The Economic and Financial Crisis: Consequences for Health and Well-Being

GREEK ECONOMIC CRISIS AND HEALTH CARE REFORMS: CORRECTING THE WRONG PRESCRIPTION

Dimitris Niakas

In an era of economic crisis in Greece and with many uninsured citizens, the Troika (lenders of Greece) suggests reforms and promotes the internal market, resulting in a public-private system becoming more privatized. This article contradicts these proposals and attempts to suggest the necessary reforms to achieve equity of access for all and to promote efficiency, taking into account the existing needs of the population and the recession of the Greek economy.

The Greek health care system has been a public-private mix for decades, despite the attempt of the first socialist government to establish a National Health Service in the 1980s (1). It is not the intention of this article to describe and present permanent problems of the system, such as the huge numbers of physicians and concurrent lack of nurses (2), the inefficiencies of public hospitals (3), or the high private expenses and illegal behaviors of some Greek public physicians who accept private money from their patients (4). Despite these serious problems, the public health care system provided free access to health care, since the majority of Greeks were insured, and public hospitals did not refuse inpatient or outpatient service for all, including the uninsured and immigrants (5).

The current impasse of the Greek health system, as a result of the financial crisis and the restrictive policies enforced by the joint International Monetary Fund, European Commission, and European Central Bank supervising committee (referred to as the “Troika”), is presented in an inspired article by Stuckler and McKee (6). It is noteworthy that public health expenditure in Greece has declined from 7 percent of the gross domestic product in 2009 to 5.9 percent in 2011 and is expected to descend to 5.5 percent in 2012, according to some estimates (7).
This reduction is already reflected in the deteriorating health status of the Greek people and in their access to health services (8–10). To make matters worse, while 27 percent of the population is unemployed and more than 15 percent is uninsured—which implies being deprived of access to health services and, more importantly, to necessary pharmaceuticals—the Troika is suggesting and the government is agreeing to reforms in the wrong direction. The reforms imposed by the Troika fail to ensure a basic level of services to cover the entire population, particularly those suffering the most from the crisis. Instead, the reforms are creating even more problems by contradicting equity and eventually increasing privatization in the Greek system.

THE TROIKA’S PROPOSED REFORMS

The first reform resulted in the merger of seven social insurance funds into one unified fund (EOPYY). EOPYY covers the working population from various professional groups and their families, providing their fees are paid and their registration is annually renewed. Temporary or long-term unemployed and other professionals led to bankruptcy remain uninsured and, consequently, face problems in access to and use of health services. For those people (i.e., almost 15% of the entire Greek population as a result of the economic crisis), the new Fund does not make any provisions.

The aim of the unification was to reduce the burden on the state budget of subsidizing larger and troublesome funds (e.g., IKA, OGA, and OEEE) by transferring funds from those that are better off financially. Although unification could theoretically reduce administrative costs and improve access to health care, a series of immediate measures imposed might imply the reform was implemented to transfer a portion of costs to the insured population. For example, EOPYY immediately restricted access to many needed health services, such as medical aids, eyeglasses, dental care, and physiotherapy services. Meanwhile, it imposed a 1€ participation fee per medical prescription, a 10 percent to 25 percent medication co-payment for patients with various chronic illnesses, and a 25€ charge for each hospital admission. The new Fund has also increased co-payments for private hospital services, starting at 20 percent and reaching up to 50 percent for farmers. These measures are not expected to help the insured population, but, on the contrary, will increase their out-of-pocket participation at a time when their total income has decreased by about 35 percent.

It is indeed noteworthy that the Troika is oriented toward privatization of the Greek health system and, in doing so, is exploiting the unprecedented assistance of the private sector. The Troika and the task force, made up of expert advisors to the Greek government, propose a full separation of the supply and demand sides of the system. They want EOPYY to act as a main purchaser of health services. For this reason, the government, under the guidance of the Troika, has already established the Greek version of a diagnosis-related groups (DRGs) hospital
reimbursement system to supposedly increase both efficiency and competition between hospitals (11). This, in turn, is resulting in a 30 percent increase in reimbursement prices of public and private hospitals and is expected to create more debt for the new Fund, above the current 2.8 billion euros.

At the same time, the government appears to be abolishing EOPYY’s existing primary care structures and services, converting it from a medical service supplier with its own doctors and dentists into a medical services purchasing body. Today, EOPYY provides free primary care services to the insured population in urban areas through its salary-based health care professionals (some professionals serve on a contractual basis). The Troika, however, is pressuring the government to fire the doctors and replace them with others on a contractual basis that would, it is claimed, increase internal competition between suppliers. In other words, the Troika reforms aim at the creation of an internal market, making EOPYY the main purchaser and the primary physicians, laboratories, and polyclinics competing providers. Although this might have been a good idea in the 1990s for some European countries to reinforce the demand side of the system (12, 13), it can only be catastrophic for the Greek system in a time of crisis.

In an era of financial crisis, with a large part of the population deprived of health insurance, it is doubtful that increased co-payments, introduction of DRGs, and reforms to establish an internal market are the right prescriptions for the Greeks. Do we need internal markets in this period of humanitarian crisis? Do we remain passive viewers for uninsured people whose lives and health are in danger? As Greek scientists, can we remain silent to this ineffective strategy imposed by our creditors because the Greek government is, unfortunately, complying just to secure the next financial installment?

The answer is obviously no. Therefore, as “reforms” appear to be the motto launched by the Troika and our government, I will take the initiative of suggesting to them, and to the international scientific community, two reforms that, on one hand, satisfy the equity criterion by promoting equal access to health services for all Greek citizens and, on the other hand, satisfy the efficiency criterion by creating two separate, closed budgets for hospital and primary care, respectively, monitored by two different public authorities.

HOSPITAL CARE FREE FOR ALL, WITH FINANCING BY THE PUBLIC BUDGET

Because of the Greek National Health Service, public hospitals are financed 70 percent from the public budget (general taxation) and cover approximately 80 percent of all health services. The remaining 30 percent of expenses were covered by per diem payments (now on a DRG basis) from EOPYY, which usually has a shortage of resources. This, in turn, results in increased deficits and other hidden debts for public hospitals, which are forced to delay payments to their suppliers. The suppliers respond by increasing their prices and the situation
becomes a vicious circle of economic inefficiency and crisis. The government, via the public budget, is eventually forced to pay the suppliers after two to three years under the pressure of a potential embargo on necessary hospital supplies.

Private hospitals cover the remaining 20 percent of generated health services, including high-priority areas such as renal dialysis, cardiothoracic surgery, obstetrics/gynecology, and psychiatric services. At large, these services are also financed from EOPYY, with out-of-pocket payments in some cases.

In other words, the public budget, despite covering almost 90 percent of total hospital care in Greece by financing both public hospitals and EOPYY, is unmanaged. This is irrational and unacceptable in economic and social terms. At the same time, the introduction of DRGs between hospitals and EOPYY requires hundreds of people and a huge bureaucracy for billing and internal transactions, creating enormous administrative costs while large numbers of uninsured citizens are denied access to hospitals. To deal with this situation, I propose merging these two sources into one and providing free access to all citizens. The public budget (i.e., the Ministry of Health or a new organization for this purpose) would take over full responsibility of financing all public and private hospitals via closed budgets, thus fulfilling the efficiency criterion. Financing, in this case, should be based on prospective payments even to private hospitals, which are contracted to increase availability of hospital beds when necessary. One source of financing and one organization responsible for hospital care that is free for all is the first hospital reform, which could promote efficiency by imposing use of generics, establishing medical guidelines, and adopting cost containment policies such as day clinics, day surgeries, and so on.

EOPYY RESPONSIBLE FOR PRIMARY HEALTH CARE, FREE FOR ALL

As EOPYY became a unified Fund, it must evolve into an autonomous organization responsible for the primary health care of the entire working population that is paying the usual contributions. The new Fund is obliged to cover all citizens, even those that are unemployed or bankrupt (i.e., providing free access to physicians and medicines, regardless of insurance status). Those who are uninsured because of the economic crisis or other reasons could be covered by the public budget or other sources (e.g., European Social Fund of Cohesion) on a pre-determined annual basis.

The administration of the Fund comes from the insured and is responsible solely for the primary health care provision. It is to have an independent budget and administration and to be represented regionally and locally by members of the financing body to formulate, in collaboration with local societies, service provision in a manner suitable to the particularities of each region.

At the same time, the 210 Health Centers now operating under the auspices of the Ministry of Health shall be integrated into EOPYY, thus improving its
services and making primary health care more accessible and unified for all. As a self-managed public organization, EOPYY can maintain its services (polyclinics, salaried physicians, etc.) and contract with specialists, promoting the idea of the family practitioner or negotiating medicine price reductions with pharmacists, particularly when profit margins are high. It can formulate operating procedures, on one hand covering the entire Greek population and on the other hand facilitating freedom in choice of provider. It also would monitor service quality and effectiveness, whether providers are full-time members of the organization or collaborate on a renewable, contractual basis. This is the second reform for the primary health care provision.

I hope my proposals (taking into account historical development of the Greek health services and existing attitudes of the Greek population) offer a realistic and prospective solution for all. It might be an answer to the government and our creditors, which are trying to find the way out of the crisis labyrinth via “reforms.” I truly hope the reform to promote equity and efficiency will attract more supporters.

REFERENCES


Direct reprint requests to:

Dimitris Niakas
Hellenic Open University
Faculty of Social Sciences
57-59 Bouboulinas St
26222 Patras, Greece

niakas@eap.gr