



Newsletter Jan 2007

Subject: Challenges to Healthcare

Dear business partners and associates,

The European hospital systems are unique in the sense that they provide cover for the entire population of its nation through national or sub-national collection of taxes. No other Continent spends so much money on mandatory health care, through each member state of EU.

Already significant expenditure to the national health is currently being furthered by particular three urgent and individual costs classes:

- Growing populations and new demographic breakdowns demand more staff numbers; which again is only secured at an increasingly high marginal expenditure.
- Infrastructural systems (building etc), those built in the post-WW2 years (1950s-60s) are at the state of collapse or heavy maintenance duties are overdue everywhere you look.
- New – increasingly expensive- drugs and equipment are being developed and demanded implemented by national patient groups and/or elected representatives.

The British healthcare system (NHS) has always been a good guideline as an average European standard and the numbers for cost increases speak volume by themselves:

Cost of NHS in year 1999: EUR 56bn

Cost of NHS in year 2007: EUR 126bn

Source: http://www.hm-treasury.gov.uk/media/172/47/pesa2005_complete.pdf (table 1.5 page 19)

Unfortunately for patients and relatives (tax payers); the above reality does not deliver increased performance in terms of risk-free surgery. In fact, more patients than ever - across EU - fall ill or die as a result of normal hospitalization. Nosocomial infections (hospital acquired infections) are on the increase and every day citizens can read about; super-bugs, MRSA, HAI, amputations of limbs and other despairs.

In the middle of all this; we find unprecedented pressure to reduce prices of single use medical products; the so-called disposables.

This increasingly important product group, disposables, are in the fight for cleaner and safer hospitals for the stakeholders (tax payers = patients) and should be promoted heavily and with genuine gratitude by everybody.

Note: Disposable products only count for 2.5% - 4.0% of total hospital costs, although no other element is in greater patient body impact / contact.

Despite all this; increasingly and widespread reporting by market players show that the public healthcare systems are being more and more rigid and inflexible in their attitude towards the companies who are taking upon them to: Develop, Train nurses in safe use and Supply hospitals their much needed disposables on time.

Nurses are by far the most important group of employees in pursue of safer hospital environments for patients. Today, we have to report, nurses are being forced to ask first (about price) even concerning disposables of €5.00 each, a mere €0.50 or even as low as €0.05 product - rather than e.g. what it does better and safer for themselves and patients; compared to what they use as of today.

The net effect of out-of-control expenditure outlook for major cost groups as already outlined in this Newsletter; is that we now see an entire Continent's nurse cadre being forced - on a daily basis - to think in unit price rather than treatment costs / benefits, let alone nursing patients.

The long term effect will be (some say it is already upon us) that innovation rate by industry players is hampered, focus shifts now from quality to all-about-cost price, implementation of superior products is slowed down or zeroed by increasingly rigid public tender systems (purchase contracts) and no-where can you find documentation for the benefits of driving medical disposables into a new all time lowest prioritization.

Curas - together with our national distribution partners as well as manufacturing partners - will, nevertheless, relentlessly work towards securing continued high product quality – to the benefit of nurses, patients and tax payers. We firmly believe, despite current challenges, that this is the only safe and viable way forward.



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