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
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

Life expectancy at birth, in years

European Region
EU members before May 2004
EU members since May 2004
CIS

CIS: Commonwealth of Independent States
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

The economic impact of NCDs amounts to many hundreds of billions of euros every year.

Many costs are avoidable through investing in health promotion and disease prevention.

Today governments spend an average 3% of their health budgets on prevention.
Some examples

Cardiovascular diseases (CVD)
- €69 billion annually in the European Union (EU), with health care accounting for 62% of costs

Alcohol-related harm
- €25 billion annually in the EU, equivalent to 1.3% of gross domestic product (GDP)

Obesity-related illness (including diabetes and CVD)
- Over 1% GDP in the United States, 1–3% of health expenditure in most countries

Cancer
- 6.5% of all health care expenditure in Europe

Road traffic injuries
- Up to 2% of GDP in middle- and high-income countries

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

- 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)


- 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

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

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

14 countries in the Region increased priority for health as a response to the crisis

Source: WHO European Health for All database.
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
Dear Prime Minister, Minister, Mayor:

Health is a prerequisite for social and economic development. The health of the population can be seriously damaged by the financial crisis that is affecting many countries, in many ways. But it can also present an opportunity to do more and better for people’s health. All sectors and levels of government contribute to the creation of health.

Your leadership for health and well-being can make a tremendous difference for the people of your country or city and for Europe as a whole.

Your support for Health 2020 is truly essential.