



# COCIR Position Paper

## Towards an optimised use of Structural Funds in health

COCIR developed a White Paper "Towards a sustainable healthcare model"<sup>1</sup> which calls for a paradigm shift in the European context of the rising pressure and demand on the healthcare systems. Current healthcare systems around the world and across the European Union will become unsustainable if unchanged over the next 15 years. Global healthcare spending represented over 5% of GDP in 1970, 7% in 1990 and 10% in 2009. Europe follows the same spending patterns and pressure is rapidly increasing with the OECD forecasting an increase by 4 to 6 points to reach 15% of GDP across OECD countries. Investment in healthcare, including eHealth, is one of the main socio-economic drivers of the European strategy as it can help to deliver better care for less money.

According to the OECD, in 2007 European countries spent between 6.4 to 11%<sup>2</sup> of GDP on health, while the United States spends 16%. The ratio has been increasing in the last 20 years and due to a number of factors like the ageing of the population the trend will remain the same in the coming years.

There is approximately €460 million yearly available from European programmes which specifically address healthcare related and eHealth issues. In addition to this, Member States have created national programmes<sup>3</sup>. In total, around €5 billion<sup>4</sup> is available throughout the 2007–2013 period for health infrastructure (1.5% of the total budget) and an additional €6 billion earmarked where healthcare is one of the potential targets (such as e-services including eHealth or active ageing).

The Structural Funds are an important financial mechanism for the European Union Member States to invest in healthcare and reduce health inequalities. Unfortunately, COCIR industry members, as one of the stakeholders of health projects, have observed a number of issues associated with the use of Structural Funds in the EU. It is a fact that this funding opportunity is not being currently leveraged to its maximum by the potential and actual beneficiaries. Therefore, the industry would like to recommend a set of measures aiming to improve the utilisation of Structural Funds in healthcare.

**This Position Paper sets out 10 COCIR recommendations for optimising the use of health-related structural funds:**

- 1. Continue to invest in health and eHealth projects**
- 2. Push for a better integrated approach from EC**
- 3. Increase EU scrutiny of major implementations**
- 4. Raise awareness at the local level about Structural Funds for health**
- 5. Simplify the application process for eligible beneficiaries**
- 6. Pay particular attention to training and education of health providers/users and change management programmes**
- 7. Increase transparency of and facilitate access to public tenders**
- 8. Provide functional specifications in health tenders and quality criteria by type of tender**
- 9. Avoid national/regional detailed technical tenders**
- 10. Control the time to pre-financing**

COCIR will work more to develop pragmatic success factors on how to implement Structural Funds programmes in the field of healthcare.

<sup>1</sup> [http://cocir.org/uploads/documents/-34-cocir\\_wp\\_on\\_sustainable\\_hc\\_-\\_released\\_on\\_19\\_nov.\\_2008.pdf](http://cocir.org/uploads/documents/-34-cocir_wp_on_sustainable_hc_-_released_on_19_nov._2008.pdf)  
Another COCIR paper articulates 10 eHealth recommendations : [http://www.cocir.org/uploads/documents/-24-cocir\\_pp\\_ehealth\\_rel\\_short.pdf](http://www.cocir.org/uploads/documents/-24-cocir_pp_ehealth_rel_short.pdf)

<sup>2</sup> Source: OECD Health Data November 2009

<sup>3</sup> Source: econet's eHealth team. About econet see: [www.econet-consultants.com](http://www.econet-consultants.com)

<sup>4</sup> Source: DG Regio



## DETAILED BRIEFING

### *Opportunities*

Reducing health inequalities (e.g. the huge differences between life expectancy ranging from 73.3 to 81<sup>5</sup>) is one of the key objectives of the European Commission and its DG SANCO. Investment in health infrastructure through an effective use of the EU funds is believed to be a key driver to reduce these inequalities within and between Member States, increase sustainability, quality and access to healthcare as well as support innovation in healthcare delivery.

Moreover, the European Commission has recognised the link between health and wealth, that is to say the role of health investment in generating economic growth. Expenditure in healthcare should be seen as an investment in the health of citizens and as a means of achieving long-term social and economic objectives.

In this paper, COCIR is willing to contribute to a more efficient use of Structural Funds in health and urges the European Commission to improve the current mechanism in order to enable a better use and uptake of the infrastructure funds while reducing inequalities.

### *Current challenges*

Although the Structural Funds are existing and available, the absorption is progressing slower than expected in many Member States. The main reason for that is the lack of knowledge of the beneficiaries, the lack of resources to identify the opportunities and the lack of experts to prepare sound projects. In the majority of Member States, the beneficiaries also lack the capability to manage large-scale investments and to cope with the administrative burden.

Financial issues are the second main obstacle to the optimal utilisation of Structural Funds in health. The beneficiaries (hospitals, public and private bodies) need to contribute with self-capital to the heavy investments. This co-financing constraint is often preventing Member States from applying to the funds or implementing the granted projects as in many countries the budget for healthcare is not even sufficient to cover the operating expenditure. Another significant problem lies in the fact that deploying a large-scale project requires beneficiaries to have a strong cash-flow and to secure pre-financing (EU funds are transferred only after the projects have been implemented) knowing that the release of pre-financing can take between 9 to 18 months.

Finally, the procurement issues represent a real bottleneck to the effective use of public funding in healthcare. In addition to being too lengthy (up to four years), the procurement procedures often lack transparency essentially due to the fact that the tenders are only published in local language. The criteria of selection described in the tenders are most of the time too restrictive and technical and thus risk becoming obsolete after some time.

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<sup>5</sup> Source: OECD Health Data November 2009



## *COCIR's detailed 10 recommendations*

- 1. Continue to invest consistently and for a long period in health and eHealth projects**  
 The success of a health project comes after a period of 4-7 years due to organisational, human and change management issues.
- 2. Push for a better integrated approach from the European Commission**  
 The different EU programmes in Research, Health, Employment, Education, Digital Agenda and Regional Policy should be better interlinked to achieve maximum of impact at country level.
- 3. Increase EU scrutiny of major implementations**  
 Today, there is little transparency on national tenders and many funds are wasted due to corruption, bureaucracy and incompetence.
- 4. Raise awareness at the local level about Structural Funds for health**  
 Eligible candidates are often not aware that money is available for spending on healthcare. As a result, not enough money is earmarked for spending in healthcare, or even when it is earmarked, it is not spent easily.
- 5. Simplify the application process for eligible beneficiaries**  
 The current procedures to apply for a project are still very complicated and lengthy.
- 6. Pay particular attention to training and education of health providers/users and change management programmes**  
 The user's involvement and change management are among the most important success factors of health projects.
- 7. Increase transparency of and facilitate access to public tenders**  
 Public tenders should be translated into EU languages and successful tender and results of the financed programme should be published. In addition, the part of the co-funding requirement for eligible institutions and public bodies should be reduced.
- 8. Provide functional specifications in health tenders and quality criteria by type of tender**  
 The procurers need to keep the tender documents on a functional level to avoid acquisition of obsolete technologies and equipment.
- 9. Avoid national/regional detailed technical tenders**  
 By avoiding too detailed and technical details at national and regional levels, it is possible to avoid preselecting bias and local bribery.
- 10. Control the time to pre-financing**  
 Ideally the funding authority should limit the time to pre-financing to 45 days after the project has been evaluated successfully.