

Achieving Croatia's Health Potential

PART 1



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This two-part article outlines potential health gains and economic benefits from reducing Croatia's present disease burden using current medical technologies and approaches. It also introduces the Health System of the Future framework as a potential pathway to unlock and sustain these gains. This framework is then used to identify and assess three main metrics of healthcare system performance—health outcomes, patient experience, and financial sustainability. The second part describes six key levers and four foundational enablers in this framework, along with offering insights on how to achieve meaningful and sustained change in complex systems such as healthcare.

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in Zagreb, and Paul Dinkin in London

Over the past century, life expectancy in Croatia has more than doubled and Croatians today can expect to live longer than their parents and grandparents, thanks to public health interventions such as vaccination programs, antibiotics, and better sanitation and nutrition. However, despite these advances, Croatia is still behind the rest of the EU with a higher disease burden and a higher death rate—even accounting for an aging population. Furthermore, Croatians seem to be getting less healthy—while overall life expectancy slightly rose between 2012 and 2019, healthy life expectancy actually decreased. As a result, Croatians now spend over a quarter of their lives in poor health.

Croatia has an opportunity to reshape its healthcare system to better meet the needs of its population and prepare for future requirements. Doing so may require reprioritizing spending for improved outcomes, which in turn could also support the economy and improve well-being for Croatians.

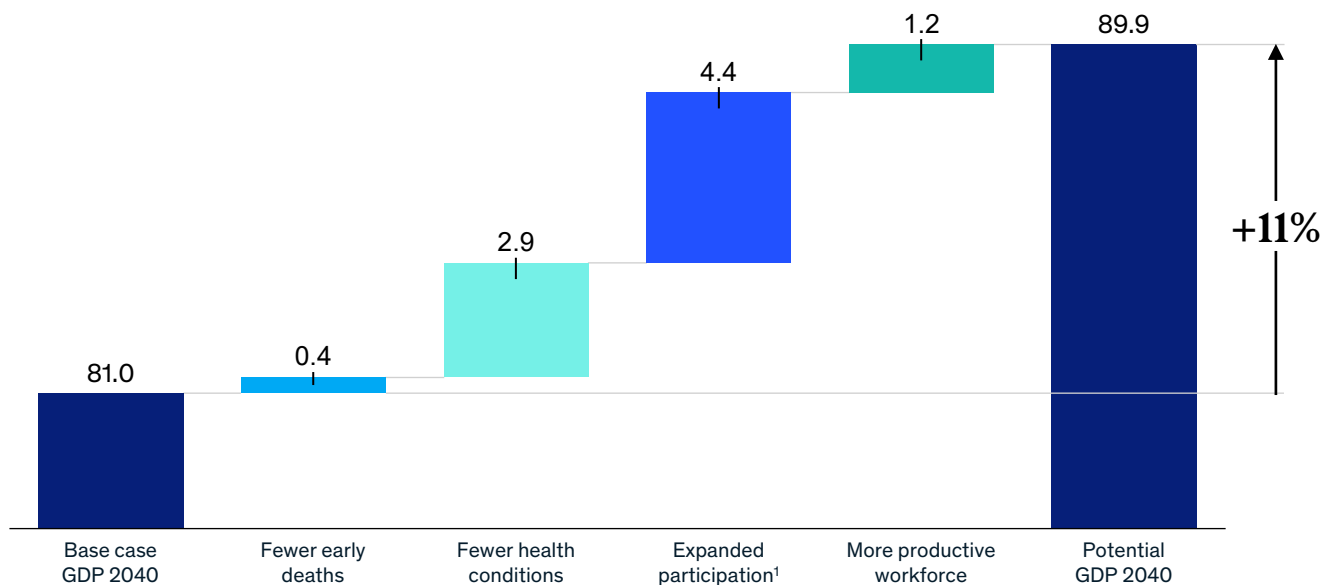
Croatia's health possibilities

If Croatia were to leverage all available medical technology and health interventions to address its disease burden, there could be huge benefits for the entire society, according to a [McKinsey Global Institute analysis](#). By 2040, Croatia could reduce its disease burden by 34 percent resulting in 27 additional healthy days per person per year on average. This would mean that an average 65-year old in 2040 could be as healthy as a 55-year-old today, and there would be **100,000 fewer deaths during the period**. Improved health would also translate into economic benefits that **could reach €9 billion in additional annual GDP by 2040**, due to fewer early deaths and health conditions, as well as expanded workforce participation and higher productivity.

Exhibit 1

Better health and fewer early deaths could unlock additional ~€9bn in Croatia's annual economic output by 2040.

€bn, 2040



1. Includes impact on older adults, informal caregivers, and people with disabilities.

Source: Bureau of Labor Statistics; Global Burden of Disease Database, IHME, 2016; ILOSTAT; Moody's; McKinsey Global Institute; Oxford Economics

More than 70 percent of these health gains could be achieved through prevention rather than treatment. Of those, 31 percent could come from behavioral, social, and environmental interventions, such as a reduction in alcohol and tobacco consumption, healthier diets, exercise, and a cleaner environment. Health promotion and management interventions via preventive medicines for heart disease, stroke, and diabetes, as well as preventive anti-infectives, vaccinations, and others could contribute another 42 percent.

These potential gains could also come at a relatively low cost, highlighting that health interventions do not need to be expensive to be effective. In fact, nearly two-thirds of the potential health gains could be achieved through interventions that cost less than €1,000 per additional healthy year. Some interventions, such as a healthier diet to reduce cardiovascular risk, or medicine to lower blood pressure and cholesterol, could cost as little as €100 per additional healthy year. Even with limited funds for additional investments, outcomes could potentially be improved by focusing more on addressing the most common diseases that have the highest potential for disease burden reduction.

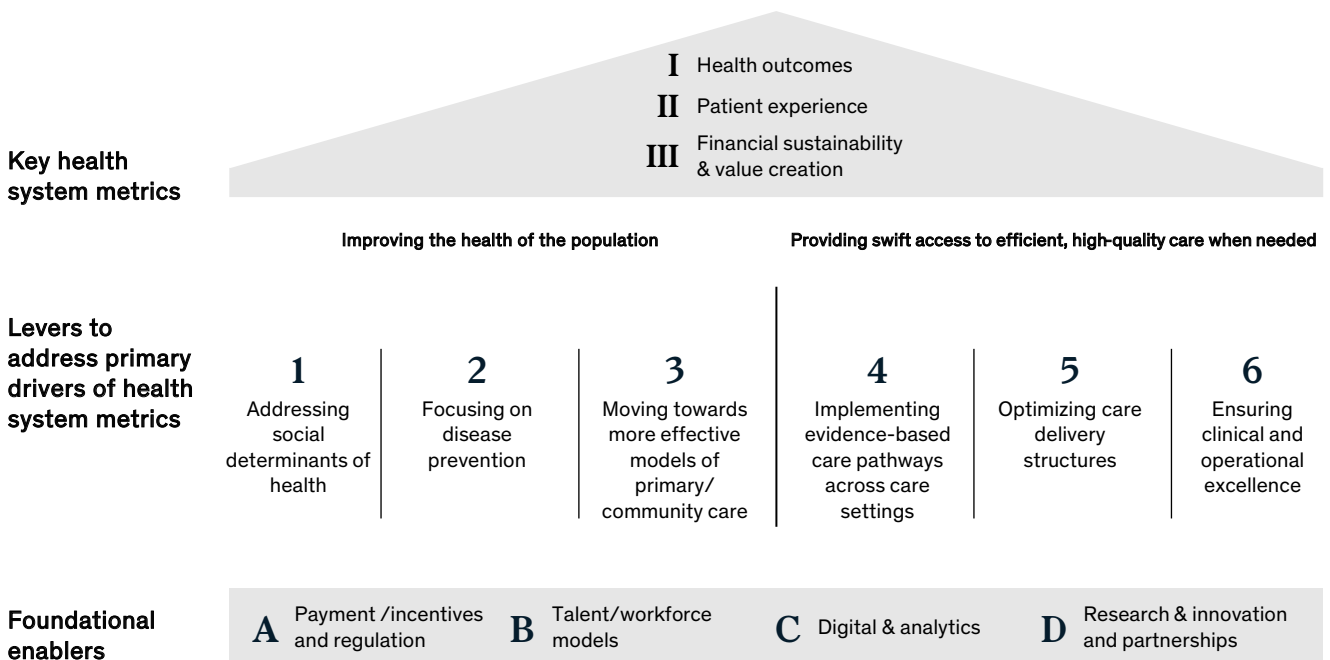
Setting up a “Health System of the Future”

Based on extensive experience in healthcare topics, McKinsey has developed a framework, called the Health System of the Future, that could be considered by healthcare leaders to move toward an optimized health system that leverages recent technological solutions, medical and health-related insights, and operational best practices. Such an approach could help countries, including Croatia, unlock these gains and improve key health system metrics - via six levers supported and sustained by four foundational enablers.

Exhibit 2

Setting up a healthcare system of the future could unlock potential and improve key health system metrics.

How to achieve “the health system of the future”



Assessing Croatia's Healthcare System: Three key metrics

Croatia, like most of the world, is confronting the rise of non-communicable diseases such as cancers, cardiovascular diseases, chronic respiratory diseases, and diabetes. In 2019, the ten most common causes of death accounted for 60 percent of all deaths in Croatia, and at least 35 percent of all deaths were due to various cardiovascular diseases alone. This is a comprehensive problem, requiring a broader focus on health and well-being factors rather than focusing only on clinical care.

Three key metrics—health outcomes, patient experience, and financial sustainability—can be used to provide insight into Croatia's health performance.

I. Health outcomes

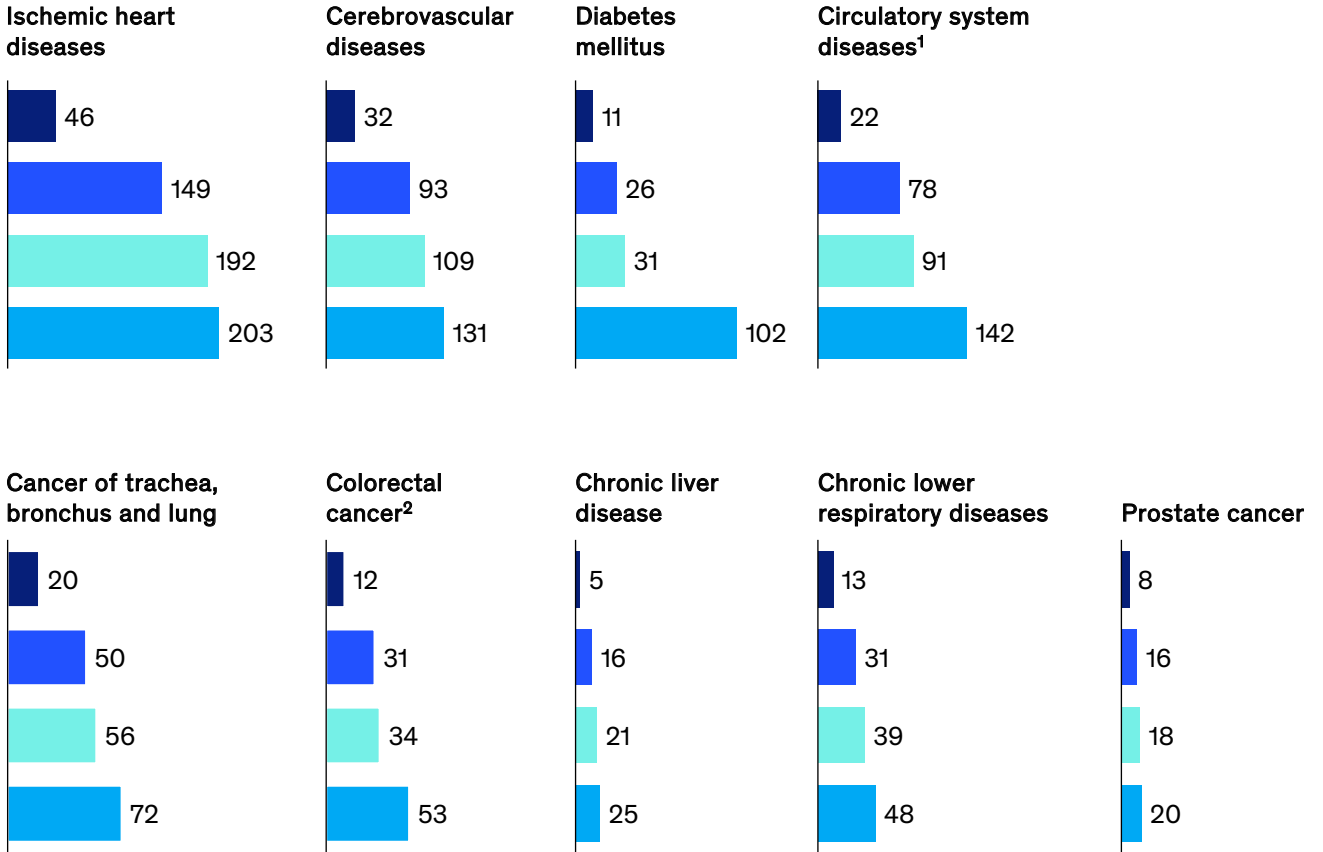
Croatia has poorer health outcomes than its European peers. Even taking into account the country's relatively old population, Croatia's death rate is 17 percent above the EU27+UK average, putting it just five places ahead of the worst performing peer in the group. Croatia's high overall death rates are in large part due to its particularly poor performance across those ten most common causes of death. Croatia is in the bottom quartile of EU27+UK countries in crude death rates for each of the ten leading causes of mortality. Among those, Croatia has the highest overall cancer death rate in the EU27+UK with the highest rate of colorectal cancers, and the second highest for respiratory cancers.

Diabetes is a particular concern, with the number of recorded deaths increasing 3.6 times in just six years, from 2014 to 2020, and Croatia now reporting by far the highest annual incidence of deaths from diabetes in the EU27+UK. While most of this growth is likely due to changes in how the causes of death are recorded, Croatian health authorities might consider conducting a deeper study on the drivers of this troubling development, to better understand the true impact of diabetes on the health of Croatian population.

Croatia is in the bottom 25% of EU27+UK countries in crude death rates for each of its 10 leading causes of mortality.

Deaths reported in country, per 100,000 inhabitants, for EU27+UK, 2019

■ Best EU27+UK ■ Average EU27+UK
■ 3Q EU27+UK ■ Croatia



1. Includes hypertensive diseases (4th most common cause of death), atherosclerosis (8th) and other circulatory system diseases combined
 2. Cancers of colon, rectosigmoid junction, rectum, anus and anal canal
 Source: Eurostat

Croatia has the opportunity to save thousands of its citizens' lives every year through better prevention and treatment of key diseases. Just getting preventable deaths down to the EU27+UK average would mean reducing the number of deaths in Croatia by almost 2,500 every year. Reducing treatable mortality from key diseases relative to the EU27+UK average would further decrease the number of deaths in Croatia by another 1,500 every year.

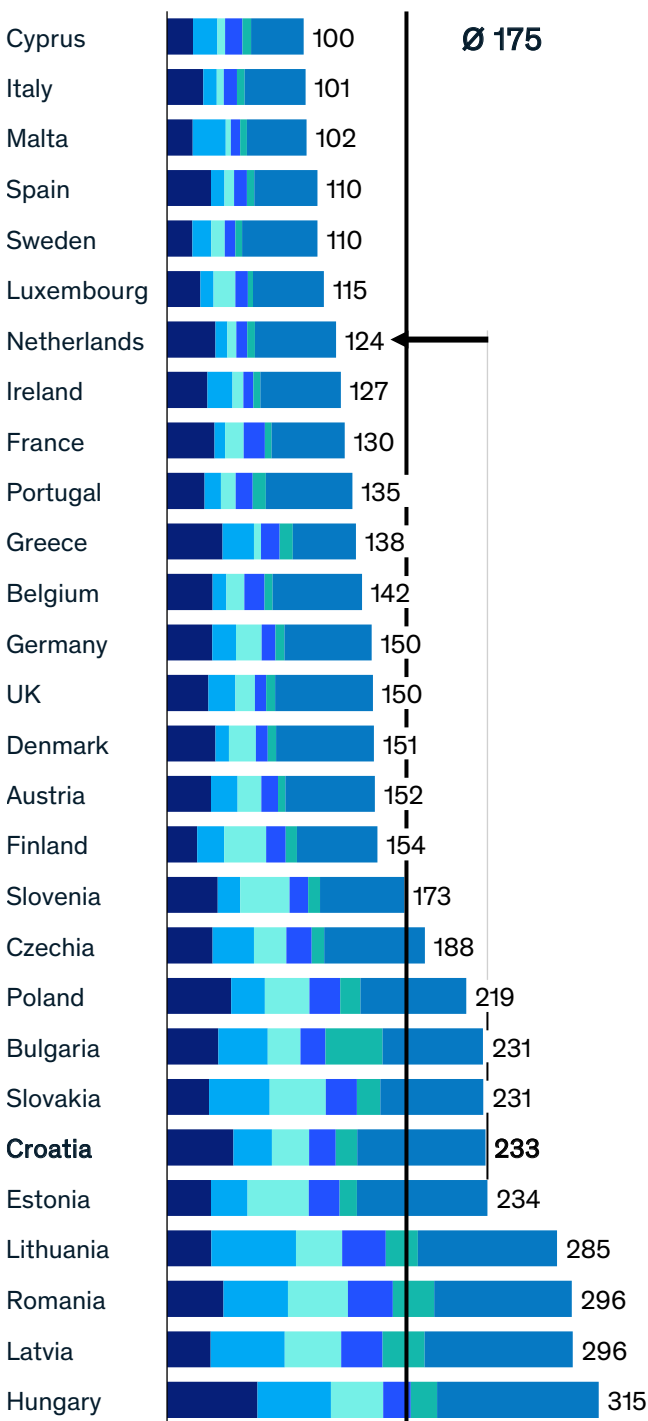
Croatia could save thousands of lives every year through prevention and better treatment of key diseases.

Age-standardized death rates from preventable and treatable diseases



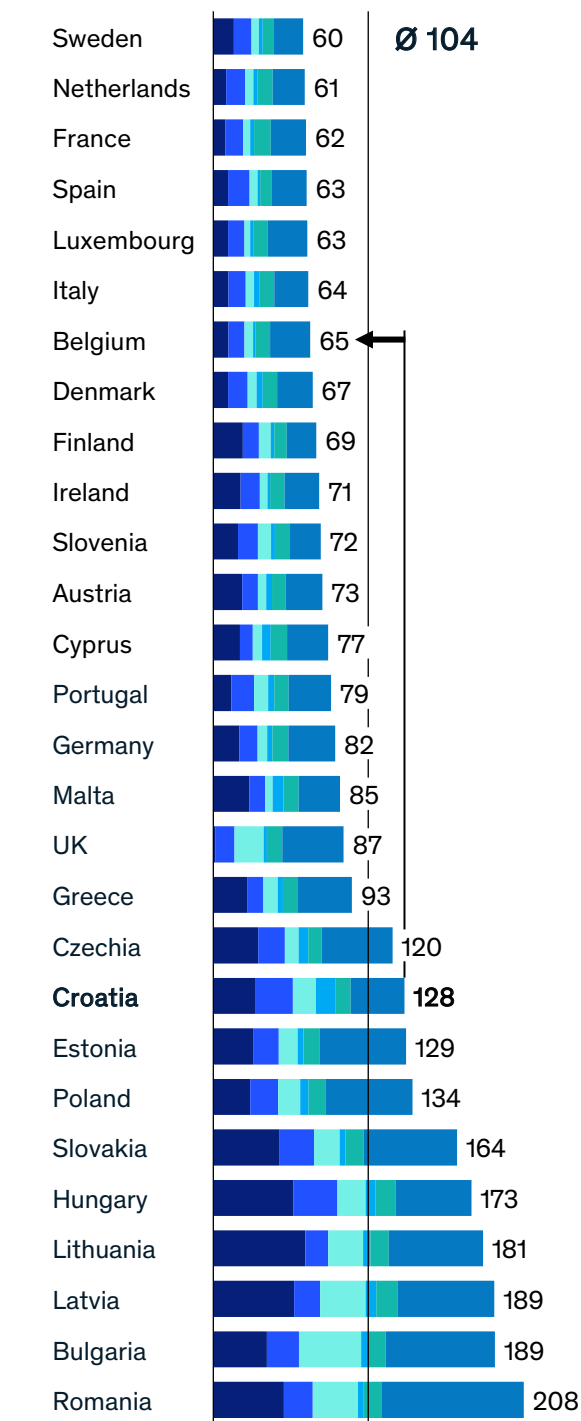
Preventable causes of mortality

Deaths per 100,000 inhabitants, for EU27+UK, 2019¹ data



Treatable causes of mortality

Deaths per 100,000 inhabitants, for EU27+UK, 2019¹ data



1. Data for UK and France is 2017-2018
Source: Croatian Public Health Institute, Eurostat

Croatia also does worse than its peers on many of the typical quality-of-care indicators such as colon, rectum and prostate cancer survival rates, as well as neonatal mortality, heart attack and ischemic stroke mortality. This subpar performance extends to the more holistic care indicators, such as the Global Burden of Disease's universal healthcare coverage index and disability-adjusted life years (DALYs) per capita.

II. Patient satisfaction

According to EHIS 2019 survey results, patients seem generally satisfied with medical personnel, especially doctors—both GPs and specialists—who received high rates for consultation quality and length, as well as communication. Patients also reported high satisfaction with primary healthcare nurses, although there was room for improvement in accessing them through appointments.

However, share of patients in Croatia reporting unmet medical needs—whether due to travel distance or transport, waiting times, or financial reasons—is above the EU average, and the trend is worsening across all categories. In particular, patients in Croatia face very long waiting times for common surgeries and scans—2-3 times longer than their EU27+UK peers.

III. Financial sustainability and value creation

Analysis shows that despite recurring interventions by the national government totalling almost €1.75 billion between 2017 and 2022, the public healthcare sector was still over €1 billion in debt by the end of 2022, representing a ~€360 million debt increase compared to 2017. Of that debt, public hospitals owed ~€420 million, mostly to pharmaceuticals and medical equipment wholesalers, while ~€620 million was owed by Croatian Health Insurance Fund (HZZO), including ~€205 million to pharmacies. The ongoing debt generated uncertainty over continued ability and willingness of wholesalers and pharmacies to supply pharmaceutical products and medical equipment which was the key driver of media coverage and public discussions over the healthcare system's financial unsustainability.

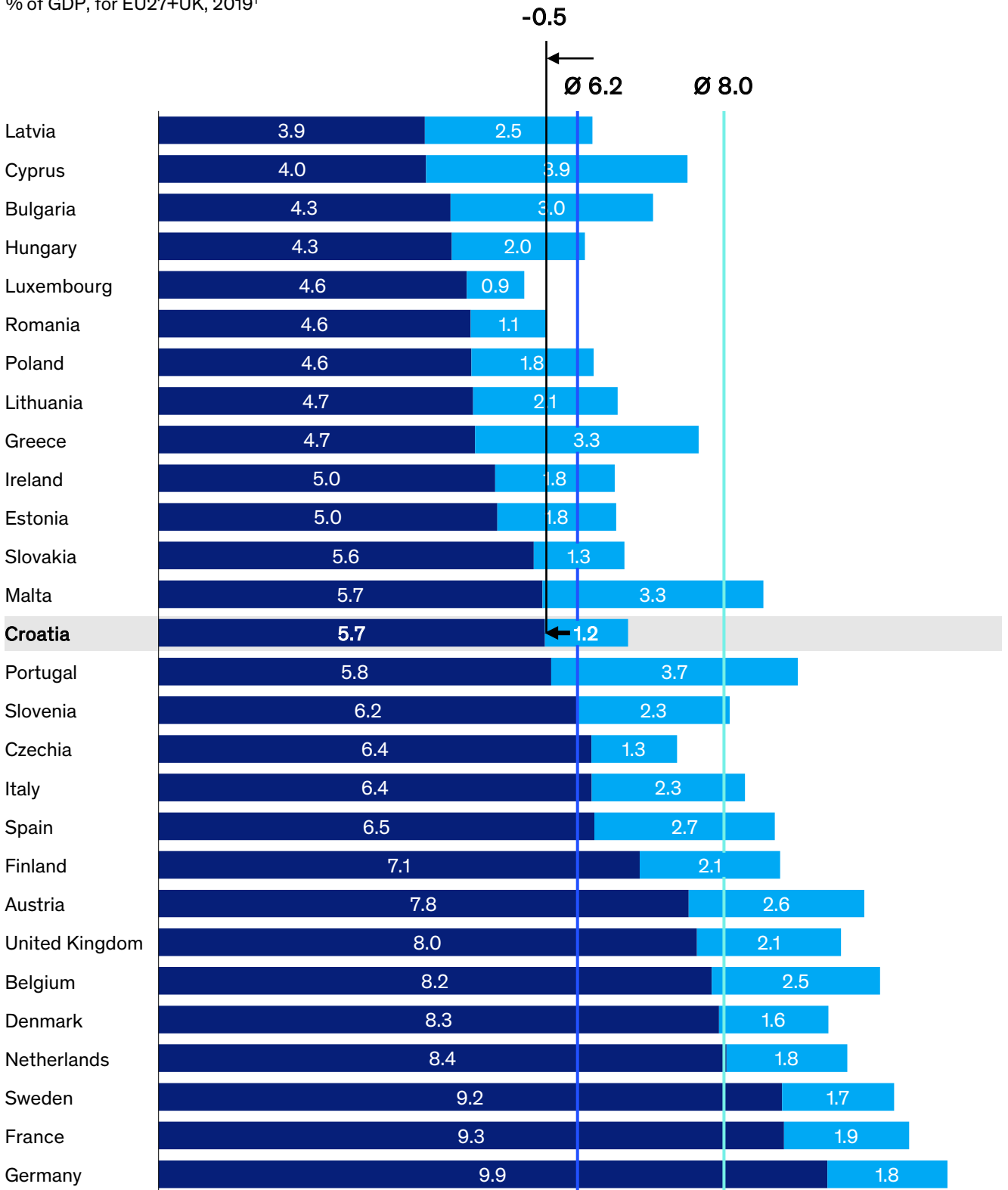
Since HZZO is largely financed by employee contributions, these issues are likely to be compounded as Croatia's working-age population continues shrinking, with fewer employee contributions and a growing cost of care as the population ages.

However, 80% of the spend on interventions in that period came during the coronavirus pandemic, and the average annual increase in debt of around ~€70 million represents only ~2% of the total annual public healthcare spend. Moreover, Croatia's spend on public healthcare as a share of GDP (5.6 percent) remains below the EU27+UK average (6.2 percent). Looking at total healthcare spend, this difference is even larger, with Croatia spending 6.8 percent of its GDP compared to 8.4 percent for the EU27+UK average. Given the current health outcomes, Croatia could consider reprioritizing resources in the short and medium term to maximize health gains via prevention and effective care, rather than focusing on cutting costs.

Public and total healthcare spend as share of GDP remain below the EU27+UK average.

Public and private sector healthcare spend, % of GDP, for EU27+UK, 2019¹

Public sector spend
 Private sector spend
 Average public sector spend
 Average total sector spend



1. Data for UK is for 2018
Source: Eurostat

In the second part of this article, we will explain how six key levers and four foundational enablers in this framework could help Croatia unlock these benefits and achieve successful and sustained change.

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