L.E.K. European Hospital Survey Series 2023 | Part 4 of 5

EXECUTIVE INSIGHTS

European Hospital Survey: Strategic, Operational, and Clinical Care Trends in France

Executive summary

Over many years, France has built a well-established healthcare system that offers comprehensive care access through state-funded social health insurance and contributes to the country's high life expectancy, compared with the European average.[1] However, the system has struggled with shortages of healthcare professionals (HCPs) and in 2020 was one of the nations hardest hit by COVID-19 (by caseload and number of deaths per population), which worsened staffing pressures and caused a significant increase in hospital spending to support the country's pandemic response.[2]

Today, hospitals in France are concentrating on improving the quality of patient and clinical care; alleviating staffing pressures; controlling spending; expanding further into outpatient services; investing in digital health; increasing their supply chain resiliency; implementing environmental, social and governance (ESG) initiatives; and exploring outcome-based pricing models.

In this *Executive Insights*, L.E.K. Consulting shares key findings from its 2023 European Hospital Survey and discusses some of the key trends affecting hospitals in France.

Key findings

We have identified six key themes from the European Hospital Survey that are of particular importance to hospitals in France:

1. Enhancing clinical and patient care quality is the most important priority for French hospitals; staffing is also important due to current shortages of non-clinical staff and allied medical specialists
2. The majority of hospitals expect to increase the frequency of their outpatient services, particularly outpatient surgeries, as continued innovation enables faster recovery times, and shifting towards greater outpatient care creates cost savings
3. Digital health tools for patient engagement and monitoring, which will support the focus on improving patient and clinical care, are top digital priorities for many hospitals
4. Following the challenges of the COVID-19 pandemic, many hospitals are looking to increase supply chain resiliency (e.g. by investing in new self-distribution capabilities) and reduce supply chain costs
5. Hospitals have already or are currently widely implementing several types of ESG initiatives, including those relating to internal carbon and waste product reduction, transport and travel, and medicines and consumables
6. A significant proportion of hospitals are interested in services from medtech or other medical suppliers and see value in a broad range of services, including equipment service support and clinical information technology (IT) support

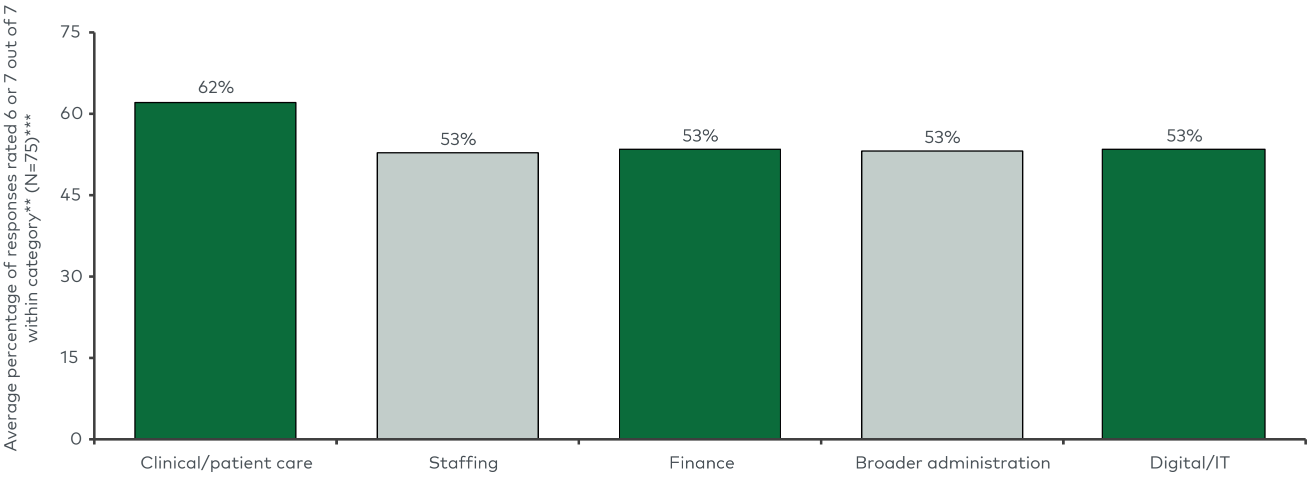
1. Enhancing clinical and patient care quality is the most important priority for French hospitals; staffing is also important due to current shortages of non-clinical staff and allied medical specialists

Hospitals in France are balancing a broad range of priorities across patient and clinical care, staffing, broader administration goals, financial metrics, and pursuit of digital/IT priorities, with patient and clinical care considered to be most critical (see Figure 1).

Figure 1

Strategic priorities for French hospitals*

Assessed on a scale of 1-7, where 1 means 'not at all important' and 7 means 'very important'



*Survey question: Looking at your hospital's strategic priorities, how important are each of the following strategic priorities for your hospital?
**Data represent the category-average percentage of 6 or 7 scores for multiple individual strategic priorities within that category
***Respondents who selected 'I don't know' for any individual variable were excluded from the analysis (0-1 respondents per priority)
Note: IT=information technology
Source: L.E.K. 2023 European Hospital Survey, France respondents

Quality of clinical and patient care

Improving quality of care continues to be an important focus for private and public hospitals in France, especially following the impact of the COVID-19 pandemic, which delayed or reduced access to care for many people. In addition, the Incitation Financière à l'Amélioration de la Qualité (Financial Incentive for Quality Improvement) budget, which provides additional funding to hospitals based on quality-of-care criteria, creates a positive incentive for hospitals to focus on improving care quality.

Accordingly, France's top five strategic priorities (by percentage of scores of 6 or 7, where 7 means 'very important') all relate to clinical and patient care — reducing medical errors, improving patient satisfaction, improving infection control, standardising best practices in care delivery and improving performance on quality metrics. Clearly the ability to improve on several of these priorities is highly dependent upon reducing the current staffing shortage in France, which will be discussed shortly. By addressing both of these in tandem, hospitals are more likely to achieve their long-term quality-of-care goals for patients.

Staffing

Staffing remains a top priority for many hospitals in France, with shortages across clinical and non-clinical staff. Thanks to the Ségur de la Santé agreements (introduced in July 2020), compensation for some public hospital staff has increased significantly — for general care and specialist nurses, c.10%-20% in 2020 and 2021 depending on their tenure, but the sector is still having difficulties with recruitment.[3] Some hospitals have had to reduce their bed capacity, and in 2021 there were reports of c.20% of public hospital beds remaining closed due to lack of staff.[4]

As expected, the L.E.K. 2023 European Hospital Survey shows that attraction and retention of non-clinical and allied medical staff and nurses are considered moderately to very important by c.55%-60% of respondents, and these represent the top staffing-related priorities. Notably, attraction and retention of nurses are considered more important to public than private (includes non-profit and for-profit) hospitals. Attraction and retention of physicians are also considered important, but less critical than the staffing issues for nurses and non-clinical staff (c.50% considered it moderately to very important).

Other priorities

Two financial considerations are also within the top 10 priorities for French hospital respondents. These are improved capital utilisation (especially for private hospitals) and participation in more value-based arrangements, each considered moderately to very important by c.60% of respondents.

This reflects the high healthcare spend by hospitals in France (France's healthcare spending was seventh-highest in the EU on a per capita basis in 2019[5]) and the need to reduce spending and more carefully consider capital utilisation to maximise benefits to patients with the funding available.

> In terms of development priorities, some hospitals are looking for opportunities to grow along the value chain by creating diagnostic centres or acquiring rehabilitation facilities.

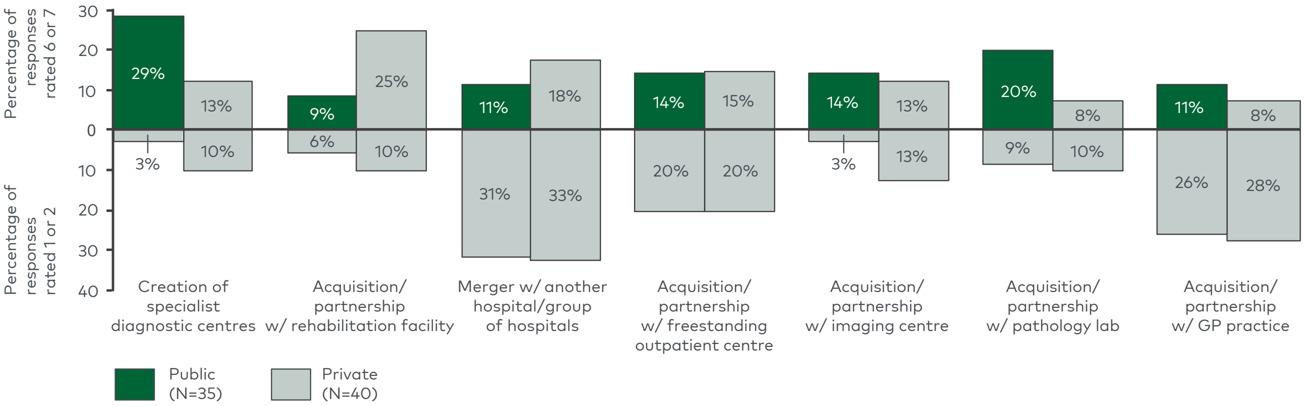
Some hospitals in France are looking to grow and are considering expanding their footprint across the patient journey via acquisitions, partnerships or mergers.

In the L.E.K. 2023 European Hospital Survey, creation of specialist diagnostic centres and acquisition of or partnership with rehabilitation facilities are the two most likely growth strategies to pursue over the next three years (see Figure 2). Diagnostic procedures are often carried out prior to hospital treatments, and rehabilitation complements a hospital's offering by enabling them to provide continued support after a patient has left hospital. The results indicate a desire for some hospitals to extend their reach along the patient journey, and that is contributing to the trend towards consolidation within the French hospital market.

Figure 2

Growth strategies for hospitals in the next three years*

Assessed on a scale of 1-7, where 1 means 'not at all likely' and 7 means 'very likely' to pursue



*Survey question: How likely is your hospital to pursue the following strategic options in the next three years?
Note: GP=general practitioner
Source: L.E.K. 2023 European Hospital Survey, France respondents

2. The majority of hospitals expect to increase the frequency of their outpatient services, particularly outpatient surgeries, as continued innovation enables faster recovery times, and shifting towards greater outpatient care creates cost savings

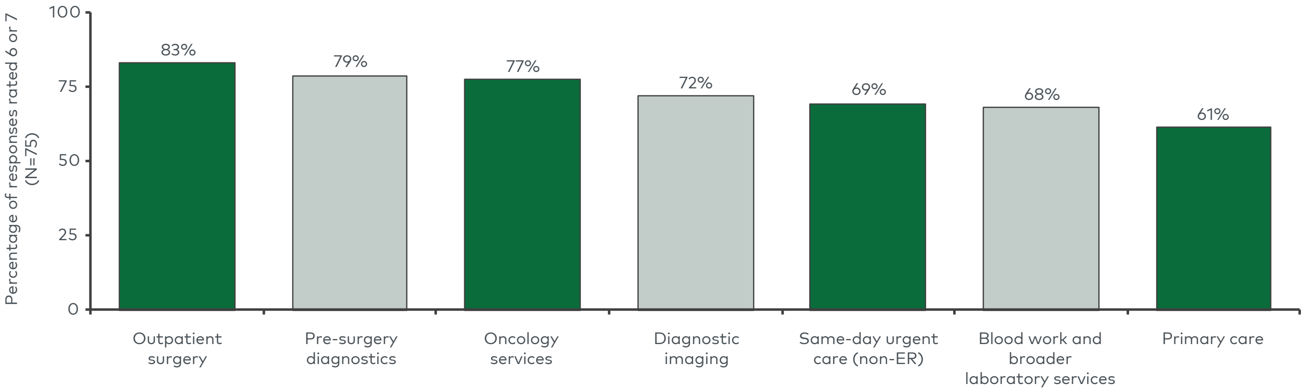
There is a trend towards greater care delivery in outpatient settings, and the majority of hospital respondents expect the frequency of provision of a broad range of outpatient service types (outpatient surgery, pre-surgery diagnostics, oncology services and more) to increase over the next three years (see Figure 3). Outpatient surgery, for example, is expected to be provided moderately to significantly more in 2025 by over 80% of French hospital respondents, with a similar expectation for pre-surgery diagnostics. While there is some variation between the expectations in public and private hospitals, in general the provision of services across categories is expected to increase. This trend is likely driven by the potential cost and labour efficiencies associated with outpatient procedures, with many private hospitals having already invested in increasing their outpatient capacity.

The shift towards outpatient care is being enabled by innovations in clinical care that are continuing to shorten recovery times as well as by the emergence of remote patient monitoring systems that allow hospital staff to continue to monitor patient status and progress post-surgery from patients' homes. Hospitals are motivated to pursue this change due to the significant cost savings (lack of spend on hospital beds and overnight care) and reduced staffing requirements per patient.

Figure 3

Hospitals' expected increase in frequency of providing various outpatient services from 2022 to 2025*

Assessed on a scale of 1-7, where 1 means 'providing significantly less often in 2025 vs today' and 7 means 'providing significantly more often in 2025 vs today'



	Outpatient surgery	Pre-surgery diagnostics	Oncology services	Diagnostic imaging	Same-day urgent care (non-ER)	Blood work and broader laboratory services	Primary care
Public (N=35)	83%	86%	83%	80%	66%	71%	63%
Private (N=40)	83%	73%	73%	65%	73%	65%	60%

*Survey question: Please indicate whether your hospital expects to provide each of the below services more often or less often in the next three years (2025 compared to today)
Note: ER=emergency room
Source: L.E.K. 2023 European Hospital Survey, France respondents

Outpatient oncology services is another key area respondents highlighted that they expect to grow, which is supportive of the 2021 National Cancer Plan that was launched with the aim of reducing the number of avoidable deaths from cancer over the next 10 years.[6]

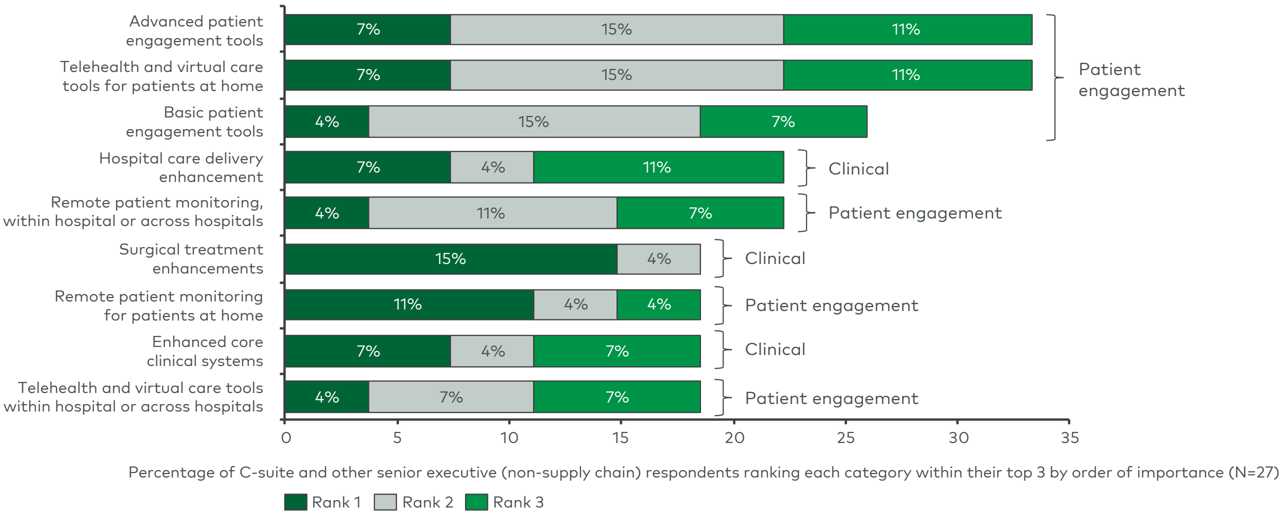
3. Digital health tools for patient engagement and monitoring, which will support the focus on improving patient and clinical care, are top digital priorities for many hospitals

Hospitals have been investing in a broad range of digital health areas over the past three years, driven by the growing need to find efficiencies and cost savings. In the 2023 European Hospital Survey, respondents indicate that past investments were particularly high in patient engagement and clinical digital health tools, including c.60%, c.45% and c.45% of hospitals having invested significantly in basic patient engagement tools, advanced patient engagement tools and hospital care delivery enhancement, respectively, in the past three years.

The future of digital health for hospitals in France continues to be focused on improving the patient experience. When ranking areas of digital health by importance, advanced and basic patient engagement tools as well as telehealth tools for patients at home are most frequently ranked within the top three areas surveyed by C-suite and other senior executive (non-supply chain) respondents (see Figure 4).

Figure 4

Most important* areas of digital health for hospitals over the next three years**



*Only the top 9 most important areas of digital health are shown; others surveyed include, for example, hospital-at-home programs leveraging digital tools, harmonisation/integration of hospital IT tools across a hospital group, and claims and revenue management
**Survey question: Please indicate the three most important areas for your organisation when it comes to digital health in the next three years (2025)
Note: IT=information technology
Source: L.E.K. 2023 European Hospital Survey, France respondents

- **Advanced patient engagement tools** could be further used to improve patient experience through providing educational resources, decision support tools, and/or interactive patient communities
- **Telehealth and virtual care tools for patients at home** (e.g. live video consultations and mobile health applications) would enable HCPs to deliver care guidance and carry out follow-up appointments more efficiently
- **Basic patient engagement tools** (e.g. patient portals, same-day scheduling) could improve the patient experience in scheduling appointments, accessing prescriptions and accessing care, which would help hospitals increase patient satisfaction and 'win' patients in competitive local markets

4. Following the challenges of the COVID-19 pandemic, many hospitals are looking to increase supply chain resiliency (e.g. by investing in new self-distribution capabilities) and reduce supply chain costs

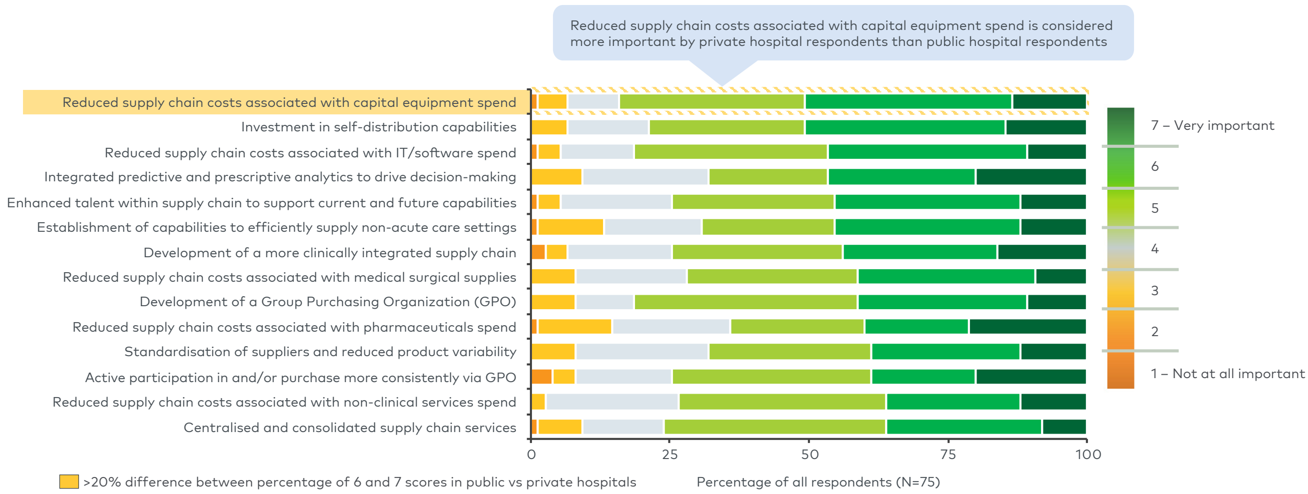
The COVID-19 pandemic exposed several supply chain issues that have led hospitals to place increased scrutiny on this area of their operations.

Specifically, many hospitals are looking for reassurance of supply chain resilience and are moving certain parts of their supply chains in-house. In line with this, investment in self-distribution capabilities is the second top supply chain priority indicated by respondents (by percentage of scores of 6 or 7, where 7 means 'very important') (see Figure 5). The ability to handle storage and distribution of their own supplies would offer more control to hospitals and greater supply chain security in times of future crisis or uncertainty. It may be particularly helpful for Groupements Hospitaliers de Territoire (Territorial Hospital Groups or GHTs) that are managed together at a regional level; self-distribution capabilities would enable suppliers to drop goods at a central warehouse location from which hospitals could coordinate distribution to the GHT network.

Figure 5

Hospital supply chain priorities in the next three years*

Assessed on a scale of 1-7, where 1 means 'not at all important' and 7 means 'very important'



*Survey question: Which of the following supply chain priorities do you expect to be most important for your hospital in the next three years (by 2025)?
Note: IT=information technology
Source: L.E.K. 2023 European Hospital Survey, France respondents

Secondly, reducing supply chain costs is highlighted as a priority across several metrics, with reducing supply chain costs associated with capital equipment spend the topmost important priority for respondents, most notably in the private sector (by percentage of scores of 6 or 7).

With a focus on finding cost efficiencies to reduce overall healthcare spend and building resiliency post-COVID-19, there is likely to be significant change in hospital supply chain operations in the coming years, with hospitals trialling different solutions and digital innovations to achieve these goals.

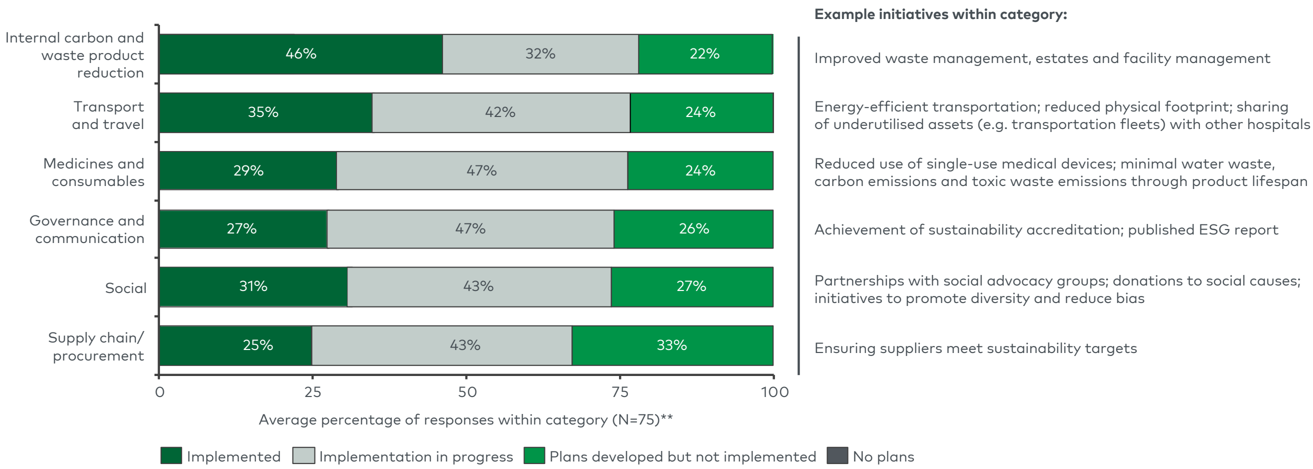
5. Hospitals have already or are currently widely implementing several types of ESG initiatives, including those relating to internal carbon and waste product reduction, transport and travel, and medicines and consumables

ESG considerations are becoming increasingly important for hospitals across Europe, and France is no exception.

According to L.E.K.'s 2023 survey, 95% of respondents in France already have defined sustainability targets in place at their hospital. These targets include ESG initiatives across a range of areas, including internal carbon and waste product reduction, transport and travel, medicines and consumables, and governance and communication (see Figure 6).

Figure 6

Hospital implementation of ESG initiatives by category*



*Survey question: Which of the following environmental, social and governance initiatives is your hospital currently implementing?
**Data represent the category-average percentage implemented, in progress, plans developed but not implemented, or no plans for multiple individual initiatives within that category (examples shown)
Note: ESG=environmental, social, and governance
Source: L.E.K. 2023 European Hospital Survey, France respondents

Internal carbon and waste product reduction and transport and travel initiatives are indicated to be the most advanced, with over 75% of hospital respondents on average indicating their hospital is implementing or has already implemented surveyed initiatives in these areas. Specifically, c.45% of respondent hospitals has already implemented initiatives for improved waste management, and c.40% have already implemented initiatives for energy-efficient transport. Given the growing pressure to demonstrate progress against ESG initiatives, hospital investments in ESG are likely to continue.

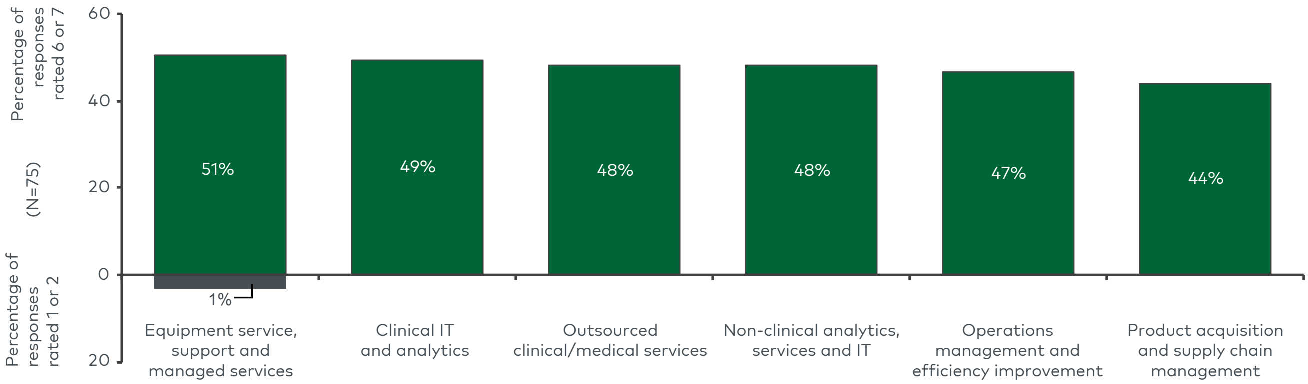
6. A significant proportion of hospitals are interested in services from medtech or other medical suppliers and see value in a broad range of services, including equipment service and clinical information technology (IT) support

To achieve their key priorities in clinical and patient care as well as reduce the pressure on hospital staff, hospitals recognise the value of sourcing a range of services from external medical suppliers and medtech companies (see Figure 7).

Figure 7

Hospital-perceived value of services that medtech and other medical suppliers could provide*

Assessed on a scale of 1-7, where 1 means 'not at all valuable' and 7 means 'very valuable'



*Survey question: How valuable are each of the following services that medtech and other medical suppliers could provide to your hospital?
Note: IT=information technology
Source: L.E.K. 2023 European Hospital Survey, France respondents

Hospital respondents rated multiple supplier services to be similarly valuable (by percentage of scores of 6 or 7), including equipment service, support and managed services; clinical IT and analytics; outsourced clinical/medical services; non-clinical analytics, services and IT; and operations management and efficiency improvement.

- **Equipment service, support and managed services** could include tasks such as product training, device maintenance and product cleaning, which may require specialist knowledge relating to single machines or pieces of equipment that individual hospitals do not have across all their medical equipment. These services are perceived as relatively more valuable by public hospitals than private hospitals.

- **Clinical IT and analytics** could include outcomes monitoring, health economic outcomes modelling, clinical decision support and telehealth capabilities. Again, many hospitals may not have the internal expertise to support advanced analytics or telehealth, especially in the public sector, which views this service as more valuable than do private-sector respondents. Therefore, some hospitals may benefit from working with external suppliers to help them successfully leverage clinical IT and analytics that will enable them to reach their long-term strategic priorities and goals.

- **Outsourced clinical/medical services** (e.g. pharmacy, clinician/technician staffing, sub-specialty care clinic management) is considered valuable by hospitals in France — unsurprising given the widespread staffing shortages — and it is viewed as more valuable by private hospital respondents versus public hospital respondents.

Hospitals in France are looking to grow their footprint across the patient journey. The variety of services considered valuable highlights that hospitals are open to growing their offerings through relationships with external suppliers, and most likely expect that leveraging external support will alleviate staffing pressures in departments or hospitals where the need is greatest.

Conclusion

Hospitals in France are striving to continue their recovery post-COVID-19 while battling a staffing crisis that is severely limiting their ability to achieve their greatest priority: improving the quality of patient and clinical care without raising the already high level of spending in the sector.

Over the next three years, hospitals expect to continue investment into digital health infrastructure while leveraging external support from medtech and other medical suppliers in order to achieve improved quality of care, find efficient solutions and reduce staffing pressures. Furthermore, the shift towards greater care delivery in outpatient and ambulatory settings will likely drive an increase in outpatient service provision and growth of some hospitals across the patient value chain as they pursue partnerships and acquisitions to expand their footprints and patient reach.

To discuss the findings of this survey in more detail, please contact Arnaud Sergent **a.sergent@lek.com** or Jean-Guillaume Bayada **jg.bayada@lek.com**.

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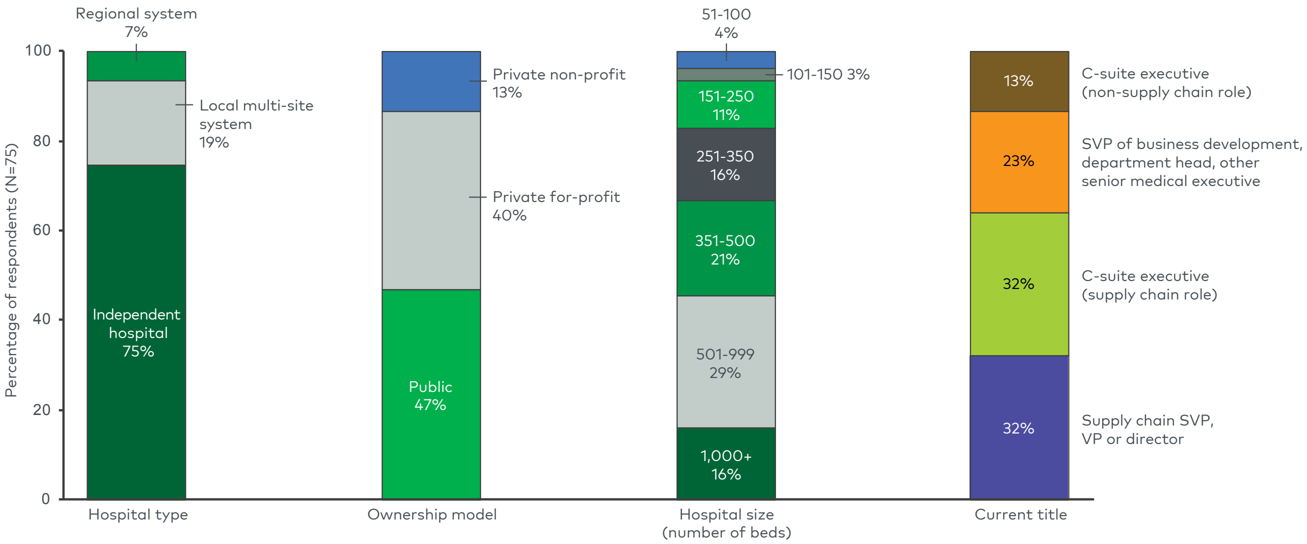
Appendix: Background and methodology

L.E.K. conducted an online survey of the views of 75 key hospital executives and supply chain directors of public- and private-sector hospitals in France from October to December 2022 (see Figure 8). All respondents were involved in decision-making or primary decision-makers for clinical and non-clinical products/services at their hospital/hospital group.

Figure 8

France hospital survey respondent mix*



*Only respondents working primarily in hospitals or hospital groups are included; those working in outpatient settings, nursing facilities or primary care were not included
Note: VP=vice president; SVP=senior vice president
Source: L.E.K. 2023 European Hospital Survey, France respondents

Data shown in this report are raw averages across respondents. There was no weighting/ rebalancing of responses by any of the above demographics.

Endnotes

[1]Organisation for Economic Co-operation and Development (OECD), 'State of Health in the EU France Country Health Profile'. https://www.oecd.org/health/france-country-health-profile-2021-7d668926-en.htm

[2]OECD, 'State of Health in the EU France Country Health Profile'. https://www.oecd.org/health/france-country-health-profile-2021-7d668926-en.htm

[3]Ministère des Solidarités et de la Santé, 'Ségur de la santé: Revalorisation des carrières'. https://sante.gouv.fr/IMG/pdf/dp-_segur_sante-revalorisation_carrieres.pdf

[4]RFI (part of France Médias Monde), 'A fifth of French hospital beds closed amid health worker shortage'. https://www.rfi.fr/en/france/20211027-20-of-beds-in-french-hospitals-closed-due-to-lack-of-health-workers

[5]OECD, 'State of Health in the EU France Country Health Profile'. https://www.oecd.org/health/france-country-health-profile-2021-7d668926-en.htm

[6]Institut national du cancer, 'La stratégie décennale de lutte contre les cancers 2021-2030'. https://www.e-cancer.fr/Institut-national-du-cancer/Strategie-de-lutte-contre-les-cancers-en-France/La-strategie-decennale-de-lutte-contre-les-cancers-2021-2030

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