INVESTMENT IN HEALTH:
SUPPORTING COUNTRIES
WITH IMPLEMENTING HEALTH
SYSTEM REFORMS

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Summary: Mobilising financing for health systems can prove challenging for most health policymakers. The difficulty of persuading finance ministers of the positive social and economic returns of health system funding and investment is accompanied by the tension of allocating limited resources effectively, particularly in times of crisis. There is a broad range of EU mechanisms and instruments which can support health policymakers navigate change processes in health systems, including securing appropriate financing and obtaining tailored technical support when managing reform. Moving towards a European Health Union will require strengthening these instruments and wielding them for the specific needs of different Member States and their health systems.

Keywords: Health System Investment, EU Support, Financing, Technical Support, European Health Union

Introduction

While health expenditure continues to rise in most European countries, investment in health systems has been stagnant. This imbalance, accompanied by projected falls in revenues over the coming years, has heightened the challenge of allocating limited resources effectively. Health ministers especially are faced with the difficulty of advocating for health systems to finance ministers and of showing how health financing can support overall economic growth and fiscal sustainability. It is typically more challenging to secure long-term funding for health systems, although the need for urgent responses may call for exceptional spending under certain circumstances. As exemplified by the COVID-19 pandemic, a steep rise in health expenditure is not always related to structural reforms and, although more money is spent, this may not be accompanied by demonstrable positive returns in the short- or long-term.

While funding is limited, the demands from health systems are manifold and addressing them is not straightforward. Garnering insights on securing sustainable funding for health systems from settings where such issues have been tackled...
Changing the policies: Towards a true European Health Union

The European Union (EU) provides an increasingly shared context for health systems and for safeguarding the health of Europeans today, which is reflected in the recent COVID-19 response and the mobilisation of numerous EU instruments and investment tools to support the recovery from this health system shock.\(^1\)

Given that the organisation and provision of health services is a Member State competence, EU health policy largely takes coordinating and complementary roles (see Article 168 on “Public Health” of the Treaty on the Functioning of the European Union (TFEU)). However, EU policy impacting health extends to other areas that are perhaps less intuitive, including the EU’s fiscal policy, environmental and agricultural action, and the internal market. Paradoxically, some of these can be more effective at driving change within national health systems than the EU instruments that are dedicated to health as delineated in TFEU. This is because they are frequently linked to harder powers and regulatory mechanisms.\(^2\)

Over time, the EU has developed a wide range of support mechanisms for Member States, which create potential for health system improvement even if they do not necessarily seem relevant to health at first sight.\(^3\) Their fragmented nature combined with their frequently elusive relevance for health systems can make them challenging to navigate and coordinate.

**What is currently available to Member States? A short overview**

The sole instrument at EU level exclusively dedicated to health is the Health Programme (currently EU4Health). Initiatives funded under EU4Health aim at generating evidence through the development of joint models and frameworks, cross-country data comparison and the pooling of good practices, which can facilitate benchmarking and enhance cooperation between EU countries, although not being directly applicable for investment in health systems. In the area of research and development (supported by the EU’s overall research programme, currently Horizon Europe), EU funding has long focused on promoting research projects that answer biomedical and technological questions, with fewer research dedicated to health systems, services, and organisational change within health systems.

Conversely, there are other instruments outside the health sphere that are suitable for funding some elements of health care reform at national level. They have mostly focused on funding large health infrastructure projects such as hospitals, as well as training programmes and the development of professional skills. Financial instruments amenable to health-related projects include the Cohesion Policy funding instruments (formerly known as the European Structural and Investment Funds InvestEU, Digital Europe and the Connecting Europe Facility, as well as a diverse set of other instruments provided through the European Investment Bank (EIB), including loans and guarantees. A unique tool is represented by the Technical Support Instrument (TSI), which provides expert support to Member States along every stage of the reform planning, testing and implementation phases. Anchored within the European Commission’s Directorate-General for Structural Reform Support, it consists of tailored services involving the recruitment of experts and hands-on support on the ground. The TSI can and is being used to support health care-related reform efforts.

In recent years, the European Semester, a cyclical governance framework primarily dedicated to coordinating and monitoring Member States’ fiscal and economic policies, has gained importance for EU health policy due to the rise in domestic health expenditure experienced by most countries. The European Semester is the only EU instrument which allows the European Commission to make explicit reform recommendations for health systems, which Member States have to acknowledge and whose progress they are required to monitor over time. The European Semester has included several recommendations for health system reform in its last iterations, raising health system investment on some Member States’ national policy agendas. In response to the COVID-19 pandemic, the EU has designated over €700 billion to a recovery instrument called Recovery and Resilience Facility (RRF) which features investment in health as part of its six priority pillars. Every Member State has devised a national recovery plan which outlines how the allocated funds will be used to propel the economic and societal recovery from the pandemic through public investment and reforms. All plans have been approved by the Commission and are closely linked to the European Semester mechanisms for monitoring and country-specific recommendations. The disbursement of funds is triggered progressively as milestones are reached over the coming years. Several Member States have opted to allocate RRF financing towards their health systems, with some investing several billion euros to support the digitalisation and modernisation processes of hospitals and health care facilities. The TSI can be used in combination with the RRF to ensure reforms planned as part of the national recovery plans are implemented effectively.

For a comprehensive overview of EU instruments relevant for health and care systems, please refer to the European Observatory’s Policy Brief on EU support for health and care system.\(^\) This article will pick out some of these instruments.
to highlight how they may support the various stages of change processes in health systems, including securing appropriate financing, and how they can be helpful to Member States when navigating a reform process.

How effective are EU tools at supporting health system change? An insight from the Austrian Primary Health Care Reform

Although the range of support tools is broad, identifying what is useful to address specific reform priorities and how to unlock this potential entails careful planning, dedicated resources, and continued commitment. Every instrument is characterised by unique governance mechanisms and is typically managed along a different EU policy arm, usually within different Directorates-General of the European Commission or the European Investment Bank. Combining multiple tools requires knowledge and understanding of each tool’s operational and bureaucratic idiosyncrasies, as well as proficiency in application processes and the appropriate technical language. Furthermore, the compatibility and timing of different instruments must be aligned effectively, which can be a time-consuming and burdensome process.

Despite these challenges, the Austrian government has been able to utilise and combine several of the above-mentioned EU instruments to support the implementation of a primary health care reform (see Figure 1). Like many EU countries, Austria’s health system is having to adapt and change to meet a series of challenges including a growing burden of non-communicable diseases and an ageing population. Two in three primary health care physicians are projected to reach retirement age within this decade. Concurrently, few young doctors have been taking up a career as primary health care physicians in recent years, hampering a smooth generational transition. Particularly rural regions are struggling to attract primary care physicians. Overall, the system is affected by an overabundance of specialists, a high number of avoidable hospitalisations for conditions amenable to primary care and high public expenditure for specialist and inpatient care. After having implemented a structural governance reform between 2013 and 2017 which laid the groundwork for organisational and structural changes at health system level, the Austrian government has leveraged three different types of EU support to advance the implementation of its reform: 1. Technical support from the Structural Reform Support Service. The SRSS, now known as the Technical Support Instrument under the new Multiannual Financial Framework (see above), has supported Austrian policymakers with creating tailored start up services to encourage health professionals, especially young doctors, to establish their own primary care practice. The support provided since 2018 entails hands-on consultancy services to develop a business plan and tackle the legal hurdles of going into business, a start-up guide summarising useful information, a dissemination strategy to attract professionals who may be interested and training sessions for regional administrators to promote available support at local level. 2. Loans and financial advisory services from the European Investment Bank. By pooling financial support from the EIB and other partner banks in Austria, the government was able to initiate millions in bank financing to enable the establishment of new primary health care units across
Austria. However, these funds have largely remained untapped due to low market interest in recent years. 


Austria has recently pledged €100 million towards its primary health care reform in its national recovery plan. The allocated funds will continue to support the establishment of new infrastructure, as well as placing a strong focus on promoting the digitalisation and improving the environmental sustainability of existing facilities. In previous years, the EAFRD, which is primarily dedicated to spurring the development of rural regions, was eligible for and has been utilised by Austria for projects supporting the expansion of ambulatory health services and infrastructure (with a focus on primary care) in rural areas.

Going forward: What is needed?

Most of the support instruments mobilised for the Austrian reform were not inherently geared towards supporting projects in the health and health system sphere. Consequently, identifying, applying for, and combining these tools for a health system reform required substantial proactive engagement from Austrian policymakers. The Austrian success currently represents an exception to the rule. National ministries, regional, and local authorities generally lack the resources, capacity, and expertise to initiate and navigate the process of assembling multiple different EU tools effectively. Beyond the practical complexities of accessing these programmes, health ministries may not be directly involved in budgetary decisions and may lack the tools to corroborate the socioeconomic returns of using EU instruments for health system investment with the necessary evidence to persuade their governments accordingly. Traditionally, health expenditure has grown due to a rise in the running costs of health systems, for which EU instruments cannot directly be used at their current state. In contrast, their potential primarily lies in researching and financing innovative ways of reducing these costs, including by decreasing the ecological footprint of health infrastructure, by supporting the health workforce with adequate training or by making sure patients access preventive services proven to be effective in EU-funded research projects before needing expensive hospital care.

Beyond making the process of identifying tools more intuitive and supporting Member States with the required expertise to apply for and combine them, there is a need for strengthening our understanding of how these tools are best used and the generated health system outcomes. Specifically, there is room for better monitoring the implementation and results of EU-supported projects and reforms by means of adequate performance indicators and evaluation processes, including how they help health systems achieve efficiency objectives or reduce variations in care (see Box 1).

Better keeping track of outcomes would enable Member States to pick out the instruments most suited to their specific objectives and to build a case for investing in health systems to their governments by highlighting the positive socioeconomic returns of health investments which, when combined with EU support, only require partial national financing. Further, systematically evaluating the process of accessing EU support could facilitate the improvement of and synergies between available instruments. More broadly, tracing outcomes over time would safeguard the results of those EU projects whose duration is limited to a few years, but which have the potential to inform other projects and policymaking at both national and EU level.

Many of the challenges faced by European health systems require changing the status quo. Beyond investing in the early stages of change processes, such
as developing frameworks for concerted action or pooling expert knowledge on biomedical issues, EU support tools should be legitimised to cater towards the later stages of change and towards implementing reforms. Technical support, such as is currently provided by the TSI, must be bolstered, and tailored specifically towards propelling health investments. Actively pursuing cross-country learning opportunities and fostering the adequate platforms for best practice exchange is an additional element of finding what works in practice and successfully transferring this across different local, regional, and national settings.

are promising, propelling investment in health systems will require more EU support geared specifically towards health systems and the implementation stage of reforms. At the same time, strengthening health policymakers’ capacity to advocate for investment and to complement this by accessing the right EU instruments to support their reform processes will be equally crucial steps to strengthen European health systems and to move towards a stronger European Health Union.

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Shaping future objectives
The European Commission’s proposals for building a European Health Union have shone a light on the need to strengthen the Union’s pandemic preparedness and response capacity. However, the EU has the potential to support Member States and their health systems on a much broader range of issues. Some actions are slowly taking shape, including a revision of the European strategy and legislation on pharmaceuticals to ensure better access to innovative medicines, joint health technology assessment (HTA) processes to reduce the duplication of work across national agencies, the establishment of an EU Health Data Space to empower patients and foster the use of clinical data for research (see the article by Olesch in this issue) and most recently, the announcement of a new Global Health strategy which is likely to pave the way for stronger EU health policy both internally and externally (see the article by Kickbusch and Kökény in this issue). While these developments...