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### EU News

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#### Can Non-Public Resources Relieve Europe's Cash-Strapped Health Budgets?

US expert Prof. Richard B. Saltman offered an alternative, if not controversial, solution to European healthcare's difficult financial situation at this year's European Health Forum Gastein. Unconvinced that increased efficiency will be enough, Saltman suggested that a new social contract was needed in healthcare with more input from the private sector.

"Globalisation is one of several reasons to be pessimistic about the European economies – budget deficits, growing levels of national debt, and high taxation rates are others", Richard B. Saltman, Professor of Health Policy and Management at Rollins School of Public Health, Emory University, Atlanta, told the Health Forum in October. "Despite the fact that most healthcare in Europe is paid for and provided by the public sector, there has so far been surprisingly little discussion about how health policy-makers should respond to such a severe, almost certainly longterm downturn in economic fortunes." Many previous assumptions had to be rethought, said Prof Saltman. Efficiency savings would not be enough to square the circle: "The implications of a prolonged lack of economic growth for the future of European healthcare systems are severe. Demand from an ageing population and increased costs created by new clinical, pharmacological, pharmacogenetic and information technologies will put additional pressure on health spending." If recent improvements in quality, safety, and access are to be maintained, either non-public sources will need to be marshalled, or providers will need to deliver more services for substantially less money.

#### Shifting Health Activity Away from the Public Sector

"New non-public money will need to be found, and some publicly-delivered services will need to be supplanted by informal care from family or private services," said Prof Saltman. It was not just a matter of reorganising existing public health systems, as had been tried before, "but of shifting some health-related activity out of direct political and financial, but not regulatory, control by the public sector."

How this would work in practice would vary greatly between countries, the expert said. In general terms, fundamental structural change along four interrelated dimensions was needed to meet the challenge of austerity and create a consistent, financially viable strategy: "A substantial part of the costs of care will have to be shifted away from the state, and state regulation needs to be simplified to make it more effective and less costly", Prof Saltman argued. "Also, patients, their families and local communities have to be made responsible for more care, and the role of private employers in prevention and care programmes should be increased."

Such essential rebalancing public sector versus other forms of responsibility must maintain the core "social insurance" function of the welfare state, he said. This will mean support for those on the lowest incomes is maintained, but everyone else would have to carry considerably greater responsibility for their own care. Such a transformation will, Prof Saltman said, involve a new social contract which reverses the social logic of post-second world war Europe, with the state expected to provide both reliable finance and ever greater equity of access to healthcare. Such over-reliance on the state was, he said, unrealistic in a time of slow or no-growth, with the only safeguard against falling standards being substantial non-state financing and provision of care.

#### Incentives to Stay Healthy and "Actuarial Fairness"

Most European health systems have not seriously considered financial incentives for healthy behaviour; some indeed have rejected them as unacceptable. In the US, by contrast, it has become common for private companies to require that employees who smoke pay substantially higher health insurance premiums, and to offer reduced insurance if employees join programmes such as for weight and cholesterol reduction. Prof Saltman: "Moderate attempts at actuarial fairness with regard to behavioural risk factors are a potent way of reducing overall health costs."

The goal, the expert said, was not to create a US-style health system "with its multiple overlapping, inconsistent, and often inadequate levels of publicly unplanned funders and providers." But failing to encourage parallel sources of funding is in his view irresponsible at a time when publicly-funded health systems, as presently structured, look unsustainable. "There will inevitably be the unintended consequences that typically accompany major health system reform," Prof Saltman conceded. "State regulation of private sector actors is complicated and expensive. Private sector providers, especially for-profit, are not uniformly more efficient or of higher quality than wellfunded and well-managed public institutions. These potential disadvantages will need to be weighed against positive outcomes that can be achieved in terms of long-term sustainability as well as quality and access."

"Resilient and Innovative Health Systems for Europe" was the slogan for this year's EHFG. More than 550 participants from some 45 countries attended Europe's most important health policy conference in Bad Hofgastein to exchange views on key issues affecting European health

systems.

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