SUSTAINING SOLIDARITY IN THE RESPONSE TO THE ECONOMIC AND FINANCIAL CRISIS

Dr. Tamas Evetovits, Senior Health Financing Specialist
Commitment to solidarity

• Economic and social distress tests attitudes to solidarity
• Equity in finance and utilization
  – The larger the share of public financing for health, the greater the scope for solidarity
  – Targeting the poor and vulnerable requires political commitment: in many systems the rich benefit more than the poor!
Protecting public spending for health during the crisis: some options

- Those who accumulated savings have room to maneuver
- Those who balanced the budget and reduced government debts during the years of economic growth can opt for deficit financing
- Those who failed to do the above are in a more vulnerable position when the crisis hits, but can still avoid adverse effects on health and equity by giving higher priority to health

وها It is a matter of choice in public policy
The real measure of “priority”: government spending on health as a % of total government spending
Why protect public spending for health?
The more that governments spend on health, the lower the burden of out-of-pocket spending on their population.

Variation due to differences in health policies

$R^2 = 0.75$
“Today, it is unacceptable that people become poor as a result of ill health”

Tallinn Charter
Catastrophic spending is highest among poorer people (Estonia, 2007)

Source: Võrk et al 2009
Medicines are the main cause of spending for poorer people (Estonia, 2007)

Source: Võrk et al 2009
Patients forego seeking care or do not buy prescribed medicine

The unmet need for health services was already high before the crisis. (data from an EU Member State)

Source: EU-SILC 2006
The economic crisis led to a reduction in utilization even though health care needs probably increased.

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

<table>
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<th>Country</th>
<th>Reduce</th>
<th>Same</th>
<th>Increase</th>
<th>Net Change (Reduce - Increase)</th>
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“Reductions in routine care today might lead to undetected illness tomorrow and reduced individual health and well-being in the more distant future.”

Protecting the poor and vulnerable

- Exempt the poor from paying user charges/co-payments
- Extend coverage to the long-term unemployed
- Target health spending better
- Target social assistance better
More and better public financing for health

• Waste and inefficiency in service delivery make it difficult to argue for more spending
• Clearly, for health policy objectives public spending on health is better than private spending, but...

• Not all public spending is good spending!
Improving efficiency helps reduce the adverse effects of the crisis and secure popular and political support for more spending in the future.
Short-term solutions are important to keep the system running during crisis, but…

...aim for sustainable efficiency gains!
Crisis presents opportunities not to be missed

• Time to agree on reforms that may have not been politically feasible in the past...
• ...but avoid disruptive implementation!

• When budget cuts are unavoidable, implement them wisely

• Protect what works well because re-building capacity may be more costly in the long run.
Sustainability and solidarity

- Sustainability is meaningless if not linked to health system objectives
- Financial sustainability should not be seen as a policy objective worth pursuing for its own sake
- If it was an objective, then a simple cost cutting exercise would do the job...
- ...and solidarity would suffer.
History has taught us that growing inequity is socially not sustainable