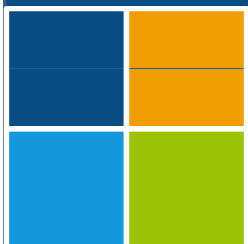


Brussels, Belgium, 15 February 2013

Reflections on the impact of the financial and economic crisis on health and health systems in the European Region

Zsuzsanna Jakab
WHO Regional Director for Europe



The health effects of financial and economic crisis (evidence)

Main health system policy responses

Messages for policy-makers

Issues for discussion

Evidence: significantly higher risk of ill health



- Strong correlation with increased suicide, alcohol poisoning, liver cirrhosis, ulcer, mental disorders**
- Increase of suicide incidence: 17% in Greece and Latvia, 13% in Ireland***
- Associated with a doubling of the risk of illness and 60% less likelihood of recovery from disease*
- Anticipation of job loss as a result of early indicators of crisis also having a negative effect***
- **NEVERTHELESS**, we also know that active labour market policies and effective social safety nets can mitigate most of these adverse effects, according to evidence from Sweden and Finland during their financial crisis in the early 1990s)

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**World Health
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Europe

Impact of economic crisis on health and health systems

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Policy responses up to end 2010



LOWER INPUT PRICES
to cut costs, particularly in spending on hospital services and pharmaceuticals, by negotiating lower prices and switching to generic medicines

Health personnel **SALARIES** reduced, frozen or reduced rate of increase; some across-the-board cuts, others targeted

Policy responses up to end 2010

Very few countries made changes to the statutory benefits package and the breadth of population coverage; in some cases benefits were expanded for low-income groups.

Many countries lowered the depth of coverage by instituting or increasing **PATIENT USER CHARGES** for certain services, increasing the financial burden on households.

A number of countries increased taxes on alcohol and/or cigarettes, and there have also been moves to increase taxes on unhealthy foods/soft drinks.

WHO/Europe and the European Observatory on Health Systems and Policies are updating this survey with evidence for 2011 and 2013.

Reduced levels of health spending

Overall, most countries have seen health spending fall

- On average, health spending per capita across European Union (EU) Member States fell by 0.6% in real terms between 2009 and 2010. This followed an average annual increase in health spending per capita of 4.6% in real terms between 2000 and 2009.
- Despite this, in many countries (such as Ireland), the health sector managed to maintain if not increase its share of government spending.

The broader fiscal picture is important – and varied

- Some countries could maintain spending through the use of accumulated reserves, or through deficit financing (that is, countercyclical)
- Other countries had less room for manoeuvre fiscally, and had to absorb significant cuts in spending. The hardest hit are entering their fifth year of budget reductions in real terms.

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Continual focus on improving efficiency



Eliminate ineffective and inappropriate services

Improve rational use of medicines

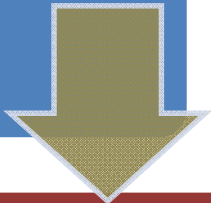
Allocate more to public health, primary and outpatient specialist care at the expense of hospital care

Invest in infrastructure that is less costly to run – “invest to save”

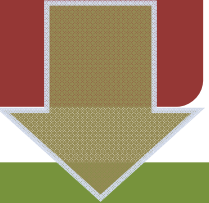
Cut the volume of least cost-effective services

Challenges of a prolonged crisis

QUICK RESPONSE required. In most systems there is low-hanging fruit, which can absorb savings relatively easily.



Nevertheless, patient user charges have been widely used; impact needs careful monitoring given increased health needs



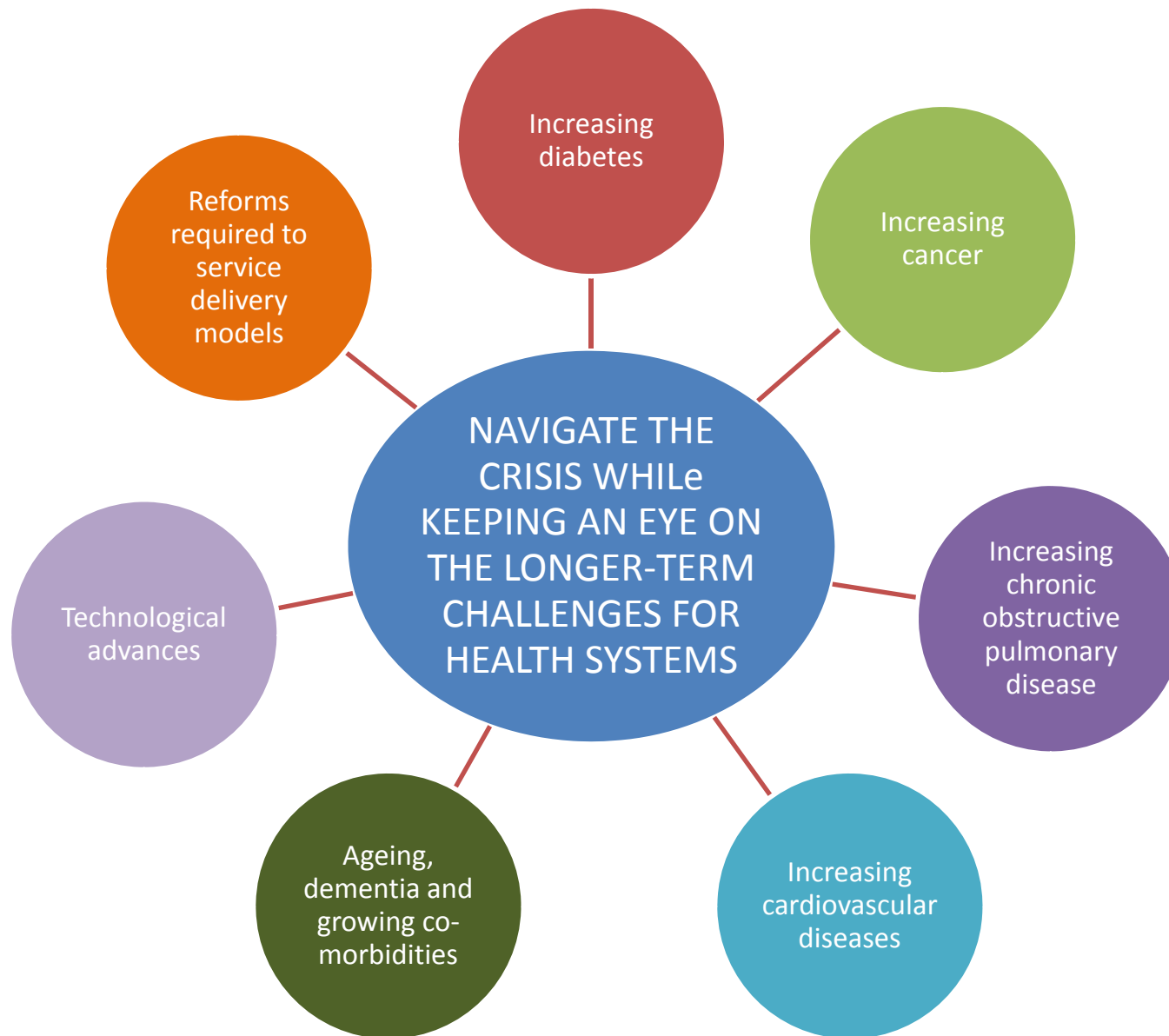
STRUCTURAL CHANGES may be required to absorb further savings without damaging front-line services. But such changes take time to deliver.

Health systems are important in mitigating the effects of the crisis

Further deep cuts in health sector spending in coming years may force further review of staffing levels

Boosting employment is a high policy priority within the EU at present

Within the EU, the health sector accounts for about 10% of gross domestic product (GDP): more than financial services or the retail sector. This has significant employment impact.



World Health Organization

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Prepared for a crisis?

**ESTONIA:
smart
investments,
restructuring and
accumulation of
reserves before
the crisis**

- Health insurance fund obliged to accumulate **reserves** that provide a buffer when payroll tax income drops
- Funds then released to ease pressure on the health system during the current crisis
- **Similar institutional arrangements, however, are NOT in place to protect the budget for public health**

WHO high-level technical meeting

“Health systems in times of global economic crisis: an update of the situation in the WHO/European Region”

**17–18, April, 2013
Oslo, Norway**

- WHO, working closely with the Observatory, generating evidence of impact on health systems, health and policy responses
- Bringing together health and fiscal policy-makers from across the European Region, along with multilateral organizations
- **Recommendations to be tabled at 2013 session of the WHO Regional Committee for Europe**

Ensuring fiscal decisions consider health effects

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Issues for discussion

1. What are the policy lessons from navigating health systems through the current prolonged period of fiscal tightening? What have been our main policy responses, and how might we have been better prepared?
2. *To what extent have we, as health ministries, and more broadly as governments, managed to avoid the negative effects of the crisis on health?*
3. How is the dialogue between health and finance ministries changing? What lessons might we take from this for the future and what information do we need for this dialogue?