

1.

Changes in evaluating benefits in the context of the limited budget of the National Health

Finance shortage has been and will remain a problem of the healthcare system. It leads to funds meant for financing specific therapeutic areas being “shifted” to others. This is done by modifying the evaluation of benefits contracted for by NFZ. Until now, the Agency for Health Technology Assessment and Tariff System (AOTMiT) has recommended, for example, around a 20% increase in psychiatric fees. This is an area where financing has been clearly below needs for many years. Next year, we foresee further changes towards re-allocating the funds spent on treatment (i.e. both tariff increases and reductions). The latter may involve mostly areas that, thanks to the very good level of financing, have seen dynamic growth over the last years, such as cardiology or ophthalmology.



2.

Further debt relief for the public sector

Since 1998 we have seen many “debt relief” campaigns in the public healthcare system. Currently, the financial results of public hospitals are bad and the trend we are observing shows their systematic deterioration. Forecasts indicate that, without another state intervention, the public sector may reach a debt level so high that it will no longer be possible to service it regularly (especially as a significant part of the planned increase in health benefits expenditure will be used to meet the recent commitments regarding salary increases until 2018). Another obligation is the planned investment expenditure for adapting hospital infrastructure to meet the requirements of the Minister of Health's regulation. State budget intervention may prove necessary also earlier. This may be caused by the potential results of raising the tax-free PIT threshold to ca. PLN 8 000 a year, which would reduce the proceeds from NFZ's health premiums by an estimated PLN 2 bn a year.



3.

Hospital care reorganisation

There are 800 hospitals in Poland, and about 220 000 hospital beds, which gives nearly six hospital beds per thousand residents. This is one of the highest rates in Europe. Hospitals are in for restructuring due to a number of factors, i.e. demographics, shifting procedures to out-patient care, the required investment expenditure (adaptation to new requirements). Reorganisation may, in many cases, lead to changing the intended use of certain departments (e.g. turning gynaecology and obstetrics or paediatric departments into geriatric or oncology departments), changing the profile of a hospital as a whole (e.g. those oriented to long-term care), and sometimes even to closing down hospitals that plunge into debt. The winners might be the entities that reorganise fastest and can successfully convince NFZ to change the current contract into one that can be used more effectively.



4.

Increased role of hospitals' operational efficiency (e.g. lean management)

The sector's mid- and long-term perspective is to increase hospitals' operational efficiency, which has been postponed many times. This is the optimum direction for change, considering the limited funds and the fact that the income side of hospitals is limited nearly by default (at least for entities that rely on limited NFZ contracts). Management tools that give a chance to improve operational / cost efficiency include: centralised purchasing functions, centralised support functions, optimised lean management processes, the consolidation of entities and the introduction of performance-related pay. Initiatives for consolidating support functions in public hospital networks should also be considered, which would significantly contribute to improving their profitability.



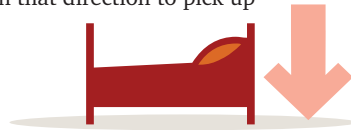
5.

Medical tourism (including the cross-border directive)

Medical tourism is growing in Central and Eastern Europe at the rate of around 12-15% a year. Poland already receives nearly 400 000 foreign patients a year (both from western and eastern countries). However, these are mainly patients of dental clinics, health resorts, medical SPAs or long-term care facilities. The potential is much higher, especially when it comes to specialist medicine, i.e. plastic surgeries, obesity treatment, cardiology, oncology or ophthalmology. The value of the foreign patient hospital market in Central and Eastern Europe is estimated at PLN 400 million, representing about 26 500 hospital patients a year, of which 6-8 thousand are treated in Poland. The growth of medical tourism in Poland for these areas requires capital and a suitable strategy to attract patients. Turkey may be a model to follow, as it has, with its government's support, greatly developed this activity of the medical sector.

6. *Changes in treatment method*

A shift from in-patient to out-patient treatment is a trend observed all over Europe. The hospitalisation dynamics in the largest European countries is falling at a double-digit rate of around 11-12%, while out-patient procedures and one-day hospitals are showing growth. This stems from ever better treatment methods, faster recovery and from the possibility for remote patient monitoring. Moreover, costs are being significantly reduced while service quality remains unchanged or improves. Poland has a long way to go in these areas, e.g. only 26% of cataract surgeries are performed as part of one-day surgery, while in the largest European countries this is the case of 97-99% of procedures. For this reason, we can expect moves in that direction to pick up speed.



7. *Long-term care*

The number of people aged 65+ in Poland will grow by around 3 million in the coming 20 years, reaching 8.5 million people. The growing demand for long-term care services is observed in every ageing society in the world, though in Poland we should expect an especially dynamic growth (about 6% a year). The contributing factors include a greater incidence of chronic diseases, a changed family model and the growing number of one-person households. Using the potential of foreign patients is an opportunity in this situation. Much lower prices, good quality and new investments mean that Poland may become a popular destination for European pensioners, which is slowly happening. Thus, it is time to develop a comprehensive action model, both from a micro- and macroeconomic (systemic) perspective.



8. *Private sector participation and the impact on the healthcare*

The private sector is predominant in basic healthcare services, out-patient care, rehabilitation, long-term care and health resort treatment. Only hospital treatment remains the domain of public service providers. Observations show that profitability and the quality of services provided is higher in the areas where private capital has become involved in developing a given segment. Of course, the role of the State is and will remain significant in ensuring the all-important hospital care, but the private sector's participation (in various forms) seems unavoidable to achieve the expected results in a short time.



9. *Telemedicine*

Poland has all the resources necessary to develop telemedicine: technology, private capital ready to be invested and patients waiting for new solutions. Ironically, no extra financing is needed, only redirecting the current financing to cheaper and more efficient telemedicine solutions. Benefits include higher treatment quality, lower cost of medical services, fewer unnecessary hospitalisations and out-patients consultations. New competitions for financing telecardiology are coming soon. We should expect that this will pave the way for implementing other telemedicine services and contribute to improving the quality of healthcare in Poland, while providing an opportunity for Polish technology's expansion abroad.



10. *Evolution of patients and their requirements*

Research indicates that patients are becoming more and more demanding, with their mentality changing from "I managed to see a doctor" to "I want to see a very good doctor in a clinic that ensures good quality". Patient evolution will continue. Patients expect the quality of services to improve, which will increase the competitiveness of service providers. The best entities are already preparing for this, and these are the ones that may gain a competitive advantage, both when it comes to patients paid for by NFZ, and for those who pay for treatment from their own pocket, or from the insurance they have purchased.