



C/2024/6298

17.10.2024

Urząd nadzoru EFTA – Decyzja nr 142/24/COL z dnia 18 września 2024 r. o wszczęciu formalnego postępowania wyjaśniającego w sprawie domniemanej pomocy państwa na zakup usług obrazowania medycznego od dwóch przedsiębiorstw w Islandii

(C/2024/6298)

Zaproszenie do zgłaszania uwag zgodnie z częścią I art. 1 ust. 2 protokołu 3 do Porozumienia między państwami EFTA w sprawie ustanowienia Urzędu Nadzoru i Trybunału Sprawiedliwości dotyczących wyżej wymienionego środka.

Zainteresowane strony mogą zgłaszać uwagi na temat przedmiotowego środka pomocy w terminie jednego miesiąca od daty publikacji na adres Urzędu Nadzoru EFTA:

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Otrzymane uwagi zostaną przekazane władzom islandzkim. Zainteresowane strony zgłaszające uwagi mogą wystąpić z odpowiednio uzasadnionym pisemnym wnioskiem o objęcie ich tożsamości klauzulą poufności.

Streszczenie

Procedura

30 maja 2023 r. Urząd Nadzoru EFTA otrzymał skargę dotyczącą umów między Islandzkim Zakładem Ubezpieczeń Zdrowotnych (IHI) (w języku islandzkim: Sjúkratryggingar Íslands) a dwoma przedsiębiorstwami prywatnymi świadczącymi usługi obrazowania medycznego.

2 czerwca 2023 r. Urząd przekazał skargę władzom islandzkim, a władze islandzkie przedstawiły swoje uwagi 30 sierpnia 2023 r.

22 listopada 2023 r. Urząd zwrócił się do władz islandzkich o udzielenie informacji, a odpowiedź otrzymał 13 lutego 2024 r. Urząd zwrócił się do władz islandzkich o dodatkowe informacje 20 marca 2024 r. 13 maja 2024 r. władze islandzkie przekazały wymagane informacje.

Opis środków pomocy

Decyzja dotyczy umów o świadczenie specjalistycznych usług obrazowania medycznego zawartych między IHI w imieniu Ministerstwa Zdrowia a dwoma podmiotami prywatnymi, tj. Læknisfræðileg Myndgreining ehf. („LM”) oraz Íslensk Myndgreining ehf. („ÍM”).

Co roku IHI nabywa usługi obrazowania medycznego od podmiotów prywatnych. Od 1995 r. IHI zawierało umowy z trzema różnymi dostawcami takich usług, LM, ÍM i Myndgreiningarrannsóknarstöð Hjartaverndar („MH”).

Zamówienia dla LM i ÍM nie zostały udzielone w drodze przetargu ani procedury konkurencyjnej. Trzecie i ostatnie zamówienie zostało udzielone MH w następstwie ogłoszenia o przetargu w 2017 r.

Skarżący twierdzi, że od końca 2017 r. IHI płaciło LM i ÍM opłatę o około 15 % wyższą niż opłata uiszczana na rzecz MH za te same usługi, co doprowadziło do przyznania LM i ÍM niezgodnej z prawem pomocy państwa.

Wstępna ocena istnienia pomocy zgodnie z art. 61 ust. 1 Porozumienia EOG

Aby środek można było uznać za pomoc państwa zgodnie z art. 61 ust. 1 Porozumienia EOG, musi on zostać przyznany przez państwo lub przy użyciu zasobów państwowych, przynosić korzyść określonemu przedsiębiorstwu i grozić zakłóceniem konkurencji oraz wpływać na wymianę handlową.

Przedsiębiorstwa to podmioty zaangażowane w działalność gospodarczą, niezależnie od ich statusu prawnego lub finansowania. Działalność gospodarcza obejmuje oferowanie towarów lub usług na rynku. Natomiast podmioty, które nie oferują towarów ani usług na zasadach komercyjnych, nie są uznawane za przedsiębiorstwa.

Władze islandzkie twierdzą, że środki nie kwalifikują się jako pomoc państwa, ponieważ jest to działalność pozagospodarcza, która nie wchodzi w zakres zasad pomocy państwa. Twierdzą one, że usługi te są klasyfikowane jako usługi świadczone w interesie ogólnym.

Art. 61 ust. 1 Porozumienia EOG nie ma zastosowania, gdy podmioty publiczne wykonują uprawnienia publiczne lub gdy podmioty publiczne działają w charakterze organów publicznych. Można uznać, że dany podmiot działa, sprawując władzę publiczną, jeżeli przedmiotowa działalność stanowi część zasadniczych funkcji państwa, lub jeżeli jest ona powiązana z tymi funkcjami przez swój charakter, swoje cele i zasady, którym podlega.

Jednak nawet jeśli organ publiczny prowadzi działalność niemającą charakteru gospodarczego, taką jak świadczenie usług medycznych na rzecz ubezpieczonych pacjentów, przedsiębiorstwa świadczące te usługi mogą nadal prowadzić działalność gospodarczą.

W swojej decyzji Urząd doszedł do wstępnego wniosku, że środki mogą spełniać wszystkie kryteria określone w art. 61 ust. 1 Porozumienia EOG i w związku z tym stanowią pomoc państwa.

Ocena zgodności

Władze Islandii nie przedstawiły informacji dotyczących zgodności środków z jednym z odstępstw od zakazu pomocy państwa określonych w art. 61 ust. 1 Porozumienia EOG. W związku z tym Urząd ma wątpliwości co do zgodności środków z funkcjonowaniem Porozumienia EOG.

Urząd nie określił jednak również możliwych podstaw zgodności i zwrócił się do władz islandzkich o przedstawienie uwag na ten temat.

ANNEX

Ministry of Culture and Business Affairs
Sölvhólgata 7
101 Reykjavík
Iceland

Subject: Purchasing of medical imaging services in Iceland (complaint)

1 Summary

- (1) The EFTA Surveillance Authority ('ESA') wishes to inform Iceland that, having assessed the measures covered by a complaint relating to the purchasing of medical imaging services in Iceland ('the measures'), it has doubts as to whether the measures constitute State aid within the meaning of Article 61(1) of the EEA Agreement. ESA also has doubts as to whether the measures are compatible with the functioning of the EEA Agreement and accordingly has decided to open a formal investigation procedure as set out in Article 1(2) of Part I of Protocol 3. ESA has based its decision on the following considerations.

2 Procedure

- (2) On 30 May 2023 ⁽¹⁾, ESA received a complaint from a radiologist against agreements between the Ministry of Health through Sjúkratryggingar Íslands ('Icelandic Health Insurance' or 'IHI') ⁽²⁾ and Læknisfræðileg Myndgreining ehf. ('LM') and Íslensk Myndgreining ehf. ('ÍM') ⁽³⁾ regarding medical imaging services.
- (3) On 2 June 2023 ⁽⁴⁾, ESA forwarded the complaint to the Icelandic authorities. On 30 August 2023 ⁽⁵⁾, the Icelandic authorities provided their comments.
- (4) On 18 September 2023, ESA informed the complainant that the complaint had been designated as a non-priority case ⁽⁶⁾.
- (5) On 22 November 2023 ⁽⁷⁾, ESA requested information from the Icelandic authorities, and their response was received on 13 February 2024 ⁽⁸⁾.
- (6) On 20 March 2024 ⁽⁹⁾, ESA requested additional information from the Icelandic authorities. On 13 May 2024, the Icelandic authorities replied to the information request ⁽¹⁰⁾.

3 Description of the measures

3.1 Background – the complaint

- (7) The complaint concerns agreements on the provision of specialised medical imaging services, between the IHI, on behalf of the Ministry of Health, and two private entities, namely LM and ÍM.

⁽¹⁾ Document No 1376548.

⁽²⁾ Tryggingastofnun Ríkisísins is the predecessor of IHI. In 2008 Iceland Health Insurance was founded and took over the responsibilities of TR regarding health care services. In this decision ESA will collectively refer to both institutions as IHI.

⁽³⁾ LM and ÍM are two Icelandic private limited liability companies which provide, among other, medical imaging services.

⁽⁴⁾ Document No 1376690.

⁽⁵⁾ Document No 1394783.

⁽⁶⁾ Document No 1396907.

⁽⁷⁾ Document No 1399414.

⁽⁸⁾ Document No 1436233.

⁽⁹⁾ Document No 1445142.

⁽¹⁰⁾ Document No 1455909.

- (8) Every year, IHI purchases medical imaging services from private operators. Since 1995, IHI has entered into contracts with three different providers of such services, LM, IM and Myndgreiningarrannsóknarstöð Hjartaverndar ('MH')⁽¹¹⁾. The contracts with LM and IM were not entered into based on a tender or a competitive process. The third, and most recent contract, was concluded with MH following a tender advertisement in 2017.
- (9) The complainant claims that IHI has paid LM and IM a fee that is approximately 15% higher than the fee MH gets paid for the same services since late 2017. Resulting in unlawful State aid granted to LM and IM.

3.2 A brief description of the Icelandic healthcare system

- (10) The Icelandic healthcare system is organised within the national health service and founded on the principle of solidarity. Services are provided by both public and private healthcare providers, with most healthcare services covered by the national health insurance system. Article 76 of the Icelandic Constitution states that by law everyone should be guaranteed the necessary assistance in case of sickness, invalidity, or infirmity by reason of old age. In general, all persons who have had a legal domicile in Iceland for a time exceeding six months are covered by the Icelandic co-payment system. The co-payment system entails that individuals do not pay more than a certain maximum amount each month for health services.
- (11) According to Article 28 of the Health Services Act No. 40/2007, the Minister of Health holds the power of attorney to enter into agreements regarding healthcare services and determines the level of cost participation by the State. For private health providers, a contract with the IHI is essential for their patients to receive co-payments from the national health insurance system⁽¹²⁾.
- (12) Regulation No. 1551/2023 'on cost participation of health insured persons in health care costs' defines the fees to be paid by patients covered by national health insurance and the co-payment system of IHI.
- (13) The full fee for health care services provided under the co-payment system is defined in contracts that IHI negotiates with private health care providers. Regarding medical imaging services, the average co-payment of treatments by IHI since 2014, has been 71.27%⁽¹³⁾.
- (14) When receiving services from medical imaging operators, insured patients first get referral from their specialist doctor or/and physicians. In almost all cases, patients are referred to private medical imaging operators, and they rarely receive these services from Iceland's national hospital⁽¹⁴⁾. There are no guidelines to which medical imaging operator a doctor should refer patients to.

3.3 Agreements between the Icelandic State and private medical imaging operators

3.3.1 Agreements between the Icelandic State and Læknisfræðileg Myndgreining

- (15) LM is a limited liability company, with one owner holding all the shares. Since 1995, LM has had an agreement regarding medical imaging services with IHI. In 2021 the revenue was 1.488 million ISK, with 303 million ISK in profits after taxes. In 2022, the annual revenue was 1.545 million ISK, returning 339 million ISK in profits after taxes⁽¹⁵⁾.

⁽¹¹⁾ MH is an Icelandic private limited liability company which provides medical imaging services.

⁽¹²⁾ Services covered by the co-payment system are health care clinics, hospitals, The National Hearing and Speech institute, independent physician specialists, physiotherapists, occupational therapists, speech therapists, and psychologists.

⁽¹³⁾ Document No 1455909.

⁽¹⁴⁾ Iceland's National Hospital (Landspítali) mainly provides medical imaging services to their inpatients.

⁽¹⁵⁾ Document No 1468803.

- (16) On 12 January 1995, IHI entered into an agreement with LM ⁽¹⁶⁾. The legal basis for the agreement was Article 36(b) of Act No. 117/1993 on public insurance. The end date of the agreement was 31 December 1997.
- (17) In 1996, IHI and LM entered into a new agreement, that superseded the agreement from 1995 ⁽¹⁷⁾. There is no information available about the negotiation process. LM was represented by the Reykjavík Doctor's Association ('Læknafélag Reykjavíkur').
- (18) The agreement set forward a unit-based system, with a set unit price, and different services constitute different units. That price should be reviewed every year, starting 1 January 1998. The review process should take place earlier if the consumer index would increase by 5% or more, from December 1996. The contract has an indeterminate duration and is terminatable with a six months' notice period.
- (19) Since 1998, the unit price and the discount scheme have been updated regularly. A complete re-evaluation of the fee schedule was conducted in 2012, using historical contract data from the years 2004-2010. The most recent price update was on 28 December 2023.
- (20) On 6 November 2018, IHI terminated the contract with LM and the termination should have been active from 1 January 2020. In the termination letter, it was stated that the Icelandic Ministry of Welfare ('the Ministry') had started preparations to tender out the services, aiming to have new contracts taking place, on the basis of that tender on 1 January 2020 ⁽¹⁸⁾.
- (21) On 11 June 2019, IHI sent a new letter to LM, stating that because of delays in preparing for the tender, the termination of the contract was delayed until 1 January 2021 ⁽¹⁹⁾. Since then, IHI has delayed the termination of the contract five times, on the same grounds. The current end date of the contract is 1 January 2025 ⁽²⁰⁾.

3.3.2 Agreements between the Icelandic Health Insurance and Íslensk Myndgreining ehf.

- (22) ÍM is a limited liability company, and it is owned by three other limited liability companies. Since 1999, ÍM has had an agreement regarding medical imaging with IHI. In 2021 the revenue was 603 million ISK, returning 51 million ISK in profits after taxes. In 2022, the annual revenue was 667 million ISK, returning 63 million ISK in profits after taxes ⁽²¹⁾.
- (23) IHI entered into an agreement with ÍM on 7 October 1999 ⁽²²⁾. The legal basis for the agreement was Article 36(b) of Act No. 117/1993 on Public insurance.
- (24) The current agreement ('the 2001 agreement'), which superseded the earlier one from 1999, was signed on 17 May 2001, and came into force on 1 January 2001 ⁽²³⁾.
- (25) According to the 2001 agreement, the fees were determined based on a special fee schedule that was negotiated between IHI and ÍM. The fee schedule contains a list of procedures with individual unit weights. The unit price is updated regularly to reflect inflation and cost changes.
- (26) On 6 November 2018, IHI terminated the contract with ÍM, with effect from 1 January 2020. In the termination letter, it was stated that the Ministry had started preparations to tender out the services, aiming to have new contracts taking place on the basis of that tender on 1 January 2020 ⁽²⁴⁾.

⁽¹⁶⁾ Document No 1436364.

⁽¹⁷⁾ Document No 1459166.

⁽¹⁸⁾ Document No 1436342.

⁽¹⁹⁾ Document No 1436346.

⁽²⁰⁾ Document No 1436336.

⁽²¹⁾ Document No 1468784.

⁽²²⁾ Document No 1459165.

⁽²³⁾ Document No 1459164.

⁽²⁴⁾ Document No 1436281.

- (27) On 11 June 2019, IHI sent a new letter to ÍM, stating that because of delays in preparing for the tender, the termination of the contract was delayed until 1 January 2021 ⁽²⁵⁾. Since then, IHI have delayed the termination of the contract 5 times, on the same grounds. The current end date of the contract is 1 January 2025 ⁽²⁶⁾.

3.3.3 *The 2017 procurement process and agreement with MH*

- (28) MH is a limited liability company, and the biggest owner is the non-profit organisation Hjartavernd ses., holding 86% of the shares. The remaining 14% are with five other shareholders, holding 1 – 5% of the shares each. In 2021, the revenue was 388 million ISK, with 37.5 million ISK in profits after taxes. In 2022, the annual revenue from medical imaging services were 406 million ISK, with 15.5 million ISK in profits after taxes ⁽²⁷⁾.
- (29) On 21 September 2017, IHI published in Tenders Electronics Daily its intention to make an agreement with one new service operator in the Reykjavik area for the provision of medical imaging services. At the time, the estimated total value of the purchase was ISK 200 million.
- (30) Three companies declared their interest: Klínikin Ármúla ehf., Myndgreiningarrannsóknarstöð Hjartaverndar ehf. ('MH') and Rétt Greining slf ⁽²⁸⁾. Following an analysis, IHI decided to start negotiation processes with MH on 3 November 2017. The Agreement was signed on 7 November 2017 and entered into force on 15 November 2017.
- (31) Klínikin Ármúla appealed IHI's decision to the Public Procurement Appeals Committee (Kærunefnd útboðsmála, 'the Committee') ⁽²⁹⁾. Klínikin Ármúla demanded that IHI's agreement with MH should be declared invalid due to flaws in the procurements process.
- (32) The Committee concluded that IHI had breached the Procurement Act, e.g. IHI never actually started an actual procurement process and used insufficient information when comparing the companies. In the Committee's decision, it is stated that both IHI and MH assumed that the value of the contract would be ISK 200 million.
- (33) Based on the offers, MH offered to provide IHI with 1 059 883 units for that amount, while Klínikin Ármúla would have provided 1 225 200 units for the same amount. The Committee considered it to be clear that, based on limited criteria that existed at this stage of the procurement, Klínikin Ármúla had a realistic chance of being selected for the conclusion of the contract, and IHI's breach of the procurement act had reduced that chance. The Committee concluded that IHI was liable for damages to Klínikin Ármúla. Despite the flaws in the procurement procedure, the contract between IHI and MH remained valid.
- (34) Since its initial signing in 2017, IHI has prolonged the agreement with MH six times, and made amendments to the agreement in relation to unit prices and discounts in 2021. The current agreement is valid until 31 December 2024 ⁽³⁰⁾.

3.4 *The Icelandic Competition Authority's investigations of the sector*

3.4.1 *ICA's Decision No. 35/2020*

- (35) On 26 August 2020, by Decision No. 35/2020, the Icelandic Competition Authority ('ICA') blocked the merger of LM and ÍM ⁽³¹⁾.

⁽²⁵⁾ Document No 1436277.

⁽²⁶⁾ Document No 1436265.

⁽²⁷⁾ Document No 1468783.

⁽²⁸⁾ Klínikin Ármúla is a limited liability company, owned by 24 different entities. Myndgreining Hjartaverndar is 86% owned by the non-profit organisation Hjartavernd ses., and the remaining 14% are with 5 other shareholders. Rétt Greining slf., has the same ownership as Læknisfræðileg Myndgreining ehf.

⁽²⁹⁾ <https://www.stjornarradid.is/gogn/urskurdir-og-alit-/stakur-urskurdir/?newsid=c89070eb-6071-11e8-942c-005056bc530c>.

⁽³⁰⁾ Document No 1436366.

⁽³¹⁾ <https://www.samkeppni.is/urlausnir/akvardanir/nr/3802>.

- (36) In Decision No. 35/2020, ICA classified both companies as undertakings under Icelandic Competition law. Additionally, a market for medical imaging services outside of hospitals in the capital area was defined. ICA found that the merger would have resulted in the establishment of a dominant position in the market. Subsequently, ICA's decision has been upheld by the Competition Appeals Board, the District Court of Reykjavík and the Landsréttur Appeals Court ⁽³²⁾.

3.4.2 ICA's Opinion No. 2/2024

- (37) On 30 May 2024, ICA published its Opinion No. 2/2024 ⁽³³⁾. ICA directed recommendations to the Minister of Health and the IHI, to take measures to promote improved competition in the market of medical imaging services outside of hospitals. This opinion was published due to a complaint to ICA from Intuens, a company that has been refused an agreement with IHI, hindering its entry into the medical imaging services market. ICA states that the Government has not demonstrated objective reasons for rejecting an agreement with Intuens, while extending agreements with existing companies.
- (38) ICA considers it of great importance that the market for medical imaging services has been growing rapidly in recent years, without an increase in the numbers of competitors. The relevant national authorities have pointed out that the services of the existing companies are costly, and some have generated high profits for their owners. In ICA's view, authorities should pave the way for new competitors to enter the market and strengthen competition to achieve more favourable prices and better services.

3.5 Other developments in the sector

- (39) Since 2017, IHI has repeatedly announced that the medical imaging services purchased by the Icelandic Government will be put out to tender, but such a tender has not yet taken place.
- (40) In June 2022, a working group appointed by the Minister of Health, submitted a report on medical imaging services in Iceland ⁽³⁴⁾. The report found that the market for medical imaging services has grown significantly in recent years without a targeted strategy. The report further states that medical imaging services in Iceland are mostly financed by the State. The working group pointed out that service providers have an unequal competitive position, prices are not determined on market terms, there is a lack of cost analysis, and that the current cost criteria are imprecise, untransparent and unsubstantiated.

3.6 Comments of the complainant

- (41) The complainant, a radiologist, represents a group of radiologists who have been planning to enter the medical imaging services market in Iceland for several years.
- (42) The complainant contends that LM and IM have benefited from unlawful State aid measures, leading to them receiving fees approximately 12-13% higher than those paid to MH for the same services. This difference occurs because IHI pays the full price for a certain amount of imaging services annually. After that set amount is reached, IHI receives a 20% discount on all imaging services provided from LM and IM. MH, however, operates under a different discount and unit scheme. The complainant claims that this results in a 15% difference in prices between parties.

⁽³²⁾ <https://landsrettur.is/domar-og-urskurdir/domur-urskurdur/?id=789744de-6c46-4982-8215-f1ab2fe95c60&verdictid=7bb8d803-ec21-4f5f-a272-c951d794fd9e>.

⁽³³⁾ <https://www.samkeppni.is/utgafa/frettir/hvatar-samkeppni-i-myndgreiningum-greidsluthattaka-sjukratrygginga-islands-ogkvortun-intuens-segulomunar-ehf>.

⁽³⁴⁾ Stjórnarráð Íslands, Heilbrigðisráðuneytið, Myndgreining: Stöðuskýrsla og tillögur starfshóps ráðherra, Maí 2022 https://www.stjornarradid.is/library/04-Raduneytin/Heilbrigdisraduneytid/ymsar-skrar/Myndgreining_stoduskysrsla_24062022.pdf.

- (43) The complainant submits that LM and IM are to be regarded as undertakings, as they offer services on a market for medical imaging. Even though some of the services provided by the companies are also provided by hospitals in Iceland. The market is not limited to the State, as the companies are run by privately practicing doctors for remuneration at their own risk. Further, the two companies are run with a profit, and the complainant states that those profits clearly exceed what would be considered 'reasonable'. The complainant also states that the market for medical imaging services is a competitive market.
- (44) The complainant argues that the Icelandic State has been paying a price that is considerably higher than the market price, and that a prudent private investor would never have paid IM and LM a higher price than IHI has paid MH since 2017. Therefore, this overcompensation constitutes an advantage within the meaning of Article 61(1) of the EEA Agreement. Further the complainant considers that the Altmark conditions ⁽³⁵⁾ are not met and therefore the payments from the State fall inside the scope of the State aid rules.
- (45) The complainant submits that the measures have distorted competition markets for medical imaging services in Iceland over several years and have granted IM and LM higher remuneration and allowed them to maintain a dominant position in the market. Additionally, the measures have prevented other potential competitors from entering the market.
- (46) The complainant further argues that aid may affect trade between Member States and distort competition, even if the recipient undertaking does not directly compete with producers from other Member States. Also, that it is not necessary for the undertaking itself to be involved in intra-European trade. Aid granted by a Member State to an undertaking may help to maintain or increase domestic activity, with the result that undertakings from other Member States have less chance of entering the market.
- (47) Lastly, the complainant points to the fact that the owner of LM owns another company, 'Röntgen sf.'. Röntgen sf. provides medical imaging services to State-owned small rural facilities and research institutions in Iceland. The services provided by Röntgen sf. fall outside the scope of the contract with IHI. It seems that the services are provided by LM's staff and there is no separation in the accounts for these services.

3.7 *Comments of the Icelandic authorities*

3.7.1 *Non-economic activities*

- (48) The Icelandic authorities have provided their views on the complaint. These views were expressed in their reply to the complaint ⁽³⁶⁾ and in their replies to ESA's requests for information ⁽³⁷⁾.
- (49) The Icelandic authorities contend that the measures in question do not constitute State aid as these are non-economic activities, falling outside the scope of State aid rules. They assert that these services are classified as Services of General Interest ("SGI").

⁽³⁵⁾ Judgment of the EFTA Court of 17 November 2020, Case E-9/19, *Abelia and WTW AS v EFTA Surveillance Authority*.

⁽³⁶⁾ Stjórnarráð Íslands, Heilbrigðisráðuneytið, Myndgreining: Stöðuskýrsla og tillögur starfshóps ráðherra, Maí 2022 https://www.stjornarradid.is/library/04-Raduneytin/Heilbrigdisraduneytid/ymsar-skrar/Myndgreining_stoduskysrsla_24062022.pdf.

⁽³⁷⁾ Stjórnarráð Íslands, Heilbrigðisráðuneytið, Myndgreining: Stöðuskýrsla og tillögur starfshóps ráðherra, Maí 2022 https://www.stjornarradid.is/library/04-Raduneytin/Heilbrigdisraduneytid/ymsar-skrar/Myndgreining_stoduskysrsla_24062022.pdf.

- (50) The Icelandic authorities have emphasised that the Icelandic healthcare system operates on the principle of solidarity, being almost entirely funded by general tax revenue, with patients bearing negligible costs. According to the Icelandic authorities, States have a broad discretion in defining SGI. The Icelandic authorities state that according to the jurisprudence of the EFTA Court and the Court of Justice, services based on the principle of solidarity and subsidiarity principles are not to be classified as economic activities⁽³⁸⁾. Even though the entities in question are private, they are operating on the basis of public powers and fulfilling the constitutional duties of the State towards the public to provide necessary health care services, including medical services. Accordingly, the medical imaging companies operate inside a framework, which is of purely social nature.
- (51) Moreover, the Icelandic authorities note that Article 61(1) of the EEA Agreement does not apply in the exercise of public powers or when public entities act in their capacity as public authorities. Private entities providing these services can be seen as exercising public powers if their activities are connected to essential State functions, and they are subject to State supervision. Even if these entities engage in both economic and non-economic activities, they are considered undertakings only for the economic ones.
- (52) The Icelandic authorities emphasise that State supervision is crucial in determining whether an entity provides social services. In Iceland, medical imaging service providers must comply with stringent health regulations and laws, and the fees paid by patients are not proportional to the actual costs but are regulated by the State. This system of compulsory affiliation underscores the solidarity principle. Moreover, healthcare services are not provided for gainful activity but to fulfil State obligations to citizens under national and international law.
- (53) The Icelandic authorities further argue that the presence of competition within the healthcare system to enhance efficiency does not alter its non-economic nature. The introduction of competitive elements aims to improve service management and efficiency without changing the fundamental social objective. Regarding profits generated by private entities within the system, the Icelandic authorities state that profit levels are secondary in determining whether an activity is economic. The overall structure and purpose of the healthcare system, grounded in solidarity and social objectives, govern this classification.
- (54) The Icelandic authorities refer to the Judgment of the EFTA Court in Case E-9/19 *Abelia and WTW AS*⁽³⁹⁾. There the Court stated that it must be verified where the activities at hand, by their nature, their aim and the rules to which they object are connected to the exercise of public power or whether they have an economic character which justifies the application of the EEA competition rules.

4 Presence of State aid

4.1 Introduction

- (55) Article 61(1) of the EEA Agreement reads as follows:

'Save as otherwise provided in this Agreement, any aid granted by EC Member States, EFTA States or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Contracting Parties, be incompatible with the functioning of this Agreement.'

⁽³⁸⁾ Stjórnarráð Íslands, Heilbrigðisráðuneytið, Myndgreining: Stöðuskýrsla og tillögur starfshóps ráðherra, Maí 2022 https://www.stjornarradid.is/library/04-Raduneytin/Heilbrigdisraduneytid/ymsar-skrar/Myndgreining_stoduskysrsla_24062022.pdf.

⁽³⁹⁾ Judgment of the EFTA Court of 17 November 2020, Case E-9/19, *Abelia and WTW AS v EFTA Surveillance Authority*.

- (56) The qualification of a measure as aid within the meaning of this provision requires the following cumulative conditions to be met: (i) the measure must be granted by the State or through State resources; (ii) it must confer an advantage on an undertaking; (iii) favour certain undertakings (selectivity); and (iv) threaten to distort competition and affect trade.
- (57) In the following, ESA will preliminarily assess whether the agreements between the Icelandic State and LM and IM constitute State aid. ESA will not assess the agreement with MH. That agreement was not subject to the complaint, and it was entered under different circumstances than the other two agreements, i.e. following a tender procedure. Besides that, the rates and total payments under that agreement are considerably lower than those subject to the complaint.

4.2 *Presence of State resources*

- (58) For a measure to constitute aid, within the meaning of Article 61(1) of the EEA Agreement, the measure must be granted by the State or through State resources. State resources include all resources of the public sector.
- (59) The agreements under which payments to LM and IM have been made, were concluded by IHI, which is a State institution under the Ministry. The funds used to cover these payments come from the State budget.
- (60) Consequently, it is ESA's preliminary view that the measures are imputable to the State and involve State resources.

4.3 *Undertaking*

4.3.1 *Introduction*

- (61) Undertakings are entities engaged in an economic activity, regardless of their legal status and the way in which they are financed⁽⁴⁰⁾. Economic activities are activities consisting of offering goods or services on a market⁽⁴¹⁾. Conversely, entities that are not commercially active, in the sense that they are not offering goods and services on a given market, do not constitute undertakings.
- (62) Moreover, Article 61(1) of the EEA Agreement does not apply when public entities exercise public powers or where public entities act in their capacity as public authorities⁽⁴²⁾. An entity may be deemed to exercise public powers where the activity in question forms part of the essential functions of the State, or is connected with those functions by its nature, its aim and the rules to which it is subject⁽⁴³⁾.
- (63) The Icelandic authorities have emphasised in their comments to ESA that the services of the medical imaging operators are non-economic and therefore outside the scope of the State aid rules, and that the State is exercising its public powers.

⁽⁴⁰⁾ Judgment of 23 April 1991, *Höfner and Elser*, C-41/90, EU:C:1991:161, paras. 21–23, judgment of 12 September 2000, *Pavlov and Others*, C-180/98 to C-184/98, EU:C:2000:428, paras. 74–75, and Case E-5/07 *Private Barnehagers Landsforbund* [2008] EFTA Ct. Rep. 62, para. 78.

⁽⁴¹⁾ See the Authority's Guidelines on the notion of State aid as referred to in Article 61(1) of the EEA Agreement (NoA) (OJ L 342, 21.12.2017, p. 35), para. 12, and judgment of 10 January 2006, *Ministero dell'Economica e delle Finanze v Cassa di Risparmio di Firenze*, C-222/04, EU:C:2006:8, para. 108, and judgment of 22 January 2002, *Cisal*, C-218/00, EU:C:2002:36, para. 23; Case 118/85 *Commission v Italy* EU:C:1987:283, para. 7; Case C-35/96 *Commission v Italy* EU:C:1998:303, para. 36; and Joined Cases C-180/98 to C-184/98 *Pavlov and others* EU:C:2000:248.

⁽⁴²⁾ Judgment of 16 June 1987, *Commission v Italy*, C-118/85, EU:C:1987:283, paras. 7–8, and Judgment of 4 May 1988, *Bodson*, 30/87, EU:C:1988:225, para. 18.

⁽⁴³⁾ Judgment of 19 January 1994, *SAT/Eurocontrol*, C-364/92, EU:C:1994:7, para. 30, and judgment of 18 March 1997, *Calì & Figli*, C-343/95, EU:C:1997:160, paras. 22–23.

- (64) Iceland's Ministry of Health is legally responsible for offering medical services to insured patients in Iceland. IHI holds the power of attorney to enter agreements with private operators of medical services. All agreements that IHI enters with private medical operators, are to fulfil their responsibilities by law and the constitution to ensure that those insured have access to medical services.
- (65) A public organisation that purchases goods not for the purpose of offering goods and services as part of an economic activity, but in order to use them in the context of a different activity, such as one of a purely social nature, does not act as an undertaking, simply because it is a purchaser in a given market ⁽⁴⁴⁾. However, in principle, even if the public authority purchasing the service in question is carrying out a non-economic activity, for example because it is fulfilling its responsibilities to offer medical services to insured patients, the companies supplying the authorities with the services, might well be exercising economic activities.
- (66) According to both LM's and ÍM's annual reports, the companies have returned sizable profits in the past years. Indicating that the companies are engaging in economic activities and consequently may be classified as undertakings. The application of State aid rules does not depend on whether the entity is set up to generate profits. However, when assessing social security schemes, profit making can be an indicator of the activities being economic in nature ⁽⁴⁵⁾.
- (67) ESA also recalls ICA's in-depth prior assessment of this sector, both in its merger decision ⁽⁴⁶⁾ and the opinion regarding lack of competition ⁽⁴⁷⁾. The Icelandic courts have upheld ICA's merger decision, supporting the view that the medical imaging services market is indeed one where goods and services are provided for remuneration. Additionally, there is no doubt in ICA's assessment that the companies in question constitute undertakings within the meaning of Icelandic competition law.
- (68) Considering the above. ESA has doubts whether the medical imaging services in Iceland constitute economic activities and consequently whether the providers of those services should be classified as undertakings.

4.4 **Advantage**

4.4.1 *Legal background*

- (69) According to Article 61(1) of the EEA Agreement, a measure must confer an advantage upon an undertaking. An advantage, within the meaning of Article 61(1) of the EEA Agreement, is any economic benefit which an undertaking could not have obtained under normal market conditions ⁽⁴⁸⁾, thereby placing it in a more favourable position than its competitors ⁽⁴⁹⁾.
- (70) Economic transactions carried out by public bodies are considered not to confer an advantage on the counterpart, and therefore not to constitute aid, if they are carried out in line with normal market conditions ⁽⁵⁰⁾. This is assessed pursuant to the 'market economy operator principle' ('MEOP'), which is a principle that has been developed with regard to different economic transactions ⁽⁵¹⁾, such as the 'private acquirer test' as outlined below ⁽⁵²⁾.

⁽⁴⁴⁾ Judgment of 4 March 2003, *FENIN*, T-319/99, EU:T:2003:50, para. 40 as confirmed by judgment of 11 July 2006, *FENIN*, C-205/03, EU:C:2006:453, paras. 26-27.

⁽⁴⁵⁾ NoA, Article 21(c).

⁽⁴⁶⁾ <https://www.samkeppni.is/urlausnir/akvardanir/nr/3802>.

⁽⁴⁷⁾ <https://www.samkeppni.is/urlausnir/alit/nr/4566>.

⁽⁴⁸⁾ ESA's Guidelines on the notion of State aid as referred to in Article 61(1) of the EEA Agreement ('NoA') (OJ L 342, 21.12.2017, p. 35 and EEA Supplement No 82, 21.12.2017, p. 1), para. 66.

⁽⁴⁹⁾ See for instance Judgment of 5 June 2012, *Commission v EDF*, C-124/10 P, EU:C:2012:318, para. 90; Judgment of 15 March 1994, *Banco Exterior de España*, C-387/92, EU:C:1994:100, para. 14; and Judgment of 19 May 1999, *Italy v Commission*, C-6/97, EU:C:1999:251, para. 16.

⁽⁵⁰⁾ NoA, para. 74.

⁽⁵¹⁾ *Ibid.*

⁽⁵²⁾ See Judgment of the Court of 17 November 2022, C-331/20 P and C-343/20 P, *Commission v Italy*, EU:C:2022:886, paragraphs 109 and 123.

- (71) The MEOP is not applicable if the State acts as a public authority rather than as an economic operator. In this regard, it must be observed that the mere exercise of the prerogatives of a public authority, such as the use of means that are legislative or fiscal in nature, does not by itself render that principle inapplicable. It is the economic nature of the State intervention at issue and not the means put into effect for that purpose that renders that principle applicable⁽⁵³⁾. However, the application of the MEOP should leave aside all public policy considerations, for example social, regional or sectoral policy considerations⁽⁵⁴⁾.

4.4.2 *Private acquirer test*

- (72) The Court of Justice of the European Union has developed the ‘private acquirer test’ to identify the presence of an advantage in cases of public acquisition of goods or services on a given market⁽⁵⁵⁾. In such situations, the advantage corresponds to the difference between the remuneration which the seller could have expected to achieve under normal market conditions and that actually paid to them⁽⁵⁶⁾.
- (73) When public authorities purchase goods or services, it is generally sufficient to exclude the presence of an advantage when they pay market price. In this regard, a competitive tender is one of several methods of ensuring that a transaction does not confer an advantage on the counterpart within the meaning of Article 61(1) of the EEA Agreement. Whether a transaction is in line with market conditions or not can also be established on the basis of other methods⁽⁵⁷⁾.
- (74) For instance, a transaction can be assessed in the light of the terms under which comparable transactions carried out by comparable private operators have taken place in comparable situations (benchmarking)⁽⁵⁸⁾. If the purchase is carried out on the same terms by public bodies and private operators which are in a comparable situation, the purchases by private operators represent a benchmark, from which it can normally be inferred that the transaction is in line with market conditions⁽⁵⁹⁾. In contrast, if a public body and private operators which are in a comparable situation purchase the same service at the same time but under different terms or conditions, this normally indicates that the transaction is not in line with market conditions⁽⁶⁰⁾.
- (75) To identify an appropriate benchmark, it is necessary to pay particular attention to the kind of operator concerned, the type of transaction at stake, and the market or markets concerned⁽⁶¹⁾.
- (76) Benchmarking often does not establish one precise reference value, but rather establishes a range of possible values by assessing a set of comparable transactions. In this regard, as long as the transaction falls within the aforementioned range, it is not necessary to determine whether the State could have made a better deal⁽⁶²⁾. Rather the question is whether the seller, at the time, could have sold the goods or services for the same price in the private market⁽⁶³⁾.

⁽⁵³⁾ See Judgment of the Court of 17 November 2022, C-331/20 P and C-343/20 P, *Commission v Italy*, EU:C:2022:886, paragraph 108.

⁽⁵⁴⁾ NoA, paragraph 77 and Judgment of the EFTA Court of 27 January 2014 in Case E-1/13 *Mila*, paragraph 95.

⁽⁵⁵⁾ See Judgment of the Court of 17 November 2022, C-331/20 P and C-343/20 P, *Commission v Italy*, EU:C:2022:886, paragraph 123.

⁽⁵⁶⁾ See Judgment of the Court of 17 November 2022, C-331/20 P and C-343/20 P, *Commission v Italy*, EU:C:2022:886, paragraph 129.

⁽⁵⁷⁾ NoA, paragraph 97. See also Judgment of the Court of 17 November 2022, C-331/20 P and C-343/20 P, *Commission v Italy*, EU:C:2022:886, paragraph 127.

⁽⁵⁸⁾ NoA, paragraph 98.

⁽⁵⁹⁾ See NoA, paragraph 86. See also Decision by the EFTA Surveillance Authority of 9 July 2014 on alleged State aid to Icelandair, Decision No 272/14/COL, paragraph 58 and following.

⁽⁶⁰⁾ NoA, paragraph 86.

⁽⁶¹⁾ NoA, paragraph 99.

⁽⁶²⁾ See for example Judgment of 13 July 2022 in Case T-150/20, EU: T:2022:443, paragraph 52.

⁽⁶³⁾ See argumentation in Judgment in *Heleba I*, T-163/05, EU: T:2010:59, paragraph 175 and See Judgment of the Court of 17 November 2022, C-331/20 P and C-343/20 P, *Commission v Italy*, EU:C:2022:886, paragraph 129.

4.4.3 *Burden of proof*

- (77) It is settled case-law that it is for ESA to prove the existence of State aid ⁽⁶⁴⁾. In particular, ESA is required to conduct a diligent and impartial examination of the contested measures, so that it has at its disposal, when adopting the final decision establishing the existence of State aid, the most complete and reliable information possible for that purpose ⁽⁶⁵⁾.
- (78) ESA must base its decisions on reasonably robust and coherent evidence which provides a reasonable basis for presuming that a company has received an advantage which constitutes State aid, and which is therefore capable of supporting the conclusions which it has reached. In doing so, ESA cannot simply proceed on the assumption that an advantage constituting State aid has accrued to an undertaking, because it does not have information to conclude otherwise, in the absence of other evidence to conclude positively that such an advantage is based on a negative presumption ⁽⁶⁶⁾.

4.4.4 *Preliminary assessment*

- (79) As outlined above, to determine whether the IHI acted as a private acquirer, it is necessary to establish that they agreed on a market price for the services offered by ÍM and LM.
- (80) As described in Sections 3.3.1 and 3.3.2, it is not clear how the prices for the services offered by ÍM and LM have been negotiated. Furthermore, the Icelandic authorities have not provided any information on the underlying assumptions or whether any cost analyses were conducted for the prices paid.
- (81) It is therefore not clear how the Icelandic authorities benchmarked the market price for the services offered by ÍM and LM.
- (82) ESA notes that according to ICA's decision ⁽⁶⁷⁾, it appears that the Icelandic authorities have paid around 15% more for the services offered by ÍM and LM, than the price paid to MH since 2017. Moreover, that the agreement with MH, unlike those with ÍM and LM, was entered into after a procurement process, although it was later declared invalid due to faults in the process (see Section 3.3.3).
- (83) ESA considers that the Icelandic authorities have not provided sufficient documentation to demonstrate that the prices paid to ÍM and LM are market conform. This is further substantiated by the fact that ICA has already found that the services of the two alleged beneficiaries are costly, and that both have generated high profits for their owners (see paragraph (38)). Moreover, the report from the 2022 Working group found that the prices are not determined on market terms, as there is a lack of cost analysis, and the existing cost criteria are imprecise, untransparent and unsubstantiated (see paragraph (40)).
- (84) Based on the above, ESA has doubts whether the prices paid to LM and IM were decided on market terms.
- (85) ESA can therefore not exclude that an advantage may have been granted in favour of those two companies. Accordingly, the Icelandic authorities are invited to comment on this and submit relevant evidence.

⁽⁶⁴⁾ Judgment of the Court (Fifth Chamber) of 19 September 2018, in Case C-438/16 P, EU:C:2018:737, paragraph 110.

⁽⁶⁵⁾ See Judgment of 3 April 2014, *France v Commission*, C-559/12 P, EU:C:2014:217, paragraph 63.

⁽⁶⁶⁾ Judgment of 21 March 2024, E-10/22, *Eviny AS v EFTA Surveillance Authority*, paragraphs 93 and 94. See Judgment of 26 March 2020, *Larko v Commission*, C-244/18 P, EU:C:2020:238, paragraphs 67 to 70 and the case-law cited, and Judgment of 7 May 2020, *BTB Holding Investments and Dufenco Participations Holding v Commission*, C-148/19 P, EU:C:2020:354, paragraphs 48 to 51 and the case-law cited.

⁽⁶⁷⁾ ICA's decision of 25.8.2020, para 325.

4.5 Selectivity

- (86) ESA also finds that the measure appears to be selective within the meaning of Article 61(1) of the EEA Agreement.
- (87) The measure must be selective in that it favours 'certain undertakings or the production of certain goods'. Hence, not all measures which favour economic operators fall under the notion of aid, but only those which grant an advantage in a selective way to certain undertakings or categories of undertakings or to certain economic sectors ⁽⁶⁸⁾.
- (88) When the State entered into the agreements with the LM and ÍM, the procedure was closed and there was no opportunity for other providers to offer the services. Hence, the measures appear to be selective.
- (89) If the operators of medical imaging services are ultimately classified as undertakings and are found to have been granted economic advantage, then that advantage would be considered selective.

4.6 Effect on trade and distortion of competition

- (90) In order to constitute State aid within the meaning of Article 61(1) of the EEA Agreement, the measures must be liable to distort competition and affect trade between EEA States. A distortion of competition within the meaning of Article 61(1) of the EEA Agreement is generally found to exist when the State grants a financial advantage to an undertaking in a liberalised sector where there is, or could be, competition ⁽⁶⁹⁾. Moreover, measures granted by the State are considered liable to distort competition when they are liable to improve the position of the recipient compared to other undertakings with which it competes.
- (91) ESA notes that LM and ÍM operate in a competitive market for medical imaging services.
- (92) ESA understands that the agreements with IHI are essential for delivering the medical imaging services. Moreover, the numbers show (see paras (15) and (22)) that both the alleged beneficiaries derive considerable annual revenues from providing services under these agreements and that the provision of these services appears to be highly profitable ⁽⁷⁰⁾. Therefore, ESA finds that the agreements with IHI are liable to improve LM and ÍM's position in the medical imaging services market, compared to other undertakings.
- (93) ESA also notes that potential competitors have been prevented from entering the market due to IHI's refusal to enter into agreements with them (see paragraph (38)). This further indicates that the measures distort or threaten to distort competition.
- (94) The measures must also be liable to affect trade between EEA States. Where the State aid strengthens the position of an undertaking compared with other undertakings competing in intra-EEA trade, this is assumed to have effect on trade between EEA States ⁽⁷¹⁾.
- (95) Public support can be considered capable of having an effect on trade between EEA States even if the recipient is not directly involved in cross-border trade. For instance, the subsidy may make it more difficult for operators from other EEA States to enter the market by maintaining or increasing local supply.
- (96) ESA notes that the necessity of having an agreement with IHI, limits the opportunity for potential operators to enter the market. The measures thereby maintain the current level of services provided in the market and forecloses the market to new operators (either from Iceland or other EEA EFTA States).

⁽⁶⁸⁾ NoA, para. 117.

⁽⁶⁹⁾ NoA, para. 187.

⁽⁷⁰⁾ <https://www.samkeppni.is/media/alit-2024/Alit-2-2024.pdf>, para. 91.

⁽⁷¹⁾ Judgment in Eventech, C-518/13, EU:C:2015:9, para. 66.

- (97) ESA considers that opening the market to new service providers could also result in a rise in the purchase of machines and equipment, which is likely to come from outside Iceland.
- (98) Finally, the fact that the alleged beneficiaries are to some extent engaged in activities in other competitive markets, and that there appears to be no account separation between their different activities, could further indicate that the measures are liable to have an effect on trade, not only in the medical imaging market but also in other markets.
- (99) Based on the above, ESA cannot exclude that the measures are liable to distort competition and affect trade within the EEA.

4.7 Conclusion

- (100) Based on the information provided by the Icelandic authorities and the complainant, ESA cannot exclude that the measures described above may entail State aid within the meaning of Article 61(1) of the EEA Agreement.

5 Procedural requirements

- (101) Pursuant to Article 1(3) of Part I of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice ('Protocol 3'): 'The EFTA Surveillance Authority shall be informed, in sufficient time to enable it to submit its comments, of any plans to grant or alter aid. ... The State concerned shall not put its proposed measures into effect until the procedure has resulted in a final decision.'
- (102) The Icelandic authorities did not notify the measures to ESA before putting them into effect. ESA therefore concludes that, if the measures constitute State aid, the Icelandic authorities will not have respected their obligations pursuant to Article 1(3) of Part I of Protocol 3.

6 Compatibility of the aid measure

- (103) The Icelandic authorities have not provided any arguments substantiating why the measures, if they were to constitute State aid, should be considered compatible with the functioning of the EEA Agreement. ESA has also not identified any clear grounds for compatibility.
- (104) Thus, if the measures constitute State aid, ESA has doubts as to their compatibility with the functioning of the EEA Agreement.

7 Conclusion

- (105) As set out above, ESA has doubts as to whether the measures constitute State aid within the meaning of Article 61(1) of the EEA Agreement, and as to their compatibility with the functioning of the EEA Agreement.
- (106) Consequently, and in accordance Article 4(4) of Part II of Protocol 3, ESA hereby opens the formal investigation procedure provided for in Article 1(2) of Part I of Protocol 3. The decision to open a formal investigation procedure is without prejudice to the final decision of ESA, which may conclude that the measures do not constitute State aid or are compatible with the functioning of the EEA Agreement.
- (107) ESA, acting under the procedure laid down in Article 1(2) of Part I of Protocol 3, invites the Icelandic authorities to submit, by **18 October 2024** their comments and to provide all documents, information and data needed for the assessment of the measure in light of the state aid rules.
- (108) The Icelandic authorities are requested to immediately forward a copy of this decision to the potential aid recipients.

(109) Finally, ESA will inform interested parties by publishing a meaningful summary in the Official Journal of the European Union and the EEA Supplement thereto. All interested parties will be invited to submit their comments within one month of the date of such publication. The comments will be communicated to the Icelandic authorities.

For the EFTA Surveillance Authority,

Yours faithfully,

Arne RØKSUND
President
Responsible College Member

Stefan BARRIGA
College Member

Árni Páll ÁRNASON
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