



EUROPEAN PARTNERSHIP FOR IMPROVING HEALTH, EQUITY & WELLBEING

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The European Semester: A health inequalities perspective

Will the 2017 European Semester process contribute to improving health equity?
EuroHealthNet's 2017 analysis of the European Semester



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A health inequalities perspective to the European Semester

The European Semester is an annually applied mechanism for policy coordination at EU level. It is used to analyse EU Member States' economic situation, monitor progress and provide country specific recommendations towards the EU2020 strategic objectives. EuroHealthNet considers more can be done and achieved through the EU Semester process to ensure action is taken which responds to social and health needs of people from different socio-economic groups. By providing recommendations to Member States in social and economic areas, the EU Semester process can be important for addressing health inequalities and the social determinants of health.



In this document EuroHealthNet takes a closer look at three key social determinants of health and how they are represented in the EU Semester while providing examples from the country specific recommendations and the Country Reports of three countries: Austria, Slovakia and Ireland¹. We analyse the Annual Growth survey 2017, and compare 2016 Country Specific Recommendations with 2017 country progress reports and 2017 recommendations in light of the available evidence in three key themes. What is positive, what is missing and what can be done better? This analysis highlights the entry points and opportunities for tackling health and social inequalities within the EU Semester process. It also considers the relevance of using and applying the principles of the European Pillar of Social Rights (Social Pillar) and its Social Scoreboard to increase the impact of the EU Semester as a coordination tool for social, health and well-being policies.

Why is the EU Semester important to address health inequalities?

The enjoyment of the highest attainable standard of health is a fundamental right of every human being without distinction of race, religion, gender, economic or social condition. This represents the core value of EuroHealthNet. We know that good health enhances quality of life, increases capacity for learning, improves employability and workforce productivity, and strengthens families and communities. Yet there is evidence that health inequalities between social groups have increased in many EU Member States, undermining the EU 2020 objectives for ‘smart, sustainable and inclusive growth’. Reversing this current trend is possible, and presents an opportunity to tangibly improve the lives of people across the EU while contributing to fairer, more sustainable and more resilient societies. The EU Semester process represents a key tool to address health inequalities as it can guide Member States towards policies and social reforms impacting on key social determinants of health.

EU Semester analysis through a health equity lens

EuroHealthNet’s analysis focuses on three key social determinants of health and health equity that can specifically be addressed within the EU Semester process. These are:

1. Access to health care, for all population groups;
2. Early childhood education and care;
3. Poverty and income inequalities.

1. Access to health care

There is clear evidence that access to high-quality health care, together with effective health promotion, disease prevention and social protection policies, can help reduce health inequalities, social exclusion and poverty, key objectives of the EU 2020 Strategy. Access to health care provided timely can increase productivity of the workforce, support people to actively participate in society and can also avoid higher costs for health care in the long run².

The Annual Growth Survey (AGS) 2017³ calls for continued reform of health systems in order to ensure ‘universal access to cost effective public health and healthcare services. Protecting the population from falling into poverty or social exclusion due to ill-health and related expenditure is essential, both from a social and economic view-point’. An increase of public expenditure on health care and long-term care is expected in the coming decades as a result of population ageing and technological developments. The AGS 2017 report mentions the need for policy action that enables people to stay healthy for longer, while making health systems ‘more effective, accessible and

¹ These countries have received comments in relation with all three social determinants analysed

² Eurofound (2014), *Access to health care in times of crisis*, Publications Office of the European Union, Luxembourg

³ https://ec.europa.eu/info/publications/2017-european-semester-annual-growth-survey_en

resilient'. Health policies are also addressed in the light of social protection and labour market inclusion: 'Health policies should support and reinforce social safety nets and active inclusion strategies, through preventive, but also curative and rehabilitation policies.' Although prevention is recognised as important for labour market participation, there is no reference to health promotion and disease prevention as investments to support resilience, cost-efficiency and sustainability of health care systems.

EuroHealthNet has performed an analysis⁴ of the Country Specific Recommendations (CSRs)⁵ released in 2016, and specifically of the health systems related recommendations received by 13 countries. In 2017, the EC published the Country Reports⁶ which assess the progress made by each EU Member State in addressing the issues identified in the previous year's EU recommendations, and an updated set of Country Specific Recommendations. These are also analysed here.

Looking at the progress achieved in 2017 by three EU Member States (Austria, Slovakia and Ireland) in relation with the recommendations received in 2016, and the following CSRs in 2017, we can observe the following. The 2016 CSRs referred mostly to health care from the perspective of improved economic sustainability (revenue and expenditure responsibilities) and cost-effectiveness, with no focus on access to quality health care. This applies to Slovakia for which the focus is on cost-effectiveness and cost-savings, with no reference to quality of care or access. Similar provisions are included for Ireland. The country report for Austria highlights progress made towards multi-disciplinary primary care centres, as a measure for sustainability of the system. There is no recognition of recommendations in relation with health promotion or disease prevention.

The uptake of the recommendations as shown in the three Country Reports is rather low, with only some and limited progress being made. There is a follow up in relation with health care in the 2017 CSRs, however, these refer only to Austria and Slovakia which maintain the focus on cost-effectiveness and sustainability of health care system.

Austria's CSRs 2016	Country report 2017 Austria	Austria's CSRs 2017
<p>Ensure the sustainability of the healthcare system.</p>	<p>Some progress can be reported in ensuring the sustainability of the healthcare system. The 2017 financial equalisation law has set more stringent expenditure targets. The provision of outpatient care has been strengthened by the creation of a new legal framework for multi-disciplinary primary care centres with an earmarked budget. Incentives for hospitals to treat outpatient cases as inpatient cases have been reduced.</p>	<p>Ensure the sustainability of the healthcare system.</p>

Slovakia's CSRs 2016	Country reports 2017 for Slovakia	Slovakia's CSRs 2017
<p>Improve the cost-effectiveness of the healthcare system.</p>	<p>Limited progress has been made in improving the cost-effectiveness of the healthcare system. A comprehensive spending review has identified major cost inefficiencies and potential cost savings, but these are not yet backed by concrete measures.</p>	<p>Improve the cost-effectiveness of the healthcare system, including by implementing the value for money project</p>

⁴ <http://eurohealthnet.eu/publication/will-2016-eu-semester-process-contribute-improving-health-equity>

⁵ http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm

⁶ https://ec.europa.eu/info/strategy/european-semester/european-semester-timeline/analysis-phase_en

Enhance the quality of expenditure, particularly by increasing cost-effectiveness of healthcare.

Some progress in enhancing the quality of expenditure through a reform of the budgetary process. This can help to improve communication on expenditure targets, increase stakeholder engagement and harness public support to improve the quality of expenditure. A 'culture of spending' to, for example, increase responsibility across the public administration for assessing the efficiency and effectiveness of public expenditure is being developed. The roll-out of activity-based funding, the development of new eHealth architecture, the streamlining of financial management and information systems and the new cost-saving deal with the pharmaceutical industry are also steps forward.

2. Early childhood education and care

The evidence states that early childhood education and care are key drivers of health and social equity. Adversity in the early stages of life tend to have negative effect on all the different domains of child development – cognitive, communication and language, social and emotional skills – and vice versa⁷; It is therefore important to consider early childhood education and care when setting out to tackle health inequalities⁸. More flexible and part-time work and parental leave provisions can be key to a more inclusive labour market for instance.⁹ Addressing early childhood conditions, such as inadequate socio-economic conditions, care, health and education, is essential to reduce the intergenerational transmission of poor health outcomes, with the most cost-effective impact on health equity¹⁰.

The **AGS 2017** highlights the importance of quality services and in-kind benefits like '*childcare, housing, healthcare and long-term care, education and training*' to increase labour market participation. Development of flexible and affordable child care services is seen as important to decrease care obligations towards children, especially for women. Although provisions for improved access and quality of child care and education are listed, a stronger emphasis is needed on the importance of investing in early childhood development and supporting policies that address intergenerational transmission of poor health outcomes and health inequalities.

Analysing the recommendations related to early childhood education and care provided in the **CSRs** 2016 and reported in the Country Reports 2017 for the three European countries, we see that the CSRs refer to childcare from the perspective of enabling parents', especially women's, participation in the labour market. In Slovakia, the recommendation stresses the need for affordable and quality childcare to facilitate employment of women. Some progress is reported, especially for children over three years old, although there is no legislative framework in place. For Ireland, the recommendations focus on quality and access to childcare with some progress being made but more focus is required for the most disadvantaged families. Such increased focus on support for

⁷ Goldblatt P, Siegrist J, Lundberg O, Marinetti C, Farrer L & Costongs C (2015). Improving health equity through action across the life course: summary of evidence and recommendations from DRIVERS project. Report produced as part of 'DRIVERS for Health Equity project', <http://health-gradient.eu/Brussels>: EuroHealthNet.

⁸ Marope PTM, Kaga Y, editors. Investing against evidence: the global state of early childhood care and education. Paris: United Nations Educational, Scientific and Cultural Organization; 2015
<http://unesdoc.unesco.org/images/0023/002335/233558E.pdf>

⁹ Goldblatt P, Siegrist J, Lundberg O, Marinetti C, Farrer L & Costongs C (2015). Improving health equity through action across the life course: summary of evidence and recommendations from DRIVERS project. Report produced as part of 'DRIVERS for Health Equity project', <http://health-gradient.eu/Brussels>: EuroHealthNet.

¹⁰ Dyakova M, Hamelmann C, Bellis MA, Besnier E, Grey CNB, Schwappach A et al. Investment for health and well-being: a review of the social return on investment from public health policies to support implementing the Sustainable Development Goals by building on Health 2020. Copenhagen: WHO Regional Office for Europe; 2017 (Health Evidence Network (HEN) synthesis report 51).

disadvantaged groups and improvements in quality and accessibility to childcare is valuable for breaking the cycle of disadvantage.

The recommendations in the 2017 CSRs are similar to those in 2016, with a strong emphasis on labour market participation of women (Austria, Slovakia) and an inclusion of quality of education and childcare (Slovakia and Ireland). Needs are stressed for Roma integration in Slovakia and adding social infrastructure and housing in Ireland.

Stronger emphasis on investing in early childhood care and education is needed from the inception phase of the annual EU Semester process, starting with the AGS and the Joint Employment Report and continuing with the country specific recommendations. The messages should be consistent across all phases of the EU Semester. A proportionate universalism approach should be applied throughout and endorsed in CSRs, i.e. universal measures complemented by targeted interventions provide a better tailored response to the needs of different population groups. The progress made since the CSRs 2016 is considered limited.

Austria's CSRs 2016	Country reports 2017 for Austria	Austria's CSRs 2017
<p>Improve the labour market participation of women.</p>	<p>Some progress can be reported regarding increasing childcare infrastructure and services. The right for part-time workers of a business to receive information about full-time job offers has been implemented. Awareness-raising of the advantages and disadvantages of full-time and part-time employment has been enforced. Overall the increasing labour market participation of women is mainly based on part-time employment. No new measures have been taken to substantially increase full-time employment of women.</p>	<p>Improve labour market outcomes for women also through the provision of full-time care services</p>

Slovakia's CSRs 2016	Country reports 2017 for Slovakia	Slovakia's CSRs 2017
<p>Facilitate the employment of women, in particular by extending the provision of affordable, quality childcare.</p>	<p>Some progress has been identified in increasing the capacity of and access to early childhood education and care, particularly for children older than three years. For children under three, the number of private facilities has increased slightly but no progress has been made in setting up a legislative framework for childcare services.</p>	<p>Enhance employment opportunities for women, especially by extending affordable, quality childcare.</p>
<p>Improve educational outcomes by making the teaching profession more attractive and by increasing the participation of Roma children from early childhood in mainstream education.</p>	<p>Limited progress has been made in the educational dimension of the CSR. Some measures have been taken in order to raise the attractiveness of the teaching profession. Substantial annual pay rises have been agreed or are planned for 2016 and 2017. The government aims to raise entry requirements for teaching and improve training. A reform to support socially and ethnically inclusive education, including of Roma pupils, entered into force in 2016, but effectively implementing the reform will require further efforts and political commitment.</p>	<p>Improve the quality of education and increase the participation of Roma in inclusive mainstream education.</p>

Ireland's CSRs 2016	Country reports 2017 for Ireland	Ireland's CSR's 2017
<p>Improve the provision of quality, affordable full-time childcare.</p>	<p>Some progress in improving childcare provision. Ireland has taken steps to make childcare more affordable and improve its quality, but sustained efforts are needed over coming years to meet existing needs, especially among disadvantage families. Measures are also underway to improve the quality of childcare provision.</p>	<p>Enhance social infrastructure, including social housing and quality childcare.</p>

3. Poverty and income inequalities

Evidence demonstrates that income and poor material living conditions are determined by levels of social protection and have an important impact on health inequalities. Reducing inequalities in health is closely linked to social protection policies: countries providing higher levels of minimum income benefits have lower mortality rates. Adequate unemployment benefits are linked with better health, especially for those with a lower level of education. An important contribution is made to levels of health and health inequalities by both coverage and replacement rates associated with social protection policies as well as active labour market policies designed to get people (back) into work.¹¹

The AGS 2017 highlights the importance of adequate and good coverage for income support schemes, including unemployment benefits, and social assistance, including minimum income and pensions. These measures are seen crucial as regards macro-economic stability and labour market attachment. Moreover, unemployment benefits should be sufficient in terms of duration and eligibility and accessible to all workers irrespective of their contract. There is a focus on income equity for different groups, which is highly relevant for addressing health inequalities. The fact that this is mentioned in relation with active measures for labour market participation and integration addresses important bottlenecks for combatting poverty and promoting social inclusion. However, considering that income inequalities and poverty are key determinants of health inequalities, more emphasis should be given to coverage and higher replacement rates with improved access for all population groups, especially those with low education levels and migrants.

The three 2017 Country Reports for Austria, Slovakia and Ireland include specific measures in relation with three different issues: pension systems (Austria), activation measures (Slovakia) and social benefits to reduce child poverty (Ireland).

For Austria the recommendation in 2016 included sustainability of the pensions system and changes in statutory retirement age in accordance with life expectancy. While limited progress is made by providing finance incentives to work beyond the retirement age, there is no progress to extend the retirement age based on life expectancy. The report does not make any reference to a better targeted or tailored system based on needs. Many people facing disadvantages or having low-wage jobs also suffer from more health problems and have shorter lives. It would be more appropriate to correlate the healthy life years indicator¹² with the retirement age. The CSRs 2017 refer to the sustainability of the pension system without mentioning the statutory pension age.

¹¹ Goldblatt P, Siegrist J, Lundberg O, Marinetti C, Farrer L & Costongs C (2015). Improving health equity through action across the life course: summary of evidence and recommendations from DRIVERS project. Report produced as part of 'DRIVERS for Health Equity project', <http://health-gradient.eu/Brussels>; EuroHealthNet.

¹² The Healthy Life Years (HLY) indicator (also called disability-free life expectancy) measures the number of remaining years that a person of a certain age is still supposed to live without disability. https://ec.europa.eu/health/indicators/healthy_life_years/hly_en

For Slovakia, some progress is mentioned in relation to improving activation measures, with a focus on active labour policies to get people back to work. The recommendations include a focus on disadvantaged groups and targeted interventions based on needs. While some progress is being made through the creation of a policy action plan, there is more to be done to monitor implementation and support Roma integration into the labour market. Active and targeted labour market policies designed to get people back into work are valuable for addressing health inequalities. However, integration and correlation of these measures with social protection measures and unemployment benefits would enhance such impact. The CSRs 2017 are similar with the ones in 2016, including implementation of the policy action plan mentioned in the country report.

In the report for Ireland, social benefits are considered to address the poverty risk for children with a focus on child benefits and lone parents' benefits. While some progress is acknowledged for 2017, other measures in relation with levels of social protection and coverage are not added. The measures discussed have a good potential to reduce health inequalities and lower mortality rates, by aiming to raise the levels of minimum income benefits. The CSRs 2017 are moving the focus from addressing child poverty to addressing low work intensity of households and employment prospects for low-skilled people.

Austria's CSRs 2016	Country reports 2017 for Austria	Austria CSRs 2017
<p>Ensure the sustainability of the healthcare system, and of the pension system by linking the statutory pension age to life expectancy.</p>	<p>Limited progress in ensuring the long-term sustainability of the pension system, as financial incentives for working beyond the statutory retirement age are likely to marginally increase the effective retirement age.</p> <p>No progress has been made in addressing on increasing the sustainability of the pension system by linking the statutory retirement age to life expectancy. The Austrian government has no intention to take measures establishing a link between the statutory retirement age and life expectancy</p>	<p>Ensure the sustainability of the pension system.</p>

Slovakia's CSRs 2016	Country reports 2017 for Slovakia	Slovakia's CSRs 2017
<p>Improve activation measures for the long-term unemployed and other disadvantaged groups, including individualised services and targeted training.</p>	<p>Some progress has been achieved in improving activation measures. An action plan on the integration of the long-term unemployed was adopted in late 2016 in order to address the lack of individualised services and training. However, its timely and adequate implementation will need to be monitored. No targeted efforts have been undertaken to help integrate Roma into the labour market.</p>	<p>Improve activation measures for disadvantaged groups, including by implementing the action plan for the long-term unemployed and by providing individualised services and targeted training</p>

Ireland's CSRs 2016	Country reports 2017 for Ireland	Ireland's CSRs 2017
<p>Address the poverty risk of children.</p>	<p>Some progress has been reported in reducing child poverty. The government continues to implement previous measures but child benefit remains at EUR 140 per month. The benefits for lone parents is envisaged to increase from 2017.</p>	<p>Deliver an integrated package of activation policies to increase employment prospects of low-skilled people and to address low work intensity of households.</p>

The link with the European Pillar of Social Rights

The European Pillar of Social Rights (Social Pillar) represents an important policy initiative for tackling inequalities. Its 20 principles reflect action on socio-economic determinants of health; the potential for addressing health inequalities across the social gradient is high. Moreover, the Social Pillar is an important European level initiative that, if implemented, can support countries and regions in addressing health inequalities in a coordinated way across the EU, with significant relevance for levelling up differences between EU Member States.

From the perspective of the three social determinants included in the present analysis, the provisions in the Social Pillar for health care refer clearly to the role of health promotion and disease prevention in ensuring sustainability of health care systems, quality and accessibility with benefits for health status of the population across the social gradient. The provisions in relation with early childhood education and care prioritise access to quality child education and care and include a proportionate universalism approach including targeted measures for the most disadvantaged with a strong potential impact on health inequalities. Other provisions in relation with social protection, wages and unemployment benefits clearly define the importance of these measures for social and economic sustainability. Their application in the EU Semester and policies assessment would enable reducing health inequalities within and between EU member states.

In addition, the Social Scoreboard accompanying the Social Pillar represents a guide for monitoring indicators that provide a more comprehensive and adequate measure of progress in relation with social and health inequalities. The Social Scoreboard reflects the principles set out in the Social Pillar and provides clearer, more detailed and specific measures to advance social prosperity and economic sustainability.

For example, in relation with income and poor living conditions, and related inequalities, several indicators are included: income inequality, at-risk-of-poverty and social exclusion rate, severe material deprivation rate, employment-related income or measuring the disposable income of households in real terms. About early childhood care, the indicator 'children aged less than 3 years in formal childcare' is an indication of accessibility and availability of services which is not covered by the current EU Semester. For healthcare, the self-reported unmet need for medical care, would provide a good image of access to services, however this indicator needs to be included in the stratification provided by EU SILC (e.g. distance, costs, waiting list) to enable the understanding of the system limitations for access to health care. The inclusion of out-of-pocket expenditure and healthy life years are appropriate measures for assessing performance of the system which goes beyond sustainability and cost-effectiveness.

The EU Semester reports, such as the Joint Employment Report published yearly by the European Commission, provide an update on the trend towards achieving the EU2020 objectives, which is used to guide EU level action. However, indicators such as unemployment rate, NEET rate, gross disposable household income provide only a generic image on the levels of social progress. The inclusion of the indicators from the Social Scoreboard in these EU Semester reports enables a clearer image and time trends resulting from direct policy action, with a better understanding of a country's progress and specificities, allowing appropriate efforts to strengthening the social dimension of the EU. The set of Scoreboard indicators used in the EU Semester could be further improved by adding, for instance, specific measures of access to health care, healthy life years and out-of-pocket payments. They should reflect better accessibility and affordability of health for different social groups, preventative measures and performance of health systems.

Conclusions

Much more must be done to support more inclusive and sustainable health and social systems and fight the increasing trends of poverty and inequality.

The EU Semester is an important policy tool to consider for monitoring and reforming national policies that can reduce health inequalities between and within EU Member States. Even though it is still a merely economic tool, its increased focus on social needs and priorities is highly relevant for action on the socio-economic determinants of health and social inequalities. However, limited progress in some key indicators (and increasing levels of poverty), show that more can be done to improve the efficiency and impact of this tool for the social dimension of the EU.

The priorities set out in the EU Semester in the Annual Growth Survey 2017 highlight and raise awareness of the needs and most important challenges in social and economic areas. This brief analysis has shown that the AGS covers several relevant social determinants of health. However, the persistent and in some countries increasing levels of health inequalities show that more needs to be done, in terms of defining specific recommendations as well as advancing implementation at member state level to reverse this trend. While some measures for addressing minimum income benefits or improving access to childcare for disadvantaged groups are included, progress made is scarce and insufficient. Better measures supporting a proportionate universalism approach are needed within social protection systems that provide adequate coverage and levels of benefits.

In the case of health care, more focus should be on encouraging investments in primary care, health promotion and diseases prevention (in addition to cost-effectiveness measures in relation to medicines and hospital care). A stronger emphasis should be on ensuring access to quality health care for all socio-economic groups with a focus on the most disadvantaged and migrants, in line with the approach of proportionate universalism. Recommendations, which refer to measures that are achievable or to be started within one-year, could enhance countries capabilities to implement and ensure better progress in this complex area. In case of early childhood education and care stronger messages are needed for investing in access to quality of education and care for all children with a focus on the most vulnerable, including migrants. In the case of income inequalities and poverty a stronger focus should be ensuring a comprehensive package including social protection measures and coverage for workers in all forms of work, together with active labour integration policies.

The European Pillar of Social Rights and the application of its twenty principles in the EU Semester process provide an important opportunity to strengthen the social dimension of the EU and leading to a reduction in health inequalities between and within Member States. The inclusion of these principles in the EU Semester process of policy assessments is beneficial from a social determinants of health perspective. The Social Scoreboard indicators, which should be monitored in the same way as the EU 2020 ones, will reinforce the process. They should also be updated in order to provide better evidence on progress achieved.

The inclusion of the Social Pillar and Social Scoreboard in the EU Semester is a major step forward. It will enable more effective responses to key social issues, which will ultimately improve health and social inequalities, and enable sustainable societies from both an economic and social perspective.