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A macroeconomic view of the health sector

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From a macroeconomic point of view, the business and health sectors are on an ever converging course. The health sector has long been considered a growth factor that is operating on a local, regional, European, and global level and is of an increasing economic importance. According to various different scenarios, the future will see a rising need for labour and resources in the health sector. As a result of this development, and in view of the growing population, the costs and tasks of medical services and health care will further increase.

Advancing medical progress and technical achievements are creating new possibilities that will enable people to live longer. Life expectancy rose in the 20th century, adding 25 years to the average in the first 60 years and another 8 years in the last 4 decades of the century. Demographic trends and the percentage of ageing people constitute determining factors for the development of the health sector.

The percentage of those aged 65 or above in the entire population is currently at 16%, and is expected to rise to 18% by the year 2010. When we speak of modernisation, this will inevitably bring about changes in the cost spiral. These changes become particularly manifest in the efforts to reform the health system, which will in turn have economic implications. According to WHO spokesman Marc Suhrcke, the major determinants of this increasing financial burden include the rising number of intensive care beds and the high treatment costs caused by the multimorbidity of increasingly older patients, particularly in their last years of life. This cost explosion is causing governments to introduce reforms in the health sector.

In 1999, the share of total health expenditure in the Gross Domestic Product was between 10.3 % in Germany and 6.1 % in Luxemburg, the weighted average being 8.4%.

Increasing costs and expenditure in the health sector, however, does not only affect the EU member states. The EU membership candidates in the East and their neighbouring countries

like, for instance, Turkmenistan or Georgia are facing the challenge of maintaining their health systems. This is aggravated by the fact that these countries are hardly in position to invest in their own health care due to their ailing economies. So the question is how much are the poor and underdeveloped countries prepared to invest in health at all. In Hungary, for instance, only 4% of the GDP is spent on health care.

According to WHO spokesman M. Suhrcke, these countries actually spend very little on medical services and health care. The consequences of this poverty are often reflected in a non-functioning health and social system. Moreover, life expectancy in Eastern European countries is considerably lower than in Western European countries due to the inadequate health care possibilities in these countries.

M. Suhrcke therefore raises the question of what are the possible measures for reducing poverty and improving health care in Eastern European countries. An alternative would be to provide financial support and grant debt relief to these countries. Apart from the World Bank, the member states of the European Union also ought to back this approach. Yet so far the reality has been quite different. Therefore, the primary aim should be to combine all efforts to avoid the social and economic inequalities that now prevail.