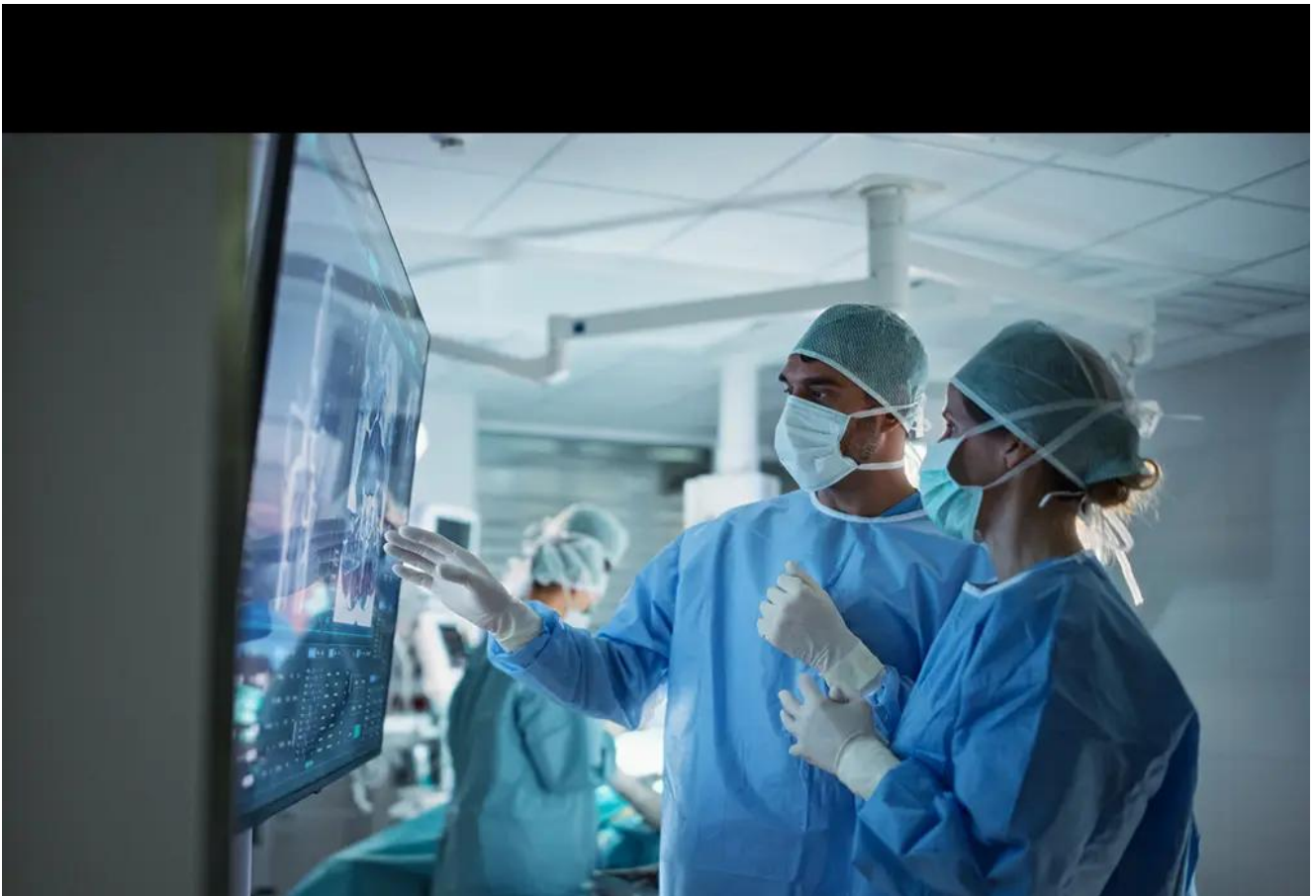


How geopolitical changes can affect healthcare systems

Healthcare is increasingly shaped by external factors, with geoeconomics, debt and technology redefining its sustainability.



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Healthcare systems around the world are under pressure, understaffed and underfunded. Geopolitical tensions are a new pain point for healthcare managers.

According to data from the International Monetary Fund, [geopolitical risk has increased](#) substantially over the past decade, especially in Europe. This has implications for healthcare systems, IESE economics professor [Nuria Mas](#) told the [32nd IESE Healthcare Industry Meeting](#), held in Barcelona.

Although GDP per capita has been the traditional measure of success, the rise of geopolitical risk means that the size of an economic or political bloc is gaining importance, as it brings greater bargaining power.

In terms of size, the United States accounts for nearly 26% of global GDP, followed by Europe with 24% and China with 16%. This puts [Europe in a generally favorable position](#), particularly in the healthcare and pharmaceutical sectors, where both the U.S. and China rely on European exports in their own supply chains.

To improve its global position, Mas argues that Europe should work to overcome its own geopolitical fragmentations. This doesn't always have to mean all 27 member states working together; two or three countries can also team up to make quick progress in key areas.

Meanwhile, as detailed in recent reports by Enrico Letta and Mario Draghi, around €500 billion leaves Europe each year to be invested abroad, mainly in the United States. With the right incentives, Mas suggests, some of that money could remain in Europe. And given that the [Draghi report identifies a need](#) for an increased €800 billion to develop the continent, these efforts should be made.

From armed conflict to healthcare cuts

The conflict in Iran puts pressure on the global energy market, and Europe is more exposed than the U.S. due to its higher energy dependence (more European countries are net energy importers). The IMF also forecasts a slight slowdown in global growth, from 3.4% to 3.1%.

This process unfolds in a cascade: Rising energy costs increase production costs first and then the prices of food and other goods, making inflation more persistent. Central banks tend to respond by raising interest rates, which makes financing more expensive.

In addition, many countries already operate with high levels of public debt. Spain's is at around 100% of GDP, France's is approaching upward of 120% and the U.S.'s has crossed the 100% point, too.

Economies will increasingly compete to attract financing, and rising defense spending adds more pressure. Historical evidence shows that these episodes increase both deficits and debt levels, while repeatedly shifting spending away from other [areas such as healthcare](#).

Pressures on the healthcare system

In Spain, there is also a rise in private healthcare spending, with about 26% of total costs paid directly by households, compared with significantly lower figures in countries such as Germany, where it is around 13%. This gap may reflect Spain's growing concern about its healthcare system's future capacity.

This trend is compounded by [demographic aging](#). Spain is rapidly moving toward becoming an older population, leading to a higher prevalence of chronic diseases. At the same time, the system faces additional supply-side pressures: An estimated 1 in 3 doctors is expected to retire over the next decade.

Technology to the rescue

Technology could play a central role in reconciling these multiple challenges. Artificial intelligence is beginning to be deployed in healthcare, although still less intensively than in sectors such as finance. The main limitation, to date, is not technological but structural: the lack of a data strategy. Each hospital develops its own solutions from scratch, duplicating capabilities and diluting overall impact.

There are, however, examples that point to potential transformation. Initiatives such as teledermatology have significantly reduced waiting times by up to 80% in some cases. Continuous monitoring models are also emerging. In China, kiosks are popping up that measure temperature, blood pressure and blood oxygen levels, provide diagnoses, suggest treatments and even dispense medications. This means that more problems can be anticipated before they happen.

5 key healthcare system reforms

Mas stresses that in the current environment, inaction is not a neutral stance but rather risky. Consolidating advances and avoiding risks will require addressing several structural changes:

1. Developing a data strategy: Without data, there is no progress.

2. Reorganizing healthcare delivery by leveraging available technology.
3. Reviewing incentives: [Currently, systems pay for activity, not outcomes.](#)
4. Promoting public-private collaborations.
5. Taking measured risks.

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