

**SIEMENS**

*Ingenuity for life*



# Relieving the pressure

How private sector finance can help  
deliver improved patient experiences  
and outcomes.

# Management Summary

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- Healthcare systems around the world are under pressure. They are under pressure to transform healthcare delivery – with the ultimate goal of administering better care, more efficiently. The measures healthcare systems implement should improve patient experiences and outcomes by using advanced digitalized technology and integrated healthcare to expand precision medicine.
- Policymakers and healthcare institutions are reviewing the efficiency and effectiveness of their healthcare resources (facilities, professionals and technology) and the current demand pressure on those resources, as well as the quality of outcomes (preventative and therapeutic) those resources deliver.
- In pursuit of improved efficiency, patient experiences and *patient outcomes*, both mature healthcare systems and those undergoing rapid infrastructural development are subject to ongoing review and modification.
- This paper models the net pressures on healthcare systems in 14 countries around the world. It examines the relationship between healthcare demands and available healthcare resources, and relates these with the *patient outcomes* the healthcare systems produce and the “*Healthcare Value Indicators*” they achieve.
- According to the research, France is currently delivering the best *Healthcare Value Indicator*, closely followed by Scandinavia. Other European countries including the UK, Germany and Spain are delivering above-average indicator values, while China, Poland and Turkey have further momentum to achieve. Russia is battling against traditionally high morbidity rates. India is currently at the beginning of its ModiCare reform and is just starting its journey toward delivering healthcare “value” to its citizens.
- The rapid advance of increasingly digitalized medical technologies requires considerable capital investment to provide practitioners with essential tools needed to deliver better patient experiences and outcomes.
- Pressure on budgets, however, means that healthcare systems cannot always afford the required capital equipment and technology investment to underpin effective and efficient healthcare delivery.
- It is thus widely agreed that access to private sector finance – particularly finance that can align payments with measurable benefits – can increasingly be accessed to make those necessary capital investments both possible and financially sustainable.
- Using private finance can unlock “frozen” capital that would otherwise be tied up in capital equipment purchases, allowing it to be deployed for urgent operating requirements aimed at improving *patient outcomes* in the short to medium term.
- The paper therefore estimates the volume of otherwise “frozen” equipment/technology investment capital that could be unlocked to relieve some of the pressure on operating budget requirements.
- The “frozen capital” estimates for the countries studied are:

China	\$16.53 billion
France	\$3.68 billion
Germany	\$6.47 billion
India	\$1.30 billion
Poland	\$0.61 billion
Russia	\$1.20 billion
Scandinavia	\$1.56 billion
Spain	\$1.39 billion
Turkey	\$0.77 billion
UK	\$1.89 billion
USA	\$34.78 billion

- In the light of this paper’s findings, it is hoped that healthcare institutions around the world might examine their own levels of frozen capital and explore how much of this capital could be unlocked, facilitating the pursuit of improved *patient outcomes* and healthcare value.

# Pressure on healthcare systems – a global phenomenon

Healthcare systems around the world are under pressure. People are living longer and older people typically require higher levels of healthcare. Access to healthcare is improving as more of the world embraces the importance of a social contract for health services. However, greater access also increases the burden of demand and provision.<sup>1</sup> Affluence is increasing in many parts of the world, although wealth (ironically) increases growth in associated morbidities resulting from changing lifestyles (cancer, heart disease, stroke, diabetes).

In Europe, healthcare systems are largely publicly funded and find themselves under pressure to contain spending while simultaneously improving *patient outcomes*. The ideal balance increases the systems' efficiency and effectiveness in creating healthier societies. The healthcare "contract" between state and citizen is a strongly supported social principle. Across Europe, reforms are underway to reduce the demand for healthcare through healthier lifestyles, while at the same time improving both therapeutic costs and *patient outcomes*.

The US, home to the highest-spending healthcare system in the world, is wrestling with fragmentation and overspecialization. These problems often hinder efficiencies of scale and can sometimes fail to incentivize a holistic view of *patient outcomes*.<sup>2</sup> The future of the Affordable Care Act remains uncertain, but it is unlikely that the tens of millions of previously uninsured citizens who were given health insurance under the Act will be entirely disenfranchised by subsequent administrations. Transformation of healthcare delivery toward greater efficiency and effectiveness thus remains a policy priority.

Rapidly developing healthcare systems face a different, but equally challenging set of pressures. Massive infrastructural developments have been underway in Turkey and China for some time now. In both countries there is concern about the system becoming overleveraged.<sup>3</sup> A parallel initiative has started in India with ModiCare, India's new National Health Protection Programme. Access to healthcare is still subject to wide regional variation in each of these countries, but the principle of universal coverage now has momentum and will only drive demand higher.

Healthcare funding is critical to alleviating the pressures of reform and development, yet there are limits on what the state can afford, or what taxpayers will agree to pay. The proportion of Gross Domestic Product (GDP) spent on healthcare is a critical factor, as is the question of how efficiently and effectively the funds are deployed. As a result, healthcare management is now looking to measure not only the efficiency of treatment procedures, but also the quality of *patient outcomes* resulting from these treatments.<sup>4</sup>

Patient outcomes rely on several factors: immunization, surveillance and encouragement of healthy lifestyles to prevent disease; rapid, early and accurate diagnosis of disease when it occurs; access to skilled clinicians and healthcare professionals supported by the right equipment, technology and medication for appropriate treatment; and effective long-term care to maintain health and quality of life. Optimal surveillance, diagnosis and treatment, however, are much more easily achieved when skilled healthcare professionals have access to the latest medical equipment and technology, especially in our increasingly digitalized and connected world.<sup>5</sup> Technology access alone does not produce good *patient outcomes*, but it is one essential component of patient outcome optimization. Therefore, up-to-date technology is one of the key components that relieves pressure on resources, helps improve *patient outcomes*, and ultimately promotes better healthcare value.<sup>6</sup>

Access to new generations of technology is often a significant challenge for healthcare systems battling to contain and optimize operating costs and improve *patient outcomes*. The Organisation for Economic Co-operation and Development (OECD) notes that in any healthcare system, capital expenditure/budgets (CAPEX) is rarely more than around 5%-6%<sup>7</sup> of operating expenditure/budgets (OPEX). This presents health systems with an enormous investment challenge when considering sweeping changeovers to digitally-enabled healthcare equipment and technology. In the end, these changes simply are not affordable within existing tax-derived budgets.<sup>8</sup>

As a result, healthcare systems around the world are increasingly looking to harness private sector capital to fund at least a portion of their capital requirements.<sup>9</sup> The US healthcare system is largely private. In India, the private sector and private finance are playing a significant (and officially recognized) role in the ambitious growth targets of ModiCare,<sup>10</sup> despite some debate over reimbursement rates.<sup>11</sup> China's official policy has explicitly encouraged the involvement of private sector finance since 2015.<sup>12</sup> However, in practice, raising private finance to purchase new healthcare equipment is clearly forbidden in several provinces, such as Liaoning, Henan and Guangxi. In Europe, Russia and Turkey, the size and growth of the medical equipment leasing markets<sup>13</sup> pays testimony to the burgeoning use of private finance by public and private sector institutions alike.

This paper aims to highlight the relative levels of pressure and healthcare outcomes that health systems around the world are currently experiencing. It presents evidence that technology is a key method for relieving pressure on resources and facilitating improved *patient outcomes*. However, capital equipment acquisition budgets are often insufficient to acquire up-to-date (often digitalized) healthcare technology. In order to purchase equipment and expand the technology acquisition capabilities of healthcare institutions, private sector (in other words, third-party) finance must be harnessed for the purpose of unlocking capital that would otherwise remain "frozen". The paper therefore estimates the amount of private sector capital the healthcare sector could potentially access, thereby enabling technology and equipment upgrades and helping to relieve at least a share of its operating finance pressures.

# Resource pressure and patient outcomes

Mature healthcare systems are under pressure to reform; growing healthcare systems are battling to keep up with the pressure of rising expectations and accelerating demand.

The level of pressure exerted on healthcare resources may be broadly determined by the following three key categories:

- **Application of funds**

Aging populations and changing lifestyles are fueling the demand for healthcare – thus also the need for increased funds. The level of funding (expressed as a proportion of GDP) is a significant factor in managing systemic pressure, as is the efficiency with which funds are applied. All over the world, the drive for efficiency is focusing on reducing costs per procedure, medication costs, re-admissions, diagnostic test times, triage delays, and so on.

- **Infrastructure**

This covers medical equipment, buildings, IT systems, health informatics, and more. Mature healthcare systems are often under pressure to upgrade their facilities, whereas growing healthcare systems are focusing on new facilities.

- **Skills**

All countries report some level of skills shortages in healthcare – exacerbated by rising demand from aging populations. Rising demand in mature healthcare systems is fueling the struggle with staff shortages – especially in basic nursing and general practice, where facilities are dealing with increasing numbers of registered patients. In rapidly growing healthcare systems, there simply are not enough trained practitioners – whether clinical or care to meet the demand for healthcare services and staff at the expanding number of facilities.

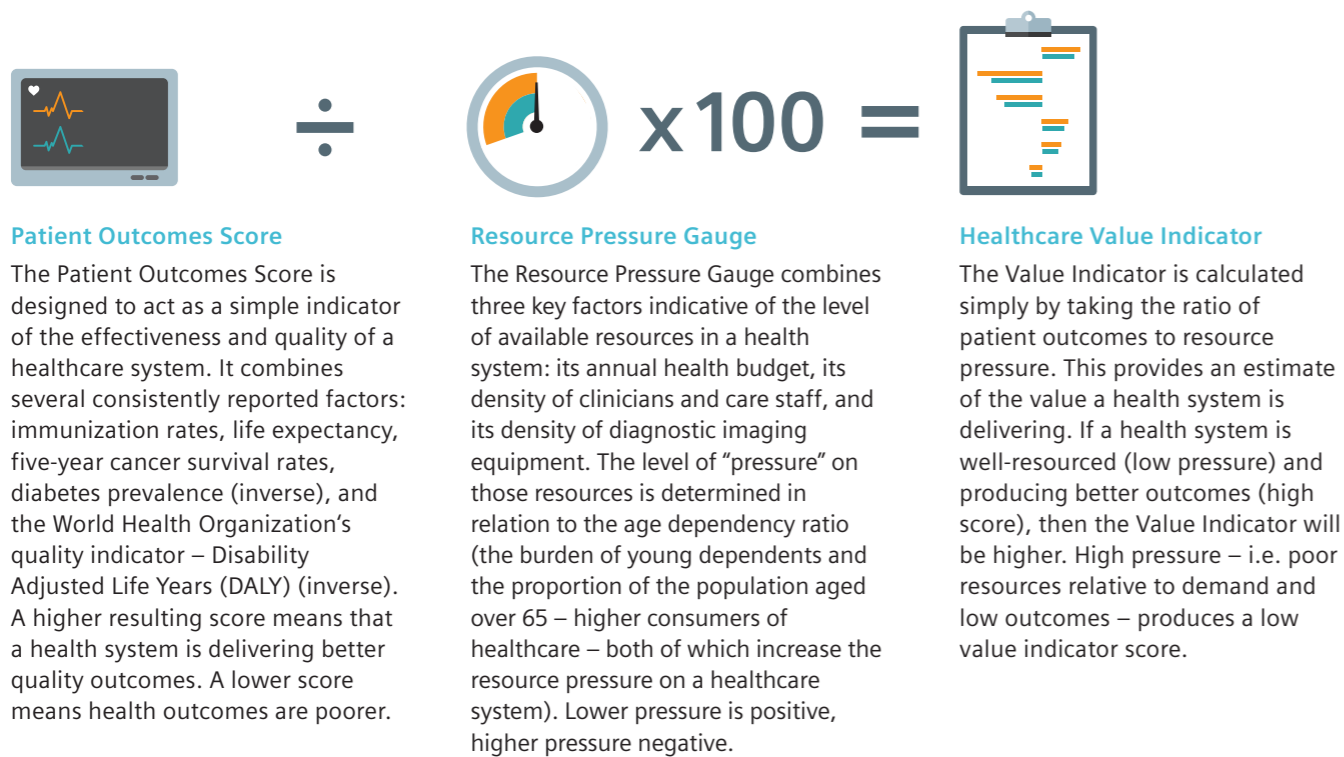
When these factors are combined to form a picture of net *resource pressure*, they need to be considered in the context of *patient outcomes* achieved. Patient outcomes include post-therapeutic survival rates, immunization levels, disease prevalence/containment rates, life expectancy, and quality of life (“healthiness”) indicators. These individual indicators combine to form an overall indicator not only of the resources a country is investing in healthcare provision, but also whether the resources are being used effectively to deliver a corresponding level of positive *patient outcomes* – both preventative and therapeutic.

In consultation with a group of senior healthcare managers and management consultants from 14 countries spanning the globe, Siemens Financial Services has constructed an indicative model of *resource pressure* and *patient outcomes* for each country. The results are published below. The model is deliberately simple and transparent. It uses official datasets and other datasets collected consistently across the countries studied. The model is not designed to deliver healthcare strategy solutions, but rather to provide a broad analytical framework for healthcare organizations, groups and policymakers to consider obtaining increased value from their healthcare institutions and systems. The model also provides a background to consider the financial management issues discussed in the second half of this paper. Indeed, the train of thought in this paper may well prompt useful discussion within individual healthcare organizations, adding an extra dimension to their own ongoing analysis of *resource pressures* and *patient outcomes*. This paper also considers how third-party finance might help relieve ongoing systemic pressures, then looks at the frozen capital systems that may be tied up in capital equipment and technology investments, with the ultimate goal of examining how frozen capital may be released to deal with pressing near-term priorities to improve *patient outcomes*.



# Modeling the outcomes, pressures and value

When *resource pressure* is considered in the context of *patient outcomes*, the resultant picture provides insight into the value currently delivered by a given healthcare system. If the two are expressed as a ratio (*patient outcomes* divided by *resource pressure* x 100), a *Healthcare Value Indicator* results. High *resource pressure* linked with low *patient outcomes* will produce a poor *Healthcare Value Indicator*, while the opposite produces a good *Healthcare Value Indicator*.



## Methodology

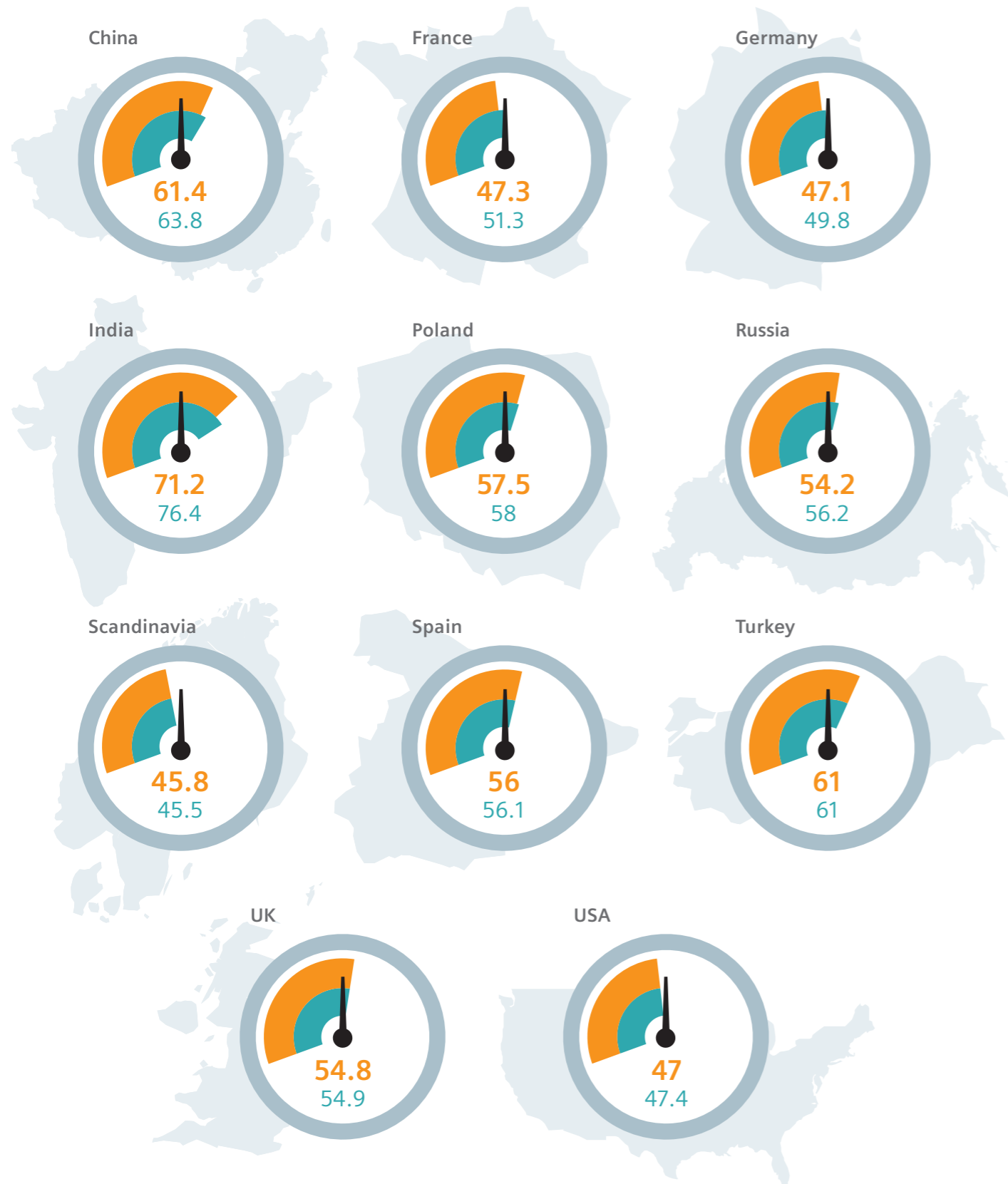
31 senior managers, experts and management consultants in the healthcare sector from 14 countries were interviewed in August and September 2018. Each was asked to advise on the factors that should be included in a simple "gauge" of pressure on national healthcare systems and which factors would best conceive a broad measurement of patient outcomes. Certain factors were chosen as good "proxies" to form a wider picture of healthcare provision and results. For instance, diabetes prevalence was selected for its significance as an exceptionally strong indicator of lifestyle and diet-induced morbidities, as well as typical co-morbidities such as obesity, cardiovascular disease, liver disease and kidney disease. In the resource pressure model, the density of diagnostic imaging technology was chosen not only because it is a critical factor in early diagnosis and prevention, but also because it acts as a strong proxy for the overall volume and sophistication of investment in medical devices. Respondents advised not only on underlying factors for this model,<sup>14</sup> but also on the consistency and quality of data available across the countries selected. The model is applied to construct a portrait of each healthcare system today (2018), then the same analysis is performed with data from five years prior (in 2013). This reveals a value trend in each country or cluster.

## Patient Outcomes Score



■ 2018 figure    
 ■ 2013 figure    
  50 All countries average figure

### Resource Pressure Gauge



■ 2018 figure  
■ 2013 figure  
 All countries average figure

### Healthcare Value Indicator



■ 2018 figure  
■ 2013 figure

100  
 All countries average figure

# Outcomes, pressure and value – assessed around the globe

The Siemens Financial Services model consisting of *Patient Outcome Score*, *resource pressure* and *Healthcare Value Indicator* offers a simple but vivid picture for comparing healthcare systems around the world. Some broad interpretations of the results may prove helpful.



**The US healthcare system** is privately run, where the majority of healthcare funding comes from health insurance providers. Financial resources for healthcare are more extensive than in any other country studied, amounting to around 17% of the GDP. However, many commentators have noted that fragmentation and overspecialization, with each layer of the healthcare system seeking to generate margin, have neither led to efficient healthcare provision nor a holistic view of patient treatments and outcomes.<sup>15</sup> Patient outcomes remain relatively similar to those observed in Europe, despite far greater healthcare spending. Increased diabetes prevalence<sup>16</sup> and decreased Disability Adjusted Life Years (DALYs)<sup>17</sup> have caused a decline in the country's *Healthcare Value Indicator* between 2013 and 2018.



**Europe** presents a wide variation in resources versus outcomes. The French healthcare system – often lauded as the “best in the world”<sup>18</sup> does indeed produce the highest score for *patient outcomes* (robust survival rates, low disease prevalence, etc.), with lower healthcare spending than Germany.<sup>19</sup> Nevertheless, France is also running a significant health system deficit<sup>20</sup> that is not reflected in this model but ought to be considered. Scandinavia is achieving a similarly effective balance between resources and outcomes that delivers an overall *Healthcare Value Indicator* close to that of France. Among the European countries studied, Germany is putting the highest percentage of GDP into healthcare<sup>21</sup> but is struggling with increasing diabetes prevalence<sup>22</sup> and high DALYs.<sup>23</sup> The UK is producing high value from its healthcare system but contributing a lower percentage of its GDP<sup>24</sup> into healthcare than its continental neighbors. Spain has attained a sound *Healthcare Value Indicator*, with spending just below the European average and a particularly strong result in the discipline of DALYs.<sup>25</sup> Finally, Poland comes last among the European countries represented – a situation that could be remedied in this model by increasing spending (currently more than three percentage points below the European average<sup>26</sup>) and improving life expectancy<sup>27</sup> and cancer survival rates.<sup>28</sup>



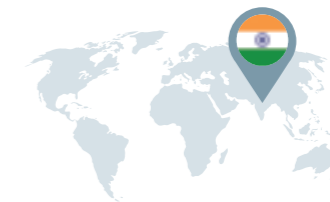
**Russia** spends a smaller percentage of GDP than Poland on healthcare<sup>29</sup> and scores lower than China on *patient outcomes*. The Russian health system is going through a disruptive period of transition between central funding and hypothecated insurance, with policy approaches such as co-payments under consideration.<sup>30</sup> Russia still has some way to go on its journey toward a better *Healthcare Value Indicator*. Compared with countries at similar socio-demographic index levels, rates of mortality and disability in Russia remain high and life expectancy is low.<sup>31</sup> Russian men have a disproportionate burden of disease relative to women.<sup>32</sup> In 2016, 59% of mortality in men aged 15–49 years and 47% mortality in women were attributable to behavioral risk factors, including alcohol use, drug use, and smoking.<sup>33</sup>



**China** is also pouring a massive amount of energy and investment into developing a universal healthcare infrastructure. Maintaining that investment momentum in ways that are financially sustainable is a challenge for the country. Structural issues in the realm of operating finances persist (such as mark-ups on medications).<sup>35</sup> Two-invoice policies have been officially announced in 2016 and gradually implemented in provinces to solve mark-up issues on traditional trading models. Reforming these practices will inevitably put pressure on budgets and restrict available capital funds, rendering the availability of private sector finance (a source officially approved by the Chinese government<sup>36</sup>) all the more important. On the other hand, China is a prominent example of a rapidly developing country that has achieved significant progress in healthcare – its good score for *patient outcomes* is particularly striking – and might set an example for other developing healthcare systems seeking to improve their *Healthcare Value Indicator*.



**Turkey**, situated between Europe and Central/South Asia, has invested considerable funds in its healthcare system since the launch of its Health Transformation Program in 2003.<sup>34</sup> This improvement is apparent in our model as *resource pressure* remains stable while *patient outcomes* are improving, leading to a marginal increase in the *Healthcare Value Indicator*. While such progress should be celebrated, the fact remains that Turkey still has a long way to go before it can rival European spending (resource) levels. Particularly noteworthy is the country's need to improve the density of clinical and care professionals per million population – the key factor in improving citizens' access to healthcare.



**India** is just setting out on its journey toward a more robust *Healthcare Value Indicator*, but the country is already putting critical measures in place. ModiCare (India's new National Health Protection Scheme or Ayushman Bharat) was announced by the Prime Minister in February 2018. The new plan aims to cover over 100 million poor and vulnerable families (approximately 500 million beneficiaries), providing coverage at up to 500,000 rupees (\$6,800/€5,900) per family per year for secondary and tertiary care hospitalization. The plan is therefore designed to address the high level of pressure on public healthcare funding, the dearth of infrastructure and clinical/care staff (as reflected in this paper's model), and the poor health outcomes that are part and parcel of India's current healthcare struggle.

# Private finance – relieving pressure and improving outcomes

Frozen capital  
2017 estimate (\$ billion)



Numerous reference sources confirm that access to the latest technology and (increasingly digitalized) equipment helps improve *patient outcomes*.<sup>37</sup> While by no means the only factor, up-to-date technology is certainly one critical element that relieves pressure on healthcare systems by optimizing the outcome-based productivity of clinicians and care staff. Examples include super-precise surgical robotics,<sup>38</sup> highly detailed medical imaging for earlier diagnoses,<sup>39</sup> point-of-care diagnostics for faster triage,<sup>40</sup> laboratory automation to improve test turnaround times, automated dispensary to avoid medication errors,<sup>41</sup> telemedicine to improve access to healthcare,<sup>42</sup> and much more.

However, budgets remain under pressure in every healthcare system. Moreover, capital spending is often strictly limited given the immediate operating targets and constraints in health services around the world – even though improved technology can often radically improve diagnostic accuracy and speed, not to mention treatment efficiency, access to therapies, patient throughput efficiency and, ultimately, *patient outcomes*. The advent of digitalized versions of myriad healthcare technologies, equipment and information systems opens another range of possibilities for improving efficiency

and effectiveness – thus also improving the prospects for improved healthcare value. However, as this paper has already noted, access to new generations of technology is frequently a major challenge for healthcare systems focused on optimizing operating costs. Previously cited sources confirm that existing tax-derived budgets are unlikely to be capable of meeting these investment challenges.<sup>43</sup>

If healthcare systems around the world can make greater use of private sector finance, working capital will be “unfrozen” and immediately released to address day-to-day priorities. The available funds will also widen the range of technologies a healthcare organization is able to acquire.<sup>44</sup> This may help explain why healthcare authorities specifically cite the role private finance needs to play,<sup>45</sup> as well as how medical equipment financing is growing worldwide.<sup>46</sup> The next section of this paper presents an estimate of how much “frozen” capital could be released into the healthcare sector through private finance.

# Unlocking frozen capital



As described in the previous sections of this paper, every healthcare system around the world is under pressure to transform healthcare delivery, improve patient experiences and outcomes, and expand precision medicine through advanced, digitalized technology and integrated digitalized healthcare. The burden of necessary upgrades to and investments in technology is a consistent factor across all the countries studied. This paper has presented evidence that access to private sector finance can relieve part of this *resource pressure* by unlocking state capital that would otherwise remain locked in capital equipment investments.

Siemens Financial Services has developed a model<sup>47</sup> over the last decade that estimates the volume of capital finance that could be “unlocked” from key equipment and technology capital investment and applied to urgent operating finance requirements. This “unlocking” is achieved by deploying private sector financing techniques that align payments with the benefits generated by upgraded medical technology, considered in terms of therapeutic efficiencies and *patient outcomes*. Among other methods of alleviating pressure on healthcare systems, access to private sector finance is an important means to provide hard-pressed clinicians and care professionals with essential tools to improve healthcare system efficiency and effectiveness, ultimately resulting in improved *patient outcomes*. Specific financing techniques are described in the following section of this paper.

The table above provides estimates of annual frozen capital that could be unlocked from capital equipment investment in the healthcare systems represented, shedding light on the scale of these funds. Healthcare systems will also be able to harness private sector capital for the acquisition of essential medical technologies that transform healthcare delivery, ultimately improving *patient outcomes* and giving rise to healthier societies.

## Methodology

The following describes the formula used to calculate “frozen capital”:

- Annual spending on “financeable” healthcare equipment is identified
- The country’s equipment financing penetration rate is then subtracted from this sum
- The remaining sum is regarded as largely “frozen” in that it has been locked-in to outright purchases. If private sector equipment and technology financing had been deployed, payments would have been spread across the lifetime of the asset (in the form of monthly payments) and thus better aligned with the efficiency savings and improved patient outcomes the equipment/technology asset delivers.





# Financing techniques to unlock frozen capital

There are a number of specialist financing methods currently deployed by healthcare institutions to enable them to upgrade their medical technology, with the end goals of transforming healthcare delivery, improving patient experience, and expanding precision medicine through advanced digitalized technology and integrated digitalized healthcare. This specialized range of financing techniques spans the gamut of needs faced by these institutions, from the acquisition of a single piece of equipment to financing a whole new healthcare facility.

These financing arrangements tend to be offered by specialist providers with a deep understanding not only of how new generations of technology work, but also how those technologies can be implemented on a practical level. At times, the financing arrangement is an embedded part of the value proposition, offered at the very beginning of the sales cycle; other times, the technology provider refers its customer to one or more finance providers to fund a sale.

The following paragraphs provide a brief explanation of how each financing technique works.

## Pay to access/use equipment & technology finance

Designed to enable the acquisition of a system or piece of equipment, this financing technique usually constitutes some form of a finance lease, operating lease, rental or hire purchase arrangement. Financiers with a deep knowledge of healthcare will flex the finance period and terms to align with the benefits the organization will likely gain from the technology. This type of financing will often cover associated costs of ownership (such as maintenance) in a "bundled" monthly payment. To enable rapid purchasing decisions, a financier will often have a "master" agreement with a healthcare organization, streamlining the process of concluding future lease agreements.

## Technology upgrade and update

Since technology innovation and upgrade periods are growing ever shorter in a digitalized world, equipment and technology finance can also provide options to upgrade during the financing period, offering protection against technological obsolescence. Upgrades might involve replacing a device with a newer model or retrofitting enhancements onto the main technology platform.

## Software finance

Although the switch to digitalized healthcare rarely calls for an investment exclusively in the realm of software, most solutions encompass both hardware and software. Specialist financiers recognize this and are capable of financing the two together. These financiers know how healthcare software is implemented and which *patient outcomes* the software is likely to produce, enabling them to understand the associated risks and incorporate the software element in a total financing package.

## Pay for outcomes

Increasingly common are financing agreements in which payments are predicated on expected healthcare benefits – or "outcomes" – made possible by a given technology. Savings or gains from access to the technology are used to fund monthly payments, rendering the technology financially sustainable for a healthcare organization.

## Transition finance

While the benefits of transitioning to a modern healthcare environment are clear, the process of transition has to be carefully managed. Risks must be eliminated by rigorously testing new technology in real-world clinical environments. Recognizing the challenges of transition, financing arrangements are available that defer payment for a new system until it is reliably up and running, eliminating the financial challenge of paying for a new system while an old system is still in operation.

## Working capital solutions

Cash flow and working capital challenges arise not only as an institution is on the cusp of acquiring new generations of technology. Digitalization may also greatly increase therapeutic capacity and productivity, leaving primary and acute care facilities and clinics experiencing an upswing in demand. Financing services – usually based on some form of invoice finance – are available to help manage the cash flow challenges that accompany success facilitated by technology.

## Financing a whole medical unit

Whole medical units sometimes need to be refurbished or created. This can often be achieved at low- or zero-net-cost for the healthcare organization. Using smart financing techniques, the integrated solutions provider introduces technology and systems to create intelligent buildings that deliver a predictable level of energy savings. The reduction in energy costs is then harnessed to effectively fund the cost of conversion – both smart buildings and medical equipment. The solutions provider simply concludes a retrofit medical unit contract with the medical institution over a predetermined period, after which the healthcare organization profits from the sustained reduction in energy consumption.

## Asset-based lending

In the midst of a process of digitalization, healthcare organizations may experience tightened liquidity due to rapid growth. Asset-based lending allows a borrower to access cash that may be tied up in working capital assets. A revolving line of credit, secured by the borrower's accounts receivable and inventory, provides the liquidity necessary to meet daily cash needs. The healthcare facility can use the cash to help fund ongoing operations, growth, acquisitions or restructuring as a result of digitalized upgrades.

## Acquisition/growth financing

Private healthcare organizations that invest in digitalization reap the benefits of the investment, potentially taking market share from organizations that do not invest in digitalization. Growth by acquisition will, on occasion, make good business sense for these digital winners – whether by acquiring ailing competitors or making strategic moves into new geographies and markets. In these situations, financiers offer tailored corporate loan facilities and revolving credit, to be used for daily corporate needs and strategic growth. Sometimes these financiers present themselves as multi-lender syndicated facilities.

## Refinancing/recapitalization

A private healthcare organization may also need to manage debt, or it may experience a change in financial ownership. Financiers offer term loans and revolving credit facilities, enabling healthcare institutions to adjust their capital structures in order to reduce debt, make distributions to shareholders and facilitate ownership changes, decreasing the overall cost of capital. As a result of digitalization, healthcare organizations can easily grow out of their legacy capital structures and may need to refinance debt at more competitive rates.

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