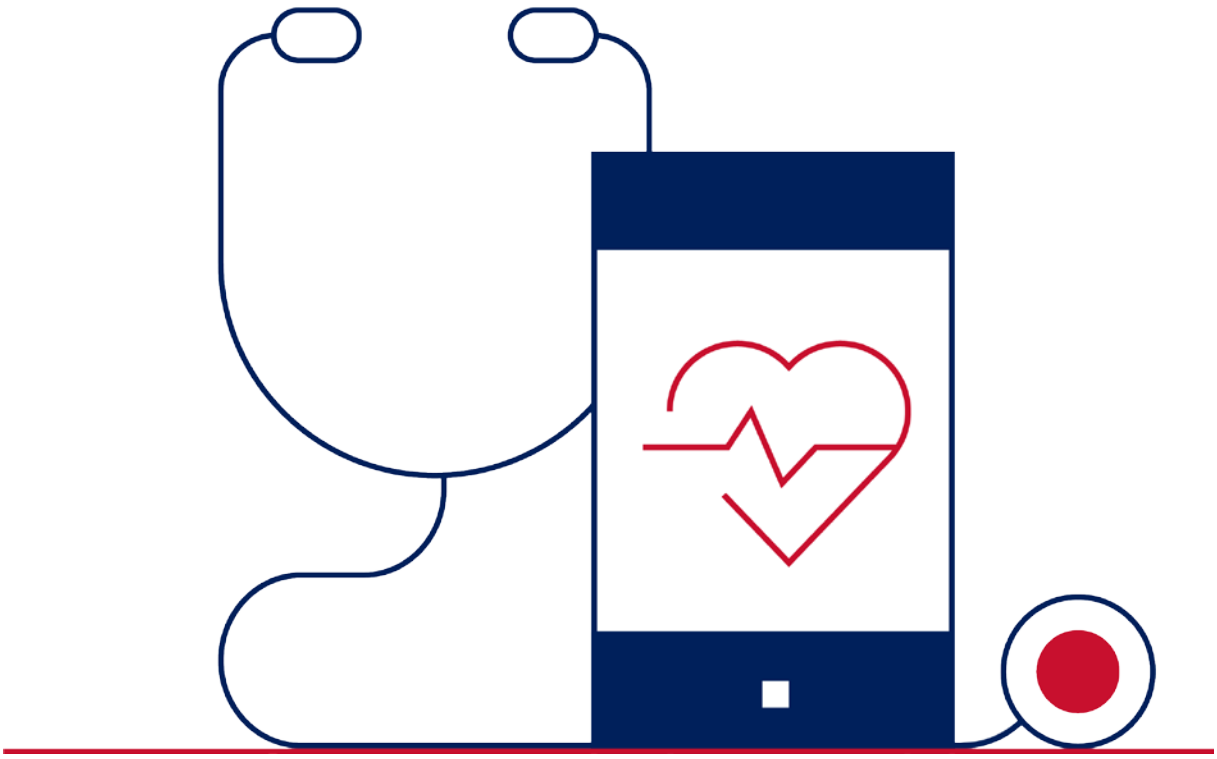
Multistation Health Project

Market Research

Germany – United Kingdom – France – Spain – Denmark – Italy

April 2020



Executive Summary

This report has been completed by six of Innovation Norway`s European offices which represent the biggest European health markets and cover approx. 75% of the European population. The insights gained from this report can therefore be considered as representative for needs and opportunities within the health sector in the EU. The aim of this report was to increase knowledge and build further competence in the health sector since *Health and Welfare* is one of the fields where Norwegian companies have competitive advantages and could be a match for needs in the EU.

The team has investigated how the health systems in the respective markets are set-up and what the procurement system for both primary and specialist care look like. Since the MedTech industry is new but on the rise in Norway, we gathered European intelligence on it to report "home". Digital solutions are a very interesting and future-oriented subsector of the MedTech industry, especially those targeting the ageing population in the homecare segment. The ageing population is - seen from a societal point of view - a challenge that all European countries face. Consequently, solutions are needed that enable persons to live at home and be cared for there as long as possible. The contributors researched political frameworks, the status quo, if and which market potential is given. The market research has been conducted in cooperation with Norway Health Tech cluster and the Norwegian Smart Care Cluster. Our findings will be used to share knowledge with and assist willing, able and ready Norwegian in their journey towards internationalization of their products/ services. Detailed conclusions for each market can be found in the respective market chapter. For an easy and quick first orientation, we have marked countries and segments in traffic-light style.

Green: Promising opportunities to work with a market
Yellow: Some opportunities for a cooperation with a market
Red: Less optimal market for cooperation

Country	MedTech	Digital Solutions	Homecare
Germany	###	###	###
United Kingdom	###	###	###
Denmark	###	###	###
France	###	###	###
Spain	###	###	###
Italy	###	###	###

1. GERMANY

Conclusion

Germany spends more per person on health than other EU countries, providing a broad benefit basket, high level of service provision and good access to care. However, the system is fragmented among numerous payers and providers, leading to inefficiencies and diminished quality of care in certain care settings, and often reflected in average health outcomes. Recent legislation has emphasised long-term care, the supply and skills of care staff and improving the availability of services, especially in rural areas.

The demographic development in Germany, the medical-technical progress and the growing health awareness among the population lead to an additional demand for conventional professional services in the areas of health, care and support, but also for products and services of the second health market. The healthcare industry now and in the future offers a wide range of opportunities for growth and employment as well as for innovations.

The healthcare industry is a high-tech industry and therefore plays an important role in technical progress. No other branch of industry worldwide, apart from the data processing and electronics industry, invests as much in R&D as the healthcare sector. This applies in particular to the areas of biotechnology, medical technology and telemedicine. According to the European Patent Office in Munich, medical technology tops the list of registered inventions in 2018 with just under 13,800 patents and recorded an increase of 5 percent over the previous year. With combined growth of 13% in the pharmaceuticals and biotechnology sectors, the life sciences sector grew the most within the Top10 group of technical areas. Germany ranks second among the most active countries with over 26,700 European patent applications.

Business opportunities

Homecare-sector

People in need of care (as defined in the long-term care acts) in Germany have increased to 3.4 mio. Care recipients in 2017. 76% of these are taken care of at home while 24% are staying at nursing homes. About 1.5 mio people in Germany are suffering from dementia and numbers are growing. Thus, Dementia plays an increasingly important role in the German health system and thus different initiatives have been launched, such as the Federal Ministry of Health “Alliance for people with dementia”. Solutions that could ease homecare for persons having dementia could be a fit to current German health market.

MedTech-sector

Leading German MedTech companies could be a barrier to enter the German health market as they are often market-leaders in their field. An exchange with the German clusters for Norwegian companies operating in these fields to increase knowledge and competence and to get in contact with potential international cooperation partners could be fruitful.

Digital health solutions

There may be good market opportunities in Germany for providers of digital health solutions and apps in the near future. Only at the end of 2019 did the Digital Healthcare Act (DVG) pave the way for more intensive use and easier approval of health apps.

The protection of their data is extremely important to the Germans, it can be assumed that Scandinavian systems in this regard more trust is placed than, for example, apps from the USA or China.

Even though there are of course numerous developers in the eHealth sector in Germany, many applications are still not tested broadly for long periods of time. This might be a competitive advantage for Norwegian companies.

The demand for digital solutions in the health sector will increase significantly in Germany in the coming years and will certainly get a boost from the new law.

Due to its market size of more than 80 million inhabitants even small specialized niches mean a large target group in Germany, especially in comparison to the Norwegian market conditions and its opportunities to trade nationally.

It is useful to keep an eye on published public tenders and to apply if a fit is given. A more proactive approach could be to get in contact with privately owned hospitals as those can freely choose their vendors and do not need to tender.

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2. UNITED KINGDOM

Conclusion

In its *NHS Long Term Plan* published in January 2019, NHS England describes its strategy over the next 10 years to move care out of the hospitals by strengthening the role of primary and community care in providing responsive, person-centred care and to make care digitally-enabled across the NHS. As a result, the NHS has been experiencing and is still experiencing major changes in the commissioning and delivery of its health and care services. However, funding has not been able to match the NHS ambitions so far and despite multiple and on-going policy commitments to shift care away from acute hospitals and into community settings, hospital activity has increased in England. Delayed transfers of care are rapidly rising due to high pressure in the social care sector and increase in waiting times has led to an increase in private self-pay healthcare. In addition, moving care from hospitals to the community has also been placing further pressure on an already constrained and stressed primary care workforce. If the NHS is to remain sustainable and affordable, innovation is the only way to go. Digital transformation of healthcare is however still lagging well behind where it needs to be in order to deliver the ambition of the Long Term Plan.

Challenges for Norwegian companies

- Decision-making processes in health and social care in England can be complex and involve a large number of people, with different organisations responsible for different aspects of policy setting and delivery, making the process slow and difficult to understand. Moreover, the NHS is a large and competitive organisation and procurement can be very challenging with many barriers to access affecting the whole healthtech sector
- Brexit can become a challenge due to the UK medical technology industry's complex ties with the rest of Europe.

Opportunities for Norwegian companies

- New solutions to improve prevention, treatment, care and reduce costs represent one of the few ways that the NHS can sustainably relieve the demographic and financial pressures it faces. Without major reform, the NHS may see a £30 billion funding gap open up over the next three years alone.
- The NHS is the biggest public health system in the world (treating 1 million patients a day) which represents major market opportunities and provides attractive patient databases for clinical trials and investigations.

- Although the private segment is smaller, opportunities exist for companies to supply private hospital, residential, and nursing facilities. Due to a lack of funding from local authorities and a shortage of care workers, independent care providers are increasingly looking for innovative technology to release the pressure from the workforce and increase efficiency. In addition, the home care monitoring approach in the UK is currently still highly reactive (fall detections, alarms, etc) and there is a need for innovative digital technology to increase prevention levels and reduce hospital readmissions and condition deterioration/complications.

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3. FRANCE

Conclusion

Life expectancy in France remains one of the highest in the EU, but progress has slowed in recent years and there remain large disparities by socioeconomic status. As in other EU countries, many years of life after age 65 are spent with some chronic diseases and disabilities.

Public health and prevention policies have traditionally been neglected in France. As part of the National Health Strategy 2018-22, the government has allocated EUR 400 million over five years to support prevention programmes across all ages. Some policies have already had a positive impact in reducing important risk factors: smoking rates and alcohol consumption have fallen over the past decade yet remain above the EU average. To improve nutrition and reduce obesity, a 'nutriscore' food label was developed in 2017 to help people make healthier choices.

In response to falling vaccination rates among children, the government made a further eight vaccinations mandatory in 2018 (for a total of 11 mandatory vaccinations). Public awareness campaigns were also launched to restore public trust in the benefits of vaccination. Preliminary evidence suggests that these measures have successfully led to an increase in childhood vaccination rates.

In 2017, France spent more than 11 % of its GDP on health, the highest share among EU countries along with Germany. On a per capita basis, health spending in France was the sixth highest in the EU. Public insurance schemes funded 78 % of all health spending, while private compulsory insurance covered another 5 %. Unmet needs for medical care are generally low, but they are higher for services less covered by public insurance, such as optical and hearing aids and dental care.

There are concerns about growing shortages of doctors, as 45 % of all doctors are aged 55 and over. In response, the number of students admitted to medical schools has been increased and will be increased further by 20 % by 2020. The government also plans to abolish the rigid numerus clausus policy and exam determining entry into medical education and to give more flexibility to universities in the student admission process.

Medically underserved areas ('medical deserts') are a concern in France. Up to 8 % of the population live in areas where access to doctors is potentially limited, mainly in rural and deprived areas. A series of measures has been taken over the past decade to promote the recruitment and retention of doctors in underserved areas, including financial incentives for doctors to set up their practice in these areas and the creation of multidisciplinary medical homes, which the government wants to double between 2017 and 2022.

Recent measures have also been taken to expand the roles of some health professionals, with the aim to improve access to care. Nurses and pharmacists are now allowed to administer flu vaccinations to older people and other at-risk groups, nurses can play a greater role in the management of chronic diseases such as diabetes, and a new medical assistant role to reduce general practitioners' administrative workload has been introduced.

Since 2016, the government has been providing support to expand inter-professional networks, which aim to strengthen coordination between primary care providers and specialists and to improve care for the growing number of people living with chronic conditions. The goal is to multiply by five the number of these local networks by 2022.

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4. SPAIN

Conclusion

Spain is a market offering opportunities in different segments as seen earlier. There is an important obsolescence in certain equipment. The number of elder people is increasing, and therefore, there is an increasing need of technologies for this segment of population.

But it is also a difficult market due mainly to cultural differences, and language. We therefore advise to those companies interested in approaching the Spanish market to search for a local partner. A partner well established, with a wide network of relevant contacts, both in the public and in the private sectors, and that is continuously updated on the projects, and opportunities in the market. It is important to have in mind that most tenders are in Spanish and the period to prepare and present the proposal are usually very short.

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5. DENMARK

Conclusion

- The biggest customer segment in Denmark is the public sector financed by general taxes. Municipalities for primary care and regions for specialist care
- Hospitals are becoming more specialized and more responsibilities are put on the municipalities
- Patient empowerment, quality and efficiency/optimizing are some of the main needs
- Primary care purchasing is very decentralized with many purchasing where only three providers are invited while Specialist care purchasing is more centralized with more EU tenders
- Denmark has got a broad and expanding MedTech industry with a lot of focus on export
- Denmark has got the ambitions of being a front runner for digitalization within healthcare

The biggest customer segment in Denmark is the public sector financed by general taxes. Denmark has got a universal healthcare service where most services are for free, financed by general taxes. 16 % is financed by patient co-payments, 33 % of the population having supplementary private insurance covering costs not covered by public financing. The regions are responsible for hospitals, psychiatric care and general practitioners and the municipalities are responsible for elderly care, preventive care and rehabilitation outside the hospital. The private sector is small (3 % for private and 16 % for non-profit nursing homes, 15 % for rehabilitation, 5 % of hospital beds) but is slowly growing. Most private actors in the primary care sector are small with a handful of bigger companies, and there are some bigger private hospitals.

The overall strategy for Denmark is to have fewer more centralized and specialized hospitals, with fewer beds and shorter hospital stays, while the municipalities have more responsibility for preventive and after care. Adding the general trends with a larger number of elderly people and people with chronical diseases, put the municipalities under large pressure of finding new solutions. In addition, Denmark has an ambition Digital Health Strategy.

The primary care sector is looking for solutions that support self-management and empowerment of citizens and solutions improving efficiency, including distance care. This includes solutions using sensors, working with health data, AI and digitalization in general. Municipalities evaluate the solutions' effect on the patients and staff, including efficiency, and economical gains. Another important factor is that many municipalities look for solutions ready to be implemented with documented results and an implementation strategy, something that has been a big barrier so far in Denmark.

The hospitals have a need for solutions which modernize, optimize and increase access to quality heath care. This includes MedTech, intelligent logistics, eHealth and supplies.

In the primary sector, purchasing differs from municipality to municipality and can be done by individual institutions, municipalities, municipality cooperations and “Staten og Kommunernes Indkøbsservice”. When purchasing new solutions municipalities often purchase quantities that are below threshold levels for public procurement which means that solution providers need to have a prior relationship with the municipality to be chosen.

Purchases for hospitals is mainly centralized to the regions’ purchasing departments, “Regionernes Fælles Indkøb” is doing cross-regional purchases. Most purchases are done via public tenders.

In addition, several municipalities, regions and hospitals run pilot projects and other forms of public-private cooperation with new solutions.

Denmark has got a large number of clusters and networks for MedTech, but we can see that a consolidation is in progress. Denmark has got several bigger international companies within aid and healthcare supplies while the MedTech companies in large are small but growing. There is a lot of focus on both implementing MedTech solutions in Denmark and on developing a strong MedTech export.

Denmark has a national strategy for Digital Health with the following five focus areas: the patient as an active partner, knowledge on time, prevention, trustworthy and secure data and progress and common building blocks. In conclusion, Denmark is a highly digitalized country, including the elderly, with big potential and drive for digitalization of the healthcare sector.

Business opportunities

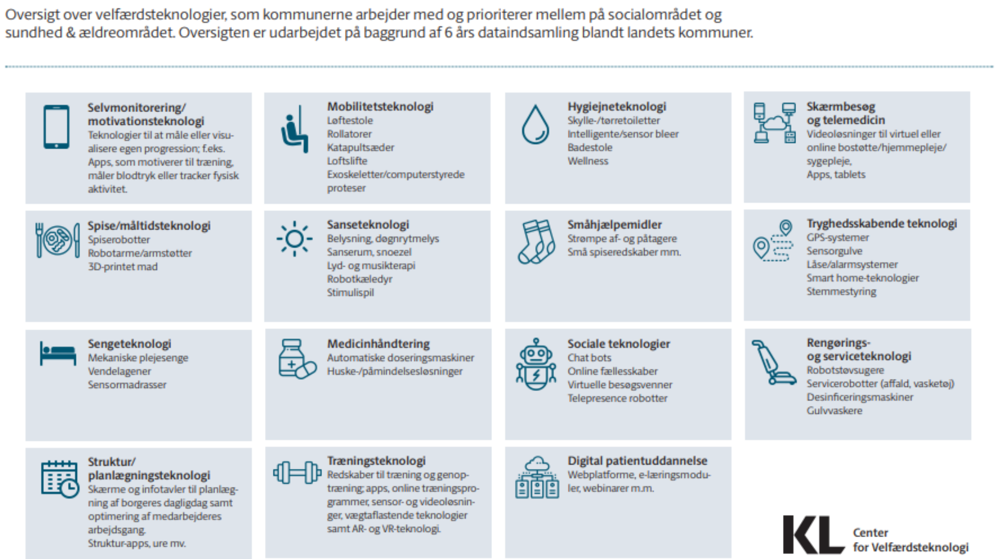
Primary care

Ageing population, lack of care personnel and rising costs increase demand for assisted living technologies and individualization in care in Danish municipalities. Smart solutions to stimulate, enable and facilitate disabled, less abled citizens - Welfare technology and Telemedicine solutions are priority areas. A new digitalization strategy is forecasted to give additional push in applying care technologies. Denmark is a frontrunner in applying and accepting assisted living technologies. Elderly citizens are generally willing to adopt new digital solutions.

These are some of the needs and opportunities within primary care

- Solutions helping citizens to manage their lives independently at home for a longer time
- Solutions empowering citizens to manage their sicknesses at home
- Rehabilitation solutions
- Solutions applying new technologies and innovations for the benefit of improving the efficiency of the care processes (predictive analytics, AI and machine learning, etc.)
- Solutions that are easily scalable and mature enough, with good references
- Solutions connected to dementia
- Solutions stimulating senses and virtual home care
- Sensor technology
- Better use of health data

These are the areas prioritized by the Danish municipalities:



Source: Velfærdsteknologi i kommunerne, Statusrapport 2019, Center for Velfæardsteknologi, KL

Specialist care

Trends in Danish healthcare:

- Reduction in the number of hospital beds (20-30 % reduction)
- Reduction of hospital employees (10-20 % reduction)
- Focus on pre-hospital emergency care
- Focus on intermediate care
- Centralization and specialization
- Fewer hospitals with emergency departments
- Hospitals to be renovated and new ones built (41b DKK to be spent)
- GPs collaborating in larger clinics

Market opportunities:

Denmark is in the process of relocating, merging and specializing 16 hospitals over a 10 year period and approx. 25 % of the national funds for hospital construction is earmarked for purchasing new devices. Opportunities:

- Smart solutions which modernize, optimize and increase access to the provision of quality health care. 16 new hospitals in need of Intelligent logistics and planning systems
- Optimal and intelligent Just-In-Time solutions (increasing productivity). Optimizing logistics such as automated laboratories, better patient flows & sterile goods tracking
- Need for Procurement of medical equipment and supplies. Consumables (bandages, syringes, needles) and other devices (wheelchairs, hospital beds, medical sterilizers)

Opportunities within eHealth:

- Increased need for smart solutions which seamlessly brings care and cure to patients and citizens to increase the efficiency and functionality of care provision
- Opportunities for IT and eHealth companies with experience in systems integration, interoperability and standardization.

Other opportunity areas are solutions dealing with dementia, diabetes, cancer, personalized medicine, mental health and integrated care.

Ingeniørforeningen has mapped the technological solutions that Denmark will need:

- National patient journal system with one journal for the same patient
- Monitoring of citizens with chronical diseases in their homes
- Distance monitoring for creating more security in the home
- Electronic logistical systems for products, staff and patient booking
- Telemedicine
- Nanotechnology
- RFID tags on equipment and patients
- Etc.

Sundheds- og Ældreministeriet's view on health in the future defines three target areas: Better data security, increasing quality for treatment and research, and safe and updated legislation.

Aligning Dutch Smart Solutions to Danish Opportunities maps market opportunities for Dutch companies.

MedTech

The survey Velfærdsteknologi Anno 2019 points out that the biggest barriers for welfare technology in the Danish municipalities are implementation (58 %), economy (40 %) and acceptance among employees (39 %). This highlights that providers of solutions need to be able to offer a well-executed implementation plan in addition to the solution including education of the staff.

The top gains that the municipalities see are better work environment and higher quality of life for the citizens. Economical savings are also highly ranked. Therefore, the solution providers need to score high on these three factors to be chosen.

The Statusrapport 2018 from Kommunernes Landsforening (KL) names the most important criteria that municipalities evaluate when purchasing new technology. The top three are: the needs of the citizens, economical gains and the needs of the workers. Technologies that the municipalities are looking at for purchase are: solutions for virtual patient meetings / telemedicine, information and planning screens, bed technologies, mobility technologies, training technologies, administration solutions, safety solutions, medicine handling solutions, hygiene solutions, solutions for senses (lighting, sound etc), self-monitoring solutions etc.

Copenhagen HealthTech Cluster made a survey among Danish municipalities and identified areas with the biggest needs being citizens with dementia, cooperation between hospitals and GP's, and prevention of chronicle diseases. The technologies that there was most interest towards were solutions based on senses, virtual home care, sensor technologies, better use of health data and digitally supported rehabilitation. Municipalities also underline that they struggle to keep track of available technologies, that the implementation of the solutions is a big barrier, that the solutions providers lack knowledge about how the municipalities work and that the evaluation of solutions is difficult.

Danish Regions and Danish industry has done an analyse of the Danish HealthTech sector. Technology trends they identified were telemedicine, VR/AR, AI and internet of medical things. Important customer needs identified were digital experiences, on-demand possibilities, individual treatment and active participation.

The report, "Helbredstjek af dansk sundhedsteknologi", identified several tendencies that put demands on new WelfareTech solutions:

- Evidence and documentation: Need for business cases for the solutions, proof of gains and effects for staff and economy.
- Scalable projects, going smoothly from pilot to broad implementation

- New roles in the sector, responsibilities moving from hospitals to municipalities, more citizens stay longer at home. Puts special demands on the flow and availability of data using AI, machine learning etc.
- Technologies putting patients in the centre via digitalization
- Digitalisation of welfare tech. Digital interfaces and platforms, from components to systems.
- System integration and convergence. Need of integrating different technical solutions and systems

Digital health solutions

Across the healthcare system, work is currently in progress to link the various IT solutions used more seamlessly so that existing patient data can be accessed by different healthcare professionals and care staff, irrespective of where in the health system the data were originally registered. The vision is to achieve a single, cohesive health system in which IT and digital processes support continuity of care across hospitals, GPs and home care services.

The development in digital solutions demands cooperation and comprehension across sectors – the healthcare sector must increase its focus on cooperating with the private sector with regards to research, development and innovation. Increased cooperation is also needed between and across municipalities. Investment in digital technologies are financially heavy, and the need for municipalities and hospitals to make joint investments is also great. CHC strives to accelerate this development by offering decision makers in municipalities and regions an overview of digital healthcare solutions available on a national and global scale.

The Danish Government and the parties of "Folketinget" established an agreement in 2017 concerning seven principles for modern and safe heath data. The seven principles represent the framework for what can and will be done with health data within Danish healthcare.

The principles that should be put into actions are:

- Data security
- Confidentiality and reality
- Patient safety and coherence
- Patient and family involvement
- Development and quality
- Modern and safe legislation
- Openness and transparency

The national cyber and information safety strategy from May 2018, stated that the health sector is one of six critical sectors in society, and need a specific strategy for cyber and information safety. The Center for Cyber safety has evaluated the threat from cyber espionage and cybercrime towards the Danish healthcare sector as “very high”. Therefore, the sector prepared a comprehensive strategy for the health sector in 2018, with the objective of equipping the sector to address the current threat. The strategy was agreed upon by The Ministry of Health, Local Government Denmark (KL) and Danish Regions.

The Danish health sector is characterized by factors such as a high number of employees handling personal information, a complex IT landscape, actors that relate to both big organizations and small private traders - all in need of a high security level.

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6. ITALY

Conclusion

The health of the Italian population is generally good and life expectancy is the second highest in the EU after Spain, despite gaps persist by socioeconomic status and region.

Italian Health National System SSN is efficient and can build on a strong primary care system to address the needs of an ageing population (Italian population is within the most aged in Europe). The local Health structures ASL provide a wide range of services combining health, collective and social care. Several regions are piloting new service delivery models, adding multispecialty centers and intermediate care facilities between primary care and hospitals, developing case management.

Population ageing and moderate economic growth are projected to put pressure on public spending on health and long-term care in the coming years and decades. Better coordination across the country in the development of digital health solutions could help improve access and efficiency in health service delivery.

New management models and technologies like telemedicine or digital solutions have been implemented in the recent years, delaying on the planned program, anyway the Covid-19 emergency created the basis to speed-up the process. Clear guidelines on this matter directly came from the Government. A possible limitation to the implementation of new technologies could be the limited level of digitalization and connectivity at a broader level. Anyhow Italy is forefront for concerning 5G implementation, which is one of the technologies on which several fields of med-tech will base the future development.

The med-tech environment in Italy has an old tradition started in the 60ies, based on the territorial cluster model, as most of the industrial sectors in Italy. The territorial cluster model joins players of the entire supply chain in a limited geographical area, allowing the optimization of production, delivery and logistic. There are a few but quite big med-tech clusters which include companies of different size: big players, SMB and small suppliers.

Italy is a market offering opportunities in different segments of health sector due to the upcoming need of modernization and increasing need of new technologies, one these is the home-care segment which is linked to the continuously increasing portion of elderly on total of population.

We should underline the possible challenges to approach the market. Language and different business culture could represent strong barriers. The procurement system of public bodies, despite it has been totally digitalized, is still difficult to approach due to complexity in the decision-making process and to language (all the digital procurement platforms are in Italian).

The Covid-19 emergency, besides being a local and a worldwide tragedy, is opening new fields of opportunities linked to a total new approach that the health care system will have to plan in the short period in order to face in the best way new possible epidemic phenomenon. In the same time new funding packages have already been assigned on that purpose, and new ones will be possibly assigned soon.

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