

Healthcare

The idea of increased private sector involvement within the provision of healthcare services is a contentious one in some countries, particularly the UK, and is responsible for extensive column inches of emotive debate.

Therefore, the extent of the agreement with our first hypothesis may come as a surprise to some. However, it is important to remember that we didn't survey senior healthcare management on whether it was a good or bad idea; simply on whether or not it was going to happen.

It's an important distinction. The man-on-the-street debate about the relative merits of this development will continue unchecked for some time yet. However, all parties would be well advised to take note of the views of our survey respondents – who are people very well placed to predict how the future for healthcare will actually develop.

The only surprise for me regarding hypothesis #2 is that eight percent do not see foresee a move away from universal tax-funded healthcare provision. Even putting aside the economic difficulties currently experienced by so many sovereign states, there is a major and unavoidable demographic issue at play here.

Typical dependency rates of 4:1 (four citizens of working age for every child and senior citizen) will continue to shrink in the immediate future. If, for example, that ratio moved closer to 2:1, then the ability to fund comprehensive healthcare provision solely from tax revenues is hugely compromised.

Most Western countries – with healthcare models predicated on post-war thinking – recognise the need for change so that healthcare is funded by a mix of taxation, insurance and personal provision.

As for hypothesis #3, my surprise here stems from the fact that more people didn't strongly agree. Many healthcare organisations across the region are simply too small to be economically viable. This can leave them unable to support expensive fixed costs such as intensive care or operating theatres.

In turn, this makes consolidation – to achieve greater economies of scale – a near certainty. I therefore would have expected this to come across with far more conviction in the respondents' answers.

Looking at the priority themes, it is encouraging to see that healthcare's top three priorities turn out to be cash, cost efficiency and transactions. All three of these play to the point raised above about making organisations more economically viable.

It's worth pointing out that, typically, healthcare costs tend to increase at a rate in excess of inflation. Therefore, if I was to be hyper-critical, I would suggest it would have been more pleasing still to see the response rates on each of those three top themes come in a few points higher in recognition of that fact.

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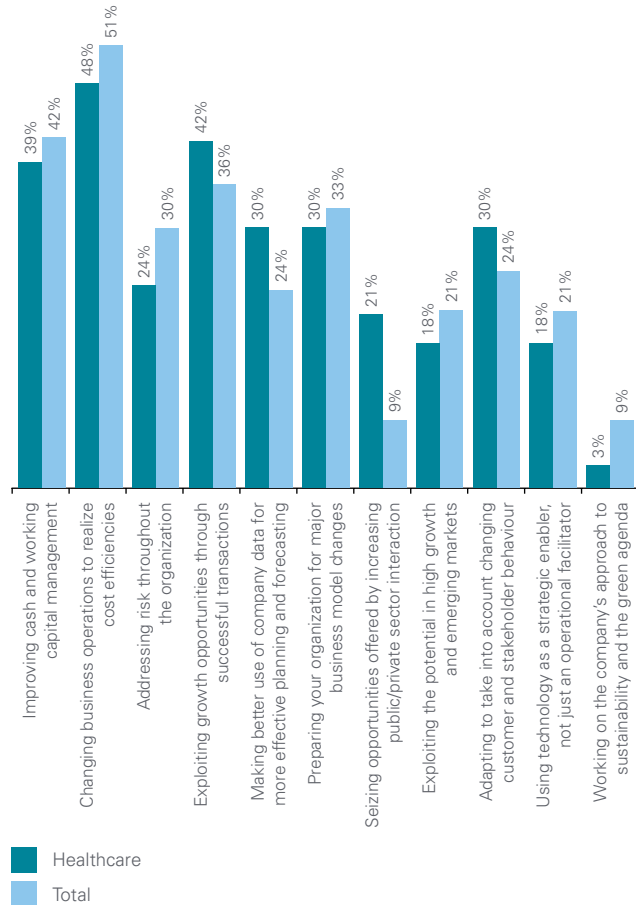
Healthcare

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Healthcare – Sector Results

Comparison of top business issues for Healthcare with total results



Percentage add up to 300 percent as all respondents had three votes.

Hypothesis 1:

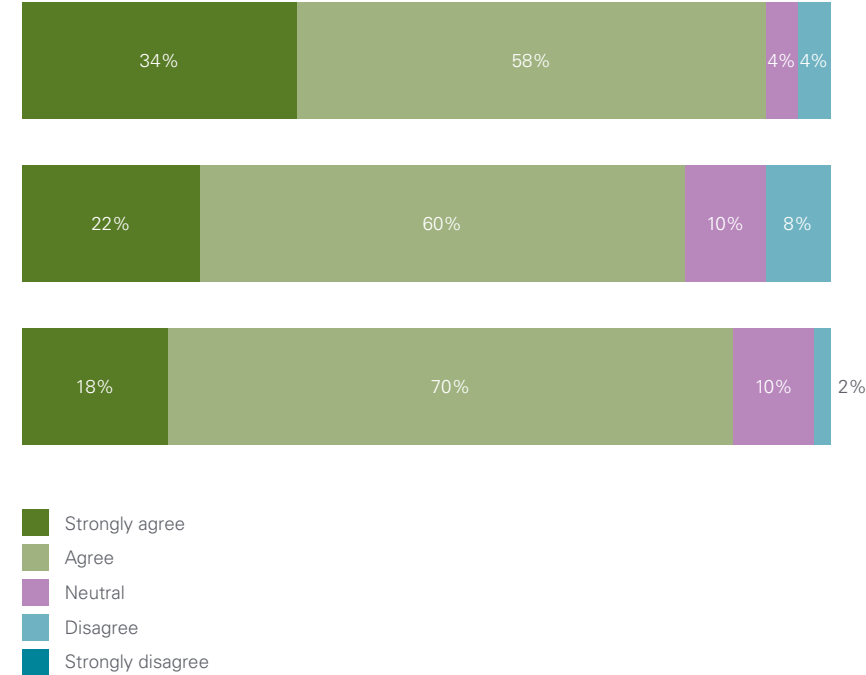
We shall see the private sector becoming increasingly involved in public healthcare, both in terms of direct medical provision but also in terms of outsourced back office functions.

Hypothesis 2:

Under increasing economic pressure, more and more countries in Europe and further eastwards will begin to move away from tax funded healthcare provision towards a model based on private provision and co-payment.

Hypothesis 3:

Another inevitable response to rising economic pressure will be an increase in M&A activity across the healthcare sector, with financially struggling organisations the first to feel the effects of this.



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Further info

The SiCW Business Leaders survey Exec Summary is available at: www.kpmg.eu/businessagenda

A suite of videos and kitcards, on the top themes is available online. This includes Jeremy Kay outlining what the Board is thinking about in terms of changing their business operations to realise cost efficiencies; and Andrew Ashby on how companies can improve cash and working capital management. To view the information please go to: www.kpmg.eu/businessagenda