

HEALTH SYSTEMS AND THEIR IMPORTANCE IN THE EUROPE 2020 STRATEGY

MIHAELA SIMONA DOGAN, mihaela.dogan@yahoo.com

NICOLETA BUZILĂ, buzila_nicoleta@hotmail.com

RAOUL SABIN GORDEAN, gordean_raoul@yahoo.com

TIBISCUS UNIVERSITY TIMIȘOARA, FACULTY OF ECONOMIC SCIENCES

Abstract:

This paper proposes to reveal the importance of health in accomplishing the objectives of the Europe 2020 strategy.

Acting within an internal and international environment, dynamic and often unpredictable, which has recently suffered profound changes, in order to survive, the health unit must be able to sense the transformations, opportunities and new tasks, to adapt to the requirements of an environment which is not always favorable.

The activity of health preservation has an important influence upon the development of economy. It ensures the satisfaction of the basic human need to be healthy, and the basic need of society to have a healthy population.

Through the impact that it has upon the capacity of production of human capital, health is, or should be perceived as an important investment. The new international concepts consider health investments as means of preserving and developing human capital – long term capital investments in the economy of a country.

Key words: health, the Europe 2020 strategy, systems, economy

JEL classification: M31

Europe 2020 represents the EU strategy for economic growth for the next ten years. In a permanently changing world, the EU desires to become an economy that is intelligent, durable and in favor of inclusion. The health of the citizens is one of the main priorities of the EU. The European health policy provides that everyone has the right to have access to high-quality medical services.

Through the policy it promotes the EU proposes:

- To prevent illness
- To promote a healthier lifestyle.
- To protect its citizens from threats to their health, such as pandemics.

The EU is required by its founding treaty to ensure that human health is protected as part of all its policies, and to work with the EU countries to improve public health, prevent human illness and eliminate sources of danger to physical and mental health.

The EU's strategy for protecting and improving human health is chiefly implemented by the health programme. It is one of several programmes to implement health policy at EU level.

The current EU health programme funds projects and actions from 2008 to 2013.

The annual objectives are shared with those of the Europe 2020 Strategy : investing in health and addressing the issue of the ageing society are priorities. Criteria for funding actions under the programme are set out each year in a workplan, followed by calls for proposals for projects, operating grants, conferences and joint actions. Interested parties can submit an application.

Barriers to deployment of eHealth

Despite the opportunities and benefits, major barriers hamper the wider uptake of eHealth:

- lack of awareness of, and confidence in eHealth solutions among patients, citizens and healthcare professionals;
- lack of interoperability between eHealth solutions;
- limited large-scale evidence of the cost-effectiveness of eHealth tools and services;
- lack of legal clarity for health and wellbeing mobile applications and the lack of transparency regarding the utilisation of data collected by such applications;
- inadequate or fragmented legal frameworks including the lack of reimbursement schemes for eHealth services;
- high start-up costs involved in setting up eHealth systems;
- regional differences in accessing ICT services, limited access in deprived areas.

Several barriers can contribute to one market failure e.g. the important issue of the lack of health data exchange can only be tackled by addressing in a coordinated way fragmented legal frameworks, lack of legal clarity and lack of interoperability.

Article 168 of the Lisbon Treaty affirms that the management of health services and medical care, and the allocation of the resources assigned to them, are responsibilities of Member States. The same article also states that the Commission may, in close contact with the Member States, take any useful initiative to promote coordination on policies and programmes; such coordination is particularly suggested for initiatives aimed at the establishment of guidelines and indicators, the exchange of best practice and periodic monitoring and evaluation.

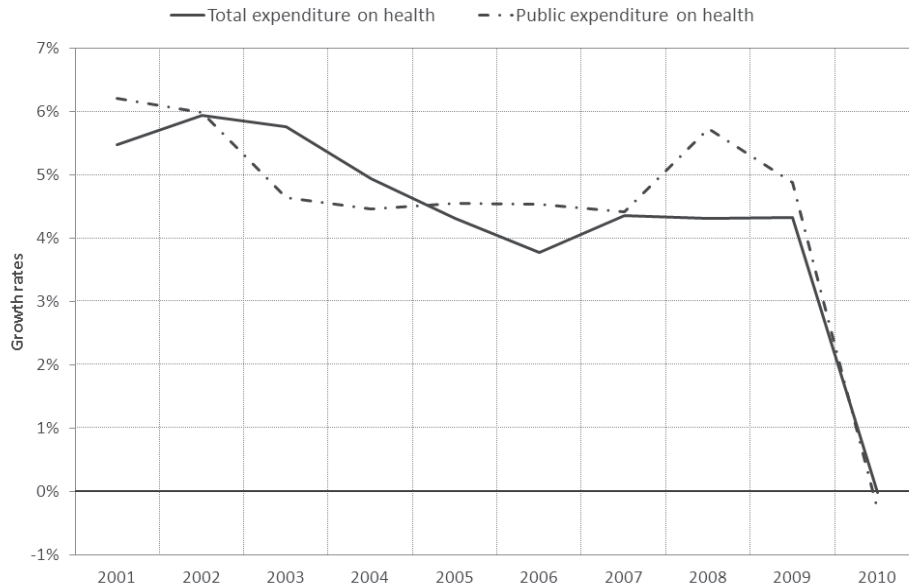
In 2007, on the basis of this mandate to complement national policies on health, the EU adopted its first Health Strategy, aimed at delivering concrete results in improving health. The Health Strategy covers the period from 2007 to 2013, and focuses on three strategic objectives, one of which is: “Supporting dynamic health systems and new technologies”. Among the actions related to this objective, the Commission was explicitly asked to develop a Community framework for safe, high quality and efficient health services.

The Commission, through Eurostat and in close collaboration with the World Health Organization (WHO) and the Organisation of Economic Co-operation and Development (OECD), collects data to monitor health systems’ performance. These data are presented both in the Eurostat database and more specifically in the Heidi data tool, whose core set is constituted by the European Community Health Indicators (ECHI).

In the next figure, the nil average growth rate, in real terms, in 2010 compares with health spending growth of 4.1% in 2009 and an annual average growth rate of 4.8% over the whole period 2000-2009 (Figure 1), when health spending continually outpaced economic growth resulting in an ever-increasing share of GDP.

In 2010, health spending accounted for 9.5% of GDP on average across OECD countries, compared with 9.6% in 2009, when a sudden jump in the ratio occurred as overall economic conditions deteriorated.

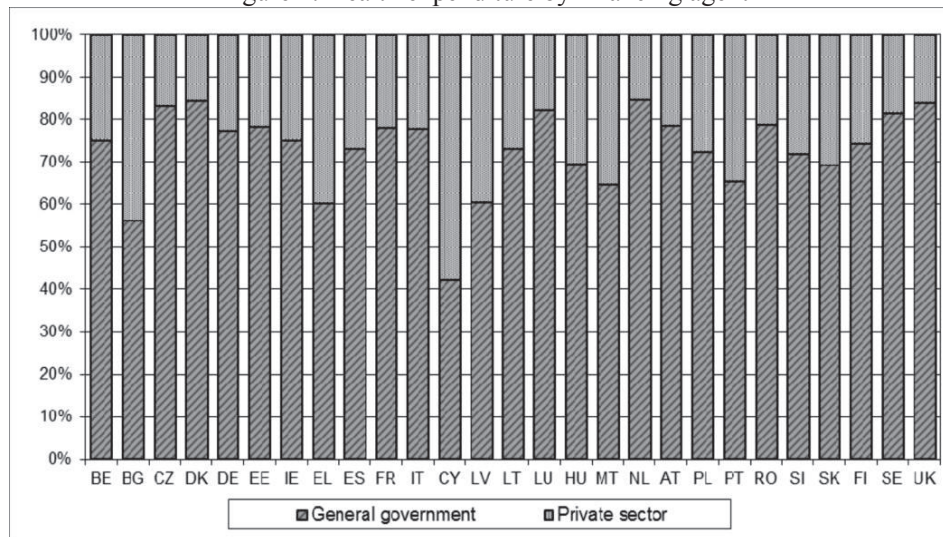
Figure 1. Average OECD health expenditure growth rates from 2000 to 2010, public and total



Source: OECD Health Data 2012

The next figure (figure nr. 2) shows the share of public and private financing to healthcare systems across EU countries. In the vast majority of Member States, more than 70% of health expenditure is funded by the public sector. Member States with a relatively high share of private health expenditure are CY, BG, LV and EL (almost 40% of total health expenditure), MT and PT (35%), SK and HU (30%). The Member States with the highest share of health expenditure funded by the government are the NL (85%), DK (85%), UK (84%), CZ (83.5%), LU (82%) and SE (81%).

Figure 2. Health expenditure by financing agent



Source: Eurostat, OECD, WHO – 2010

In 2010, the publication of two major reports helped to build more systematic knowledge on health systems in the EU. The first is the *Health at a glance, Europe 2010* report, based on collaboration between the OECD and the Commission.

In the same year the Commission, together with the Economic Policy Committee, also published a joint report on health systems. This report explicitly aims to understand the drivers of health expenditure and therefore expenditure differences across MS.

In March 2010, the Commission adopted *Europe 2020, a strategy for smart, sustainable and inclusive growth*. *Europe 2020* presents five targets for the EU in 2020; and as the international health community immediately noticed, none of these directly refers to health. However, in spite of this, health and health systems play an important role in the implementation of *Europe 2020*, for two reasons.

The first lies in the role of one of the main tools to implement *Europe 2020*: the Flagship initiatives, which were presented as new engines to boost jobs and growth. The first pilot development of a Flagship initiative has been the launch of the European Innovation Partnership on Active and Healthy Ageing, whose final goal is to add, by 2020, two healthy life years to the average healthy life span of European citizens.

The first European Semester took place in 2011. Interestingly, this first Annual Growth Survey did not mention health at all.

In the second Semester the *Annual Growth Survey 2012* refers to health on three different occasions:

- the section dealing with growth-friendly fiscal consolidation highlights the need to improve the “cost-efficiency and sustainability” of health systems through reforms.
- the health sector is recognised as a contributor to a real internal market for services.
- the survey proposes to tackle unemployment by developing initiatives in the health sector, which is described as one of the sectors with the highest employment potential.

In line with this new trend, the number of MS that were recommended to intervene in their health systems. However, it should be pointed out that for countries that are engaged in an economic assistance programme, such as Greece, Portugal, Ireland and Romania, the sole recommendation from the Council is to implement the programme itself.

In its recommendations to all of the Euro area, the Council acknowledges that reforms of long-term entitlements – “notably health” – are urgently needed, to underpin the long-term sustainability of public finances.

In conclusion, we could say that health is not only a value by itself, but also a stimulant of economic growth. Only a healthy population can reach its full economic potential.

The health sector is based on innovation and a highly qualified labour force.

Keeping a population healthy and active has a positive impact on productivity and competitiveness. Innovation in the field of medical assistance contributes to successfully approaching the challenge that is sustainability in this sector in the context of demographic changes, and the action regarding the reduction of inequities in the field of health is important in order to get “an economic growth that is favorable to inclusion.”

REFERENCES

1. Council Conclusions on Common values and principles in European Union HealthSystems(2006/C146/01):<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:146:0001:0003:EN:PDF>
2. European Commission. Together for Health: A Strategic Approach for the EU 2008 – 2013, White Paper, COM(2007) 630. Available at: http://ec.europa.eu/health-eu/doc/whitepaper_en.pdf
3. European Commission. Europe 2020: A strategy for smart, sustainable and inclusive growth, COM(2010). Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>
4. Morgan, D. and R. Astolfi (2013), “Health Spending Growth at Zero: Which Countries, Which Sectors Are Most Affected?”, OECD Health Working Papers, No. 60, OECD. Available at: <http://dx.doi.org/10.1787/5k4dd1st95xv-en>
6. Organisation for Economic Co-operation and Development. Paris: OECD, 2011. Health at a glance: Europe 2010. Available at: http://ec.europa.eu/health/reports/european/health_glance_2010_en.htm