Director Jordi Curell Gotor
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Speaking points

Importance of health care:

- Access to quality health care is an important objective of social protection systems in all European countries. Health care is the second largest social expenditure after pensions and represents 10% of the EU’s GDP. Being in good health is an important determinant of life satisfaction. According to the Eurostat happiness survey, poor health status affects the life satisfaction most negatively, being even more important than poverty and social relations. Health status has also an important economic dimension. Poor health is one of the most important obstacles to participating in the labour market.

EU involvement in health care:

- Given the importance of health, access to quality health care is high on the EU agenda. In 2014, the Commission published Communication on effective, accessible and resilient health systems.

- Health care features also in the future European Pillar of Social Rights. On 8 March 2016 the Commission has launched a broad consultation and put forward a first preliminary outline of what should become the European Pillar of Social Rights. In the preliminary draft of the Social Pillar submitted to consultation, a principle on healthcare and sickness benefits is proposed. It states that "Everyone shall have timely access to good quality preventive and curative health care, and the need for healthcare shall not lead to poverty or financial strain" and that "Healthcare systems shall encourage the cost-effective provision of care, while strengthening health promotion and disease prevention, in order to improve the resilience of healthcare systems and their financial sustainability."

- Additionally, the Commission promotes cooperation among EU countries in health care through the process of the open method of coordination. This means that the countries jointly identify objectives to be achieved, establish common indicators, exchange the best practices and compare their countries’ performance with that of the peers.

- The EU is involved also in health care in the framework of the EU2020 Strategy. Inclusive growth is one of the three priorities of the Strategy, and health care systems are an important aspect of social protection thus contributing to this priority. Good health status also contributes positively to the EU2020 target on employment and poverty. Several countries, including Latvia, have received Country Specific Recommendations on health care.

- As part of the annual cycle of economic governance the Commission publishes each autumn the Annual Growth Survey. The 2016 AGS states that "Member States need to introduce measures to (...) encourage the provision of and access to effective primary health care services, the cost-effective use of medicines, better public procurement, improve integration of care through up to date information channels (such as e-health), assess the relative effectiveness of health technologies and to encourage health promotion and disease prevention."

- Investments in health care also make up a significant proportion of the European Structural and Investment Funds.

Health care CSR for Latvia
• As part of the EU2020 Strategy, the European Commission issues country specific recommendations, which are later endorsed by the Council (on 12 July by ECOFIN). On May 18, the EC published its draft recommendations for all countries.

• For Latvia, the EC proposed concrete recommendations on budget, taxation, vocational education, poverty reduction, social assistance, research and innovation as well as insolvency administration. EC has proposed also a recommendation on health care, which urges Latvia to improve accessibility, quality and cost-effectiveness of health care. I think that all of us gathered here agree that Latvia’s health care system faces serious problems, and that addressing these is urgently needed in order to improve health outcomes in the country.

• Regarding access to health care, Latvia is a country with the worst access to health care in Europe. Before 2010, only Bulgaria had worst access to health care than Latvia. However, while Bulgaria has decreased the share of people with unmet health care needs from more than 30% to 9% in 2014, the unmet health care needs in Latvia haven’t changed much and are now persistently the worst in the Union. To illustrate this in 2014, 26% of Latvian population needed medical care but they did not receive it because it was too costly, too far to reach or there were too long waiting times. High cost of the services is a particularly important obstacle to receiving health care. 23% of the population had unmet health care needs because of high costs, and this percentage is by far the highest in the EU and significantly higher than the EU average of 5%.

• EC invites Latvia to consider various possibilities to improve access to health care. Increasing public spending for health care might be needed, as currently the public spending for health care, as percentage of GDP is low. Poor access to health care results from several factors, such as high patient co-payments, especially for medicines. Moreover, insufficient public spending drives up the waiting times. This leads to delayed treatment or private payments to avoid long waiting times. For some people geographical access constitutes an obstacle to health care. Finally, informal payments remain also a concern as shown by the Eurobarometer surveys on health care.

• EC invites also Latvia to improve the quality and cost-effectiveness of health care. Health outcomes are poor in Latvia. Mortality rates before age 65 for most of diseases are among the highest in the EU. According to our estimates the high mortality rates reduce the workforce in Latvia by 3.9% when compared to its potential if mortality rates were equal to the EU average, and this is the second worst in the EU. High premature mortality is a considerable challenge, also against the backdrop of rapidly shrinking labour force. Many indicators on quality and cost-efficiency show that Latvia has a significant room for improvement. For example, developing proper quality assurance system and implementing e-health services could contribute to better quality and effectiveness of health care.

New health care financing model:

• We are aware about the on-going discussions in Latvia about reforming the Latvian health care system including by introducing mandatory health care insurance. The EC does not have a preference for any of the health care financing models that are well conceived and tested, either national health care or insurance based system. Each country chooses its model according to the national circumstances and preferences. We do not have evidence that any model is superior to the other per se. In both models there are more positive and also more problematic examples. Even though the Commission does not favour any particular health care model, we are interested in how the new model will affect access, sustainability quality and cost-effectiveness of health care.

ESIF investments

• In the 2014-2020 programming period Latvia has allocated around EUR 272 million of European Structural and Investment Funds for investments in the health care sector. Over EUR 179 million co-financed by the European Regional Development Fund (ERDF) will be spent on infrastructure, while European Social Fund investments will amount to almost EUR 93 million.
• The **ESF funds** are planned to support development of quality assurance system and health network pathways. Significant support will be provided to strengthen health promotion and disease prevention, strengthen capacity of health care providers and improve access to health care for people living in rural areas.

• The ESIF investments in health care have not started yet. Prior to implementing these investments, the Latvian government has commissioned the **World Bank to do a thorough analysis** of the Latvian health care system. The study should provide recommendations which should guide the ESIF investments in health care. EC welcomes Latvia's commitment to evidence-based policy making and we hope that the recommendations will be operational and suitable for the Latvian context. Unfortunately, the World Bank study took longer than planned and the deadline is delayed. This in turn has also delayed structural funds investments in health care.

**Closing remarks:**

• There is an urgent need for action to improve the access, quality and cost-effectiveness of health care. We are especially concerned about the poor access to health care, which remains the worst in the EU, and we invite Latvia to make concrete steps to reduce the costs of health care for households. We also invite Latvia to launch as soon as possible the ESIF investments in health care. We hope that the potential provided by the ESIF funds will be used to improve significantly the health care system and the outcomes thereof in Latvia.

• I look forward to today’s discussion that should make an important contribution to strengthening the health care agenda in Latvia.