

Focus on: Healthcare management (I)

New Context and Old Challenges in the Healthcare System

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ABSTRACT

The economic crisis cannot conceal the need for transformation of the National Health System. The financial difficulties of healthcare systems whose spending is growing at a faster rate than the economy have been well known for years. The development and diffusion of new technologies, increased use of health services, rising drug costs, inflation of prices, and the inefficiency of the system explain the new context. The challenges facing the healthcare system are not new: address the debt, improve funding, review the list of services, transform the governance of the system and provide the institutions with real management autonomy. The gravity of the economic situation can be an opportunity to carry out the long-awaited changes.

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Nuevo contexto y viejos retos en el sistema sanitario

RESUMEN

La crisis económica no puede ocultar la necesidad de transformación del Sistema Nacional de Salud. Desde hace años son bien conocidas las dificultades financieras del sistema sanitario, cuyo gasto crece a un ritmo superior que la economía. El desarrollo y la difusión de las nuevas tecnologías y la mayor utilización de los servicios de salud, junto con el gasto farmacéutico, la inflación de los precios y la poca eficiencia del sistema, explican el nuevo contexto. Los retos que afronta el sistema de salud no son nuevos: abordar la deuda, mejorar la financiación, revisar el catálogo de prestaciones, transformar la gobernanza del sistema y dotar a las instituciones de una real autonomía de gestión. La gravedad de la situación económica puede ser una oportunidad para efectuar los cambios largamente esperados.

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Palabras clave:

Crisis económica

Reforma sanitaria

Autonomía de gestión

Abbreviations

GDP: gross domestic product

OECD: Organization for Economic Cooperation and Development

The magnitude of the economic crisis has sharpened the debate on the sustainability of the national health system. The collapse of the so-called subprime mortgages in August 2007 is considered the initial trigger of an economic crisis of massive proportions, among whose many consequences is the evident inability to maintain the public services that are the pillars of the welfare state. Education, pensions, and healthcare are seriously threatened by the extreme fall in public revenue, which is a direct result of decreased business activity, accompanied by a dramatic increase in unemployment and the marked decline in the number of employees paying into the social security system. There is no end in sight to this scenario, and given the perception that nothing will be as it was before the

crisis, it is obvious that Spain's National Health System created by the General Health Act of 1986¹ must be reformed to ensure its viability.

However, the magnitude of the economic crisis should not obscure the serious financial difficulties which the majority of the health systems of developed countries have been experiencing for years. Over the last 50 years, the establishment of health systems providing universal coverage in the most advanced European countries has contributed to a permanent improvement of health indicators, but also to a continued increase in health spending that is greater than economic growth in these countries. The same is happening in all member countries of the Organization for Economic Cooperation and Development (OECD), where health spending has increased more than the gross domestic product (GDP), finally reaching a situation that calls into question the economic sustainability of healthcare systems, most of which were created and developed in times of greater prosperity.²

THE NEW SCENARIO

The continued growth of health spending in recent decades reached 9% of the average in OECD countries in 2008. In all cases, health spending has outpaced economic growth in these

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countries; in the last 15 years their annual GDP growth rate was 2.6%, while in the same period increased health spending reached an annual rate of 3.9%.² The evidence shows that health spending increases as countries develop and focus on improving welfare, but several factors have clearly contributed to the continued growth of health spending.^{2–4}

Development and Accelerated Diffusion of Health Technology

Health technology, understood as any technique, procedure, or diagnostic, therapeutic, and organizational system, has undergone extraordinary progress in recent decades and has decisively contributed to improving public health.

However, health technology is also considered a major cause of increased health spending,⁵ largely due to its improper use; its development and diffusion leads to an increase in indications for inappropriate medical and surgical procedures, unnecessary pharmaceutical prescriptions, or an increase in the population targeted for treatment.

Furthermore, new technologies with limited evidence of efficacy have been introduced, to which should be added a well-known effect: new technologies do not always replace previous ones, but rather are added to them.

Some authors suggest that the diffusion of new technologies could help to explain the increase in health spending, which ranges between 33% and 50%.⁶

Increasing Demand and Use of Services

The increased use of health services has a direct impact on health spending. Spain is one of the European countries where individuals visit the doctor more often: there are 7.5 visits per capita per year, whereas in Sweden the rate is 2.9 visits per year.²

Several factors influence the degree of frequency of use of medical services, including the existence of extra charges. In principle, free medical services improve access to health services, whereas the existence of any payment by the user—a moderating “ticket”—tends to reduce the use of health services, as several studies have shown.⁷

We now address the main reasons for the increasing use of health services.

An Aging Population

This is considered the most important factor in all developed countries and, as suggested by some authors, may be responsible for around 20% of the increase in health spending; however, other authors suggest that the terminal phase of disease explains the impact on health spending far better than age.⁸ The projections for Europe suggest that people older than 65 years will constitute 24% of the population by 2030.⁴ In Spain, it is expected that 31.9% of the population will be more than 65 years old and 11.8% will be more than 80 years old by 2049 (in 2009, the percentages were 16.8% and 4.9%, respectively).⁹ Living longer does not necessarily mean good health in old age and the increased risk of developing a chronic disease in these stages of life translates into higher healthcare costs.⁴

The Increase in Chronic Diseases

According to the World Health Organization, 60% of all deaths worldwide are due to chronic diseases. It is estimated that in the European Union 20% to 40% of individuals more than 15 years old have a chronic illness.¹⁰ Chronic patients are the most frequent visitors to doctors and there will be many more in the future. In

industrialized countries comorbidity is around 25% in individuals over 65 years old, and the health systems that serve them are oriented “to cure rather than to care”.¹¹ The current care model focuses on the care of acute illnesses, but several guidelines have recommended directing increased attention to chronic diseases.¹¹

The available results show that a critical factor in the care of chronic patients is to design a health system that integrates and coordinates the involvement of various agents in a shared culture and strategy of patient care. Models of chronic care are increasingly based on patients having more responsibility and decision-making power in the management of their disease.²

Unhealthy Lifestyles

Risk factors such as obesity, a sedentary lifestyle, and smoking also contribute to an increased use of health services, and together with hypertension and hypercholesterolemia explain an “epidemic of premature cardiovascular mortality”.¹² Spain is one of the European countries with a higher percentage of obese individuals¹³ and several studies have demonstrated the high level of health spending associated with obese adults.

People Have Higher Expectations

This factor also contributes to increased healthcare costs. Various reasons may explain this situation: the relative increase in the concept of quality of life and less acceptance of disease, the medicalization of issues that were not previously considered health problems,¹⁴ and second medical opinions or the increasing legal liability of health professionals and its impact on conservative medical practices.

Inflating Medical Costs Are Outpacing General Inflation

Some studies suggest that this is the second leading cause of increased health spending.⁶ The main elements of inflation specific to this sector include the price of new drugs, prostheses, technological or medical devices and materials, and the salaries of health professionals. In recent years, we have witnessed a process of rising unit costs of new health technologies (drugs, prostheses, etc.) due to the increasing costs of introducing innovations. On the other hand, in the period of economic growth, there has been a process of updating professional salaries which, together with the shortage of health professionals in certain specialties, has led to increases above the CPI.¹⁵ This phenomenon is of such importance that the first measures taken to reduce the deficit were specifically the reduction of drug prices and the lowering of the salaries of health professionals.

Pharmaceutical Expenditures

Spending on pharmaceuticals is on average 17% of the total health expenditures and 1.5% of the GDP in OECD countries, although there is great variability between them. In these countries, pharmaceutical expenditure had outpaced health expenditure, but between 2003 and 2008, after some containment measures had been implemented, pharmaceutical spending decreased by 3.1% of total health spending, which had an average annual growth rate of 4.5%.²

Pharmaceutical expenditure containment policies are generally based on price controls, the number of prescriptions, the introduction of generic medicines, and increasing costs borne by users. In Spain, pharmaceutical spending represents 22% of health spending, which is higher than in other European countries,

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