

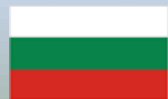


Health Economic Footprint in South-eastern Europe: Economic and societal returns on investments in and for health

Prof. Dragan Gjorgjev

37th Plenary Meeting of the South-eastern Europe Health Network and High Level Pre-Forum Event **“HEALTH, WELLBEING AND PROSPERITY IN SOUTH EAST EUROPE IN THE FRAMEWORK OF THE UN SUSTAINABLE DEVELOPMENT GOALS 2030”**

28-29 June 2016, Sarajevo, Bosnia and Herzegovina



Introduction: Reducing the poverty in the SEE region



- Attempt for narrowing the gap with developed neighbours;
- Albania reduced the poverty from 25% (in 2002) to 14.3% (in 2012), Bosnia and Herzegovina stands at 17.8% in 2011. Romania and Serbia - one fourth of population in poverty, Macedonia with 22% in 2014; Montenegro stands out with the lowest poverty rate of 8.6% in 2013;

Introduction: Reducing the poverty in the SEE region



- A working market needs institutions to protect it and ensure fair play. Lack of tradition in such institutions makes SEE more vulnerable to “market failures” and slowing down foreign and domestic investments resulting in high unemployment and low GDP;
- **Health** is not only a precondition for economic growth, but driving force to providing those opportunities.

Introduction: SEE countries – Burden of diseases, costs, inequities



- Non-communicable diseases (**NCDs**) account for the greatest avoidable disease burden and loss of life years.
- **Inequities** - The risks and burden of NCDs across SEE countries cluster in the most poor and vulnerable in society.

Introduction: SEE countries – Burden of diseases, costs, inequities



- An increasing concern about rising health care costs and the sustainability of public services linked to implementation of austerity measures - **a drive for more efficient use of public resources and a focus on economic growth and recovery**
- Improving population health and good governance of health sector performance will make an **important contribution to labour market productivity.**

Introduction: SEE 2020, economic growth... SEEHN - The role, the vision and mission



- Huge potentials to be a sustainable initiative of regional ownership.
- Contribution both in technical and political terms in walking the talk and achieving the vision of reducing health inequalities, and providing better health and wellbeing for all.
- Has the expertise and the responsibility to showcase health contributions to the economic growth and development of its Member States

The study – why?



- Integral part of the SEE2020 framework of Inclusive Growth
- Some real-policy interventions have been promoted and partially implemented in the SEE
- Sets out the most promising options for investment in health to promote inclusive growth and address the underlying determinants of health for improved development in the SEEHN countries

The study – aim, scope and purposes



- **Main objectives** of the study - to make an attempt to **identify the contribution made by the health sector** to the national economy primarily through the analysis of the effectiveness of some public health policy interventions in the SEE countries;
- **To make economic arguments** for investment with different non-health sector budget holders on national and/or local level in the countries - **that capitalize in health outcomes**

The study – methods



- **Desk review**, followed by **consultative process with national expert teams** and focal points from the SEEHN member states, which are subject to analysis
- Attempt to synthesize the state of the art on what is known about the **economic case for investing in different areas of health promotion** and non-communicable disease prevention (Sherry, Sassii and McDaid)

The study – limits



- Varying availability of information and levels of details across the countries.
- Countries have taken different approaches, placing focus on context-specific – from political, social or economic reasons – issues and using different entry points to achievement of the universal goal of improvement of health.

The study – benefits



- Initiator and trigger of **constructive debate**,
- A catalyser of new approaches and creative **partnerships** both between different sectors and levels of governance, as well as with other stakeholders,
- Contribution to the development of **measurement instruments and indicators** to this end,
- Data and cases presented in thus study - can contribute to wiser and **evidence-based policy** and decision-making regarding health, and investments for health.

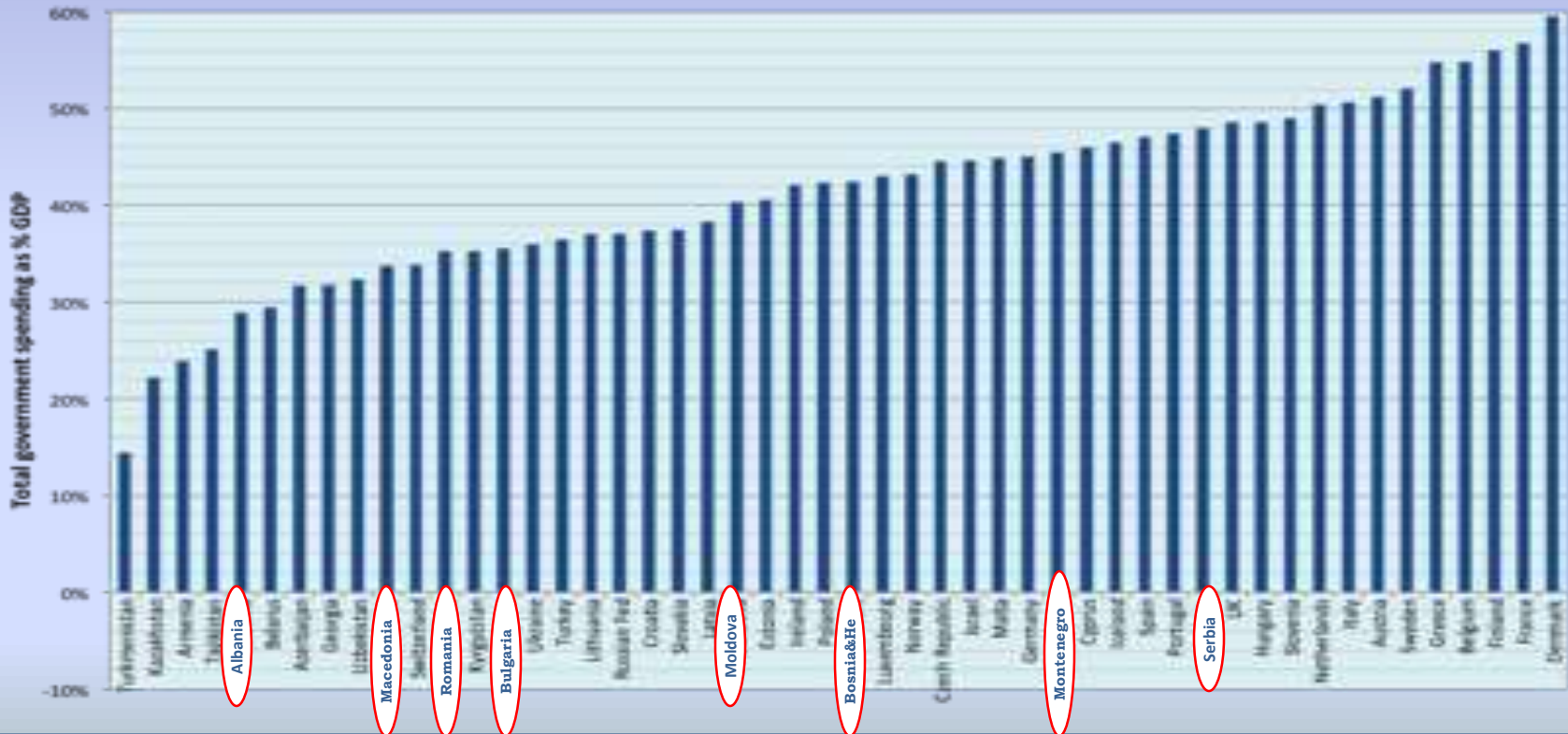
The study – Results

Health Governance – Spending for health in SEE



Evaluating the role of health in the economy almost always focuses on the share such spending is of total expenditures in the economy

Figure 1. Total government spending as % of GDP



The study – Results

Health Governance – Spending for health in SEE



Index of THE increase from 1.8 to 7.5 - strong commitment of the governments in improvement of health of their citizens

Table 1. Total Health Expenditures (THE), PPP\$ per capita, SEEHN member states, 1995 and 2013

Country	1995	2013	Index of increase (2013/1995)
Albania	263.7	539.28	2.0
Bosnia & Herzegovina	123.7	928.5	7.5
Bulgaria	289.7	1212.5	4.2
Macedonia	416.1	758.7	1.8
Republic of Moldova	144.7	533.4	3.7
Montenegro	445.3	926.4	2.1
Romania	183.1	988.2	5.4
Serbia	300.7	986.9	3.3

The study – Results

Improving Health Governance and leadership



Implementing WHO “Health2020”

- SEEHN Member states fully committed –
- **In the beginning** mainly at the improved access to quality health services, sound infrastructure and supply of qualified human resources
- **Recent trends** of investments targeted upstream preventive interventions for health
- Still, **health sector is dominant actor** in these efforts.

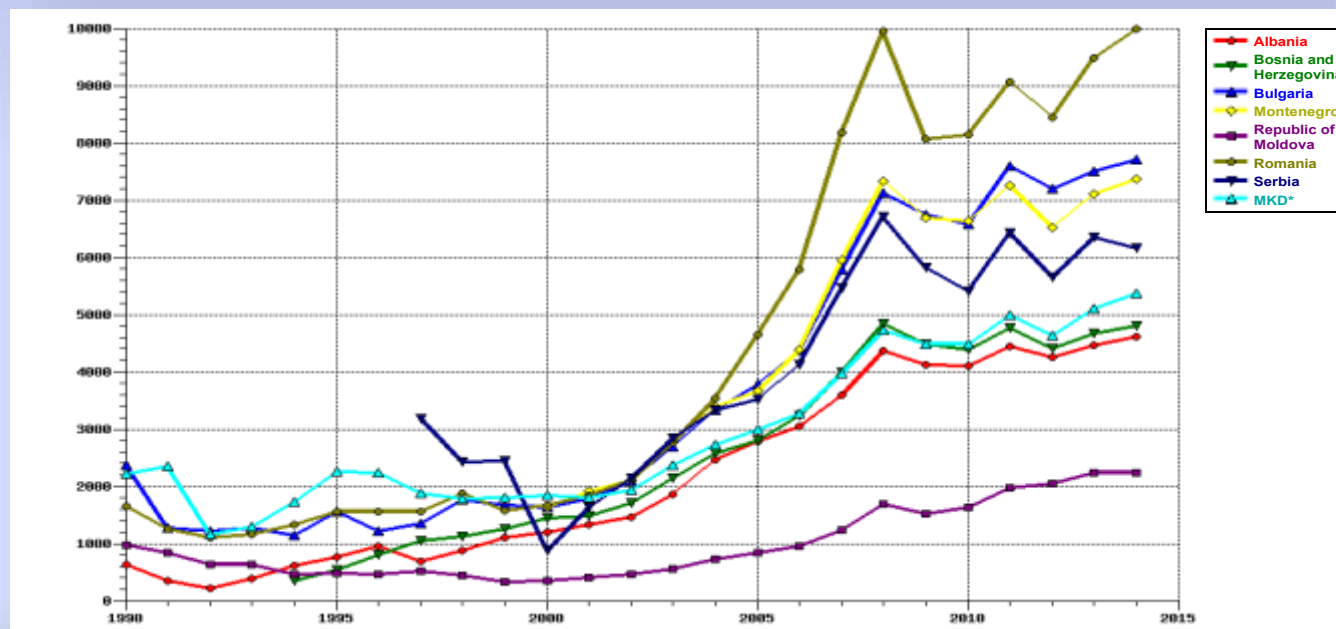
The study – Results

Health Governance - Health benefits of increasing GDP in SEE



These improvements are result of more upstream investments, including increased access to education and health literacy, food safety, healthy environment and workplace conditions, and so forth.

Graph 1. Gross domestic product (GDP), USD per capita, SEEHN member states, 1990-2014



Source: WHO/Europe, European HFA Database, December 2015

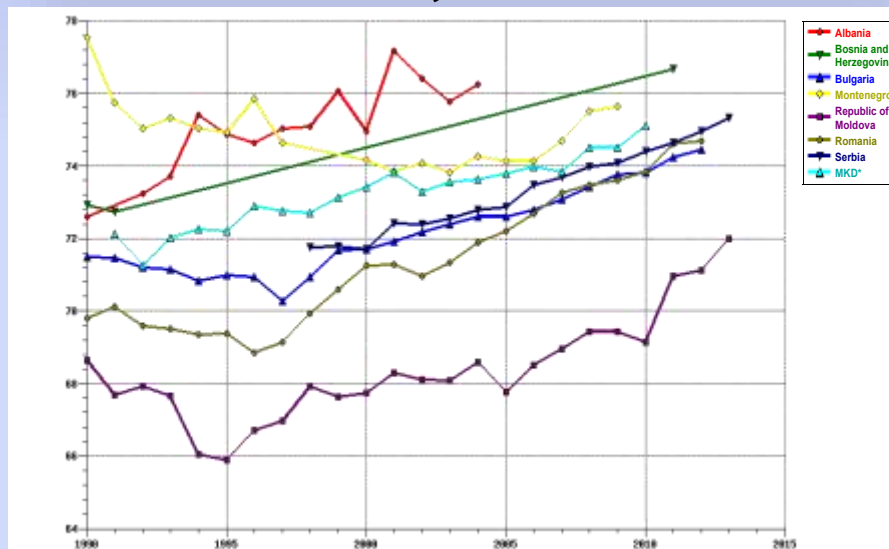
The study – Results

Health Governance - Health benefits of increasing GDP in SEE

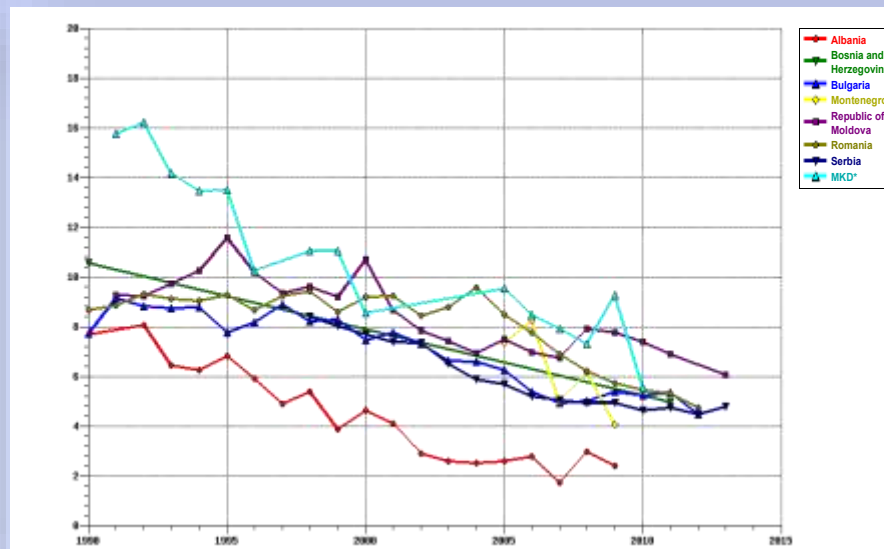


The economic contributors to health are multiple of the economic wealth – in lives saved, extended life expectancy, decreasing infant mortality, or even monetary terms as savings or reinvestments of the economic wealth

Graph 2. Life expectancy at birth (in years), SEEHN member states, 1990-2014



Graph 3. Neonatal mortality (deaths per 1000 live births), 1990-2014



Source: WHO/Europe, European HFA Database, December 2015

The study – Results

Health Sector in SEE



- Among the largest sectors and makes **a significant financial contribution to national and regional economies.**
- Regional health and social care system has an estimated value of approximately EUR 11.4 billion, 10.0% of the total regional GDP of EUR 88 billion, accounting for 12.0% of regional employment, or one in ten workers. With **higher than average proportion of workers with tertiary-level education.** (Coote, 2002)
- Health sector Major driver of research and innovation

The study – Results

Health Sector in SEE



Need of change the focus

- SEE economies need to focus on delivering value and investing in health promotion, disease prevention and the extension of preventive screening, treatment and rehabilitation, integrated health services and programs delivered to be close to communities.
- Evidence on the cost effectiveness of preventive activities to continue to increase.

The study – Results

Health Sector in SEE



Need of change the focus

- **contributing to health through other non-health sector investments and involvement;** smoking bans, sin taxes, conditional cash transfers, clean energy incentives etc. just some of the mechanisms for influencing health, that are tangible, measurable and replicable, both in economic terms (inputs) and societal gains (outputs and outcomes).
- **Fiscal, legal and marketing mechanisms** that deter tobacco and alcohol consumption to be more systematically implemented and enforced

The study - Contributors to health, health as contributor. Tobacco policy



Mechanisms targeting tobacco include increases in prices, health warnings, smoke free environment and a ban on all forms of tobacco promotion. Considering the prices and taxes, substantial differences among the SEE countries can be noticed. (table 3)

Table 2. Tobacco use data from the latest survey results as at 31 December 2014

	Youth tobacco use (both sexes)		Adult tobacco smoking (both sexes)		Adult cigarette smoking (both sexes)	
	Current tobacco use	Current cigarette smoking	Current	Daily	Current	Daily
Albania	11.8	11.5	...	...	...	...
Bosnia&Herzegovina	13.3	11.7	40.7	28.8	...	...
Bulgaria	28.8 ¹	20.6 ¹	36.2 ²	31.4	37.4 ²	32.4 ²
Macedonia	...	8.0	22.1	...	...	...
Moldova	10.4	8.3	25.3	23.3	25.0	23.0
Montenegro	6.3	5.1	31.0	22	...	...
Romania	11.2	9.4	26.7	24.3	26.7	...
Serbia	13.0	17.8	34.7	29.2	...	...

The study - Contributors to health, health as contributor. Tobacco policy



Table 3. Taxes on the most sold brand of cigarettes, WHO's comparable estimate for 2014

	price	taxes
	in international dollars (purchasing power parity)	Total taxes (% of retail price)
Albania	3,87	46,67
Bosnia&Herzegovina	4,5	82,33
Bulgaria	6,44	82,65
Macedonia	2,85	72,59
Moldova	1,91	50,67
Montenegro	2,96	77,89
Romania	6,46	75,41
Serbia	3,72	77,92

Investments in and for health in SEE – promising policies and practices - Israel



- National Program to Promote Active, Healthy Lifestyle (2011).
- **Type:** establishment of intersectoral policy and implementation mechanism, involving health, education and agriculture sectors, that lead to further expansion to other sectors including Ministry of Finance, local governance units and health management organisations.
- **Actions:** limit access to unhealthy food in schools and promoting healthy school meals and physical activity
- **Evaluation:** The initiative has lead to reversing the obesity epidemics.

Investments in and for health in SEE – promising policies and practices - Slovenia



- The **project Mura** has proven how investments in healthy tourism have created opportunities for a healthier lifestyle of the local population at no additional financial cost.
- **Actions:** Through engagement of local stakeholders and the implementation of a number of projects it has also be possible to build local capacities to use health as a development driver in tourism.
- **Evaluation:** healthier choices for local citizens, increased income and employment opportunities for local citizens

Investments in and for health in SEE – promising policies and practices - Albania



Introduction of smoking ban.

- Over 50% of Albanian adult population is smoking
- An **intersectoral action** based upon ample evidence on the cost-effectiveness of tobacco use prevention
- **Evidence/calculations** small investment will reap enormous dividends in health and prosperity.
- **Action:** 0.25 EUR/per person/per year Albania to pay for the four 'best buys' in tobacco control policy, raising tobacco excise taxes, enforcing a comprehensive national smoke-free law and a ban on tobacco advertising , promotion, and mandating large graphic warning labels on tobacco product packaging.

Investments in and for health in SEE – promising policies and practices - Bosnia and Herzegovina



Mental Health contributing to social wellbeing and economic growth

- Intersectoral action of improvement of mental health at community level
- **Action:** provision of integrated community-based mental health services with greater focus on care near where people live
- **Intersectoral Joint efforts** - the commitment and political will, jointly with the dedication of the public health professional community, local government units and civil society have ensured making this initiative a long-standing one

Investments in and for health in SEE – promising policies and practices - Republika Srpska



The Road Safety Strategy of Republika Srpska 2013-2022

- More than 160 deaths and 3.200 injured -victims of road accidents annually -with a more than 170 million KM (approx. 85 millions EUR) lost for the economy (more than 2% of the GDP).
- The Strategy introduces a **highly cross-sectoral action** - action for road safety, especially work in fields of road safety management system, safer roads and mobility, safer vehicles and road users, and care after accidents.
- Project "Strengthening the capacity of local communities in the field of road safety"

Investments in and for health in SEE – promising policies and practices - Republika Srpska



The Road Safety Strategy 2013-2022

Targets to be achieved

- Total reduction of seriously injured and persons killed of 50% by 2022 comparing to 2011;
- Reduce the total socio-economic costs of traffic accidents in a 10-year period by approximately BAM 582 million (approx. 300 mil EUR).

Investments in and for health in SEE – promising policies and practices - Republic of Macedonia



Estimating Health Impacts and Economic Costs of Air Pollution in Macedonia

- Macedonia ranked among the highest in terms of the population's exposure to PM air pollution, especially in capital of Skopje
- In 2011, air pollution was responsible for approximately 1350 deaths from cardiopulmonary disease and lung cancer, 485 new cases of chronic bronchitis, 770 hospital admissions, and 15,200 emergency visits - annual economic cost of approximately €253 million or 3.2 per cent of GDP.

Investments in and for health in SEE – promising policies and practices - Republic of Macedonia



- **A reduction of even 1 $\mu\text{g}/\text{m}^3$ in ambient PM_{10} or $\text{PM}_{2.5}$ would imply an economic savings of €34 million per year in reduced health costs.**
- Lowering the health impact of fine particulate matter to only 1 per cent of GDP will require a number of pollution-reducing measures among sectors, actions at the policy level and further support to the monitoring and evaluation of air pollution.

Investments in and for health in SEE – promising policies and practices - Republic of Moldova



Removing the Barriers to Access – Universal Coverage Investment

Previously - Private health expenditures comprised 54.4% of THE, an increase between 2000 and 2009, and OOP payments comprise the largest share of private expenditure (82.6%).

- **Legislation introduced in 2009 and 2010** provides all citizens with access to free primary health-care services provided by family doctors. Citizens enrolled in the **Unified Programme of Mandatory Health Insurance** (79.7% of population in 2011) have access to a defined benefits package and a limited list of covered or compensated medicines

Investments in and for health in SEE – promising policies and practices - Republic of Moldova



Removing the Barriers to Access – Universal Coverage Investment

- **Results** - the proportion of people who said they did not seek care when they needed it due to financial reasons fell by half: from 29.2% in 2008 to 14.8% in 2012.
- Further investments are needed and government is committed to continuing the reforms, addressing the lack of health insurance for the people who are in the lowest consumption quintile and live in rural areas.

Investments in and for health in SEE – promising policies and practices - Montenegro



Reduction of Salt Intake - Initiative turning into Investment

- Circulatory system disease estimates of approximately 50% (2010-2012)
- Set of **intersectoral activities** was developed with priority given to prevention of NCDs and education. Other sectors such as agriculture now consider health risks of high salt content when drafting regulations that deal with labelling
- **Aim** - to reduce salt intake in the population of Montenegro **to below 5 g/day per capita**, by raising awareness, reducing salt content in processed foods and a harmonized national response.
- **Targets to be achieved** - a reduction in salt intake by 16% during the 2014-2020 period and by 30% by the year 2025

Investments in and for health in SEE – promising policies and practices - Romania



Integrated Community Services - Start of Life Investment - providing better access to health services for marginalized groups

- **The intersectoral collaboration between health and social sectors and the local government units** – from field-based project has grown into a whole-of-government and whole-of-society initiative **addressing health inequalities of some of the most vulnerable groups at local level;**
- **Outcomes - the two field professions formalized into the system: community nurses and Roma Health Mediators,** - moving beyond child survival and contributing to greater child well-being and increased social and economic capital in Romania.

Investments in and for health in SEE – Promising policies and practices - Serbia



Investing in the start of life - local services for better health

- The lack of a primary school education is one of the major determinants of life-long poverty and poor health. The majority of children in this category are either disabled, or from the Roma minority.
- **World Bank Loan on Delivery of Improved Local Services (DILS)**. aiming to improve access to, and the efficiency, equity and quality of, the local delivery of health, education and social protection services, by assisting the Government in increasing the capacity of institutions (program until 2017).

Expected Outcomes and Socio-economic Returns

- Increased access to quality and diversified early childhood education and care programs and services which will enable better inclusive education in targeted municipalities
- Improved access to health services and enhancement of health literacy aimed at providing better conditions at the start of life.

Instead of Conclusions



Investments in health can be made in different ways but can still have significant and scalable economic return bedside bringing health gains at the lower health costs

The above-presented case studies are decimal adding to the vast inventory of best buys in health and for health,

Attempt to encourage the governments and decision-makers through the set conceptual framework and the concrete economic data to undertake brave steps into investments that have long-term gains – for health but for the economy as well

- and can be the current time legacy for the future generations