

At a turning point: Health care systems in Central and Eastern Europe

March 2023



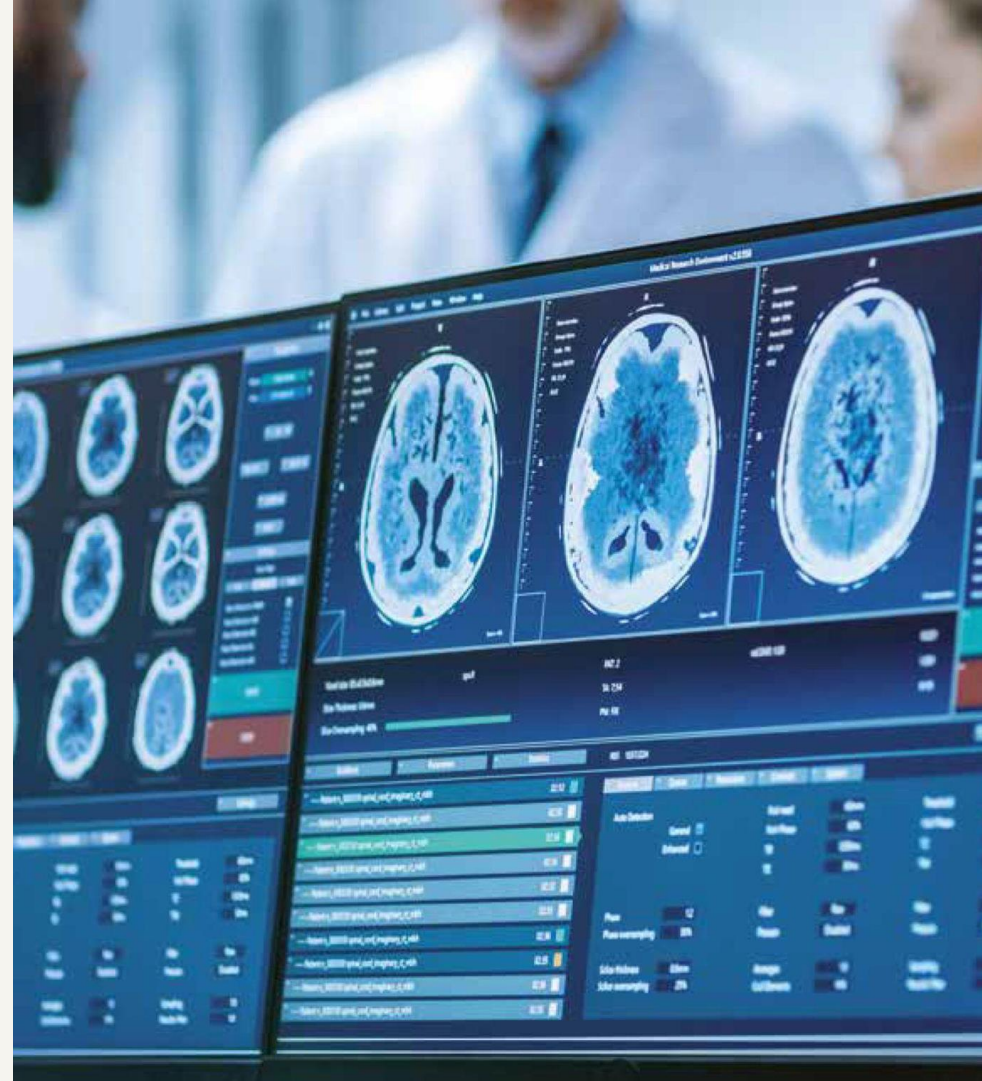
Background and objectives

At a turning point: Health care systems in Central and Eastern Europe is a study conducted by Economist Impact and supported by AmCham EU. The study highlights key differences and commonalities in healthcare financing and policy approaches as governments rise to the challenge of managing the interlinked dynamics of population health, constrained resources and uncertainty following the covid-19 pandemic and current economic slowdown.

Key objectives

- Raise awareness on health system dynamics in CEE
- Generate the latest data and insights on health system financing, available resources, provision of care and health system efficiency and resilience
- Identify priorities and a call to action for the selected CEE countries to support future direction and health system reform

Key data sources: OECD, Eurostat, EFPIA, WHO, European Commission, Medicines for Europe, local statistical institutions and health authorities and interviews with local and regional experts ranging from policymakers, healthcare practitioners, health economists, and academics



Research engagement scope

Geographical coverage

CEE Focus Countries

1. Bulgaria
2. Croatia
3. Czech Republic
4. Hungary
5. Poland
6. Romania
7. Slovakia
8. Slovenia

European Comparison Countries

1. Austria
2. France
3. Germany
4. The Netherlands
5. Portugal
6. United Kingdom

Issue coverage



Healthcare spending and financing



Service delivery and resources



Access to medicines and technology



Health system assessment

Stakeholders engaged

18 interviews conducted with the following entities:

- EFPIA
- Central European Initiative (CEI- ES)
- World Bank
- Maastricht University
- Medical University Varna
- University of Miskolc
- Jagiellonian University
- Advanced Healthcare Management Institute - Czech Republic
- ISPOR - Czech Republic
- National Institute of Public Health Slovenia
- Ministry of Health, Slovenia
- Croatian Public Health Institute
- Ministry of Health, Slovak Republic
- Economic Research Institute, Hungary
- University of Pecs, Hungary
- Independent consultants

The aftermath of covid-19, war in Ukraine, current economic slowdown and evolving EU policy landscape is shaping the future of healthcare in CEE

Aftermath of covid-19

- Higher covid-19 related mortality rates as result of historic underfunding and ill equipped health systems
- Short-term increase in healthcare spending is expected to stabilise and even decline from 2022
- Significant increase in public health expenditure is required to mitigate adverse health effects of foregone care, unemployment, and future economic challenges and potential shocks

War in Ukraine

- Current refugee crisis on a far greater scale than any other European conflict since World War 2 - As of May 2022 Poland received +3m refugees, Romania 900K and Hungary 600K¹
- As the war continues, national budgets will be constrained, inflation and unemployment will continue to rise, and supply chains will be disrupted
- Surge in cost of living will further weaken economic growth, resulting in ongoing hardship and a decline in private consumption of healthcare

Shifting EU Policy landscape brings an opportunity to address disparities & improve resilience

EU Health Union

- Crisis preparedness
 - serious cross-border threats to health Regulation
 - stronger European Centre for Disease Prevention and Control (ECDC) & reinforced role of the European Medicines Agency (EMA)
- Pharmaceutical Strategy for Europe
 - Health Technology Assessment (HTA) framework
 - revision of general pharmaceutical legislation
 - revision of legislation on medicines for rare diseases and paediatric use
- Europe's Beating Cancer Plan
- European Health Data Space (EHDS)

EU4 Health Programme (2021-27) - €5bn investment to reinforce crisis preparedness²

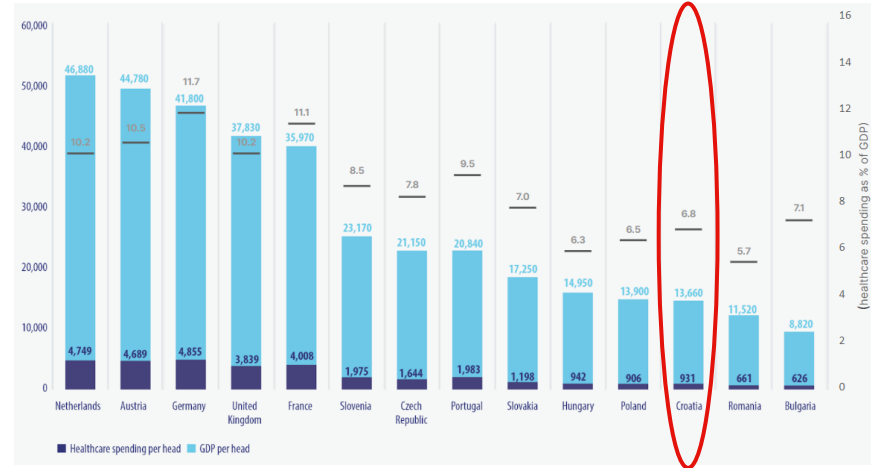
EU Recovery and Resilience Facility - €724bn to support covid-19 recovery²

Sources: 1. UNHCR. Ukraine Refugee Situation, 2. European Commission

Spending on healthcare is lower in CEE countries both in terms of total healthcare spending per head and as a percentage of GDP

- Link between health and wealth - overall CEE countries record lower levels of wealth and spend less on healthcare
- Healthcare spending as a proportion of GDP is lower than the EU 27 average of 9.9% across all CEE countries (with Hungary and Romania recording the lowest levels, at 6.3% of GDP and 5.7% of GDP respectively)¹
- Spending on health varies from less than €626 per head in Bulgaria (or €1,354 per head in PPS terms) to over €4,855 per head in Germany (or €4,659 per head in PPS terms)¹
- Healthcare spending in Europe is projected to continue to grow due to population ageing and technological progress.²

FIGURE 1.
Health expenditure and GDP per head in 2019



Source: Eurostat, 2019

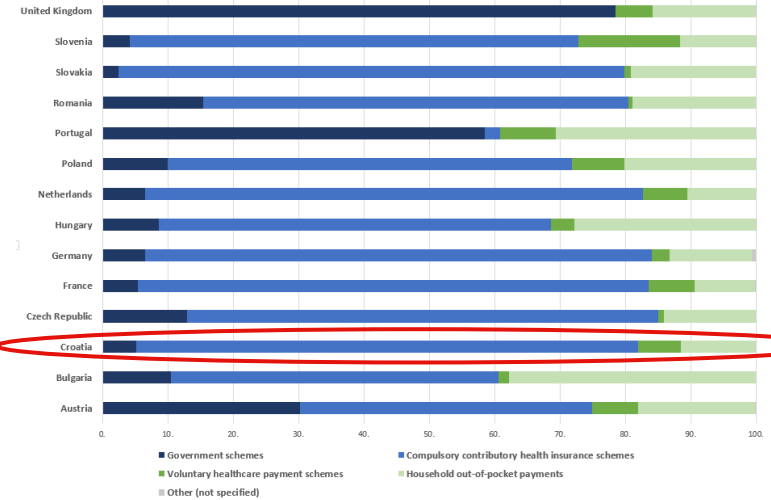
Prioritisation of investments in healthcare by CEE governments in the immediate future is needed to close the gap in healthcare quality and health outcomes between east and west of Europe

The SHI model of funding healthcare is no longer sustainable in the face of changing population demographics and rising economic uncertainty

- Healthcare systems in CEE are generally funded through social health insurance (SHI) models reliant on employment based contributions
- Widespread out-of-pocket (OOP) and informal payments constitute a major financial burden and weaken financial protection for the most vulnerable
 - In Bulgaria and Hungary, OOP payments, account for over 37% and 27% of current health expenditure (CHE) - well above the EU average of 15.4%^{1,2}
- With the exception of Slovenia, voluntary health insurance (VHI) programs generally represent a small share of healthcare financing in CEE countries

Sources: 1. Eurostat. 2019, 2. WHO

FIGURE 2.
Financing sources as % of current health expenditure



Source: Eurostat. Health care expenditure. 2019.

Diversification of revenue streams and reduction of OOP payments should be a key feature of health policy reforms to support health system resilience, Universal Health Coverage (UHC) and better financial protection of the population

How money is spent (and how efficiently) also has a significant impact on healthcare outcomes and resource optimisation

A legacy of hospital-centric care still dominates

- Countries with more beds per population have higher hospital admission rates ²
- Higher covid-19 death rates indicate that a higher number of hospital beds can not compensate for underinvestment in infrastructure, equipment and healthcare personnel

CEE countries allocate less resources to preventative and long-term care

- With the exception of Slovenia and Croatia spending on preventative care is also lower than the EU average across CEE countries ¹
- All CEE countries spend lower than the EU average of 16% of CHE on long-term care with Bulgaria spending just 0.12% and Slovakia 0.39% ²

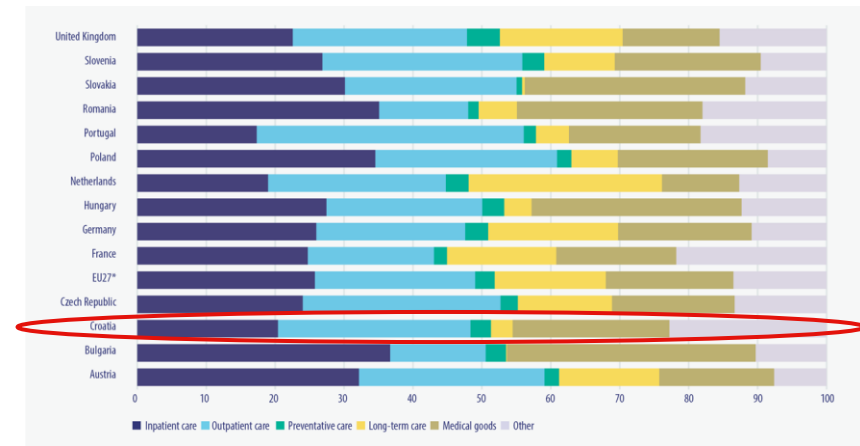
Combating workforce shortages remains a priority in CEE

- Outward migration as a result of the free movement of healthcare professionals within the EU is putting CEE health systems under pressure
- Many countries have employed various retention strategies, such as increasing salaries and improving working conditions

Sources: 1. Eurostat, 2019, 2. OECD

FIGURE 3.

Healthcare expenditure by function (% of current health expenditure (CHE))



Source: Eurostat. Healthcare expenditure by function, 2019.

Strengthening primary care, preventative and long term care with implementation of policies aimed to improve status of doctors and nurses should be considered to improve effectiveness and reduce pressure on healthcare workers

CEE countries lag behind the rest of the EU in terms of patient access to innovative technologies

CEE countries allocate a higher proportion of their healthcare budget to medical goods

- However spending on medical goods in Euro terms is lower than the western European countries included in this study - e.g Austria spends x2.5 the amount Hungary spends despite having a slightly smaller population ¹

Investment in innovative medical technology is essential to support access to screening and early diagnosis and improving overall health system performance

- According to analysis by COCIR, the majority of countries in Europe have fallen behind in improving equipment over the past five years - a high percentage of medical equipment is +10 years old
- Europe's Beating Cancer Plan recommends that cancer screening technologies reflect the latest available scientific evidence

The EFPIA Patients W.A.I.T Indicator 2021 shows inequalities in patient access and disparities between east and west

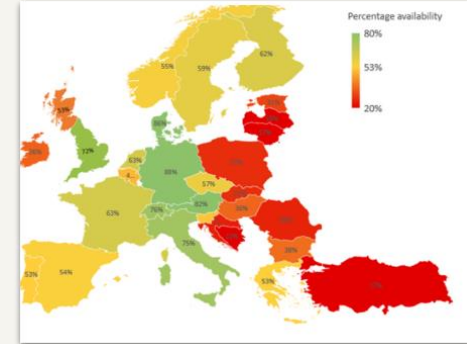
- CEE countries have 23-55% of innovative medicines available while comparative EU countries have access to 51-91% of medicines²
- The average delay between market authorisation and patient access can vary by a factor greater than x7 across Europe - from as little as 4 months in Denmark to over 2.5 years in Romania²
- Root causes of access inequalities are multifactorial ranging from regulatory process delays, late initiation of reimbursement assessment, duplicative evidence requirements, reimbursement decisions delays, local formulary decisions and limited budget³

⁹

Sources: 1. Eurostat, 2. IQVIA. EFPIA Patient W.A.I.T. Indicator 2021 Survey, 3. EFPIA, 2020

FIGURE 4.

Access to innovative medicines across European countries



Source: EFPIA. Patients W.A.I.T. Indicator 2021

Faster adoption of innovative technologies in CEE countries is crucial to bridge the gap in health outcomes and quality of care with western Europe

ECONOMIST
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The pandemic showed the need for rapid digitisation across the healthcare sector however CEE countries lag behind in readiness for digital adoption

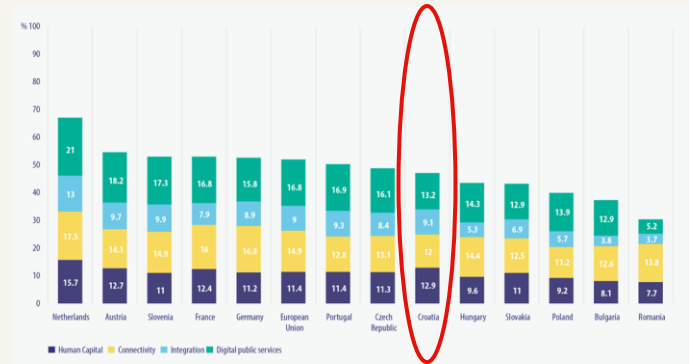
CEE countries lag behind other EU members in terms of readiness for digital adoption

- The 2022 Digital Economy and Society Index (DESI) index shows a clear gap between CEE countries and western Europe - with the exception of Slovenia, which ranks 11th out of the 27 EU countries¹
- Romania and Bulgaria sit at the bottom in 26th and 27th place - with less than 50% of the population having basic digital skills and low capability on connectivity and digital integration¹

Digitisation is at the heart of EU reforms and covid-19 recovery plans

- Europe's Digital Decade target for all key public services to be fully online by 2030²
- European Common Health Data Space (EHDS) aims to support the use of health data to improve healthcare delivery, research, innovation and policy making
- Next Generation EU offers EU members funding to address the fallout from the pandemic, kick-start economies and develop digital infrastructure

FIGURE 5.
Digital performance and progress in the EU



Source: Digital Economy and Society Index (DESI) 2022

For CEE countries to realise the full potential of digital health solutions, addressing a number of areas outside of the health sector - such as internet access & speed, legal & data privacy frameworks and digital/ICT training - will be critical

Lower spending on healthcare translates into generally poorer health outcomes and lower quality of care

Life expectancy and infant mortality reflect spending on healthcare

- Countries that spend the least on healthcare - Bulgaria, Romania, Hungary, Poland, Slovakia & Croatia - have lower life expectancy at birth and higher infant mortality¹
- Slovenia and Czech Republic are outliers among CEE countries - lowest infant mortality rates in this study at 2.1 and 2.6 per 1,000 live births in 2019, among the lowest rates of infant and child poverty in Europe¹

Burden of ischaemic heart disease and cancer is significantly higher in the CEE region

- CEE region has the highest cardiovascular diseases (CVD) mortality in the world²
- Prevalence and mortality rates for most types of cancer are higher in the CEE countries - due to lack of population screening, less-effective control strategies, lower coverage, quality and frequency of primary prevention and lower availability of cancer treatment options³
- Prevalence of smoking, obesity and diabetes - key risks factors for heart disease and cancer - are among the highest in Europe and continue to rise⁴

Avoidable deaths, as measured by treatable & preventable mortality, are higher in many CEE

Countries

- Correlation between higher healthcare spending and lower rates of avoidable deaths - Romania & Bulgaria have the highest rates of avoidable deaths and spend the least
- Performance on indicators for avoidable and preventable mortality is influenced by the quality and effectiveness of healthcare provision

¹ Sources: 1. Eurostat 2. Eurostat, OECD 3. IHME, 4. Eurostat, WHO, IDF

Treatable deaths (per 1,000) 2019		Preventable deaths (per 1,000) 2019	
Netherlands	61.29	Netherlands	123.51
France	62.05	France	129.9
Slovenia	71.98	Portugal	135.48
Austria	73.15	Germany	149.6
Portugal	79.02	United Kingdom	150.43
Germany	81.72	Austria	151.94
United Kingdom	87.41	EU27	160
EU27	92.09	Slovenia	173.33
Czech Republic	120.3	Czech Republic	188.3
Croatia	128.28	Poland	218.5
Poland	133.69	Bulgaria	230.8
Slovakia	163.53	Slovakia	231.1
Hungary	173.21	Croatia	232.61
Bulgaria	188.95	Romania	295.8
Romania	208.34	Hungary	315.33

Source: Eurostat 2016, IHME Global Burden of Disease 2019

Reducing common risk factors and improving access to innovative technologies are critical to lower the incidence of chronic noncommunicable diseases (NCDs) and improve health outcomes of the population in CEE countries

Closing the gap through improving financial sustainability, organisation reforms, access to innovation and facilitating digital transformation

1

Position healthcare as an investment rather than a cost

- Allocate more of the national budget to health now and continue to increase this investment
- Prioritise additional provisions in the short term to offset the current economic downturn and mitigate the demand for diagnosis and treatment that accumulated during the pandemic
- Commit to a multi-year strategic plan for the development of the healthcare system

2

Transition to alternative health financing models

- Reform healthcare financing to diversify revenue streams by increasing share of taxes and central government transfers or increasing role of VHI schemes
- Reduce reliance on OOP payments to decrease financial hardship
- Improve efficiencies in spending by focusing on patient outcomes and prioritising investments in cost-effective technologies

3

Develop a health system, centred on primary & community care

- Reform healthcare organisation to develop a strong integrated network of primary, community and long-term care closely linked to the social care system
- Prioritise investment in primary and community care services
- Preventing or delaying the progression of these diseases is important to reduce pressure and improve quality of life

4

Improve access to innovative technologies

- Understand the root causes behind inequalities and delays in access to innovative technologies
- Explore pricing models that reflect value of innovative medicines and different economic conditions of EU member states
- Implement HTA principles in assessment of innovative technologies and reimbursement decision making

5

Invest in digital infrastructure

- Develop digital capability and capacity at a national level that will serve as foundation for all sectors including healthcare
- Take advantage of EU funding directed towards digital infrastructure
- Create a system ready to accept and implement advanced technologies

Thank you