

Zdravje je blagostanje – vodilna vloga Evrope pri skrbi za zdravje

Health is Wealth – Toward a European Lead Market in Health Care

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Ključne besede:

Zdravje, blagostanje, tržišče,
trg zdravja, vodilna vloga

Key words:

Health, wealth, market,
health market, lead market

Članek prispel / Received

10.07.2008

Članek sprejet / Accepted

26.08.2008

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Izvleček

V prispevku je prikazan pomen človeškega življenja kot najvišje vrednote. Zdravo prebivalstvo je predpogoj za sodobno družbo. Ni blagostanja brez zdravja. Zato je učinkovita skrb za zdravje nujna za kvaliteto življenja in za zdravstveni potencial družbe. Ekonomska rast je možna le pri zdravi populaciji. Prikazan je pomen Evropske unije za razvoj evropskega sistema za zdravje, ki bi omogočal moderno zdravstveno varstvo za celotno Evropo. •

Abstract

Human life represents the highest value. A healthy population is an indispensable prerequisite of a flourishing and wealthy society. There is no Wealth without Health. Any investment in the health sector is one of the most beneficial investments for the wealth of society. Economic growth is only possible with a healthy population. The role of European Union for creating a European Lead Market in Health care for modernization of medical care in Europe is presented. •

Introduction

Human life represents the highest value and is the fundamental force embedded in our dynamically changing world. Human lives drive those forces known as progress, which shape our cultural environment and create the basis for our socio-economic development on our continent. A healthy population is an indispensable prerequisite of a flourishing and wealthy society. This was clearly seen by Bismarck in the 19th century. As expressed in the report to the European Parliament "Health is Wealth" (1), there is no Wealth without Health. This means any investment in the health sector is one of the most beneficial investments for the wealth of society. Sustainable health care leads to an increase of human capital as a source of precious wealth. Effective health care is therefore essential to quality of life, as well as to the health potential of a society. Economic growth is only possible with a healthy population. It is a significant contribution to our human capital.

Just as in other areas of our society, medicine is a remarkable result of our culture reflecting how we deal with our fellow man. The progress of medicine creating a healthy society has been an endeavor of human culture from its earliest beginnings. In the last century, however, remarkable changes in health care have taken place in Europe. The most important transition has been from charitable or religious orders toward public institutions in the justification to practice medicine. The national health care insurance schemes brought a new dimension to the entire population. Medical care was not always as expensive as it is today, but life teaches that it is not possible to stand still. Today medicine is enormously capable and effective, and this raises new expectations and hopes in our society. The average life expectancy of our society has increased significantly thanks to the efforts of modern medicine and to changes in lifestyle, such as hygiene. Such progress requires implementation of new concepts in the delivery of medical care in Europe. Health care can no longer be subsidiary to other national interests. With outdated concepts and mismanagement, the

needs of the future can not be met. These outdated approaches are also too costly and thus, not affordable. Everyone in the system faces challenges: the patients who pay for the system, the doctors and their auxiliaries who deliver medical care, the medical industry that brings new technologies forward, the enterprises providing the environment for the delivery of health care, and last but not least, the politicians who must allocate resources according to the needs of the populations they serve. Medicine is a noble order from the public to the medical system and has to be reimbursed properly. A new model incorporating more personal responsibility and more flexibility is emerging throughout Europe as a probable development. The present national concepts are outdated. A new positioning of medicine is only possible via the European Union.

European Lead Market in Health Care

The European Lead Market in Health Care is emerging as a result of the creation of the single European market and in reaction to the needs for a new paradigm in medicine. Each of the current European health care systems are very complex in themselves, and are only to be understood in the context of their historic development. There are enormous differences in current practices for both the provision and delivery of modern medicine. To overcome these gaps, the transition from a local or national system toward a single European system is the optimal path of the future to overcome the different levels of quality throughout Europe (5). The European Health Power House shows the ranking of the various national systems in 2007.

These days health care is an important societal task, which is continually challenged by the enlargement of the European Union. The national provisions differ significantly within the EU, but are enormously and emotionally linked to the public. Any change creates fear. These fears should be overcome by a Lead Market. Medicine is localized today and considered subsidiary within the states and the Union. Medicine can become a

single market providing health care for 480 million Europeans. The establishment of a European Lead Market in Health Care is essential as a European endeavor and a stabilizing factor within the Union.

As previously stated, medicine is a result of our culture, and the market is embedded in a gigantic global macro economy. As a market, medicine (including home care, private use and prevention) comprises a total of 25% of the larger economy, making medicine the largest entrepreneurial endeavor of our economy and giving thousands of households their vocational and financial basis for daily life. The economy and medicine are parts of our society that stay complementary to each other. Medicine has the specific task to care for and cure patients in as optimal a fashion as possible. In our modern lives, interdisciplinary approaches are giving the best answers and solutions for future strategies. The interdisciplinary approach reflects the cultural endeavor.

There are three types of markets relevant to medicine, which are the free market, the socio-economic market and the planned economic market.

The concept of a free market in medicine is long established in the US. Everyone must care for himself and his family, with private insurance companies helping to meet the financial burdens. However, the insurance policies have high premium charges, which make it impossible for many to have coverage. In principle this free market system is extremely utilitarian. One outgrowth of this system of free market health care delivery is trailblazing research, which is remarkable and copied throughout the rest of the world. Medicine in the US has been admired all over the world since WWII. But despite all the glitter, a high percentage of people do not have access to the system and are unable to afford the high costs of carrying health insurance. The cost of medical treatment in the US is twice as high per capita in comparison to the European Union. Out-of-pocket expenses and co-payments are often additionally required

payments for this system of health care. In the US, 30% of patients do not benefit from this system and are cared for through charity or are wealthy enough to pay for health care without insurance. However, the political influence on this health care system is relatively low and from time to time new legislation is signed to improve general care. This system is highly effective in provision, but has limited access that leaves those who can not pay with few health care options.

Moreover a free market system in the 21st century is under a huge influence of the globalized financial market. The deregulated, liberalized and privatized flows of money have a direct impact on any national health care system. High speculation, abrupt outflow of money from the domestic health care sector, shareholder mentality, short-term perspectives and increasing turbulences and instabilities are causing further risks for domestic health care politicians, suppliers and patients. An adequate financial design should consider these challenges.

The concept of a socio-economic market is a specific approach developed in Europe and can be seen as an act of solidarity, based on the efforts of Bismarck. He saw clearly in 1875 that a healthy society needs adequate medical provision to provide political stability. The system in Middle Europe is financed through mainly through insurance and taxes, less so through co-payments, and rarely by out-of-pocket payments. This system has been mostly sufficient for many decades, and exists in many parts of Central Europe. Based on the efficacy of the system, politicians are promising Health for All, best medical practices, constant accessibility, and of course, free of charge to patients. This comes under pressure now due to a rapidly changing environment of an aging population and costly medical procedures accelerate the gap between available funds and expectations. Further factors influencing an ongoing gap between GDP growth and increased health care costs are new technological innovations, wellness culture, and the institutional design. With the ongoing pressure of medical costs, the influence of politics is increasing. Distribution

and provision of medical care are coming more and more under political control. This will be a step toward a planned market as seen in the former German Democratic Republic. Compulsory insurance is the field of most political influence, while private insurance has a volume of around 10%-15%. But despite all pressures and lamentations, Europe has for the most part an excellent medical system that is comparable to the US. However, this social economic market system can be improved to increase innovation and access. To face a market according to the Maastricht criteria, we require a model that lies beyond traditional perspectives. In short, almost all sectors in health care can be deregulated and privatized with the exception two: free access and universal coverage of individual health risks. This can be achieved by depoliticization. The political framework is to ensure "Health for All" in a level of quality set according to standards and reasonable accessibility. This is to be understood as an act of our collective society.

"Health for All" has to be understood as a public order to the health system. Therefore the financial framework for medical delivery is a political task. There must be financial streams routed directly to the institutions where medical care is provided. Today, we have many detours and political influences in the money pathway. A socio-economic plan organizes medical provisions according to a modern market concept, where the socio part ensures "Health for All." This will have a high potential of being cost efficient and can be our major contribution to the health potential of our society in the future. As previously stated, a shift toward the liberation of the market is unavoidable. A step toward more control will result in a planned market of medicine, what we will avoid. In comparing the US and the former Communist States, the middle ground of a socio-economic market is the most reasonable and human concept, where the market and society are united in an endeavor establishing social cohesion. The basic concept is the principle of co-financing through conditioning, meaning that although the health care sector (for example nursing) traditionally has a lower productivity

than other sectors (for example the car industry), the economy as a whole must generate the money to transfer to the health care sector since the whole society benefits from its healthy members. The health care sector itself must also fulfill certain medical standards, including best medical practice, collective coverages, as "Health for All".

The concept of a planned market is known from the eastern parts of Europe, in the former Communist States. This system is covered solely by taxes and therefore has the maximum amount of political influence and guidance. This system is not patient friendly, has limited incentives for innovation, restricts provision, and produces long waiting lists. There are stories of patients waiting up to a year or more for a hip replacement or a cardiac bypass procedure. There is also discussion of an age limit for provisions such as hemodialysis. This system can be considered costly and ineffective as it has demonstrated inefficiencies in the past.

In an open market concept as described by the Maastricht criteria, planned market health care systems will become history. Modern medicine needs free market structures, considering social adjustments. Modern and efficient medicine is based on innovation, and creativity needs an adequately vital economy.

The market itself is characterized mainly by

- a) The patients as beneficiaries and doctors as gatekeepers of the different forms of medical and auxiliary care. The nonpatients are healthy citizens embedded in their households and who will benefit from the system when they become sick, and
- b) the providers who deliver medical care primarily through the doctors and their auxiliaries. They represent the medical services as a product. This product produces costs for devices, drugs, exams, therapies, rehabilitation, etc. In this context research, development, clinical studies, education and continuous medical education are indispensable, ensuring modern medicine based on innova-

tion. The medical product is delivered in offices for outpatient services and in hospitals. These costs are covered mainly by taxes and the compulsory fees. Everyone needs mandatory insurance, but the selection of the insurance provider is up to the individual. A basic premium can be expanded on an individual basis. Quality control, certification and assessment are indispensable prerequisites in the market and are the result of a proper reimbursement.

In our normal lives as consumers, we normally pay directly to the producer or provider. In Middle Europe we have a third party in the form of compulsory medical insurance between the patient and provider. This third party handles reimbursement outside of those costs paid by taxes. The patients themselves do not know the costs. As mentioned in the report *Health is Wealth* (1), in a health care market the insurance companies completely reimburse costs where they are generated. Only a full compensation of the real costs allows a true market, which stimulates open competition between providers. Competition leads to more efficacy, more quality, cost reductions and stimulation of innovation.

The European Lead Market is defined by Health for All due to innovation increasing the health potential of European society. To preserve human capital we must treat and respect the uniqueness of life. Industry and small and medium enterprises (SMEs) will profit and become hidden champions to a new market, which goes global. In medicine we can not outsource medical provisions; all our efforts with patients must remain in Europe. However, we can export the methodology of health care within industrial innovations and concepts. Especially SMEs will find new opportunities.

Instead of this historical dichotomous view (see above) we propose to look more into the means and goals of the health care sector itself to overcome the opposition of a socio-economic and a free market model.

In this view, the efficiency and commitment of all stakeholders are the most important factors in

achieving the ultimate in health care where fair access, optimum health status and collective risk protection are the main goals. Note that financing and efficiency are simple intermediates here and are not ultimate goals in themselves. The existing expenditures must now be used more efficiently. Today's circumstances require a concentration on evidence-based medicine. In total, this could provide a potential savings of 10%–15% in medical care costs, and save an additional 10%–15% in the costs of organizing medicine, which would include financing. This savings is urgently needed to care for our aging population whose individual case will be costly. In addition to taxes and premiums, new sources of money to support the system are needed.

Conclusion

This report on “The European Lead Market in Health Care” contains opportunities for adapting modern health care in the whole of Europe, and proposes actions ensuring Health for All. These proposed actions are aimed at accelerating the development of medicine and the quality of health care and provisions in a field of growing costs, as well as to overcome the big gap in quality of care in the different countries of Europe. At present there is no accepted concept for designing European medical care fit for the future.

This report on the European Lead Market is based on a previous report entitled “Health is Wealth—Strategic Visions for European Health Care at the Beginning of the 21st Century” (1), which was prepared by the European Academy of Sciences and Arts and delivered to the European Parliament in 2003. The specific focus of the report dealt with all forms of health care, with the patient being the primary center of interest. Three clusters, which may be described as medical arts, medical organization and medical financing, are identified to serve the patient (Fig. 1). These three clusters are integral to the entire process of shaping a patient-oriented health care system. To provide all European patients with the most modern and effective medicine pos-

sible, several strategies must be adopted to tackle the national health systems. On a European level the national regulatory obstacles must be overcome. National health care today is dangerously provincial and therefore outdated.

The European Lead Market is different from other markets where the main endeavor is dedicated to life in a cultural environment. The future health status of each individual has intrinsic uncertainties, and no one—regardless of his or her current situation—knows when he or she will get sick in the future. This requires a collective commitment to design a health care system for all. There are two parts: the citizens and patients on one side and medical arts, medical products and medical services on the other side. This market has an enormous potential for growth. Sciences and industries in health care have a great opportunity to lead the international market. Medicine fulfills the criteria of Knowledge and Innovation Communities (KICs) of the European Institute of Technology.

The driving factors behind a single European Health Care Market (EHCM) are changes in the demographic development, global market strategies and rapid growth opportunities in medicine, mobility of patients and the increase in identification of complex chronic diseases, as well as environmental burdens. National health care capabilities for a European setup are becoming limited and presently are subsidiary to Europe. Most European countries complain of exploding costs while overlooking the great opportunities of investing in future health care. This single market has an overall volume of 25% of the GNP, including direct medical care, wellness, prevention and lifestyle changes. This market is supposed to be the largest single market, with huge job opportunities that are robust against outsourcing to other regions of the world. The market volume will increase up to 30% of the GNP in 2020. (2)

Medicine is the largest entrepreneurial endeavor in our society. Besides the obvious benefits for patients, this industry provides income for thousands of families employed in all the auxiliary support organiza-

tions and industries. A study measuring the direct and indirect profitability of health care should be launched.

Potential of cost reduction

The potential exists to save 10%–15 % of costs. Classification and reimbursement are the core elements in bringing medicine to a standard deserving of the 21st century. The market allows competition, which promotes innovation and creativity, brings mobilization, standardizes quality in Europe, and at the end of the day reduces costs in a magnitude of 10%–15 % in total. This is desirable for future innovations leading to a real Lead Market.

The Aho Report (3) has been an excellent stimulus for applying market criteria to health care, stimulating innovation and creativity and shaping the future. It contains two essential criteria, the Maastricht and Lisbon treaties, whereby “services of general interest” may have an impact in the treaty ratification and entry into force (4).

Three areas are challenged: the medical field, insurance companies, and the politics that shape medicine for all citizens. The main prerequisite is an adequately clear path of reimbursement, which follows market mechanisms. This market deserves control mechanisms to ensure quality and give incentives for rational cost management and increased effectiveness.

Medicine can be shaped and reformed only via financing. The main core elements are guidelines and the classification of all medical provisions providing the proper basis for reimbursement. This will be established by the European Medical Societies and compiled by the European Institute of Health. With an effective reimbursement plan, medical institutions can develop independently in accordance with demand and quality standards. This forms the underlying basis for a comprehensive approach to medicine, which reimburses only those provisions that meet standards established by classification.

The movement of medicine through the health care market in the 21st century is fueled in large part by competition.

An additional core element is the changing role of the public sector.

We are all currently reimbursing this system through our taxes, premiums and co-payments. This provides the framework for solidarity based on community interests, objectives, and standards. In this context it can be seen as a paradigm change, where the public sector demands “Health for All” from the medical field in exchange for their financial contribution to the health care system via taxes. Medicine is no longer financed by charitable or religious orders, but is rather a request to the health care system, which is to be reimbursed.

Today, national structural barriers are blocking an integrative European health care concept. Some of these barriers include national interests, a lack or mismanagement of finances and misalignments of possibilities.

This report points out the positive impact to be expected, considering human, social and economic advances. The report should act as a roadmap with recommendations directed to all stakeholders (patient, doctor, industry, universities, medical associations and national and European parliaments).

The focus will be:

- 1) Patient benefit or “Health for All” as an act of solidarity with collective and equal accessibility in Europe. The guiding principle is, that we pay for our health system and we demand that the medical system ensure “Health for All.”
- 2) Classification, guidelines and certification of medical provisions for quality of care and a basis for reimbursement.
- 3) Privatization and depoliticization of medical hospitals and insurance in all European countries.

4) Eliminating national fragmentation.

5) Improving innovation as part of the new European Institute of Innovation and Technology (KICs).

This single market, with its volume, and industrial and scientific impact, is a real European Lead Market.

The whole concept of medical provisions has changed entirely over the last few decades, making a paradigm shift from local providers to a single European market inevitable (4).

The report will emphasize:

1. The patient and their doctors are the core elements of the entire health care system.
2. A need for innovation according to the Lisbon recommendations.
3. A need for education according to the Bologna accords.
4. A need to convert medical provisions to a single market according to the Maastricht criteria, modernizing the system via Europe.
5. A need for a new paradigm in medicine. The present medical paradigm is outdated and based on Julien Offray de La Mettrie (1709 – 1751) in a mechanical and materialistic view of healthy and unhealthy. A paradigm shift based on an integrative view of different disciplines is demanded. This is based on scientific results of the last decades (4) and acts as a basis for the 21st century.
6. We, the public, demand the system to provide “Health for All”.

The *organization* of medicine cannot be prioritized in the individual states or in the European Union itself. With a much needed paradigm shift, the long demanded changes can be accomplished, creating a European Lead Market in Health Care. Speaking of a Lead Market is a sign of change of the paradigm. This will have a profound effect on the modernization of medical care in Europe, based on established standards with guidelines and quality control. This will also help overcome the historic national burdens

and severe differences that exist within Europe. The present systems are too localized and are sometimes xenophobic. The current provisions in medicine are too costly and less effective than they should be. We can no longer afford an outdated and narrow national concept of medical provisions where we pay the high costs. This is the basis for the task at hand and the motivation to provide people with medical care in keeping with what they are paying within

the framework of solidarity of community interests, objectives and standards. Another aspect shows that medicine is an active investment for our society. This report envisions the year 2020 and elucidates new approaches to overcome old challenges. This vision reflects the reality of tomorrow. •

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