

Business and Industry Advisory Committee to the **OECD**

Comité Consultatif Economique et Industriel Auprès de l' **OCDE**

## **BIAC Recommendations on Future OECD Work on Health**

**May 12, 2004**

### **Introduction**

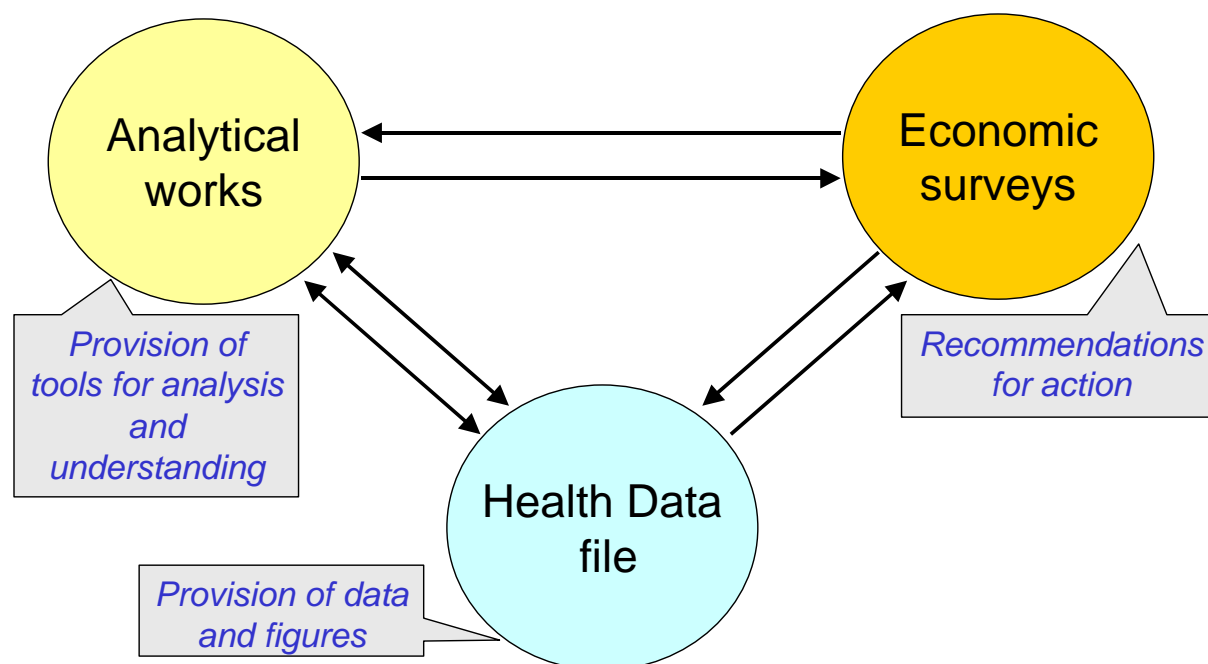
BIAC appreciates the opportunity to provide comments on possible OECD future work on health.

We recognise that any OECD future work on health care will depend on many factors, including the prioritisation of issues and funding. From the BIAC perspective, the following are some suggestions regarding general approaches to any OECD future work on health:

- BIAC strongly supports establishing a Committee on Health to take forward any future work
- A long-term strategy and stable resources are necessary to support future work
- Any future work should be based on strategy of improved integration of the health data files, analytical work, and economic surveys (OECD core competencies). This integration will allow strengthen OECD's distinctive capabilities. The OECD should build all its future work on health on this base.
- The scope of the OECD Health Data File should be expanded in order to be more balanced and robust. BIAC is ready to assist the on this point including to provide input from specific health care related sectors.
- BIAC recommends increased frequency and visibility of economic surveys dealing with the health sector

The following figure illustrates the necessary synergies of these core OECD activities in health care:

Increase the synergies and improve the integration between the three main activities in healthcare at the OECD



### Objectives of Future OECD Work on Health:

In this context, through continued work on health care at OECD, BIAC seeks to identify opportunities for:

- Productivity increase in the health care sector, including improvement of management
- Enhanced product and organisational innovation
- Improvement of the private and the public sector operations
- Increase in the steering capabilities of governments, including the implementation of the healthcare reforms and public health policies
- Increased competition in and between both the public and the private segments of the health care sectors
- Greater use of information networks and technologies while protecting the privacy of medical data
- Regulatory reform in the health care sector
- Encouraging wider consumer access to innovative healthcare technologies
- Increasing patients involvement and responsibility for their health
- Sustainable funding of the health systems through a better balance between private and public insurance and through innovation in coverage schemes.

## **BIAC Recommendations for Future OECD Projects on Health:**

*The following are a number of specific recommendations for future OECD work on health:*

### **Health Data File**

BIAC supports the work of the OECD centred on the OECD Health Data File, including related publications such as *Health at a Glance*. BIAC stresses the central role played by the OECD data file. The data file represents a unique asset for the OECD in the health sector benefiting from an international reputation.

A project including the governments and the various stakeholders in the health sectors should be designed in order to define the needs and the means of a long-term project on health data. This project should be undertaken in close coordination with others international organisations providing data (WHO and EU).

This project could comprise three steps:

- Definition of the needs of the various stakeholders, choice of positioning and forecasting the necessary resources.
- Widening of the scope of the health data according to the needs and the positioning.
- Mobilisation of the actors and resources, either public, private or not for profit.

BIAC members stand ready to assist the OECD in improving some of the statistical series by offering expertise, validation or possibilities of further useful breakdown of data.

### **Increasing Efficiency in the Hospital Sector.**

The Hospital Sector is an important area with hospital costs still accounting for the most important share of total healthcare costs.

With respect to any future work in this area, it is crucial to consider health facilities both from the viewpoint of the global efficiency of the system and from the perspective of citizens' health protection. For instance, social costs resulting from an inadequate quality of care must be taken into account. The problem of cost must not prevail on quality concerns; it is of the highest importance to examine the appropriate connection between these two determinants.

It would be also important to study competition mechanisms. In BIAC's view this means competition on prices, on services, on speed of response, and on quality of care. On the side of services production, particularly in the hospital sector, the relation between cost, quality and outcomes, should be examined in depth. Competitive incentives within the hospital sector should be evaluated with reference to quality standards and productivity performances, resulting from

efficient management. Another issue of study could be the to understand the way competition among providers on the supply side and choice on the demand side can contribute to maintain a satisfactory quality level by squeezing out waste caused by inefficiency.

In addition, the role of the consumer choice as a quality driver should be studied. At a higher level, the study should show how competition among a plurality of providers could increase productivity and therefore increase the amount of available resource.

Ultimately the project should study what mechanisms could ensure:

- Equity in access conditions for citizens and in accreditation conditions for providers,
- Quality through rigorous and equal controls for all providers,
- Efficient funding of the providers determined by fair remuneration criteria for all the contributing institutions, public or private,
- Relevant information for citizens about services supply,
- Transparency on services, on quality and on costs for the actors involved in the funding of healthcare providers.

### **Health Care Related Innovation Policy**

Innovations resulting from breakthroughs in science and technology fuel economic growth, as aptly demonstrated by the work of the OECD. The pioneering work of the OECD is beginning to show that a growing share of those innovations comes in the form of health-related applications. This is because as the OECD countries are getting richer, the demand for health, education and leisure is expected to grow. Thus the agenda for economic growth is closely tied to innovation in these areas for which there is growing demand, including health.

While economic growth is highly valued, there is less appreciation for the contribution of innovations in biomedical technology. This is because technological change in medicine brings benefits such as increased longevity, improved quality of life and less absence from work that are more difficult to measure using our existing economic tools of analysis. This simply means that these tools of analysis should be sharpened to remedy these weaknesses. The measure of direct economic benefits in terms of GDP is after all designed to capture the overall well being of the population.

It would be reasonable to expect that the OECD as an economic think tank is particularly well suited to address and develop aggregate measures of output and productivity in health care not limited to the current material gains.

### **Medical Technology and Devices**

Information on utilisation of medical technology and devices, illustrating their role in health care provision, is currently available only in a limited format in the OECD Health Data.

BIAC encourages OECD to improve information on these technologies in the health data and offers its support for that endeavour which may require a closer look at the underlying nomenclature and improvement of data collection and reporting at the national level.

### **Information and Communication Technology Applications in Health Care**

BIAC strongly supports the study of ICT applications in any future work. ICT applications offer a great potential in addressing the challenges currently faced in health care. It offers better information to and about the patient, opportunities to match the particular demands of the patient, ease inequities, increase compliance, strengthen individual responsibility, reduce waste and paperwork. It promotes and enables research and development in biomedicine and research collaboration, enabling solutions to specific health problems. It offers methods of evaluation of and education unheard of before.

As ICT networks reach beyond the borders of individual countries, a project would allow the OECD to consider solutions that are international and cooperative. It would also introduce the considerations of creating security, confidentiality and trust that are a precondition of such developments on a larger scale. ICT networks should be based on the principle of flexibility, modularity, redundancy with back up systems to cover breakdowns and upgrade ability to avoid obsolescence.

Major national infrastructure initiatives such as in the UK with a centralized hub and spoke system may lack flexibility whereas the Canadian approach of co-funding projects may give more flexibility but be more difficult to control. The OECD should analyse various national initiatives and recommend optimal approaches to developing an ICT network.<sup>2</sup>

The reduction in the number of error prone tasks and an acceleration of digital workflow will mean faster examinations and more accurate results for patients. Correct identification of patients, procedures and results with continuity and integrity of dataflow from admission to reporting and billing and the identical presentation of patients results wherever displayed will be a major benefit for physicians. The reduction of manual interventions throughout the dataflow, improvement in efficiency of the healthcare process and a remarkably simplified process of expansion of the information systems even when using different vendors' products, will strongly benefit the healthcare enterprise.

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<sup>2</sup> The OECD should consider very seriously the IHE (Integrating the Healthcare Enterprise) initiative as a guide for best practices. IHE is a concerted action from users and vendors resulting from the initiative of the RSNA (Radiological Society of North America) and HIMSS (Healthcare Information and Management Systems Society). It is a powerful concerted action making medical profession life less complicated and more efficient.

It is a joint initiative to improve systems integration with a process for coordinated adoption of standards. Clinicians and IT staff define needs and vendors to develop solutions and the technical framework. Professional societies supervise documentation, testing and demonstration/promotion. The goals are to speed up the rate and quality of integration in healthcare environments, foster communication among vendors, prove that integration is attainable based on standards and improve the efficiency and effectiveness of clinical practice. Utilising current standards IHE allows easy development and use of interfaces between different information systems with a close connection to electronic health records. The higher degree of standardization results in multiple benefits.

IHE organizes connect-a-thons where vendor's products can be tested for compatibility. In Europe the number of companies involved has grown from 13 in 2001 to 49 in 2004. 80 systems will be evaluated in the next European connect-a-thon including radiology, cardiology and laboratory medicine systems. The continuous annual development cycles of IHE technical framework ensures up to date use of development standards. IHE takes account of recent advances in science and technology and the number of tasks supported in line with user needs.

## **Competition in Markets for Health Care and Health Insurance**

BIAC supports the work done by the private health insurance project, and encourages the OECD to continue work on this issue. We agree with the OECD that private health insurance can help to fund health care costs, and that private insurance can encourage individuals to take more personal responsibility to cover health care needs. Likewise, we understand that a comprehensive regulatory framework is needed to support the development of private health insurance schemes.