Economist Intelligence Unit

The Economist

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Future proofing Western Europe's healthcare

A report from the Economist Intelligence Unit

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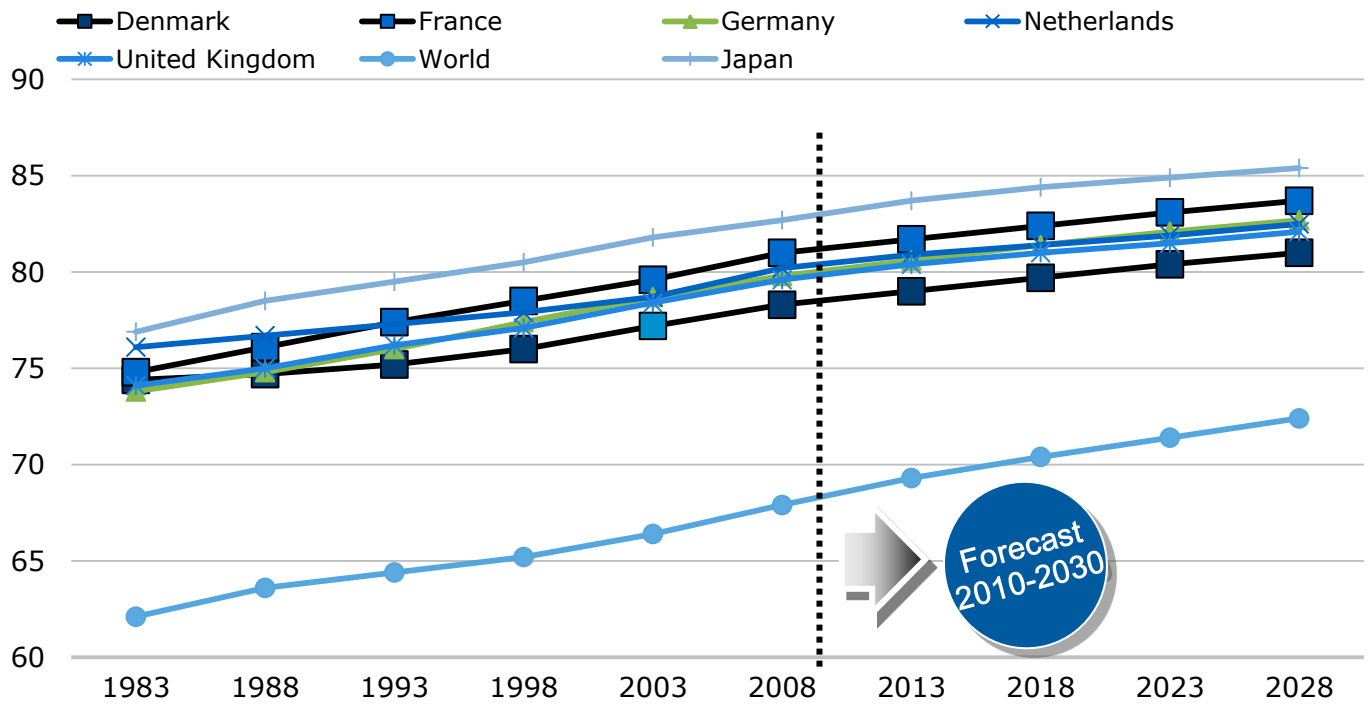
About the research

- Examined five key healthcare markets
  - Denmark, France, Germany, Netherlands, United Kingdom.
- Interviews with 28 experts
  - Included politicians, civil servants, health care professionals, patient representatives, industry executives, academics
  - At least five from each country
- Substantial desk research

European healthcare provision is a success story…

- To show just one metric, life expectancy continues to rise in Europe



…but people are worried about the future

There is widespread concern about the ability of healthcare systems to cope

- Populations and medical professionals believe change is necessary
  - A large 2010 Commonwealth Fund Survey found widespread agreement that national healthcare systems needed fundamental change or to be completely rebuilt: Germany (62%), France (58%), Netherlands (48%).
- These five countries have all seen numerous reform initiatives over last two decades.
- Experts, however, do not see the initiatives as bringing great benefit.
  - Professor Alan Maynard: “jumping on the spot”
  - Christian Saout: “France has already tried everything... [but] nothing important has been done on a structural level.”

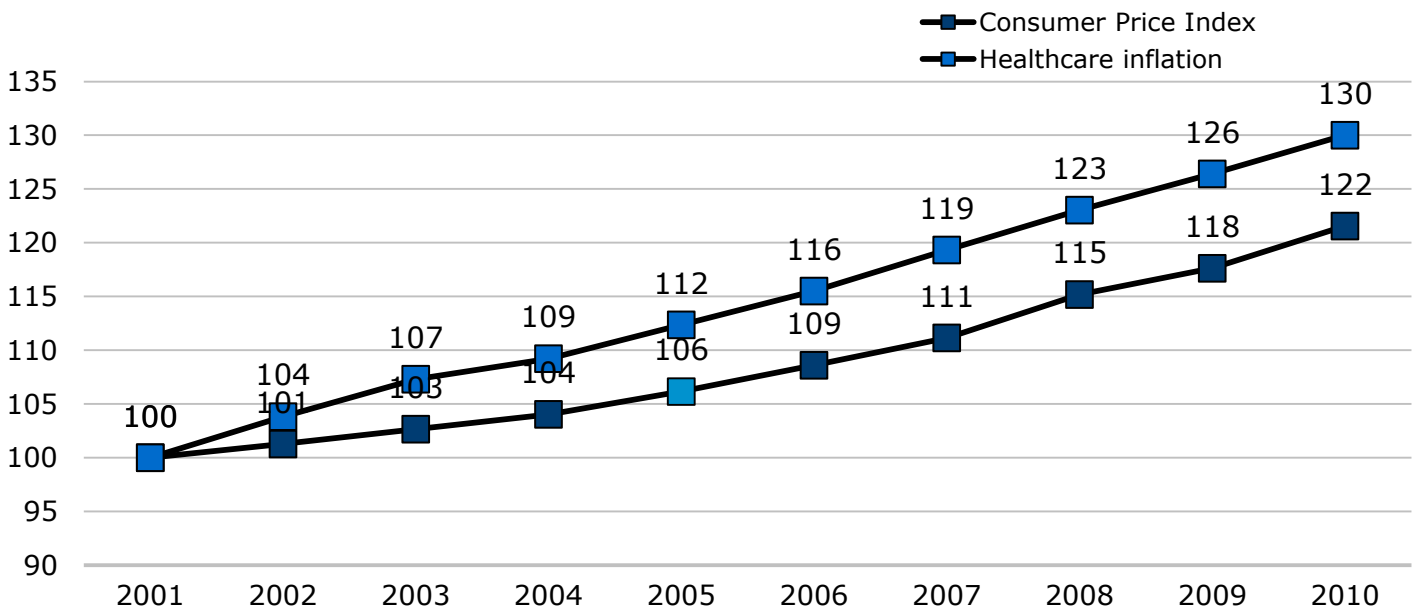
The coming challenges

The challenges which healthcare systems will have to address can be divided into three parts

- Costs and financing
- Demography and disease load
- Resistance to change

Costs: healthcare inflation runs ahead

- "There is no country in the world that has healthcare costs under control" – Professor Dr Norbert Klusen
- In most developed countries, healthcare inflation outstrips overall inflation, as in the UK in the last decade.



Other Cost Drivers

"There is no clear, empirical evidence from a statistical point of view of what the real drivers are." – Professor Jürgen Wasem

- New treatments, drugs, and technologies
  - These can both increase and decrease costs.
- Increasing patient expectations
  - "The most difficult [healthcare] challenge we have is the need to start a discussion about the entitlement to a healthy life...at any price." – Wouter Bos
- Ageing?
  - Frequently singled out as a cost driver, but actually a red herring
  - Example of Japan

Financing

- In past decade, healthcare spending as percentage of GDP has risen in times of poor economic growth, and Europe is facing ongoing financial turmoil.

Total expenditure on health (% of GDP)

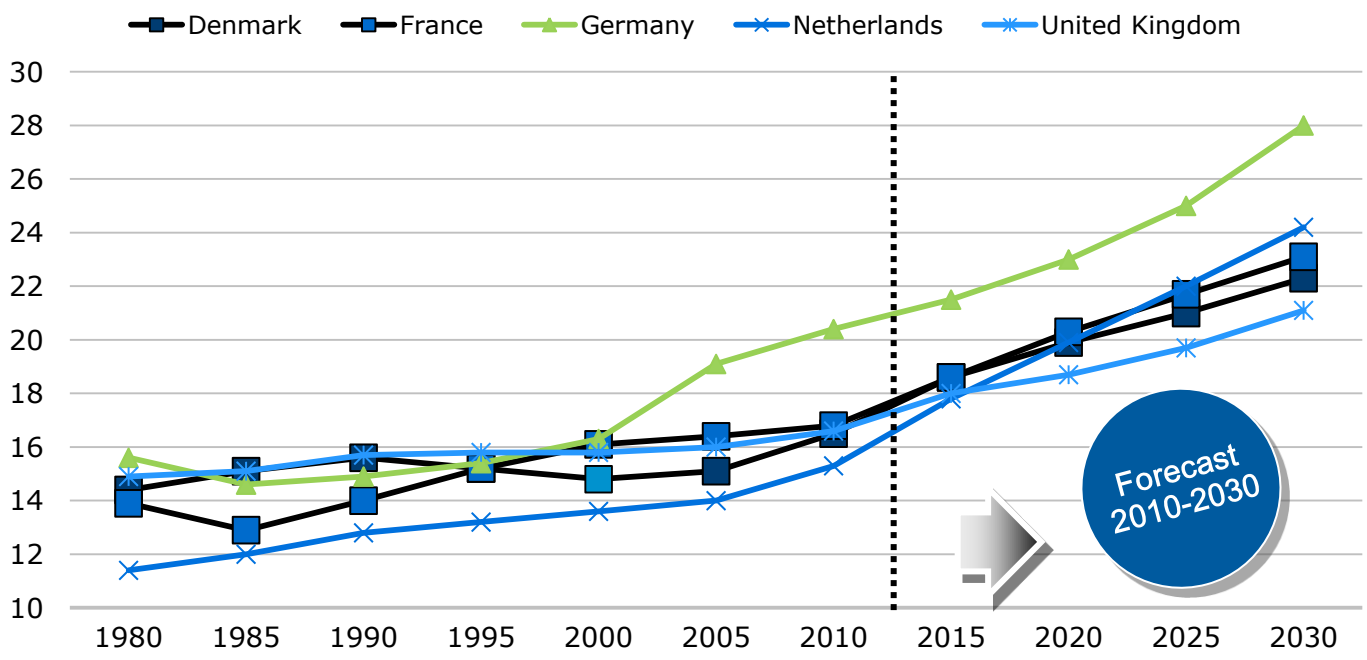
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Denmark	9.1	9.3	9.5	9.7	9.8	9.9	10.0	10.3	11.5
France	10.2	10.5	10.9	11.0	11.1	11.0	11.0	11.1	11.8
Germany	10.4	10.6	10.8	10.6	10.7	10.6	10.5	10.7	11.6
Netherlands	8.3	8.9	9.8	10.0	9.8	9.7	9.7	9.9	12.0
United Kingdom	7.2	7.6	7.8	8.0	8.2	8.5	8.4	8.8	9.8

Source: OECD.

- Here ageing may be relevant unless retirement age rises.

Demographics: Europe is ageing

- In every country in this study, the percentage of the population over 65 years old is rising steadily.



Disease Load Implications

"The big problem about ageing is that it is very difficult to do anything about it. So we have to adjust the healthcare system." – Professor Kjeld Møller Pedersen

- Growth in chronic diseases
  - Age is a leading risk factor in various chronic and degenerative diseases, including: cardiovascular disease, arthritis, diabetes, osteoporosis and dementia.
- Growth in multi-morbidity
  - In the EU, 40% of people aged over 50 already have two or more chronic diseases.
  - An ongoing study of over 1,000 people aged over 85 in Newcastle found that on average they had 5 chronic diseases.
- Growth in need for social care

Lifestyle diseases

- Despite progress, the populations of these five countries still engage in behaviours that carry significant health risks.

	Overweight or obese people (%)	Adult smokers (%)	Alcohol consumption per head (litres)
Denmark	45	20	13.4
France	37	26	13.7
Germany	50	22	12.8
Netherlands	46	28	10.1
United Kingdom	61	22	13.4

Sources: OECD; World Health Organisation (WHO).

Changing healthcare systems

Healthcare systems, to meet these challenges, need to become more informed, integrated, efficient, and effective, but change is very difficult.

- Healthcare involves competing demands
  - Cost-effectiveness vs equality
- Intense attachment to existing system
  - “Religion-like” status of National Health Service
- Complexity
  - A shoal of fish that swims like a whale.

Five Case Studies

Rather than looking for a comprehensive way to future-proof healthcare systems, this study looked at five examples of what countries are doing

- The Netherlands: Market Based Reform
- Germany: Integrated Care
- United Kingdom: Using Outcomes Data
- Denmark: Electronic Patient Records
- France: New Regional Health Agencies

The Netherlands: Market Based Reform

Overview

- All residents must purchase private insurance
  - Extent of coverage is government-mandated and everyone charged same premium (with limited exceptions)
  - Cannot be refused because of pre-existing conditions; government administers a tax to defray expense of high-cost policy holders
  - Competition among insurers is based on service and quality
- Three overlapping markets
  - Between individuals and insurers for the purchase of insurance
  - Between individuals and providers for the supply of healthcare services
  - Between insurers and providers for the pricing of those services.

The Netherlands: Market Based Reform

Results

- Some initial improvements for patients
  - Waiting lists decline
  - Surveys of insurance customer experience show improvement
- Little structural or process change so far, but debate has started
  - Insurers have been reluctant to restrict coverage to certain providers
  - Attempts to do so are beginning, but have caused sometimes heated debate
- Government is pushing insurers to be more active
  - Will be publishing data on providers so it is easier to assess quality
  - “It would be nonsense to expect these adaptations will be finished in a few years.” – Hugo Hurts.

Germany: Integrated Care

Overview

- Between 2004-2008, German government tried to increased use of integrated care arrangements
  - Subsidized care contracts to tune of nearly €800 m.
  - By 2008 there were 6,000 arrangements with over 4 million people treated
- An Example: West German Headache Center
  - Patients with migraines, rather than selecting randomly between several specialists, can go to clinic.
  - Seen on the same day by a neurologist, a psychologist and a physiotherapist, who make a joint diagnosis.
  - Referred to appropriate facility for care based on cause of condition.

Germany: Integrated Care

Results

- Better care
  - West German Headache Center reduced number of patients missing six days of work or more per month from 58% to 11%.
  - For Techniker Krankenkasse's over 300 integrated care contracts, on average patients return to work 72 days earlier than with conventional care.
- Lower cost
  - West German Headache Center provides care that is 30% less expensive on average even though no limit on prescriptions used.
  - For Techniker Krankenkasse, 85% of contracts had positive cost-benefit ratio.
- Still not widespread
  - 4 million patients in a population of over 80 million people.

United Kingdom: Using Outcomes Data

Overview

- Some early examples of use of outcomes data
  - BUPA in 1990s tracks results in its hospitals
  - NICE created in 1999 to provide data-based guidance on medications and clinical practice.
- Society for Cardiothoracic Surgery decides to publish outcomes results in 2001
  - Surgeons collect about 150 pieces of information before every heart operation.
  - Allows nuanced understanding of different risks involved.
- Patient Reported Outcome Measures (PROMs)
  - Being gathered by NHS for all hip and knee replacements, varicose vein and groin hernia operations
  - Based on surveys of patients before and six months after surgery
  - Consider both general feeling of well-being as well as data relevant to particular treatment

United Kingdom: Using Outcomes Data

Results

- Heart Surgery
  - Within five years, mortality rates fall by half
  - Weaker areas of country improve toward the average
  - More difficult and risky cases being undertaken
  - “The major benefit is a philosophy and mind-set change” – Sir Bruce Keogh
- PROMs
  - Could help to define best time to do a treatment
  - 80% of those receiving varicose vein operations recorded improvements relative to the condition, but only 40% saw an improvement in their overall feeling of general health
- Aim is to provoke discussion rather than simply define best practice

Denmark: Electronic Medical Records

Overview

- Electronic Medical Record System is widespread in primary care
  - 98% of primary care physicians part of an interoperable system of EMRs
  - Used for record keeping and communication with other parts of health service (including specialists, pharmacists, hospitals)
- Integrated with other medical care databases
  - Regional databases for hospital patient records
  - National database for patient medication
- Patients can access some parts of record as well
  - National health portal (sundhed.dk), and citizen's portal (borger.dk) allow patients to see some parts of their records, to contact doctor, and even to change doctors

Denmark: Electronic Medical Records

Results

- Numerous benefits
  - Reduces paperwork, allowing doctors to see up to 10% more patients per day
  - Improves care by generating automated reminders and warning about possible harmful interactions between medications
  - More rapid receipt of medically relevant information
- Quality assurance
  - 10% of doctors have data capture modules integrated with their EMRs
  - For certain conditions, these allow comparisons of outcomes of individual patients or the practice as a whole with regional and national norms
- Outcomes data gathering
  - Captured data is also beginning to be used for outcomes-based research

France: New Regional Health Agencies

Overview

- 2009 *loi hôpital, patients, santé et territoires* created regional Agences Régionales de Santé (ARS)
- One goal is to better integrate health provision
  - Rationalize provision of primary, ambulatory, and hospital care
  - Co-ordinate pathways between them
- Bigger innovation is to co-ordinate healthcare services with other relevant areas
  - ARS will have authority over health-related aspects of the environment, public health, local health risk management and insurance co-ordination, evaluating and promoting professional training, prevention programmes, social care
  - ARS must create strategic regional health plans which encompass all of these elements

France: New Regional Health Agencies

Results

- Still only one year into reform
  - Every ARS is up and running
  - All have plans in place

Five Different Photos of the same System?

Rather than a disjointed collection of initiatives, these five case studies point toward a healthcare system that is struggling to emerge

- They are mutually re-enforcing
  - Market-based healthcare reforms require outcomes data
  - Integrated care requires a quick, reliable way of sharing patient data, such as electronic medical records
- They are each an essential contribution to an integrated, informed, efficient, and effective system which can allow other improvements, like reorganisation of professional tasks and the greater use of remote IT.
- Hope study will “be used as a tin opener to start conversations, rather than a dial to determine best practice.”

Thank you