

# Marketisation of healthcare

## *The role of the EU*

*Rita Baeten*  
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# Overview of the presentation

- Privatisation and commercialisation of healthcare
  - **Components**
- Role of the EU
  - *Internal market (IM)*
  - *Economic governance (EG)*
    - **Why does it impact?**
    - **How does it impact?**
- Conclusions

# Privatisation and marketisation of healthcare

## *Components*

### Paying for healthcare

- (private) out of pocket payments
- Voluntary and private health insurance
  - To cover co-payments
  - To cover alternative/private (privatised) providers (parallel system)
    - » When reduced access in the public system (waiting times)
    - » When reduced benefit package
    - » Lack of trust (quality) in the public system
    - » People not covered by public health insurance

# Privatisation and marketisation of healthcare

## *Components*

- **Providing healthcare**
  - Public funding for commercial providers
  - More commercial behavior of statutory providers
    - patient selection/higher tariffs
  - Capital investment and public private partnerships
  - Selling public services

# Traditional task division EU/Member States

- **EU** : market making
  - Economic integration
- **Member States** : market correcting
  - Social policy, social security, healthcare
  - Territorially bound

# Two developments

Expansion of the EU  
(internal) market  
concept to healthcare



Economic governance in  
response to the financial  
crisis

# 1. Expansion of the EU market concept (IM)

- EU level
  - Court of Justice of the EU
    - *Health care provision is an **economic activity***
  - But also
    - *Level playing field for voluntary health insurance*
- Member States
  - Apply more **market mechanism in healthcare**
    - *Competition between insurers/ providers*
    - *Public private partnerships*

# 1. Expansion of the EU market concept (IM)

When market (economic activity)

=>internal market rules apply

- Irrespective of legal status of the service provider
  - Cf. initial version of the services Directive*
- Free movement of services
  - No discrimination of providers from other MS

## 2. Economic governance (EG)

### EU macro-economic policies



#### *Since long*

- Sustainability of public finances, also in healthcare

#### *New*

- Dealing with the **content** of healthcare policies
- Detail of the guidelines
- Potential sanctions

# EU internal market (IM) and marketisation of healthcare

## Free movement of services

No discrimination of providers from abroad, irrespective:

- Of their legal status
- Of whether integrated in the statutory system
- Of the prices they charge

## *Impact*

- Providers
  - *Question domestic rules, maximum tariffs, patient selection*
- Statutory health insurers
  - *Competition among insurers, Selective and individual contracting*
- Reimbursement of private providers at home
- Deregulation

# EG and marketisation of health care

- Sustainability of public finances
  - Healthcare targeted
  - From improving cost effectiveness to cutting public expenditure
    1. *Council conclusions 2010*
    2. *Country specific recommendations*
    3. *Health in the social investment package*
    4. *Economic adjustment programmes*

Did the crisis create a “*window of opportunity*”?



Ose  
European  
Social  
Observatory

# EG: Council conclusions 2010

- ensuring a **sustainable financing basis**, a high degree of pooling of funds and a good resource allocation that ensures equity of access;
- encouraging a cost-effective use of care, through adequate incentives **including cost-sharing and provider payment schemes**, and as appropriate through the **involvement of non-public providers** while ensuring the protection of those more vulnerable;
- encouraging the provision and access to **primary health care services** to improve general health and reduce unnecessary use of specialist and hospital care;
- curbing supply-induced demand by considering the interaction between demand side factors and supply side factors, etc.;
- ensuring the **cost-effective use of medicines** through better information, pricing and reimbursement practices and effectiveness assessment;
- improving data collection and information channels and the use of available information to increase overall system performance;
- deploying **health-technology assessment** of the effectiveness, costs and broader impact of health care treatments more systematically in decision-making processes; and
- improving **health promotion and disease prevention** also outside the health sector

# EG

## *Country specific recommendations*

### Recommendations on healthcare

- 2011: 3 countries
- 2012 : 6 countries
  - **Cyprus**: Complete and implement the national healthcare system without delay, on the basis of a roadmap, which should ensure its financial sustainability while providing **universal coverage**.
  - Provoked by Member states?

### European Commission

*“health-care related country specific recommendations may feature more prominently in future European Semesters”*

# EG: Commission staff working document, Investing in Health

## – Social investment package (paper on health) 2013

*“The large share of healthcare costs in the EU raises the issue of cost-effectiveness and the financial sustainability of health systems”*

*“The greater the expenditure, the lower the marginal improvement in health status as a result of its increase”*

SWD (2013)43, final Commission staff working document, Investing in Health

# EG

## *Economic Adjustment Programmes*

- Greece, Portugal, Ireland
  - Centralised public procurement
  - Ehealth
  - Hospital management
  - Reduce prices: salaries, fees
    - Generics and price reductions in pharmaceuticals (! shortages)
  - Increasing out of pocket payments
  - Reduce benefit packages
  - Close health facilities/hospitals

# Economic Adjustment Programmes

- Cf Structural Adjustment Programmes in the '80ies and '90ies (IMF /WB)
  - Reducing size of the state
  - Market enabling
  - Bad for equity and the poor
  - Not effective

*(Greer 2012, forthcoming)*

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    - *When reduced benefit package* **EG**
    - *Lack of trust (quality) in the public system* **EG**

# Privatisation and marketisation of healthcare

- **Providing health care**

- Public funding for commercial providers **IM**
- More commercial behavior of statutory providers **IM**
  - patient selection/higher tariffs
- Capital investment and public private partnerships **IM**
- Selling public services **EG**

# Conclusions

- IM: more commercial behavior of providers and insurers
- EG: from cost-efficiency to savings
  - In the countries subject to economic adjustment programmes
    - Increasing private payments and reduced access of the public sector create opportunities for the commercial sector for those who can afford it
  - As a result: attracting foreign patients?
  - And the future: also in the other countries?
- But also policy choices at national level interact
  - Health authorities use the EU