

Economic Policy Positions of the CCI-Organisation

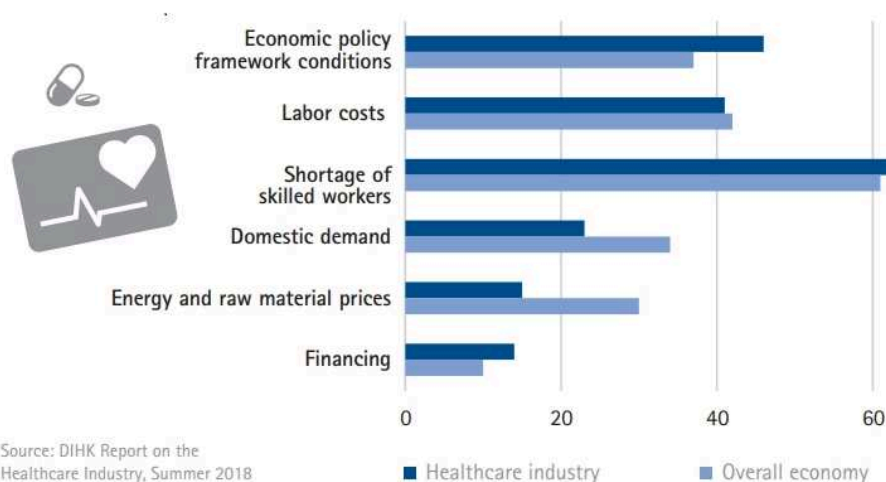
HEALTHCARE INDUSTRY: Securing innovative strength, achieving efficiency improvements

The economic policy positions of the CCI-Organisation (WiPos) show politicians concrete fields of action for good economic policy. The WiPos reflect the coordinated opinion of the CCIs and their members. The DIHK Executive Board adopted this position on 27 November 2018.

HEALTHCARE INDUSTRY: Securing innovative strength, achieving efficiency improvements

Almost every sixth employee in Germany works in the healthcare industry. In addition to this outstanding importance of the healthcare industry as an economic factor, healthcare is also an important location factor for companies in Germany. It is not only the companies in this sector that benefit from the framework conditions that allow the potential of the healthcare industry to unfold, but also the entire economy. This is particularly true since the healthcare industry is a cross-sectional industry that sends out a wide range of impulses to other industries.¹¹ In order to enable an innovative and internationally competitive German healthcare industry in the future as well, legislature should take greater account of challenges such as demographic change and the shortage of skilled workers. In addition, clear and unbureaucratic framework conditions should be created that make it possible to fully exploit the potential of future fields such as biotechnology and digital medicine, particularly through the application of artificial intelligence (AI).

Business risks from the point of view of the healthcare industry



The following guidelines should determine economic policy action:

- Creating framework conditions open to innovation
- Promotion of digitization
- Keeping an eye on healthcare costs
- Better support for occupational health promotion
- Supporting the securing of skilled workers

¹¹ The commercial healthcare industry primarily comprises private and statutory health insurance companies, facilities for outpatient and inpatient care, medical technology manufacturers, pharmaceutical manufacturers and wholesalers, manufacturers of medical products and aids, rehabilitation providers, outpatient and inpatient care facilities, pharmacies, health spas, consulting facilities for company health promotion, providers of functional food.

Creating framework conditions which are open to innovation

Regulation slows down innovation: The healthcare industry is characterised by a very high degree of regulation. Companies operate within a system-induced tension between openness to innovation, quality assurance and financial viability. However, the openness to innovation is often inadequate in many areas: Unnecessarily protracted, bureaucratic and scarcely practicable approval and reimbursement procedures as well as the large number of operators and institutions involved often mean that even innovations that have proven their worth in pilot projects do not find their way into standard care. For example, provisions such as the new EU regulation for medical devices can lead to considerable obstacles to innovation, especially for start-ups and small and medium-sized enterprises (SMEs). There is a danger that value creation in new technologies will be lost in Germany in the long term and that the German healthcare industry will lose its importance in future fields.

What to do: Global competition requires politicians to intensively deal with new developments in the healthcare industry in order to ensure an innovative and internationally competitive regulatory framework in Germany in the long term. This also includes a level playing field for the individual players in the respective service areas.

A successful market launch in the reference market of Germany is decisive for export success in important sectors of the healthcare industry – medical technology and pharmaceutical industry. Many companies are of the opinion that the two-tier, competitive system of private and statutory health insurance also contributes, among other things, to rapid access of innovations to healthcare.

Suitable general framework conditions should be in place to create an innovation climate, improve the financing of innovation and motivate start-ups. In addition, innovations should be incorporated more quickly into standard care by reducing innovation-inhibiting processes, in particular those arising from existing medical devices, pharmaceutical and social legislation, as well as unnecessary bureaucratic hurdles. It should be ensured that products and services whose benefits have been demonstrated in model and funding projects are systematically transferred to standard care.

Innovative business models can only be implemented if there is sufficient planning security. Procedures should therefore be transparent and efficient and provide for clear deadlines. The comprehensive involvement of manufacturers in decision-making processes is also necessary. It should be recognised and rewarded that so-called step innovations make an important contribution to the continuous improvement of healthcare.

At the European level, German policymakers should also advocate innovation-friendly framework conditions, for example a design of the new EU regulations for medical devices and in-vitro diagnostics that is favourable to industry and small and medium-sized enterprises. Double regulation in national law must be avoided here.

Promoting digitization

Framework conditions hindering the digital transformation: Digital medicine will significantly change healthcare as a disruptive development in the coming years. For example, the potential of digital applications and innovations in the field of AI can hardly be exploited due to the current legal, technical and financial framework conditions in Germany. Approval and reimbursement procedures are often sectoral, do not address the needs of digital solutions and do not reflect the dynamics of the market. This not only weakens the healthcare industry in the long term, but also impairs its quality.

What to do: More use should be made of international experience in digitization than up to now. Countries such as Estonia and Switzerland show how the digital transformation can succeed. Start-ups in particular produce innovative digital solutions and therefore make an important contribution to digital transformation. For this reason, their challenges should be given greater consideration than up to now, for example by the authorities in the healthcare system conducting a continuous dialogue with these companies.

For digital medical devices, a specific and cross-sector access and reimbursement procedure should be implemented that is open to innovation and ensures the systematic integration of these products into standard care. It should be ensured that the particularities of innovative products – such as AI-supported software applications – are taken into account in evaluation and approval procedures in medical device and social law.

In order to use the positive forces of competition for the digital networking of all players in the healthcare sector, an independent institute should set technological standards and promote functioning competition within the telematics infrastructure. Networking of all parties involved on the basis of these standards should be ensured.

The health professions also need to be further developed. This includes adding digital content such as the use of digital technologies in healthcare to health professions.²

Keeping an eye on healthcare costs

Contributions from statutory health insurance as a cost factor for businesses: Even today, companies' labor costs are one of the greatest risks to business development. These are also influenced by wage-related social security contributions. A further increase in the cost of labor could endanger the long-term competitiveness and the currently still good economic situation of companies in Germany. Further burdens could also have an impact on corporate personnel planning. Slowing dynamism in the creation of employment would further increase financial pressures in the health, pension and care sectors.

What needs to be done: The systematic integration of innovative products and services into healthcare and the consistent use of digital medicine could not only strengthen the importance of the health economy as an economic factor, but also ensure a more efficient use of resources.

² For detailed information on these and other demands, see the DIHK position paper 2018 "Digital transformation in the health sector – a new approach to healthcare".

This would make an important contribution to the long-term stability of non-wage labor costs. Many companies expect that the reduction of inefficient care structures and misguided incentives, as well as stronger cross-sector care and the widespread use of quality-oriented remuneration structures, could also help to improve the efficiency of healthcare. More competition, for example through greater contractual freedom between health insurers and service providers, would also lead to greater efficiency and therefore have a positive effect on the development of non-wage labor costs. In addition, greater cost transparency helps to increase cost awareness among insured persons. Many companies expect that funding instruments organised on the basis of private-sector principles as used in the private health insurance sector can reduce the pressure of demographic developments on premiums.

Better support for occupational health promotion

Occupational health promotion contributes to ensuring the availability of skilled workers:

Demographic change and increasing life expectancy are leading to a shift in the age structures of the workforce. Changes in working environments also have an impact on the health of employees – both physically and mentally. The establishment of occupational health promotion can increase the often short length of stay of skilled workers who are exposed to high physical or psychological stress. The promotion of the health and performance of employees is therefore becoming a strategic task for more and more companies. They are increasingly investing in the health of their employees. Other parties involved also contribute to maintaining the health of skilled workers. For example, health insurance companies offer support in company health promotion. Rehabilitation facilities ensure the rapid return of patients to the world of work and therefore contribute to ensuring the availability of skilled workers.

What needs to be done: In occupational health promotion, SMEs in particular need practical support, easily understandable information and instructions for action, networking opportunities in order to exchange experience, as well as transparency and clarity about the right contact persons. This applies, for example, to cooperation with health insurance companies or the implementation of measures such as the tax exemption for occupational health promotion. This saves companies time and money – because small and medium-sized enterprises usually do not have the appropriate infrastructure such as a legal or human resources department. Regional coordination centres help by raising awareness, providing concrete support and making use of existing interfaces to companies, especially CCIs.

Supporting the securing of skilled workers

The healthcare and nursing industry is particularly hard hit by the shortage of skilled workers:

In Germany, there are particularly clear signs of a shortage of personnel in the health and care sector, especially in rural areas. Even today, many vacancies cannot be filled. Not only care and health professions, but also work in natural science and technical fields such as biotechnology and medical technology are increasingly affected. This could have an impact not only on the

innovative strength of the German healthcare industry, but also on that of the German economy as a whole if, for example, companies lack other skilled workers who are often required to care for their relatives and are unable to pursue their profession. In addition, securing medical care in rural areas as a location factor is of great importance for the regional economy.

What needs to be done: Making health and care professions more attractive can help to attract more young people to them and reduce the shortage of skilled workers. The attractiveness can be increased, for example, by integrating elements of dual vocational training under the Vocational Training Act into the health and nursing professions. Regulations and standards for vocational training in the nursing sector which are uniformly implemented nationwide could ensure a uniform level of training. At the interface between vocational and academic education, a greater number of dual courses could also contribute to making the programme more attractive. Against the background of demographic change and progress in medical technology, health and care professions as well as fields of activity should be further developed.

The overall aim is to facilitate greater permeability between the occupational groups. The stronger delegation of medical activities and also the substitution of medical activities to independent professions lead to an improved division of labor³. The employment of older people should also be facilitated. However, since the potential on the German labor market is limited, even with intensive efforts by industry and politicians, the targeted immigration of qualified workers is necessary. To this end, the framework conditions for work in Germany should be internationally competitive and attractive for foreign skilled workers. It is also important that low levels of bureaucracy and flexible regulations are created and that information about Germany as a business location and about immigration routes is provided even more effectively in foreign countries

The CCI-Organisation contributes to this, among other ways, by means of:

- Information and support services for participation in occupational health promotion
- Exchange of practical examples of preventive measures in companies
- Working groups and online offers for networking the providers of the regional health economy
- Information and events on digitization (e.g. e-health, company health management 4.0)
- Analyses and surveys, e.g. DIHK health report and survey on the impact of the new European Medical Devices Directive on manufacturers

³ Cf. the DIHK position paper 2014 "Seizing the Opportunities of the Healthcare Industry - Freedom of Contract, Networking, Quality of Care".