healthclusternet

The Graz Agenda

Affordable health sector capital investment contributing to regional development

Das Land Steiermark

North East South West INTERREG IIIC

PROJECT PART-FINANCED BY THE EUROPEAN UNION

The challenge

It is shared and common prejudice that the costs for health care are rocketing and approaching the limits of affordability. This is not supported by evidence on expenditure over a 10 year period of economic change, intense health sector reform or consumer preferences and demand. A challenge shared by all European regional health systems in a financial climate where cost containment, restriction and rationalization of health care dominates is that health organisations need to be able to demonstrate the added value of investment and expenditure decisions.

The health sector is much more than doctors, hospitals and pharmacies. The health sector absorbs large amounts of labour, commodities and research and thus creates incomes, which in turn flow back into the economic cycle of locations, regions and the overall economy. Within regions, health sector spending ranges from 5.5% to 11% of regional GDP. This is a significant level of economic activity. But it is not optimized to positively contribute to regional development agendas. Nor is it used to maximise the population health benefits of health care expenditure.

Capital investment in refurbishing or building new health care infrastructure and IT are one way of achieving these contributions so long as it is affordable and appropriate. They should: help create dynamic local businesses that are competitive in wider markets; boost local employment; widen the skills base; improve workplace & population health; and strengthen social cohesion. These are the kinds of added value that we should expect from public organisations spending public money.

Relevance

For **health service decision makers** this agenda shows understanding that capital investment decisions need to address the move from acute illness to chronic preventable conditions as the third 'age' of health care across European regions. This shift will need (i) cross sectoral service delivery designed around the needs of patients, carers and families (ii) investment in technologies that minimise hospitalisation. It also supports the development of the corporate social responsibility role of your organisations and also shows your commitment to the health inequalities and health improvement agenda.

For **local health organisations** such as acute hospitals and primary care organisations, this agenda helps show your commitment to joint working with local government and other partnerships to develop fully engaged communities at both individual and organisational levels in service delivery and quality of preventable and minimised affordable care.

For **regional governments**, evidence suggests that capital investment in health care assets is best managed where there is considerable local autonomy in decision-making, coupled with tightly-knit accountability to a region's population. Overall, the partner case studies indicate that regional health bodies should develop and maintain expertise in anticipating future health demands, understand how to manage relations with other private or public sector providers, and become proficient in speaking the language of the central Finance Ministry.

For **regional economic development agencies and SMEs** the adoption of this agenda in your region or community, offers a clear basis for lobbying for simpler, more transparent procurement processes with less bureaucracy and the development of an enterprise aware culture in health service organisations.

For **relevant EC Directorates** (DG Enterprise & Industry, DG Social Affairs Employment & Equality, DG SANCO, DG Regional Policy, DG Research, DG Internal Markets) this agenda offers a platform for an approach to health sector capital investment and related procurement that cuts across individual DG competencies in order to achieve added value benefits contributing to sustainable regional development.

Benefits

LIke procurement and employment, capital investment by health service organisations has the potential to stimulate the development of capable local businesses, strengthening their competitiveness in wider markets and so supporting a positive drive to achieve the goals of the Lisbon Agenda (growth, competition, employment). Specifically, affordable capital investment using pure

capital models has proven benefits to local economies and regional development. These include:

- increasing local employment
- increasing the skills base in local labour markets
- increasing wealth in the region
- promoting business growth (SMEs) competitive in wider markets
- contributing to health improvement
- enhancing community well being and social cohesion
- protecting the environment through environmentally friendly design.

Origins and purpose of the agenda

SInce the 2008/09 economic and financial crash capital spending has become harder to protect in tight revenue budgetary circumstances. Contributing to this new operating environment for the EC, Member States and regions, the carbon agenda is now beginning to impact on centralised medicine (the hospital centric model), both in terms of the buildings, their technologies and the travel implications for citizens. This is all taking place at a time when new ideas are gaining ground about reshaping models of care to shift treatment into more accessible local community settings thereby reducing reliance on the current high cost (and sometimes slow response) hospital-centric models of care delivery. It also fits well with managing the recurrent resourcing difficulties that most health systems are signaling; breaking down the large critical mass of the workforce concentration in hospitals to more resourceful, adaptable, responsive and potentially lower cost provision in the community (EUREGIO III 2010 *Learning lessons about health-related Structural Fund investments.* Summary Report).

In some ways the Graz Agenda (2007) predicted this new operating environment. It puts forward a range of capital investment policy actions for localities, regions, and the European Commission. The Agenda has been shaped by the practical experiences, evidence of good practice and insights generated by regions from across the EU and beyond who are partners in Health ClusterNET. Importantly, it also reflects how partner regions are currently progressing in terms of economic performance and Lisbon Agenda orientation.

Aims of the agenda

1. To enable regional health systems to more positively engage with regional development through capital investment policies, planning and actions that contribute to affordable, flexible, possibly intersectoral and dynamic health care infrastructure and IT-based services.

2. To redefine 'value for money' (or national equivalent term) to include outcomes that connect health sector capital investment to the achievement of intersectoral regional development priorities.

3. To enable European regional health systems to have flexible options regarding approaches to capital investment that ensure capital investment is affordable and capable of allowing health care to adapt to changes in service priorities reflecting local health and well being needs.

Focusing the Graz Agenda

All regions need to pay attention to key factors that promote or block the effectiveness of health care capital investment in improving regional economies and communities:

Decision-making and financial authority – Regions with responsibility for decision-making should also have freedom to plan, finance and implement capital investment programmes and projects

Capital models – regions should understand that financial climates change and should develop and maintain the expertise and insights to propose solutions that benefit regional and local economies and communities

ICT – Regions with ageing populations, low population density or widely spread communities may find ICT solutions more cost effective than the traditional 'hub and spoke' hospital model

Risks and opportunity management – Do regional health care policy makers and planners understand risks and

opportunities involved in decision-making e.g. advances in medical technology that can reduce hospitalisation; changes in care models that reflect transition to preventative chronic illness in health care populations; shifting demands now and in the future; changes in public opinion about what is acceptable; being able to adopt flexible financial models

Economic value of health care infrastructure investment – the need to show that the benefits of rational and innovative planning extend far beyond the immediate needs of treating patients. The best value for local communities is achieved when local health sector policy makers and planners have key knowledge and experience of new capital models

Sustainable development - A regional focus on solving today's problems is not effective capital investment. There is a need to consider joint or intersectoral shared capital projects in order to reduce the overall capital burden

Societal values – If we focus to much on how capital interacts with economic development then we risk not seeing and ensuring that health care is about people. This is a key theme of the Lisbon Agenda. Services need to reflect the needs and priorities of local communities

The value of regional master planning – Promotes an integrated approach to urban regeneration, stimulation of local economies, mixed and third sector care and positioning of hospitals. But is health care policy ready to become part of the regional development agenda in all regions?

Policy recommendations

The following policy recommendations are organised into three regional categories. These categories reflect how two objective indicators and 1 self-assessed indicator define partner regions. The two objective indicators are Lisbon Orientation and Economic Performance and were developed and reported by the European Spatial Planning Observatory Network (ESPON). The self-assessed indicator reflects how partners assessed the extent to which health sector investment in their own regions is contributing to regional development. This self-assessment used agreed criteria to place each partner region into one of three development stages (early development, solid progress, fully engaged).

Key developments for all regions

The following two key developments would enable regions to effectively improve the contribution of health care capital investments to regional development:

1. **Adopt master planning within each region** – this would make it difficult to isolate individual policy makers. Everyone has a contribution to make
2. **Advocate Structural Fund reform** – there is a lack of accountability once a bid is won on outcomes but not enough flexibility to adjust outcomes where appropriate.

Group A: Economic potential, weak Lisbon orientation, health sector starting engagement

Group A includes regions (i) where the health sector is at an early stage of development in ensuring that health sector investment and assets contribute to regional development for regions (ii) that have economic potential but weak Lisbon orientation. In Health ClusterNET the following regions are in this group: Harghita, South Transdanubia, Malapolska, Alentejo, Basilicata, Slovenia.

This group of partner regions identified the following policy recommendations as a 'route map' to enable them to make progress in ensuring that health care capital investment contributes best to regional development:

3. There is a need to make available to regional decision-makers and planners scientific research findings that identify the investment effects of different capital investment models
4. These regions should not be required to use only one fixed capital investment model if this is likely to reduce the flexibility of regional health systems and health care organisations to adapt to and address changing service needs and opportunities
5. Goals for capital investment programmes should be based on a clear understanding of the complex

nature of social health determinants in the third age of health care with the focus on managing preventable chronic illness conditions through intersectoral care pathways

6. Explore EC policies, strategies, action plans (e.g. Amsterdam Treaty) and programme information documents to clarify if they will support the development of regional decision-making on the factors identified above that promote the effectiveness of health care capital investment in improving regional economies and communities

7. Ensure that health care capital investment opportunities from EC Structural Funds are available especially in regions in new member states and objective 2 regions in other member states

8. Develop and invest in training and development of key decision-makers and planners in regional health systems and regional government regarding the strengths and weaknesses of different capital models and how investment decisions should contribute significantly to social cohesion within regions

9. Identify and make available tools for intersectoral planning in regions

10. Develop and invest in expertise that enables regional health systems and other regional stakeholders to assess capital investment opportunities in terms of economic, social and health impact.

11. Develop processes for decision-making on capital investment that allows all key stakeholders to contribute to and inform decision making

12. In tackling regional population needs (e.g. ageing, wide spread and rural populations) for health care, allow regions to explore the appropriateness of and allow capital investment projects to use ICT and high technology rather than single hospitals to improve care pathways across regions.

Group B: Less clear economic trend, high Lisbon orientation, health sector engaged

Group B includes regions (i) where the health sector is making solid progress or is fully engaged in ensuring that health sector investment and assets contribute to regional development (ii) that have less clear economic trend but with high Lisbon orientation. The regions in this group are: Vä stsverige, Brandenburg and North West.

This group of partner regions identified the following policy recommendations as a basis for enabling them to maintain progress in ensuring that health care capital investment contributes best to regional development. This route map is presented in Table 1 below.

Beyond the policy level actions identified in Recommendations 1-2 above and Table 1 below, the following two recommendations are central if regions are to maintain progress:

- Write a communications plan tailored to each stakeholders expressed needs
- Ensure a continuing focus on sustainability when bidding for Structural Funds.

Table 1: Overview of success factors and policy actions needed

Success factors	Level of policy action	Policy actions
Health strategies that will achieve optimum health gain	Regional	13.Use of evidence-based care pathways for capital planning and objective measures from outside the health sector
Professional culture change	Regional/national	14.Consider appropriate incentive schemes (financial, reputation, professional development)
Aligning health outcomes with financing	Regional/national	15.Introduce incentives

Success factors	Level of policy action	Policy actions
Local planning and legal obligations	Regional/local	16.Educate decision-makers and reinforce regulation
Regional master planning and legal obligations	Regional, national, EC	17.Identify legal opportunities for shared decision-making between sectors
Regional master planning across sectors	Regional, national, EC	18.Combine decision-making between sectors
Clear accountability and responsibility	Regional, national, EC	19.Identify who, when and how overall responsibility is taken

Group C: Strong economic trend, high Lisbon orientation, health sector engaged

Group C includes regions (i) where the health sector is making solid progress in ensuring that health sector investment and assets contribute to regional development (ii) that have strong economic trends with high Lisbon orientation. The regions in this group are: Steiermark, Etela Suomi, North East, Pais Vasco.

This group of partner regions identified the following policy recommendations as a 'route map' to enable them to continue progress in ensuring that health care capital investment contributes best to regional development.

In these partner regions there is already (i) good and strengthening level of intersectoral collaboration between key organisations (ii) reasonable quality of capital stock and access to capital funds for further development (iii) a good level of citizen satisfaction. However at policy level there is understanding of the need for structural and related policy changes.

The weaknesses in these regions are identified as: (i) lack of total stakeholder agreement but there are means to obtain reasonable levels of consensus (ii) questions about affordability of existing approaches to health care capital investment in terms of sustainability of current care systems, technology growth and the need to disinvest to reinvest (iii) a degree of short-termism and lack of future scope in policy making (iv) inadequate risk assessment and management strategies (v) differing planning cycles among relevant contributing organisations (vi) lack of good evidence about the strengths and weaknesses of different capital models among decision-makers. In this self-assessed context, a number of recommendations are made:

20. The need to develop among key stakeholders a consensus belief on the desired regional economic value of capital investments. In particular, there is a need to maximise population-wide health status from societal investment (public funds, partnership options and stakeholder commitment leading to economic value and societal value. This will need prioritisation of future investments and assessment tools and techniques to improve the quality and relevance of intersectoral prioritisation and planning

21. Ensuring the adoption of integrated care models and pathways across the regions communities

22. Using evidence about demographic profiles and epidemiological changes s criteria to prioritise economic value of capital investment decisions

23. Ensuring widespread stakeholder commitment to decision making i.e. political, clinical and citizens

24. The need to further ensure information transparency through better considered ICT development across sectors and that this should inform longer planning time frames

25. The need to (i) remove inappropriate financial and other 'reward systems' among policy and decision makers (ii) be clearer about how to deal with professional cultures and politics that can act as barriers to improved decision-making.

Regions in this group identified the following **important policy opportunities** to ensure that health care capital investment is better orientated to delivering the Lisbon Agenda:

26. Shift health policy towards prevention of chronic conditions and promoting well being (this should be done by health care policy makers)

27. Develop cross-government and cross-ministry commitments to intersectoral planning, funding and implementation at regional levels (national governments need to address this)

28. Approaches to capital investment within regions should be linked to and support merging best practice care models e.g. enabling integrated care pathways (Health and Finance Ministries at regional and national level)

29. Information on and access to diverse capital models should be made available to regional decision-makers with clear evidence about relevant strengths and weaknesses of the different models (Finance Ministries)

30. Responsibility for decision making on health care capital investments should be clearly devolved to regions and appropriate service organisations (National Ministries with responsibility for Regional Development and Finance Ministries)

31. Identify incentives to encourage partnership working between cross-sectoral agencies e.g. through the development and use of integrated performance management frameworks and processes (Finance and Health Ministries, regional health systems)

32. Enable the better development of integrated information systems to improve intersectoral decision-making about how to supply and improve better managed care pathways (local, - regional and national information experts and agencies).

Overall benefits

Models of capital investment that enable health care organisations to stay flexible across time will significantly enable regional health systems to adapt to developments in medicine and demands on care and prevention that are emerging in future years. In the shorter term, approaches to capital investment by health service organisations has the potential to stimulate the development of capable local businesses, strengthening their competitiveness in wider markets and so supporting a positive drive to achieve the goals of the Lisbon Agenda (growth, competition, employment)

Capital investment in refurbishing or building new health care infrastructure can be done in ways that: help create dynamic local businesses that are competitive in wider markets; boost local employment; widen the skills base; improve workplace & population health; and strengthen social cohesion.

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Malapolska Region, host of the good practice workshop 2006

Steiermark Province, host of the policy forum 2006

Partner regions 2005-2007: Alentejo, Basilicata, Brandenburg, Del-Dunantul (Hungary), Etelä -Suomi (Finland), Harghita (Romania), Malopolskie (Poland), North East (England), North West (England), Pais Vasco (Spain), Slovenija, Steiermark (Austria), Vä stsverige (Sweden).

Member regions 2008+: Brandenburg, Kosovo, Lower Austria, North West (England), Pais Vasco (Spain), Slovenija, Veneto.

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