

Economic impact of an alternative cost and responsibility sharing scheme for epidemic livestock diseases in the EU

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To evaluate different options for enhancing the current EU scheme for co-financing of emergency measures by the Veterinary Fund (VF) the economic impact of alternative Cost and Responsibility Sharing Schemes (CRSS) were evaluated. The CRSS consist of the following parts: risk sharing based on a Bonus-Malus system (BM) instead of a fixed reimbursement rate by the VF to MS's, reduction of reimbursement rate in case of large outbreaks for MS's, and a Public Private Partnership (PPP) within a MS to facilitate responsibility and cost sharing between government and stakeholders. The impact of alternative CRSS compared to the present system were analysed by means of a stochastic dynamic simulation model. Diseases included were FMD, CSF and AI, and the analyses focussed on the Netherlands. Given a vaccination strategy for FMD and CSF and a culling strategy for AI, expected future total costs for the VF amounted 13.34 Million € per 10 year for a hypothetical BM scheme (90% CI 8.33-46.63) and 15.15 Million € (CI 90% 8.59-55.36) for the present scheme. If culling strategies are applied for FMD, CSF and AI, compensated losses by the VF comprised 15.49 Million € (90% CI 5.25-78.69) versus 17.75 Million € (90% CI 5.13-93.89). The impact of a reimbursement reduction in case of a large on-going outbreak in combination with a malus for future outbreaks will reduce the budgetary impact for the VF considerably. Implementing a bonus to MS's for implementing a PPP increases the costs for the VF. However, a 22% damage reduction per outbreak or a reduction in probability of outbreaks of around 30%, or a combined reduction of damage and frequency of 14% would offset the extra cost of a 5% point reimbursement bonus. The level of these reductions are likely to be feasible according to experts and stakeholders. More extreme values in the CRRS scheme will decrease the co-finance part by the VF, and vice versa. In general, the CRRS will achieve a more prevention-driven and incentive oriented approach than the current scheme.