

## EU HEALTH AND THE IMPACT OF HEALTH SECTOR ON THE ECONOMY

Venetka Stefanova<sup>1</sup>

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### *Abstract*

*The role of the state – all states through their governmental bodies provide the legal and regulatory framework for the functioning of the health system. Protecting public health is not only a national policy for every country, but it is also a policy of the European Union. The complex connections between healthcare and economy raise the interest in the efficiency of the industry. The effective healthcare has a positive impact on the national economy and human development, which is way a study of its comparative effectiveness is of paramount importance for identifying the place which the healthcare sector in Bulgaria takes in its effectiveness in the EU or among the neighboring and historically close countries.*

**Keywords:** healthcare, health system, economy

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### INTRODUCTION

A major problem of global health is the conflict between limited resources and ever increasing costs as a result of demographic change, increasing demand and the continuous introduction of new and more expensive treatments. Each state politicians are facing the dilemma of how in the best possible way to use limited resources to improve the quality of health care services to improve the relationship between different levels of the health system and between different actors in the supply and use of health services and to provide financial and structural stability of the health system. The problems of the Bulgarian health are numerous - NHIF's monopoly, there is limited access to health care and related professionals, no new technologies to treat insurance are high, it has a highly developed corrupt practice.

Moreover, often guaranteed package of medical services does not correspond to the actual needs of health services and the existing practice. In most

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<sup>1</sup> SWU “Neofit Rilski” – Blagoevgrad, Faculty of Economics, Economics Department, PhD Student, veneta0409@abv.bg

cases be imposed surcharge of patients. All these problems lead to maturation and the need for reform in the Bulgarian health insurance system. This reform is necessary at a time when our country strives to meet the Maastricht criteria and join the Eurozone. Problems in health care Bulgaria's membership in the eurozone and the need to reform our health care system show a need for it to be viewed from different perspectives.

The aim of this paper is to outline general guidelines of EU health and the impact of health sector on the economy.

## **PROBLEM ANALYSIS**

### *Health in the EU*

The role of the state - all countries through its government authorities provide the legal and regulatory framework for the functioning of the health system.

The state participates in financing (partially or fully) activities related to: public health, health promotion and disease prevention; infrastructure construction of the system, including the construction of hospitals, medical education and research; providing medical care and others. In direct relation to the size and scope of this funding and state intervention in the design of the system.

Are ongoing transition of modern civilization to the model of sustainable development. Changes to the existing socio-economic paradigm of development aimed at promoting consumer behavior towards nature, towards a new, progressive system based on knowledge and human behavior. Take into account the characteristics of the economy to sustainable development, intended to replace the traditional economy (Karolova, 2017, p. 81).

Protecting public health is not only a national policy for every country, but EU policies. EU health strategy focuses on strengthening cooperation and coordination, supporting the exchange of evidence-based information, knowledge and decision support at the national level. EU aims to improve public health, prevention of diseases and disorders in humans and identify sources of danger to human health.

On "Effective, accessible and sustainable health systems" Commission proposes EU program involving a number of mechanisms for cooperation to support national reforms. The aim is to improve the efficiency of healthcare systems in the EU (OESR, 2017, p. 9).

This cooperation aims at improving the effectiveness and efficiency of health systems to ensure fiscal sustainability and access to good quality health services for all.

The joint report of the European Commission and the Economic Policy Committee on healthcare systems and long-term care identified a number of areas where improvements could increase the economic efficiency of health systems in the medium and long term, as well as their long term sustainability.

Improvement of management systems include appropriate policy levers such as:

1. Strengthening cooperation between authorities in the field of fiscal and health policy and use of a wide range of tools for budget planning in order to help achieve the efficiency, transparency and accountability;
2. Development of strategies for information technology and data management in support of the activities of monitoring and management and strengthening the fight against corruption, fraud and misuse of public funds;
3. Pre and post assessment of reforms in a systematic and regulated manner, based on the evidence and application of assessing the functioning of the systems;
4. Clearly defining the roles of public authorities in respect of services for long-term care, to integrate health and social services through the legal framework and improving administrative efficiency;
5. Improving the adequacy and quality of human resources in the health sector by adapting to the needs planning, adaptation of incentives;
6. Further investigation of the mechanisms of interstate cooperation to deal with issues of availability and affordability of medicines in the EU. This should include appropriate regulatory mechanisms at EU level and agreements on joint procurement (OESR, 2017).

#### ***Objectives of EU policy in the field of health***

- Promoting global governance of health;
- The division of labor among all actors, whether public or private, it will lead to the accumulation of knowledge and funding in the health sector;
- Ensure better coherence of internal and external EU policies in relation to global health;
- Increase knowledge in the field of global health.

### ***Objectives of the EU public health***

- Comparable information about the health of European citizens by developing health indicators and data collection;
- Analyzes and reports on public health. EU health strategy focuses on strengthening cooperation and coordination, supporting the exchange of evidence-based information and knowledge and support decision-making at national level;
- Mechanizmi dissemination of health information and data;
- E-health - development of personal electronic health card and electronic patient record.

### ***Health System - aimed at citizens***

The health system must meet the expectations of the people, respect their human dignity, confidentiality, autonomy, serve them qualitatively and timely, providing amenities, access to social support networks and choice of medical care. These are the criteria for responsiveness of health systems to citizens developed by the World Health Organization.

Improve opportunities for choosing a GP, specialist and hospital, providing access to family and religious practices during hospitalization. Problems remain the remoteness of the place of supply of medical care (primary, specialized, inpatient, emergency and urgent), high drug prices and low financial capacity of the majority of patients. People still do not receive adequate health promotion and disease prevention. The hospital system is still not effective enough.

Weaknesses of the health system in Bulgaria are insufficient awareness of the population about the rights and obligations of participating in the system, insufficiently active information policy, frequent lack of objective information on key health care issues. The population does not know the health care system, so patients do not know the opportunities that it provides them.

Lacks a comprehensive study on the extent of citizen satisfaction with the health system. Studied individual parameters show that it does not meet their expectations. Insufficient awareness of people about the volume and quality of health care system, as well as their rights and obligations leads to frustration due to mismatch of their expectations to the real possibilities of system ([www.ncphi.government.bg](http://www.ncphi.government.bg)).

In recent years, for example, a large number of state enterprises in Spain express its ability to adapt to a complex situation and the implementation of innovative management tools, thereby showing that the public sector can be managed effectively with the introduction of new principles of management models and entrepreneurial tools and techniques.

The theme of social security in Spain offers health care, and there are many public hospitals, clinics and doctors' offices. Overall the system works well, although waiting lists exist and can cause delays in receiving treatment for diseases that are not classified as urgent.

There is also a well-developed system of private care. There are a number of specialized companies and health insurance companies offering health policies. The monthly payments shall be granted access to the largest private hospitals and clinics and specialist doctors and family doctors.

The private system in Spain is working with the state system so that payments for personal care does not exclude patients to visit their doctor or receive treatment in a public hospital and for certain types of work in state hospitals are recommended. The private system in Spain usually offers faster treatment and a comfortable level private room, a room per night for family members, etc., but the fee of the private hospital is usually higher than for public hospitals.

### ***Impact of health sector on the economy***

Health sector affect the economy primarily through the main results of its functioning - health improvements. The health sector in the EU-15 produces 9.6% of GDP, a larger share than the financial sector. Employment in the sector (along with social activities) reached 12% in the European Union/163 thousand at home/ at the end of 2018. Health and related activities (such as health insurance) impact on the labor market - such as mandatory health insurance employers increased production costs and lower competitiveness of companies; stable health insurance is a factor of competition between firms to attract skilled workers, and factor mobility of labor resources within a global market.

Especially strong is the link between health expenditure and total public spending (usually positive). For example, for each unit of costs in public health programs for smoking prevention saves two units prevent future expenditures. Savings that can be invested more productively.

In many developed countries deficits zraveopazvaneto worse makroikonoicheskata stability. Health has a significant impact on investment in

high technology and health development. The goal is to EU countries the rate of investment in medical equipment to double from 1.9% to 4%. It is planned to allocate 71 million euros of funds to improve equipment effectiveness and availability of emergency health services in Bulgaria.

At the end of 2018 investment expenditure and acquisition of assets in health care in the country amounted to about 800 million. Lev In countries such as France, Germany, the Netherlands and Sweden, in addition to have much larger economies emit 11% of GDP on health. The pace of investment in medical equipment are increasing annually.

Health care is changing and with it must change and investment in the EU, provided four billion euros in the framework of cohesion policy after 2020. Important effect of health is its action as accelerator-related sectors such as pharmaceutical industry, medical technology, health insurance, etc. For example, pharmaceutical production is structurally high-tech sector for Germany, France, USA, Switzerland, and one of the fastest growing sectors in Southeast and Central Europe([https://ec.europa.eu/eurostat/statistics-explained/index.php/Healthcare\\_expenditure\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php/Healthcare_expenditure_statistics), [https://ec.europa.eu/health/state/country\\_profiles\\_bg](https://ec.europa.eu/health/state/country_profiles_bg)).

Complex relations of cooperation between health and economy increase interest on the effectiveness of the industry. Argue in development is that effective health has a positive impact on the national economy and human development and the study on its relative efficiency is of paramount importance to identify the place in which the health sector in Bulgaria by its efficiency in the EU or in neighboring territorial location and close historical roots countries.

The pressure to increase spending on health care will be maintained. According to the report from the 2015 Aging in the period to 2060 is expected to further increase the share of public spending on health from GDP. The main reasons for this increase are:

- rising incomes and expectations for high-quality health services;
- an aging population;
- technological advances.

In the reference scenario of the Working Group on Aging (AWG) public spending on health in the EU will increase by 0.9 percentage points of GDP by 2060. According to the risk scenario (AWG) average increase in costs by 1.6 percentage points of GDP by 2060.

The main objective of the EU is to ensure the sustainability of public finances, including the medium and long term. For many EU countries risks to the sustainability of public finances are related largely to the expected impact of

age-related public expenditure on health and long-term care (OESR, 2017, p. 9; [https://ec.europa.eu/health/sites/health/files/systems\\_performance\\_assessment/docs/com2014\\_215\\_final\\_bg.pdf](https://ec.europa.eu/health/sites/health/files/systems_performance_assessment/docs/com2014_215_final_bg.pdf); [https://ec.europa.eu/info/publications/economy-finance/joint-report-health-care-and-long-term-care-systems-fiscal-sustainability-0\\_en](https://ec.europa.eu/info/publications/economy-finance/joint-report-health-care-and-long-term-care-systems-fiscal-sustainability-0_en)).

Besides fiscal difficulties healthcare systems and long-term care often face common structural problems that are associated with the inefficient allocation and use of resources between different functional areas of spending. OESR estimates that one-fifth of the cost of health care contributes little to no contributes to improving human health. In some cases, it even leads to worse outcomes in health. Potentially countries can spend less on health care while without this leading to deterioration of the health system or the results in healthcare. Other difficulties (OESR, 2017, p. 9; [https://ec.europa.eu/health/sites/health/files/systems\\_performance\\_assessment/docs/com2014\\_215\\_final\\_bg.pdf](https://ec.europa.eu/health/sites/health/files/systems_performance_assessment/docs/com2014_215_final_bg.pdf); [https://ec.europa.eu/info/publications/economy-finance/joint-report-health-care-and-long-term-care-systems-fiscal-sustainability-0\\_en](https://ec.europa.eu/info/publications/economy-finance/joint-report-health-care-and-long-term-care-systems-fiscal-sustainability-0_en)):

- unequal access to health care;
- often exceeded the budget;
- competitive fiscal pressure from various ministries;
- change of policy priorities;
- fraud or corruption and the lack of information on the economic viability of investments in health systems and long-term care.

Prediction, prevention, factors determining health risks, biotechnology, health information and pharmaceutical genetics are characterized by remarkable development in recent years. This allows for better, individualized health protection and maintenance of high health status of the population. It is recognized that at present those options are still not used in full in government and institutional health policies.

Overregulated management systems incidence is considered outdated amid innovations in health technologies and progress in the capacity of health systems. Citizens of developed countries realize that health care and health insurance are expensive, inefficient and often inadequate and that there are no individual health competencies for assessing individual health risk.

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As a rule, health literacy of citizens is of considerable importance for the realization of effective treatment selection and supplier of The Health Services. The overall educational status of the individual patient is an important prerequisite for it to be a good consumer of health services.

The new concept of health and disease revise the traditional concept of health as the presence or absence of complete physical, mental and social well-being and absence of disease and infirmity. Outdated understanding of health does not report progress in public health achieved as a result of better hygiene, clean water, better nutrition, clothing and essential - as a result of better education.

Non-medical factors that characterize the improved living conditions, increase quality of life and improving the health status of the population. Thus the amount of health care spending as a percentage of gross domestic product does not correspond directly with increased longevity. At the same time the link between improving the socio-economic and educational conditions and quality of health status is well analyzed, and the impact of smoking uporebata of alcohol, unhealthy diet and inadequate social behaviors.

The new concept of health is directed towards an active process of balancing the interplay between individual deliberately informed participation in the promotion and prevention of health and competent participation of professional help to achieve a better health outcome, the focus is directed to the amended bioethical principles such as the obligation to providing access to information, right to be informed, education, health, health literacy, health skills and so on.

Major challenge for developed countries to strengthen the participation and role of the individual in the care of providing health. Individual interests, knowledge, health, health responsibility and social solidarity are fundamental ethical principles in health care. Health policy, health insurance, health care providers should help citizens have an informed and literate choice as consumers of health services, higher efficiency and capacity of the health system depends on giving educated citizens a more active role in ensuring their health and the promotion of health literacy and health competence among the whole population.

## **CONCLUSION**

The problems of the nation's health problems are not only the healthcare system, and of the state itself. It requires political will and responsibility to change economic relations in the healthcare system. It needs a radical economic reform,



better coordination of activities in health promotion and disease prevention, increased resources related to health promotion, ensuring financial stability in an optimized package of health services, improvement and equal access to health services.

The quality of healthcare in Bulgaria significantly lags behind the EU countries. For forms and ways of financing the system as an example can be taken from a number of European countries. Breaking the monopoly of the NHIF and creating real competition with private funds for cost optimization, better control over and improve their effectiveness.

Typical trends in healthcare systems in economically developed countries: a growing share of GDP, public sector participation in the financing, organization, management and control of healthcare Renovation of medical technology, improving the qualifications of medical staff and quality of medical services, restriction of professional autonomy and clinical doctors from a growing number of bureaucrats and health managers reduce costs in the system.

All these trends determine the extent of the need for reforms in the healthcare system.

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