CRISIS AND HEALTHCARE

HOW IS THE CURRENT CRISIS AFFECTING HOSPITALS AND HEALTHCARE?

AUSTRIA

Answers provided by: Mrs. Dr. Ulrike SCHERMANN-RICHTER, Federal Ministry of Health

HEALTHCARE SYSTEM

- **What has been the impact of the crisis on the overall healthcare budget and on the distribution of healthcare expenditure?**
- **Has your country experienced changes in the balance between private (out-of-pocket, complementary insurance…) and public expenditure?**

In Austria, the main consequence of the crisis on the healthcare system was a general decrease of financial resources from taxes and from contributions to the social insurance. Moreover, the requirement expressed by the European Union parameters to bring the deficit below 3.0% of GDP reference value caused a drop in the share of public expenditure on the healthcare sector of about 0.6% of GDP (1.7 billion EUR) between 2010 and 2013. There were no significant changes in the balance between private and public healthcare expenditures in the period from 2008 to 2011 in Austria.

HOSPITALS AND HEALTHCARE SERVICES

- **What kind of impact has the crisis had on the budget of hospitals?**
- **Which measures have been undertaken by your government/health insurance?**

Although there are cuts in the in the public sector budgets, hospitals and the healthcare system have not been directly affected, yet. However, there can be observed recent declines in public sector investment expenditure and in expenditure for healthcare administration.
In 2012 an agreement upon the future of the Austrian healthcare system was reached which is expected to increase the coordination among the main partners and therefore the efficiency of health care delivery while ensuring the long-term sustainability of the Austrian healthcare system through expenditure containment.
Within the agreement a so-called expenditure containment path was defined to keep the ratio of public healthcare expenditures compared to total GDP constant at around 7%. Furthermore, it is estimated that due to this path the rate of healthcare expenditure will grow steadily of about 3.6 percentage points by the year 2016.
A comprehensive package of associated structural and organizational measures has been agreed on and their implementation has started. Among them, the strengthening of primary care provision is to be mentioned as a leading undertaking.

HEALTHCARE WORKFORCE

- **In the context of the financial and economic crisis, what have been the direct interventions and/or the indirect effects on healthcare professionals (wages reduction, stop recruitment…)?**

So far no major consequences of the crisis can be highlighted concerning healthcare professionals. The number of hospital staff (Full Time Equivalent) is constantly increasing. However, more rigorous negotiations on contracts between public health insurance funds and healthcare providers regarding tariffs, budget caps, or any other commitments and measures on cost containment are taking place, which lead to an increase in work-loads and working pressure.

CRISIS AND HEALTHCARE

How is the current Crisis affecting Hospitals and Healthcare?

DENMARK

Answers provided by: Mrs. Eva M. WEINREICH-JENSEN, Danish Regions

Healthcare System

- **What has been the impact of the crisis on the overall healthcare budget and on the distribution of healthcare expenditure?**
- **Has your country experienced changes in the balance between private (out-of-pocket, complementary insurance…) and public expenditure?**

During the crisis, the municipalities and the State had to deal with austerity measures. The new left-centered government has, together with the new opposition, passed a new balanced-budget requirement law (the budget law). With this law the regions, municipalities and State driven institutions are penalized if the budget is above what was agreed or if the balance sheet is higher than the initial budget.

The former government has promised an increase in the national health budget of 670 million EUR over the period 2011-2013. Despite 670 million EUR is less than the increase in the previous 3 years, the health care sector is the only part of the public sector with increased funding. The new government has recognized this promise from the old government, and the full amount embodied with the 2013 economic agreement between the state and the regions. Due to the tight fiscal situation in the upcoming years, there will be only a modest growth in the public expenditure, of 0.6%of GDP (on average 0.4% in 2014 with an increase in the yearly growth reaching 0.75% in 2018-2020). In the government's revisited 2020-plan no parts of the public sector is prioritized specific. Furthermore the government has passed a law about the growth in public expenditure for the period 2014-2017. This law implies zero-growth in the regions and in the municipalities with the possibility of gaining part of the overall growth in the public expenditure. The growth in healthcare expenses is thus set to be 0.4% in 2014.

Hospitals and Healthcare Services

- **What kind of impact has the crisis had on the budget of hospitals?**
- **Which measures have been undertaken by your government/health insurance?**

In 2010 and 2011, the regions have drastically slowed down healthcare spending growth from 3.5 - 4.5% annually in 2006 to 2009, reaching about -0.5 % in both 2010 and 2011, including medicine spending. In 2011 the healthcare spending ended up being about 250 million EUR below the budget. The tendency of low growth in healthcare spending continues in the expected accounts for 2012 where the growth was 2.2%. However, the total spending on healthcare was still about 160 million EUR below the budget. In 2013 the growth expectation is estimated to 1.5 %, including medicine spending. Despite of the increased spending in 2012, the productivity has increased as well. At this point the exact increase in productivity is not fully known, but is expected to be lower than in 2011 where the increase in productivity reached 5.2 %. A 2.4 % increase in activity is planned for 2013 for the 5 regions as a whole. Productivity is planned to increase by 2% in 2013. A number of initiatives have been put to work to reduce the activity levels in the healthcare sector. A certain number of procedures have been given new guidelines to reduce the amount of patients being led to surgery. The focus is on how it is possible to avoid the surgery by treatments from physiotherapy, dieticians etc. In the 2013 economic agreement, the new government and the regions have agreed upon a new diagnosis right, which is put into effect by the 1st of September 2013. With this the patients have the right to get a diagnosis within one month or to receive a plan for further diagnosis if medically needed. By January 1st 2013 the one-month guarantee for patient to be treated in a private hospital with public funding, will become differentiated between one or two months depending on a medically evaluation of the single patient. This has been followed up by a similar diagnosis and treatment right in the psychiatric hospitals which must be fully implemented by September 1st 2015. Furthermore the regions have to prioritize 27 million EUR to strengthen the treatment of patient who receives care in a hospital as well as in a municipal and at the GP. The municipalities are required to increase funding in this field with 40 million EUR.

Healthcare Workforce

- **In the context of the financial and economic crisis, what have been the direct interventions and/or the indirect effects on healthcare professionals (wages reduction, stop recruitment…)?**

In order to curtail spending and keep spending within budgets in 2011-2012 several regions have been forced to lay off healthcare workers, including healthcare professionals. This has been the consequence of both the financial crisis and the need to scale down healthcare spending to achieve long-term fiscal sustainability. However, employment is slowly growing again in 2013. The crisis and the low growth in public expenditure have, however, not leaded to a debate about prioritizing in healthcare expenditures even as, for instance, the expenditures for hospital medicine increased by 10 % in 2012.

CRISIS AND HEALTHCARE

HOW IS THE CURRENT CRISIS AFFECTING HOSPITALS AND HEALTHCARE?

ESTONIA

Answers provided by: Mr. Dr. Urmas SULE, Estonian Hospital Federation

HEALTHCARE SYSTEM

- **What has been the impact of the crisis on the overall healthcare budget and on the distribution of healthcare expenditure?**
- **Has your country experienced changes in the balance between private (out-of-pocket, complementary insurance…) and public expenditure?**

Estonian healthcare budget is currently increasing slowly but steadily. In 2009 the financial crisis impacted Estonian Healthcare budget and the income of Health Insurance Fund (HIF) decreased by 11% and the expenses of 2%. In 2010 income decreased even more than 5% and expenses were cut of 9%. But in 2011 Estonian economy started to revive a little and, compared to 2010, incomes and expenses increased respectively of 6% and 4%. In 2013 (according to the data produced in the first 9 months) the social tax accrual increased by 6.7% and the expenses on specialized care increased by 6,5% compared to 2012. Nursing care expenses have increased 23% compared to 2012. Distribution of healthcare expenditure has not changed significantly. No changes regarding the balance between private and public expenditure.

HOSPITALS AND HEALTHCARE SERVICES

- **What kind of impact has the crisis had on the budget of hospitals?**
- **Which measures have been undertaken by your government/health insurance?**

Hospitals have healthcare services providing contracts with the Estonian Health Insurance Fund. Estonian Governments regulation about health care services pricelist applies to all hospitals and therefore have all hospitals been affected by the changes in Health insurance budget described in the first chapter.

Healthcare expenses were cut during the crisis and it was hard for health care providers, but successful, because Estonia is on its way to recovery from the crisis. Before the crisis, benefits of temporary incapacity of work were mostly in the Health Insurance Fund budget, but to use healthcare budget more efficiently, some of these costs were detached from HIF budget and that money was distributed in the budget of HIF. This was a very good political decision to use HIF income from social tax more purposeful. HIF-s priorities of the next four years include assuring the availability of high-quality treatment for insured persons. The focus is on the development of health care quality and e-services.

HEALTHCARE WORKFORCE

- **In the context of the financial and economic crisis, what have been the direct interventions and/or the indirect effects on healthcare professionals (wages reduction, stop recruitment…)?**

In 2010 healthcare providers were forced to diminish the wages of health care workers because of the budget cuts in the end of 2009 and beginning of 2010. In 2011 the wages were increased to the same level of 2008 and in autumn of 2012 Estonia experienced the first strike of healthcare workers in its history. Since the budget of HIF has increased during 2011-2012, the doctors, nurses and nursing care workers decided to demand rise of minimum wages and proposed to sign a very voluminous collective agreement between Hospitals Association and Health care workers unions. The strike lasted 25 days and ended with a collective agreement that states: From 1st of March 2013 the minimum wages of doctors will increase 11%, nurses 17.5% and nursing care workers 23%. In addition to the wage increases according to the agreement health care workers and hospitals would assemble a working group to discuss and agree on recommended work load for doctors and nurses. Health care workers demanded for example to increase the time spent on a patient during the first visit by 20% and to increase time spent on a patient in a hospital bed by 16%. All this was of course supposed to be calculated into the HIF budget. This working group has been working throughout the year 2013 and has already achieved some first results.

CRISIS AND HEALTHCARE

How is the current Crisis affecting Hospitals and Healthcare?

FINLAND

Answers provided by: Mrs. Dr. Aino-Liisa OUKKA, Oulu University Hospital

Healthcare System

- **What has been the impact of the crisis on the overall healthcare budget and on the distribution of healthcare expenditure?**
- **Has your country experienced changes in the balance between private (out-of-pocket, complementary insurance…) and public expenditure?**

The prolonged financial crisis has now a clear impact on the Finnish healthcare sector. Municipalities responsible for organizing healthcare have severe difficulties due to deeper-than-expected decrease in tax and other incomes. Also, the State has cut its grants to the municipalities but, nevertheless, the national debt keeps increasing. Due to the declining of the GDP, the total healthcare expenditure has grown from 8.7% to 9%. The government has tried to encourage municipalities to form larger primary health care units, develop social and health co-operation, and to further develop health care pathways between social care, primary care and specialized care. Both in general practises and in hospitals, emergency care will be centralised in fewer service centres. Also in the secondary and tertiary health care, centralisation and task distribution have continued. The renewal of the health care legislation is still unfinished due to deep disagreement between the political parties and between the government and the municipalities. At this point, the government has begun to evaluate how to lessen the legal responsibilities of municipalities to help them to survive through the crisis. For example, subjective rights of the citizens to public services are under consideration. No change in the share of public and private expenditure seems to be induced by the financial situation.

Hospitals and Healthcare Services

- **What kind of impact has the crisis had on the budget of hospitals?**
- **Which measures have been undertaken by your government/health insurance?**

In 2013, the hospital budget increase was modest (3.6%) as compared to year 2012; still, cuts have been required throughout the year. Most hospitals have closed beds and began to cut personnel expenses by voluntary pay free leaves and temporary lay-offs. However, budget overrun is expected to be 47 million EUR on top of the previous years' deficit of 103 million euros. For year 2014, the mean hospital budget increase will be 2.5% for revenue and 1.4% for expenses. To succeed, this will require diverse actions in controlling the costs. Hospitals are likely to postpone their investments, and cut personnel and equipment expenses. Also the implementation of new medications and technologies must be assessed carefully. The Health Care Act from 2011 states that implementation of new methods must be assessed and coordinated by the five university hospital districts. The cost-effectiveness will be evaluated also for methods already in use. IT technologies are encouraged to improve the efficiency of processes and empower patients in their own treatment.

Healthcare Workforce

- **In the context of the financial and economic crisis, what have been the direct interventions and/or the indirect effects on healthcare professionals (wages reduction, stop recruitment…)?**

The healthcare workforce has increased steadily since the end of 1990's. Anyway, in the near future, we will experience a deficit of the workforce due aging. Because of the crisis most hospitals and primary care units have to limit the recruitment of temporary work force. Some municipalities and hospital districts have considered wages reduction, not succeeding this far. Pay free leave and temporary lays off are frequent actions.

CRISIS AND HEALTHCARE

HOW IS THE CURRENT CRISIS AFFECTING HOSPITALS AND HEALTHCARE?

FRANCE

Answers provided by:



Mr. Yves-Jean DUPUIS, French Federation of Non-Profit Hospitals
Mrs. Pascale FLAMANT, UNICANCER (French Federation of Comprehensive Cancer Centers)
Mr. Gérard VINCENT, French Hospital Federation

HEALTHCARE SYSTEM

- **What has been the impact of the crisis on the overall healthcare budget and on the distribution of healthcare expenditure?**
- **Has your country experienced changes in the balance between private (out-of-pocket, complementary insurance…) and public expenditure?**

The financing of the 85% of French acute care hospitals is for a large part based on activity. In combination with budget for research and education, public healthcare missions (e.g. palliative care, emergency) and contracts between regulatory authority and hospitals (e.g. financial aid to develop a new activity or to support an activity in deficit). National health care insurance is the main "payer" for hospitals (80%). The French healthcare system is financed mainly by contributions and taxes deducted from earnings, which account for 80% of its total revenue. Hence, the negative impact of the financial crisis on the employment rate meant fewer resources for the system which dropped off by 1.3% in 2009. In 2010, the Social security resources slightly grew thanks a small rise in employment rate and some taxes. Between 2008 and 2010, the resources have grown by 2% while the expenses have increased by 6.5%, which explains the deficit digging. In 2010, the social security deficit (which includes health insurance) widened to 23.9 billion EUR from 20.3 billion EUR in 2009 and 10 billion EUR in 2008. Over the same period, the only deficit of health insurance has increased from 10.6 billion EUR to 11.6 billion EUR. In order to bring the deficit down, many spending cuts were planned in the 2011, 2012 and 2013 social security budgets. We now observe the consequences of this policy with a deficit brought back to 17.4 billion EUR in 2011, to 13.3 billion EUR in 2012 and to 13.5 billion EUR in 2013. In the 2014 bill funding social security, adopted by parliamentarians last fall, the deficit is thus planned to be brought down to 13 billion EUR. Accordingly, increases in the national healthcare expenditure target are capped to a reasonable level: 2.7% in 2012 and 2.4% in 2014.

HOSPITALS AND HEALTHCARE SERVICES

- **What kind of impact has the crisis had on the budget of hospitals?**
- **Which measures have been undertaken by your government/health insurance?**

In May 2010, the French President declared that all public hospitals must reduce deficit and reach a balance in their budget. This message has been heard: in 2012, public hospitals deficit represents only 1% of public hospital budget, 80% of this deficit concerns 50 hospitals. The healthcare budget reached 2.7% in 2011, 2.6% in 2012 and is the same in 2013. Even though this increase is more important than what had been announced by the previous government, this rate is not important enough to cover hospital spending increase. The efforts that have already been done by French public hospitals in order to save money (in total, 2.9 billion EUR has been saved in the last seven years) will then been pursued. The 2014 bill funding social security plans the saving to reach 580 million EUR next year. The government is excepting to save this money by fostering public hospital efficiency, through specific programs which target some expenses (such as the rationalization of hospital purchases or the improvements in their organizational performance – 440 million EUR) or measures such as lowering the prices of medicines (140 million EUR). If the government has repealed a particularly deleterious measure consisting to align public hospitals tariffs with those of private hospitals, health ministry still fixes tariffs which do not sufficiently take into account hospital specific activity and burdens. As a matter of fact public hospitals do not receive enough money in regards with their activity and their specific charges (emergency services, taking care of the elderly). If a patient with advanced cancer for example is treated lately in a hospital (because, for financing problems the patient postpones the visit), the less is the chance of healing and the more are the expenditures. In France, National health insurance finances innovation by activity-based payment (T2A) or global budget (a specific fund called MERRI).

T2A is a facilitator of innovation diffusion and assures to patients equal access to care and innovative medical technologies. T2A initial objective is to finance: supplementary tariffs integrated in GHS (Groupe homogène de séjours): T2A makes it possible covering the use of innovations, by creating one or more GHM (Groupe homogène de malades) and therefore one or several new rates in the GHS classification; extra charges on GHS: due to the utilization of some expensive drugs (including chemotherapy treatments) or medical devices. Limits of "STIC" concern its restricted use within few institutions and the weakness of medico economic evaluation related to some innovations. The financing system changes slowly. The evolution of cancer treatment from here to 2020 has been analyzed. 6 main trends were identified.

HEALTHCARE WORKFORCE

- **In the context of the financial and economic crisis, what have been the direct interventions and/or the indirect effects on healthcare professionals (wages reduction, stop recruitment…)?**

The various measures undertaken to reduce public spending has resulted in shortening the money devoted for hospitals, which has immediate consequences on unemployment. In 2011, 2012 and 2013, many hospitals had to cut their workforce in order to reduce expenses: more and more public hospitals were forced not to replace staff. Meanwhile, the salaries in the public sector are frozen. In the private non-profit sector, the crisis has led to many layoff plans, and even in a few cases to hospital closure. The cost-containing measures have dramatic impacts on the workforce organization, with a risk of damaging health care quality. Even if

French healthcare system will benefit from the policy implemented to increase the "*numerus clausus*" for doctors, geographical inequalities are more and more striking both within and between regions.

CRISIS AND HEALTHCARE

How is the current Crisis affecting Hospitals and Healthcare?

MALTA

Answers provided by: Mr. Joe CARUANA, Ministry of Health, the Elderly and Community Care

Healthcare System

- **What has been the impact of the crisis on the overall healthcare budget and on the distribution of healthcare expenditure?**
- **Has your country experienced changes in the balance between private (out-of-pocket, complementary insurance…) and public expenditure?**

In Malta, health outcomes still seem to be improving despite the crisis and this is deemed to be a positive outcome which could be mainly attributed to the continued investment in health and the fact that Government has strived to keep people in employment. Cognizant of the fact that a healthy population leads to increased economic productivity, the provision of equitable and increased health care services rank very high on Government's agenda. This is evident from Government's increased investment in health and elderly service provision over the last number of years. The overall health budget (recurrent and capital) has increased by 9.3% from 2013 to 2014. Nonetheless, the demographic projections are showing that making savings in the years to come will become more difficult and therefore the only way to ensure the sustainability of health systems whilst maintaining a high-quality service is to strengthen the drive for the attainment of better efficiency within the sector and increase the cost-effectiveness of each intervention. Efforts are largely being focused on improving efficiency of expenditure in the Healthcare system. The provisional ratio of total expenditure on health (public and private) as a % of GDP was 9.11% in 2012 and increased from 8.68% in 2011.

Hospitals and Healthcare Services

- **What kind of impact has the crisis had on the budget of hospitals?**
- **Which measures have been undertaken by your government/health insurance?**

Government will continue focusing on sustainability of its present national health care service provision. Government's approach is to curtail and contain costs through the introduction of various internal control mechanisms, monitoring of operational costs, increasing efficiency of service delivery, and containment of indirect administrative costs. Improving governance in the deployment of resources and management practices is needed to ensure better utilization of resources and to avoid wastage. Government deems that having in place an updated and granular financial information to show that the resources being injected in the health system are being efficiently utilized, as well as having a robust mechanism for measuring health system performance that links health system inputs with outputs and outcomes are crucial to ensure the sustainability of health budgets without minimizing high-quality health services. In this respect, Government is working on the setting up of a Health System Performance Assessment Framework in collaboration with the World Health Organisation. Since an increasing proportion of the healthcare budget goes into the procurement of medical supplies and devices, Government is currently reviewing the procurement, management and distribution processes for medicines and medical devices and has just published a White Paper for consultation. Government is also committed to reducing the unnecessary use of specialist and hospital care through additional investment across the system and re-orientation of existing services is required to meet needs more. In this regard, the measures identified by Government to strengthen primary healthcare are based on three lines of action aimed at addressing the need for better management of patients after discharge from acute services and allowing patients with minor injuries and ailments to be treated more rapidly within the primary care sector, hence allowing the emergency and outpatient services at to focus on the more serious emergency and specialist tertiary services. Capital Investment aimed at modernization and upgrading of current primary healthcare facilities and the extension of services offered therein is currently being undertaken also through EU co-financing. Extension of Primary Health Care Services aimed at increasing the range of services offered at primary level particularly those related to chronic disease. Measures include: the provision of new services such as Chronic Kidney Disease Protection Clinic, *Backslab* application in health centers rather than hospital and the opening of the referrals. With the help of ESF funding, work has started on a project aimed at training healthcare professionals in discharge liaison services aimed at integrating acute and community care. From a public health perspective, government is committed to increasing healthy life years with an emphasis on disease prevention and health promotion throughout the life course. In this regard, work will continue on the implementation of a number of strategies specific to selected sectors such as NCDs, Cancer and Obesity. On the 25th November 2013, Government has published an Active Ageing Strategy. The Ministry will also be investing more efforts in improving leadership and participatory governance towards health. This is also in line with the overall objectives of the Ministry for Health as set out in the draft National Health System Strategy which has been drafted and will be published for consultation in the first quarter of 2014.

Healthcare Workforce

- **In the context of the financial and economic crisis, what have been the direct interventions and/or the indirect effects on healthcare professionals (wages reduction, stop recruitment…)?**

The increase in public recurrent expenditure has allowed the recruitment of new graduates in nursing and other healthcare professions. As described above, government is committed to ensure that financial resources available are well spent and therefore in this area action is being taken to ensure that the overtime expenditure is better controlled and that work practices are improved through a process where health workforce representatives are fully engaged.

CRISIS AND HEALTHCARE

HOW IS THE CURRENT CRISIS AFFECTING HOSPITALS AND HEALTHCARE?

THE NETHERLANDS

Answers provided by: Mr. Robbert SMET, NVZ Ereniging Van Ziekenhuizen

HEALTHCARE SYSTEM

- **What has been the impact of the crisis on the overall healthcare budget and on the distribution of healthcare expenditure?**
- **Has your country experienced changes in the balance between private (out-of-pocket, complementary insurance…) and public expenditure?**

The new government consisting of the liberal (VVD) and labour (PvdA) parties has fixed a goal of total expenditure reduction of 18 billion EUR in the period 2012 to 2015. The health sector will contribute a substantial part of this reduction: increasing from 145 million EUR in 2013 to 5.7 billion EUR structurally. Due to the length and strength of the economic crisis additional cost saving measures were necessary in order to keep the budget within the budgetary limits set by the European Union (Eurozone). A major part of this additional reduction of 6 billion EUR will be covered by diminishing entitlements in domestic and elderly care and further reducing the volume growth ceiling to 1.5% in 2014 and 1% in 2015 (instead of the 2.5% and 2% reduction volumes earlier agreed between government, hospitals and medical specialists). After hefty reactions from the public a proposal to make healthcare premiums (almost fully) dependent on income was withdrawn before it was sent to parliament.

HOSPITALS AND HEALTHCARE SERVICES

- **What kind of impact has the crisis had on the budget of hospitals?**
- **Which measures have been undertaken by your government/health insurance?**

As part of the Government reduction policies several measures were implemented, also on the demand side, in order to limit the growth of collective funding. Out-of-pocket payments per capita increase from 220 EUR to 350 EUR during the years 2012-2013 although they are very limited compared to the European average. Furthermore, there was a reduction in the coverage of collective funding.

HEALTHCARE WORKFORCE

- **In the context of the financial and economic crisis, what have been the direct interventions and/or the indirect effects on healthcare professionals (wages reduction, stop recruitment…)?**

Hospitals see their volume growth trends reduced to 2.5% per year in the period 2012 to 2015. From 2015 onwards government wants to further reduce growth to 2% per year. In order to be able to digest this further reduction hospitals are expected to control the number of treatments, fight overtreatment, reduce excess capacity and combat spills of resources. Furthermore hospitals are expected to concentrate complex treatments in fewer locations in order to increase quality and reduce costs. The salary of medical specialists will be reduced and the length of training shortened to the European minimum of five years. In a plan that was withdrawn medical specialists would have been taxed a certain annual amount as compensation for the public costs of their specialist training. Government has taken, or will take cuts on: the coverage of collective funding, e.g.: diet advising, programs for quitting with smoking, speech therapy, medicines, physiotherapy; the coverage of mental health therapies; general practitioners; innovation funds; patients organizations; project subsidies; etc.

CRISIS AND HEALTHCARE

How is the current Crisis affecting Hospitals and Healthcare?

SPAIN

Answers provided by: Mrs. Dr. Sara PUPATO FERRARI, Institute for Health Care Management

Healthcare System

- **What has been the impact of the crisis on the overall healthcare budget and on the distribution of healthcare expenditure?**
- **Has your country experienced changes in the balance between private (out-of-pocket, complementary insurance…) and public expenditure?**

The main component of the healthcare expenditure in Spain is the cost of the Healthcare Services of the Autonomous Communities, which are funded by transfers from Central Government and their own taxation. The rate of increase of the budgets of the Healthcare Services of the Autonomous Communities has progressively declined. From 2012 to 2013 the decrease was about 5.12%. The rate of increase of the budgets for healthcare of all public administrations (including Central Government) has also decreased of about 2.12% from 2012 to 2013. Spain is implementing a National Health System reform as part of its efforts to reduce deficit. The results so far show a reduction in healthcare expenditure of 8%. The implemented measures include the introduction of portfolio of services and a common extra portfolio of services subject to a contribution from users. These measures alone are expected to generate efficiency gains in the range of 175 million EUR in 2013. Copayment for extra portfolio of services has not yet been implemented. Other measures have been adopted since 2011 mainly in the pharmaceutical domain. The Royal Decree 9/2012 unified the discounts of the distribution for all drugs and established the adaptation of drugs presentations to the duration of treatment. The Spanish Government has undertaken several legislative measures in different domains. The most relevant legislative initiative in Healthcare has been the Royal Decree-Law 16/2012, of 20 April, on urgent measures to ensure the sustainability of the NHS and improve the quality and security of their benefits. This law:

- sets the right to the public healthcare coverage in relation with the employment status of each citizen;
- modifies the basket of services provided by the National Health System and establishes three categories: "basic", "supplementary" and "accessories", with different types of reimbursement;
- Introduces a wide array of initiatives aiming to increase the rational use of medicines and to lower their price;
- foresees the introduction of measures for the rationalization of the human resources management in the National Health System, including professional mobility and a national registry.

Hospitals and Healthcare Services

- **What kind of impact has the crisis had on the budget of hospitals?**
- **Which measures have been undertaken by your government/health insurance?**

In 2010 and 2011 new measures including reduction of staff salaries, enhancement of retirements and cuts of new hiring have been adopted to cut expenditure by 1.5 billion EUR. In 2011, administrators and managers had to ensure the effective, efficient, and equitable sharing of public resources allocated to them to save 1.2 billion EUR in the autonomous regions and municipalities, which at last was not possible to achieve. The Strategy for the Care of Chronic Patients in the National Health System has been finally adopted in 2012. In 2012 some Autonomous Communities have announced a shift of the management of public hospitals from the public to the private sector. These measures, planned to be adopted widely in Madrid, were refused by public workers and affected citizens, who showed their opposition through strikes and public demonstrations. As legal demands had paralyzed the process, in January 2013 the Government of the Community of Madrid gave up the initial plan of privatizing six new hospitals. In 2013 Spain has launched a new centralized purchasing platform and the e-Salud (e-Health), which is expected to save about of EUR 300 million in 2013. The National Health System's Centralized Procurement Platform allows to unify technical criteria, greater transparency in contracts and to establish a single drug and product price, the same for all Autonomous Regions. Hospitals were imposed limits on their pharmaceutical expenditure. The reform of the pharmaceuticals in Spain introduced a financial contribution to drugs according to patient's income, age and disease. This measure generated savings of 1.97 billion EUR from July 2012 to July 2013 and a reduction in the number of prescriptions of 14.7%. In addition, Spain introduced new measures in 2013 such as the new Benchmark Price Order to restrict pharmaceutical spending with expected savings of 409 million EUR in 2013.

Healthcare Workforce

- **In the context of the financial and economic crisis, what have been the direct interventions and/or the indirect effects on healthcare professionals (wages reduction, stop recruitment…)?**

A package of measures was adopted in 2010 to cut expenditure of 15 billion EUR between 2010 and 2011 through:

- reduction of staff salaries by 5% in and freezing of staff salaries in 2011;
- reduction of the replacement rate: every 10 retirements only one employee can be replaced in healthcare services.

The wages of doctors and nurses have been reduced since 2010. In 2012, in real terms it is said that this reduction could be approximately of 15% (taking in account the inflation rate). The wages of professionals, as well of other civil servants will keep frozen in 2014 as they were in 2013. The staff reductions are can be estimated at 5%. Other measures have been taken on healthcare professionals in 2013:

- cut in the number of days of vacation by seniority and reduction on additional days by personal issues (free use)
- mandatory retirement at 65 years with rate of null replacement etc.

CRISIS AND HEALTHCARE

HOW IS THE CURRENT CRISIS AFFECTING HOSPITALS AND HEALTHCARE?

SWEDEN

Answers provided by: Mr. Erik SVANFELDT, International Coordinator Health and Social Care Division Swedish Association of Local Authorities and Regions (SALAR)

HEALTHCARE SYSTEM

- **What has been the impact of the crisis on the overall healthcare budget and on the distribution of healthcare expenditure?**
- **Has your country experienced changes in the balance between private (out-of-pocket, complementary insurance…) and public expenditure?**

A basic trait of Sweden is the extensive welfare system whereby individual rights, like education and health care, are financed collectively through taxes. The county councils/regions provide most of the healthcare services. Healthcare represents in fact about 90%of their budgets and it is financed almost entirely through own taxation and grants from the State. The tax-funded Swedish healthcare system covers everyone who lives or works in Sweden. Very few people have an additional private health care insurance and almost all of these insurances are paid by the employer. The recent international economic crisis has not changed this. Private health care insurances account for less than one-half percent of the total financing of Swedish health care. Due to temporary increases of government grants and other income enhancements, the international financial crisis had limited effects on the Swedish health care system. Sweden was hit in the end of 2008, but recovered substantially in the end of 2009 and 2010. In these years, the county councils/regions as a whole showed an increased surplus. In 2009, five of twenty county councils/regions, less than in 2008, had a deficit. In 2010 and 2011, eighteen of twenty county councils/regions made a surplus. Among the reasons for this positive development, are temporary extra government grants to municipalities and county councils/regions, efforts to save costs, but also significantly higher tax revenues than budgeted. In 2012, seventeen county councils/regions made a surplus. Repayment of insurance premiums and increased taxes contributed to this positive result. For 2013 five county councils/regions are forecasting a deficit, adjusted for extraordinary items. In 2010, the county councils/regions received 5.1 billion SEK (approximately 586 million EUR) in additional government grants. Of these additional resources, 3.6 billion SEK (about 414 million EUR) were temporary grants and 1.5 billion SEK (about 172 million EUR) a permanent increase of the yearly general grants. In 2011, the county councils/regions made a surplus of 3.2 billion SEK (about 368 million EUR) adjusted for extraordinary items. In that year, the county councils/regions received 900 million SEK (approximately 103 million EUR) in temporary government grants. In 2012, the county councils/regions made a surplus of 5 billion SEK (about 568 million EUR). Prior to 2013, the economic situation looked much tougher, for example the government grants were unchanged in nominal terms, and several county councils/regions decided to raise their county council tax of 0.14 percentage points. The situation looks even tougher prior to 2014. The Swedish labour market is predicted to be weak throughout 2014, and the government grants are also unchanged in nominal terms. Therefore several county councils/regions have decided to raise their county council tax. As a result of the economic crisis, efforts to improve efficiency have been intensified. This work gave full effect in 2010, when the costs (in fixed prices) increased by only 0.3 percent. The costs increased faster in 2011, almost in line with historical trends. In 2012, revenues developed weakly, the temporary state grants were for example fully phased out, but the costs were increasing rather fast. We predict that in 2013 the costs are increasing in line with the historical trend.

HOSPITALS AND HEALTHCARE SERVICES

- **What kind of impact has the crisis had on the budget of hospitals?**
- **Which measures have been undertaken by your government/health insurance?**

In 2009, and even more in 2010, 2011 and 2012, most county councils/regions showed a surplus, thanks to temporary increases of government grants, other income enhancements and efforts to save costs. In this way, county councils/regions, which are responsible for the provision of most healthcare services, have been able to ensure their inhabitants adequate healthcare.

HEALTHCARE WORKFORCE

In the context of the financial and economic crisis, what have been the direct interventions and/or the indirect effects on healthcare professionals (wages reduction, stop recruitment…)?

The purpose of the temporary increase of government grants to the local government sector was to help the municipalities and county councils/regions to retain personnel despite strained economic conditions, and in that way maintain key welfare services such as schools, health care and elderly care during the recession. Nonetheless, some county councils/regions have adopted restrictive policies concerning new recruitment of staff, appointment of substitutes and further education for professionals. Wage cuts have not been considered in Swedish health care.

CRISIS AND HEALTHCARE

How is the current Crisis affecting Hospitals and Healthcare?

UNITED KINGDOM

Answers provided by: Mr. Mike FARRAR, CBE Chief Executive, NHS Confederation

Healthcare System

- **What has been the impact of the crisis on the overall healthcare budget and on the distribution of healthcare expenditure?**
- **Has your country experienced changes in the balance between private (out-of-pocket, complementary insurance…) and public expenditure?**

In England the service has required unprecedented savings year on year of at least 4% p.a. (around 17.6 billion EUR to 23.5 billion EUR) from 2010 until March 2015 to bridge the gap between a broadly flat budget and rising demand for care. Given the current economic situation, it is probable that the NHS will be required to deliver efficiencies on a similar scale for the foreseeable future beyond 2015 too. Previously, rising demand has been met through increasing the NHS's budget, but this is no longer the case. If the NHS budget remains flat in real terms, the gap between funding and demand for care has been estimated at between 26 billion EUR and 37 billion EUR by 2016 and 2017. The total NHS budget (Departmental Expenditure Limit) for England is projected to rise from 119.5 billion EUR in 2010/11 to 137.0 billion EUR by 2015/16. However in real terms that would only equate to an increase of around 5 billion EUR over that period. The Government also announced in June 2013 an "Integration Transformation Fund", a single pooled budget for health and social care services to work more closely together in local areas. This fund totals 4.5 billion EUR and takes full effect from 2015/16. The money will come from existing funds. The NHS in England has made some progress in delivering the required savings to ensure that the NHS remains in financial balance despite the reduced growth in budget compared to previous years. NHS England's routine monitoring of the national Quality, Innovation, Productivity and Prevention program (QIPP) suggests that 11.15 billion EUR savings have been delivered in England between 2010 and 2012. A further 4.8 billion EUR savings are projected for this year, making a total of 15.95 billion EUR in efficiency savings in three years.

As regards the balance between public and private expenditure, the most recent evidence compiled by analysts Laing & Buisson shows that private health insurance has continued to see a fall in demand in the UK, with the recession forcing employers and individuals to cut back on the costs of cover. The number of people covered by private medical care has fallen to 6.8 million, the lowest total since 1995. Of these, around 1.6m people buy their own insurance. There has been a real terms drop in spending of 7% across all health cover markets since 2008. For 2011/2012 83.6% of UK elective surgery was publicly funded and publicly supplied. 11.7% was both privately funded and supplied, 3.8% was publicly funded, but privately supplied and 0.9% was privately funded, but publicly supplied.

Hospitals and Healthcare Services

- **What kind of impact has the crisis had on the budget of hospitals?**
- **Which measures have been undertaken by your government/health insurance?**

Providers in England will face a net price reduction of 1.9% across all services this coming year, with efficiency savings in the tariff, as well as new rules restricting payment for emergency activity and the increasing prevalence of penalty clauses and fines for underperformance. As was the case last year, hospitals are continuing to deliver cost improvement plans of on average 5%, with some organizations facing much higher efficiency savings of up to 7.5%. A number of local payers are examining the options for restricting some services where there are doubts about clinical effectiveness. Several individual provider organizations are starting to show signs of financial distress, with 25 NHS providers collectively reporting a total deficit of around 360 million EUR last year. The most common factors leading to acute trusts' financial challenges appear to be a rise in non-elective admissions(for which they are paid at reduced tariff, 30%) and a fall in more profitable elective work (often because beds were filled by extra emergency cases), which could also lead to fines for missing waiting time targets. The government announced recently that a further 180 million EUR will be distributed around England to help hospitals maintain their A&E services over winter. This is in addition to 300 million EUR targeted to the most at-risk areas. The distribution of the extra 180 million EUR will include those communities that are not deemed the most at-risk, to bolster and enhance their existing plans to maintain services and reduce the pressure on A&Es caused by cold weather.

Healthcare Workforce

- **In the context of the financial and economic crisis, what have been the direct interventions and/or the indirect effects on healthcare professionals (wages reduction, stop recruitment…)?**

Salaries have been frozen for public sector workers earning over about 24,650 EUR per annum and this continued until April 2014. NHS Employers has called for no pay increase across the board for 2014 and for further reform of the incremental pay system. Changes to the NHS Pension scheme have now been implemented following agreement with the NHS Unions in 2012. These changes reduce the long term cost of the scheme which is an employer and taxpayer funded defined benefit scheme run on a "pay as you go" basis. The Government, NHS Employers and the unions are working on partnership basis to deliver changes to retirement ages through the "Working Longer Review". As part of overall controls on expenditure, employers have been looking at how to control and reduce labour costs including by reducing staff numbers. The headcount for the NHS, including primary care, was 1,358,295 in August 2012. There has been a fall of just under 30,000 NHS employees since 2010, with around 63% of these coming from the infrastructure support category and 21% from qualified nursing. The NHS is though developing tools to help employers set safer staffing levels at local level. There is growth in the use of non-NHS providers to provide NHS services through a range of initiatives including Any Qualified Provider. At present this mostly affects community and mental health services.

Treatment of staff following transfer to new providers remains a big issue and recently rules have been amended to allow staff to remain in the NHS pension scheme.