

SUSTAINABLE INVESTMENTS IN HEALTHCARE FOR HEALTHY NATION AND ECONOMIC GROWTH

THE POSITION
THE AMERICAN CHAMBER OF COMMERCE IN LATVIA

2021

**Zinta Jansone**

AmCham President
and Chair of the
Board of Directors

Availability of talent and human capital is one of the key factors in attracting investment and economic growth. It is necessary to provide human resources that are healthy and able to work with modern skills. Latvia's demographic situation in recent decades has been critical and has become not only a factor holding back the economy, but also a direct threat to the country's sustainability. Although there have been some improvements in recent years, in the face of rapid population decline, more and better targeted public investment in healthcare is needed to increase life expectancy and life quality and reduce disability and chronic illness.

The Executive Summary

- Although about one third of the additional funds required in 2022 has been allocated to the healthcare sector, the consistently lacking investments threaten to continue having a negative impact on the health of the Latvian population, as the allocated funding does not cover the needs accumulated over the years.
- The healthcare budget of Latvia lags significantly behind the European Union average. In the European Union (EU) and OECD,¹ healthcare funding from the state budget in 2019 averaged 7%, but in Latvia only 4,2% of the GDP. In comparison with our neighboring countries, public investment in health in the same period was more than 48% in Lithuania (6.2% of GDP) and by 26% more in Estonia (5.3% of GDP). According to the forecasts of the Ministry of Health,² the healthcare budget in 2022 is planned to form 4.51% of the GDP, still significantly lagging behind the EU average and our neighbors.
- If Latvia would have prioritized investments in healthcare since 2000, the country would have **60,000 more inhabitants**, **4,000 lives** would be saved every year, and there would be **40,000 more people of working age**, which would promote faster economic growth, providing 0.2% GDP growth every year, as a result of which the **GDP** of Latvia would be by **4% higher** than it is now.³
- Oncological diseases is the second most common cause of death in Latvia, and mortality from oncological diseases in the economically active age group has not improved significantly in the last decade. During this period, **175,952 life years** have been lost, causing Latvia a GDP loss of **EUR 2.174 billion** as unearned GDP at current prices in the respective year from 2010-2020.^{4,5} Moreover, by losses incurred by the group of working age population, GDP losses over 10 years are estimated to be even higher – **EUR 4.8 billion**.
- A sustainable, predictable state budget for healthcare will ensure the preservation of the health of the population and the growth of quality-adjusted years, thus promoting employment and economic competitiveness.

Considering the commitment to create a sustainable healthcare funding model and increase public funding for healthcare⁶ contained in the **Government Declaration**, AmCham Latvia calls for:

Increasing the state base budget for healthcare and evaluating the possibility to link the healthcare budget to the GDP growth, so that by 2027, the amount invested from the state budget in healthcare is equal to the EU average.

Providing funding for the control of oncological diseases in accordance with the developed plan for the improvement of healthcare services in the field of oncology for 2022–2024.

Sustainable healthcare funding, sustainable economic growth

Life expectancy

75,5 years

GDP - 4,2 %



Life expectancy

78,5 years

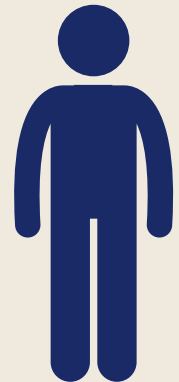
GDP - 5,3 %



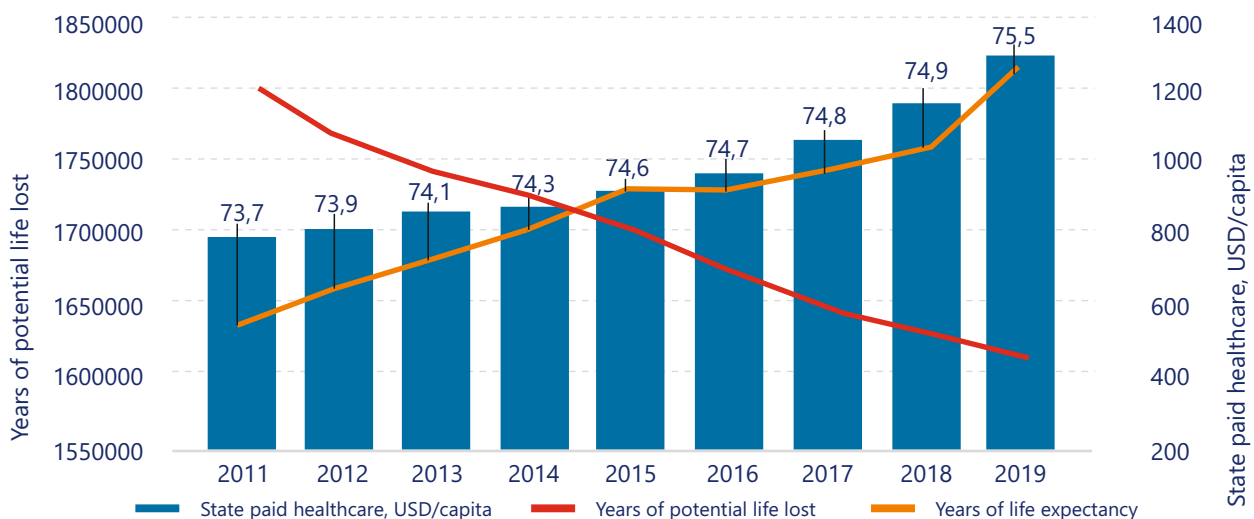
Life expectancy

81,3 years

GDP - 7,0 %



State paid healthcare, years of potential life lost and life expectancy 2011-2019



**LACK OF FUNDING FOR
ONCOLOGY 2010-2020**



175 952

**YEARS OF LIFE
LOST**



4,87



**BILLION €
LOSSES IN GDP**

AmCham calls for:

**Increasing state budget
for healthcare – for healthy
nation and sustainable
economic growth**

References

1. OECD "Government at a Glance 2021"
<https://www.oecd-ilibrary.org/docserver/1c258f55-en.pdf?expires=1633505418&id=id&accname=guest&checksum=6D7633419CA2F6BED5D734597016A5AC>
2. Presentation of the Ministry of Health of 28.09.2021 at the sitting of the Social and Labour Affairs Committee of Saeima "Priority Measures of the Health Sector"
[https://titania.saeima.lv/livs/saeimasnotikumi.nsf/0/8c768ec78b544264c2258759002aed09/\\$FILE/2021-09-28%20VM_PP.pptx](https://titania.saeima.lv/livs/saeimasnotikumi.nsf/0/8c768ec78b544264c2258759002aed09/$FILE/2021-09-28%20VM_PP.pptx)
3. Krasnopjorovs Oļegs (2021) – "Healthcare and Macroeconomy – the case of Latvia". Presentation of the Bank of Latvia at the AmCham Latvia seminar on 20 May 2021. <https://www.macro-economics.lv/presentation-healthcare-and-macroeconomy-case-latvia>
4. AmCham estimate. Health Statistics database. PZMG20.Years of potential life lost (age 0-64), by age group, causes, by gender.
https://statistika.spkc.gov.lv/pxweb/lv/Health/Health_Mirstiba/PZMG20_PZMG_celoni_dzimumi.px/table/tableViewLayout2/
 in the respective year for the respective age group. Data sources: CSB.IRP020. Life expectancy (years) – age, sex and time period.
https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_POP_IR_IRP/IRP020/
 and Health Statistics Database:
5. Official Statistics Portal. Data: Gross domestic product and gross value added
<https://stat.gov.lv/lv/statistikas-temas/valsts-ekonomika/ikp-gada/2411-iekszemes-kopprodukts-un-bruto-pievienota-vertiba>
6. Declaration on the intended activities of the Cabinet of Ministers headed by Arturs Krišjānis Kariņš
https://www.mk.gov.lv/sites/mk/files/media_file/kk-valdibas-deklaracija_red-gala-1.pdf
7. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Mortality_and_life_expectancy_statistics#Life_expectancy_at_birth

The Healthcare Working Group of AmCham Latvia is an executive forum for organizations from across various healthcare industries. It brings together international experience and perspective from both domestic and foreign healthcare companies aiming to improve the quality and access to healthcare. The Healthcare Working Group works to promote increased efficiency, modernization and innovation in the healthcare system, as well as to support healthcare policy improvements through a dialogue with state institutions and other stakeholders.

AmCham Latvia

Thought leadership hub

AmCham is committed to fostering trade, investment, partnership and friendship between the U.S. and Latvia and it serves as a business, knowledge, networking and policy forum for its members and partners. AmCham's actions are grounded in four core values: integrity, responsibility, cooperation and excellence. Among key priorities of AmCham in 2021 is furthering the development of human capital through the advancement of upskilling and improving health outcomes of the society.