

THE HEALTH SERVICES IN GREECE

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The new and pioneering robotic radiosurgery unit “Cyberknife”

General characteristics

Health services in Greece are provided mainly via two avenues:

1. Primary care, which includes health services not requiring hospitalization. These services are provided primarily by rural medical centers, social security organizations, outpatient units at public hospitals, as well as the private sector through:
 - private practices of all specialities,
 - small laboratories (microbiology, radiodiagnostic) at the neighborhood level,
 - organized diagnostic centers of multiple capacity, and
 - private hospitals' clinics and laboratories.
2. Hospital coverage for patients treated in hospitals, which includes:
 - Public hospitals, which cover 70% of beds and are financed by the State and public social security organizations,
 - Independent, non-profit hospitals (few in number), and
 - Private hospitals, which cover approximately 30% of hospital beds in all of Greece.

Companies in the private market of secondary treatment fall under two categories, depending on the type of services they provide, i.e. private clinics and maternity hospitals.

Private clinics are, as a rule, small treatment units with a limited number of beds (the average number of beds per private clinic is 77) and which can be characterized as either big or small treatment units.

Small treatment units cannot cope with the increasing demand for integrated health services. As a result, they face significant problems and cannot survive easily. The problems in their operation are mainly attributed to the fact that they depend on public social security organizations, where the price of services is lower than cost. Due to low financial fluidity, they are not in a position to carry out investment programs in order to upgrade their accommodation facilities and medical and mechanical equipment and it is particularly difficult for them to act in accordance with Community regulations.

Big clinics of multiple capacities are mainly located in Athens and Thessaloniki. These are well-organized units with modern equipment, offering a variety of services both in primary and secondary treatment. This category has far fewer clinics compared to the first. Private maternity hospitals operating in Greece today are, in essence, clinics offering obstetrics and gynecological services. However, most have moved on to create modern examination centers for the provision of diagnostic services.

The market of private clinics has shrunk due to Law 1397/1983,

which prohibited the issue of new licenses for clinics or the expansion of clinics already in operation. So the number of clinics declined from 391 in 1983 to 224 in 1993, while, at the same time, public hospitals increased from 122 to 140.

The foundation and expansion of private clinics was again allowed in 1991. The very low costs for patients at public hospitals, urbanism and the great need for equipment and investment led to the further reduction in the number of private clinics, mainly in small towns.

Today more than 200 private clinics are in operation in Greece, with a total of 15,000 beds (over half are located in the Attica region). At the same time, there are 144 non-profit public hospitals with over 37,000 beds.

The total of existing beds (in the private and public sector) is not enough to cover all needs and Greece ranks very low in the number of beds per 1,000 inhabitants (5.1 beds), compared to the European Union average. Also, a large number of beds, mainly in provincial hospitals, are under 50% full, due to a lack of equipment and staff, while big public and university hospitals are over 90% full with long waiting lists, since they lack special units such as intensive care.

An important development in recent years is the evolution of the private health sector, which is being carried out both independently and in alliance with the public sector. The private health market is progressing autonomously, as far as the strategic choice of quality and not the financial services pro-

vision is concerned, in response to the demand for such services by a significant part of the population who did not previously have access to such services. The private health market is also developing in parallel to the public sector, because the private health sector took advantage of the public sector's weaknesses in general, operating in secondary markets such as diagnostic services or maternity hospitals. We must point out that over 90% of open-heart operations in Greece are carried out in non-public hospitals. The reason for this is that the Greek Government priced these operations relatively realistically and, as a result, private clinics invested so intensely in technology and doctors/specialized staff that, essentially, all heart surgery today is handled outside the National Health System.

FINANCIAL DATA

The financial records of the sector in recent years are particularly impressive. From 1998 to 2004, private health expenditure increased by an average annual rate of 8.1%, reaching 46.1% of total health expenditure in 2004.

Private hospitals

The country's 200 private clinics have annual sales of over €900 mln. These clinics are: small (under 100 beds), which survive thanks to contracts with public social security organizations; medium-sized (up to 200 beds), with quite a few differences in their operation; and large (over 200 beds), which in most cases have state-of-the-art equipment and fully trained staff, while they cover almost every health service, both in hospitaliza-



tion and outpatient units.

In the category of private clinics, we include maternity hospitals, which are characterized by the fact that they are owned by several shareholders, mainly gynecologists. Despite the decline in the country's birth rate, maternity hospitals have managed to focus on being profitable and stable organizations – and they have succeeded. Three private maternity hospitals are located in Attica, where more than 30,000 births take place (over 30% of the total number of births in Greece).

Diagnostic centers

More than 400 diagnostic centers are operating in Greece, with annual sales of over €300 mln. Most have more than one clinic (hematology-biochemistry, radiology, cardiology etc). Many are fully and adequately equipped to cover the majority of diagnostic tests. Less than 60 diagnostic centers belong to or work jointly with chains. The reason why little has happened in this sector is Presidential Decree 84/2001, which essentially prohibited the creation of big diagnostic centers and in reality put a halt to development in this area. The aforementioned Presidential Decree was disputed in court as being against the Constitution

and the decision is expected to be made within the year 2007.

DOCTORS

Greece has the largest doctor/inhabitant ratio in Europe. Many Greek doctors complete their speciality in Europe or the USA because they have to wait far too long to do this in Greece. As a result, the level of medicine provided is improved greatly, since well-trained doctors work in the private sector, due to the fact that the public sector cannot offer them financial and scientific motivation.

MARKET

During the five-year period between 1998 and 2002, the market of companies offering private treatment and health services increased by approximately 85%, while the greatest increase was recorded in that of private clinics (103%) and the smallest in the maternity hospitals market (43%). The total sales of companies offering private health services for the year 2002 was 810 million euros. For each category separately: the total sales of private clinics came to 526 million euros, total sales of private maternity hospitals were 132 million euros and total sales of diagnostic centers stood at 152 million euros.

Companies that offer private treatment services have played an increasingly important role in the country's health system in the last 10 years. The sector's financial activity is characterized by constant change and remarkable dynamics: while at the beginning of the 1980s, the sector was charac-

terized by small, private clinics which were owned by the doctors, today the key players are large businesses with many shareholders, the stock of many of which is listed on the Athens Stock Exchange (ASE).

The sector's structure was shaped in the three-year period between 2000 and 2002, when many mergers and acquisitions took place, aiming to increase competitiveness and secure high market shares, but also due to the inability of many smaller companies to respond to high capital demands and the constantly intensifying competition. Mergers and acquisitions, as well as the more general investment boom of this three-year period, led to the modernization of clinics' equipment, the creation of many new companies in the sector, the expansion to new geographical areas (within and outside of Greece), vertical and horizontal business integration (in new specialized areas and complementary activities, respectively), as well as the signing of agreements with big institutions abroad, to guarantee know-how.

Greece tries to keep up with world trends (which characterize medically advanced countries) for the development of a well-designed and market- and quality-oriented health system which can offer all kinds of services. But the country still ranks very low in terms of the ratio of hospital beds to inhabitants, compared to other European countries. What is promising is that Greece holds one of the highest rates of doctors per inhabitant on a pan-European level. This means that hospital units can be adequately



staffed to a satisfactory extent.

The lack of specialized and quality services offered by the National Health System has prompted Greeks to move to the private health sector. More than 47% of total health costs are paid by Greeks for private treatment (medicine, hospitalization, doctors fees), while in 2001, for example, the average rate for European Union member states was 26.6%, with countries such as the Czech Republic, Slovakia, Sweden, Denmark and the United Kingdom displaying rates of under 20%.

HEALTH INSURANCE

Health insurance products have significant potential for development in the market of private insurance, since, for the time being, they present very low penetration rates. Here are some of the reasons why it is believed that these products have potential for development:

- The decline in the level of insurance in pension and investment programs. The public believes the first to be overrated and, as a result, people tend to depend on the social security they already have.
- The second (unit-linked products) do not offer such attractive returns due to their dependence on the money market's course, which in Greece lost its credibility after the stock exchange boom of the years 1998-1999 and the rapid slide which followed.
- The inadequacy of the public insurance and health system. Private health insurance programs offer the possibility of direct access to quality services offered by private treatment institutions, in essence taking advantage of the weaknesses of the public sector.
- Companies' offer of specialized, flexible, customer-oriented solutions. Customers can choose from among many different health insurance packages, depending on their needs and the financial cost they are willing to take on. Moreover, health insurance programs may be combined with other coverage cat-

egories of the life insurance market, forming integrated insurance solutions.

- The course of insurance reform which the Government has undertaken, without however having finalized its shape so far. More specifically, the formation and generalization of the use of a third type of insurance coverage, the optional private insurance coverage which will be funded by the employee him/herself and sometimes, by the employer, along with tax motives on the part of the State, is expected to create a new market for insurance companies, for the general life insurance sector and its various subcategories.

The above thoughts are further supported by recent research carried out by ICAP for the Insurance Companies Association of Greece, according to which 22% of non-holders of health products plan to choose such a plan in the future, which could mean an increase of 82% in the market. Conversely, seven out of 10 of those who do not hold a private pension plan stated that they are not willing to purchase such a plan in the future. Based on the research findings, two thirds of the country's active population do not have a life, pension or health insurance program. This estimate may mean that there is great potential for mar-

ket development, of approximately 7-8.5 billion euros, in other words, six times today's market value.

If the above positive expectations for health insurance programs are fulfilled, they will represent a stronger factor for the shaping of the private health market. Research by the National School of Public Health ("Health and health services in the Greek population"), which was carried out from December 2000 to May 2001, reached the conclusion that out of the estimated 45% share of the private health sector, only 2% is covered by private insurance, showing that the vast majority of the total private expenditure represents out-of-pocket expenditure. We must stress, however, that based on other estimates and despite the low percentage of private health insurance, an important share of the total sales of private clinics is attributed to private health insurance (35-40%).

Apart from the above, if one also takes into account the key role Greece is called upon to play in Southeastern Europe and the Middle East, both in the export of know-how and in a coordinating role, as well as the vast prospects of medical tourism in all its forms, investment in the health market of Greece seems to be a good idea.

USEFUL LINKS

Ministry of Health and Social Solidarity
www.mohaw.gr