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***Policy responses to the financial crisis in the
WHO European region***

In 2009, WHO's Regional Committee for Europe adopted a resolution (EUR/RC59/R3) urging Member States to ensure that their health systems would continue to protect and promote universal access to effective health services during a time of economic crisis. The European Observatory on Health Systems and Policies in collaboration with the WHO Secretariat conducted a systematic cross-country analysis of health policy responses to the financial crisis in Europe and published a policy summary earlier this year.

Key messages from the survey among Member States

Economic shocks present policymakers with three main challenges:

- Health systems require predictable sources of revenue. Sudden interruptions to public revenue streams can make it difficult to maintain necessary levels of health care.
- Cuts to public spending on health made in response to an economic shock typically come at a time when health systems may require more, not fewer, resources – for example, to address the adverse health effects of unemployment.
- Arbitrary cuts to essential services may further destabilise the health system if they erode financial protection, equitable access to care and the quality of care provided, increasing costs in the longer term. In addition to generating new inefficiencies, cuts across the board are unlikely to address existing inefficiencies, potentially exacerbating the fiscal constraint.

The health system response to the financial crisis has varied across the European Region. Some countries introduced no new policies, while others have introduced many. Some health systems were better prepared than others due to fiscal measures they had taken before the crisis, such as accumulating financial reserves. There were many instances in which policies planned before 2008 were implemented with greater intensity or speed as they became more urgent or politically feasible in face of the crisis. There were also cases where planned reforms were slowed down or abandoned in response to the crisis.

European Region countries employed a mix of policy tools in response to the financial crisis. Some of the policy responses were positive, suggesting that some countries have used the crisis

to increase efficiency. The breadth and scope of statutory coverage was largely unaffected and in some cases benefits were expanded for low-income groups. However, some countries lowered the depth of coverage by increasing user charges for essential services, which is cause for concern. Little was done to increase efficiency through policies to improve public health.

Policies to secure financial sustainability in the face of the financial crisis, and to improve the health sector's fiscal preparedness for financial crises, should be consistent with the fundamental goals of the health system.

At risk of over-simplifying, policy tools likely to promote health system goals include: risk pooling; strategic purchasing; health technology assessment; controlled investment; public health measures; price reductions for pharmaceuticals combined with rational prescribing and dispensing; shifting from inpatient to day-case or ambulatory care; integration and coordination of primary care and secondary care, and of health and social care; reducing administrative costs while maintaining capacity to manage the health system; fiscal policies to expand the public revenue base; and counter-cyclical measures, including subsidies, to protect access and financial protection, especially among poorer people and regular users of health care.

Policy tools that risk undermining health system goals include: reducing the scope of essential services covered; reducing population coverage; increases in waiting times for essential services; user charges for essential services; and attrition of health workers caused by reductions in salaries.

Where the short-term situation compels governments to cut public spending on health, the policy emphasis should be on cutting wisely to minimize adverse effects on health system performance, enhancing value and facilitating efficiency-enhancing reforms in the longer run.

The policy summary highlights the trade-offs involved in any policy decision. These trade-offs should be understood and made explicit so that decision makers can openly weigh evidence against ideology in line with societal values. Policy decisions should be guided by a focus on enhancing value in the health system rather than on identifying areas in which cuts might most easily be made. Viewing fiscal balance as a constraint to be respected, rather than as an objective in its own right allows decision makers to shift the terms of debate away from balancing the budget at any cost towards an emphasis on maximising the health system's performance.

The work of the WHO Regional Office on the response to the financial crisis

WHO has engaged intensively with Members States on the impact of, and potential policy responses to, the financial crisis on government health budgets.

The first meeting "*Health in times of global economic crisis: implications for the WHO European Region*" took place in Oslo in April 2009, and resulted in twelve recommendations to guide countries through the impact of the crisis. The Interim Report on the Tallinn Charter was presented in Andorra in March 2011 and reviewed initial responses to the economic and financial crisis.

The WHO Barcelona Course in Health Financing in 2012 focused on Universal Coverage and the challenges presented by the financial crisis.

As a follow up to the World Health Report 2010, a Regional Action Plan for Europe on Universal Coverage will be developed. This plan will also address the implications of the financial crisis for achieving and/or maintaining universal coverage.

In June 2012, the OECD and WHO Europe held the joint meeting on financial sustainability of health systems with representatives from ministries of health and finance and health insurance funds.

The WHO Regional Office's work with Member States in the current biennium 2012-2013 focuses on three strategic dimensions:

- i) *Analytical work to synthesise evidence* of the impact of the financial crisis on health and governments policies made in response
- ii) *Policy dialogue and knowledge brokerage events* to disseminate current evidence and share ideas and experience with respect to policy responses and lessons for the future.
- iii) *Direct technical assistance to Member States*. In addition to policy dialogues and experience sharing, specific technical assistance is provided to a limited number of countries upon requests by ministries of health, including those European Union countries which are facing severe austerity measures.

Insights from country-work related to the financial crisis helped us understand better the driving forces behind the divergent responses to the crisis and a few key lessons emerge from the different country experience:

- Preparedness of the health system to deal with financial shocks is key to minimize adverse effects on health and to maintain the provision of health services as demand increases during the economic downturn
- Across the board cuts are most detrimental and may even preserve inefficiencies therefore these should be avoided. There is always room to cut wisely when budget cuts are unavoidable. The evidence base for technical justification is increasingly available.
- The crisis presents opportunities for change, but continuity of service provision should be carefully managed during implementation of reforms.

A high level WHO conference hosted by the Norwegian Government is planned for 2013 as a follow up to the Ministerial Conference on the global economic crisis held in Oslo in 2009.

Discussion:

1. What are the lessons learned from the financial crisis with regard to protecting the health budget?
2. To what extent has the financial crisis provided an opportunity to make desired reforms?
3. What future analyses or meetings would you like to see WHO Europe conduct / convene?