

HOMEFRONT PUSH

SWEDEN'S HEALTH

BY HANS SANDBERG

Healthcare is a major Swedish export, not far behind the automobile industry, but lately it has shown signs of fatigue. It's as if it needs a shot in the arm, and perhaps even some reorganization and revitalization. "We could get much, much more out of healthcare sector in terms of export," says Karin Lind-Mörnersten, head of the Swecare Foundation, a semiprivate healthcare export promotion group.

Sweden's healthcare export consists of three main parts, the largest of which is the pharmaceutical industry, followed by medical technology, and finally healthcare-related services, from specialized therapies and hospital management to e-health and IT services.

The nation's pharmaceutical export alone is about \$9 billion, generating a trade surplus of over \$4 billion.

The center-right government is increasing its support for medical research, and is trying to change the incentive system by reforming the tax system and stimulating the growth of private services as a supplement to the government-run healthcare sector. It is also trying to boost the Swedish healthcare export in cooperation with the Swecare Foundation, a 30-year old government-industry export promotion partnership. Swecare has initiated many delegations to spread information about the Swedish healthcare system and healthcare companies. But for the last couple of years, it has also been involved in projects aimed at strengthening the

domestic healthcare industry as a precondition to increasing its export capability. "We want to foster cooperation at home, to bring all parties together, the academic world, the private industry and government," says Karin Lind-Mörnersten. "We are now a network with over 300 organizations and companies."

"Sweden has historically had a disproportionately large share of the international healthcare market. Many world-famous products are based on Swedish innovations, for example the artificial kidney, the pacemaker, the dental implant, the anti-ulcer drug Losec, the topical anesthesia drug xylocain (or Lidocaine), and so on. Sweden became a very strong and innovative country in healthcare thanks to a close cooperation between the academy and industry, but we have slipped somewhat behind for the last 15 years, and that has hurt our innovative strength," says Lind-Mörnersten.

The reason for this has to do with a move towards decentralization of the healthcare system during the 1980s and '90s, when

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the government decided to place Sweden's large teaching hospitals under the regional healthcare administrations (*landstingen*, a form of county government responsible for healthcare). The landsting administrations, which are elected bodies, generally focus on providing healthcare services to the constituents, which put the university hospitals and their clinical research programs in the shadow of more urgent needs.

"We are trying to restore the good cooperation we had between industry and the academic sector so that we can regain our position as an advanced and innovative country in healthcare," she says, adding, "Sweden still has a strong position in healthcare, but we need to sit down and figure out how to get back on track."

When you mention Sweden's healthcare to an American, the first two words out of his or her mouth will probably be "socialized medicine," which is either seen as wonderful or terrible depending on his or her ideological preference. If by "socialized" you mean that



"There has been a loss in competitiveness over the past 15 years," says Karin Lind-Mörnersten.

the government mainly funds healthcare via taxes, then Sweden fits the bill, but if you mean that the government also provides all healthcare, you're wrong. "In Sweden we all agree to have a publicly funded healthcare system accessible to all. You don't have to go to a public provider; you can also be a private provider. We want more diversity and choice on the domestic

market, and to foster more private companies, which will be good for exports," Lind-Mörnersten says.

Karin Lind-Mörnersten is optimistic about the future. "Sweden has an incredibly strong brand name in healthcare, which has a lot to do with a public healthcare system that allowed us high-quality healthcare at a comparatively low cost, from 8.1 to 8.9 percent of GDP. People ask us how on earth we are doing it when the U.S. can't, despite spending 17 to 18 percent on healthcare. Running efficient healthcare at a low cost is simply something we are good at."

But what about the long lines to get treatment? "Well, we might be more patient when it comes to waiting, but we are not waiting on line like we did 20 years ago. Besides, we have rules now that guarantee you will get treated within a certain time limit."

As a result, Swedish hospital managers are much in demand internationally. "It's not just among service-oriented healthcare providers like Capió, Aleris and Genete—there is also a demand for Swedish healthcare management

expertise. There are many consulting companies selling Swedish skills in this field," Lind-Mörnersten says, comparing the way Swedish security company Securitas went global by exporting Swedish management know-how. (Maybe it is no coincidence that the founder of Securitas, Thomas Berglund, is currently CEO of Capió, a healthcare provider running 100 operating units with 14,500 employees in eight European countries.)

Many Swedish or part-Swedish drug companies (AstraZeneca) have a strong presence in the U.S., as do medical technology companies like Gambro and Elekta, but the litigious American market is not as attractive to healthcare providers. "The U.S. is a very exciting market if you have state-of-the-art technology, but it is a much more challenging market for service providers, as you have to hedge all the time so that you don't get hit by a liability suit," Lind-Mörnersten says.