

IDIS REPORT

PRIVATE HEALTHCARE: ADDING VALUE

# Private healthcare in Spain Situation Analysis 2013



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# Foreword

## Private healthcare in Spain is effective, accessible, safe and of high quality.

This annual IDIS Report, "Private Healthcare, adding value: Situation Analysis", is a sourcebook on the situation of healthcare in Spain. It seeks to reflect trends in private healthcare, year after year, in terms of generating well-being, wealth and employment, and its contribution to Spain's development.

This report reveals private healthcare's position as a heavyweight within the Spanish economy which has continued to expand faster than GDP and is comparable—or even larger—in size and volume than other key industries. Some of those sectors are repeat candidates for subsidies and aid from various administrations. In this connection, IDIS supports clear, objective measures, such as a tax credit for healthcare spending by taxpayers with earning less than 30,000 euro, an initiative that has yet to be approved but which experts agree would generate considerable benefits, both financial and in terms of care.

It's common knowledge that private healthcare plays a vital role in decongesting the public system, which is saturated and in need of financial solvency and sustainability, essential elements of a single patient-focused system under which care is delivered by both the public and private sectors. Faced with infinite demand for service, the only option is to regulate demand, which can be achieved by favouring voluntary double coverage; however, this must be done without losing sight of measures such as an agreed services catalogue, where each party is fully aware of its responsibilities and its levels of synergy and complementarity.

Nevertheless, in terms of growth and development, the private healthcare insurance sector continues to increase its penetration in Spain, despite the economic crisis, as evidenced by constant year-on-year growth in premiums. This gives a clear idea of the population's confidence in private healthcare (91% of enrollees, i.e. 9 million people, would recommend private cover, according to the first Private Healthcare Industry Barometer, presented by IDIS), despite the political noise and negative headlines. Improved access to healthcare through an extensive network of private clinics is an important safety net, supported by the strategic complementarity between the private and public healthcare systems, which is well-known and highly-valued.

One key aspect, cooperation with the public system through multiple formats—outsourcing agreements, the civil service mutual schemes, and administrative concessions that include management of health services—is not only indispensable but also favours a balance between the public and private healthcare systems.

Those models have a high level of satisfaction among users, especially since patients do not distinguish between the two systems on the basis of ownership but, rather, on the basis of quality, personalised attention, results, and comfort in general. For example, a large proportion of people with double cover—84.3% last year—choose the private healthcare system year after year.

Skilled employment, cutting-edge research and training are the main elements that define a sector's value contribution. Accordingly, private healthcare acts as an important growth agent and disseminates innovation in the area of advanced research and technology.

The private system also attains the highest quality standards, as accredited through numerous certifications; it employs 234,000 professionals; it participates in many clinical trials, especially the early phases; it includes 11 university hospitals; and it provides specialised medical training through the residency system. Accordingly, private healthcare is an indispensable partner in healthcare planning in Spain.

IDIS is an important player in the healthcare sector. Among its more than 80 members, there are 127 hospitals, representing 41% of the private hospital sector, in terms of both the number of centres and beds (surgical, medical-surgical, paediatric), as well as 11 insurance companies, representing approximately 79% of the market in terms of premiums, and other key participants in the Spanish healthcare sector. IDIS is a cohesive, inclusive and diverse organisation that is a leader in the health sector, and its ultimate goal is to highlight private healthcare's enormous contribution to the well-being and improved health of the population as a whole.

It works for the complementarity and integration of both the public and private systems to the benefit of patients and their families. Healthcare must focus principally on the patient, his recovery and the quality of care, and the results must shape the reference framework when evaluating the efficacy and efficiency of clinical practice.

The recent RESA study entitled "Health results indicators in Private Healthcare", presented by IDIS, reflects private healthcare in Spain as an effective, accessible, decisive, safe and quality system with the capacity to undertake the most complex procedures, both diagnostic and therapeutic. In view of this new report on the sector, and the issues reflected in numerous studies performed by IDIS, we continue to seek a consensus with policy-makers so that, when defining the new reference framework for determining the constitutional rights of all Spaniards with regard to healthcare, they take into consideration something that is increasingly patent: private healthcare, which currently covers more than 9 million people in Spain, is a reality without which it would not be possible to sustain or further develop the high-quality system that we have all built over the years.

**José Ramón Rubio**

President of the Instituto para el Desarrollo e Integración de la Sanidad





# 1. Executive summary



The private healthcare system is an important **strategic ally** of the public healthcare system and makes a very significant contribution to the system's sustainability and to attaining its fundamental objectives: **fairness, sustainability, accessibility** and **quality**. The private healthcare industry is also a fundamental player in Spain in terms of **producing well-being, wealth**, and economic and social **development**.

This report is structured around **7 key factors** which characterise the private healthcare industry:

## 1. It represents an important part of the Spanish economy

- ▶ Healthcare spending amounted to **9.34% of Spain's GDP** in 2010: public healthcare expenditure amounted to 6.89%, and private spending to 2.45%.
- ▶ As in preceding years, Spain remains among Europe's leading countries in terms of **private healthcare expenditure** as a percentage of total healthcare spending: **26.2%** in 2010.
- ▶ Private healthcare expenditure and public expenditure on healthcare delivered by private providers together accounted for **3.14% of GDP** in 2010, a level very similar to previous years.

## 2. It frees resources in the public healthcare system

- ▶ The private healthcare system has **6.9 million insurance enrollees**, who contribute to alleviating the care burden and generating savings for the public system; therefore, the private system is not just complementary, but it actually supplements the public healthcare system.
- ▶ The health insurance industry continues to expand despite the crisis: premiums **rose by an annual average of 6.2%** between 2006 and 2011, and by an estimated 3.5% in 2012.

- ▶ A patient who uses only private care **saves approximately 1,174 euro** per year for the public healthcare system (not including pharmaceutical expenditure and amounts allocated to mutual schemes). A patient who makes use of both systems saves the public system approximately **569 euro per year**.
- ▶ **The public healthcare budget** was **1,257 euro** per capita in 2012, while private healthcare spending amounted to approximately **505 euro**.
- ▶ The private healthcare insurance sector is **highly concentrated**: the top 10 insurance companies account for approximately **82% of the market**.
- ▶ In 2010, private hospitals accounted for **30% of surgical operations** (1.4 million), **24% of hospital discharges** (1.3 million) and **20% of A&E visits** (5.3 million) in Spain.

## 3. It improves access to healthcare through an extensive, varied network of centres

- ▶ There were 462 private hospitals in Spain, with 52,843 beds, in 2012, i.e. accounting for **53% of the country's hospitals** and **32% of its beds**.
- ▶ **Catalonia, Madrid** and **Andalusia** are the autonomous regions with the largest number of private hospitals and beds.
- ▶ Previously very fragmented, the hospital industry has undergone a **process of concentration** in recent years.







- Apart from hospitals, the private healthcare system has approximately **2,900 ambulatory medical centres** which provide care without requiring admission or hospitalisation, contributing to improving the population's access to healthcare.

#### 4. It works with the public system

- The private healthcare industry plays a key role in actions undertaken to ensure the **sustainability and accessibility of the healthcare system** by cooperating with the public system via a range of participation mechanisms.
- An estimated **10.7%** of the Ministry of Health, Social Services and Equality budget for healthcare is allocated to **outsourcing agreements** with the private sector.
- The most frequent forms of cooperation between the public and private healthcare systems area:

- **Outsourcing agreements:** basically covering diagnostic tests and procedures as well as therapy, agreements for specific care such as respiratory therapy, dialysis, etc, and special outsourcing agreements.
- **Civil service mutual schemes:** these enhance the balance between the public and private healthcare systems, and reduce demand pressure on the public system. They also provide cover to approximately **2 million members** and enable the National Healthcare System to maintain its portfolio of services with a **lower per capita expenditure** (the MUFACE premium was 706 euro per year in 2006, compared with a public healthcare cost of 1,187 euro, excluding pharmaceuticals and mutual schemes). This model attains a **high degree of user satisfaction:** 84.3% of members of mutual schemes choose to be treated via a private insurer.
- **Administrative concessions that include management of healthcare services:** this area has expanded rapidly in recent years, and there are currently eight hospitals operating under this system (5 in Valencia and 3 in Madrid).

#### 5. It provides highly-complex services using the latest technology

- The private healthcare sector is an important **driver of innovation** in technology, and has advanced medical equipment and highly-complex technology which enable it to provide excellent medical care.
- The private hospital sector has **58% of Spain's MRI equipment, 56% of PET equipment and 37% of CAT scan equipment.**
- **Catalonia, the Balearic Islands and the Canary Islands** have the highest percentage of high-tech equipment at their private hospitals.

## 6. It pursues continuous improvement in the quality of care

► In order to improve and demonstrate quality, a large number of private healthcare facilities have quality **accreditation** and **certificates** such as ISO 9001 and ISO 14001, the EFQM Excellence Model, OHSAS 18001 workplace health and safety management, as well as regional accreditations.

## 7. It creates jobs and contributes to training of healthcare professionals

► The private sector employs approximately **234,000 professionals**, 23% of whom are doctors.

► The private healthcare system serves as a counterbalance to the public system in that it provides doctors with the possibility of engaging in alternative, supplementary practices.

► 38% of doctors in the private sector work in hospitals, while 62% work in non-hospital facilities.

► **Catalonia, Madrid, Andalusia and Valencia** are the regions with the most professionals in the private healthcare sector.

► The private healthcare sector contributes to professional training through **11 university hospitals** and **147 specialised residencies** offered by the Ministry of Health, Social Services and Equality in 2013.







DR. LUISA F. O

2.

# Private healthcare's contribution

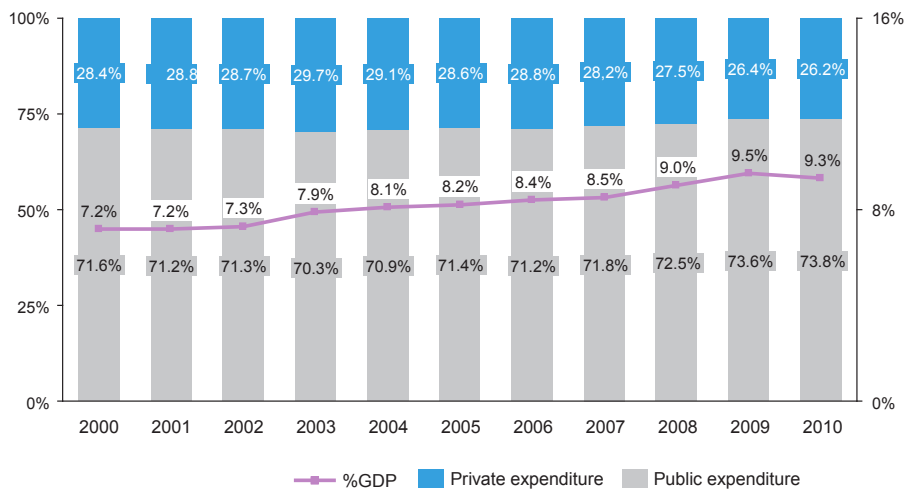


## 2.1. Private healthcare represents a sizeable proportion of the Spanish economy

According to the latest figures from the Organisation for Economic Co-operation and Development (OECD), **healthcare spending in Spain amounted to 9.34% of GDP** in 2010, i.e. slightly less than in 2009. Public healthcare expenditure accounted for 73.8% of the total, with private spending accounting for the other 26.2% (Chart 1).

**Healthcare expenditure in Spain amounted to 9.34% of GDP in 2010**

Chart 1 Healthcare expenditure in Spain in relation to GDP, 2000-2010



Source: OECD, Health Data 2012 (health expenditure by financing agent).

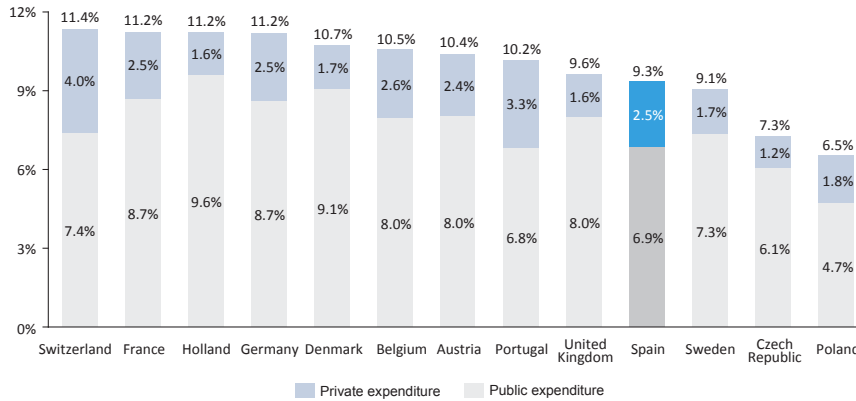




In terms of healthcare spending as a percentage of GDP, Spain ranks below leading OECD countries despite the increase in expenditure in recent years. Public healthcare

expenditure amounted to 6.9% of GDP, while private healthcare spending amounted to 2.5% (Chart 2).

Chart 2 Healthcare expenditure in relation to GDP, 2010

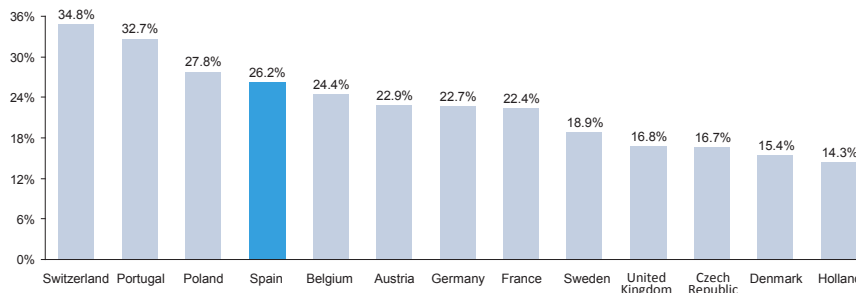


Source: OECD, Health Data 2012 (health expenditure by financing agent).

Spain is among the leading European countries in terms of private healthcare spending as a percentage of total healthcare spending: 26.2% (Chart 3).

Spending on private healthcare amounted to 26.2% of total healthcare expenditure in Spain in 2010

Chart 3 Private healthcare expenditure in relation to total healthcare expenditure, 2010

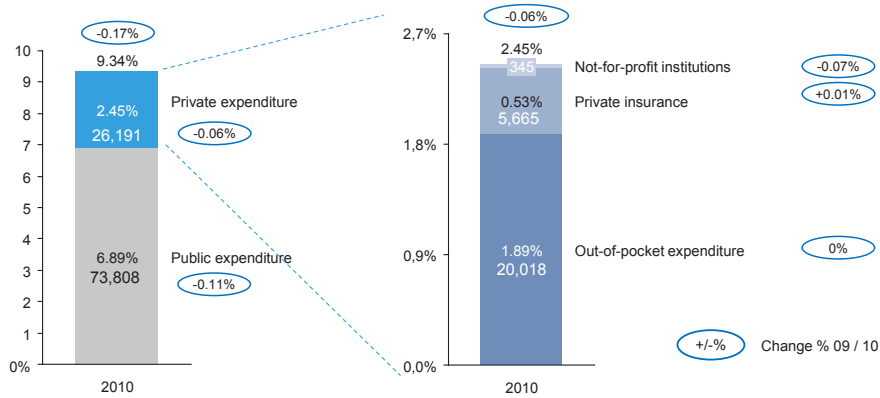


Source: OECD, Health Data 2012 (health expenditure by financing agent).

Private healthcare spending amounted to **26.191 billion euro** in 2010, i.e. 2.45% of GDP. Private healthcare expenditure is composed of *out-of-pocket spending*<sup>1</sup>, which amounted to approximately 20.018 billion euro, private insurance, which amounted to over 5.665 billion euro, and non-profit institutions, which amounted to 345 million euro (Chart 4).

## Agreements between the public healthcare system and private centres account for 10.7% of public healthcare expenditure

Chart 4 Breakdown of private healthcare expenditure in relation to GDP (% , €mn), 2010



Source: OECD, Health Data 2012 (health expenditure by financing agent).

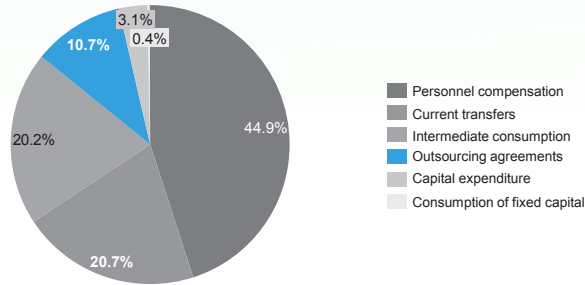
Note: In accordance with the OECD methodology, out-of-pocket expenditure consists of spending by Spanish households on the following items: medicines and other pharmaceutical products, devices and therapeutical material; non-hospital medical and paramedical services, such as dentistry, clinical analyses and diagnostic imaging; hospital services; social welfare services; private healthcare insurance.

Moreover, the percentage of public healthcare expenditure allocated to private delivery is approximately **10.7%**, i.e. very similar to previous years (11% in 2008, 10.4% in 2009) (Chart 5).

This area of outsourcing agreements includes civil service mutual schemes, administrative concessions to manage healthcare services, special outsourcing agreements, and other agreements covering surgery, diagnostic imaging, oncological radiotherapy, home respiratory therapy, dialysis, speech therapy, and ambulances.

<sup>1</sup> In accordance with the OECD methodology, out-of-pocket expenditure consists of spending by Spanish households on the following items: medicines and other pharmaceutical products, devices and therapeutical material; non-hospital medical and paramedical services, such as dentistry, clinical analyses and diagnostic imaging; hospital services; social welfare services; private healthcare insurance.

**Chart 5** Breakdown of public healthcare expenditure, 2010

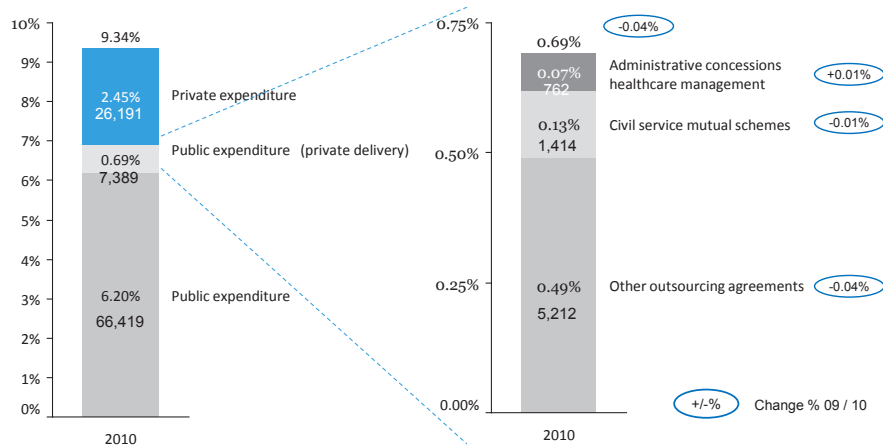


Source: Ministry of Health, Social Services and Equality.

Outsourcing agreements between the public and private healthcare systems amount to 0.69% of GDP; within that figure, 0.07% relates to administrative concessions that include managing healthcare services, 0.13% to civil

service mutual schemes, and 0.49% to other agreements between the public system and private systems, amounting to over 7.389 billion euro (Chart 6).

**Chart 6** Estimated breakdown of private healthcare, public healthcare, and public healthcare delivered by private providers, in terms of GDP (% and €mn), 2010



Source: Authors, using OECD Health Data, ICEA Report no. 1.191 El Seguro de Salud; Spanish National Institute of Statistics.

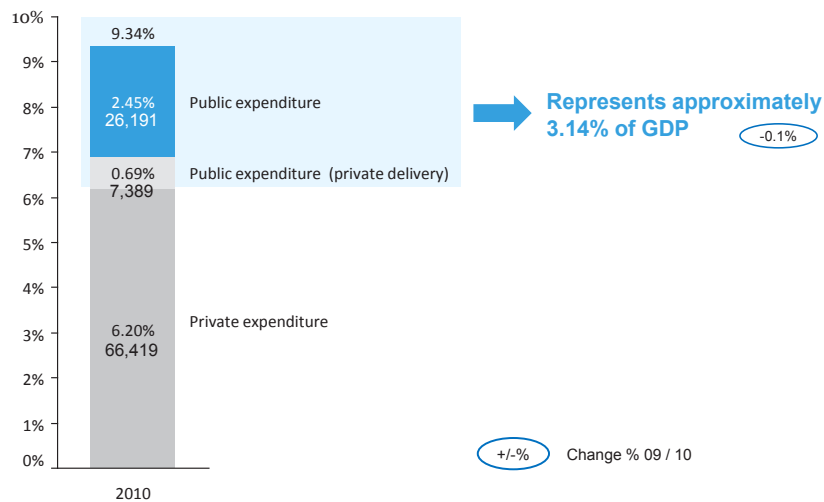
Based on those estimates, private healthcare expenditure and public spending on healthcare delivered by private providers together accounted for approximately 3.14% of Spain's GDP in 2010, a level very similar to previous years (3.22% in 2008, 3.24% in 2009).

Total private expenditure is estimated at 33.579 billion euro in 2010, of which 26.191 billion euro correspond to private healthcare, and 7.389 to public healthcare delivered by private providers (Chart 7).

## Private healthcare insurance in Spain accounts for an estimated 3.4% of GDP



**Chart 7** Estimated expenditure on private healthcare, public healthcare, and public healthcare delivered by private providers, as % of GDP (\$ and €mn), 2010



Source: IDIS, using OECD Health Data, ICEA Report no. 1.191 El Seguro de Salud; Spanish National Institute of Statistics.



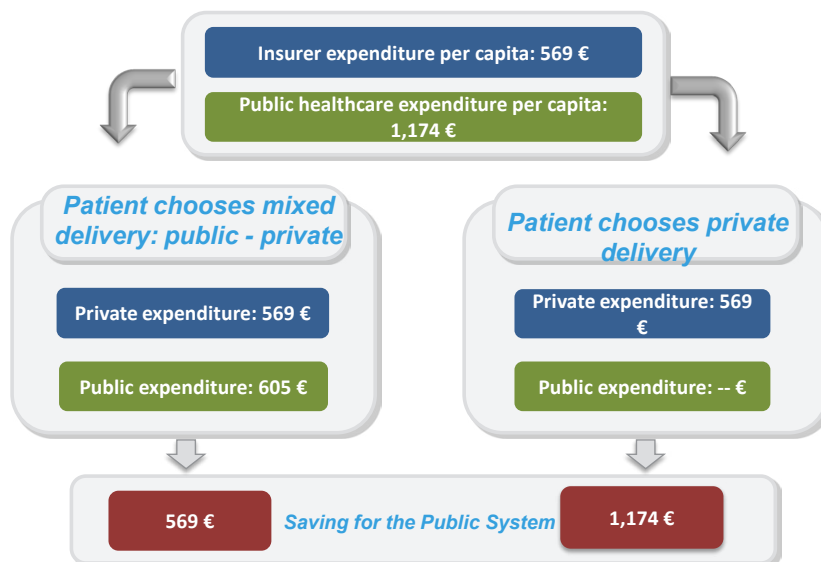
## 2.2. Private healthcare frees resources in the public healthcare system

There are **6.9 million private insurance enrollees<sup>2</sup>** in Spain, which contribute to alleviating the burden and expense for the public system, since people with a private healthcare policy use the public healthcare system only sporadically or not at all. This saving for the National Health System due to private insurance varies depending on the usage of the public system. A patient who uses only private care saves the public system approximately **1,174 euro<sup>3</sup> per year** (not including pharmaceutical expenditure

and amounts allocated to mutual schemes). A patient who makes use of both systems saves the public system approximately 569 euro per year (Figure 1).

**There are over 6.9 million private healthcare insurance enrollees in Spain**

Figure 1 Estimated saving generated by private insurance, 2011



Source: IDIS, 2013, based on Spanish Ministry of Health, Social Services and Equality Cuenta Satélite del Gasto Sanitario Público, and Spanish National Institute of Statistics municipal census 2011. Does not include expenditure in mutual schemes or the population insured by mutual schemes. The 1,174 euro per capita does not include pharmaceutical expenditure; private healthcare expenditure was estimated from ICEA data with respect to premiums and average losses in the insurance industry.

<sup>2</sup>Includes healthcare insurance (not civil service mutual schemes) and reimbursement insurance. Does not include enrollees belonging to federations, clubs, schools, etc.

<sup>3</sup>Spanish Ministry of Health, Social Services and Equality, figures estimated from the Cuenta Satélite del Gasto Sanitario Público and 2011 population numbers. Does not include pharmaceutical expenditure or spending on mutual schemes.



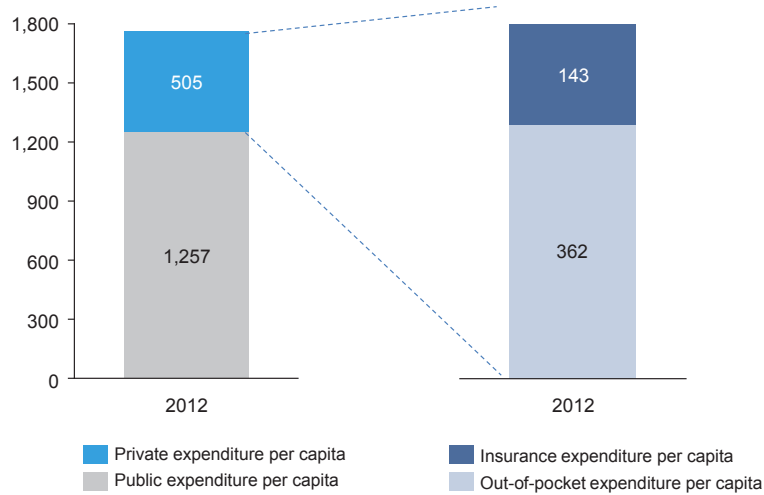
Insurance is currently a fundamental source of support for the healthcare system. It enables the private system to play a complementary role by offering healthcare services where the public system does not have sufficient infrastructure. It also plays a supplementary role in areas where the public system is fully equipped, by offering users a choice.

Private healthcare spending is estimated at 505 euro per capita in 2012, while public healthcare expenditure amounted to 1,257 euro per capita (Chart 8).

## Private healthcare insurance saves the National Health System 1,174 euro per person per year



**Chart 8** Estimated private and public healthcare expenditure per capita, 2012

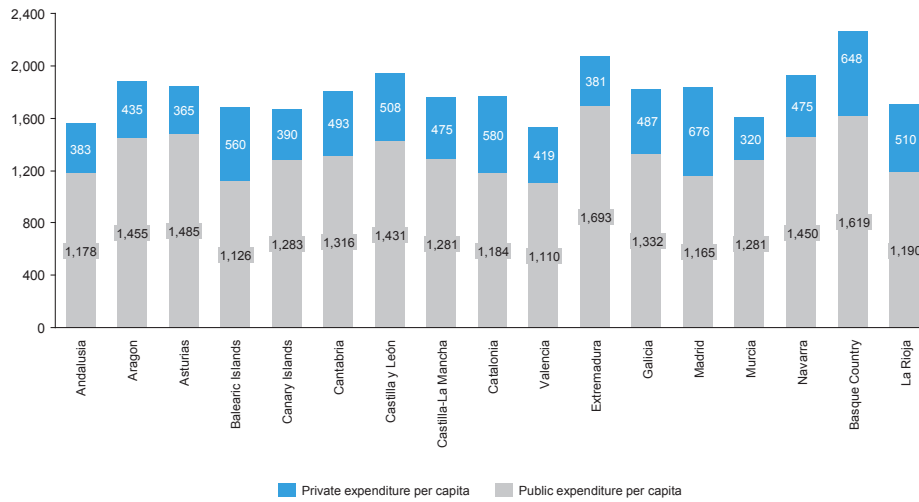


Source: authors, 2013, based on Spanish Ministry of Health, Social Services and Equality, initial budgets 2007-2012; ICEA, reports on private insurance 2009-2012; National Institute of Statistics household budget survey 2008-2011.

Madrid, the Basque Country, Catalonia and the Balearic Islands are the autonomous

regions with the highest public and private per capita expenditure (Chart 9).

**Chart 9** Estimated public and private healthcare expenditure per capita, by autonomous region, 2012

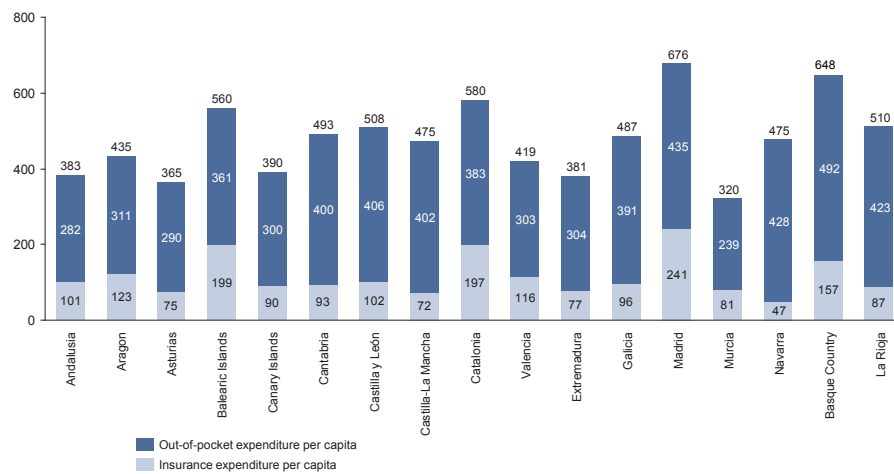


Source: authors, 2013, based on Spanish Ministry of Health, Social Services and Equality, initial budgets 2007-2012; ICEA, reports on private insurance 2009-2012; National Institute of Statistics household budget survey 2008-2011.

The regions with the highest per capita expenditure on private healthcare are Madrid

(676 euro), the Basque Country (648 euro) and Catalonia (580 euro).

**Chart 10** Estimated distribution of private healthcare expenditure, by autonomous region, 2012

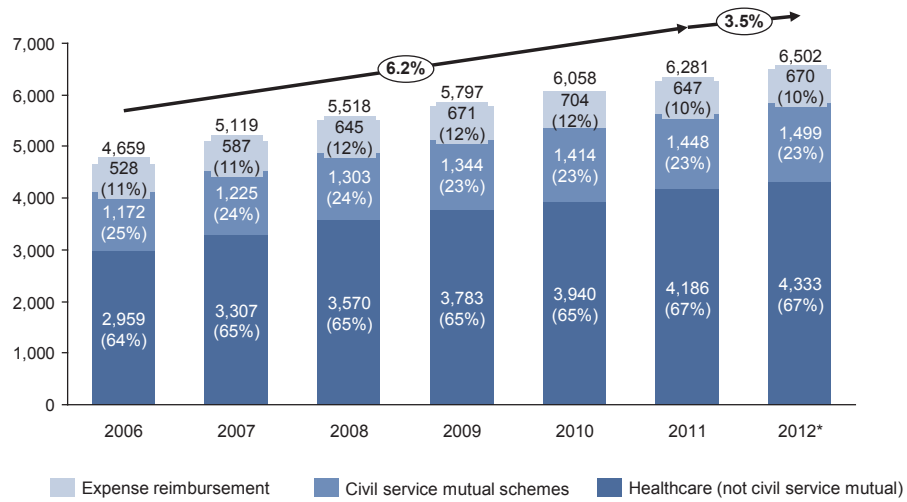


Source: authors, 2013, based on Spanish Ministry of Health, Social Services and Equality, initial budgets 2007-2012; ICEA, reports on private insurance 2009-2012; National Institute of Statistics household budget survey 2008-2011.

Moreover, despite the ongoing economic crisis in Spain, **the private healthcare insurance industry continues to grow**. Although its pace of growth has slowed with respect to the years before the crisis, premiums increased by 6.2% year-on-year between 2006 and 2011. The insurance industry is estimated to have attained 3.5% growth in 2012 with respect to 2011 (Chart 11).

## Insurance premiums increased by 6.2% per year between 2006 and 2011

Chart 11 Insurance premiums (€mn), 2006-2012



Source: ICEA statistical reports on health insurance 2006-2011, and for the third quarters of 2010, 2011 and 2012. \*: data estimated from ICEA report 1.271, for the third quarter of 2012.

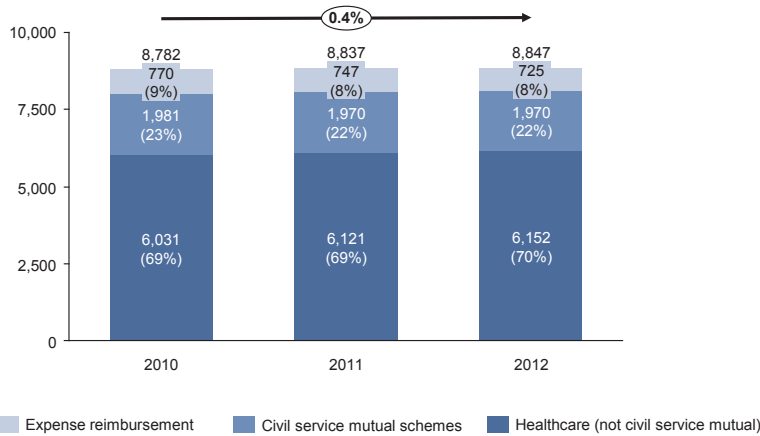


Moreover, the number of insurance enrollees has increased steadily in recent years to 8.8 million in 2012; 70% of enrollees are directly insured, 22% belong to civil service mutual schemes, and 8% have reimbursement insurance (Chart 12).

Although there is no correlation between private insurance penetration and public

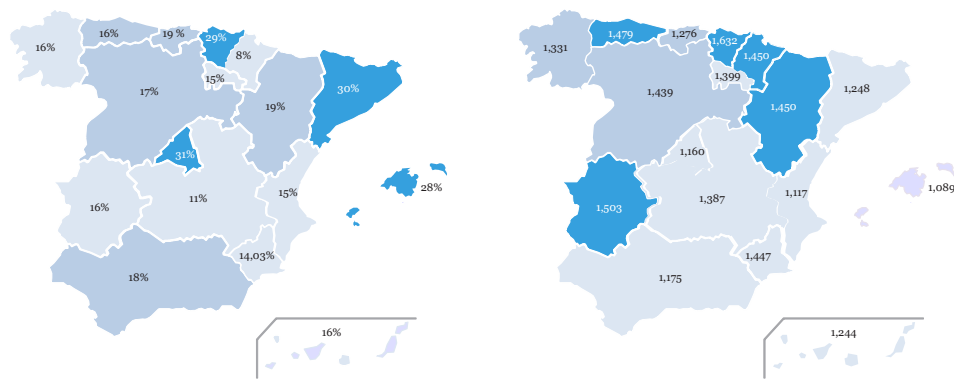
healthcare expenditure per capita, certain regions, such as **Madrid, Catalonia** and the **Balearic Islands** were observed to have a higher level of private insurance penetration and a lower level of public healthcare expenditure than the majority of regions, as in previous years (Figure 2).

**Chart 12** Number of insurance enrollees\* ('000), 2010-2012



Source: ICEA statistical reports on health insurance 2010, 2011 and 2013. The 2012 figures are for the period from January to September.  
 \*: Does not include enrollees belonging to federations, clubs, schools, etc. From the figures for the first quarter of 2012

**Figure 2** Private insurance penetration\* vs healthcare budget per capita, 2011



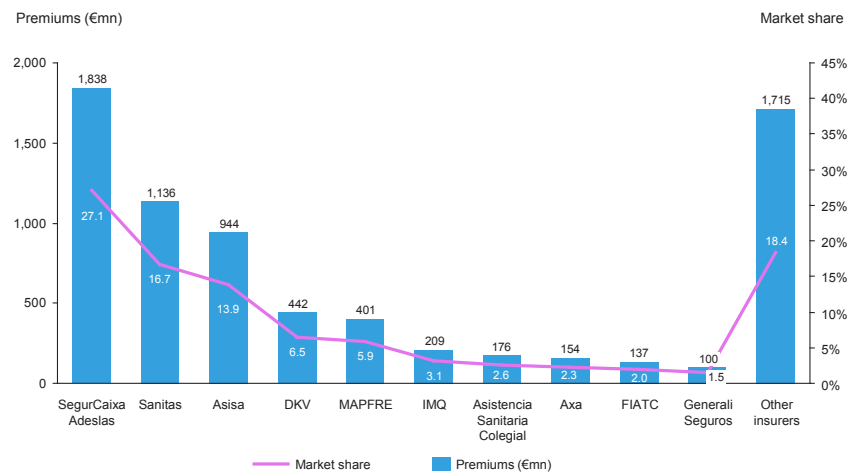
Source: ICEA report no. 1.236, El seguro de salud, 2011 Statistics, April 2012; Spanish Ministry of Health, Social Services and Equality, autonomous region budgets 2011; National Institute of Statistics, municipal census 2012.  
 \*: private insurance penetration by autonomous region does not include the following companies: Aviva Vida y Pensiones, Cigna Life, Ges Seguros, Santalucia and Seguros Bilbao.

The private healthcare insurance sector is **highly concentrated**: the **top 10 insurance companies** account for approximately **82% of the market**.

SegurCaixa Adeslas obtained over 1.838 billion euro in **premiums** in 2012, followed by Sanitas

(1.136 billion euro), while the other insurance companies obtained under 500 million euro in premiums (Chart 13).

**Chart 13** Main insurance companies: premiums and market share (€mn), 2012



Source: ICEA data in Report no. 1.275 Evolución del mercado asegurador, February 2012; statistics as of December 2012.





## Private hospitals' overall activity

The private healthcare system contributes to attaining the goals of the public system, such as reducing waiting lists, while also enabling professionals to fulfil their expectations, building their loyalty to the system, generating employment and enhancing Spain's economy.

In 2010, private inpatient hospitals in Spain accounted for **30% of surgical operations, 24% of hospital discharges** and **20% of A&E visits**. Although the private sector's share of certain

activities declined slightly, private hospitals are still a strategic ally of the public system since they bear a considerable proportion of the care burden nationwide (Table 1).

It should be noted that this data is obtained from the ESCRI Statistics of In-Patient Hospitals, which classify the private hospitals that fall under the Public Use Network in Catalonia as well as private hospitals with a substitute agreement as being part of the public system.

Table 1 Care provided by inpatient hospitals ('000), 2008-2010

Care delivery	Public 2008	Public 2009	Public 2010	variation Public 08-10	Public 2008	Public 2009	Public 2010	variation Public 08-10	% private / total 2008 /	% private / total 2009 /	% private / total 2010 /	variation % private total 08-10
Discharges	3.968	3.941	3.971	0,1%	1.315	1.329	1.250	-4,9%	24,9%	25,2%	23,9%	-3,8%
Stays	31.382	30.710	30.317	-3,4%	11.418	11.558	11.127	-2,5%	26,7%	27,3%	26,8%	0,6%
Consultations	68.316	70.041	71.008	3,9%	11.298	12.101	11.624	2,9%	14,2%	14,7%	14,1%	-0,9%
A&E visits	20.848	21.217	20.891	0,2%	5.401	5.681	5.315	-1,6%	20,6%	21,1%	20,3%	-1,4%
Surgeries	3.121	3.181	3.282	5,2%	1.446	1.482	1.376	-4,8%	31,7%	31,8%	29,5%	-6,7%

Source: Ministry of Health, Social Services and Equality, ESCRI Statistics of Inpatient Hospitals 2010.

The greatest increase in the number of admissions by private hospitals with respect to public hospitals, compared with 2008, was in the areas of **internal medicine, specialised medicine and paediatrics** (Table 2).

**In 2010, private hospitals performed 30% of all surgical operations and accounted for 24% of hospital discharges and 20% of A&E visits**

Table 2 Number of hospital stays by medical area ('000), 2008–2010

Care delivery	Public 2008	Public 2009	Public 2010	variation Public 08-10	Public 2008	Public 2009	Public 2010	variation Public 08-10	% private / total 2008	% private / total 2009	% private / total 2010	variation % private total 08-10
Internal medicine and other medical	12,566	12,535	12,211	-2.8%	2,090	2,183	2,186	4.6%	14.3%	14.8%	15.2%	6.5%
General and other surgery	5,938	5,809	5,712	-3.8%	1,073	1,073	1,006	-6.2%	15.3%	15.6%	15.0%	-2.1%
Traumatology	2,571	2,483	2,570	0.0%	852	797	629	-26.2%	24.9%	24.3%	19.7%	-21.0%
Obstetrics and gynaecology	2,198	2,031	1,937	-11.9%	547	531	502	-8.2%	19.9%	20.7%	20.6%	3.3%
Paediatrics	1,695	1,625	1,556	-8.2%	185	198	194	5.0%	9.8%	10.8%	11.1%	12.7%
Rehabilitation	372	337	345	-7.2%	170	205	192	12.8%	31.4%	37.9%	35.7%	13.8%
Intensive medicine	1,087	1,109	1,058	-2.7%	211	191	185	-12.1%	16.3%	14.7%	14.9%	-8.3%
Long stay	1,613	1,488	1,412	-12.5%	3,197	3,190	2,949	-7.7%	66.5%	68.2%	67.6%	1.7%
Psychiatry	3,029	3,006	2,955	-2.4%	2,940	2,968	2,864	-2.6%	49.3%	49.7%	49.2%	-0.1%
Other	313	286	562	79.5%	152	223	419	75.7%	32.7%	43.8%	42.7%	30.7%

Source: Ministry of Health, Social Services and Equality, ESCRI Statistics of Inpatient Hospitals 2010.

In terms of the number of discharges, private hospitals significantly expanded their activity between 2008 and 2010 in the areas of long-

stay (12%), intensive medicine (5.8%) and paediatrics (4.4%) (Table 3).

Table 3 Hospital discharges, by category ('000), 2008–2010

Care delivery	Public 2008	Public 2009	Public 2010	variation Public 08-10	Public 2008	Public 2009	Public 2010	variation Public 08-10	% private / total 2008	% private / total 2009	% private / total 2010	variation % private total 08-10
Internal medicine and other medical	1,431	1,468	1,457	-0.7%	310	325	308	-5.3%	17.8%	18.1%	17.4%	-2.1%
General and other surgery	960	949	960	1.2%	417	409	391	-4.3%	30.3%	30.1%	29.0%	-4.4%
Traumatology	363	364	408	12.1%	250	250	211	-15.6%	40.8%	40.7%	34.0%	-16.5%
Obstetrics and gynaecology	662	622	604	-3.0%	194	195	186	-4.4%	22.7%	23.9%	23.6%	4.1%
Paediatrics	347	339	328	-3.3%	58	59	58	-2.5%	14.3%	14.8%	15.0%	4.4%
Rehabilitation	10	10	10	6.9%	5	5	4	-27.8%	31.9%	35.4%	27.0%	-15.3%
Intensive medicine	51	52	51	-2.0%	27	27	30	10.0%	34.9%	34.2%	36.9%	5.8%
Long stay	30	29	24	-18.4%	30	31	29	-5.7%	49.3%	51.6%	55.2%	12.0%
Psychiatry	76	77	77	0.3%	20	20	20	-1.4%	21.0%	20.9%	20.6%	-2.2%
Other	37	32	52	62.3%	3	8	13	76.2%	8.3%	19.3%	20.6%	147.3%

Source: Ministry of Health, Social Services and Equality, ESCRI Statistics of Inpatient Hospitals 2010.



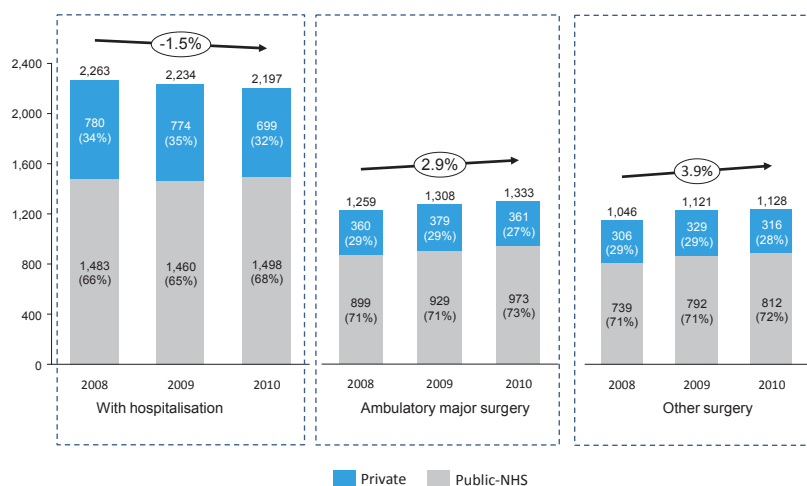


Private hospitals performed approximately **1.4 million surgical operations** in 2010, very much in line with previous years; 50% of those operations required a hospital admission, and the other 50% were ambulatory.

to those performed in public hospitals was stable in the period 2008-2010. Private hospitals handled 32% of inpatient surgery in 2010, and approximately 27% of outpatient surgery in that year (Chart 14).

The proportion of surgical operations performed in private hospitals with respect

**Chart 14** Surgical operations ('000), by type, 2008-2010



Source: Ministry of Health, Social Services and Equality, ESCRI Statistics of Inpatient Hospitals 2010.

## 2.3. Private healthcare improves access to healthcare

The private healthcare system has a **large number of facilities**, which ensures the **population has access** to care and satisfies users' needs in terms of professionalism on the part of employees, cutting-edge technology, and agility in responding to needs.

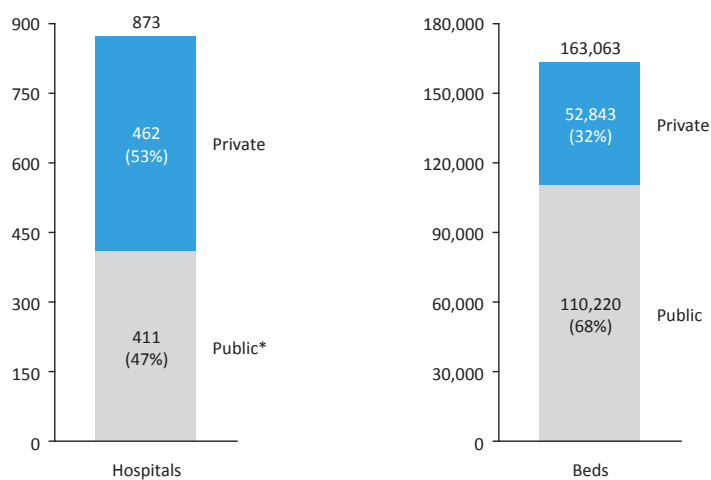
In recent years, the private healthcare system has **rapidly expanded** the number of centres, thereby enhancing accessibility for patients in terms of centre location and timetables.

The extensive network of **private centres** offers a very diverse range of services and activities, including hospitals, outpatient clinics, image diagnostic centres, clinical analysis laboratories, private consulting rooms, home hospitalisation, etc.

Accordingly, the private sector serves citizens through a total of **462 hospitals** in Spain, i.e. 53% of the country's hospitals. Private hospitals have approximately **53,000 beds** i.e. 32% of total hospital beds in Spain (Chart 15).

**There are 462 private hospitals in Spain, with close to 53,000 beds**

Chart 15 Number of hospitals and beds in Spain, 2011



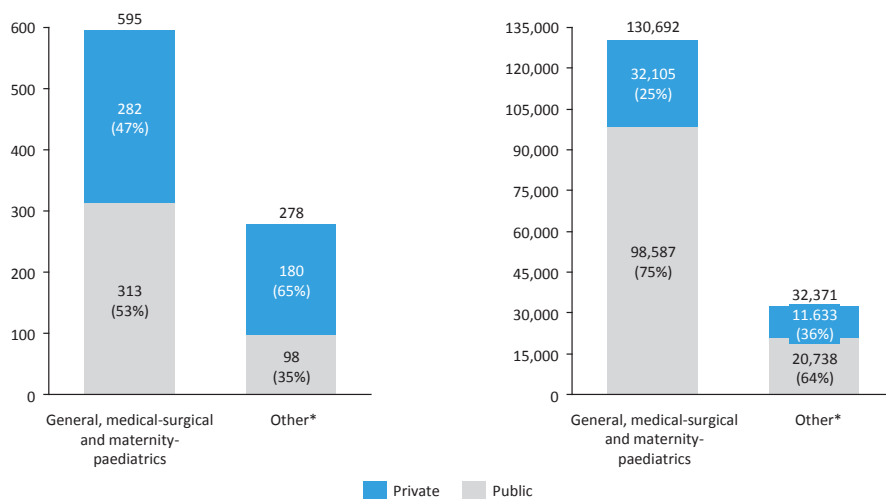
Source: Ministry of Health, Social Services and Equality, National Catalogue of Hospitals 2012.

\* The number of public hospitals is calculated by counting the number individual hospitals inside each hospital complex. For example, the Santiago University Hospital Complex is counted as 4 hospitals: Hospital Clínico Universitario, Hospital Profesor Gil Casares, Hospital Médico Quirúrxico de Conxo and Hospital Psiquiátrico de Conxo

Focusing on the category of hospital, and distinguishing between general, medical-surgical and maternity/children's hospitals, on the one hand, and all other hospital types (geriatric/long-stay, psychiatric, trauma/rehabilitation, monographic, ophthalmological/ENT, etc.), the first

category (private general, medical-surgical and maternity/children's hospitals) accounts for 47% of total hospitals but just 25% of total beds (Chart 16).

**Chart 16** Number of hospitals and beds, by care category, 2011



Source: Ministry of Health, Social Services and Equality, National Catalogue of Hospitals 2012.  
 \*. geriatric/long-stay, psychiatric, traumatological/rehabilitation, monographic, ophthalmological/ENT facilities, etc.



As in previous years, the regions of **Catalonia**, **Madrid** and **Andalusia** have the largest number of private hospitals and of private beds (Table 4).

**Catalonia, Madrid and Andalusia are the autonomous regions with the largest number of private beds**

**Table 4** Breakdown of hospitals and beds by autonomous region, ranked by number of private beds, 2011

Autonomous region	Hospitals		Beds	
	Public	Private	Public	Private
Catalonia	65	152	14.995	19.804
Madrid	37	48	14.694	7.443
Andalusia	65	59	16.576	5.655
Canary Islands	20	23	4.906	2.756
Valencia	35	29	11.695	2.593
Basque Country	18	26	5.763	2.473
Galicia	33	25	7.965	2.453
Castilla y León	25	23	7.294	2.389
Murcia	13	15	3.236	1.411
Balearic Islands	12	11	2.539	1.130
Asturias	11	11	3.112	1.034
Navarra	6	7	1.389	1.025
Aragon	20	9	4.434	1.011
Cantabria	4	4	1.362	680
Castilla-La Mancha	24	11	5.297	486
Extremadura	17	7	3.737	376
La Rioja	4	2	804	124
Ceuta & Melilla	2	-	422	-
<b>Total</b>	<b>411</b>	<b>462</b>	<b>110.220</b>	<b>52.843</b>

Source: Ministry of Health, Social Services and Equality, National Catalogue of Hospitals 2012.





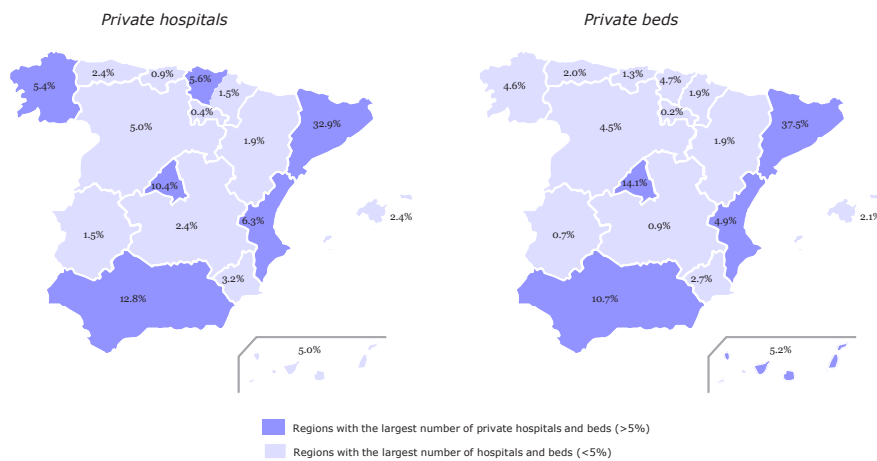


The geographic distribution of private beds reveals that Catalonia is the region with the largest number of private hospitals (including those integrated into the Public Utilisation Network—XHUP): it has 33% of all private hospitals in Spain and 38% of all private beds. Behind Catalonia rank Madrid, which has 10.4% of total private hospitals and 14% of private beds, and Andalusia, with 13% of private hospitals and 11% of Spain's total private beds (Figure 3).

### Catalonia, Navarra and the Canary Islands are the autonomous regions with the largest proportions of private beds



**Figure 3** Geographical distribution of private hospitals and beds (%), 2011

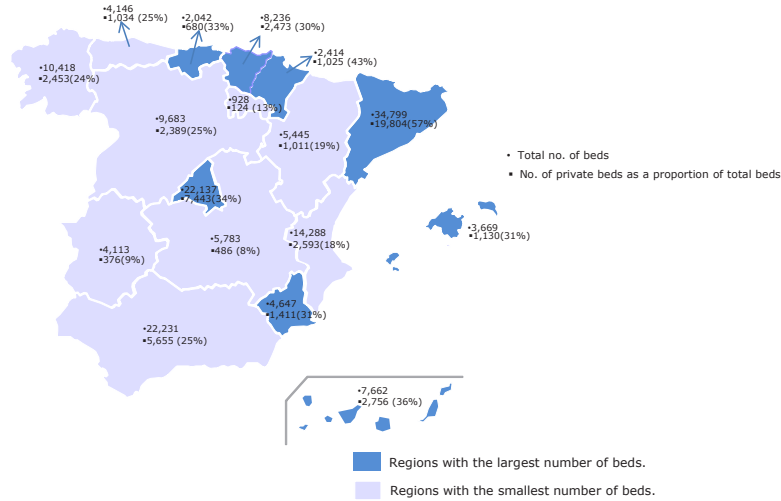


Source: Ministry of Health, Social Services and Equality, National Catalogue of Hospitals 2012.

The proportion of private beds to total hospital beds varies significantly by region, as in previous years. Catalonia, Navarra and the Canary Islands are the regions where private beds account for the largest

proportion of total beds, whereas Castilla-La Mancha, Extremadura and La Rioja are at the bottom of the table in this connection (Figure 4).

Figure 4 Private beds as a proportion of total hospital beds, 2011

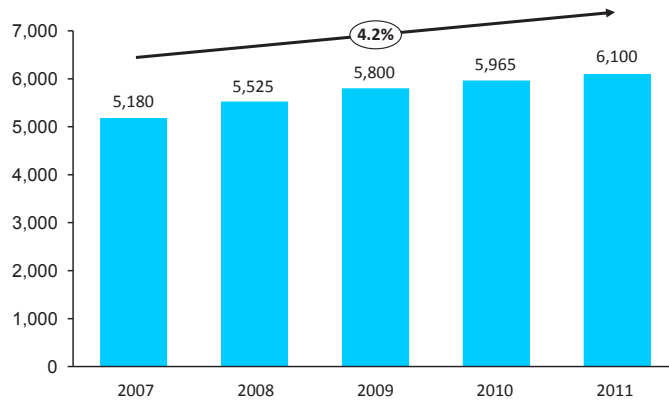


Source: Ministry of Health, Social Services and Equality, National Catalogue of Hospitals 2012.

The private hospital market amounts to approximately 9.6 billion euro, of which 6.1 billion euro correspond to for-profit hospitals<sup>4</sup> and 3.5 billion euro to not-for-

profit hospitals<sup>5</sup>. Private for-profit hospitals registered 4.2% annual growth between 2007 and 2011, evidencing the sector's good health (Chart 17).

Chart 17 Private for-profit hospital market (€mn), 2007-2011



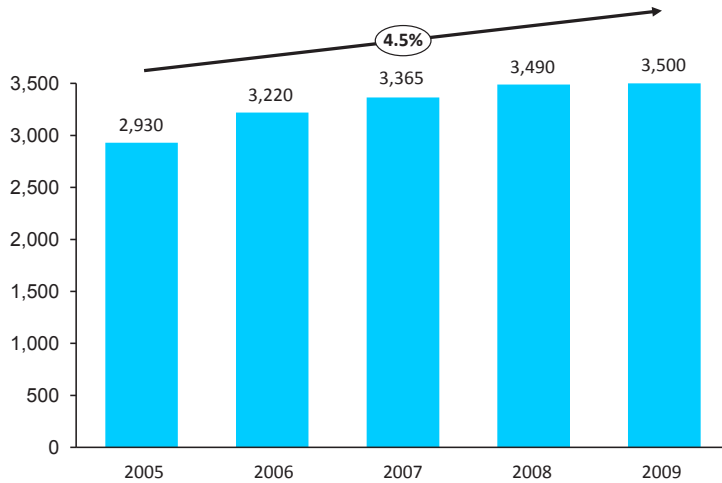
Source: DBK, Informe clínicas privadas 2012

<sup>4</sup> DBK, Informe clínicas privadas 2012.

<sup>5</sup> DBK Informe hospitales públicos y benéficos 2010.

The private not-for-profit hospital market expanded by 4.5% per year between 2005 and 2009, with revenues rising from 2.930 billion euro in 2005 to over 3.500 billion euro in 2009 (Chart 18).

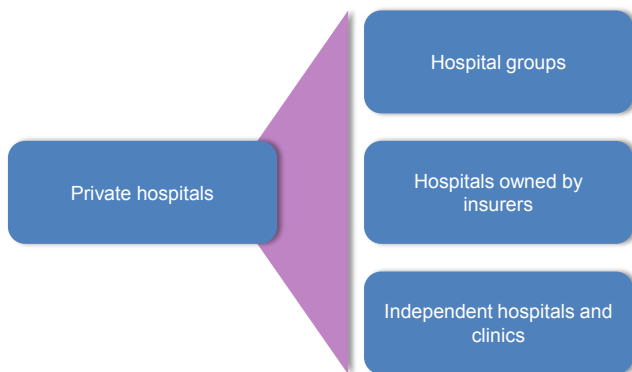
Chart 18 Private not-for-profit hospital market (€mn), 2005-2009



Source: DBK Informe hospitales públicos y benéficos 2010.

Private hospital operators can be classified in three groups: **hospital management groups, hospitals owned by healthcare insurance companies, and independent hospitals/clinics** (Figure 5).

Figure 5 Main private hospital operators



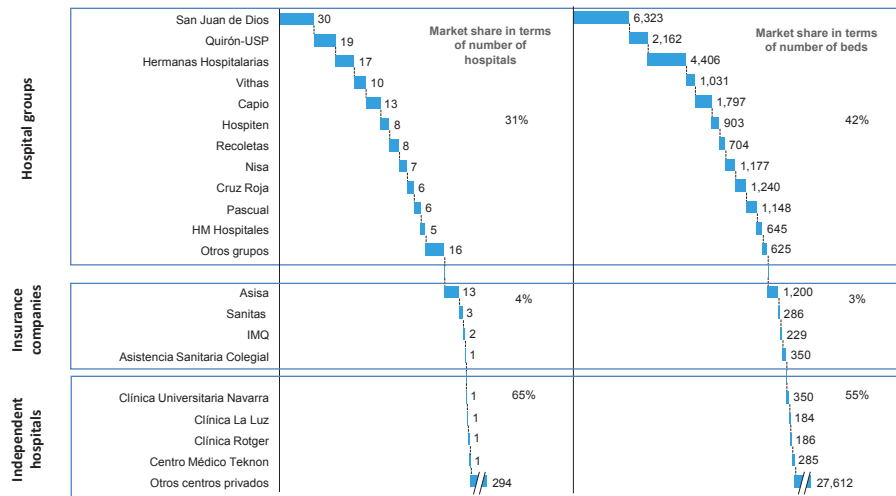


Approximately 31% of private hospitals and 42% of private beds are owned by **hospital groups**, roughly 4% of hospitals and 3% of private beds by insurance companies, and around 65% of hospitals and 55% of private beds to independent **hospitals and centres**.

**55% of hospital beds in Spain are in independent hospitals, 42% are owned by hospital groups and 3% belong to insurance companies**



**Chart 19** Distribution of hospitals and beds among the main players\*

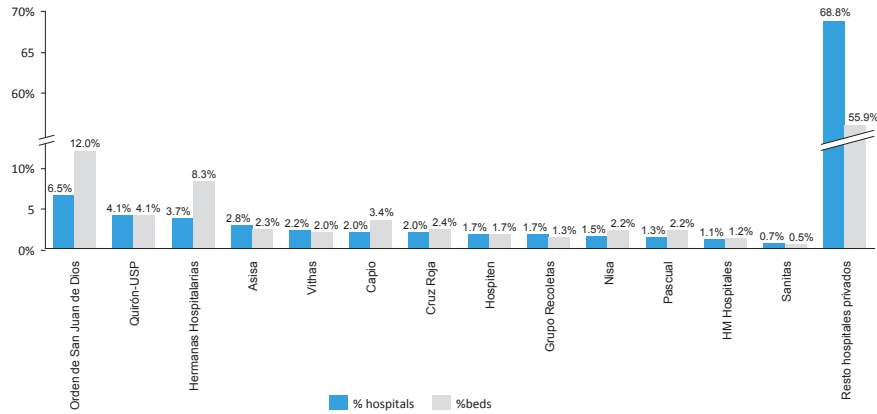


Source: Authors 2013 based on National Catalogue of Hospitals 2012 and annual reports of the main players.  
 \*: does not include hospitals under PPPs.

Orden de San Juan is the largest private hospital group in terms of the number of

hospitals (6.5% of total private hospitals) and beds (12% of the total) (Chart 20).

**Chart 20** Market share, in terms of private hospitals and beds, 2012

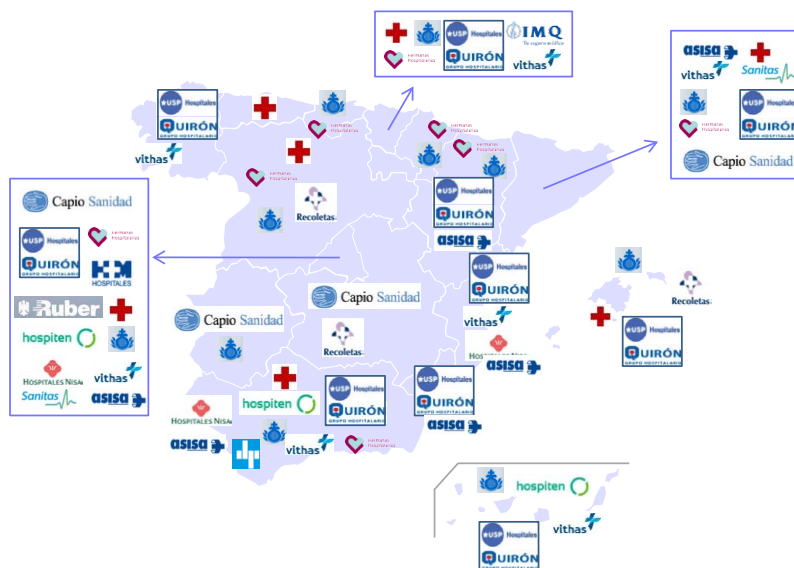


Source: Authors 2013 based on National Catalogue of Hospitals 2012 and annual reports of the main players.

As regards **geographic distribution**, most of the leading hospital operators are based in different autonomous regions, principally in

Madrid, Andalusia, Catalonia and the Basque Country (Figure 6).

**Figure 6** Geographical distribution of the main hospital operators



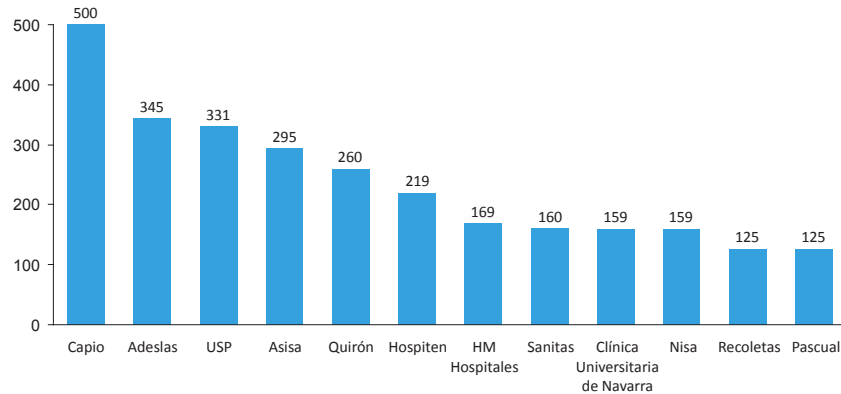
Source: Authors 2013 based on National Catalogue of Hospitals 2012 and annual reports of the main players.



The twelve largest hospital operators obtained aggregate revenues of approximately 2.856 billion euro in 2011, i.e.

47% of total revenues obtained by private for-profit hospitals (Chart 21).

Chart 21 Revenues of the main hospital operators (€mn), 2011



Source: DBK, Informe clínicas privadas 2012

In recent years, there have been a number of **major transactions** in Spain that evidence a trend towards consolidation in the private hospital sector. To date, the sector had been very fragmented, in contrast with the situation in private health insurance. This consolidation process is expected to continue in the next few years, leading to a more concentrated industry with fewer players.

The principal transactions in recent years include:

- Merger of **Grupo Hospitalario Quirón** with **USP Hospitales** to create Spain's largest network of private hospitals: 19 hospitals and over 2,000 beds.

- Creation of the **Vithas** hospital group as a result of the acquisition by Goodgrover of 80% of the Adeslas hospital division from Criteria Caixa Corp.
- **HM Hospitales** acquired Nuestra Señora de Belén maternity clinic in 2011, and was renamed HM Hospitales Nuevo Belén.
- **Sanitas** acquired the CIMA clinic in Barcelona, as well as Ribera Salud's stakes in the Torrejón and Manises hospitals.
- **Hospiten** acquired the MD Anderson clinic and now owns 8 hospitals in Spain.

Apart from hospitals, **ambulatory medical centres**, i.e. which provide care without requiring admission or hospitalisation, also contribute to improving the population's access to healthcare.

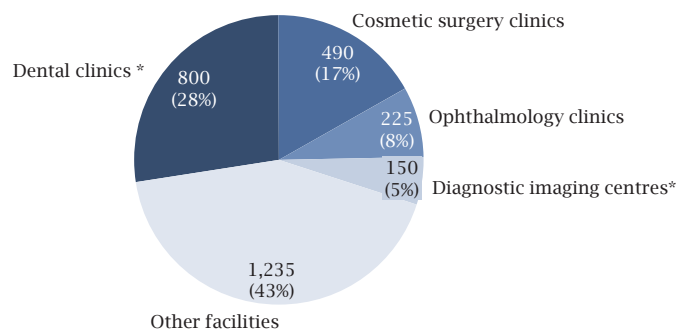


There are approximately **2,900 ambulatory centres** in Spain, located mainly in Catalonia, Madrid, Andalusia and Valencia. The distribution of these centres nationwide enhances the population's access to healthcare, thereby increasing fairness and patient satisfaction.

This sector is **very fragmented**: most of the companies in this area have only one clinic.

Dental clinics (800) account for 28% of total ambulatory centres, aesthetic clinics account for 17%, ophthalmological clinics for 8% and image diagnostic centres (150) for 5% (Chart 22).

**Chart 22** Breakdown of medical centres, by type, 2009

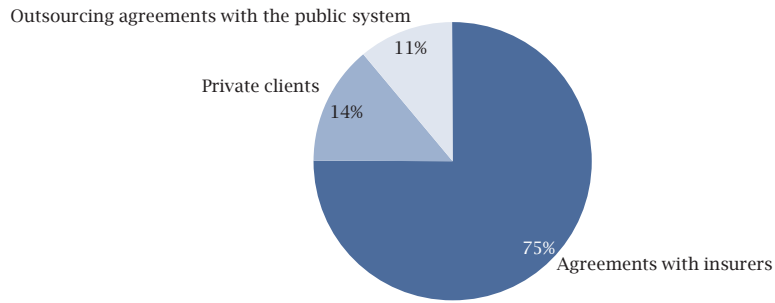


Source: authors' estimates based on data from DBK (Informe centros médicos especializados, Informe centros médicos ambulatorios, Informe diagnóstico por la imagen).  
 \*: estimate for the main companies in the industry.

**Insurance companies** represent the largest single source of demand, accounting for 75% of revenues; next in importance are private

patients (14%) and outsourcing agreements with the public system (11%) (Chart 23).

Chart 23 Breakdown of the market by demand segments, 2009

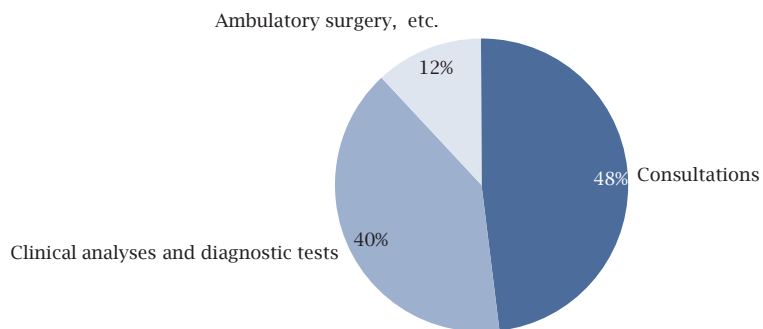


Source: DBK, Informe centros médicos ambulatorios, 2010.

Centres of this type generally offer outpatient care, clinical analysis, diagnostic tests and

ambulatory surgery (Chart 24).

Chart 24 Breakdown of activity at outpatient centres, 2009



Source: DBK, Informe centros médicos ambulatorios, 2010.

## 2.4. Private healthcare works with the public system

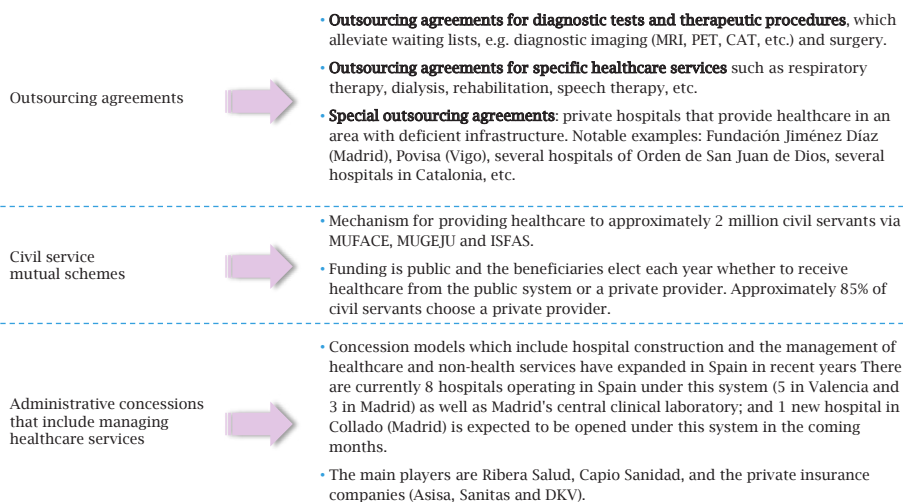
Private healthcare is an important **strategically** of the public system, and cooperation between them plays a fundamental role in guaranteeing the sustainability and accessibility of Spain's healthcare system.

In situations like the present, in which **budgets are severely constrained**, the need to maximise efficiency in order to guarantee service and continue investing in keeping technology up to date despite severe budgetary limitations on capital expenditure is most evident in the public system.

### Outsourcing agreements between the public healthcare system and private centres contribute greatly to the system's sustainability

Spain has a **long tradition** of public-private partnerships, such as outsourcing agreements between regional healthcare services and private providers, civil service mutual schemes, and administrative concessions to manage healthcare services (Figure 7).

Figure 7 Most frequent types of cooperation between the public and private healthcare systems



## Overview of outsourcing agreements between the public healthcare system and private centres

Outsourcing agreements with private centres in various areas (hospitals, medical centres, diagnostic imaging, oncology, dialysis, etc.) make a significant contribution

to achieving the fundamental values of the public system, i.e. fairness, accessibility, short wait times, and support for compliance with the maximum waiting periods (Table 5).

Table 5 Maximum response times for scheduled non-urgent care (days)

Autonomous region	Surgery	Outpatient	Diagnostics
Andalusia	Guarantees certain procedures within 120-180 days.	60	30
Aragon	Guarantees certain procedures and priorities within 30-180 days.	-	-
Asturias	-	-	-
Canary Islands	Guarantees certain procedures and priorities within 90-150 days	-	-
Cantabria	180	60	30
Castilla y León	130 days, except for oncological surgery and non-valvular cardiac surgery (30 days max.)	35	22
Castilla-La Mancha	90	15	7
Catalonia	Guarantees certain procedures within at most 180 days	-	90 (120 days for polysomnogram)
Valencia	60	-	-
Extremadura	180	60	30
Galicia *	180	-	-
Balearic Islands	180 days for certain surgery: valvular and coronary heart surgery, cataracts, and artificial hip and knee	-	-
La Rioja	100	45	30
Madrid	-	-	-
Murcia	150	50	30
Navarra	120 days; 60 days for cardiac surgery; 180 days for non-life threatening	30	45
Basque Country	Oncological surgery: 30 days; cardiac surgery: 90 days; other procedures: 180 days	30	30

\* Draft act currently before parliament to reduce maximum waiting times to 60 days for surgery, 45 days for outpatients consulting and diagnostic procedures.

Source: IDIS 2013.





## Catalonia is the autonomous region that allocates most money to outsourced care

Agreements of this type are designed to alleviate waiting lists in the public system and to offer healthcare in areas where infrastructure is insufficient, which both guarantees care to patients and improves accessibility.

The public procurement processes by which outsourcing agreements are arranged vary with the autonomous region and the type of activity involved. However, the main forms of outsourcing are as follows:

- ▶ **Open tenders:** where the contracting agency allows all interested companies to bid.
- ▶ **Publicised negotiated procedure:** a tender is announced and interested companies can apply to be included by presenting the pertinent documentation. The most qualified candidates are short-listed, and at least three of them are invited to present a proposal in order to identify the most advantageous one.
- ▶ **Unpublicised negotiated procedure:** the contracting body invites at least three companies to bid. The winner is chosen on the basis of criteria such as quality, price, proximity, etc.
- ▶ **Special exclusive procedure and others:** the contracting body outsources exclusively to a single hospital or centre, generally because of the latter's specific capabilities.

As discussed in section 3.1, a significant percentage of public healthcare expenditure (10.7%) is allocated to outsourcing.



**Catalonia** is the region that allocates most funds to outsourcing agreements: over 2.5 billion euro, i.e. approximately 25% of its healthcare budget (Table 6). Next in rank is **Madrid**, which allocates 573 million euro (7.8% of its healthcare budget) to outsourcing, followed by **Andalusia** (515 million euro, 5.1%) and **Valencia** (429 million euro, 6.3%).

In contrast, **Cantabria**, **La Rioja** and **Navarra** are the autonomous regions that allocate the lowest amounts to outsourcing agreements, although it accounts for 3.9%, 8.6% and 6.6%, respectively, of their healthcare budgets.

However, an analysis of the trend in recent years reveals that **Catalonia** is the region that has experienced the largest reduction in expenditure on outsourcing agreements: 12.3% since 2008. Conversely, though

**Cantabria** and **La Rioja** rank low in terms of total expenditure on healthcare outsourcing agreements, the related amounts have increased by 89.1% and 45.7%, respectively, since 2008.

The case of **Madrid** is quite significant: despite a reduction in spending on healthcare outsourcing between 2009 and 2010, the total amount of this item has increased by 23.9% since 2008, i.e. the second-largest increase.

**Table 6** Outsourcing agreements in place, by autonomous region (€'000), 2008-2010

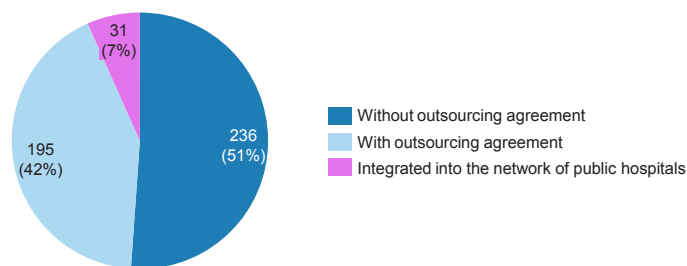
	2008		2009		2010		Change 2008/2010
	Amount	% of healthcare expenditure	Amount	% of healthcare expenditure	Amount	% of healthcare expenditure	
Catalonia	2.937.779	29,6	2.679.565	25,3	2.577.635	23,9	-12,3%
Madrid	462.207	6,2	608.961	7,5	572.710	7,8	23,9%
Andalusia	442.483	4,3	485.994	4,7	515.167	5,1	16,4%
Valencia	390.301	6,3	388.395	5,8	429.289	6,3	10,0%
Canary Islands	271.296	9,4	287.424	9,5	287.846	10,0	6,1%
Basque Country	242.405	7,2	257.089	7,1	251.130	7,0	3,6%
Galicia	221.253	5,8	225.299	5,6	215.371	5,6	-2,7%
Castilla-La Mancha	133.098	5,2	121.309	4,0	167.157	5,7	25,6%
Murcia	169.488	7,9	159.785	7,1	161.892	7,2	-4,5%
Castilla y León	161.042	4,4	139.937	3,9	156.738	4,3	-2,7%
Asturias	108.618	7,0	116.886	6,7	128.524	7,7	18,3%
Balearic Islands	61.021	4,6	65.564	4,7	80.513	5,1	31,9%
Aragon	79.787	4,2	79.784	3,9	74.961	3,8	-6,0%
Extremadura	62.093	3,7	69.386	3,9	66.839	3,8	7,6%
Navarra	53.638	5,8	65.071	6,5	66.110	6,6	23,3%
La Rioja	28.288	6,0	32.728	7,0	41.213	8,6	45,7%
Cantabria	17.880	2,3	30.302	3,7	33.803	3,9	89,1%

Source: Ministry of Health, Social Services and Equality.

Approximately 42% of private hospitals in Spain have some form of agreement with the government<sup>6</sup>. Also, 7% of private hospitals are integrated into the Network of Public Hospitals in Catalonia (Chart 25).

**42% of private hospitals have some form of outsourcing agreement with the government**

**Chart 25** Private hospitals with outsourcing agreements, 2011



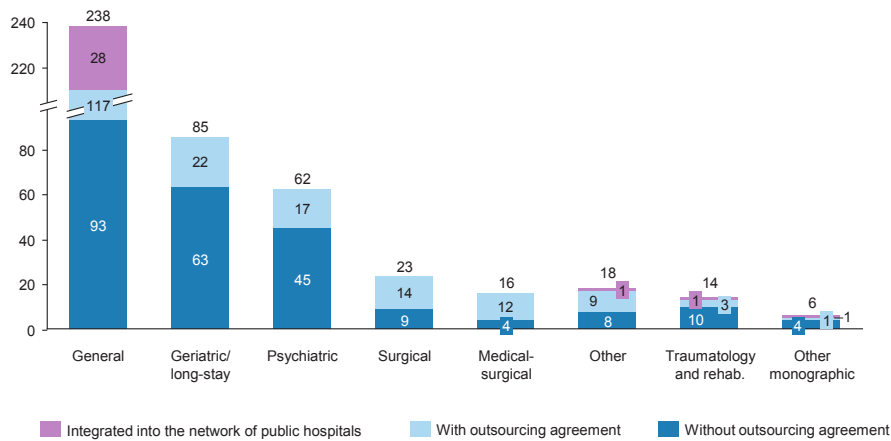
Source: Ministry of Health, Social Services and Equality, National Catalogue of Hospitals 2012.

<sup>6</sup>In accordance with the classification in the National Catalogue of Hospitals 2012

Private general hospitals are the ones with the largest number of outsourcing agreements: 117 hospitals have some form

of agreement in place, followed by geriatric/long-stay clinics (22 centres), and psychiatric hospitals (17 centres) (Chart 26).

**Chart 26** Number of private hospitals by care type and type of outsourcing agreement, 2011

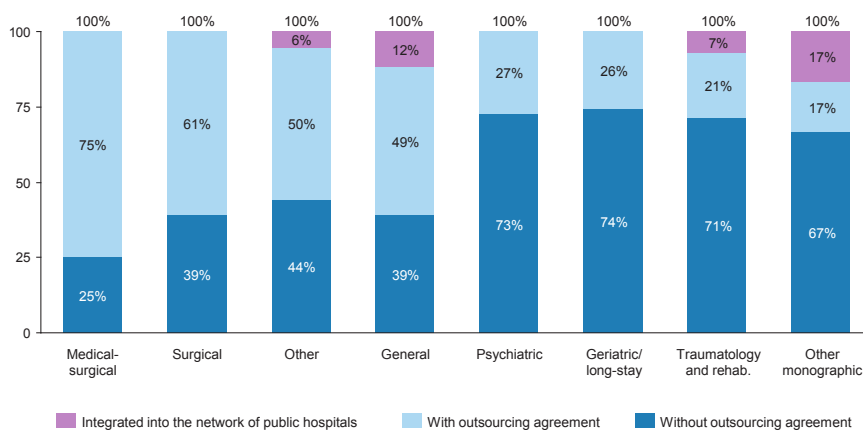


Source: Ministry of Health, Social Services and Equality, National Catalogue of Hospitals 2012.

Medical-surgical hospitals and surgical hospitals are those where outsourcing

agreements amount to the largest percentage of total activity: 75% and 61%, respectively (Chart 27).

**Chart 27** Outsourcing agreements with private hospitals, by care category, 2011



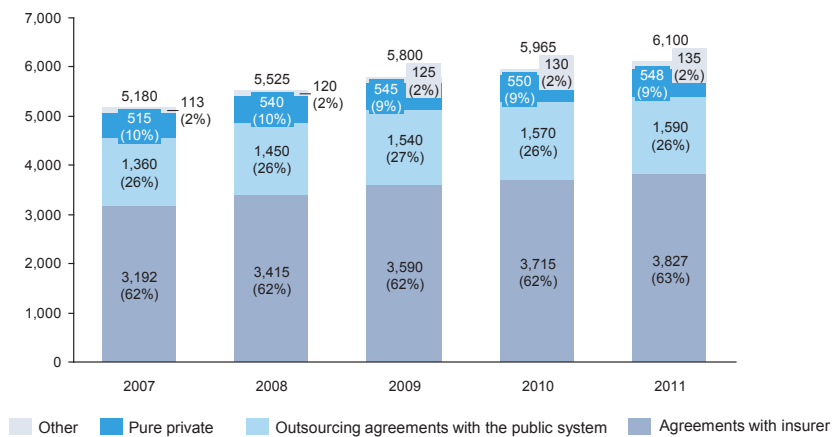
Source: Ministry of Health, Social Services and Equality, National Catalogue of Hospitals 2012.

Private for-profit hospitals invoiced 1.590 billion euro for outsourced care in 2011, i.e. 26% of their total revenues, a percentage that has remained constant in recent years (Chart 28).

## Outsourcing is estimated to amount to 26% of total activity at private hospitals

Chart 28

Breakdown of market by demand segments: private for-profit hospitals (€mn), 2007-2011



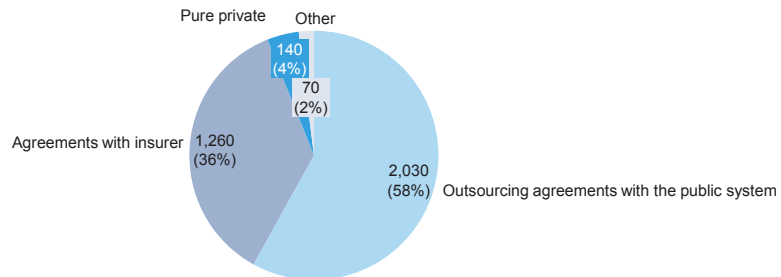
Source: DBK, Informe clínicas privadas, 2012

Agreements with the public healthcare system account for 58% of private not-for-profit hospitals' total revenues, a significant

figure that greatly exceeds the proportion at private for-profit hospitals (Chart 29).

Chart 29

Breakdown of market by demand segments: private not-for-profit hospitals, 2009



Source: DBK, Informe hospitales públicos y benéficos, 2010.

Outsourcing agreements with facilities other than hospitals, such as outpatient centres, facilities for diagnostic testing, oncological radiotherapy, dialysis, etc. contribute to enhancing patient care in terms of fairness and accessibility, as evidenced by the fact that the percentage

of activity covered by agreements with the public system ranges from 88% in the case of dialysis centres down to 11% in the case of outpatient clinics (Table 7). There may be significant differences in levels of usage between different autonomous regions.

**Table 7** Outsourced activity as a percentage of total activity at private facilities

Private facility/service	Outsourced activity as % of total
Hospitals	26%
Ambulatory facilities	11%
Clinical analysis laboratories	26%
Diagnostic imaging:	
<i>PET</i>	28%
<i>Other diagnostic imaging</i>	20%
Oncological radiotherapy	52%
Dialysis	88%

Source: Authors, from data in DBK, clínicas privadas 2012; DBK, análisis clínicos 2011; DBK, centros médicos ambulatorios 2010; IDIS, Private healthcare: adding value; PwC, Diez temas candentes de la sanidad española 2012. All figures for 2012, except hospital figures (2011) and ambulatory facilities (2009).

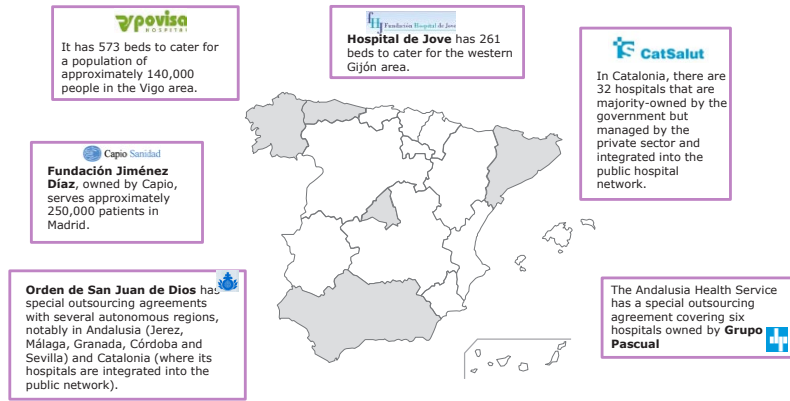




Special outsourcing agreements are those under which one or more private hospitals are integrated into the general plans of the National Healthcare System. The specific features of these agreements include the assignment of a population of users, the establishment of care objectives, or the development of care programmes. These agreements are arranged with a long-term view and allow for flexibility and agility as well as adaptability to change.

Specific outsourcing agreements currently in place include those signed by Fundación Jiménez Díaz in Madrid, Povisa in Vigo, Hospital de Jove in Asturias, Orden de San Juan in a number of autonomous regions, José Manuel Pascual Pascual in Andalusia and some private hospitals in Catalonia which are integrated into the network of public hospitals (Figure 8).

Figure 8 Main special outsourcing agreements



Source: Authors 2013.



## Civil service mutual schemes

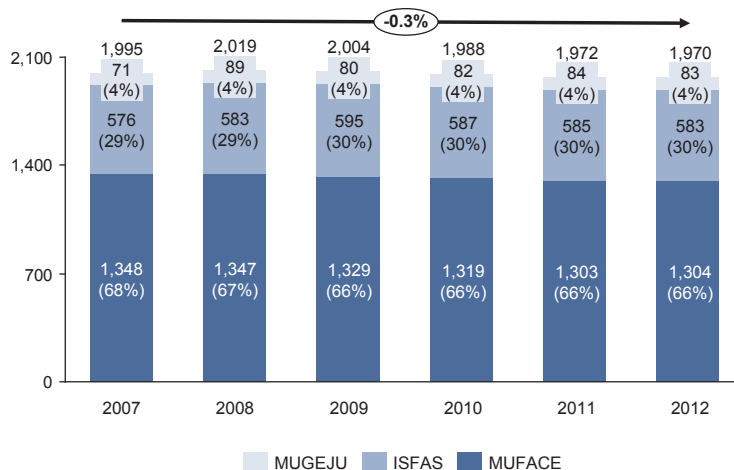
Civil service mutual schemes **enhance the balance between the public and private healthcare** systems, increasing the efficiency of the public system, guaranteeing the range of services available through the National Health System, and reducing the demand burden on the public system.

Under this model, the State regulates, guarantees and funds healthcare services, which are delivered by the National Health System or independent insurers. Once per year, mutual scheme enrollees can elect to receive healthcare from the public system or a private provider; 84.3% of mutual enrollees choose the latter. That percentage reflects user satisfaction with the model, which beneficiaries view as offering significant added value.

### Two million people are covered by the civil service mutual schemes

In absolute terms, approximately **2 million people** are covered by the civil service mutual schemes, the largest of which is MUFACE, which accounts for 66% of mutual scheme enrollees (Chart 30).

Chart 30 Number of mutual scheme enrollees ('000), 2007-2012

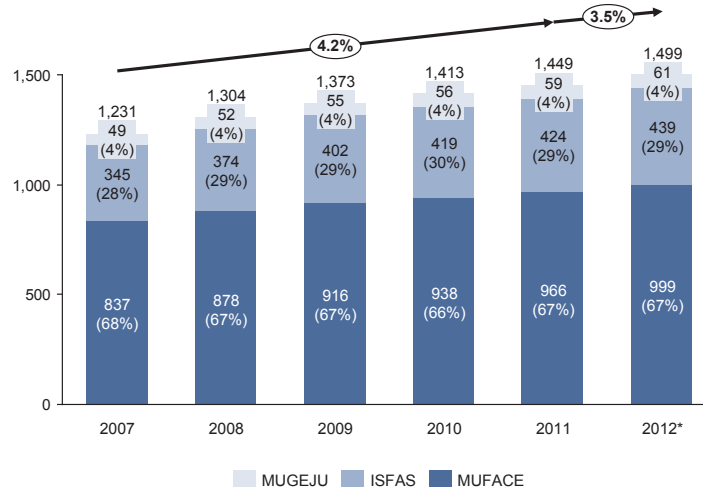


Source: ICEA annual statistical reports on health insurance 2006-2011, and report no. 1.271, November 2012. The 2012 figures are for the period from January to September.

Mutual scheme premiums totalled 1.449 billion euro in 2011, i.e. an annual increase of 4.2% in the period 2007-2011; MUFACE

accounted for 67% of total premiums. In 2012, premiums are estimated to have increased by 3.5% with respect to 2011 (Chart 31).

Chart 31 Civil service mutual scheme premiums (€mn), 2007-2012



Source: ICEA, Informes estadísticos del seguro de salud. 2006-2012.  
\*: estimated from data in ICEA report 1.271, for the third quarter of 2012.

In 2012, civil service mutual schemes signed agreements with seven insurers; SegurCaixa Adeslas and Asisa provide healthcare services to enrollees of all three mutual schemes in Spain (Table 8).

### 7 insurers signed healthcare delivery agreements with civil service mutual schemes in 2012

Table 8 Insurers that have agreements with civil service mutual schemes, 2012

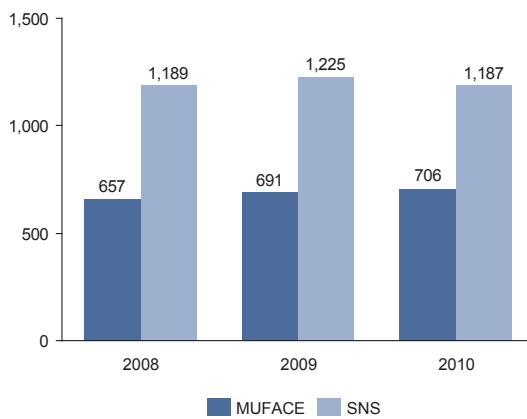
	SegurCaixa Adeslas	Asisa	DKV	Caser	MAPFRE	Igualatorio Cantabria	Igualatorio Cantabria
MUFACE	✓	✓	✓			✓	✓
ISFAS	✓	✓					
MUGEJU	✓	✓	✓	✓	✓		✓

Source: Official State Gazette.

Under this model, insurance companies provide healthcare services under the same conditions as the public system, except in the case of medication. Insurance companies bear 100% of enrollees' healthcare costs under this plan, except for transplants. Enrollees in mutual insurance schemes who elect to use private services must use them exclusively, since any use they may of the public system will be on a fee-paying basis (except in the case of emergencies).

Civil service mutual schemes **enhance the efficiency of public healthcare services**, as the per capita cost of the population covered is substantially lower than in the public system. The average MUFACE premium in 2010 was 706 euro per enrollee, while public health expenditure per capita was 1,187 euro (not including pharmaceuticals and the expenditure by mutual schemes), representing savings of 481 euro for the central government (Chart 32).

Chart 32 Spending comparison: National Health Service and MUFACE mutual insurance company, 2008-2010



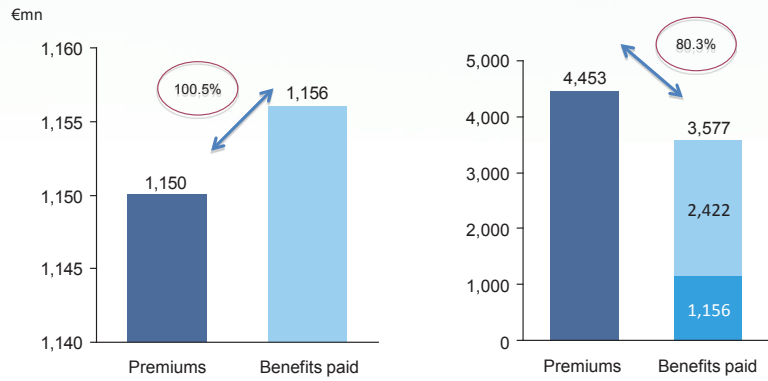
Source: Ministry of Health, Social Services and Equality; ICEA, informes estadísticos del seguro de salud, 2002, 2008, 2009 and 2010.

The civil service mutual schemes registered a claims rate of 100.5% in 2012 (January-September), i.e. much higher than the insurance sector average (80.3% in the same period).

Claims paid to enrollees in civil service mutual schemes amounted to 1.156 billion euro, compared with a total premium volume of 1.150 billion euro (Chart 33).



Chart 33 Claims under the mutual health insurance schemes and healthcare insurance (€mn), 2012 (30/09)



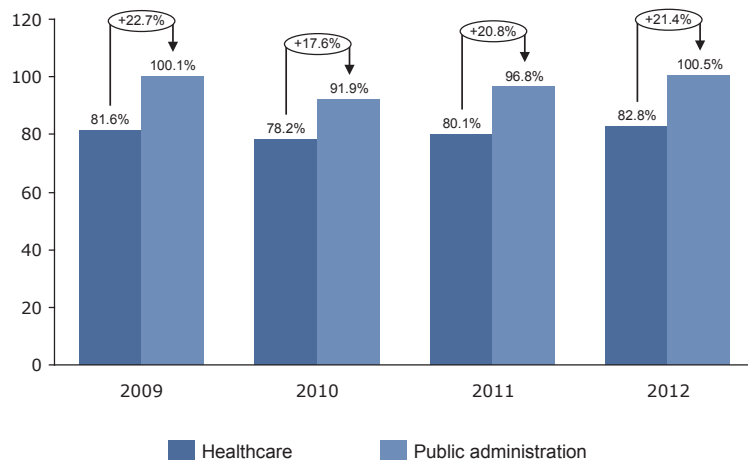
Source: ICEA, Report. no. 1.271, November 2012.

The civil service mutual schemes' **claims ratio** oscillated between 91.9% in 2010 and 100.5% in September 2012. A comparison of mutual scheme claims with the insurance sector average for 2009-2012 reveals a difference averaging around 20%, peaking in 2009 at 22.7%. Although the gap declined in 2010, it increased in the years that followed (Chart 34).

### The mutual health insurance scheme claims rate was 100.5% in 2012



Chart 34 Claims under mutual health insurance schemes and healthcare insurance, 2009-2012



Source: IDIS, 2013, based on data from ICEA reports: no. 1.151, April 2010; no. 1.192, March 2011; no. 1.236, April 2012 and no. 1.271, November 2012.  
 \*2012: figures are for the period from January to September 2012.

Civil service mutual schemes **are an efficient model that benefits all parties**: the central government pays a lower price per enrollee person and costs are fixed, the public healthcare system experiences a reduction in the care burden and receives support from private resources, and enrollees have the choice to use the public or private system.

If the National Healthcare System had to provide coverage for all enrollees the three mutual health insurance schemes, public healthcare spending would rise and the increase in demand would lengthen waiting lists.



## Concessions that include management of healthcare services

The approach of granting concessions that include management of healthcare services responds to the central government's financial difficulties in that it allows the State to spread the costs of building healthcare infrastructure over the long term without increasing public debt.

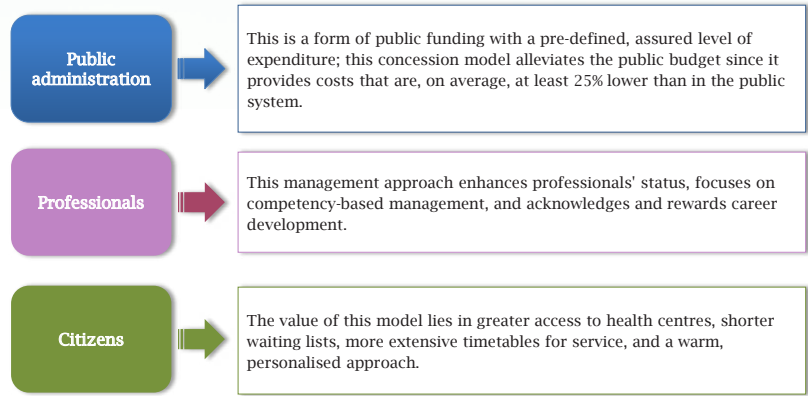
The model also transfers the risks associated with infrastructure construction and commissioning to the private partner, and ensures that service quality is maintained, since revenues are tied to quality and compliance with standards set out in the concession contract.

This model reduces costs for the central government because it saves money on the construction of hospitals, and because costs per patient are fixed (not variable), providing greater control of spending. It also provides benefits for the administration, professionals and citizens (Figure 9).

## Concession models which include management of healthcare services have increased in Spain in recent years



Figure 9 Benefits of concessions that include healthcare management



Source: IDIS 2013.

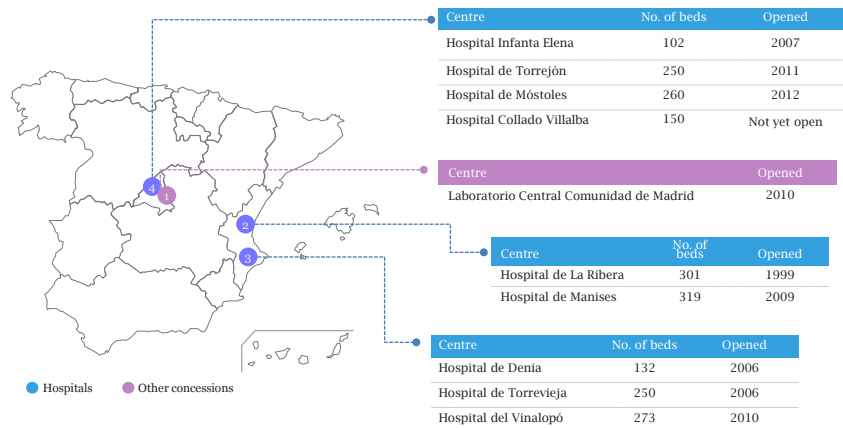
The concession approach achieves greater savings in contracts that include infrastructure and clinical and non-clinical services than in those with just infrastructure and non-clinical services.

Geographically, most concessions that include management of healthcare services are in Valencia and Madrid (Figure 10). There are currently eight hospitals in Spain operating under this concession model, and another hospital is slated to open in the near future, in Collado Villalba (Madrid). Other regions are studying the suitability

of implementing this model in some of their public hospitals, such as Castilla-La Mancha (at the Tomelloso, Manzanares, Villarrobledo and Almansa hospitals), and Madrid (at the Infanta Leonor, Infanta Sofía, Infanta Cristina, Henares, Sureste and Tajo hospitals).

This concession model is not limited exclusively to hospitals, but extends to all types of health centres, such as the Madrid region's Central Laboratory, which entered into operation in 2010.

Figure 10 Administrative concessions that include healthcare



Source: IDIS 2013

Although technology has traditionally been excluded from public-private partnerships (PPP), it is believed that it will be a central element in future PPPs.

Under new partnership formats, manufacturers become "technology partners" on a shared risk basis. These new strategies to equip hospitals allow:

- Existing equipment to be updated.
- Equipment to be installed efficiently and, if necessary, gradually over time.
- The inclusion of availability indicators, depending on the needs of each machine (response time in the case of incidents, repair service, alternative machines, etc.)
- Identification of solutions for specific problems through dialogue with suppliers.
- At times, training for professionals or the direct provision of staff.

The main advantages include the lower monetary impact in the project's initial phases (despite the high level of complexity during the initial bidding phase and dialogue); the fact that no new contracts are generated during the equipment's lifetime; the quality of goods and services provided is incentivised; innovation and the efficient use of public funds are encouraged; and the combination of skills and experience on the part of both the public and private sectors, including the supplier as a long-term technology partner.

Below is a selection of recent examples of PPP in technology, diagnostic services and treatment in several Spanish regions (Table 9).

### Valencia and Madrid are home to the largest number of administrative concessions which include healthcare

**Table 9** Public-private partnerships in technology

Autonomous region	Contract covers	Hospital(s)	Contractor	Amount	Duration	Year
Murcia	Supply, upgrading and maintenance of clinical equipment	Cartagena and Mar Menor	Siemens	132 million euro	15 years	2010 (award)
Balearic Islands	Competitive dialogue for acquisition of respiratory care equipment	Son Espases	GE Healthcare	Amount 3.8 million euro (incl. VAT)	7 years	2010 (award)
Balearic Islands	Acquisition of high-tech equipment for diagnostic imaging and treatment	Son Espases	GE Healthcare	Amount 26.2 million euro (not incl. VAT)	7 years	2010 (award)

Source: IDIS 2013

## 2.5. Private healthcare provides highly-complex services using the latest technology

The private healthcare sector is an important **driver of innovation** in technology, with advanced medical equipment and highly-complex technology which enable it to provide excellent medical care and perform almost any procedure that patients may need.

Historically, the private healthcare sector has pioneered the introduction of most technological innovations in medicine, such as CAT scans, MRIs, robotic surgery, and radiation therapy, among others.

Cutting-edge equipment enables private healthcare to use resources—both financial and human—more efficiently, and enhances its capacity to manage demand for medical attention.

This equipment reduces healthcare costs despite the large initial outlay.

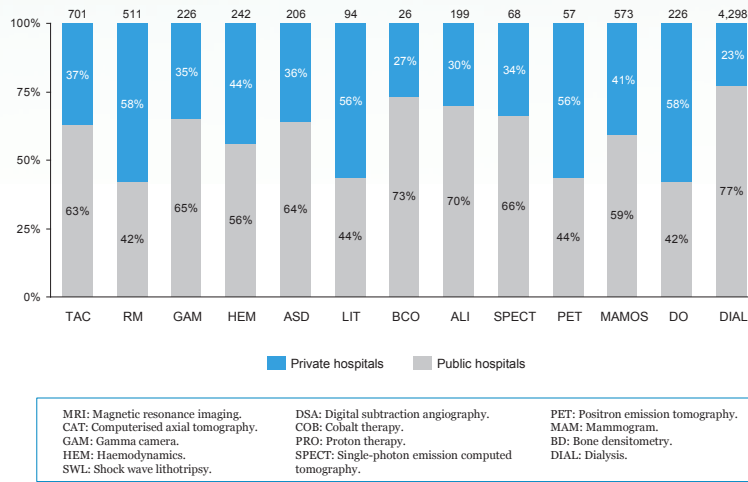
The acquisition of cutting-edge equipment and technology is key for the private healthcare sector, since it must compete with the public universal healthcare system and other private healthcare operators. In recent years, the use of innovative technology has enabled private healthcare to reduce testing times while greatly improving diagnostic imaging quality.

The private healthcare sector in Spain is firmly committed to investing in high-tech equipment, and owns 58% of MRI machines, 56% of PET machines and 37% of CAT scan machines (Chart 35).

**The private hospital sector has 58% of MRI machines, 56% of PET machines and 37% of CAT scan machines**



Chart 35 High-tech equipment at hospitals, 2011



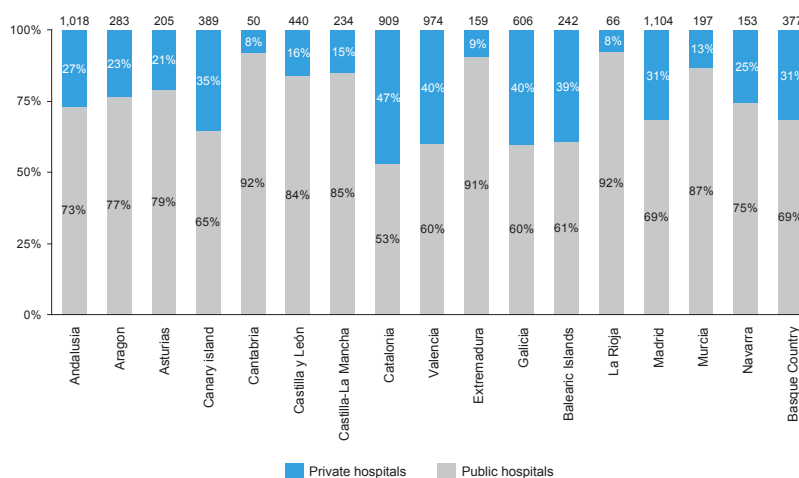
Source: Ministry of Health, Social Services and Equality, National Catalogue of Hospitals 2012.

Madrid, Andalusia, Valencia and Catalonia are the regions with the greatest amount of high-tech equipment. Catalonia, Valencia, Galicia and the Balearic Islands have the greatest percentage of high-tech equipment at private hospitals compared with public ones (47%, 40%, 40% and 39%, respectively).

### Catalonia, the Balearic Islands and the Canary Islands have the highest percentage of high-tech equipment at their private hospitals

In contrast, just 8% of high-tech equipment in Cantabria and La Rioja is located in private hospitals (Chart 36).

Chart 36 Cutting-edge equipment in hospitals, by region, 2011



Source: Ministry of Health, Social Services and Equality, National Catalogue of Hospitals 2012.  
 \*: includes CT, MRI, gamma camera, hemodynamics, shock wave lithotripsy, digital subtraction angiography, cobalt therapy, proton therapy, SPECT, PET, mammographs, bone densitometers and haemodialysis equipment.

## 2.6 Private healthcare pursues continuous improvement in care quality

The implementation of quality assurance policies in health centres is one of the most important trends in the last two decades, and one that requires greater efforts by health organisations.

The private sector demonstrates improvements and quality of its centres through a range of quality certifications.

One of the most common approaches adopted by private healthcare centres to accredit quality service for patients is **ISO certification**, distinguishing between ISO 9001 (quality) and ISO 14001 (environmental).

Certification enables healthcare facilities to enhance their organisation, implement an effective quality management system, reduce complaints and incidents, and increase productivity and commitment to clients/patients.

Private healthcare centres also use the **EFQM Excellence Model**, which is compatible with other standards, such as ISO. Systematic and periodic application of the EFQM model enables management to establish plans for improvement based on objective facts and to attain a shared view of the goals to be achieved and the tools to be used.

**ISO certification and the EFQM excellence model are the most widely implemented quality certificates in private centres**

Health centres also ensure quality through a **Joint Commission** accreditation from the Avedis Donabedian Foundation in Spain.

Benefits of this accreditation include improving public confidence in the organisation's concern for patient safety and care quality; providing a safe, efficient work environment that is positive for workers; creating an open culture of learning; and establishing collaborative leadership that sets priorities and ensures quality, safe services for patients at all levels.





Many organisations also implement an occupational health and safety (OHSAS) system as part of their risk management systems with a view to adapting to changes in legislation and to protecting the workforce. This type of system creates safe and healthy workplaces by offering a framework that enables the organisation to identify and control its health and safety risks, reduce the scope for accidents, ensure compliance with legislation and improve overall performance. **OHSAS 18001** is an internationally-recognised specification for occupational health and safety management system. It was conceived by a group of leading international standards and certification bodies to cover areas lacking in an international standard that is certifiable by independent third parties. This certification is compatible with ISO 9001 and ISO 14001 so as to help organisations comply effectively with their health and safety obligations.

Private hospitals may also have quality seals from the various Spanish regions which guarantee their quality, e.g. the **Madrid Excelente** seal.

There is also the **TOP 20 Hospitals** programme of hospital assessment run by IASIST, which is based on objective indicators obtained from routinely logged data. It offers the health sector a useful benchmark to improve results, based on quality, operational and efficiency indicators.

Apart from hospitals, many other private healthcare facilities have quality certificates. Some of the **main clinical analysis laboratories** are certified to the ISO 9001:2008, ISO 14001 and OHSAS 18001:1999 standards and have a certificate of compliance with Good Laboratory Practice Standards (GLPS).

**Diagnostic imaging** companies in Spain are also certified to quality standards such as ISO and the EFQM Excellence Model.

**Insurance companies** also carry a large number of certifications and accreditations, including ISO 9001/2000 Quality Management Systems, ISO 14001 Environmental Management System, OHSAS 18001 Health and Safety Management Systems, the Ethical and Solidarity-Based Insurance Seal (EthSI), 27001 Information Security Certification, and the European Seal of e-Excellence.



## 2.7. Private healthcare creates jobs and contributes to training of healthcare professionals

The private healthcare sector is a source of job creation in Spain, employing more than **234,000 professionals<sup>7</sup>** in skilled positions in all areas of the sector.

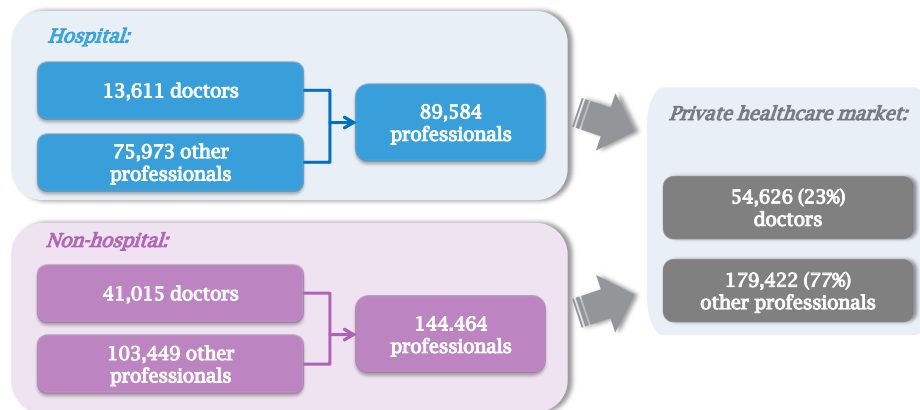
The private healthcare sector employs approximately 55,000 doctors, i.e. 23% of the total number of doctors in the public sector.

Of the 234,049 professionals in the private healthcare sector, 62% (144,464) work in outpatient care and 38% (89,584) in inpatient facilities (Figure 11).

**There are more than 234,000 professionals working in the private healthcare sector**

**The private healthcare sector employs approximately 55,000 doctors**

Figure 11 Private healthcare professionals, 2011



Source: IDIS 2013, based on data from the Ministry of Health, Social Services and Equality statistics of inpatient hospitals and primary care facilities, and the Spanish National Statistics Institute.

<sup>7</sup> Calculations based on data from the Ministry of Health, Social Services and Equality statistics of inpatient hospitals and primary care facilities, and the Spanish National Statistics Institute.

Catalonia, Madrid, Andalusia and Valencia concentrate the greatest number of

doctors and other healthcare professionals (Table 10).

Table 10 Private healthcare professionals, 2011

Autonomous region	Hospital		Hospital		non-hospital	
	Doctors	Other professionals	Doctors	Other professionals	Doctors	Other professionals
Andalusia	7.625	24.952	1.823	9.196	5.803	15.756
Aragon	1.911	4.760	454	1.987	1.457	2.773
Asturias	1.202	3.713	285	1.337	916	2.376
Balearic Islands	1.315	4.584	376	2.419	939	2.166
Canary Islands	2.519	7.417	853	3.373	1.666	4.044
Cantabria	719	2.038	155	882	563	1.157
Castilla y León	3.011	9.063	584	3.354	2.427	5.709
Castilla-La Mancha	1.891	6.061	319	1.958	1.571	4.103
Catalonia	9.346	36.595	2.502	18.420	6.844	18.175
Valencia	5.395	15.802	1.317	6.029	4.078	9.773
Extremadura	1.115	3.670	185	1.125	930	2.545
Galicia	3.024	9.938	700	3.505	2.323	6.434
Madrid	9.550	29.663	2.441	12.285	7.109	17.378
Murcia	1.478	5.656	315	2.078	1.163	3.578
Navarra	1.150	4.725	468	2.889	682	1.836
Basque Country	2.978	8.931	764	4.296	2.214	4.634
Rioja, La	332	1.049	61	270	271	778
Autonomous cities	66	805	9	571	57	234
<b>Total</b>	<b>54.626</b>	<b>179.422</b>	<b>13.611</b>	<b>75.973</b>	<b>41.015</b>	<b>103.449</b>
			<b>89.584 professionals hospital</b>		<b>144.464 professionals non-hospital</b>	

Source: IDIS 2013, based on data from the Ministry of Health, Social Services and Equality statistics of inpatient hospitals and primary care facilities, and the Spanish National Statistics Institute.

The private healthcare system serves as a **counterbalance to the public system** in that it provides doctors with the possibility of engaging in alternative, supplementary practices.

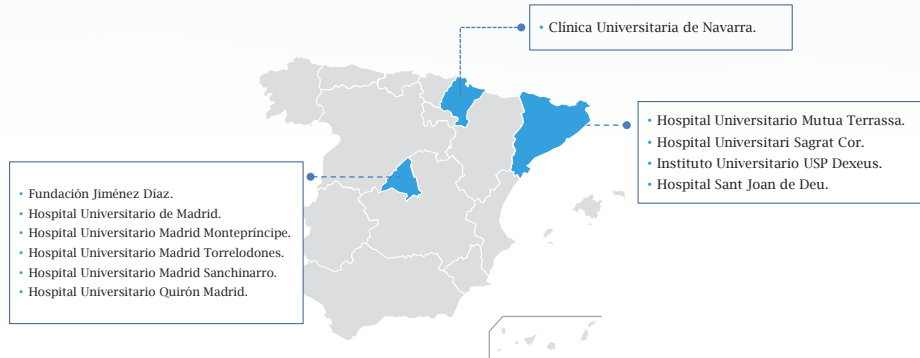
The private healthcare sector also offers training to its medical professionals with a view to ensuring healthcare that is focused on excellence.

To support undergraduate training, the private healthcare sector has **11 university hospitals** in Madrid, Catalonia and Navarra. The Hospital de Madrid Group is the leading provider of this type of training, since it has 4 hospitals accredited to provide university-level teaching (Chart 37).

**The majority of private sector healthcare professionals are located in Catalonia, Madrid, Andalusia and Valencia.**

**There are 11 private university hospitals**

Figure 12 Geographic distribution of private university hospitals, 2013

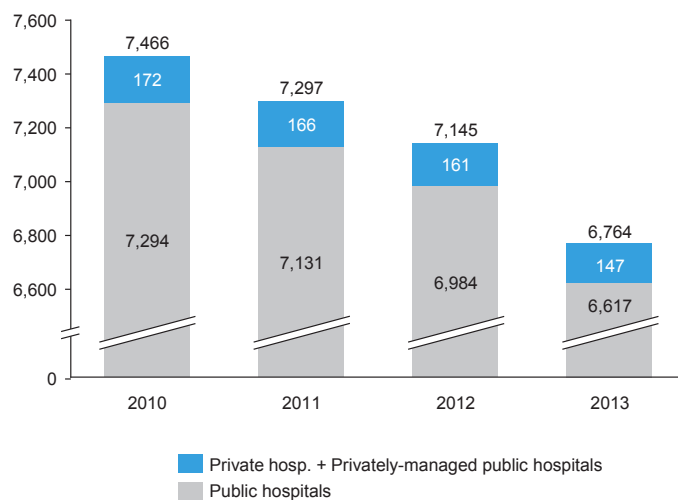


Source: IDIS 2013.

The Ministry of Health, Social Services and Equality offered a total of **147 residencies in private healthcare facilities** in 2013 (including places at privately-managed public hospitals) for doctors, pharmacists, and graduates in psychology, chemistry, biology and physics (Chart 38). Despite the reduction in training places since 2010, the distribution of places between public and private centres has remained constant in recent years.

### The private healthcare sector offers 147 specialised healthcare training places

Chart 37 Distribution of specialised healthcare training places under the residency system, 2010-2013

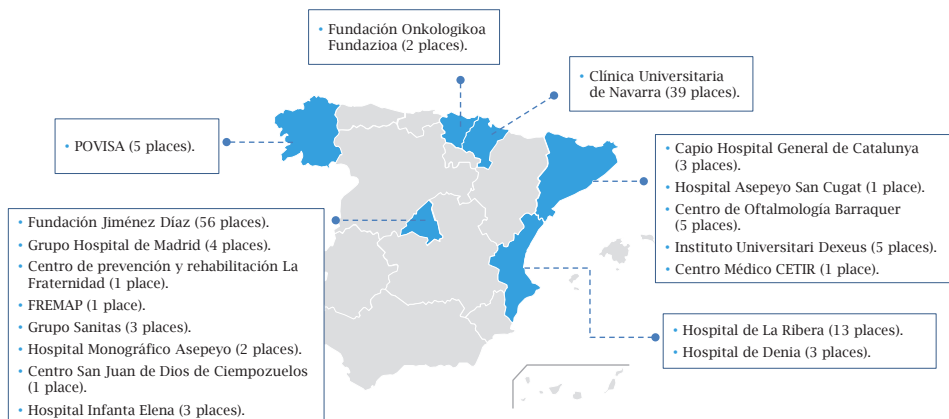


Source: IDIS, based on data from the Ministry of Health, Social Services and Equality statistics of inpatient hospitals and primary care facilities, and the Spanish National Statistics Institute.

Private and public centres under private management offer specialised training places through the residency system in 6 regions of Spain, mainly in Madrid, Navarra

and Catalonia. Fundación Jiménez Díaz and Clínica Universitaria de Navarra have the greatest number of training places: 56 and 39, respectively (Figure 12).

**Figure 13** Geographic distribution of specialised healthcare training residencies in private centres, 2013



Source: Official State Gazette (BOE), Order SSI/1998/2012, 18 September 2012.

The following specialities represent the largest number of training places at private centres: **orthopaedic surgery**

**and traumatology, anaesthesiology and resuscitation, and internal medicine** (Table 11).

**Table 11** Specialised healthcare training places in private centres, 2013

Speciality	capacity
Orthopaedic surgery and traumatology	13
Obstetrics and gynaecology	12
Ophthalmology	12
Paediatrics and other specific areas	10
Anaesthesiology	10
Oncological radiotherapy	8
Internal medicine	5
Radiology	5
Psychiatry	5
Medical oncology	4
Neurology	4
Nuclear medicine	4
Hospital pharmacology	4
General and digestive surgery	4
Cardiology	2
Other specialities	45
<b>Total</b>	<b>147</b>

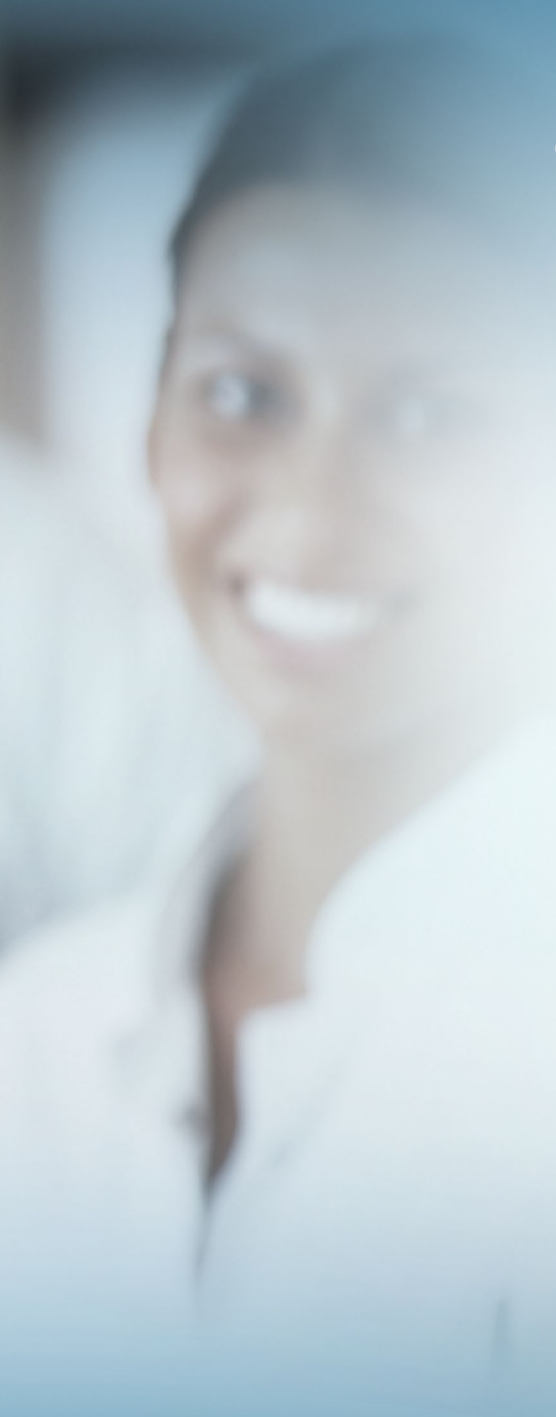
: Official State Gazette (BOE), Order SSI/1998/2012, 18 September 2012.





**3.**

# **IDIS in the Spanish healthcare sector**





Instituto para el Desarrollo e Integración de la Sanidad (IDIS) currently represents a sizeable proportion of the private healthcare industry in Spain; its members include:

➤ **127 hospitals**, i.e. **41%** of the private hospital sector, in terms of the number of facilities and beds\*.

➤ **11 insurance companies**, representing approximately **79%** of total premiums.

➤ Other fundamental actors in the health sector.



\* does not include long-stay hospitals, nursing homes or leprosy/dermatological, psychiatric, traumatological/rehabilitation, ophthalmological/ENT facilities.

The 81 members of IDIS as of March 2013 are as follows:

### IDIS members

- ACES
- ADESLAS SegurCaixa
- ASISA
- AXA
- Capio Sanidad
- CASER
- DKV
- ERESA
- Gehosur Hospitales
- Grupo Hospitalario Quirón
- Grupo Innova Ocular
- Grupo Hospitalario Recoletas
- Hospital de Madrid
- Hospitales Nisa
- Hospiten
- IMQ
- MAPFRE
- Red Asistencial Juaneda
- Sanitas
- Unilabs
- Vithas

### Honorary members

- Consejo General de Colegios de Enfermería
- Consejo General de Colegios Oficiales de Farmacéuticos
- Facme
- Farmaindustria
- Fenin
- Foro español de pacientes
- Organización Médica Colegial

### Sponsors

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- GE Healthcare
- Johnson & Johnson Medical Companies
- Medtronic
- Philips
- Otsuka
- Sanofi Pasteur MSD
- Siemens
- Zeltia

### IDIS collaborators

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- A.M.A.
- Almirall
- Amgen
- Bayer
- BD (Becton, Dickinson and Company)
- Carbueros Medica
- Covidien
- Dräger
- Elekta
- Esteve
- Everis
- Grupo Cofares
- Hartmann
- Intersystems
- Kantar Health
- Mindray
- Novartis
- Palex
- Pfizer
- Sanofi
- Willis Iberia

### IDIS associates

- Abacid
- Asefa
- Best Doctors
- Centro Médico Tecknon
- Cerba Internacional
- Clínica La Luz
- Clínica Rotger
- Clínica San Francisco
- Clínica San Roque
- Clínica Santa Elena
- Contratas Ambulancias y Emergencias
- Ginefiv
- Grupo Hospitalario Modelo
- Grupo IMO
- Grupo Previsión Sanitaria Nacional
- HealthTime
- Hospital Perpetuo Socorro
- Hospital San Francisco de Asís
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