Ministry of Labour, Social
Services, Health and Family

“Affordable Investment in Health Infrastucture: The Graz Agenda”

Health ClusterNET: An Innovative Approach to A Healthy Lisbon Agenda
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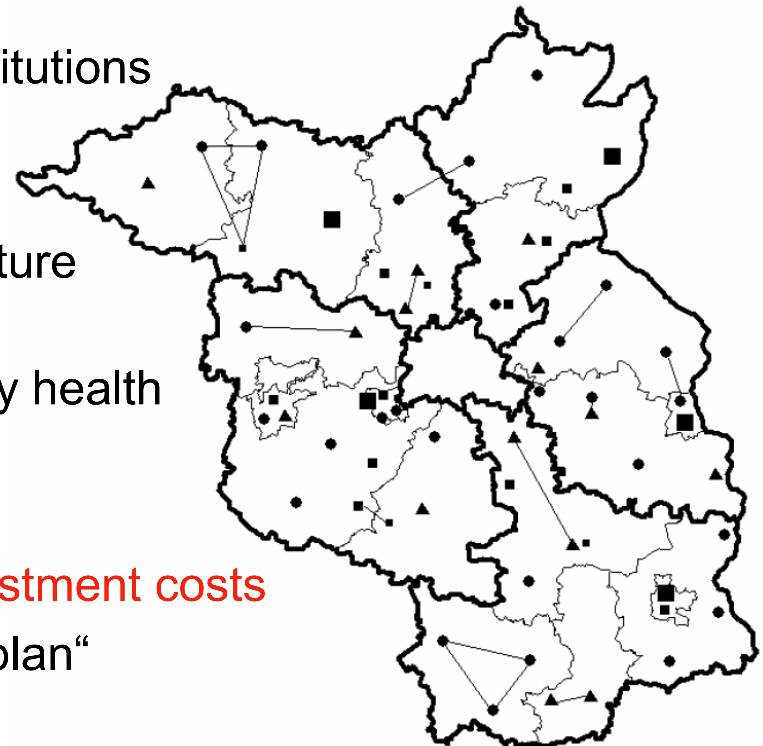
Dr. Ulrich Hoffmann - Head of Department for Hospital Development

German Health System

- system is a form of „public private partnership“
- state provides legal framework
- public institutions provide financing & distribution
- (quasi) private partners provide actual health care
- financing of the system is based on payments for individual health services

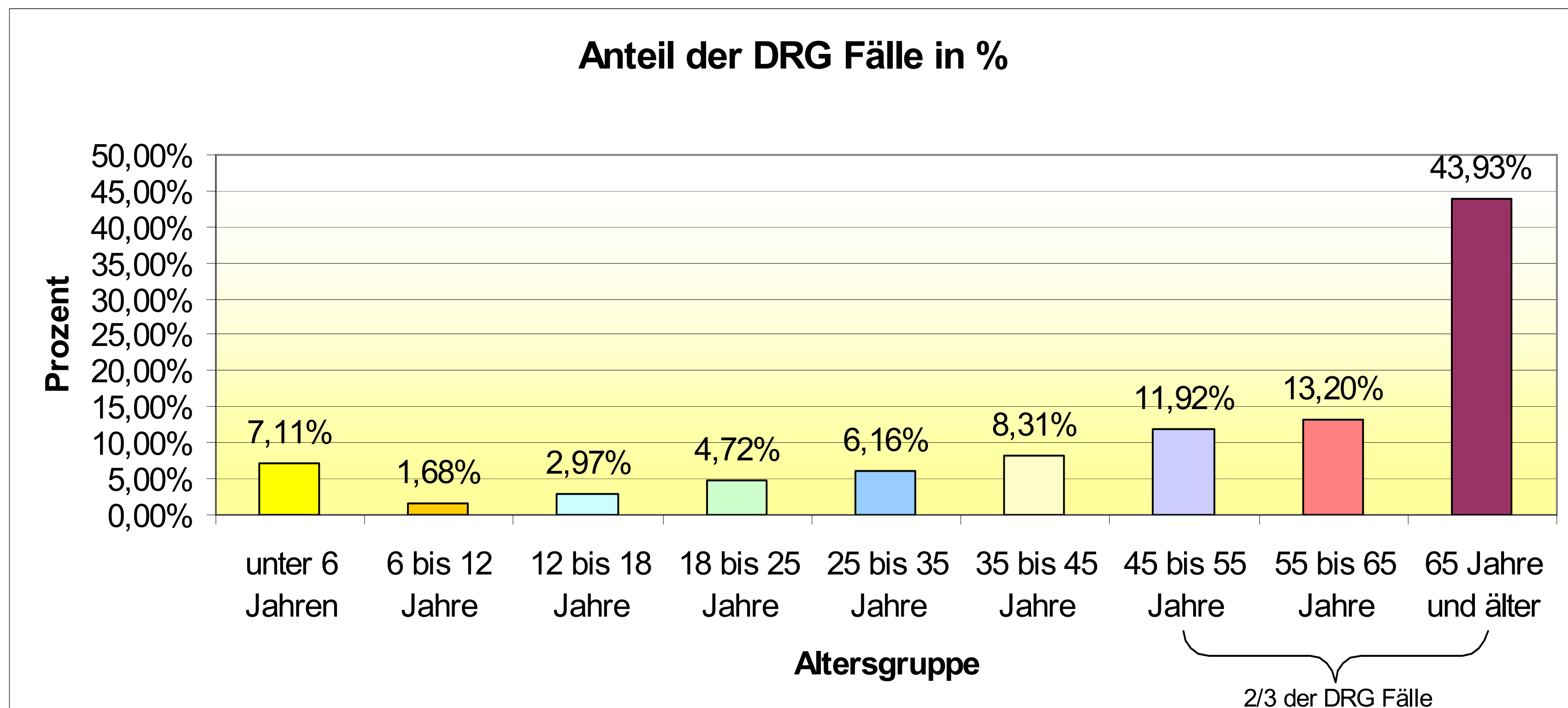
Hospital Care

- federal states are responsible for supply of hospital services
- hospital services function like private institutions
- federal states develop „hospital plan“ –
  a guideline for the regional hospital structure
- individual health care paid out of statutory health
  fund – not including investment costs
- federal states provide the funding of investment costs
  for all hospitals included in the „hospital plan“

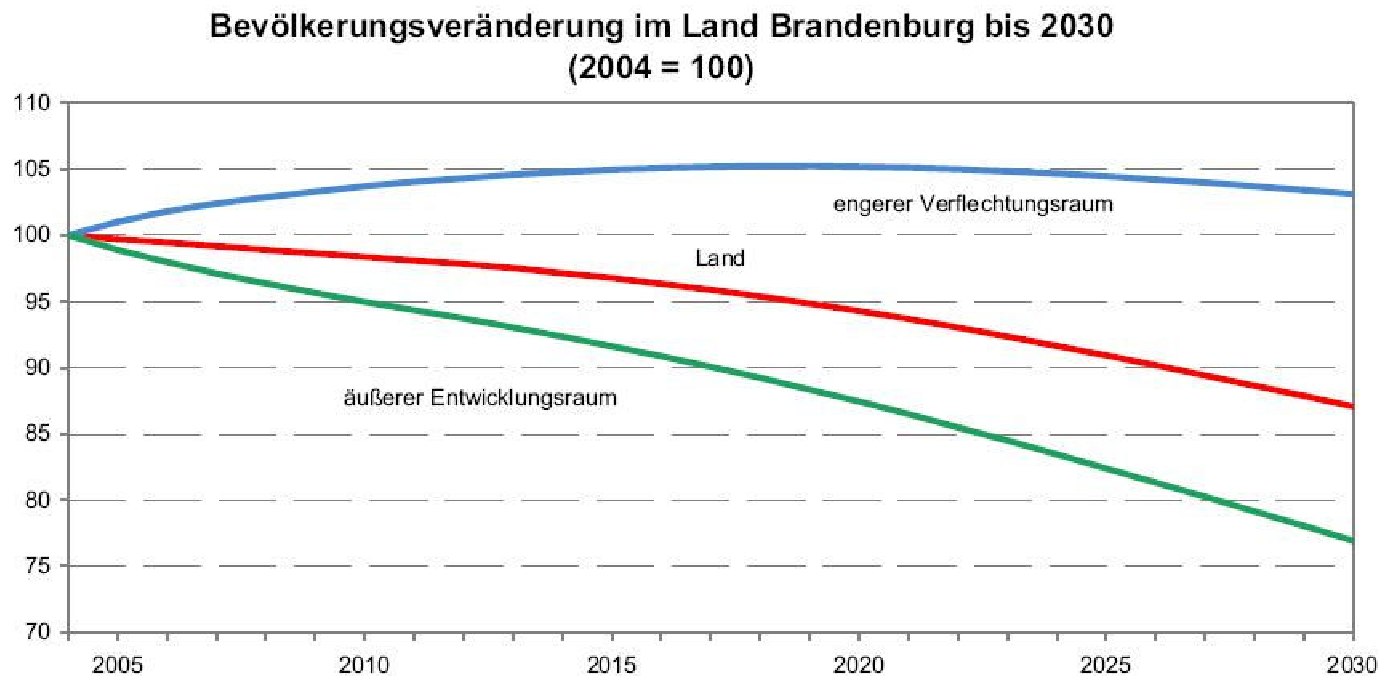


hospitals in Brandenburg

Hospital Planning: Demand According to Age Groups



Hospital Planning: the Demographic Factor



The Challenge of Changing Demand

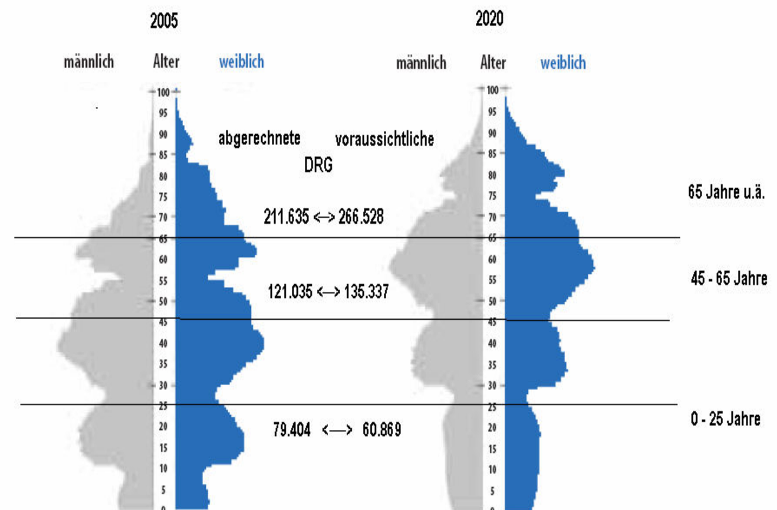
Demand of hospital resources in 2020 (age-distribution)

> 65 yrs.: 55.000 patients more

45 – 65 yrs.: 15.000 patients more

< 25 yrs.: 18.500 patients less

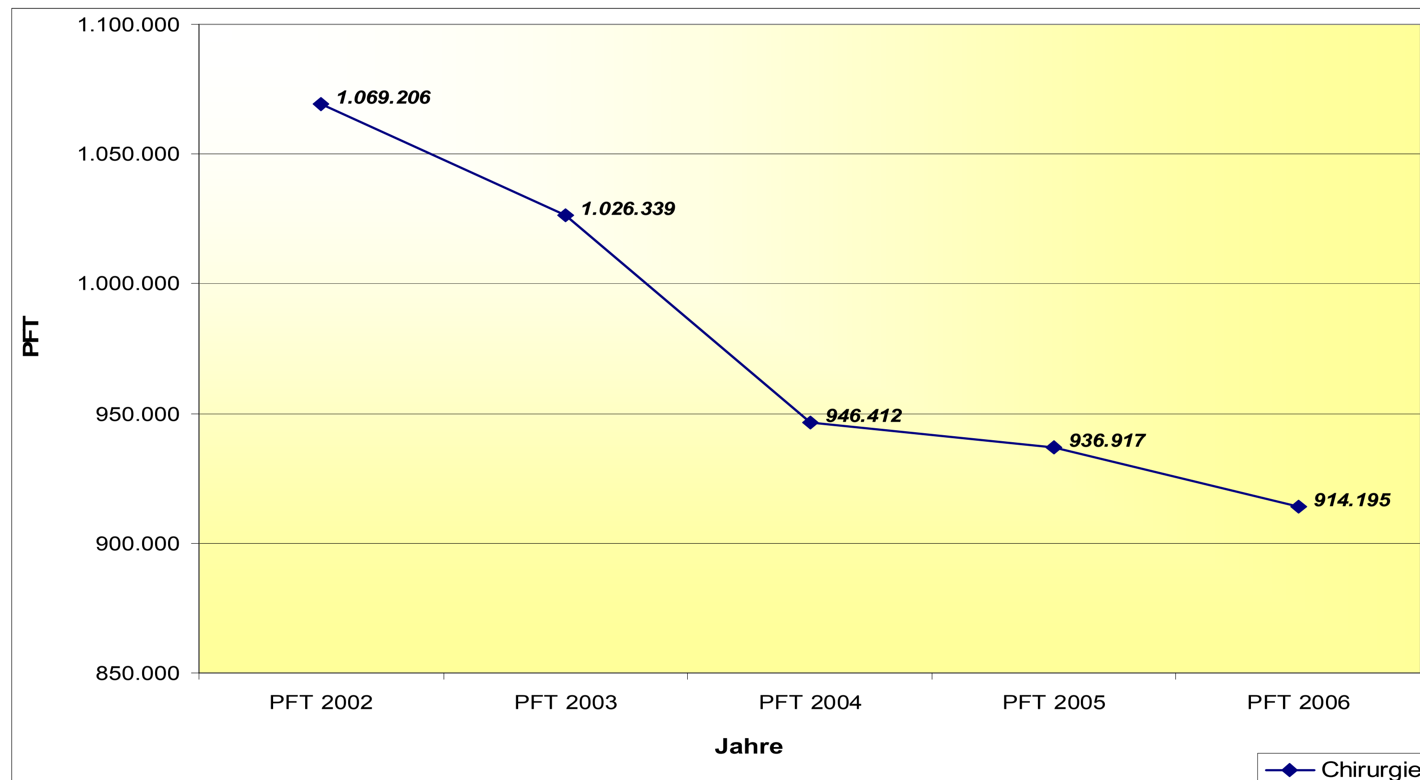
Although there is less demand in the younger age groups, this will be more than compensated by the growing demand for the elderly



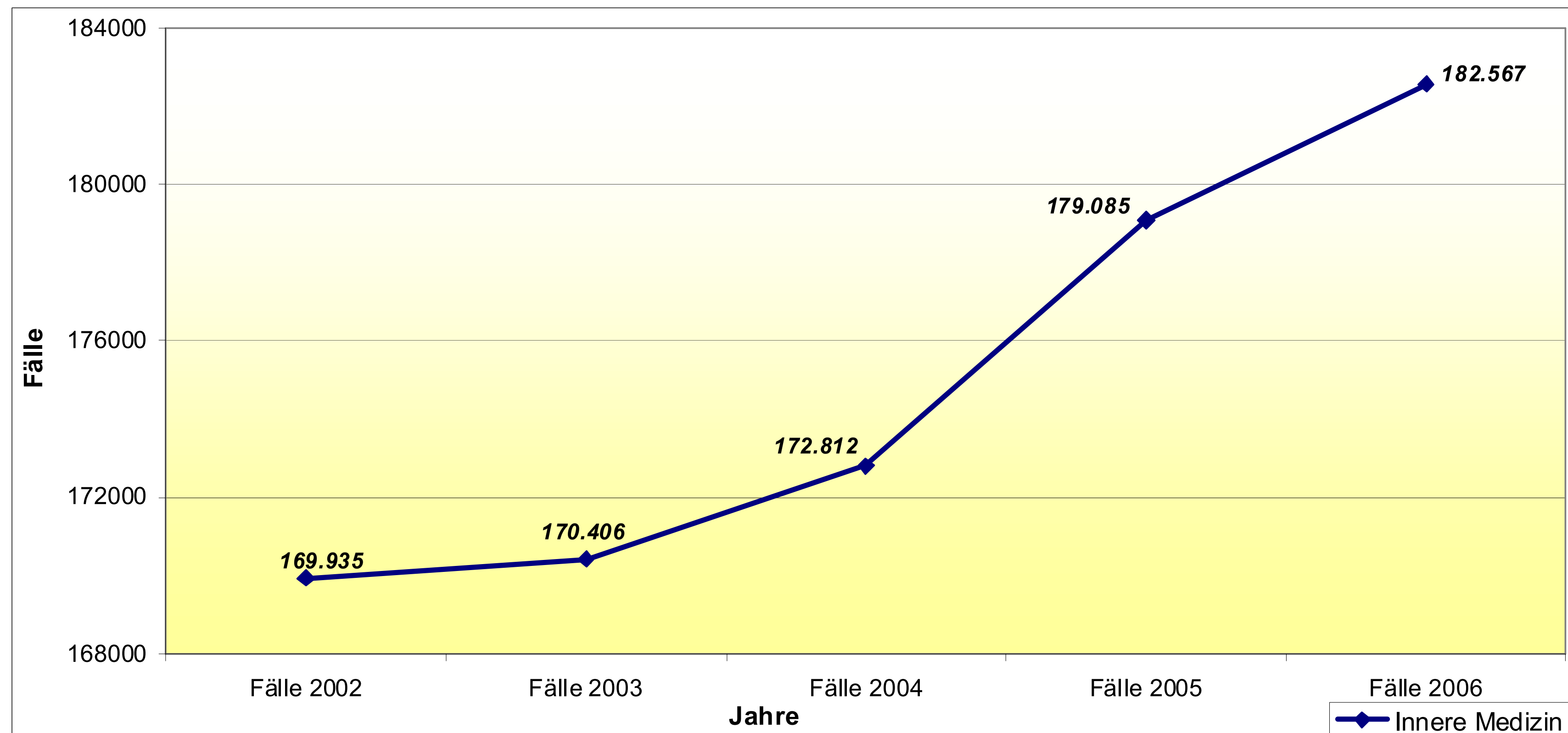
Further Factors of Change

- Development of health technology
- Changes in methods of treatment and its effectiveness
- May lead to a reduction in actual demand in spite of growing numbers of patients

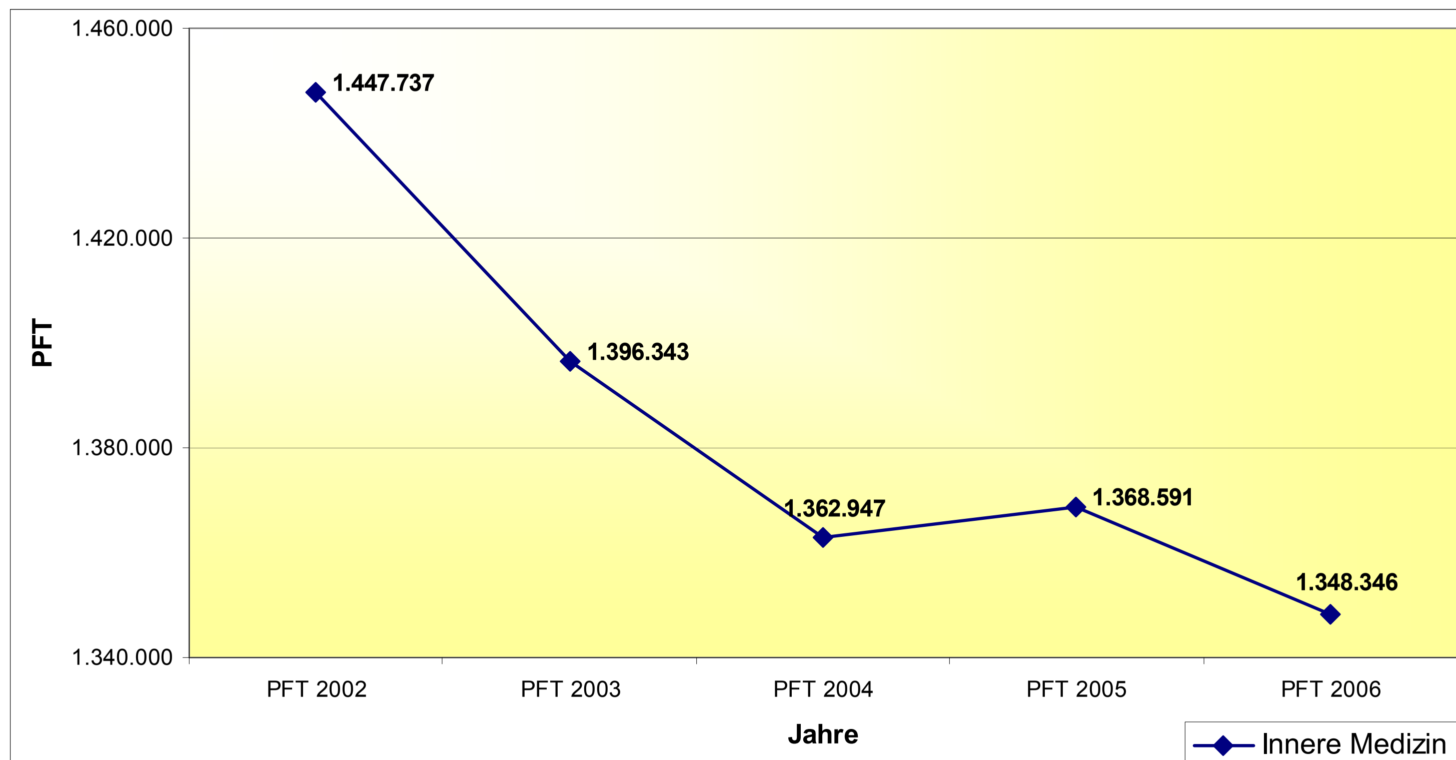
Example 1: In-Patient Days in General Surgery



Example 2: Case Numbers in Internal Medicin



Example 2: In-Patient Days in Internal Medicin



Hospital Investment follows Hospital Planning

- The hospital plan as a basis for hospital investment must strive to be realistic
- A growing demand is met by Add-On decisions, decreasing numbers of patients leads to Cut-Down of resources
- Add-on decisions are always simpler to implement than the down-sizing of health care institutions
- The demographic shift in the clientele demands flexible answers in investment policies

Subsidising process in Brandenburg

- demand of capital investment has to be submitted on actual and demonstrable necessity of patient care
- detailed functional and architectural program will be evolved regarding overall aim and period
- construction plan will be developed by architects and examined by government experts
- capital investment grants including costs for construction and technical equipment based on final assessment
- financing follows either rate of progress of construction or can be granted in fixed instalments

Draw-backs

- complicated interplay of hospital owner, architects and subsidising administration – covers sometimes more than three years
- lots of construction work follow the restrictive rules for expenditure of public money
- complicated and long lasting process of post-subsidising examinations
- potency of public financer depends on budget provided by the exchequer
- low economic growth – budget for capital investment in hospital is endangered

Advantages

- close and careful public-private cooperation – can lead to optimal balancing of needs and demands for the benefit of patients
- continuous scrutinising of planning and realisation of building process allows room for necessary corrections or adaptations
- possibilities for integration of new medical or technical developments evolving during the building period

Status quo in Hospital Investment in Germany

- capital investment for hospital care comes (in theory) solely from the state
- grants are based on the master plan of hospital care – the "Hospital Plan"
- integrated health care concepts remain subsidiary to provable hospital care demands
- criteria applied do not follow a strict business calculation but aim to meet demand of hospital care
- usual criteria for commissioning are lowest tender costs – specific qualifying criteria may be taken into account

Problems

- The investment process – from planning to building – tends to be clumsy and sometimes sluggish
- The complicated rules of public funding impede fast and flexible management answers to developing needs
- The same applies to models of private partnerships in financing the investment
- Public funding does not meet the ongoing demand of investment capital in health services
- There is not enough money in the system to ensure an adequate rate of investment

Other Sectors of Health Care

- The system of capital investment in hospitals does not apply to other sectors of health care
- Investment in primary care are financed by the institutions or private doctors
- The same applies for all sectors of post in-patient rehabilitative care
- The source of the investment capital stems from the fees paid by the national insurance system

Consequences

- Investment in non-hospital health care is calculated as in private economy
- There is no controlling agency, no obligatory benchmark, or peer review of good practice in investment policies
- Investments may overreach the actual need or potential of the “market” and even lead to bankruptcy
- Accumulating investment needs may also be neglected; patients will then not get the state of the art “hardware” of health care

Stipulations of the Graz Agenda

- Keeping decision-making and financial authority in one hand
- Capital models benefiting the regional economies
- Making Use of Innovative Communication Technologies
- Decision making allowing for changes in health care models
- Recognising the value of health care investment
- Aiming for sustainable development
- Keeping in mind that health care is about people
- Recognising the opportunities of regional masterplanning

Decision Making and Financing

- In hospital care planning decisions and financing come from the same regionally central source
- In primary, out-patient, and rehabilitative care deciding on and financing investments lie in the hands of the health institutions, there is no centrally organising body
- There is no overall regional responsibility for decision making and financing the health care system as a whole

Masterplanning

- Because of the principally “chaotic” planning and financing situation for the development of the health care system many regions recognise the need of masterplanning for health care and its economy
- Masterplans however can only provide a framework for an integrated approach which then has to be filled by the many different players in the region
- The main means for the implementation of a masterplan therefore is extensive networking within the “health care community”

Risks and Opportunities, Sustainable Development

- Technologies and effectiveness of modern medical science continually change and (hopefully) improve
- This leads to – often unforseeable – consequences for the needs of medical treatment and the structures in health care
- Health care planning must allow for this element of unpredictability – in analogy to “open source developments” in ICT
- Sustainability consequently lies in the capacity of the health care system to find new answers to new issues rather than in fixed structures

Innovative Communication Technology

- Innovative Communication Technologies may be of help to structure innovative health care models in a given region
- However, there may be inhibiting factors:
  - Especially in underpopulated areas the technical infrastructure may not be available as the overall economic value of investment into the necessary hardware may not be obvious
  - Questions of responsibility for the actual treatment of the patient and liability in case of errors may arise
  - Even the best ICT network will not dispense with the need for direct and “hands-on” doctor-patient relationship

Economic Value of Health Care Investment

It is quite obvious that a good infrastructure of medical care strengthens the economic value of any given region. Our experience in the region of Brandenburg with modernising and re-shaping the hospitals has shown that:

- an immediate advantage is a healthier population and work force and a greater trust in the health care system
- the positive impact of “soft” factors on decisions for the location of business showed to be a more indirect but equally powerful gain

Affordability

If these obvious gains are recognised by all decision makers in a region concerned with the shaping of, and investing in, the health care system, the question of affordability of good health care and the “value for money” of investing in the health care infrastructure is already answered before it arises.