

---

## Volume 4 / Issue 1 / 2009 - EU News

### Sources of Financing and Policy Recommendations on Boosting e-Health Investment

---

A major study on financing e-Health was commissioned by DG INFSO and Media's ICT for Health Unit. Its objective: to examine the financial needs of e-Health investment against the funding available and therefore assist EU Members and the Commission in their efforts to meet the e-Health Action Plan objective of "supporting and boosting investment in eHealth."

The main conclusion to be drawn from the study is that increasing finance for healthcare may not increase investment. The question is not how much to spend but what to spend the money on. The main priority should be expanding e-Health skills and knowledge; the e-Health capabilities of both healthcare staff and ICT supplier's staff must increase. This increase in capability will in turn enhance success and therefore boost investment. More capable staff increases the potential value of e-Health and the confidence of investors in the field.

The two main shortfalls concerning the resources for e-Health are defined as:

Ó Significant lack of skills and capabilities in the workforce to deal with all e-Health requirements

Ó Limited view of the potential of e-Health by many health care professionals, executives and managers, leading to narrowly defined e-Health investment plans.

Specific financing opportunities to try and fix these shortfalls are required. Something must be done to shorten the knowledge gap concerning the concept of e-Health. A clear definition of e-Health that includes both ICT and organisational change is needed. Once this is established, plans for financing investment can follow. e-Health investment, in effect, must become an integrated part of all healthcare investment.

It is correct to deny finance for e-Health if the planned investment does not show a better net benefit than other types of competing investment. The challenge for e-Health investors is choosing the best financing arrangement; a common difficulty in integrating e-Health financing into the factors that ensure success has been highlighted in this study. By over-emphasising finance for ICT, engagement, change and the realisation of benefits of these new initiatives are being hampered.

Single source financing for e-Health investment is inadequate as more often than not, this financing does not see the project right through to completion. The solution may lie in mixed financing arrangements that will help manage investments at each stage of their life cycle. This is true of both recurring and non-recurring costs. Joint financing for recurring costs is a model in which all beneficiaries must be involved in the financing stage. Current financing opportunities support a limited, and often insufficient, investment lifecycle time-period. Therefore it is feasible to use a combination of sources to support an investment with its characteristics determining the finance mix. For such investments different models of e-Health financing need to be combined.

The study has shown that public-private partnerships (PPP) can help share the burden of financing e-Health investments between private ICT vendors and public health service provider organisations (HPOs). At present, most financing in Member States, the EU and on an international level is non-recurring financing. Recurring finance, like the reimbursement for healthcare with e-Health remains an exception. Evidently this has a negative impact on e-Health investment. Moreover, recurring finance is not an attractive option for many as financing long run recurring costs needs additional annual income.

Another conclusion of the study is the need for the streamlining and rationalisation of financing models for e-Health implementation. Many financing sources have failed to recognise the need to expand the skills base requisite to boost investment; this also must change.

Suggested improvements in these financing models include enhanced facilities to navigate the diversity of financing sources, integrating the policies and use of funds, and improving the co-ordination of EC funds. HPOs should expand recurring financing through reimbursement with e-Health and increase finance to develop new capacity for ICT-enabled change, e-Health investment decisions, benefits realisation, health informatics, as well as creating sustainable e-Health strategies that are part of general healthcare development.

The report defines the issues determining the sustainability of e-Health investments as:

Ó Economic and financial costs and benefits

Ó Timescales

Ó Risks

Ó General strategic fit

Ó e-Health procurement

Ó Reimbursement and business models

The report concludes that it is up to policy makers to boost investment in e-Health. Policy makers need to manage the core, high-value features of e-Health investment within the available resource mix and the healthcare strategy. Suggested actions include:

Ó Promoting e-Health as a resource in healthcare and services, not as an end in itself

Ó Focusing on improving several aspects of health services, not on cash savings

Ó Facilitating effective, comprehensive financing packages covering the whole investment lifecycle, including long-term, recurring expenditure

Ó Investing in more evidence on investment risks

Ó Promoting and facilitating stakeholder engagement, not just consultation

Ó Providing resources to develop skills and knowledge.

Published on : Sun, 4 Jan 2009