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Thoughts from the Centre

The Future of Health in Europe: digital, equitable, sustainable

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Healthcare systems in Europe face substantial challenges, such as ageing populations, changing public expectations, scarcity of healthcare professionals, rising health inequalities, rigid and complex financing models, and an increasing cost of innovation. Since 2017, Deloitte have run a global Future of Health campaign that believes that, by 2040, digital disruption enabled by interoperable data, AI, open and secure platforms, behaviour change, and technological and scientific breakthroughs, will shift the ubiquitous, reactive treatment model to a proactive, preventative one built around empowered citizens. This shift has the potential to realise better health outcomes and improve the cost-effectiveness of service delivery and is relevant to health systems everywhere. Our blog this week highlights the findings in our report, [The Future of Health in Europe](#), and how Deloitte's global vision could be used to chart Europe's healthcare future.

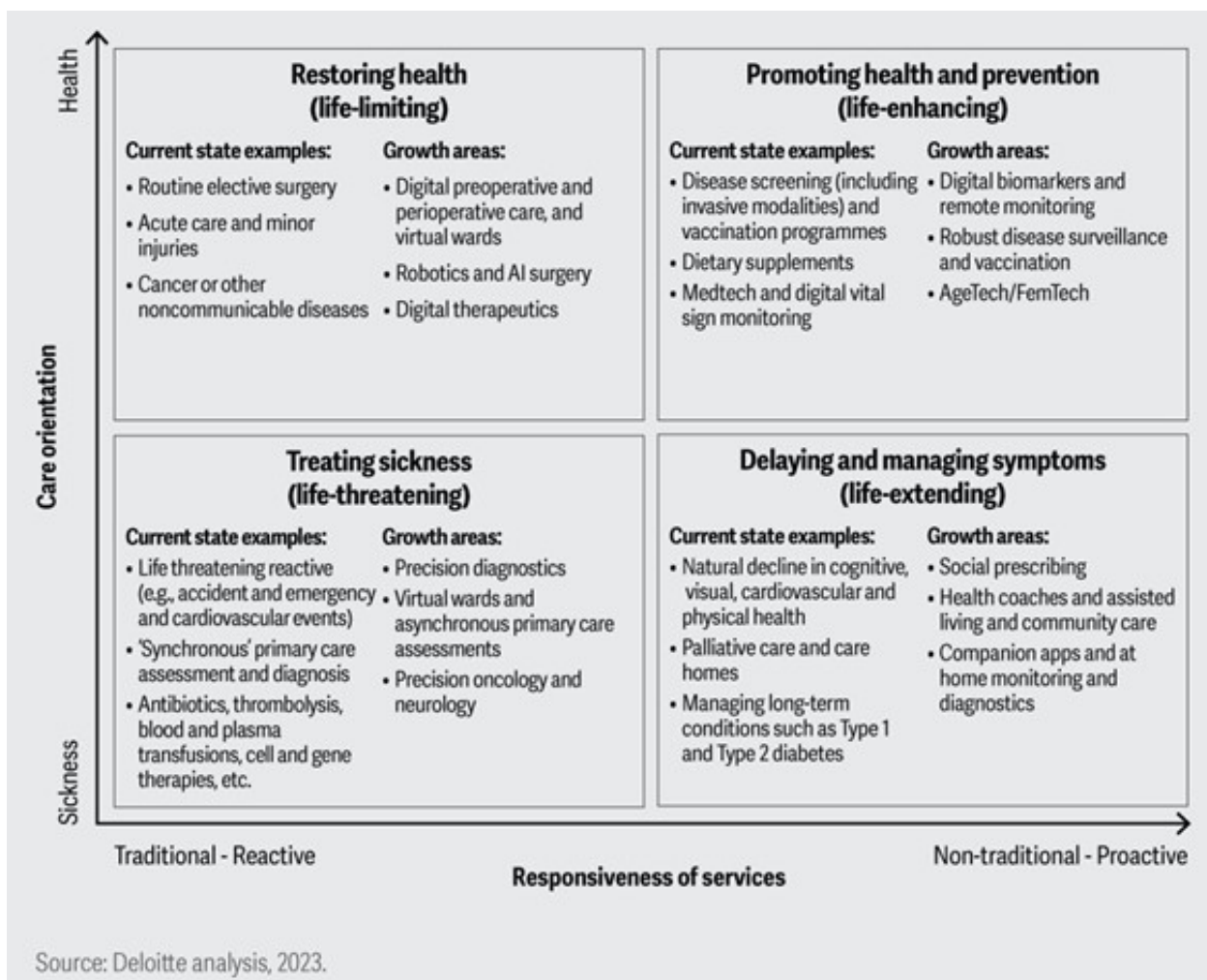
Why does Europe need a new healthcare vision?

Europe has a rich history of innovation in science and technology and is a significant player in the global economic landscape. However, each country is responsible for its own healthcare, resulting in a tapestry of distinct systems moulded by their cultural, economic and political history. Healthcare funding comes from a mix of government schemes, social health insurance and private health insurance. Although most countries aspire to Universal Health Coverage (UHC), there is a wide variation in: the range of services offered, the proportion of GDP funding and per capita spend on healthcare, and the degree of cost sharing. European pricing and reimbursement models also vary, meaning access to new medicines and technologies differ.

The COVID-19 pandemic exacerbated many of the existing challenges affecting healthcare in Europe, exposing deep structural issues, disrupting services and placing an already beleaguered workforce under unrelenting strain. While there was an acceleration in technology-enabled solutions, including telehealth, most countries had to increase healthcare expenditure considerably. Since 2021, the deteriorating economic outlook has added further complexities, requiring most European countries to look for more sustainable and resilient healthcare models to tackle the challenges faced and rising health inequalities. Indeed, the European Commission has established a Recovery and Resilience facility and launched a new EU Global Health Strategy focused on digitalisation, improving the sustainability of the HCP workforce, 'greener' health systems, and a greater emphasis on primary care and prevention while giving citizens access to and control over their health data.

The present moment is therefore pivotal for European countries to reimagine their healthcare business and operating models and prepare for the future, including shifting to a proactive healthcare system focused on health promotion, prevention and delaying and managing symptoms (Figure 1). Moreover, we believe that Deloitte's vision for the Future of Health is relevant to all European countries, although the rate at which each country realises this future will vary.

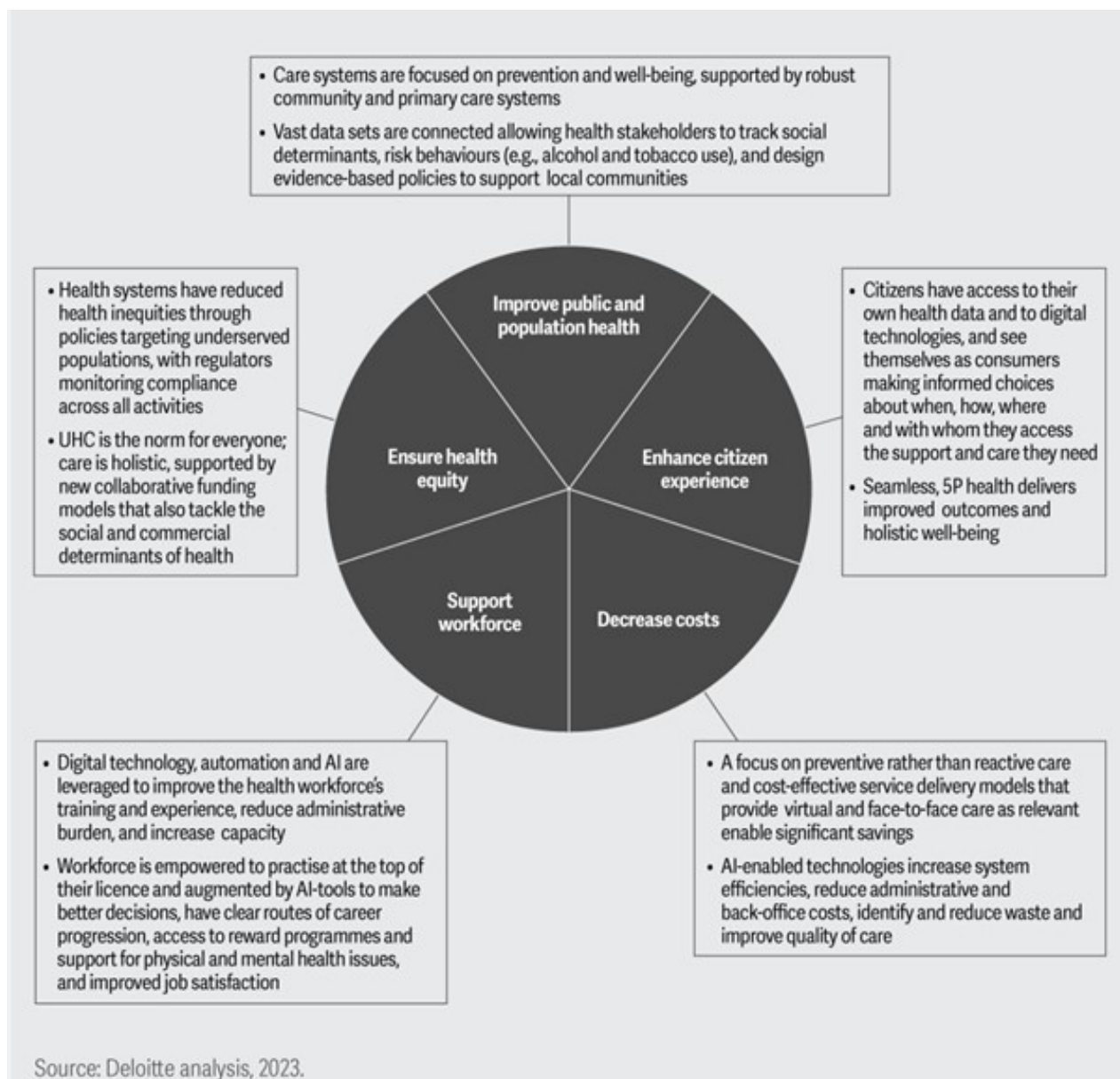
Figure 1: Healthcare expenditure on sick care will shift towards more health promotion and prevention



What will European healthcare look like by 2040?

By 2040, and sooner in some countries, we expect that advances in diagnostics and scientific breakthroughs, an emphasis on prevention over cure, a holistic understanding of wellness, and adoption of AI-enabled technologies, data sharing and interoperability, will have transformed the European healthcare ecosystem, supported by political and financial commitments by governments (including the European Union). Healthcare will be population based, predictive, preventative, participatory, personalised and precise (5P health) - and will have embedded the quintuple aims of health (see Figure 2).

Figure 2: By 2040 health systems will have reorientated themselves around the quintuple aims as part of a citizen-centric, data-driven healthcare system



Shifting to this future model has the potential to reduce the current trajectory of healthcare costs while improving health outcomes. Our modelling of this shift suggests that by 2040 a higher proportion of revenue will target health promotion, prevention and health restoration (increasing from 17 per cent in 2019 to 51 per cent in 2040). A much lower proportion will be needed for sickness treatment and symptom management (from 83 per cent in 2019 to 49 per cent in 2040). In altering Europe's expected cost curve, the 'wellbeing dividend' could be €250 billion by 2030 and €595 billion by 2040.

What does this future mean for incumbents in the health system?

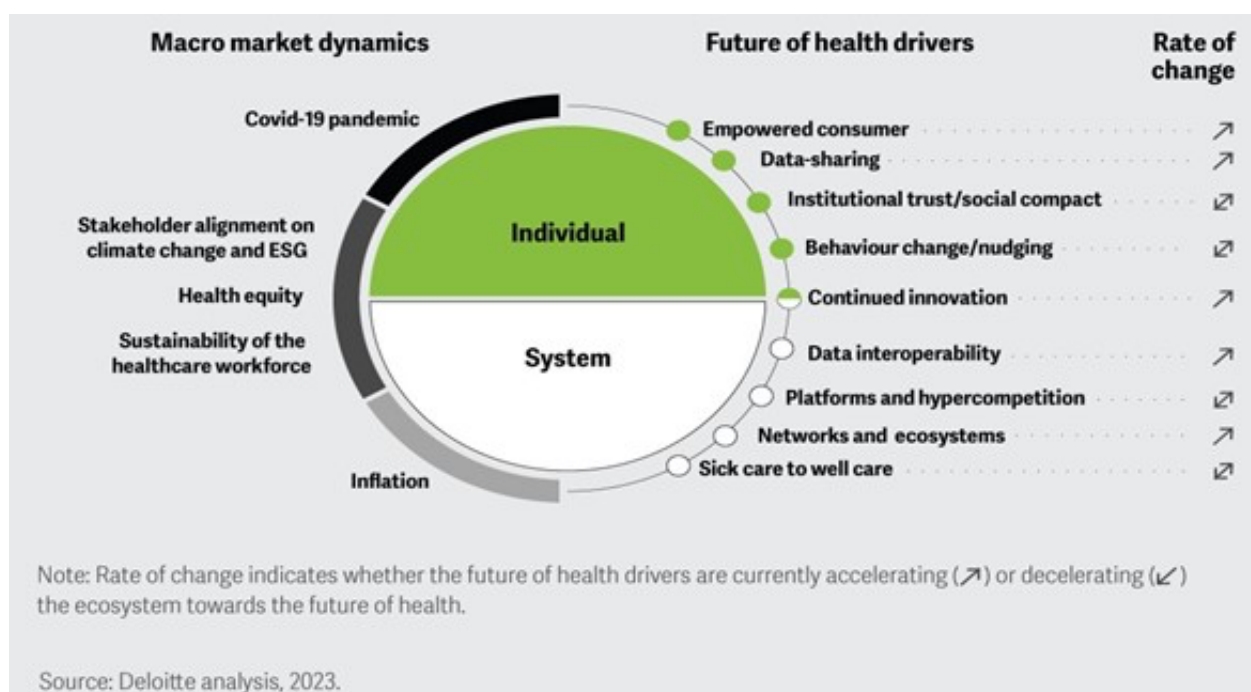
Presently, incumbents (hospitals, other healthcare providers, payers, HCPs and life sciences companies) are focussed mainly on sick care. The Future of Health will require new business models, with new entrants capturing a growing share of the market, heralding a radical transformation. Changes include: the end of large acute, treatment-focused general hospitals; pharmaceutical companies focussed more on precise, targeted treatments underpinned by outcome-based investment models; and funding in general

transitioning from activity-based to outcome-based models targeted at achieving healthcare's quintuple aim.

What are the catalysts for a shift to the Future of Health in Europe?

All European healthcare systems, despite their diversity, have the potential to realise the Future of Health although the pace of transformation will vary. Presently, this shift is being shaped by macro market dynamics (the pandemic, inflation, climate change, health equity and a shrinking global HCP workforce). Furthermore, there are nine specific drivers (see Figure 3). We contend that five of these drivers: empowered consumer, data sharing, continued innovation, data interoperability and networks and ecosystems - are unstoppable. The other four, risk decelerating progress, unless more affirmative intervention and leadership at a national /system level is provided.

Figure 3. The impact of macro market dynamics and health drivers on the future of health



The main interventions needed to these four drivers to optimise progress include:

- **Development of institutional trust/social compact:** trust substantially shapes people's belief, and willingness to participate in screening, vaccination programmes, health check-ups, and healthier lifestyles. However, trust in healthcare institutions varies considerably and is lowest in people who have experienced discrimination (such as age, ethnicity, gender and socio-economic). This group are also at higher risk of poor health. Stakeholders need to enhance transparency and adopt responsible policies to mitigate social and economic inequities and foster trusted relationship with citizens.
- **Behaviour change/nudging:** altering individuals' health-related behaviours and improving prevention is difficult. Individuals in higher socio-economic groups tend to have better health literacy and be willing to spend to improve their health; while those in lower socio-

economic groups have poorer health literacy and limited resources to spend on well-being. Evidence-based cross-government actions, incentives, taxes and regulations can 'nudge' people to make better choices, alongside support from peer groups, employers and local charities.

- **Platforms and hypercompetition:** platform-based, technology-enabled, interactions between citizens and healthcare stakeholders will accelerate healthcare's future, as citizens demand more price transparency and wellness-focused, end-to-end healthcare interventions. These platforms facilitate information sharing and goods and services exchange among stakeholders, enabling them to co-create goods and services with lower capital costs. They also enable citizens to compare offerings, improve choice and experience.
- **Sick-care to well-care:** committed leadership and new funding models are needed to challenge entrenched attitudes and increase the pace of change from treatment-centred care to a preventative, primary care, population health led, integrated system. This requires change management; enabled by AI, alongside digital and genomic tools, digitally mature, interoperable data systems, and a collaborative environment focused on quality improvement.

What can European healthcare stakeholders do to stay relevant?

Currently, organisations are mostly siloed and operate independently. However, an explosion in health data, analytics and consumerisation are attracting new entrants, disrupting the existing, rigid ecosystem, and providing new access routes. In the future, healthcare will be organised around an empowered consumer, providing a network of stakeholders forming partnerships and collaborations. These changes will redefine traditional roles and require all stakeholders to adapt their operating models. Incumbents can either lead the way or resist change and lose their market share. Figure 4 details actions for stakeholders to help them survive and thrive.

Figure 4. Future of Health priorities for incumbents, new entrants, and non-native industry entrants

Industry incumbents <i>Classic industry players (providers, payers, pharma, medtech)</i>	New entrants <i>Emergent players within the industry (e.g., health tech, consumer health)</i>	Non-native industry entrants <i>Established players entering health (i.e., tech hyperscalers, retail)</i>
<ul style="list-style-type: none"> • Execute digital transformation that enables incumbents to engage with newly empowered citizens, earning their trust and demonstrating value • Continue to invest in a lean digital core, such as process re-engineering and foundational technology that enables automation and analytics • Establish enterprise-wide data and insights generation platforms by migrating systems to the cloud (e.g., EMR, supply chain, HR) • Implement new skills and ways of working, novel recruitment and retention initiatives and augment the workforce through technology • Deploy innovative operating processes and funding models underpinned by the design, test, and scale of products, services and offerings • Access next-gen tech and capabilities through acquisitions, partnerships, alliances and networks. Ensure leaders have a digital first mindset and change management skills 	<ul style="list-style-type: none"> • Develop go-to-market channels with a hyperfocus on citizen engagement, recruitment and retention • Build infrastructure that enables collaboration (e.g., ecosystems, alliances, partnerships) with high-value industry players (commercial and government) • Invest in enterprise technology that allows for rapid growth and scalability • Adopt a security and sustainability by design approach to innovation • The essentially human traits such as empathy, communication, persuasion, problem-solving, judgement and strategic decision making will be more valuable skills for the workforce than ever • Bring new opportunities for investment and flexible funding of consumer health including investors focused on AgeTech and FemTech embracing the principles of VBHC 	<ul style="list-style-type: none"> • Build infrastructure that enables collaboration (e.g., ecosystems, alliances, partnerships) with high-value industry players (commercial and government.) • Design and deploy health-specific marketing, sales, and CX campaigns and capabilities to gain brand credibility/permission • Optimise and adapt technology systems (e.g., regulatory, cybersecurity) that support health-specific ventures/use cases • Expand management & human capital capabilities to effectively navigate regulated, multi-stakeholder health ecosystem • Introduce innovative contracting and value-based funding models at scale • Build new businesses to respond to the changing incidence and prevalence of major chronic diseases with input from the newly empowered citizens

Source: Deloitte analysis, 2023.

Conclusion

By 2040, if our projections hold, the healthcare industry will be radically different, significantly extending quality of life and bringing profound changes to the entire healthcare ecosystem. Incumbents and new entrants will work together to deliver equitable, sustainable, resilient, and affordable healthcare for all European citizens. Although European countries are at different points of their journey, most are re-evaluating their health systems propelled by a political commitment to improve health equity and reduce inequalities. Our report provides a vision of how this can be achieved and actions for stakeholders to implement. In charting their path to this future, each country will need to establish a citizen-centred, technology-empowered infrastructure and a healthcare system that has transitioned from being activity-based to value-based, aligning incentives with the quality of health outcomes.



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Karen is the Research Director of the Centre for Health Solutions. She supports the Healthcare and Life Sciences practice by driving independent and objective business research and analysis into key industry challenges and associated solutions; generating evidence based insights and points of view on issues from pharmaceuticals and technology innovation to healthcare management and

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Márcia is the research manager for healthcare in the Centre for Health Solutions, providing support and expertise to develop solutions to overcome today's healthcare challenges. Working with the team, Márcia develops insights based on rigorous data analysis to improve outcomes for patients and increase health systems efficiencies. Originally from Portugal, Márcia has an MSc in biomedical engineering and biophysics and a PhD in cancer research. Márcia has previously worked in publishing for an oncology journal in London. Márcia is passionate about health equity.

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