Citation

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SFS white paper 'Rising healthcare costs - solutions to a complex challenge'

Healthcare costs are rising far faster than GDP

To illustrate the divergence of costs and resources in the healthcare sector, Siemens Financial Services (SFS) has created an index of healthcare expenditure and compared it with the inflation and GDP indices. The result: over the last eight years, the costs of healthcare have risen significantly faster worldwide than the gross domestic product of the respective countries. These costs are also rising faster than general inflation. According to the authors of the white paper 'Rising healthcare costs - solutions to a complex challenge' by Siemens Financial Services (SFS), 'this means that healthcare is becoming increasingly unaffordable worldwide: The funding gap is growing, reforms are urgently needed.'

>> The SFS analysis of the discrepancy between costs incurred and available financial capacity shows that the costs of providing healthcare services have risen worldwide over the last eight years and continue to exceed the growth of the corresponding gross domestic product (GDP) - a key indicator of a country's ability to finance healthcare expenditure.

According to SFS, this continues a long-term trend. In addition, the pace of this cost growth has accelerated well beyond the rate of inflation. The cost drivers, which are the same in all healthcare systems

cost drivers, according to the SFS white paper, include
- an ageing population,
- the increase in chronic diseases,
- staff shortages,
- growing regulatory and sustainability requirements,
- rising energy costs and the
- general price increases and extensions to health insurance cover. In order to secure healthcare systems in the long term, the SFS authors believe it is high time for appropriate responses to all these developments.

Technological progress is seen as an important factor in improving healthcare. Modern medical technology and so-called smart hospitals allow for new treatment options as well as more cost-efficient processes. However, the technological reform of healthcare systems worldwide requires extensive investment. If the capital burden of acquiring new technologies is reduced and valuable financial resources are not tied up in depreciation, efficiency improvements can be realised more quickly. This is where the advantages of specialised financial services come into play.<<

by: MVF Editor-in-Chief Peter Stegmaier

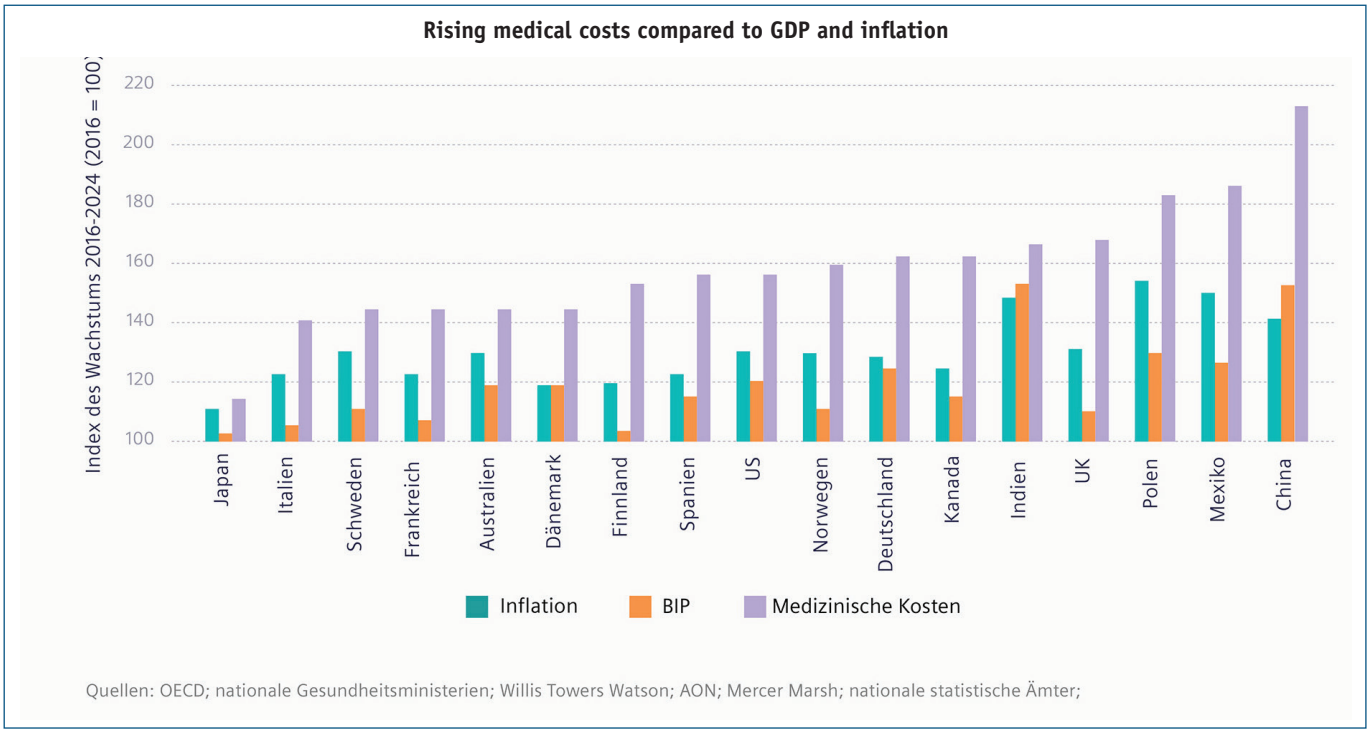


Fig. 1: Rising medical costs compared to GDP and inflation. Source: Whitepaper 'Rising healthcare costs - solutions for a complex challenge', by Siemens Financial Services, Munich. Link to the whitepaper: https://t1p.de/q2ic6