

## EFFECTS OF AUSTERITY ON GREECE:

### Health and social services

by

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## EFFECTS OF AUSTERITY ON GREECE: Health and social services

This briefing paper sets out the impact of austerity policies on health and social services. The entry of Greece into the European Union supported the development of a public healthcare sector. Similarly the creation of a formal social services sector has only taken place in the last 15 years. Until then it was the responsibility of the family or the Church. Several programmes have started to create social care services for older people, people with disability and children and were co-financed by the European Social Fund under the Community Support Frameworks for Greece. The increase in unemployment, poverty and social exclusion have placed great pressure on these emerging services.<sup>1</sup>

### National Health System

In 1983, the Greek national Health System was created (law 1397/1983) as a universal healthcare system. However the implementation has been slow and by 2010, there were competing health insurance funds, based on occupation, and extensive use of the private healthcare sector. There were regional disparities in healthcare facilities. As result of tax evasion by high income groups, low income groups contributed disproportionately to the funding of the healthcare system. It has been estimated that 2.44% of households, before 2010, were vulnerable to catastrophic health expenditure.<sup>2</sup> By 2010, the public healthcare system was highly centralised, used ineffective management structures, allocated health care workers inefficiently and lacking planning systems. It is in this context that the reforms to the public healthcare system imposed by the “troika” need to be understood.

One of the conditions of the two loans from the “troika” was to restrict spending on health services to no more than 6% GDP. This is significant in a wider context because the EU does not directly control national healthcare systems under the subsidiarity clause of the Maastricht Treaty. However, in the case of Greece, the EU is now directly influencing national spending on health services. Healthcare reforms after 2010 aim to reduce government spending. The merger of different social insurance systems into a single Health Benefit Coordination Council will create a single payer system. A new single healthcare purchasing agency is being set up (EOPYY). Hospital beds are being reduced from 35,000 to 33,000 and specialist units from 2,000 to 1,700.

Government has started to buy medicines at lower rates, with a reduction of annual spending on medical expenses from €5.2 billion in 2009 to €1.65 billion in 2011.<sup>3</sup> Cheaper, generic medicines have been promoted. The introduction of co-payments of between €3 to €5 per patient aimed to reduce unnecessary use of healthcare services. There was a freeze on the recruitment of doctors to the public healthcare sector, with private doctors allowed to work one day a week in public hospitals. Perhaps the most controversial of the reforms was the provision for 500 public hospital beds to be set aside for private insurance companies to use for their clients. It is this last development that reveals the lack of commitment to a publicly funded and universally accessible healthcare service.

The government policy of reducing the prices of medicines that it purchases has resulted in shortages of medicines, for many common conditions, because wholesale pharmaceutical companies have moved to other, better funded markets. Health insurance funds have delayed payments to pharmacies and patients have been asked to pay for drugs themselves. Eventually, in 2012, the government agreed to pay some of the pharmacists' debts.<sup>4</sup>

The introduction of co-payments in a country with rapidly falling income levels and increasing inequalities means that more households will be threatened with financial ruin if a household member becomes seriously ill. The UN Rapporteur on Debt and Human Rights, Cephias Lumina, reported in 2013 that “Nearly one third of the Greek population is without public health insurance, mainly due to prolonged unemployment”.<sup>5</sup>

Free clinics have been set up in some urban centres, run by volunteers, but much more substantial provision, free at the point of use, is needed.<sup>6</sup>

Increased income inequalities have an impact on health. There has been an increase in the number of suicides for both women and men.<sup>7</sup> Increased levels of level of poverty will impact on the life expectancy of people affected in the medium term.

There has been an increase in HIV infections in Greece since 2010. Until 2010, there were about 10-15 cases of HIV infection in injecting drug users but in 2011, there were 256 new cases and in the first 8 months of 2012, 314 cases. This increase has been influenced by the limited provision of preventive services and the disruption of needle exchange systems since 2008.<sup>8</sup>

As incomes have fallen, so the numbers of patients using public hospitals has increased. Fewer people can afford to pay for private healthcare services. Public hospitals recorded an increase in use of 21.9% between 2010 and 2011, whereas the use of private clinics dropped by 18.5% in the same period.<sup>9</sup> At the same time as rising unemployment rates have reduced the number of households able to pay for private healthcare, government policies are encouraging the growth of the private sector. Private hospitals and other diagnostic services have been deregulated, lifting restrictions on their expansion. Social insurance funds now reimburse private hospitals at higher prices because of the adoption of diagnostic related groups (DRGs) as a method of calculating the cost of healthcare.<sup>10</sup> DRGs use a standard fee for the treatment of specific conditions, which will be paid to either public or private hospitals.

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<sup>2</sup> Economou C.(2012) The performance of the Greek healthcare system and the economic adjustment programme: “economic crisis” versus “system-specific deficits” driven reform International Journal of Social Political Theory 2012; **2**: 33–68.

<sup>3</sup> Karamanoli E. Greece’s financial crisis dries up drug supply The Lancet 2012; 379: 302

<sup>4</sup> Karamanoli, 2012

<sup>5</sup> <http://www.ohchr.org/RU/NewsEvents/Pages/DisplayNews.aspx?NewsID=13281&LangID=E>

<sup>6</sup> <http://www.ohchr.org/RU/NewsEvents/Pages/DisplayNews.aspx?NewsID=13281&LangID=E>

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<sup>7</sup> [http://www.ekathimerini.com/4dcgi/\\_w\\_articles\\_ws1e1\\_1\\_20/05/2013\\_499855](http://www.ekathimerini.com/4dcgi/_w_articles_ws1e1_1_20/05/2013_499855)

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