



# Policy challenges and reform options for health systems in the EU

**Santiago A. Calvo Ramos, Policy Analyst European Commission**  
DG ECFIN. C2 – Sustainability of public finances

**FISK-Workshop - FISCAL POLICY AND AGEING**  
9 October 2017



# Outline of the presentation

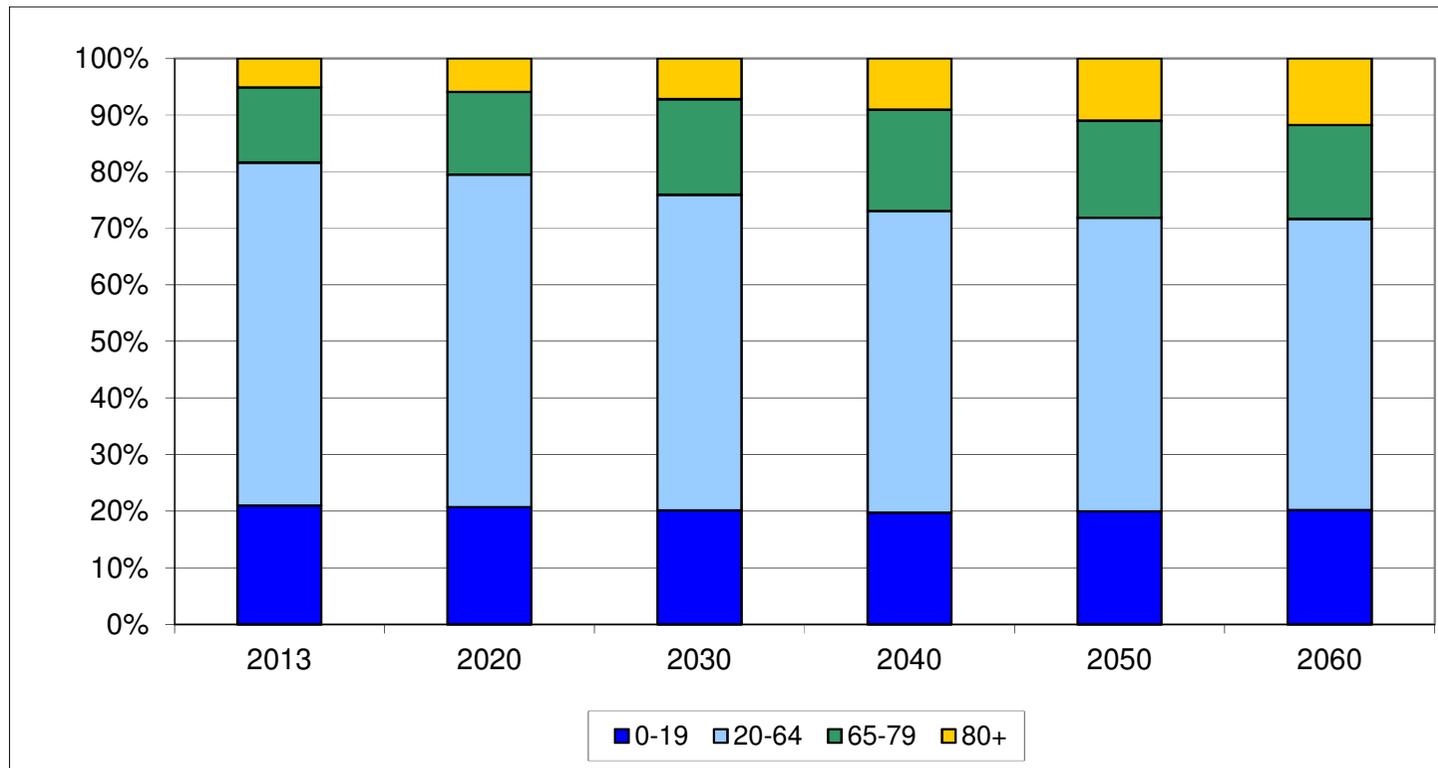
1. Spending pressures due to both ageing and trend increase
2. Policy challenges and reform options



- **1. Long-term sustainability risks posed by population ageing**



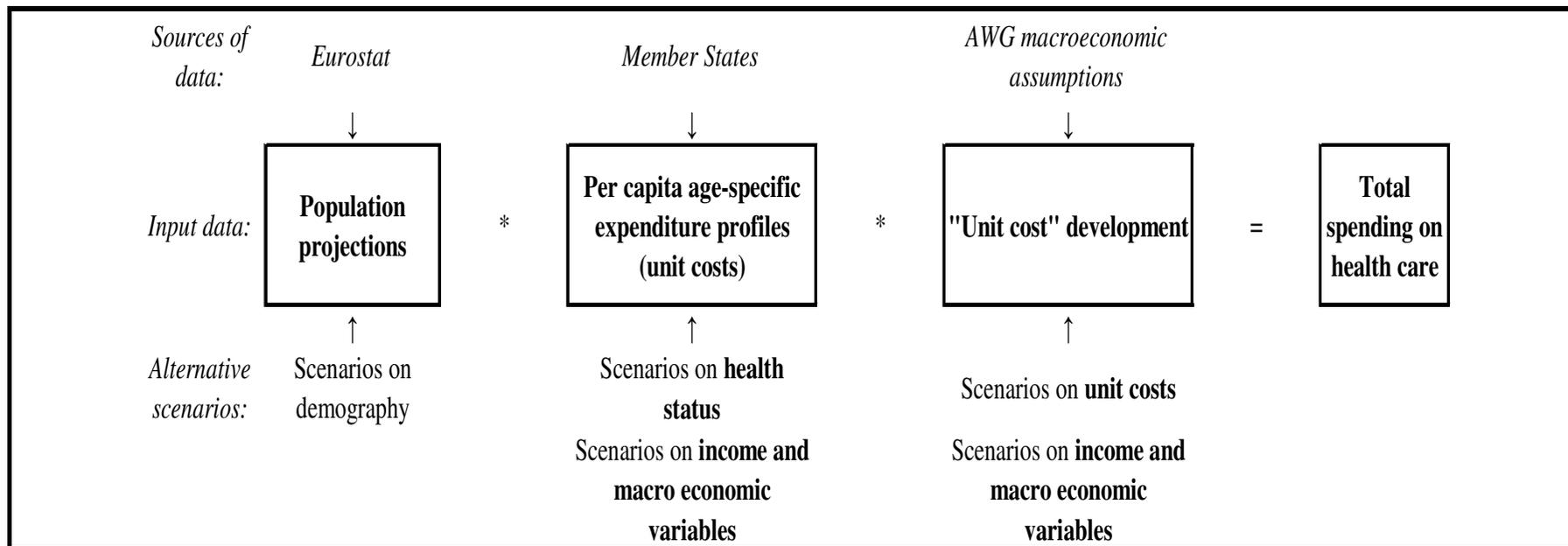
## Projection of changes in the structure of the EU population by main age groups (in %)



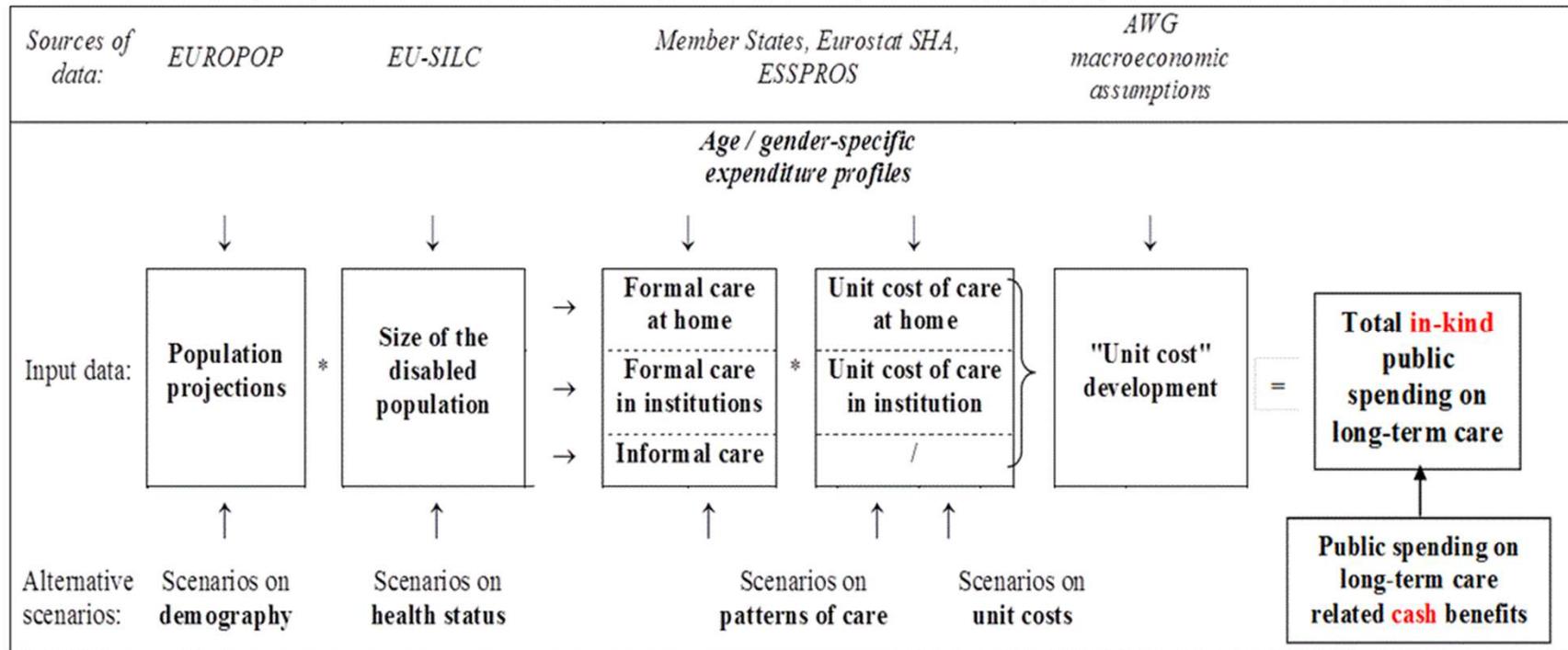


- **Technological progress (health care)**
- **As countries become richer, they are likely to spend a greater proportion of their income on health care and long-term care**
- **HC and LTC are labour-intensive: likely to become more relatively expensive (Baumol disease) over time**

# HC expenditure projection model structure



# LTC expenditure projection model structure

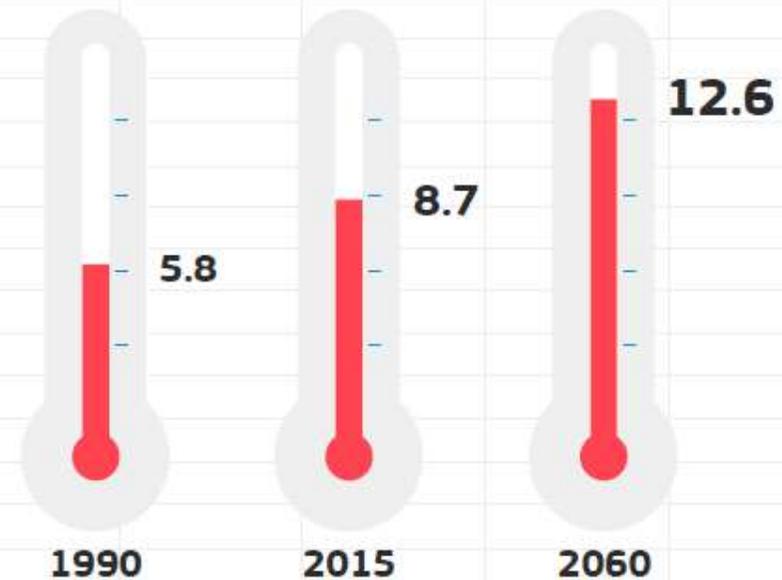


# Why HC and LTC spending is relevant (1)



## HEALTH SYSTEMS AND FISCAL SUSTAINABILITY

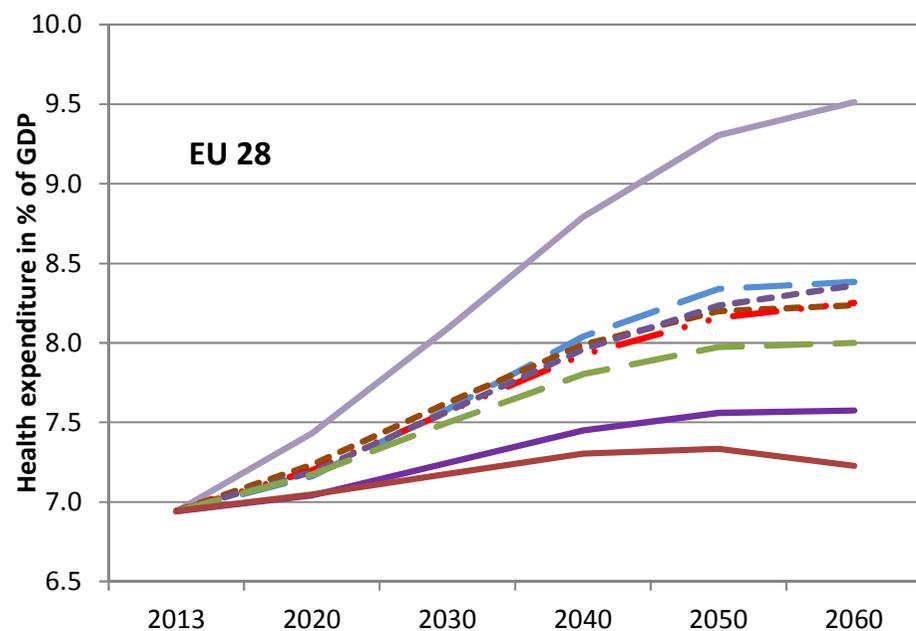
HEALTH RELATED EXPENDITURE TAKES UP A SIGNIFICANT SHARE OF RESOURCES IN THE EU. THIS IS PROJECTED TO GREATLY INCREASE IN THE COMING DECADES.



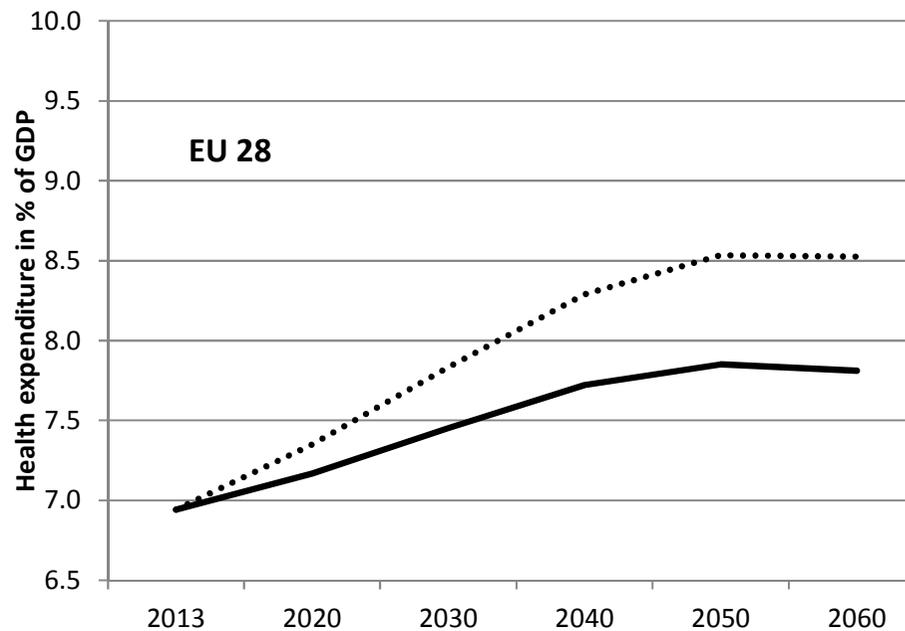
*Public expenditure in health and long-term care (% GDP)*



## Coping with health care spending trends remains a major challenge (change in p.p. of GDP, 2013-60)



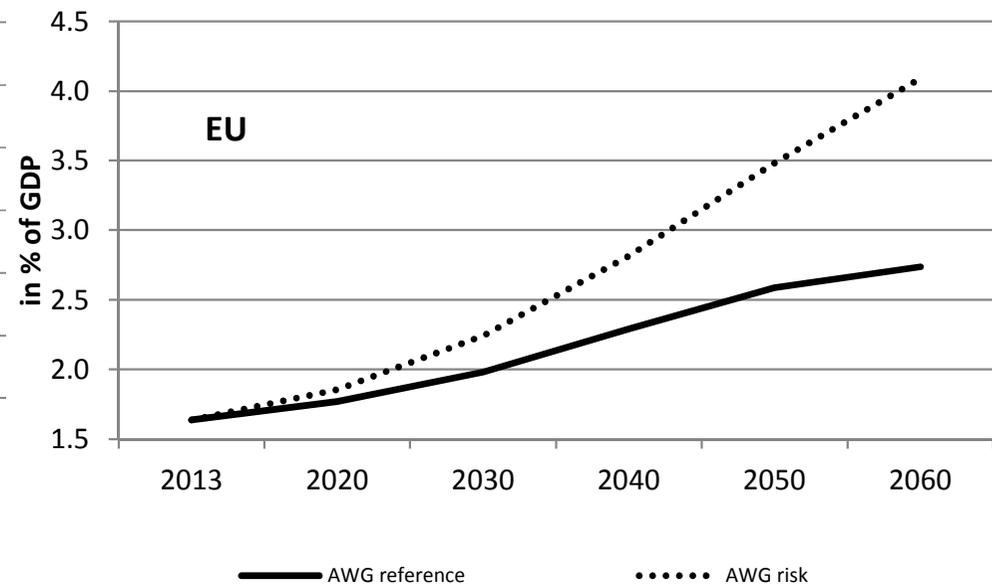
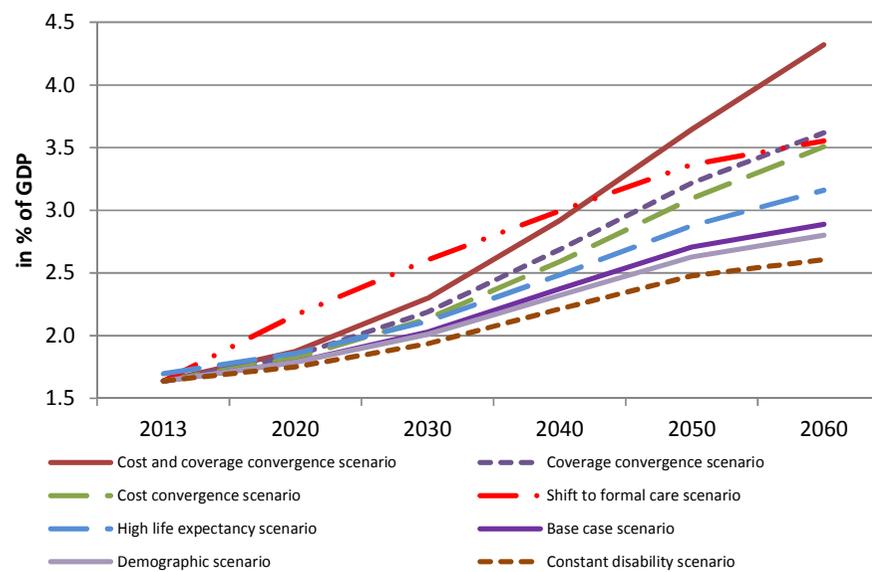
- Non-demographic drivers
- Labour intensity
- Cost convergence
- Demographic
- Sector-specific indexation
- Income elasticity
- High-life expectancy
- Constant health



- AWG reference scenario
- ..... AWG risk scenario

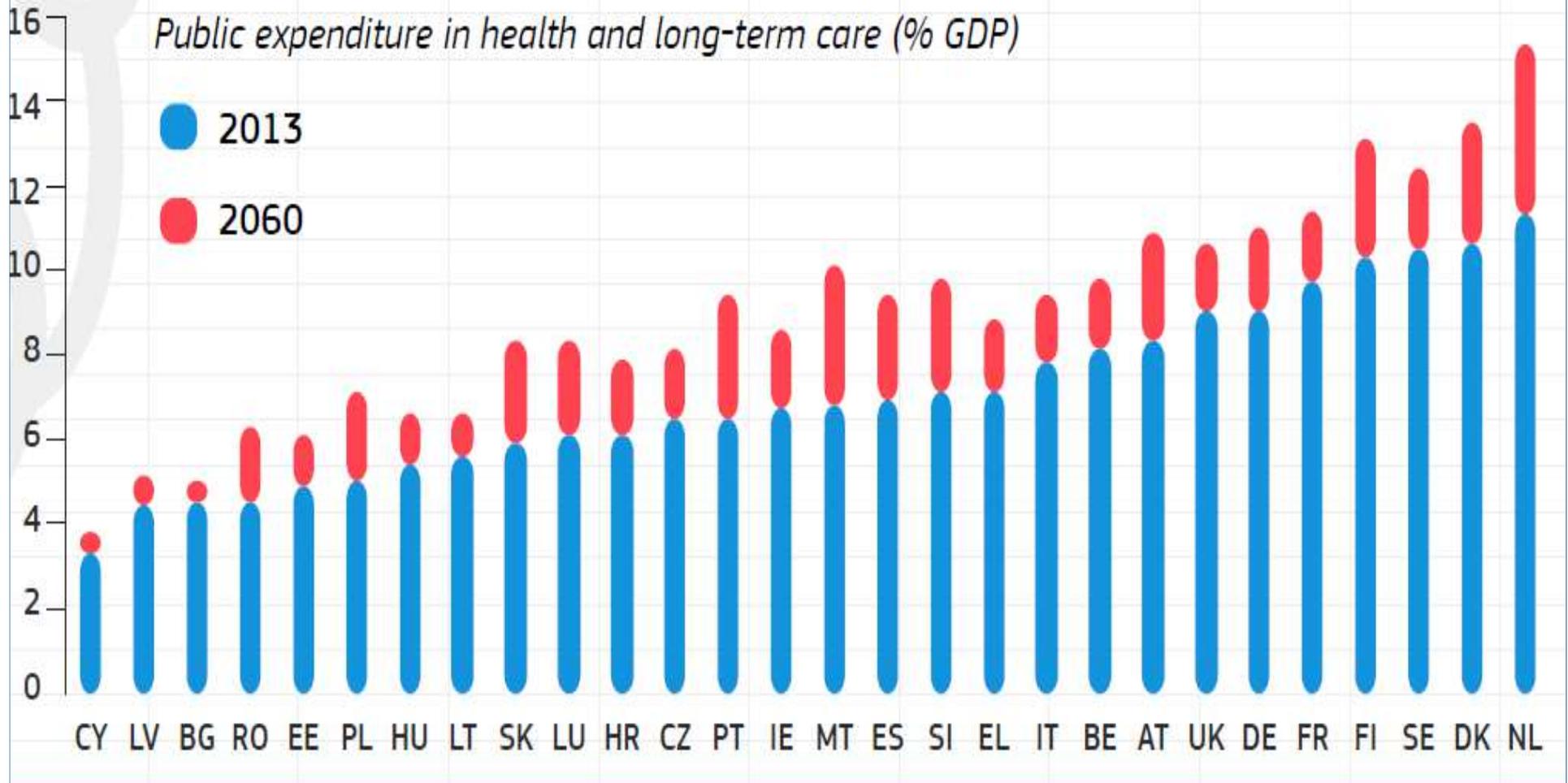


## Coping with long-term care spending trends remains a major challenge (change in p.p. of GDP, 2013-60)



# WIDE DIFFERENCES

EXIST BETWEEN EU MEMBER STATES





## **2. Policy Challenges and options**





## Policy Challenges



**Containing costs  
on hospital and pharmaceutical care**

**Investing in primary care and health promotion  
and disease prevention**

**Frequent budget overruns, competing fiscal  
pressures, changing policy priorities**

**Improve the quality of information**

**Decision making split in ministerial silos**

**Fraud and corruption**

## Reform Options

**A:** Improving the governance  
of health care systems

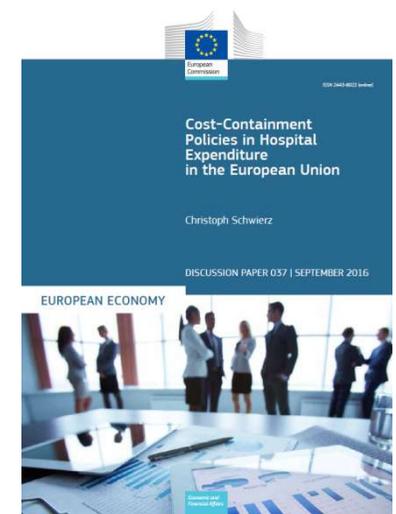
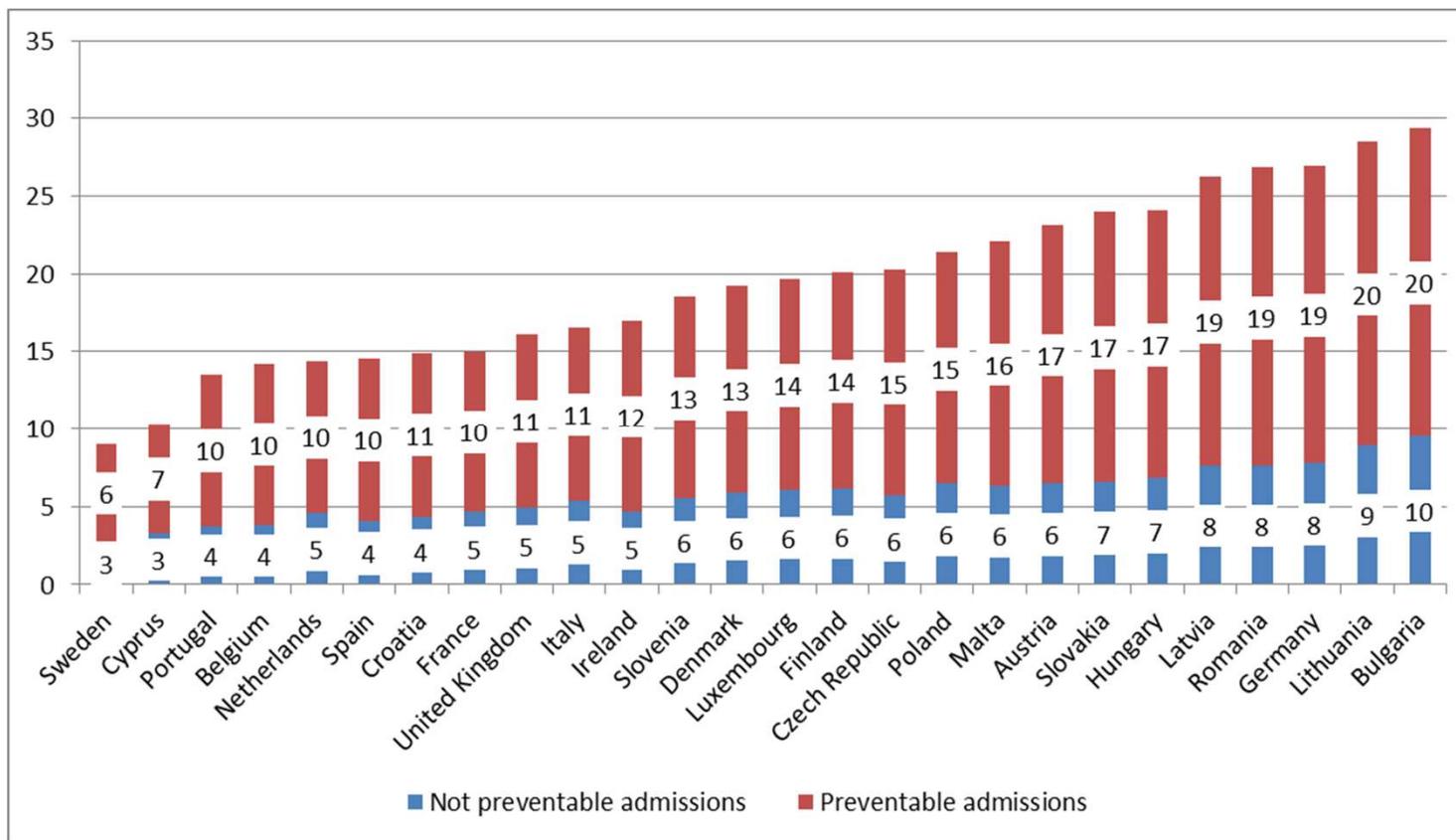
## Reform Options

**B:** Enhancing the  
sustainability and efficiency of  
health care systems

# Key challenges as perceived by Member States (1)



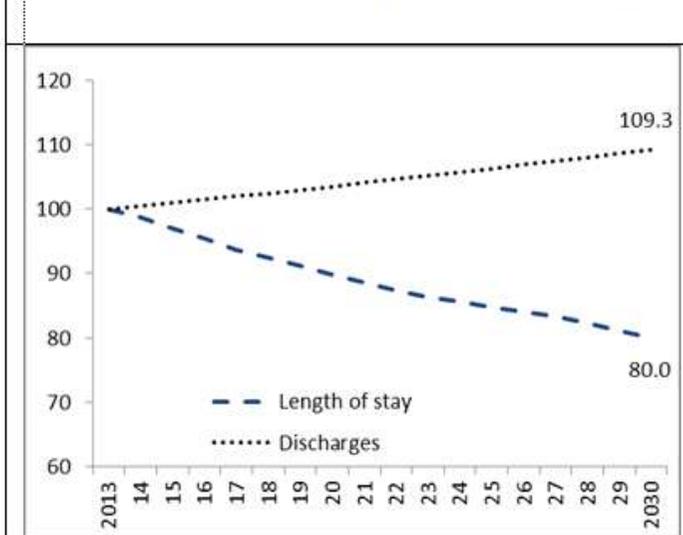
## Ambulatory-care sensitive conditions in the EU, preventable and not preventable, as % of inpatient discharges



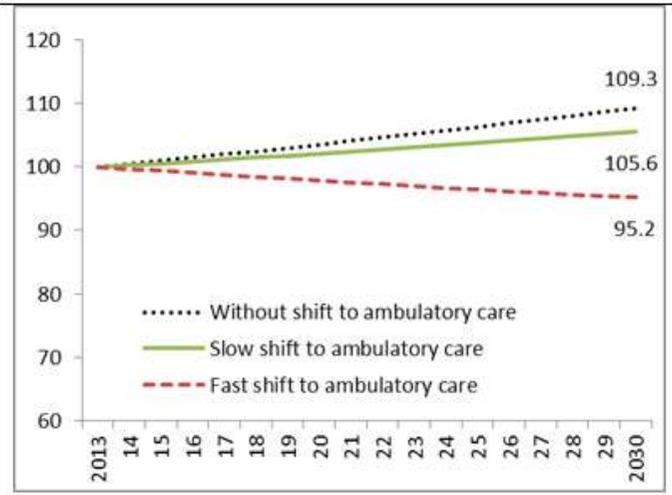
# Key challenges as perceived by Member States (2)



Projected length of stay and number of discharges

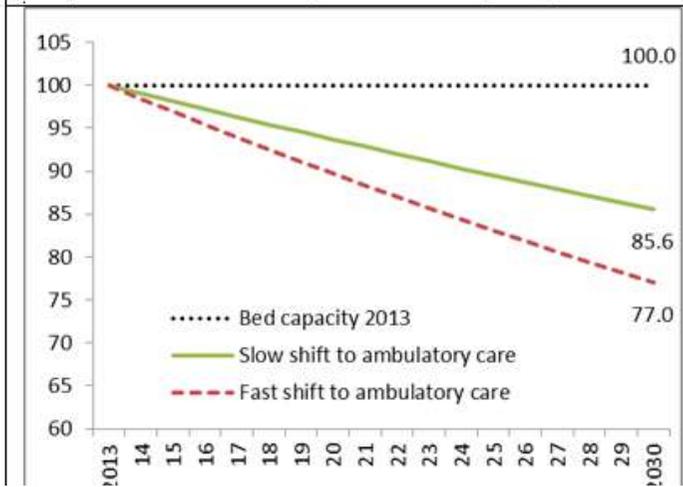


Projected number of discharges assuming varying speed of shift towards ambulatory care

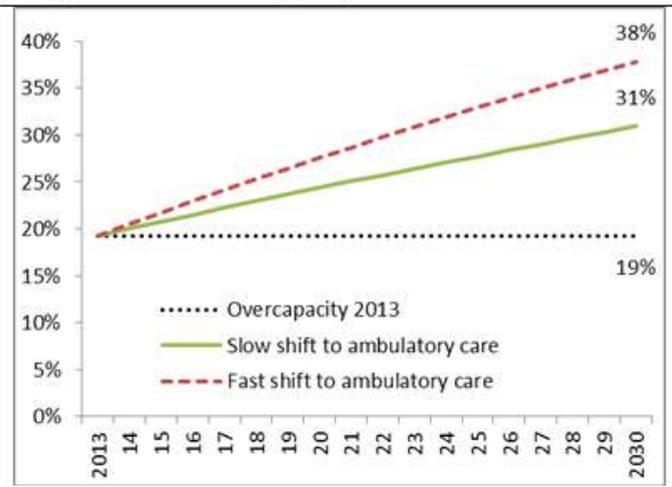


## Projections of hospital bed overcapacity in curative care in the EU, 2013 to 2030

Projection of effectively used bed capacity



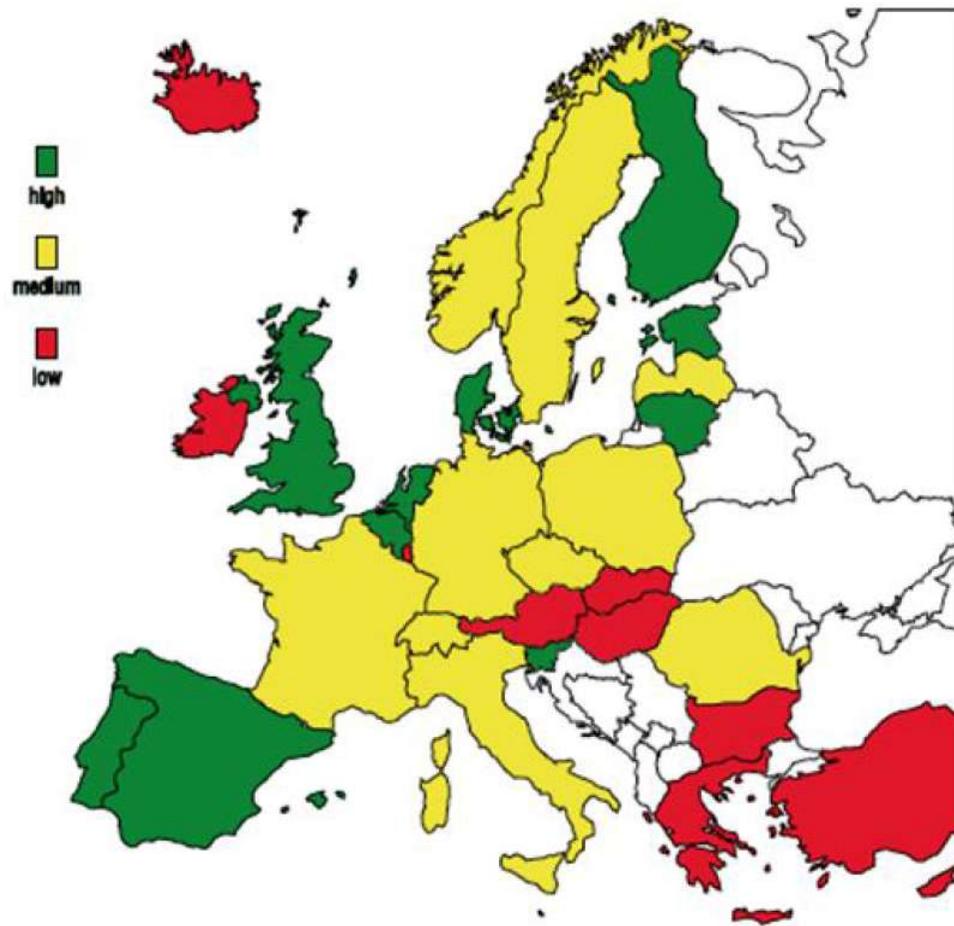
Projected bed overcapacity



# Key challenges as perceived by Member States (3)



## Variation in the overall strength of primary care in Europe



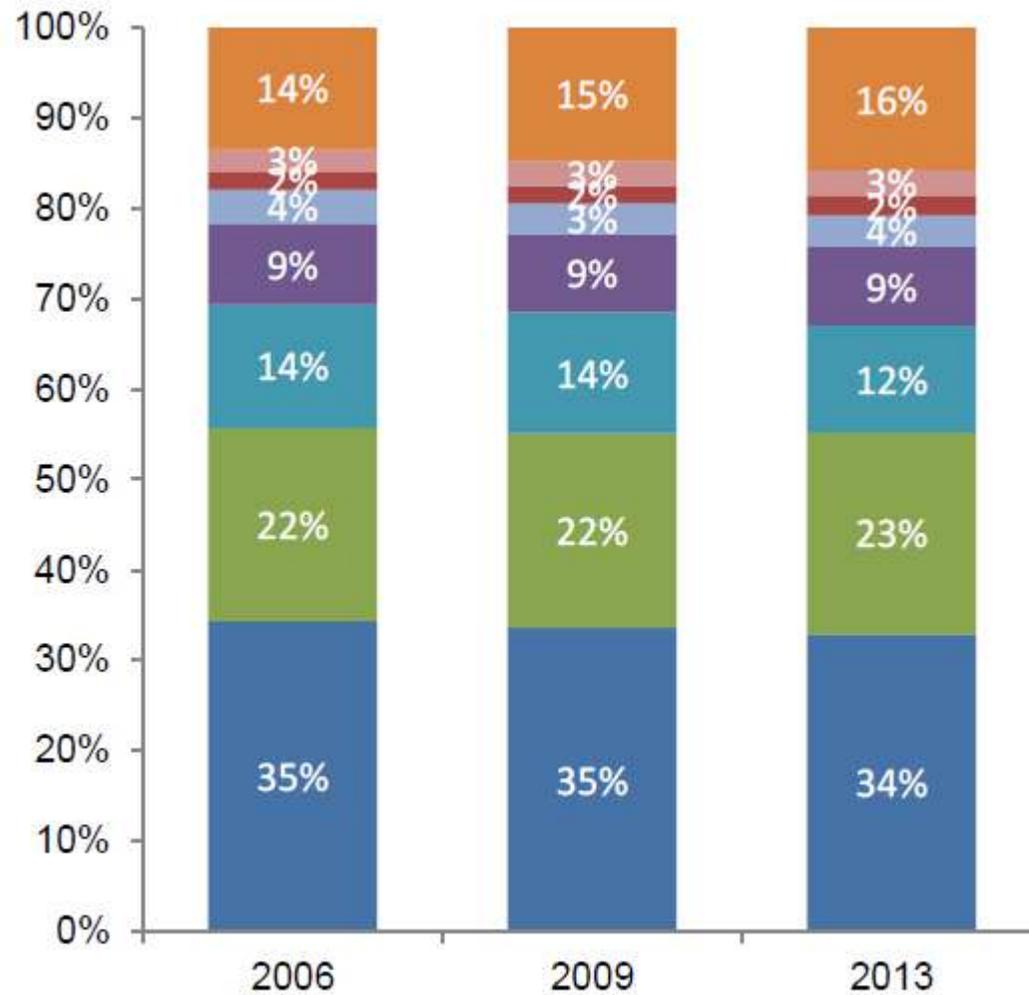
(1) Green = High; Yellow = Medium; Red = Low

Strong primary care systems & integrated care tend to:

- reduce unnecessary hospitalisations
- increase population health
- lower socio-economic inequalities
- reduce inefficiencies
- slow down growth in health care expenditure

Health workforce training, recruitment and retention

# Key challenges as perceived by Member States (4)



**Spending on prevention and public health services is low**

- Others
- Prevention and public health services
- Day cases curative and rehabilitative care
- Health administration and health insurance
- Long-term nursing (health) care
- Pharmaceuticals and other medical non-durables
- Outpatient curative and rehabilitative care
- Inpatient curative and rehabilitative care



- A. Improving the governance of health care systems through:
  1. strengthening the **cooperation between fiscal and health policy authorities** and employing a wide range of budgetary planning tools;
  2. adjusting the **regulatory framework** to support and strengthen efficiency, transparency and accountability;
  3. setting up of information technology and data management strategies, to support **monitoring and governance**;
  4. **assessing health-policy reforms** ex-ante and ex-post in a systematic and formalised manner based on evidence and;
  5. using **workforce planning** tools to actively manage the health workforce.





## B. Enhancing the sustainability and efficiency of health care financing and spending

This includes:

1. improving the **financing mix**;
2. benefits packages need to be based on **cost-effectiveness criteria** and **cost-sharing schemes should** support the containment of public spending, while preserving access;
3. moving away from **hospital-centric models**;
4. strengthening the **cost-effective use and the affordability of medicines**.





# 3. Conclusions



# Conclusions



- **Public expenditure on HC and LTC as a % of GDP expected to increase over the long-run in EU**
- **All EU countries face fiscal sustainability challenges in the area of health systems, but the policy responses need to be tailored to the country-specific circumstances**
- **Improving efficiency and governance of HC and LTC systems is key to guarantee continued access for all to good quality care**





**Any questions?**

