

Health and well-being in times of austerity

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Outline

- The context
- Promoting health in times of austerity
 - Macroeconomic impacts of health
 - Health systems as economic engines
 - Lessons learnt from the economic crisis
- WHO/Europe support for Member States in difficult times

Context: changing environment for health

- Demographic (fertility, ageing)
- Globalization and migration (including of health workers)
- New technologies (including medical genetics)
- More informed and demanding citizens
- Recognition of importance of health to human development
- Slowed economic growth and austerity policies

Health 2020

A European policy framework supporting action across government and society for health and well-being

THE EUROPEAN HEALTH POLICY FORUM
FOR HIGH-LEVEL GOVERNMENT OFFICIALS

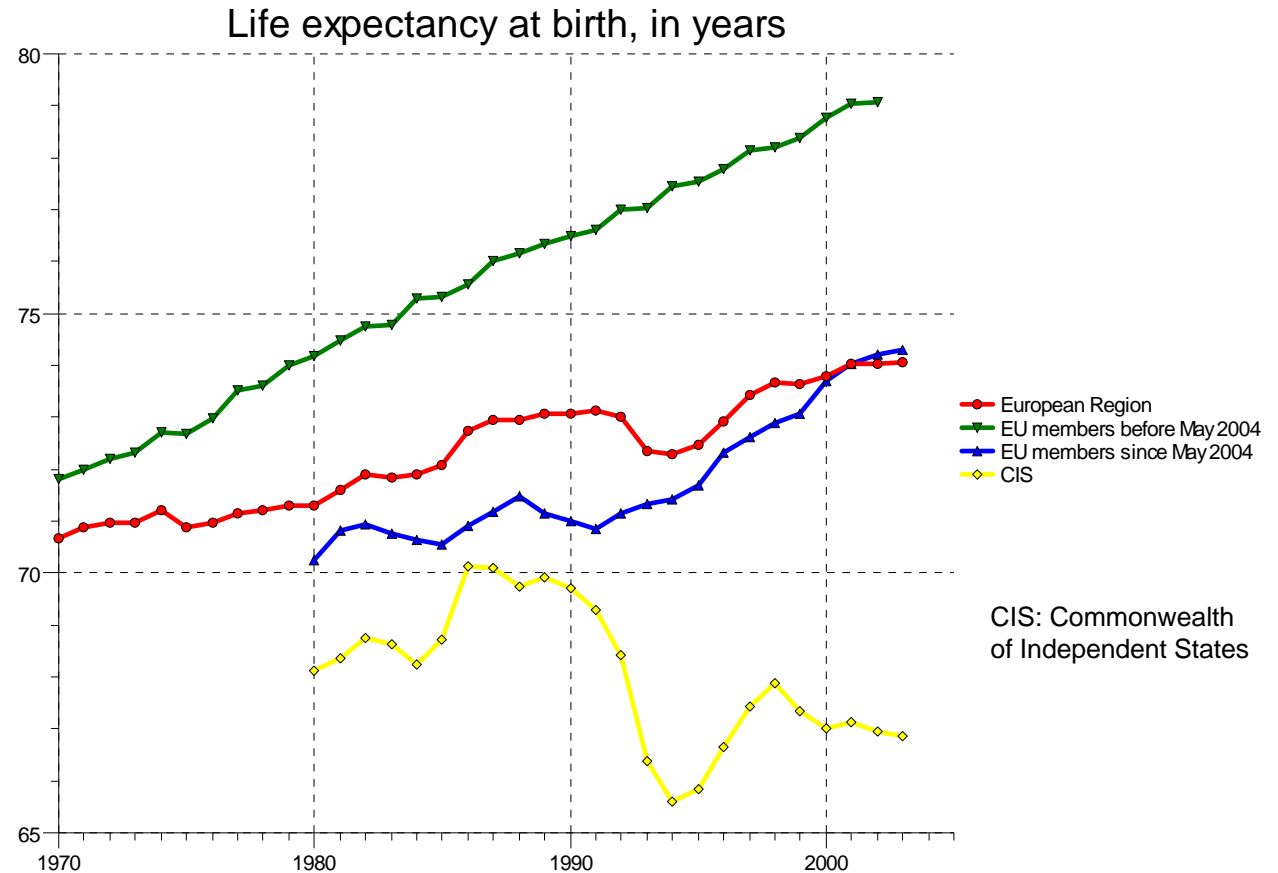


Rising health inequalities in Europe

Address the social determinants of health

Emphasize action across the social gradient and on vulnerable groups

Ensure that continuous reduction of health inequities becomes a criterion in assessing health systems' performance



Europe's major health challenges

Implement global and regional mandates (noncommunicable diseases (NCDs), tobacco, diet and physical activity, alcohol, HIV/AIDS, tuberculosis (TB), International Health Regulations (IHR), antibiotic resistance, etc.)

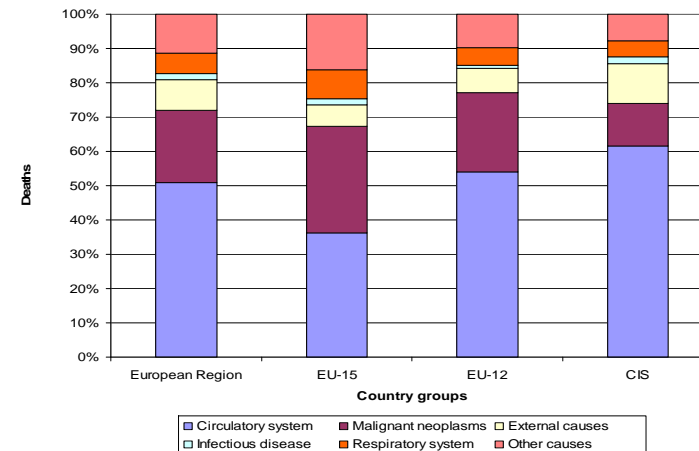
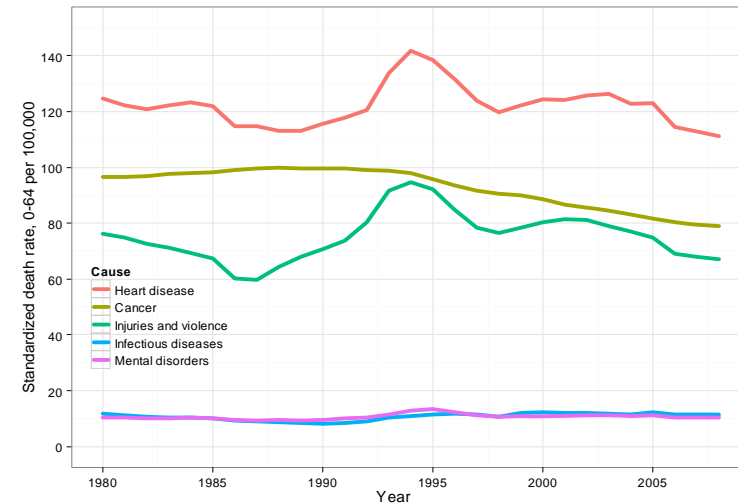
Promote healthy choices

Strengthen health systems, including public health, primary health care, health information and surveillance

Reach and maintain recommended immunization coverage

Develop healthy settings and environments

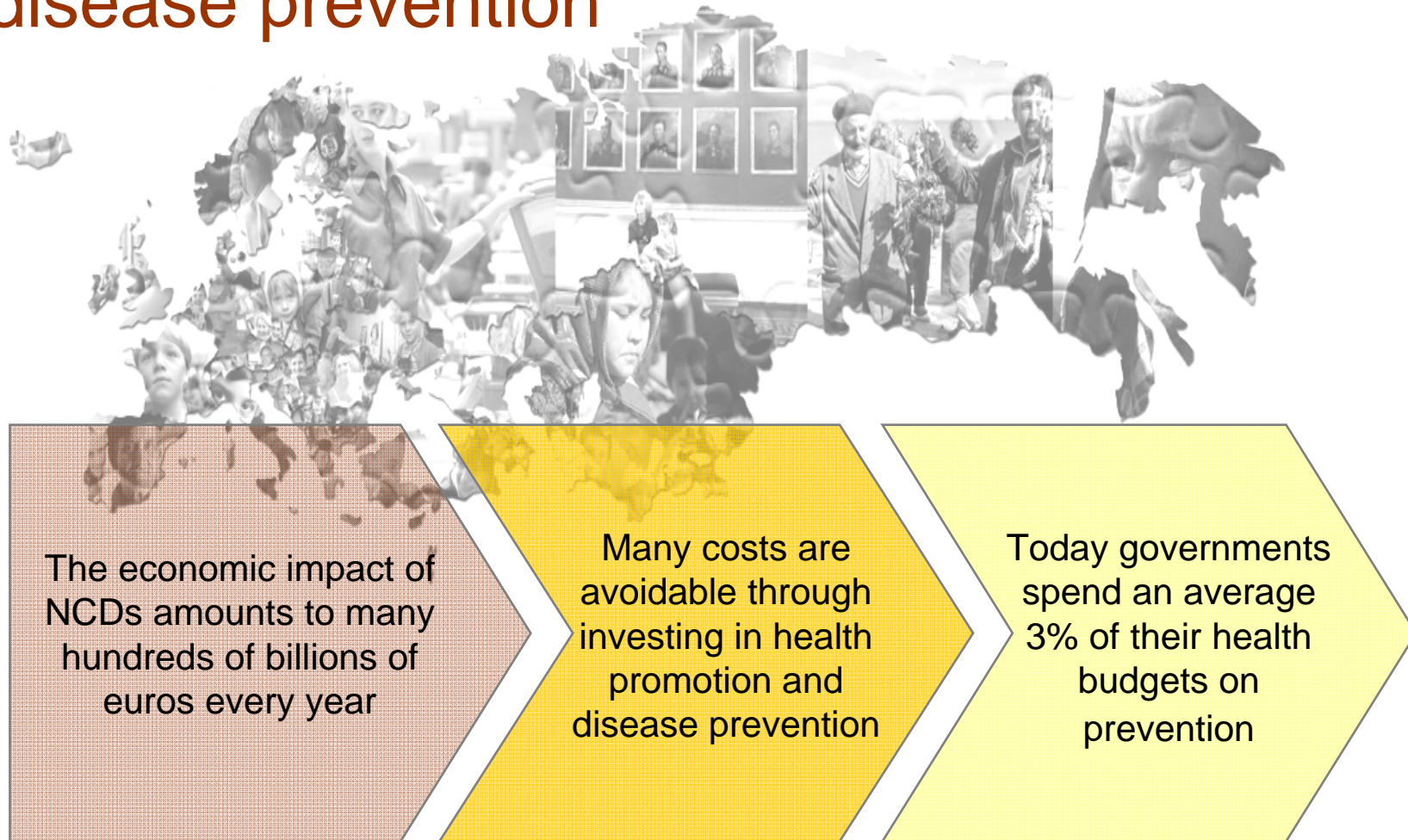
Attention to special needs and disadvantaged populations



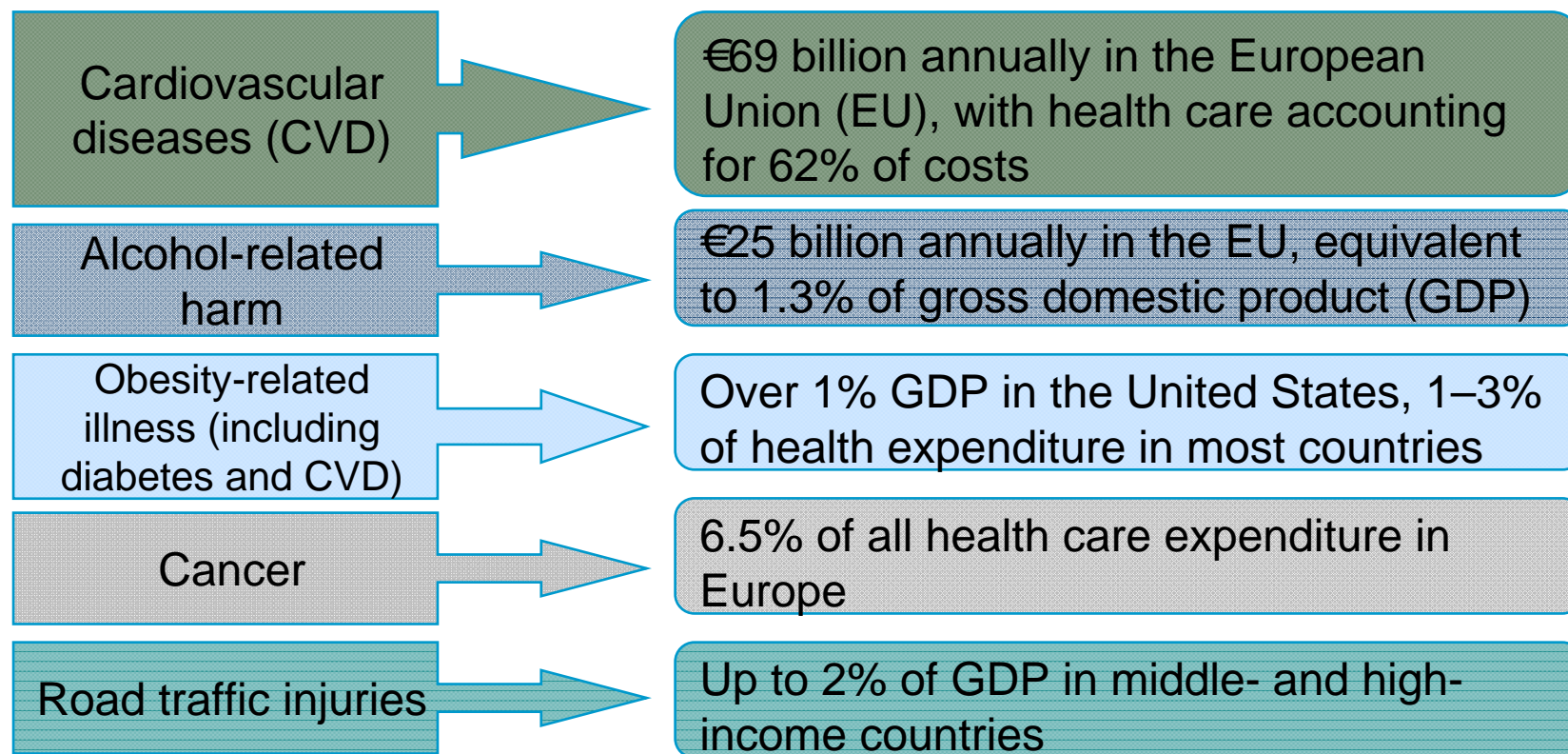
Promoting health in times of austerity

- Macroeconomic impacts of ill health and the economic benefits of health promotion and disease prevention
- Health systems as economic engines
- Lessons learnt from the economic crisis

Economic case for health promotion and disease prevention



Some examples



Sources: Leal J et al. *European Heart Journal*, 2006 27:1610–1619 (doi:10.1093/eurheartj/ehi733); *Alcohol-related harm in Europe – Key data*. Brussels, DG SANCO, 2006; Stark CG, *European Journal of Public Health*, 2006, 12(2); Sassi F. *Obesity and the economics of prevention, FIT NOT FAT*. Paris, OECD, 2010; Racioppi F et al. *Preventing road traffic injury: a public health perspective for Europe*. Copenhagen, WHO Regional Office for Europe, 2004.

More examples

Parenting and social/emotional learning to prevent childhood behavioural problems have 9:1 return on investment.

To fight childhood obesity, combination of food labelling, self-regulation, school actions, media and counselling is highly cost effective (less than €10 000 per disability-adjusted life-year (DALY) gained).

For healthy diets, taxes and regulatory measures (e.g. restricting fat levels in products) shown as cost effective measures in different contexts.

To reduce the harmful use of alcohol, combination of taxation, advertising restrictions, brief interventions and increased roadside testing is highly cost effective in Europe.

Short-term benefits of so-called sin taxes



Tobacco

A 10% price increase in taxes could result in up to 1.8 million fewer premature deaths at a cost of US\$ 3–78 per DALY in eastern European and central Asian countries.



Alcohol

In England, sin tax has benefits close to €600 million in reduced health and welfare costs and reduced labor and productivity losses, at an implementation cost of less than €0.10 per capita.

Health as an economic engine

- Health is not a drain on the economy!
- Health contributes to economic growth.
- Health is a significant sector of the economy.



Impact of health on economic growth (some examples)

- Labour-force participation
 - Absenteeism due to illness: 4.2 days/worker (EU, 2009)
 - Average cost of absenteeism: 2.5% of GDP
 - Reduced age of retirement (2.8 years) due to poor health
 - Less likelihood to work (66% for men 42% for women) due to chronic diseases
- Macroeconomic growth
 - 1% life expectancy increase = 6% GDP growth (Organisation for Economic Co-operation and Development – OECD)
 - 10% decrease in CVD = 1% per capita income growth (2009)

Health systems as an economic sector

- Economic size of the health care sector
 - Accounts for about 10% of GDP in the EU
 - More than financial services or retail sector
- Labour-market effect
 - About 6% of all workers in the EU employed in the health sector
- Impact on competitiveness of overall economy
 - Labour costs, market mobility, trade, research and development, innovation

Health systems as an economic sector

- EU pharmaceutical sector
 - €196 billion, 640 000 jobs, fifth largest sector (2008)
 - 3.4% of global market (2009)
- EU medical technology
 - €95 billion, 5% annual growth, 550,000 jobs (2009)

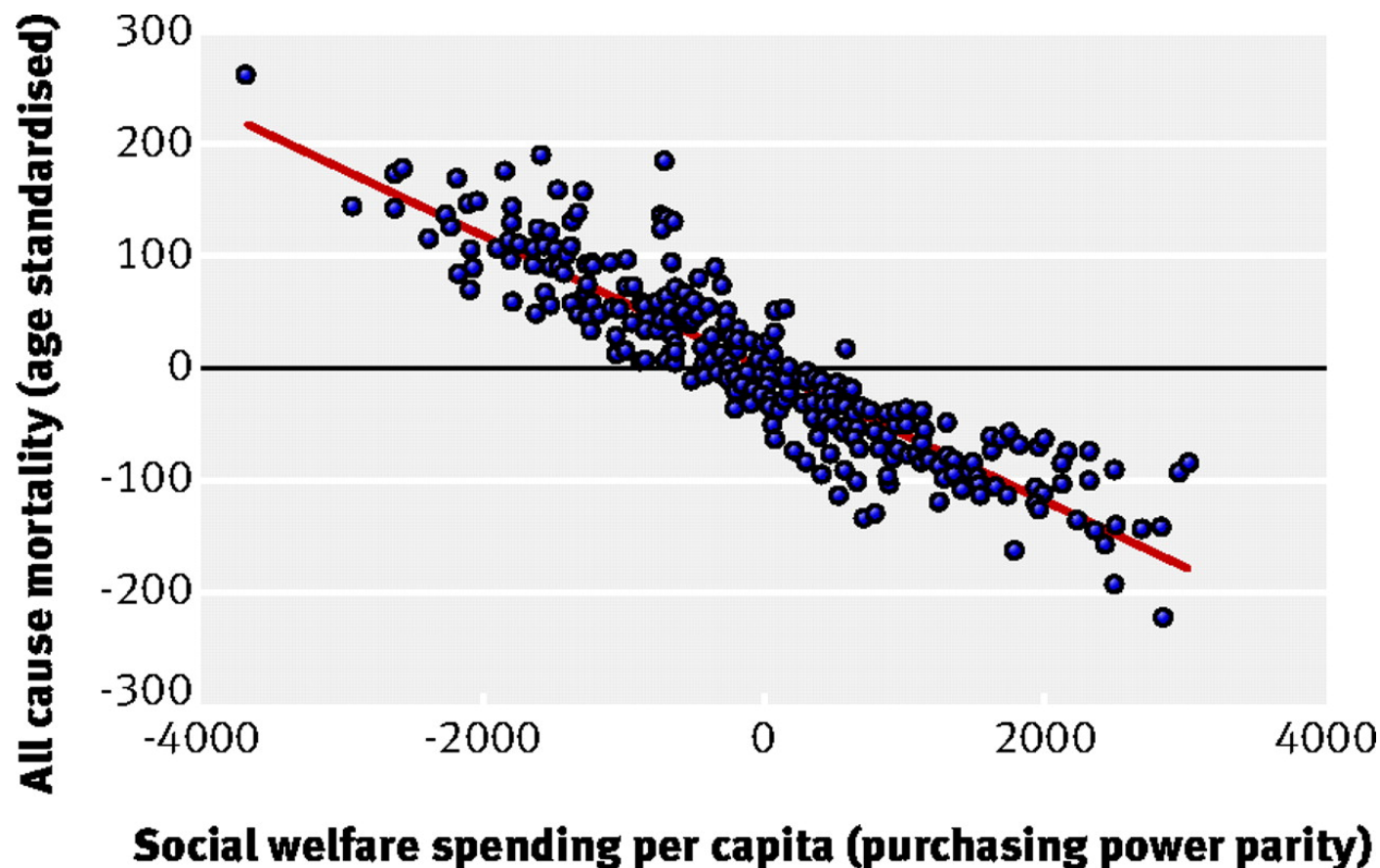
Facts from present and past economic crises

Unemployment

- Associated with twice the risk of illness and 60% less likely recovery from disease (Kaplan G. *Social Science & Medicine*, 2012, 74:643–646)
- Strong correlation with increase of suicide, alcohol poisoning, liver cirrhosis, ulcer, mental disorders (Suhrcke M, Stuckler D. *Social Science & Medicine*, 2012, 74:647–653)
- Increase of suicide incidence: 17% in Greece and Latvia and 13% in Ireland (Stuckler D et al. *Lancet*, 2011, 378:124–125)
- Active labour-market policies and social-protection expenditure at the level of US\$ 190 per capita eliminate most of these adverse effects (Stuckler D et al. *Lancet*, 2009, 374:315–323)

Social-welfare spending: major health impact

Relation between deviation from country average of social welfare spending (excluding health) and all-cause mortality in 15 EU countries, 1980–2005



Health impact of social-welfare spending and GDP growth

Social welfare spending

- Each additional US\$ 100 spent per capita on social welfare (including health) is associated with a **1.19%** reduction in mortality

GDP

- Each additional US\$ 100 per-capita increase in GDP is associated with **only a 0.11%** reduction in mortality

Why protect public spending for health?

There is strong correlation between public spending on health and the level of out-of-pocket expenditure

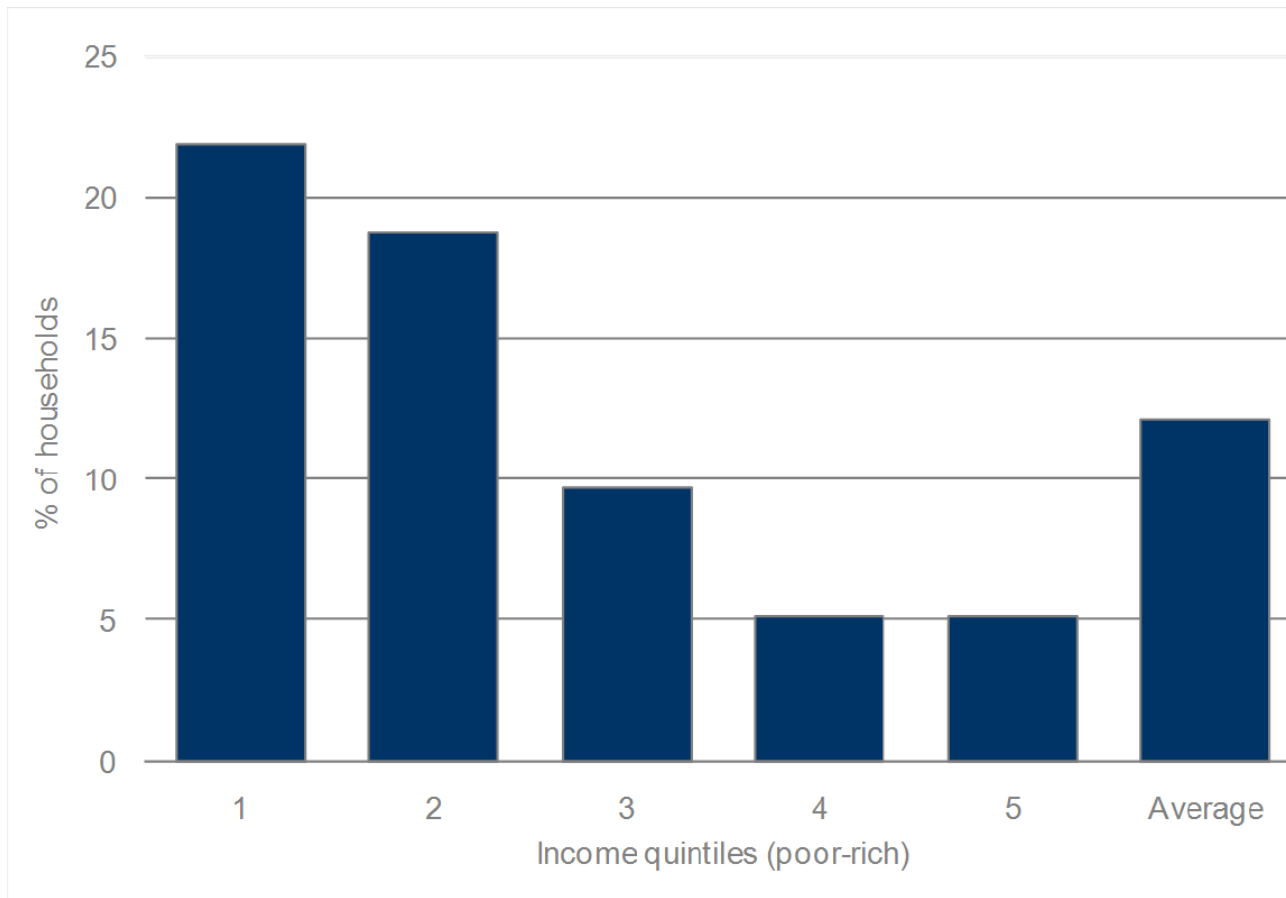
“Today, it is unacceptable that people become poor as a result of ill health”
– Tallinn Charter

Catastrophic spending is highest among poorer people

Medicines are the main cause of spending for poorer people

Patients do not seek care or buy prescribed medicine

Catastrophic spending is highest among poorer people



Source: Vörk A et al. *Income-related inequality in health care financing and utilization in Estonia 2000–2007*. Copenhagen, WHO Regional Office for Europe, 2009.

Where the cost of seeking care is lower, the reduction of utilization is also lower

Changes in Utilization of Routine Health Care Since the Crisis					
Country	Reduce	Same	Increase	Net Change (Reduce - Increase)	N
United States	26.5	66.5	7.0	19.5	1901
France	12.0	82.7	5.4	6.6	868
Germany	10.3	83.0	6.7	3.6	879
Canada	5.3	89.3	5.4	0.0	1032
Great Britain	7.6	84.4	7.9	-0.3	757
5 Country Avg	15.2	78.3	6.6	5.9	5437

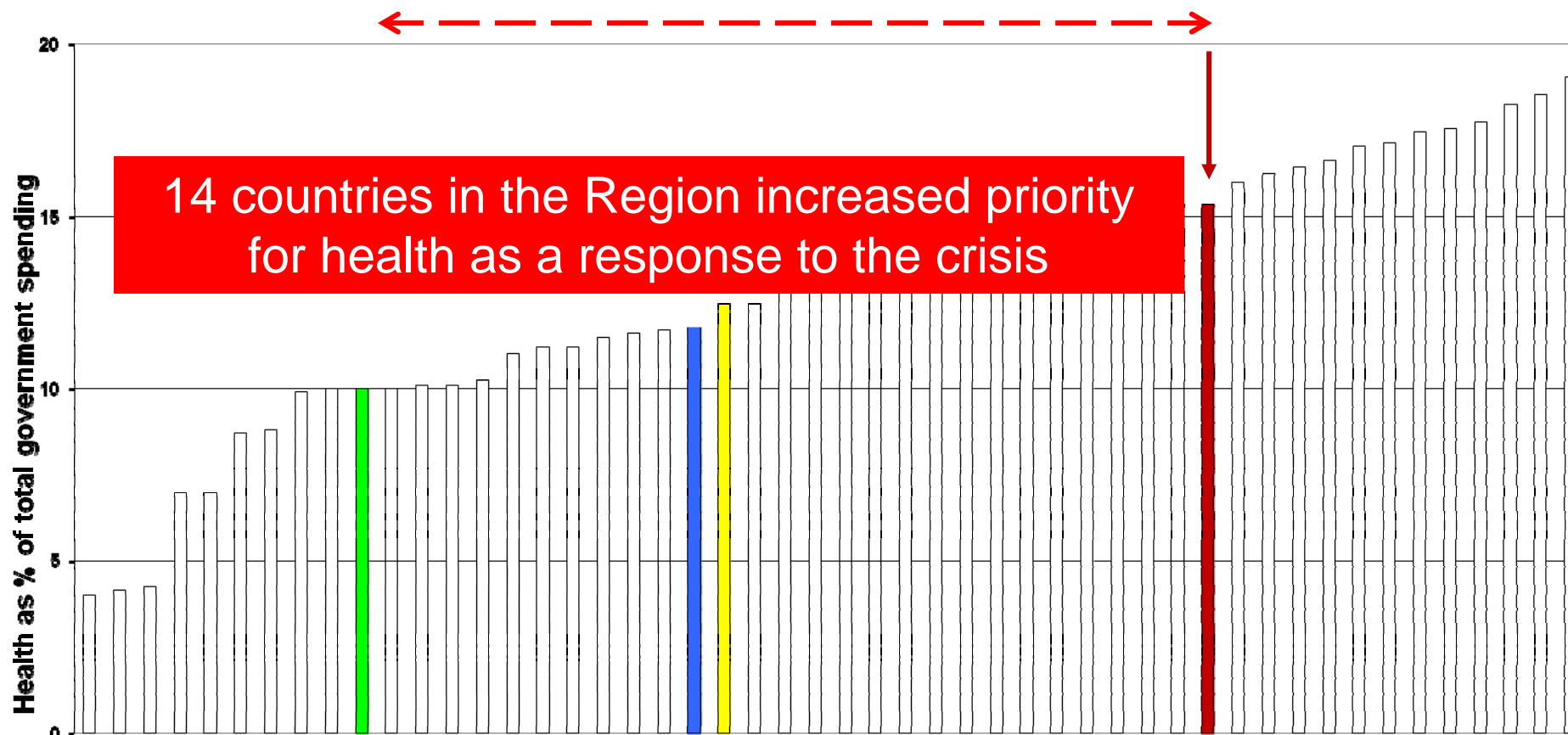
“Reductions in routine care today might lead to undetected illness tomorrow and reduced individual health and well-being in the more distant future.”

Protecting public spending for health during the crisis: some options

1. Countries with savings have room to manoeuvre
2. Those who balanced the budget and reduced government debts during the years of economic growth can opt for deficit financing
3. Those who failed to do the above are in a more vulnerable position when crisis hits, but can still avoid adverse effects on health and equity by giving higher priority to health

➔ It is a matter of choice in public policy

The real measure of “priority”: government spending on health as a % of total government spending



More public money for health and more health for the money!

- Waste and inefficiency in service delivery make it difficult to argue for more spending
- For health policy objectives, public spending on health is better than private spending, but ...
- **Not all public spending is good spending!**

Improving efficiency reduces adverse effects of the crisis and helps secure popular and political support for more spending in the future



Eliminate ineffective and inappropriate services

Improve rational drug use
(including volume control)

Allocate more to primary and outpatient specialist care at the expense of hospitals

Invest in infrastructure that is less costly to run

Cut the volume of least cost-effective services

Effective mechanisms that help in dealing with financial crisis

- Avoid across-the-board budgets cuts
- Target public expenditures better to the poor and vulnerable
- Seek efficiency gains through wiser use of medicines and technologies
- Seek efficiency gains through rationalizing service-delivery structures
- Think long term and implement counter-cyclical public spending (save in good times to spend in bad times)

Strengthen people-centred health systems, public-health capacity and preparedness for emergencies

Strengthen public health functions and capacities

Strengthen primary health care as a hub for people-centred health systems

Ensure appropriate integration and continuum of care

Foster continuous quality improvement

Improve access to essential medicines and invest in technology assessment



Create healthy and supportive environments

Assess the health impact of sectoral policies

Fully implement multilateral environmental agreements

Implement health policies that contribute to sustainable development

Make health services resilient to the changing environment



Health as a major societal resource and asset

- Good health benefits all sectors and the whole of society, making it a valuable resource
- What makes societies prosper and flourish also makes people healthy – policies that recognize this have more impact
- Health performance and economic performance are interlinked – improving the health sector's use of its resources is essential



Health 2020 builds on strong values

- Health as a fundamental human right
- Solidarity, fairness and sustainability

