



Investing in health systems in times of economic crisis Is there a role for markets?

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Outline

- Impact of the economic crisis on health / health systems
- Country responses
- WHO perspective
 - Investing in health systems (Tallinn)
 - Oslo recommendations
- Role for markets?

Health spending during recession

1. **Household expenditure** on health has almost always fallen – household incomes fall and sometimes remittances;
2. Government revenues have generally fallen. **Government expenditure** and expenditure on health has often fallen - **BUT NOT ALWAYS**
3. External assistance for health has sometimes fallen – **BUT NOT ALWAYS**
4. Frequently **devaluations**, increases price of imported health goods, reducing availability – e.g. **medicines**.

Impact on mortality & morbidity

1. Negative impacts on health frequently reported : e.g.
 - **In low income countries:** most commonly infant and child mortality; micronutrient deficiency and anaemia in women.
 - Mostly the poor and vulnerable
 - **Higher income countries:** mental health and suicides; sometimes adult male mortality
2. **Negative impact on health has not always happened** – depends on duration of crisis, whether government spending falls, and governments take rapid action for safety nets.

The crisis already has negative impact on factors affecting health outcomes

- Changes in the resources available for health systems (finance, human resources, drugs and devices, etc.); together with evidence of increases in medicine prices in some countries
- Changes in living conditions, lifestyles and behaviours;
- Changes in social norms and values.

But it is difficult to monitor these changes: many health information and monitoring systems are unfit to serve the needs of policy-makers regarding these critical issues!

Consequences of the crisis on health are already observed in Europe

- Few changes observed in health system expenditures and health care employment in Europe (one of the few economic sectors that is still creating jobs, as in the US)
- Budget cuts affecting health and access to care only observed in a few countries – they could become more frequent and drastic in the near future
- Currency depreciations increasing prices of imported medicines and devices, causing initial problems to the less rich among the affected countries

Consequences of the crisis on health are already observed in Europe

- No statistics available yet on the impact of the crisis on migration. Shifts in migration/ mobility patterns likely, with workers and families moving to countries with brighter job prospects or returning home from where job prospects have deteriorated. However, changes in health workers mobility observed to date are limited.
- Global decline in remittance flows projected to remain relatively limited (<6%), even if some countries could be severely affected.

There are also important mid-term potential impacts of the crisis on health and health systems

- Will social problems lead to less healthy lifestyle choices or riskier behaviour – such as increased use of drugs and alcohol?
- Signs of individuals changing their behaviour reported in ways that could have both positive and negative impacts on health in mid and long term (e.g., increasing consumption of cheap fast food, but many people also seem to have cut back on driving, turned to public transport and/or increased physical activity).

Country responses to protect health

Protecting financial resources:

- **Increasing sources of revenue:** e.g. Poland (taxes on alcohol and car imports; Slovenia (taxes on alcohol, tobacco and fuel)
- 13 countries report **increases in government health budgets:** e.g. China economic stimulus package, 1/3rd spent on health and social sectors

Country responses to protect health

Increasing social health protection: Examples

- Health insurance cover extended or focused more on poor: Georgia, China, France, Republic of Moldova, Myanmar (hospital trust funds for the poor).
- Brazil: 720 new local social security offices
- Thailand: cash transfers to the poor
- Italy: increase in family and newborn benefits

Country responses to increase efficiency and/or equity of health spending

- Strategies to increase health worker productivity: Portugal; Ghana
- Improved medicine procurement or price negotiations: Canada, USA
- Extending services to rural areas: Georgia: increased salaries for rural Health Workers
- Regional autonomy and decentralization to move services closer to people: Maldives
- Reorganization to focus more on PHC: Portugal, Hungary
- Rationalizing and prioritizing expenditure: Mongolia, Sri Lanka

The approach of WHO Europe to the crisis is based on confidence in the future and determination in action

-The worst is never certain, and crises also provide opportunities to push reforms that might have been politically unfeasible in normal times.

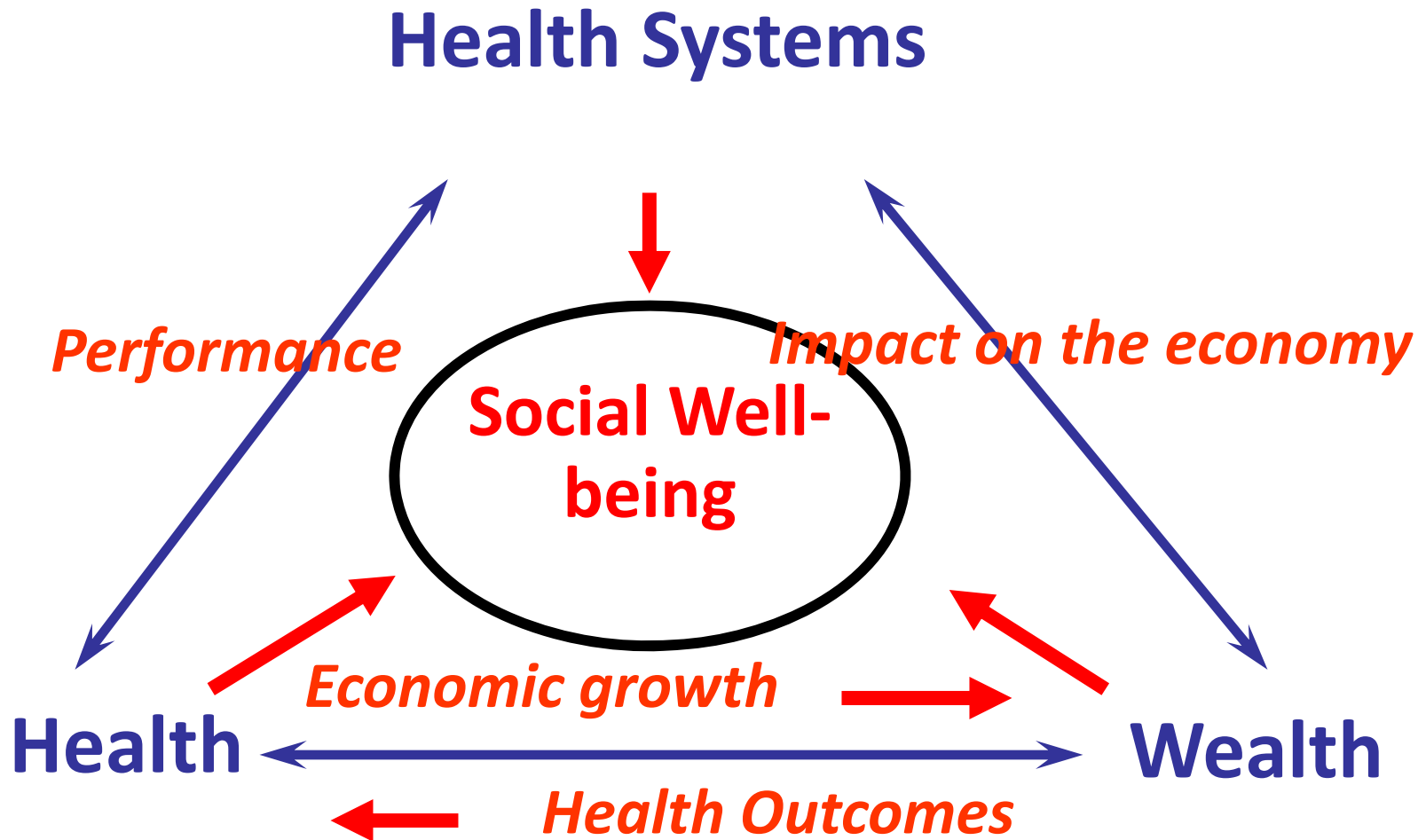
- Crises have the potential for both positive and negative impacts on health outcomes and health systems. People often have developed effective coping strategies which have proven to remain effective long after the storm!

- Well functioning health systems are required to protect health and maintain social justice, and in turn ensure a solid foundation for economies to overcome economic hardship

The Tallinn Charter sets out values and principles to guide action in the context of the crisis

- (1) Investing in health is investing in human development, social well-being and wealth
- (2) Today, it is unacceptable that people become poor as a result of ill-health
- (3) Health systems are more than health care and include disease prevention, health promotion and efforts to influence other sectors to address health concerns in their policies
- (4) Well-functioning health systems are essential to improving health
- (5) Health systems need to demonstrate good performance

The Tallinn Charter relates health systems, health and wealth, which is even more relevant in the context of the crisis



Member States of WHO Europe committed to action on health systems by endorsing the Tallinn Charter

- **Promote shared values of solidarity, equity and participation**
- **Invest in health systems and foster investment across sectors that influence health**
- **Promote transparency and be accountable** for health system performance to achieve measurable results;
- **Make health systems more responsive** to people's needs, preferences and expectations, while recognizing their rights and responsibilities with regard to their own health;
- **Engage stakeholders** in policy development and implementation;
- **Foster cross-country learning and cooperation**
- **Ensure that health systems are prepared and able to respond to crises**

The Tallinn Charter provides policy guidance to answer challenging questions in times of crisis

- Investing in health systems as part of economic stimulus packages
- Governments should secure accessibility to health services since it is *one of the most effective and efficient ways to reduce poverty and social inequalities, and that investing in health is good for social stability and for the economy.*
- Curtailing unhealthy behaviours induced by the crisis through appropriate action, for example by improving access to mental health services, increasing taxation on tobacco products, disincentivizing alcohol abuse, and by ensuring that healthy choices are cheap choices, through pricing policies for food products
- Introducing pro-poor policies to tackle health inequalities




**HEALTH
IN TIMES OF
GLOBAL
ECONOMIC
CRISIS**

IMPLICATIONS FOR
THE WHO EUROPEAN REGION




- to consider the question of health in times of economic crisis, and more particularly to examine the implications of the current crisis for countries in the WHO European Region**
- attended by a total of 168 participants, with representatives of 39 of the 53 Member States in the WHO European Region including ministers, deputy or assistant ministers and chief medical officers**



Important steps can be taken by governments to respond to the crisis, in line with the Tallinn Charter commitments and Oslo meeting discussions:

- 1. Distribute wealth based on solidarity and equity**
- 2. Increase official development assistance (ODA) in order to protect the most vulnerable**
- 3. Invest in health to improve wealth; protect health budgets**
- 4. “Every minister is a health minister”**
- 5. Protect cost-effective public health and primary health care services**
- 6. Ensure “more money for health and more health for the money”**



Important steps can be taken by governments to respond to the crisis, in line with the Tallinn Charter commitments and Oslo meeting discussions:

- 7. Strengthen universal access to social protection programmes**
- 8 . Ensure universal access to health services**
- 9. Promote universal, compulsory and redistributive forms of revenue collection**
- 10. Consider introducing or raising taxes on tobacco, alcohol, sugar and salt**
- 11. Step up the education of health professionals and ensure ethical recruitment**
- 12. Encourage active public participation in the development of measures to mitigate the effects of the economic crisis on health**

Additional steps can be taken by governments to respond to the crisis, in line with the Tallinn Charter commitments

1. Establish an **anti-crisis unit** within the Health Ministry. Collect and analyse information in real time, explore strategic options, reorient activities and reallocate resources.
2. **Keep stakeholders informed.** “Feel the pulse” of the crisis. Develop arguments to support advocacy with other government departments and main stakeholders.
3. Improve direct lines of dialogue inside the government and maintain especially close **links with the ministry of finance.** Advocate for budgets protection and the inclusion of health- and environment-related investments in economic recovery plans.

Additional steps can be taken by governments to respond to the crisis, in line with the Tallinn Charter commitments

4. Revise development plans based on **health technology assessment**. Reduce investments in sophisticated equipment and infrastructure if limited evidence base and increase support to more labour-intensive activities.

5. **Monitor employment** in the health sector. Explore options to involve staff in preventive and primary care services. Develop initiatives to promote home-based care and other services for the elderly and the most vulnerable.

6. **Reallocate resources** to core health and health systems priorities – specifically in support of primary health care and prevention of communicable diseases, including immunization and prevention of outbreaks.

Additional steps can be taken by governments to respond to the crisis, in line with the Tallinn Charter commitments

7. **Rationalize.** Develop “anti-waste” campaigns to promote all forms of savings and evidence base (energy, medicines, etc.) among health workers.
8. **Establish/ improve facility management** support teams to produce specific technical guidelines. Help managers adjust to the new context by reducing costs while protecting quality and safety.
9. Explore and identify options for **maintaining and expanding access** to necessary medical services, so that the most cost-effective services are available to all.
10. **Address health inequities** (as emphasized by the Commission on Social Determinants of Health and the Tallinn Charter). Analyse/ monitor their causes through robust health indicators.

Is there a role for market mechanisms?

- **Funding: increasing revenues / reducing coverage**
 - Increase share of private funding
 - Reducing statutory package of care
 - Out of pocket payments / cost sharing
 - Increased role for voluntary insurance
 - **Equity concerns** (heighten in times of economic crisis) **are rightly resulting in opposite policies** e.g. limiting cost sharing, increase insurance coverage,... to protect the vulnerable

Is there a role for market mechanisms?

- **Funding: public private partnerships (PPPs)**
 - **Capital investments e.g. building hospitals**
 - **New models involve private sector designing, building and operating facility On behalf of state body e.g. PFI in the UK**
 - **Reduces financial pressure on ministry of finance and transfers risk to private sector**
 - **Limited evidence, complexity, higher costs in long run**
 - **Limited role**

Is there a role for market mechanisms?

- **Provision: increasing entrepreneurship to improve performance and value for money**
 - **Some mechanisms potentially effective**
 - **Strategic purchasing**
 - **Performance based payment systems**
 - **Provider competition / internal markets**
 - **Decentralization / self governance of providers**
 - **Yet highly context specific linked to information, technical skills and regulatory capacity**
 - **Market incentives amongst a wide range of effective strategies e.g. strengthening PHC, HTA**