

Interview: Jakub Szulc – Director of Life Sciences, EY Poland



–“In the healthcare market, Poland is safe to invest, no matter the regulations.”–

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Jakub Szulc, director of life sciences at EY Poland, discusses the exciting opportunities that exist within the healthcare sector in the flourishing Polish economy and the overriding need to increase healthcare spending as the nation prepares for demographic changes in the future. Furthermore, he highlights the innovative services EY provides and the strategies moving forward as the company consolidates its leading position within the Big Four.

What was your mission when you took up this role three years ago?

After spending four years at the Ministry of Health of Poland as the secretary of state, I decided it was a good time to have a career change. I already had business experience before joining politics; therefore, I was aware of how the business side of healthcare looked like before joining EY and I have been able to build on this experience, while adding to the knowledge I built in the public healthcare sphere.

At present, throughout Polish healthcare we have a complicated situation. The wind of change can blow at any time and situations can look completely different very quickly. At EY Poland, we must be as flexible as possible and navigate the system to discover new opportunities. This is even more important as public healthcare spending in Poland is only 4.6 percent of annual GDP, and overall healthcare spending is around 6.2 percent; therefore, our overriding objective is to increase the effectiveness of our clients throughout the Polish healthcare system as financial resources are scarce and companies must be cautious on the allocation of funds.

Overall the Polish economy is evolving and closing the gap to the big-5 in the EU in most business sectors – although – in healthcare we still see quite a leap in areas such as management,

organization and effectiveness. In this regard, EY Poland faces exciting challenges each and every day.

What opportunities are there for companies to invest in Poland?

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In the healthcare market, Poland is safe to invest, no matter the regulations. The large population of 40 million people and growing economy, coupled with lower labour costs and a well-educated workforce, creates endless opportunities for companies looking at Poland as a place to invest.

Furthermore, the pharmaceutical market will only continue to grow as drug consumption per capita in Poland is still lower than many other developed nations. Additionally, there is a co-payment system in the country; meaning, patients can share the payment of the treatment with the National Health Fund. This opens up even more potential for future growth as the economy strengthens its positioning.

Another improvement we have witnessed in recent years is the governmental support for larger players in Poland, not just in manufacturing, but in R&D. If you look at solely the tax allowance for R&D, there is a 50 percent increase in 2017 compared to 2016, and we will see this improving further in 2018. The next question: will this be sustainable in the future? We believe this system will be in place for a while, and thus far is showing encouraging signs for stimulating growth.

The government has proposed to increase public healthcare spending to six percent by 2025. Where will these extra funds be generated?

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Unfortunately, this point was not disclosed in the draft bill submitted a few days ago. Nevertheless, the funds will always be coming from the tax payer, and it is all about mathematics and the mechanism of shifting money around. This can be done in two ways; the percentage the Polish population pay for their healthcare via their wages toward the national health fund could increase, or the government will take money from one area and shift it to healthcare. Either way, the Polish people will pay for this and it is more about how the government communicates the message rather than the channels of generating sufficient funds.

Is six percent GDP spent on healthcare enough?

No. If you look at the European average of public spending on healthcare in 2014 it is around 7.8 percent, with countries like Germany and France over ten percent, and our neighbours Czech Republic at 6.2 percent.

If you look purely at macro factors, such as demography, it is noticeable that it is not sufficient. Firstly, the population is ageing, and statistics indicate that healthcare cost for people from 0 to 50, on average amounts to only one-third of the cost for people above 50. Therefore, funds must increase as the population gets older. This is of paramount importance in Poland as currently we are the second youngest EU nation, though by 2035 we will be the second oldest.

Secondly, as the Polish population becomes wealthier, they will expect better healthcare; therefore, the government will need to spend more. The last driver is the introduction of innovative medical technologies, that in general are more expensive. Nevertheless, there must be an initial point and six percent is a good place to start. Every government has talked about this in the past, so it is very positive if this comes to fruition.

What innovative services does EY provide to help companies navigate the system, especially as cost-efficiency grows in importance?

The issue is the government has a silo approach to healthcare expenditures, and does not look at the overall impact of treatments on the economy. EY provides evidence looking at the entire impact of a healthcare service economically, from an indirect and direct perspective. We are able to show that direct spending on healthcare now should not only be considered as the expenditure for the healthcare system. The cost of a disease for the economy can be decreased by introducing more efficient treatments that may be more expensive in the short term, but deliver long-term savings. Recently we have shown this in publications focusing on cancer and COPD, and the impact of innovative medicines in these specific areas.

How does EY Poland differentiate itself from its competitors?

We are the number one life science branch within the big-4 and have dedicated staff that solely focuses in this area. Furthermore, we work across service lines and can gather data from the full picture of the Polish business market, allowing analysis on a more complex basis.

How do you remain the leader moving forward?

We must be flexible and open to changing our approach depending on what may or may not occur in the market. Generally, we are focused on the private sector, though with the changes in the Polish public hospital structure we are moving towards further assistance in the public spectrum.

Additionally, we notice that digital disruption is a key area we can take a lead. It is a phenomenon that is visible in all facets of business and we must ensure our clients can effectively adapt to this shift, so they are able to prosper and grow moving forward.

Looking back on your time at the Ministry of Health, how has this helped you during your time at EY?

Many people working in business only have the private aspect of operations. During my four years at the Ministry of Health I was able to obtain amazing experience and a completely different perspective of the public sector that I was able to bring across to the private side. I now understand the key drivers and behaviours of the public regulators and this has allowed me to bring a new approach to EY Poland to ensure we continue to be the leading partner in the life science sector.

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