



# GREEK HEALTHCARE SYSTEM: FINANCIAL CHALLENGES AND POSSIBLE SOLUTIONS

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Athens, 18 July 2019

# WHICH TRENDS WILL AFFECT THE EUROPEAN HEALTHCARE IN THE COMING FUTURE?

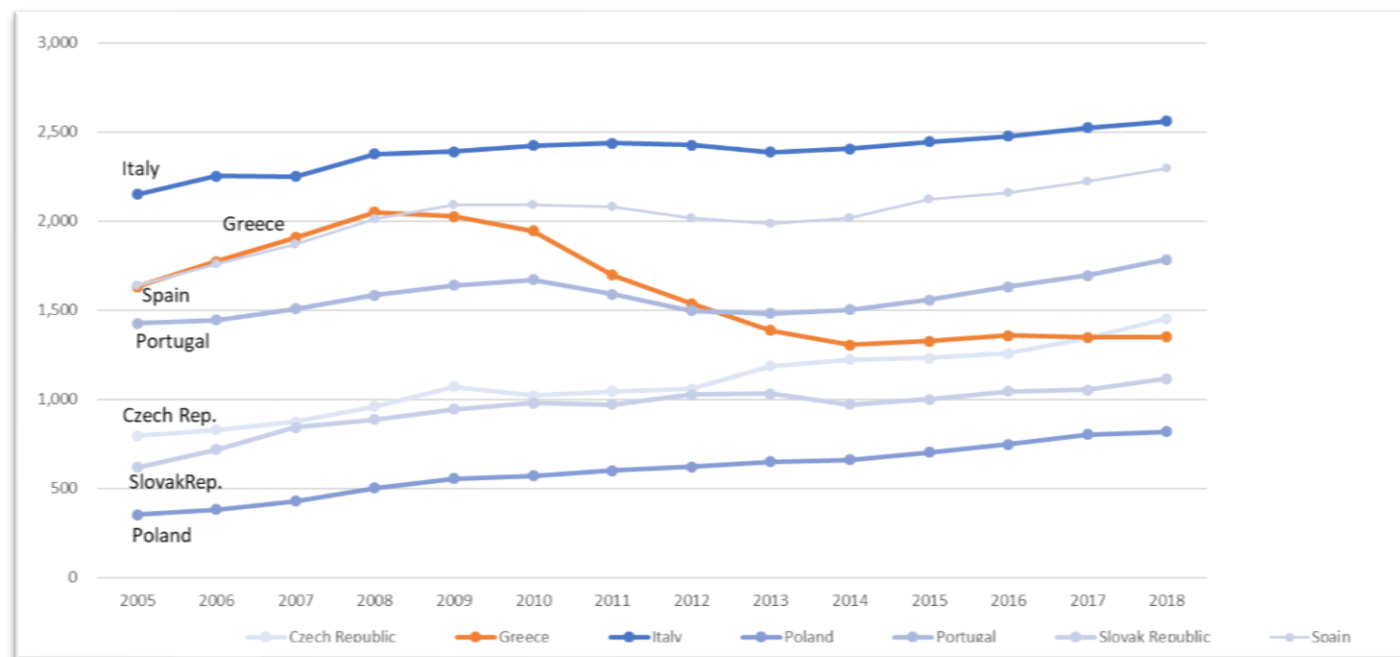
- ✓ HEALTHCARE WILL NEED INCREASING FINANCIAL RESOURCES AS THE NUMBER OF PEOPLE AGED 65+ GROWS  
According to Eurostat, in Greece, by 2050, people over 65 years will account for 36.5% of the population.
- ✓ THE BIGGEST THREAT TO THE AVAILABILITY OF DOCTORS AND NURSE-LEVEL NURSES IS DEMOGRAPHY AND TRENDS IN EDUCATION
- ✓ NEW MEDICAL TECHNOLOGIES INCREASE HEALTHCARE INVESTMENTS IN DEVELOPED COUNTRIES, BUT ALSO CONTRIBUTE TO THE REDUCTION OF SOME COSTS AND IMPROVEMENT OF THE QUALITY OF TREATMENT



# FOCUS ON GREECE

## LOWER PUBLIC EXPENDITURE IN NHS DUE TO PUBLIC DEBT

According to OECD, in terms of healthcare expenditure per capita, in Greece spending on healthcare per capita has fallen to almost 2005 levels, as a consequence of the economic crisis: it reached the same levels as Eastern Europe Countries, decreasing by almost one third.



PER CAPITA PUBLIC HEALTHCARE EXPENDITURE

# DEBT OF PUBLIC HOSPITALS & RELATED EFFECTS

DEBT OF PUBLIC HOSPITALS DEPENDS ON MULTIPLE FACTORS SUCH AS THE NUMBER OF HOSPITALS AND FURTHER MATURING LIABILITIES, WHICH AFFECT:



- ✓ The payments' delay to external entities, which are most often providers of different services
- ✓ The quality of patient service
- ✓ The public finance (with "hidden" impacts): companies in fact - not being able to protect themselves from the risk deriving from late payments - apply even more expensive price list
- ✓ The public tenders within NHS sector: due to difficulties in material planification and compatibility issues they are used limitedly



THE WHOLE SECTOR SUFFERS INEFFICIENCY

# MOST IMPORTANT FACTORS INFLUENCING HEALTHCARE IN GREECE\*

## VARIABLES INFLUENCING HEALTH SERVICE DEBT IN THE COUNTRY

### BEST PERFORMING HEALTHCARE AREAS:

- ✓ E-Prescription system
- ✓ Data analysis
- ✓ Access to healthcare for the lowest earners and the poorest
- ✓ No restriction on access to the most expensive therapies
- ✓ Access to hospital care for immigrants and refugees

### MAJOR HEALTHCARE PAINS:

- ✓ Reduced public and private expenditure due to the economic situation of the Country
- ✓ Difficulties in organizing the work of public hospitals due to staff shortages and financial constraints
- ✓ Public procurement mechanisms in hospitals
- ✓ Poor use of primary care

## BIGGEST THREATS TO HEALTHCARE FUNCTIONING IN GREECE IN THE PERSPECTIVE OF 5 YEARS:

- ✓ Stagnation in the level of expenditure on healthcare and instability
- ✓ No structural reforms
- ✓ Politicisation of the healthcare system
- ✓ Low effectiveness of public administration activities

\* "Financing Healthcare and the quality of the system for patient. Diagnosis from Poland and other European Countries", BFF Banking Group, 2019, pp. 28, 96

# FINANCIAL CHALLENGES FOR THE PHARMA SECTOR

| CONTRACTION IN PUBLIC EXPENDITURE FOR GOODS AND SERVICES  | CLAW-BACK & REBATE  | CAPITAL CONTROL   | LONG PAYMENT DELAYS   |
|---|---|---|---|
| <ul style="list-style-type: none"> <li>✓ Total public expenditure decreased from Euro 112.5bn to Euro 85.3 bn (-6.7% CAGR) in 2013-2017<sup>1</sup></li> <li>✓ In the same period public expenditure allocated to goods and services (including health) has increased</li> <li>✓ General intermediate consumption between 2013 and 2017 increased of about 1.2%<sup>2</sup> and of about 1.7%<sup>3</sup> for the specific part related to healthcare sector</li> </ul> | <ul style="list-style-type: none"> <li>✓ In 2018 the State has received over Euro 3 billion from pharmaceutical companies within 6 years from claw-back</li> <li>✓ The amount reaches up to Euro 5 billion with rebates</li> <li>✓ Those measures limit the capacity of pharma companies to plan in an effective way their working capital</li> </ul> | <ul style="list-style-type: none"> <li>✓ With its restriction on transactions towards foreign countries and a maximum withdrawal from credit institutions, unable companies to manage their cross-border transactions and causes longer time to pay suppliers abroad</li> <li>✓ From press reports seems that Central Banker, Mr. Giannis Stournaras specified that capital control no longer have any use, hence BoG will propose the total ease soon</li> </ul> | <ul style="list-style-type: none"> <li>✓ Average payment time on whole PA decreased between 2017 and 2018 passing from 103 days to 73 days<sup>4</sup></li> </ul> |

# FINANCIAL CHALLENGES FOR THE PHARMA SECTOR

CONTRACTION IN PUBLIC  
EXPENDITURE FOR GOODS  
AND SERVICES

CLAW-BACK & REBATE

CAPITAL CONTROL

LONG PAYMENT DELAYS



THESE FACTORS HAVE A NEGATIVE IMPACT ON THE WHOLE PHARMA SECTOR, BY CONDITIONING THE RELATED BUSINESS ESPECIALLY FOR WHAT CONCERNS CASH FLOW AND COLLECTIONS PLANNING.



**FACTORING** AS A TOOL TO GIVE COMPANIES THE POSSIBILITY TO INCREASE FINANCIAL STABILITY, IMPROVE WORKING CAPITAL AND FINANCIAL RATIOS.

# SPECIALIZED SOLUTIONS BY BFF BANKING GROUP FOR THE GREEK MARKET



## KEY FIGURES:



## TYPE OF SERVICE PROVIDED:

- ✓ Non-recourse factoring one shot and revolving towards NHS entities (including public hospitals, Central Body of the State and EOPYY) suppliers
- ✓ Non-recourse factoring one shot and revolving towards PA entities suppliers
- ✓ No hidden fee commission (single all-in fee)
- ✓ Compliance with international accounting standards (IAS and US GAAP compliant)
- ✓ Claw-back solution for healthcare providers

## BFF BANKING GROUP STRATEGY:

- ✓ The Group is planning to expand into new markets in freedom of service leveraging on 30+ years of experience in the sector, that represent the main goal of the business for the next few years
- ✓ Greece represent for the entire Group a crucial market with a significant potential of growth in the next 5 years