

“Competition in A&E service – Lessons learnt from other European Countries”

Speaker:

Kenneth Kronohage is Business Development Manager, International EMS, Falck Denmark

Master in Medical Science, Graduate Diploma as Nurse Anesthetist, Registered Nurse, Paramedic and has 27 years' experience in EMS

Founded the Scandinavian Ambulance Forum on the Internet in 1997



Falck

Falck has a long and proud history within emergency rescue services

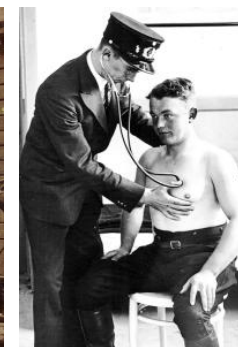
1906 1890 1900 1910 1920 1930 1940 1950 1960 1970 1980 1990 2000 2013



The Founder



... and the beginning








Falck's global reach



Today, with presence in 36 countries, Falck is a global business

Falck's core services are all focused on the concept of dealing with anxiety....

Falck core services

Emergency (57%)		Assistance (24%)	Healthcare (9%)	Training (10%)
 Fire services	 Ambulance			
<ul style="list-style-type: none"> Revenue: £ 849 million 		<ul style="list-style-type: none"> Revenue: £ 318 million 	<ul style="list-style-type: none"> Revenue: £ 114 million 	<ul style="list-style-type: none"> Revenue: £ 131 million
<ul style="list-style-type: none"> Public fire fighting <ul style="list-style-type: none"> – Full or partial outsourcing – Dispatch centres Industrial fire fighting <ul style="list-style-type: none"> – Full or partial outsourcing – Airports, petrochemical, power plants, nuclear, other industrial Consultancy and training 	<ul style="list-style-type: none"> Ambulance <ul style="list-style-type: none"> – First responder unit – “911/112” – Interfacility – HEMS – Dispatch centres Medical Clinics Elderly care 	<ul style="list-style-type: none"> Auto <ul style="list-style-type: none"> – Roadside assistance – Roadside repair services Home <ul style="list-style-type: none"> – Storms, flooding and other damage – Home alarms – Asset registration services – First-aid courses and fire extinguishers Personal <ul style="list-style-type: none"> – Patient transportation – Travel assistance 	<ul style="list-style-type: none"> Employee Assistance Programs (EAP) <ul style="list-style-type: none"> – Preventive cross-disciplinary, health checks and counselling – Physical healthcare – Psychological crisis aid and counselling Absence management Jobservice Staffing <ul style="list-style-type: none"> – Temporary healthcare professionals – Manning service 	<ul style="list-style-type: none"> Sea survival <ul style="list-style-type: none"> – Training centres providing safety training services for sea survival Fire fighting <ul style="list-style-type: none"> – Training in fire fighting techniques for initial response Other <ul style="list-style-type: none"> – Safety enclosures – Crisis management – Windmill safety

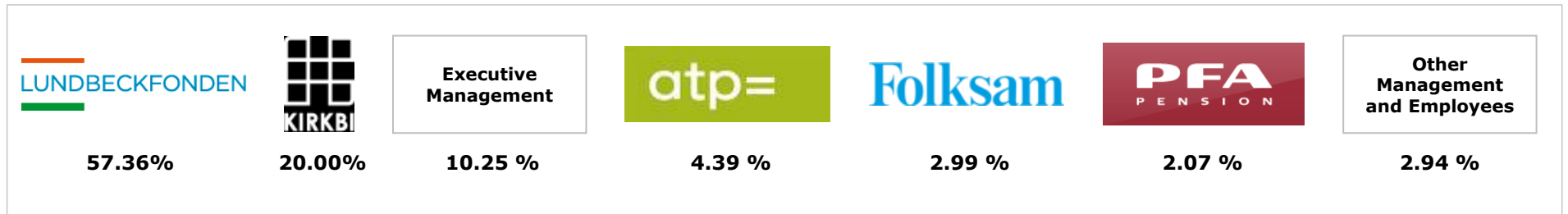
“Dealing with anxiety”
(People and assets)

- Grand total revenue: £ 1 412 million

Note: Figures relating to revenue are based on 2012 financials

Ownership anchored with an experienced and long term focused investor group

Most of Falck's earnings are transferred to medical and biological research



Falck has a strong private ownership structure that will secure the continued long term development and expansion of the company

Emergency - Core services

Core services

Fire Services

- Public fire fighting
 - Full or partial outsourcing
 - Dispatch centres
- Industrial fire fighting
 - Full or partial outsourcing
 - Airports, petrochemical, power plants, nuclear, other industrial
- Consultancy and training

Ambulance

- "911/112"
- Critical Transfers / Interfacility
- Patient Transportation
- HEMS
- Family Doctors
- Dispatch centres

Medical Clinics

Elderly care/Long Term Care



EMS Total

- Emergency vehicles: 1,955
- Consult vehicles: 192
 - Ambulance staff FTE: >10,900
- Medical clinics: 54
- Fire services
 - Fire training centres: 8
 - Fire fighters FTE: 1,296
 - Consultants FTE: 50

The Economist – February 2nd – 8th 2013



Sweden and rest of the Nordics Countries; all started with debt crisis in the 1990s

- **The Nordics cleverly managed to have their debt crisis in the 1990s**
- **Today the Nordic model offer a blueprint of how to reform the public sector, making the state far more efficient and responsive**
- **As long as public services work, people do not mind who provides them**
- **Denmark and Norway allow private firms to run public hospitals**
- **Sweden has a universal system of school vouchers, with private for-profit schools competing with public schools**
- **A Swede pays tax more willingly than a Californian because he gets decent schools and free health care**
- **The Nordics have pushed far reaching reforms past unions and business lobbies.**
- **The proof is there. You can inject market mechanisms into the welfare state to sharpen its performance**
- **The main lesson to learn from the Nordics is not ideological but practical**
- **The world will be studying the Nordic model for years to come**

* Quotes from The Economist - February 2nd – 8th 2013

Sweden and rest of the Nordics Countries; all started with debt crisis in the 1990s

The Nordic countries are reinventing their model of capitalism, says Adrian Wooldridge

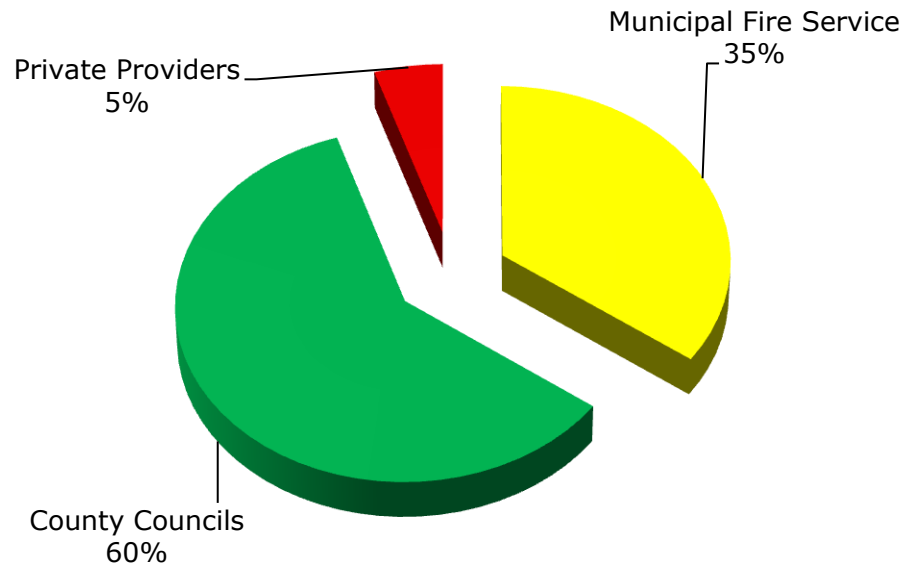
THIRTY YEARS AGO Margaret Thatcher turned Britain into the world's leading centre of "thinking the unthinkable". Today that distinction has passed to Sweden. The streets of Stockholm are awash with the blood of sacred cows. The think-tanks are brimful of new ideas. The erstwhile champion of the "third way" is now pursuing a far more interesting brand of politics.

Sweden has reduced public spending as a proportion of GDP from 67% in 1993 to 49% today. It could soon have a smaller state than Britain. It has also cut the top marginal tax rate by 27 percentage points since 1983, to 57%, and scrapped a mare's nest of taxes on property, gifts, wealth and inheritance. This year it is cutting the corporate-tax rate from 26.3% to 22%.

* Quotes from The Economist - February 2nd – 8th 2013

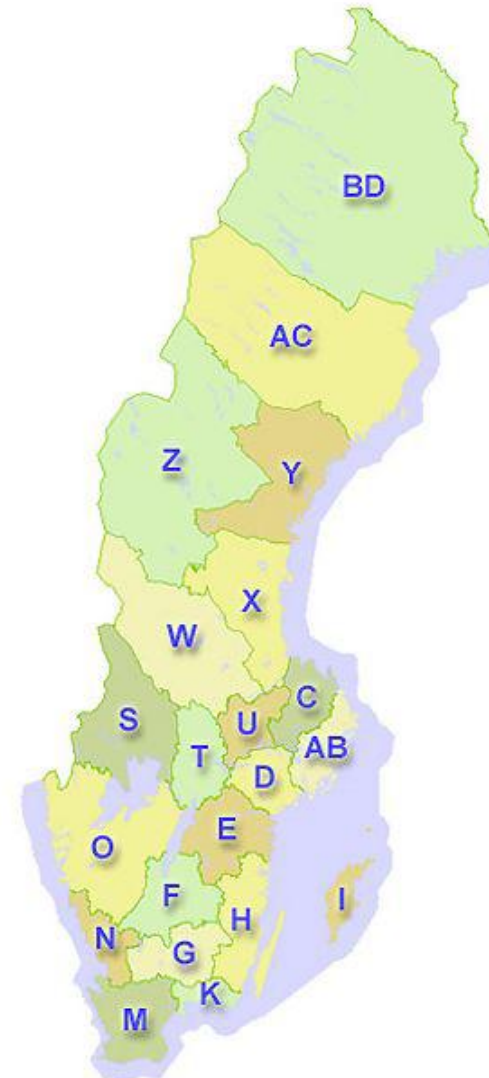
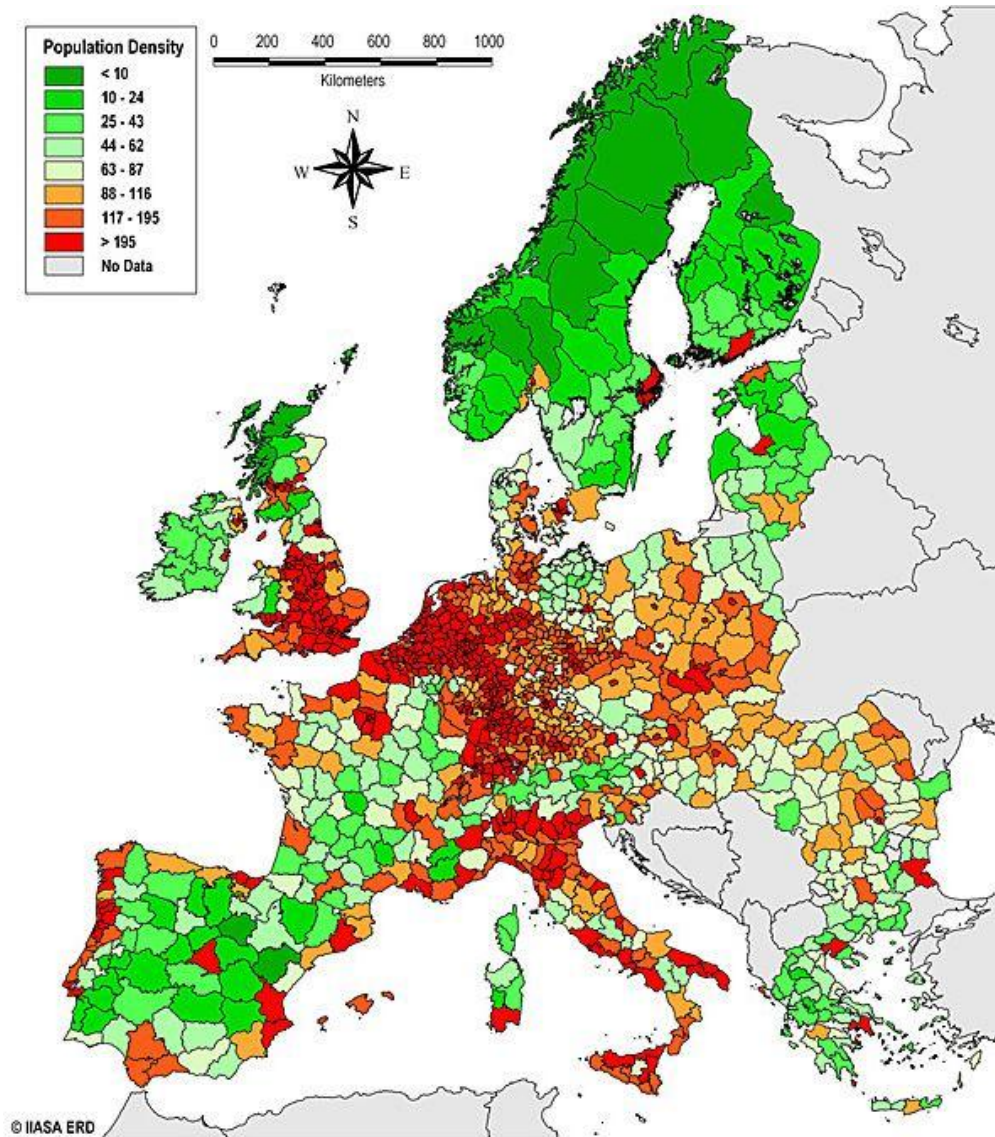
Sweden – A flashback to the beginning of the 90's

Provision of A&E Ambulance Service 1991



- **Private providers did peak management support in densely populated areas**
- **Mainly private taxi companies operated single units in low population density areas**
- **Municipality Fire Brigades provided the services in the top ten cities**

Sweden – population density and counties



From “Confusion Economics” to a Market Economy: The Only Way for Sweden

April 6, 1992

Minister Per Westerberg

In the seventeenth century Sweden was one of the superpowers of Europe; in the last two centuries it has been fortunate to stay out of wars and thus has been able to build an industrial and welfare nation among the most advanced in the world. But this nation is now under severe attack from financial and economic realities. The problems are not only the recession, but are more profound structural ones in the whole of the economy. Almost exactly twenty years ago, Sweden’s standard of living was about 10 percent above the OECD average, but now we have fallen rapidly behind. Since the beginning of the 1970s Swedish wage-earners have had almost no increase in purchasing power, _____

the calendar year as a whole, the impact on public saving will be 27 billion Swedish kroner, which amounts to \$5 billion. This is, in effect, the largest cut in public sector costs by a Swedish government in modern times. The savings achieved are of the type that stimulate productivity and increase growth. The measures include an increase of personal risk but also a high cost protection in the welfare system. What is good for the individual should also be good for companies and society as a whole.

The recession, the free market in the EC, the structural changes in Sweden, and the breakdown of the socialist regimes in Central and Eastern Europe are major challenges that give opportunities to

Sweden 1992 – introduction of Market Economy

“The government of which I am a member has now started the transition of Sweden from the era of ‘confusion economics’ to a market economy. We have a mandate from the Swedish people to fulfill our program from the election campaign and thus to change Sweden into a vigorous market economy. Surprisingly for some, we are going to use that mandate.”

- **This structure, with a dominant and monopolized public sector, created a steadily increasing demand for higher taxes**
- **We [the Government] will create more favourable conditions for small and medium-sized growth companies**
- **We will deregulate and increase the potential for effective competition throughout especially the public monopolies**
- **We will launch one of the most extensive programs for the privatization of state-owned companies**

* Quotes from Per Westerberg, Minister Industry and Commerce, 6th of April 1992

Sweden 1992 – introduction of Market Economy

“The privatization program is a long-term one and stretches over several electoral periods and business cycles. It varies from big public utilities and ordinary competitive companies to, for example, the state dog training school.”

- **The production of Health Care in Sweden will be opened up for competition**
- **It will be possible to start private enterprises to provide the public sector with production of health care**
- **We will make it possible to have small hospitals privatized**
- **There will still be a public insurance program; everyone will be covered by the welfare system**
- **Our welfare system is very good, but we have to make it work in a much better way than it does today**
- **We hope that many of the people who have ideas within the public sector can use them to start new enterprises**

* Quotes from Per Westerberg, Minister Industry and Commerce, 6th of April 1992

Sweden 1993 – privatization starts



● Ambulanserna i Lund, Eslöv, Hörby och Burlöv kanske blir privata i framtiden. Här är gänget som vågar ta ansvar för ambulanssjukvården, Leslie Raie, Kenneth Karlsson, Åsa Engblom, Kenneth Fredriksson och Ulf Tabjerg.
Foto: STIG-ÅKE JÖNSSON

De vill ta över ambulanserna

■ Här är gänget som vill ta över ambulanserna i Lund, Eslöv, Hörby och Burlöv. Alla fem sysslar redan i dag med ambulanssjukvård eller liknande akutvård.
■ Förslaget har väckt ont blod bland de anställda, men gruppen hävdar att de kan göra en privat ambulanssjukvård

som är både bättre och säkrare än dagens. Fler liv ska kunna räddas med bättre utrustning och utbildad personal.
■ Personal utan vidareutbildning kan inte räkna med att bli anställd av gruppen, om deras anbud antas av Malmöhus läns landsting.

SIDAN 5

BURLÖV • TRELLEBORG • LOMMA • SVEDALA SYDVENSKAN • Torsdagen den 5 november 1992

Ovisst för ambulansförarna

"Äntligen gränslöst!"

BURLÖV. – Varför byta en kommunal entreprenör mot en annan? Är det verkligen privatisering?
Det frågar sig ambulanspersonalen i Burlöv sedan det på tisdagen blev klart att Malmö tar över ambulanssjukvården i Burlöv.

Ovisst
För de sex ambulansmännen som hittills haft Burlövs kommun som arbetsgivare är framtiden ovisst. De är uppsägda till den 15 november. Vad som skall hända därefter, vet de inte. Villkoren för Malmö övertagande är inte kända. Om de innefattar ett ansvar för personalen, framgår inte av den knapphändig information som hittills getts. Först sedan avtalet mellan landstinget och Malmö undertecknats hävs sekretessen och detaljerna i anbudet blir offentliga.
Inte ens de politiker som hade att fatta beslut om entreprenaden har fått se några detaljerade anbud. De har fått förlita sig på tjänstemannyttrandet.

Lång väntan
För personalen i Burlöv kan det bli en lång väntan. Ryktesspridningen är stor, många beförar det värsta.
– Med Malmö som entreprenör är vi rädda att vi spållas. Vi hade hellre sett att Burlövs kommun fått entreprenaden. Då hade våra jobb varit säkrade, säger Kenneth Karlsson, ambulanschefen i Burlöv.
Han är ytterst skeptisk till Malmöns "övriga" sitt revir och mistänker en del rationalisering.

Kenneth Karlsson och hans arbetskamrat Björn Ohlsson befarar att deras bil, en Chevrolet Suburban, av 1990 års modell, ambulansernas Rolls-Royce, inte längre kommer att forsla sjuka Burlövsbor.
– Man har visserligen sagt att en bil skall vara stationerad i Arlövs också i fortsättningen.
Men det är kanske en bil från Malmö? I så fall betyder det att en bil försvinner ur trafik, och då har landstinget köpt grisen i säcken.
Försämrats
Risken är stor att ambulansen i Arlöv huvudsakligen kommer att användas i Malmö, menar Kenneth Karlsson. Om han har rätt, får invånarna i Burlöv, Lomma och Staffanörp en kraftigt försämrad ambulansservice.
– Malmö är den store vinnaren. Kommunen får landstingets miljoner mot en garageuppsättningsplats i Arlöv. Kert sagt betalar landstinget Malmö för att utveckla en ambulans i regionen, fastslår Kenneth Karlsson.
CHRISTINA GUSTAFSON

Det här är en bra lösning för Burlöv men inte för övriga inblandade kommuner, konstaterar Torsten Engvall.

– Antligen får vi en gränslös ambulans! Det har jag kämpat länge för.
Torsten Engvall, socialdemokratisk ledamot av landstingsstyrelsen, är nöjd och glad. Avtalet med Malmö kommer att ge inre bara Burlövsborna utan också invånarna i Svedala och Bara ökad service. Den ambulans som stationeras i Arlöv kommer att kunna röra sig helt fritt i regionen dygnet runt, menar han.
Ambulansservice i Burlöv är en hjärtefråga för Torsten Engvall. Det var han som under sin tid som kommunråd lyckades övertala landstinget att placera en bil i Arlöv. Det var den första externa ambulansen utanför Lund.
Sedan han förvisat sig om att Malmöns anbud betydde fortsatt stationering av ambulans i Arlöv hade han ingenting emot att stödja förslaget från den borgerliga majoriteten i landstingsstyrelsen att låta Malmö ta över Burlövsbornas ambulansservice som med det här utökas till att täcka dygnet alla timmar.
Men sedan var det slut med stödet. Att ge resten av anbudspaketet till danska Falcks motsatte sig socialdemokraterna.

FOTO: LINNART GULLBERG

- Private ambulance providers were looked upon as bad quality providers
- No private provider had sufficient experience, financial strength and competence to operate large ambulance areas
- Team of Doctor, Nurse and Paramedics gave a business proposal to run all ambulance service in a entire county
- Commissioners were very impressed – newspapers , staff and unions were not
- ... but the outcome was completely unexpected

Sweden 1993 – privatization starts



Falck

- No one could imagine that The Danish company Falck should establish themselves in the Swedish Ambulance Service

Sweden 1993 and onwards – privatization is spreading out

- ... and many mistakes were to come...
- **Lack of transparency and competitive tendering**
- **Nepotism and the lowest bidder**
- **Litigation processes**
 - Stockholm 1994 – terminated contract 6 months after it commenced due to staff change during Cat. A journey**
 - Stockholm 1995 – private provider in a serious labour dispute because staff acted under Freedom of Speech**
 - Scania 1999 – awarded municipality Fire Service contract without proper tendering**
- **Local commissioners were more concerned with buying what they already had than looking for new and innovative ways to provide services**
- **Some local commissioners were not interested at all in outsourcing to private providers and when they were forced to do it they only bought in manpower (minimal cost-efficiency)**
- **1996 regulation for Quality Management Systems to be implemented more or less on voluntary basis**
- **In the end of 1990s, all Emergency Ambulance Service is publicly funded, but now 35% is privately provided**

Sweden 2000 and onwards – privatization is stabilizing

- **... both insourcing and outsourcing took place...**
- **Nepotism and the lowest bidder is still very common**
- **Litigation processes continues - but no "big issues" anymore**
- **Contract duration is normally minimum 5 years**
- **In 2001 a "courageous" award took place when a one-vehicle company won 21-round-the-clock ambulance provision contract**
- **Commissioners are still buying what they already have, rather than look for new and innovative ways to provide services**
- **Some local commissioners who previously only bought in manpower now try to buy more complete service provision.**
- **Penalties for non-compliance of service parameters are introduced in most of the tenders after 2005**
- **Demand for Quality Certification like ISO 9001 appear in most of the tenders after 2005**
- **In the end of 2000s, all Emergency Ambulance Service is publicly funded but still 35% is privately provided**

Summary – privatization

- Comparison of two Swedish counties indicate cost differences...











County	Provision	Population	Area km ²	Density	Op hours	Op h/Inh	Responses	Total cost	Cost/Inh	Cost/Op h	Cost/Resp
C	Public	327 188	8 208	40	125 852	0,3846	39 456	£14 732 941	£45	£117	£373
E	Private (1995)	423 169	10 605	40	161 810	0,3824	52 093	£12 453 534	£29	£77	£239
Cost difference in percent									-35%	-34%	-36%

- Comparable population density
- Comparable demography
- Comparable operational hours in relation to inhabitants and area
- Comparable amount of responses in relation to inhabitants and area
- Comparable response time targets (C = 70% in 10 min, E = 75% in 10 min)
- Comparable competence levels for ambulance staff
- Cost difference of approx 35%

Summary – Competition in A&E service

- **The main talking point should not be whether the A&E Service should be public, private or a mixture of both...**
- **...the fundamental question should always be how to ensure the best economic value for the taxpayers money**
- **Monopolies do not improve quality or tax payer value since they have a tendency to only grow fat.**
- **Monopoly mergers are only catalysts for even more obesity**
- **Competitive market conditions with providers selected through a professional tendering process is normally the best solution**
- **The more that's tendered out the more cost-efficiency is achieved, but responsibility can never be tendered out**
- **Competitive tendering can only work when the procurement procedure follows strict guidelines such as;**
 - equality of opportunity**
 - transparency**
 - value for money**
 - sustainability**
- **Competition keeps everyone sharp but – wholesale privatisation is not the answer**
- **Benchmarking quality, value and performance is the way to go**

Summary – Competition in A&E and PTS

Flag	Name	Population	Pop. density (per km ²)	Public	NGO	Private
	Austria	8,169,929	97.4	0%	100%	0%
	Denmark	5,564,219	129	15%	0%	85%
	Finland	5,157,537	15.3	70%	0%	30%
	France	63,182,000	115.5	95%	0%	5%
	Germany	83,251,851	233.2	13%	53%	34%
	Netherlands	16,318,199	393.0	65%	0%	35%
	Poland	38,625,478	123.5	60%	0%	40%
	Spain	45,061,274	89.3	90%	0%	10%
	Sweden	9,090,113	19.7	65%	0%	35%
	United Kingdom	61,100,835	244.2	95%	0%	5%

Thank you for your attention!



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ANY QUESTIONS?

kenneth.kronohage@falck.com