



THE SPANISH HEALTHCARE SYSTEM

TPG Educational Summit

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Summary and overview

This year the TPG International Health Academy led a group of 25 American delegates and patrons to Catalonia, arguably the most dynamic of Spain's 17 states. Health care is financed nationally, with universal coverage and standardized benefits, coordinated by the national health system (SNS). But management and governance are within the purview of each state, allowing considerable variation. In contrast to the US health system, where providers compete with one another and negotiate independently with insurers, in Catalonia the providers negotiate as a group with the public insurer to establish a uniform capitation rate for local primary care clinics and case rates for hospitals.

Historically Catalonia has had a strong drug industry. However, the biopharmaceutical ecosystem is hampered by the need for novel drugs to flow through regulatory market authorization at the level of the European Union and price negotiations at the level of the nation before going through adoption assessment at the level of the Catalan state. This leads to slow uptake of innovation, compounded by the tendency of multinational drug firms to launch their new products first in northern European nations that pay higher prices than do southern European nations such as Spain. The fastest adoption in recent years has been for digital therapeutics, most of which do not need to go either through European assessment or national price negotiations. Site visits by the TPG delegates included:

- Hospital de la Santa Creu I Sant Pau. Sant Pau is the oldest and most famous hospital in Barcelona, with the UNESCO World Heritage buildings dating to the 16th century, now supplemented by state-of-the-art inpatient and outpatient facilities.
- Hospital Clinic of Barcelona. Hospital Clinic is the major teaching hospital for the Autonomous University of Barcelona and, indeed, has the university's medical and nursing schools physically located within the hospital campus.

- Primary Care Center Vallcarca. Vallcarca is a private for-profit primary care clinic paid on a risk-adjusted capitation basis for all primary care services, basic diagnostic tests, and for the retail drugs prescribed by its physicians.
- Sant Joan de Déu. The nation's leading children's hospital, with a focus on pediatric oncology, Sant Joan features a modern facility designed to reduce stress and fears for its young patients, with play areas in all departments and volunteer clowns circulating freely. Sant Joan is a European leader in the care for rare 'orphan' pediatric illnesses and for innovative cell and gene therapies.
- Fundació Puigvert. A leading center in urology, nephrology, and andrology, Fundació Puigvert is recognized for its minimally invasive surgical techniques and personalized medicine. It is a pioneer in robotic surgery, kidney transplantation, and fertility treatments, providing specialized care for complex urological and renal conditions.
- Parc Sanitari Pere Virgili. A leading provider of intermediate and long-term care, Parc Sanitari Pere Virgili focuses on chronic disease management, rehabilitation, and palliative care for elderly and complex patients.

Introduction

Spain takes pride in its population health status, which with an average longevity of 83.2 years is the highest in Europe and six years higher than the United States, and in its health care system, which achieves universal coverage with almost no patient copayments at the time of receiving care. The nation is challenged by low rates of economic growth, which generates budgetary stress despite modest health care spending, plus only limited investment in research and development (R&D) for the next generation of medications. However, the region of Catalonia and its capital city Barcelona have a strong and growing life sciences innovation ecosystem linked closely to the region's governmental payer and numerous private and public health care facilities.

This year the TPG International Health Academy led a group of 25 American delegates and sponsors to Catalonia, arguably the most dynamic of Spain's 17 states (referred to as Autonomous Regions). The Academy partnered with La Unio, the umbrella organization of health care facilities and organizations, to provide overviews of the system's organization and financing, interactive 'fireside chats' with entrepreneurs and managers on digital transformation and the management of chronic disease, and site visits to academic medical centers, a primary care clinic, an intermediate care facility, and a pediatric center. The intellectual content was accompanied by tours of the prominent fortress of Montjuic, a sailboat cruise along the coast, and gourmet dining in special venues from a former fortress to the historic harbor. The participants came away appreciating why Spain is now the second most visited nation in the world and Barcelona the most visited city in Spain.

The healthcare system of Spain and Catalonia

Catalonia lies on the Mediterranean coast of Spain, with historic ties to France and Italy, as evident in the Catalan language and culture, which are sources of fierce patriotism. Barcelona accounts for half the

population of Catalonia and a tenth of the population of Spain. Catalonia historically has been, and arguably remains, the strongest intellectual, artistic, and industrial region of the nation.

Spain resembles the US in balancing the rights and responsibilities of the 17 states with that of the federal government. Health care is financed nationally, with universal coverage and standardized benefits, coordinated by the national health system (SNS). But management and governance are within the purview of each state, allowing considerable variation. Catalonia is known for its mix of public, private non-profit, and for-profit provider organizations, which contrasts with the dominant role played by public facilities in many other regions. While all citizens are covered by the national health insurance system, approximately one-fourth opt to purchase additional private insurance as a means of gaining quicker access to specialty procedures and to private clinics that do not accept public insurance. Catalonia's health care spending, at 11% of GDP, is high in European terms but low in comparison with the US (which tops the world's spending charts at 18%).¹

In its comparisons of the health care systems of developed nations, the American Foundation for Research on Economic Opportunity (FREOPP) awards Spain an intermediate position of 19th among the 32 nations studied (top performer was Switzerland; US was seventh). Patients in Catalonia have good choices among care providers though generally are expected to use the physicians and hospitals in their local community (most communities have 500,000 residents). In Barcelona, community providers are paid on a capitation basis for primary and related care, with the resulting need to carefully manage all the patients assigned to them. Quality of care is good according to the FREOPP metrics. However, the system struggles in science and technology, despite the historic strengths of Catalonia in the pharmaceutical industry. Most concerning, perhaps, is the low rate of economic growth and overall GDP/capita, which pushes even an efficiently managed health care system into continual budgetary deficit.²

The strength of the Catalan bioregion is evident in the data provided to the TPG Summit by BIOCAT, the regional public-private life sciences innovation accelerator. The region includes 1,500 life sciences firms, including 470 startups across biotechnology, medical devices, diagnostics, and digital therapeutics. There are over 5,000 clinical trials per year in 63 clinical sites, and over 160 artificial intelligence tools developed by 155 AI firms. Employment in the sector tops 280,000, including 25,000 with university STEM training.

¹ E Bernard-Delgado et al. Spain: Health System Overview. European Observatory. Health Systems in Transition 2024: 26(3). <https://eurohealthobservatory.who.int/publications/i/spain-health-system-review-2024>

² Gi Girvan, A Roy. Spain: #19 in the 2024 World Index of Healthcare Innovation. <https://freopp.org/spain-19-in-the-2024-world-index-of-healthcare-innovation/>



Opening presentations emphasize provider collaboration rather than competition

The Summit’s educational component began on Monday morning with two presentations: Marc Gilbert, Director of the La Unio’s Foundation, provided an overview of the organization and structure of the Catalan health system, followed by Rosa Vidal, Director of Economic and Payment Systems at La Unio, who presented on system financing through public and private insurers. An official welcome to Barcelona was extended by Dr. Josef Antoni Pujante from the Office of International Affairs of the Catalan Ministry of Health. Dr. Pujante identified social solidarity as the unifying principle of the healthcare system and the budgetary pressures from the needs for investment as its greatest challenge. He emphasized that additional resources for health care were not available now nor likely in the future, and that rising consumer demands and novel technological innovations would need to be financed from improved system efficiency.

The speakers emphasized the collaborative nature of the relationships between the single governmental payer on the one hand, and the diverse public and private provider organizations on the other. In contrast to the US health system, where providers compete with one another and negotiate independently with insurers, in Catalonia the providers negotiate as a group with the public insurer to establish a uniform capitation rate for local primary care clinics and case rates for hospitals. La Unio represents the provider organizations in these negotiations. For the purchasing of expensive drugs and other supplies, each hospital can act on its own, in collaboration with others in a purchasing pool, or through La Unio as a group purchasing organization.

Rosa Vidal explained the financing of primary care services through capitation payments to local provider organizations, each of which covers a defined geography and patient population. In contrast with prepaid group practices in the US, these local organizations do not compete with one another. The capitation payments are adjusted for differences in patient demographics, social and economic factors that affect morbidity, and expected rates of utilization. Five percent of the capitation payments are at risk based on quality and efficiency performance. Capitation payment is also used for ambulatory surgical and diagnostic procedures, often performed in hospital-based clinics. Inpatient and emergency hospital services are paid through case rates. Appropriate utilization of health resources by provider

organizations is evaluated retrospectively on an annual basis, obviating the need for prior authorization requirements such as those prevalent in the US.

Fireside chats: the adoption of innovation

The collaborative and capitated structure of the delivery system creates both opportunities and challenges for the adoption and hence for the development of new tests and treatments. The Monday afternoon session featured a fireside chat with Robert Fabregat and David Pijoan of BIOCAT, the public-private organization focused on innovation adoption and, more broadly, the development of the life sciences innovation ecosystem. Its board of directors includes representatives from the public payer, regional health authorities, hospitals, and other provider entities. This was followed by a fireside chat with Xavier Lleixa, CEO of the digital startup DigimEvo, and Diana Navarro, director of research and innovation at Hospital General de Granollers.

Historically Catalonia has had a strong drug industry. In recent years, many local firms have been acquired by the global pharmaceutical corporations, but there remain a large and educated life sciences workforce. Many multinational firms are retaining major subsidiaries in the region. However, the Catalan biopharmaceutical ecosystem is hampered by the need for novel drugs to flow through regulatory market authorization at the level of the European Union and price negotiations at the level of the nation before going through adoption assessment at the level of the Catalan state. This leads to slow uptake of innovation, compounded by the tendency of multinational drug firms to launch their new products first in northern European nations that pay higher prices than do southern European nations such as Spain. The fastest adoption in recent years has been for digital therapeutics, most of which do not need to go either through European assessment or national price negotiations. The uptake of digital tools and therapies at the local level depends, however, on familiarity by physicians and patients, which often creates its own delays.

As emphasized by Fabregat and Pijoan, the mission of BIOCAT includes the acceleration of innovation adoption in provider organizations. The organization hosts pilot projects for technologies still undergoing the final stages of development and assessment. It hosts 16-20 technologies per year, with examples including a robotic exoskeleton for patients suffering massive trauma or loss of function, mobile surgical robots that can serve multiple facilities, and CAR-T therapies that require removal of cells from patients with leukemia, treatment of the cells in the laboratory, and reinfusion in the hospital setting. BIOCAT has an accelerator program for medical device and digital therapeutics entrepreneurs, supporting 8 startups per year.

The Catalan public payer guarantees reimbursement for the technologies while they are going through the BIOCAT pilots. This contrasts with the the US and most of Europe, where entrepreneurs and investors must finance product development all the way through regulatory assessment, authorization, pricing, and adoption in the hope that the payers eventually will offer reimbursement. BIOCAT also serves as advisor to its pilot firms to help them understand in advance the performance metrics that will be requested by the European regulator and national payer. The Catalan public insurance payer views BIOCAT's process and pilots as the principal pathway for new clinical technologies seeking adoption and payment in Catalonia.

As emphasized by Lleixa and Navarro, the close connection between provider organizations and local entrepreneurs creates both advantages and disadvantages for the innovation ecosystem. The diverse and decentralized market offers to entrepreneurs the possibility to gain adoption and experience by working with a few providers rather than needing first to convince the entire public system of their products' effectiveness. However, this diversity and decentralization render more difficult to expansion of adoption beyond initial champion organizations, compared to other regions with centralized and homogenous providers. Large pharmaceutical firms prefer to work with centralized delivery systems while small biotechnology startups favor decentralized systems such as that in Catalonia.

Participants in the Summit fireside chats were optimistic concerning the future of the Catalan life sciences ecosystem. Salaries have risen considerably in recent years but remain lower than in the United States, and there is an exceptionally large number of clinical trials in the research hospitals. Young scientists and entrepreneurs are flocking to the city, in contrast to the brain drain that afflicted Catalonia 20 years ago. The natural beauty and cultural life of the city make it an easy choice for digital nomads from Europe and the United States, and it stands to gain American scientists who face funding cuts due to recent restrictive federal policies. The BIOCAT leadership attends the annual US meetings to the Biotechnology Innovation Organization to network with Catalan expatriates and encourage them to bring their expertise and their startups back to Barcelona. This two-way flow of expertise, from Barcelona to Boston and back again, resembles the historical flows of engineers between Taiwan and Silicon Valley that created the TSMC semi-conductor colossus and a dense network of startups and 'scale-ups' in that nation. Indeed, Catalonia seems well placed to become the Taiwan of Europe.

Site visits: hospitals, clinics, specialty services

Hospital de la Santa Creu I Sant Pau. Sant Pau is the oldest and most famous hospital in Barcelona, with the UNESCO World Heritage buildings dating to the 16th century, now supplemented by state-of-the-art inpatient and outpatient facilities. The hospital pioneered principles of holistic healing for patients with severe physical and mental illness, illustrated visually by the extensive gardens open to ambulatory patients and, in more recent times, to the public. Sant Pau is a regional referral hospital but also the community facility for the northern part of Barcelona, serving 500,000 patients in Catalonia's demographically oldest region. Delegates were given a tour of the hospital's geriatric emergency department, specially designed to ensure quiet, soft lighting, and space for family members to accompany the patients.

- <https://www.santpau.cat/en/web/public/home>

Hospital Clinic of Barcelona. Hospital Clinic is the major teaching hospital for the Autonomous University of Barcelona and, indeed, has the university's medical and nursing schools physically located within the hospital campus. Along with providing inpatient and outpatient care for the Barcelona population, the hospital manages an international medical travel and service activity, which adds to the institution's reputation and significantly supplements its revenue.

- <https://www.clinicbarcelona.org/en>

Primary Care Center Vallcarca. Vallcarca is a private for-profit primary care clinic whose ownership is shared between the 25 physicians and the clinical and administrative staff. It is paid on a risk-adjusted

capitation basis for all primary care services, basic diagnostic tests, and for the retail drugs prescribed by its physicians. Its staff includes dentists, behavioral health specialists, and a nutritionist. It refers complex cases, tests, and expensive drug infusions to hospitals and specialty clinics in the community. To enhance the continuity of care, Vallcarca emphasizes the use of digital health tools, home care visits, and patient group programs. The physician host of the TPG delegation illustrated the source of longevity in Catalonia by leading the delegates up and down six flights of stairs in the tour of dental and medical offices.

- <https://aprimariavsg.com/>

Sant Joan de Déu. The nation's leading children's hospital, with a focus on pediatric oncology, Sant Joan features a modern facility designed to reduce stress and fears for its young patients, with play areas in all departments and volunteer clowns circulating freely. All rooms are designed so that parents can be with their children at all times. Even the operating theaters are structured so that the last person a child sees before going under anesthesia, and the first person he or she sees upon waking up, is the parent. TPG delegates were allowed to visit the cognitive center of the facility, featuring digital dashboards across the walls with continually refreshed data on performance metrics across all departments in the facility. Sant Joan is a European leader in the care for rare 'orphan' pediatric illnesses and for innovative cell and gene therapies.

- <https://www.sjdhospitalbarcelona.org/en>

Fundació Puigvert. A leading center in urology, nephrology, and andrology, Fundació Puigvert is recognized for its minimally invasive surgical techniques and personalized medicine. It is a pioneer in robotic surgery, kidney transplantation, and fertility treatments, providing specialized care for complex urological and renal conditions. The institution also plays a crucial role in education and research, contributing to the development of new treatments in its fields of expertise.

- <https://www.fundacio-puigvert.es/ca/>

Parc Sanitari Pere Virgili. A leading provider of intermediate and long-term care, Parc Sanitari Pere Virgili focuses on chronic disease management, rehabilitation, and palliative care for elderly and complex patients. Its model bridges the gap between hospital and home care, while promoting autonomy, quality of life, and personalized treatment plans. The center illustrates the Catalan priority in the coordination between health care and social services for its elderly population.

- <https://perevirgili.gencat.cat/ca/inici>

Concluding interactive discussions: management of chronic illness

After a morning of site visits, Wednesday afternoon featured an interactive session with Jaume Duran, CEO of the Fundació Sanitària Mollet, and Oriol Fuertes, CEO of QIDA, on the management of chronic illness. The discussion ranged widely in response to the questions posed by Summit delegates, and included:

- Coordinated care between hospitals, primary care, and social services to enhance patient outcomes and reduce hospitalizations.
- Innovative programs leveraging digital tools and telemedicine to monitor and support chronic patients at home.
- Financial and organizational strategies that support effective chronic disease management.

The Summit concluded with comments from each delegate, highlighting similarities and differences between the Catalan and US health systems, and identifying learning and application opportunities for American payers and providers.