

## Healthcare is not a commodity but a public good

BY SANDRA VERMUYTEN, PUBLIC SERVICES INTERNATIONAL (PSI)

We need social protection systems that are based on solidarity, sharing of risks, and built on collective bargaining and social dialogue, democratic structures and long-term strategies to combat poverty and address inequalities and inequity. Universal social protection is essential to achieve gender equality and there is a strong link between the provision of public services and the ability of women to enter the labour market, to address unpaid care work responsibilities and to ensure that children have access to health and social services.

The push for the individualization of social protection has had a major impact on the delivery of these services, including on the provision of health and social care, pensions and unemployment benefits, to which austerity programmes have added perverse effects that lead to social exclusion or risk exposure – instead of inclusion and protection. The individual defined contribution pension schemes that the World Bank has been pushing for in Chile and in Eastern Europe in the 1990s are now coming to maturity. Trade unions have warned many times against those schemes, and our concerns have become reality since these schemes fail to deliver decent levels of pensions.

Genuine support for universal social security and healthcare could make important contributions to the achievement of decent work and reduced inequality. However, the international financial institutions (IFIs) continue to promote social protection reforms that focus on targeting, which is less efficient and more costly, rather than broad coverage. Also, investments by the World Bank in for-profit private healthcare through its private-sector arm, International Finance Corporation (IFC), are inconsistent with the objective of prioritizing universal health care rather than services for those able to pay for them.

Surveys in 89 countries, both low and high income, covering 89 percent of the world's population, suggest that 150 million people globally suffer financial catastrophe annually because they have to pay for health services.<sup>1</sup> Individual countries that have recently introduced universal coverage show that government investment results in better health outcomes. It is not the absolute percentage of GDP that determines health outcomes; it is how the healthcare is provided. For this reason, we also call for avoiding the promotion of public-private partnerships (PPPs)

for the provision of health care, as, owing to the need to guarantee a profit to the private partner, they usually end up costing governments more and reducing levels of benefits.

Reforms promoted by the World Bank, IFC and Regional Development Banks, including marketization, decentralization and corporatization of the public sector, provide opportunities for multinational companies to enter the public health care sector. Globally, international companies have won at least a quarter of contracts in health services and their influence on public health and social care systems is increasing rapidly. This has led to changes in the mix of different forms of health care financing, with some countries recording higher rates of out-of-pocket payments and a decline in the contribution of public health care expenditure in relation to overall health care expenditure.

In addition, public health spending is coming under increasing scrutiny across the world, particularly since the 2008-2009 global financial and economic crisis. In some European countries, large-scale cuts in public spending as well as public sector reforms were imposed by the so-called 'Troika' – European

<sup>1</sup> WHO (2013).

Commission (EC), European Central Bank (ECB) and International Monetary Fund (IMF) – as a condition for financial rescue packages, as for example in Greece, Ireland and Portugal.

Austerity measures are not limited to Europe. Research into national IMF programmes shows that many adjustment measures are observed in developing countries and some even conclude that the IMF-driven effort to restore balanced budgets through fiscal austerity represents an immediate threat to global health.<sup>2</sup> While in the short run spending may fall, in the longer term these measures will work against the provision of an effective, integrated health system. Cuts in health spending have had devastating outcomes in some cases.

<sup>2</sup> Ortiz et al. (2015).

Cuts to public sector funding often penalize health workers and lead to reduced services at a time when demand for such services is increasing, as the economic crisis impacts on the wider economy. The main policy tools in the orthodox approach to health sector financing risk being counter-productive. Efforts to reduce costs by increasing competition have created fragmented structures that work against the integration and coordination of healthcare. Bringing in the private sector is likely to accentuate this silo mentality in provision, in the name of commercial confidentiality and profit maximization. Healthcare is not a commodity but a public good, and we want to see a strong commitment of government and IFIs alike to the implementation of the SDGs instead of pushing policies that deepen inequality and inequity.

## References

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**Sandra Vermuyten is Head of Campaigns at Public Services International (PSI)**

system per 1,000 population” (indicator 3.8.2). This indicator clearly ignored the limitation of insurance to eliminate the financial risks involved in delivering health care. This indicator was changed due to protests from CSOs and academia in October 2016. The new indicator reads “Proportion of population with large household expenditures on health as a share of total household expenditure or income”.<sup>13</sup>

<sup>13</sup> <https://unstats.un.org/sdgs/indicators/indicators-list/>.

## WHO and undue corporate influence

The WHO constitution mandates the organization to set norms and standards in the area of health and to provide technical assistance to Member States to implement those norms and standards. Therefore WHO has a major role in assisting its Member States to achieve SDG 3. However, WHO is suffering from certain structural constraints on its ability to insulate itself from undue influence, especially from the foundations and corporations and corporate interests backed by some Member States.