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Healthcare and Competition Between Hospitals in Europe: Is Privatisation the Answer?

An Interview with EAHM Secretary General Willy Heuschen

Mr. Heuschen, Why is it Timely to Reflect on the Developments on the Healthcare Market?

WH: Rulings of the European Court of Justice in these last years have served to underline the point that member states health systems, and in particular the delivery of healthcare, do not lie outside the jurisdiction of Community law. Health systems therefore are subject to Treaty provisions governing the free movement of goods and services. Internal market regulations are generally aimed at freeing up markets to obtain the economic benefits associated with free competition.

However, health is not a typical market. The importance of health to the individual, and the need for member states to ensure equitable access to healthcare across their populations, give rise to a form of market, which is not easily subjected to the competitive model.

Market competition hence cannot be accepted without regulations by state authority, and market chances need to be the same for all providers, which is not presently the case.

Moreover, developments in this field in EAHM member countries are following different patterns. The experience of Sweden, for example, demonstrates that when a nation adopts market-oriented reforms for its healthcare system, those reforms will fail if the market is not allowed to function naturally. On the other hand in the UK it has been observed that market competition within the public sector is not impossible.

Measuring the performance or quality of a hospital can be seen as a way to evaluate healthcare, and it can contribute to increased patient safety. Although many countries set up national strategies to improve quality in hospital care, this has not led to the development of internationally comparable quality standards, even though they are a "must" in an internal healthcare market. Problems in this process are due to a lack of definitions and a lack of international agreements between European countries in the area of external assessment of quality in healthcare.

Therefore, our first EAHM Seminar held in November 2007 opened the floor to health policy makers and hospital managers around this question. The final purpose is to launch the development of a voluntary European accreditation model.

What does this Mean for Hospitals in Europe?

WH: New (private) providers are assumed to increase productivity, to enhance patient choice, to adopt more efficient work practices. But the question is: are existing public and voluntary hospitals unable to do the same? Competition can and should motivate them to do so. This, however, implies that generating profits must also be a tool for public and voluntary hospitals towards achieving required investments.

The goal should be that if public and voluntary hospitals perform as efficiently as private providers, any ideological debate about the privatisation of healthcare automatically becomes obsolete.

What are, According to You, Likely Future Developments?

WH: The patient as final consumer must be enabled to choose the best provider, otherwise one cannot consider healthcare as a market. Currently patients are not involved to the necessary extent.

In the future, systems will change and become more patient-centered. It will be even more important for not-for-profit hospitals to be able to generate profits. In our current system, all healthcare stakeholders generate profit, except for hospitals, which is ridiculous. However it should be kept in mind that values that have been established and adhered to in the past must not be lost in the search for more efficiency and effectiveness. Basic principles must be identified and kept as well as respected by all healthcare providers.

What Action is EAHM Planning to Undertake?

WH: Public arrangements will remain the essential tool of healthcare financing because of Europe's history. However, further privatisation in provision and management of healthcare is to be expected, and PPPs are likely to increase.

This is a favourable evolution. There needs to be a mix of healthcare providers on the market, all benefiting from each other and creating synergies. But it needs to be a controlled development, not only underlying market forces.

To date, our association, and especially its European affairs subcommittee, has debated the issues intensively and has elaborated preliminary opinions and main points of interest. These have been presented to the EAHM Executive Committee and an official position of the EAHM is to be issued before the end of the year. This is meant to create awareness of current processes for all stakeholders involved.

Next, in 2009, EAHM is to organise a seminar around that theme. And finally, our European association will continue to monitor developments on the European market. The starting point of EAHM's position is the acknowledgement that regulations are needed to ensure the free provision of healthcare. It is essential for all actors to look at privatisation in healthcare from a strategic, financial and operational point of view.

The main focus should be equal accessibility of a high-quality healthcare system for all citizens in a sustainable environment.

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