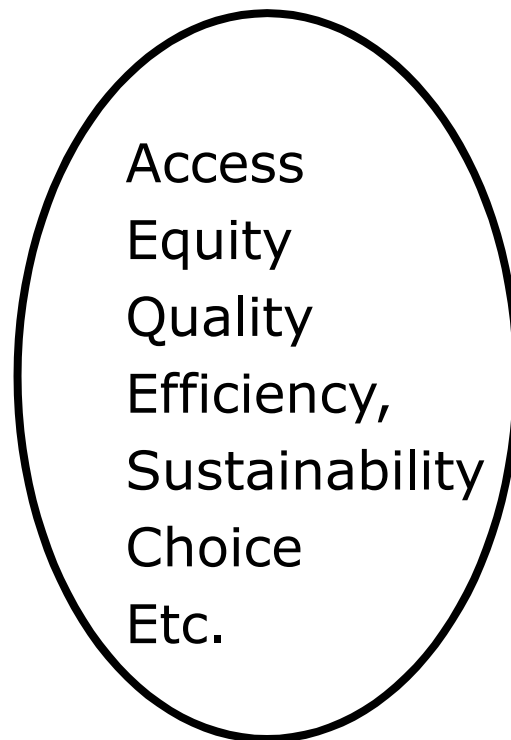
## **OUTCOMES OF THE SYSTEM**

**I** **Stewardship**  
(oversight)

**N**  
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(investment and  
**U** training)

**T**  
**S** **Delivering**  
**services**  
(provision)

**Financing**  
(collecting, pooling  
and purchasing)



**... even this?**

**Health**  
(level and equity)

**Responsiveness**  
(to people's non-  
medical expectations)

**Financial protection**  
and fair distribution of  
burden of funding

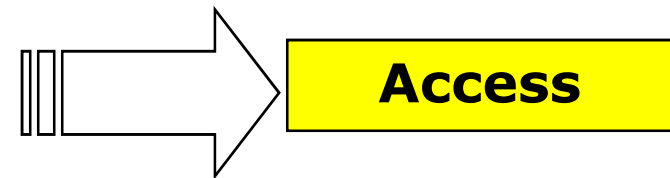
**Efficiency**

# Neonatal mortality, a tracer condition for access problems

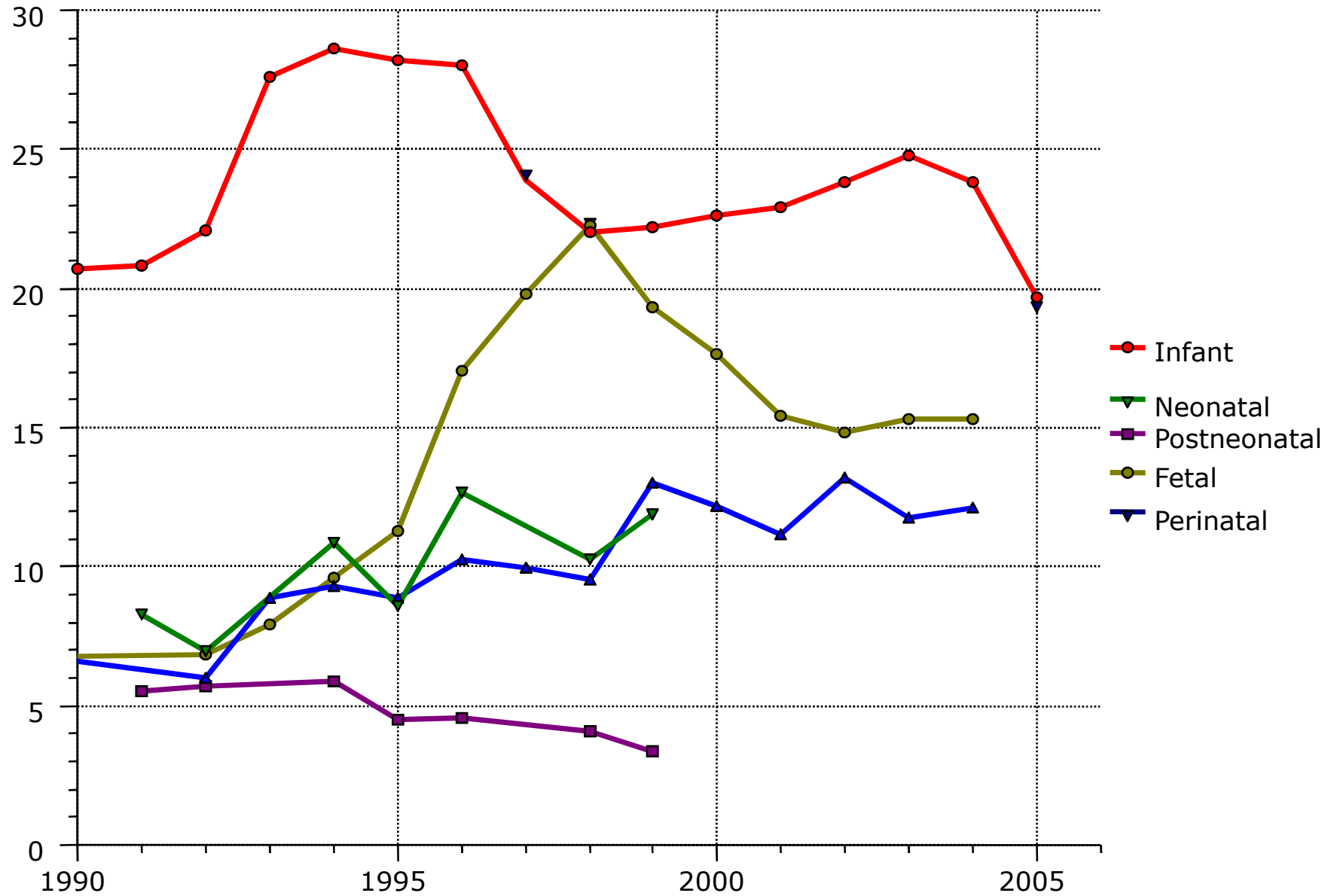
*Early prenatal care services use, good indicator of access*

US Agency for Healthcare Research and Quality (2006) *Healthy People 2010*,  
<http://www.healthypeople.gov/data/2010prog/focus01/>

*Proportion of pregnant women included in the prenatal program before the 12th week of pregnancy*

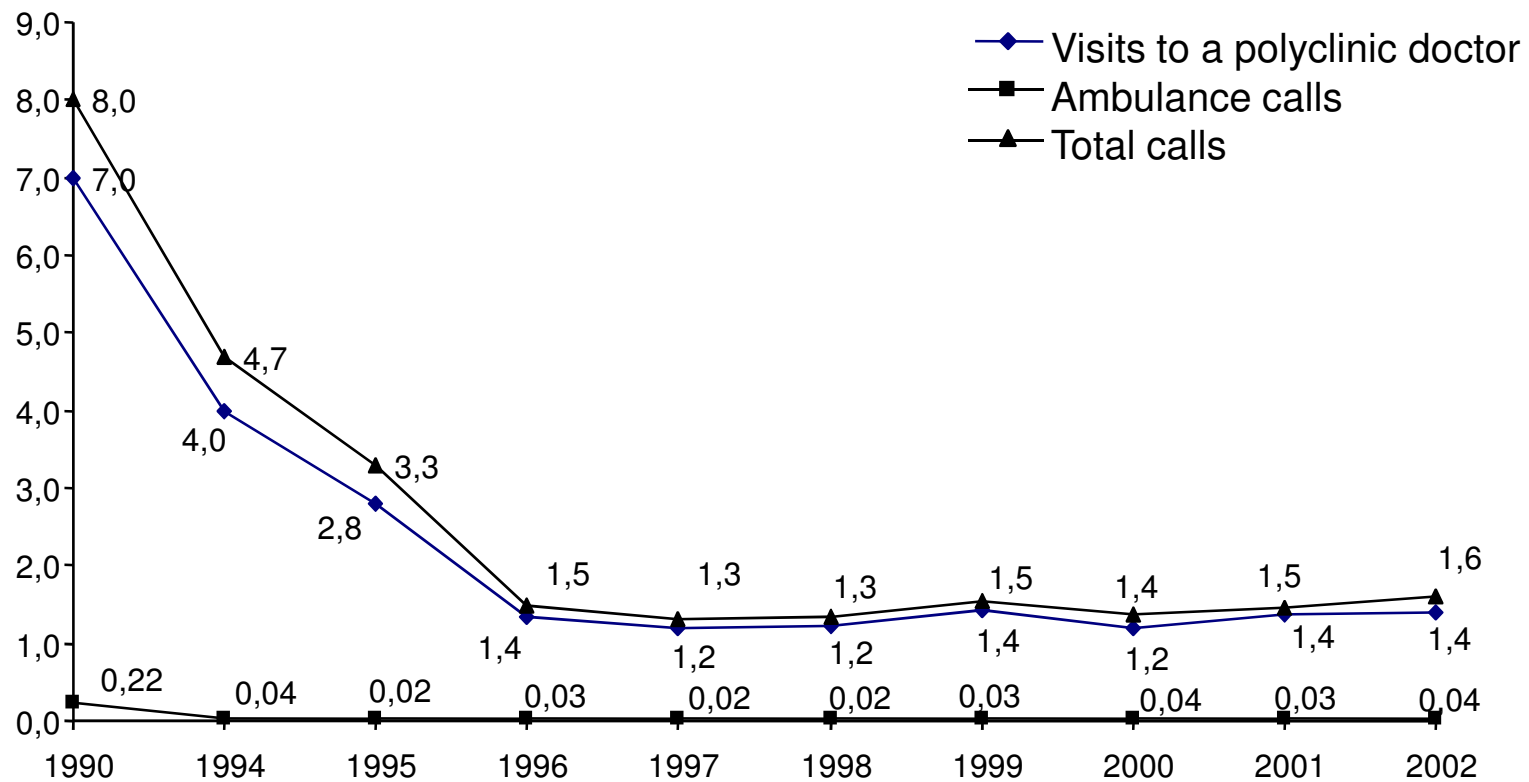


# Example: Infant mortality in Georgia, 1990-2005

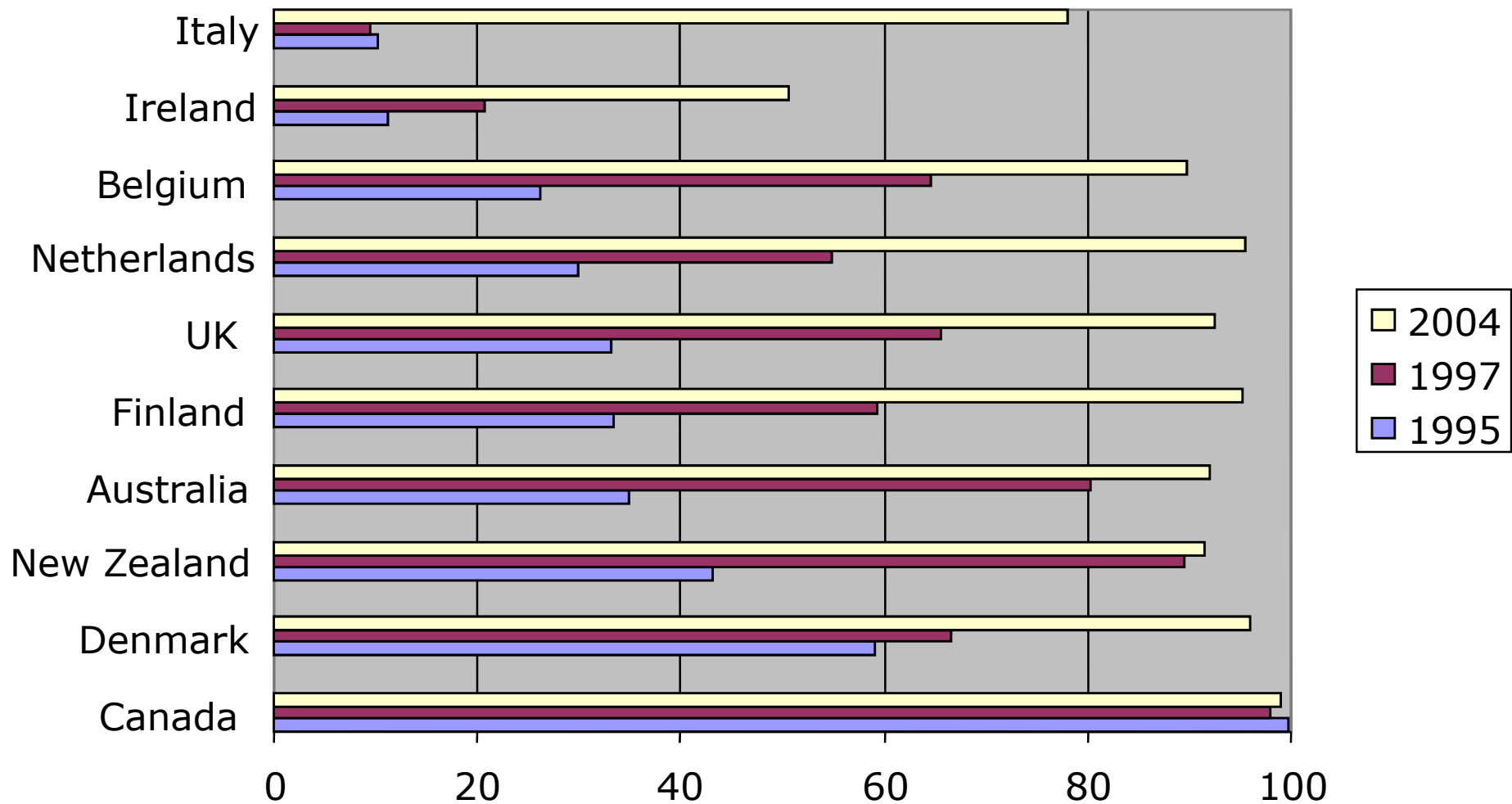


Source: HFA-DB, WHO/EURO, June 2007 ([www.euro.who.int/hfaddb](http://www.euro.who.int/hfaddb))

# Number of outpatient consultations per person per year in Georgia, 1990 - 2002



# Percentage of Cataract Extractions Performed as Day Cases 1995, 1997 and 2004



Sources: OECD Health Data 2008, International Association of Ambulatory Surgery and OECD Health Data 1998

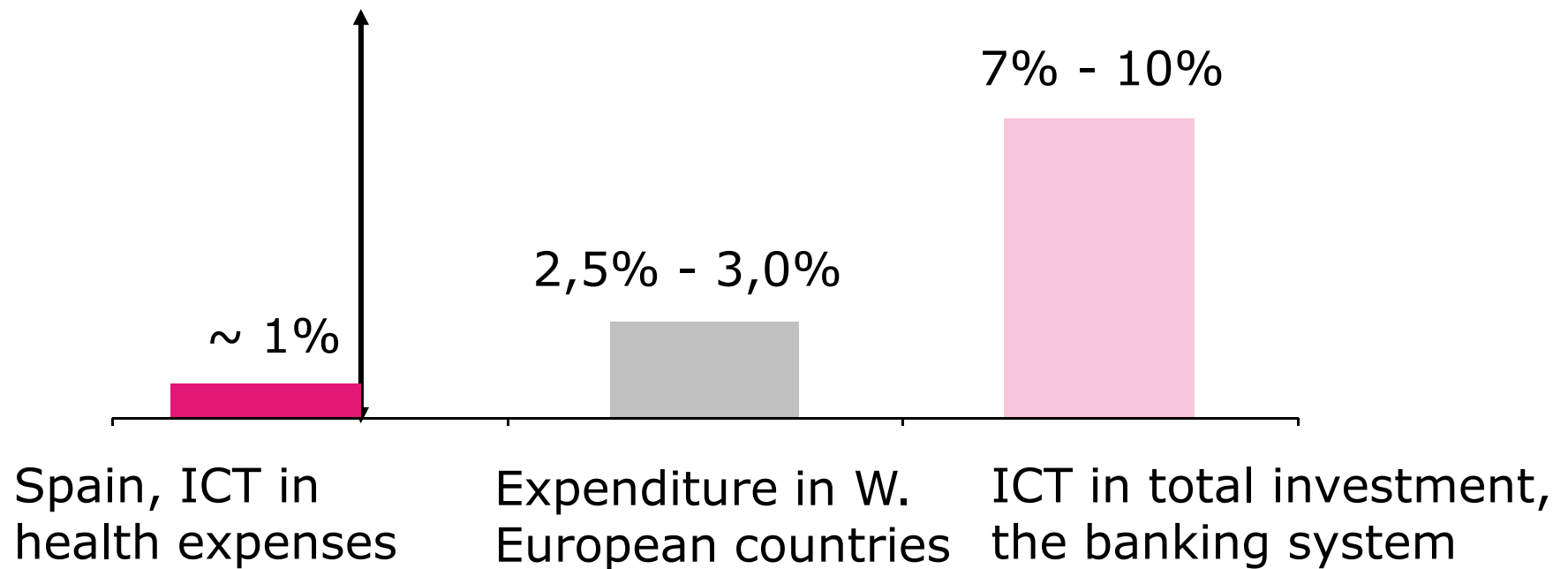
# Current expenses in information and communication technologies

Health: ~1% of the budget

Banking, Retail Sales, Telco: 7-10% each

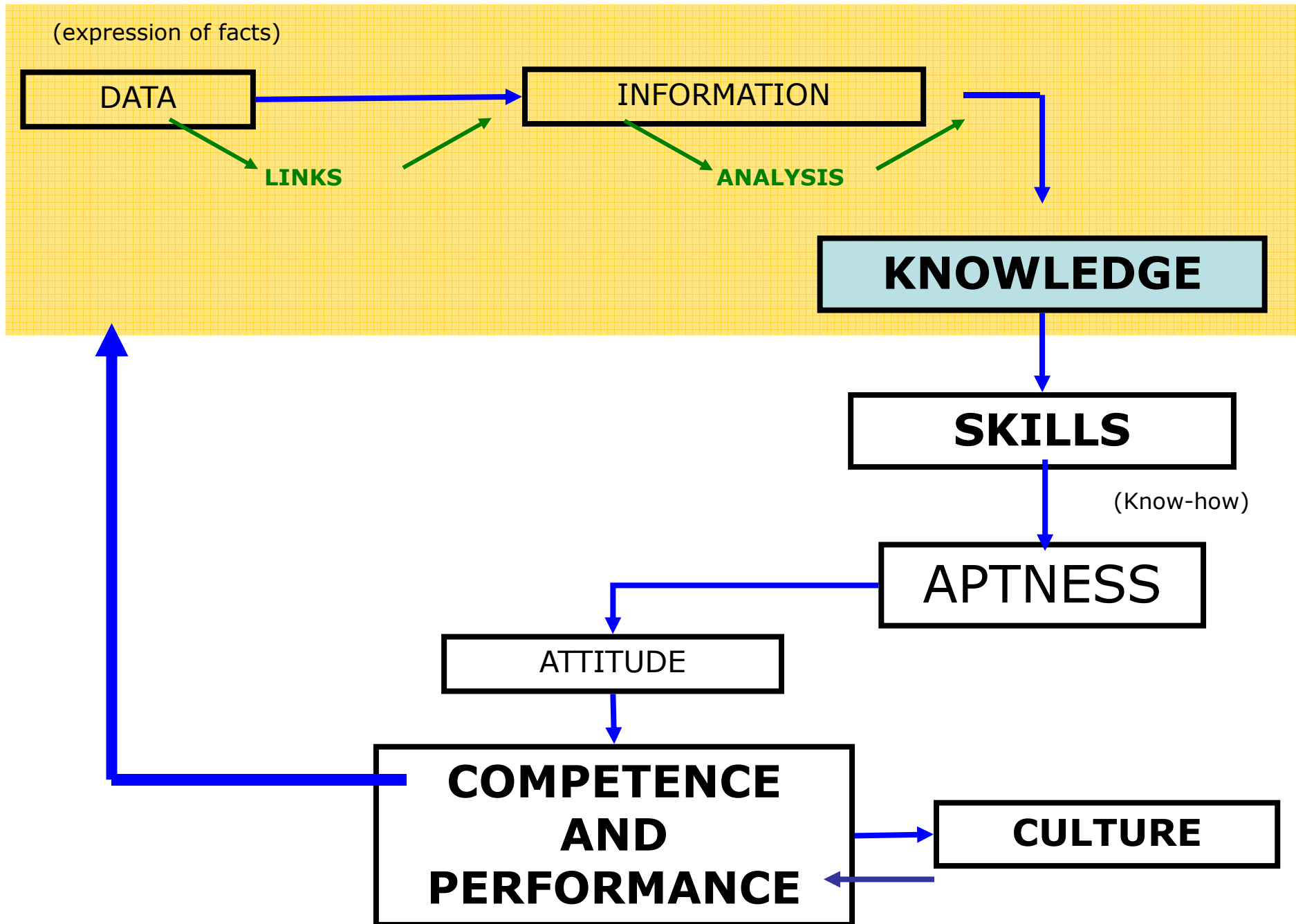
# % of ICT in global budgets

Data security, authentication, client management, reliability, interoperability, multiple relationship channels

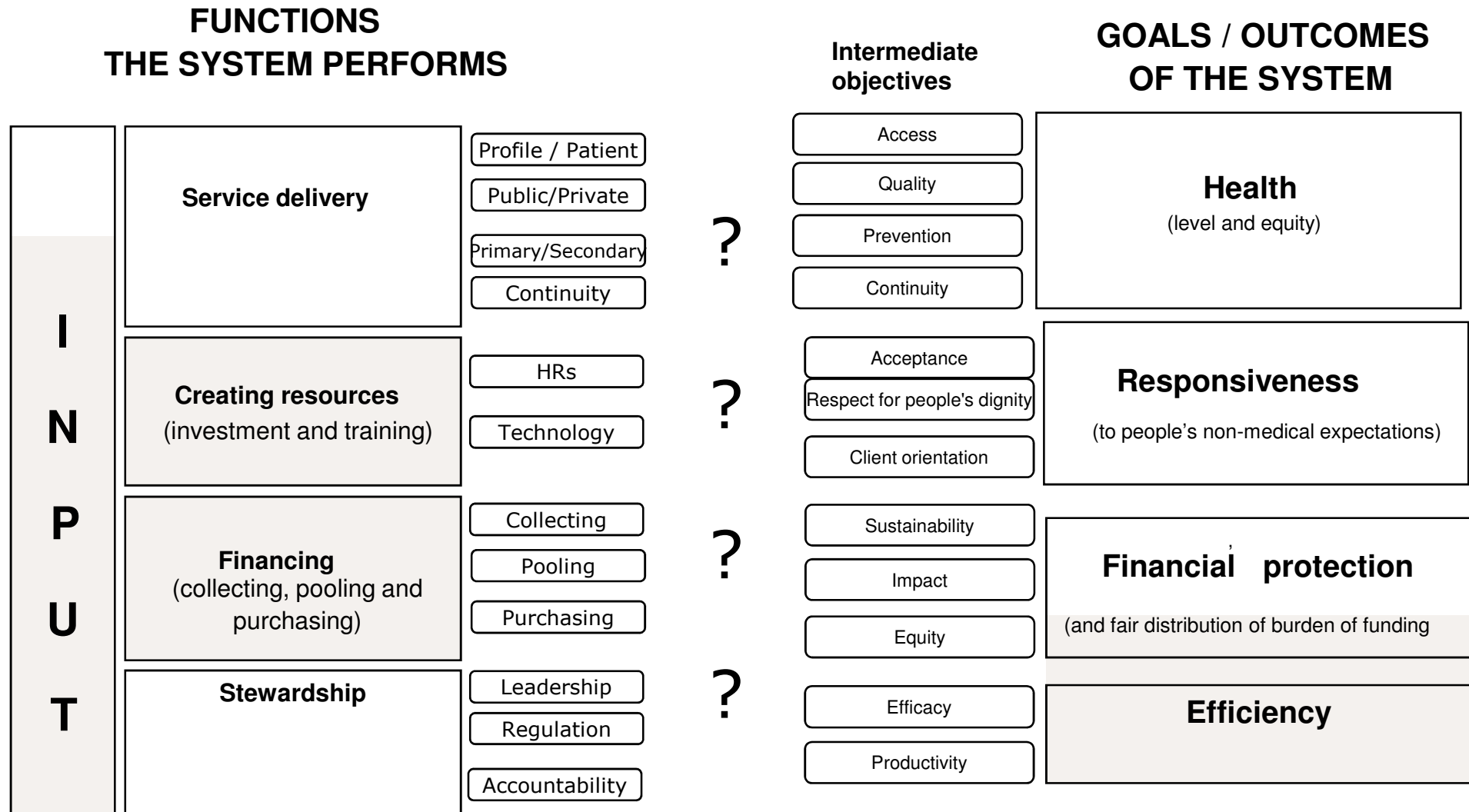


# (Some) known problems with HIS

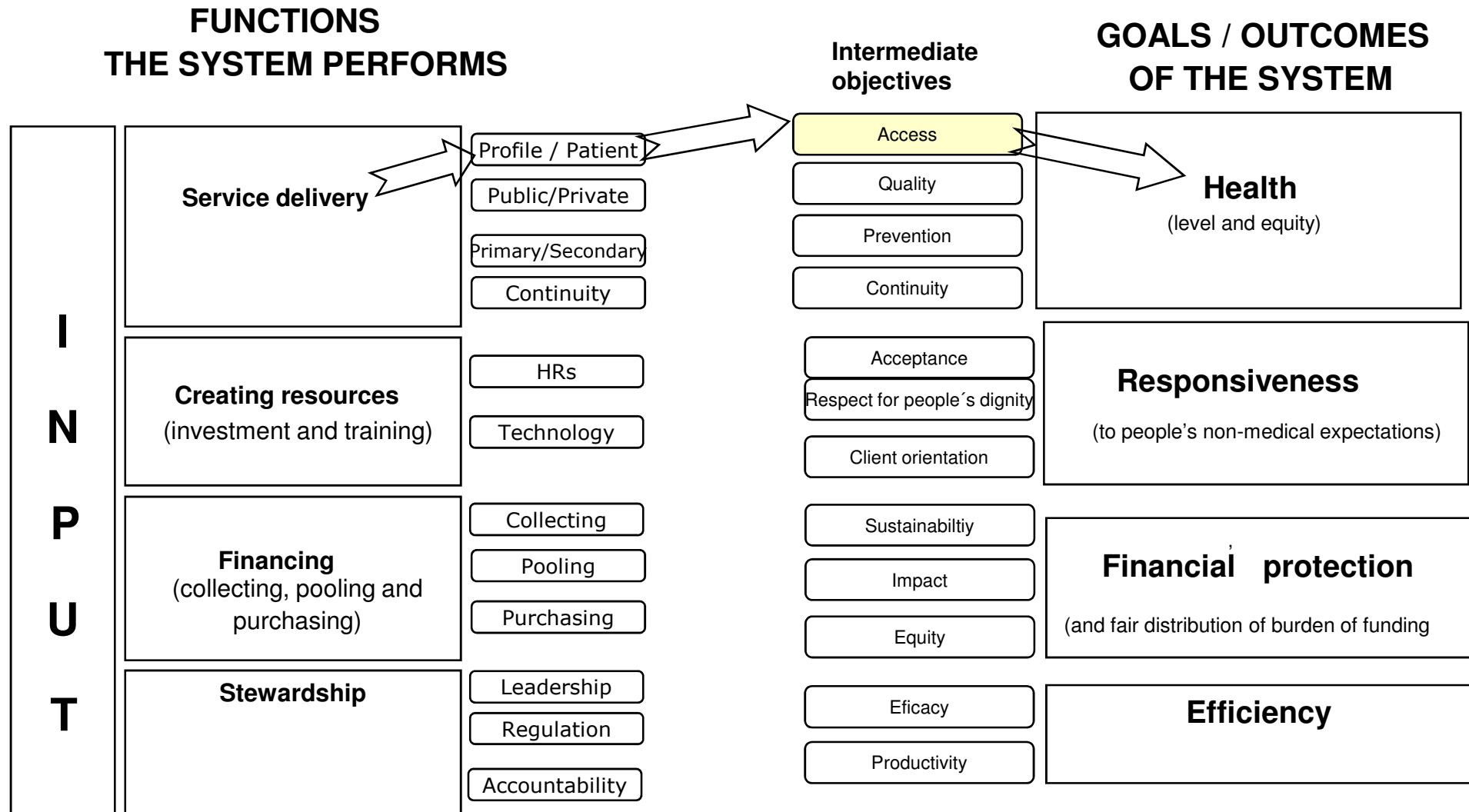
- Fragmentation of health information systems along disease lines and donor interests
- Health isolated from broader processes such as national statistical strategies, ...
- Plenty of data, insufficient analysis /synthesis
- Failure to meet policymakers' information needs



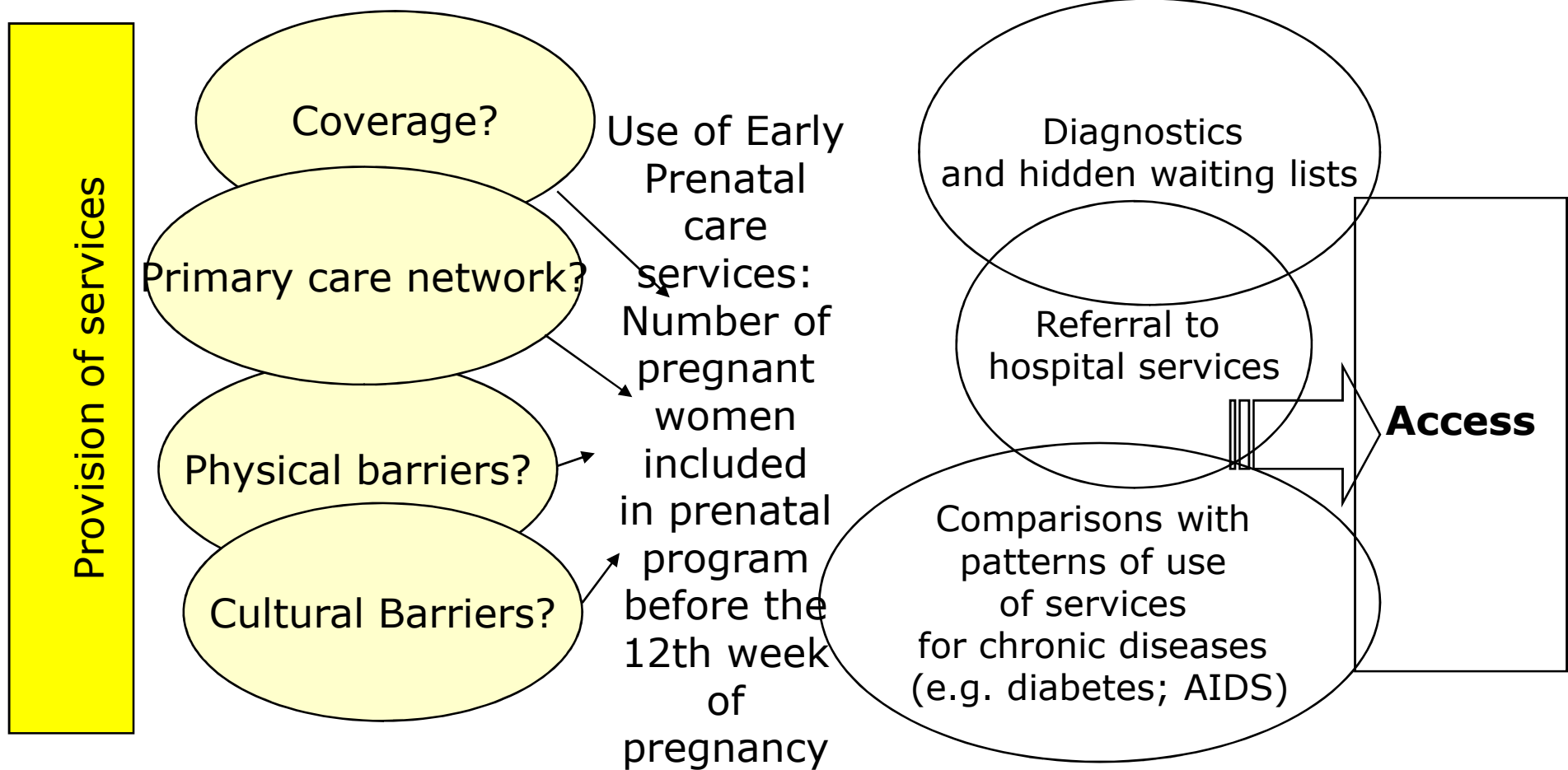
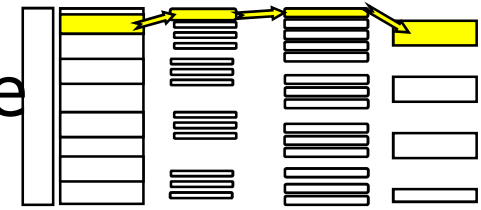
# Generating policy hypotheses



# Hypothesis for example on access to services



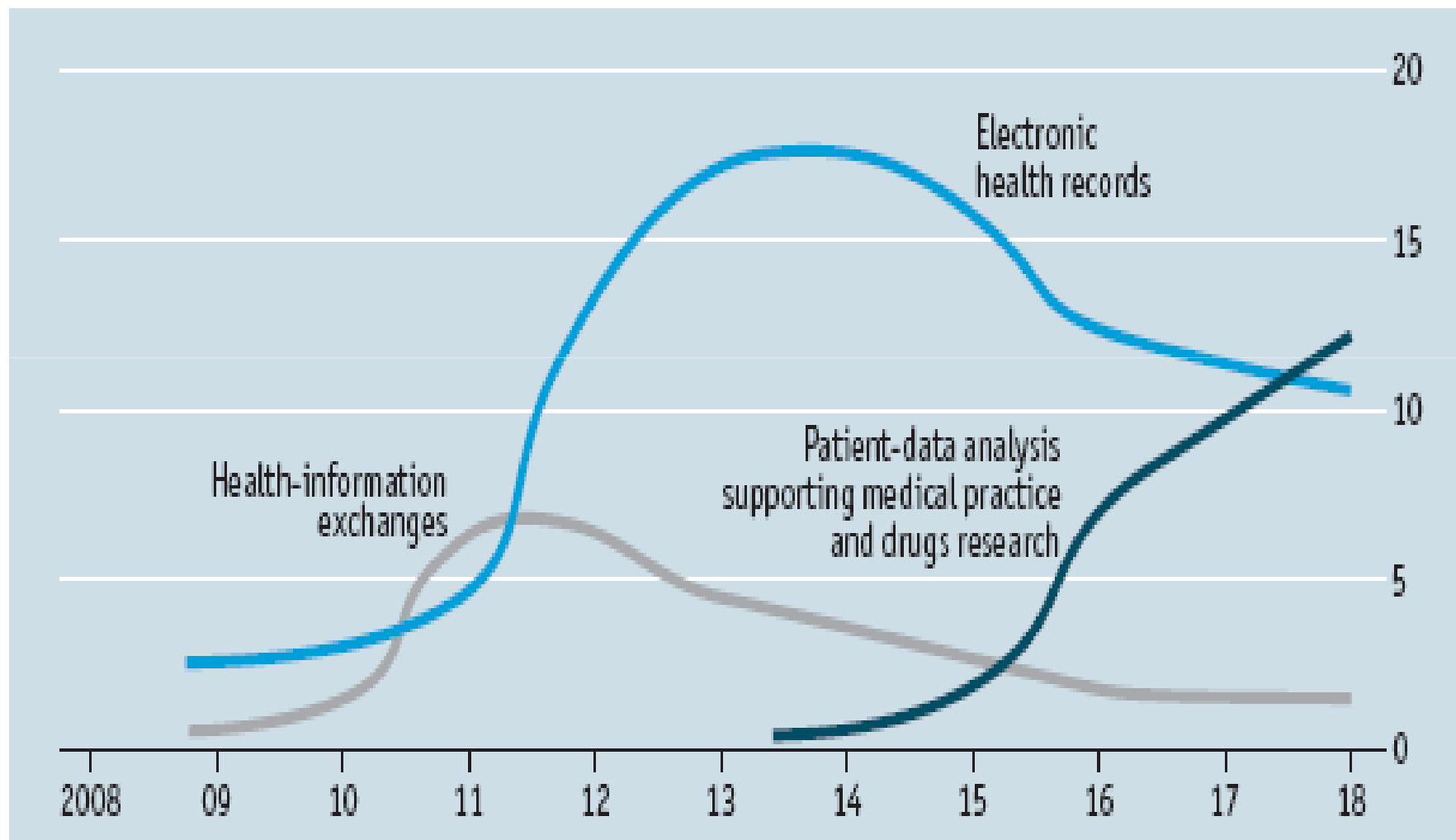
# More on hypothesis, additional evidence



*Need context-specific, actionable intelligence linked to human capital competence/ health system performance evaluation, created by*

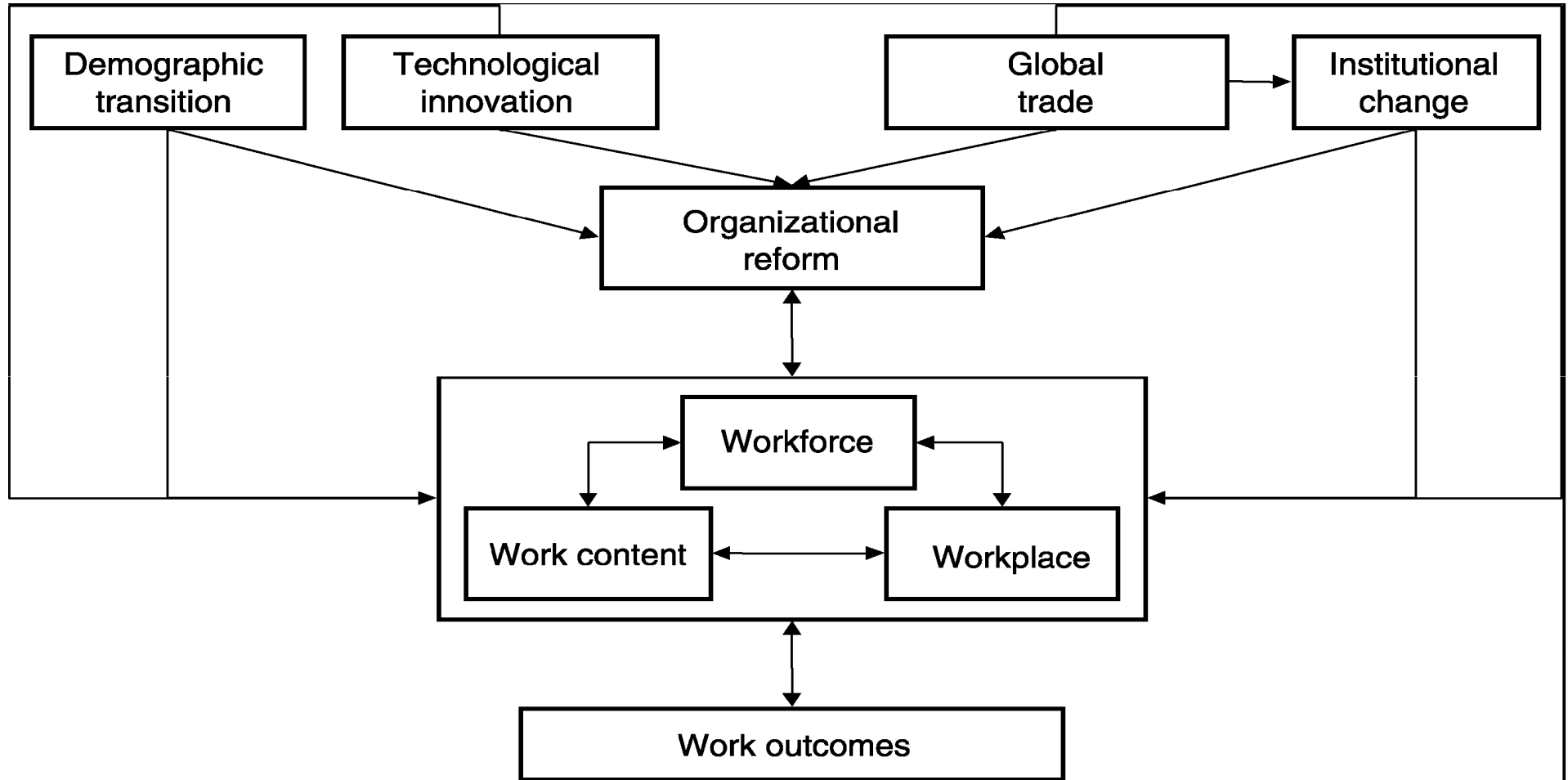
1. Analysing the available evidence-based information on experience in developing health policies in the world;
2. Making sense of those information & analyses, by assessing their relevance and adequacy.

# America's forecast investment in health information technology, \$ bn



DeBor, G. 2009, "HHS, ONC and the HITECH Provisions", Stimulating Health Information Technology Nationwide. Computer Science Corporation (CSC) Webinar, accessed on June 15, 2009 online at: [http://assets1.csc.com/health\\_services/downloads/CSC\\_Stimulating\\_HIT\\_Nationwide\\_Presentation.pdf](http://assets1.csc.com/health_services/downloads/CSC_Stimulating_HIT_Nationwide_Presentation.pdf)

# New situation, same services?



Source: Dubois, C et al 2006. *Analysing trends, opportunities and challenges*, in Dubois et al (editors). Human resources for health in Europe. European Observatory for Health Systems and Policies Series. Open University Press. Buckingham.

A number of technologies are now transportable and the service delivery structures are being reshaped (less invasive surgical interventions, pharmaceutical and biochemical progress in diabetes, mental health and cancer...).

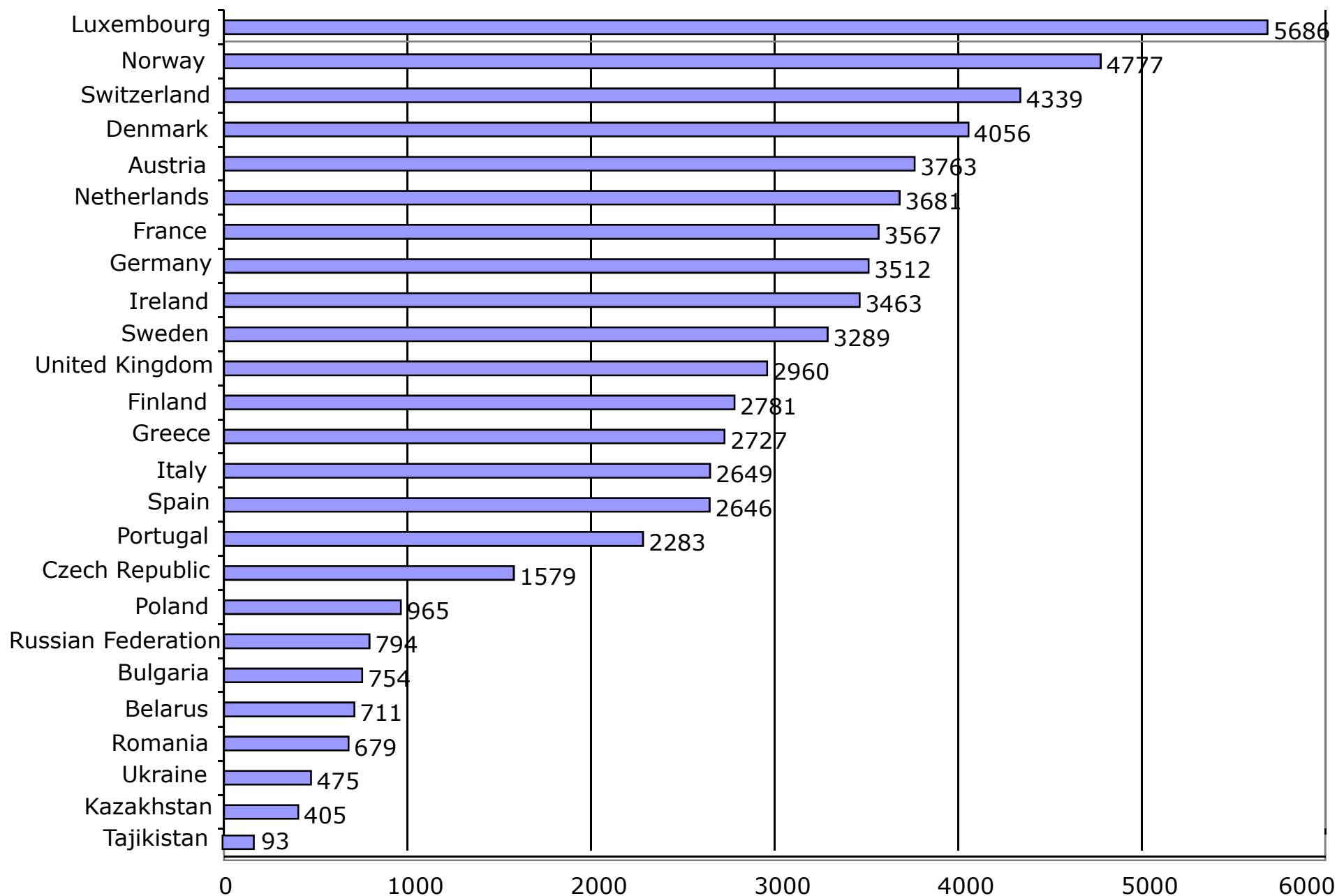
The European Union is fostering PPP.

And so on...

## ANNUAL REVIEW PROCESS IN PHC FOR A PERSON WITH DIABETES:

- Taking of blood to assess renal function, lipid and HbA1c levels;
- Measurement of blood pressure;
- Examination of the feet and an assessment of foot risk status;
- Retinal screening and assessment of retinopathy status;
- Review of treatment including the assessment of responses to and side effects from medication;
- Education about diet and exercise and negotiation of appropriate behaviour changes;
- Identification and management of patient concerns and anxiety;
- Establishment of management goals and targets for the coming year;
- The assessment of macro-vascular and micro-vascular risk;
- Decision-making about whether referral for specialist care is required;
- Data entry and register management together with management of an effective call and recall system.

# Per capita health expenditure \$PPP selected European countries 2007



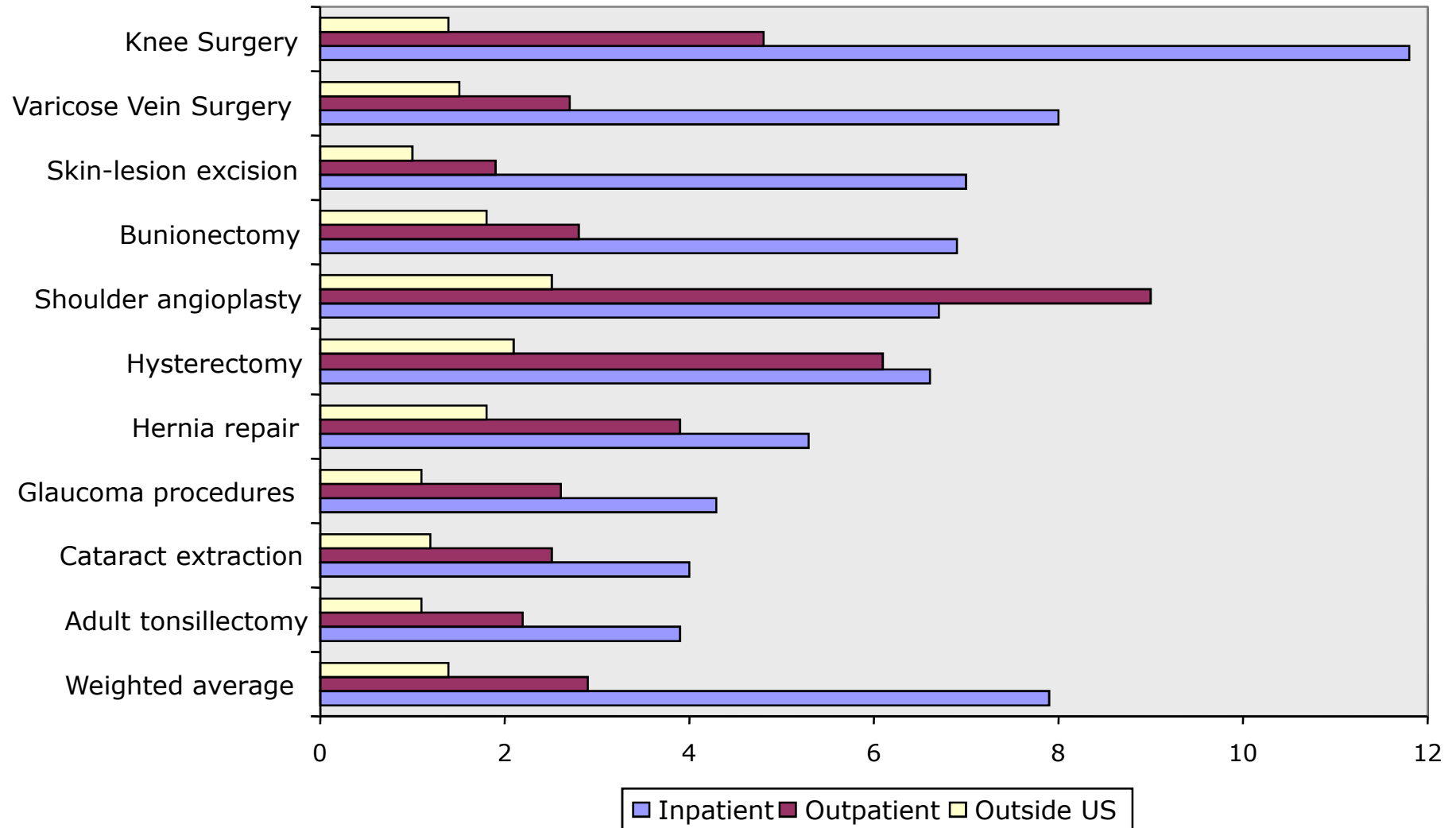
Source: Joint OCDE, WHO and EUROSTAT National Health Accounts, [www.who.int/nha/country/en](http://www.who.int/nha/country/en), May 2009,

# Health professionals/ 100.000 population in the WHO European Region, 2007

	<b>PHYSICIANS</b>	<b>NURSES</b>	<b>MIDWIVES</b>	<b>PHARMACISTS</b>
<b>European Region</b>	339.71	727.45	44.57	52.28 (2006)
<b>EU</b>	322.38	741.56 (2006)	35.64 (2006)	71.43 (2006)
<b>CARK</b>	282.13	775.18	66.91	25.87
<b>CIS</b>	376.78	794.73	52.64	20.55
<b>LOWEST</b>	<b>115.02</b> (Albania)	<b>310.8</b> (Turkey)	<b>13.83</b> (Netherlands)	<b>1.65</b> (Kyrgyzstan)
<b>HIGHEST</b>	484.07 (Belarus)	1549.78 (Ireland)	111.73 (Azerbaijan)	154 (Malta)

Source: WHO Health For All Database (accessed on May 2009)

# Comparative cost of selected medical procedures, US and abroad 2008 - \$ 000



# Time for mass service production and patients' border-crossing?

<b>ARAVIND EYE CLINIC</b> , Doctor Govindappa Venkataswamy, Director. <b>Cataract operations</b>		<b>NARAYANA HRUDAYALAYA HOSPITAL</b> , Doctor Devi Shetty, <b>Pediatric Cardiac Surgery</b>
1976	Starts up with a 20-bed non-profit private hospital	Since 2001, <b>500 beds and 10 operating theatres</b> . Some 24 open heart surgeries and 25 catheterization procedures a day (8 times average at other Indian hospitals)
2002	180,000 (70% for free)	
Cost in the US: 1,650 dollars; for Aravind, 10 \$US.		Surgery free to the poor and telemedicine services for two rural hospitals in India and other hospitals in Malaysia, Mauritius and Pakistan free to all

# Categorisation of Skill Mix Initiatives

<b>Changing roles</b>	
Enhancement	Increasing the depth of a job by extending the role or skills of a particular group of workers
Substitution	Expanding the breadth of a job, in particular by working across professional divides, or exchanging one type of worker for another
Delegation	Moving a task up or down a traditional uni-disciplinary ladder
Innovation	Creating new jobs by introducing a new type of worker
<b>Changing the interface between services</b>	
Transfer	Moving the provision of a service from one healthcare setting to another (e.g. substituting community for hospital care)
Relocation	Shifting the venue from which a service is provided from one healthcare setting to another, without changing the people who provide it (e.g. running a hospital clinic in a primary care facility)
Liaison	Using specialists in one healthcare sector to educate and support staff working in another sector (e.g. hospital outreach facilitators in primary care)

Sibbald B, Shen J and McBride, 2004, Changing the skill-mix of the health care workforce, *Journal of health Services Research and Policy* 9 (supp 1) 28-38

# Also, what training of whom where?

	Pre-graduate	Post-graduate	Continuous
Knowing			
Knowing how			
Knowing to behave			
Wanting to do			
Being able to do			

40,000 Medicine articles published each month (half a million a year!)

Lee, Kelley. 2002, *The Global Dimensions of Health*, : 'The Nuffield Trust for Research and Policy' Web Site. [www.nuffieldtrust.org.uk](http://www.nuffieldtrust.org.uk)

Google digitalising 10 m books a year with 13 Universities; Berkeley: 3,000 books a day. Amazon, Microsoft and Yahoo also scanning "all public domain texts" (a total of about 65 m. books).

The Economist 2007, The future of books, March 24, p 86.

# Conclusions and recommendations

Too many things we do not know (it is not even clear whether stakeholders are willing to know!)

*Need to develop managerial capacity through "learning by doing"!*

Insufficient transparency and accountability.

*Need to*

- a. develop "health intelligence"*
- b. ensure institutional loyalty in public-private collaboration*

Private management development is a highly political territory, with big economic and emotional implications.

*There will be no solution without trade-offs and adaptations (need to be prudent but also strategic!)*

# Selectively promoting the private sector, a mostly intuition-based opinion:

Service provision: *may privatise extensively if agreed*

Funding: *be very careful if decide privatising insurance*

Input generation: *make it mostly (but not only) private*

Regulation: *arguably the most important function; keep it public but involve more stakeholders and professionals*

Re: the European single market and patient mobility, perhaps the private sector should be more active on what judges have said...

*(Remember: no risk, no reward!)*



Thank you very much