



TFHC Market Study

Opportunities for the Dutch Life Sciences & Health Sector in France

December
2017

Commissioned by:



Kingdom of the Netherlands
Holland Innovation Network

In collaboration with:



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I. Top 10 Reasons: Why is France interesting for the Dutch Health sector?

- 1. Full focus on digitalization of the healthcare sector.** France has launched a comprehensive national eHealth 2020 agenda which stimulates investments into telemedicine, regional data and information exchange, reducing administrative burden, ease and access for patients, and safety of digital systems. On top of this, President Macron announced in his election manifesto a EUR5 bn investment into innovative medical technology including eHealth. This poses an excellent opportunity for Dutch organizations active in eHealth. More information in section 4.2.
- 2. Untapped potential of medical data in the system.** The French healthcare system (especially the public side) has been collecting large amounts of data which is owned by the government and at this point largely unused. However, France has realized the potential of this data and is starting to provide access to partners. For parties active in (medical) research and value based health care, this is a development with great potential.
- 3. Necessity to centralize specialized care and further move to home care and primary care.** France has a disproportionate amount of hospitals, even for its size and population, which comes at a hefty price. France is therefore also moving in the direction witnessed all over north-west Europe, namely that of centralizing specialized care and focusing more on (decentralized) primary care and home care. This requires a shift in capacities of healthcare providers and will thus increase the demand for smart solutions in outpatient clinics, specialized clinics, GPs, and general hospitals.
- 4. Centralized purchasing organizations open to Dutch Smart Solutions.** French Healthcare providers are well organized for procurement by means of group purchasing organizations (GPO) in order to make purchasing as efficient and cost-effective as possible. These GPOs make it easier to scale up quickly in the French healthcare system and GPOs are actively looking for smart and innovative solutions. They are open to international producers and a good conversation partner for SMEs wanting to go to market in France. Read more at section 3.4.
- 5. French healthcare stakeholders recognize Dutch excellence in acquiring EU Horizon 2020 projects.** Dutch organizations are known by the French for their capacity to attract EU funds from the EU Horizon 2020 program. Especially given Brexit which will leave a vacuum where British efforts would be, French healthcare stakeholders are enthusiastic to work together with Dutch partners to fill this gap. This provides opportunities for Dutch research institutes, private parties, and NGOs open to partnering up.

6. **A president with a pro-business mentality and a firm focus on innovation.** President Macron is known for his pro-business agenda and wants to enable faster market authorization of innovative products in healthcare. He is moving away from the cost containment policies and aims for shorter stay in hospitals, prevention and a more efficient system with the use of innovative technology (for which more budget will be made available). This will benefit domestic as well as foreign innovative stakeholders wanting to enter the market. Read on in section 4.
7. **Public healthcare institutions have recently been clustered into 135 regions.** The public hospitals and clinics in these regions, or GHTs, will centralize their purchasing through the biggest hospital in the region. Not only will this provide opportunities for parties who are specialized in interoperability and building the infrastructure for these clusters of hospitals to function optimally, it will also increase the ease of scaling up in France. More information in section 4.6.
8. **Many French hospitals are currently in need of modernization.** Although French has a high standard in healthcare and a fully funded system, the fact that it has such a vast number of hospitals inevitably led to many of them in need of modernization and renovating. Dutch partners specialized in hospital renovation or with smart solutions geared at increasing efficiency and lowering costs . more information in section 4.4.
9. **Reliance on medical imports.** Despite a well-established industry, France remains reliant on foreign imports with about 80% of the supply stemming from foreign suppliers. Read on in section 4.1
10. **France is an international leader regarding innovation and Research and Development (R&D),** especially in the pharmaceutical industries. France is the third leading recipient of foreign R&D investments in the world.

I. Glossary of Terms

| | | |
|-------------------|--|--|
| ARS | Agence Régionale de Santé | Regional Health Agency |
| CH | Centre Hospitalier | Hospital Centre |
| CHR | Centre Hospitalier Régional | Regional Hospital Centre |
| CHRU | Centre Hospitalier Régional Universitaire | Regional University Hospital |
| CSBM | Consommation De Soins Et De Biens Médicaux | Consumption of Healthcare and Medical Goods |
| DREES | Direction de la Recherche, des Etudes, de l'Évaluation et des Statistiques | Directorate of Research, Studies, Evaluation and Statistics |
| EHPAD | Etablissements d'Hébergement pour Personnes Agées Dépendantes | Accommodation Facilities for Dependent Elderly People |
| ESPIC | Etablissement de Santé Privé d'Intérêt Collectif | Private Health Institution of Collective Interest |
| FEHAP | Fédération des Etablissements Hospitaliers et d'Aide à la Personne Privés Non Lucratifs | Federation of nonprofit Private Hospitals |
| FHP | Fédération des Cliniques et Hôpitaux Privés de France | Federation of Private for-profit Hospitals |
| HAS | Haute Autorité de Santé | High Council for Public Health |
| INED | Institut National d'Études Démographiques | National Institute of Demographic Studies |
| INSEE | Institut National De La Statistique Et Des Études Économique | National Institute of Statistics and Economic Studies |
| IPCH | Indice des Prix à la Consommation Harmonisé | Harmonised Index of Consumer Prices |
| OCDE /OECD | Organisation De Coopération Et De Développement Économique | Organization of Economic Cooperation and Development |
| ONDAM | Objectif National de Dépenses d'Assurance Maladie | National Objective of Health Insurance Expenditure |
| PIB/ GDP | Produit Intérieur Brut | Gross Domestic Product |

| | | |
|----------------|--|-----------------------------------|
| SHI | Assurance Maladie | Statutory Health Insurance |
| UE / EU | Union Européenne | European Union |
| VHI | Assurance Maladie Complémentaire | Voluntary Health Insurance |
| WHO | Organisation Mondiale De La Santé | World Health Organization |

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1. Introduction

1.1. Introduction to France

France, officially named ‘The French Republic’, is geographically located in Western Europe. As is indicated by Chevreul et al, France is a unitary state with several administrative subdivisions, which include five overseas départements (departments) and seven overseas territorial authorities (1). The executive power is led by the President, President Emmanuel Macron. The President, in the beginning of his term, appoints a prime-minister to lead the government. The Government, in turn, is accountable to the bicameral parliament (1). As is indicated by the Worldbank, France is the second most populous country in the EU, after Germany, with, according to 2016 estimates, 66,9 million inhabitants (Germany 82,67 million inhabitants) (Chevreul et al 1; Worldbank Population Total).

Table 1.1: Health in France, some recent developments

| Positive trends | Negative trends |
|---|---|
| <ul style="list-style-type: none"> ● General indicators show a good health situation in France: Healthy life expectancy ● French average life expectancy: over 80 years ● Second highest life expectancy in the world for women. ● Second highest fertility rate in the EU ● Older people remain healthier ● The situation with regards to mortality due to alcoholism, cirrhosis and cancer of the cervix is improving | <ul style="list-style-type: none"> ● High rate of premature male deaths from accidents and unhealthy habits (smoking and harmful alcohol consumption) ● Long-reported and relatively more widespread health inequalities across socioeconomic and geographic groups ● Disparities in access to health service ● High-cost healthcare. |

Source: Chevreul et al. France: Health System Review (2015)

Geography and demography

With a surface of 544,000 km², France is the largest country in Western Europe. It covers one sixth of the surface of the European Union, and borders, from North to East to South, with Belgium, Luxembourg, Germany, Switzerland, Italy, Monaco, Andorra and Spain (see Figure 1.1). The country consists of ‘Metropolitan France’, which is the mainland and the island in the South called Corsica.

Figure 1.1 France



Furthermore, five overseas departments¹ are an integral part of the French Republic, with the same legal system. France can be divided into 22 regions and 95 departments. France also has 10 more departments in overseas territorial areas. Within France, the country is subdivided in departments, which are classified alphabetically. For example, department 1 is Ain. Economically, the most important regions are Île de France (Paris), Rhône-Alpes (Lyon, Grenoble, Saint Etienne), Provence-Alpes-Côte d'Azur (Marseille, Nice, Toulon, Avignon), Haute de France (Lille), Pays de la Loire (Nantes) and Nouvelle-Aquitaine (Bordeaux).

Table 1.2: General information France

| | |
|--------------------------|---|
| Official name | The French Republic |
| Land surface | 544.000 km ² (13 times the size of the Netherlands) |
| Capital city | Paris |
| President | President Emmanuel Macron |
| Religion | Roman catholic 43%, Muslim 8%, Protestant 2%, Jewish 0,1%, Buddhist 0,5%, other 0,5%, agnostic or atheist 45% |
| Population | 65,081,127 (this number does not include population in French overseas territories) |
| GDP | €2,089.85 Billion (December 2016) |
| Annual growth | +2,2% (September 2017) |
| GDP per capita | €35,621.97 (December 2016) |
| Unemployment rate | 9,7% (September 2017) |
| Main cities | Paris (12,3 mill), Lyon (2,2 mill), Marseille (1,7 mill), Toulouse (1,3 mill), Lille (1,2 mill), Bordeaux (1,2 mill), Nice (1,0 mill), Nantes (897,713) (Census 2012) |

Source: Trading Economics

¹ The five overseas departments of France include: French Guyana, Guadeloupe, Martinique, Mayotte and Réunion.

Table 1.3: Demographic indicators France 1980 - 2014

| | 1980 | 1990 | 1995 | 2000 | 2005 | 2010 | 2014 |
|---|--------|--------|--------|--------|--------|-------------------|-------------------|
| Total population (millions) | 53.7 | 56.5 | 57.7 | 58.8 | 60.9 | 62.7 | 66.2 |
| Population, female (% of total) | 51.2 | 51.3 | 51.4 | 51.5 | 51.6 | 51.6 | 51.0 |
| Population aged 0–19 years (% of total) | 30.6 | 27.8 | 26.1 | 25.6 | 25.0 | 24.5 | 24.4 ^a |
| Population aged ≥60 years (% of total) | 17.0 | 19.0 | 20.0 | 20.6 | 20.9 | 22.8 | 24.0 ^a |
| Population aged ≥75 years (% of total) | 5.7 | 6.8 | 6.1 | 7.2 | 8.1 | 8.9 | 9.2 ^a |
| Population growth (average annual growth rate) | 0.4 | 0.5 | 0.4 | 0.7 | 0.8 | 0.5 | 0.5 ^b |
| Population density (average per km ²) | 100.83 | 106.65 | 108.72 | 111.22 | 115.36 | 118.74 | 121.00 |
| Fertility rate, total (births per woman) | 1.9 | 1.8 | 1.7 | 1.9 | 1.9 | 2.0 | 1.9 ^a |
| Birth rate, crude (per 1,000 people) | 14.9 | 13.4 | 12.6 | 13.1 | 12.7 | 12.8 | 12.2 ^a |
| Death rate, crude (per 1,000 people) | 10.2 | 9.3 | 9.2 | 9.0 | 8.6 | 8.6 | 8.8 ^a |
| Age dependency ratio (% of working population) | 57.0 | 51.0 | 54.0 | 54.0 | 54.0 | 54.0 | 59.0 |
| Percentage population urban | 73.3 | 74.1 | 74.9 | 76.9 | 81.5 | 85.2 | 79.0 |
| Proportion of single-person households | 24.6 | 27.1 | na | 31 | 32.8 | 33.6 ^c | na |
| School enrolment, tertiary (% gross tertiary enrolment) | 25.0 | 37.0 | 50.0 | 54.0 | 55.0 | 57.0 | 60.0 |

Source: INSEE (2013); Worldbank (2015)

As indicated by the INED (National Institute of Demographic Studies), on 1 January 2014 the population of France was close to 66 million (65,8 million). This number included 2,1 million in the overseas departments and excluded Mayotte. During the year 2013, the population increased with 300,000, 240,000 of which was in metropolitan France. Here, the growth rate was 0,42 per cent, 0,07 per cent lower than in 2012, when the growth rate was 0,49 per cent. The aforementioned population growth was mostly a natural increase (3,4 per 1000), which is the difference between the birth rate of 12,2 per 1000, and the death rate of 8,8 per 1000. This natural growth has been in gradual decline, from 4,6 per 1000 in 2006 to 3,4 per 1000 in 2013 (M Mazuy et al 2014).

It is estimated that during the upcoming 40 years, the population of metropolitan France will grow with 9 million people. If the fertility rates stay more or less at the same level, the mortality rates decrease and net migration will remain around 100.000 annually, this estimated population growth will bring the country's population to a total of around 72 million people by 2050. With these demographic developments in France, the country is expected to be the third most populous country in Europe in 2050, behind Germany (just 70-74 million) and Great-Britain (73 million) (UN DESA / Population Division).

Economy

Internationally, France is the fifth largest economy and in Europe, it is positioned at the second place. Due to the aforementioned overseas departments and territories of France, the country has the second largest exclusive economic zone in terms of area, only behind the United States (Chevreul et al 4). The expectations for 2017-2019 are more positive than in the past years. It is assumed that there will be better stability in the financial markets and a reduction in inflation and interest rates. The following statistics are based on information provided by Banque France:

Figure 1.4: GDP and Inflation

| Gross Domestic Product (GDP) | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|-------------|-------------|-------------|-------------|
| Growth GDP (%) | 1,10 | 1,4 | 1,6 | 1,6 |
| Inflation | 0,1 | 1,2 | 0,2 | 1,4 |
| Interest rate (short term) | -0,26 | -0,33 | -0,26 | - |

Source: Banque France (2017)

According to the macroeconomic forecast of France as part of the Euro system, on assumptions made in mid-May 2017, GDP growth will resume, gradually, after 1,1% in 2016, with at least 1.4% in 2017, and 1.6% in 2018 and 2019. Moreover, it is expected that, after a disappointing year in 2016, the French economy will benefit from international post-crisis economic growth. Therefore, the contribution of net foreign trade would in 2018 and 2019 become positive, after negative rates in 2016 (-0,7) and 2017.

The inflation rates (HICP²), due to increasing demand, are expected to increase slightly, from 0,3 in 2013 to 1,2 in 2017 and 2018 (expected) and 1,4% in 2019. Inflation excluding food and energy would remain low in 2017, at 0.6% in annual average, but would then rise again to reach 1.2% in 2018, and 1.4% in 2019 (Banque France - Projections macroéconomiques France, Synthèse juin 2017).

1.2. About this Market Study and Methodology

This market report was commissioned by the Embassy of the Kingdom of The Netherlands (EKN) in Paris, France. It is delivered by Task Force Health Care and Transfer Latin Business Consultancy, and provides an analysis of the French healthcare sector, business opportunities for organizations active in the Dutch Life, Sciences and Health sector, and recommendations for the organizations in The Netherlands that see opportunities in working in France and that consider it a potential growth market for their organizations.

For this study, Task Force Health Care conducted a survey among Dutch organizations in the Life Sciences and Health sector in The Netherlands, in order to determine the interest in the French healthcare market and the main (perceived) opportunities and barriers. The responses to this survey have been an important guide for the desk research and the interviews with the most important actors in the French Life Sciences and Health sector. Moreover, the responses confirmed the firm interest present within Dutch Life Sciences and Health organizations in France. The results demonstrate that a good part of the Dutch organizations are already active, or have strong interest to become active in France. These organizations are mainly active in the fields of 'medical devices', 'mobility and vitality', 'hospital build', 'e-health' and 'product development'. Chapter 4 of this market study outlines recommendations for the Dutch Life, Sciences and Health sector on how to align the sector-wide, Dutch smart solutions, with the current and future opportunities for these solutions in France. These three above-mentioned elements of the methodology that we have used for this market study, will allow us to provide a '360-degree', all-encompassing analysis of the French healthcare sector.

² HICP: Harmonised Index of Consumer Prices

Survey on the interest of the Dutch Life Sciences & Health actors

The Dutch actors within the Life Sciences & Health sector that participated in the survey indicated their interest in the French market and the difficulties that they perceive. The participants first presented the general information about their organizations and then categorized themselves in a particular sector such as hospital build or medical devices. Secondly, they were asked to share their ambitions on the French market, how they saw the country as a potential new market, and in which sector they would specifically be interested. This allowed us to see each case of the different actors, and to combine this with our field-visits and interviews in France. Based on this survey, this report aims to give an in-depth analysis of where Dutch expertise and solutions could give a response to the needs and challenges present in France, and vice versa.

Desk research

The desk research was based on information research on different subjects and resources, such as government documents, reports from organizations and federations and academic articles. Various public organizations in France share market data and statistics, like INSEE or DREES. Relevant data have been used for our study. The information gathered was treated and analyzed to carry out a thorough overview of the market.

Interviews

In order to complete the two above-mentioned sources of information, the interviews with French actors that are active in the healthcare market, allowed us to acquire more information, directly from people actually working in the field. These interviews were conducted by a delegation from TFHC and Transfer LBC. The selected stakeholders are key actors within the health sector in France from different domains, either private or public. In other words, we contacted persons with expertise on the market and on their organization. The interviewed parties operate both at the national level with a large overview on the market and at the regional and local level. The aim of these interviews was to use the previously done desk research to guide the interviews and to acquire the most useful information and direct, personal expertise from people directly implied in the respective field, in order to incorporate this in the final market report.

2. The French Healthcare Sector

The following chapter will address the current French healthcare system. Insights will be presented on the historical background and the current status of the French healthcare system, healthcare expenditure and financing, healthcare infrastructure, health professionals and health outcomes.

2.1. Historical Background

The health care system is primarily managed by the government and the Parliament, at national level. Since 1996, regional governance has been reinforced and since 2010, 22 regional health agencies (Agences régionales de Santé, ARS) in mainland and 3 in overseas departments, head of which are nominated by the Prime Minister, are in charge of regulating hospital and ambulatory care and medico-social care, in coordination with regional and local health insurance funds.

The present system of social security, including Social Health Insurance (SHI), was established after the Second World War. Prior to this, health and social care were largely provided through mutual benefit associations. The statutory system first emerged with the 1930 Act on Social Insurance, which created a system of compulsory protection paid for by employers for employees whose earnings fell below a certain level. Coverage encompassed five areas: illness, maternity, disability, old age and death. By 1939, two-thirds of the French population was covered for illness by mutual benefit associations, with free choice of the organization providing coverage. The creation of SHI in 1945 within the social security system changed the role of these associations, which either disappeared or became providers of Voluntary Health Insurance (VHI).

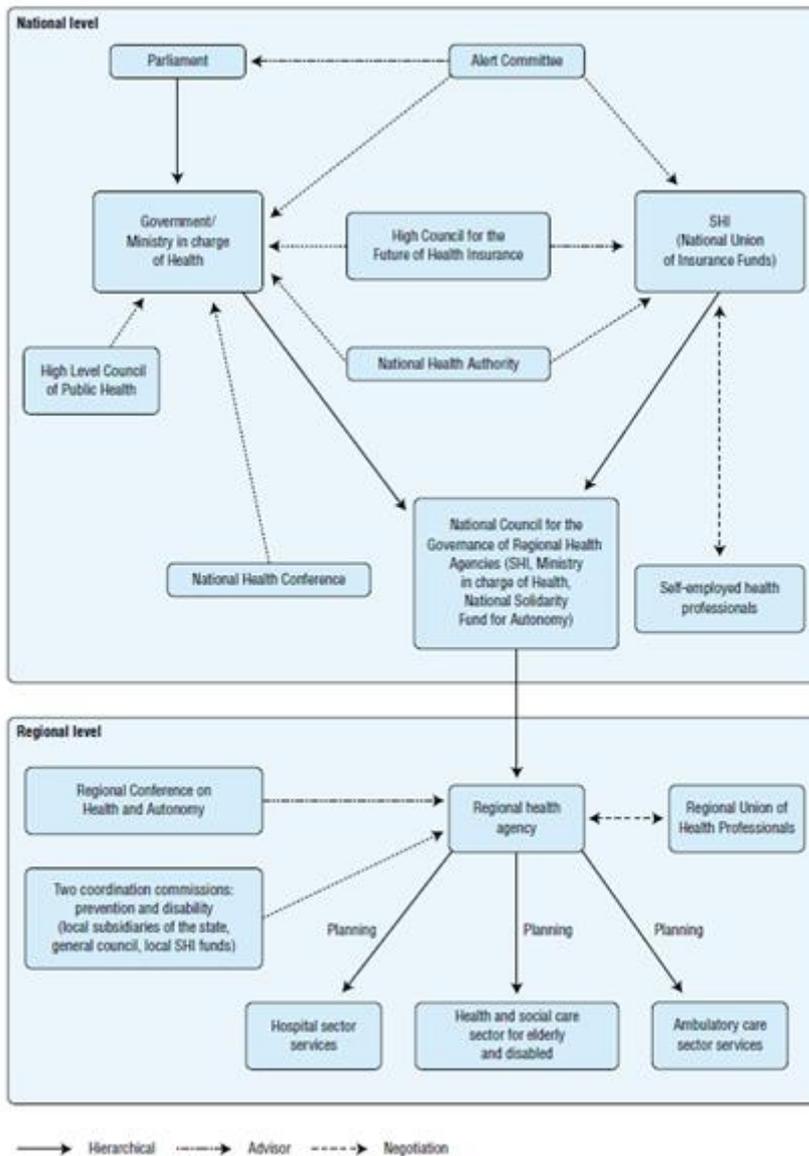
For many years, health care expenditure in France grew more rapidly than national wealth, with the exception of the period 1997–2000. Total expenditure on health as share of GDP has risen slightly faster than in neighboring countries (with the exception of the United Kingdom), from 10.4% in 1995 to 11.6% in 2000.

2.2. The French Healthcare System

In its latest global report of 2017, The World Health Organization found that France provided 'the best overall healthcare' in the world. The health outcomes in France ranked among the best in the European Union. France spends around 11.5 percent of its GDP on healthcare, higher than the EU average.

The high quality of French healthcare and environmental factors have led to one of the highest life expectancies at birth in the world: 79 years old for males and 85 years old for females. This has continued to increase over recent years. More than 75 percent of health expenditures in France are covered by government-funded agencies. According to the WHO, there are two main reasons for the good situation of the healthcare system in France: 1. "It is extremely open and communicative with patients and families, which reaps significant patient safety benefits" and 2. "it has far more doctors per capita. The result is that physicians want patients, and patients have a choice." State reimbursements for the French health system vary from 70 percent to 100 percent of the full costs, depending on the medical service used. Low-income and long-term sick patients receive 100 percent coverage.

Figure 2.1: Overview of the French health system (2014)



Source: Chevreur et al (2015)

Policy and implementation plans

In France, every five years, the public health policies and its objectives are defined by law. The Government specifies, in a report, the objectives of its policy and the main plans of action that it intends to implement. This report is based on a report analyzing the health problems of the population and factors likely to influence it, established by the High Council for Public Health, which proposes quantified objectives to improve the state of health of the population. The report drawn up by the High Council for Public Health includes a survey of socio-occupational inequalities and geographical disparities in health problems. It specifies the means to be implemented if necessary to enable persons with medical needs to benefit fully from the action plans. Implementation of these legislation and health programs are monitored on an annual basis and evaluated every five years. It may at any time be the subject of an overall or partial evaluation by the Parliamentary Office for the Evaluation of Health Policies.

The Nation defines its health policy according to multi-year objectives. The determination of these objectives, the design of the health plans, actions and health programs implemented to achieve them as well as the evaluation of this policy are the responsibility of the State.

What do Public Health Policies focus on?

- The monitoring and the observation of the health status of the population and its determinants;
- The fight against epidemics;
- Prevention of diseases, injuries and disabilities;
- Improving the health status of the population and the quality of life of sick, disabled and dependent people;
- Information and education on the health of the population and the organization of public debates on health and health risks;
- Identifying and reducing potential health risks related to environmental factors and working conditions, transportation, food or the consumption of products and services that may alter it;
- The reduction of health inequalities, through the promotion of health, access to care, and diagnosis throughout the territory;
- Quality and safety of healthcare and healthcare products;
- The organization of the health system and its capacity to respond to the needs of prevention and management of diseases and disabilities (Centre National de la Fonction Publique Territoriale (CNFPT))

Personalised and value-based healthcare

"Patients are more and more at the centre of assessment" – Dominique Maigne, Director at Haute Autorité de Santé (HAS)

Public health plans for 2017-2022

The national health strategy is more and more translated into regional health projects, predominantly defined by the Regional Health Agencies (ARS). At the national level, the strategy constitutes the common thread of all (current and future) health-related measures, plans and programs.

Priorities for the National Health Strategies: 2017 – 2022

1. Prevention and promotion of health, throughout life and in all backgrounds:
It is a strong ambition carried by the Prime Minister and the President of the Republic. The main objectives are to promote healthy eating and physical activity, the prevention of infectious diseases, the fight against addictive behavior, the promotion of mental health, the environment and working conditions favorable to health, improved screening and prevention of loss of autonomy. Special attention will be given to children and young people.

2. The fight against social and territorial inequalities of access to health:
The goal is to move to an approach focused on the patients, with organized pathways at the territory level.
3. The need to increase the relevance and quality of care:
The Minister wants a reflection on the evolution of the pricing to the health activity, the quality and the relevance of the care and acts. The training of professionals is a second indispensable lever to develop this culture and this permanent concern for quality.
4. Organizational, medical, technological or digital innovation must be at the service of all and meet priority health needs. This approach will promote a better association of patients, users and professionals who are primarily concerned by these developments, for example in the field of telemedicines. Specific credits will allow early identification and selection of projects with high potential (Ministère Des Solidarités Et De La Santé 2017).

Policy on central and decentralized level

National level

At the national level, the health system remains largely driven by the public authorities. By the ministries, responsible for health and social affairs, ensuring consistency in the care of patients and residents and by health insurance, which covers the health and professional risk and reimburses health expenses. The State intervenes directly in the financing and organization of health and social services. The ministry of health and social affairs has a wide range of responsibilities, including:

- the management and implementation of public health, control and safety policies.
- the supervision of all care and support institutions, the training of health professionals.
- financial support for health and medico-social establishments, the setting of service rates and the control of health costs, the supervision of health insurance organizations.

More responsibilities are now devolved to the territorial level and more particularly to the regions. The current Minister of Solidarity and Health is university professor Agnès Buzyn, she is a qualified doctor and hematologist.

Regional level

Since 2010, renovated state services have been the key of the new organization and management of the health and medico-social system at the regional level.

- Regional health agencies (ARS) coordinate prevention, care and support. They ensure a consistent management of resources to allow equal access for all to a continuous, quality and secure support.
- To achieve this, the ARS adopt national policies and adapt them to their regional characteristics (population, epidemiological, geographical). This, through regional health programs (PRS), made of regional prevention plans, regional organization plans of care (SROS), of city and hospital, as well as regional schemes of medico-social organization (SROMS) for the elderly or dependent, disabled, and precarious situation. Thus, the ARS set up an organization better rooted in the territories, with more effective support for health professionals and a more detailed assessment of patients' needs.

- Complementary to the ARS, the regional directorates of youth, sports and social cohesion (DRJSCS), drives policies in social, sports, youth, of popular education and associative life, in a logic of social promotion, with a priority of youth social help.
- Social security policies are also relayed in the regions, in particular by the primary health insurance funds (CPAM) and the pension and occupational health insurance funds (CARSAT).
- Fight against inequalities, improve the local distribution of care and medico-social services and better tailor responses to local needs and specificities

Local level

At the local level, the health care, medico-social and social care are closer to health users. The structures, the facilities and the professionals are organized under the supervision of the ARS, to allow an organized management: "primary care" (also called of first resort or proximity) centered around the general practitioners, which also ensure the orientation of their patients to the second-level care provided by specialist doctors or even third-level referrals in health facilities or adapted structures. This organization is focused on coordination of care between all the actors and a reinforcement of the permanent care of city and hospital (Ministère Des Solidarités Et De La Santé, 6 January 2016).

2.3. Healthcare Expenditure and Financing

Healthcare expenditure in France

In France, the total health expenditure in 2016 accounted for 11% of GDP (OECD). This same year, its growth rate was 2,3%. It grew faster than GDP (1,6%), as during the years between 2012 and 2014 and the period before the crisis, when the Consumption of Healthcare and Medical Goods (CSBM) grew faster than GDP. With healthcare spending at 11% of its GDP, France equals Sweden, Germany and the Netherlands.

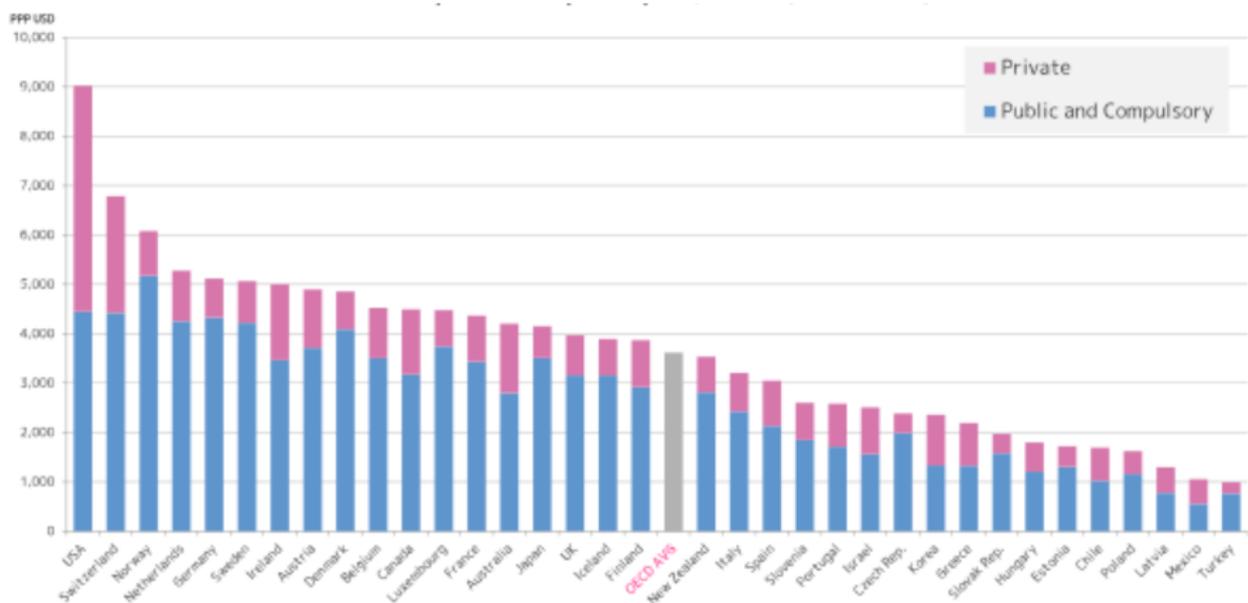
More than three quarters of CSBM is financed by Social Security and complementary institutions account for 13,3%. The remaining share for the households decreased for the fifth time in a row (8,3% in 2016). French households spend €250,- per capita on health care consumption, which is less compared to a large part of its European neighbors.

Figure 2.2: health expenditure in France, development 2013 - 2016

| Year | 2013 | 2014 | 2015 | 2016 |
|---|---------|----------|--------|---------|
| Total health expenditure per capita (\$, 2016) | 4,330,7 | 4,464, 2 | 4529,6 | 4,600,4 |
| Total health expenditure as % of GDP (\$, 2016) | 10,93 | 11,1 | 11,07 | 10,98 |

Source: OECD data, Health spending

Figure 2.3: Health expenditure per capita in the OECD countries (2014)



Source: WHO (2015)

Health financing in France, sources of revenue

Publicly financed health insurance

Total health expenditures reached 11 percent of GDP in 2015, of which 77 percent was publicly financed.

Statutory health insurance (SHI) is financed by employers and employee payroll taxes (58%); a national income tax (20%); taxes collected on tobacco and alcohol, the pharmaceutical industry, and voluntary health insurance companies (13%); state subsidies (2%); and transfers from other branches of Social Security (6%) (Assurance Maladie, 2015). Coverage is universal and compulsory, provided to all residents by non-competitive SHI. SHI eligibility is either gained through employment or granted, as a benefit, to students, to retired persons, and to unemployed adults who were formerly employed (and their families). The state covers the insurance costs of residents who are not eligible for SHI, such as the long-term unemployed, and finances health services for undocumented immigrants who have applied for residence. Visitors from elsewhere in the European Union (EU) are covered by an EU insurance card. Non-EU visitors are covered for emergency care only.

Social Health Insurance (SHI):

Social Health Insurance (SHI) is a form of financing and managing health care based on risk pooling. SHI pools both the health risks of the people on one hand, and the contributions of individuals, households, enterprises, and the government on the other. Thus, it protects people against financial and health burden and is a relatively fair method of financing health care (WHO)

Private health insurance

Most voluntary health insurance (VHI) is complementary, covering mainly the co-payments for usual care, balance billing, and vision and dental care (minimally covered by SHI). Complementary insurance is provided mainly by not-for-profit, employment-based mutual associations or provident institutions, which are allowed to cover only co-payments for care provided under SHI; 95 percent of the population is covered either through employers or via means-tested vouchers. Private for-profit companies offer both supplementary and complementary health insurance, but only for a limited list of services. VHI finances 13% of total health expenditure in 2016. The extent of VHI coverage varies widely, but all VHI contracts cover the difference between the SHI reimbursement rate and the service fee according to the official fee schedule. Coverage of balance billing is also commonly offered, and most contracts cover the balance for services billed at up to 300 percent of the official fee.

People with low incomes are entitled to free or state-sponsored VHI, free vision care, and free dental care, with the total number of such beneficiaries estimated at around 10 percent of the population (DREES, 2015; WHO/Europe: European Observatory on Health Systems and Policies 2015).

2.4. Healthcare Infrastructure

In France, the health and medico-social system is composed of different actors.

City structures

These city structures are also named ambulatory services, in which freelance and salaried professionals work individually, in a group or in a coordinated way in a house or health center: general practitioners and specialists, dentists, pharmacists, midwives, nurses, physiotherapists, chiropodists and more.

Hospitals

This category, the hospitals, is divided into three actors: public hospitals, private for-profit clinics and private non-profit institutions of collective interest (such as private hospitals, cancer centers or dialysis centers). These hospitals provide general care (medicine, surgery, obstetrics) and / or more specialized (psychiatry and mental health, for example). They also contribute to emergency medicine with emergency services, mobility, reanimation and intervention services throughout the country.

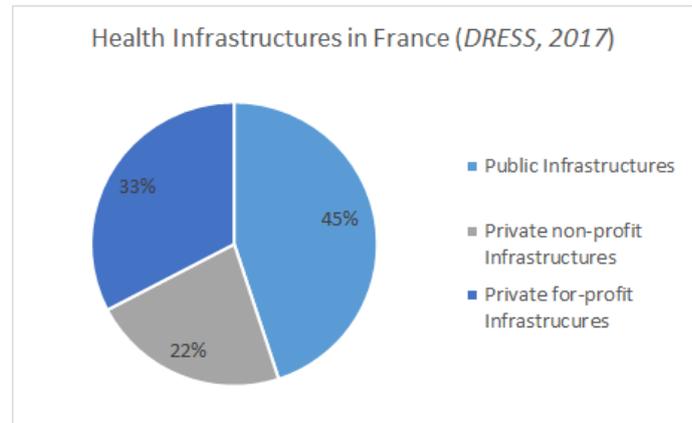


Figure 2.4 Health Infrastructures in France Source: DRESS, 2017

Public Hospital Center (CH)

These institutions are legal persons under public law with administrative (they are managed by a supervisory board) and financial autonomy (they have their own budget). The staff they employ belongs to the hospital public service. There are several categories. For the most part, hospital centers (CH) are attached to a local authority (most of the time a municipality) where they are usually the main employer. Their mission is to provide diagnostic services and provide the full range of specialized care in medicine, surgery and obstetrics, as well as aftercare and long-term care. Among the hospitals there are structures dedicated to psychiatric care. The old local hospitals are also among the CHs. They provide the first level of care by providing local populations with medical, follow-up and rehabilitation services, as well as nursing and home care services; finally, reception services for dependent elderly populations. In 2016, there were 962 hospital centers (CH), totaling 145,000 hospital beds out of 253,000 in the public sector (DREES, 2016).

The Regional Hospital Centers (CHR)

These centers are located in the major regional cities and are characterized by their high level of specialization. Listed on a list established by decree, on the one hand, the CHR provide routine care to the nearby population, and, on the other hand, they position themselves as a second-level care facility for other institutions in the region. For the vast majority of them, they also have a teaching and research vocation and are associated by convention with a university comprising one or more medical, pharmaceutical or odontological training and research units. They are called regional university hospital center (CHRU). In 2016 there were 178 CHRU/CHR. (Source: DREES, 2016). At these public institutions, we must add the 9 military training hospitals that participate in the public hospital service and are open to all insured persons.

Private Health Institutions:

There are 691 private non-profit healthcare facilities with 57,384 beds according to the DREES (2016). The majority of these institutions have the qualification of private health institutions of collective interest (ESPIC), and ensure one or several public service missions.

For-profit facilities also called clinics, have a total of 97,500 beds in 1,009 facilities, 70% of their activities is focused on MCO (medical, surgical, obstetrics) which represent mainly short-term stays. They are most of them configured in the form of partnerships or capital, where the liberal activity of practitioners is exercised (DREES 2016). According to the Federation of private for profit hospitals (FHP) half of these infrastructures belongs to big national or international groups such as Elsan or Capiro. The other half is shared between regional groups (25%) , and other independents Hospital & Institutes 25%. These sector represent 12 billion € turnover, 150 000 employees and 50 000 mostly independent doctors.

Long Stay Infrastructures for Dependent Elders:

Finally the medico-social establishments. These establishments include accommodation establishments for dependent elderly people (EHPAD) and structures for the disabled. Their mission is to provide support and care to so-called "fragile" publics, in precarious situation, exclusion, disability or dependence (DREES 2016)/ EHPAD (Long Stay Infrastructures for Dependent Elders) represents 80% of the institutions, they have approximately 600 000 beds, half of them have more than 78 beds. Their level of service and quality as their price is very different. (Source: WHO/Europe | European Observatory on Health Systems and Policies 2015)

According to the FEHAP (the Federation of non-profit private hospitals) the ownership of the EHPAD is shared equally between the public, and the private sector. (among the private: 28% for non-profit and 22% for profit structures).

The EHPAD are financed from:

- Accommodation package (basic life help) paid by the individual or the family.
- Dependence services for the non-autonomous elders, paid by the departmental consul, and a part by the individual or the family
- Health care services paid by assurance maladie (SHI)

2.5. Healthcare Professionals

Health workforce

In 2015, DREES registered nearly 1,900,000 healthcare professionals in France. 363,000 People in the medical and pharmaceutical professions and more than 820,000 medical auxiliaries.

The doctors are the most numerous (222 150 including 102,485 general practitioners and 119,665 specialists), followed by pharmacists (74 000), dental surgeons (42,000) and midwives (22,000). Doctor density has been relatively stable since then, with 337 doctors per 100,000 population in 2015 (this indication is based on an OECD average). Among the medical auxiliaries, nurses are the most widely represented profession with 638 200 people, followed by masseurs-physiotherapists (83,600) and opticians (32 200). Between 2012 and 2014, the number of medical and pharmaceutical professionals increased with 1.7%, compared with 8% for health auxiliaries. Of these, opticians and psychomotives experienced the largest increase.

Other professionals that work in the health sector are listed in the Public Health Code without being included in the field of medical auxiliaries. Among them, the most numerous are the caregivers who work in collaboration with the nurses and under their responsibility. According to the employment survey, there were more than 400,000 in practice at the beginning of 2014 (DREES 2015).

2.6. Health Outcomes

The French population enjoys better health in average than other OECD countries. Some health risk factors remain high. In general, indicators that indicate the access and the quality of care, are 'green indicators', which implies a good level. Moreover, the per capita health expenditure is 15% higher than the average for OECD countries.

- State of health: The French have a relatively long life expectancy compared to other OECD countries (82.4 years against 80.6 years on average). Heart attack death rates are among the lowest.
Re-admittance rate 30 days after the care in France in 2012 was 2,8%, often for heart failure, pulmonary infections and kidney problems.
- Health risk factors: 22.4% of the population smokes daily (compared with an average of 18.4% in the OECD); 11.9 liters of pure alcohol per capita are consumed in France per year (4th position in OECD countries).
- Access to health care: Thanks to social security and complementary coverage schemes, the out-of-pocket expenses for patients in France are the lowest among OECD countries, accounting for only 7% of total health care spending.
- Quality of healthcare: France scores slightly above the OECD average for hospital admissions for chronic diseases, mortality rates after acute myocardial infarction (in the 30 days after admission to hospital) and survival rates for colon cancer. Antibiotic prescription is however the second highest after Greece.

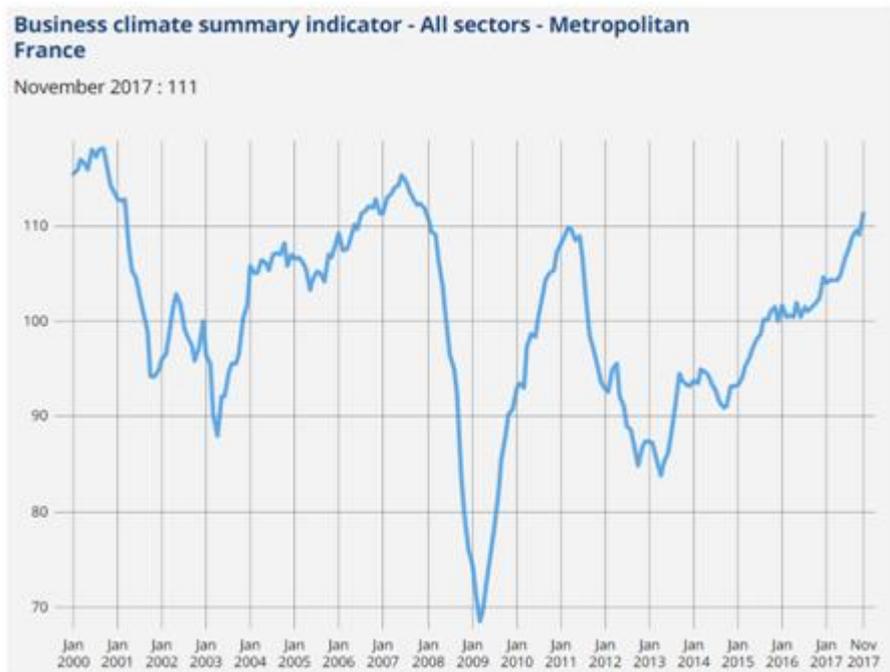
Domain where to improve the health system:

- Antibiotic prescription in France, among the highest in OECD countries, remains worrying.
- The length of stay in hospital, longer than in other OECD countries, indicates that there is room for maneuver to increase the efficiency of care.
- Alcohol consumption, smoking and obesity among children remain too high in France.
- France must strengthen its vaccination strategy to increase its vaccination rates (OECD 2017).

3. Market Structure

3.1. Business Climate

Business Climate Indicators:



| Year | Month | Value |
|------|----------|-------|
| 2017 | November | 111.2 |
| 2017 | May | 104.9 |
| 2017 | January | 104.0 |
| 2016 | November | 102.4 |
| 2016 | May | 101.9 |
| 2015 | November | 101.4 |
| 2015 | May | 97.0 |
| 2014 | November | 93.1 |
| 2014 | May | 94.3 |
| 2014 | January | 93.7 |

Forbes' Best Countries for Business Index ranks France on the remarkable 26th place. This requires some explanation. France is a country with a sector-wide diverse economy. The French government has either partially or fully privatized many large companies, such as Air France, France Telecom, Renault and Thales. Nevertheless, the government remains significantly present in some sectors, especially the power, public transport and defense industries. Over the last decennia, French (political) leaders have remained committed to a capitalism in which they attempt to maintain social equality by use of laws, tax policies, and social spending that reduce economic inequality. France's real GDP increased by 1,1% in 2015. The unemployment rate (here, the overseas territories of the French Republic are included) increased from 7,8% in the fourth quarter of 2012 to 9,9% in the fourth quarter of 2014. In 2017, the unemployment rate has shown slight changes, in the months of January until August 2017, between 9,5% and 9,8%.

Below some initial rankings of France are indicated which show the place that France possesses in diverse sectors. These indicators are based on data from 2015.

Table 2.1: Rankings France (2015)

| Trade Freedom | Monetary Freedom | Property Rights | Innovation | Technology | Red Tape | Investor Protection | Corruption | Personal Freedom | Tax Burden | Market Performance |
|---------------|------------------|-----------------|------------|------------|----------|---------------------|------------|------------------|------------|--------------------|
| 56 | 57 | 22 | 17 | 17 | 25 | 32 | 23 | 1 | 56 | 55 |

Sources: Heritage Foundation; World Economic Forum; Transparency International; Freedom House; World Bank; Central Intelligence Agency; Property Rights Alliance.

France is a member of the European Union (EU). Therefore, many regulations of the French market fall under EU directives.

3.2. Strengths of the French Healthcare System

1. Accessible health care system and Financial protection

A huge benefit of the French healthcare system is that people can take advantage of when needed at the quickest time possible. This is because this system is completely funded. So anybody can take advantage of this regardless of their income. When it comes to quality of healthcare, accessibility always makes a big difference.

The financial protection is one of the most complete in the world, this is achieved through a strong commitment by the French, the governments and the 1999 Universal Health Coverage Act, which provided universal health care coverage for all people living in France.

2. Provides Quality of Care with a high level of patient satisfaction

Care services for patients with chronic diseases is important in France. Ever since the number of people with chronic conditions has increased, major medical progress has been made thanks to an increasing attention to - and coordination - for the chronic ill population. Government plans focus on programs for a particular illness (for example: diabetes or asthma). They initiates research and treatment programs, care improvement, and they assist physicians to better deal with care practice through guidelines and protocols to follow for the serious cases. The level of qualification of the health profession is high and they ensure that it keeps this quality; by auditing the professional every five years, and by continuous learning education.

According to the population and a survey from the European commission (2014) the healthcare quality is satisfactory. 88% of the French population is satisfied about the healthcare supply, compared with 71% in the EU28 average. This result could be explained by the number of physicians in France (above the average of the OECD), freedom of choosing a care provider and the right to directly see a specialist. Health care quality has been improved with the patient's Rights and Quality of Care Act since 2002 through patient focused services. Patients in France have rapid access to the care services, the waiting time is usually low.

3. Accessible Preventative Healthcare

This system offers a complete range of preventative health services. It is currently the major aim of the National Strategy for Health. A wide range of actors is involved in prevention policy at the national level. Many screenings are easily accessible and free in France, they focus on important screening programs such as cancer (especially breast and colorectal). Immunization services are well organized in France, and child vaccination rates are high: at age 2, 98% of children were vaccinated for diphtheria, tetanus, polio and pertussis.

4. Improvement of the system: continuity, coordination and effectiveness of care

These previous strengths have been brought by the history of the French healthcare system that has always been a priority for the country. However, the outcomes and the system itself has not always been as efficient. The health policy managed by the ministry of health, the national health organizations and different advisors, evolved in many ways during the last two decades. A better coordination has been set up, first in terms of governance. Increased responsibility for coordination and planning of the French healthcare system has devolved to the regional level over the last decades to permit an adaptability to the local need and to be more patient oriented. Secondly, the system improved in coordination among all the actors, even a "interministerial" committee was formed to better allocate budget to the health policy. The system itself is improving in cost effectiveness and efficiency in general. The process and budget was redesigned, like the allocation mechanism ONDAM, which sets the overall level of statutory health insurance expenditure and its distribution across sub sectors of care, which helped to contain the overall cost of the system. Efficiency efforts have been made in the hospitals. The number of full-time beds in France is among the highest in Europe by population. Therefore, the challenge was to adapt the patient flow and the care process to give priority to partial time stay in hospital. In a decade 60 000 beds were removed.

The French system has great capacity to improve and reform, but still there is a lot of work to be done (*HAS "Impact and results of health care quality improvement and patient safety programmes 2011*).

3.3. Main Stakeholders in the French healthcare market

The stakeholders in the French Healthcare system can be organized according to their role as a decision-maker, a payer, a supplier or a consumer (Smart Pharma Consulting, 2013). Figure 2.4 on the next page illustrates a simplified version of the French health system. Within this figure, one can see that in-between the main stakeholders, many different kinds of relations exist. The main stakeholders in the French Healthcare system include:

- The Ministry of Health
- HAS, FHF, FHP, FEHAP
- Agences Régionales de Santé (ARS)
- The Competitiveness Clusters (Pôles de Compétitivité)
- UNOCAM

Mr. Rouffet (Ministry of Health):

“Regional health policies are there to make sure that the national policies are well integrated on regional and local level.”

The Ministry of Health

In general, the [Ministry of Health](#) in France (in French: ‘La Ministère des Solidarités et de la Santé’) prepares and shapes the policies of the Government in the domains of solidarity, social cohesion, public health and the organization of the health system.

In terms of the structure of the Ministry of Health, please find the main organs, institutions and departments, that govern the French health system on national level in the following links and section:

- [The High Council of Public Health](#)
- [The National Health Conference](#),
- [The Health Surveillance Institute](#),
- [The National Public Health Committee](#),
- [The High Authority in health \(Haute Autorité de Santé, HAS\)](#)
- [National Institute of Prevention and Health Education](#),
- [National Cancer Institute](#)

(Ministry of Health)

The ‘Haute Autorité de Santé (HAS)

The ‘[Haute Autorité de Santé](#) (High Authority of Health) works as an advisory organ in the healthcare sector in France. The institute is endowed with the overall mission to contribute to the regulation of the French health system by improving the quality and the efficiency of health. Since 2005, due to legislative modifications, the main tasks of the HAS have increased.

In short, the HAS performs around two central functions and tasks:

1. Evaluation and recommendation of medical products

From a medical and an economic point of view, the HAS evaluates health-related products, services and technologies, regarding the reimbursement of these products. It defines recommendations for good clinical practice, recommendations for Public Health, medico-economic studies and care guides, both for health professionals and patients. Moreover, it works as an advisory organ by delivering their opinion on health issues to the public authorities.

2. Accreditation and certification

The HAS certifies health institutions, it accredits practitioners of certain medical disciplines, who work on a voluntary basis. Additionally, it participates in the improvement of the quality of the medical information that can be found on the internet and in the media. Lastly, it certifies medical examination, as well as the software that is developed to assist in medical prescription.

“HAS is focused on the continuous improvement of the structure of the health system and health professionals by accreditations, recommendations and guidelines. Through health technology assessment, we aim to improve the analysis, the efficiency, the economy and the strategy of health in France.”

– Dominique Maigne, Director of HAS

The French National Hospital Federation (La Fédération Hospitalière de France)

The [FHF](#) was created in 1924, and regroups the majority of public health, medical and social institutions. It was created as a result of the regrouping of inter-regional hospital unions. The FHF fulfills three main roles, which can be defined as follows:

1. To represent all public hospitals and all long-term institutes. This includes 1000 public hospitals and 4000 long-term institutes, which are member of the FHF and pay a membership fee. The representation of these institutions means that they talk to the government, and they take a position to defend the values of the public hospitals and institutions. As Mr. Arcos, previous Director of the FHF acknowledges, “especially now, it is extremely important and inevitable, that we as this national public federating agency, ‘take the microphone’ to represent and defend the public health sector in France.”
2. To promote the public hospitals. Within France, but especially outside the French borders, the FHF pursues its role to represent and promote the public hospitals. In times of a negative reflection of the French public hospitals (for example in the news, both in France and abroad), it is the FHF that takes its role to nuance this and to solve particular misunderstandings about the quality of the French healthcare system.

3. To inform the professionals and the be a partner to the Government. If it is the case that a new law is introduced that directly concerns the employers in the French healthcare sector, it will first need to be signed by the FHF before it could be implemented. Additionally, the FHF possesses a very important position to the Government: “We represent ‘the vision’ of the public health sector. Hence, we attempt to clearly present our vision and our proposition to the Government, and to ‘fight’ to implement this proposition.”

The Federation of Private Hospitals (La Fédération de l'Hospitalisation Privée)

The [FHP](#) regroups and represents 1000 private medical clinics and hospitals that take care of 9 million patients each year. About 150.000 employees (health personnel, administrative and technical personnel) and 40.000 doctors work in private clinics, hospitals and other private health institutes. As a central player in the French healthcare market, it accounts for:

- 57% of surgical procedures
- Nearly 68% of outpatient surgery
- 2.3 million visits to 130 emergency services
- One in four births
- Nearly one-third (32.5%) of follow-up care and rehabilitation
- More than 17% of psychiatric hospitalizations
- Almost 20% of homecare (HAD: Hospitalisation à domicile).

Apart from the above-mentioned, the FHP fulfills two central tasks, which are the following:

‘Downstream’: It informs, advises and supports its members in economic, legal and social matters.

‘Upstream’: It represents the private hospitals and clinics, to the national Government. It does so with guardians, the ministry and unions of employees of the sector. Moreover, the FHP develops actions to raise and increase awareness among the general public with regards to the quality of care and their crucial role in the French Healthcare System.

The (Private - non-profit) Federation of private hospitals and patients (La Fédération des Établissements Hospitaliers et d’Aide à la Personne privés non-lucratifs)

The [FEHAP](#), in numbers, represents more than 4500 health, social and medico-social institutions, which are managed by 1600 management organs, which include: associations, foundations, congregations, mutuels, retirement organizations, over 246 600 beds and places, and 220 000 professionals for 2,5 million people each year.

Main tasks:

1. **To defend:** FEHAP works with national and local governments to defend the interests and values of the private non-profit sector;
2. **To advise:** FEHAP advises its members in the areas of labor relations, human resources, in social health and in communication;
3. **To inform:** FEHAP informs its members about the evolution of legislation and regulations. She performs various supports for information and communication media;

4. **To innovate:** FEHAP is committed to promoting the Private Non-profit sector to public authorities, users and the general public.
5. **To train and to educate:** FEHAP welcomes nearly 3,000 trainees per year in its training courses for professionals. These are destined for people performing in support and administrative functions, too.

Procurement: Uni SARA

The members of certain regions or inter-regions of FEHAP have made the choice to have a SARA (Associative Structure for the Rationalization of Purchases). At the 38th FEHAP Congress in 2013, the SARA gathered to form the Uni SARA Federation in order to enhance their optimization and collaboration. These structures are intended to help health, social and medico-social institutions to rationalize their standard purchases.

Regional Health Agencies (Agences Régionales de Santé)

Since 1977, public agencies have coordinated the healthcare offer in France. Today, the regional health agencies are tasked with adapting the national policies developed by the Ministry of Health to each region's specific characteristics. They coordinate public health strategies that combine preventive and care components through regional health programs. They draw up the "Schémas régionaux d'organisation des soins" (regional healthcare organization plans) as instruments for health planning. The regional agencies are supposed to ensure that resources are managed coherently and to guarantee equal access to high-quality healthcare. Empowering regional health agencies represents a crucial shift in the French healthcare organization. Agencies enjoy a real degree of autonomy, their directors are appointed and managed at a distance by the Ministry of Health. Institutional coordination remains especially difficult because of the multiplicity of stakeholders, their concerns and the interests they defend. Coordination and continuity of care between private practitioners and public hospitals remains a problem in the system (Ministère Des Solidarités Et De La Santé, 6 Jan.2016).

The 'Pôles de compétitivité'

France possesses 71 'Pôles de compétitivité', out of which seven are specifically focused on the Life, Sciences and Health sector. A 'Pôle de Compétitivité' is the French interpretation of the 'golden triangle: it's main emphasis and its principal goal is to bring to together and to create more collaboration between businesses and parties involved in education and research, in publicly funded R&D project to make enter as fast as possible innovative products and services. These pôles are regionally focused, and centered around a specific themes. Most of these 'Pôle de Cométitivité' are internationally active. Please read below a list of the seven competitive clusters in France.

"We're the only institution in the French Health System that covers everything: and in the private, and in the public sector." – **Antoine Perrin, Director of FEHAP.**

Decision-making is bottom-up:

Decision-making is bottom-up, which is to say that, for example with regards to innovations, the ministry does not have decision-making power. Rather, this is done by Regional Health Agencies or the Health institutions (hospitals) themselves, which actually work with the innovations on a daily basis.

1. [Lyonbiopôle](#), in the region Rhône-Alpes;
2. [Medicen Paris Region](#), in the region of Paris
3. [Alsace Biovalley](#)
4. [Atlanpôle Biotherapies](#), regions of Bretagne, Centre and Pays de la Loire;
5. [Nutrition Santé Longévit ](#), region of Northern France, around Lille
6. [Cancer-Bio-Sant ](#), region of Toulouse;
7. [EuroBioMed](#), region of South-Eastern France.
8. [P le des Technologies M dicales](#), region of Saint-Etienne and Lyon;

Meetings with both Medicen and Lyonbiop le were had during the visits to France and both regions have shown a real interest to increase cooperation with Dutch partners, starting with, but not exclusively, eHealth. For more information on these poles, the Innovation Attach  in Paris has prepared a short overview (in Dutch) which can be found on the website of RVO via this link [here](#).

Ilumens: Center of expertise and simulation

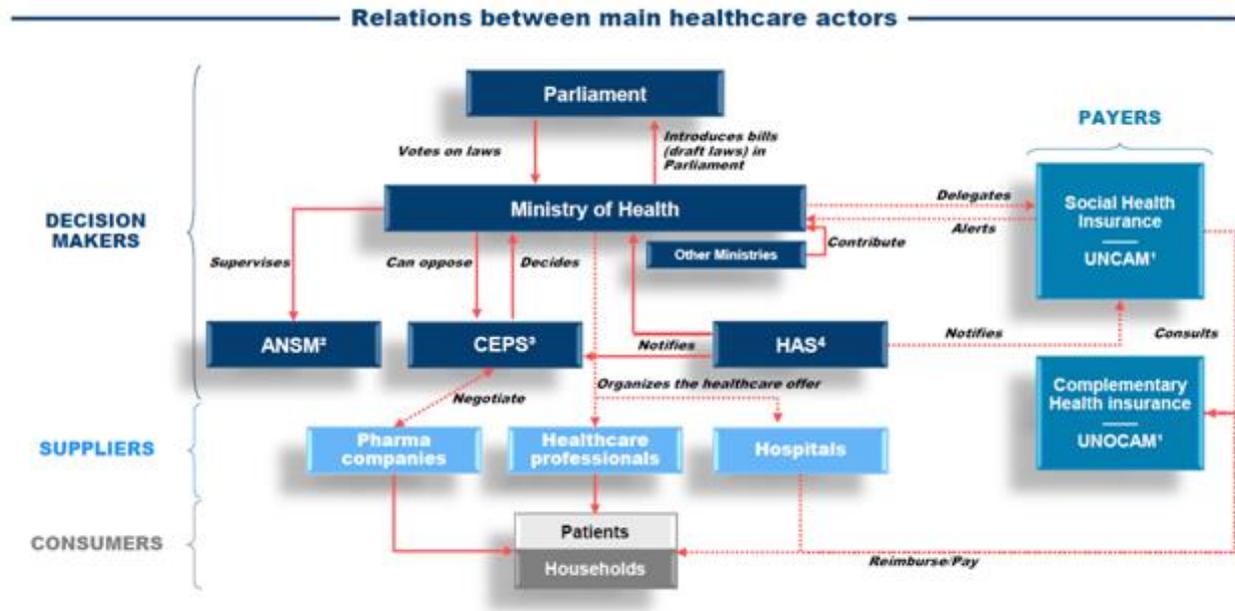
Ilumens is a center of expertise in Health Simulation and development of virtual environments related to the practice of care, recognized internationally.

With its organizational know-how in the planning, design and operation of simulation centers, ILumens will put at your disposal its best specialists to assist you in your process of creating or improving your own center.

In addition, Ilumens has advanced skills in the areas of Simulation Pedagogy and Care Risk Management. Its experts will guide you through the development of tailored simulation programs and a systemic risk management strategy.

- Help in identifying the material and human needs of a simulation center
- Help in the identification of the training missions of a simulation center
- Administrative and financial advice
- Technical advice
- Architectural tips
- Help writing clinical cases using trends and pedagogical orientations
- Provision of a referent expert in each specialty
- Development of Simulation Courses and Programs

Figure 3.1: Relations between main healthcare actors in France



Source: Analyses Smart Pharma Consulting

¹ Union Nationale des Caisses d'Assurance Maladie / des Organismes d'Assurance Maladie Complémentaires → National Union of Social Health Insurance Funds / of Complementary Health insurance – ²Agence Nationale de Sécurité du Médicament et des produits de santé → French Health Agency – ³Comité Economique des Produits de santé → The Economic Committee on Healthcare Products – ⁴ Haute Autorité de Santé → French National Authority for Health

Source: Analyses Smart Pharma Consulting

3.4. Market Entry

Strategies to enter the French market

To begin with, this paragraph will elaborate more on the use of the English language in France and more specifically in the healthcare sector. The 'cliché' which is widely known and assumed by people in the countries other than France, is that the French are very keen to keep speaking their own language. While in recent years, this image has considerably and visibly improved, the language during a meeting and on the workfloor is still a key factor to consider before; and while entering the French market. Some healthcare professionals can be uncomfortable speaking English. While French is widely used in business, to prevent a possible effect of this language barrier, which is still present in France, it is therefore recommended to have a contact who speaks French.

Tip: Before doing business in France, make sure that you have a French website, or a French postal code of your office!

In order to have the trust of a French company, it is key that this particular contact has the impression of buying from a French company. This can be realized by a French website which ends with '.fr' or by a French postal code or client service. The result will be that you will be treated more seriously when you are established in France with a local office in Paris. This is all to prevent that each requirement is agreed upon by the French, such as the price, the delivery time and the quality, except the address, which is from a foreign country and therefore not accepted. Nevertheless, there are already various Dutch companies that have successfully established in France. For a non-exhaustive list of major medical device and supply companies please see [Appendix C](#).

Useful organizations to enter the French market

To enter the French market, there are a variety of organizations that can be useful to contact. First of all, [The Netherlands Embassy in Paris](#). The Economic Department of the Embassy has a lot of information about the French market and can help you with a lot of the questions you may have. On top of this, it works closely together with organizations that represent and support Dutch businesses in France. Furthermore, in France there are two [Netherlands Business Support Offices](#), in [Nantes](#) and in [Lyon](#). The Netherlands Business Support Offices are located in each region with opportunities for Dutch businesses, but without the presence of an Embassy or a Consulate. An NBSO can help you with finding representatives, collaboration partners, individual market information and legal and regulatory information. Especially in the highly decentralized healthcare market of France, Dutch companies are advised to reach out to these organizations to better understand specific opportunities and challenges in the various healthcare sectors.

Additionally, please read below some general tips to make your first steps into the French market:

1. Participate in a trade mission to France
2. Please keep in mind that French people attach high value to 'trust'. French people, also in the healthcare sector, like to work with the people they know. Once this trust has been established, French people will be eager to work with you. However, in general, they do not rapidly accept newcomers.
3. Keep in touch with the three biggest purchase organizations in France: [UniHA](#), [Resah](#) and [Ugap](#).

Go to sector- and industry-specific trade fairs. Please find in the **APPENDIX D A List of Relevant trade fairs and events**.

3.5. Procurement

How is the procurement organized in the healthcare sector in France?

Purchase of major medical equipment in both outpatient and inpatient settings in the private and public sectors is subject to authorization by the Regional Health Agencies (Agences Régionales de Santé, ARS). This authorization is given for a period of five years. This is in line with the needs, as these are indicated in the Regional Health Organization plan (SROS).

Resah (Reseau des Acheteurs Hospitaliers):
A French national network of purchasers of medical devices and any kind of hospital material and products.

In 2013, five types of equipment required such authorization:

1. Computed tomography (CT) scanners
2. MRI equipment used for clinical purposes
3. Positron emission tomography (PET; tomographie par émission de positons) devices
4. Decompression chambers
5. Cyclotrons used for cancer therapy (Chevreul 37).

Today, the procurement of medical devices in hospitals, institutions and healthcare institutions depends on the sector in which the respective actor is active: in the private, for profit, the private non-profit or the public sector. Regarding the procurement, we can make the following distinction:

1. Private, for profit: Each hospital decides for itself the procurement of medical devices; CAHPP.
2. Private, non-profit: Uni SARA
3. Public: RESAH, UNICH, UgaP

Purchase organizations

1. Resah

The purpose of the Resah public interest group is to support stakeholders in the health-, medico-social- and the social sector through the pooling and professionalization of purchasing and related logistics.

**Mr. Charles Edouard Escurat
– Director at RESAH:**

"Everybody is talking about innovation, but few people are really able to implement it."

Essentially, RESAH performs as a national actor. The organization is centered around two main functions:

1. RESAH as a Group Purchasing Organization (GPO):

- Resah assist hospitals in purchasing:
- drugs, medical devices, all consumables, equipment and capital equipment
- utilities (gas, water, electricity)
- They do not do this for construction/renovation of infrastructure but do assist in project management.

2. RESAH as a resource and expertise centre

- To provide support to contracting authorities in the health sector, medico-social and social performance in their research through the mobilization on procurement levers, other than the simple massification of needs;
- Offering support to the transformation of "buy-logistics" organizations as well as the design and implementation of earnings-generating action plans;
- Developing interoperable IT solutions, particularly in partnership with GIP MIPIH, to enhance the efficiency of purchasing information systems;
- With a course catalog, developed partly in partnership with ESCP Europe to strengthen and develop continuously the expertise of the teams in charge of buying and logistics function.

According to the vice director of Resah, Mr Charles-Edouard Escurat, "Hospital procurement is more and more centralized through the regional hospital, which regroups all the hospitals around." National authorities want to decentralize the health care services at a regional scale by merging the local hospitals, in order to make a complete range of services within the region. The new strategy is to specialize each hospital in a particular care, additionally to the basic primary care.

2. **UniHA**

[Uni HA](#) is a Sanitary Cooperation Group, created by public hospitals: the University Hospital Centers joined by the most important French hospitals. In less than 6 years, UniHA has established itself as a leader in group health purchasing. The 61 French public hospitals that support this project have made a significant contribution to boosting the purchasing function in the hospital sector.

The success of UniHA and its installation in the French landscape are directly linked to its identity:

“Grouped purchases are always conducted in hospitals and by hospital professionals. This is always done with the support of the users, and with an approach which is as close to the patient as possible.

3. **Ugap**

The [Union of Public Purchasing Groups \(UGAP\)](#) is a state-owned industrial and commercial public institution (EPIC) under the supervision of the Minister in charge of the Budget and the Minister in charge of National Education. It is the only "generalist" public purchasing center in France, distinguished by its 'Partnership Policy', its commitment to public policies (innovation, SMEs, Sustainable Development) and its "purchase for resale" operation.

4. **CAHPP**

The [CAHPP Company](#) is the leading purchasing center in the healthcare sector in Metropolitan France and in the overseas territories. Since 40 years, CAHPP is mobilized to support the health establishments and to negotiate with all the actors in the world that are active in the health sector, to provide adapted and personalized solutions. The vocation of the CAHPP Company is to optimize, develop and sustain productivity gains while maintaining the quality of technical and human services. Lastly, one of the aims of the CAHPP is to extend and to enlarge human professional skills through the 150 training days that are organized each year for health professionals.

4. Aligning Dutch Smart Solutions to French Opportunities

4.1. Medical Devices

Medical devices?

'Medical device' means any instrument, apparatus, implement, machine, appliance, implant, reagent for in vitro use, software, material or other similar or related article, intended by the manufacturer to be used, alone or in combination, for human beings, for one or more of the specific medical purpose(s) of:

- diagnosis, prevention, monitoring, treatment or alleviation of disease,
- diagnosis, monitoring, treatment, alleviation of or compensation for an injury,
- investigation, replacement, modification, or support of the anatomy or of a physiological process,
- supporting or sustaining life,
- control of conception,
- disinfection of medical devices
- providing information by means of in vitro examination of specimens derived from the human body;

SNITEM: Biggest medical devices organization in France

- More than 400 members
- 85-100% of French market in terms of turnover
- *"We're connected with all stakeholders in France: From R&D, Education, Clusters to Federations and Branch Industries."* - Florence Surugue, Director of Snitem

and does not achieve its primary intended action by pharmacological, immunological or metabolic means, in or on the human body, but which may be assisted in its intended function by such means (WHO – Medical Devices).

A market in great shape

The French medical device market is the second largest market in Europe and the fourth largest in the world. In 2016, the French market was valued at 28 billion Euro, and the annual growth at 4%. The presumed growth for 2017 – 2020 is an annual 6,4%.

As the fourth largest medical device market in the world, ranking behind the USA, Japan, and Germany, it is clear that the French medical device market is in full evolution. Some data which demonstrate this: the number of French manufacturers of medical devices increased with 24% each year since 2011. Nevertheless, the trade balance is the lowest in Europe -2,591 million euro. This is remarkable, especially if the situation in France is compared to the situation in Germany, which has the most positive trade balance in Europe (+ 24,476 euro). Even so, France has large opportunities for foreign manufacturers. The country imported 9,436 million euro of medical devices in 2015, in other words 66% of the market share is obtained by foreign companies (SNITEM 2017, MedTech 2016). In other product groups, the supply of medical devices is made up of nearly 80% imports (BMI, 2017)

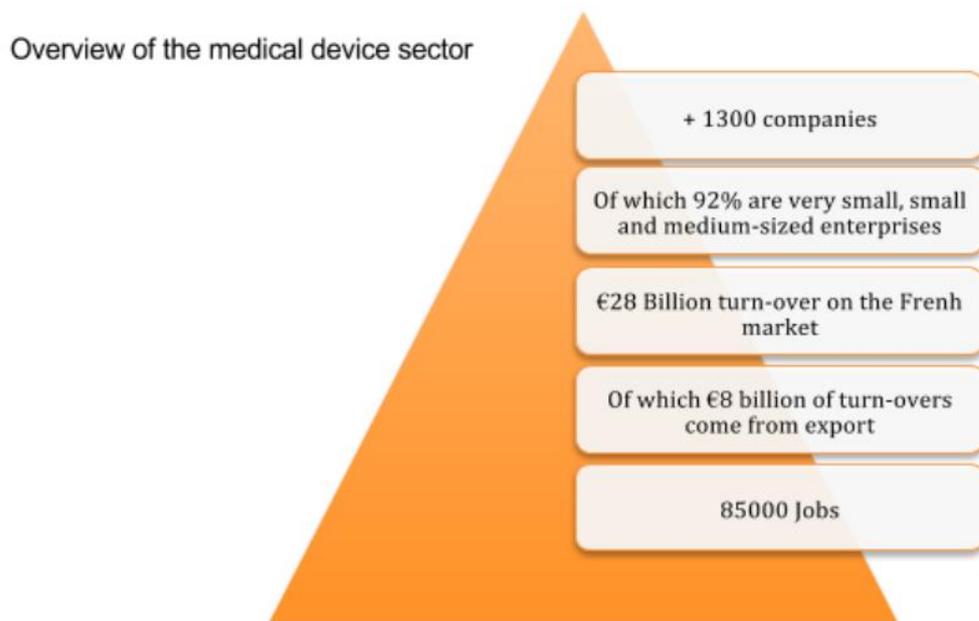
SNITEM

Created in 1987, the [‘Syndicat National de l’Industrie des Technologies Médicales’\(SNITEM\)](#), groups more than 400 companies in the medical device sector and the ‘Health IT’ sector. 92% of these companies are SMEs. This sector is characterized by a very strong technological dynamic, marked by gradual evolutions but also by ruptures.

The high number of medical devices corresponds with the wide variety in the fields of therapeutic and diagnostic solutions which covers the entire hospital-city care continuum, but which gives an answer to the needs of just a limited number of patients: from a few tens of thousands to a few hundreds of thousands.

The considerable number of references per product is designed to fit the profile of the patient (age, weight, size,), which is different for each user, whether patient or healthcare professional. In some cases it even goes as far as requiring a custom development of the product in collaboration with health professionals. This diversity is reflected in particular in terms of production costs and the length of the innovation cycles.

In some cases it even goes as far as requiring a custom development of the product in collaboration with the professionals of health.



Opportunities for foreign distributors in medical manufacturing

The medical manufacturing industry has seen an influx of foreign companies; the largest manufacturers are now subsidiaries of multinational groups. The acquisitions process has opened up new distribution channels for foreign-manufactured equipment, increasing the market share of imported products.

A shortfall in some equipment areas such as imaging and radiotherapy equipment can bring very promising prospects. Expansion of the homecare sector will increase the need for medical 'home-use' disposables.

Opportunities for the technology sector

With the convergence of many scientific and technology breakthroughs, the pace of medical invention is accelerating, inspiring hope for better clinical outcomes with less invasive procedures and shorter recovery times, all in lower cost settings. There are powerful forces at work that are driving rapid fundamental change in healthcare delivery.

These changes will drive demand for new lower cost diagnosis, monitoring and treatment procedures. Medical devices that offer less invasive treatment options, with better clinical outcomes and shorter recovery times, will create tremendous value in the next few years.

Despite several high profile investment programs, France continues to lack behind its European neighbors in some high-technology fields, most notably imaging and radiotherapy equipment. Some initiatives for innovation were made by the public health authorities: the "forfait innovation", which offers financial support for innovative treatments in medical devices. It supports the clinical studies, and product implementations, with a partial or total reimbursement provided by the Health Insurance for innovative technologies.

"The Medical device market is very large, and therefore important, both at national and at international level. 85000 Persons are employed in the French medical device market" - Florence Surugue, Director of Snitem

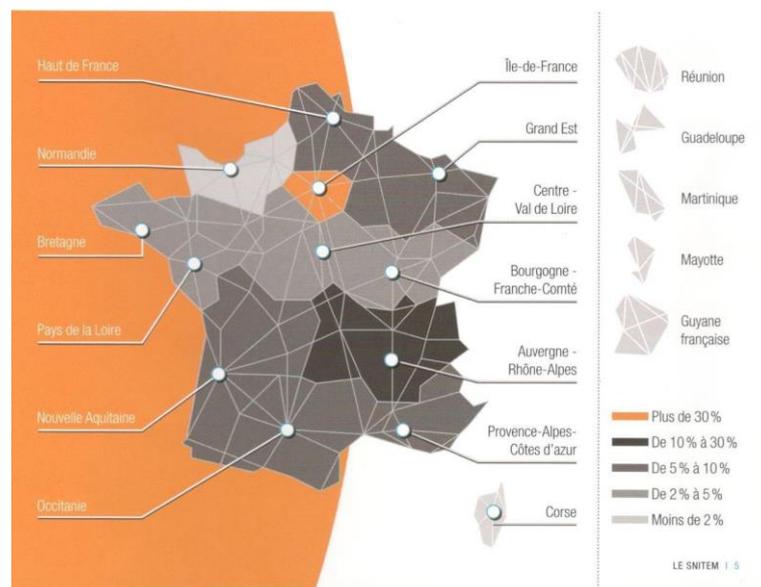
Change in leadership

The election of President Emmanuel Macron, who's parents are both doctors, in 2017 gives reason to believe that France will invest in: stimulating the development in- and use of - innovative technology meant to increase efficiency in the system, decrease the amount of time spent in hospitals and allow for more access to healthcare from a distance. Macron is a known pro-business politician and is devoted to an open market economy. During the elections and in his plans, he has indicated that he will:

- Increase public healthcare spending by an annual 2.3% over the next 5 years
- Invest 5 billion euro in hospitals, primary care, and innovation.
- Cut existing costs by 15 billion euro by relying more on innovative technology that will increase efficiency in the system.
- Increase efforts for disease prevention amid rising chronic disease numbers in France.
- Speed up market authorization of innovative medical technology.
- Heavily promote of start-ups and innovative technology developed in France.

Though Macron wants to increase the competitiveness of France through his policies, many of the changes he has announced also have a positive impact on international parties wanting to do business with French stakeholders, co-develop new technology, as well as free up budget for hospitals to invest in the latest technologies.

Geographical distribution of medical device companies in France



Medical device distributors in France:

There are very few traditional medical distributors in France and the majority of medical device distribution is done by multinational manufacturers. These manufacturers usually distribute third party products in addition to their own products. It may take much more time to get your device launched on the French market as this market is not as transparent as the surrounding markets (such as Germany or the UK). Additionally, regulations are getting more and more strict, both at European and at national level.

4.2. eHealth

Decision support tools, connected objects, mobility practices, patient involvement with the help of digital tools, big data, de-departmentalization of the health and medico-social sectors are the new challenges of e-health. We are entering the era of immediate and easy service for health professionals and patients. All the elements to accomplish this are there. A solid foundation that includes all the rules of urbanization, interoperability and security to respect. The experience of building large health information systems. The ability to support actors to facilitate their appropriation of digital tools. However, there is still a long way to go:

- For the public authorities:
 - o To continue to strengthen the coherence of public action and to inscribe it in the long term.
- On the industrial side:
 - o To offer health professionals ever more ergonomic and ever more innovative services.
- For health professionals:
 - o To create the environment to develop and grow their activities.

L'ASIP Santé :

The French agency for e-health. This organism is focused on three main 'missions':

- To create the conditions to make increase e-health
- To lead projects of national scope
- To expand the usage of e-health by supporting innovations

In order to meet this series of challenges, ASIP Santé stands alongside all e-health stakeholders to co-build a trusted digital space.

eHealth is more than ever needed in France, the reasons are common to many countries: the population is getting older, chronic diseases are more prevalent, lack of geographical medical presence in some regions, and many more. This evolution of care comes in a period where institutions have a cost - cutting policy, that is why eHealth is becoming a great opportunities for the health system: it improves the quality of care, efficiency and coordination. For 67% of the population and 81% of the doctors, eHealth represents a great opportunity for the quality of care. 23% of the chronic disease patients use smart object. (Source: *Business France 2016*)

- The French ecosystem is a favorable environment for growing digital businesses thanks to the competitive cluster in bio-tech, such as Lyon Biopôle, Medicen, and France Ehealth Tech that regroups 140 startups in the eHealth. Béatrice Falise Mirat, CEO at Medicen, recognizes the importance of more digitalization in the healthcare sector in France. However, there is work to be done. “Many work is still done on paper. We try to ‘push’ hospitals to more digitalization.”

Figure: eHealth ecosystem in France

France National eHealth strategy 2020

On 4 July 2016, Marisol Touraine, France's former Minister of Social Affairs and Health, presented the national eHealth strategy 2020. This national strategy is focused on four main pillars:

- Develop medicine connected through a "big data" plan. This is the outcome of a reflection launched last September. This plan will allow for example the development of new remote monitoring applications or interpretation of medical data to assist doctors in their diagnosis
- Foster co-innovation between health professionals, citizens and economic players with the launch of calls for projects dedicated to eHealth or development of living labs in order to imagine, in direct connection with users, the medicine of tomorrow (telemedicine tools, treatment tracking applications, ect.)
- Administrative simplification for patients (admission, making appointments online, etc.) and equip health democracy with a digital platform to facilitate consultation and participation of users
- Strengthening the security of health information systems through a dedicated action plan.

Source: *Stratégie nationale e-santé 2020*



Source: *ASIP Santé*

The Minister will set up in autumn a strategic board to drive the eHealth Strategy 2020. It will bring together representatives of industry, professionals, users, industry and public institutions that contribute to its implementation. The measures presented complete the measures taken by the minister since 2012, such as the digital hospital program, the plan "Digital Patient Territories", the revival of shared medical records and telemedicine experiments. In May, Marisol Touraine also announced an investment plan of € 2 billion of which one part is about the digital and information systems in the territories.

Therefore, the Ministry's policy and plans help the system to innovate, they take the decision of big implementation like carte vitale and or electronic patient file.

The customers and main actors are in each level on the health system. The national organizations and agencies, such as ASIP, l'assurance maladie (UNCAM); the Regional Health Agencies (ARS), the local authorities, the hospitals (400M€ program on the "Hôpital Numérique" - Digital Public Hospital). EHealth solutions are in great demand at the bottom of the system, such as for the private professionals, doctors, general practitioners, nurses, and the citizens; all want a better and easier coordination between the actors.

Mr Rouffet, International and European Affairs, Ministry of health:

"Usually, it is a bottom-up decision. Hospitals that choose to implement new innovative technologies and products."

Since 2009, the operator of the Ministry of Health, ASIP Santé, is at the heart of changes in the health system. It responds to challenges such as accelerating usage while creating conditions of trust. To answer this question, ASIP Santé conducts a systemic action based on three pillars: trust, digital tools, uses. Bringing confidence by defining the framework of e-health: the role of the agency is to define the rules of security and intercommunication appropriate to health information systems, and it contributes to the evolution of texts. It develops digital tools that drive the construction of infrastructures for health and medico-social sectors. The uses must be supported by all the actors: transformation of the practices of the health professionals, digitization of the hospital (Digital Hospital programs, SIMPHONIE, etc.), constitution of the Hospital Groups of Territories (GHT), ambulatory turn, improvement of industrial offer, development of eHealth roadmaps in the territories, support for innovation, consideration of connected health, etc.

The action of ASIP Santé has from the beginning been built from on a shared vision and in constant dialogue with all the actors. Today, the agency is able to provide answers to the main issues facing the health system (esante.gouv.fr - ASIP Santé 2017).

Béatrice Falise Mirat (CEO of Medicen): "It is the eHealth domain where The Netherlands and France should work more and more together."

4.3. Mobility and Vitality

Like in other advanced industrial countries, in France, the aging demographic has become a widely debated research and policy topic.

In the mid-2000s, France was near the European Union (EU) average, with about 16% of the population aged 65 and older. It had a larger percentage of population aged 65 and older than Ireland (11%) and the Netherlands (13%), but a smaller one than Italy (18%; Gaymu, 2005, p. 12). In 2016 the population older than 65 reached 18,8% of the total population. (Insee, 2016) Over the next few decades, the share of the French population aged 65 and older will increase steadily, to reach about 25% in 2030 and nearly 30% in 2050.

The health care services for the elderly population are part of the "health and social care sector" or the third sector of care, that regroup medical and social care for elderly and disabled people. The elder care sector is estimated at 34,2 billion euro in 2014 or 1,6% of the GDP (INSEE). The public SHI takes care of 70% of the total expenditure for the elderly care via the CNSA Funds (Caisse nationale de solidarité pour l'autonomie). According to DREES, the distribution of social assistance to the elderly is 56% at home services, and 44% in health institution. The main part of the care is provided by self-employed physicians and nurses through the home nursing service or "SSIAD" that are around 66% from a private structure and 33% from a public structure.

As discussed in the *Section 2.4*, EHPAD are the main infrastructures for elders.

Antoine Perrin, CEO of FEHAP: "the elderly care homes are more and more gathering into groups, to weight more in the market and to gain efficiency."

The opportunities for Dutch companies are therefore through those actors:

- FEHAP, the federation of private non-profit hospitals and home care represent 4 200 facilities, of which 1 575 are elderly care facilities and 1 370 facilities for dependent and disabled persons; 1 575 elderly care facilities represent 42% of the elderly homes in France and 1 370 represents 86% of the dependent and disabled centers in France. The role of this Federation is to advise and give a guideline to the professional of health and member of the federation. In addition of defend, advise, inform and train their member, they initiate innovative project and promote innovation through the Nov'AP web platform. The FEHAP created UniSARA, a purchasing center that aims to regroup the procurement for the members. Major events are organized each year for the members to focus on particular challenges, and to learn about new innovative solutions through exhibitions and congresses.
- 758 Private and public elderly homes infrastructures are part of a federation of directors called FNADEPA (Fédération nationale des associations de directeurs d'établissements et services pour personnes âgées). Besides training and informing members, the federation advises directors on various decisions. More important, the FNADEPA organizes events on specific themes as well as meet companies and their solutions. In appendix H you can find a the list of the companies and actors in this sector as well as the partners of this federation.
- The 3 largest private groups of EHPAD (Korian, Orpéa, DomusVi) have between 193 and 282 facilities each, they represent around 90 000 beds. (Source: *Classement EHPAD 2015*). The procurement is organized internally through purchasing departments.

The government priority for the elderly care is to increase the capacity of home care institutions to meet the demand, therefore it encourages elderly people to remain living at home as long as possible and use the different services accessible from there. Simultaneously, the state must find new ways to fund the increasing needs in this sector. (Source: *CNFPT | Centre National de la Fonction Publique Territoriale 2013*).

4.4. Hospital Build

The main hospital projects that are currently on the market are the modernizations and renovations of old hospitals, according to AIA Architects who have been in the health construction for many years. This organization has been in charge of more than 20 projects, and involved in many more. The hospital construction in France is a very complicated area because it involves different actors, both private and public, that have different priorities. For example, in a public hospital project, the architects and builders need to meet all the hospital directors to be able to define the plans. This in contrast to the private sector, where the project is already structured internally and is communicated only by the hospital director and the head of the project. The priorities and the needs are different; for the public hospitals projects, the patient flow design is a priority as much as the overall cost whereas the private sector's priority is the patient flow and the profitability of the system.

Mr. Lebreton, architect at 'AIA Architectes'

"Yes we are looking for new innovative materials for our projects, but the budget is often an obstacle to implement it"

Innovation is always welcome in the hospital build sector, for example: innovative flow design, new efficiency solutions like hybrid multi-functional rooms or operating theaters, new materials, and even new technology for luxurious rooms (but only in special private clinics).

According to Mr Lebreton, architects at AIA, there are limits to this innovation entry in the French market. First, the cost of innovation is always a problem, especially for the public sector as they look for cost cutting in all materials. Therefore, it is hard to implement innovations except for when the efficiency of the solution can be proved through positive implementation tests. The second difficulty is the preference for French and local actors. Project managers and hospital directions will often choose a French supplier or builder. Nevertheless, international collaboration is possible in hospital build, for example the AIA architects worked on several projects with a Belgium builder: Besix Group.

One way that Dutch parties could access the market in this sector is by initiating a partnership with a major actor of the hospital build sector that can be found in the **Appendix I**.

Furthermore, some major public projects are in preparation, Dutch solution providers should be aware of the following planned projects:

- The new CHU de Nantes (University Hospital of Nantes) that represent 940 million of euros is a 2026 ambition. The Art and Build Architect from Belgium have won the tender for the project. It is a sign that the market in opening more and more to international actors.
- The new “Campus” CHU Grand Paris-Nord (University Hospital of North Paris). It is a project with a budget of more than 900 million of euros, provided by the two project owner, the AP-HP and the University Paris Diderot. This new hospital will have the role of an innovative and modern hospital, opening is planned for 2025.
- The New Lariboisière Hospital, is a project conducted by AP-HP, they goal is to reduce geographic inequality in accessing health care in North of Paris. With a budget of 315 million of euros, it is planned to be finished in 2024.

Major hospital projects in the private sector appear to be more discrete than the public ones, indeed because the political aspect is less present. The opportunities are as present as the public, but it can be more interesting, thanks to the priority given to innovation and efficiency in the private sector. Indeed, collaborating with a hospital build party would give Dutch companies the opportunity to access the market. Dutch companies need to contact the major private hospital groups, to be aware of the next upcoming projects. The list of the major private hospital groups can be found in Appendix J.

4.5. Life Science and Biotech Research

France is the world’s fourth largest biotech industry, after the UK, Israel and Sweden. Indeed, France is a pioneer in this sector, with companies like Cayla and Sanofi which were created in the 70s. Now, there are more than 250 companies with a third of them are being older than 15 years. Paris is Europe’s leading stock exchange for the biomedtech sector and has 23 biotech companies listed.

This concentration in the life science sector is due to a favorable environment and ecosystem. For a long time, research in health has been developed by the public sector through universities and public

research organizations. According to France Biotech, 54% of biotech firms founded in France are spin-offs from academic research. The recent and actual government implemented funding programs such as the “National Research Agency” (2005) and “InnoBio” investment funds (2009) for the “medicine of the future” concerning digital solutions, medical biotechnologies and medical device. Since 2008, the ministry of higher education and research can offer a Research Tax Credit (Crédit impôt recherche) to any industrial, commercial or agricultural organization that is subject to corporate tax in France. The national strategy for research has included biopharma and health research in 2 of the 5 action plans. Indeed, the national strategy called “France Europe 2020”, gives a dynamic to develop research into application for the patient. Part of the action plan, 200 million euro has been allocated to the university hospitals and a call for projects has been issued. Part of this trend, the program COSME from the EU has unlocked 2 billion euro to help SMEs to grow and initiate projects and collaboration with other European actors. A share of this budget has been allocated to the coordinators and the innovation network such as the competitiveness clusters.

The leading academic biotech research institute in Europe is the INSERM (Institut national de la santé et de la recherche médicale). Inserm has a long tradition of European and international cooperation: each year, more than 6,000 collaborations with foreign partners are declared by its research teams. These collaborations concern all fields of research in the life sciences and health. They involve partners from nearly a 100 countries. Half of the cooperation concerns countries of the European Union. Currently Inserm works in collaboration with Dutch actors such as the Department of Developmental Biology of Erasmus Medical Centre.

A strong network of health innovation cluster (7 of them) is present in France’s different regions, to improve the coordination of different actors who participate in innovation. Mr Romani, Development director for SME’s, defined the main mission of the competitiveness cluster as to gather a community of innovative actors in health sector, and offer accompaniment:

- Stimulate innovation
- Support the development of SMEs
- Grow internationally
- Offer high level infrastructures”.

Indeed, through the competitiveness clusters which are at the center of collaboration, all the actors find solutions to their challenges.

Mrs Falise Mirat, CEO of Medicen:

“The best way to collaborate with Dutch actors, would be a to identify a common domain of interest such as in imaging, oncology, cardiology, metabolism, regenerative medicine or brain & spine; and initiate a bilateral project.”

French organizations are more and more open to collaboration in research and development projects. 2015 was the year with the most partnership with international collaboration, 91 in this year. Partnerships tend to be oriented towards Germany, UK, Italy, and United States.

Competitiveness clusters are open to communicate as soon as possible with international actors, especially with European actors. These clusters are active internationally. For instance, Medicen

participates in international events like RegMed (regenerative med), the Medica trade fair and, outside of Europe, the BioPharma in Boston or BioJapan in Yokohama. They also initiate international events in their region such as MedXperience (international health tech summit) and smaller events like Medicen day which can be used to tackle particular challenges. French clusters collaborate directly with international cluster like BioWin from Belgium, Biocat from Catalonia, BioM from Bavaria, CEBR (Council of European Bio Regions) and ECCP (European Cluster Collaboration Platform). In order to support national and international projects, the clusters have its own financial support to allocate and it is the direct coordinator between the national programs funds for innovation and the eligible actors.

4.6. Public Health

Public Health Institutions in France

Historically, public health in France has been a complicated matter, in terms of policies, as well as the various actors and funding resources. Moreover, there is a difference between the written, legal texts and the actual practice (Chevreul 121-122). In practice, most of developments and initiatives rely on local actors, whereas in legal texts the guiding line is a top-down-driven structure where major reforms and policies are implemented by the national government, and further processed and treated by the regional authorities and the regional health associations (ARS).

However, most people agree that in the last ten years, the situation has changed and the French system has become more organized and structured.

Mr Cédric Arcos, Former CEO of the FHF.

"The future system is focused on territorializing and management at a regional level. The future is to link private hospitals, public hospitals and the primary city care. IT investment is the key to help communication between all actors."

National level and local level

At the national level, the current system involves many institutions that provide multidisciplinary expertise in the field of health safety, two of which have broad responsibilities covering many aspects of health safety: InVS, which is involved in surveillance, and INPES, which is involved in managing health crises and informing the population. Other specialized agencies provide expertise regarding specific types of risk and may exert policy enforcement duties.

At the local level, municipalities are legally responsible for monitoring and purifying the water supply, controlling air and noise pollution, waste disposal, protection against radiation, hygiene in residential areas, food hygiene and industrial hygiene. Municipalities lack the resources to carry out these responsibilities.

As mentioned above, most of the actions are implemented on a regional level. The ARS, the regional council and the GHT (Territorial gathering of Hospitals) that will be more important in the future. Opportunities for Dutch actors will focus more and more on these actors:

- ARS, according to Mr Arcos former CEO of the FHF, "ARS are not the perfect solution but for now they help with some particular regional challenges". ARS offer financial support for innovative health projects, they conduct the regional public tenders, and they work closely

with national organizations like ASIP santé which is looking for interesting solutions for interoperability between local's health actors.

- Regional councils: Mr Arcos new delegate of the regional council of "région Ile de France" for the policy of solidarity, health and modernization; affirmed that he took this new position because the decision-making for health policy will increasingly focus on the region. The budget for improvement and new implementation is 300 million euro per year. The regions, in this case île de France, also published regional public tenders that can concern the health sector. (for this region, the platform for public tenders is maximilien.fr)
- The future of the system is focused on territorializing, and management at a regional level according to Mr Arcos. The aim is to organize the offer to be more equally shared. (GHT plan) 135 regional health areas will define the medical strategy, as well as the human resources, financial budget, and innovation. The GHT is already implemented, and since the 1st January of 2018, all the public hospitals purchasing activities are centralized on the leading regional hospital (often the university hospital, or the largest hospital in the area).

5. Conclusions

This report has highlighted the Top 10 Reasons for Dutch companies to be interested in the French healthcare market. The report has also spelled out concrete opportunities in six areas: Medical devices, mobility and vitality, eHealth, hospital build, Life Science & Biotech research, and public health.

As emphasized in this report, France relies on imports of medical devices and hospital supplies. The recent development that purchasing for public hospitals has been centralized to 135 hospitals which act as regional purchasers will aid the way in which the market can be covered. On top of that, various Centralized Purchasing Organizations are active in France and are open to meet and learn about Dutch smart solutions, they have been extensively covered in this report.

France is, like many Western European countries, dealing with an increasing elderly population and will see ~25 percent of the population aged over 65 by 2030. In order to deal with this trend, the government priority for the elderly care is to increase the capacity of home care institutions to meet the demand, therefore it encourages elderly people to remain living at home as long as possible and use the different services accessible from there. This presents an opportunity for Dutch LSH organisations who specialize in structuring, developing, building and managing elderly care facilities (and systems), telemedicine and mHealth solutions.

In general, in the coming years, France will invest significantly in digitalizing the healthcare system which stimulates telemedicine, regional data and information exchange, reducing administrative burden, ease and access for patients, and safety of digital systems in order to improve efficiency and decrease the costs. Especially hospitals still have steps to take in this area and are due for modernization in terms of their digital infrastructure as well as their physical infrastructure. Together with countries like Estonia, The Netherlands is a front-runner in the field of digitalization in healthcare and ranks as number one when it comes to IT adoption in hospitals. With French healthcare stakeholders recognizing this strength, there is a keen interest to work together with Dutch partners in this field.

There are significant opportunities in public health research in France. With the Macron government prioritizing the competitiveness and innovativeness of France, funds are being used to stimulate

research and innovation (in which France has a long and strong history - especially in the field of biopharma), and a wealth of (untapped) data. This provides opportunities for Dutch researchers and those active in value based healthcare. On top of this, Dutch organizations are known by the French for their capacity to attract EU funds from the EU Horizon 2020 program.

Lastly, as was detailed in this report, France has an enormous amount of hospitals – privately owned as well as public. Many of those hospitals are in need of restructuring, renovating, extensions, and modernization. Though especially the public sector projects are difficult to enter into, opportunities for Dutch players with knowledge and experience in this field do exist and can be lucrative. Working with a local partner is essential for this.

Various opportunities in the French healthcare sector are available to Dutch companies. However, companies should be smart in strategizing for market entry. As market entry and establishment can be challenging, Dutch companies should be prepared to invest 3 to 5 years.

Actionpoint: Contact the Dutch Embassy, Consulate-General (in Monaco) and NBSOs in France as a first step to indicate your interest in France and desired support. **Join collective healthcare missions and/or healthcare expos in/to France** to meet with key stakeholders and to help **find a partner with a local presence. Make sure all essential literature (on paper and digital) is available in French.**

Next steps

This report marks an important step to strengthen the bilateral healthcare relation between France and The Netherlands. Together with the Dutch Embassy in Paris, future steps and activities will be identified to further connect French and Dutch healthcare stakeholders and build towards sustainable healthcare relationships. Please get in touch with the Dutch Embassy and TFHC.

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Appendices

- A. Results from survey Among the Dutch Life, Sciences and Health Sector**
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A. Results from survey Among the Dutch Life, Sciences and Health Sector

As part of this study a survey was conducted amongst Dutch organizations active in the Life Sciences & Health sector to identify the interest in the healthcare market of France. The results show that ~64% of organizations (N=47) are already, in a varying degree, active in France. Of all survey respondents ~96% indicated that France is a (potential) growth market for them.

The respondents in The Netherlands are mainly active in the field of Medical Devices, Hospital Build, eHealth, Public Health, mobility & vitality, and Bio-Pharmaceuticals. The specific opportunities they see are: selling medical devices through distributors and/or sales agents, products and services to aid the aging population, digitalization of healthcare facilities and telemedicine, hospital modernization, research cooperation, and in general a large economy and high expenditures in healthcare.

General barriers experienced by the respondents differ. However respondents overwhelmingly mention a perceived language barrier, and a large culture difference which is perceived by the notion that foreign entities are not easily accepted or trusted. Other barriers include (local) regulation and difficulty in finding distributors or partners. In general, an unfamiliarity with how the system in France works was mentioned as a barrier.

B. Interviews with central actors on the French Healthcare market 2017 (per strength)

| Nr. | Company | Description |
|-----|---|--|
| 1. | Ilumens: innovative teaching department of Paris Descartes University | University / Academic Hospital |
| 2. | FHF (Fédération Hospitalière de France) | Public Hospital/Parisian Hospital Board/University Hospital |
| 3. | Resah (Réseau des Acheteurs Hospitaliers) | Central Purchasing Group |
| 4. | IMM (Institut Mutualiste Montsouris) | Private hospital |
| 5. | HAS (Haute Autorité de la Santé) | Ministry of health and social affairs |
| 6. | UNOCAM (Union Nationale des Organismes d'Assurance Maladie Complémentaire) | Assurance maladie |
| 7. | LyonBioPole | Competitiveness cluster |
| 8. | Snitem | Innovation incubator / hub |

| | | |
|-----|---|---|
| 9. | AIA Architectes | Architects |
| 10. | FEHAP (Fédération des Etablissements Hospitaliers et d'Aide à la Personne. Privé non lucratif. | Private Hospital/Commercial Clinic |
| 11. | FHP (Fédération de l'Hospitalisation Privée) | Commercial Clinic |
| 12. | Ministère des Solidarités et de la Santé: Direction Générale de la Santé | Ministry of Health |
| 13. | Medicen | Competitiveness cluster |
| 14. | ASIPSanté | French E-Health Agency |

C. List of Important Healthcare Organisations

- List of important companies in Elderly Homes Federation

| Company | Description |
|---|--|
| CACIC (Centrale de référencement et conseils de la santé) | Distribution center or "Central of referencement" for health sector. Medical - Food - Office equipment - Maintenance - Services |
| CERIG SAS | Software design, computerization of establishments, services and local communities |
| HARMONIE MEDICAL SERVICE | Sale and rental of medical devices |
| LEGRAND SNC | Specialist in electrical and digital building infrastructures |
| PROCLUB SARL | Distribution center or "Central of referencement" for health sector. Medical - Food - Office equipment - Maintenance - Services. Proclub is also project management assistant for public institutions. |
| SOS OXYGENE | Oxygen therapy, respiratory support and artificial nutrition |
| TELEVIC HEALTHCARE SAS | Innovative communication technology |

- **List of important actors in the Hospital Construction sector**

| Actor | Description |
|--|---|
| ARS Agence Régional de Santé | Regional Health Agency, Publication of call for project |
| HOSPIHUB | Actors network for hospital projects |
| IHF Ingénieurs Hospitaliers de France | Network of hospital Engineer in France |
| CEF Construction | French group specialized in the construction and renovation of hospitals and health facilities. |
| Bouygues-construction | Construction company active in health infrastructures |
| medimarket | Publisher of Tender on Medical Project |
| RIEDER | Architects active in health infrastructures |
| BRIERE ARCHITECTES | See above |
| SCHWEITZER et Associés Architectes | See above |
| BEHREND CENTDEGRES ARCHITECTURES | See above |
| AART Architect | See above |
| cognaud-construction | See above |
| Agence Manhes | See above |
| Groupe 6 | See above |
| Agence Michel Beauvais | See above |
| Reichen-Rober | See above |
| Brunet-Saunier | See above |
| scau-architectes | See above |
| A. Fainsilber associÉS | See above |
| A.I.A | See above |
| Agence Gachet | See above |

- **List of major private hospital groups**

| Name Hospital | Description |
|--|---|
| Ramsay GDS | 130 Health infrastructures in France |
| Elsan (MédiPôle Partenaires part of Elsan Group) | 100 Health infrastructures in France (Including 35 from MédiPôle Partenaires) |
| Capio | 22 Health infrastructures in France |
| Groupe Hospitalier de la Mutualité Française (G.H.M.F.) | 85 Health infrastructures in France |
| ALMAVIVA Santé | 23 Health infrastructures in PACA Region |
| Groupe Vivalto Santé | 21 Health infrastructures in France |
| OC Santé | 12 Health infrastructures in France |
| HOSPI GRAND OUEST | 10 Health infrastructures in France |
| Groupe Kapa Santé | 8 Health infrastructures in France |
| Korian | Important group, specialised for elderly care |
| Orpea | Important group, specialised for elderly care |
| DomusVi | Important group, specialised for elderly care |

- **List of National and International Medical Product Companies in France**
- **List of National Medical Technology Companies** (non-exhaustive)
 - **Acteon Group**
 - **Advanced Medical Solutions**
 - **Air Liquide Medical Systems**
 - **Amplitude Surgical**
 - **Anthogyr**
 - **Bastide**
 - **Biocartis**
 - **Biomérieux Industry**
 - **Cair LGL**
 - **CellNovo**
 - **Daiken Medical**
 - **Diagnostic Medical Systems**
 - **DiaSorin**
 - **Dupont Medical**
 - **Edap TMS**
 - **Essilor**
 - **Eurofins**
 - **Fourniture Hospitalieres**
 - **Getinge**
 - **Groupe Lepine**
 - **Guerbet**
 - **Hemodia**
 - **MacoPharma**
 - **Masimo**
 - **Medicrea**
 - **Menicon**
 - **Menix**
 - **Moria**
 - **Peters Surgical**
 - **Proteor**
 - **Stephanix**
 - **Straumann**
 - **SuperSonic Imagine**
 - **Tetra Medical**
 - **ThermoFisher**
 - **The Cooper**
 - **Thuasne**
 - **Urgo**
 - **Visiomed**
 - **Vitrolife**
 - **Vygon**
 - **WinnCare**
 - **Zimmer Biomet**
- **Multinational Medical Technology Companies active in France**
 - **Braun**
 - **Baxter**
 - **Becton Dickinson**
 - **BSN Medical-Radiante**
 - **Coloplast**
 - **Fresenius**
 - **GE Healthcare**
 - **Greatbatch**
 - **Hill-Rom**

- **Integra Life Sciences**
 - **LivaNova**
 - **Medtronic**
 - **Ossur**
 - **Stryker**
- **Multinationals with market activity in France**
- **Abbott**
 - **Boston Scientific**
 - **Johnson & Johnson**
 - **Smith & Nephew**
 - **Philips HealthTech**
 - **Siemens Healthineers**

D. List of Relevant Trade Fairs and Events

- a. Laval Virtual, Laval, 4-8 April, 2018
<https://www.laval-virtual.org/en>
- b. Pharmagora, Paris, 7-8 April, 2018
<https://www.pharmagoraplus.com/why-exhibit>
- c. Forum Labo Lyon, Lyon, 28 Mar – 29 Mar
<https://www.forumlabo.com/>
- d. **Paris Healthcare Week (PHW)** 29 – 31 May, 2018
(<https://www.parishealthcareweek.com/?lang=en>)
 - I. HospitalExpo (Intermeditech) – *part of PHW*
 - II. Geront Expo– *part of PHW*
 - III. Salon Infirmier– *part of PHW*
 - IV. Health-it Expo– *part of PHW*
 - V. GerontHandicapExpo – *part of PHW*
- e. Association Dentaire Francaise Exhibition, Paris, 27 nov – 1 dec, 2018
<http://www.adfcongres.com/en/welcome-to-the-meeting/the-meeting>

E. Map of Health Facilities

- a. Geographical Overview of public healthcare facilities in France and the new GHT.
<https://www.fhf.fr/content/download/127912/1006920/version/1/file/Atlas+des+GH+T.pdf>
- b. Search function for private healthcare facilities
<http://www.fhp.fr/default.aspx?lid=1&rid=1333&rvid=1333>
- c. Geographical overview of private (non-profit) healthcare facilities
http://www.fehap.fr/upload/docs/application/pdf/2013-06/carte_etablissements_fehap_2012.pdf

F. SWOT Analysis of the France Healthcare market

a. **Strengths**

- Sixth largest global economy
- Large population of which 1/5th aged 65+
- High health expenditure
- Well-developed healthcare system
- Large private sector (especially for elective surgery)
- Highly trained medical professionals
- Wealthy and well-developed market
- Well established medical device industry
- High-quality research tradition in the medical field

b. **Weaknesses**

- Competitiveness of France at stake due to high-cost / high regulation (expected to improve during President Macron's tenure)
- Inefficient use of healthcare resources (certain sectors are underdeveloped)
- Below average provision of diagnostic imaging equipment
- Hospitals in need of modernization
- Reimbursement system delays new technology
- Per capita spending below level of a developed market
- Modest market and import growth
- Many small producers, few large multinationals

c. **Opportunities**

- Pro-growth agenda of President Macron's reform programme
- Healthcare needs of elderly population
- Hospital investment program, equipment modernisation
- Five-year cancer plan, Alzheimer's plan
- Activity based funding will encourage hospitals to increase activity levels
- Measures to support access to innovative technology
- Initiatives to further develop ambulatory care and telemedicine

d. **Threats**

- UK Brexit poses downside risks for French economy
- Need to reduce budget deficit will limit government spending
- Historically low health insurance spending growth targets (2.1% in 2017)
- Cost containment measures, price cuts, reduced reimbursement tariffs
- More competitive hospital purchasing
- Measures to include more medical devices within fixed hospital rates
- Greater regulatory compliance burden increasing business costs
- Additional reporting requirements for Class III devices and implantables
- Decline in domestic industry competitiveness due to high labour costs
- Multinationals moving production to lower cost bases in CEE, Asia

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Task Force Health Care

Task Force Health Care (TFHC) is a public-private platform founded in 1996. The TFHC network consist of partners from industry, knowledge institutes, NGO's, healthcare providers and the government, all active in the Dutch Life Sciences & Health sector. The partners provide innovative and sustainable solutions to global (and local) healthcare challenges and are active all over the world.

TFHC stimulates cooperation and knowledge-sharing in order to combine forces within the Dutch healthcare sector, and present and position The Netherlands abroad in order to be involved in the global and local healthcare challenges.

For more information visit: www.tfhc.nl

Agenda

For more information on upcoming activities: www.tfhc.nl/agenda/

Publication

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Date: December 2017

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