

# Chapter 6

## The Health Outcomes in Recession: Preliminarily Findings for Greece

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### ABSTRACT

*The aim of the present study is to provide an overview of recent reforms in Greece as imposed by the fiscal adjustments. Potential harmful consequences of these vast healthcare reforms are also discussed, as a collateral victim of the recession, in which case the real “patient” is the overall healthcare system. Based on an extended review of the related literature, the economic crisis, currently numbering five years in Greece, was accompanied by vast healthcare reforms and significant cuts in spending. In particular, austerity measures implemented, impose that health expenditure should not exceed 6% as a share of GDP. Savings were expected to be accomplished through vast changes, including the re-determination of both pharmaceutical reimbursement and pricing, reduction of public servants and cost containment regarding payments to the private sector. So far, there is a significant rise in demand for public hospital services, following a significant drop for private providers, including maternity hospitals, dental offices and surgery clinics. At the same time, elevated prevalence of certain diseases is already reported, although many researchers dispute over a causal association between recession and these health outcomes. Conclusively, it can be argued that the financial crisis is a no easy way out, and the Greek healthcare system is challenged as both resources and demand are rapidly changing. What is yet to answer is whether these reforms, along with a co-existing rise in demand of health services, could jeopardize the quality of the system.*

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## **INTRODUCTION**

From the early 1980's countries of the European Union have ameliorated public health outcomes via improvement of living and working conditions as well as through the outstanding progress of medicine. Additionally, prevention policies and early diagnosis have contributed to improved health outcomes, significant longevity gains and reduction of premature mortality (Salomon et al., 2012). Life expectancy has reached an average of 80 years in 2009 across OECD countries (OECD, 2011). The vast majority of new health interventions are the result of new and innovative technologies applied in healthcare (Shah, 1991; Ball et al., 1985). These technologies have high costs, which in future will skyrocket, considering the increase of life expectancy, raising serious concerns on policy makers (Degaspari, 2013; Pauly, 2003; Beller, 2005). Worldwide, health care expenditure is rising, often in a faster ratio than economic or even population growth, resulting to an increasing share of GDP allocated to healthcare demands (OECD, 2011; Kelley, 2007; Reinhardt et al., 2002). Under this scope, long-term care expenditure as part of GDP could eventually double from 2005 to 2050. Even if governments adopted policies of cost containment, spending on health care and chronic disease will follow a similar trend due to the increased incidence (Colombo et. al., 2011). Many governments, in order to reduce their deficits, are obliged to undertake large fiscal adjustments and severe measures, such as decreasing the public spending concerning health, increasing taxes or increasing contributions to funds while at the same time cutting several social benefits, hardly bearable for the lower income population.

Amongst other countries struggling with austerity, Greece is currently going through the most significant economic crisis in its modern history, and, thus, public health budgets have significantly decreased in the context of public spending cuts. Short and long-term consequences of achieving the financial targets set by the European partners are analyzed, in terms of health outcomes and public health indicators.

## **BACKGROUND: GREEK HEALTHCARE SYSTEM BEFORE THE INTERNATIONAL MONETARY FUND**

Healthcare system in Greece was mainly financed by the public sector (national budget and public funds), although the private sector was expanding. Total health spending reached about 10.6% of GDP in 2010 (World development indicators 2011, 2011). Although Greece was below the average in terms of per capita health expenditure, the mean annual growth rate of expenditure was 6.9%, which was much higher than the average OECD growth (4.0%). The main category of expenditure, which led to excessive increases in total health expenditure, was the pharmaceutical expenditure (2.5% of GDP), with growth in real per capita expenditure for 2000-2009 reaching 11.1% (WHO Global Health Expenditure Database., 2011). Some of the factors responsible for the pharmaceutical expenditure include the low penetration of off-patented drugs, the absence of electronic prescription system, the over prescription and an overall lack of a robust regulatory framework (Tsiantou et al., 2009; Falagas et al., 2007; Vandonos & Stargardt, 2013).

Concerning the allocation of resources, OECD data presented 21,000 physicians manning public health institutions, with a total of 72,000 doctors, when including doctors occupied in private clinics and private practices. While the number is apparently high (the largest of all the OECD countries), regional hospitals and health centers were understaffed. On the other hand, the number of nurses barely touched 3.3 per 1000 inhabitants, an extremely low percentage when compared to the OECD average (8.4%). Additionally, the number of beds in Greece was above the OECD average (4.1 /1,000 residents

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