Health systems’ responses to the economic crisis in Europe

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GDP growth and change in public spending on health in real terms, selected OECD countries
Survey of WHO EURO 53 countries

- Questionnaire sent to a network of health policy experts in 53 EURO countries
- Experts asked to describe government’s response to economic crisis with a focus on health policies
- Results received in March / April 2011
- 45 countries responded
Health System Response in EURO region

In short ....

- In some countries many new policies introduced
  - e.g. Austria, Belarus, Bulgaria, Czech Republic, Greece, Hungary, Ireland, Moldova, Portugal, Ukraine.

- In others few policy changes
  - e.g. Denmark, Iceland, Finland, Kyrgyzstan, FYR Macedonia, Malta, Poland, Russia, Slovakia, Switzerland, Uzbekistan
  - Germany only country to report no response

- Pre 2008 reforms (continuation, acceleration, reversal)
1. Health budget

- **Cuts** in most e.g. Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Iceland, Ireland, Italy, Greece, Latvia, Romania, Portugal, Spain.

- **Maintain** e.g. Albania, Belgium, England and Norway

- **Increase** in France, Denmark, FYR Macedonia and Turkey

- But complex not all countries have “health budgets”
1. Health budget

Health Impact on Economic Productivity

Health Systems

Demonstrate performance!!!

Societal Well-being

Direct contribution to the economy

Health

Wealth

Effects of ill health on economic growth

Figueras J, McKee M 2011
1. **Health budget**

Invest on HS as component of economy

- **Component of stimulus packages:**
  - Hospitals (e.g. French investment plan 2008-2012 of €16 billion)

- **But in many countries cuts in capital investment**
  - abandoned (Romania) or stalled (Georgia) investment plans to build new hospitals, slowed modernization programmes (Armenia) and purchasing of expensive equipment (Belarus) or reduced the share of capital expenditure (Ukraine)
2. Reduce (or raise) statutory resources

- General decrease tax base and SHI contributions in most countries (due to increased unemployment, reduced wages)

Response:
- Increase tax base for health: only Italy, France and Hungary
- Increased SHI contribution rates: Bulgaria, Greece, Portugal, Romania, Slovenia
- Increase (tax funded) unemployment contributions to SHI: e.g. Bulgaria, Czech Republic, Estonia, Hungary, Lithuania, Romania and Slovakia
- Increase ‘sin’ taxes (e.g. alcohol, tobacco, fat): E.g. Bulgaria, Czech Republic, Estonia and Ukraine
3. Rationing Health Services

Coverage dimensions

TOTAL HEALTH EXPENDITURE

reduce cost-sharing

Depth: what proportion of the benefit cost is covered?

include other benefits

Scope: which benefits are covered?

extend to uninsured

Breadth: who is covered?

PUBLIC EXPENDITURE ON HEALTH

European Observatory on Health Systems and Policies
3. Rationing Health Services

- **Population (breadth):** no changes in most
- **Benefit package (scope):** few changes, fairly small in Denmark, France, Slovenia, Romania, Ireland, Netherlands & Portugal
- **Private funding (depth)**
  - Increased cost-sharing / user charges: E.g. Armenia, the Czech Republic, Denmark, Estonia, France, Greece, Ireland, Italy, Latvia, Netherlands, Portugal, Romania, Russia, Slovenia, Switzerland, Turkey
  - **User charges reduce not only equity but also efficiency of health services due to reductions in both necessary and unnecessary utilization**
  - Reduced cost-sharing: e.g. Austria, Croatia, Hungary, Ireland, Italy, Moldova
4. Prioritise / reallocate resources

- Target services to vulnerable populations and with highest health need

- Mental health services

- Economic downturns pose clear risks to health due to suicides and alcohol-related mortality (Stuckler, Basu, Suhrcke, Mckee)

- BUT two countries reported explicitly making cuts to mental health services (the Netherlands and Portugal)

- And cuts to decentralised mental health budgets in other countries may have also taken place “under the radar”

- E.g. England Health budget ring-fenced, but lack of expenditure growth plus pressure to make savings has increased budgetary pressure: PCTs cut their Improved Access to Psychological Therapy (IAPT) services at a time when all services need to be still expanding according to central government policy.

- Need for enhanced health and social protection
  - labour market programmes to break link between recession, unemployment and poor worsening mental health
4. Prioritise / reallocate resources

- Public health

- Few actions to promote public health in response to the financial crisis: missed opportunity

- Cuts to public health budgets: eg Estonia, Italy

- Increased taxes on alcohol and cigarettes
  - (Bulgaria, Estonia, Czech Republic)

- Health promotion policies such as encouragement for healthy eating, exercise and screening
  - (Belgium, Greece, Hungary)
5. Improve purchasing

• Supply side reforms have more scope for cutting costs and increasing efficiency than demand side policies

• Many EURO strengthened policies to reduce the prices of medical goods or improve the rational use of drugs
  – Austria, Belgium, Belarus, Bosnia and Herzegovina, Croatia, the Czech Republic, France, Estonia, Greece, Iceland, Ireland, Hungary, Latvia, Lithuania, FYR Macedonia, Malta, Moldova, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Turkey

  – Wide variety of measures
  • generic substitution
  • Improve quality of prescribing
  • claw-back mechanisms
  • negotiations on prices

• Strengthen HTA in a few countries
  – (Czech Republic, Estonia)
5. Improve purchasing

• Rationalising hospital services, stronger PHC
  – closures, mergers and centralisation (Denmark, Greece, Latvia, Portugal, Slovenia)
  – shift towards outpatient care (Belarus, Ireland, Greece, Lithuania)
  – Increased shift from inpatient to ambulatory and/or primary care (Ireland, Greece, Hungary, Lithuania, Netherlands)
  – Improve coordination with or investment in primary care (Lithuania, Netherlands)

• Reforms in purchasing & payment systems
  – Introduce case mix / payment for performance e.g. Austria, Hungary, Bosnia and Herzegovina, Bulgaria, Czech Republic, Moldova
  – Reduce/freeze prices paid to providers, reduction of salaries of health professionals e.g. Cyprus, France, Greece, Ireland, Lithuania, Romania, England, Portugal, Slovenia
In summary...

- Coverage (two dimensions) largely unaffected
  - Benefits package and population
  - Some increased coverage targeted at low-income groups

- Increased user charges
  - Likely to decrease equity and efficiency

- Increased strategic purchasing

- Few public health policies: missed opportunity
In conclusion...

• Fiscal sustainability: constraint, not policy objective
• Cost containment ≠ efficiency
• (Extra) spending should demonstrate value
• Be transparent & explicit about trade-offs
• Don’t forget the other sectors (social)
• Learn to communicate the case for Health and Wealth
• Increases in performance: reducing costs through efficiency
  – Hospital reconfiguration
  – Improved purchasing
  – Drugs: rational use and pricing
  – Evidence base medicine
Further details of the study


www.healthobservatory.eu