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How Much “Private Care” can Healthcare Tolerate



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Shortly after the closing of the European Commission’s consultation on the EU Health programme 2007-2013, Commissioner M. Kyprianou announced in the press that he would propose a Directive aiming to standardise crossborder healthcare services by the end of 2007. This would entail defining when and how a citizen can receive treatment in a foreign country, and which social security system should pay for this care. The Commissioner emphasised that he does not want to liberate the healthcare market but that competition between healthcare providers would be unavoidable in terms of the Single Market principle.

No one is currently preventing service providers across Europe from offering their services, apart from the legal requirements of each country. Hence this European topic will be discussed at a national level.

Some countries (such as Denmark, France and Portugal) have a hospital system that is controlled by the State, in which case political authorities are solely or predominantly responsible. In other countries, the responsibilities are split between the official bodies and private, non-profit suppliers.

In Germany, for example, the latter are often foundations or registered associations, which use any profits anyhow for the financing of further internal investments. Private suppliers, who have already changed the market offering, are mostly stock exchange listed and thus profit oriented hospital chains, which are gaining ground in some countries.

In Germany some local governments transfer the management of their hospitals to such private suppliers, in some cases they even sell their hospitals. The reasons for these decisions are complex, for instance, because debt forces the local government owner to, or that the sale of a hospital would balance its budget.

In addition, private service providers manage the acquired hospitals more rationally, profit oriented and increase the number of services. The advantages of a hospital chain include centralised management, more economical purchase because of high volumes and better know-how; as figures are easily accessible, they can be compared which increases profitability. It is rather remarkable that not all local government hospitals are interested in the offers of private service providers.

The reason being that many politicians are afraid that it may lead to job cuts of low-skilled workers which would have political ramifications. For this reason, they do not believe in the long-term existence of private healthcare service providers.

It is feared that in the long term, important care needs such as geriatric treatments will be sacrificed in the name of profit oriented management. In the case of such developments, the local authorities will be called upon to assist; yet with fewer means than if they had owned the hospitals. So, we cannot answer the questions posed with speculations, platitudes and prejudices. Therefore, we need to discuss this topic in our national associations. The Federal Conference of Hospital Managers in Austria – who is a member of the EAHM – will be discussing this problem at their 51st congress.

The solutions compiled there could serve as background information for other national associations dealing with the same issues. Based on the various national points of view, it is the task of the EAHM to be the voice of hospital managers regarding competition between healthcare providers in Europe.

