
Addressing the crisis of tomorrow: the sustainability of European health systems

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BACKGROUND – Trends and challenges

Whilst European leaders and the EU institutions are currently focused on firefighting the economic, refugee and security crises as well as the consequences of the Brexit vote, policy-makers should not turn a blind eye to other challenges, which risk turning into the crises of tomorrow. One of these is the sustainability of European health systems. This paper lays out emerging trends and challenges that are likely to have an increasing impact on health systems and EU citizens in the next decades, and argues for EU action.

So, what are the key trends and challenges? Firstly, demographic change due to ageing populations is expected to put a strain on health systems and public budgets more broadly. Not good news for the EU, which is desperately trying to find ways out of the ongoing economic crisis. The number of working age people in the EU for every person aged 65 or older is projected to fall from 4 in 2010 to 2 in 2060, which will put a heavy burden on the younger generations to pay for the welfare system and find ways to care for elderly. Shortage of healthcare professionals is already an issue. Another aspect of demographic change, growing migration, presents opportunities to fill these labour shortages in the medium and long term. In the short term, however, the refugee crisis pressurises health systems and when access to healthcare is limited, untreated mental and other diseases risk producing further costs for European economies.

Secondly, EU healthcare systems are under great pressure to cut costs and demonstrate their value and cost-effectiveness in the face of reduced budgets. This at a time of growing health inequalities, which are negatively impacting both economies and societies. Expenditure on healthcare is significant and growing, expected to rise from 8.7% of GDP in 2012 to beyond 10% by 2050 across the EU. Reforms are needed to root out imbedded inefficiencies such as care provision that is not cost-effective nor integrated, over-prescription of drugs, failure to digitise information, and focusing on treating the sick rather than promoting health and preventing diseases.

Thirdly, healthcare delivery is transforming with growing biomedical knowledge and a stronger emphasis on personalised solutions. Advancements in cloud computing, robotics, and artificial intelligence can bring great benefits to citizens and health systems. However, these improvements are coupled with challenges: patients' rising expectations, higher relative prices for treatments and ensuring everyone has access to affordable, cost-effective care. For example, current drug development is coupled with market failures: unsustainably high prices for some drugs, and a lack of incentives for development of, for example, new antibiotics, are limiting people's access to treatment. Thus, creating sustainable health systems while finding a balance between managing expectations, new ways of incentivising innovation, and ensuring access to affordable, cost-effective care will remain a key future challenge.

Fourthly, Europe's disease burden is growing. As a result of unhealthy lifestyles and ageing populations, non-communicable diseases (NCDs), multi-morbidity and the associated healthcare costs are increasing. According to the World Health Organization (WHO), 86% of deaths in the Europe Region are due to chronic NCDs often caused by unhealthy behaviour: smoking, alcohol consumption, bad diets, and lack of physical activity.

In addition, communicable diseases and the threat of global pandemics are major concerns. According to the WHO, antimicrobial resistance (AMR) alone is projected to cause around 390,000 deaths per year in the Europe region by 2050. The failure to generate antibiotics to fight AMR already costs 1.5 billion euro annually in healthcare and lost-productivity across the EU.

Finally, environmental changes are damaging our health and well-being. For example, emissions from road transport and fossil fuel burning have direct health consequences: according to the European Environment Agency, air pollution causes around 400,000 deaths per year in Europe. Add to this the expected climate change impacts – such as an increase in floods, droughts and heat waves, which can affect food and water availability, increase the risk and distribution of diseases, and put an unbearable strain on health systems – and it is clear that the challenges are only increasing.

These trends can become drivers for growing costs if Europe fails to prevent and prepare for them. It is in the EU's interest to encourage collaboration to address them and ensure affordable, cost-effective and sustainable delivery of health for all.

STATE OF PLAY – EU tools and barriers to action

The member states have insisted on keeping health as a national competence and thus, at first sight, the EU has limited powers to address the above trends and ensure "a high level of human health protection in the implementation of all Union policies and activities", as set out in Article 168 of the Treaty on the Functioning of the European Union. However, this is a half-truth.

The EU has numerous tools it can use in the health arena to reduce duplication and harmonise practices in order to achieve greater efficiency. For example, it already works to improve patient safety, clinical trials and health technology assessments (HTAs). It has adopted numerous initiatives to tackle disease-specific challenges such as chronic and rare diseases. The EU uses data and comparisons between member states to guide them in their decision-making, and the ongoing efforts to help national authorities in their health system performance assessment (HSPA) is an important development in this regard. The EU has established initiatives such as the 3.3 billion euro Innovative Medicines Initiative, which has encouraged public-private partnerships and led to better coordination when addressing health crises, as seen in the response to vaccine development during the Ebola crisis. The EU's agenda for "effective, accessible and resilient health systems" lists a number of initiatives through which the EU can support national policy-makers, and whilst they are not all based on a legislative framework, as long as the EU can bring added value, there should be an interest within the institutions and member states to collaborate.

In addition, the EU can influence the numerous determinants of health and guide health system improvement via non-health policies and tools. For example, the EU's environmental, agricultural, and transport policies, as well as employment policy via health and safety at work, all influence people's health. Under the EU's Research and Innovation programme, Horizon 2020, the EU has earmarked 7 billion euro for addressing health and other societal challenges in 2014-2020. EU money is also invested directly in health infrastructure via, for example, the European Fund for Strategic Investments. The internal market provides the basis not just for cross-border healthcare, but also for movement of goods such as medical devices, services, and healthcare professionals. It also allows the EU to use legislative tools such as labelling and advertising restrictions on unhealthy products like tobacco. In addition, the European Semester, which reviews and helps to coordinate member states' macro-economic, budgetary and structural reform policies, and the annual Country-Specific Recommendations (CSRs) can provide a valuable tool in guiding member states to carry out health system reforms. There is a strong rationale to use EU instruments to improve health outcomes, and enjoy the related social and economic benefits. However, unfortunately, too often policy-makers undervalue health, and health considerations are undermined by competing, short-term economic interests.

A few examples demonstrate the contradiction between commitment and action at EU and national levels. Firstly, decisions are continuously made which hamper rather than promote health, and add to rather than contain costs for health systems. Examples include the EU's agricultural subsidies for tobacco farmers or meat production; transport and industrial policies that have encouraged investment in diesel transport; or the failure to renew the EU's alcohol strategy. Secondly, health is primarily viewed as a cost rather than an investment. While the Commission recognises that healthcare generates around 10% of GDP, and it is estimated that every 1 euro of government investment in health generates a return of 4.30 euro, the health-related CSRs have mainly focused on cost containment. Thirdly, the current Commission's lack of political interest in health, reflected in a weak acknowledgement of health's value, exceptionally few health policy initiatives and a diminishing health focus in

the framework of the European Semester, indicate its preference not to challenge the member states. Lastly and most importantly, EU countries are failing to value and improve their citizens' health. Propagating health systems as governmental success and closeting them from scrutiny rather than collaborating is short-sighted. This is reflected in member states' reluctance to let the Commission facilitate HSPA, although comparing national health systems' accessibility, quality and efficiency could incentivise far-reaching improvements, help to mitigate the rising costs and promote resilience against future threats.

RECOMMENDATIONS FOR EU ACTION

Addressing these challenges starts with 1) recognising the value of health, 2) considering health across policies, and 3) ensuring that the EU strengthens its governance and acts when it can bring added value for member states and citizens. Thus, the EU should take the following measures.

Firstly, the EU's interest is to **ensure that the value of health is recognised and supported across policies**. Health is wealth: healthier people are an asset for society and the economy. As a first step, more effort is needed to calculate and communicate the impacts that policies have on health. While some Commission initiatives are subject to health impact assessments, the discrepancies between policies remind us how easily these considerations are ignored. Assessing and translating health impacts into economic terms would make health's value easier to recognise and consider across all policies that affect the different socio-economic, behavioural and environmental determinants for health. New approaches to valuing health at EU level and ensuring that the policies, budget and funds contribute to promoting health and healthier lifestyles would also set an example for national policy-making. In addition, communicating the positive health impacts of EU policies could help to bridge the gap between Brussels and European citizens. Make it personal and people become interested.

For example, as the environment and climate change have an enormous impact on our well-being, and related challenges do not respect borders, there is a strong rationale in *promoting healthier environments and preventing but also preparing for the effects of climate change* in and outside the EU. This should translate into serious efforts with the help of environment, climate, transport, industrial, energy, agriculture, and research policy to reduce our greenhouse gas emissions and pollution, but also to adapt our societies, including health systems, to changing weather and environmental conditions. The EU also needs to use its external tools, be it climate diplomacy, trade or development policy, to support these objectives.

The EU should also build upon its work of promoting *active and healthy ageing* if we are to mitigate the adverse effects of ageing on the economy and turn it into an opportunity. For example, employment and social participation can contribute greatly to one's well-being and should be supported. Transport policies could do more to consider older people's needs and create healthier environments. Simultaneously, greater emphasis is needed to achieve a comprehensive life-course approach: to improve health during key stages of one's life, starting at childhood and adolescence.

Secondly, the EU should **apply underused tools that would provide added value for the member states and citizens** in improving health and health systems. For example, as building efficient health systems is an integral part of economic recovery, this should be fully recognised in the context of the *European Semester* and reflected in the CSRs. As part of the process, the Commission should not just give recommendations, but have frank discussions with the member states about the need for reforms and cooperation across borders. A more thorough understanding of the cost-effective drivers for health and well-being, the relationship between the in- and outputs of a healthcare system, and which measures provide the best return on investment – in the short, medium and long term – is needed. This does not mean just investing more in healthcare. Numerous diseases could be prevented if healthcare systems went beyond treating diseases, health and social services were integrated, and health promotion and disease prevention was encouraged across society. In addition, considering health challenges in the CSRs could provide a smarter path out of the economic crisis. This would mean, for example, proposing increasing retirement age in line with healthy life year expectancy rather than life expectancy, and encouraging member states to carry out adaptations that enable older workers to stay on the labour market.

Another example is *HSPA*. Having common indicators and methodologies would enable assessing national healthcare systems' performances, ideally encompassing inequalities and gaps in access. The objective should be to benchmark the EU's healthcare systems and compare good practices. Given the current opposition among some member states, clearly more open discussion is needed about the benefits for them and their citizens. Directing structural funds to improve performance on the basis of HSPA could also provide a financial incentive for collaboration.

It is clear that *preventing chronic diseases* by actively promoting citizens' health should be a key objective for the EU and the member states. As a specific measure, the EU could assist member states in addressing Europe's reverence for alcohol, which has been calculated to cost over 150 billion euro each year. The Commission should help member states to coordinate their actions through a new alcohol strategy and set stricter rules on advertising. The EU's ongoing battle against tobacco provides important lessons on how policies can drive change and help to alter societal attitudes.

The productivity of health systems must be enhanced with the *smart use of big data and ICT*. For example, electronic patient records could bring enormous benefits for health systems and patients, and the EU should continue its work towards achieving cross-border and interoperable electronic health record systems. To overcome people's concerns over privacy and new technologies, they must be given a comprehensive overview of the risks and benefits.

As demand for *medicines and new technological solutions* is expected to increase across the world, it is in the EU's interest to build upon their innovation, economic and trade potential – while promoting more sustainable health systems and better health outcomes. The EU's R&D framework and funds could better reflect the changing innovation ecosystem, and aim to improve collaboration between a growing range of stakeholders, encourage public-private partnerships to leverage public money and incentivise research in areas where the market has failed. The EU must engage in global efforts to tackle AMR, and start with a new EU Action Plan for 2017.

While the regulatory system should provide incentives for industry to invest in R&D, it must also *ensure patients' access to safe, affordable and effective solutions*. Member states currently spend about 25% of their healthcare budget on medical goods, and the system needs a re-think. 1) There is room for harmonising HTAs, which are used divergently across the EU to assess the medical, social, economic, and ethical impacts – thus the value – of new solutions. Creating an EU body to conduct the HTAs would prevent costly duplication and turn them into a valuable tool for decision-making. 2) The EU would benefit from a common, more efficient approach to assessing, approving and reviewing drugs and their value. All clinical trials must be registered and their methods and results made public, ensuring a fair test of the drug's effectiveness. 3) Constrained public budgets require greater scrutiny on pharmaceutical spending, and thus on pricing, reimbursement, prescribing behaviour and use of medicines. While drug pricing and reimbursement is a national competence, the member states should be encouraged to share best practices and improve their systems. Cooperation between Belgium and the Netherlands in negotiating prices with pharmaceutical companies will make an interesting case study of the potential benefits of cross-border collaboration. 4) The EU should help member states to improve access to care, by gathering comparable data on accessibility in order to understand influencing factors and by continuing to support related initiatives across the continent.

Business as usual cannot continue if we want to preserve our European health systems. There are a myriad of trends and challenges that require our health systems to go through major adaptations, and demand investment as well as cost cutting. The EU has the tools to make health the basis for a wealthy Europe. However, this requires recognising that health matters not only for individuals but for the society and economy as a whole. Such recognition demands that the EU counters resistance to change and ensures that health considerations become an integral part of EU policy-making across the board. The EU can provide enormous added value for European societies by helping them shift the focus from simply treating diseases to promoting health, preventing diseases, aiming for better health outcomes, and enhancing sustainable health systems. Harnessing Europe's diversity and excellence is critical if the EU is to adapt to the challenges and generate better health for all.

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