



Impacts of the Financial and Economic Crisis and of Austerity Measures on Health-Care Systems, on the Health Workforce and on Patients in Europe

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1) Introduction

The paper describes the **impact of the financial and economic crisis, as well as austerity measures on the health care systems, the health workforce and patients.**

This article builds on a speech EPSU’s Secretary General, Carola Fischbach-Pyttel, delivered at the [4th EPHA Annual Conference on 5 September 2013 in Brussels](#) in the Panel “A new economic European order and new future for health and health systems”.

The text has been slightly revised and updated for a contribution Mathias Maucher made in the context of the [seminar "Financial crisis, austerity, and health in Europe" jointly organized by the European Trade Union Institute \(ETUI\) and the Observatoire Social Européen \(OSE\) on 27 September 2013 in Brussels.](#)

This article is an extended version of the first part of the manuscript prepared for both events.

We draw on **evidence analysed and presented by researchers**, i.e. published by the European Observatory on Health Systems and Policies and in the journal “The Lancet”, **but also by various stakeholders of the health sector** such as hospital associations, providers of health and social services, professional organisations and – last but not least – trade unions, including EPSU’s affiliates¹.

¹ The following enumeration lists the major sources analysed and used:

- European Federation of Nurses Associations (EFN) (2012): Caring in Crisis – The Impact of the Financial Crisis on Nurses and Nursing
<http://www.efnweb.be/wp-content/uploads/2012/05/EFN-Report-on-the-Impact-of-the-Financial-Crisis-on-Nurses-and-Nursing-January-20122.pdf>
- European Hospital and Healthcare Federation (HOPE) (2011): The Crisis, Hospitals and Healthcare,
http://www.hope.be/05eventsandpublications/docpublications/86_crisis/86_HOPE-The_Crisis_Hospitals_Healthcare_April_2011.pdf
- European Observatory on Health Systems and Policy (EOHSP) of the WHO European Region (2012): Health policy responses to the financial crisis in Europe
<http://www.euro.who.int/en/data-and-evidence/evidence-informed-policy-making/publications/2012/health-policy-responses-to-the-financial-crisis-in-europe>
- European Federation of Public Service Unions (EPSU): EPSU Newsletter 21.08.13: Article “Latvian workers protesting against continued dismantling of health care and social services”
<http://www.epsu.org/a/9118>
- European Federation of Public Service Unions (EPSU): EPSU Newsletter 14.11.13: Article “EPSU protests over pay cuts imposed on nurses in Cyprus”
<http://www.epsu.org/a/9131>
- Karanikolos/Mladovsky/Cylus/Basu/Stuckler/Mackenbach/McKee (2013): Financial crises, austerity and health in Europe, The Lancet, Vol. 381, April 2013, pp. 1323-1331
- McKee/Karanikolos/Belcher/Stuckler (2012): Austerity: A failed experiment on the people of Europe, in: Clinical Medicine, 2012, Vol. 12, N° 4, pp. 346-350
- Palm (2011): Presentation of results of a survey by the European Observatory on Health Systems and Policy (EOHSP) of the WHO Europe Region, EPSU European Health Conference, Bucharest, 18 October 2011
<http://www.epsu.org/a/7364>



N.B.: A second article, building on the present article and broadening the perspective to incorporate a critical assessment of the European Economic Governance as well as an examination of the Country-specific Recommendations (CSR) on health and social services is being prepared and will soon also be uploaded to <http://www.epsu.org/a/9895>.

- *This second article will critically assess the European Economic Governance (EEG) in terms of contents and policy process, how it was used to recommend austerity measures, as well as its impact on labour rights, social policies and health systems.*
- *It will also examine selected country-specific recommendations (CSR) on health and social services issued by the European Commission (EC) to Member States (MS) in 2012 and 2013 with a view of assessing their capacity to address the challenges faced by national health care systems and policy makers.*

2) Effects of the financial and economic crisis on health care systems, on the health workforce/health professionals and on patients: Evidence, causes and consequences

The financial and economic crisis that set in in 2008 puts tremendous pressure on the European Social Model, in this in various regards. In the following we will outline the **negative and damaging developments in health and social services** as we witness them in a number of European countries, because of their significance for the European Social Model and the damage that has already been caused in this area by the crisis and accompanying austerity measures. We will begin by describing the change in financing capacity and policy measures affecting a number of Member States, followed by an overview of the real impact on patients.

There is currently sufficient **evidence for the negative and in some countries partly devastating effects of austerity policies** on the financing and provision of services of general interest essential to promote the proper functioning of our economies and the cohesion of our societies, including **on health and social services**. The financial strain on MS in general and on health and social services in particular also “triggered” policy measures that are likely to have a negative effect on the health and well being of patients and the employment conditions of health workers.

a) Measures on access and coverage including eligibility and entitlement conditions

These include measures on **access and coverage** including eligibility and entitlement conditions as well as population coverage. On the personal level, as of mid 2013, policy measures did not cause major changes with exceptions in Ireland, where wealthy residents over 70 are concerned, as well as specific groups such as foreigners in the Czech Republic. In Catalonia/Spain undocumented migrant workers were excluded indirectly via a shift to employment-based insurance.

b) Measures concerning the material scope and not-pricing-related rationing

The **material scope including statutory benefit packages and services provided** experienced reductions in Estonia, Ireland, Portugal, Slovenia and the Netherlands, where access to in-vitro fertilisation and physiotherapy were reduced. Moldova is the only country where benefits for low income groups were extended. **Not-pricing-related rationing** was featured explicitly in Estonia in the form of longer waiting lists for the visits of outpatient



specialists since 2009, other non-price rationing, so called quality skimping, consists of service dilution, denial and delay.

Here is a list of measures and their consequences:

- **Cuts in national health budgets** were implemented in Bulgaria (over 20%), Croatia, Greece, Hungary, Iceland, Ireland, Italy, Latvia (over 20%), Portugal, Romania, and Spain.
- **User charges** increased in Armenia, Czech Republic, Denmark, Estonia, Finland, France, Greece, Ireland, Italy (for visits of specialist doctors and emergency services), Latvia, The Netherlands, Portugal (for attendance in emergency department or consultation by a nurse, but with exemptions for people with low income, with disabilities and chronic illnesses), Romania, Slovenia, Russia, Switzerland, and Turkey.
- **Salary cuts** took place in Cyprus for all public sector health professionals, in the Czech Republic (by 10% in 2009 for public administration employees including in health insurances), in France (fees for certain health professionals decreased from 2011), Greece (by 14% comparing 2011 with 2009, in addition physicians' wages and fees were cut by 25% in 2012), Iceland, Ireland, Lithuania (by 10% in 2009 and 6% in 2010 in salaries for medical staff), Romania (by 25% in 2010), and Spain (for all civil servants, health personnel included, as of 2010). In addition we witness freezes of salaries in England (at least for two years for health professionals), Portugal (as of 2010), Slovenia (since 2009). Following the financial crisis which developed in Cyprus, the Government decided, without any preceding dialogue, to implement a 15% reduction to all shift benefits of nursing personnel for night shifts and 35% for Sundays and public holidays, as of 1 January 2013. In addition, on 26 September 2013 the government proposed a law which, if voted, would abolish all benefits for evening shifts and it would also entail a further reduction, beyond the initial 15%, on night duty shifts and 50% on Sundays and public holidays as on January 2014. These cuts are on top of more general cuts imposed on health workers (EPSU 2013b).
- Other policy measures include **staff cuts** in Greece where the number of doctors contracted by the Greek Health Fund was reduced by 25%. Another way of reducing staff took place via non replacement in Ireland – based on a 2009 memorandum on recruitment and promotion – but also in Romania.

N.B.: As non EU-MS, Armenia, Russia, Switzerland and Turkey are not subject to rules and mechanisms for public budgets and of the European Economic Governance in place within the EU and to additional procedures and rules applying to the countries part of the €-zone.

c) Reductions of payments and reimbursement of costs to providers of healthcare

Reductions of payments and reimbursement of costs to providers of healthcare were introduced in Estonia, Greece, Ireland, Romania and Slovenia. In 2012 Greece experienced a 25% reduction of spending on medical services and goods through price-volume agreements and 15% reduction in hospital costs.

Reliable data is also available thanks to the European Hospital and Healthcare Federation (**HOPE**), which provides a country by country overview of the changes financing of national health care systems in its member survey "The Crisis, Hospitals and Healthcare" (published in April 2011). The study recognized that some of the reform measures that facilitated the current developments in health care were in place before the crisis, however, others were introduced or sped up in response to the crisis (HOPE 2011)



One of the most concerning developments took place in countries under Troika aegis, for example in Greece where the quantitative threshold for health expenditure was set at 6% of GDP, without any evidence for fixing the threshold there and thereby also setting a precedent for the EU acquisition of control on national health systems under the patronage of EEG. In Latvia, where the situation is particularly precarious the current amount of GDP spending on health care is even below this percentage, 3.9% in 2010 (EPSU 2013a) and (by mid November 2013) was expected by Latvian EPSU member LVSADA to even fall further to 2.9% or 3.0% in the budget for 2014.

d) Impacts on health workers and the health workforce in general

These policy measures have tangible implications on health care systems, the health and well-being of the population and the employment conditions of health workers.

Until recently, the human costs were largely invisible, as the impacts on health and well-being afflicting parts of Europe could not be quantified mainly due to the lack of up-to-date data. However, recent studies namely “Caring in Crisis – The Impact of the Financial Crisis on Nurses and Nursing”, and “The Crisis, Hospitals and Healthcare” by The European Federation of Nurses Association (**EFN**), and the European Hospital and Healthcare Federation (**HOPE**) respectively draw a clear image of the tangible consequences faced by the health care sector. Both are comprehensive and contain detailed country by country descriptions.

The study by the European Federation of Nurses Association (EFN) was conducted among its members in 34 European countries and published in January 2012. It is very insightful and suggests some common trends across Europe, including pay cuts for nurses and staff reductions in approximately half the countries surveyed. This in turn had two opposite effects, high unemployment of nurses on the one hand and on the other hand an un-proportionately high and increasingly burdensome workload for those nurses employed. The later in turn has negative implications for recruitment, especially of young nurses, and retention leading to further decreases in qualified staff. Another obstacle to the provision of skilled staff is the sometimes prohibitive cost of training in some countries. Next in this series of domino effects is the employment of unskilled or low skilled care staff in approximately 20% of surveyed cases, in some instances these perform tasks that they are not sufficiently trained for, effectively replacing skilled workers with low skill - low pay staff. The cumulative effect of lack of equipment, reduced supplies, staff reductions, burdensome workload, and reduced skill levels compound to reduced quality of care and patient safety in one third of the 34 surveyed countries (EFN 2012).

The study by the Hospital and Healthcare Federation (HOPE) also described some of the impacts on care provisions. Common measures included the introduction or increase of fees and co payments. In some cases select provisions became less accessible such as dental care for the working age population in Estonia, while waiting time for elective care and surgery increased in Finland. The impact was especially severe in Latvia where the cost of treatment decreased access to emergency care in particular and healthcare services in general, while the rate of hospital mortality and primary disability increased (HOPE 2011).



e) Impacts on patients and the health of (selected groups) of the population in the EU

Other general trends outlined below mainly concern particular groups and this mostly in the countries under Troika surveillance, but in other instances the consequences of austerity can affect whole societies.

For example the worrying increases in several infectious diseases. Of great concern is the spread of HIV infections, which tends to stem from cuts in measures targeted at drug-users such as the methadone programmes in Portugal, and safe syringe exchanges. Malaria is a re-emerging issue especially in Greece and Spain related to cuts in publically funded mosquito spraying measures.

There is a notable increase in attendances at general practitioners (GPs) for patients with mental disorders, in particular in Spain and Portugal, and higher incidence of mental disorders, being reported for Greece and Spain.

Greece is also experiencing a breakdown of affordable supply of essential medicines for those persons suffering from chronic-degenerative diseases and that are kept alive by regular therapy and medication. As a consequence we witness an increased use of street clinics initially set up for undocumented migrants that offer treatment for free.

There is also an increase in suicide rates in some countries since the beginning of the crisis. Counter-examples from Finland and Sweden, however, demonstrate the importance of choosing the right policy options. These two countries did not experience an increase in the number of suicides in times of recession in the early 1990s. This was albeit growing unemployment, due to strong systems of social protection, inclusion and in particular due to benefits available from outside the health system such as active labour market policies and social services.

3) Some preliminary conclusions (... to be further elaborated)

This means policies matter, they can make a positive difference – key point for EPSU!

Unfortunately, this is not felt under the current austerity regime. On the contrary the danger of growing health inequalities and exclusion is eminent.

The introduction or rise in user charges is of particular concern as they increase the financial burden on households and very probably reduce the use of care especially by people with low incomes and/or high need of health services. Evidence often shows a non-intended/contrary effect of increased costs for the health system as a consequence of user fees for primary care, for treatment by specialists or for drugs due to the use of free but resource-intensive services, such as emergency care, by those patients. Out-of-pocket payments constitute the biggest barrier for non-use of medical care, in particular for the 20% of the poorest households. They insofar increase the risk of increased health inequalities.

Pay cuts or freezes in various MS and a deterioration of working conditions, comprising an increase of precarious work contracts, have a negative impact on conditions of recruitment and retention of health care workers. This happens in a situation when the health care sector needs to become more attractive for recruitment and retention, as demand for health and social care is increasing, due to demographic and societal change, effects of financial and economic crises, and an increase in chronic and degenerative diseases.



EPSU warns against and denounces policy measures such as the reduction of the scope of essential services covered, increases in waiting times for services, user charges for essential services, and the attrition of the workforce into other sectors and professions as a consequence of low or reduced salaries and lacking career prospects compared to the rest of the economy (and in some cases also to foreign labour markets).

These measures all contribute to undermining generally accepted principles and goals of health system and their sustainable financing as well as adequate staffing and quality services to the population.

Radical cuts in health expenditure lead to increasing medium and long-term costs to society and the economy, because people suffering from ill health tend to be less active and productive in the labour market and run the risk of social exclusion.