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## Volume 10, Issue 5 / 2008 - Editorial

### Lessons of a Crisis

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The editorial in the April edition of Hospital posed a question about greater competition in the provision of healthcare services. While 600 delegates were gathering for the 22nd EAHM Congress in Graz to discuss the issue of leadership against the background of new challenges, the worldwide media was reporting on the collapse of the entire financial system. Bankers, we learned, had miscalculated risk and the survival of the financial sector hinged on the willingness of states to intervene. Some commentators even asked whether citizens were losing faith in the capitalist system.

The banking crisis and the recession it may yet produce offer a number of interesting parallels with the health sector. Since the end of the war, the freedom of banks and other commercial enterprises to manage their own affairs has been a fundamental tenet of the credo of market economics. Mindful of the importance of preserving social stability, governments in some European countries promoted the development of the social market economy. While the success of this model is not in doubt, the constant change it requires has produced many new challenges for the health sector.

Unlike the banking system, health systems, notably hospitals, rarely feature on Finance Ministers' lists of favourite institutions. Healthcare imposes a heavy burden on national budgets and is often an attractive option for securing savings.

For example, the under-funding of German hospitals triggered a recent demonstration in Berlin attended by tens of thousands of hospital employees. Regrettably, hospitals in many other European countries must contend with the same problem.

Many commentators view the privatisation of hospitals and a stronger focus on market economics in management as a panacea. Notwithstanding any refinements in the EAHM's position on this issue – the internal debate continues and a special seminar on the subject is planned for MEDICA 2009 – the association has already called for accompanying measures.

In light of recent events in the banking sector, it would be foolish to have blind trust in free markets. Even the regulatory bodies established by national governments failed to prevent the financial crisis. Is it then advisable to recklessly jeopardise the continued provision of health services? Should governments not instead provide sufficient, long-term financial support to safeguard the long-term future of our health services? A further parallel between the banking and health sectors is evident in two respects. The financial crisis has been blamed on the miscalculations of the bankers and the failure of the regulatory authorities overseeing the system to impose proper controls. In the case of a number of German "Landesbanken" (banks jointly run by regional governments and savings institutions), politicians responded to criticism of their role in the matter by pleading a lack of expertise. Although the generous remuneration packages available to senior banking executives and members of bank boards may be enviable from our perspective, from an ethical perspective they should not be emulated elsewhere and their existence adds to the culpability of the banking system.

The management structure in banks has been blamed for the crisis but differs little, in terms of responsibility, from hospital structures. We should therefore intensify our discussion about management at European level. Who should manage hospitals and how? Which competencies are essential in the performance of this role and who should oversee whom?

In addition to banking structures, critics have attacked the modus operandi of financial institutions and the lack of transparency for investors. Hospitals need quality because we owe it to our consumers – the patients. One cannot over-scrutinise quality given the imperative to constantly adapt to take account of new findings and changing expectations. This issue will be the focal point of the 2010 EAHM Congress in Davos.

Another no less important aspect of the banking crisis is the inadequacy of the counter measures being taken at national level. Intervention is necessary at European level. Heads of government have gathered several times at short notice recently to discuss possible solutions. Crises no longer stop at national borders. If a hospital crisis were to occur in an EU member state – for example, as a result of non-compliance with quality standards – neighbouring states would soon be engaged in crisis management. For this reason, the EAHM will intensify its ongoing efforts to develop European quality regulations for hospitals. We expect to receive support from national governments and European institutions. The European Union and its member states need to finally understand that prevention is the fastest, most efficient and in most cases least expensive option. We will continue our lobbying activities because we owe it to our patients to act. Prevention is definitely better than blind trust.

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