

Health systems' responses to the economic crisis in Europe

Since the onset of the economic crisis in Europe in 2008, WHO/Europe has worked with countries to support policy decisions that protect health and reduce health inequalities. WHO's work is based on Health 2020, the European policy framework for health and well-being, which strongly emphasizes improved health outcomes, solidarity and equity.

Needing to achieve fiscal balance in the health sector, policy-makers have three broad options:

- to lower spending to match available resources through budgets cuts and reduced health coverage;
- to meet spending commitments by maximizing available resources;
- to raise additional resources so that spending commitments can be met.

In times of economic crisis with acute fiscal constraints, lowering spending can seem the simplest solution, but it carries the risk of reducing a health system's ability to meet goals such as:

- improving population health;
- securing financial protection;
- ensuring equitable access to high-quality health services;
- using resources efficiently; and
- promoting transparency and accountability.

These goals are necessarily part of the challenge of ensuring financial sustainability while seeking fiscal balance, but they are harder to achieve when fiscal balance is treated as a goal in itself or as independent of other goals.

Review of health systems' response to the crisis: findings

In 2013, WHO and the European Observatory on Health Systems and Policies reviewed health systems' responses to the crisis across the WHO European Region. The following are some of the key findings and their implications for health systems' performance.

The magnitude of the shock associated with the crisis – its depth and duration, and the pace of recovery – has varied substantially across countries in the European Region. Macroeconomic responses to the shock have also varied: while some countries recovered rapidly, others are now entering a fourth or fifth year without significant economic growth.

Policy choices, not just differences in circumstances, have driven health systems' varied responses to the crisis. Facing fiscal pressure, many countries introduced policies to reduce health coverage, but almost as many tried to maintain or increase public funding for their health systems. The large majority tried to get more out of available resources by making changes to enhance efficiency. The most common type of policy aimed at lowering prices.

Public spending on health fell in absolute terms and as a share of government spending in many countries, in spite of efforts to protect health budgets. Countries with means-tested entitlement to publicly financed health care and those that rely heavily on the labour market to fund the health system are particularly vulnerable to economic fluctuation. Regardless of how health systems are financed, however, policy responses are important in determining countries' capacities to maintain an adequate and stable flow of funds to the health sector. Automatic stabilizers, such as reserves and countercyclical government transfers to the health-insurance system, have played a critical role in some countries. In others, governments acted quickly to protect transfers and secure additional funding.

Health systems adopted a wide range of strategies to cope with fewer resources. Most countries changed health coverage, by increasing user charges most commonly. Increased charges were sometimes accompanied by efforts to protect poorer people. A few countries delayed expansions in the coverage of essential services. Many countries tried to strengthen pharmaceutical policy by lowering drug prices, encouraging greater use of generic alternatives and improving the monitoring of prescribing. Many also adapted provider payment by reducing salaries or (in fewer cases) service prices. Several countries reported closing, merging or centralizing provider facilities and other arrangements to cut overhead costs.

Due to a lack of analysis and evaluation, assessing the effects of these strategies on health-system performance is difficult. Lower drug prices and substitution policies, such as switching to generic alternatives, are likely to have saved money and enhanced efficiency. Downward pressure on health workers' salaries in low-wage countries may have achieved short-term savings at the expense of efficiency gains.

Reductions in health coverage, combined with falling household incomes, are likely to have increased financial and other barriers to access, especially where user charges were raised and entitlements reduced. Some countries showed an awareness of the detrimental effects of inadequate health coverage and acted to avoid or mitigate financial hardship. Protective action has not always been effective, however, and increasing difficulties in access to care have been reported. In addition, some of the changes likely to damage access have only recently been introduced, while others have not yet been implemented. Data from recent surveys show that the unmet need for health services due to cost has risen in many European Union countries since 2008.

The crisis has had significant consequences for health and health systems in some countries, yet these are not always easy to quantify. Research on health has focused on areas with a short time lag between recession and death or disease, such as mental health outcomes, infections and injuries. There is some evidence of increases in suicide, depression and anxiety. Certain negative effects on health may not be seen for some time, particularly if the number of long-term-unemployed people continues to grow, social safety nets experience further cuts and populations' access to effective health services changes.

Some health systems were better prepared than others to deal with downward pressure on budgets as a result of the crisis. Factors in health systems that may have helped health policy-makers in responding to fiscal pressure include:

- adequate levels of public funding;
- countercyclical fiscal policies;
- relatively low out-of-pocket payments;
- understanding of a health system's weaknesses and the areas in need of reform;
- the political will to tackle inefficiency;
- information about the cost-effectiveness of various services and strategies;
- selectiveness about how and what to cut, where cuts could not be avoided; and
- clear priorities.

Some of these factors enabled countries to act swiftly to make changes in priority areas, address inefficiencies and protect access to services.

Health systems with poor performance or underlying weaknesses are less resilient and less able to cope with financial pressure. For example, countries with fragmented purchasing and delivery systems or underdeveloped primary care may struggle to encourage greater coordination of care or shift towards outpatient care. Those with fragmented pooling arrangements, major gaps in coverage and high out-of-pocket payments are likely to find it difficult to avoid increasing financial barriers to access.

Pressure to achieve substantial savings in a short time may jeopardize health systems' financial sustainability. Some countries are approaching a third, fourth or even fifth year of health-budget reductions. Further reductions in health workers' salaries and service prices may no longer generate savings, so more fundamental changes may have to be considered. Countries may also face pressure to achieve substantial savings quickly. Both these scenarios pose challenges because:

- developing and implementing more complex reforms generally require political support, technical capacity, upfront investment and time, all of which are likely to be in short supply in a deep or prolonged crisis;
- the sorts of changes that are needed may not deliver immediate savings;
- some changes risk damaging access to services or eroding health workers' motivation; and
- poorly designed and implemented reforms may fail to address inefficiencies or create new ones, threatening financial sustainability in the longer term.

Some countries have seen the crisis as an opportunity to introduce health-system reforms. Several have tried to improve performance by introducing overdue reforms. Not surprisingly, making major structural changes is more difficult than, for example, reducing pharmaceutical prices. Major structural change also requires capital investment, which has been a common target for cuts.

Some countries have taken steps to promote cost-effective investment in the health system, but have focused mainly on drugs rather than services and skills. This may reflect:

- undue pressure to make short-term savings at the expense of longer-term financial sustainability;
- a lack of information, analysis and capacity for effective decision-making; or
- resistance from stakeholders, which is likely to be exacerbated by prolonged cuts, limited opportunities for consultation, poor communication and lack of transparency.

If cuts in government spending cannot be avoided, they should be made as selectively as possible, to avoid negative effects on health and welfare. Public spending on health is an investment in social and economic development, so protecting funding for cost-effective health services, including public health services, makes economic sense. Public health services are proven to improve health outcomes at relatively low cost, and can contribute to economic recovery.

Social policies can mitigate negative health effects. The crisis resulted in the rapid growth of unemployment, which continues in some countries. Social policies that limit periods of unemployment and provide safety nets for people without work can mitigate the negative health effects of being unemployed. The health sector plays a critical part in social protection: by providing timely and equitable access to effective health services, health systems can ensure that illness does not cause people additional financial hardship.

Monitoring and evaluation are essential but limited by the absence of timely and relevant data. Policy-makers in Europe need much better access to information on and analysis of health and health systems. Assessing the effects of the crisis on both has been difficult, reflecting the relatively low priority governments have given to collecting timely and relevant data on health and the use and outcomes of health services.

Now more than ever, strong governance and leadership are needed to protect health. The crisis has posed intense challenges for health systems in many countries and continues to do so in some, particularly in the European Union. Although countries have in general tried to protect access to health services, there is a risk that barriers to access will increase as unemployment and poverty push up demand for treatment while health budgets are further constrained. The human and financial costs of the crisis are likely to become more evident as time passes.

Further information is available from the websites of the WHO Regional Office for Europe (<http://www.euro.who.int/en/health-topics/Health-systems>) and the High-level Conference on the Greek Reforms in the Health Sector (<http://www.healthinaction.gr>).

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