



World Health
Organization

REGIONAL OFFICE FOR

Europe

REGIONAL COMMITTEE FOR EUROPE
SIXTY-THIRD SESSION

Çeşme Izmir, Turkey, 16–19 September 2013



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Outcome document
for the high-level meeting on
Health systems in times of
global economic crisis:
an update of the situation
in the WHO European Region



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Provisional agenda item 5(g)

EUR/RC63/13
+ EUR/RC63/Conf.Doc./9

29 July 2013

131709

ORIGINAL: ENGLISH

Outcome document for the high-level meeting on Health systems in times of global economic crisis: an update of the situation in the WHO European Region

This paper contains the outcome document from the high-level meeting on Health systems in times of global economic crisis: an update of the situation in the WHO European Region, held in Oslo on 17 and 18 April 2013. It is based on the latest evidence on the impact of the financial and economic crisis on health and health systems in the WHO European Region, collated by the Division of Health Systems and Public Health of the WHO Regional Office for Europe, including the WHO Barcelona Office for Health Systems Strengthening and the European Observatory on Health Systems and Policies. Evidence is presented to support the policy lessons and recommendations outlined in this document, building on the 12 recommendations for health policy responses made at the ministerial meeting on Health in times of global economic crisis held in Oslo in April 2009. Further consultation with Member States was held during the open meeting of the Standing Committee of the Regional Committee on 18 and 19 May 2013 in Geneva, followed by a web consultation. The document is presented for endorsement by the WHO Regional Committee for Europe at its sixty-third session in September 2013.

A draft resolution is presented, for consideration by the Regional Committee.

The current economic situation and medium-term outlook

1. The onset of the global financial crisis in 2008 resulted in a dramatic initial economic shock. Real gross domestic product (GDP) per capita declined by 4.5% across the WHO European Region in 2009 and, looking forward, many countries expect little or no growth in 2013. As a result, unemployment has increased sharply: within the European Union alone, unemployment rose from 6.9% in 2008 to 9.6% in 2010, with a figure of 11.9% estimated for 2013 by Eurostat.

2. In view of the diversity of the WHO European Region, not all European countries have been affected to the same degree by the economic crisis. While the Region as a whole experienced negative real per capita GDP growth in 2009, the countries of the Commonwealth of Independent States and Turkey have been largely insulated from the economic downturn. Moreover, the effect of the crisis in eastern Europe and the Caucasus was brief, with positive growth resuming in 2010. The fiscal position of the countries that have been affected has come under pressure, with government debt as a share of GDP increasing sharply and borrowing costs rising significantly in several countries.

3. Affected European countries have now been navigating the crisis for five years and the tight fiscal context and high unemployment are expected to continue in the medium term. In several countries, the crisis has wide-reaching social and political consequences, destabilizing the status quo. Maintaining and restoring health allows individuals to remain active on the labour market and continue consuming products and services, which in turn contributes to economic recovery. The health sector, which accounts for around 10% of the economy in many countries, is an important employer. It is therefore critical to take stock of the situation, in order to be prepared with policy responses to ease the social and political tensions faced by communities, elected politicians and governments. Reaffirming a commitment to solidarity and implementing that commitment lies at the heart of the response.

Policy tools provided by the WHO Regional Office for Europe

4. The WHO Regional Office for Europe has engaged intensively with Member States to make effective policy decisions to improve health and reduce inequalities during the crisis. The Regional Office's engagement is built on Health 2020 and its support to Member States in times of economic crisis centres on solidarity, equity and the improvement of leadership and governance for health. The support provided by the Regional Office focuses on the two strategic objectives and the four priorities of Health 2020. It has also developed and is refining a number of tools to give countries the best possible support in the context of Health 2020 and universal health coverage, as they adjust to the current fiscal climate, including:

- analytical frameworks to review government policies in response to the financial crisis and to synthesize evidence of impacts on health and on health system performance;
- policy dialogue, knowledge brokerage events and training courses; and
- direct technical assistance.

5. At the request of Member States, the Regional Office has given support to a number of countries, including Estonia, Greece, Ireland, Kyrgyzstan, Latvia, Lithuania and Tajikistan, in analysis, policy development, implementation and evaluation. WHO works closely with its partners in a fully coordinated manner, including the European Observatory on Health Systems and Policies, the Organisation for Economic Co-operation and Development and the World

Bank. Significant support was also provided for producing the evidence base for Health 2020, including studies on the economics of prevention, the *Report on social determinants of health and the health divide in the WHO European Region*¹ and the *European Action Plan for Strengthening Public Health Capacities and Services*.

Summary of the latest evidence

Impact of the crisis on population health

6. Two broad observations can clearly be made from the evidence. First, as noted at the “Health in times of global economic crisis: implications for the WHO European Region” meeting held in Oslo in April 2009, the economic crisis has adversely affected many of the direct and indirect determinants of health, such as income, employment, education, nutrition, corporate practices (marketing and pricing, for instance) and taxation; the effects of which depend on the extent of family assets, basic family and welfare support models, etc.

7. Second, given that health needs tend to increase when unemployment rises and household incomes fall, the policy responses may themselves have affected population health. Both the fiscal policy response of a country, the extent to which it follows a path of austerity rather than counter-cyclical spending, and the health policy response are important in ensuring that effective social safety nets are in place and that both access to and the quality of needed services are protected. The policy recommendations in the *Report on social determinants of health and the health divide in the WHO European Region* are also relevant in this context.

8. Although data are limited and it is difficult to attribute particular health effects to the economic crisis, it is clear that mental health is highly sensitive to economic downturn, increasing the likelihood of falling ill and slowing recovery from illness. In the European Union, the number of suicides among people under 65 years has increased since 2007, reversing a downward trend. Both unemployment and the fear of unemployment are major contributing factors. The incidence of infectious diseases (e.g. HIV infection) has increased sharply in one of the countries hardest hit, where preventive programmes (e.g. needle exchange) and early treatment services has been scaled back as a result of budget cuts. This demonstrates the importance of protecting preventive services, for which demand increases during times of economic crisis. Similarly, protecting the poor and vulnerable from the financial risks of accessing care at a time of increased demand is critical to avoiding further impoverishment.

9. Falling household incomes also affect adverse health behaviours, such as smoking and harmful alcohol consumption, and many countries have reported overall reductions in such behaviours. An equity analysis shows, however, that some population groups have marked increases in such behaviours, with harmful effects on their health. Certain effects do not manifest immediately, but changes in a population’s access to services are likely to indicate where future problems will arise. The evidence suggests that, across the WHO European Region, governments have tried to absorb budget cuts and protect access by lowering the costs of services, notably pharmaceuticals and public health sector salaries. Some countries, however, have reduced entitlements to effective treatment or increased user charges across the board, which may undermine access to services. If changes to the benefits package and user charges

¹ *Report on social determinants of health and the health divide in the WHO European Region: Executive summary*. Copenhagen, WHO Regional Office for Europe, 2012 (http://www.euro.who.int/__data/assets/pdf_file/0004/171337/RC62BD05-Executive-summary-Report-on-social-determinants-of-health-and-the-health-divide-in-the-WHO-European-Region.pdf, accessed 5 August 2013).

are confined to services of low clinical value (cost–effectiveness) and the poor and vulnerable are exempt, the negative impact on access and health could be minimized.

Policy lessons and recommendations from the evidence

Policy lesson 1: It is critical to keep in mind the longer-term challenges to health systems while navigating the crisis

10. Short-term policy responses to fiscal pressure should be consistent with long-term health system goals and reforms required to address the health challenges now facing European societies. These include coordinated service delivery systems based on primary, community and social care, health-in-all policies to address risk factors for noncommunicable diseases; emphasis should therefore be placed on health promotion and disease prevention. It is critical that providers invest adequately in professional education to meet the changing demands on health systems and to adapt to the necessary reconfiguration of service delivery; an expanded role for nurses and midwives is likely to be part of this investment, although this will vary according to national circumstances. Health 2020 provides a strategic framework to address these challenges.

Policy lesson 2: Fiscal policy should explicitly take account of the probable impact on population health

11. While financial crises and economic recession have some positive effects on health, the overall risk for negative health effects rises, particularly for the poor and vulnerable. Large increases in unemployment, especially long-term unemployment, are associated with greater morbidity, particularly associated with mental health, and increased mortality from suicides. While evidence shows an overall reduction in the harmful use of alcohol and tobacco, there are increases among some subgroups of the population. Fiscal policies, particularly those that promote austerity, should factor in this evidence and take steps to mitigate negative health effects. Fiscal and financial policies aiming at long-term economic stability will also support the development of sustainable health systems. Furthermore, maintaining and improving population health is an investment that contributes to a healthy workforce, economic growth and human and social development.

Policy lesson 3: Social safety nets and labour market policies are intersectoral actions that can mitigate the negative health effects of the financial and economic crises

12. Evidence shows that, despite the increased risk for ill health during economic downturns, concerted intersectoral action, such as active labour market policies, can limit lengthy unemployment, and effective safety nets for people without work can largely mitigate the negative health effects of economic downturns. Other economic and social policies, such as protection against loss of housing, could also be considered. The health sector plays a critical part in overall social protection by ensuring sufficient absorptive capacity for increased demand for mental and physical health services.

Policy lesson 4: Health policy responses influence the health effects of financial and economic crises

13. Reductions in public spending on health in response to a deteriorating fiscal situation come at a time when the demand for health services tends to rise. Policy measures to absorb budget cuts through supply-side measures (e.g. price reductions) should be exhausted before costs are shifted onto patients, especially the poor, and will contribute to a more sustainable health financing policy. Funding for essential, cost-effective, well-managed services should be protected at the expense of low-value and poorly managed services. Across-the-board cuts may worsen the situation by failing to target areas of inefficiency, and inappropriate cuts may introduce new forms of inefficiency. Cutting wisely is critical to minimizing adverse effects on health as budgets fall.

Policy lesson 5: Adequate funding for public health services must be ensured

14. Fiscal pressure brings into even sharper focus the need to ensure that spending on health is cost-effective. Evidence-based public health services (including health protection and disease prevention), when provided efficiently, are proven investments that can improve health outcomes at relatively low cost and sufficient funding for these services should be ensured. In addition, public health interventions can contribute significantly to economic recovery by protecting mental health, improving workplace health and focusing on interventions that save costs of the health system.

Policy lesson 6: Fiscal policy should avoid prolonged and excessive cuts in health budgets

15. Population health needs increase quickly and significantly as unemployment rises and household incomes fall, except when it is clear that such downward budget adjustments do not threaten access to services needed. There is a strong case for a counter-cyclical approach to public spending, in order to maintain service provision at a time of growing demand, which in turn requires responsible fiscal and economic policies during periods of economic growth. Similarly, health systems can prepare better for a downturn through appropriate, efficient investments in infrastructure, appropriate reconfiguration of service delivery, a focus on cost-effective interventions and careful expansion during periods of increasing health budgets. Ministries of health and finance should work together to ensure stable, sustainable revenue for the health system, for example, by identifying low value services and reducing their funding. Furthermore, raising additional funding using innovative measures, such as public health or sin taxes, should also be considered.

Policy lesson 7: High-performance health systems are more resilient during times of crisis

16. Whether health budgets are growing or declining, continual effort is required to improve efficiency. High-performance health systems are more likely to have protected funding than those with considerable inefficiencies. Efficient health systems tend to have better management capacity, which in turn strengthens resilience in the face of unavoidable cuts. Systematic analysis of information during health technology assessments will support strategic purchasing and help in setting appropriate incentives throughout the system. This, combined with robust management capacity, can help ministries to set priorities for spending and minimize negative effects on health when budgets are tight.

Policy lesson 8: Deeper structural reforms require more time to deliver savings

17. The prolonged nature of fiscal tightening, as some countries move into a fifth year of budgetary pressure, makes it difficult for system reforms to absorb further cuts in spending without damaging access to needed services. More fundamental reforms, such as addressing the underlying cost base of service delivery, often require up-front investment, which can be limited during a crisis and is unlikely to be available in the short term. Budget allocations to health should take this into account. Health systems should therefore seek efficiency gains continually, not only when a crisis hits.

Policy lesson 9: Safeguarding access to services requires a systematic, reliable information and monitoring system

18. A set of readily available, specific, sensitive indicators, disaggregated at subnational level, identified and implemented to monitor the impact of policies, for example on inequalities in access to care, is a priority. Monitoring the impact on health over time or policy responses associated with the financial crisis includes fatal and non-fatal health outcomes and their determinants, including those of the health care system. These could include the incidence of certain diseases that are markers of both social inequalities and disinvestment in public health and indicators related to inequalities in access to care.

Policy lesson 10: Prepared, resilient health systems are primarily the result of good governance

19. Crises can create a political opportunity to introduce structural reforms into health systems, but pressure to make changes rapidly can lead to adverse effects. For example, major reconfiguration of service delivery systems or reform of payment systems should be implemented gradually; they may be more successful in times of growing budgets. Addressing these challenges in a timely manner is a test of good governance in health systems: continual attention to efficiency and responsible management of public resources in the health sector, combined with prudent fiscal policy, are the most effective strategies for protecting equity and solidarity during an economic downturn. Health 2020 provides the guiding framework for this approach.

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