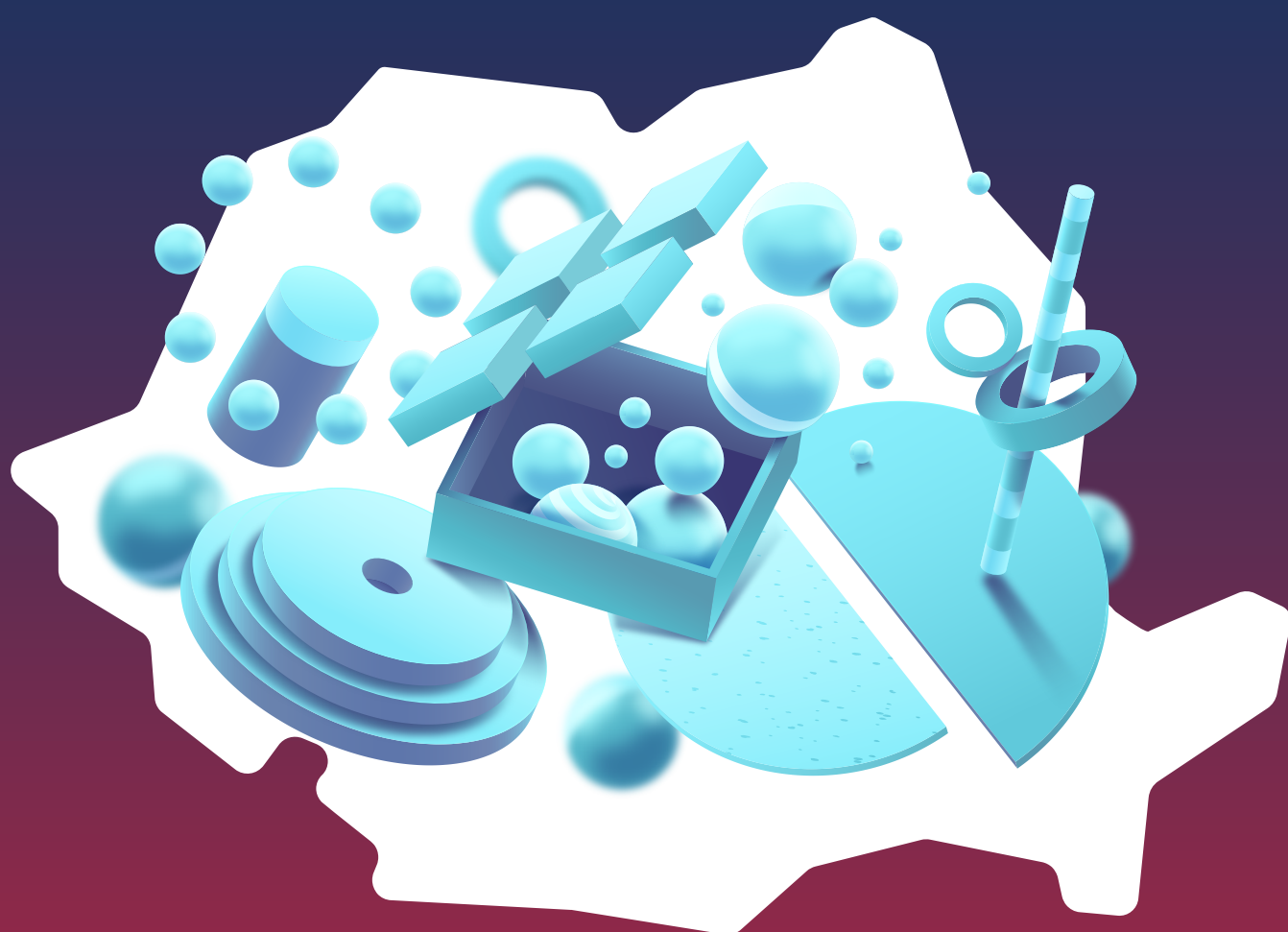


# Investments in health are investments in Romania's future

*The financing of the medical system*



Foreign  
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## Introduction



**Romania is a developed country whose nationals' incomes are increasing, based on the results of solidarity and a fair economy, capable of producing more and better paid jobs, in which the workforce produces added value and has the ability to innovate.** In such a country the population must be healthy and there must be an efficient, accessible and resilient health system.

**Health, as the foundation of human capital, is essential for innovation, productivity and, therefore, for Romania's sustainable economic growth.** Recognizing this interdependence underscores the need for strategic investments in the health system, which, despite the country's remarkable economic progress, suffers from chronic underfunding and per capita spending far below the European Union average according to the latest Health Country Profile<sup>1</sup>. This reality generates negative effects on life expectancy and preventable and treatable mortality, reflecting a significant gap between health system needs and available resources, with potentially serious repercussions on the quality of life and economic development.

**The Foreign Investors Council (FIC) emphasizes the imperative importance of reforming the health sector, not only to improve the care of citizens, but also to support a sound business environment and sustaina-**

**ble economic growth.** This vision aligns with the objectives of the „Va Urma” programme<sup>2</sup>, launched by the FIC, which makes proposals for the accelerated development of Romania up to 2040. Care for human capital is an essential condition for achieving the programme's objectives.

In recent decades, the benefits brought by vaccines, antibiotics and adequate nutrition have highlighted the direct impact of public health on economic growth. Millions of lives have been saved, and productivity and employment boosted. This promotes<sup>3</sup> considerable social benefits and contributes to sustainable economic progress.

**Investment in health represents, in fact, investment in Romania's human capital, which is essential for both current and future generations.** Financing optimized and oriented towards evidence-based public health policies has a significant positive impact on society by saving lives, improving the quality of life, as well as stimulating economic growth and productivity, as seen in other European countries. In this sense, the 2023 edition of the FIC White Book, entitled „Investments for the future”<sup>4</sup>, offers a series of valuable recommendations for strengthening investments in human capital and, by implication, in the Romanian health system.

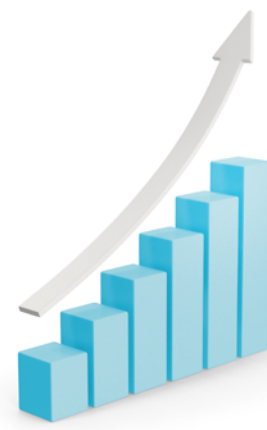
1 <https://www.oecd-ilibrary.org/deliver/f478769b-en.pdf?itemId=%2Fcontent%2Fpublication%2Ff478769b-en&mimeType=pdf>

2 <https://vaurma.ro/>

3 <https://public.tableau.com/views/PrioritizingHealthAprescriptionforprosperity/PrioritizinghealthAprescriptionforprosperity?showVizHome=no&showVizHome=no%20#2>

4 <https://wb2023.fic.ro/ro/capitalul-uman#>

## Purpose and objectives of the Position Paper



The position paper seeks to underline the strategic importance of investment in health as investment in human capital and the future of Romania. The central aim is to promote a holistic and evidence-based approach to the reform and financing of the health system, to ensure universal access to quality health care and to reduce existing health gaps at national level and in comparison with the rest of the European Union.

Specific objectives include:

- Improving access to effective health services, including innovative medicines and treatments, through adequate and predictable financing;
- Stimulating research and innovation in the

medical field, with a focus on the rapid adoption of advanced medical technologies and value-based medical practices;

- Promoting a transparent, efficient and patient-oriented health system through digitization and the use of health data in decision-making;
- Encouraging public-private partnerships as a mechanism for developing the medical infrastructure and improving the quality of the services offered.

Through this approach, the Document aims to contribute to the construction of a resilient health system, capable of responding effectively to the needs of citizens and supporting Romania's long-term economic and social development.

## The current context and challenges of the Romanian health system



The measures undertaken by the Government of Romania have managed to ensure strong economic performance and a recovery of the economy, which recorded growth of 4.7% in 2022, as well as maintaining sustainable growth with an average annual rate of 4.1% expected over the entire 2024-2026 horizon. This is higher compared to the level of growth recorded in and predicted for the European Union (EU) overall and the Euro Zone, which, according to the EU's autumn forecast, is

estimated at 2.2% for the first 9 months of 2023, and is expected to be 1.3% in 2024 and 1.2% in 2025.

Romania has made significant progress in economic and social development, with an increased focus on improving the quality of life of its citizens. This includes important legislative initiatives in the health sector, such as the National Health Strategy 2023-2030, the National Vaccination Strategy and Law no. 293/2022 for the prevention and combatting of cancer.

These efforts demonstrate the commitment of the Romanian authorities to improving access to quality health services and to promoting a healthy environment for all citizens.

Despite legislative progress, the Romanian health system still faces major obstacles in terms of financing. With per capita spending at the lowest level among the member states of the European Union, the budget allocated to health does not correspond to the actual needs of the system. The public sector's contribution to health financing, which is about 4.5% of Gross Domestic Product (GDP), remains well below the EU average of about 9%<sup>5</sup>. This has led to a chronic lack of funds, underscoring the need for immediate action to meet the real demands of the health system and to be able to reach the European average of 9% of GDP being used to finance the health sector in a time horizon of 5-10 years. In 2021, public spending on health per capita, adjusted for purchasing power parity, was only EUR 1,303 in Romania, compared to the European average of EUR 3,319<sup>6</sup>, while only about 40% of the insured population actually contributes to the health budget. Thus, the imperative need to increase the current and future financing of the health system is evident, in order to adequately address the needs of patients and to strengthen the health infrastructure of the country. This underfunding negatively affects the ability to provide essential medical services and innovative treatments, endangering the health and well-being of Romanian patients.

The underfunding of the health system in Romania has profound effects not only on health indicators, but also on the economy and social cohesion. Reduced life expectancy, high rates of preventable and treatable mortality, and poor working conditions for medical personnel highlight systemic deficiencies and their negative impact on society. In addition, the lack of access to innovative medicines and treatments due to budget restrictions exacerbates health inequalities and limits the

recovery capacity of patients, contributing to significant economic losses and a decrease in labour productivity.

The budget allocated to health in 2024 does not reflect the real needs of the health system, with potential negative consequences for the health system and patients in Romania. In absolute terms, the health system requires additional measures to increase current and future funding to cover its real needs.

The underfunding of the health system has important effects on the main health indicators: life expectancy at birth in Romania was the 3rd lowest among EU member states in 2022 and 4.5 years below the EU average<sup>7</sup>. In 2022, life expectancy at birth in Romania was 71.5 years for men and 79.3 years for women – a gender disparity higher than the EU average (men live 7.8 years less than women, compared to an EU-wide gender gap of 5.4 years).

Moreover, Romania recorded the highest rates of avoidable and treatable mortality among all the member states of the European Union. These rates experienced a significant increase in 2020, simultaneously with the onset of the COVID-19 pandemic, contrary to a trend of gradual improvement observed over the last decade. Avoidable mortality serves as a barometer for the effectiveness of public health policies and prevention measures, while mortality from treatable causes reflects the performance of the health system. In 2020, there were 358 avoidable deaths per 100,000 inhabitants, almost double the European Union average of 180 deaths per 100,000 inhabitants. COVID-19, along with ischemic heart disease and alcohol-related conditions, were among the leading causes of preventable mortality. Mortality from treatable causes was 235 per 100,000 inhabitants, well above the EU average of 92 per 100,000 inhabitants.

Romania is facing a precarious situation in terms of working conditions among medical personnel. An analysis of the annual remuneration

5 [https://ec.europa.eu/eurostat/databrowser/view/hlth\\_sha11\\_hf\\_\\_custom\\_9549076/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/hlth_sha11_hf__custom_9549076/default/table?lang=en)

6 [https://read.oecd-ilibrary.org/social-issues-migration-health/romania-country-health-profile-2023\\_f478769b-en#page3](https://read.oecd-ilibrary.org/social-issues-migration-health/romania-country-health-profile-2023_f478769b-en#page3)

7 [https://health.ec.europa.eu/system/files/2024-01/2023\\_chp\\_ro\\_romanian.pdf](https://health.ec.europa.eu/system/files/2024-01/2023_chp_ro_romanian.pdf)

ration of the health workforce reveals a major discrepancy between the average annual individual earnings in Romania, reported in 2017 at 8.8 thousand euros, and the EU average of 31.5 thousand euros for the same year. The workload is high in Romania, with annual average hours per person in 2017 estimated at 1,867, compared to the EU average of 1,477 hours. This high workload may be due to the lack of qualified personnel. Moreover, this situation is likely to lead to a continuous decrease in the potential labour supply in Romania in the period 2020-2030, at a much faster rate than the EU average, where the trends suggest an almost stable situation during the same analyzed period.<sup>8</sup>

Adequate financing of the health system is an investment in the health and future of society with a potential benefit of \$2 to \$4 earned for

every dollar invested in health.<sup>9</sup>

The public health system has not benefitted from medium- and long-term policy investments to reduce mortality rates due to a lack of multi-year budget planning and a lack of evaluation based on the principles of value-based care.

These challenges underline the urgent need for systematic reforms and strategic investments in health, with the aim of building a robust, efficient and equitable health system that ensures universal access to quality care and promotes a healthy and prosperous society in Romania. It is crucial to address these deficiencies through well-designed public policies and increased funding to ensure a healthier and safer future for all Romanian citizens.

## The current situation of patients' access to treatments

We welcome the adoption by the Government of Romania of the Government Decision on the modification of the appendix to Government Decision no. 720/2008 for the approval of the List containing the international common names corresponding to the medicinal products the insured benefit from, with or without personal contribution, by prescription, in the health social insurance system, as well as the international common names corresponding

to medicinal products granted under national health programmes during the Government meeting on 23 April 2024<sup>10</sup> and its publication in the Official Journal of Romania (no. 382)<sup>11</sup>, improving the level of insurance of Romanian patients in therapies and medicines.

However, under the current Romanian health system, the budget allocation for medicines included in national curative health programmes shows only a modest increase of 0.22%



8 Markus Schneider, Thomas Krauss, Aynur Köse, Marian Craig, Uwe Hofmann, BASYS Study: 'Health workforce demand and supply', Augsburg, May 2022.

9 McKinsey study - Prioritizing health: A prescription for prosperity - <https://www.mckinsey.com/industries/healthcare/our-insights/prioritizing-health-a-prescription-for-prosperity#section-header-1>

10 <https://gov.ro/ro/guvernul/sedinte-guvern/informatie-de-presa-privind-actele-normative-adoptate-in-cadrul-edintei-guvernului-romaniei-din-23-aprilie-2024>

11 <https://monitoruloficial.ro/e-monitor/>

compared to 2023, with a similar trend in the budget for compensated medicines, which recorded an increase of 0.29%. This situation could be a potential limitation in the effective implementation of the recently adopted legislation, including the measures provided for in Law no. 293/2022 for the prevention and fight against cancer, since the level of the budget for curative programs remains almost unchanged, without reflecting the expectations of integration of new therapies into the reimbursement system in 2024.

The budget limitations also extend to cost-volume/cost-volume-result contracts, for which the contracting ceiling set at 4.3 billion RON remains unchanged compared to previous years. This lack of increase in the budget restricts opportunities to renegotiate and renew contracts which are essential to ensuring continued patient access to life-saving therapies.

An analysis of the current situation demonstrates an expected increase in the need for medicine, in accordance with the treatment needs of patients, including those newly diagnosed, as well as with the directives of national and international treatment guidelines. The expected budget for 2024 does not correspond to this development and the risk that CNAS will

encounter difficulties in honouring financial obligations on time, similarly to the situation in the second half of 2023, is significant. Our estimates indicate that commitment credits for cost-volume contracts will run out by this May, jeopardizing cancer patients' access to essential treatments.

The lack of effective reimbursement policies that directly and indirectly improve patient outcomes, as well as having an impact on society, reveals the limited access to essential care for Romanian patients. This problem is exacerbated by the unavailability of innovative technologies, such as robotic surgery, elements that are already a standard of care in the European Union, but which, due to reimbursement limitations, remain inaccessible to the majority of the population in Romania, thus amplifying inequities in access to quality medical care.

Thus, it is imperative to review and adjust allocated budgets as well as reimbursement policies to ensure effective implementation of legislative reforms and improve access to innovative and quality therapies, contributing to reducing health disparities and promoting equality in medical care for all Romanian citizens.



## Systemic solutions and their long-term impact

In order to improve the health system in Romania and ensure fair and rapid access to medical innovations, several essential strategies are proposed, structured in a coherent and comprehensive plan.

First, establishing adequate and predictable funding for medicines, vaccines and innovative therapies is essential. This requires a proactive approach to budget estimation, including the use of the horizon scanning process and the

implementation of a multi-year budgeting system that responds to patient needs and meets international standards of medical practice.

Transparency of expenditure and an annual adjustment of budgets according to actual consumption based on value-based purchases both at hospitals, as well as at the level of the Ministry of Health will stimulate access to innovation and, at the same time, will allow an increase in the number of people who benefit

from health programmes and services oriented towards prevention, early detection (screening), diagnosis and treatment for the main pathologies.

Second, rapid and equitable access to newly approved medicines must be a priority. Reduction of the waiting time for access to innovative medicines (a Romanian patient gets access to innovative medicines newly approved at European level only 918 days after the date of authorisation to be placed on the market at EU level, while patients from Germany have access in 128 days and the European average is 517 days<sup>12</sup>), the sustainable funding of the National Genetic Testing Subprogram that facilitates the access of patients with oncological and hemato-oncological conditions to innovative targeted medicines and life-saving personalized therapies, and ensuring legislative coherence that provides clarity and predictability in treatment planning are needed. It is necessary to expand, adapt and update the legal framework for running cost-volume and cost-volume-result contracts, by diversifying the types of contracts and by introducing facilitated access schemes („managed entry agreements“). A review of the legal framework for reimbursement contracts is necessary to facilitate access to essential preventive therapies.

Furthermore, stimulating research and development in the pharmaceutical industry through partnerships between the public and private sectors, **stimulating investments in clinical trials**, which have a real potential of over 800 million Euros annually, for the Romanian health system,<sup>13</sup> as well as facilitating collaborations between the environment academia and industry are vital steps for innovation.

In an effort to modernize and make the Romanian health system more efficient, a series of innovative initiatives are proposed that aim at the more active involvement of employers, the introduction of a referential pricing model, the effective development of integrated digitized

systems and the same context of digitization and expansion of the use of the health card.

Another solution to reduce the financial burden on the public health system could be private insurance. We consequently recommend that employers should be encouraged to provide health insurance, integrating occupational medicine services into private health packages for employees, with the aim of covering both outpatient and inpatient needs. This approach has the potential to secure private funding for the medical services of approximately 6 million employees, building on the existing framework, which already includes over 1.5 million subscriptions. In addition, this system allows tax deductibility, similarly to occupational medicine (OM), maintaining the competitiveness of labour costs in Romania.

Another proposal is the introduction of a referential pricing system for each medical service, inspired by the French model. This means the establishment by the state of a reference rate for medical services, both outpatient and inpatient. Costs in excess of this rate would be covered by private insurance, if the patient holds it, allowing patients to access services in any hospital or clinic, whether public or private. This model promotes healthy competition between medical facilities and encourages efficiency and equity in the health system, while opening the possibility for public institutions to access private financing.

At the same time, in the context of the current situation in which data from the health system are incomplete, fragmented, unreliable, unstructured, non-standardized, and often non-electronic, an important step towards the implementation of the concept of „**digital health**“, was made by the publication of the Appendices to the Order of the Ministry of Health for the approval of the Financing Guide for specific investments in eHealth and telemedicine, which are part of the National Recovery and Resilience Plan. The concept of digital health has expanded from „**e-health**“

12 EFPIA Patients WAIT Indicator 2022 Survey

13 Clinical Studies Report - foreign investments in Romania, IQVIA

to “**m-health**” (or **mobile health** ). Thus, for the provision of healthcare services, it is desirable for information and communication technologies to be used on a wider scale such as: digital applications, mobile devices, wireless connections and cloud platforms.

In terms of activities eligible for funding, an important objective should be investments that lead to the development of a systemic data governance framework and to the efficient exchange of data within the various administrative institutions, health units, and service providers, as well as with patients.

Specifically, integrated digital platforms should be developed at the national level for the medical system, such as:

- Platforms for human resources management;
- Platforms for document management, and electronic registration of documents in digital registers;
- National disease registries and platforms for pharmaceutical management;
- Digital platforms for managing and recording infrastructure/facilities at the level of institutions.

The latest initiative focuses on the use of the existing health card in the private sector as well, through an interconnection of public and private IT systems. This will simplify the settlement process from the state budget, ensure efficient traceability of expenses and contribute to the creation of a unique medical record for each patient. The implementation of this measure will increase transparency for patients in relation to the coverage of medical services and their limits, but it represents a significant challenge that requires considerable investment in information technology and a long-term vision.

Finally, the adoption of the principles of Value-Based Medical Care, the expansion of access to complex services, and the continuous collection of data to improve clinical outcomes, represent the foundation for a sustainable and efficient health system. By implementing these measures and by developing innovative public-private partnerships, such as the proposal for robotic surgery, significant results can be achieved in improving the health and quality of life of patients in Romania.



## Call for collaboration between the authorities, the public, academia, the private sector and civil society



*In order to improve the health system in Romania and ensure fair and fast access to therapies and medical services, it is essential to adopt a broad and structured strategy, based on partnership between the authorities, the public, academia, the private sector and civil society. This multidimensional collaboration is essential to establish adequate and predictable funding, which includes proactive budget estimation mechanisms, but also the implementation of a multi-year budgeting system. These measures will not only ensure harmonisation with international standards, but also stimulate innovation and improve procurement processes in the health sector.*

By reducing the waiting time for access to innovative medicines, improving financing and ensuring legislative coherence, significant improvements can be made in the quality and efficiency of healthcare provided to citizens. This requires a rigorous review of the existing legal framework and close collaboration between the public and private sectors to facilitate access to health services. In addition, the stimulation of research and development will constitute an essential step in the direction of innovation and medical progress.

The implementation of innovative initiatives, such as the active involvement of employers in providing health insurance, the introduction of

a referential pricing model and the expansion of the use of the health card, are measures that will contribute to the modernisation and efficiency of the health system. These, together with the adoption of the principles of Value-Based Medical Care and the expansion of access to complex services, will ensure a solid foundation for a sustainable and efficient health system. The partnership between the various sectors involved is thus essential in achieving these ambitious goals, which aim to improve the health and quality of life of patients in Romania.



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