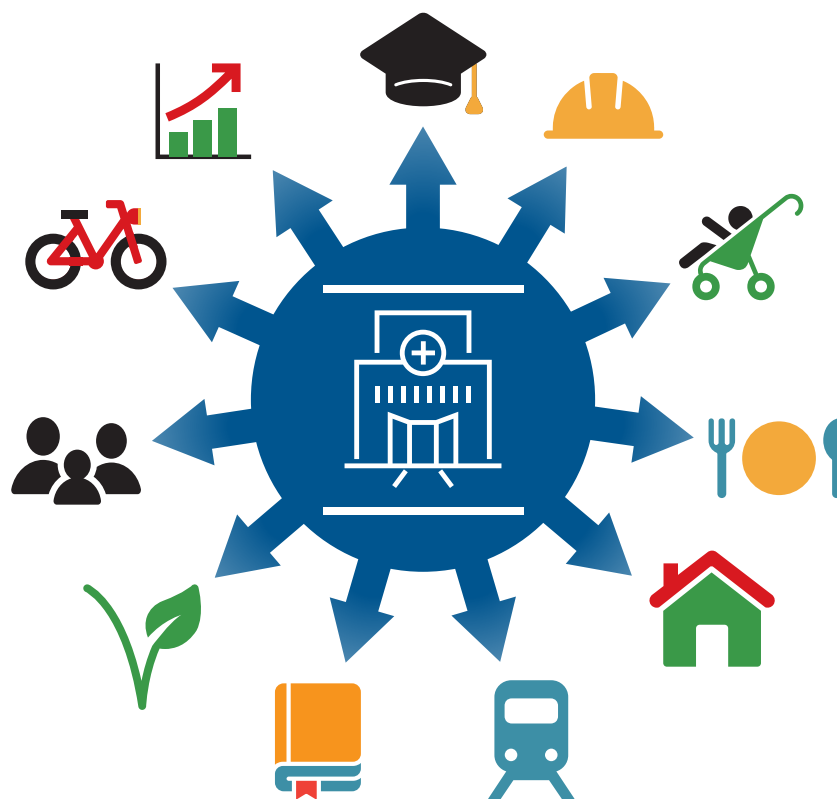




World Health
Organization

REGIONAL OFFICE FOR Europe

ECONOMIC AND SOCIAL IMPACTS AND BENEFITS OF HEALTH SYSTEMS



Executive Summary

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ECONOMIC AND SOCIAL IMPACTS AND BENEFITS OF HEALTH SYSTEMS

Executive Summary

Summary

The drive to deliver better results for the economy and for society goes hand in hand with the daily pressures faced by policy-makers to contain public expenditure and deliver improved outcomes. This is nowhere more evident than in the health sector, where costs are perceived to be spiralling; as a result, the sector faces huge pressures to cut budgets and services. This pressure is driven by a widespread belief within government and financial institutions that the health sector is a drain on the economy.

This report brings forward **new evidence, practical methods** and **opportunities** to show how the **health sector is essential to a stable, functioning economy** in all countries of the WHO European Region. The work supports the implementation of the commitments of the **invest** and **solidarity** pledges resulting from the High-level meeting on health systems for prosperity and solidarity (Tallinn, June 2018) upon the 10-year anniversary of the Tallinn Charter, as well as the Health 2020 commitments to reduce health inequities by **addressing the social determinants of health**.

In July 2018 the Tallinn Charter: Health Systems Health and Wealth was revisited and the need was highlighted to “intensify efforts to bring health and finance decision-makers together around shared goals by taking note of public finance objectives and correspondingly demonstrating the economic and social returns of investing in health systems”.

The ground-breaking findings and methods this report brings forward will enable the health sector to engage in stronger dialogue with:

- i) ministries of finance and international institutions, to prevent disinvestment in health;
- ii) the economic and development sectors, particularly regarding the contribution made by health systems to reducing social and economic exclusion and improving the resilience of cities and regions.

The main findings of the report show that the health sector:

- **is essential in determining the economic performance and stability of a country;**
- **has a positive impact on the economic performance of other sectors** in the national economy, through the jobs it generates and from the purchase of goods and services;
- **has a major role to play in reducing social exclusion at the local level**, due to its impact on employment, working conditions and household income;
- **can increase its status as a key sector for driving forward the implementation of local and national goals for sustainable development**, by enhancing its employment, training and purchasing functions both locally and nationally.

This work provides evidence and tools aiming to enable those involved in the management, commissioning and delivery of health systems by providing evidence, examples, economic arguments and methods to:

- quantify the total economic and social contribution of health systems to national and local economies;
- increase the impact of spending and employment on social and sustainability outcomes in villages, cities and regions;
- shift the discourse within Europe towards health as an investment sector that is essential to social and economic well-being.

The economic and social returns on investing in health systems are multiple (as shown below).

The health sector...

<p>...</p> <p>is vital to determining the economic performance and stability of a country and a key sector in the implementation of local and national goals for sustainable development.</p>	<p>The health sector is a key institution within many communities, and is frequently the largest or one of the largest employers, providing high-quality jobs.</p> <p>In 2015, in Organisation for Economic Co-operation and Development (OECD) countries, health and social work activities constituted around 10% of total employment.</p>
<p>...</p> <p>has a positive impact on the economic performance of other sectors that make up the national economy, through jobs created, both directly, and indirectly through purchasing.</p>	<p>Health systems are important commissioners of services and products, providing business to local companies.</p> <p>Procurement by public services is a significant part of national economies, representing €2 trillion every year, 14% of the European Union's gross domestic product.</p>
<p>...</p> <p>reduces social exclusion at the local level through its impact on employment, working conditions and household income.</p>	<p>While employment rates are increasing in Europe, more people are also living in poverty. In many sectors, conditions and rates of pay do not reflect the needs of all people to live healthy lives.</p> <p>Jobs in the health sector are usually of high quality; for example, temporary contracts are less commonplace than in other sectors, and benefits such as parental leave are usually provided.</p>

Employment practices for economic and social benefits

Health systems are important components of every economy and a major source of employment.

There are multiple economic and social benefits of employment created by health systems. In areas where health systems are one of, or the, largest employers of local residents, jobs in the health sector influence local communities in many ways. For example, by increasing local wealth, as staff who live locally spend locally, which has a positive impact on economic and social resilience in the long term. Other impacts includes reducing carbon emissions as people travel less distances to work and impacts in housing, nutrition, social cohesion and the environment occur as a result of health employees spend and live locally.



Figure. Economic and social impacts and benefits of HS employment.

By hiring local people, health systems can **support jobs, keeping people in employment** – an important social determinant of health. In addition to providing **many** jobs, health systems are leaders in providing **good** jobs. The availability of good jobs lies at the heart of inclusive, sustainable growth, and eliminating poverty. Good working conditions provide:

- decent pay, ensuring at least a minimum or living wage;
- employee benefits, such as maternity and paternity leave, and ensuring part- and full-time workers receive similar benefits;
- minimal use of temporary contracts;
- safe working conditions;
- security and the ability to participate in collective bargaining;
- opportunities for progression and career development.

Self-assessment tool to adapt employment practices for better social and economic benefits

This self-assessment tool is designed to enable users to conduct social and economic assessments of employment practices in health systems. It is intended to be used by a wide variety of professionals at both national and local levels including health system managers and human resource professionals, public health leaders and civil society groups working on employment.

Self-assessment tool to enable improved recruitment and employment processes

<p>1. The first step is to understand who you employ and your employment practices.</p>	<ul style="list-style-type: none"> • Can you answer the question: how many of the health systems' employees live within 5 miles (or a relevant local distance)? • What is the percentage of the local health system workforce by gender, age, ethnicity, education status and people with disabilities? <ul style="list-style-type: none"> — By investing in employing these groups in society, the health system contributes to economic and social inclusion, and improves community resilience. • What percentage of health systems staff are on precarious or temporary contracts? • Is there a gender difference among employees that are offered permanent or temporary contracts (what percentage of each)? • Are the people earning less more likely to be on temporary contracts? <ul style="list-style-type: none"> — Long-term jobs make people more economically and socially resilient, especially in crisis situations. • What is the average wage paid by health systems compared to the average wage in the local area? <ul style="list-style-type: none"> — Good wages reduce poverty and income inequalities, as well as related avoidable health care costs. People with low incomes have worse health and well-being, along with lower life expectancy. • Do all your employees (full and part time) receive benefits (e.g. maternity and paternity)? • Are the people earning less also less likely to receive employee benefits? <ul style="list-style-type: none"> — "Living wage" programmes should be implemented, both for employees that are hired directly and those that are outsourced. — Safe working conditions should be guaranteed. • What is your childcare provision? • Do you provide care to different age groups, and what is the duration of services/places offered? <ul style="list-style-type: none"> — The provision of childcare services allows women to re-enter employment. The number of childcare facilities available and for which age groups, as well as costs and duration of services significantly impact the ability of women to return to work on both a full-time and part-time basis. — The distance between childcare facilities and the workplace may also benefit women, allowing flexibility in the work process. Increased female employment has benefits for the well-being of children, including in terms of health, nutrition, cognitive development, education, and so on. This holds true in particular for single mothers.
<p>2. The next step is to plan future recruitment.</p>	<ul style="list-style-type: none"> • What percentage of new jobs is filled by the local population? <ul style="list-style-type: none"> — Local recruitment helps to strengthen the local economy (direct effect), which in turn supports social integration and community cohesion (indirect). Local recruitment decreases carbon emissions, as people do not have to drive far in order to earn a living (indirect effect). This has a positive impact, in terms of healthy environment benefits. — Supporting local employment in local public services also ensures that the community being served is reflected by those serving them. This improves measures of community cohesion and cultural competency as well as keeping the local public service investment of resource circulating in the community. • What actions do you take to enable local young people to get local health system jobs? <ul style="list-style-type: none"> — Develop formal relationships with local schools and colleges where students who wish to work within local health systems can be mentored by existing staff in those occupational groups. — Consider learning placements and/or work experience, to enable students to spend time in different settings to provide insight into the different occupations and professions that exist in health systems.
<p>3. The final step involves monitoring employment processes and sharing the impact and benefits of health systems with local communities.</p>	

Procurement and purchasing for economic and social benefits

In the last ten years more countries have recognised the significant role of purchasing and procurement can have as a way to achieve social and environmental benefits. No longer is procurement only to be seen as a necessary bureaucratic process, the World Health Organization, World Bank and European Union all advocate strategic purchasing can play a substantial role in creating successful and sustainable economies and communities. Strategic social purchasing (SSP) seeks to shift to buying goods and services from local business, social enterprises or Micro, small and medium-sized enterprises (MSMEs) to better support local communities. SSP can improve equity, quality and efficiency. Shifting a small percentage of purchasing budgets to local suppliers could have a substantial effect on local communities. In Preston, England, the City Council increased local procurement by 13% in 4 years, translating in **£4 million more spent in the local community**. Improving local wealth through more effective purchasing contributes to healthier and stronger communities.

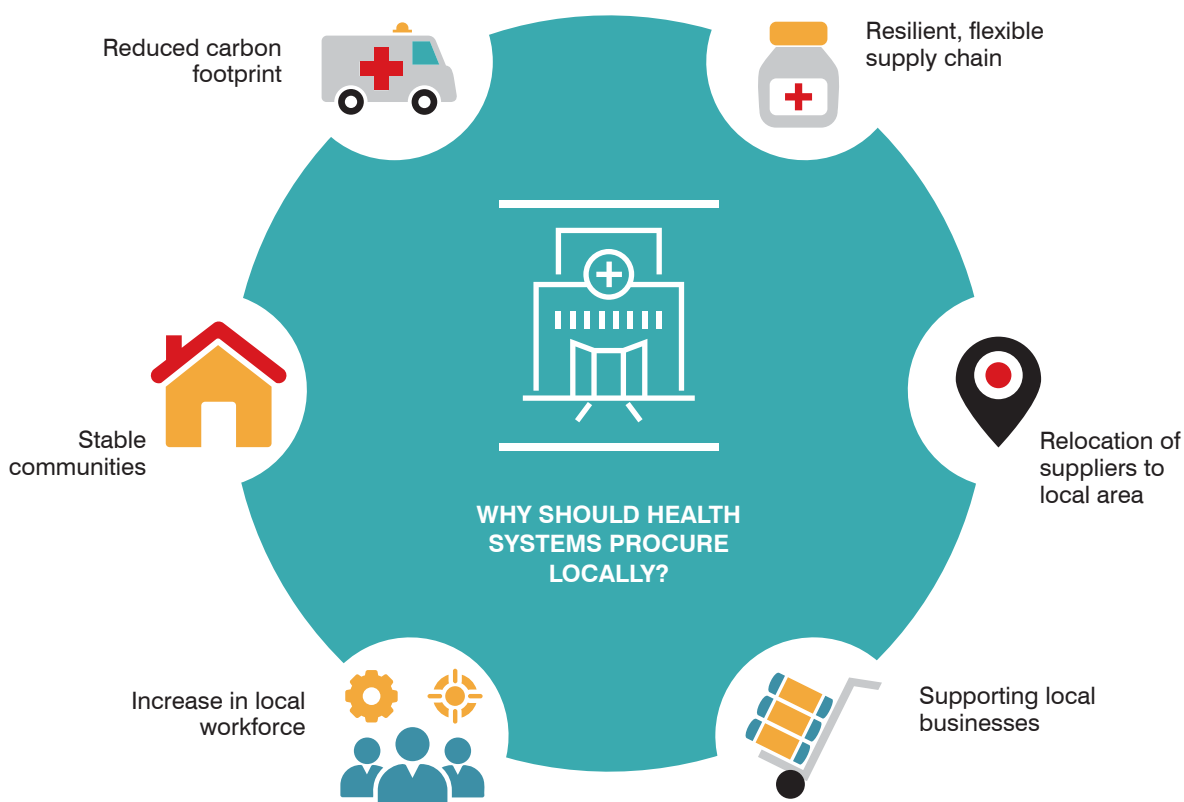


Figure. The impact and benefits of Strategic Social Purchasing in the Health Sector

Self-assessment tool to adapt purchasing practices for better social and economic benefits

This self-assessment tool is designed to enable users to conduct social and economic assessments of purchasing and procurement practices in health systems. It is intended to be used by a wide variety of professionals at both national and local levels including health system managers and procurement officers, public health leaders and civil society groups working on MSMEs, cooperatives and unions.

Self-assessment tool to enable improved purchasing processes

<p>1. The first step in shifting to SSP is to understand current purchasing practices in your organization.</p>	<ul style="list-style-type: none"> ● What percentage of your purchasing / procurement budget is spent on local businesses or stays within the local region? <ul style="list-style-type: none"> — Shifting small amounts of purchasing to local suppliers is a good way to begin; reallocating just 5–10% of the purchasing budget to local goods and services can bring millions into local economies. — The aim is to use short supply chains to ensure sustainable and equitable procurement practices. ● How many suppliers are local? ● How many (local) people do they employ? <ul style="list-style-type: none"> — Procurement providers should be examined, and where suppliers are from, as well as their number among the local community.
<p>2. The next step is to take actions to shift purchasing processes.</p>	<ul style="list-style-type: none"> ● Who is responsible for identifying goods or services that are easier to procure from local businesses? ● Can you target these contracts? ● Can you simplify purchasing procedures and encourage local businesses to apply for tenders? <ul style="list-style-type: none"> — Goals should be established for redirecting spending locally, adapting procurement processes and developing capacity within local supply chains. ● What actions have you taken to increase awareness of purchasing opportunities in the local economy? <ul style="list-style-type: none"> — This is key step in the process – many MSMEs will not have the knowledge to successfully apply for procurement contracts). ● Have you identified conditions to embed within purchasing contracts and frameworks? <ul style="list-style-type: none"> — For example, clauses to support a minimum/living wage, or use of apprenticeships, good working conditions, number or percentage of jobs offered to unemployed people or youth or the number of apprenticeships created. ● Can you require a percentage of tenders to be allocated to local suppliers, MSMEs and women-owned businesses (taking into account specific targets, such as increasing the value of local spend by 5% in one year)? ● Can you require the inclusion of small and medium-size enterprises in all tenders? ● Can you create proactive policies and purchasing systems which consider social and sustainability factors, as well as costs? ● Have you defined key terms such as “local”, “social criteria”, “women-owned”, and “MSME”? <ul style="list-style-type: none"> — Avoid vague, all-encompassing/broad definitions, e.g. “paying minimum wage”, “including apprentices” or “hiring unemployed people”. ● Have you included criteria that will benefit local economies, business and residents at the commissioning stage, not afterwards? <ul style="list-style-type: none"> — This involves weighting social criteria fairly when awarding purchasing contracts. ● Can you require subcontractors to adhere to same requirements as contractors? ● Are procurement staff trained to be aware of changes to procurement processes? <ul style="list-style-type: none"> — Have you identified issues to address within strategic purchasing (e.g. unemployment, training and skills)?
<p>3. The final step involves monitoring SSP processes and sharing the impact of SSP on health systems with local communities.</p>	

Self-assessment tool of the social impacts of health systems: questions for leaders and managers

<p>Questions every local health system leader should be able to answer immediately</p>	<ul style="list-style-type: none"> ● What do you spend on salaries? ● What percentage is spent on people who live locally? ● What do you spend on goods and services? ● What percentage is spent on local businesses?
<p>Questions on partnerships</p>	<ul style="list-style-type: none"> ● Who makes local economic plans/defines strategy? Are they aware of the importance of health system actors? <ul style="list-style-type: none"> — Identify local, regional and national development leaders and understand strategic economic plans in place for your area. — The missions of health systems should be aligned with local and regional development goals and plans. — Health systems should be considered in financial plans and decision-making. — Dialogue and relationships should be strengthened between the health and finance sectors exploring the financial contribution of health systems to national and local economies. — Organizations and institutions that have similar aims (e.g. seeing local areas thrive economically and socially) should be targeted for partnerships.
<p>Identifying a leader</p>	<ul style="list-style-type: none"> ● Who will lead this change of direction? <ul style="list-style-type: none"> — Employment and purchasing practices are usually carried out by human resources and finance departments. — These strategies need leadership from the top, and implementation throughout the organization. — Such action requires changing strategic direction, and including staff, local economic partners and local communities in the process.

Questions every local health system leader should be able to answer immediately:

- What do you spend on salaries?
- What percentage is spent on people who live locally?
- What do you spend on goods and services?
- What percentage is spent on local businesses?

The WHO Regional
Office for Europe

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World Health Organization Regional Office for Europe

UN City, Marmorvej 51, DK-2100 Copenhagen Ø, Denmark

Tel.: +45 45 33 70 00 Fax: +45 45 33 70 01

Email: eucontact@who.int